

THE MORRIS LEATHERMAN COMPANY

2021 Business Community Study *City of Bloomington*

Methodology:

This study contains the results of a sample of 400 randomly selected owners or chief decision-makers of Bloomington businesses. Professional interviewers conducted the survey by telephone between June 1st and July 16, 2021. The typical respondent took 20 minutes to complete the questionnaire. The non-response rate was 5.5%. The results of the study are projectable to all Bloomington businesses within ± 5.0 in 95 out of 100 cases.

City Business Profile:

The typical business has operated in Bloomington for 16.4 years. Eight percent were in the city for less than five years; in contrast, 31% were located there for more than 20 years. Twenty-four percent of the businesses self-identify as “retail companies,” 22% classify themselves as “restaurants,” 15% are “personal service providers,” nine percent are “professional service providers,” seven percent are “manufacturing operations,” and six percent are “health care or medical businesses.” Five percent are “automotive dealers, services, and maintenance businesses” and four percent are “construction companies.” Only three percent self-classify as “hospitality/hotel/ accommodations businesses.”

Twenty-one percent consider their business location to be a part of “Lyndale Avenue,” while 19% consider themselves as the “494 Strip,” and 17% are a part of “Old Shakopee Road.” Eleven percent are in the Mall of America and 10% are in “Penn Avenue-American Boulevard.” Six percent each are in the “West Bloomington Industrial Area” or the “South Loop.” Five percent are in the “35W Corridor.” Sixty percent of “494 Strip” or “Old Shakopee Road” businesses are west of 35W while 40% are east of the freeway.

Twenty-eight percent report their location is in zip code 55420, 26% are in 55425, and 23% are in zip code 55431. Eleven percent of sampled businesses are in zip code 55437 and five percent are in zip code 55438. Four percent each report their zip codes are 55435 or 55439.

Twenty-five percent report their businesses “own” the building in which they are located; seventy-five percent are “tenants.” Only four percent of businesses in the sample are “home-based.”

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There are five major reasons for locating businesses in Bloomington: “location” is offered by 37%; “space availability” is the reason for 20% of the sample; “customer base” motivated 18%; “corporate decision” is the reason for 12%; “wanted to be close to home” is posted by eight percent. Ten percent report plans to expand their business in the city during the next five years. Only one percent plan to move their business within Bloomington during the same time. No one plans to move their business outside of Bloomington or downsize their business during the next five years.

Fifty-nine percent are “very optimistic” about the future of their business in Bloomington; thirty two percent are “somewhat optimistic.” An exceptionally low eight percent are either “not too optimistic” or “not at all optimistic.”

COVID-19 Pandemic:

Fifty-one percent of Bloomington businesses report the COVID-19 pandemic had a “major impact” on their business, while 30% report a “minor impact,” and 20% say it had “not much of an impact at all.” Businesses incurring a “major impact or minor impact” relate: 90% had a decrease in revenue; 83% said they saw a decrease in the number of customers; 73% report a decrease in the number of workers; only 27% saw a decrease in the productivity of employees working from home.

Fifty-one percent had to change where and how employees worked during the pandemic; forty-eight percent did not do so. Among businesses making changes, 79% believe they will run their businesses the way they were before the pandemic; twelve percent do not think so and point to four changes they believe will stay in place: “remote work,” “using zoom more often,” “cleaning and sanitizing,” and “wearing masks.”

Business Climate:

An exceptionally high 92% rate the business climate in Bloomington as “excellent” or “good.,” in fact, 34% see it as “excellent.” Only eight percent rate it as “only fair” or “poor.” The small percent of critical businesses cite four reasons: “vacant businesses,” “overly focused on the Mall of America,” “too much competition,” and “lack of customers.” Sixty-two percent think there is “nothing” the City government can do to improve the business climate in Bloomington; twenty-two percent are “unsure.” Six percent suggest “reducing taxes” and three percent urge “allowing more signage.”

Outside of the pandemic, assessing the most serious issues facing their businesses in Bloomington, 49% report “nothing” and 15% are “unsure.” Seven percent report “lack of employees” and five percent point to “lack of customers.”

Respondents were read a series of 11 issues and asked to rate the seriousness of each for their business. The table below shows the issue, followed by the percent seeing it as “very serious”

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and the percent viewing it as “somewhat serious.” The table is rank ordered in descending levels of “very serious” ratings.

<i>Issues</i>	<i>Very Serious</i>	<i>Somewhat Serious</i>
General economic conditions	37%	55%
Cost of doing business	23%	41%
High rent or lease	16%	45%
Traffic congestion	16%	25%
Amount of city taxes	13%	45%
Crime rates	11%	36%
Lack of customers	10%	35%
Access to capital	10%	29%
Health care costs	10%	24%
Availability of public transportation	9%	13%
Availability or access to high speed internet	8%	15%

“General economic conditions” and “cost of doing business” top the list of serious concerns. A secondary set of “somewhat serious” concerns are “high rent or lease” and “amount of city taxes.”

A stunningly high 90% rate the City of Bloomington’s attitudes and responsiveness toward local businesses as “excellent” or “good.” Only ten percent are more critical, citing “lack of police patrolling,” “overly focused on Mall of America,” or “vacant businesses.”

Workforce Issues:

The typical business runs with eight full-time employees at its Bloomington location. Sixty-three percent report 1-10 full-timers, 19% report 11-20 full-time employees, and seven percent say they employ 21-50 full-time employees and eight percent employ over 51 full-time employees; in fact, four percent employ 51-99 full-time workers, while four percent employ over 100 full-time personnel. Fifty-eight percent say the number of full-time employees working at their location “remained about the same” during the past 24 months; thirty-six percent “decreased” the number of full-time employees during this period, while six percent had an “increase.” In the next 24 months, 49% think the number of full-time employees will “remain about the same;” but, 32% foresee an “increase” and eight percent predict a “decrease.”

The typical Bloomington business employs six part-time employees. Seventeen percent have no part-timers, while 52% employ 1-10, 18% employ 11-20 part-time personnel, and 13% employ over 20 part-timers.

Seven percent say their employees are “all on salary,” while 34% report they are “all hourly,” and 12% say they are “all on commission.” Forty-seven percent, a near majority, use “a combination” of all three. The typical Bloomington business using hourly or commission

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compensation schemes pays about 56% of its employees \$15.00 per hour or more. While 14% report paying 20% or less of their employees at this level, 32% pay all their employees at least \$15.00 per hour or more.

Only four percent of the businesses in Bloomington currently offer apprenticeships or internships. An added five percent can be projected to offer these opportunities in the future. Sixty-two percent currently offer health insurance to their employees; thirty-eight percent do not. Among businesses offering health insurance, 95% report offering to full-time salaried employees, 88% do so to full-time hourly employees, and 15% offer health insurance to part-time employees. Similarly, 52% of Bloomington businesses offer paid sick leave to their employees, while 48% do not. Among businesses offering paid sick leave, 94% offer sick leave to full-time salaried employees, 90% do so to full-time hourly employees, and 52% offer paid sick leave to part-time employees.

The typical Bloomington business reports 58% of its workforce lives in Bloomington; in fact, while 35% report less than 50% live in Bloomington, 18% report all their employees live there. The median commute time for employees is 15.5 minutes; fifteen percent report the average commute time is 10 minutes or less, while 18% report an average above 20 minutes. Forty percent are unsure about the percent of their workforce using public transit to get to and from work; among those making an estimate, the typical business reports about 20% of their employees use public transit in this way. Only four percent of Bloomington businesses currently have electric vehicle charging stations at their sites; only five percent have any plans to install them in the next few years.

Next, businesses were asked the educational composition of their workforces. The table below arrays four education levels with five categories of percentages said by each business: none, 1% to 15%, 16% to 33%, 34% to 49%, and over 50%.

Education Level	None	1%- 15%	16%- 33%	34%- 49%	Over 50%
Non-high school graduates	57%	19%	19%	3%	2%
High school graduates	21%	10%	29%	8%	33%
Technical or vocational school graduates	11%	10%	44%	13%	23%
College graduates	22%	16%	33%	8%	22%

Eighty-six percent rate the quality of the labor pool for their business as either “excellent” or “good.” Thirteen percent rate the quality lower, pointing to “poor work ethic” as the key reason. Eighty-two percent rate the quantity of the labor poor for their business as “excellent” or “good,” while 17% see it as “only fair” or “poor.” Negative ratings stem from three feelings: “not enough workers,” by 57%; “people want to stay on unemployment,” by 17%; “high turnover,” by 12%. Among critics of the quality and/or quantity of the available labor pool for their businesses, 89% report these problems are already affecting their operations. Four percent see it impacting in a “couple of years, while one percent think it is a “long-range concern.”

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Eighty-one percent of Bloomington businesses list one of four employment skills and competencies as most important to their companies. “Customer service” ranks first, mentioned by 52%. Twelve percent cite “work ethic,” while nine percent point to “attention to details,” and eight percent list “trade skills.”

When asked what employee skills and competencies, if any, need to be improved for the future, 72% of the sampled businesses list one of six areas: “promptness,” at 18%; “communication,” at 14%; “organization,” at 13%; “customer service,” at 10%; “attention to details,” at nine percent; and, “being a team player,” at eight percent. Twenty percent, though, think there are no employee skills and competencies needing improvement for the future.

Ninety-two percent of Bloomington businesses do not think the availability of housing in Bloomington is a problem for the retention and recruitment of employees at their businesses. An additional five percent were “unsure.”

Transportation Issues:

Sixty-four percent think traffic congestion has not affected their businesses. Thirty-four percent see traffic congestion having an impact. Among businesses reporting an impact, 21% report traffic congestion hurt the retention of clients and customers, 15% think it hurt the ability to keep and attract employees, and 64% believe it affected “both.” Ninety-five percent believe Bloomington has enough public transportation options. Sixty-two percent of Bloomington businesses think it is either “very important” or “somewhat important” to have access to airports and freeways; thirty-eight percent do not think it is “important” for their businesses.

City-Business Community Relations:

Fifty-seven percent of business owners/managers follow the work of the Mayor and City Council either “a lot” or “some. Forty-three percent report they follow it “not too much” or “not at all.” Fifty-seven percent rate the job performance of the Mayor and City Council as “excellent” or “good.” Twenty-three percent view it as “only fair” or “poor.” During the past year, 23% report interaction on an official basis with anyone working for the City of Bloomington; a remarkably high 87% were “satisfied” with the way in which their contact was managed by the City, while ten percent were “dissatisfied.”

A comparatively large 87% think things in Bloomington are headed in a positive direction, while six percent see them as “off on the wrong track.” Critics pointed to two issues: “rising crime” and “high taxes.”

When considering the property taxes they pay and the quality of city services they receive, 82% rate the general value of city services as either “excellent” or “good;” fourteen percent view the value as “only fair” or “poor.” Lower ratings stem from two sources: “high taxes” and “signage restrictions.” When informed only approximately 15% of business property taxes goes to the

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City of Bloomington to fund city services, 52% report the fact makes it a “better” value, only one percent see it as a “worse value,” and 47% say it “makes no change” in their opinion.

Respondents were read a list of 11 goals or policies the City of Bloomington could focus on. For each, they were asked if the City should have a “great focus,” “some focus,” “little focus,” or “no focus at all.” The table below lists each goal or policy, the percent feeling it should be a great focus, and the percent feeling it should have “some focus.” The list is ordered in descending order of “great focus” percentages.

<i>Goal/Policy</i>	<i>Great Focus</i>	<i>Some Focus</i>
Retaining and growing existing businesses	70%	29%
Recruiting new businesses	63%	32%
Low interest small business loans for business improvements	50%	41%
Investing in redevelopment	44%	43%
Improving communication with businesses	40%	45%
Sustainability, such as improving energy efficiency and water management	40%	44%
Expanding co-working or collaborative workspaces	40%	34%
Assisting in efforts to attract qualified workers and talent	34%	52%
Supporting the development of workforce or affordable housing	32%	49%
Building traffic infrastructure, such as roads, highways, and public transportation	32%	42%
Assisting in efforts to better train existing workers	29%	57%

Majorities of respondents feel three goals or policies deserve a “great focus:” “retaining and growing existing businesses,” “recruiting new businesses,” and “low interest small business loans for business improvements.”

Sixty-four percent are aware of the City’s MCCD “Open to Business” program offering technical and financial aid to all businesses in Bloomington.

Business owners/managers were informed some cities and counties are helping to create business incubators which guide startup businesses to independence by supplying funding, classes, workshops, and allowing them to use in-house services, such as legal and accounting. Eighty-four percent think this is a “good idea;” only eight percent view it as a “bad idea,” and the same percentage are “unsure.”

Respondents were also told some cities and counties are forming partnerships with their local school districts or community colleges to enhance career, technical, and vocational programs and offerings. Ninety-eight percent see these partnerships as a “good idea,” while only one percent view it as a “bad idea.” Sixty-two percent think these partnerships could help their businesses in the future.

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Bloomington Chamber of Commerce:

Ninety-one percent have heard of the Chamber of Commerce. Thirteen percent of city businesses are current members, while the same percentage are former members, not current ones. Sixty-five percent are neither current nor past members of the Chamber of Commerce.

City-Business Community Communications:

Forty-nine percent name the “Briefing Newsletter” as their primary source of information about Bloomington City Government, services, and activities. Twenty-six primarily depend upon the “City website,” and 15% identify “e-mails from the City” as their primary source of information. Five percent each rely upon “City social media” or “landlords/property owners.”

Forty-nine percent also preferred to receive this information in the “Briefing Newsletter.” Twenty-two percent each prefer “e-mails from the City” or the “City website.” Five percent favor “City social media,” and two percent, “landlords/property owners.”

A comparatively large 74% feel “very informed” or “somewhat informed” about Bloomington City government, services, and activities. Twenty-five rate themselves as “not too informed” or “not at all informed.”

Respondent Demographics:

Forty-eight percent call themselves “managers,” and 33% are “owners.” About four percent each supply the titles “business manager,” “president,” “managing partner,” “CEO,” and “sales manager.”

An exceedingly high 68% live in “Bloomington.” Six percent each live in “Minneapolis” or “Edina.” Five percent live in “Apple Valley” and “Eagan,” while five percent reside in “Scott County suburbs.” The primary reasons for living outside of Bloomington include “housing and neighborhood,” at 28%, “close to family and friends” or “safe,” each at 15%, and “easy commute” or “good schools,” each at 10%. Seven percent report they “always lived there.”

The typical respondent is 42.7 years old. Thirty eight percent are in the “25-39 years old” range, 58% are in the “40-64 years old” range, and four percent are “65 and over.”

Sixty-six percent self-classify as “White.” Sixteen percent are “Black/African-American,” and six percent each are “Latino/Latina/Latinx” or “Asian.”

Fifty-eight percent of the respondents report they are “male,” 41% are “female,” and one percent is “non-binary.”

Summary and Conclusions:

The following conclusions can be drawn from this study:

1. The Bloomington business community is dominated by “retail businesses,” at 24%, “restaurants,” at 22%, and “personal service businesses,” at 15%. “Professional service businesses” are nine percent, “manufacturing businesses” are seven percent, and “medical/health care concerns” are six percent. “Automotive dealers, services, and maintenance businesses” are five percent, while “construction businesses” account for four percent of the sample. The typical business has been in the city for 16.4 years. Eight percent have been at their Bloomington location for five years or less while 31% have been there for 20 years or more. The median number of fulltime employees is eight, with 63% reporting one-to-ten full-time. The median number of part-time personnel is six; however, 17% use no part-time employees, while 52% employ one-to-ten.
2. Ten percent think their business will expand in Bloomington during the next five years; another one percent foresee relocation within Bloomington. No one foresees relocation outside of the city or downsizing at their current location. During the past 24 months, 58% report their number of full time employees “remained about the same,” but 36% saw a decrease. In the next 24 months, 49% foresee stability in the number of full time employees, while 32% predict an increase.
3. Bloomington decision-makers should keep in mind the five major reasons for locating there: “access and location,” “space availability,” “customer base,” “corporate decision,” or “closeness to home.” The two key issues facing many businesses the City can directly impact are “high property taxes” and “signage restrictions.”
4. A large majority of Bloomington businesses do not have pressing workforce issues; eighteen percent report they had difficulty filling job positions, currently affecting their operations. The skills which need to be improved among the labor pool are “promptness,” “communications,” “organization,” “customer service,” “being a team player,” and “attention to detail.”
5. Public transportation and employee housing are not pressing concerns for most Bloomington businesses. Traffic congestion, though, is a key problem for 35% of city businesses. Access to the airport and freeways is particularly important to this group.
6. The City of Bloomington should consider the establishment of a public-private business incubator; this concept is considered a “good idea” by 84% of the sample. Similarly well-received by the sample is the formation of partnerships with the Bloomington School District and local community colleges to enhance career, technical and vocational programs and offerings.
7. The City of Bloomington enjoys one of the strongest and most positive relationships with its business community in the Metropolitan Area. Communications between the City and the business community is highly rated; similarly, the value of city services is ranked at the top of the Metropolitan Area and increases even further when business owners/managers are informed about the city share of aggregate property taxes. The Mayor and City Council are given high job

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approval ratings by businesses found in their community, Over time, the City of Bloomington established a strong bond and deep reservoir of goodwill within this community; these will serve elected officials and city staff well in their decision-making during the years ahead.