



## COMPETITIVE ASSESSMENT

### GRAND ISLAND, NEBRASKA

Submitted by *Market Street Services Inc.*  
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# INTRODUCTION

As part of the community's ongoing efforts to make Grand Island and the surrounding region as attractive and supportive as possible for small business growth, existing business expansions, and new business relocations, a diverse group of partners including the Grand Island Area Economic Development Corporation, the Grand Island Chamber of Commerce, and the Grand Island/Hall County Convention and Visitors Bureau have initiated a process – Grow Grand Island – to further enhance the business development initiatives in the area. This process will result in a new, holistic Business Development Strategy that will help the community and the aforementioned partners focus business development resources in a manner that maximizes efficiency and effectiveness, enhances prospects for quality growth, and increases well-being for business and workers.

This Competitive Assessment is the first step in that process; a critical step in understanding the community's position and the issues that it faces in an increasingly competitive environment for new jobs and corporate investment. It examines a wide variety of demographic, socioeconomic, economic, and quality of life indicators to tell a story about the community and uncover the key strengths, weaknesses, assets, and challenges that must be leveraged and addressed in order to support a more vibrant future. This quantitative analysis is complemented by a tremendous amount of community input received from interviews, focus groups, and a public community survey. In total, more than 1,700 residents, workers, and businesses in the Grand Island region shared their input to inform this Assessment and the forthcoming Business Development Strategy.

This input and the quantitative research has revealed a community that has much to be proud of, but also much to prepare for if it seeks to realize its residents' and businesses' collective vision for a preferred future. The issues identified through this research are organized into a series of "stories" about Grand Island – its past, its present, and its future. Seven stories frame the discussion, each weaving multiple data points with resident input to highlight the issues that merit strategic attention. These seven stories are:

1. Consistent Growth and Emergent Diversity
2. Economic Resilience in Times of Turbulence: Obvious Benefits but Concealed Challenges
3. Economic Evolution: The Changing Composition of Jobs
4. Workforce Quality, Availability, and Sustainability
5. Developing a Talent Pipeline: Education and Training Capacity
6. Business Development Considerations and Site Location Factors
7. Quality of Life: Attractiveness to Residents and Visitors

# PROJECT OVERVIEW

The roughly eight-month, four-phase research and strategic planning process will be informed by extensive resident and business input gathered via focus groups, interviews, a community survey, and steering committee guidance.

## PHASE I: COMPETITIVE ASSESSMENT

This Competitive Assessment provides a detailed examination of Grand Island's competitiveness as a place to live, work, visit, and do business. The Assessment will leverage quantitative and qualitative research (including focus groups and community survey), and will highlight the key "stories" facing Grand Island as it seeks to support existing businesses, attract new businesses, and encourage entrepreneurship. Collectively, these stories will highlight the community's strengths, weaknesses, opportunities, and challenges as identified by resident and business input and key demographic, socioeconomic, and economic trends. The community's competitiveness will be benchmarked against communities with which the area competes for both jobs and workers.

## PHASE II: TARGET SECTOR ANALYSIS & MARKETING REVIEW

The Target Sector Analysis will provide a detailed examination of the community's economic composition, identifying those business sectors which have the greatest potential to create new jobs and elevate standards of living in the community, focusing limited economic development resources on those opportunities that are likely to provide the greatest return on investment for the community, its businesses, and its workers. The Marketing Review will analyze the existing economic and community marketing efforts of the EDC, CVB, and Chamber to identify any areas for improvement.

## PHASE III: BUSINESS DEVELOPMENT STRATEGY

The third phase of the process brings together the findings from the first two phases to create a holistic, consensus-based Business Development Strategy to guide collaborative initiatives that support existing business growth, encourage entrepreneurship, and increase the community's competitiveness for new corporate investment. Strategic recommendations will be driven by the research findings – both qualitative and quantitative input. Examples of best practice programs, policies, and initiatives from communities around the country will also be included to help inform strategic recommendations and their subsequent implementation.

## PHASE IV: IMPLEMENTATION PLAN

The final phase of the strategic planning process is the development of an Implementation Plan that supports the effective and efficient implementation of the Business Development Strategy's various recommendations. The Implementation Plan will examine the capacity of the EDC, CVB, and Chamber to effectively implement the Business Development Strategy and will identify lead implementers, key partners, potential costs, and timelines for implementation for each recommendation. Performance metrics for gauging the effectiveness of implementation efforts will also be included.

## STEERING COMMITTEE

The strategic planning process is guided by a Steering Committee of representatives from the public, private, and non-profit sectors. These individuals will oversee the entire planning effort, help identify strategic priorities for Grand Island, build consensus, and serve as public advocates for the betterment of Grand Island and its community, business, economic, and workforce development. The following individuals have volunteered their time to serve on the Steering Committee.

<b>Committee Member</b>	<b>Representing Organization</b>
Brandi Bosselman Lofing (co-chair)	Bosselman Holdings
Don Smith (co-chair)	The Grand Island Independent
Amos Anson	The Chocolate Bar
Carlos Barcenas	Nebraska Department of Health & Human Services
Tonja Broadwell	Kelly Supply
Chuck Cooper	Crane Trust Nature & Visitors Center
Nathan DeLaet	Rodeway Inn
Dr. Robin Dexter	Grand Island Public Schools
Barb Engberg	Live Well Physical Therapy
Matt Fisher	Grand Island Northwest Public Schools
Peg Gilbert	Grand Island City Council
Jay Gnuse	Chief Industries, Inc.
Kurt Haecker	Home Federal Bank
John Hoggatt	First National Bank - Grand Island
Dr. Chad Hudnall	Family Eye Care
Bill Hunter	Syngenta Seeds
Jay Kaspar	INSUR Inc.
Dave Koubek	Chief Industries
Matt Maser	Five Points Bank
Joseph McDermott	Nebraska State Fair
Dan McElligott	Saint Francis Hospital
Mark Miller	Eakes Office Plus
Ray O'Connor	O'Connor Enterprises
Mike Olson	Central Nebraska Regional Airport
Justin Oseka	Oseka Homes
Kirk Palmer	Pioneer Hy-Bred
Angela Reynolds	Central Community College
Dave Richardson	Equitable Bank
Tammy Slater	Goodwill Industries
Mike Swanson	Hall County Convention & Visitors Bureau
Gloria Thesenvitz	Nova-Tech, Inc.

# COMPETITIVE ASSESSMENT

This assessment examines the issues facing Grand Island and Hall County by evaluating them through the prism of what *Market Street* believes to be the three critical aspects of a community: its **people**, their **prosperity**, and the quality of **place**. Findings related to these key attributes are incorporated into seven key stories that identify the most important issues impacting the Grand Island area's competitiveness as a place to live, work, visit, and do business. These stories represent themes that emerged from extensive public input provided by Grand Island area residents, businesses, and community leaders, as well as in-depth analysis of data covering demographic, socioeconomic, and economic trends within the community. Collectively, they help tell a story about where Grand Island has been, where it is today, and where it is headed in the years to come.

**FOCUS GROUPS AND INTERVIEWS:** A thorough assessment of a community's strengths, weaknesses, opportunities, and challenges must be informed by input from the people that live and work in the Grand Island area. Accordingly, *Market Street* conducted a series of focus groups and one-on-one interviews with residents and businesses in the Grand Island area during April 2014. The input gathered during these discussions has been summarized and incorporated into this assessment when relevant and appropriate.

**ONLINE SURVEY:** In addition to in-person input solicited via focus groups and interviews, an online community survey was open to the public for roughly four weeks from April - May 2014. **A total of 1,618 residents responded to the survey**, providing a tremendous level of input that will help ensure that this Assessment and the forthcoming Business Development Strategy are well-informed and mindful of the needs, wants, and opinions of residents, workers, and businesses in Grand Island. **Public input – including that which was gathered via focus groups and an online survey – is differentiated throughout the report and presented in red text.**

**DATA SOURCES:** A variety of public and private data sources are used throughout this Assessment. A great deal of information is drawn from the Census Bureau and other public sources including the Bureau of Labor Statistics (BLS), the Bureau of Economic Analysis (BEA), the National Center for Education Statistics (NCES), the Federal Bureau of Investigation (FBI), the Internal Revenue Service (IRS), and the Nebraska Department of Education (ADE). Proprietary data covering economic composition (employment and wages by sector and occupation) are provided by Economic Modeling Specialists, Inc. (EMSI).

**GEOGRAPHIES:** Throughout this assessment, Hall County is utilized as the primary geographic unit of analysis. At times, a larger region – the Grand Island metropolitan area – may be utilized to provide a broader perspective on issues such as workforce dynamics within the community's labor shed. In addition to state and national averages, the community's performance is benchmarked against three similarly-sized communities with which it competes for jobs, workers, and investments: **Sioux City, Iowa** (Woodbury County); **Salina, Kansas** (Saline County), and; **St. Joseph, Missouri** (Buchanan County). These communities represent ideal comparisons from a research standpoint in understanding the community's competitive position; when examining best practice programs, policies, and initiatives that can guide recommendations in the Business Development Strategy, *Market Street* will leverage its database of best practices from a wide variety of communities around the country.



## CONSISTENT GROWTH & EMERGENT DIVERSITY

As anyone who has lived in Grand Island for some time can tell, the “small town” of Grand Island, Nebraska isn’t so small anymore. Having exceeded a population of 50,000, Grand Island’s growth upgraded its status from a micropolitan statistical area to a metropolitan statistical area (MSA), joining the ranks of fellow Nebraska MSAs, Omaha and Lincoln. The growth that led to this designation has been relatively consistent in recent decades. Population in the City of Grand Island has nearly doubled since 1960, rising from roughly 25,000 to roughly 50,000 in the last fifty years. And with the City of Grand Island representing roughly 83 percent of Hall County’s population, the County has not surprisingly experienced similar rates of growth as a whole. Absent a brief period of relatively sluggish growth in the 1980s – impacted by the 1980 tornado outbreak and the inhibited mobility of households in the wake of the inflationary 1970s and subsequent elevated interest rates of the 1980s – the community has continued to grow at a pace that exceeded the rate of growth experienced statewide.

Hall County added more than 6,600 new residents (11.0 percent growth) between 2002 and 2012. During this most recent decade, the community’s growth has outpaced that of all comparison communities; it grew at comparable or slightly elevated rates relative to its comparisons in the 1990s, and significantly exceeded their rates of growth in the 2000s. Buchanan and Woodbury counties – home to St. Joseph and Sioux City, respectively – both have considerably larger populations than Hall County yet they have experienced little to no net growth since 1970.

**FIGURE 1: POPULATION CHANGE (1992 – 2012)**

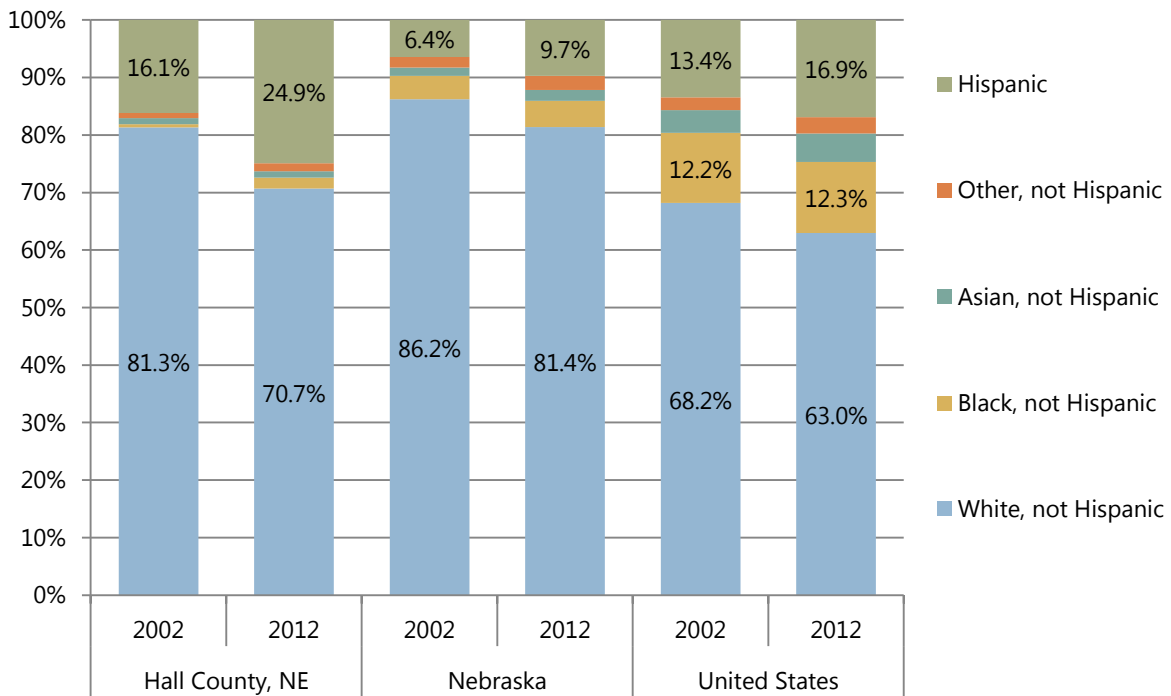
	<u>Population</u>			<u>1992 - 2002</u>		<u>2002 - 2012</u>	
	1992	2002	2012	Net Change	% Change	Net Change	% Change
Hall County, NE (Grand Island)	50,077	53,722	60,345	3,645	7.3%	6,623	11.0%
Buchanan County, MO (St. Joseph)	84,199	86,027	89,706	1,828	2.2%	3,679	4.1%
Saline County, KS (Salina)	50,984	54,157	55,988	3,173	6.2%	1,831	3.3%
Woodbury County, IA (Sioux City)	100,442	102,666	102,323	2,224	2.2%	-343	-0.3%
Nebraska	1,611,687	1,728,292	1,855,525	116,605	7.2%	127,233	6.9%
United States	256,514,224	287,625,193	313,914,040	31,110,969	12.1%	26,288,847	8.4%

Source: United States Census Bureau

As the population in Hall County has grown, so too has its diversity. Recall that, between 2002 and 2012, Hall County added 6,623 net new residents. Growth in the Hispanic population (6,339 net new residents) accounted for nearly 96 percent of all population growth in Hall County during this period. Very simply, the County’s growth in recent years can be almost exclusively attributed to the net influx of Hispanics. Over the same 10-year period, the white, non-Hispanic population decreased by 2.4 percent, consistent with trends experienced in all three comparison communities. While there has been growth in other minority populations, the Asian, Black, and other non-Hispanic ethnicities and races accounted for less than five percent of total population in Hall County in 2012. Nationally, one-fifth of the population is not white or Hispanic; statewide and in the other comparison counties studied, these non-Hispanic minorities averaged 8.8 percent of total population. So in fact, while Grand Island is an increasingly diverse

community, it is really a community of two demographics – whites and Hispanics. In 2002, the Hispanic population represented roughly 16 percent of all residents in Hall County. By 2012, the Hispanic share of population has grown to nearly 25 percent. By comparison, the Hispanic population represents between 5.7 and 14.2 percent of population in the three comparison communities, and just 9.7 and 16.9 percent of state and national population, respectively.

**FIGURE 2: CHANGE IN RACIAL AND ETHNIC COMPOSITION (2002 – 2012)**



Source: United States Census Bureau

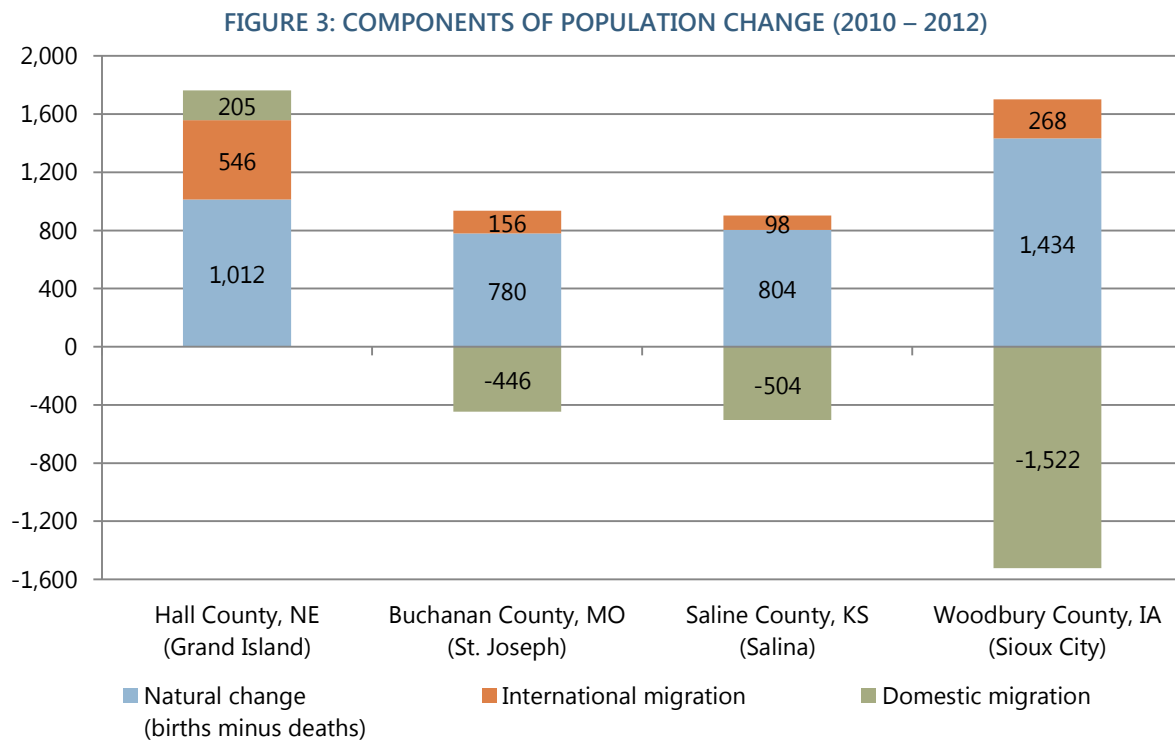
Throughout the public input phase, focus group participants and survey respondents demonstrated that they are aware of the community's rapidly-changing demographics and are mindful of how these changes are impacting the community in a variety of ways, from housing to classrooms to health care. **When surveyed, less than half of all residents agreed or strongly agreed with the statement that "Grand Island is an inviting and inclusive place that is welcoming to all races, ethnicities, and backgrounds."** However, most interestingly, Hispanics were actually more likely to agree with the statement than white, non-Hispanics, a result that is relatively atypical; in most cases, minorities tend to feel that their communities are less welcoming and inclusive than the average white resident. This is an encouraging finding.

Focus group participants most frequently discussed the ways in which population diversification is impacting three facets of the community: the school system, the work place, and health and social services. The rapid growth of the minority population is drastically changing the demographics of student populations at certain schools, and both language and cultural barriers present challenges for teachers and administrators that must adjust to a changing student population with varied needs. A diverse array of employers including but not limited to manufacturers reported that language barriers – principally a relative lack of English knowledge among some Hispanic residents – inhibits their employment prospects,

with limited choices among area employers and thereby limited opportunities for upward mobility. This has important implications for workforce availability, sustainability, and quality – topics that are discussed in greater detail later in this report.

Health care service providers also reported challenges associated with language and cultural barriers with both Hispanic and other international immigrant populations, barriers that inhibit their ability to provide adequate and preventative health care services. Among their greatest concerns related to changing demographics is the difficulty that some immigrant families reportedly have in understanding the country's health care system – copays and deductibles associated with health insurance, specifically. Providers were also concerned that preventative care, particularly for pregnant women, appears to be of less value to certain cultures. Absent this preventative treatment, health care professionals reported seeing patients wait until their health situation is more serious or more urgent, and accordingly, often more expensive. Providers also reported seeing more uninsured women from immigrant populations – women that may have previously been employed during their pregnancy and received health insurance, but who left their job later in pregnancy and therefore lost their insurance coverage.

Data covering the components of population change can help shed light on the relative scale of international immigration to Grand Island. There are two primary sources of population growth: natural change (births minus deaths) and net migration (number of new residents moving into the community minus the number of existing residents moving out of the community). Migration can be further broken into domestic migration (that which originates within the United States) and international migration (that which originates outside the United States).



In the early-mid 2000s, Hall County experienced a relatively consistent trend of annual net out-migration. This out-migration was counteracted by positive natural population growth. However, as the housing bubble burst nationwide and the national economy slipped into the Great Recession, Grand Island and Nebraska as a whole proved relatively resilient. The relative stability of the regional economy – a topic to be discussed in further detail in later sections – contributed to a reversal of the net out-migration that was witnessed in the early-mid 2000s. Between 2007 and 2010 there was a positive net in-flow of new residents. Although the pace of net in-migration has slowed in recent years, it remained positive from 2010 – 2012. Domestic in-migration accounted for roughly 12 percent of all population growth during this period, a time when all three comparison communities experienced net domestic out-migration.

**However, it is the relatively high levels of international in-migration that set Grand Island apart from its competitors.** Between 2010 and 2012, the community added 546 net new international in-migrants, more than double the level of any other comparison community. At this rate, the community is adding nearly 2,000 net new international immigrants each decade. This does not account for those who may have recently immigrated to another part of the country and then chose to relocate later to Grand Island – such individuals would be counted as domestic migrants by the United States Census Bureau.

Data from the Internal Revenue Service covering the previous place of residence for in-migrations can help shed light on where domestic migrants are relocating from in their moves to Grand Island. First and foremost, the data illustrates that much of the domestic migration to Hall County has come from surrounding, more rural locations in Nebraska; this is not surprising given the national trend of household movement from rural to urban areas, as families increasingly seek greater proximity to employment opportunities and amenities that are offered in more urban and metropolitan settings. The data also reveal that the community has attracted a net influx of residents from certain parts of Florida, particularly Miami-Dade County. Unlike some other migration flows, this is a relatively surprising finding on the surface. By and large, most communities across the country are characterized by a net outflow of residents to Florida as older residents flee their communities in favor of Florida's retiree-friendly communities, climate, and culture. We observe the opposite trend in Grand Island, as the community has seen a net inflow of workers from Florida that have sought out employment opportunities in and around Grand Island during a time when, as previously mentioned, Grand Island's economy was relatively resilient and Florida's construction and manufacturing sectors were still reeling from the Great Recession. In fact, it has been reported that JBS Swift, the community's largest employer, has actively recruited workers from Florida.

**Perhaps the most troubling aspect of the data covering the characteristics of in-migrants is their educational attainment levels; during this three-year period from 2010 – 2012, nearly one-quarter of all in-migrants to Hall County had not graduated high school (23.8 percent of in-migrants as compared to 16.2 percent of the entire adult population). Of the comparison communities, Hall County's in-migrants had the lowest educational attainment. Less than ten percent of in-migrants possessed a bachelor's degree or higher (as compared to 17.1 percent of the entire adult population).** In 2012 alone, roughly 40 percent of those that moved to Saline County (Salina, Kansas) had at least a bachelor's degree. In Woodbury County (Sioux City, Iowa) and Buchanan County (St. Joseph, Missouri), approximately 25 percent and 18 percent of in-migrants, respectively, held a bachelor's degree or higher. Across the state of Nebraska, more than 29 percent of in-migrants possessed a bachelor's degree or higher.

And so, while the community's positive rates of domestic and international in-migration demonstrate that the community is providing opportunity that are attractive to non-residents, the data covering educational attainment of in-migrants illustrates that it the community is attracting new residents that are actually considerably less educated than its current population. This has important implications for future business, economic, and workforce development. Although many jobs in the community do not require a college education, and in fact, may only require on-the-job training, the educational attainment levels of in-migrants and the existing population will serve as an inhibitor to future economic diversification efforts that seek to grow high-wage employment opportunities in a variety of different sectors. Before discussing the issues of economic transition and workforce preparedness, it is important to establish some baseline knowledge about the community's economic growth and performance that coincided with the previously discussed period of residential growth and diversification. The following section will briefly review the community's economic performance, examining the historically low unemployment rates that reflect a stable economy but one that is characterized by a particularly tight labor market.

## ECONOMIC RESILIENCE IN TIMES OF TURBULENCE: OBVIOUS BENEFITS BUT CONCEALED CHALLENGES

The relatively robust population growth documented in the previous section can be attributed to the community's economic growth; Hall County added nearly 4,400 jobs between 2003 and 2013. The county was able to weather the recession better than any of the comparison communities, with employment actually expanding by 3.6 percent between 2008 and 2013, a five-year period that corresponds with the national recession and subsequent recovery. As of early 2014, the nation has still yet to recoup all jobs lost since the onset of the Great Recession. Many other communities continue to recover slowly but Grand Island, and to a lesser degree the state of Nebraska, has continued to expand during a time of national economic turbulence. **In fact, between 2008 and 2013, Hall County captured 36 percent of all job growth across the state of Nebraska.**

FIGURE 4: JOB GROWTH (2003-2013)

	<u>Total Number of Jobs</u>			<u>Recession &amp; Recovery (2008 - 2013)</u>		<u>Ten-Year Change (2003-2013)</u>	
	2003	2008	2013	Net Change	%	Net Change	%
Hall County, NE (Grand Island)	34,053	37,117	38,450	1,333	3.6%	4,397	12.9%
Buchanan County, MO (St. Joseph)	47,183	52,552	50,231	-2,321	-4.4%	3,048	6.5%
Saline County, KS (Salina)	33,673	33,910	32,871	-1,039	-3.1%	-802	-2.4%
Woodbury County, IA (Sioux City)	55,431	57,484	56,981	-503	-0.9%	1,550	2.8%
Nebraska	1,011,443	1,058,858	1,062,601	3,743	0.4%	51,158	5.1%
United States	144,264,213	151,760,883	149,927,264	-1,833,619	-1.2%	5,663,051	3.9%

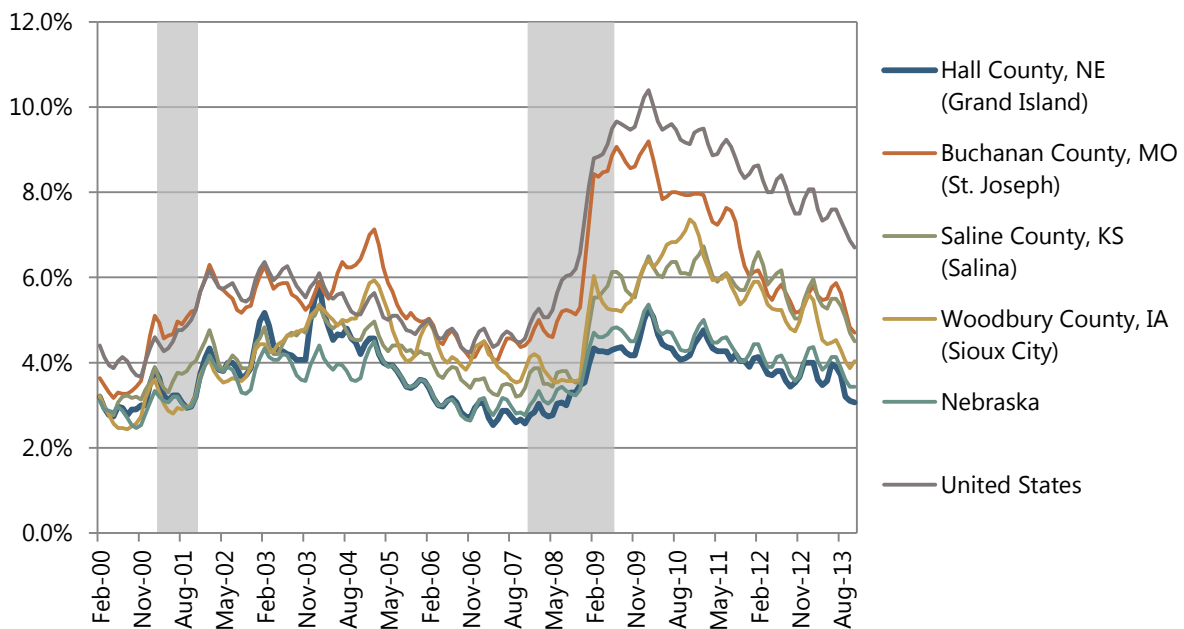
Source: Economic Modeling Specialists, Inc. (EMSI)

Although they face a number of potential impediments to future expansion – workforce availability at the top of the list – existing businesses report strong growth prospects. Of those responding to the community survey that indicated that they were managers, executives, or business owners, nearly two-thirds (64.5

percent) felt that it was likely or highly likely that their business would add employees in the next five years in the Grand Island area. Roughly one third (33.1 percent) indicated that their business would likely be seeking new commercial or industrial space to support expansion in Grand Island in the next five years.

Since the onset of the recession, Hall County's unemployment rate has never exceeded 5.4 percent. All other comparison communities had higher peak unemployment rates – Buchanan County at 9.3 percent, Woodbury County at 7.7 percent, and Saline County at 6.9 percent. Nationwide, unemployment peaked at 10.6 percent. Additionally, while some communities reported declining labor forces, especially during the Great Recession, Hall County actually saw its labor force continue to grow. Other communities nationwide experienced relatively low unemployment rates similar to Hall County, however, these low rates could often be attributed to a declining labor force as unemployed individuals quit actively looking for work. Hall County's unemployment rate accurately reflects the labor market's position – one that is near full employment and in fact, according to input from some employers, is actually employing individuals that are not fully qualified for positions given the relative lack of available workers (a topic to be further discussed). Full employment refers to a position in which all employable individuals that are actively seeking work are able to find work. At this full employment level, there is a natural rate of unemployment that comes from new workers entering and exiting the labor market, and individuals that are looking for a job that matches their skills.

**FIGURE 5: UNEMPLOYMENT RATE (THREE-MONTH MOVING AVERAGE, NOT SEASONALLY ADJUSTED)**



Source: Economic U.S. Bureau of Labor Statistics

Note: Gray bars indicate periods of national economic recession

As will be discussed several times throughout this report, the community's historically low unemployment rate is viewed by many as both "a blessing and a curse." First and foremost, the simple fact that a comparatively large percentage of residents were able to maintain their employment status during the Great Recession implies that Grand Island's workers continued to receive wage income at a time when

many of their counterparts nationwide lost their primary source of income. Accordingly, we should expect that the community will also be blessed in the sense that its residents should not face the same challenges that accompany economic recession and rising unemployment – and collectively, the community should not face them on the same scale – as their counterparts nationwide. Increases in poverty, social assistance, household debt, foreclosure, and even crime are among the many negative outcomes for families and communities that tend to accompany periods of prolonged economic distress and heightened unemployment. **Given the fact that unemployment did not rise nearly as significantly during the Great Recession as what was experienced in the three comparison communities and nationwide, we should expect that Grand Island’s households fared relatively well on some of these basic measures – income and poverty chief among them – during the period of recession and subsequent recovery.**

Unfortunately, we observe the exact opposite. The community’s residents experienced below average income growth and above average increases in poverty. The logical explanation for this seemingly illogical trend is three-fold. First, wages are not rising as fast in Grand Island as they are elsewhere, suppressing income growth. Second, the recession and what relatively little unemployment accompanied it in Grand Island has disproportionately impacted those at the lowest end of the wage and income scale. And third, as previously discussed, the community’s in-migrants are, on average, not particularly well educated and thus, are not supporting employment opportunities in occupations paying above average wages. All of these three contributing factors are connected by a single common thread: the fact that employment growth has been, by and large, concentrated in sectors paying below average wages. This topic – the composition of Grand Island’s economic growth – will be examined in greater detail in the next section.

**FIGURE 6: PER CAPITA INCOME AND POVERTY RATES (2007 – 2012)**

	<u>Per Capita Income (2007 - 2012)</u>			<u>Poverty Rate (2007 - 2012)</u>		
	2007	2012	Change	2007	2012	Change
Hall County, NE (Grand Island)	\$35,863	\$38,972	8.7%	11.5%	15.9%	4.4%
Buchanan County, MO (St. Joseph)	\$31,063	\$35,587	14.6%	15.2%	19.2%	4.0%
Saline County, KS (Salina)	\$36,608	\$41,070	12.2%	10.0%	15.3%	5.3%
Woodbury County, IA (Sioux City)	\$32,655	\$36,968	13.2%	14.3%	16.5%	2.2%
Nebraska	\$38,443	\$45,012	17.1%	11.1%	12.8%	1.7%
United States	\$39,804	\$43,735	9.9%	13.0%	15.9%	2.9%

Source: Bureau of Economic Analysis; United States Census Bureau

The fact that Grand Island’s residents did not enjoy the same prosperity as their counterparts in competing regions in recent years – despite a more resilient economy with more stable employment – is a troubling finding. However, it cannot be misconstrued as worse than the alternative: sluggish income growth and elevated poverty as a result of greater unemployment. And it should be viewed in the appropriate context: prior to the onset of the national recession in 2007, per capita income in Grand Island (Hall County) exceeded the levels observed in two of its three comparison communities (St. Joseph and Sioux City) while poverty remained was considerably less prevalent. But the fact remains that in the last five years, despite better employment prospects, the well-being of individuals and families in Hall County (as measured by



incomes and poverty) has been more severely impacted than that of the average individual or family across the state and nation.

The relative resiliency of the Grand Island, Central Nebraska, and state economies can be partially attributed to their heavy association with agriculture – both crop and animal production, as well as agriculture-related machinery production and animal processing. Although these sectors are heavily influenced by factors such as commodity prices, climate and drought conditions, foreign competition, and a variety of other issues, they are for the most part insulated from larger business cycle fluctuations. Very simply, food is always in demand. The next section will examine the composition of Grand Island's economy in greater detail, focusing on agriculture and manufacturing, as well as a diverse array of other sectors that are fueling job growth and hold prospects for future economic diversification and wealth creation. As the preceding and forthcoming discussions will reveal, the community must prepare itself for higher-wage job growth if it seeks to improve the most basic measures of human well-being: incomes and poverty.

## ECONOMIC EVOLUTION: THE CHANGING COMPOSITION OF JOBS

Although most associate Grand Island with agriculture and manufacturing, it is a much more diverse economy than many might expect. In fact, agriculture and manufacturing account for roughly one in five jobs (21 percent) in the county. During the last ten years, growth has occurred in a wide variety of sectors but, as previously mentioned, much of that growth has been concentrated in relatively low wage sectors, depressing income growth in the community. The growing population in Hall County and surrounding areas has generated consistent growth in demand for retail, food service, entertainment, and health care. Grand Island, as the largest community in the region, has captured much of this demand, and accordingly, much of the associated growth in jobs and tax revenues.

The table that follows illustrates the composition of Grand Island's (Hall County's) economy at a relatively high level, examining job growth, relative concentration, and average wages in 20 broad sectors of the economy. It is sorted by location quotient (LQ), a standard measure of the relative concentration of employment in a given sector. A location quotient measures the percentage of a community's total employment in a given sector, divided by that same sector's share of national employment. Any location quotient with a value greater than 1.0 is more highly concentrated in that community than the average American community; it represents a relatively large share of the community's economy. Particularly high location quotients are often a sign that a certain sector or type of business activity derives some form of competitive advantage from locating in that community. Examples of sources of competitive advantage include but are by no means limited to business considerations such as transportation costs and proximity to end markets, a specialized labor pool, a favorable tax climate, or proximity to suppliers or research and development collaborators. These potential sources of competitive advantage – often referred to as site selection factors or site location considerations – will be explored further in a later section of this report.

**MANUFACTURING:** What is evident in the table that follows is the simple fact that certain manufacturers clearly derive some form of competitive advantage from being located in Grand Island and Central Nebraska. With a location quotient of 2.35, the sector's share of total county employment is more than two times that of the average American community (19.0 percent vs. 8.1 percent). What is most remarkable,



however, is that manufacturing in Hall County has actually grown quite substantially during a time when manufacturing's decline nationwide has been well documented. Between 2003 and 2013, manufacturers added nearly 1,200 jobs, expanding by approximately 19 percent. Nearly one quarter of all jobs added over the 10-year period were located in the manufacturing sector, resulting in the sector becoming slightly more concentrated in Grand Island over time, as measured by its share of total employment. With the exception of Buchanan County (St. Joseph), which experienced equally remarkable growth in manufacturing, all other comparison communities have reported manufacturing losses over the past 10 years. Saline County (Salina) has an almost equally concentrated manufacturing sector (LQ of nearly 2.0), however, its manufacturing workforce has declined by 13 percent since 2003, consistent with national trends. **The continued growth of manufacturing Grand Island is a truly remarkable feature of its economy, one that sets it apart from the overwhelming majority of communities nationwide.**

**FIGURE 7: ECONOMIC COMPOSITION – JOB GROWTH AND WAGES BY SECTOR (2003-2013)**

	Hall County, Nebraska						United States	
	Location			Net	%	Average	%	Average
	Quotient	Jobs	Jobs	Change,	Change,	Annual	Change,	Annual
Sector	(2013)	(2003)	(2013)	Jobs	Jobs	Wage	Jobs	Wage
				(03-13)	(03-13)	(2014)	(03-13)	(2013)
Agriculture, Forestry, Fishing, Hunting	1.68	985	800	-185	-19%	\$35,873	-3%	\$31,769
Mining, Quarrying, Oil/Gas Extraction	0.08	<10	17	--	--	\$35,340	60%	\$114,441
Utilities (private only)	0.22	21	31	10	48%	\$59,359	-5%	\$128,493
Construction	1.01	1,971	1,983	12	1%	\$39,360	-13%	\$54,472
Manufacturing	2.35	6,130	7,324	1,194	19%	\$39,560	-17%	\$75,776
Wholesale Trade	0.99	1,335	1,492	157	12%	\$52,331	1%	\$78,889
Retail Trade	1.28	5,090	5,116	26	1%	\$22,715	-1%	\$33,199
Transportation and Warehousing	1.33	1,268	1,652	384	30%	\$42,179	7%	\$57,478
Information	0.40	358	288	-70	-20%	\$37,483	-15%	\$99,827
Finance and Insurance	0.83	1,567	1,317	-250	-16%	\$46,025	-1%	\$104,167
Real Estate and Rental and Leasing	0.49	283	310	27	10%	\$32,459	-5%	\$52,322
Professional and Technical Services	0.35	805	839	34	4%	\$43,250	18%	\$89,950
Mgmt. of Companies and Enterprises	0.82	101	433	332	329%	\$40,793	25%	\$129,778
Administrative and Support Services	0.81	1,174	1,902	728	62%	\$24,179	9%	\$38,989
Educational Services (private only)	0.24	177	232	55	31%	\$20,489	25%	\$43,813
Health Care and Social Assistance	0.89	3,573	4,227	654	18%	\$38,086	25%	\$53,701
Arts, Entertainment, and Recreation	0.63	334	395	61	18%	\$15,915	11%	\$35,448
Accommodation and Food Services	0.91	2,550	2,856	306	12%	\$13,001	16%	\$21,130
Other Services	1.02	1,509	1,923	414	27%	\$19,235	2%	\$28,827
Government (inc. public util. & educ.)	0.86	4,815	5,313	498	10%	\$41,151	2%	\$68,301
Total, all sectors		34,053	38,450	4,397	13%	\$33,960	4%	\$57,947

Source: Economic Modeling Specialists, Inc.

Data for all sectors (except "Government") covers private sector employment only. Accordingly, public utilities, public health services, and public education are included in "Government" employment.

Several manufacturing subsectors have strengthened over the past decade. Animal slaughtering and processing – driven by the presence of JBS Swift – has continued to expand, growing by roughly 25 percent in the last ten years. As of 2013, the subsector accounted for roughly eight percent of all jobs in the county.

The agriculture, construction, and mining machinery manufacturing subsector – supported by the presence of numerous large and small employers in the community – has also experienced significant growth since 2003, adding more than 900 jobs. As of 2013, it accounts for nearly four percent of all jobs in the county.

The subsector for “other fabricated metal product manufacturing” – which captures many of the community’s custom fabricators and manufacturers – has also strengthened its presence in the area. While it accounts for roughly two percent of all jobs – less than the other two subsectors – the workforce has nearly quadrupled since 2003, adding more than 600 jobs. Some of this growth may be attributed to a reclassification of employees, a topic that will be examined in the second phase of the research process which examines economic composition in greater detail. Employment in plastics product manufacturing decreased by nearly 500 jobs during the same period and it is possible that some employees were reclassified in facilities producing custom products from both metals and plastics.

Although there has been significant growth in manufacturing jobs, the data reveal that manufacturing in Grand Island is exceptionally low-wage relative to the manufacturing sector nationwide. A common misperception nationwide is that manufacturing is a predominantly low-wage, low-skill sector. While this is certainly true for many manufacturing subsectors – including but not limited to one of Grand Island’s largest subsector (animal slaughtering and processing) – it could not be farther from the truth for many other production-oriented occupations that require specialized training and education. Across the United States, the average annual earnings of a manufacturing employee (including wages, salaries, and bonuses but not benefits) exceeded \$75,000 in 2013. In Hall County, the prevailing average wage was \$39,560. Again, this heavily reflects the types of manufacturing occupations that are contained within Hall County. However, it is important to acknowledge that manufacturing wages remain well above the county’s average for all sectors (\$33,960).

**TRANSPORTATION AND WAREHOUSING:** Where there is robust manufacturing activity, there is often robust transportation and warehousing capacity. Manufacturers need to be able to transport and store both inputs and finished products with ease. Given the relative strength of the manufacturing sector in Hall County, it is no surprise that transportation and warehousing employment has expanded considerably as well. The sector has added 384 new jobs since 2003, growing at a pace (30 percent) that far outpaces that of transportation and warehousing employment nationwide (seven percent). Railroad networks are important assets for Grand Island and the state of Nebraska, supporting the transport of goods with relatively large volume and weight to value ratios.

**AGRICULTURE:** As previously mentioned, although agriculture is not tied as closely to typical business cycles as most other sectors it is inevitably tied to climate, drought conditions, and resulting commodity prices, among many of factors, which affect the market’s production. The Midwest, including in and around Hall County, was in a state of extreme or exceptional drought during times of 2012 and 2013. As such, employment in agriculture for the third quarter in 2013 was considerably lower than it has been in recent years. Agricultural employment expanded between 2007 and 2012, increasing by 14 percent, but in 2013, there was an over-the-year loss of 17 percent to its workforce. So far, in 2014, the area has seen conditions that have mostly ranged from abnormally dry to a moderate drought. Overall, the sector employs roughly 800 individuals in the county.

Focus group participants representing the agriculture sector expressed concerns regarding the general public's lack of knowledge about agriculture, existing workforce shortages, and the declining interest in the agricultural field due to perceptions of farming becoming more antiquated. These concerns are remarkably similar to those shared by manufacturers, both those in Grand Island and those nationwide. **This underscores a particular challenge for Grand Island and other communities with strong agricultural and manufacturing dependence: their economy is comparatively concentrated in sectors that are reliant on occupations that many young people are not particularly interested in pursuing, exacerbating existing concerns about impending retirements, workforce shortages, and the workforce sustainability in the decades to come.**

Although the relationship between agriculture and the community's manufacturing sector is clear, the economy's tie to agriculture and manufacturing extends beyond these sectors. They both support demand for transportation and warehousing services as products are exported outside of the region. The wholesale trade sector is also heavily tied to the commodities produced in and around Central Nebraska. And the various sectors that are related to and supportive of tourism (including arts, entertainment and recreation; accommodation and food service; and retail trade) benefit greatly from events that are tied to the community's agricultural roots – events such as the State Fair, Husker Harvest Days, and livestock shows.

**RESIDENT- AND TRAVELER- SUPPORTING SECTORS (RETAIL; FOOD SERVICE; ACCOMODATION; ARTS, ENTERTAINMENT, AND RECREATION):** Given its status as the largest population center within Central Nebraska, Grand Island is not surprisingly a magnet for retail and food service expenditures from surrounding communities that have fewer options to offer consumers. The community's retail location quotient of 1.28 is a sign that there is a relatively high concentration of retail employment and activity in Hall County relative to the average American community. Very simply, this additional concentration of employment is due to the community's ability to attract the aforementioned expenditures from surrounding residents, in addition to the retail expenditures from the county's own residents.

Despite this position of strength and a growing regional population, retail has not experienced significant employment growth over the course of the last decade in Grand Island. Retailers in Hall County added roughly 450 jobs between 2003 and 2008, but depressed consumer confidence and spending resulted in declining retail employment in Grand Island and across the United States during the Great Recession. By 2012, all of those gains from 2003 – 2008 were erased. Some uptick in hiring in retail has been evident in 2013, indicative that consumer expenditures in the region have rebounded. It is reasonable to expect that the community's retail sector will continue to exhibit employment growth in the coming years.

Employment at establishments engaged in accommodation (hotels, motels, etc.) and food service increased by 12 percent between 2003 and 2013. While there was some downward pressure on traveler expenditures (both business and leisure) during the Great Recession, in addition to the previously mentioned depression of consumer expenditures on retail and food service, much of the sector's employment growth has actually occurred in the last three years. This growth coincides with the relocation to and opening of the State Fair in Grand Island in 2010, and the accompanied construction of new facilities at Fonner Park and elsewhere throughout the community.

As with accommodation and food services, the arts, entertainment, and recreation sector had minimal gains in the early part of the 2000s, but between 2010 and 2013 it has experienced employment growth of

21.5 percent, adding more than 60 jobs. Again, this coincides with the aforementioned growth of facilities and events at Fonner Park and elsewhere in the community, are likely reflects the impact of new jobs associated with the launch of the Nebraska Danger. A wide variety of events and activities have buoyed tourism in Grand Island. In addition to the State Fair and the many forms of travel and tourism that are associated with Fonner Park and its state-of-the-art facilities, the National 4-H Shooting Sports Invitational has committed to the Heartland Public Shooting Park through 2016. Other annual events such as Husker Harvest Day and the spring crane migration complement assets such as the Stuhr Museum.

Input from individuals engaged in travel- and tourism-related sectors cited poor communication and a lack of unity among stakeholders to successfully market the community's assets as factor's hindering the community's ability to reach its potential from a tourism standpoint and maximize the economic and fiscal impact of traveler expenditures. Hoteliers cited double booking of events in the past which resulted in many visitors having to turn outside the community to find available rooms during these periods. However, survey respondents from the business community evaluated tourism marketing and promotion favorably, with 35.5 percent feeling that such efforts had been successful or very successful as compared to 18.4 percent feeling that they have been unsuccessful or very unsuccessful (46.1 percent feeling that they have been "average." Residents also frequently mentioned a desire to see the community's greatest tourism assets – particularly the facilities at Fonner Park – utilized to their full potential.

**HEALTH CARE SERVICES:** Health care is another example of a sector that is predominately local- and regional-serving; that is to say, services are primarily consumed by local residents, thereby recycling local income. Most economic development strategies target export-oriented sectors that sell goods and services to businesses and consumers outside the community, thereby bringing new income and wealth to the community. However, like the community's retail sector, the capacity and quality of Grand Island's health care sector is capable of attracting expenditures from non-residents located in surrounding communities. Despite this position, employment is not particularly concentrated in health care in Hall County (LQ = 0.83) and growth has trailed the national rate of expansion in the last ten years. Across Hall County, health care employment expanded by 18 percent over the 10-year period (2003 – 2013), contributing approximately 650 new jobs to the area. Nationally, employment in the health care sector grew by 25 percent between 2003 and 2013 and statewide employment grew by 21 percent. Comparatively, Buchanan County's health care employment increased by 23 percent, while the health care sector in Saline and Woodbury counties grew little – by four and two percent, respectively. This partially reflects these communities' comparatively slower population growth rates.

Although the average annual wage for health care and social assistance professionals in Grand Island is nearly \$16,000 below the national average (roughly \$38,086 vs. \$53,701), these wages are more than \$4,000 higher than the community's average across all sectors (\$33,960) and the earnings gap between health care professionals in Grand Island and the average American community (-\$15,615) is not as large as what is seen across the entire economy (-\$23,987).

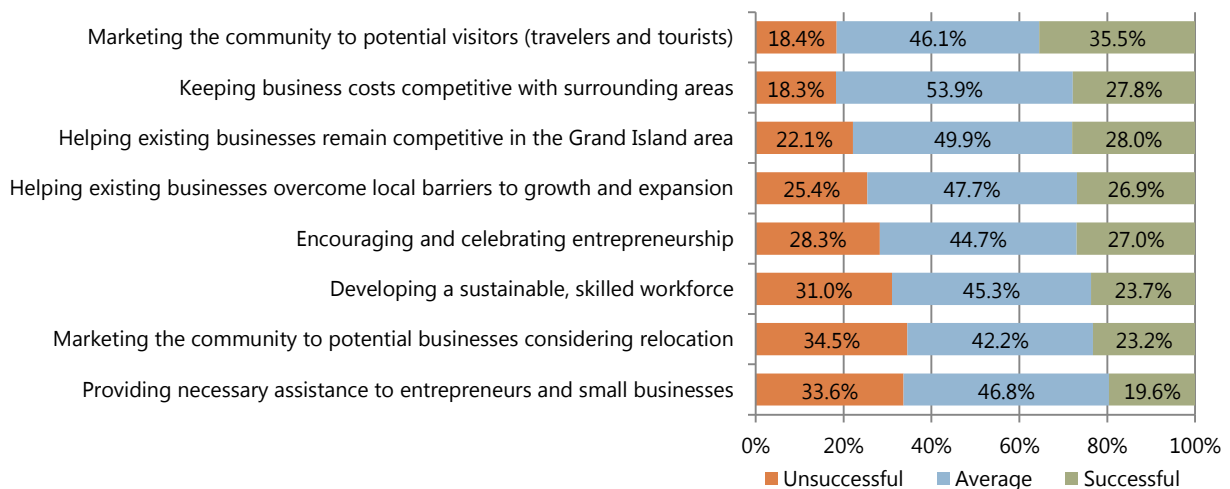
Saint Francis Medical Center has over 1,000 employees and it has continued to add on to its excellent facilities and services. Grand Island residents reported that they are able to meet their health care needs in the area because of the recent developments in the areas of cancer, heart, and spine treatments, among

others. The Cancer Treatment Center has received several awards and was frequently mentioned as one of the community's top health care assets.

Although Grand Island has made some recent positive developments in the health care sector, there have also been some real losses – most noteworthy, the Veterans Home. While there is still hope among some community leaders that the Veterans Home can remain in Grand Island, its impending relocation to Kearney is nearly certain. This move will take roughly 350 jobs with it. Quite frankly, the loss of the Veterans Home has caused much anger and embarrassment among the community's residents, not simply due to the pride that they have in the facility and its history in Grand Island, but also due to an abundance of negative press that the city received as a result. Although the loss of the Veterans Home stirred up emotions, there was consensus to move forward with other opportunities that could bring positive value to the community. As one input respondent said, "...start researching what the land can be re-used for that will generate jobs, tax revenue, and positive press."

**STRATEGIC BUSINESS DEVELOPMENT FOCUS:** The forthcoming Target Sector Analysis in the second phase of the research process will examine Hall County's economic composition in significantly greater detail, identifying those business sectors with the potential to drive future job and income growth in the community in the years and decades to come. Residents have expressed a desire to see a greater emphasis on the attraction of new businesses in a diverse array of sectors. In particular, there was a desire among most residents to see more "white collar" jobs brought to the community. This is partially motivated by the loss of younger generations that leave Grand Island for college and don't return because of the shortage of jobs that align with their field of study and areas of interest. Residents would like to continue to strengthen the manufacturing and agriculture roots that have traditionally driven the local economy, but they would also like to see continued diversification in terms of job opportunities. They acknowledge and appreciate the growth that has occurred in areas such as health care, retail, and tourism-related sectors, but would like to see greater growth in areas such as finance and insurance, professional services (accounting, legal, marketing, engineering, etc.), and other forms of corporate operations.

**FIGURE 8: SURVEY RESULTS – "PLEASE INDICATE THE DEGREE TO WHICH YOU BELIEVE THAT THE COMMUNITY HAS BEEN SUCCESSFUL IN THE FOLLOWING AREAS."**



Source: *Market Street Services*; Grand Island Business Development Survey (2014)

Question was presented to 556 individuals that self-identified themselves as owners, executives, or managers at their place of employment.

Residents and business owners would also like to see greater focus on small business assistance, acknowledging that many of Grand Island's largest, most successful, and most community-supportive employers are those that were "home grown" by resident entrepreneurs. But without question, the overwhelming majority of survey respondents, focus group participants, and interviewees cited workforce quality, availability, and sustainability as the community's greatest economic and business development **concern**. The following section will explore these concerns, their magnitude, and their impact in greater detail.

## WORKFORCE QUALITY, AVAILABILITY, AND SUSTAINABILITY

As previously mentioned, existing employers overwhelmingly cited workforce quality, availability, and sustainability among their principal concerns related to their local growth prospects. When asked to identify the greatest challenge facing the community from an economic development standpoint, the most frequently mentioned words include many related to these issues: workforce, quality, workers, skilled, young, professionals, and many others.

FIGURE 9: SURVEY RESULTS – “FROM THE STANDPOINT OF ECONOMIC DEVELOPMENT, WHAT DO YOU BELIEVE TO BE THE BIGGEST CHALLENGE FACING GRAND ISLAND AS IT SEEKS TO GROW QUALITY JOBS THAT ELEVATE STANDARDS OF LIVING FOR ITS RESIDENTS?”



Source: *Market Street Services*; Grand Island Business Development Strategy (2014)

Question was presented to 556 individuals that self-identified themselves as owners, executives, or managers at their place of employment. The most frequently mentioned words are displayed in the largest font, with smaller words appearing less frequently in survey responses.

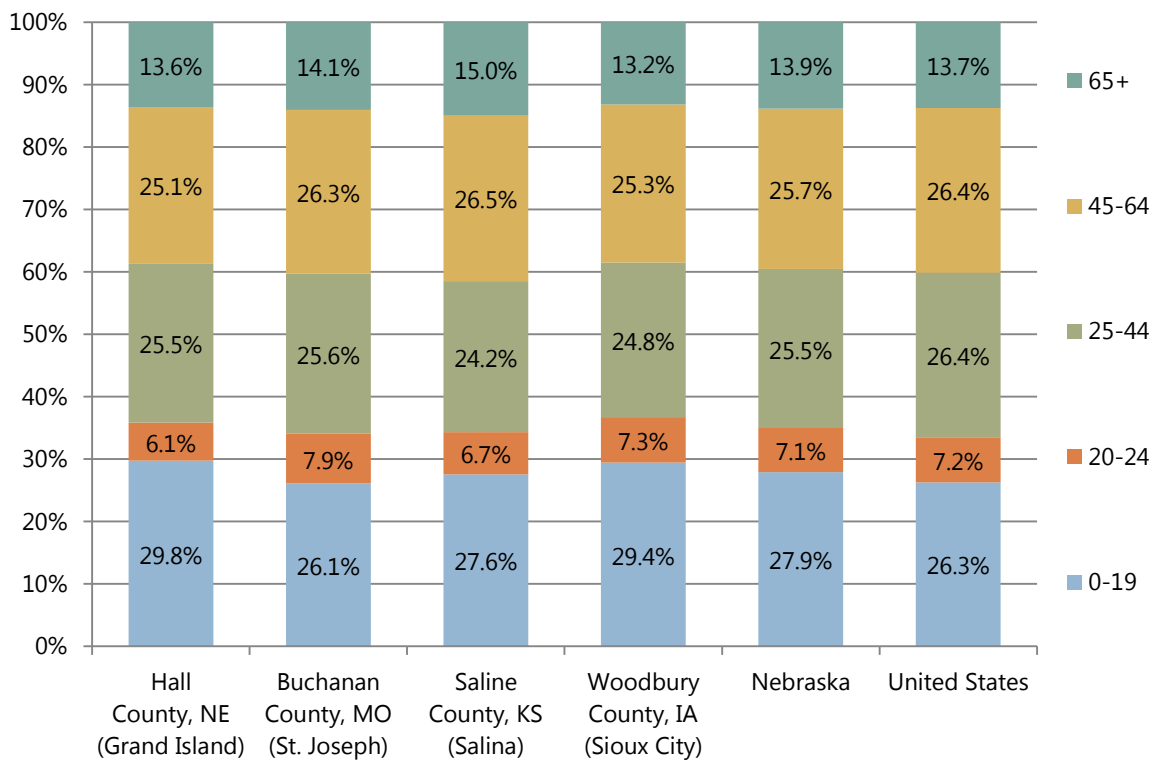
The reality is that Grand Island is not alone when it comes to concerns regarding its current and future workforce. Employers and communities across the nation are preparing and planning for the impending retirement of Baby Boomers and the effect that it will have on their business and local economies. As older employees retire, communities will need to supply enough younger workers to replace them or be able to attract more new workers to the community to balance out the loss of retirees. As seen nationally, this

situation is not isolated to a few select business sectors; however, it is intensified in certain sectors that our nation's youth seems to find less attractive or interesting, such as manufacturing and agriculture.

Nationwide, the percentage of the population aged 45-64 (those at or approaching retirement age in the coming decade) represent an equal share of the workforce (26.4 percent) as the population aged 25-44 (the pipeline of younger workers that will be expected to replace retirees and assume more senior positions). Many communities across the country find themselves in an unfortunate position where the younger pipeline is smaller than the cohort capturing Baby Boomers and impending retirees. Nationally, we overcome any potential shortages from a disadvantageous age composition associated with Baby Boomer retirements in two ways: consistent international immigration and comparatively higher labor force participation rates among the younger cohort. Along these lines, communities with disadvantageous age composition can overcome any potential shortages that may arise from impending retirements by attracting more new residents than they lose (positive net in-migration, either domestic or international).

The percentage of Hall County's population that is between the ages of 25 and 44 (25.5 percent) is slightly larger than the share aged 45 to 64 (25.1 percent), a positive attribute from the standpoint of workforce sustainability. All three comparison communities possess disadvantageous age dynamics. **If and only if Grand Island can successfully retain these younger workers, it will be in a position of strength relative to its competition in terms of the demographic sustainability of its workforce.**

FIGURE 10: AGE DISTRIBUTION (2012)



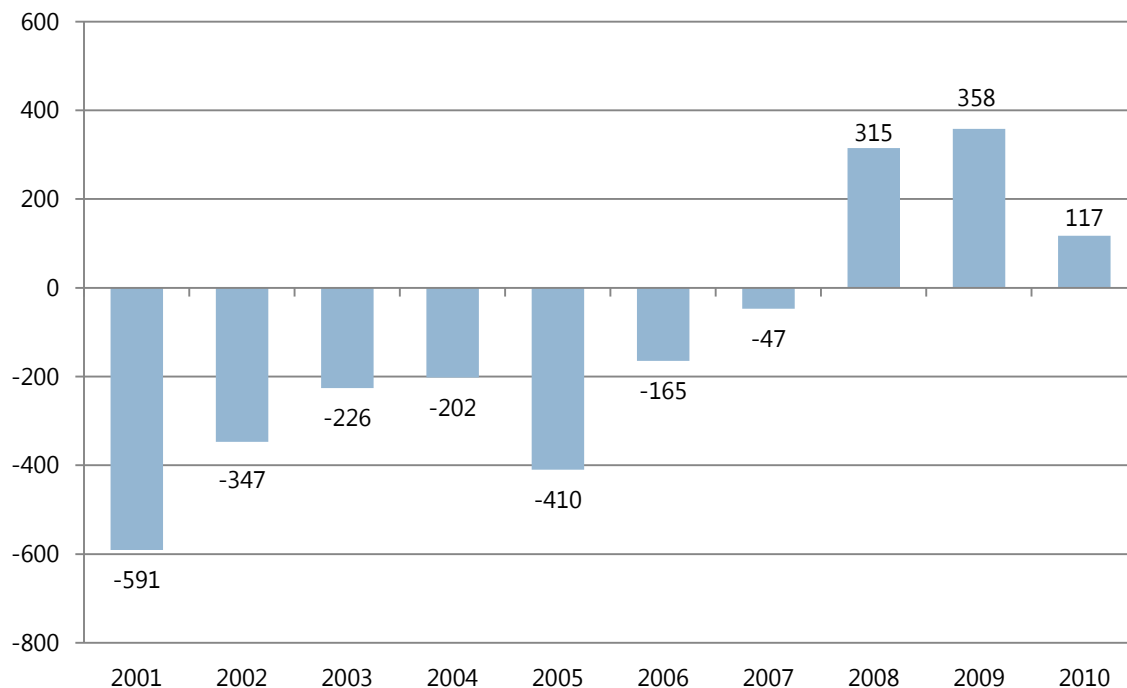
Source: United States Census Bureau



However, resident and employer feedback indicated that Grand Island struggles to retain its younger workers, and struggles to attract former high school graduates to return to the community after attending college outside of the region. As evident in the age composition graph, Hall County, at 6.1 percent, has the smallest percentage of residents between the ages of 20 and 24, and is the only county analyzed that did not have a significant four-year college presence. Buchanan County had the highest percentage of its population within that age group at 7.9 percent, while Saline County had the lowest (after Hall County) with 6.7 percent of its population in that cohort. When examining the median age of in-migrants between 2010 and 2012, it is evident that Hall County's in-migrants were older than those migrating to Saline and Woodbury counties.

As mentioned previously, the positive net in-flow of new migrants in recent years was tied to the strong economy in Hall County and the relatively ample supply of jobs during a time of national economic downturn. But for several years in the early part of the decade, Hall County consistently experienced out-migration, and the most recent data from the Internal Revenue Service and the United States Census Bureau show that rates of net in-migration are likely trailing off. Once data for 2011 and 2012 is released by the Internal Revenue Service, it is possible that Grand Island will have returned to a position of net out-migration. It will be important for the community to follow this indicator as it reveals a great deal about the health and attractiveness of a community. **Maintaining high rates of net in-migration and retaining the workforce currently in the area will be critical to overcoming any potential shortages associated with the retirement of Baby Boomers in specific sectors.**

FIGURE 11: ANNUAL NET MIGRATION (2000 – 2010)



Source: Internal Revenue Service



The table that follows displays the percentage of workers aged 55 and over for twenty different business sectors in Hall County as compared to the national average. This helps provide perspective regarding those sectors that are most susceptible to impending retirements, and how this susceptibility compares to that same sector in the average American community. The data illustrate that many of the community's largest economic engines are among the least susceptible to impending retirements – a very positive finding. This includes but is not limited to manufacturing, administrative and support services (which includes subsectors such as call centers), and tourism-related sectors such as accommodation and food services, and arts, entertainment, and recreation. These sectors are also among those with the strongest relative position when compared to the average American community. Those that are most susceptible to impending retirements include private educational services and government, with government capturing many teachers and administrators in public education. Agriculture is the most susceptible to impending retirements; incredibly, more than one-third of its workers are age 55 or older, as compared to one-quarter of the national agriculture workforce. **Employers participating in public input cited shortages in a wide variety of fields from welders and machinists to nurses and translators.**

**FIGURE 12: WORKFORCE APPROACHING RETIREMENT – % OF WORKERS AGE 55+ BY SECTOR (2013)**

		Hall County, NE (Grand Island)	United States	Difference
Most vulnerable to impending retirements	Agriculture, Forestry, Fishing and Hunting	33.6%	25.0%	8.6%
	Real Estate and Rental and Leasing	30.3%	26.7%	3.6%
	Government	28.0%	23.3%	4.8%
	Educational Services (Private)	27.5%	24.0%	3.5%
	Transportation and Warehousing	26.0%	22.6%	3.4%
	Utilities	24.6%	24.8%	-0.1%
	Wholesale Trade	24.1%	21.3%	2.8%
	Finance and Insurance	24.0%	18.9%	5.0%
	Other Services (except Public Administration)	23.6%	25.3%	-1.6%
	Health Care and Social Assistance	23.2%	21.5%	1.7%
Least vulnerable to impending retirements	Retail Trade	22.7%	18.4%	4.3%
	Management of Companies and Enterprises	22.0%	18.9%	3.1%
	Professional, Scientific, and Technical Services	21.9%	20.8%	1.1%
	Construction	19.5%	18.2%	1.3%
	Arts, Entertainment, and Recreation	19.0%	19.4%	-0.4%
	Manufacturing	17.2%	22.1%	-4.9%
	Administrative and Support Services	14.0%	17.7%	-3.6%
	Information Services	12.8%	15.8%	-3.0%
	Accommodation and Food Services	10.6%	10.9%	-0.3%
	<b>Total</b>	<b>21.5%</b>	<b>20.3%</b>	<b>1.2%</b>

Source: Economic Modeling Specialists, Inc. (EMSI)

And so, with all of the available data on age composition and migration trends indicating that Grand Island is *not* in a particularly disadvantageous position when it comes to the sustainability of its workforce in the coming decade, it is reasonable for one to wonder why workforce shortages are so frequently mentioned by employers in the community. Very simply, the answer appears to lie in two apparent imbalances: first, an imbalance between skills supplied and skills demanded, and second, an

**imbalance between the in-migration required to filled positions, and the in-migration (or rather, net out-migration) that has characterized the community.**

Typically, a community with a significant skills mismatch would be characterized by relatively high rates of unemployment. However, this is also not the case in Grand Island. Many employers indicated that they must invest heavily in on-the-job training while facing high rates of turnover and absenteeism. Some indicated that they struggle with these issues of turnover and absenteeism, among other issues, but overall, employers viewed the community's collective work ethic as a strength. Most employers reported that they are currently hiring and anticipate future hiring, with many indicating that they "are always hiring skilled employees." One participant added, "Everybody I know is looking for people (workers)." Another referenced their use of contract and temporary workers as a "try before you hire" approach. Clearly, employers are having difficulty finding the right employees, and in some cases feel that they must compromise and train extensively or even automate certain functions like welding in order to simply meet the demand for their products and services. A continued investment in the diversity of educational and training opportunities in the community will be critical to addressing skills mismatches in the coming years.

While worker shortages are a challenge for existing employers and the community at large, one source of these shortages – where labor demand is exceptionally high relative to the average community in recent years – is a relatively good problem to have these days. This second imbalance – where the number of net in-migrants required to fill available jobs exceeds the number of actual net in-migrants – can be attributed to a variety of factors. Among them are external factors such as the relative immobility of households during the Great Recession (due largely to falling home values) and internal factors such as the education and skills attainment of residents, prevailing wages, and the attractiveness of the community to younger workers from a quality of life standpoint. These internal causes are factors that community and business leaders can affect. Thankfully, there is evidence that Grand Island has invested in some of these areas in very meaningful and impactful ways. But as the following section will illustrate, there is still much work to be done if the community wishes to position itself to realize its full growth potential. This includes the pursuit of higher-wage employment opportunities in a diverse array of sectors – jobs that residents want but which require a well-educated workforce.

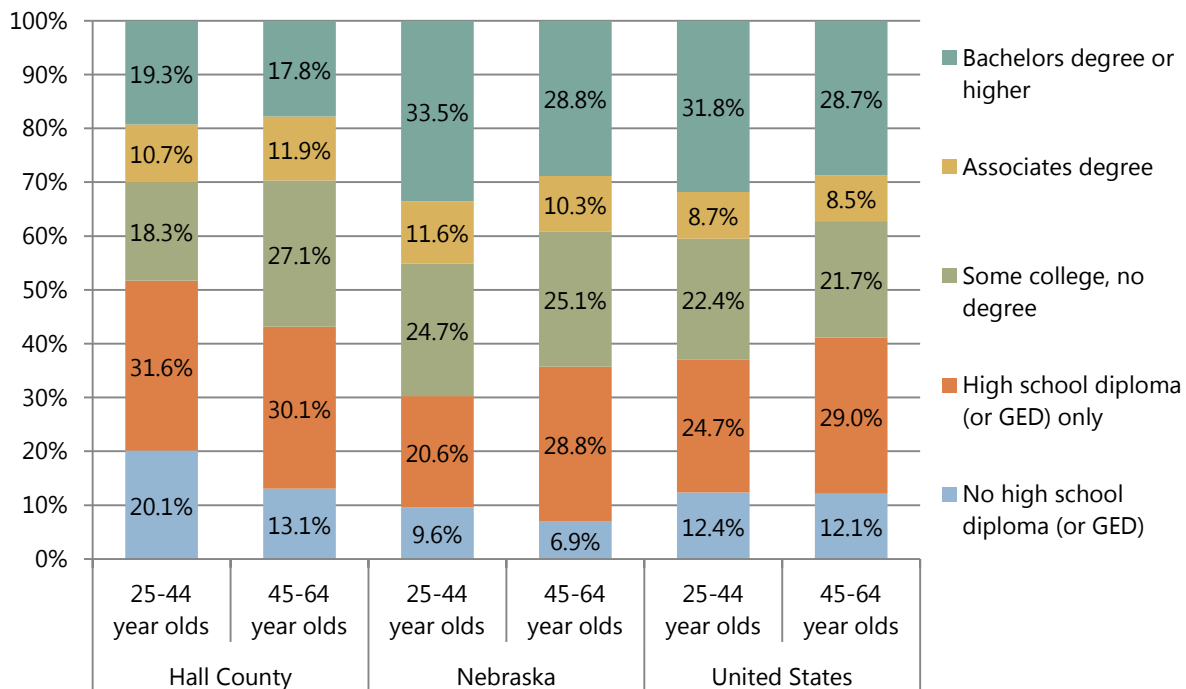
## DEVELOPING A TALENT PIPELINE: EDUCATION & TRAINING CAPACITY

Although there is a desire among residents and community leaders for more diverse, higher-paying jobs that have higher education requirements, the reality is that businesses in many subsectors will not relocate to an area that does not have a readily-available and well-educated workforce. Most medium to large corporate relocation projects in sectors such as information technology, finance and insurance, professional services, and corporate and regional headquarters, will only consider large population centers where at least 25 percent of the adult population possesses a bachelor's degree or higher. There are some obvious exceptions in terms of perceived "white collar" jobs –back-office functions such as call centers and other administrative and support functions – will not have such stringent educational attainment requirements.

**Unfortunately, the educational attainment level of Grand Island's adult population places the community at a significant disadvantage in this competition for higher-wage jobs in these "white collar" sectors. On average, Hall County's adults have the lowest educational attainment out of all comparison**

communities. Just 17.1 percent of its adult population (age 25+) has a bachelor's degree or higher, as compared to 28.5 percent statewide and 28.7 percent nationwide. On the other end of the spectrum, 16.2 percent have no high school diploma, as compared to just 9.4 percent statewide and 14.1 percent nationwide. Further, the community has not kept pace with its competition in elevating certain educational attainment levels in recent years. Buchanan County (St. Joseph), Saline County (Salina), the state, and the nation made more significant improvements in the percentage of the population with a bachelor's degree or higher and the percentage with no high school diploma than Hall County between 2007 and 2012. However, there was a significant increase (56.2 percent) in the number of people with an associate degree, indicating that workers are upgrading their qualifications and formal education by way of Central Community College. This is a very encouraging finding in terms of the ability of the community's higher education capacity to meet the needs of existing residents and employers seeking this level of education, but the relative lack of improvement in higher educational attainment levels reflects both the lack of capacity in terms of four-year degree institutions as well as the community's difficulty in recruiting more educated workers. Just 10.1 percent of all in-migrants to Hall County between 2010 and 2012 possessed a bachelor's degree or higher, considerably lower than the educational attainment level of existing adult residents.

FIGURE 13: EDUCATIONAL ATTAINMENT BY AGE



Source: United States Census Bureau

Further complicating the community's prospects for future high-wage job growth in sectors requiring higher educational attainment levels is the fact that younger workers (ages 25 to 44) in Hall County are actually less educated than those between the ages of 45 and 64, an attribute of the workforce that runs counter to workforce characteristics in the overwhelming majority of communities nationwide. Higher education attainment has increased over time with generations across the country and the state of Nebraska. While 28.8 percent of Nebraskans aged 45-64 have a bachelor's degree or higher, 33.5 percent

of those aged 25-44 have at least a four-year degree, a gap of nearly five percentage points. However, in Hall County, this gap is just 1.5 percentage points. On the other end of the educational attainment spectrum, the data is even more troubling: more than half of all 25-44 year olds (51.7 percent) have no education beyond high school, and one in five (20.1 percent) have no high school diploma. Across the state and the nation, 25-44 year olds are more likely to have some education beyond high school than their counterparts aged 45-64. This is not the case in Hall County. **These attributes must be reversed if the community is to be competitive for new jobs in a diverse array of more knowledge-intensive sectors.**

**PUBLIC PRE-K – 12 EDUCATION:** Without question, the most important asset in reversing this attribute of Grand Island's workforce is its public school system. Creating a quality workforce starts with early childhood development – there is an abundance of evidence supporting this notion – and Grand Island has two National Association for the Education of Young Children (NAEYC)-accredited programs within a 25-mile radius. While opinions regarding school quality often vary tremendously within a community, the quality of public education is typically among residents most frequently cited concerns during the public input phase. This was not the case in Grand Island. While all residents would like to see a continued investment in school quality, and while there are still many concerns regarding public education among parents and employers, residents are generally pleased with the education that children are receiving from public schools in the area. Across Grand Island Public Schools and Grand Island Northwest Public Schools, nearly 80 percent of survey respondents with some experience in these systems (either as students or parents) indicated that they agreed or strongly agreed with the statement that "children in this district receive a high-quality education." Just 8.3 percent disagreed or strongly disagreed. These are very strong ratings when compared to resident opinions of school systems in many other communities across the United States. Just 13 percent felt that career education and STEM education (science, technology, engineering, and mathematics) "did not receive adequate attention."

The recent addition of the Career Pathways Institute to the community's portfolio of education offerings was applauded by residents throughout input. The Institute allows high school students to spend half of their day in traditional classrooms at their high school, and the other half the day in hands-on-learning environments at CPI. The facilities at CPI are truly state-of-the-art, with new machinery and equipment that has been donated by regional businesses. **There is little doubt that CPI is and should continue to be an immense asset for the region, and a key piece of the puzzle in preparing a sustainable workforce – a young workforce – with the skills and interests that match those demanded by regional employers.**

While there is great pride in CPI and other aspects of the school system, there are areas of concern for residents. The greatest sources of discontent with public schools among survey respondents were in the following areas: facilities, opportunities for advanced students, after-school programming, and college and career counseling/advising. Focus group participants indicated that high schools lack dedicated college and career counselors that can help students proactively identify and plan the next phase of their life. While there is guidance related to state-supported career pathways, the lack of a dedicated career counselor to help students navigate job search, college application, and financial aid processes is a reasonable concern.

However, some data covering student performance and outcomes relative to the state of Nebraska does not seem to align with resident input. During the 2012 – 2013 school year, the graduation rate at Grand Island Public Schools was 87.0 percent, trailing the 88.5 percent statewide average. Student performance

on end of grade tests (NeSA) shows that student proficiency in all four subject areas (reading, writing, mathematics, and science) is lower in Grand Island Public Schools than the state average in both eighth and eleventh grade, with eleventh grade science being the lone exception. The graduation rate and student proficiency on NeSA tests at Grand Island Northwest Public Schools exceeds the statewide average in most cases; the district's graduation rate was a noteworthy 94.7 percent in the 2012 – 2013 school year.

Focus group participants also cited concerns about the rapid growth in English Language Learners (ELL) – concerns related to the districts' ability to meet the needs of these students, and their ability to meet the needs of non-ELL students who may feel like their learning is delayed or adversely impacted by the time and attention that is paid to ELL students. In the 2012 – 2013 school year, 21.5 percent of student in Grand Island Public Schools were ELL students, much higher than the state average of 6.0 percent. While the population in Hall County is 24.9 percent Hispanic, the percentage of the student population at Grand Island Public Schools that is Hispanic is 47.9 percent. In one elementary school, the student population is 87 percent Hispanic, yet there is only one Hispanic teacher. Further examination of NeSA proficiency exams reveals that only 36 percent of Hispanics in Grade 11 were proficient in writing and 48 percent in reading.

**HIGHER EDUCATION:** Post-secondary education is somewhat limited in Grand Island, and while CPI and Central Community College are tremendous assets that will help to close the gap in some of the labor shortages that it is faced with, the community's lack of a strong four-year presence is a disadvantage compared to other communities. All of the other comparison communities have this important feature. Salina has Kansas State University-Salina and Kansas Wesleyan University; St. Joseph has Missouri Western State University; and Sioux City has Briar Cliff College and Morningside College as four-year options. Input participants frequently mentioned the lack of four-year degree options as a principal business development challenge, as well as an attribute that inhibits the community's ability to develop and retain younger workers by way of a "college atmosphere" that appeals to recent college graduates from other parts of the state and country. The private, liberal arts Doane College and the University of Nebraska extension office offer courses at College Park but capacity and diversity in offerings are very limited.

Central Community College thus fills the void left by the relative lack of four-year institutions by providing critical adult education in a variety of different subject matters, with certificate and degree attainment levels in some subjects that are exceptionally high relative to other community colleges. One such example is the immense participation in business, management, and related programs; more than 300 certificates and 100 associate degrees were granted in the 2012 – 2013 school year. More than 160 associate degrees were also granted in health-related professions, including 79 registered nurse completions. The mechanic and repair technologies programs (automotive, diesel, HVAC, etc.) and precision production programs (welding, machine tool technology, etc.) accompany business and health-related offerings as the most utilized offerings, with 375 and 257 certificates or degrees conferred in 2012 – 2013, respectively.

Without question, Central Community College is among Grand Island's greatest assets, and a continued commitment to rapid response to the needs of existing employers will be important to the community's workforce quality, availability, and sustainability. Given the previously-documented challenges associated with attracting young, educated workers to the community, adult re-education is essential to the community's desire to attract and develop higher-paying jobs in more knowledge-intensive sectors. Enhanced four-year capacity is a clear strategic priority in the years and decades ahead.

## BUSINESS DEVELOPMENT CONSIDERATIONS: SITE LOCATION FACTORS

Access to two- and four-year degree pipelines, as well as quality pre-K – 12 public schools, are critical site considerations for firms considering relocation. Large employers in a diverse array of sectors want to be in a location where they can draw from a relatively large and high-quality pool of graduates, and have access to collaborative and flexible institutions that can provide continuing education and custom training for their employees when necessary. They also understand that they will have difficulty attracting certain workers to communities that lack high quality public school systems.

In addition to education and training capacity, there are many other considerations for prospective businesses evaluating relocation, existing businesses considering expansion, and entrepreneurs considering a new venture. Among the many positive attributes of the community that support business relocation and expansion is the community's central location in the state and nation. When asked to identify the community's greatest strength or asset from an economic development standpoint, the word "location" was the most frequently mentioned, along with adjoining words such as "central" and "center" and related concepts such as interstate access. Respondents also frequently mentioned work ethic; words such as "workforce" and "work" were frequently followed or preceded by words such as "ethic" and "hard (working)." The existing business community and its growth were also cited.

FIGURE 14: SURVEY RESULTS – “FROM THE STANDPOINT OF ECONOMIC DEVELOPMENT, WHAT DO YOU BELIEVE TO BE THE COMMUNITY’S GREATEST STRENGTH OR ASSET AS IT SEEKS TO GROW QUALITY JOBS THAT ELEVATE STANDARDS OF LIVING FOR ITS RESIDENTS?”



Source: *Market Street Services*; Grand Island Business Development Strategy (2014)

Question was presented to 556 individuals that self-identified themselves as owners, executives, or managers at their place of employment. The most frequently mentioned words are displayed in the largest font, with smaller words appearing less frequently in survey responses.

**LOCATION:** Grand Island and Hall County is centrally located in the middle of the United States, right on Interstate 80 and U.S. Highways 30, 34, and 281. The geographic center of the contiguous United States is just 80 miles to the south of Grand Island and the city is the largest population and economic center within this 80-mile radius. Exports can reach the east or west coast in two days by truck. North-South interstate



connectivity is the only significant disadvantage from a location and roadway connectivity standpoint, but Highway 281 provides highway-grade connectivity.

**RAIL CAPACITY AND CONNECTIVITY:** Rail has helped to shape the city that Grand Island is today with Union Pacific and BNSF providing service. The connectivity offered to existing businesses and potential new sites for development in the form of spurs is an advantage for the community. **Businesses leveraging railroads that participated in public input noted that, because Bailey Yard in North Platte is the largest switching yard in the United States, service through Central Nebraska is on a very tight schedule. Some residents expressed concerns regarding the impact of rail that essentially bisects the city and has partially contributed to the development of two distinct grid systems in the community's roadways.**

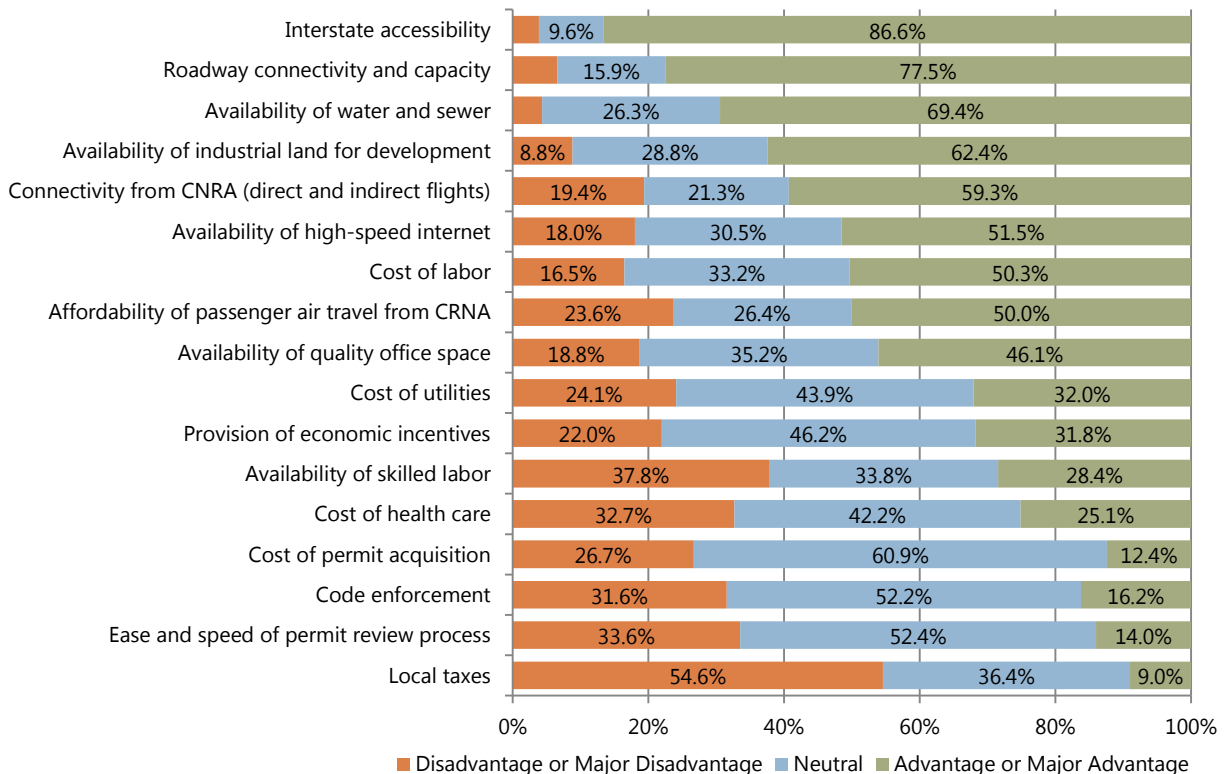
**AIR CAPACITY AND CONNECTIVITY:** Although Grand Island is the farthest among all comparison communities in terms of driving distance to a major commercial airport (one that offers significant connectivity in terms of direct flights), Central Nebraska Regional Airport (CNRA) offers residents an important alternative to driving to Lincoln or Omaha for commercial air service. Direct service is offered to Phoenix/Mesa, Las Vegas, and Dallas/Fort Worth. **Additional connectivity to other major markets served by Allegiant Air and American Eagle, such as Chicago, are desired by residents.** Passenger departures have risen dramatically – by approximately 750 percent – with increased service and connectivity in the last five years. Salina's regional airport and Sioux Gateway in Woodbury County both reported declines in the number of passengers over the five-year period of 40 to 50 percent. Although roughly 1.5 million pounds of freight went through Grand Island Central Regional Airport, the relative lack of major cargo capacity would likely prohibit the community from being competitive for the types of operations that rely heavily on consistent and high capacity air cargo operations.

**OTHER PHYSICAL INFRASTRUCTURE:** Residents and businesses rarely mentioned local and regional roadways and highways as key competitive concerns for the community. Along with the relative lack of input citing public education as a top concern, this is a relatively rare quality for a community as residents frequently cite transportation infrastructure among their greatest concerns. Water and sewer connectivity is an area that the community continues to address, and investment in infrastructure extension to areas that could support future industrial and commercial development will be important to catalyzing new growth. Businesses making major investments in new facilities demand land that is already served by infrastructure, or land that is capable of being served by water and sewer, and other infrastructure, in a very short time period. **Survey respondents gave water and sewer capacity relatively favorable ratings when compared to other attributes of the business climate. Some input participants – particularly developers and existing business owners – cited frustration with city officials regarding their efforts to provide necessary infrastructure to their developed and/or developable sites. This includes reported inconsistencies and delays in both extension of city services and approval for private development of septic capacity that have inhibited planned developments from moving forward. Comments also circulated around the topics of inconsistent standards and/or codes and standards being left up to interpretation or "favoritism."**

**AVAILABILITY OF INDUSTRIAL LAND:** Along with interstate and roadway connectivity, capacity, and accessibility, the availability of industrial land for development was among the highest rated attributes of the business climate that is supportive of future growth. Nearly 70 percent of respondents indicated that it was an advantage or major advantage for the community. With hundreds of acres in various locations

under its ownership, the Grand Island Area Economic Development Corporation has a strong inventory of land to support future development. However, a shift in land holdings to areas that are more proximate to interstate interchanges and a focus on site preparation (environmental and engineering studies, infrastructure extension, etc.) may help increase the attractiveness of available land for future industrial development.

**FIGURE 15: SURVEY RESULTS – “PLEASE RATE THE FOLLOWING ELEMENTS OF GRAND ISLAND'S BUSINESS CLIMATE ACCORDING TO THE DEGREE TO WHICH EACH IS AN ADVANTAGE OR DISADVANTAGE TO EXISTING AND PROSPECTIVE NEW BUSINESSES.”**



Source: *Market Street Services*; Grand Island Business Development Strategy Survey (2014)

Question was presented to 556 individuals that self-identified themselves as owners, executives, or managers at their place of employment.

**TAX CLIMATE AND INCENTIVES:** Taxes in Grand Island were a heavily discussed topic in some focus groups and were rated unfavorably by online survey respondents. Local taxes were by far the most poorly rated attribute of the local business climate with nearly 55 percent of responding business owners, executives, and managers indicating that they are disadvantageous to existing and prospective new businesses. The ease and speed of permit acquisition was also rated poorly. These findings are consistent with survey results in most community nationwide – the majority of residents are rarely satisfied with their local tax climate, and businesses always desire more seamless and expedient permitting processes. That being said, the business community cited difficulty working with local government when it comes to the development review process. While there are many considerations when comparing property tax burdens across geographies data revealed that the median real estate tax paid on residential housing was higher than all comparison communities, even when accounting for differences in median home values.



The state's comparatively high corporate income and property tax rates are counteracted by relatively low unemployment insurance tax rates. The state has received highly variable rankings from various publications that evaluate state business and tax climates. The state placed 20<sup>th</sup> in Site Selection magazine's 2013 Top State Business Climate Rankings, supported by what is viewed as a relatively favorable small business tax environment. It received a favorable "B" grade in the 2013 Thumbtack.com/Kauffman Foundation Small Business Friendliness Survey.

The state's LB 840 program is the primary economic incentive available to communities – and companies – in Nebraska. The program allows communities to hold referenda to support local option collections for economic development purposes, with monies being awarded for economic development programming and operations as well as discretionary grants for expanding and relocating businesses.

**LABOR COSTS:** As previously discussed, average annual wages in a majority of sectors in Grand Island are considerably lower than the state and national averages. But these low wages partially reflect lower costs of living. Relative to its three identified comparison communities who share similar costs of living, Grand Island's manufacturing wages are relatively low, potentially providing the sector with a competitive advantage from a labor cost standpoint. The forthcoming Target Sector Analysis will examine labor costs for specific occupations, and the degree to which they are an advantage or disadvantage from labor cost standpoint, in greater detail.

**UTILITIES:** Generally speaking, input participants evaluated the community's electrical utilities favorably, in terms of reliability and cost. However, commercial and industrial rates (as measured by reported kilowatt/hour prices from area utilities and the U.S. Energy Information Administration) are comparable or lower in each of the three comparison communities.

**AVAILABILITY OF CAPITAL:** Input participants spoke highly of the relationship between business owners and local banks. Business owners in multiple sectors commented on the "efficiency" of small, local banks and how that has helped to make the process easier for people to enter the market as an entrepreneur and to expand local existing businesses.

## QUALITY OF LIFE: ATTRACTIVENESS TO RESIDENTS AND VISITORS

As discussed multiple times throughout this Assessment, the tight labor market in Grand Island is both a blessing and a curse. As the national economy continues to recover, attracting future employees to an area requires more than a job opportunity. Young workers especially place a high value on the quality of life offerings in a community, from nightlife to recreational opportunities to aesthetics. Families seek welcoming communities that offer a good place to raise a family and include quality school systems, low crime, and family-friendly amenities. Young people are increasingly choosing a place to live first, and then choosing a place to work, a dynamic that is changing the way communities invest to support talent attraction and retention. This report has already discussed a variety of factors from job availability to school systems that impact quality of life for existing and prospective future residents. This section will briefly review the feedback received from residents as it relates to other quality of life factors, many of which also impact the community's appeal to prospective visitors in addition to residents.

Grand Island's greatest strengths as a place of to live can be seen in the image that follows, which displays the most frequently mentioned words by residents responding to the survey question regarding the community's "greatest strength as a place to live, work, visit, and do business." The most frequently-mentioned words – "small" and "town" – were commonly mentioned within the context of the community's "small town feel." This is an attribute that many focus group participants also described, along with what many perceived to be access to "larger city amenities." While residents wish to maintain the community's small town feel and "Midwestern values," its residents also strive for more diverse, quality options in the areas of housing, recreation, arts, and entertainment.

FIGURE 16: SURVEY RESULTS – “IN YOUR OPINION, WHAT IS GRAND ISLAND'S GREATEST STRENGTH AS A PLACE TO LIVE, WORK, VISIT, AND DO BUSINESS?”



Source: *Market Street Services*; Grand Island Business Development Strategy Survey (2014)  
Question was presented to all 1,618 residents that responded to the community survey.

FIGURE 17: SURVEY RESULTS – “IN YOUR OPINION, WHAT IS GRAND ISLAND'S GREATEST WEAKNESS OR CHALLENGE TO OVERCOME AS A PLACE TO LIVE, WORK, VISIT, AND DO BUSINESS?”

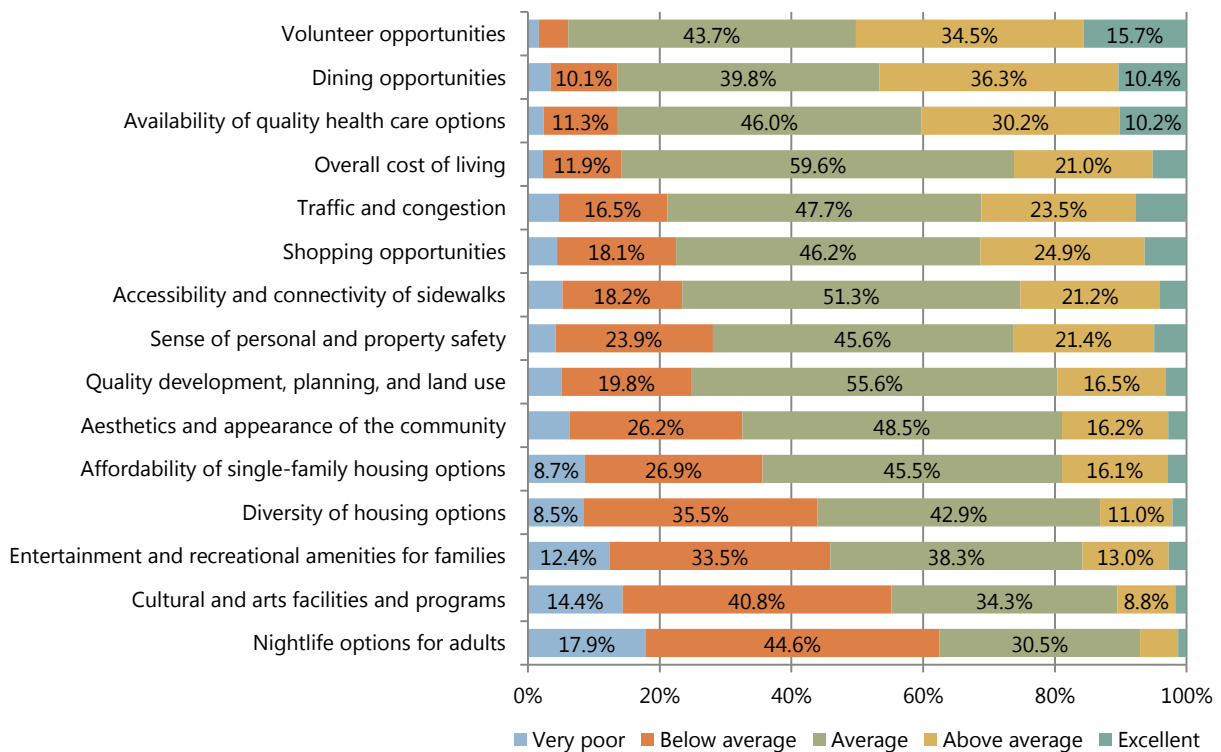


Source: *Market Street Services*; Grand Island Business Development Strategy Survey (2014)  
Question was presented to all 1,618 residents that responded to the community survey.

**SHOPPING AND DINING:** The presence of “shopping” as one of the most frequently mentioned strengths in the community survey illustrates that residents enjoy the relative abundance of retail opportunities in Grand Island. Focus group participants agreed that the community’s retail offerings were strong but that it is necessary to travel to larger markets – typically Omaha or Lincoln – to access certain specialty retailers and boutiques. Residents also frequently mentioned a desire to see a Target locate in Grand Island. Dining options were rated very favorably by survey respondents; just 13.5 percent of respondents considered “dining opportunities” to be below average or poor.

When examining evaluations of all quality of life factors, not simply shopping and dining options, there is very little variation between different age groups and different races and ethnicities. This is relatively rare as many communities find that their retirees value and assess different attributes of the community than young professionals or high school students. The little variation along demographic lines indicates that the community as a whole is on the same page with regards to the attributes that deserve further attention and investment, and the attributes that are most desirable and potentially marketable to prospective residents and visitors.

**FIGURE 18: SURVEY RESULTS – ATTRIBUTES INFLUENCING QUALITY OF LIFE**



Source: Market Street Services; Grand Island Business Development Strategy Survey (2014)  
Question was presented to all 1,618 residents that responded to the community survey.

**ENTERTAINMENT AND CULTURAL AMENITIES:** Although residents clearly believe that dining and shopping opportunities are among the community’s greatest strengths from a quality of life standpoint, they evaluate “things to do” – entertainment and recreational amenities, cultural arts facilities and programs, and nightlife options for adults – as the least favorable attributes of the community.

They are proud of certain amenities and recreational opportunities, chief among them being Fonner Park, concerts and sporting events (particularly the Nebraska Danger indoor football) at the Heartland Events Center, Island Oasis Water Park, and the Stuhr Museum. All are valuable amenities for residents and attractive outlets for visitors. In terms of cultural experiences and performing arts, they value high school and Grand Island Little Theater productions, but seek many more options and understand that the lack of options is driving away a certain segment of their existing and potential future population. They would like to see continued investments in the Island Oasis Water Park to maintain quality that is comparable with similar new facilities in surrounding communities. And last but not least, they are exceptionally proud of the community's success in luring the Nebraska State Fair to Grand Island, but with added capacity in terms of facilities, they now desire greater utilization of these facilities for the community's benefit.

**NATURE AND RECREATION:** Access to nature and recreation is another of Grand Island's greatest and most marketable attributes. The wealth of land that surrounds Grand Island provides abundant opportunities for fishing, hunting, and other outdoor experiences. The Platte River is an immense asset, one that some view as an untapped opportunity from a recreational and quality of life amenity standpoint. Its support of the remarkable Sandhill Crane Migration creates a truly unique tourism opportunity that no other place in the world can provide outside of Central Nebraska. The Heartland Public Shooting Park is another amenity that was frequently mentioned by residents as a valuable asset for both residents and visitors. Others mentioned a desire to see greater investment in hiking and biking trails throughout the community.

**AESTHETICS AND BEAUTIFICATION:** Community aesthetics and beautification were also frequently mentioned by survey respondents. When asked what they would like to see different about the community in ten years, "cleaner" was among the most frequently mentioned words by residents. Focus groups participants expressed a desire to see beautified corridors and neighborhoods, while some mentioned a desire to see a greater value placed on trees, flowers, and landscaping.

**FIGURE 19: SURVEY RESULTS – "IMAGINE THAT YOU WENT HOME, PACKED YOUR BAGS, AND DIDN'T RETURN TO GRAND ISLAND FOR 10 YEARS. WHAT WOULD YOU WANT TO SEE DIFFERENT (IF ANYTHING) ABOUT THE COMMUNITY WHEN YOU RETURN?"**



Source: Market Street Services; Grand Island Business Development Strategy Survey (2014)  
Question was presented to all 1,618 residents that responded to the community survey.

**DOWNTOWN:** Although it received relatively little discussion during focus groups, “downtown” Grand Island was the most frequently mentioned attribute of the community that survey respondents would like to see different if they were to return in ten years. When it was discussed during focus groups, most participants emphasized that downtown has not been fully embraced as a retail, dining, nightlife, or business center, and that there is tremendous “untapped potential.” The downtown area has many great attributes and an emphasis on catalyzing reinvestment – both commercial and residential – can help create a more vibrant “core” for the community.

**HOUSING:** Housing is also high on the list of top concerns for residents. The general consensus surrounding the topic of housing was that, generally speaking, many quality options are too expensive for the average resident and most affordable housing options are of generally poor quality. The Grand Island Area Economic Development Corporation, Grand Island Community Redevelopment Authority, the Nebraska Investment Finance Authority, and a variety of other community partners are well aware of this and have partnered to produce a housing study that will estimate the anticipated demand for new housing by type, price, and other attributes, in order to support an effective housing development strategy.

Overall, Hall County’s cost of living is comparable to Buchanan, Saline, and Woodbury counties; all are significantly lower cost than the average American community. Similar to the comparison communities, approximately 72 percent of housing units in Hall County are single-family homes. Around 65 percent of occupied housing units are occupied by the owner of the home – a homeownership rate higher than that of Buchanan County, but lower than it is in the other comparison communities. When examining the ratio of the median home value to the median household income, single-family housing appears relatively affordable in Grand Island, but again, this does not reflect differences in the quality of the housing stock.

In terms of rental properties, there were also multiple reports from residents regarding their placement on waiting lists for apartments. Business owners reported that they’ve had trouble finding housing for temporary workers, and employees have at times, against their desires, been forced to seek housing in surrounding communities that are farther from their place of employment. The rental vacancy rate in Hall County (1.9 percent) was, by far, the lowest out of the communities analyzed.

**COMMUTING AND TRAFFIC:** As previously mentioned, transportation infrastructure was rarely mentioned among residents’ and businesses’ top concerns. This often implies that commute times and traffic congestion are not of great concern. In fact, Census data reveal that the mean travel time to work and the percentage of commuters that commute more than 30 minutes to work in Hall County were the lowest among all comparison communities, the state, and national averages. While there is always a need to adequately plan for growth and maintain existing roadways, the relative lack of concern regarding transportation infrastructure and traffic congestion is a very positive finding.

**CRIME:** As of 2012, violent and property crime rates in the City of Grand Island fall right in the middle of the pack of comparison communities. The incidence of violent crime has increased in the last five years during a time when such crimes declined in frequency across the state and nation. However, property crimes have declined just slightly, but trailing the pace of improvement observed statewide and nationwide. While there was some discussion about “pockets of crime” in Grand Island, just 28.1 percent of survey respondents indicated that their “sense of personal and property safety” was below average or poor.

**PERCEPTIONS:** As evident in this section, quality of life was a frequently discussed topic during the public input phase; residents and businesses acknowledge that quality of life attributes are central to the community's ability to attract and retain the skilled employees that necessary to support existing and potential future employers' growth. But they also expressed concerns that perceptions about Grand Island and Central Nebraska – whether accurate or inaccurate – are inhibiting the community's ability to realize its full potential. In the online survey, when asked "what do you believe to be the biggest challenge facing Grand Island," one respondent said simply, "(the) perception that we are an undesirable place to live." Another respondent indicated that "Grand Island has an outside perception of being a city with nothing to do for young people and a town that isn't as nice to live in as Kearney and Hastings." Yet another respondent said that the community's greatest challenge was "...overcoming current perceptions that the community lacks local cultural value, transparent government, and overall sense of place." The old saying that "perception is reality" is unquestionably true when it comes to resident and visitor impressions of a place. But the evaluations that residents made themselves underscore many of the same challenges that some have cited as "perceived" problems; in other words, a self-fulfilled prophecy. Residents frequently brought up Grand Island's perception to outsiders as one of the negatives about the area, but looking at their own evaluations of the community that they call home, the self-perception of Grand Island is not particularly strong in many critical areas impacting quality of place.

What is clear is from resident and business input is that Grand Island is a place that many are proud to call home, and proud to share with visitors from other communities. But their evaluations of certain quality of life factors illustrate deficiencies in areas that are among the most important and highly valued components of quality of life to young, more highly-educated individuals – the type of workers that so many cited as both desirable and necessary to sustain Grand Island's growth and prosperity.



# CONCLUSION

This Competitive Assessment presented a thorough review of the community's key strengths, weaknesses, opportunities, and challenges, as viewed through the lens of seven stories that are informed by extensive quantitative and qualitative input. These seven stories, which contain important insights that should influence the community's strategic priorities as they relate to business development, are:

1. Consistent Growth and Emergent Diversity
2. Economic Resilience in Times of Turbulence: Obvious Benefits but Concealed Challenges
3. Economic Evolution: The Changing Composition of Jobs
4. Workforce Quality, Availability, and Sustainability
5. Developing a Talent Pipeline: Education and Training Capacity
6. Business Development Considerations and Site Location Factors
7. Quality of Life: Attractiveness to Residents and Visitors

Collectively, these stories have evaluated a community that continues to add residents, particularly minorities, at a consistent rate. The community is diversifying quickly and its position of relative economic stability has supported a reversal of persistent net out-migration to recent net in-migration. But the community is struggling to elevate standards of living for its residents despite its very fortunate position of low unemployment; per capita incomes are not rising as fast as other communities. Much of this can be attributed to the fact that a relatively large percentage of the community's employment growth in the most recent decade occurred in lower-than-average wage sectors. If the community is to elevate incomes by way of higher-wage job creation, it will need to continue to invest in the elevation of adult education and skills attainment, as well as quality of life attributes that are attractive to younger and more highly-educated workers. These same investments are necessary to support existing employers who report significant labor shortages in a variety of different occupations.

The next step in the research process – the Target Sector Analysis – will examine economic composition in greater detail, identifying those sectors that are best positioned to drive future job and wealth creation in Grand Island and Hall County. It will more extensively evaluate the assets and challenges facing the sectors, as well as the strategic needs for effective target sector development. Ultimately, it seeks to identify the areas where limited economic and business development resources should be focused to maximize return on investment and community impact.

Upon completion of the research phase, the Grow Grand Island Steering Committee and the *Market Street Services* team will begin working together to identify the appropriate strategies to address the issues identified in this Competitive Assessment and the forthcoming Target Sector Analysis. These recommendations – the Business Development Strategy – will be refined during the summer and fall of 2014 and the process will culminate with the development of an Implementation Plan that identifies *how* these strategic recommendations should be collaboratively pursued by a set of community partners in an effective and efficient manner.