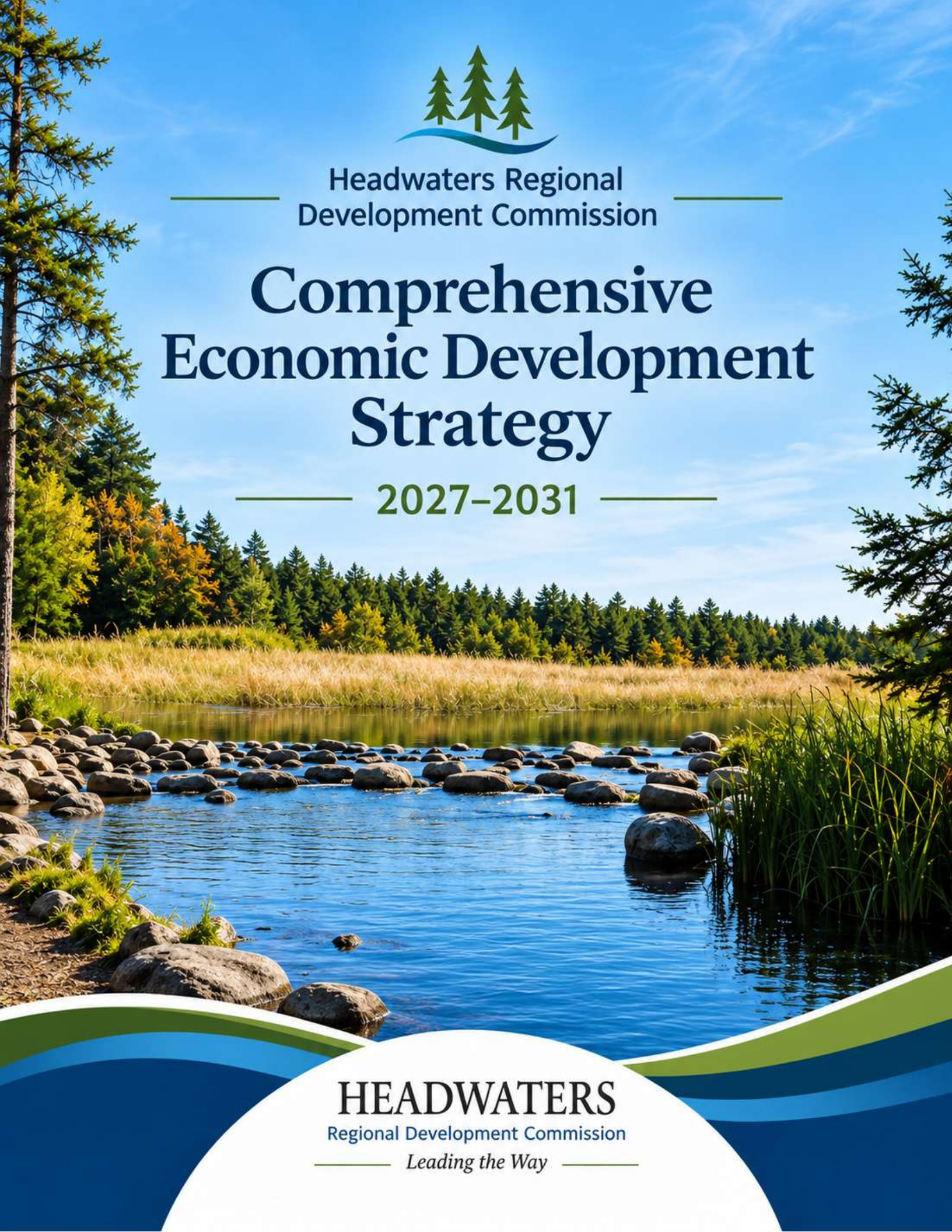

Headwaters Regional
Development Commission

Comprehensive Economic Development Strategy

2027–2031

HEADWATERS
Regional Development Commission
Leading the Way



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INTRODUCTION

The Headwaters Regional Development Commission (HRDC) is a regional development organization that serves local governments, organizations, community leaders, and other partners throughout North Central Minnesota. HRDC serves five counties: Beltrami, Clearwater, Hubbard, Lake of the Woods, and Mahnomen, as well as three Tribal Nations: Leech Lake, White Earth, and Red Lake Nations.

HRDC's mission is to help communities and the Region as a whole achieve success and build a stronger future. This mission serves as the foundation for HRDC's work and guides its programs, services, and partnerships. HRDC's activities are shaped by the needs and priorities of the communities it serves, as well as the organization's skills and expertise in areas such as economic development, community planning, grant development, and regional collaboration. Through these efforts, HRDC works alongside its partners to identify opportunities, address challenges, and support the long-term vitality and resilience of the Headwaters Region.





CEDS BACKGROUND

One of the key roles of HRDC is to promote economic development activities and support projects that strengthen the regional economy. HRDC's economic development activities are funded in part by the U.S. Department of Commerce, Economic Development Administration (EDA), through the Economic Development Administration Reform Act of 1998. In this capacity, HRDC serves as the federally designated Economic Development District (EDD) for the five counties that comprise the Headwaters Region: Beltrami, Clearwater, Hubbard, Lake of the Woods, and Mahnomen Counties.

As part of its EDD designation, HRDC is responsible for developing and maintaining a Comprehensive Economic Development Strategy (CEDS). The CEDS serves as a framework for regional economic development and helps maintain the eligibility of communities and local units of government within the Headwaters Region for financial assistance from the EDA and other federal agencies.

The CEDS provides a regional roadmap for strengthening and diversifying the economy. It examines the Region's economic strengths, challenges, opportunities, and assets; establishes a shared vision for the future; and identifies goals, objectives, and strategies to guide economic development efforts. The CEDS also establishes benchmarks that can be used to measure progress and evaluate the effectiveness of regional initiatives over time.

The overarching purpose of the Headwaters Region CEDS is to promote a dynamic, resilient, and innovative regional economy. This includes leveraging the Region's existing assets, encouraging entrepreneurship and business development, supporting the growth and modernization of existing businesses, developing a skilled workforce, and fostering collaboration among communities and regional partners. Through these efforts, the CEDS seeks to create opportunities for sustainable economic growth and improve the quality of life throughout the Headwaters Region.





ECONOMIC HISTORY OF THE REGION

Historically, the Headwaters Region has faced persistent economic challenges and has been among the lower-income areas of Minnesota. The Region's economic development has been shaped by its relatively small population, distance from major markets, and historical reliance on a limited number of industries. For much of its history, the economy of northern Minnesota was closely tied to the availability of natural resources, an affordable labor force, agriculture, and tourism based on the area's lakes, forests, and other natural amenities. While these assets continue to play an important role in the regional economy, the Region has continued to adapt as industries, markets, and economic conditions have changed.

The economic history of the Headwaters Region predates European settlement. The area has long been home to Indigenous peoples, including the Ojibwe, whose communities, trade networks, and relationship with the land and natural resources continue to shape the Region today. During the late 18th and early 19th centuries, European and American fur traders became increasingly active in the area. Trading posts were established throughout northern Minnesota to facilitate the exchange of furs and provide supplies to traders and local communities. The fur trade represented some of the earliest commercial activity connecting the Region to broader markets.

As the fur trade declined, logging emerged as a dominant economic activity. During the 19th century, large timber companies began acquiring land for timber harvesting, while small sawmills were established in communities throughout the Region. By the late 1800s, increasing numbers of settlers arrived in northern Minnesota, drawn by opportunities associated with timber claims, logging, agriculture, and the expanding transportation network. The arrival of the railroad in the late 1880s significantly increased access to outside markets and accelerated the development of communities and natural resource industries. Bemidji, which had developed around trading posts and other commercial activity, was officially incorporated in 1895. By 1900, Beltrami County was among the state's leading centers of logging activity.



At the beginning of the 20th century, the large-scale timber industry began to change as the most accessible saw timber was harvested. Pulpwood increasingly replaced saw timber as an important forest product, while previously forested land was cleared for agriculture and homesteading. As opportunities in the timber industry changed, settlers increasingly turned toward farming. Many homesteaders supplemented agricultural income with seasonal employment in logging camps and farm fields, including seasonal work in the Red River Valley.

After 1910, additional land was opened for settlement, and greater attention was placed on expanding agriculture. In northern Beltrami County, hundreds of miles



of drainage ditches were constructed in an effort to reclaim peatlands and marshes for agricultural use. Lumber companies and real estate promoters actively marketed cutover land to prospective farmers. However, efforts to convert these lands into productive farmland encountered significant challenges. Some settlers found that their land was poorly suited for agriculture, resulting in abandoned farms, tax delinquency, and eventual tax forfeiture. The scattered nature of settlement also increased the cost of providing schools, roads, and other public services while generating relatively limited local tax revenue. Drainage projects often failed to produce the anticipated agricultural benefits and, in some cases, contributed to environmental damage and increased fire risks. Ultimately, the State assumed some of the financial obligations associated with local drainage projects.

Despite the decline of the lumber industry, economic conditions improved during periods of increased national demand. World War I created strong markets for agricultural products and provided a boost to commercial fishing. The economic expansion associated with the war brought increased activity to communities throughout the Region. The Great Depression, however, reversed many of these gains. Demand for agricultural products declined, while high taxes, tax delinquency, and property forfeiture placed additional pressure on households, farms, and local governments.

World War II and the post-war economic expansion once again brought increased population and economic activity to the Region. Although agriculture continued to face challenges, a number of efficient small farms remained viable, particularly where fertile land and access to markets supported agricultural production. Demand associated with the war and post-war period also benefited industries connected to the Region's natural resources, including forest products and wood processing. Economic activity was further supported by demand associated with nearby iron ore production and by local creameries and other processing industries.

During the 1930s and 1940s, tourism and recreation also began to emerge as increasingly important components of the regional economy. The Region's abundant lakes, forests, wildlife, and outdoor recreational opportunities attracted growing numbers of summer visitors and encouraged the development of resorts and other tourism-related businesses. Over time, recreation and tourism became established as important economic sectors, building on natural assets that remain central to the identity and economy of the Headwaters Region today.

The economic history of the Headwaters Region reflects a continual process of adaptation. The Region's economy has evolved from fur trading and logging to agriculture, forest products, manufacturing, tourism, healthcare, education, and other service industries. While the Region continues to benefit from its natural resources and rural character, its economic future increasingly depends on diversifying its economic base, developing and retaining a skilled workforce, investing in foundational infrastructure, and leveraging the natural, cultural, and community assets that distinguish the Headwaters Region.





ECONOMIC CORNERSTONES

FOUR PILLARS OF REGIONAL ECONOMIC RESILIENCE

A strong and resilient regional economy is built on a variety of interconnected factors. The Headwaters Region's ability to create economic opportunity, support thriving communities, and adapt to future challenges depends on the strength of its businesses, people, communities, and infrastructure. To provide a framework for evaluating these factors and establishing regional priorities, the CEDS organizes its analysis and strategies around four economic cornerstones: Economic Competitiveness, Community Resources, Human Capital, and Foundational Assets.

These cornerstones are intended to reflect the broad range of conditions that influence economic development throughout the Region. While each represents a distinct area of focus, they are closely connected and mutually reinforcing. Together, they provide a framework for understanding the Region's strengths and challenges, identifying opportunities for investment and collaboration, and developing strategies that support long-term economic growth, resilience, and quality of life.

1. Economic Competitiveness

Economic competitiveness is essential to creating jobs, improving living standards, and supporting the public services that sustain communities. For the Headwaters Region, economic competitiveness requires communities and regional partners to identify, strengthen, and connect available assets to create an environment that supports innovation, entrepreneurship, investment, and business growth. This includes supporting existing businesses while creating opportunities for new businesses and industries to establish and thrive.





2. Community Resources

The Headwaters Region's communities are defined by their rural character, history, culture, natural resources, and strong sense of place. Community resources encompass the social, cultural, recreational, and natural assets that contribute to quality of life and make communities attractive places to live, work, visit, and invest. Maintaining and enhancing these resources, while balancing preservation with responsible growth and development, is essential to the Region's long-term vitality.



3. Human Capital

Developing, attracting, and retaining a skilled workforce is critical to sustaining and growing businesses and communities throughout the Headwaters Region. Human capital encompasses the Region's workforce, educational institutions, employers, and systems that support workforce development. Understanding the characteristics and needs of the regional labor force, while identifying and responding to the evolving needs of employers, is essential to creating greater alignment between available workers and employment opportunities.





4. Foundational Assets

Strong communities and economies depend on reliable and accessible infrastructure. Foundational assets include both aboveground and below-ground infrastructure, such as transportation systems, utilities, water and wastewater systems, broadband, and other essential public infrastructure. Headwaters Region communities require proactive and collaborative approaches to maintaining, improving, replacing, and expanding these assets in a cost-effective manner. Well-planned foundational assets help preserve existing communities, support quality of life, and create the capacity needed for future economic growth and development.





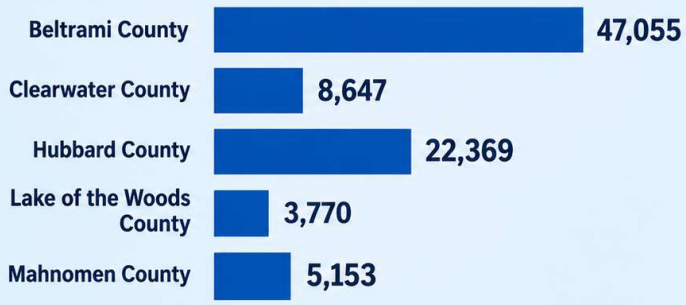
REGIONAL OVERVIEW

The following nine pages provide a comprehensive overview of the Headwaters Region through key demographic statistics and economic indicators. These metrics highlight regional trends, strengths, and challenges, providing a foundation for the strategic direction, goals, and action plan outlined in the CEDS.

POPULATION

HEADWATERS REGION TOTAL
86,994

POPULATION BY COUNTY



Source: Census 2025 Population Estimates, 2020-2024 ACS

The Headwaters Region has a total population of 86,994, with significant variation across its five counties. Beltrami and Hubbard Counties account for approximately 79.9% of the region's population.

Bemidji serves as the region's primary commercial and population center, with 15,770 residents, followed by Park Rapids with 4,504 residents. These are the only two cities in the region with populations exceeding 4,000, highlighting the region's predominantly rural character and concentration of population in a few key communities.

79.9% of the region's population is in Beltrami and Hubbard Counties

15,770 Bemidji

4,504 Park Rapids





AGE PROFILE

HEADWATERS REGION MEDIAN AGE

39.8*

TOTAL POPULATION: 86,994

MEDIAN AGE BY COUNTY

COUNTY	POPULATION	MEDIAN AGE
Beltrami County	47,055	35.3
Clearwater County	8,647	41.6
Hubbard County	22,369	48.6
Lake of the Woods County	3,770	50.7
Mahnomen County	5,153	35.4
HEADWATERS REGION	**86,994**	**39.8***

**Median age for the Headwaters Region is calculated for the total population.*

AGE DISTRIBUTION – HEADWATERS REGION

AGE GROUP	NUMBER	PERCENT
Under 5 years	5,207	6.0%
5–14 years	11,796	13.6%
15–24 years	12,431	14.3%
25–34 years	9,273	10.7%
35–44 years	9,952	11.4%
45–54 years	8,672	10.0%
55–64 years	11,619	13.4%
65–74 years	10,830	12.4%
75–84 years	4,959	5.7%
85 years & over	2,256	2.6%
TOTAL POPULATION	86,994	100.0%

Source: Census 2025 Population Estimates, 2020-2024 ACS

The Headwaters Region has a median age of 39.8, which is slightly older than the Minnesota average of 38.8. Median age varies across the region, from 35.3 in Beltrami County to 50.7 in Lake of the Woods County, one of the oldest counties in the state. The region's age distribution is relatively balanced across working age groups, with the largest share of residents between 15 and 24 years (14.3%), followed by 5 to 14 years (13.6%) and 55 to 64 years (13.4%).

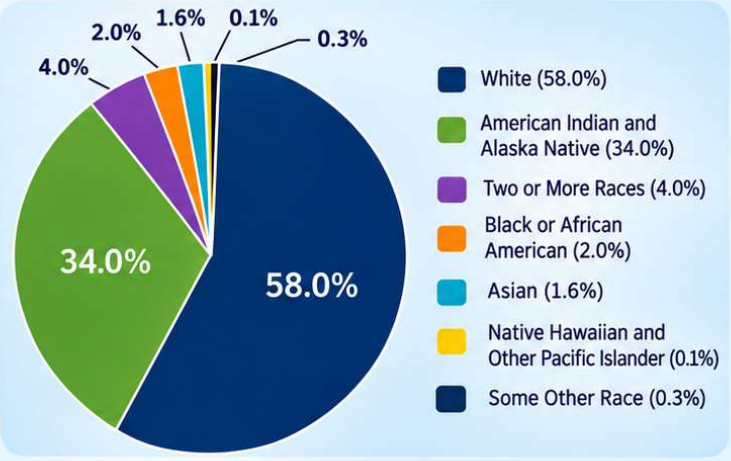


RACE PROFILE

HEADWATERS REGION RACE BY POPULATION

RACE	POPULATION	PERCENT
American Indian and Alaska Native	29,596	34.0%
White	50,443	58.0%
Two or More Races	3,480	4.0%
Black or African American	1,739	2.0%
Asian	1,391	1.6%
Native Hawaiian and Other Pacific Islander	87	0.1%
Some Other Race	258	0.3%
TOTAL	**86,994**	**100.0%**

RACE DISTRIBUTION (PERCENT OF TOTAL POPULATION)



Source: Census 2025 Population Estimates, 2020-2024 ACS

The Headwaters Region has a distinct racial and cultural profile, with Native American residents accounting for approximately 34% of the population, compared to 2.9% statewide. This significant representation contributes to the region's rich cultural heritage and identity. The presence of Tribal Nations and communities plays an important role in shaping the region's social, cultural, and economic landscape.



PER CAPITA INCOME

Average income earned per person in the past 12 months (in 2024 dollars)

HEADWATERS REGION

PER CAPITA INCOME
$36,216

POPULATION
86,994

COUNTY	PER CAPITA INCOME	POPULATION
Beltrami	$35,509	47,055
Clearwater	$33,526	8,647
Hubbard	$39,508	22,369
Lake of the Woods	$43,861	3,770
Mahnomen	$27,297	5,153
HEADWATERS REGION	$36,216	86,994

Source: Census 2025 Population Estimates, 2020-2024 ACS

The region's per capita income is $36,216, approximately 24.9% lower than the Minnesota statewide average of $48,237. Significant income disparities also exist among the five counties, with Lake of the Woods County reporting the highest per capita income in the region and Mahnomen County the lowest. These differences highlight ongoing economic challenges and uneven income levels across the Headwaters Region.



HOUSEHOLDS & MEDIAN HOUSEHOLD INCOME

HEADWATERS REGION

HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME
34,177	$69,162*

Strong communities. A brighter future.



COUNTY	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME
Beltrami	18,172	$68,795
Clearwater	3,339	$64,475
Hubbard	8,964	$71,995
Lake of the Woods	1,817	$77,546
Mahnomen	1,885	$59,441
HEADWATERS REGION	34,177	$69,162*

Source: Census 2025 Population Estimates, 2020-2024 ACS

The Headwaters Region has a total of 34,177 households, with their distribution across the five counties closely reflecting overall population patterns. Beltrami County accounts for the largest share, with 18,172 households, while Lake of the Woods County has the fewest, at 1,817. Median household income also reflects broader regional income trends, with Lake of the Woods County reporting the highest median household income and Mahnomen County the lowest. These differences highlight economic disparities among counties and varying levels of household financial well-being across the region.



HOUSEHOLD INCOME REGIONAL SHARE

Distribution of Households by Income Level in the Headwaters Region

HOUSEHOLD INCOME	REGIONAL SHARE
Less than $25,000	17.5%
$25,000–$49,999	17.8%
$50,000–$74,999	18.8%
$75,000–$99,999	13.2%
$100,000–$149,999	18.2%
$150,000 or more	14.4%



The Headwaters Region has a balanced distribution of household income, with 50.2% of households earning $75,000 or more and 49.8% earning less.

Source: Census 2025 Population Estimates, 2020-2024 ACS

The Headwaters Region has a relatively broad distribution of household incomes, although notable disparities exist when compared to Minnesota as a whole. Approximately 17.5% of regional households earn less than $25,000 annually, compared to 13% statewide. Conversely, 32.6% of households in the Headwaters Region earn $100,000 or more, compared to 45.6% statewide. These differences highlight the region's economic challenges, including a greater concentration of lower-income households and fewer high-income households relative to the state.



LABOR FORCE AT A GLANCE

Headwaters Region • 2024 Estimates & Projections

TOTAL LABOR FORCE
41,324
(2024 ESTIMATE)

LABOR FORCE PARTICIPATION RATE
60.4%
(2024 ESTIMATE)

UNEMPLOYMENT RATE
5.7%
(2025 ESTIMATE)

LABOR FORCE PARTICIPATION BY AGE GROUP
(2024 ESTIMATE)

AGE GROUP	IN LABOR FORCE	REGIONAL PARTICIPATION RATE
16–19 years	2,703	52.6%
20–24 years	5,205	85.9%
25–44 years	15,717	82.6%
45–54 years	7,194	83.9%
55–64 years	7,710	67.0%
65–74 years	2,431	22.7%
75 years & over	364	5.1%
TOTAL	**41,324**	**60.4%**

LABOR FORCE PROJECTIONS BY AGE GROUP
(NUMBER OF PEOPLE)

AGE GROUP	PROJECTED LABOR FORCE 2025 (ESTIMATE)	2035 (ESTIMATE)	CHANGE 2025–2035
16–24 years	8,294	8,300	+6
25–54 years	23,040	24,085	+1,045
55–64 years	6,936	6,123	-813
65 years & over	2,857	2,611	-246
TOTAL	**41,128** (2025 ESTIMATE)	**41,120** (2035 ESTIMATE)	**-8**

Numbers may not add to totals due to rounding.

The Headwaters Region's labor force is projected to remain stable over the next decade, with growth expected in the prime working-age population (25–54), and declines among older age groups.

- Growth in 25–54 age group: +1,045
- Decline in 55–64 age group: -813
- Decline in 65+ age group: -246

Source: U.S. Census Bureau – 2024 American Community Survey (5-Year Estimates) and 2025–2035 Labor Force Projections

The Headwaters Region has a labor force participation rate of 60.4%, representing approximately 41,324 individuals, with a regional unemployment rate of 5.7%. Labor force projections indicate relative stability over the next decade, with a net decline of just eight workers by 2035. However, notable shifts in workforce demographics are anticipated, including a decline of 1,059 workers aged 55 and older, largely reflecting the retirement of the baby boomer generation. This decline is expected to be largely offset by an increase of 1,045 workers aged 25 to 54, highlighting the importance of workforce development, recruitment, and retention efforts to support the region's long-term economic stability.



EDUCATIONAL ATTAINMENT

Educational Attainment of Population 25 Years and Over
Headwaters Region

EDUCATION BUILDS STRONGER COMMUNITIES

Education is a key driver of economic opportunity, higher earnings, and community well-being.

91.2%
of adults in the Headwaters Region have a high school diploma or higher.

EDUCATIONAL ATTAINMENT	REGIONAL ESTIMATE
Less than high school	8.8%
High school graduate (incl. equivalent)	28.9%
Some college, no degree	23.4%
Associate's degree	12.3%
Bachelor's degree	17.3%
Advanced degree	8.8%

*Nearly half **(48.4%)** of adults in the Headwaters Region have some college experience or higher.*

Source: U.S. Census Bureau – 2024 American Community Survey (5-Year Estimates)

Educational attainment in the Headwaters Region reflects a strong foundation of high school education, with 91.2% of residents having earned a high school diploma or equivalent, although this remains slightly below the Minnesota statewide rate of 94.7%. Beyond high school, 23.4% of residents have completed some college coursework without earning a degree, while 12.3% hold an associate degree and 26.1% have earned a bachelor's degree or higher. These figures highlight the region's educational profile and the importance of continued investment in higher education, workforce training, and professional development to support long-term economic growth.



ECONOMIC PROFILE

Headwaters Region • 2024 Estimates & 2020–2025 Change

Key indicators that reflect the size, strength, and momentum of the Headwaters Region's economy.



BUSINESS ESTABLISHMENTS

2,535

Total business establishments in the Headwaters Region.

JOBS

33,091

Total jobs in the Headwaters Region.

TOTAL INDUSTRY PAYROLL

$1.850 BILLION

Total annual payroll for all industries.

ANNUAL AVERAGE WAGE

$55,894

Average annual wage across all jobs.

JOBS ADDED, 2020–2025

2,421

The Headwaters Region added 2,421 jobs between 2020 and 2025.

EMPLOYMENT GROWTH, 2020–2025

7.9%

Employment in the Headwaters Region grew 7.9% from 2020 to 2025.

These indicators highlight the Headwaters Region's economic base and demonstrate steady growth and opportunity across the region.

Source: U.S. Census Bureau – 2024 American Community Survey (5-Year Estimates) & LED OnTheMap (2020–2025)

The Headwaters Region has a diverse economic base, supporting 2,535 business establishments and 33,091 jobs, with a total annual industry payroll of approximately $1.85 billion. The region's average annual wage is $55,894, reflecting employment opportunities across a variety of industries. Between 2020 and 2025, the region added 2,421 jobs, representing employment growth of 7.9%. This growth highlights the region's economic recovery following the COVID-19 pandemic, demonstrating resilience and continued expansion in the years since. These indicators reflect a strengthening regional economy and highlight opportunities for continued business development, workforce expansion, and long-term economic growth.



SWOT ANALYSIS

Economic Competitiveness

Strengths	Weaknesses
Strong entrepreneurial and small-business ecosystem	Limited workforce availability constrains business growth
Established regional economic development organizations, financing programs, and technical assistance	Geographic isolation and distance from major markets
Strong tourism and outdoor recreation economy	Limited access to capital for some small and emerging businesses
Diverse employment base including healthcare, manufacturing, tourism, natural resources, education, and services	Limited supply of shovel-ready commercial and industrial sites in some communities
Existing industrial parks and business-development assets	Business succession challenges as existing owners approach retirement
Recent regional employment growth, with approximately 2,400 jobs added from 2020–2025	Lower wages and incomes than state benchmarks
Strong network of local, regional, Tribal, state, and federal economic development partners	Limited specialized technical assistance and economic development capacity in smaller communities
Opportunities	**Threats**
Expand and develop shovel-ready industrial and commercial sites	Continued workforce shortages may constrain business expansion and attraction
Support entrepreneurship, startups, and locally owned businesses	Competition from larger markets for workers, businesses, and investment
Facilitate business succession and ownership transitions	Economic downturns and changes in consumer spending
Expand access to capital and revolving loan programs	Rising business, energy, transportation, and construction costs
Attract value-added manufacturing and natural-resource industries	Volatility in tourism, natural-resource, and commodity-dependent industries
Leverage broadband and technology to support remote work and business productivity	Closure or consolidation of major employers and locally owned businesses
Strengthen tourism while diversifying the regional economy	State and federal policy or funding changes affecting rural economic development



Human Capital

Strengths	Weaknesses
Strong higher education, workforce training, and career-development resources	Labor force participation remains below desired levels
Established healthcare systems and services	Persistent workforce and skilled-labor shortages
Entrepreneurial and experienced workforce	Aging workforce and increasing retirements
Regional partnerships among employers, schools, colleges, workforce organizations, and Tribal institutions	Childcare availability and affordability limit workforce participation
Approximately 91% of adults have a high school diploma or higher	Housing availability and affordability hinder worker recruitment and retention
Significant population with college experience, technical training, and postsecondary credentials	Educational attainment and credential gaps remain in portions of the region
Existing career pathway and workforce-development programs	Geographic barriers can limit access to employment and training
Opportunities	**Threats**
Expand career and technical education aligned with regional employers	Aging population and retirements may deepen workforce shortages
Develop stronger school-to-career pathways and work-based learning	Continued out-migration of youth and skilled workers
Increase labor force participation among underutilized populations	Competition for skilled workers from larger labor markets
Expand childcare capacity as workforce infrastructure	Rising costs of higher education and workforce training
Attract and retain young professionals, families, and remote workers	Housing shortages may prevent prospective workers from relocating to the region
Utilize the skills and experience of retirees and older workers	Automation and technological change may create skills mismatches
Expand employer-led training, apprenticeships, internships, and credential programs	Persistent wage disparities may make recruitment and retention difficult



Community Resources

Strengths	Weaknesses
Abundant lakes, forests, parks, trails, and other natural amenities	Housing shortages and affordability challenges
Strong outdoor recreation and tourism assets	Limited childcare options in many communities
Strong community identity and rural quality of life	Declining or underutilized downtown properties in some communities
Healthcare, educational, cultural, nonprofit, and community institutions	Limited local capacity and staffing in smaller communities
Active arts, cultural, recreational, and community organizations	Poverty and income disparities remain in portions of the region
Strong Tribal communities and cultural resources	Limited transportation and mobility options for residents without vehicles
Existing downtowns and community centers provide foundations for revitalization	Uneven access to services and amenities across a geographically large rural region
Opportunities	**Threats**
Revitalize downtowns, commercial corridors, and underutilized properties	Climate change and extreme weather impacts
Expand housing development and rehabilitation	Degradation of lakes, forests, and other natural resources
Invest in parks, trails, recreation, arts, and cultural amenities	Rising costs may make housing and community development increasingly difficult
Leverage natural amenities to attract residents, visitors, and investment	Loss of essential rural services and businesses
Expand childcare and other services that support working families	Population aging and decline in some smaller communities
Strengthen collaboration among communities, Tribal Nations, nonprofits, and regional organizations	Increasing social and economic disparities
Expand tourism through year-round recreation and destination development	Overdevelopment or incompatible development affecting natural amenities and community character



Foundational Assets

Strengths	Weaknesses
Established regional highway and local transportation network	Aging water, wastewater, road, and public infrastructure
Existing municipal water and wastewater systems supporting communities and businesses	Small tax bases make major infrastructure projects difficult to finance
Expanding broadband and high-speed internet availability	Remaining broadband availability, reliability, and affordability gaps
Existing industrial parks and publicly supported development infrastructure	Limited infrastructure capacity can constrain housing and business development
Regional airports and transportation assets	Long distances and limited transportation alternatives
Strong intergovernmental and regional coordination	High costs associated with infrastructure construction and maintenance
Existing energy and utility infrastructure	Infrastructure needs often exceed available local resources
Opportunities	**Threats**
Leverage state and federal programs to modernize aging infrastructure	Rising construction, material, energy, and maintenance costs
Expand water and wastewater capacity to enable housing and economic development	Extreme weather and climate impacts on infrastructure
Complete remaining broadband buildout and improve connectivity	Declining or stagnant tax bases in smaller communities
Develop shovel-ready sites with roads, utilities, and broadband	Uncertainty in state and federal infrastructure funding
Improve regional transportation connections and mobility options	Deferred maintenance increasing future infrastructure costs
Invest in renewable energy, energy efficiency, and resilient infrastructure	Utility and energy-cost increases affecting households and businesses
Coordinate infrastructure investments across jurisdictions	Infrastructure limitations discouraging private investment and development



STRATEGIC DIRECTION AND ACTION PLAN

1. Economic Competitiveness

Are we creating opportunities for businesses and investment?

The Headwaters Region's economic competitiveness depends on its ability to support existing businesses, attract new investment, encourage entrepreneurship, and create opportunities for higher-wage employment. The Region can strengthen its competitive position by investing in business-ready sites, supporting business growth, expanding targeted industries, and connecting businesses with the resources they need to succeed.

Goals

1. Increase the number of new businesses established in the Region by 85 by 2031.
2. Increase median household income by 5% by 2031.

Strategies

1. Expand and improve industrial parks and business-ready sites by investing in utilities, transportation access, site preparation, and other infrastructure needed to accommodate business expansion and new development.
2. Support business retention and expansion by connecting existing businesses with financing, workforce resources, technical assistance, and available state and federal programs.
3. Encourage entrepreneurship and new business development through access to business counseling, startup resources, financing, mentorship, and regional entrepreneurial programs.
4. Target economic development investments toward high-potential industries and higher-wage employment, including manufacturing, value-added agriculture, natural-resource industries, healthcare, technology, and other sectors aligned with regional assets and workforce capacity.



2. Human Capital

Do we have the people and skills needed for the economy?

The availability of a skilled and adaptable workforce is one of the most important factors influencing the future of the Headwaters Region. Workforce shortages, an aging population, childcare limitations, and gaps between employer needs and available skills can constrain economic growth. Strengthening connections among employers, schools, workforce organizations, and community partners will help the Region develop, attract, and retain the talent needed to support businesses and communities.

Goals

1. Increase the number of professional training credentials, degrees, and certificates earned in the Region by 2031.
2. Increase the regional labor force participation rate by 2% by 2031.

Strategies

1. Target investments toward workforce training and education programs that address identified employer needs, particularly in high-demand and higher-wage occupations.
2. Strengthen partnerships with post-secondary education and training institutions to better understand regional workforce needs and expand programs, credentials, apprenticeships, internships, and other training opportunities aligned with those needs.
3. Expand career awareness, youth entrepreneurship, and work-based learning opportunities by connecting students with local employers, career pathways, internships, apprenticeships, mentorship, and entrepreneurship training.
4. Reduce barriers to workforce participation by supporting childcare availability, transportation, career navigation, and stronger connections among workforce centers, educational institutions, community organizations, businesses, and training providers.



3. Foundational Assets

Do we have the infrastructure needed to support people and businesses?

Reliable housing, transportation, utilities, broadband, water and wastewater systems, and other infrastructure provide the foundation for healthy communities and economic growth. Many rural communities face significant costs associated with maintaining and replacing aging infrastructure while also needing to expand capacity to accommodate new development. Regional collaboration, proactive planning, and strategic use of federal, state, and local funding will be essential to maintaining and expanding the Region's foundational assets.

Goals

1. Increase the number of available single-family, multifamily, and affordable housing units year over year until 2031.
2. Secure at least five new federally funded infrastructure projects in the Headwaters Region by 2031.

Strategies

1. Increase housing development and rehabilitation by identifying and addressing barriers to housing construction, redevelopment, financing, and infill development. Utilize Move out Move over
2. Improve transportation access and connectivity for all users by supporting investments in roads, bridges, transit, pedestrian and bicycle infrastructure, freight movement, and other transportation systems.
3. Assist communities in securing state and federal funding for infrastructure projects by providing grant development, project planning, technical assistance, and coordination among regional partners.
4. Invest in the expansion, maintenance, and modernization of critical infrastructure, including water and wastewater systems, broadband, utilities, energy infrastructure, and other systems necessary to support existing communities and future development.



4. Community Resources

Are we leveraging the assets that make the Region a desirable place to live and visit?

The Headwaters Region's natural resources, recreational opportunities, cultural heritage, and community character are significant economic and quality-of-life assets. These resources attract visitors, support local businesses, and contribute to the Region's ability to attract and retain residents and workers. Protecting, enhancing, and strategically promoting these assets can strengthen tourism while also supporting vibrant and livable communities.

Goals

1. Increase tourism-related visitor spending in the Headwaters Region by 8% by 2031.
2. Preserve and enhance the Headwaters Region's natural resources by leveraging funding for conservation and recreational projects by 2031.

Strategies

1. Develop and promote a regional brand centered on the Headwaters Region's natural, cultural, recreational, and historic resources to strengthen the Region's identity and attract visitors, residents, and investment.
2. Strengthen collaboration among tourism agencies, chambers of commerce, economic development organizations, local governments, Tribal Nations, and businesses to coordinate regional marketing and tourism development efforts.
3. Invest in and enhance recreational, cultural, historic, and natural-resource assets that contribute to tourism, quality of life, and community vitality.
4. Support tourism-based business development and visitor spending by encouraging new attractions, events, lodging, dining, retail, outdoor recreation, and other businesses and experiences that extend visitor stays and increase economic activity.
5. Leverage local resources to attract prospective residents to the region. Retaining students, temporary workers, new families, etc. Vibrant youth programming will assist in making the region a more attractive place to live work and play.



EVALUATION FRAMEWORK

The HRDC will annually review the performance of the Region in meeting the vision and goals articulated in this CEDS. To evaluate the progress of the CEDS, HRDC staff will meet annually with stakeholders of the region. HRDC will encourage these representatives to engage other interested individuals from the region to ensure a broad representation of interests.

As we prepare our regular reports on the CEDS, the Headwaters Regional Development Commission will look at each cornerstone comprehensively, taking into account traditional EDA performance measures such as jobs and tax base as well as the specific goals identified in this document.



APPENDIX

The Headwaters Regional Comprehensive Economic Development Strategy (CEDS) 2027–2031 was developed using a combination of federal and state statistical resources, regional planning documents, economic development research, and stakeholder engagement. Data were compiled and analyzed for Beltrami, Clearwater, Hubbard, Lake of the Woods, and Mahnomen Counties to establish a regional understanding of demographic conditions, economic performance, workforce characteristics, infrastructure needs, and development opportunities. These sources provide the foundation for the CEDS SWOT analysis, strategic goals, and implementation framework.

Resources

- Stats America
- United States Department of Agriculture
- Minnesota Pollution Control Agency
- United States Census Bureau
- Federal Reserve Economic Data
- LED On the Map
- American Community Survey
- Minnesota Department of Employment and Economic Development
- Bureau of Labor Statistics
- Economic Development Administration
- Minnesota Department of Natural Resources
- Minnesota Department of Transportation
- Blandin Foundation
- Minnesota Office of Broadband



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