

# North Dakota Rural Community Profile Project Report: New Rockford

By  
Laura Heckaman  
Kimberly Maszk

With  
Robert Tangsrud, Jr., Ph.D.  
University of North Dakota  
Grand Forks, North Dakota



A partnership program of the U.S. Small Business Administration.  
This Cooperative Agreement (2-603001-Q-0036-13) is partially funded by  
U.S. Small Business Administration. SBA's funding is not an endorsement  
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## **EXECUTIVE SUMMARY**

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New Rockford, North Dakota is a small rural community located in the center of the state. The following report provides relevant information for business people wishing to locate in this dynamic city. All information pertaining to the assessment of New Rockford was obtained through secondary research and personal interviews of residents.

The overall evaluation signals that New Rockford is seeking new ventures into the area, and will accommodate such businesses people as needed. New endeavors expand the economic base of the city. The citizens of New Rockford are intelligent and resourceful people, who embrace a challenge. Many times, the greatest challenge comes with taking the risk of pursuing a dream and starting a business. The profile of New Rockford shows it is willing to undergo these risks to help the future of its community survive.

# **INTRODUCTION**

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Settled in the late 19<sup>th</sup> century, New Rockford is a prosperous community centrally located within the state of North Dakota. With an approximate population of 1,400 people, the town is centered between the state's four largest cities. (See Appendix A) Significant credit to the establishment of the city can be given to Scandinavian descendants who followed the trail made by the Red River buffalo hunters. Additional pioneers came by means of the Great Northern Railroad which was laid in 1883.

Located in the central flyway of waterfowl, and prime deer and upland game area, the city is in the midst of some of the best hunting and fishing known to the nation. Sportsmen from around the county migrate to the region to enjoy such activities. Warsing Dam, Devils Lake, and the Sheyenne and James Rivers, as well as several other recreational lakes are within a short drive from New Rockford.

## **Nature and Purpose of Study**

The purpose of this study is to conduct a general survey of the current business environment in New Rockford. The intent is to provide this information as a guide to those wishing to start their own small business in communities similar to New Rockford.

Entrepreneurs who choose to start a business inherently assume a high degree of risk. This risk is generally considered acceptable because the potential anticipated return if successful is sufficient to outweigh the risk. After all, risk is a natural part of such endeavors. However, it is possible to mitigate some of the risk in a variety of ways. Having sufficient background information relevant to the proposed business is one of them. The community of New Rockford is profiled for the purposes of this study based upon two factors, it is small (population range of 1,000 – 10,000), and it has at least one successful small business currently in operation.

## Identification of Community and Businesses

One of the most successful businesses in New Rockford has been the North American Bison Cooperative. It was the goal of a group of bison ranchers to build and operate a modern, efficient, bison processing plant. Construction for the plant took place in 1993. Currently it is a \$1.47 million bison processing plant. It is the world's first processing plant devoted exclusively to Bison meat.

From the beginning, this plant was intended to operate under the strictest quality guidelines including USDA and European Union (EU) approval, allowing worldwide export. The plant began operations in February of 1994 and was designed with a capacity of approximately 5,000 bison per year. In 1996, production capacity was doubled to 10,000 bison per year and in 1998 increased to 12,500 bison annually. The market for this product extends throughout the United States as well as internationally.

The North American Bison Cooperative is the only USDA and EU approved facility in the United States exclusively for bison processing. The decision to operate the plant under full EU regulations is a further assurance to our customers of extremely high quality standards. Another strength of this cooperative is the highly productive and motivated workforce.



Many vital businesses make up the economic nature of New Rockford. Attached in Appendix B is a listing of all the businesses in the community and which type they would constitute themselves as. Diversification is imperative to success in a small community. This is seen in the list by the numerous businesses which are duplicated under different headings. For example New Rockford Show Repair not only services the obvious needs of the town related to its title, but also serve as the local cellular phone dealer.

The local government in New Rockford is committed to sustainable economic development and supports it in various ways. For instance, they work with a regional planning commission dedicated to strengthening the economic base of rural communities.

The North Dakota Development Fund is another organization that assists in economic development utilizing loans and equity investments. The fund is designed to finance those primary-sector businesses that wouldn't normally qualify through traditional lending sources. It also coordinates those resources available to these businesses to close any gaps in funding that preclude a business from launching. This organization works in tandem with and administers the Regional Rural Revolving Loan Fund, whose purpose is to fund projects in rural areas.

Manufacturing plays a particularly important role in development of North Dakota's economy. North Dakota's manufacturing employment numbers have risen by about 8,000 jobs, or an annualized rate of 4% since 1988. Nationwide, it has declined by a rate of .5% during the same period. In January 2000, an initiative began to support this integral business sector. Manufacturers were asked to contribute input to the development of a new Manufacturing Extension Partnership (MEP). The Manufacturing Extension Partnership is a partnership between federal and state organizations working together to address the needs of small and medium sized manufacturers.

In January 1990, then President George Bush, Sr. announced a challenging, innovative approach for rural America. The purpose of the newly formed Rural Development Council was to improve the employment opportunities, incomes and well-being of rural

Americans by strengthening their capacity to compete in the national and international economy. The North Dakota Rural Development Council (NDRDC) plays a key part in this partnership. The council brings together state, federal, local and tribal governments and nonprofit sectors. By doing so, a unique opportunity is born to join forces and cooperate in new ways to strengthen rural North Dakota. The group ensures that the benefits of rural development are widely shared among all rural citizens.

## **METHODOLOGY**

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There were two main ways that information for this study on the community of New Rockford was collected and evaluated. The task of profiling the community, its residents, and its businesses required research. First, research of secondary sources was done and then questionnaires were administered as a way of obtaining primary research information.

### **Secondary Data Sources**

There were several secondary sources used to compile the necessary information for this study. Most of the information was accessed online through such sites as the US government census site and the many sites administered for the state of North Dakota.

- [www.census.gov](http://www.census.gov) – Official site of the U. S. Census Bureau
- [www.state.nd.us](http://www.state.nd.us) – Source of current demographic statistics
- [www.bls.gov](http://www.bls.gov) – Official U. S. Department of Labor Bureau of Labor Statistics
- [www.ndtourism.com](http://www.ndtourism.com) – General Information about the state of North Dakota for prospective tourists and residents.

### **Protocol and Personal Interview**

There were four interviews conducted utilizing a questionnaire designed for this study and approved by the Internal Review Board (IRB) at the University of North Dakota. The questionnaire (See Appendix C) was designed to be administered to those residents of the community who owned small businesses. There were three respondents who were willing to participate and had the time available to do so. There was also one interview

with the President of the Rural Economic and Community Development organization. The respondents of the questionnaires provided their information on a strictly voluntary basis, responding from memory as accurately as possible. Their input was provided with the assurance that their individual responses would remain anonymous.

## **DESCRIPTIVE ANALYSIS**

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### **Demographics**

#### Historical Eddy county population figures:

1940: 2,017  
1950: 2,185  
1960: 2,177  
1970: 1,969  
1980: 1,791  
1990: 1,604

The population of New Rockford as of 2001 is 1,463 people. New Rockford is in Eddy County, and most relevant statistical information applied to the county as a whole. The population of Eddy County as of 2001 is 2,691 people, which is less than 1% of the state population of 634,448 persons. The population experienced a decline of 2.4% from the 2000 population of 2,757. The county is also predominately white, with over 50% of the population between the ages of 18 and 65. In addition, 75% of the population over the age of 25 has a high school diploma, slightly below the state average of 83.9%. The county has 1,418 housing units and a 75.4% home ownership rate.

There are 1,164 households in the county with an average of 2.3 persons per household. The median household money income is \$28,642, and 9.7% of the population lives below the poverty line. Of the households, 657 were married families, 58 households were female headed, 29 were male headed and there were 420 non-family households.

(See Appendix D for additional figures)

There are eight regional planning councils in North Dakota that serve different regions in the state (See Appendix E for map and additional figures). New Rockford, which is in Eddy county, is in Planning Region III. The planning councils provide technical assistance and planning mechanisms to local governments to sustain and expand employment opportunities within the communities. In North Dakota businesses are constantly entering and exiting the economy. This is true of New Rockford as well. The cycle of births and deaths is a normal part of business activity. The following charts detail North Dakota as an aggregate, as well as each planning level starting with the fourth quarter in 1997, and ending in the third quarter in 1998.

	Aggregate		Death	Survival
	Births	Deaths	Rate	Rate
1997-4	356	71	19.90%	80.10%
1998-1	342	68	19.90%	80.10%
1998-2	375	91	24.30%	75.70%
1998-3	341	77	22.60%	77.40%
<b>Totals</b>	1,414	307	21.70%	78.30%

	Aggregate		Death	Survival
	Births	Deaths	Rate	Rate
<b>Plan Rg I</b>	64	12	18.80%	81.30%
<b>Plan Rg II</b>	164	36	22.00%	78.00%
<b>Plan Rg III</b>	60	17	28.30%	71.70%
<b>Plan Rg IV</b>	181	42	23.20%	76.80%
<b>Plan Rg V</b>	422	90	21.30%	78.70%
<b>Plan Rg VI</b>	101	23	22.80%	77.20%
<b>Plan Rg VII</b>	275	57	20.70%	79.30%
<b>Plan Rg VIII</b>	74	18	24.30%	75.70%
<b>Totals</b>	1,341	295	22.68%	77.34%

## Business Statistics

The majority of persons employed in Eddy County work in the services sector and government, with 235 people and 201 people respectively in the year 2000. The average annual employment was 735 persons, earning a combined total of \$13,682,319 in the county. The next biggest source of employment was in the retail sector with 107 persons

employed, followed by the construction, mining, and manufacturing sector which employed 90 persons in the year 2000.

The unemployment rate for the state was 3% in August 2002, an increase of less than half percent from the previous year. The corresponding unemployment rate for Eddy County was 3.1%, a decrease from the previous years 4.8% rate. The size of the labor force was 1,218 persons, with 1,180 persons currently employed and 38 persons unemployed. In the previous year the size of the labor force was 1,221 persons with 1,163 employed and 58 persons unemployed.

One interesting fact is that in 1990 there were 216 persons commuting out of Eddy County for employment and 117 persons commuting into Eddy County for employment.

## **Taxes**

The total tax revenues for Eddy County in 1999 amounted to \$2,928,474. Of these revenues, \$277,333 were sales taxes, \$2,211,080 were real property tax revenues, \$20,875 were use tax revenues and there was a total of \$419,186 in income tax revenues. The taxable sales and purchases for the county in 1999 were \$6,849,434.

In North Dakota there is a state corporate income tax rate of about 3% to 10.5%, however there is a deduction for federal income taxes that has the affect of lowering the tax rate to 2.55% to 8.63%. In addition, primary sector businesses may qualify for a five year corporate income tax exemption. North Dakota has a 5% state tax, and cities may levy an additional 1% to 2% local sales tax. The city of New Rockford has a 1% local tax rate for a 6% total sales tax. There are no sales taxes on electricity, water, or interstate communications. A 2% sales tax on natural gas is applied when used for direct manufacturing purposes.

## **Psychographics**

The lifestyle in New Rockford is slower paced than in large metropolitan areas. Residents of the community are usually within walking distance to shopping

establishments and places of employment. Those living here enjoy quiet and pleasant surroundings. The residential areas are known for their safety and are generally an enjoyable environment in which to raise a family. Housing of all types and budgets is readily available. There are also several new subdivisions available for those people wishing to move into the community. In addition, numerous apartment facilities and mobile home parks accommodate residents. Neighbors are not strangers in New Rockford, but close friends. Beautiful parks are located in various parts of the town. Residents come to these places to relax, have a picnic, or let their children play. During the summer time, the swimming pool is a popular place for the young as well as the old.



**City North Park Swimming Pool**



**City North Park Picnic Area**

The residents of New Rockford take great pride in the fact that the community is very close knit because of the small population. Residents are active in ensuring there are a variety of activities to enjoy and organizations to participate in. Some of these associations include the Chamber of Commerce, Celebrations Inc., Fraternal Order of Eagles, Lions Club, Kiwanis Club, American Legion, Salvation Army, Shriners Club, and the American Legion Auxiliary.

The local Chamber of Commerce is the main leadership force in promoting the New Rockford trade area as a progressive and positive place to do business. One of the main focuses for the group is to see that the community is a fun place to live as well as visit. Other duties of the organization are to help create and maintain an array of active, attractive, and caring businesses devoted to the needs of its customers. The vision of the

Chamber of Commerce is to maintain a steady but responsible rate of growth for the city, which is well known for its friendly atmosphere.

Celebrations Inc. is a prolific local non profit organization comprised of 16 members serving on a board. The main objective of the group is to foster entertainment opportunities in various forms and special celebrations for the immediate area. One of the biggest events they run is the 4<sup>th</sup> of July festivities. For years, this group has made New Rockford the place to be during what is one of the most enjoyable times of the summer. In the winter months, much effort and attention is required in managing and hosting the Holiday Fantasy weekend. This event includes a musical show, tours of local homes, and Santa Days. Winterfest occurs in February consisting of various community activities. In addition to these three main events, the organization provides volunteers and funding for other charitable causes in New Rockford.

The New Rockford Golf Course, which is located north of the city, has made drastic improvements over the past years. It is a public course, closed only for private tournaments. Numerous birthdays, anniversaries, and wedding celebrations are held in the newly remodeled clubhouse.



The local educational and religious sectors also have a significant impact on the community. In a small community, everyone has a greater responsibility to ensure that there are activities for everyone to enjoy. The residents of the New Rockford area have risen to this challenge and have created a wide variety of recreational activities and facilities, and local educational and cultural facilities.



**New Rockford Central School**

For many years, New Rockford has been the host of the Central North Dakota Steam Threshers Reunion. Visitors from all over migrate to the city one weekend out of the year to reminisce and literally relive the old days.



## **EVALUATIVE ANALYSIS OF NEW ROCKFORD**

### **Strengths:**

- Strong sense of community
- Businesses are mutually interdependent, competition not fierce
- Safe community with a low crime rate
- Quality public schooling system
- Many community organizations like Kiwanis

- Strong religious ties
- Close proximity to larger cities
- Low cost of living
- Loyal customer base

### **Weaknesses:**

- Small, isolated community
- Limited entertainment opportunities
- Limited employment opportunities
- Lack of medical facilities, no hospital
- No local implement for farmers
- Strong dependence on agriculture, for instance, affects of drought are felt community-wide
- Small customer base
- Small town credit policy sometimes makes account receivables payment slower
- Lack of diversity
- Resistance to change

### **Opportunities:**

- There currently is no clothing or jewelry store
- Low interest loan availability from Dakota Certified Development Corporation
- Available land in Industrial park zoned for businesses (See Appendix F)

### **Threats:**

- Leaving the community to shop or for entertainment
- Residents commute out of the city for employment
- Loss of youth after high school graduation
- Railroad will be ceasing usages of line through town within five years

## **SUMMARY AND CONCLUSION**

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New Rockford is a small, rural community with a rich agricultural heritage. It has had its share of hard times and managed to survive and prosper through almost insurmountable challenges. There are many factors working against the community. After all, there are limited employment opportunities, limited variety of services available, and limited conventional entertainment options. The community isn't large enough to support a hospital, forcing residents to seek healthcare outside the community and contributing further to traffic and dollars leaving the community. In addition, residents are relatively resistant to change and through no fault of their own lacking in cultural diversity. However, there is a strong sense of community and family among the residents. Considering the minimal businesses, they all work together to maintain an active economy. The customer base is dangerously small, but manages to make up for that in their loyalty. The small population makes for a low crime rate and excellent public school system.

The threats faced by this community, and those like it across the rural midwest, are real and serious. Many residents seek out entertainment, employment, and shopping opportunities outside the community. It is only a matter of time before the railroad will not be using the line which goes through the city. There are, however, opportunities within New Rockford. Low interest loans are available for those wishing to do business there. There is sufficient prime land available for such businesses, and the community has long complained that there is no clothing stores or jewelry stores in business. The existing businesses have managed to eek out a relatively constant customer base despite the obstacles. So, New Rockford serves as a prime example of a community that has managed to do things right owing to the fierce dedication and commitment of its residents.

New Rockford has developed into an active service center with a prosperous farm economy and numerous small businesses. All of these aspects lead to its busy business life. The future of the area and immediate vicinity is promising. Community members,

farmers, thriving merchants, local government, and organizations show strong support for any industry wishing to seek establishment in the city.

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