

# THE MORRIS LEATHERMAN COMPANY

## 2024 City of Bloomington Business Survey Findings and Implications

### *Business Demographics:*

The typical business has operated in Bloomington for 12.3 years. Five percent have been in the city for less than five years; in contrast, 38% have been there for more than 20 years. Twenty-five percent of the businesses self-identify as “retail companies,” 17% classify themselves as “restaurants,” 17% are “personal service providers,” 11% are “professional service providers,” nine percent are “manufacturing operations,” six percent are “health care or medical businesses,” six percent self-classify as “automotive dealer/service/maintenance.” Three percent each are “technology,” “hospitality/hotel/accommodations,” and two percent are “construction companies.”

Twenty-four percent consider their business location to be a part of the “35W Corridor,” while 17% each consider themselves in the “494 Strip” or “Lyndale Avenue.” Twelve percent are in the Mall of America and eight percent are on “Old Shakopee Road.” Seven percent are in the “South Loop,” Six percent are in “Penn-American,” while five percent are in “Normandale Lakes.” Three percent report being in the “West Bloomington Industrial Area.” Among businesses in the 494 Strip Area or Old Shakopee Road Area, 51% are west of 35W and 49% are east of the freeway.

Nine 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. One percent plan to move their business outside of Bloomington, and two percent plan to downsize their business during the next five years.

Nineteen percent report their businesses “own” the building in which they are located; eighty-one percent are “tenants.” Only six percent of businesses in the sample are “home-based.”

Seventy-four percent have heard of the Regional Minneapolis Chamber of Commerce. Seven percent of city businesses are current members, while four percent are former members, not current ones. Sixty-three percent are neither current nor past members of the Regional Minneapolis Chamber of Commerce.

Forty-seven percent call themselves “manager,” and 26%, “owner.” Eleven percent call themselves “supervisor.” Four percent supply the title “managing partner,” three percent are “CEO/CFO,” and two percent refer to themselves as “President.”

An exceedingly high 71% live in “Bloomington.” Eleven percent live in “Minneapolis,” six percent reside in “Richfield,” and five percent live in “Edina.” The primary reasons for living outside of Bloomington include “close to family,” at 31%, “housing and neighborhood,” “always lived in that city,” and “close enough to job,” at 10% each. “Diversity,” at eight percent, “school district,” at four percent, and “safe,” “nature/lakes,” or “quiet/peaceful,” each at two percent.

The typical respondent is 46.2 years old. One percent is “25 years old or younger,” 35% are in the “25-39 years old” range, 60% are in the “40-64 years old” range, and five percent are “65 and over.”

Sixty-five percent self-classify as “White.” Sixteen percent are “Black/African-American,” and eight percent are “Asian,” five percent self-classify as “Latino/Latina/Latinx,” three percent are “Native Hawaiian or other Pacific Islander,” and two percent classify themselves as “American Indian/Alaskan Native.”

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

### **Business Climate:**

Ninety-three percent rate the City of Bloomington’s attitudes and responsiveness toward local businesses as either “excellent” or “good.” An exceptionally low seven percent rate them lower. Critics list three statistically significant reasons for their judgments: “too much construction,” at 43%, and “road closures” or “don’t listen,” each at 29%.

There are six statistically significant reasons for locating businesses in Bloomington: “customer base” is offered by 25%; “space availability” is the reason for 17% of the sample; “location” for 15%; “corporate decision” is the reason for 14%; “close to home” is posted by 11%; and “quality of life” is posted by six percent.

Only four percent of Bloomington businesses report they have changed where and how their employees work after the pandemic. The major changes made are “cleaning and sanitation” and “virtual meetings.” Twenty-four percent of this small subsample believe the changes will impact how much space they need for employees at their business location.

An exceptionally high 97% rate the business climate in Bloomington as “excellent” or “good”; in fact, 28% see it as “excellent.” A comparatively small three percent rate it as “only fair” or “poor.” The small percent of critical businesses cite one key reason: “lack of business and customers.” Seventy-one percent think there is “nothing” the City government can do to

improve the business climate in Bloomington; thirteen percent suggest “reducing taxes,” six percent urge “tax incentives,” and two percent want “less regulations.”

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

Assessing the most serious issues facing their businesses in Bloomington, 23% report “nothing” and two percent are “unsure.” Twenty-two report “economy/inflation,” 17% cite “high taxes,” 15% point to “high leases,” and five percent point to “lack of customers and business.”

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

<b>Issue</b>	<b>Very Serious</b>	<b>At Least Somewhat Serious</b>
General economic conditions	43%	75%
Cost of doing business	32%	72%
Amount of city taxes	30%	82%
High rent or lease	30%	68%
Crime rates	14%	56%
Traffic congestion	14%	37%
Lack of customers	14%	33%
City regulations and enforcement	11%	38%
Health care costs	10%	39%
Availability or access to high speed internet	8%	25%
Availability of public transportation	6%	19%
Access to capital	4%	45%

The four most serious issues, shaded in red, are business-specific operating concerns. The next ranked issues, shaded in blue, include a cluster of policy issues, ranging from traffic congestion to crime rates.

**Workforce Issues:**

The typical business runs with 12.5 full-time employees at its Bloomington location. Forty-five percent report 1-10 full-timers, 27% report 11-20 full-time employees, 20% say they employ 21-50 full-time employees, and eight percent employ over 51 full-time employees; in fact, five percent employ 51-99 full-time workers, while three percent employ over 100 full-time personnel. Seventy-eight percent say the number of full-time employees working at their

location “remained about the same” during the past 24 months; three percent “decreased” the number of full-time employees during this period, while 17% had an “increase.” In the next 24 months, 78% think the number of full-time employees will “remain about the same.” Sixteen percent foresee an “increase” and two percent predict a “decrease.”

The typical Bloomington business employs 7.1 part-time employees. Eleven percent have no part-timers, while 61% employ 1-10, 19% employ 11-20 part-time personnel, and 10% employ over 20 part-timers.

Four percent say their employees are “all on salary,” while 24% report they are “all hourly,” and eight percent say they are “all on commission.” Sixty-five percent use “a combination” of all three. The typical Bloomington business using hourly or commission compensation schemes pays about 43% of its employees \$22.00 per hour or more.

Twelve percent of the businesses in Bloomington currently offer apprenticeships or internships. An added fifteen percent can be projected to offer these opportunities in the future. Seventy-six percent currently offer health insurance to their employees; twenty-four percent do not. Among businesses offering health insurance, 97% report offering it to full-time salaried employees, 95% do so to full-time hourly employees, and 21% offer health insurance to part-time employees.

The typical Bloomington business reports 70% of its workforce live in Bloomington; in fact, 20% say less than half live in Bloomington, while 12% report that at least 80% of their employees live there. The median commute time for employees is 11.6 minutes; eight percent report that the average commute time is 10 minutes or less, while 19% report an average above 15 minutes. Among those making an estimate, the typical business reports about two percent of their employees use public transit. Twenty-two percent provide resources to employees to encourage alternative forms of transportation to commute to work. Eighteen percent of Bloomington businesses currently have electric vehicle charging stations at their sites; an additional 17% have plans to install them in the next few years.

The workforce of the average business in Bloomington has 11.8% non-high school graduates, 31.9% high school graduates, 32.7% technical or vocational school graduates, and 23.7% college graduates. Employment needs, then, span the four levels of educational achievement.

Ninety-six percent rate the quality of the labor pool for their business as either “excellent” or “good.” Three percent rate the quality lower, pointing to “poor work ethic” as the key reason. Ninety-five percent rate the quantity of the labor pool for their business as “excellent” or “good,” while only four percent see it as “only fair” or “poor.” Negative ratings stem from two feelings: “not enough workers,” by 41% and “high turnover,” by 35%. Among critics of the quality and/or

quantity of the available labor pool for their businesses, 77% report these problems are already affecting their operations. Twenty-four percent see it impacting in a “couple of years.”

Eighty-six percent of Bloomington businesses list one of six employment skills and competencies as most important to their companies. “Customer service” ranks first, mentioned by 33%. Fourteen percent point to “attention to detail,” while 13% cite “communications,” 12% cite “work ethic,” while seven percent each point to “promptness” or “technology.”

When asked what employee skills and competencies, if any, need to be improved for the future, 91% of the sampled businesses list one of six areas: “communication,” at 21%; “promptness,” at 17%; “organization,” at 14%; “being a team player,” at 13%; “customer service,” at 12%; “attention to detail,” at seven percent. Only seven percent, though, think there are no employee skills and competencies needing improvement for the future.

Ninety-six 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.

Sixty-six percent think traffic congestion has not affected their businesses. Thirty-four percent see traffic congestion having an impact. Among businesses reporting an impact, 37% report traffic congestion has hurt the retention of clients and customers, 15% think it has hurt the ability to keep and attract employees, and 48% believe it has affected “both.” Ninety-seven percent believe Bloomington has enough public transportation options. Eighty-three percent of Bloomington businesses think it is either “very important” or “somewhat important” to have access to airports and freeways; eighteen percent do not think it is “important” for their businesses.

### **Business and City Relationship:**

Sixty-six percent of business owners/managers follow the work of the Mayor and City Council either “a lot” or “some.” Thirty-five percent report they follow it “not too much” or “not at all.” Eighty-four percent rate the job performance of the Mayor and City Council as “excellent” or “good.” Thirteen percent view it as “only fair” or “poor.” During the past year, 19% report interaction on an official basis with anyone working for the City of Bloomington; a remarkably high 97% were “satisfied” with the way in which their contact was managed by the City.

A comparatively large 89% think things in Bloomington are headed in a positive direction, while six percent sees them as “off on the wrong track,” and five percent are “unsure.” Critics point to three statistically significant issues: “poor economy,” “high taxes,” and “road closures/construction.”

*City of Bloomington  
2024 Business Community Study*

When considering the property taxes they pay, and the quality of city services they receive, 83% rate the general value of city services as either “excellent” or “good”; only six percent view the value as “only fair” or “poor.” Lower ratings stem from two sources: “high taxes” and “rising crime.” When informed only approximately 15% of business property taxes go to the City of Bloomington to fund city services, 73% report the fact makes it a “better” value, only three percent see it as a “worse value,” and 24% say it “makes no change” in their opinion.

Respondents were read a list of 16 business assistance programs and services which the City of Bloomington offers. They were initially asked if they were aware of each program or service. Then aware respondents were asked to rate it. The table below shows the results.

<b>Business Assistance Programs and Services</b>	<b>Awareness</b>	<b>Positive Rating</b>	<b>Negative Rating</b>
“City Navigation” – City Staff guides a business through the permitting process, answer questions, and connects them with resources	69%	99%	1%
“Business Engagement Visits” – City Staff and Technical Advisers make monthly visits to businesses	64%	91%	9%
“Business Resources” e-subscription newsletter	63%	75%	25%
“Welcoming Wednesdays” – a free drop-in for technical business assistance	59%	84%	16%
“Bloomington Economic Partnership” – a public-private partnership between the City, large employers, community organizations, regional economic development partners, government, and academic institutions	59%	81%	19%
“Bloom in Bloomington” – a youth internship program, matching 16-24 year olds with local businesses and local government	57%	74%	26%
“Business Welcome Visits” – City staff visit new businesses to provide resources and connections	54%	80%	20%
“Open to Business” – free business consulting	53%	94%	6%
“Bloomington Business Connections” – free business networking events	53%	83%	17%
“Elevate Hennepin” – free technical assistance to small businesses	48%	81%	19%
“Hatch Bloomington” – a pitch competition where the winner receives \$100,000 toward a brick-and-mortar location	47%	77%	23%
“Site & Façade Improvement Program”	47%	84%	16%
“CEO Start” – a free ten-week program for budding entrepreneurs and small business owners	46%	72%	28%
“SAC Small Business Deferral Program” – allows small businesses to defer SAC payments for five years at a low interest rate	45%	80%	20%

<b>Business Assistance Programs and Services</b>	<b>Awareness</b>	<b>Positive Rating</b>	<b>Negative Rating</b>
“SAC Small Business Citywide Credit Program” – allows for SAC unit credits for qualified businesses	43%	88%	12%
“Business Retention Program” – a forgivable one-year loan allowing up to \$15,000 for moving expenses to a business if dislocated due to private redevelopment	41%	79%	21%

All programs and services provided by the City have awareness levels between 41% and 69%. Among aware respondents, positive ratings are very high, ranging between 72% and 99%; three programs/services receive positive ratings above 90%: “Business Engagement Visits,” “Open to Business,” and “City Navigation.” In contrast, three programs/services also receive negative ratings of 25% or higher: “CEO Start,” “Bloom in Bloomington,” and “Business Resources.”

Business owners/managers were informed some cities and counties are helping to create business incubators, a physical location, for startup businesses to find workspace, funding, classes, and workshops. Ninety-five percent think this is a “good idea”; only four percent view it as a “bad idea,” and two percent are “unsure.” Thirty-six percent are either “very likely” or “somewhat likely” to use a business incubator. Standard market projection techniques predict 10% of Bloomington businesses would actually use the facility.

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-three percent see these partnerships as a “good idea,” while only five percent view it as a “bad idea.” Forty-five percent think these partnerships could help their businesses in the future.

Thirty-five percent name the “Briefing Newsletter” as their primary source of information about Bloomington City Government, services, and activities. Thirty-two percent primarily depend upon the “City website,” 12% identify “emails from the City” as their primary source of information, and 11% point to “City social media.”

Thirty-six percent also prefer to receive this information in the “Briefing Newsletter.” Thirty-one percent prefer the “City website,” while 14% cite “emails from the City,” and 13% point to “City social media.”

A comparatively large 71% feel “very informed” or “somewhat informed” about Bloomington City government, services, and activities. Twenty-eight percent rate themselves as “not too informed” or “not at all informed.”

**Summary and Conclusions:**

The following conclusions can be drawn from this study:

1. The Bloomington business community is dominated by “retail businesses,” at 25%, “restaurants,” or “personal service businesses,” each at 17%, and “professional service businesses,” at 11%. “Manufacturing businesses” are nine percent, and “medical/health care” or “automotive dealer/service/maintenance,” each at six percent. The typical business has been in the city for 12.3 years. Five percent have been at their Bloomington location for five years or less, while 38% have been there for 20 years or more. The median number of full-time employees is 12.5, 4.5 higher than the last study, with 72% reporting one-to-twenty full-time employees. The median number of part-time personnel is 7.1, about one employee higher than the previous business survey; however, 11% use no part-time employees, a decline of six percent, while 61% employ one-to-ten.
2. Nine percent think their business will expand in Bloomington during the next five years; another one percent foresee relocation within Bloomington. Only one percent foresees relocation outside of the city, and two percent foresee downsizing at their current location. During the past 24 months, 78%, a 20% increase over the 2021 level, report their number of full-time employees “remained about the same,” and 17% cite an increase. In the next 24 months, 78% foresee stability in the number of full-time employees, a 29% increase from the 2021 results, while 16% predict an increase, one-half of the level in the previous business survey.
3. Bloomington decision-makers should keep in mind the five major reasons for locating there: “customer base,” “space availability,” “location,” “corporate decision,” “close to home,” and “quality of life.” The key issue facing many businesses the City can directly impact are “lower business taxes.”
4. An overwhelming majority of Bloomington businesses do not have pressing workforce issues; seven percent, an 11% drop in three years, report they had difficulty filling job positions, currently affecting their operations. The skills which need to be improved among the labor pool are “customer service,” “attention to detail,” “communication,” “work ethic,” “promptness,” and “technological fluency.”
5. Public transportation and employee housing are not pressing concerns for most Bloomington businesses. Traffic congestion, though, is still a key problem for 34% 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 business incubator; this concept is considered a “good idea” by 95% 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 survey conducted in 2021 of the Bloomington business community established a baseline to compare future results. It is important to remember the 2021 survey was conducted over a year into the COVID-19 pandemic. The pandemic and its impact were seen in the opinions and attitudes of the business community at that time. In comparison, the 2024 survey results show positive changes from the 2021 survey, including an increase in the number of full-time and part-time employees and less concern about the quality and quantity of workers in the labor pool. Concerns in 2024 shifted to the “macro-economics” of inflation: the cost of doing business, taxes, and high rent and leases.
8. The City of Bloomington once again 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 approval ratings by businesses found in the community. Over time, the City of Bloomington has fostered a strong bond and deep reservoir of goodwill within the business community; these will serve elected officials and city staff well in their decision-making during the potentially turbulent years ahead.

## **METHODOLOGY**

This report is based upon the results of a survey administered to 400 randomly selected business owners/managers in the City of Bloomington. Professional interviewers conducted the survey by telephone between August 20<sup>th</sup> and September 20<sup>th</sup>, 2024. The typical respondent took eighteen minutes to complete the questionnaire. The non-response rate was 6.5%. The results of the study are projectable to all City of Bloomington businesses within  $\pm$  5.0% in 95 out of 100 cases.