

## 2 • Planning Area Profile

### Overview/Summary

There are a number of factors that influence the identification of future transportation investments needed to support individuals living and working in our community as well the businesses located throughout Olmsted County and those who travel to Olmsted County.

Fundamental to understanding the scope of future travel needs is a vision of how the community may change over time. Elements of this include developing an understanding of how the population of Olmsted County and its towns and cities may change over time, as well as how the local economy may change. Chapter 2 identifies key assumptions that have been made relative to demographics and the economy that inform the activities that generate travel. Chapters 4 and 5 of the Plan, found in Part II, review how these economic and demographic assumptions have informed the work of townships, cities and Olmsted County related to future land use, which is important to understanding the distribution of travel spatially across the county.

Chapter 2 provides a summary of key demographic and economic conditions within the ROCOG Metropolitan Planning Area (MPA) that influence the underlying

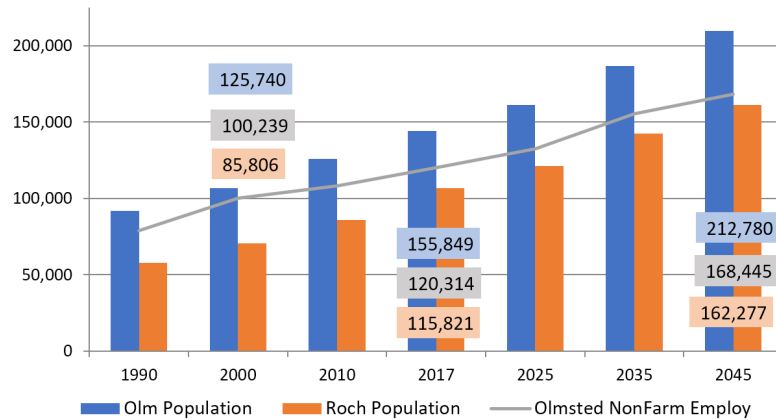
planning assumptions utilized in development of the Plan. Included is a review of historical trends in population and employment as well important regional economic characteristics which affect travel in the region.

Rochester and Olmsted County have experienced consistent population growth for the last 30 to 40 years, seeing about 15,000 to 20,000 new residents added each decade. While the Great Recession of 2007-2009 resulted in a period of 3 to 4 years where this steady growth was interrupted, since 2012 the pattern of steady growth has resumed though at a somewhat lower level than seen prior to the recession. Rochester has accounted for most of the population growth in Olmsted County over the last generation, as the city has seen its share of county-wide population grow from about 62% in 1990 to almost 75% in 2018.

Looking to the future, the expectation is for the county to add approximately 55,000 people through the Year 2045, driven by the expected success of the Destination Medical Center (DMC) initiative and the effect that will have in spurring added demand for jobs in sectors such as retail services, leisure activities, construction, and public services. Rochester is expected to capture the largest share of that growth, but all the small cities and

suburban townships are expected to see growth as well. Township growth will be concentrated in the suburban areas around Rochester, while more rural areas are expected to see some decline in overall population.

**Figure 2-1: Population and Employment Forecast Summary**



*Rochester share of population goes from 74% (2010) to 76% (2045)*

Source: Historic data: US Census, Bureau Economic Analysis; Forecasts – ROCOG

Regional commuters play a significant role in meeting labor force needs in Rochester, with approximately 35% of local jobs currently filled by workers from outside the city of Rochester. Moving those persons in and out of the metro area is one of the most significant transportation issues to address, since it largely occurs during the peak

morning and afternoon travel times. Similarly, an outside share of regional retail sales also occurs in Rochester given its role as the regional economic center for Southeast Minnesota, which also contributes to increased travel demand in the metro area.

The Rochester area is also seeing changes in household composition similar to those throughout the United States, with significant increases in single person households expected over the planning period and limited growth in traditional family households with children. An ever-growing number of single person households will be composed of persons over 65 years of age. Increases in the number of disabled and/or lower income people common in this age group add to demand for specialized transportation services.

Transportation investment is important to the economic success of the community. It is critical that transportation plans are coordinated with economic and community development efforts. Through its integration with the Olmsted County Planning Department and close working relationship with the Olmsted County Public Works Department and the City of Rochester Departments of Public Works (which includes Rochester Public Transit), Administration, and Community Development, ROCOG is involved in ongoing public and private sector development projects. This helps to create a two-way flow of information between transportation planning and other community planning efforts.

Since ROCOG is staffed by the Olmsted County Planning Department, it also benefits from staff's ongoing interaction with resource and environmental agencies. This relationship has enabled staff to build an extensive library of data on natural and cultural resources that informs the MPO's transportation planning efforts. It has also helped develop a number of initiatives addressing the impact of transportation facilities on the environment. Ongoing consultation efforts involving environmental mitigation activities are discussed in the appendices.

## Introduction

Olmsted County has continued to see strong population growth in the first decades of the 21st Century, with a 25% growth rate between 2000 and 2018, compared to a statewide growth rate of 14% during the same period. Olmsted County's 9% growth rate in the 2010's to date is less than past decades, where population grew 18% in the 1990s and 15% in the 2000s.

The City of Rochester is the main population center in Olmsted County, with approximately 73% of the countywide population located in Rochester. Rochester has experienced a 9% increase in population between 2010 and 2017, lower than its growth rate in the 1990s (21%) and 2000s (24%), but still one of the stronger municipal growth rates in the state. Rochester is the 3rd largest city in Minnesota after Minneapolis and St. Paul, with an estimated 2018 population of 117,444. Olmsted

County's 2018 population of 157,446 ranks as 8<sup>th</sup> largest in the state but is the largest county outside the sphere of the Minneapolis-St Paul metropolitan area.

The economy is built around health care, technology, and agriculture. The top four private-sector employers are Mayo Medical Center, IBM, Olmsted Medical Center, and Charter Communications. The Mayo Clinic and IBM together employ approximately 40,000 people in a workforce of approximately 86,000 persons.

Public-sector employment is led by Rochester Public Schools, which at 2,830 employees is the second-biggest employer in Olmsted County. In addition, the City of Rochester and Olmsted County have a combined employment of over 2,500.

The University of Minnesota-Rochester branch was established in 2007. The university currently has a student body of 500 students. It is projected to grow to 750 in the next few years and eventually 1,500 in the long term.

For over 140 years, the city of Rochester has remained the regional center for industry and commerce in southeastern Minnesota and northeastern Iowa. Olmsted County draws a significant number of workers from surrounding counties, with approximately 22% of persons who work in Olmsted County commuting from residences outside of Olmsted County.

Olmsted County and the City of Rochester are important regional retail centers, accounting for nearly 50% of sales in the seven-county area centered on Rochester. A large proportion of County retailing activity occurs in the City of Rochester, which accounts for nearly 90% of the retail sales in the county.

The high level of job growth in the county, combined with short commuting times to jobs in Rochester and local economic development initiatives, has resulted in population growth rates in small cities comparable to that in Rochester. These communities will continue to offer attractive options for households due to their convenient commuting distances to the Rochester job market, good schools, and attractive quality of life for those desiring to live in a smaller community.

### Population

Table 2-1 summarizes the changes in the geographic population distribution that have occurred since 1990 in Olmsted County. By far the largest share of population

growth has occurred in the City of Rochester (46,699), but small cities have been increasing in their share of the County's overall growth. Small cities have more than doubled in population since 1990, compared to the City of Rochester increasing by about 64% during that time. Due to significant annexation activity, suburban townships saw a 20% decline in population between 2000 and 2010. But suburban and rural townships have seen a rebound in population growth since 2010.

### Population Projections

Table 2-2 summarizes population projections prepared by ROCOG for selected years through 2045. Olmsted County is projected to reach a population of 212,781, driven by the expectation of continued strong employment growth and expected increases in energy and housing costs that will lead more persons to locate closer to their place of work. Significant strategic economic development efforts including the DMC and Journey to Growth, a local business initiative to broaden the economic base, will provide support for growth.

**Table 2-1: Population Trends 1990-2018**

Jurisdictional Group	Population				Share of Growth			Rate of Growth		
	1990 Census	2000 Census	2010 Census	2018**	1990s	2000s	2010-2018	1990s	2000s	2010-2018
<b><i>Small Cities*</i></b>	10,529	13,131	16,751	18,260	14%	18%	11%	25%	28%	9%
<b><i>Rochester</i></b>	70,745	85,806	106,769	117,444	85%	105%	81%	21%	24%	10%
<b><i>Suburban Townships</i></b>	15,807	16,098	11,812	12,484	2%	-21%	5%	2%	-26%	6%
<b><i>Exurban Townships</i></b>	4,492	4,547	4,292	4,433	0%	-1%	1%	1%	-6%	3%
<b><i>Rural Townships</i></b>	4,897	4,695	4,624	4,825	-1%	-1%	2%	-4%	-2%	4%
<b><i>Olmsted County</i></b>	106,470	124,277	144,248	157,446				17%	16%	9%
<i>Suburban Townships</i>	<i>Cascade, Haverhill, Marion, Rochester, &amp; Oronoco</i>									
<i>Exurban Townships</i>	<i>Kalmar, New Haven, High Forest, &amp; Salem</i>									
<i>Rural Townships</i>	<i>All Other Townships</i>									

\* Border cities population include only that part in Olmsted County

\*\* MN State Demographic Center "Latest annual estimates of Minnesota and its cities and townships population and households 2018"

**Table 2-2: ROCOG Population Projections**

Jurisdiction	2015	2017	2025	2035	2045	2015-2045 Growth		Share of Growth
Rochester	112,089	115,733	128,484	147,516	162,277	50,188	45%	82%
Byron	5,320	5,426	6,194	7,244	8,724	3,404	64%	6%
Chatfield	1,241	1,228	1,466	1,705	1,894	653	53%	1%
Dover	752	755	917	1,095	1,255	503	67%	1%
Eyota	2,038	2,015	2,306	2,573	2,809	771	38%	1%
Oronoco	1,443	1,496	1,748	2,236	2,575	1,132	78%	2%
Pine Island	739	799	1,164	1,631	2,011	1,272	172%	2%
Stewartville	6,153	6,119	7,045	8,001	8,937	2,784	45%	5%
<b><i>Total for Municipalities</i></b>	<b>129,775</b>	<b>133,571</b>	<b>149,324</b>	<b>172,001</b>	<b>190,482</b>	<b>60,707</b>	<b>47%</b>	
Suburban Townships	12,327	12,298	12,695	13,312	13,788	1,461	12%	2%
Exurban Townships	4,447	4,401	4,432	4,428	4,298	-149	-3%	-0%
Rural Townships	4,785	4,728	4,651	4,459	4,213	-572	-12%	-1%
<b><i>OLMSTED COUNTY</i></b>	<b>151,334</b>	<b>154,998</b>	<b>171,102</b>	<b>194,200</b>	<b>212,781</b>	<b>61,447</b>	<b>41%</b>	

Source: ROCOG; Olmsted County Planning

**Table 2-3: Population Projections in ROCOG Border Cities**

<b>Border Cities</b>	<i>Growth projections for areas outside Olmsted County</i>						
<b>Jurisdiction</b>	<b>2015</b>	<b>2017</b>	<b>2025</b>	<b>2035</b>	<b>2045</b>	<b>2015-2045 Growth</b>	
<i>Chatfield / Fillmore County</i>	1,538	1,630	1,728	1,850	1,972	434	
<i>TOTAL for Chatfield</i>	2,779	2,858	3,194	3,555	3,866	1,087	39%
<i>Pine Island / Goodhue Co.</i>	2,524	2,602	2,810	3,070	3,331	807	
<i>TOTAL for Pine Island</i>	3,263	3,401	3,974	4,701	5,342	2,079	64%
TOTAL for ROCOG Cities	133,837	137,803	153,862	176,921	195,785	61,948	
Total: Olmsted + Border Cities	155,396	159,230	175,640	199,120	218,084	62,688	40%

Source: ROCOG; Olmsted County Planning

The majority of population growth is expected to occur in the City of Rochester (82% of total ROCOG area population growth), while Byron, Stewartville, and Pine Island are also expected to see significant increases relative to their existing size. Similar to the historic patterns, rural and exurban townships are generally expected to see a small decline in population, largely due to the aging of their population base, while suburban townships are projected to see some increase in resident population through 2045.

Table 2-3 shows the added growth expected in the cities of Chatfield and Pine Island which would occur outside of Olmsted County but would be considered part of the base population of the ROCOG MPA.

## Population Issues

The region will continue to see growth in all age groups over time, although the greatest increase is expected to occur among those over the age of 60 as the large Baby Boomer generation completes its move into that age bracket. The number of persons over 60 is expected to nearly double over the next 25 years, as Generation X and the oldest Millennials will join the Baby Boomers in this age group during the time horizon of this Plan. This aging of the community may have a significant effect on the demand for public and private transit services as well as influencing the rise of shared ride services.

The rise in population among younger age groups will not be as dramatic as was seen in past decades due to dropping birth rates and relatively slow growth in the



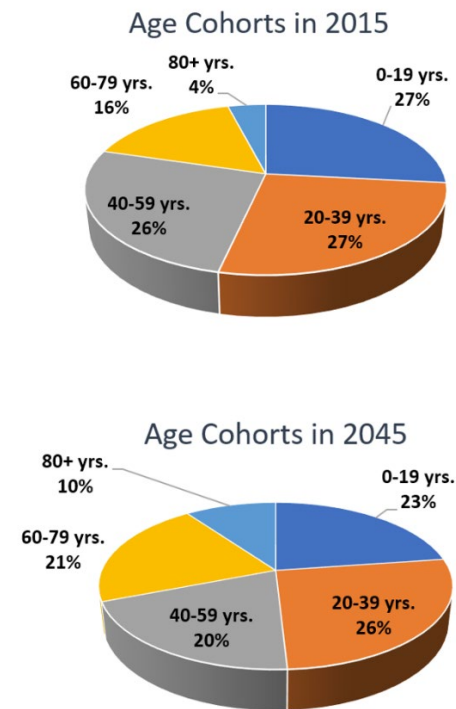
number of younger households in the prime family growth years. Slower household formation, smaller families among those in their prime employment and family growth years, trends toward more urban living, and less enthusiasm for car ownership among younger generations may all result in a slowing of growth in vehicular travel on a per capita basis as compared to past decades.

Figure 2-2 highlights distribution of population by age cohort based on comparison of 2015 and 2045 projections from the Minnesota State Demographic Center. These charts highlight the expected changes resulting from the aging of the post-WWII Baby-Boomer generation, with the numbers of persons over the age of 60 increasing significantly in the next 25-30 years.

This aging of the population carries potentially significant implications in terms of transportation needs, since persons in older age cohorts will typically create a higher demand for different types of transit services. For example, as reported in the American Community Survey 5-Year Estimates, approximately 29% of the 65+ population in Olmsted County had at least one disability. If this proportion stays constant, the population over 65 with at least one disability will grow from 6,270 in 2018 to 12,694 over the time horizon of this plan. This anticipated increase in the numbers of persons with a disability also highlights the need to ensure that ADA compatible transportation facilities, which includes transit

vehicles and infrastructure such as sidewalks and trails, need to be designed (for new construction) or planned for upgrading (for existing facilities) to meet ADA requirements.

**Figure 2-2: 2010 and 2045 Population Distribution by Age Cohort**



Source: Minnesota State Demographic Center

Research studies sponsored by US Department of Transportation and others have also suggested that this population change will necessitate consideration of items

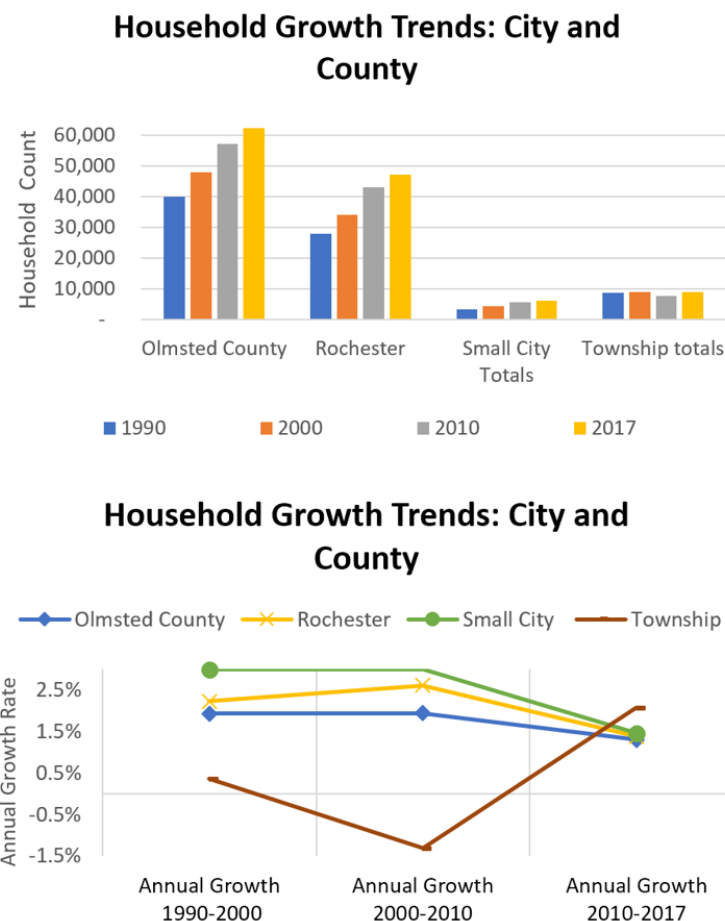
such as larger signage, brighter pavement markings, along with higher cost items such as possible adjustments in design, to respond to physical capabilities (or limitations) of this growing group of users. While costs are relatively minor when considering a single location, if considered on a system-wide basis they represent a significant level of investment. Maintaining these elements of the roadway infrastructure already present a funding challenge and adjusting to respond to the needs of a growing level of older drivers will only raise the level of importance of the issue in the future.

## Households

Figure 2-3 highlights information on household growth trends for jurisdictions in the ROCOG Planning Area for the period 1990 through 2017. The annual rate of growth in the number of households in Olmsted County has been fairly stable since 1990, between 1% and 2%. The years since 2010 have seen an overall downturn in that rate, likely due to the effects of the Great Recession. While the City of Rochester and the small cities saw steep declines in their rate of housing growth after 2010, they still were adding housing during that period. The suburban and rural townships saw a decline in households between 1990 and 2010 but reversed this downward trajectory and saw higher housing growth rates after 2010. The exurban townships have seen consistently strong growth rates despite the Great Recession. In fact, the highest housing growth rate in the County has been in the

exurban townships, with a 6% annual growth rate between 2010 and 2017.

**Figure 2-3: Household Trends**



Source: US Census



Given the strong relationship between households/housing units and trip generation, this pace of growth, if continued, has significant implications for future travel demand in the ROCOG area.

## Household Composition

Table 2-4 summarizes projected changes anticipated through the year 2040 among different types of households. Relative to the overall 33% growth in total households expected to occur between 2017 and 2040, the number of married couple households with children is only expected to increase by 2%, while married couple households without children is projected to rise by 56%. Since households with children typically have the highest trip generation rates of all housing units, it suggests that the aggregate level of traffic as measured at a household level may decline in the future.

There is a significant increase in single person households projected, both in the 65+ age group as well as among younger individuals. The significant rise in the proportion and number of single person households in the 65+ age group may have implications for the level of community-based transit service that will be needed in the future. These cohorts may also spur greater interest in walkable neighborhoods or mixed development areas, with greater demand for higher density, mixed use housing opportunities, including increased demand for downtown housing in particular. The Rochester Downtown Master Plan (2011) and the Destination Medical Center Plan (2015) both suggest a 100% to 200% increase in population in downtown Rochester as a result of increased growth in populations with an interest in downtown living.

**Table 2-4: Projected Change in Composition of Households 1990-2040**

Household Type	1990	2000	2010	Change 2010 to 2017	2017	2020	2030	2035	2040	2017 - 2040	Share of Growth
	Census	Census	Census		Census	Projected	Projected	Projected	Projected	% Change	%
TOTAL HOUSEHOLDS	40,058	47,807	58,530	162	58,692	67,360	71,290	74,950	78,320	33%	
Married couples with related children	12,473	13,365	13,287	566	13,853	13,890	14,060	14,130	14,160	2%	2%
Married couples without related children	11,441	13,728	17,258	101	17,359	22,610	24,470	25,910	27,120	56%	50%
Other families with related children	2,395	3,444	4,586	921	5,507	5,190	5,290	5,430	5,520	0%	0%

Household Type	1990	2000	2010	Change 2010 to 2017	2017	2020	2030	2035	2040	2017 - 2040	Share of Growth
	Census	Census	Census		Census	Projected	Projected	Projected	Projected	% Change	%
Other families without related children	1,428	1,780	1,910	455	2,365	2,160	2,320	2,490	2,680	13%	2%
Living alone	9,872	12,358	15,524	377	15,901	19,460	21,050	22,760	24,510	54%	44%
Living alone, age 65 and older	3,236	3,656	4,730	707	5,437	6,540	8,100	9,730	11,140	105%	29%
Other nonfamily households	2,449	3,141	3,863	-156	3,707	4,050	4,100	4,230	4,340	17%	3%
Householders ages 15 to 24	2,555	3,076	2,726	439	3,165	3,780	4,070	4,350	4,520	43%	7%
Householders ages 25 to 44	20,129	21,267	21,063	184	21,247	23,430	23,650	23,470	23,420	10%	11%
Householders ages 45 to 64	10,725	15,012	22,036	179	22,215	25,000	24,610	24,570	25,160	13%	15%
Householders age 65 and older	6,649	8,539	11,255	1,922	13,177	15,150	18,960	22,560	25,230	91%	61%

Source: Minnesota State Demographer

## Social and Economic Characteristics Influencing Transportation Needs

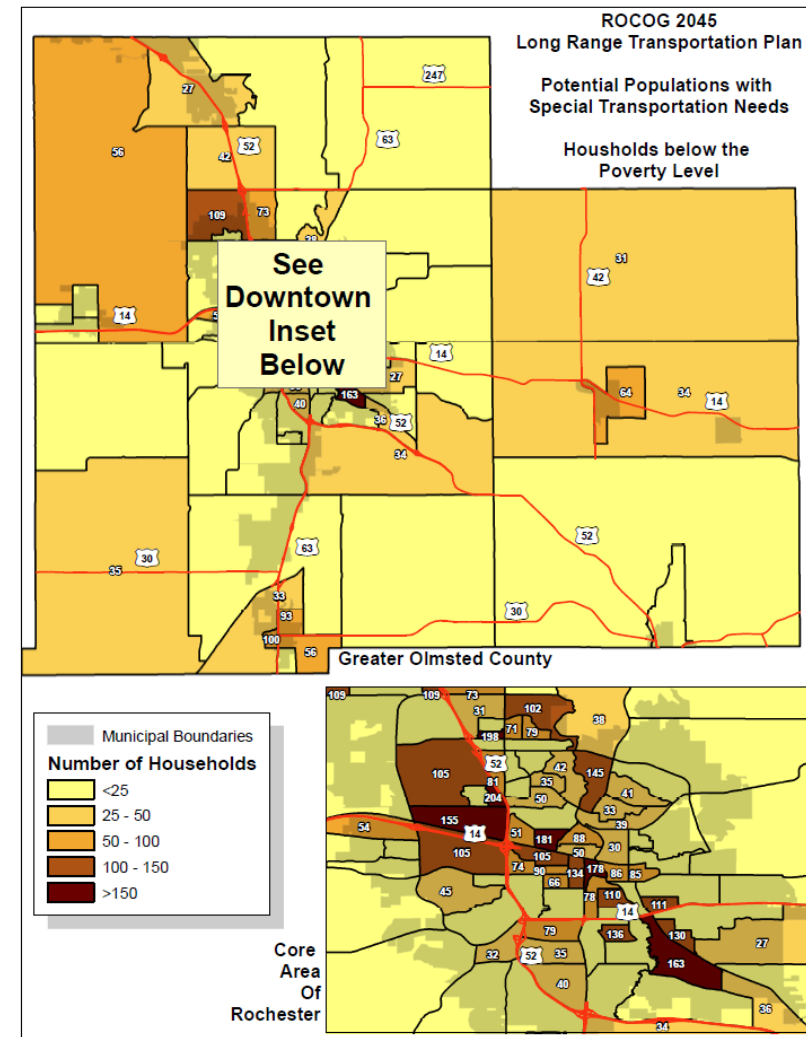
An important consideration when looking at and evaluating transportation needs is to identify particular population subgroups that may have particular challenges in meeting their daily travel or mobility needs. The following information and accompanying maps highlight three populations of concern who may need to rely more on alternative modes such as public transit or walking to meet their daily needs, and how those populations are distributed throughout the community in terms of where they live.

### Household Income < Poverty Level

Low income households often face challenges in meeting basic needs, especially housing and transportation. In some cases, the lack of sufficient income combines with other factors such as disability to create even greater challenges. Figure 2-4 illustrates the location of low-income households by census block group in Rochester and Olmsted County. Statistically, we find there are:

- 5,485 low income households county-wide
- 89% are located in the City of Rochester

**Figure 2-4: Households Below the Poverty Level**



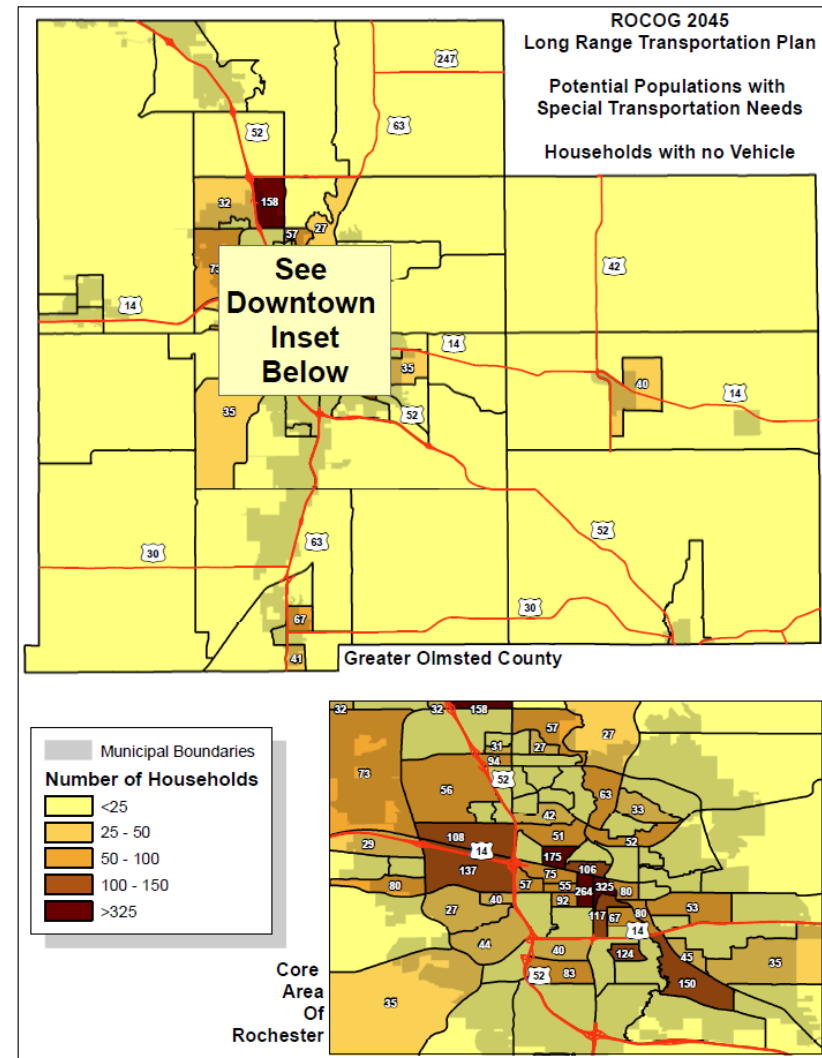
Source: ROCOG Analysis of 2012-2016 American Community Survey

## Zero Vehicle Households

Households without a vehicle are another population group that face challenges in meeting everyday needs such as traveling to work, school, or the grocery store. This group tends to be heavily reliant on various transit services as well as pedestrian and bicycle facilities. The map in Figure 2-5 illustrates the distribution of households without a vehicle across Rochester and Olmsted County.

- 4,100 households county-wide do not own a vehicle
- 94% of these are in Rochester
- 1,750 are headed by persons over 65 (92% in Rochester)

**Figure 2-5: Households with No Vehicle**

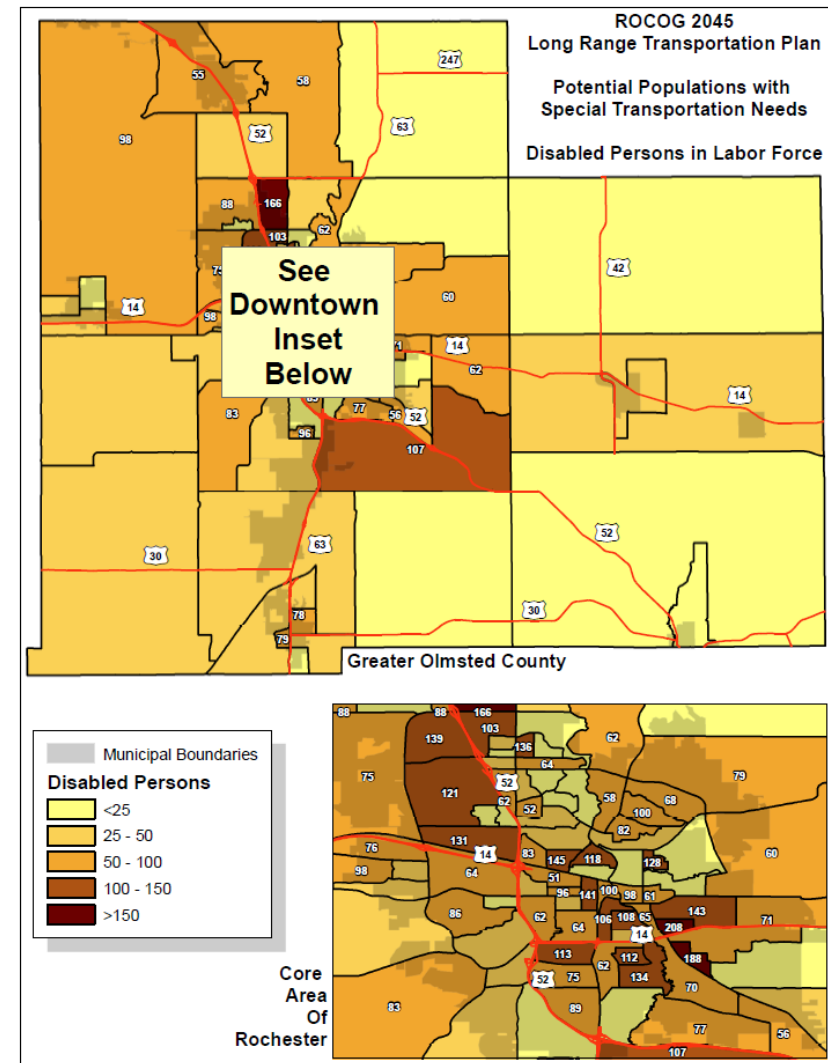


Source: ROCOG Analysis of 2012-2016 American Community Survey

## Potential Populations with Special Transportation Needs: Disabled Persons in the Work Force

Disabled individuals can face special challenges in terms of travel, particularly if they are not able to afford private transportation options such as a personal vehicle with accommodation for their disability or family/friends who can provide a ride. For these individuals, transit services are particularly important. Rochester Public Transit works to serve as many disabled as possible with some level of service. The map in Figure 2-6 shows the distribution of individuals age 20-64 with a disability who are in the workforce and would potentially benefit from having transit options to get to work. There are approximately 7,000 individuals in the workforce with some type of disability, with 5,300 of those living in Rochester.

**Figure 2-6: Disabled Persons in Labor Force**



Source: ROCOG Analysis of 2012-2016 American Community Survey

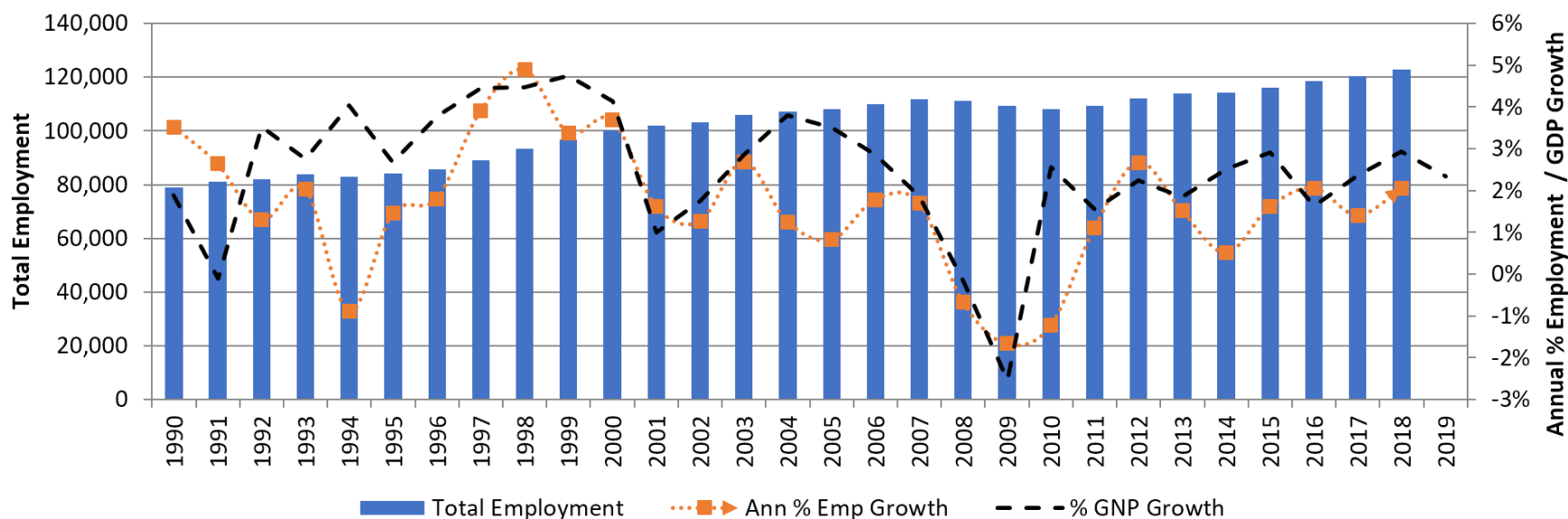
## Employment

Figure 2-7 illustrates that while total employment numbers in Olmsted County have remained generally on a steady upward path for the last 30+ years, the rate of employment growth from year to year has fluctuated wildly around an average annual employment growth rate of 1.74%. The highest rate of annual employment rate growth was during the dot-com boom of the mid-to-late 1990s. The lowest annual rate of employment growth was during the Great Recession of the late-2000s.

The Great Recession saw an absolute decline in the number of jobs in Olmsted County for three consecutive years (2008-2010), and the economy did not recover the nearly 5,000 jobs lost until 2014. Job growth in the local economy does not always track the national economy as measured by change in Gross Domestic Product, due likely to the large share of employment account for by health service sector, which is not given to as wide of swings in activity as production oriented sectors, such as manufacturing or technology.

**Figure 2-7: Historic Employment Growth 1990-2016 (Source: Bureau of Economic Analysis)**

### Olmsted County Total Employment 1990-2019

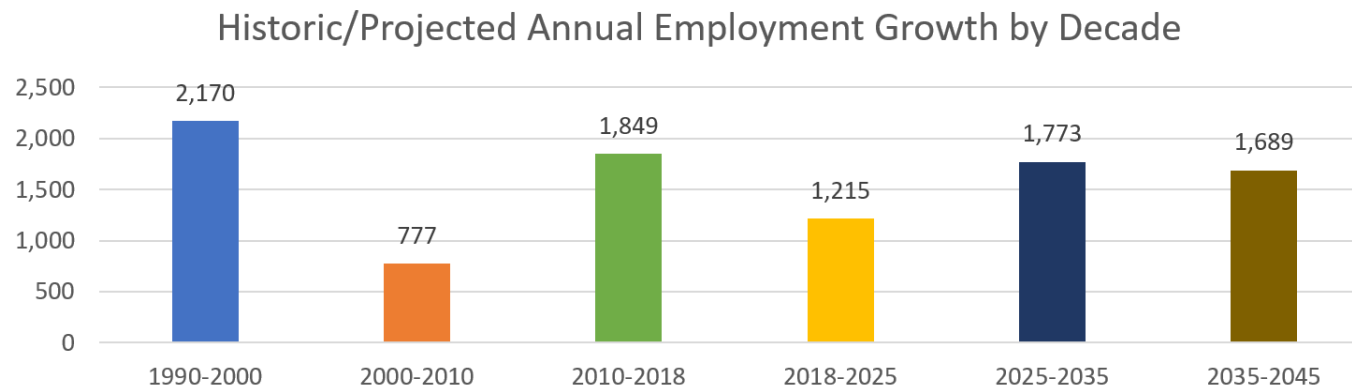




Growth in population has historically been driven by employment growth, with jobs filled by new residents attracted to Olmsted County from the region and state, as well as nationally and even internationally. Employment growth of 15,000 to 20,000 per decade was experienced from the 1980s through the early 2000s, up until the Great Recession began. During the recession, total employment in Olmsted County dropped by approximately 5,000 persons between 2008 and 2010, which resulted in less than half the employment growth in the decade of the 2000s than in earlier decades, as shown in Figure 2-8, which illustrates the annual change in Olmsted County employment for the 1990s and years before the Great Recession, and what has happened since the recession and projected forward to 2045.

Since 2010, job growth has recovered, with about 15,000 new jobs added from 2010 to the beginning of 2019. Looking ahead, change in the health services and health sciences sector, anchored locally by the Mayo Clinic, is expected to be the main driver of job growth that will be comparable to that seen in the 1980s and 1990s. A total increase of 45,000-48,000 jobs is expected by the year 2045. With health care being an important component of this growth, it is also expected that the number of visitors to the city (2/3 of whom travel to Rochester for health related reasons), will also see a significant increase from about 1.75 million to 3 million per year as measured by local lodging demand.

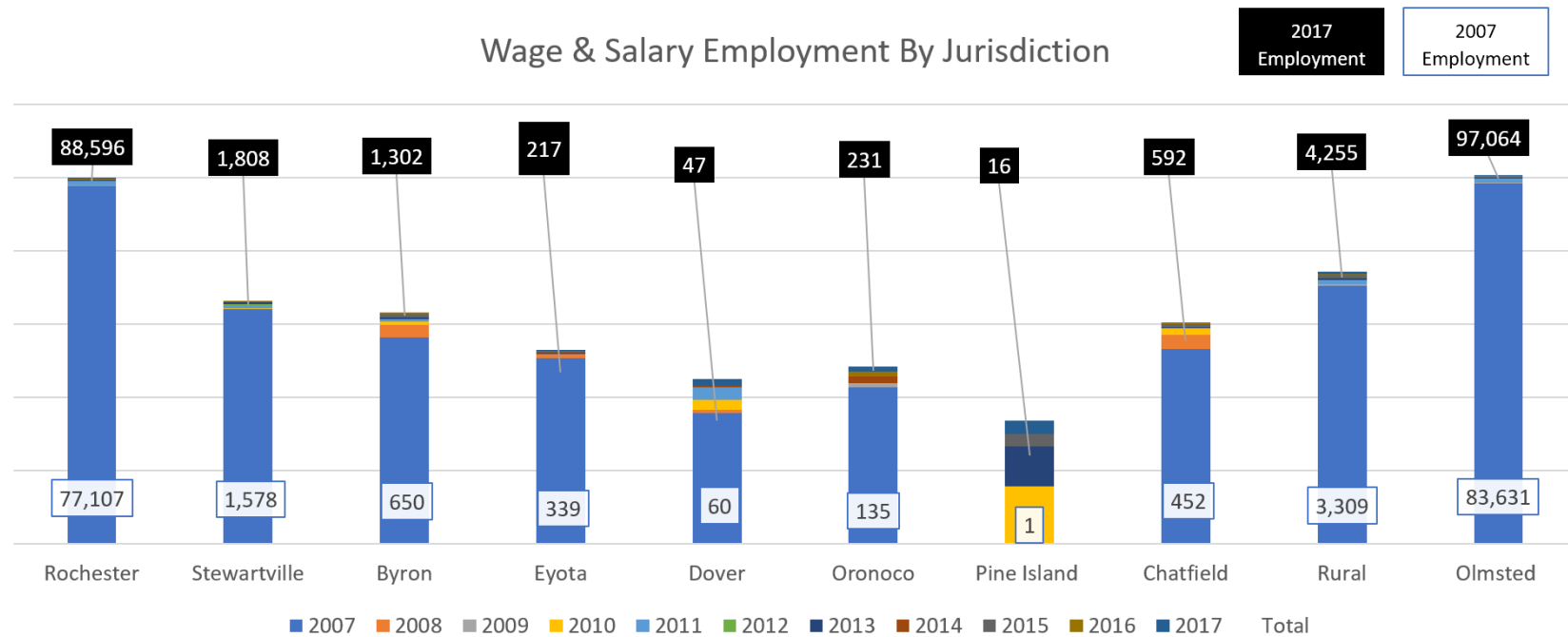
**Figure 2-8: Historic/Projected Employment Growth by Time Period**



Source: Historic from US Dept. of Commerce, Bureau of Economic Analysis; Projections by ROCOG

Figure 2-9 illustrates how wage and salary employment changed in each jurisdiction in Olmsted County between 2007 and 2017 as well as the level of employment in non-incorporated (“rural”) areas and for Olmsted County. Byron realized the largest percentage change, while some communities were reported to have lost employment. Totals for Chatfield and Pine Island are for the Olmsted County portion of these cities only.

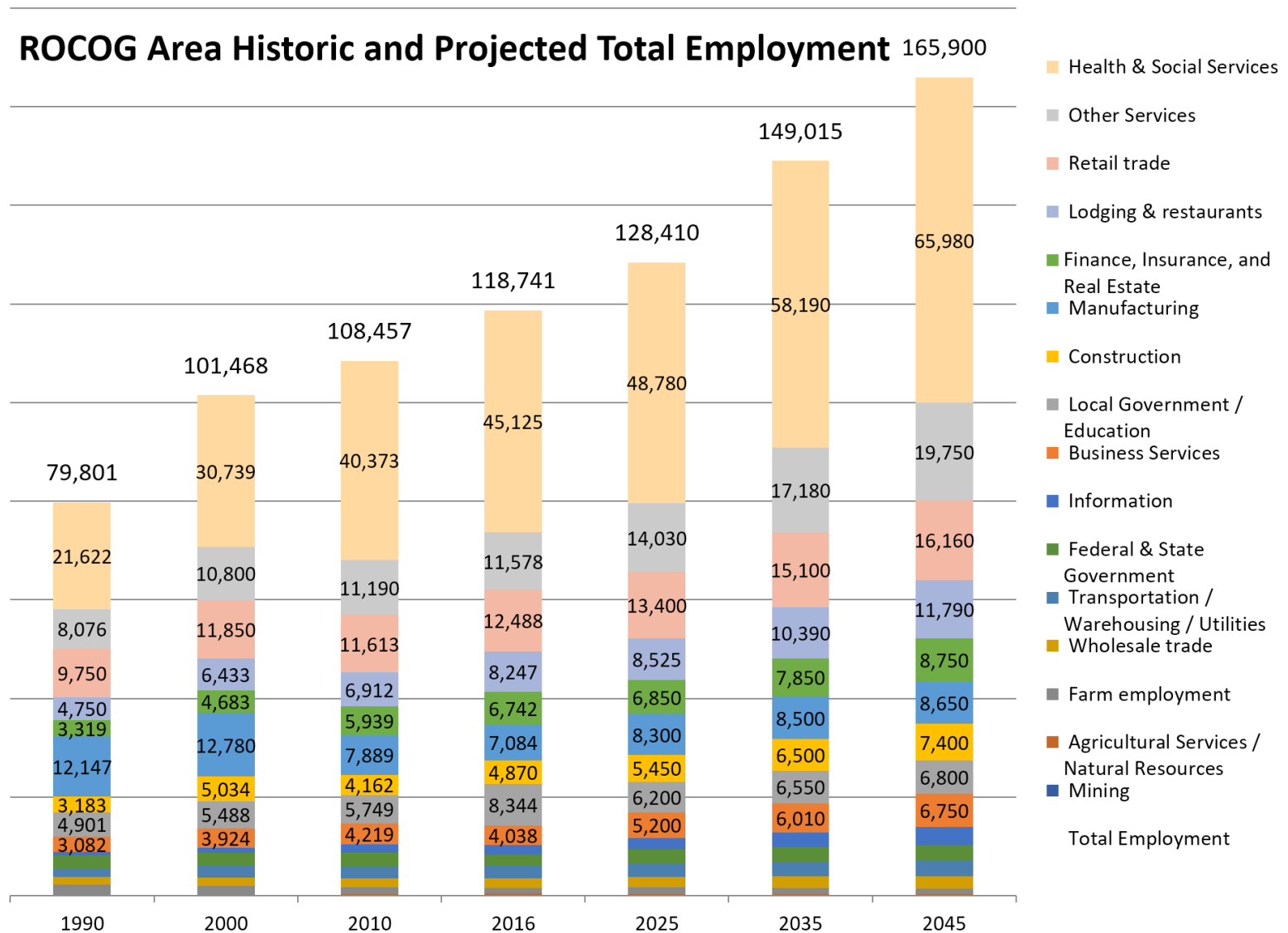
**Figure 2-9: Wage & Salary Employment by Jurisdiction—2007/2017**



Sources: On the Map, <https://lehd.ces.census.gov/>, U.S. Census

Figure 2-10 summarizes employment projections prepared by ROCOG for 2045 by major economic sector in Olmsted County. The Health Services industry, anchored by the Mayo Medical Center, is anticipated to see significant growth, along with lower levels of growth in keeping with population trends in the retailing and service sectors.

Figure 2-10: ROCOG Employment Projections

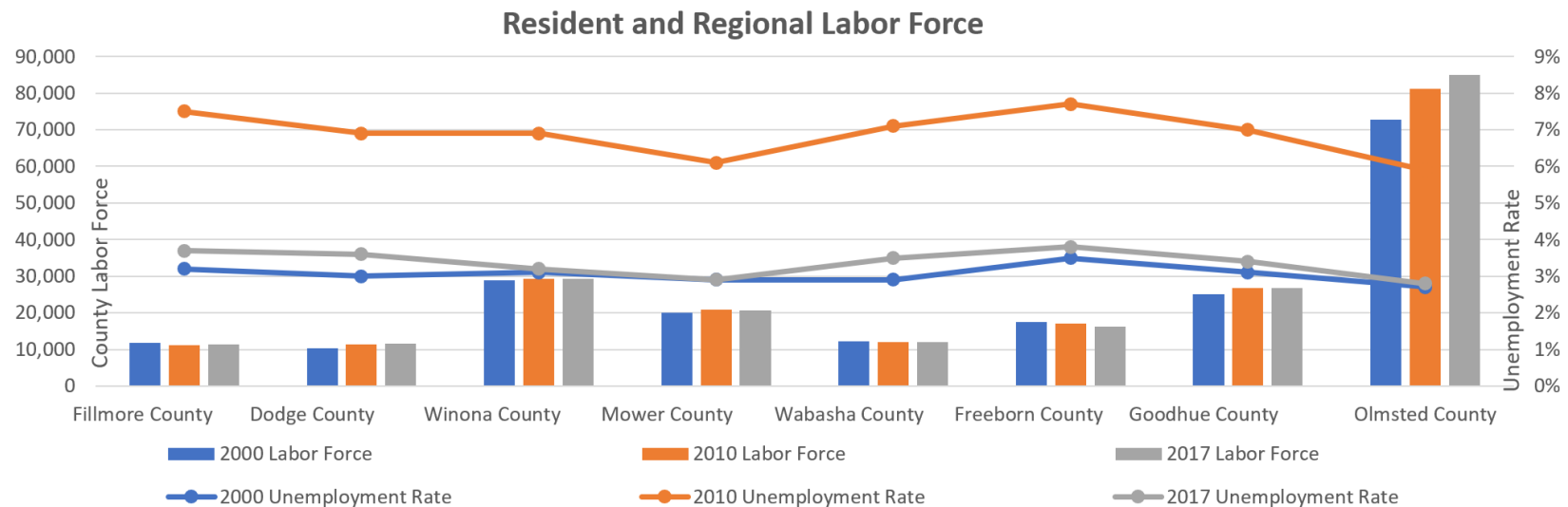


## Labor Force/Commuting

A critical transportation issue for the Rochester area economy is the sourcing of labor force to fill local jobs. The labor force for the Rochester MSA is drawn from a significant geographic area that extends well beyond the boundary of Olmsted County. Some crucial facts about workers in Olmsted County and Southeast Minnesota:

- Olmsted County's share of the regional labor force grew from 58% to 67% from 2000-2017.
- Olmsted County labor force grew by 12,300 from 2000-2017.
- The labor force in surrounding southeast Minnesota counties grew by only 1,900 during that time with three counties seeing declines.
- A Southeast Minnesota League of Municipalities study projects the Olmsted County labor force will grow by 30,450 between 2015 and 2040, while the regional labor force outside Olmsted will grow by only 3,000.

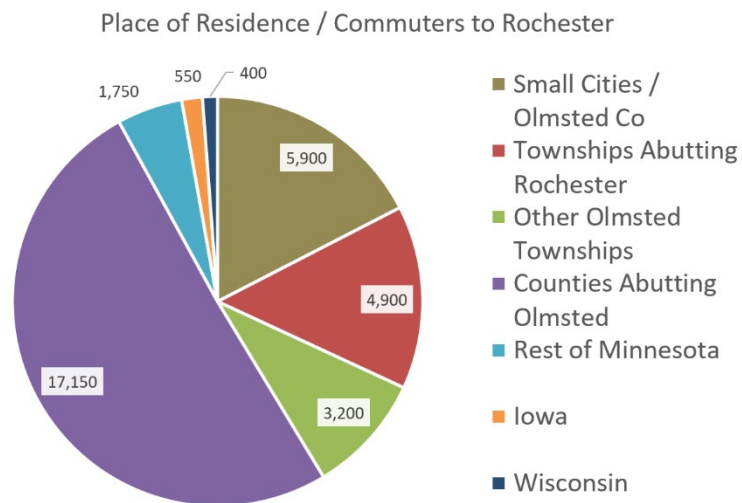
**Figure 2-11: Resident and Regional Labor Force**



Sources: ROCOG Analysis of U.S Census, Bureau of Labor Statistics and SE MN League of Municipalities data

Rochester and Olmsted County draw workers from throughout southeastern Minnesota to fill local jobs. The regional labor market extends into northeastern Iowa and southwestern Wisconsin. As shown in Figure 2-12, approximately 33,000 persons from across the region commute to Rochester each day for work, including about 20,000 from outside Olmsted County and 13,000 Olmsted County residents from outside of Rochester, resulting in a significant level of peak period travel demand on regional highways to Rochester.

**Figure 2-12: Place of Residence/Rochester Commuters**



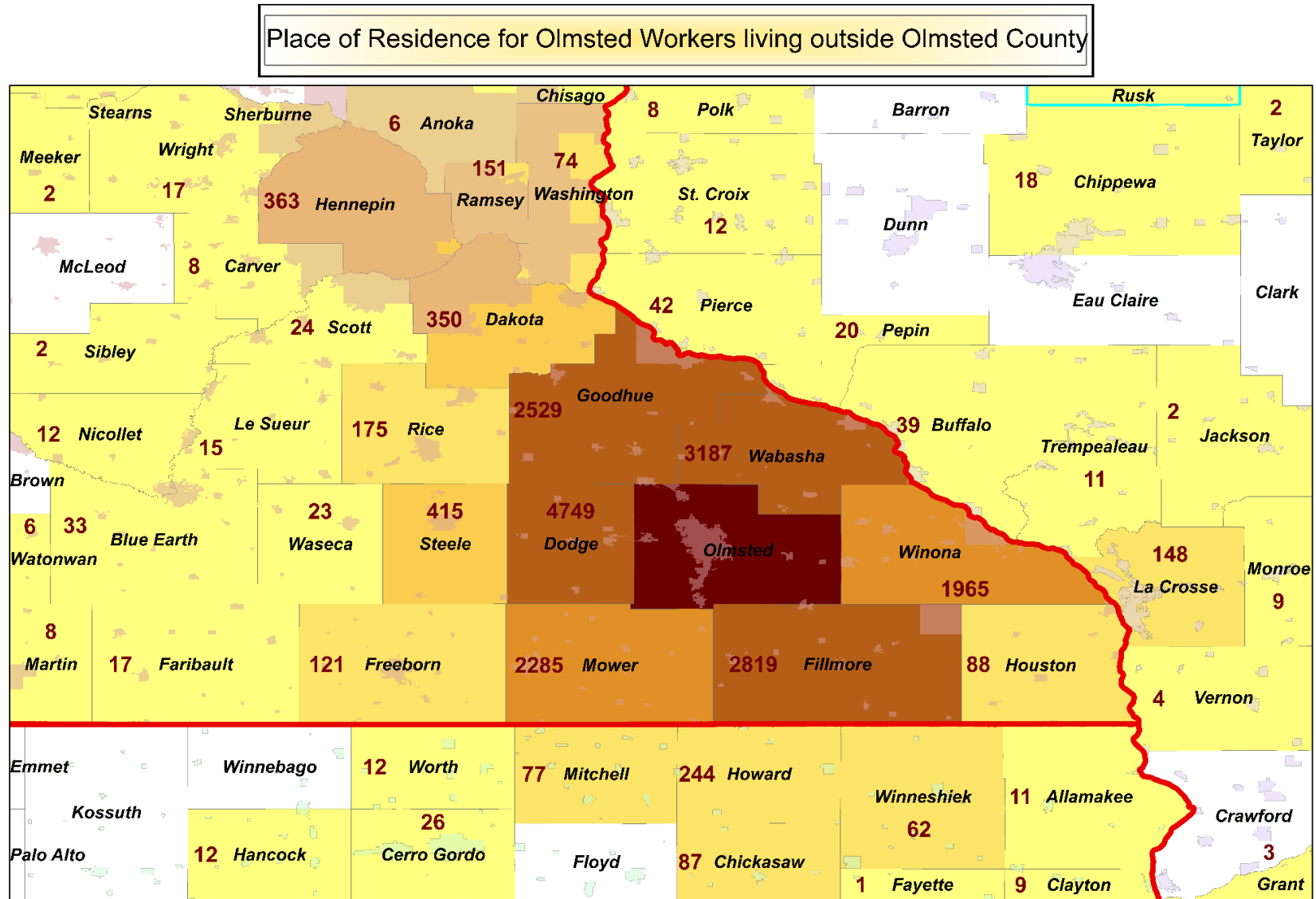
Source: American Community Survey 2012-2016

Figure 2-13 illustrates the regional scope of the labor shed that fills jobs in Rochester.

Looking ahead, the regional labor market may not be able to support a significant level of additional job growth if projections by the State Demographer and others for the southeast Minnesota labor force in counties outside Olmsted are reflective of future population growth. Limited growth in the regional labor market since 2000 has been reflected in a slowing in the number of new commuters coming into Olmsted County for work over the last decade. Figure 2-14 illustrates historical growth in commuting from surrounding counties that supply workers to Olmsted County. An increasing number of efforts are underway to bolster labor force supply, including educational and recruitment efforts to attract more young adults to stay in the region, and efforts to bring levels of in-migration from outside of Minnesota back to pre-recession levels.

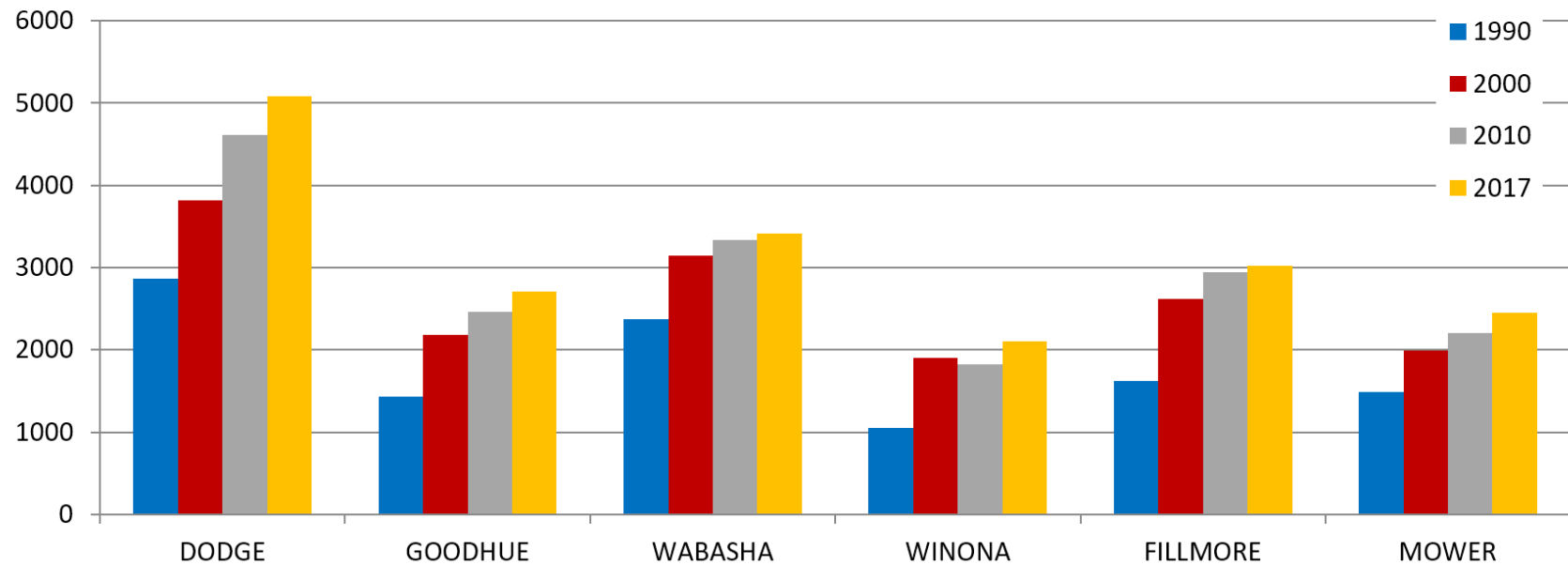
While growth in the number of regional workers with a job in Olmsted County has resumed, it has not reached the pace seen before the recession.

**Figure 2-13: Regional Distribution of Commuters to Olmsted County**



Source: U.S. Census 2012-2016 5 Year ACS Commuting Flows

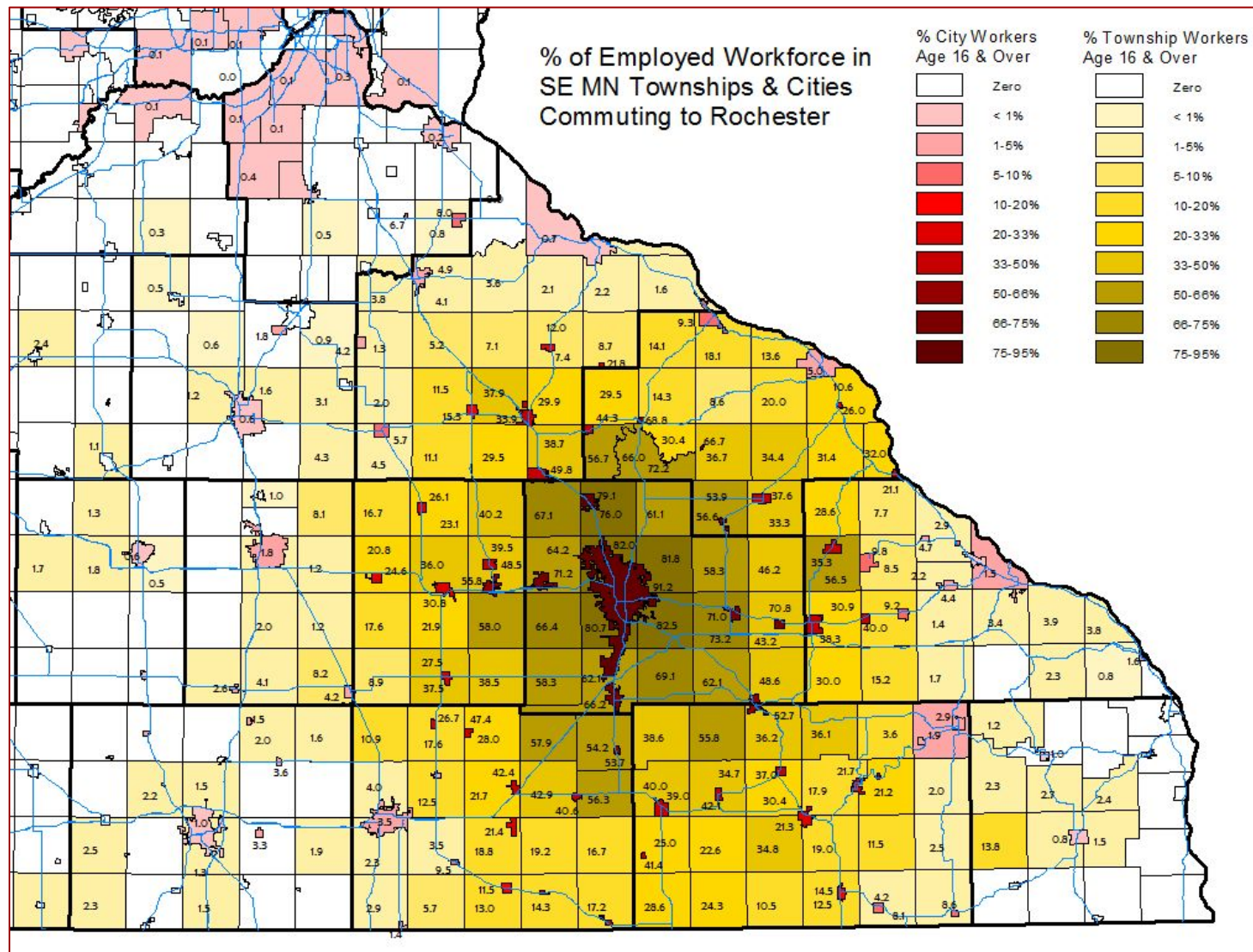


**Figure 2-14: Number of Commuters to Olmsted County from Neighboring Counties**

Sources: ROCOG Analysis of 2012-2016 American Community Survey; U.S Census data

The importance of the Rochester job market to regional residents is illustrated in Figure 2-15. For many cities and townships within 25-30 miles of Rochester, the proportion of resident workers with a job in Rochester typically exceeds 25-30% of the local labor force. Figure 2-15 indicates the percentage of employed residents living in various townships and cities within Olmsted and surrounding counties who work in Olmsted County. Approximately 82,000 Olmsted County residents work within Olmsted County, supplemented by over 20,000 persons who commute to Olmsted County from their place of residence outside the county. Maintaining reasonable accessibility for this workforce to Rochester is important for both the businesses in Rochester and Olmsted County, and for the local economies of the towns and cities throughout southeastern Minnesota.

**Figure 2-15: Percentage of Township and Municipal Labor Force Working in Rochester**



Source: 2010 US Census

## Economy

Table 2-5 highlights the changes that have been occurring in the local economy by primary employment sector in terms of how:

- The share of local employment accounted for by each sector has changed
- The number of local business establishments accounted for by each sector has changed
- The share of local wages accounted for by each sector has changed

Mirroring trends seen across the country, the major changes that have occurred in the makeup of the local economy include:

- The education/health sector has grown significantly in importance
- The manufacturing sector has seen a significant decline in its contribution to economy
- Brick and mortar retail and wholesale trade sectors have declined as a share of the economy
- The leisure/hospitality sector has grown in numbers but wage growth lags

Rochester and Olmsted County have not been totally immune from some of the larger patterns of economic

change that the United States has seen. Manufacturing in particular composes a noticeably smaller share of jobs and wages paid than in the past, due in no small part to the reduced footprint of IBM in the city over the last 10-15 years. The retail sector has also not been immune to changes caused by the rise of online shopping, which shows up most noticeably in the decline in the number of retail establishment in the county.

Along with the health services sector, other sectors whose share of activity has seen an uptick include the leisure and hospitality sector, which shows up primarily in terms of the number of workers and establishments, and the information services sector, which is involved in providing and maintaining the critical telecommunications infrastructure that is important to the 21st Century economy. Wages generated by the education and health sector have risen by more than 20 percentage points, while the manufacturing share of wages has dropped by more than 13 percentage points. With the expected continued growth of health services and evolution of the University of Minnesota-Rochester campus, it is anticipated that the education and health sector share of the economy will continue to expand as a share of overall economic activity.

**Table 2-5: Employment Sector Shares**

Employment Sector	Sector Share of Employment		Sector Share of Establishment		Sector Share of Wages Paid		Change in Sector Share		
	2000	2017	2000	2017	2000	2017	Employment	Establishments	Wages Paid
Resources and Mining	0.2%	0.3%	0.9%	1.4%	0.1%	0.2%	● 0.1%	● 0.6%	● 0.0%
Construction	4.9%	3.9%	12.6%	10.6%	5.3%	4.1%	● -1.0%	● -2.0%	● -1.2%
Manufacturing	15.2%	6.9%	3.5%	3.1%	22.1%	8.9%	● -8.3%	● -0.4%	● -13.2%
Trade	16.4%	14.2%	25.8%	21.7%	10.8%	7.3%	● -2.1%	● -4.1%	● -3.4%
Information	1.2%	1.7%	1.8%	1.5%	1.2%	1.6%	● 0.5%	● -0.3%	● 0.4%
Finance	2.9%	2.1%	10.5%	10.1%	2.7%	1.9%	● -0.7%	● -0.4%	● -0.7%
Business Services	6.3%	5.3%	12.9%	13.3%	5.6%	4.4%	● -1.0%	● 0.4%	● -1.2%
Education / Health	38.0%	50.9%	8.9%	12.1%	43.6%	63.8%	● 12.9%	● 3.1%	● 20.2%
Leisure / Hospitality	8.4%	9.1%	9.9%	11.6%	3.2%	3.0%	● 0.7%	● 1.8%	● -0.2%
Other Services	2.7%	2.5%	11.7%	12.5%	1.6%	1.2%	● -0.1%	● 0.8%	● -0.4%
Public Admin	3.9%	3.1%	1.5%	2.0%	3.9%	3.5%	● -0.9%	● 0.5%	● -0.4%

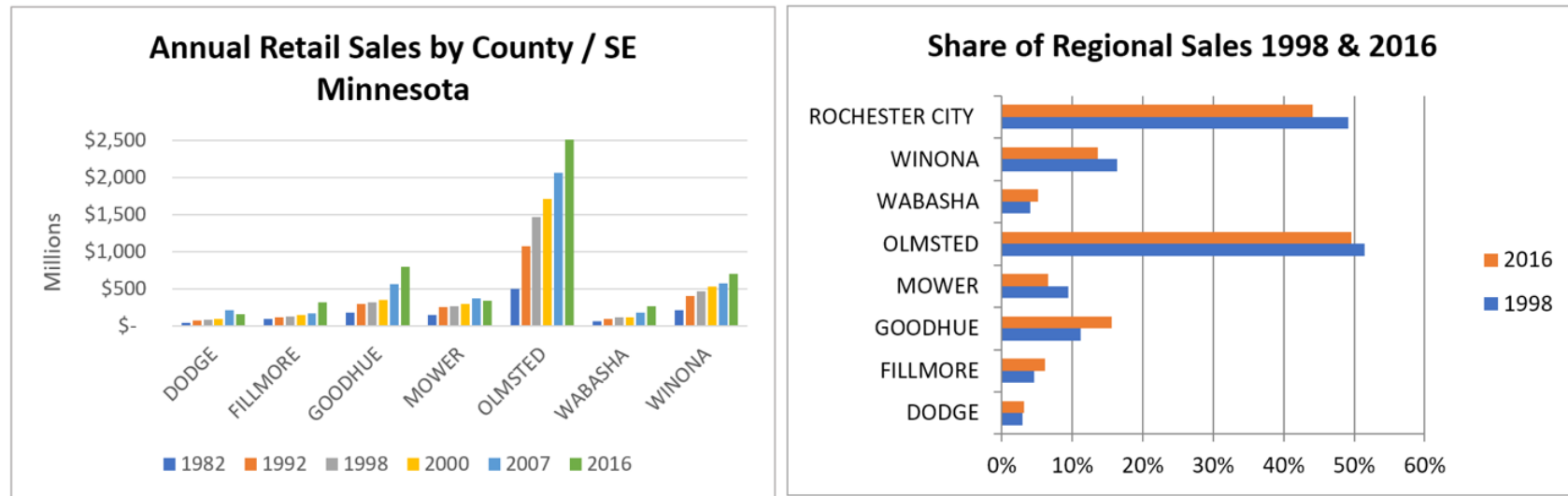
Sources: ROCOG Analysis of County Business Patterns and Bureau of Labor Statistics data

## Retail Sales

An important component of the local economy is the retail sector and the role it plays in the regional economy. Figure 2-16 highlights the trends in the value of total sales of retail goods in Olmsted and surrounding counties for selected years since 1982. Olmsted County's share of regional retail sales has declined slightly from 51.5% in 1998 to 49.6% in 2016, even while the amount of sales has increased. Of those sales, retailers in the City of Rochester have historically captured between 85% and 95% of the total sales activity in Olmsted County,

and just under half of the retail sales in the region. Olmsted County and the City of Rochester have adopted local sales taxes that in part help fund transportation improvements.

Sales taxes are a method for capturing some tax revenue from visitors, commuters, and others who do not live in Rochester or Olmsted County, but who utilize public infrastructure in the City or County. Olmsted County's share of regional retail sales consistently has exceeded

**Figure 2-16: Olmsted County Capture of Regional Sales Activity**

Sources: ROCOG Analysis of Minnesota Department of Revenue data

the county share of regional population by 7-15% over the last 25 years. All counties in the region have seen steady growth in retail sales since 1982 at rates between 125% (Mower County) and 408% (Olmsted County). These trends imply that retail customers in the region are finding more places to make their purchases outside of Olmsted County.

## Coordination with Land Use and Economic Development Plans

ROCOG addresses federal guidelines calling for "...consistency between transportation improvements and state and local planned growth and economic development patterns" through many varied planning activities. ROCOG, through its affiliation with the Olmsted County Planning Department, is involved with the development of the Olmsted County General Land Use Plan, which defines planned urban service areas and

resource protection areas. With its close working relationship with the City of Rochester, ROCOG also was involved in development of the city's 2018 Comprehensive Plan, which included adoption of a Growth Management Plan, as illustrated in Figure 2-17, and an updated Future Land Use Plan, as illustrated in Figure 2-18. These maps, which reflect assumptions about the extension of future municipal services, define the type and intensity of development expected to occur within the Rochester urban service area. Planning for transportation network improvements is linked to these efforts through the use of common assumptions regarding employment and population growth as well as land absorption needs to support the level of planned growth.

ROCOG, directly and through the Olmsted County Planning Department, also works with organizations and businesses regarding future economic development goals and the transportation implications of economic development initiatives. The 2010 Rochester Downtown Master Plan and Mobility Plan was a major planning effort that promises to establish the character of the major activity center in Rochester for decades to come. This project in particular has set an aggressive goal for travel demand management of reducing the rate of single-occupant-vehicle travel to the Rochester central business district by 20 percentage points over 20 years, using multiple strategies including parking changes, enhancement of alternative modes, and a changing mix

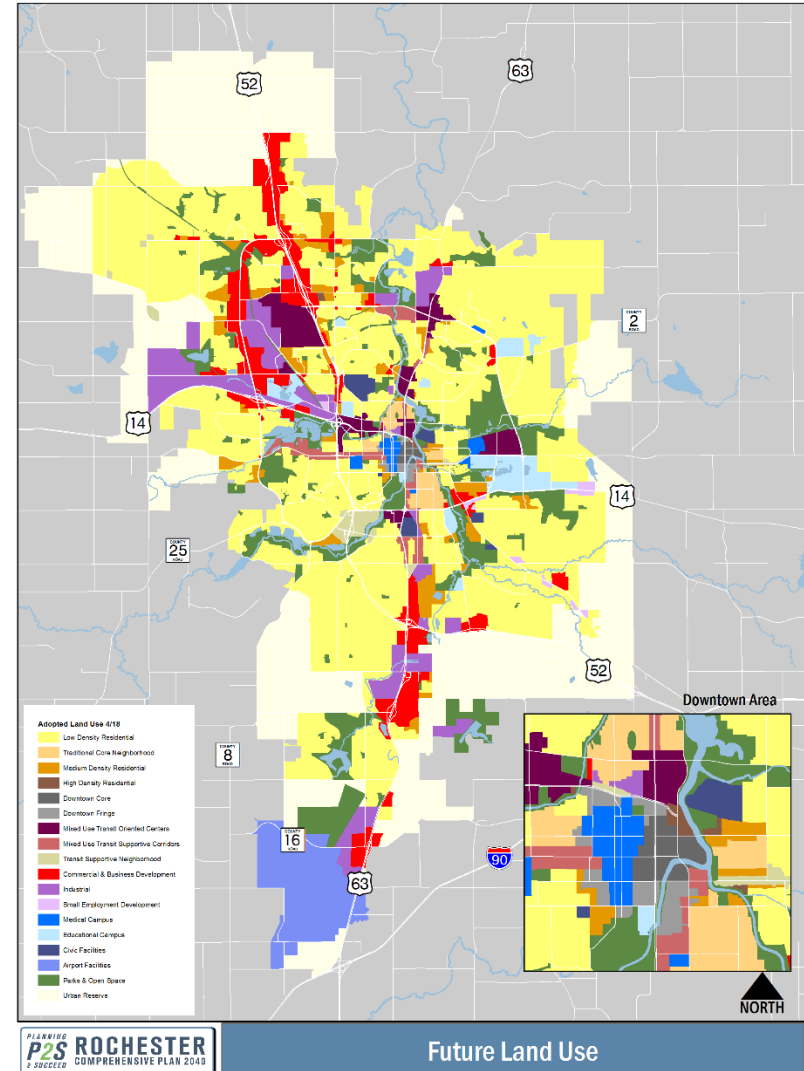
of land uses to reduce private vehicular travel. The Destination Medical Center Plan, adopted in 2015, incorporated and expanded on these aggressive goals of mode shift downtown, market/land use demand, transportation investment, and other physical infrastructure needs to support an expected doubling of downtown employment and tripling of downtown population over the next 20-25 years. ROCOG, through the Olmsted County Planning Department, was directly involved in technical committee work and preparing materials for consideration by the Rochester Planning Commission and City Council.

The anticipated distribution of future growth affects planning for transportation infrastructure and services such as transit. The location of residential growth, in particular, influences peak hour travel. Figures 2-19 and 2-20 reflect assumptions about the spatial distribution of residential and employment growth which have been used in developing the ROCOG 2045 LRTP and tools such as the ROCOG traffic forecasting model.

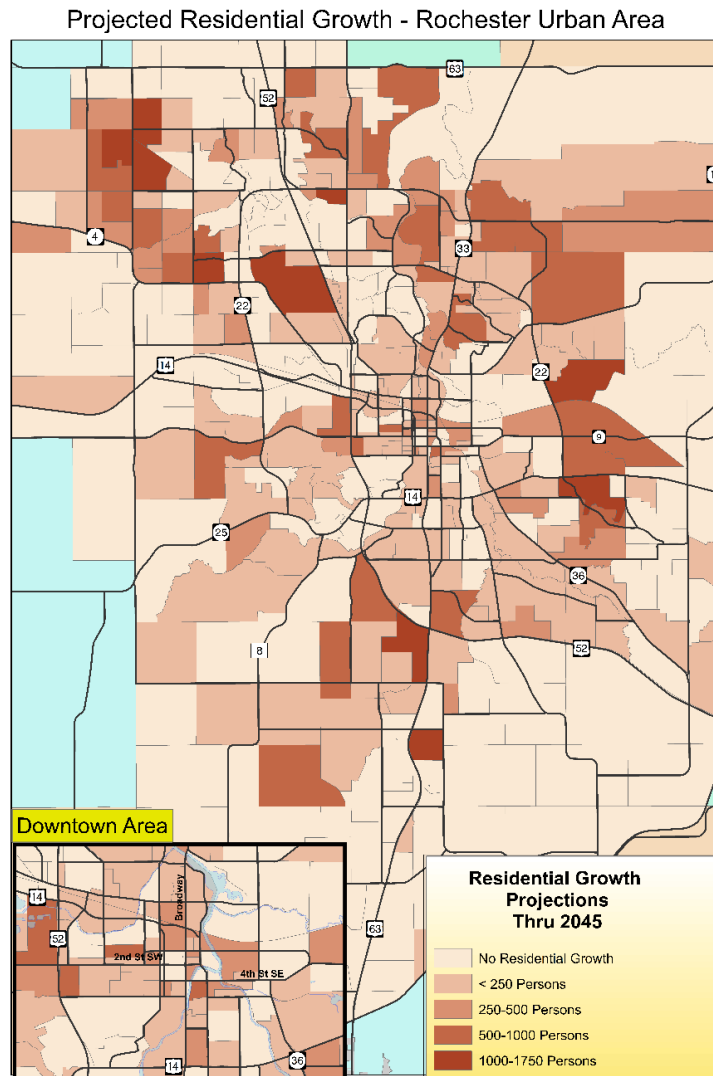
As noted earlier, the population of Rochester is expected to grow from 117,000 in 2017 to over 162,000 by 2045. This growth in population is projected to require an additional 23,000 housing units by 2045 above current level of approximately 48,000 units.



**Figure 2-18: Rochester Future Land Use Plan**  
(Source: City of Rochester)



**Figure 2-19: Planning Assumptions for Residential Growth in Rochester Urban Area**  
(Source: ROCOG)



**Figure 2-20: Figure 2 20: Planning Assumptions for Employment/Student Growth in Rochester Urban Area through 2045** (Source: ROCOG)

