



TARGET SECTOR ANALYSIS

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 Target Sector Analysis represents the second phase of this comprehensive research and strategic planning process. It seeks to identify those sectors of economic activity within Grand Island and Hall County that should be strategically “targeted” by proactive business, economic, and workforce development programs and policies in the years to come. The economic development strategy of “targeting” certain sectors of economic activity has become increasingly widespread as local and regional economies attempt to capitalize on their competitive advantages. With ever-increasing competition for jobs, investment, and talent, economic development organizations and their strategic partners are finding it increasingly sensible and necessary to focus limited resources on developing those business sectors that possess the greatest potential to create new jobs, raise incomes, and elevate standards of living. The most successful communities are those that recognize both their strengths and their limitations, and, in turn, strategically target those economic activities that can provide the greatest return on investment.

Like the Competitive Assessment that precedes it, this Target Sector Analysis is a research document, but it intends to clearly identify the strategic implications of a variety of research findings. Specific recommendations regarding the investments, policies, and initiatives that are necessary to support the effective growth and development of target business sectors will be included in the forthcoming Grow Grand Island Business Development Strategy.

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

The Competitive Assessment provides a detailed examination of Grand Island's competitiveness as a place to live, work, visit, and do business. It leverages quantitative and qualitative research (including focus groups and a 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 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 is benchmarked against three communities with which the area competes for both jobs and workers.

PHASE II: TARGET SECTOR ANALYSIS & MARKETING REVIEW

This Target Sector Analysis provides 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 accompanying Marketing Review analyzes 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.

Committee Member	Organization Represented
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, Inc.
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.

TARGET SECTOR ANALYSIS

Communities across the country are pursuing differentiated economic development strategies that seek to support the development of “targeted” business sectors which may benefit from specific competitive advantages afforded by the community, its location, and its asset base. The practice of “targeting” has grown as communities have witnessed the advantages that are afforded to the companies by such agglomerations or “clusters.”

KEY CONCEPTS RELATED TO TARGET SECTOR DEVELOPMENT

CLUSTERS: Agglomerations – or “clusters” – represent groups of interrelated businesses that choose to co-locate for one reason or another. The historical growth of clustered economic activity in areas such as the Silicon Valley, Route 128 in Massachusetts, and the Research Triangle Park in North Carolina are oft-cited and well developed case studies for other regions across the nation as they strive to develop similar agglomerations of related businesses. But there are countless examples of such clusters around the country and the world. Clustering can occur among competing or cooperative firms with a variety of different catalysts supporting these agglomerations. A group of suppliers may choose to locate in proximity to a major manufacturer for research and development efficiencies and reduced transportation costs. For example, an immense aerospace cluster has developed around the Boeing Integrated Defense Systems operations in St. Louis, Missouri. Other firms may co-locate in a specific area in order to take advantage of a specialized labor pool or to be in close proximity to specific infrastructure.

While the factors that have led to clustering vary tremendously by region and sector, such agglomerations occur over time because a location has an asset base that affords the sector and the companies that operate within them some form of competitive advantage. The competitive advantages derived by these firms often result in comparatively high potential for employment growth and wealth creation. As the cluster grows, so too do the benefits afforded to the companies within the cluster: the available workforce grows, the potential for collaboration expands, competition may drive down costs, buyer and supplier networks expand, among other potential impacts.

TARGETS: Even so, many communities and economic regions choose to strategically target sectors of economic activity that may not currently be characterized by a strong agglomeration – or “cluster” – of related businesses. A targeted sector – or simply a “target” – is any type of business activity that is strategically pursued by an economic development organization and its partners for growth and development. That is to say, a “target” is an area where financial and staff resources, and the programs and policies they support, are specifically focused. “Targets” are ideally those segments of an economy where competitive advantages exist, prospects for future growth are greatest, and return on investment is likely highest. A “target” can be a single business sector with high growth potential or a “cluster” of businesses in related sectors. But as previously mentioned, many choose to target business sectors that are not presently concentrated or agglomerated in their community. This may be because such activities are rapidly expanding, exhibit potential to become clusters in the years and decades to come, or align with other strategic objectives of the community.

UNDERSTANDING YOUR ASSET BASE: Strategic targeting is predicated upon a solid understanding of a community's strengths and weaknesses, specifically as they relate to the needs of specific business sectors and the companies that operate within these sectors. The factors that medium to large companies consider when evaluating a community as potential location for a new facility are often referred to as site location factors, site selection factors, or site considerations. These factors vary tremendously by sector. For example, data center operations typically seek locations with low natural disaster risk, affordable and abundant water necessary for cooling, and redundant and exceptional fiber-optic, broadband infrastructure, among other attributes. Corporate headquarters typically seek locations with a well-educated workforce, exceptional passenger air connectivity, and abundant amenities. Accordingly, communities that are able to offer such characteristics are better positioned to attract these kinds of operations. Understanding the community's asset base – inclusive of a wide variety of these potential site location factors – is critical to understanding the community's competitiveness for various business sectors. Likewise, an understanding of its deficiencies in terms of such site location factors will help the community identify areas that need further investment if the community wishes to transform such deficiencies into future assets.

A HOLISTIC APPROACH: Targeted businesses sectors that exhibit an existing concentration or agglomeration of establishments with similar activities have likely flourished in the community because it has an attractive asset base which aligns with the sector's primary site location considerations. Other sectors that share similar site location factors may not currently be concentrated in the community, but the presence of the aforementioned asset base makes the community an attractive location for such activity. Accordingly, such sectors represent opportunities where the community may be particularly successful in marketing and recruitment efforts that seek to attract new corporate investments or relocations that would benefit from the community's existing asset base.

For decades many communities and their economic development organizations have exclusively associated "economic development" with "business recruitment." While the recruitment of new companies is an important component of any targeted economic development program, it is only one leg of the stool. The growth of regional economies and their target business sectors are overwhelmingly driven by existing businesses and entrepreneurs. A variety of studies have shown that between 70 percent and up to 95 percent of the country's job creation over various time periods has been attributable to the expansion of existing companies. While new investments generate ribbon cuttings and headlines, existing businesses and entrepreneurs are creating the majority of jobs in our country. Accordingly, any effort to develop target sectors and nurture employment growth within them must focus upon the needs of existing businesses as well as entrepreneurs.

Holistic economic development must also focus on developing the asset base that supports the competitiveness of target business sectors and the companies that operate within them. This is necessary to alleviate barriers to expansion for existing companies and mitigate any potential risks that could lead to layoffs or business closures. But such strategies that focus on developing the community's asset base also contribute to long-term viability of the community as a location for a more diverse array of sectors, including sectors that the community is not currently competitive for in today's climate but which it hopes to develop in future decades.

COMPETITIVE ASSESSMENT: KEY FINDINGS RELATED TO TARGET SECTOR DEVELOPMENT

It is important to understand a community's underlying asset base, as well as any deficiencies, as they relate to its competitiveness for specific types of economic activity. The Competitive Assessment provided a comprehensive examination of the community and its competitiveness as a place to live, work, and do business. This Assessment identified a number of assets supporting the viability of certain business sectors, as well as a variety of challenges that inhibit to the community's competitiveness for other types of activity. The following list provides some of the qualities that contribute to the community's strengths and weaknesses as they relate to its asset base or site location considerations. Although not a comprehensive review of the Competitive Assessment's findings, it does provide a basic overview of some important findings that influence target sector competitiveness.

BUSINESS LOCATION CONSIDERATIONS: COMMUNITY ASSETS THAT ENHANCE COMPETITIVENESS FOR CERTAIN BUSINESS SECTORS AND ECONOMIC ACTIVITIES

- ✓ Central location in the United States
- ✓ Affordability and reliability of electricity
- ✓ Availability of land for industrial and commercial development
- ✓ Accessibility and connectivity of rail network
- ✓ Strong training pipeline supported by Central Community College and Career Pathways Institute
- ✓ Relative abundance of workers in certain manufacturing skill sets
- ✓ Relatively young manufacturing workforce as compared to the average American community
- ✓ Relatively low wages for many occupations provide a labor cost advantage
- ✓ Relatively low cost of living

BUSINESS LOCATION CONSIDERATIONS: COMMUNITY WEAKNESSES THAT INHIBIT COMPETITIVENESS FOR CERTAIN BUSINESS SECTORS AND ECONOMIC ACTIVITIES

- ✓ Very small percentage of the workforce with a bachelor's degree or higher
- ✓ Proximity to four-year degree opportunities / lack of a large four-year campus
- ✓ Workforce shortages reported for a variety of skills and occupations
- ✓ Cultural amenities that may appeal to well-educated or those from larger metros
- ✓ Passenger air connectivity when compared to most medium and large metropolitan areas
- ✓ Existing class A office space

The aforementioned findings from the Competitive Assessment illustrate a community that is particularly competitive for manufacturing and distribution activities, but relatively uncompetitive for many "white-collar" jobs (professional services, information technology, corporate headquarters, etc.) that so many residents desire. It is also important to emphasize that the above list of strengths and weaknesses varies by sector. For example, passenger air connectivity at CNRA is a great asset for the community and its residents, and many existing businesses are fortunate to have the option of flying to a few cities from CNRA, but this connectivity may be considered a weakness by certain prospective employers (i.e. professional services and corporate operations) that have relatively high rates of business travel.

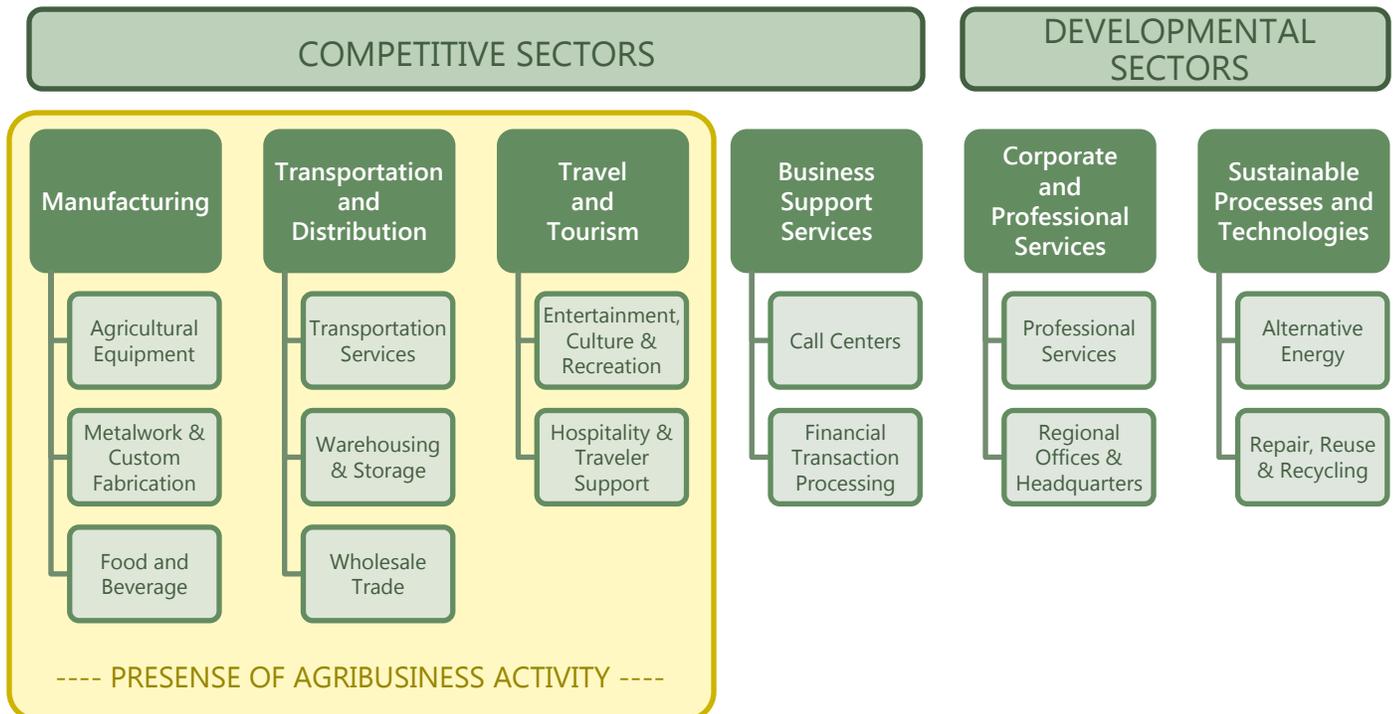
The Target Sector Analysis that follows presents a more comprehensive evaluation of the factors influencing the competitiveness of specific economic activities that reflect *Market Street's* recommendations for target business sectors in Grand Island and Hall County. These recommendations are based on a review of sector performance, workforce attributes, and site location considerations such as those listed above. **Additional information on *Market Street's* methodology and data sources can be found in Appendix A.**

RECOMMENDED TARGET SECTORS

Market Street Services has identified six strategic economic development targets – four **competitive sectors** and two **developmental sectors** – that merit strategic targeting of economic, community, workforce, and business development resources in Grand Island and Hall County.

“**Competitive sectors**” represent those sectors that are currently concentrated to some degree in Grand Island and the surrounding region, exhibit strong near-term growth potential in the next five years, and currently benefit from some existing asset base from which existing and prospective companies derive some competitive advantage(s).

“**Developmental sectors**” represent those sectors for which the community is not currently competitive but may have long-term development potential with adequate investment in the community’s asset base. Although these sectors may not drive significant job creation in the near-term, they align with other desired attributes of the community and its residents as identified through public input. Such desired attributes include greater economic diversification, more plentiful “white collar” jobs, and the development of an economic identity outside of manufacturing and agriculture.



It must be emphasized that, while it is not a specific target sector, **Agribusiness** is a foundation of the community and woven throughout many of the recommended targets. It is a unifying theme between the community's **Manufacturing, Transportation and Distribution**, and **Travel and Tourism** targets. It represents the community's past, present, and future identity, yet many residents have expressed a desire to see the community's economy continue to diversify in ways that are not necessarily tied to the community's agricultural, agribusiness, and agritourism roots.

Each of the six target sectors includes a variety of subsectors for which the community is particularly competitive. These subsectors help guide the discussion and presentation of findings in the target sector profiles that follow. Each "competitive sector" profile includes a brief review of key findings related to target competitiveness. Business sector trends, occupational attributes, and site considerations are reviewed when appropriate. A brief commentary of the opportunities and challenges associated with the "developmental sectors" is also provided.

Manufacturing

TARGET PROFILE

Grand Island's historical strength in manufacturing is well-known, with much of its existing manufacturing base tied to the community and surrounding region's agricultural roots. As a highly export-oriented business sector, products manufactured in Grand Island bring in an estimated \$2.3 billion annually to the local economy. Additionally, manufacturing business activities have a dynamic multiplier effect and contribute to the creation of jobs in many other business sectors, from transportation to warehousing to retail, thus spurring overall economic activity in the community. The community's manufacturing sector is characterized by a strong concentration of employment in three niches: agricultural equipment, metalwork and custom fabrication, and food and beverage manufacturing. However, the community is competitive for a variety of other types of manufacturing activity that would be attracted to the same set of assets that have afforded some existing manufacturers with a competitive advantage from locating in Grand Island.

While many associate manufacturing with lower wage employment opportunities, this is only true in certain cases. For example, animal slaughtering and processing, a sector that is well represented in Grand Island, is among those manufacturing sectors that support predominantly low-wage occupations requiring few skills and little to no formal education. However, the majority of other manufacturing subsectors in Grand Island pay average wages that exceed the community's average across all sectors, providing strong opportunities for income growth. In addition, the jobs located within local manufacturers are not exclusively production-oriented jobs. Many other non-production-oriented occupations are associated with the day-to-day operations of the facility and/or other business functions within the company. In many cases, these occupations are management, financial, and service-oriented – the types of “white collar” jobs that so many residents hope to see flourish in Grand Island in the years and decades to come. Very simply, manufacturing is an area of strength for the community; a sector that is poised for continued growth despite national decline, and one whose growth is capable of elevating standards of living and providing additional jobs in non-production-oriented occupations.

LOCAL COMPANIES: Case New Holland, Chief Industries, Global Industries, Hornady Manufacturing, McCain Foods, and Standard Iron are examples of major manufacturing employers in the area.

KEY SITE CONSIDERATIONS: Manufacturers' site considerations vary by subsector but include: the availability of sites and buildings, availability of skilled labor in a variety of production occupations, a flexible and responsive training and education system, competitive labor costs, proximity to transportation networks, proximity to buyers and suppliers, affordable and available electricity, abundant water, and the corporate tax environment.

NATIONAL TRENDS: Manufacturing, nationally, lost 17.5 percent of its employment base, a loss of 2.6 million jobs, between 2003 and 2013. The decline in manufacturing jobs has been an ongoing trend in the United States for several decades and throughout the recessionary years. In 1950, 30.9 percent of private sector jobs were in manufacturing and in 2013, 8.8 percent of jobs were within that sector. However, recently there's been a slowdown in the loss of jobs and even positive growth as some manufacturers reverse this trend and have been bring operations back home, known as “reshoring” or “onshoring.” High transportation costs, long supply chains, quality assurance, and tax incentives, among other reasons, are a few of the motivators for returning operations to the United States. A recent poll of more than 900 predominantly US-based executives and managers found that 39 percent believe their company is likely to deploy its next manufacturing operation in the United States, compared with 16 percent citing China as the likely destination.ⁱ

SECTOR PERFORMANCE

The following observations are among *Market Street's* key findings related to overall manufacturing sector performance. Additional commentary on subsector trends is included on the following pages.

- ✓ With a location quotient of 2.35, manufacturing's share of total county employment is more than two times that of the average American community (19.0 percent vs. 8.1 percent).ⁱⁱ
- ✓ 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 created in Hall County over the 10-year period was located in the manufacturing sector. **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.**
- ✓ **Employment is highly concentrated in large employers.** Roughly three-quarters of the community's manufacturing jobs are located in firms with more than 500 employees. This underscores the need for focused business retention efforts as any reduction in workforce or business closure for one or more major employers would have significant and potentially devastating impacts on the community.

SUBSECTOR PERFORMANCE: MANUFACTURING

NAICS	Description	Location Quotient	Hall County, Nebraska			United States		
			2014 Wages	National Earnings Ratio	Net Jobs (2013)	% Jobs Chg. ('03-'13)	% Jobs Chg. ('03-'13)	
Agricultural Equipment								
333111	Farm Machinery & Equipment Manufacturing	83.11	\$51,917	0.90	1,411	894	172.9%	20.1%
Metalwork and Custom Fabrication								
3323	Architectural & Structural Metals Manufacturing	5.21	\$42,242	0.88	465	(47)	-9.2%	-9.5%
3324	Boiler, Tank, & Shipping Container Manufacturing	1.17	\$33,168	0.57	29	(3)	-9.4%	4.7%
3327	Machine Shops; Turned Product; & Screw, Nut, & Bolt	0.74	\$36,741	0.75	71	18	34.0%	15.6%
3329	Other Fabricated Metal Product Manufacturing	11.46	\$48,996	0.87	813	641	372.7%	-2.8%
Food and Beverage (excluding Animal Slaughtering and Processing)								
3111	Animal Food Manufacturing	2.17	\$63,675	1.18	30	(34)	-53.1%	6.5%
3114	Fruit & Vegetable Preserving & Specialty Food Manuf.	7.54	\$25,335	0.58	332	15	4.7%	-6.5%
3119	Other Food Manufacturing	0.00	--	--	0	0	--	17.3%
3121	Beverage Manufacturing	1.04	\$31,402	0.65	49	(14)	-22.2%	7.8%
All Manufacturing		2.35	\$39,560	0.65	7,324	1,194	19.5%	-17.5%
Total, All Sectors		--	\$33,960	0.72	38,450	4,397	12.9%	3.8%

Source: Economic Modeling Specialists, Inc. (EMSI)

"Earnings ratio" refers to the ratio of local earnings (wages plus supplements) to the national average for that same sector. This helps provide an important perspective on the relative cost of labor in a community. See Appendix A for a technical definition of location quotients.

AGRICULTURAL EQUIPMENT

These establishments are primarily engaged in manufacturing agricultural and farm machinery and equipment, but also produce turf and grounds care equipment, including planting, harvesting, and grass mowing equipment, with the exception of lawn and garden-type equipment. Employment within this business sector has grown significantly in the past ten years and the employment base is nearly triple that of 2003. It increased at a much faster rate of 172.9 percent compared to the national increase in employment. Its location quotient is 83.1, which reflects this significantly higher concentration of employment relative to the national level. In fact, Hall County is home to more than two percent of all farm

equipment manufacturing jobs in the country. Additionally, employment within farm machinery and equipment manufacturing is projected to grow by 3.7 percent nationwide over the next decade. Although this is not rapid growth, it is positive that the community is specialized in one of a few manufacturing subsectors that is projected to add jobs nationally in the coming years. **Grand Island is well positioned to capture some of this projected growth.**

The sector is heavily export-oriented and in fact exports within this sector account for nearly 10 percent of Hall County's total exports. The largest of the establishments, Case New Holland, has unquestionably had a significant impact on the local economy in Grand Island. In addition to providing over 1,000 jobs to local residents, its presence has helped attract and support the growth of complementary metalwork and custom fabrication operations, such as Standard Iron, Inc., which provide custom components to major manufacturers in the region. Standard Iron relocated to Grand Island in April 2004 in part to be closer to Case New Holland, its biggest client, and with it came over 100 jobs. The inter-relatedness of these two subsectors demonstrates the development of a maturing cluster of equipment and machinery manufacturers, with complementary and supportive custom fabricators that benefit from co-locating in close proximity to major OEMs/manufacturers. Had Case New Holland not expanded operations at its Grand Island location and closed the Illinois production plant, Standard Iron may not have developed its operations in Grand Island.

METALWORK AND CUSTOM FABRICATION

Establishments within this niche largely work in transforming metal into intermediate or occasionally final products, other than machinery, computers and electronics, and other end products that are classified elsewhere. In addition to custom fabricators such as Standard Iron, the niche also includes producers of fabricated metal products such as small arms ammunition manufacturers like Hornady, which employs over 300 people in Grand Island. Employment in these sectors accounts for 18.8 percent of total manufacturing jobs in Grand Island and there has been high growth in these business sectors. Employment in the "other fabricated metal product manufacturing" subsector – which includes small arms manufacturing – grew substantially and national employment is projected to increase by 27.8 percent between 2013 and 2023. Hornady recently united the company's manufacturing divisions under one roof when it expanded its building's operations and added 37,000 square feet of space. With manufacturing, distribution, and office space under one roof, coupled with a rise in demand for its products, employment has increased dramatically. The rising demand for guns and ammunition was spurred, in part, by the growing debate over gun control that followed the mass shootings in Colorado and Connecticut. Worry over new gun control laws that would require intense background checks and possible bans on types of guns sparked a surge in gun purchases across the nation.

Establishments working in architectural and structural metals manufacturing account for roughly one-third of jobs within this niche. Although employment declined by 9.2 percent, the concentration of jobs within this sector is still five times that of the national distribution of jobs. Additionally, the employment losses were less than that at the national level, which lost 10.4 percent of its employment base. Wages in this sector are roughly 25 percent higher than the average wage in Grand Island.

Employment at machine shops and related business activity establishments increased by 34 percent between 2003 and 2013. Machine shops are among the most flexible in terms of their production processes, often machining metal parts on a job or order basis. Generally, machine shop jobs are low

volume using machine tools, such as lathes (including computer numerically controlled); automatic screw machines; and machines for boring, grinding, and milling. This is a particular area of interest considering the large concentration of establishments that require these goods. Nationally, employment at machine shops is projected to grow by 13 percent, which reflects an additional 50,000 jobs over the next ten years.

Interestingly, despite the strong connection between Standard Iron and other custom fabricators to the community's major manufacturers, data from Economic Modeling Specialists, Inc. illustrates that nearly \$13 million in machine shop demand (or nearly 90 percent of all machine shop demand) by Hall County manufacturers is sourced from machine shops located outside the county. **This leakage of expenditure represents foregone revenue, employment, and taxes for the community that could potentially be filled by local suppliers that are able to expand.** Strategies that attempt to find local alternatives to these external suppliers are referred to as "import substitution" strategies. Alternatively, the community could see this as an opportunity to attract specific custom fabricators and machine shops that are currently supporting Grand Island manufacturers but do not have a local presence.

FOOD AND BEVERAGE PRODUCTION

As stated previously, JBS operations accounts for a large percentage of jobs within this niche and has continued to add jobs over the past ten years. In late 2013, JBS USA opened its state-of-the-art distribution center at its processing plant in Grand Island and has designed the center to allow for future expansions. It is a large piece of the local economy and provides jobs for over 3,000 workers. Additionally, it brings in \$1.2 billion dollars in revenue, the largest of any business sector, and represents roughly 25 percent of Hall County's total exports. **Although animal slaughtering and processing represents a particularly large share of all manufacturing activity in Grand Island, *Market Street* does not recommend that the community target additional animal slaughtering and processing facilities.** Hourly wages for the most prevalent occupations are well below the average wage for all occupations in Hall County, and accordingly, growth in the sector has little potential to elevate incomes and standards of living in the community.

However, there are many other producers and distributors of food and beverages in Grand Island and the surrounding region outside of meat packaging and processing. McCain Foods, ToBa Inc. (and its various divisions), and Hastings Foods represent key employers in the sector. While some engage in meat processing activities, these are not their exclusive operations as with JBS Swift. Frozen fruit, juice, and vegetable manufacturing, a subsector of fruit and vegetable preserving and specialty food manufacturing, is another business sector that should be targeted within the food production niche. The subsector has strengthened its presence in the local economy by growing at a time when the sector declined nationwide.

OTHER MANUFACTURING OPPORTUNITIES

Although detailed performance for a variety of other manufacturing subsectors is outside the scope of this analysis, *Market Street* can say with confidence that the asset base which has supported the growth and development of the agricultural equipment and metalwork/custom fabrication sectors also aligns with the site location factors for a variety of other types of manufacturing activities. Specifically, as will be reviewed in subsequent sections, the community's skilled workforce in areas such as machining and welding, relatively low labor costs, relatively affordable and reliable electricity, and access to interstate and rail networks are among the many factors that appeal to manufacturers of other forms of equipment and machinery outside of farm machinery. This includes industrial machinery, other forms of transportation equipment, and other subsectors that heavily source and transform metal in their operations.

WORKFORCE ATTRIBUTES AND OCCUPATIONAL COMPOSITION

While sector-based employment data provides a useful overview of current trends in business activity, occupational data can provide deeper insights into the types of activities that occur within sectors relative to the nation as a whole and the types of skill sets embedded within the community's workforce. For instance, high concentrations of employment in certain occupations may indicate the presence of a specialization within a line of business, while a deficiency of talent in an area could identify potential competitive shortcomings. To offset potential skill shortages, a retiring generation of baby-boomers, and the workforce demands of target sectors, analyzing the occupational composition of the sector and the pipeline of future employees is imperative to creating a sustainable workforce. The following table displays key attributes of the manufacturing workforce in the four-county Grand Island metropolitan statistical area. This region closely approximates the labor shed from which Grand Island employers source their labor, and from which prospective future employers are likely to analyze workforce attributes.

OCCUPATIONAL COMPOSITION: TOP PRODUCTION-ORIENTED OCCUPATIONS (2013)

Description	Grand Island, NE Metropolitan Area				United States	
	Jobs	LQ	Avg. Hourly Earnings	% Workers, Age 45+	Avg. Hourly Earnings	% Workers, Age 45+
Meat, Poultry, and Fish Cutters and Trimmers	1,897	37.12	\$12.14	38%	\$11.40	38%
Welders, Cutters, Solderers, and Brazers	527	4.58	\$17.10	35%	\$18.32	42%
Team Assemblers	467	1.43	\$17.36	38%	\$14.40	44%
Packaging and Filling Machine Operators and Tenders	304	2.58	\$11.03	38%	\$13.54	42%
First-Line Supervisors of Production Workers	288	1.56	\$26.25	49%	\$27.35	55%
Machinists	263	2.06	\$16.77	54%	\$19.60	58%
Farm Equipment Mechanics and Service Techs	249	20.47	\$18.87	49%	\$16.87	51%
Industrial Machinery Mechanics	242	2.38	\$19.64	45%	\$23.22	57%
Slaughterers and Meat Packers	235	9.46	\$14.62	34%	\$12.00	36%
Inspectors, Testers, Sorters, Samplers, and Weighers	207	1.39	\$15.43	47%	\$18.05	54%
Helpers--Production Workers	187	1.39	\$11.74	27%	\$11.84	33%
Extruding, Forming, Pressing, Compacting Machine...	158	7.30	\$15.99	45%	\$15.81	50%
Computer-Controlled Machine Tool Operators...	150	3.33	\$15.23	44%	\$17.70	46%
Mixing and Blending Machine Setters, Operators...	138	3.70	\$14.19	33%	\$16.92	45%
Cutting, Punching, Press Machine Setters, Operators...	120	2.07	\$14.04	39%	\$14.95	48%
Painters, Transportation Equipment	116	7.08	\$20.45	32%	\$20.68	35%
Maintenance Workers, Machinery	101	3.45	\$18.68	51%	\$20.28	58%
Mobile Heavy Equipment Mechanics...	89	2.32	\$17.54	46%	\$22.24	51%
Extruding/Drawing Machine Setters, Operators...	76	3.25	\$13.91	43%	\$16.37	46%
Assemblers and Fabricators, All Other	67	0.75	\$13.37	25%	\$14.03	41%
Coating, Painting, Spraying Machine Setters...	66	2.53	\$15.06	23%	\$15.27	41%
Cutting and Slicing Machine Setters, Operators...	65	3.61	\$14.22	23%	\$15.56	49%
Industrial Engineers	61	0.86	\$34.01	52%	\$39.47	58%
Structural Metal Fabricators and Fitters	61	2.43	\$14.88	59%	\$17.91	52%
Industrial Production Managers	59	1.13	\$35.67	57%	\$46.46	61%
Grinding, Lapping, Polishing, Buffing Machine Tool...	56	2.53	\$17.91	30%	\$15.90	52%

Source: Economic Modeling Specialists, Inc. (EMSI)

Note: Earnings and age composition are color-coded such that occupations with wages below the national average are shaded green to signify a labor cost advantage, while occupations with a relatively low share of workers over the age of 45 are shaded green to signify potential advantages in terms of the demographic sustainability of the workforce. Those with above average labor costs or disadvantageous age dynamics are shaded red. See Appendix A for a technical definition of location quotients.

The following observations are among *Market Street's* key findings related to occupational composition:

- ✓ Average earnings (wages plus supplements such as benefits and bonuses) are lower than the national average for the majority of the region's most prevalent production-oriented occupations. **This is a highly marketable feature of the community as labor costs remain a key consideration for manufacturers in the site selection process.**
- ✓ One exception is the comparatively high wages of "team assemblers" who are responsible for assembling products from start to finish, typically requiring more advanced skills than an occupation where an individual repeats the same task continuously. **The fact that average wages are considerably higher in the Grand Island region likely reflects a relative shortage of qualified workers in these positions, placing upward pressure on wages.** Unlike welding, machining, and some other production-related occupations, team assemblers typically cannot gain the required skills through formal technical training programs at a local college or institution, but rather, need moderate on-the-job training to familiarize themselves with the production process and required tasks.
- ✓ Surprisingly, the data reveal that reported shortages by numerous employers seeking welders have not placed significant upward pressure on wages sufficient to elevate the average wage for welders in the Grand Island region above the national average. Rising demand has led to considerable growth in the number of degree completions in welding programs at Central Community College and other area institutions. In 2012, there were four times as many students completing such programs as there were in 2002. Subsequently, between 2003 and 2013, the number of welders in the region increased by 74 percent.
- ✓ With one lone exception (structural metal fabricators and fitters), **the Grand Island region's manufacturing workforce is exceptionally young as compared to the national average. This is another highly marketable feature of the community's manufacturing sector as manufacturers across the country face the impending retirements of many older workers at a time when younger workers are disenchanted with manufacturing as a career.** Across the entire manufacturing sector, just 17.2 percent of all manufacturing employees in Hall County are aged 55 or over, as compared to 22.1 percent nationwide. This indicates that the community's manufacturers will not face the same pressures as other manufacturers nationwide in terms of retiree replacement.
- ✓ The new Career Pathways Institute (CPI) is a state of the art facility that will help produce a sustainable pipeline of workers with manufacturing skills. **With programs supporting welding, machining, milling and lathing, fabrication, and other technical skills, CPI has the potential to afford the community with a significant advantage in the production of young, skilled talent to support manufacturing expansion.** The community's responsiveness to employer needs is exemplified by CPI's existence.
- ✓ Although manufacturers predominantly employ production-related occupations, the types of occupations within a given manufacturing facility depend heavily upon the type of activities and business units that operate within that facility. While some manufacturing plants may only be comprised of assembly lines (particularly those that are simply the production division of a large company with multiple locations), others (particularly smaller to medium-sized manufacturers) are more likely to house other business units including the corporate management functions. Accordingly, an emphasis on aiding existing small- to medium-sized manufacturers to expand their operations could result in growth in more "white collar" jobs that are associated with management, engineering, clerical, financial, and other corporate functions. Similar focus on smaller to medium sized manufacturers in corporate recruitment efforts could increase the likelihood that other non-production business functions co-locate with the manufacturing facility.

SITE CONSIDERATIONS AND REGIONAL ASSETS

LOCATION: Grand Island's central location is particularly ideal for export-oriented sectors that need access to both the east and west coast. From Grand Island, exports can reach either coast in two days by truck; the geographic center of the contiguous United States is just 80 miles to the south of Grand Island. Its location amidst and proximate to some of the country's most productive agricultural lands make it a viable location for any activity that requires transportation and distribution of agricultural products – be it grains, packaged food products, farm equipment, or otherwise.

RAIL INFRASTRUCTURE: Additionally, rail connectivity offers alternative options for exporting products – both Union Pacific and BNSF provide service to the region. Rail is typically used to transport high weight but relatively low value goods, including agricultural products, coal and other mined outputs, sheet metal and other heavy inputs, and heavy manufactured goods. The community's strong rail infrastructure provides a competitive advantage for such operations.

ROAD INFRASTRUCTURE: Grand Island's location offers close proximity to a strong road transportation network. Interstate 80 and US Highways 281 and 37 are heavily used to transport products across the nation. The community's distance from north-south interstate connectivity is its lone disadvantage in terms of major road infrastructure.

LAND: Grand Island has a solid supply of available industrial land, some of which is well-served by necessary infrastructure. Available land is currently marketable in a variety of lot sizes to suit a variety of different operational scales, but flexibility allows the community and the EDC (which owns numerous industrial parks and properties) to reposition its holdings or aggregate/disaggregate lots based on the needs of a prospective employer.

ABUNDANT WATER CAPACITY: Water for Grand Island is supplied by the city utility department, with water pumped in from the sand and gravel aquifer that lies beneath the city. This provides a plentiful supply of high-quality water for business operations, a key consideration for many beverage manufacturers

BUSINESS COSTS: KPMG, in collaboration with the Tax Foundation, released a comparative analysis of state tax costs on business in 2012 for various types of businesses and sectors. Regarding mature firms – those already located in Nebraska – the state ranked 11th for both capital-intensive and labor-intensive manufacturing companies.ⁱⁱⁱ This report has previously identified labor costs as a marketable attribute of the community's manufacturing workforce.

UTILITIES: Nebraska markets itself as the only state that is wholly supported by public power which allows for low rates, and subsequently, a lower cost of doing business. Business leadership participating in focus groups, interviews and the community survey evaluated the community's electrical and water/sewer infrastructure favorably, although a few isolated reports of challenges with water/sewer extension were reported. Prospective companies expect communities and utility providers that are flexible and responsive to their needs, and in many cases, seek "ready-to-go" sites that are already served by necessary infrastructure.

Transportation and Distribution

Grand Island's central location, its strong agriculture background, and its established manufacturing sector, among other attributes, make transportation and distribution activities an important component of the regional economy. The main subsectors within transportation and distribution include: transportation services (truck, rail, and air), warehousing and storage, and wholesale trade. Companies within the Transportation and Distribution target are engaged in the storage and management of the flow of materials and goods within the economy. Products begin as a series of raw materials that must first be transported to a manufacturer. When the production process is complete, the resulting goods must then be transported to the next user – a consumer, business, or other manufacturer. Any activity along the way that involves the movement or storage of goods is captured in the Transportation and Distribution target.

The wholesaling process is an intermediate step in the distribution of merchandise from producers to consumers. While households typically purchase their goods from retail establishments, business, governments, and large institutions typically purchase from wholesalers. Wholesalers acquire and distribute everything from raw materials to intermediate inputs to finished goods. Many of these establishments are divisions of manufacturers or retailers, while others are standalone entities whose core business is wholesale trade. In addition to their role in storing and distributing goods between producers and consumers, wholesalers often provide a variety of other valuable services to manufacturers, including but not limited to marketing, new business development, sales support, and logistics/supply-chain coordination. Many merchant wholesalers also provide customer and technical support to the purchasers of their goods.

LOCAL COMPANIES: The following is a sample of local employers within the target sector:

Transportation Services: Chief Carriers, Bosselman Carriers, and Grand Island Express

Warehousing and Storage: Millard Refrigerated Services, Storage Place, and Americold

Wholesale Trade: H & H Distributing, Kelly Supply Company, Nebraskaland Distributors, Thompson Company

KEY SITE CONSIDERATIONS: Access to transportation networks (road, rail, air, water); availability of land; availability of buildings with specific features (loading docks, ceiling heights, etc.); location and proximity to manufacturers (customers) and end markets; availability and cost of labor.

NATIONAL TRENDS: While projections vary, freight traffic in the United States and international trade are expected to grow rapidly in the coming years. Where this growth occurs will be influenced heavily by location – transportation accounts for more than 50 percent of supply chain costs, dwarfing the next-most expensive component (labor, 17 percent).^{iv} Accordingly, firms are seeking to shorten the distance that goods must travel to control costs. Companies have also reduced in-stock inventories and instead are relying on “just-in time” shipping from 3PL providers. The rise of online retail has also altered supply chains; many distributions now support direct-to-consumer transactions in addition to traditional retail fulfillment.^v Other innovations such as GPS, radio frequency identification (RFID), and increasingly sophisticated materials-handling systems have improved the efficiency of operations and increased the importance of technology within the sector. These technological innovations are improving efficiencies but, as the aggregate flow of goods continues to increase, labor demands to support the sale, storage, and transportation of these goods will follow. Between 2013 and 2023, national employment in the wholesale trade subsector is anticipated to grow by nine percent. Employment in the air and rail transportation subsectors are both anticipated to grow by six percent, while employment in the truck transportation subsector is anticipated to grow by more than 16 percent. Warehousing and storage employment is projected to grow by 19 percent nationwide.

SECTOR PERFORMANCE

The following table provides a brief overview of key trends in various target subsectors.

SUBSECTOR PERFORMANCE: TRANSPORTATION AND DISTRIBUTION

NAICS	Description	Hall County, Nebraska					United States	
		Location Quotient	2014 Wages	National Earnings Ratio	Net Jobs (2013)	% Jobs Chg. ('03-'13)	% Jobs Chg. ('03-'13)	
Transportation Services								
4841	General Freight Trucking	2.62	\$41,021	0.78	759	132	21.1%	0.3%
4842	Specialized Freight Trucking	1.89	\$44,761	0.81	216	100	86.2%	7.2%
4821	Rail Transportation	1.94	\$90,745	1.09	119	14	13.3%	7.3%
4882	Support Activities for Rail Transportation	10.41	\$42,482	0.90	76	23	43.4%	37.7%
4881	Support Activities for Air Transportation	1.01	\$34,826		44	31	238.5%	23.6%
541614	Process, Physical Dist., & Logistics Consulting	1.31	\$31,640	0.48	37	--		35.1%
4884	Support Activities for Road Transportation	0.65	\$23,159	0.59	17	--	--	22.6%
4885	Freight Transportation Arrangement	--	--	--	<10	--		12.5%
4889	Other Support Activities for Transportation	--	--	--	<10	--		-2.3%
4811	Scheduled Air Transportation	--	--	--	0	(26)		-14.9%
4812	Nonscheduled Air Transportation	--	--	--	0	0		-9.3%
Warehousing & Storage								
49311	General Warehousing & Storage	0.45	\$39,745	0.97	69	17	32.7%	37.2%
49312	Refrigerated Warehousing & Storage	5.03	\$34,815	0.80	66	1	1.5%	21.6%
Wholesale Trade								
4238	Mach., Equip., & Supplies Wholesalers	2.90	\$63,048	1.00	497	178	55.8%	0.8%
4244	Grocery & Related Product Wholesalers	0.96	\$46,119	0.92	184	110	148.6%	5.9%
4231	Motor Vehicle, Parts, & Supplies Wholesalers	1.91	\$47,957	0.98	165	6	3.8%	-5.2%
4248	Beer, Wine, & Distilled Alc. Beverage Wholesalers	2.41	\$32,788	0.54	111	25	29.1%	32.3%
4236	Electrical & Electronic Goods Wholesalers	1.24	\$46,848	0.61	103	46	80.7%	-8.7%
4245	Farm Product Raw Material Wholesalers	5.32	\$59,319	1.18	103	21	25.6%	-3.4%
4249	Miscellaneous Nondurable Goods Wholesalers	0.89	\$50,207	1.07	79	(101)	-56.1%	-12.0%
4237	Hardware, Plumbing & Heating Equip. Wholesalers	1.22	\$50,244	0.84	72	(2)	-2.7%	-2.6%
4247	Petroleum & Petroleum Products Wholesalers	2.13	\$48,964	0.71	53	(93)	-63.7%	-10.1%
4233	Lumber & Other Construction Materials Wholesalers	0.75	\$37,127	0.70	37	8	27.6%	-17.5%
4239	Miscellaneous Durable Goods Wholesalers	0.40	\$22,234	0.44	35	--		13.2%
4235	Metal & Mineral (except Petroleum) Wholesalers	0.59	\$49,136	0.79	19	(8)	-29.6%	2.2%
4251	Wholesale Electronic Markets & Agents & Brokers	--	--	--	17	(35)	-67.3%	33.5%
4232	Furniture & Home Furnishing Wholesalers	--	--	--	<10	--		-12.9%
4234	Prof. & Comm. Equip. & Supplies Wholesalers	--	--	--	<10	--		-4.2%
4246	Chemical & Allied Products Wholesalers	--	--	--	<10	--		-4.1%
4241	Paper & Paper Product Wholesalers	--	--	--	0	(14)	-100.0%	-22.0%
4242	Drugs & Druggists' Sundries Wholesalers	--	--	--	0	--		-12.4%
4243	Apparel, Piece Goods, & Notions Wholesalers	--	--	--	0	0		-5.3%
Total, Transportation and Distribution				--	2,871	474	19.8%	3.7%
Total, All Sectors		--	\$33,960	0.72	38,450	4,397	12.9%	3.8%

Source: Economic Modeling Specialists, Inc. (EMSI)

"Earnings ratio" refers to the ratio of local earnings (wages plus supplements) to the national average for that same sector. This helps provide an important perspective on the relative cost of labor in a community. See Appendix A for a technical definition of location quotients.

The following observations are among *Market Street's* key findings related to subsector performance:

- ✓ The degree to which the transportation and distribution target is linked to the manufacturing target in Grand Island and Hall County is evident in the data showing sector composition for wholesale trade. The four largest (in terms of employment) wholesale trade subsectors are heavily tied to the community's manufacturing strengths: machinery, equipment, and supplies wholesalers; grocery and related product wholesalers; motor vehicle, parts, and supplies wholesalers; and beer, wine, and distilled alcoholic

beverage wholesalers. This is not surprising as many of the employers in this target are subsidiaries or affiliated divisions of manufacturers in the region.

- ✓ Over the past ten years, transportation and distribution employment grew by nearly 20 percent, adding nearly 500 jobs. **The rate of expansion within the target (19.8 percent) over the last decade far outpaced the national rate of growth (just 3.7 percent).** This partially reflects the fact that manufacturing activities in Grand Island and across the state which support transportation and distribution employers were relatively resilient during the recent national recession which battered the manufacturing sector, and accordingly, the transportation and distribution sector nationwide.
- ✓ Roughly one-third of jobs within this target are related to truck transportation (general and specialized freight), and truck transportation accounted for nearly 50 percent of the aforementioned target-related job growth in Hall County (232 out of 474 net new jobs created in transportation and distribution). In Hall County, employment in general freight trucking accounts for more than twice the percentage of total jobs (LQ=2.6) than it represents in the average American community. Hall County's general freight trucking sector is more highly concentrated than in the comparison communities examined in the Competitive Assessment: Saline, KS (Salina) LQ=1.6; Buchanan, MO (St. Joseph) LQ=1.0; and Woodbury, IA (Sioux City) LQ=0.88.
- ✓ **Employment in the generalized and specialized freight trucking subsectors is projected to expand nationwide by 8.2 percent and 19.4 percent, respectively, in the coming decade.**
- ✓ **Wages in the truck transportation and refrigerated warehousing and storage sectors are relatively low**, with total earnings (wages and supplements such as bonuses and benefits) ranging from 78 to 81 percent of the national average, **providing existing and prospective employers with a labor cost advantage relative to the average American community.** Additionally, it provides room for wages to grow, thereby increasing the desirability of employment in Grand Island, while remaining competitive at the national level.
- ✓ Air transportation employment appears non-existent in the data covering sector employment. This is likely due to the fact that employment associated with airlines providing service to Central Nebraska Regional Airport (CNRA) is based elsewhere, whereas employment associated with the airport itself is counted by the data provider (EMSI) as government employment given that CNRA is a public airport.
- ✓ In terms of warehousing and storage, employment is heavily concentrated in refrigerated warehousing, supportive of the community's immense food production and distribution activity.

WORKFORCE ATTRIBUTES AND OCCUPATIONAL COMPOSITION

The following observations are among *Market Street's* key findings related to workforce attributes:

- ✓ The high concentration of transportation activities, especially related to trucking, within the target is further seen in the occupational composition. Across the transportation services, warehousing and storage, and wholesale trade sectors nationwide, just over 30 percent of all jobs in these sectors are in occupations related to the physical transportation of materials (e.g. truck drivers, locomotive engineers, industrial truck and tractor operators, laborers and freight movers by hand, and other similar activities). By comparison, these same occupations represent roughly 45 percent of jobs in these sectors in Hall County.
- ✓ Management, business, and financial occupations which are more commonly found in larger transportation and wholesale trade operations are not as prevalent (5.4 percent of all transportation and distribution jobs in Hall County) as what is observed in the average American community (14.2 percent). Similarly, clerical and sales functions that are ever-present in wholesale trade establishments (wholesale sales representatives, administrative assistants, bookkeeping and accounting clerks, general office clerks, etc.) are significantly less prevalent in the transportation and distribution sectors in Hall County. **These are all signs that, at present, the community's transportation and distribution target is more heavily-oriented towards the physical handling and movement of goods as opposed to the coordinated marketing and sales functions of wholesalers, or the corporate functions of all transportation and distribution entities. This community can support future "white collar" job growth via targeted recruitment of wholesale trade establishments that are more heavily oriented towards sales functions as opposed to storage and physical distribution functions.**
- ✓ Although clerical jobs with wholesalers typically average between \$14 and \$16 per hour in Grand Island, which is comparable to the community's average for all occupations regardless of sector, **the 400+ sales representatives for wholesalers and manufacturers that are employed in Hall County earn more than \$25 per hour on average and required a high school diploma accompanied by minimal on-the-job training. These are clearly very attractive positions from the standpoint of their ability to raise average incomes in the community.**
- ✓ **There are serious concerns regarding the aging of the truck driving workforce.** While such concerns are not confined to Grand Island as the trucking industry struggles to attract sufficient truck drivers to replace impending retirees, the issue is pronounced in Grand Island. Approximately 62 percent of truck drivers employed in the region are age 45 or over, as compared to roughly 54 percent nationwide. Further, 31 percent of all workers are over the age of 55, as compared to 24 percent nationwide. Such a high percentage of workers over the age of 55 poses a threat to the sustainability of the community's trucking workforce. Demand for truck drivers is anticipated to grow considerably in the years to come, expanding employment by a projected 14 percent nationally in the next decade. Thankfully, a relatively new truck driving program at Central Community College should help alleviate some future shortages. The program, which according to data from the National Center for Education Statistics appeared to begin in 2009, has roughly 30 completions in both 2011 and 2012.

SITE CONSIDERATIONS AND REGIONAL ASSETS

LOCATION: Grand Island's central location is particularly ideal for the transportation and distribution of goods, particularly those that need access to both the east and west coast. From Grand Island, exports can reach either coast in two days; the geographic center of the contiguous United States is just 80 miles to the south of Grand Island.

ROAD INFRASTRUCTURE: Grand Island's location offers close proximity to a strong road transportation network. Interstate 80 and US Highways 281 and 37 are heavily used to transport products across the nation. The community's distance from north-south interstate connectivity is its lone disadvantage in terms of major road infrastructure.

RAIL INFRASTRUCTURE: As previously mentioned, the community benefits from strong rail connectivity and traffic which adds an important later to its distribution opportunities and identity, especially given the fact that air and water cargo transport is not prevalent or viable.

AIR CARGO INFRASTRUCTURE: Very simply, the lack of significant capacity to support considerable air cargo operations (such as insufficient lengths and load bearing capacity for runways), and the relative lack of manufacturing and distribution activities that rely on air cargo (relatively low weight, high value, time sensitive goods) means that the community will have difficulty attracting or developing any significant air cargo operations in the immediate future. **However, planned extension of the runway from 7,000 to 8,000 feet should increase the viability of future air cargo operations.**

LARGE AVAILABLE SITES AND APPROPRIATE EXISTING BUILDINGS: Over the years, distribution centers have been growing in size as the nature of supply chains changes. In 1998, less than five percent of new warehouses were over 500,000 square feet; by 2006, warehouses larger than 500,000 square feet comprised nearly 25 percent of all construction starts.^{vi} Today, major projects are commonly 500,000 square feet or bigger, with many exceeding the one-million square foot mark. Projects of this magnitude require large, regularly shaped sites that can easily accommodate the facility, parking areas, approach roads, retention ponds, and other necessary infrastructure. While the Grand Island EDC has thousands of acres of land available for industrial development, there are only a few sites remaining that can accommodate the largest of distribution centers or other "mega projects."

In addition to growing horizontally, distribution centers also have increasingly high ceilings. "Clear height" refers to the distance between a building's floor and any overhead obstructions, such as girders or structural supports. In decades past, clear heights were commonly 24 feet or even lower. But in recent years, the standard has evolved, with 32 feet now being the popular standard.^{vii} These changes have rendered many older facilities obsolete for larger Distribution and Warehousing operations. Unfortunately, the inventory of available buildings currently being marketed by the EDC is devoid of any facilities greater than 100,000 square feet, and only four with 20,000 or more available square feet. Few have ceiling heights that meet the aforementioned standards. The community has a few smaller facilities in the 5,000 – 15,000 square feet range that may accommodate the needs of a smaller prospective employer, but overall, the community's inventory of available buildings is not particularly marketable relative to many other communities with established manufacturing and distribution operations. However, it must be noted that the success of the community's transportation and manufacturing sectors is largely responsible for the relative lack of vacant buildings, simply because successful enterprises have maintained occupancy and actually expanded in Grand Island, unlike their counterparts in many other parts of the country.

Business Support Services

Establishments within this target provide a variety of support services to businesses. Most companies are known for the goods they produce or the services they provide, but supporting these principal activities are numerous other business functions that are no less essential. These include functions such as accounting, billing, and payroll services, information management and data centers, and customer service operations, including call centers. While many of these functions are performed in-house at corporate offices for large corporations, many are standalone business units or outsourced.

This target and the businesses operating in its component subsectors should be attracted to the community's relatively low cost business and living environment, including low labor costs, and its pool of relatively low skill labor lacking higher education. Principal Financial's call center is perhaps the best example of a thriving business support service in Grand Island.

NATIONAL TRENDS: For the past several decades, companies around the world and across a variety of industry sectors have sought to decrease operating costs by improving efficiencies in certain business functions such as information technology and payroll management. Some companies have outsourced these tasks to third-party firms, while others have consolidated them in-house in a "shared services" setup. In these instances, tasks that used to be spread out across a variety of departments are consolidated into a single internal unit, which then provides its services company-wide. According to KPMG, growth in shared services now outpaces that of traditional outsourcing.

LOCAL COMPANIES: The Principal Financial Group; Farm Credit Services of America; General Collection, Inc.

KEY SITE CONSIDERATIONS: Site considerations can vary in important ways within the Corporate and Financial Support Services target. Among the various factors for different subsectors are: large pools of low-cost labor; multi-lingual labor pool; bachelor's degree-educated workforce with finance and insurance backgrounds; abundant, low cost office space; telecommunications infrastructure; low natural disaster risk; quality of life; passenger air connectivity; and tax climate.

SECTOR PERFORMANCE

The following observations are among *Market Street's* key findings related to sector performance:

- ✓ Principal Financial, which operates a large call center in Grand Island that employs more than 400 individuals, is classified according to one of its core business units – the provision of insurance. Reported employment in "insurance carriers" just slightly exceed 400 in 2013. An additional 97 employees were reported in the "telephone call center" subsector. Combined, the community truly employs more than 500 individuals in call center operations, a prevalent business support function.
- ✓ In isolation, it appears that the community's call center jobs are relatively low wage (\$26,011 annually). But when combining Principal's operations – which again, are categorized as part of the "insurance carriers" subsector and not part of the "telephone call centers" subsector – with the community's other call center operations, the average wage for the call center sector rises to \$37,505. This is nearly \$4,000 above the average wage for all sectors in Grand Island, indicating that call center operations actually have the potential to elevate average wages and incomes, although slightly, in the community. They provide a valuable alternative to retail, food service, and other non-manufacturing careers that require

little to no higher education. By comparison, the average annual wage in the retail trade sector is \$22,715 and ranges between \$16,000 and \$24,000 for a variety of food service occupations.

SUBSECTOR PERFORMANCE: BUSINESS SUPPORT SERVICES

NAICS	Description	Hall County, Nebraska					United States	
		Location Quotient	2014 Wages	National Earnings Ratio	Jobs (2013)	Net Jobs Chg. ('03-'13)	% Jobs Chg. ('03-'13)	% Jobs Chg. ('03-'13)
56132	Temporary Help Services	1.47	\$20,745	N/A	970	656	208.9%	19.7%
5241	Insurance Carriers	1.34	\$40,059	0.49	437	(259)	-37.2%	-5.5%
5412	Accounting, Tax, Bookkeeping, & Payroll Services	0.94	\$50,540	0.86	264	21	8.6%	9.0%
56144	Collection Agencies	3.85	\$25,060	0.62	141	94	200.0%	-3.1%
56142	Telephone Call Centers	0.79	\$26,011	N/A	97	38	64.4%	32.9%
56111	Office Administrative Services	0.62	\$60,895	0.79	73	61	508.3%	47.1%
5222	Nondepository Credit Intermediation	0.38	\$53,610	0.64	59	(1)	-1.7%	-21.1%
56131	Emp. Placement Agencies & Exec. Search Services	0.57	\$53,567	1.21	44	--	--	-5.0%
5231	Securities & Commodity Contracts Brokerage	0.28	\$132,723	0.70	32	(3)	-8.6%	-8.8%
56141	Document Preparation Services	--	--	--	<10	--	--	23.8%
56149	Other Business Support Services	--	--	--	<10	--	--	-6.1%
518	Data Processing, Hosting, and Related Services	--	--	--	<10	--	--	5.3%
52231	Mortgage and Nonmortgage Loan Brokers	--	--	--	<10	--	--	-42.5%
52232	Financial Transactions Processing	--	--	--	<10	--	--	42.9%
54191	Marketing Research & Public Opinion Polling	--	--	--	0	--	--	-2.8%
56133	Professional Employer Organizations	--	--	--	0	--	--	-54.6%
56143	Business Service Centers	--	--	--	0	--	--	-10.3%
5251	Insurance & Employee Benefit Funds	--	--	--	0	--	--	-71.7%
Total, Business Support Services		0.98	--	--	2,137	642	42.9%	-0.5%
Total, All Sectors		--	\$33,960	0.72	38,450	4,397	12.9%	3.9%

Source: Economic Modeling Specialists, Inc. (EMSI)

"Earnings ratio" refers to the ratio of local earnings (wages plus supplements) to the national average for that same sector. This helps provide an important perspective on the relative cost of labor in a community. See Appendix A for a technical definition of location quotients.

- ✓ The largest business support service subsector in Hall County is "temporary help agencies" which technically employed 970 individuals in 2013. Employment within this sector has increased rapidly in the past few years across the nation. As the economy began showing signs of a recovery, companies started getting more business and many reached out to temp agencies – uncertain if demand would continue to grow and unwilling to take the risk of hiring an employee in case there was another economic downturn. An increase in temporary employment typically is a leading indicator that the economy is recovering and companies are preparing to bring back on full time employees. What's interesting though is that Grand Island has such a tight labor market and yet the employment level at temporary help services establishments increased by over 200 percent between 2003 and 2013, while nationally, employment in that sector increased by 16.5 percent. Such a large increase in temporary agencies is not typical of a healthy labor market with increasing employment and a low unemployment rate. As the Competitive Assessment revealed, many employers in the community have indicated that they heavily utilize temporary help and staffing agencies to evaluate an employee before offering a full-time position in what one individual described as a "try before you buy" process. Accordingly, the majority of the employment reported in this subsector is dispersed throughout a variety of other subsectors.
- ✓ Employment at collection agencies increased significantly in Grand Island. Although wages (\$25,060) are low compared to the nation and the average wage in the area, this business sector provides jobs for

close to 150 people. Employment locally increased three-fold between 2003 and 2013 and is projected to add 16,000 jobs over the next ten years. The concentration of jobs within this subsector increased compared to the nation and in 2013 its location quotient was 3.9, indicating that the subsector is almost four times as heavily concentrated in Grand Island than the average American community.

- ✓ The data processing, hosting, and related services sector captures data centers and a few other types of data management related support functions. As the data indicates, such operations are not currently prevalent in Grand Island and their future viability in the community is questionable. Data center operations typically seek environments with a large, well-skilled information technology talent pool, as well as locations with redundant and very high-speed broadband connectivity.
- ✓ Growth prospects for the target and its various subsectors are very strong. Nationwide, general business support services are projected to grow by 21 percent between 2013 and 2023, and financial activities unrelated to depository credit are projected to expand by 15.8 percent. Among subsectors, financial transactions processing (31.8 percent projected growth), call centers (28.0 percent); data centers (11.7 percent), and collection agencies (other than call centers; 11.6 percent) are all projected to expand at a pace that is equal to or exceeds the rate of growth for all sectors nationwide.

WORKFORCE ATTRIBUTES AND OCCUPATIONAL COMPOSITION

The following observations are among *Market Street's* key findings related to workforce attributes:

- ✓ Of the top ten occupations in this target in Grand Island, eight require a high school degree and only one requires a bachelor's degree. Higher wage positions within this target are, not surprisingly, associated with higher education, experience, and training levels. General and operations managers, loan officers, and accountants are among the top paying occupations. Bill and account collectors, bookkeepers, and office clerks account for large percentages of jobs in an office environment. The fact that many jobs require little to no education beyond high school aligns with the educational attainment profile of the community, whereby more than half (50.3 percent) of all adults age 25 and over have no education beyond high school. As previously mentioned, many jobs in this target provide wages that are comparable to or exceed the average for all sectors in the community.
- ✓ The target may also provide an important employment prospect for predominantly Spanish-speaking individuals that are also fluent in English. According to the Census Bureau's 2012 American Community Survey, 7.4 percent of the adult population in Hall County speaks Spanish and also "speaks English very well" as compared to just 3.5 percent statewide and 7.1 percent nationwide. The presence of this bilingual workforce could be a marketable feature, as many customer service operations (such as call centers) need bilingual individuals to meet the varying needs of customers.
- ✓ Office and administrative support occupations are projected to grow at a slower rate over the next ten years compared to the state and national growth rate of these occupations. The growth combined with replacements needs of retirees, in the Grand Island area, is projected to have approximately 164 openings a year within this occupational group. About half of office and administrative support occupations are under the age of 45, but 26 percent of workers are over the age of 55. Although many of the top occupations do not require post-secondary education, there's been an average of 223

regional completions per year in degrees and certificates in the general business administration and management since 2007.

- ✓ More specifically, over the last five years, between 70 and 120 individuals have completed the business technology program at Central Community College annually, and an additional 140 to 220 annually have completed the various other business management, marketing, and financial programs. This is a strong pipeline from a community college. The development of a customer service/call center program at Central Community College would benefit the community and employers seeking these skill sets.
- ✓ Accountants and auditors are a prevalent occupation in this target, and are among some of the highest-paying occupations. However, these positions typically require at least a bachelor's degree which cannot be received locally (although some bachelor's-level accounting coursework is offered through Doane College). Recruitment of college graduates from outside the region will be necessary to satisfy the future demand for these workers that is currently projected, plus any additional growth associated with the other targets and their support needs (i.e. accountants working for manufacturers). Similarly, bookkeeping is an occupation that is needed for all business sectors. Employment within this occupation grew by 25 percent over the past ten years in the Grand Island area, far exceeding the six percent growth experienced at the national level. Bookkeeping wages within this occupation average less than the Hall County average wage for all jobs, but it has minimal education and experience requirements and can be used as a stepping stone to some higher paying jobs. A first-line supervisor of office and administrative support workers, for example, has an average annual wage of \$41,433.

SITE CONSIDERATIONS AND REGIONAL ASSETS

In addition to the variety of workforce considerations reviewed above (particularly abundant low cost labor), the following additional site considerations are often evaluated for various types of business support services.

TAX CLIMATE: The comparative analysis of state tax costs on business completed by KPMG and the Tax Foundation concluded that, in 2012, Nebraska ranked at the top as the state with the lowest average tax costs for new call center operations. This is a highly marketable attribute.

OFFICE SPACE: The community has a very limited stock of attractive, available office space to accommodate new business support operations. Prospective new companies may need to evaluate build to suit options.

NATURAL DISASTER RISK: Data center operations and other IT-intensive support functions typically seek locations with low natural disaster risk. Although earthquake and hurricane risk is exceptionally low to non-existent, flood and tornado risk is relatively high in Central Nebraska. While other parts of the state – most notably Omaha – have succeeded in attracting data centers, they have more to offer in terms of the necessary talent to support such operations.

PASSENGER AIR CONNECTIVITY: Most occupations within business support functions do not require significant, if any, amount of business travel. Some operations do have managers that frequently travel, and Central Nebraska Regional Airport's connectivity to a major hub in Dallas-Fort Worth is likely sufficient to meet the needs of these few. However, the relatively limited direct connectivity to other markets will inhibit the community's ability to develop higher-wage corporate and professional service sectors that are characterized by a higher frequency of business travel.

Travel and Tourism

The Travel and Tourism target is comprised of the establishments that encourage non-residents to visit Grand Island and the businesses that support them during their stay. Specifically, the target includes attractions such as museums and historical sites, Fonner Park and the State Fair, and recreational amenities such as the Heartland Public Shooting Park and the Crane Trust Nature and Visitors Center. It also encompasses traveler accommodations such as hotels and motels, as well as other support functions such as car rental. Tourism is also highly supportive of retail establishments and restaurants. But while these sectors are mentioned throughout this section when relevant, they are primarily supported by nearby residents and are thus not included in the formal target definition.

Strong travel and tourism sectors can have tremendous impacts on a local economy and are an important aspect to a community's economic development plan. Like manufacturing, tourism is essentially an export-oriented sector. While manufacturers export products and bring new income into the region from the sale of these products, tourism "exports" an experience and brings in new income from the expenditures of non-residents. When a resident visits a restaurant or retailer in Grand Island, they are simply recycling their wage income in the community; no net new wealth is created. However, when a non-resident spends money at a restaurant or retailer, they are bringing their income to the community from outside, creating net new wealth. This concept is reinforced by economic impact estimates which capture this "multiplier effect" associated with attracting non-resident expenditure. According to the Nebraska Department of Economic Development, tourism is Nebraska's third largest revenue-generating activity from outside the state. It is estimated that each dollar spent by out of state tourists is re-spent in Nebraska to produce an additional \$1.70 in income for local businesses for an overall economic impact of \$2.70.

Strategic targeting of travel and tourism opportunities is typically carried out by destination marketing organizations (DMOs), also known as convention and visitors bureaus. The Grand Island Convention and Visitors Bureau (CVB) leads these efforts on behalf of the community but its efforts are complemented by those of numerous partners across the county, region, and state. These partners recognize that every traveler and tourist is a potential new resident, employee, or business owner. Their opinions and experiences become stories that are often told over lifetimes, and have lasting impacts on the way that communities are perceived by individuals and businesses that may have never visited a community themselves. The strategic targeting of travel and tourism helps support the development of all targets by improving the amenities and quality of life offerings that are afforded to existing and prospective future residents, as well as travelers and tourists throughout the county.

It's important to note, however, that travel and tourism differs from the other targets in that traditional economic development efforts are limited due to the nature of the business. While targeted economic development strategies focused on other sectors may include a variety of initiatives such as corporate recruitment, entrepreneurship, and workforce development investments, travel and tourism is not a sector that requires or would benefit from a similar approach. Rather, the traditional tactics associated with travel and tourism development are largely divided into two areas: promoting and marketing the community, and developing new "product" (attractions, convention centers, etc.). By no means are these the only tactics that successful communities pursue with regards to travel and tourism promotion, but they are certainly the most commonplace. Because the approach to target development for travel and tourism differs

substantially from other sectors of the economy, *Market Street's* analysis adjusts accordingly. The review that follows will present a quick overview of sector performance before evaluating the primary assets that support travel and tourism growth and development and the primary deficiencies that inhibit the community from realizing its full travel and tourism potential.

SECTOR PERFORMANCE

The following observations are among Market Street's key findings related to sector performance:

- ✓ The recent recession took its toll on travel and tourism within the United States. As consumer confidence dropped, unemployment rose, and uncertainty regarding a variety of issues from employment to housing created financial distress for households, leisure travel declined considerably. Likewise, businesses that were able to cut back on employee travel did so during a time of economic uncertainty and turmoil.
- ✓ Employment trends within travel and tourism in Grand Island mirrored that of the nation. After a dip in employment during the recession and early recovery period, employment has picked up and in recent years has posted positive annual growth rates. Partially coinciding with this period of economic recovery in Grand Island is the opening of the Nebraska State Fair and a variety of new facilities at Fonner Park. Much of the travel and tourism sectors growth occurred in the last three years (2010-2013).

SUBSECTOR PERFORMANCE: TRAVEL AND TOURISM

NAICS	Description	Hall County, Nebraska						United States
		Location Quotient	2014 Wages	National Earnings Ratio	Jobs (2013)	Net Jobs Chg. ('03-'13)	% Jobs Chg. ('03-'13)	% Jobs Chg. ('03-'13)
Entertainment and Culture								
7112	Spectator Sports	2.47	\$19,968	0.24	115	59	105.4%	9.3%
711212	Racetracks	8.84	\$17,085	0.78	94	43	84.3%	-21.9%
7132	Gambling Industries	0.77	\$10,868	0.35	28	(7)	-20.0%	4.0%
7115	Independent Artists, Writers, and Performers	0.33	\$16,124	0.49	23	11	91.7%	1.7%
711211	Sports Teams and Clubs	0.82	\$35,262	0.24	17	17	--	28.4%
7111	Performing Arts Companies	--	--	--	<10	--	--	1.7%
711219	Other Spectator Sports	--	--	--	<10	--	--	17.8%
7113	Promoters of Performing Arts, Sports, and Events	--	--	--	<10	--	--	40.4%
7121	Museums, Historical Sites, and Similar Institutions	--	--	--	<10	--	--	22.2%
7131	Amusement Parks and Arcades	--	--	--	<10	--	--	19.5%
Hospitality and Traveler Support								
721	Accommodation	0.72	16111	0.61	345	-33	-8.7%	3.3%
532111	Passenger Car Rental	0.49	\$20,140	0.59	14	1	7.7%	-9.9%
Retail and Food Service (Tourism-Supporting)								
44	Retail Trade	1.28	\$22,715	0.83	5,116	26	0.5%	-0.5%
722	Food Services and Drinking Places	0.94	\$12,594	0.78	2,512	340	15.7%	18.7%
Total, Travel & Tourism (exc. Retail & Food)					525	31	6.3%	5.9%
Total, All Sectors					38,450	4,397	12.9%	12.9%

Source: Economic Modeling Specialists, Inc. (EMSI)

"Earnings ratio" refers to the ratio of local earnings (wages plus supplements) to the national average for that same sector. This helps provide an important perspective on the relative cost of labor in a community. See Appendix A for a technical definition of location quotients.

- ✓ With the development and opening of the Heartland Events Center came professional indoor football. The Nebraska Danger began playing in Grand Island and the addition of the team to the community brought approximately twenty jobs.
- ✓ Given the historical presence of Fonner Park, it is not surprising to see that employment in racetracks (94 individuals) is heavily concentrated (LQ=8.8) in Grand Island. Reported racetrack employment increased by 84.3 percent with the addition of 43 jobs since 2003. Again, much of this growth coincided with the expansion of facilities at Fonner Park to accommodate the relocation of the Nebraska State Fair.
- ✓ Employment at establishments involved in accommodation services (hotels and motels) declined by 8.7 percent over the ten-year period analyzed. While at first this was surprising considering the overall growth of travel and tourism, the annual data reveal a few interesting aspects of the hotel subsector. Employment surged by nearly 30 or 40 individuals in the mid-2000s and again in 2010, coinciding with the opening of new hotels (such as Fairfield Inn in 2010). However, the growth that has come from new facilities has been counteracted by gradual declines in the early 2000s and 2010s following periods of national recession and depressed traveler expenditure.
- ✓ Wages appear to be exceptionally low in many core “entertainment and culture” subsectors. However, this is due largely to the fact that many jobs are either part-time or seasonal, and therefore average wages do not accurately reflect a comparable full-time wage.
- ✓ Data covering exports by sector provides an interesting way to view the impact of non-resident expenditures on tourism-related activities. An “export” is any expenditure attributed to a non-resident; this could be someone living in an adjacent county or somewhere that is visiting from across the country. So while all expenditures measured as “exports” cannot fully be attributed to tourists in the traditional sense, they can be attributed to non-residents, shedding light on the community’s ability to attract such valuable expenditures. When measured on a per capita basis (exports divided by population), the data allow for an easy comparison between communities on the relative ability to attract non-resident expenditures. The following table illustrates that Grand Island (Hall County) attracts significantly more non-resident expenditure per capita in all major sectors relative to some of its primary competition for travelers and tourists in Nebraska. Per capita non-resident expenditures on arts, entertainment, and recreation (which includes activities such as spectator sports, racetracks, museums, etc.) is higher in Hall County than Kearney (Buffalo County) and Lincoln (Lancaster County) but trails Omaha (Douglas).

EXPORTS PER CAPITA BY SECTOR (2013)

Sector	Grand Island (Hall County)	Kearney (Buffalo)	Lincoln (Lancaster)	Omaha (Douglas)
Arts, Entertainment, and Recreation	\$180.4	\$160.4	\$178.3	\$294.2
Accommodation and Food Services	\$962.5	\$1,514.7	\$748.5	\$549.6
Retail Trade	\$3,596.8	\$3,717.2	\$2,010.1	\$1,886.5

Source: Economic Modeling Specialists, Inc. (EMSI); Census Bureau

REGIONAL ASSETS SUPPORTING TOURISM GROWTH

The following are among the regional assets that support the community's attractiveness as a destination for travelers and tourists. This is by no means intended to be an exhaustive list as the community is already well aware of its asset base with regards to tourism and a more comprehensive inventory of such assets is maintained and promoted by the CVB, the Chamber, the EDC, and other partners.

CRANE TRUST NATURE & VISITORS CENTER: Communities rarely have truly unique – one of a kind – tourist experiences that they can promote. The annual sandhill crane migration that follows the Platte River in Central Nebraska is one such experience, and is a big part of the community's tourism identity, especially to non-residents of the state of Nebraska.

FONNER PARK AND THE HEARTLAND EVENTS CENTER: Very simply, the facilities that have been developed at Fonner Park – including but certainly not limited to the Heartland Events Center – are tremendous assets to the community, assets that many residents described as “underutilized” during public input. Few communities of Grand Island's size can match the scale and quality of the event facilities at Fonner Park. They have been described by many in the community as “best in class” as they relate to livestock shows, technology integration, and flexibility in terms of use.

NEBRASKA STATE FAIR: Since relocating to Grand Island in 2010, the State Fair has had a tremendous impact on the local economy and its continued growth and expansion will be an important catalyst for future growth in terms of traveler expenditures and new “product” (facility, amenity, etc.) development. Annual attendance at the fair increased steadily in the 2000s, surging in 2009 during the fair's final year in Lincoln. Attendance levels in 2010 were roughly identical to the 2008 figures in Lincoln, and attendance grew steadily in 2011 and 2012, followed by a very small decline in 2013. While many fair attendees may be families or individuals making a day-trip, efforts to promote overnight stays among fair attendees by promoting other, complementary attractions and events in the community is critical to maximizing the economic impact of the fair.

STUHR MUSEUM: Preserving and portraying the community's “Prairie Pioneer” heritage, the Stuhr Museum is the community's primary cultural and historical attraction for non-residents.

HUSKER HARVEST DAYS: The largest totally irrigated working farm has a big impact on the local economy and celebrates the agricultural foundation that Grand Island is built on. It is a three-day event that draws over 100,000 people and has over 600 exhibitors, and showcases the latest products, technology, information, and services related to agriculture. With over 30 years of Husker Harvest Days, it is a true asset to the area and a rare benefit that many communities would be envious of.

HEARTLAND PUBLIC SHOOTING PARK: The Heartland Public Shooting Park is a relatively new amenity that is capable of supporting travel and tourism by way of hosting youth and adult shooting competitions. The National 4-H Shooting Sports Invitational is committed to the Park through 2016.

OTHER ATTRACTIONS: From the Island Oasis water park to the Platte River and Loup Rivers Scenic Byway to rail-related historical preservation, the community has a variety of other amenities to offer travelers and tourists with varied interests.

REGIONAL DEFICIENCIES INHIBITING TOURISM GROWTH

The following are among the weaknesses that inhibit the community from maximizing the economic impact of tourism and traveler expenditures:

LACK OF A LARGE CONVENTION CENTER HOTEL: While the quality and capacity of facilities at Fonner Park are capable of supporting large conventions, trade shows, livestock shows, exhibits, competitions, and other events, their marketability to the planners of such events is partially inhibited by the community's lack of a large block of hotel rooms – ideally concentrated in a single establishment or “convention center hotel” – on site or in very close proximity (walking distance) to Fonner Park. While there are a few hotels near the entrance to Fonner Park, they are by no means large enough to accommodate a large group of individuals attending a multi-day conference, trade shows, and events. This is the key missing ingredient in the community's travel and tourism portfolio and is a logical complement to the facilities at Fonner Park.

PASSENGER AIR CONNECTIVITY: Although the community's residents are fortunate to have non-stop commercial air service to Dallas/Fort Worth, Phoenix/Mesa, and Las Vegas, the lack of direct connectivity to other locations inhibits the community's appeal to meeting planners that are seeking low cost destinations which also have a variety of direct flight options for attendees. Continued expansion of direct connections to major airline hubs such as Chicago and other east coast major markets would be a welcome addition to the community in a variety of ways, and would clearly enhance the travel and tourism sector's prospects. At present, the community is most competitive for corporate meetings, trade shows, exhibitions, and other such events that typically attract an audience from the state of Nebraska or surrounding areas that are within driving distance of Grand Island. The planned construction of a new passenger terminal at CNRA will greatly enhance the airport's position to attract and accommodate new connections if sufficient demand for such new connections exists. The new terminal is being developed with space to accommodate anticipated growth over the next twenty years.

RELATIVE LACK OF CULTURAL AMENITIES AND NIGHTLIFE: Although the community has a number of important and very valuable attractions (listed above), it is a relatively small metropolitan area, and with that comes a relative lack of cultural attractions, performing arts, nightlife, and other amenities to which individuals from larger metropolitan areas are typically accustomed. Residents and employers frequently mentioned this lack of options as a deterrent for top, well-educated talent, making it difficult to recruit such individuals to work in Grand Island. These same deterrents apply to leisure travelers and tourists, and the relative lack of such amenities inhibits the community's ability to make a compelling case for overnight leisure travel. It is also inhibits the community's ability to attract larger corporate events and meetings, trade shows and exhibitions, and conferences given that meeting planners typically seek communities with a variety of amenities and nightlife options to supplement planned daytime activities.

AESTHETICS AND BEAUTIFICATION: While there are many beautiful parts of Grand Island and Hall County, residents lamented during the public input phase that the community's two primary entrances from Interstate 80 – Highway 281 and South Locust St. – are not the most aesthetically-pleasing and welcoming corridors. Enhancements to these corridors via beautification efforts (litter prevention, landscaping and streetscaping, signage and wayfinding, etc.) could help ensure that the community makes a positive first impression on travelers and tourists.

Corporate and Professional Services

While Grand Island is currently home to and competitive for a variety of business support services (call centers, payment processing, outsourced or shared services, etc.) it is currently uncompetitive for larger, higher-wage corporate and professional services that require many community attributes which are lacking in Grand Island. However, residents expressed a strong desire to see economic diversification into a wider array of corporate and professional services, and often mentioned this desire within the context of providing employment opportunities for future generations so that they can remain in Grand Island, or return to Grand Island following graduation from college. And so, while corporate and professional services is not a currently competitive sector with a set of marketable assets that could support new business recruitment, it merits discussion as “developmental target” whose necessary asset base aligns with deficiencies in the community that, when enhanced, could support a variety of other community objectives. Accordingly, development of this target will require a long-term commitment to establish and improve the assets required for Grand Island to successfully attract businesses in the corporate and professional services sector.

Such enhancements to the regional asset base include but are not limited to:

- ✓ a well-educated workforce with ample business- and financial-related bachelor’s degree holders
- ✓ quality of life amenities that appeal to the highly-educated
- ✓ increased options in terms of direct service to major markets across the country
- ✓ abundant, high-quality office space

These assets are principal considerations for professional service providers and regional offices or headquarters.

While business support services (one of the community’s four competitive targets) typically covers outsourced or shared service “back-office” functions (payments, billing, collections, customer service, etc.) through a division of an existing company, professional service providers are typically standalone firms that provide higher value services to other companies. Such services include legal, marketing and public relations, architecture and engineering, computer systems design, and a variety of research and development services.

Corporate and regional headquarters are self-explanatory. These are the business units that house the primary corporate management functions of an enterprise. While the community does not have the asset base to compete with hundreds of other larger, more competitive metropolitan areas for corporate headquarters relocations, it may become a viable location for some smaller, regional headquarters projects in the decades to come. Firms such as insurance carriers, telecommunications providers, and various architecture, engineering, and construction (AEC) firms operate a multitude of regional headquarters and regional offices that serve various submarkets.

The table that follows demonstrates the relatively limited existing professional service and headquarters activity in Hall County. The “management of companies and enterprises” captures headquarters operations, and its growth in recent years largely reflects the expansion of existing companies that are headquartered in Grand Island, including but not limited to Hornady Manufacturing and the Bosselman Companies.

However, employment levels in this sector are very unreliable and often highly understated or overstated depending upon the community and the manner in which its businesses report their operations to the federal government.

SUBSECTOR PERFORMANCE: CORPORATE AND PROFESSIONAL SERVICES

NAICS	Description	Hall County, Nebraska					United States
		Location Quotient	2014 Wages	Jobs (2013)	Net Jobs Chg. ('03-'13)	% Jobs Chg. ('03-'13)	% Jobs Chg. ('03-'13)
Professional Services							
5412	Accounting, Tax Prep., Bookkeeping, and Payroll	0.94	\$50,540	264	21	8.0%	9.0%
5413	Architectural, Engineering, and Related Services	0.38	\$47,572	141	70	49.6%	7.6%
5419	Other Professional, Scientific, and Tech. Services	0.71	\$26,139	133	23	17.3%	24.9%
5411	Legal Services	0.35	\$44,511	120	3	2.5%	-1.9%
5416	Mgmt., Scientific, and Tech. Consulting Services	0.22	\$41,099	83	8	9.6%	54.2%
5415	Computer Systems Design and Related Services	0.10	\$47,123	45	(37)	-82.2%	42.3%
5418	Advertising, Public Relations, and Related Services	0.30	\$35,895	40	(43)	-107.5%	-4.7%
5414	Specialized Design Services	--	--	<10	--	--	-0.8%
5417	Scientific Research and Development Services	--	--	<10	--	--	17.5%
Regional Headquarters							
5511	Management of Companies and Enterprises	0.82	\$40,793	433	332	76.7%	24.5%
Total, Travel & Tourism (exc. Retail & Food)				1,259	377	29.9%	19.3%
Total, All Sectors			\$33,960	38,450	4,397	12.9%	3.8%

Source: Economic Modeling Specialists, Inc. (EMSI)
See Appendix A for a technical definition of location quotients.

Again, the regional asset base that is necessary to make the community competitive for such operations will take decades, not years, to develop and mature, but the community must have an eye on its long-term future. In the near-term, the community can focus on supporting existing businesses that operate within the two core sectors of the corporate and professional service target – professional service providers and regional offices and headquarters – while also providing a variety of types of hands on assistance to help entrepreneurs in professional service sectors improve their business plans, gain new accounts, and expand employment.

Sustainable Processes and Technologies

In addition to seeing more “white collar” jobs in the years and decades ahead, residents expressed a desire to see Grand Island develop an economic identity that extends beyond its agricultural, manufacturing, and distribution roots. The recommendation to pursue “sustainable processes and technologies” is derived from this desire, and the confluence of existing assets that could support job growth in a variety of niche sectors, specifically: alternative energy production and repair, reuse, and recycling. Because the federal industrial and occupational classification system has not adapted well to the emergence of sustainable processes and technologies – or “green jobs” as they are often called – the ability to analyze employment and workforce trends is significantly inhibited. Accordingly, this section provides a more descriptive analysis of the trends that are occurring nationally and locally.

ALTERNATIVE ENERGY

Renewable sources of energy are known to be cost-effective and decrease dependency on oil, as concerns over America’s dependence on foreign oil continue to grow. The Energy Policy Act was signed in 2005 and created the Renewable Fuel Standard which requires that ethanol and other biofuels be used in the U.S. fuel supply. The Energy Independence and Security of 2007 dedicated the United States to increasing the supply of alternative fuel sources and reducing the country’s overall use of oil. America committed to increasing the use of biofuel to 36 billion gallons by 2022 and to increase the nation’s fuel economy standard to 35 miles per gallon by 2020. The increased support by the federal government has contributed to the growing presence of renewable energy, and according to U.S. Energy Information Administration, the United States has made successful strides in decreasing its dependence on foreign oil since peaking in 2005.

BIOFUELS: Nebraska is currently ranked second in the U.S. for ethanol production. Biomass power is generated from plants and plant-derived materials and is an avenue that has the potential to connect multiple sectors in the Grand Island area. The agriculture sector supplies much of the materials needed to create biofuels, which is then passed on to the trucks that require the end product, fuel ethanol, to transport products. Additionally, the byproduct from ethanol production is distillers grain, which is used for livestock feed. The biofuel sector does both “fuel and feed.” These products, combined with the agriculture sector and the area’s connection nationally through its many transportation options, set up Grand Island with a competitive advantage over many places in the nation.

There are a few ethanol producers located near Grand Island that have potential to expand, and new opportunities may present themselves as the state invests economic development resources in the promotion of alternative energy production and adoption. Aventine Renewable Energy Inc. is a producer of ethanol and has a location in Aurora in Hamilton County, which is part of the Grand Island metropolitan area. Just recently, in May 2014, Aventine announced that it expected to hire 18 more employees in the next two months. Additionally, they reported that they had spent \$10.6 million in Aurora’s local economy and that their annual payroll was \$4.6 million. BioFuel Energy is an ethanol producer with a facility in Wood River, Nebraska. In late May 2014, it announced its first railcar shipment of ethanol produced at its facility.

Nebraska’s Community Colleges began offering programs in renewable energy in recent years. Central Community College developed a proposal in 2008 to start offering a Renewable Energy Technology

program to support the state's efforts related to biofuels, specifically ethanol production. However, *Market Street* can find no evidence that this program was approved and it is not currently listed among the college's program offerings. The Mechatronics program includes courses on electronics, pumps and mechanical systems, and hydraulics, preparing students to work on the installation, maintenance, and repair of equipment used in wind and solar energy facilities, as well as many other manufacturing and installation facilities. More specialized programs for biofuels production could help nurture the sector.

WIND: Nebraska is ranked fourth in the nation for potential wind power generation. Between 1999 and 2013 Nebraska's megawatts (MW) of installed wind power capacity increased from 3 to 459 MW. According to the Nebraska Wind Energy and Wildlife Project at University of Nebraska-Lincoln, there is enough electricity generated by wind currently in Nebraska to power around 245,000 homes. Further, it's estimated that wind power in Nebraska will surpass 1,000 MWs by the end of 2015. Iowa, Kansas, Wyoming, and Colorado have already reached that mark. Governor Heineman is a strong supporter of wind energy development and there are several incentives at the state and national level. Hall County has yet to enter this market. However, there are a few wind energy generation facilities in nearby counties. As of May 2014, there were 13 operating wind farms and two currently under construction or being planned in the state.

Several counties in Nebraska have zoning regulations and ordinances regarding wind energy facilities, including Hall County. Many of the regulations are in regards to public conservation lands and wetlands. The impact that a wind turbine could have on the Sandhill Cranes and the endangered Whooping Crane migration is an important aspect that has been taken into consideration. *Market Street* does not feel that of all the sustainable processes and technologies discussed in this section, that wind energy would be best fit for the community. Grand Island is not merely on the migration path for the cranes, it is a resting stop for 80 percent of the world's population of Sandhill Cranes. However, development away from the Platte River Valley is a plausible situation if so desired, and some other wind facilities in the state are directly in the migratory path and therefore may not be particularly disruptive.

SOLAR: The Solar Foundation, a non-profit based out of Washington D.C., recently released its 2013 National Solar Jobs Census and their research concluded that solar industry employment has grown by an 53 percent – or nearly 50,000 jobs – since 2010. Nearly half of solar establishments surveyed reported that they expected to hire employees by November 2013. Jobs are high paying – the average wage of an installer is \$23.63 per hour – and offer transferable skills for persons trained in green or non-green sectors.

Grand Island enjoys around 225 days of sunshine and while percentage of sunshine that is seen yearly isn't available for Grand Island from the National Climatic Data Center, North Platte averages sunshine 67 percent of the year, while Lincoln averages 61 percent. California, Arizona, Nevada, and New Jersey are among the top solar power producing states and recently, Minnesota has made some significant strides in increasing its solar power through its adoption of a "value of solar" policy. While opportunities may exist for solar power in Hall County, like wind power, *Market Street* believes that it is not the most viable form of alternative energy production for the community – biofuel, specifically, ethanol, is the community's greatest opportunity and most closely aligns with the surrounding asset base.

REPAIR, REUSE, AND RECYCLING

The business activities involved in the repair, reuse, and recycling sector support a range of jobs and business functions. Activities include recycling collection, scrap metal collection and processing, repair of machinery and equipment, and a variety of remanufacturing activities and new manufacturing activities leveraging recycled goods (paper, plastics, metals, etc.) as inputs. Remanufacturing products involved restoring “end-of-life” goods into reusable, functioning “like new” products. Remanufactured goods operations include motor vehicle parts, machinery, and IT products.

Grand Island’s competitiveness for such activities is principally derived from a few key assets that align with the needs of these operations:

- ✓ Access to rail to transport high weight, low value goods
- ✓ Abundant low cost industrial land
- ✓ Abundant low cost labor
- ✓ Large manufacturing workforce with skill in mechanical repair, metal fabrication, etc.
- ✓ Large transportation and distribution workforce with skills in material handling and the use of industrial trucks/tractors/hoists/etc.

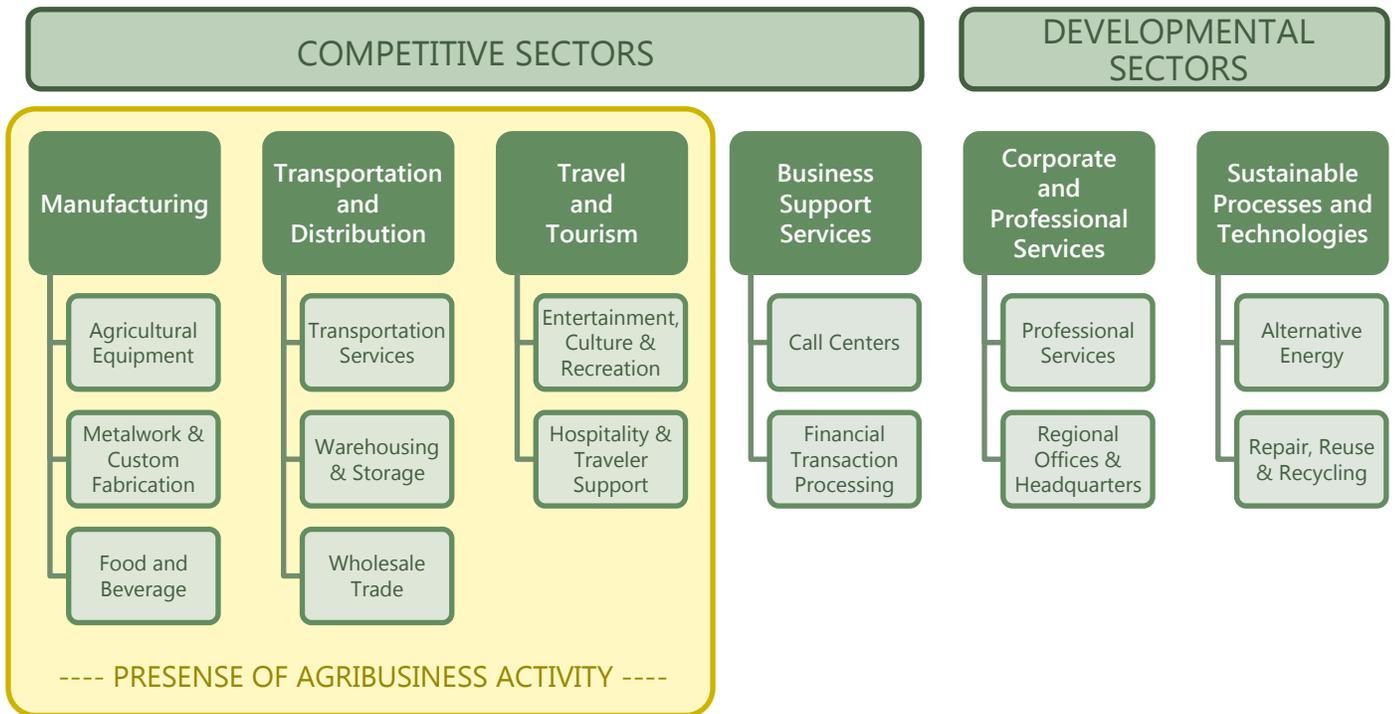
Several studies have cited the economic benefits that come from the recycling and reusing business sector. The United States International Trade Commission recently released a report on the U.S. exports of used electronic products (UEPs), for example, and found that U.S. collectors and processors generated \$20.6 billion in revenue from UEPs in 2011. A larger percentage of products are resold domestically, but roughly seven percent are exported internationally, with similar international destinations that Nebraska currently has in other sectors – Mexico, Asia-Pacific markets, and Canada are all among the top areas that the U.S. exports UEPs to.^{viii} Another study released by the United States International Trade Commission reported that exports for total remanufactured goods generated \$11.7 billion^{ix}. According to the Institute of Scrap Recycling Industries, Inc., U.S. scrap exports support 162,000 jobs, directly and indirectly. Further, in 2010, over 130 million metric tons of materials were recycled into raw products that could be used to manufacture new products.

Communities across the nation are beginning to see economic benefits from developing such activities locally, based on local recycling and reuse programs. This stands in contrast to strategies which seek to attract employers to the community based on its asset base. For example, the Economic Development Department and the Austin Recovery Resource Department in the City of Austin, Texas have developed a master plan to divert 90 percent of disposable waste into reusable materials by 2040. The project is estimated to create 1,250 jobs and leverage more than \$30 million in private sector development. Additionally, these jobs are projected to pay at or about the city’s living wage. The targeted sectors include construction and demolition salvage, appliance repair operations, and scrap tires processing and manufacturing.

CONCLUSION

This Target Sector Analysis has revealed that Grand Island is an attractive and competitive location for a variety of economic activities that merit strategic targeting of limited economic development resources. Its location, transportation networks, manufacturing workforce, and abundance of land, among other factors, make Grand Island a viable location for **Manufacturing** and **Transportation and Distribution** activities. The presence of a low cost labor pool and low cost business environment make it an attractive location for **Business Support Services**, while natural assets such as the annual crane migration and recreational assets such as the Nebraska State Fair and Fonner Park have contributed to the community's viability as a destination for **Travel and Tourism**. These four "competitive sectors" represent the community's best prospects for near-term (next five years) job creation in predominantly export-oriented sectors (not including primarily local-serving sectors such as health care, government services, retail, and food service).

While these four sectors represent the past, present, and future of Grand Island and Hall County, the community aspires to develop new assets that will support the viability of new sectors that may not currently be competitive, but that merit long-term attention as "developmental sectors." Higher-wage **Corporate and Professional Services** that require a more well-educated workforce, and **Sustainable Processes and Technologies** that require more focused training programs fit this bill.



The strategic implications of *Market Street's* research, contained in this report, will inform the development of recommendations in the forthcoming Business Development Strategy. Targeting limited resources toward the sectors identified will provide the greatest return on investment.

APPENDIX A: METHODOLOGY

In the field of economic development, there are many methods used to identify economic development targets; however, many are based on incomplete or strictly industry-focused methodologies. Such approaches ignore a variety of important issues from workforce attributes to educational assets to geographic advantages, all of which are vital to businesses. *Market Street's* approach to target identification is rooted in an examination of the region's workforce – the occupations and types of knowledge that support the region's business activities – as opposed to strictly focusing on business sector composition and growth. This “bottom up” approach stands in contrast to the traditional “top down” approach long utilized in cluster identification and analysis; it recognizes the ever-increasing importance of talent and workforce sustainability to the business community. It is complemented by an evaluation of the region's business climate, infrastructure, research assets, educational programs, and many other items that factor into site location decisions for specific types of business activity.

CLASSIFICATION: Our approach does not strictly define targets based on North American Industry Classification System (NAICS) codes or Standard Occupational Classification (SOC) codes. Though these codes are used to help quantify important trends and activity within each target, they should not be interpreted as rigid definitions of the composition of economic activity within a given target. Classification codes are helpful in understanding target composition and growth, but they cannot adequately capture certain niche technologies and opportunities that may deserve strategic attention in certain communities.

GEOGRAPHIES: The research related to business sector and occupational composition within this report is based on analysis of trends observed in Hall County, Nebraska. However, consideration has also been given to the occupational demands and future pipeline for the regional workforce, the Grand Island metropolitan statistical area (MSA), in evaluating the competitiveness of identified strategic economic development targets.

LOCATION QUOTIENTS: Location quotients (LQs) are used to measure the relative concentration of local employment in a given business sector or occupation. When applied to business sector employment, they measure the ratio of a business sector's share of total local employment to that business sector's share of total national employment. A business sector with an LQ equal to 1.0 possesses exactly the same share of total local employment as that business sector's share of national employment. When regional local business sector possesses a location quotient greater than 1.0, this signals that the business sector is more heavily concentrated in the community than it is nationwide. Those business sectors with relatively large LQs are often assumed to benefit from one or more sources of competitive advantage derived from locating in the community being studied. Location quotients can also be applied to occupational employment in the same manner that they are applied to business sector employment, helping to determine which occupations and corresponding skill sets – irrespective of the business sectors that employ them – are highly concentrated in the local workforce.

INTER-INDUSTRY LINKAGES: Data covering inter-industry purchases provides tremendous insight into the degree to which firms benefit from co-location and the ability to purchase products and services from local suppliers. By examining the percentage of a sector's requirements (expenditures) that are satisfied within the community (Hall County), it is possible to determine areas of expenditure leakage. When firms purchase goods from suppliers outside the region, money is leaving the region. When leakage is reduced,

employment and income multipliers rise. That is to say, when leakage is reduced and clustered firms are sourcing locally, the economic impact of each new job created is maximized.

DATA SOURCES: The Target Sector Analysis presents a variety of data points covering concepts such as business sector employment composition, wages, establishments, occupational composition, workforce demographics, exports, inter-industry expenditures, job openings, and degree completions. All of the aforementioned quantitative data is sourced from Economic Modeling Specialists, Inc. (EMSI), an industry-leading provider of proprietary data, aggregated from public sources such as the Census Bureau, the Bureau of Labor Statistics, the Bureau of Economic Analysis, the National Center for Education Statistics, CareerBuilder, and many others. EMSI was acquired by CareerBuilder in 2012.

ⁱ "Manufacturing beyond China: New options. New opportunities. New risks." Deloitte University Press. 2013.

ⁱⁱ "Location quotients" (LQs) measure the relative concentration of local employment in a given business sector; specifically, they measure the ratio of a business sector's share of total local employment to that business sector's share of total national employment. When a business sector possesses a location quotient greater than 1.0, this signals that the business sector is more heavily concentrated in the community than it is nationwide. Those business sectors with relatively large LQs are often assumed to benefit from one or more sources of competitive advantage.

ⁱⁱⁱ "Location Matters. A Comparative Analysis of State Tax Costs on Businesses." *Tax Foundation*. February 29, 2012. Retrieved from: <http://taxfoundation.org/article/location-matters>

^{iv} Crawford, Mark. "U.S. trade corridors must evolve to keep pace with global economy." *Area Development*. July 2011.

^v Spencer, Curtis D. "The New Borderless Marketplace: Repositioning Retail and Warehouse Properties for Tomorrow." NAIOP Research Foundation. April 2012.

^{vi} Andreoli, Derik, Goodchild, Anne, and Vitasek, Kate. "The rise of mega distribution centers and the impact on logistical uncertainty." *Transportation Letters: The International Journal of Transportation Research*. 2010.

^{vii} "Industrial Buildings Go to New Heights." *Industrial Developments International*. October 2010.

^{viii} "Used Electric Products: An Examination of U.S. Exports." United States International Trade Commission. February 2013.

^{ix} "Remanufactured Goods: An Overview of the U.S. and Global Industries, Markets, and Trends." United States International Trade Commission. October 2012.