

# COMMUNITY ASSESSMENT, TARGET INDUSTRY ANALYSIS, & ECONOMIC DEVELOPMENT IMPLEMENTATION PLAN

*Prepared for the:*

**Jamestown/Stutsman  
Development Corporation**

Revised 05/14/2012

Prepared by:



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## INTRODUCTION

The Jamestown/Stutsman Development Corporation contracted with Foote Consulting Group, LLC (FCG), a global site selection and economic development firm, to complete this community assessment, target industry analysis, and economic development implementation plan for the Jamestown, North Dakota Area. The objective of this multi-phased approach is to determine the best target industry fits for the Jamestown Area, and to develop a strategy to help these targets locate and expand here.

The analysis was carried out in a multi-phased approach, including:

1. Preliminary Target Industry Assessment
2. Community Assessment (Target Match Analysis)
3. Selection of the “Best Fit” Targets
4. Economic Development Implementation Plan/Action Matrix

## PHASE I: PRELIMINARY TARGET INDUSTRY ANALYSIS

### Introduction

Targeting is well recognized as the best method of attracting economic development. We utilize a unique methodology designed to identify the best target industries. We maintain a database of actual, major private sector site locations/expansions\*. For this analysis we looked at activity that occurred in 2010 and 2011.

This database assists us in predicting growth trends, and we utilize this data for selecting the best initial communities for our site location clients. The methodology is sound and proven for the following reasons:

- Locations/expansions are driven by recent market conditions and these conditions will generally continue into the near future.
- Companies (and site selection consultants) select regions first, and then communities within these regions with the best business climates. This may mean, for example, a good labor climate, good market proximity, good transportation, and the availability of incentives; all positive business conditions. This will result in clustering, a concentration of like companies due to favorable business conditions.
- Clustering is a “green light” for other similar companies to take a look. But they will only locate if the good business conditions remain. For example, they may find that the labor market for select skills depleted due to too much location/expansion activity. This is why we conduct careful fieldwork interviews with local companies for our site location clients, in order to help them to thoroughly understand the local business conditions.

We also looked at existing County employment data in order to help determine growth (or declining) sectors.

This methodology is sound for economic development targeting. We will review and analyze both regional growth cluster and sector projections in order to help you to understand which existing (and future) businesses will grow. It will also set the stage for the next portion of this assignment: understanding the needs of the most active, fastest growing company types. Cluster data is excellent for target planning because:

- It represents actual physical building activity (size and type of building)
- It represents actual economic development (both capital investment and jobs).

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\* We use Conway Data information, which tracks major locations and expansions (At least \$1 million in capital investment, 50 new jobs or 20,000 square feet).

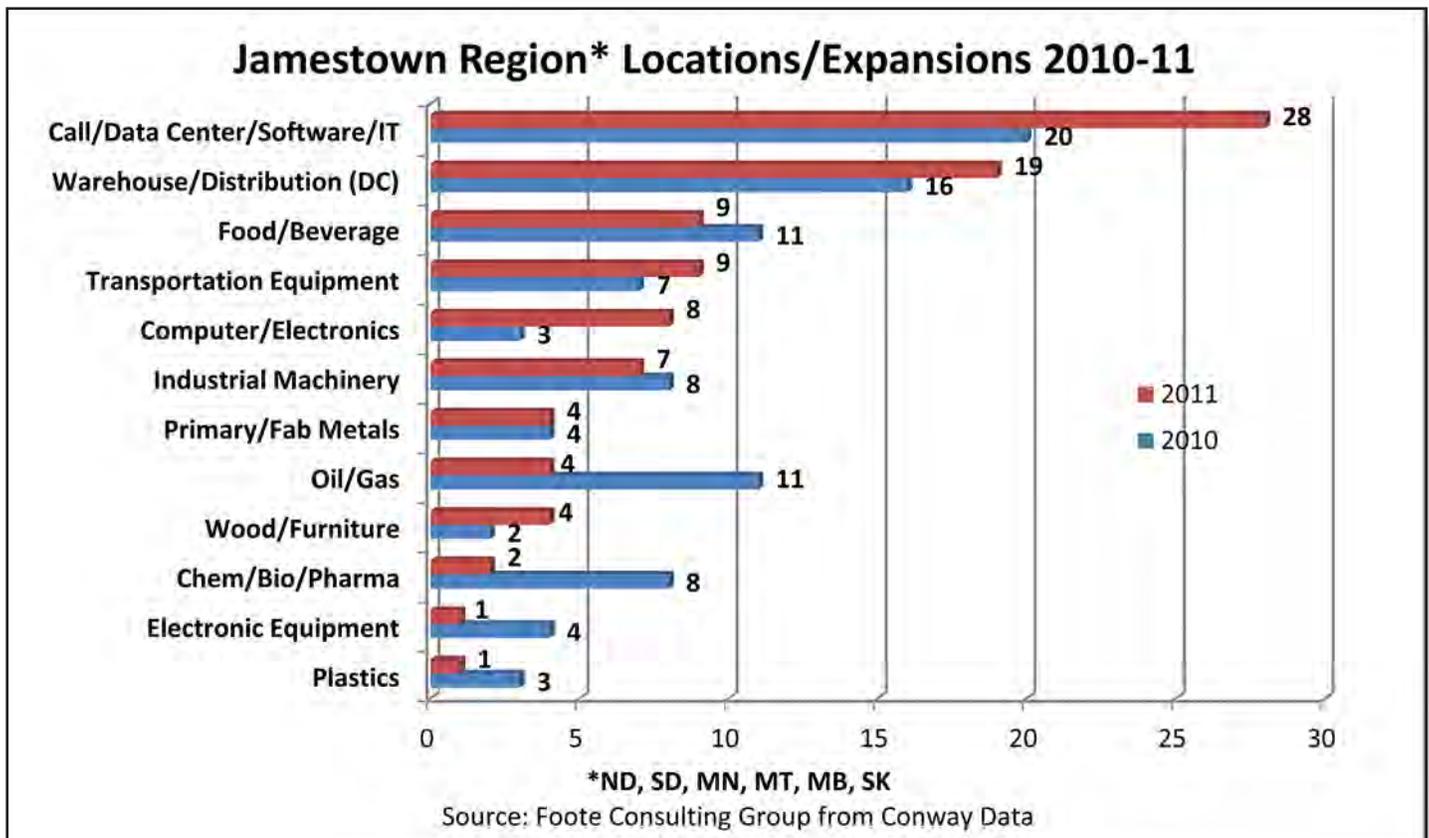
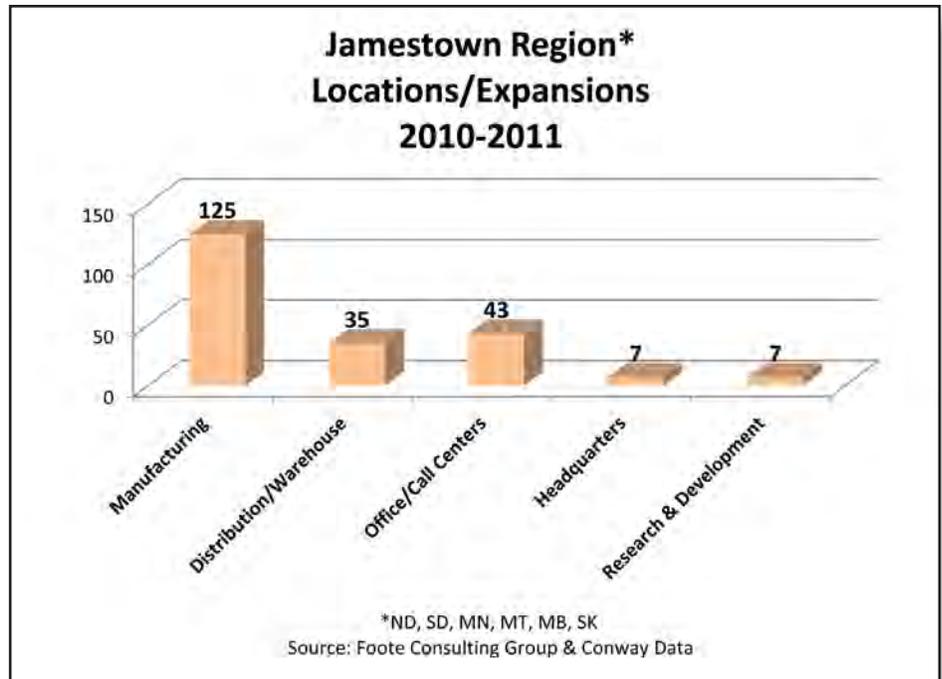
**Multi-State/Province Regional Location/Expansion Activity (“Growth” Clusters)**

FCG explored location/expansion trends in the Jamestown Area’s six-state/province region (North Dakota, South Dakota, Minnesota, Montana, Manitoba, and Saskatchewan).

We first screened location/expansion data in order to identify which industries (by NAICS Code\*) located/expanded the most facilities in a multi-state/province region during 2010 and 2011. We define these as “growth clusters”.

The following two graphs depict this information. The first one shows general industry categories and the second shows individual industry sectors.

- There were a dominant number of manufacturing projects.
- Office/call centers had a good number of projects, but warehouse/distribution (DC) project numbers were lower.



\* The North American Industry Classification System (NAICS) was formerly the Standard Industrial Classification (SIC) system.

**Multi-State/Province Regional Location/Expansion Activity (“Growth” Clusters) Continued...**

- The most active sector was Call/Data Centers/Software/IT, which includes many technology and office uses. It showed exceptional growth between 2010 and 11.
- Warehouse/distribution (DC) was the second most active overall, but it showed only modest gains between 2010 and 2011.
- Significant and improved manufacturing activity was shown in food processing, transportation equipment, computer/electronics, and industrial machinery.
- Several sectors showed declining location/expansion activity: oil/gas; chemicals/biotechnology/pharmaceuticals; electronic equipment, and plastics.

The trend will be toward more locations/expansions in these general categories and industry sectors into the near term. They all, therefore, represent potential targets for the Jamestown Area.

Major recent new locations – 2010-2011 (by NAICS):

<u>City</u>	<u>State</u>	<u>Company</u>	<u>Sq.Ft.</u>	<u>Jobs</u>	<u>Type</u>	<u>NAICS</u>
Regina	SK	SaskEnergy	147,000		Natural gas	221210
Winnipeg	MB	GE Canada		50	Aircraft R&D	336312
Rochester	MN	Mayo Clinic	60,000		Data center	518210
Maple Grove	MN	Black Box	80,000		Computer equipment	334119
Minneapolis	MN	Surly Brewing	60,000	235	Beer	312120
Vermillion	SD	Builders Choice	50,000	50	Prefab wood	321992
Rosemount	MN	Proto Labs		200	Plastics	326199
Owatonna	MN	Chart Industries	141,000	100	Liquefied gas	332410
Roseville	MN	Olympic Steel	60,000	60	Steel distribution	423510
LeSueur	MN	Avant Energy		115	Renewables office	541611
Minneapolis	MN	Allina Hospitals	96,000	250	Health services	541611
Winnipeg	MB	Standard Aero	80,000	150	Turbine engines	333611
Rapid City	SD	Caterpillar		100	Construction equipment R&D	333120
Hashwauk	MN	Essar Steel		100	Mining equipment	212210
Hallock	MN	Northstar Agri		47	Canola processing	311223
Minneapolis	MN	Surescripts	50,000		Call center	325412
Little Falls	MN	Larson Boats		170	Boats	336612
Brooklyn Park	MN	Gambro AB	40,000	50	Medical devices	339112
Chaska	MN	United Health	190,000		Data center	518210
Mendota Hts	MN	Northwestern Mutual	29,000	135	Financial services	524210
Duluth	MN	Performance		200	Telemarketing	561422
Minneapolis	MN	American Academy	62,000	125	Headquarters	611699
Berthold	ND	Enbridge Energy			Petroleum distribution	486910
Rocanville	SK	Potash Corp			Potash	212113
Watford	ND	ONEOK		25	Natural gas	211111
Stanley	ND	EOG Resources	20,000		Oil distribution	424720
Minot	ND	Eid Passport	5,000	33	Office	561621

**Local “Growth” Trends**

The targeting process includes looking at local employment growth trends. The latest wage and salary employment numbers were for 2009. Negative growth trends are depicted in red and positive in black.

<b>Stutsman County: Wage &amp; Salary Employment – 2006-2009 – Totals</b>			
<i>NAICS Description</i>	<i># Employed: 2006</i>	<i># Employed: 2009</i>	<i>% Change 2006-2009</i>
Forestry, Fishing, and Agriculture Support	N/A	9	N/A
Construction	271	271	0.00%
<b>Manufacturing</b>	<b>929</b>	<b>850</b>	<b>-8.50%</b>
Wholesale Trade	455	456	0.22%
Retail Trade	1,321	1,370	3.71%
<b>Transportation/Warehousing</b>	<b>429</b>	<b>329</b>	<b>-23.31%</b>
<b>Information</b>	<b>196</b>	<b>171</b>	<b>-12.76%</b>
Finance/Insurance	409	434	6.11%
Real Estate/Rental/Leasing	<b>75</b>	<b>62</b>	<b>-17.33%</b>
Professional/Scientific/Technical	158	271	71.52%
Health Care/Social Assistance	2,318	2,407	3.84%
Arts, Entertainment, Recreation	96	107	11.46%
Accommodation & Food Services	802	820	2.24%
Administrative/Support & Waste Management	161	169	4.97%
<b>Other</b>	<b>462</b>	<b>411</b>	<b>-11.04%</b>

Source: <http://censtats.census.gov>

The Jamestown Area showed:

- Good job gains in high end office sectors of professional/scientific/technical and finance/insurance
- Modest gains in health care
- Modest job losses in industrial sectors of manufacturing and warehousing
- Modest job losses in other office sectors of information and real estate/rental/leasing.



## The Preliminary Targets

Based on the previous analysis where we looked at regional location/expansion activity and local growth trends, we feel that the best preliminary targets for the Jamestown Area.

1. **Call/data centers/software/IT** (NAICS 513, 514, 518, 522, 523, 524, 541, 561)
2. **Warehouse/distribution centers (DC)** (NAICS 421, 422, 484, 488, 492, 493)
3. **Food/beverage processing** (NAICS 311 & 312)
4. **Transportation equipment manufacturers, including farm-related** (NAICS 336)
5. **Computers/electronics** (NAICS 334)
6. **Industrial machinery, including wind turbines and farm-related** (NAICS 333)
7. **Metals** (NAICS 331 & 332)
8. **Chemicals/plastics/biotechnology/pharmaceutical-related** (NAICS 325 & 326)
9. **Oil/gas mining-related** (NAICS 212)

Retail (i.e. restaurants/hotels) should not be considered a primary target industry. Retail will naturally follow the attraction of targets over time.



## PHASE II: TARGET MATCH (Strengths and Weaknesses) ANALYSIS

### Introduction

In corporate site selection, we analyze communities in order to determine if they possess the attributes most important for our clients. Our objective in this phase of work is to:

1. Understand the general location needs of preliminary targets
2. Understand the strengths and weaknesses of the Jamestown Area
3. Match these strengths with the needs of the preliminary targets
4. Recognize the weaknesses of the community

Following this we will:

5. Determine the “best fit” targets based on these factors (Phase III)
6. Develop the economic development implementation plan with recommendations designed to help attract/expand the “best fit” targets (Phase IV).

### The Location Needs of the Preliminary Targets

#### Introduction

First, we will provide pertinent background information on each preliminary target. This includes a brief description and important trends. Next, based on our site selection experience, we have listed the top site selection criteria for each target.

#### Trends & Criteria

**Call/Data Centers/Software/IT** – NAICS 513, 514, 518, 522, 523, 534, 531, 541, and 561

#### Understanding the Sector

Call/data centers/software/IT is a large sector comprised of a number of office and technology functions. This sector encompasses a number of NAICS codes, including: 513 – broadcasting/telecommunications, 514 – data services, 518 – data centers, 522 – credit services, 523 – financial services, 534 – insurance, 531 – general office, 541 – professional services/software, and 561 – call centers.

The sector continues to grow and has held up better than many other sectors during this recession because:

- The sector crosses virtually all industry types (every business has administrative, IT, and support components).
- Companies continue to seek ways to reduce costs. They therefore either outsource administrative functions to a third party provider, or find lower cost locations.
- Software and related IT products continue good growth due to opportunities in mobile devices, netbooks, and “wearable” technology.
- Defense security systems such as cyber communications, UAV, and border-related systems are growing due to increased defense spending.
- Data center servers have grown from 2.6 million to 11.6 million over the past decade due to increasing storage and security needs.

### The Location Needs of the Preliminary Targets Continued...

However, as in the manufacturing sector, more and more of this sector's jobs are moving off-shore. Companies site lower costs, competitive pressures, and access to greater numbers of qualified personnel as reasons for off-shoring. But, many off-shore experiments have failed primarily due to poor customer service and some functions are being returned to the U.S. (i.e. Dell has returned some functions from India).

The largest and fastest growing administrative, back-office segment is the call center. There has been rapid volume growth in this industry. Inbound minutes are increasing faster than outbound minutes, even though outbound represents 60% of all calls.

Generally, the call center industry is broken into three primary groups:

- Outbound telemarketing centers consisting of outbound sales, insurance, fundraising, polling, credit card acquisition, and related functions.
- Inbound call centers consisting of customer service, order fulfillment, insurance, health care, credit card authorization, and the like.
- Technical support centers at the high end of the industry, and often called technical help desks, offering computer software/hardware or financial support.

#### Key Site Selection Needs for Call Centers (by priority):

1. Labor availability
  - Key positions: customer service representatives (CSR), help desk reps, telemarketers, and industry experts
2. Labor quality (turnover, absenteeism, etc.)
3. Labor costs
4. Telecommunications
5. Education/Training (and incentives)
6. Existing leased Class A/B buildings with ample parking and/or improved commercial sites
7. IT tech support
8. Commercial air service
  - Good access to corporate headquarters/related
9. Corporate income tax
10. Electric power (reliability & cost).



*The Location Needs of the Preliminary Targets Continued...*

Data Centers (and “Cloud” computing) – NAICS 518

Data centers are one of the largest growing sub-segments of this sector due to the huge data demands for software, medical, and other industry providers. The development of data centers is a growth area in the United States and globally. Most state-of-the-art data centers are operating at capacity while demand is steadily growing. Data centers are not large job producers, but the capital investment is substantial. Industry details are found in the Appendix.

Demand is projected to outpace supply for the next 3-5 years and this in turn will cause significant price increases in wholesale data center and colocation rates. Use of the Internet is up 50 percent over the last five years.

Data centers follow “Mission-Critical” criteria which means they are never “out”. The data center term “Six 9’s”, meaning power availability 99.9999% of the time, applies.

Cloud computing uses server virtualization to provide large, scalable, low-cost data center solutions. Pricing is typically done on an as-needed basis which allows small firms to utilize the service and provides an alternative for large firms that choose to outsource their data.

U.S. operations consume a large percentage of the world’s data center power. According to Site Selection Magazine: “In 2005, total electricity consumption by American data centers, including servers, cooling and auxiliary equipment, was approximately 45-billion kilowatt hours – about 1.2 percent of all U.S. energy consumption. All told, American data centers used about \$2.7 billion worth of electricity in 2005. That was about 37 percent of all of the energy that the world’s data centers used that year.”

Data center revenue has risen from \$1.5 billion in 2006, to a projected \$3.2 billion in 2010. New construction for large data centers is currently estimated at \$5-6 billion in 2010, and expected to double to \$10-12 billion by 2015.

Key Site Selection Needs (by priority):

1. Geographic diversity & disaster avoidance
  - Spreading risk from a multiple location standpoint and voiding natural disasters
  - Water for cooling
2. Electric power cost
3. State corporate income tax rates
4. State and local sales taxes
  - Could be levied on millions of dollars worth of servers purchased that are replaced every three to five years
  - Low rates and/or abatement or rebate on sales taxes are important
5. Personal property taxes on equipment
6. Utility infrastructure
  - Electric power grid
  - Transmission fed power
  - Onsite substation
  - Fiber availability & bandwidth
7. “Ready to go” sites
  - Acreage varies widely but 25 acre minimum could allow proper security buffer
  - Very large secure sites (100-acre plus) could accommodate mega centers
  - Mobile “black-boxes” have altered site requirements
8. Speed to occupancy and state/community readiness.



*The Location Needs of the Preliminary Targets (Data Centers) Continued...*

28 locations/expansions occurred during 2010-2011 in the multi-state/province region. Projects included:

<b>City</b>	<b>State</b>	<b>Company</b>	<b>Sq.Ft.</b>	<b>Jobs</b>	<b>Type</b>	<b>NAICS</b>
Rochester	MN	Mayo Clinic	60,000		Data center	518210
Chaska	MN	United Health	190,000		Data center	518210
Mendota Hts	MN	Northwestern Mutual	29,000	135	Financial services	524210
Duluth	MN	Performance		200	Telemarketing	561422
Minnetonka	MN	Comcast (expansion)	98,000	450	Call center	515210
Eagan	MN	Five 9's Digital	138,000	50	Data center	518210
Mitchell	SD	Innovative Systems	30,000	30	Computer systems	541512
Bemidji	MN	Ameriprise		30	Financial services	541611
Bismarck	ND	Dakota Carrier Net	42,000		Data services	517310
Valley City	ND	Eagle Creek Software	20,000		Software	541511

**Warehouse/Distribution (DC) – NAICS 421, 422, 484, 488, 492, and 493**

Understanding the Sector

The warehouse/distribution (DC for distribution center) sector suffered during the recent recession as locations/expansions were slowed by lower consumer demand for retail products. However, growth in online retailing (i.e. Amazon) has spurred new activity for DCs over the last year or so.

DC comprises a number of NAICS codes, including: 421 & 422 – wholesale distribution, 484 – truck transportation, 488 – transportation support, 492 – couriers, and 493 – warehouse/distribution.

The sector had a total of 35 locations/expansions in the multi-state/province region in 2010 and 2011. This number is actually much larger as most manufacturing locations/expansions also included a warehousing function. Projects included:

<b>City</b>	<b>State</b>	<b>Company</b>	<b>Sq.Ft.</b>	<b>Jobs</b>	<b>Type</b>	<b>NAICS</b>
Rogers	MN	Medline	300,000	24	Medical DC	423450
Roseville	MN	Olympic Steel	60,000	60	Steel DC	42449
Stanley	ND	EOG Resources	20,000		Oil distribution	424720
Regina	SK	Canadian Logistics	965,000		Warehousing	493110
Thief River	MN	Digi-Key		400	DC	423990
Minneapolis	MN	Visionshare	52,000	111	Medical DC	443120
Minneapolis	MN	Hallmark Business		250	DC	511101

**The Location Needs of the Preliminary Targets: (Warehouse/Distribution) Continued...**

Key Site Selection Needs (by priority):

1. Access to market/transportation/freight costs
  - Access to intermodal freight terminals and ports growing in importance
2. Labor costs/availability
  - Key positions: material handlers, forklift drivers, and truck drivers
3. Electric power (costs/reliability)
4. Access to Interstate highways (within 10 miles\* of interchange)
5. Large sites (50 to 250 acres) or large buildings (40,000-square-foot plus)
6. Rail service for select operations
7. Incentives
  - Infrastructure
  - Training
8. Good labor/management relations.



**Food/Beverage Processing – NAICS 311 & 312**

Understanding the Sector

Food processing is still a dominant sector in the Midwest due to the direct access to an abundance of raw food materials, (including corn, beef, soybeans, wheat, barley, beef, chicken, fish, and rapidly growing organic products), and access to large consumer markets. However, activity was off during the recession. 20 locations/expansions occurred in the multi-state/province region in 2010 and 2011. Projects included:

<b>City</b>	<b>State</b>	<b>Company</b>	<b>Sq.Ft.</b>	<b>Jobs</b>	<b>Type</b>	<b>NAICS</b>
Marshall	MN	Schwan Foods		64	Frozen foods	311412
Chandler	MN	Monogram Meats		35	Meats	311600
Minneapolis	MN	Surly Brewing	60,000	235	Beer	312120
Duke Lake	SK	Beardy's			Meats	311612
Dickinson	ND	Baker Boy	50,000		Baked goods	311812
Grand Forks	ND	Philadelphia Mac	55,000	57	Pastas	311823
Hallock	MN	Northstar		47	Canola	311223
Shelby	MT	American Pulses		60	Vegetables	311999
Perham	MN	KLN	20,000		Snack foods	311911

\* This mileage requirement has gone down from 20 miles due to increased fuel costs.

**The Location Needs of the Preliminary Targets: (Food/Beverage Processing) Continued...**

**Key Site Selection Needs (by priority):**

1. Available labor skills
  - Key positions: machine operators (cutting, blending & PLC\*), food technicians, maintenance mechanics, and warehouse workers)
2. Labor costs
3. Access to Midwest markets & raw materials/transportation costs
4. Excess water and sanitary sewer capacities
5. Electric power costs/reliability
6. Fully improved industrial sites/specialized buildings (may require rail service)
7. Incentives
8. Equipment tax exemptions (large capital investment)
9. Infrastructure
10. Training
11. Good highway access
12. Rail service
13. Good labor/management relations.



**Transportation Equipment – NAICS 336**

Understanding the Sector

This sector involves operations that manufacture and assemble transportation equipment such as automobile parts, truck parts, aircraft/aerospace, watercraft, farm equipment, and rail equipment. The NAICS code is 336.

The sector had a total of 16 locations/expansions in the multi-state/province region in 2010 and 2011. Projects included:

<b>City</b>	<b>State</b>	<b>Company</b>	<b>Sq.Ft.</b>	<b>Jobs</b>	<b>Type</b>	<b>NAICS</b>
Winnipeg	MB	GE Canada		50	Aircraft engines	336312
Winnipeg	MB	Magellan	139,000		Aircraft	336413
Yankton	SD	Baldwin Filters		70	Filters	336399
Little Falls	MN	Larson Boats		170	Boats	336612
Anoka	MN	Alliant Techsystems	230,000		Aerospace	336415
Sauk Rapids	MN	Coleman		100	Air boats	336612
Burnsville	MN	Goodrich	52,000	500	Aircraft parts	336413
Yankton	SD	Applied Engineering	25,000	30	Machining	336411
East Otto Tail	MN	Lund Boats	22,000		Boats	336612

\* PLC – Programmable Logic Control.

**The Location Needs of the Preliminary Targets: (Transportation Equipment) Continued...**

**Key Site Selection Needs (by priority)**

**for a Farm Implement Parts Supplier:**

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Access to main plant/transportation costs/Just In Time (JIT) service</li> <li>2. Available labor             <ul style="list-style-type: none"> <li>• Key positions: Engine/Machine Assembler; and Machine Operator, Machinist, Welder and Maintenance Mechanic</li> <li>• 43% skilled</li> </ul> </li> <li>3. Labor costs</li> <li>4. Interstate highway access</li> <li>5. Electric power (reliability &amp; costs)</li> </ol> | <ol style="list-style-type: none"> <li>6. Improved sites and/or existing buildings (minimum of 20,000 square feet)</li> <li>7. Rail service</li> <li>8. Incentives             <ul style="list-style-type: none"> <li>• Equipment tax exemptions (large capital investment)</li> <li>• Infrastructure</li> <li>• Training</li> </ul> </li> <li>9. Good access to suppliers</li> <li>10. Good labor/management relations.</li> </ol> |
|--|---|

**Computers/Electronics – NAICS 334 & 335**

Understanding the Sector

This is the industry involved with the development and application of electronic devices, circuits, and programmable machines that perform high-speed processing. This industry has mushroomed out of the recession with the growth of solar, smart phones, tablets, and related “apps”.

The sector had a total of 16 locations/expansions in the multi-state/province region in 2010 and 2011. Projects included:

<u>City</u>	<u>State</u>	<u>Company</u>	<u>Sq.Ft.</u>	<u>Jobs</u>	<u>Type</u>	<u>NAICS</u>
Watertown	SD	OEM Worldwide	50,000	150	Circuit boards	334412
Plymouth	MN	Unitron Hearing	85,000		Hearing aids	334510
Rogers	MN	AorTech	15,000	30	Polymers	334510
Eagan	MN	Sonic Innovations	22,000	90	Hearing aids	336612
Saskatoon	SK	Littelfuse	67,000		Switchgear	335313
Mountain Iron	MN	Silicon Energy	25,000	15	PV Modules	334413
Bloomington	MN	Polar Semiconductor	98,000	300	Semiconductors	334413
Alexandria	MN	Solar Skies	44,000	12	Solar panels	334413
Bloomington	MN	TenKsolar		100	Solar energy	335312
N. Mankato	MN	Kato Engineering	25,000	300	Alternators	335312

**Key Site Selection Needs for Electronics Assembly (by priority):**

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. Labor skill availability and quality             <ul style="list-style-type: none"> <li>• Key positions: assemblers; electronic technicians; winders; testers; maintenance mechanics)</li> </ul> </li> <li>2. Labor costs</li> <li>3. Education/training with incentives</li> <li>4. Electric power</li> </ol> | <ol style="list-style-type: none"> <li>5. Supplier network</li> <li>6. Overnight carriers (Fed-Ex; UPS)</li> <li>7. Proximity to markets/good highway access</li> <li>8. Fully improved industrial parks</li> <li>9. Building costs</li> <li>10. Corporate taxes.</li> </ol> |
|--|--|

*The Location Needs of the Preliminary Targets Continued...*

**Metals – NAICS 331 & 332**

Understanding the Sector

Fabricated (fab) and primary metals cover the fabrication and related manufacturing of metal and metal products. It covers a vast array of metal parts and equipment used in industrial and construction applications.

There were 8 fabricated and primary metals locations/expansions in the multi-state/province region in 2010 and 2011. Projects included:

<u>City</u>	<u>State</u>	<u>Company</u>	<u>Sq.Ft.</u>	<u>Jobs</u>	<u>Type</u>	<u>NAICS</u>
Keewatin	MN	US Steel		150	Steel	331100
Owatonna	MN	Chart Industries	141,000	100	Gas equipment	332410
Butte	MT	SeaCast	63,000	30	Steel	331111
St. Louis Park	MN	Hardcoat		6	Aluminum	332813
Wynyard	SK	Karnalyte Resources			Carnallite	331419
Wheatland	ND	Wheatland Steel	22,000	7	Steel products	332322
Watertown	SD	Rising Star		50	Tube fabrication	332996

Key Site Selection Needs (by priority):

1. Available labor – machining skills & quality
  - Key positions: machinist, welder, maintenance mechanic, CNC machine operator, and warehouse workers
  - Existing buildings – minimum of 20,000 square feet
2. Labor costs
3. Access to Midwest markets/transportation costs
4. Electric power (reliability & costs)
5. Interstate highway access
6. Improved sites/buildings
  - May require heavy industrial zoning
7. Rail access
8. Good water and sewer capacities (more so for primary metals)
9. Incentives (training and offsets for large capital investment)
10. Good access to suppliers
11. Air attainment area (more so for primary metals)
12. Good labor/management relations.



The Location Needs of the Preliminary Targets: Continued...

**Industrial Machinery – NAICS 333**

Understanding the Sector

Industrial machinery is a diverse sector covering the manufacturing and assembly of equipment used to aid and service other industrial sectors. Examples of active regional segments include agricultural equipment, wind turbines, construction machinery, truck equipment, and HVAC equipment.

15 locations/expansions occurred in the multi-state/province region in 2010 and 2011. Projects included:

City	State	Company	Sq.Ft.	Jobs	Type	NAICS
Jackson	MN	AGCO Corp	75,000		Tractors	333111
Watertown	MN	Angus Palm	32,000	140	Construction machinery	333120
Canton	SD	Terex Bid-Well	80,000		Construction machinery	333120
Canton	SD	Adams Thermal	60,000	50	HVAC equipment	333415
Irondale	MN	Magnum	29,000	30	Heavy machinery	333512
Brooklyn Park	MN	Metro Mold	100,000	40	Machinery	333514
Duluth	MN	ME Elecmetal		30	Steel castings	333518
Langbank	SK	Seed Hawk			Ag machinery	333111
Winnipeg	MB	Standard Aero	80,000	150	Turbine engines	333611
Rapid City	SD	Caterpillar		100	Construction equipment	333120
Devils Lake	ND	Summers	38,000	11	Ag machinery	333111
Watertown	SD	Dakota Bodies		50	Custom truck parts	333120
Shoreview	MN	Cummins	189,000		Fuel parts	333618

Key Site Selection Needs (by priority):

1. Available labor – machining skills & quality
  - Key positions: machinist, maintenance mechanic, machine operator (CNC), and warehouse workers
2. Labor costs
3. Access to Midwest markets/transportation costs
4. Interstate highway access
5. Electric power (reliability & costs)
6. Improved sites and/or existing buildings (minimum of 20,000 square feet)
7. Rail access
8. Available training (and incentives)
9. Good access to suppliers
10. Good labor/management relations.

*The Location Needs of the Preliminary Targets: Continued...*

Key Site Selection Needs (by priority) for a wind turbine manufacturing project

(Nacelle units: gearbox, generator and transformer components, & blade assembly)

- Access to market – wind farms
- Available labor (up to 1000 jobs) – machining and electronics skills with good quality
  - Key positions: machine operators (CNC), machinists, welders, and electronics technicians/assemblers
- Rail (more than one provider preferred)
- Sites (up to 200 acres)/available industrial buildings (up to 500,000 sq.ft./high ceilings)
- Electric power (reliability & costs)
- Free of earthquake or flood zones
- Training – college offering mechanical and electrical engineering degrees; plus machining and electronics
- Incentives and positive state/local policies.



*The Location Needs of the Preliminary Targets: Continued...*

**Chemicals/Biotechnology/Pharmaceutical-related – NAICS 325**

Understanding the Sector

This is a large and diverse sector which includes growth segments such as health care related, biotechnology, ag chemicals, and ethanol.

The price of crude oil today is making the economics of ethanol/biodiesel production more feasible again after several years of industry decline. The most critical factor is access to raw materials (corn for ethanol; canola for biodiesel). The NAICS code is 325193.

The newest product craze is cellulosic ethanol derived from crop residue left in the fields after harvest. By 2020 its production costs could be less than \$.80 a gallon.

Great River Energy is working to develop Dakota Spirit AgEnergy biorefinery to be located adjacent to Spiritwood Station, the combined heat & power plant near Jamestown. The biorefinery would utilize steam from Spiritwood Station.

The biorefinery is planned in two phases. Phase I would consist of a 65-million-gallon-per-year (MGY) conventional dry mill ethanol plant that uses corn to produce ethanol, corn oil, and distillers grains. Phase II would be a 10-MGY cellulosic bolt-on facility that would convert biomass (corn stover and wheat straw) into a variety of higher value energy products including cellulosic ethanol, molasses, (C-5 sugars), and lignin pellets.

C-5 sugars (hemicellulose) don't break down very easily, so they can be used for livestock feed or could be used in chemicals and plastics. The chemical and plastic industry break the C-5 sugars down into ethylene which is a material used in many chemicals and plastics. A 10-MGY facility will produce about 75,000 tons of C-5 sugars a year.

There were 11 locations/expansions in the multi-state/province region in 2010 and 2011. Projects included:

<u>City</u>	<u>State</u>	<u>Company</u>	<u>Sq.Ft.</u>	<u>Jobs</u>	<u>Type</u>	<u>NAICS</u>
Jamestown	ND	Dakota Spirit AgEnergy		69	Ethanol	325193
Belle Plaine	SK	Alpine Plant Foods			Fertilizer	325312
Minneapolis	MN	Proctor & Gamble	21,000		Fertilizer	325260
Chaplin	SK	Saskatchewan Mining			Sodium Sulphate	325188
Prince Albert	SK	Shell/Logan			Ethanol	325193
Eden Prairie	MN	Surescripts	50,000		e-Prescriptions	325412
Rosemount	MN	Proto Labs		200	Plastic products	326100
South St. Paul	MN	Sanimax AMX	67,000	67	Animal feed/oils	325998



*The Location Needs of the Preliminary Targets (Chemicals/Biotechnology/Pharmaceutical-related ) Continued...*

Key Site Selection Needs for Ethanol Manufacturing (by priority):

1. Local feedstock supply and basis (feedstock represents 65%-70% of total operating expenses)
2. Highway access
3. Rail access to isolated industrial site (70 acre minimum)
4. Utility infrastructure (natural gas pipeline, electricity, water)
5. Labor costs and availability
6. Rural, remote, lower wage areas.

Key Site Selection Needs for Plastics Products (by priority)

1. Labor costs and unskilled/semiskilled availability
  - Key positions: machine operators, maintenance mechanics, and warehouse workers
2. Electric power (reliability and costs)
3. Fully improved sites and/or existing buildings (30,000-square-foot minimum)
4. Access to market/transportation costs
  - Customers often require JIT delivery
5. Rail service
  - Pellets are often brought in via hopper car
6. Incentives (training and offsets for large capital equipment costs)
7. Good labor/management relations.

Key Site Selection Needs for Pharmaceutical (Drug) Manufacturing (by priority):

1. Skilled/technical workers
  - 60% skilled operators
  - 25% professional/technical
2. Labor costs
3. Class A business park
4. Electric power costs/reliability
5. Highway access
6. Incentives
  - Equipment tax exemptions (large capital investment)
  - R&D tax credits (moderate R&D investment)
  - Training.



*The Location Needs of the Preliminary Targets Continued...*

**Oil/Gas Mining-Related** – (NAICS 211, 332, 333, and related metals, equipment, and distribution)

Understanding the Sector

North Dakota shale oil and gas exploration is booming and this has produced tremendous job growth, but also labor and housing shortages in the Williston/Minot area. Mining suppliers (i.e. pipe producers) are beginning to search areas further away from this area in order to find the skills that they need. Jamestown has the potential of attracting these businesses if wages offered can improve existing labor availability.

There were eight locations/expansions in the multi-state/province area in 2010/2011, including:

<u>City</u>	<u>State</u>	<u>Company</u>	<u>Sq.Ft.</u>	<u>Jobs</u>	<u>Type</u>	<u>NAICS</u>
Stanley	ND	EOG Resources	20,000		Oil distribution	424720
Watford City	ND	ONEOK		25	Natural gas	211111
Langham	SK	Fortune Minerals			Minerals	212113
Belle Plaine	SK	Potash One			Potash	212391
Nashwauk	MN	Essar Steel		100	Mining equipment	212210
Ely	MN	Duluth Metals			Ore processing	212234
Owaonna	MN	Chart Industries	141,000	100	Liquefied Gas	332410
Shoreview	MN	Cummins Power	189,000		Gas & diesel equip	333618

Key Site Selection Needs (by priority) – Mining Pipe Supplier

1. Available labor – machining skills & quality
  - Key positions: machinist, maintenance mechanic, machine operator (CNC), and warehouse workers
2. Labor costs
3. Access to Midwest markets/transportation costs
4. Interstate highway access
5. Electric power (reliability & costs)
6. Improved sites and/or existing buildings
7. Rail access
8. Available training (and incentives)
9. Good access to suppliers
10. Good labor/management relations.



## Jamestown Area’s Key Economic Development Strengths & Weaknesses

### Introduction

FCG examined key site selection criteria prevalent in all the preliminary targets as they relate to the Jamestown Area. Each is rated a Strength, a Weakness (or both), or Average. Criteria include:

- Transportation/Logistics
- Labor Costs
- Labor Availability & Quality
- Electric Power
- Sites & Buildings
- Taxes & Incentives
- Education/Training
- Quality of Life/Cost of Living

The analysis included extensive fieldwork interviews (over 30) with company, training/education, and development officials. We benchmarked the Jamestown Area against several competitor and source\* cities for select criteria:

- Aberdeen, SD
- Bismarck, ND
- Brookings, SD
- Fargo, ND
- Minneapolis/St Paul, MN
- Winnipeg, MB, Canada

### Transportation/Logistics

### Strength

The ability of a company to receive and deliver goods economically is often a determining site selection factor. The Jamestown Area has strong transportation/logistics features, including:

- Adequate for serving Midwest/Western markets
- Direct access to Interstate 94
- Good rail connections
- Intermodal connections at Minot and Minneapolis.

**Key Conclusion:** *The Jamestown Area is a good location from a transportation/logistics viewpoint, however may be too remote to serve some major Midwest markets (i.e. Chicago and Kansas City). Logistics modeling would help document these advantages.*



\* Large metro areas where target company headquarters may be located.

Jamestown Area's Key Economic Development Strengths & Weaknesses Continued...

**Labor Costs**

**Strength**

Wage rates and salaries are the single most important labor factor both affecting the availability of good quality workers in a marketplace and a company's competitive position. Up to 80% of the annual operating costs of a project can be labor.

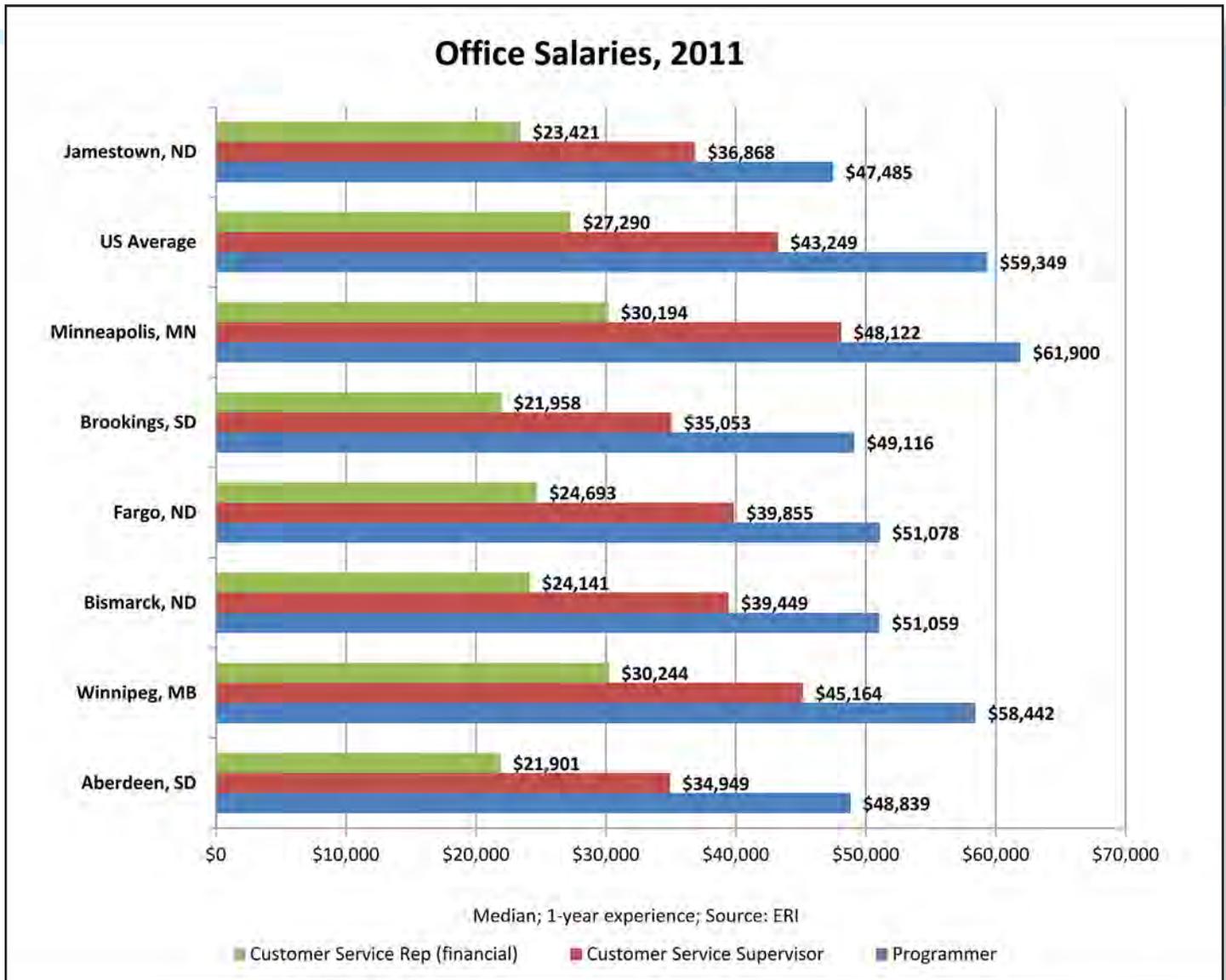
Select wages follow. We utilized wage data from our Economics Research Institute (ERI) database, 4th Quarter 2011. Wages are for workers with one-year experience, median without benefits.

- Jamestown Area manufacturing wages are lower than all competitors, except Brookings and Aberdeen.



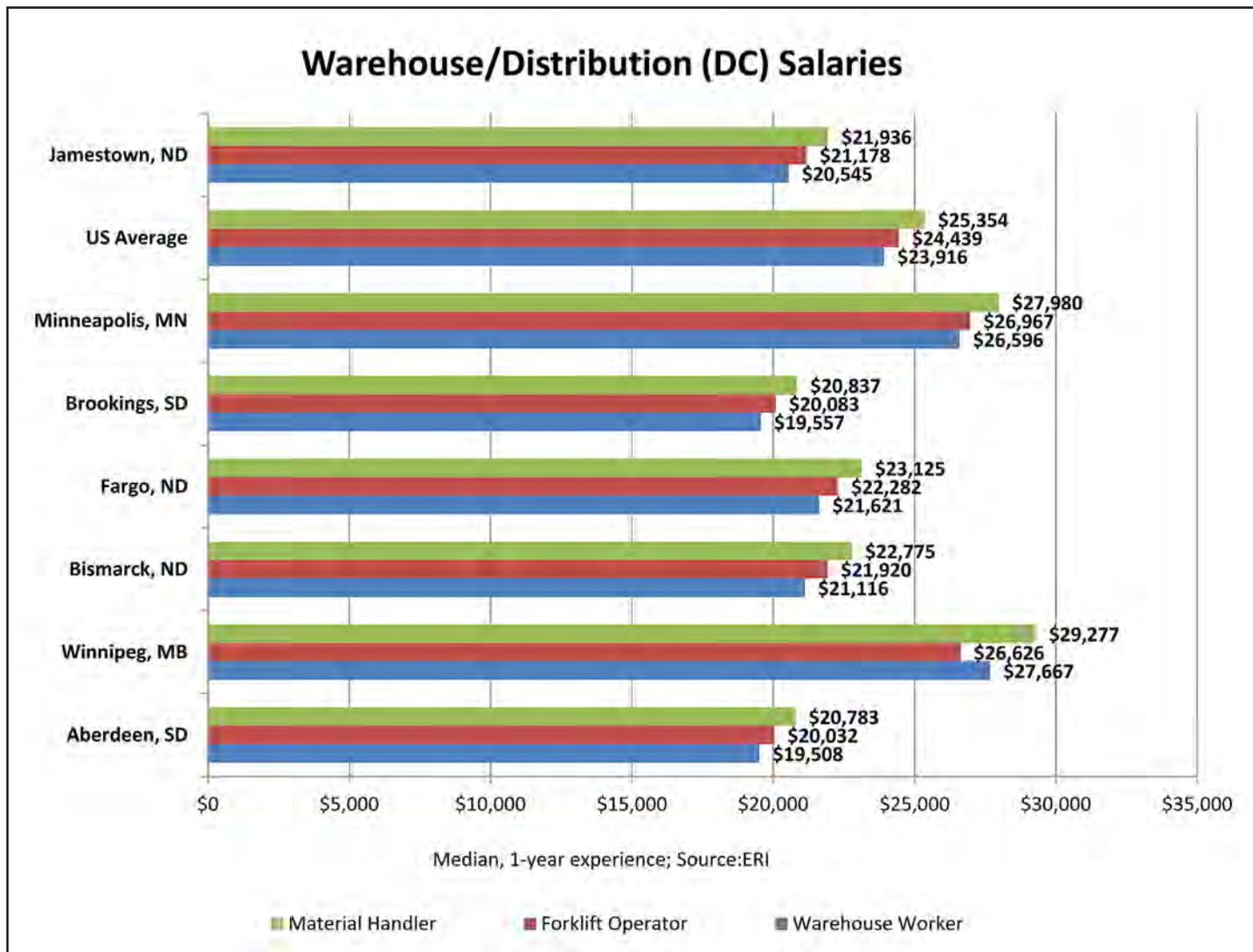
**Jamestown Area's Key Economic Development Strengths & Weaknesses (Labor Costs) Continued...**

- **Jamestown Area office wages are lower than all competitors, except Brookings and Aberdeen.** But they are the lowest of all for programmers.



*Jamestown Area’s Key Economic Development Strengths & Weaknesses (Labor Costs) Continued...*

- Jamestown Area DC wages are lower than all competitors, except Brookings and Aberdeen.



**Key Conclusions:** *By locating in Jamestown Area, on wages target employers would save:*

- 30% over Minneapolis
- 28% over Winnipeg
- 6.8% over Fargo
- 5.2% over Bismarck
- 19% over the U.S. average.

*However, Jamestown is 3.6% higher than Brookings and 4% higher than Aberdeen. In order to compete with Aberdeen and Brookings, Jamestown will need to offset these costs through other criteria, including incentives.*

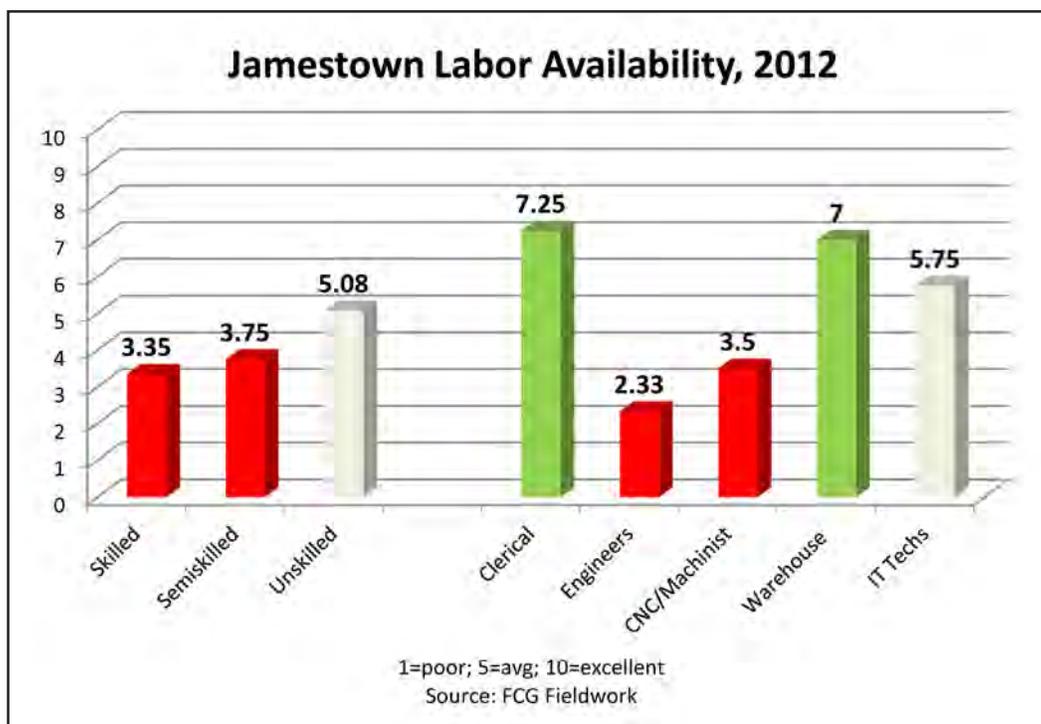
*Jamestown Area’s Key Economic Development Strengths & Weaknesses Continued...*

**Labor Availability**

**Weakness to Strength**

The ability to attract the right skills is critical to the success of a project. We use the FCG Availability Index, which measures labor availability on a one-to-ten point scale (1 = “very poor”; 5 = “average”; and 10 = “excellent”). We use the same index in all of our labor market analysis nation-wide, and this gives a true “apples-to-apples” comparison of different communities. Generally, scores of 0 to 3 are “poor”; 3 to 4 are “below average”, 4 to 6 are “average”; 6 to 7 are “above average”; 7 to 8 are “good”; and 8 to 9 are “very good”, and 9 to 10 are “excellent”.

Based on 18 company interviews, the following chart depicts labor availability (red indicates “below average”, gray is “average”, and green is “good or above”):



- The availability of skilled and semi-skilled workers is rated “below average”.
- Unskilled availability is average (accept clerical and warehouse workers which are rated “good”).
- Engineering talent is more particularly difficult to recruit, hire and relocate (rated 2.33 – or “poor”).
- Skilled manufacturing talent is rated below “average” (i.e. CNC/Machinist: 3.5).
- Skilled IT technicians were rated “above average”.
- Many skilled workers now need to be relocated into Jamestown. Relocation is not easy as many times the spouse is seeking a professional job as well.
- Note of interest, from the results of the labor study done in 2000 in which Deane Foote and Jack Allston participated, ratings included:
  - Skilled Machinist: 7.7; Machine Operator: 8.5; Assembler: 9.7
  - Clerical-CSR: 5.6; Clerical-Computer Help Desk: 4.75

## Jamestown Area's Key Economic Development Strengths & Weaknesses (Labor Availability) Continued...

The following are employer quotes regarding availability:

- *"Advice? Bring your own staff with you and be patient as hiring is a challenge."*
- *"All engineers are hard to find."*
- *"Availability will improve over time, but who will be the guinea pig?"*
- *"Be aware of the machinist shortage...train, recruit, and retain."*
- *"CAT hiring in Fargo has hurt us."*
- *"CSRs (clerical) are not a problem...not much competition."*
- *"Hire from within if you can...it's good for morale."*
- *"It took us four months to find a welder last time."*
- *"Network with the local people here to find out what works well."*
- *"Oil field competition is hurting us!"*
- *"Our labor is willing to commute for the job."*
- *"Our temp agency recruits, but it's tough to find good candidates."*
- *"Trade skills are good, but it seems like we are recruiting from the same small labor pool."*
- *"Unskilled? Not difficult."*
- *"Very affordable help."*
- *"Wahpeton Tech is a good source of machining graduates."*
- *"We compete with Fargo for welders and CNC operators."*
- *"We hired five machinist in three months but all had to be relocated."*
- *"We need more specialized medical staff."*
- *"With a low unemployment rate, it is hard to recruit."*
- *"Word of mouth is still best...I tell my staff and the word is out there!"*

**Key Conclusions:** Based on the recent fieldwork, Jamestown is a poor-to-good market for recruiting.

- *Most skilled and semi-skilled manufacturing positions are a challenge to fill, particularly CNC machinists, welders, and maintenance workers.*
- *There is poor-to-average availability of some IT/software skills, engineers and some managerial positions.*
- *There is good availability of warehouse and office workers.*
- *The relocation of talent is a challenge.*

*Jamestown Area’s Key Economic Development Strengths & Weaknesses Continued...*

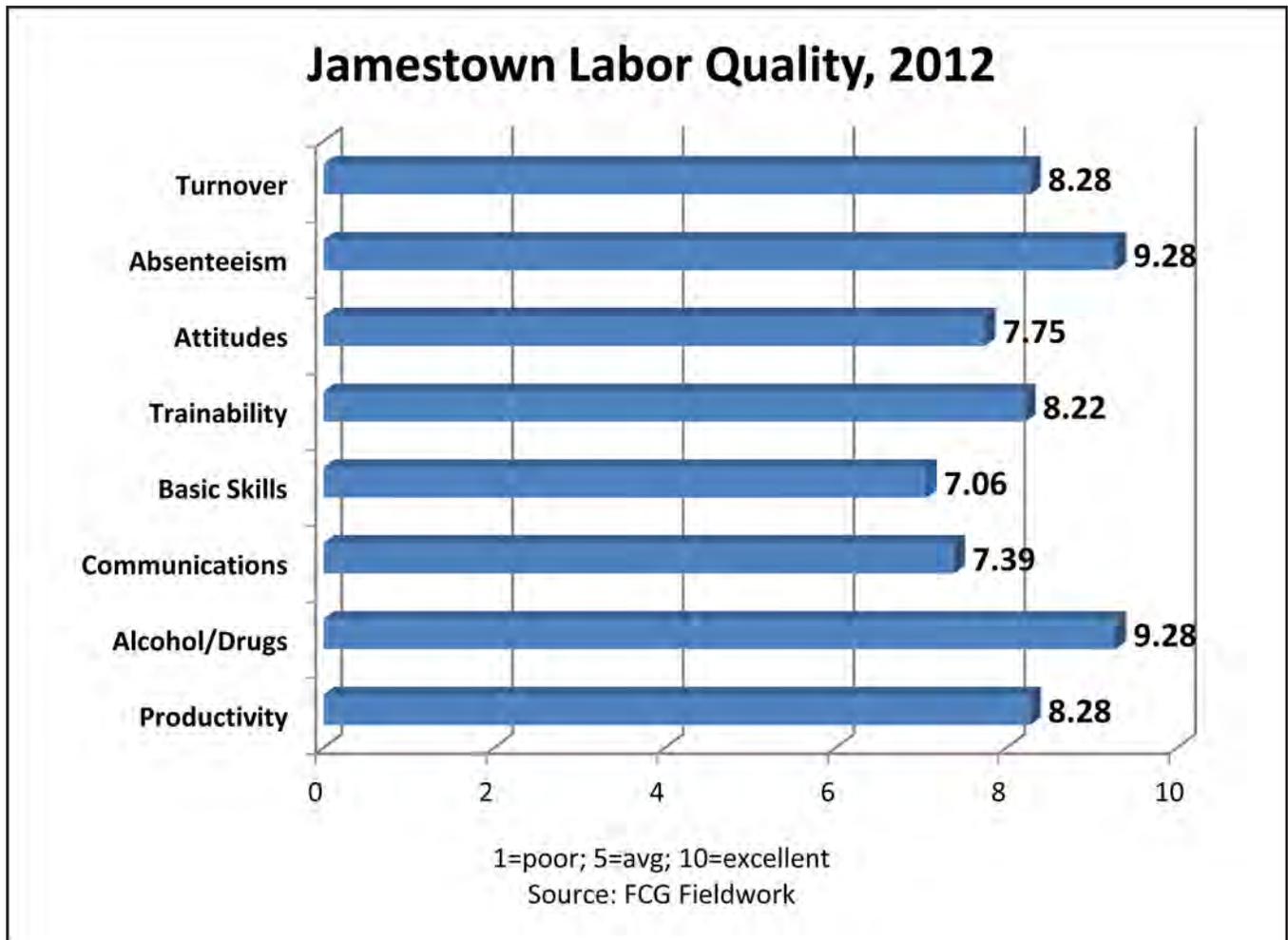
**Labor Quality**

**Strength**

The ability to find quality workers will be critical to the success of any target company project. Through interviews with the local employers we were able to determine current labor quality in the Jamestown Area market.

We use the FCG Quality Index, which measures labor quality on a one-to-ten point scale (1 = "very poor"; 5 = "average"; and 10 = "excellent"). We use the same index in all of our labor market analysis nation-wide and this gives a true "apples-to-apples" comparison of different communities. Generally, scores of 3 to 4 are "below average", 5 to 6 are "high average"; 6 to 7 are "above average"; 7 to 8 are "good"; 8 to 9 are "very good"; and 9 to 10 are "excellent" (see below).

The following are the labor quality ratings:



- Overall labor quality is rated very good (8.19), with no weak spots\*.
- All sectors, including basic skills which in many markets is average or below, are rated good to excellent.

\* Similar to the 2000 study where overall labor quality was rated 8.6.

## Jamestown Area's Key Economic Development Strengths & Weaknesses (Labor Quality) Continued...

The following are employer quotes regarding labor quality:

- *"Attitudes are improving and productivity is high!"*
- *"Hard to get young folks to work odd shifts...attendance issues."*
- *"Jamestown has a success of being very family oriented and the work ethic is fantastic and loyal."*
- *"Many unskilled are not qualified and tend to move around."*
- *"Our productivity is high...but we aren't satisfied."*
- *"Our productivity is up 62% this year!"*
- *"Productivity is very high!"*
- *"Retention is good overall...treat them well and they will stay."*
- *"Work ethic is great."*
- *"Work ethic with the younger population is horrible."*
- *"Workforce is willing to work on their own and are very dependable."*

**Key Conclusion:** Target prospects will be very satisfied with labor quality issues in the Jamestown Area, particularly the low turnover rates, very low absenteeism, good work attitudes, and very good productivity. Basic skills of applicants were rated "good", which is better than most areas across the country today.



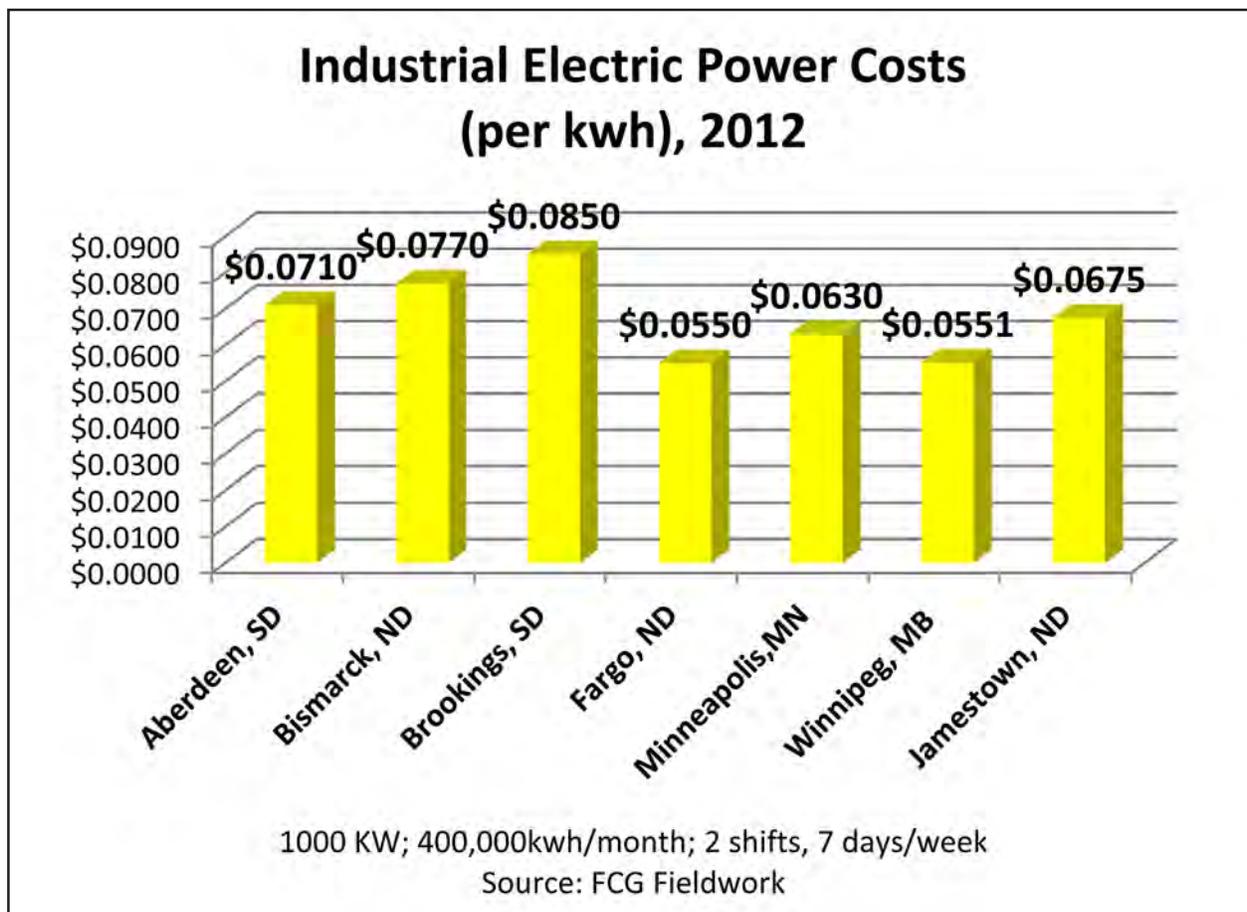
*Jamestown Area's Key Economic Development Strengths & Weaknesses Continued...*

***Electric Power/Other Utilities***

***Average-Strength***

Electric power costs and reliability, and other utilities are critical site selection factors in all projects.

- Otter Tail Power Company provides competitively priced, reliable electric power service for companies that locate or expand.
- Industrial electric power costs ranked in the middle of the comparison communities.
- Electric power provided via the new Great River Energy Spiritwood Station combined heat and power plant project could see rates as low as the mid \$.04 range via steam power. Steam is a valuable energy source here for locations/expansions.
- Jamestown has excess water and sanitary sewer capacity and can handle large volume projects such as food processing.
- Local employers are generally satisfied with the cost, supply, delivery, and reliability of electric power services and all other utilities.



**Key Conclusion:** *The Jamestown Area can provide low-to-competitively-priced power with good reliability. There is the potential to offer very low power rates in the Spiritwood Energy Park area, which will attract the attention of many large power users, including data centers.*

Jamestown Area’s Key Economic Development Strengths & Weaknesses Continued...

**Sites/Buildings**

**Mostly Strengths & Some Weaknesses**

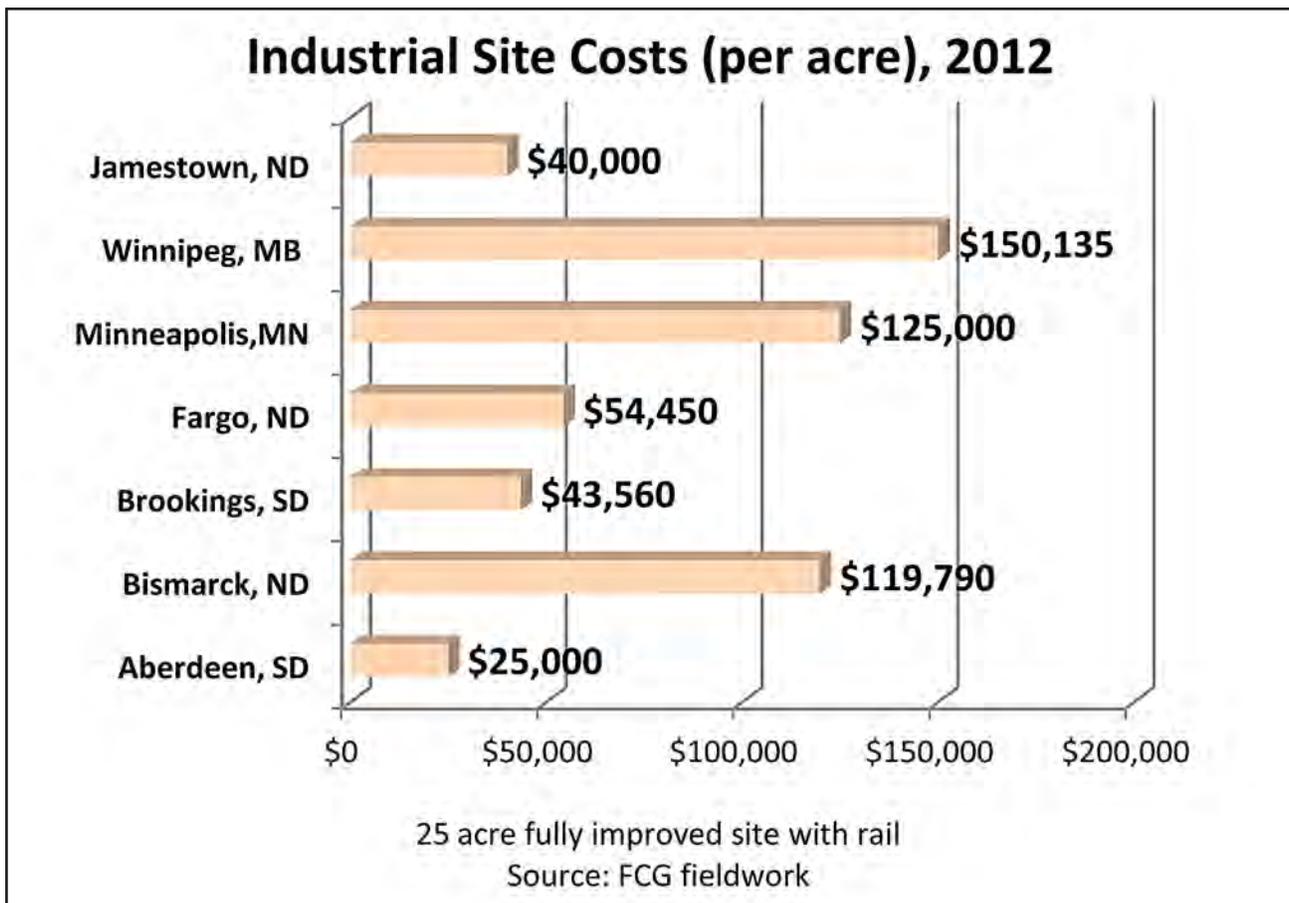
Good products (sites and buildings) must be available in order to attract economic development. Two out of three site searches begin with a building search. However, the majority of lookers still end up constructing a building as most of the existing spaces don’t work. The Jamestown Area has both strengths and weaknesses here:

Strengths

- Excellent fully-improved industrial parks/properties, some with rail service potential
- Second lowest cost sites of all competitors, behind Aberdeen
- Spiritwood Energy Park offers the potential of steam power, low industrial power rates, nice pricing, and rail
- 900 acres at the airport offers potential for aerospace related uses with airport access.

Weaknesses

- Few available industrial or office building options available
- Industrial park with rail inventory would be getting low if and when the Food Processing Industrial Park site sells.



**Key Conclusions:** Jamestown has some excellent site options, some with rail. Prospects starting their search for existing buildings will likely pass on Jamestown.

*Jamestown Area’s Key Economic Development Strengths & Weaknesses Continued...*

**Taxes**

**Average-Strength**

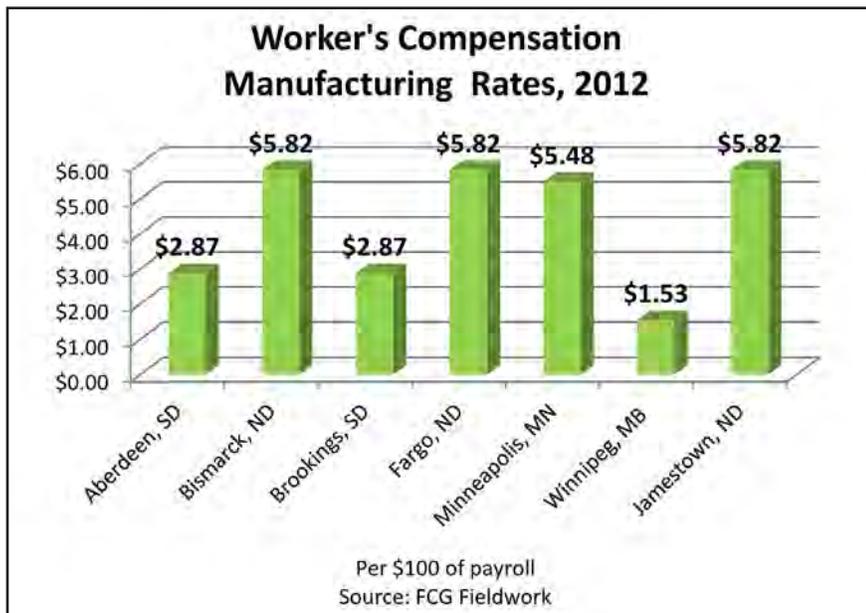
Even though taxes are generally a relatively minor portion of the annual operating costs for a project (generally 10% to 15%), they are typically compared in a site selection project. The new report from the Tax Foundation and KPMG, *Location Matters*, was recently released. The study accounts for all business taxes: corporate income taxes, property taxes, sales taxes, unemployment insurance taxes, capital stock taxes, inventory taxes, and gross receipts taxes by state (Canada was not included\*). The results allow site selection experts to screen states more accurately and quickly for consideration by their clients. We used this for some state tax comparisons for new locating firms.

North Dakota is typically ranked behind South Dakota and ahead of Minnesota with some exceptions, including: ranking first for a new distribution center and third for a labor-intensive manufacturer. ND is most often in the upper-third to upper half of all states.

<b>Tax Rankings Comparison</b>			
	<b>South Dakota</b>	<b>North Dakota</b>	<b>Minnesota</b>
<b>Overall Rank of all 50 States</b>	<b>11</b>	<b>18</b>	<b>35</b>
New Corporate Headquarters	8	21	46
New Research & Development (R&D) Operation	14	16	23
New Call Center	11	23	49
New Distribution Center	15	24	44
New Capital-Intensive Manufacturer (Steel)	6	15	31
New Labor-Intensive Manufacturer (Trucks)	21	29	31

*Source: Location Matters, the Tax Foundation and KPMG*

One tax-related element, which falls under the fringe benefit load of a project, and that was not factored into the *Location Matters* study, was worker’s compensation (WC). WC typically represents only 1-2% of the annual operating cost of a typical project, however. North Dakota has the highest rate of all comparison areas.



**Key Conclusions:** North Dakota taxes will consistently beat Minnesota except for some manufacturing projects. But Jamestown will be playing “catch-up” to South Dakota for most projects, except distribution centers. The ND apportionment formula used to calculate corporate income tax is an issue for data centers versus Nebraska.

\* Canadian business taxes will most often be competitive with the top third of US states.

*Jamestown Area’s Key Economic Development Strengths & Weaknesses Continued...*

**Incentives**

**Strength**

Incentives are the deal closer when all other key factors are equal. The following matrix compares incentives we feel are the most important of all of the comparison communities. Program details are outlined in the Appendix.

BENCHMARK INCENTIVES							
Incentive	Communities						
	Jamestown	Winnipeg	Fargo	Brookings	Aberdeen	Minneapolis	Bismarck
Employee training	X	X	X	X	X	X	X
Enterprise Zone (EZ)						X	
Industry specific sales tax abatements	X		X			X	X
Tax credits	X	X	X				X
R & D tax credits	X	X	X			X	X
Property tax abatements	X			X			
Sales tax abatements/refunds	X		X		X	X	X
Foreign Trade Zone (FTZ)		X	X			X	
Tax Increment Financing (TIF)	X	X		X	X	X	
Low or no interest loan programs	X	X	X	X	X		X
Key employee relocation support							
"Closing" fund grants	X						
Corp income tax exemption or "No" tax	X		X	X	X		X
Utility incentives	X	X					
Angel tax credit	X		X			X	X
Other unique		Tuition rebates		Free land		Data centers	

Key observations:

- Jamestown is the only community/state with a “Closing Fund” type program (The ED Fund).
- South Dakota has fewer incentive programs, but offers more attractive tax savings (i.e. no corporate income tax). This advantage shows up in the above tax section.
- Only Jamestown (Northern Plains Coop) and Winnipeg offer utility incentives.
- Minneapolis is the only community offering an industry specific incentive (for data centers).
- No community/state offers relocation incentives.

**Key Conclusion:** *Jamestown may be able to win more “on the fence” projects through the aggressive use of The Economic Development Fund. It may be tough to compete with Minneapolis for data center projects with their special incentives, but special low electric power rates will help.*

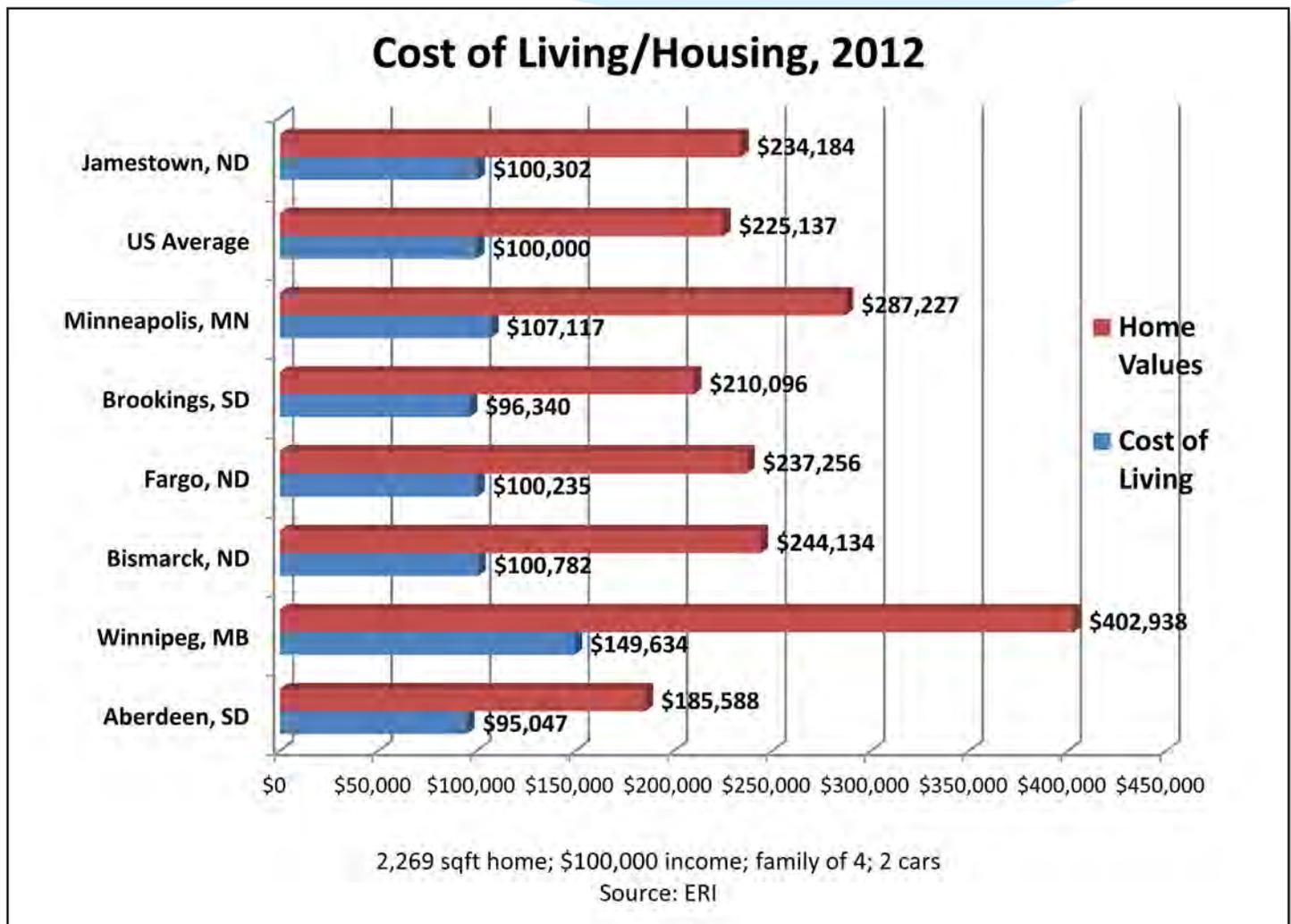
Jamestown Area’s Key Economic Development Strengths & Weaknesses Continued...

**Quality of Life**

**Mostly Strengths**

Quality of life aspects of a community (cost of living\*, schools, medical services, recreation, shopping, and culture) are all important in hiring, relocating, and retaining employees. If managers refuse to take the move, the new project could be in jeopardy.

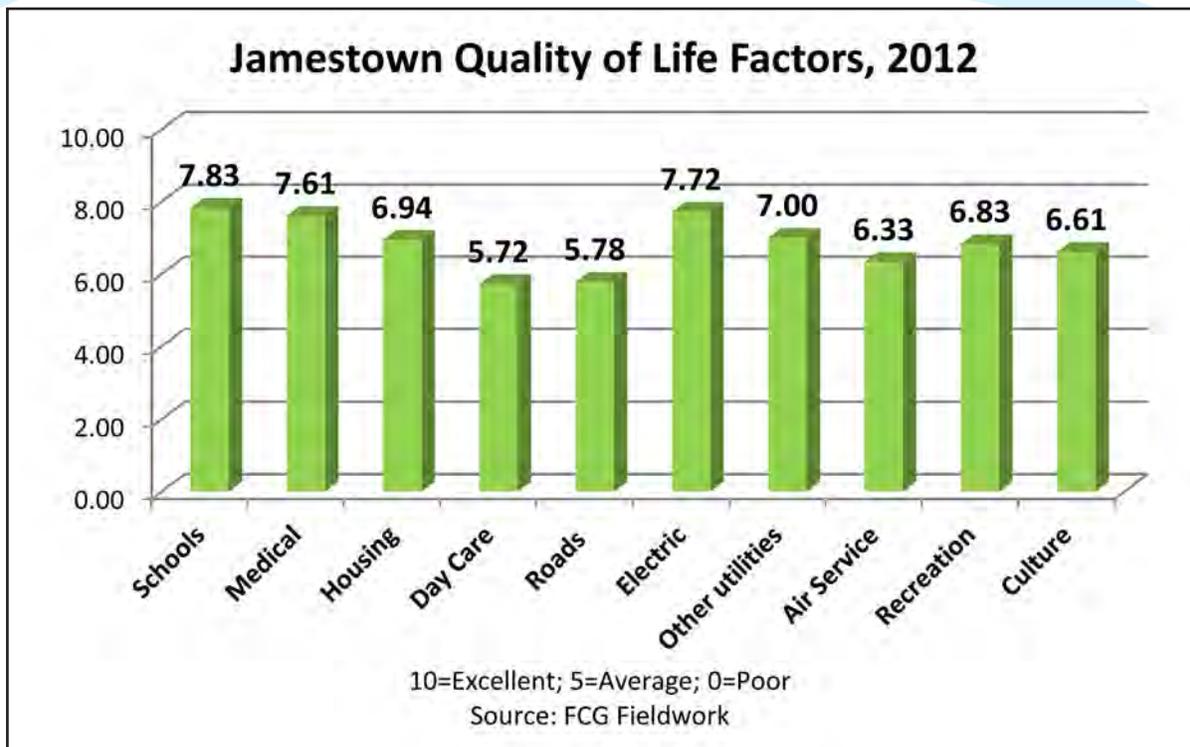
- The Jamestown Area cost of living is only slightly above the national average and below the competitors, except Brookings, Fargo, and Aberdeen.



- A number of Jamestown quality of life factors are rated “good”, including schools, medical, electric power, and other utilities.
- All other factors were rated above average.
- There is some concern with day care, local roads, and air service with the recent Delta changes.

\* All data comes from our ERI Relocation Assessor database. Cost of living items include: consumables, transportation, health services, housing/utilities/property taxes, and miscellaneous items.

Jamestown Area's Key Economic Development Strengths & Weaknesses (Quality of Life) Continued...



The following are important quotes from the interviews:

- *“Housing market is unique, not a lot in the \$150,000 to \$200,000 range...\$80,000-\$120,000 range is the sweet spot and will sell fast.”*
- *“Schools are outstanding!”*
- *“There is not enough good quality and reasonably priced day care in the area.”*
- *“We are a small community with large city amenities.”*



**Key Conclusions:** Quality of life rates high versus other similar sized communities due to the Jamestown Area's attractive educational and recreational attributes, however, may fall short in some areas such as culture and shopping when compared against larger metro areas. Relocation, particularly for families moving from a larger metro area, is an issue due to shopping and related amenities, even though the cost of living is low.



*Jamestown Area's Key Economic Development Strengths & Weaknesses Continued...*

***Education***

***Strengths, Some Weaknesses***

Today's students are tomorrow's workforce. Prospects are therefore most concerned about higher education and the flow of skills into the work place. Longer term they are concerned with the quality of the secondary schools. The following are key strengths and weaknesses:

**Strengths**

Higher Education

- Jamestown College states they are able to attract faculty due to stability of state of North Dakota, the quality of the school, the stability of the community and Midwest values.
- Jamestown College has a strong public image in the community and its visibility was greatly enhanced with the new Reiland Fine Arts Center and the new technology equipment on campus at the modern Unruh-Sheldon Center.
- More than one-half the graduates from Jamestown College are staying in North Dakota.
- Eldermark Software has a small facility in Jamestown and uses information technology graduates and interns from Jamestown College.
- Valley City State University has set up the Great Plains STEM Education Center, to do "train the trainers" education for STEM instructors. Several steps have been taken to implement the program statewide. Included in this effort is introducing students ages 6-18 to science and technology by challenging them to find solutions to real-world problems by using robots.
- Valley City State University has maintained a top spot among the Top Public Regional Colleges in the Midwest for 14 years in a row from America's Best Colleges by US News Media Group.
- Valley City State has made major strides in sciences and technology with the construction of the new science building on campus and the development of the Fish and Wildlife program that now has as many as 70 students on campus.
- James Valley Career and Technology Center (JVCTC) offers strong adult classes in welding and certifies welders in different areas. The school has a sufficient amount of welding and machining equipment for the students to be well-trained in several areas of manufacturing.
- JVCTC offers programs for high school students in auto technology, auto body, machine tool, health careers, child care, marketing/business (Distributive Education), construction technology, and agricultural technology.



## *Jamestown Area's Key Economic Development Strengths & Weaknesses (Education) Continued...*

### Secondary Education

- Jamestown High School has become a model high school for excellent students, superior classrooms, and performance. With a first-class music and fine arts center, a high-end swimming pool, weight rooms, and an information technology plan with a computer-student ratio of approximately 3:1, the high school is a new millennium showcase.
- School scores at Jamestown High School are a little above the state average, and the graduation rate is close to 90% (87%-4 yr.); much higher than the national average.
- Other good indicators include: an early integration in the middle school into Microsoft programs, and the school pays for certifications with Cisco.
- Students can get Career Technical Education Scholarships through the state. Students must receive a composite score of at least 24 on an ACT or a score of at least "5" on each of three WorkKeys assessments including Reading for Information, Locating Information, and Applied Mathematics.
- The Anne Carlsen Center does an outstanding job at integrating developmentally disabled youth into the communities of North Dakota.

### **Weaknesses**

#### Higher Education

- The machinery and equipment needs to be continually updated at James Valley Career and Technology Center with the most modern and best available technologies to prepare students properly for the workforce. There is good machinery and equipment for student usage here, but with workforce shortages and skills shortages, more is needed.
- Valley City State University recruitment numbers are low compared to North Dakota State University in Fargo. With the advent of the new science center at Valley City State University, the university needs much more of a corporate presence in Jamestown in order to attract good science and technology students.
- Even though Jamestown College is generally regarded to have a strong computer science and information technology program, they are not considered to be a Center of Excellence. Therefore, they have not received any of the \$26.2 million in state funds for these Centers. There are 18 Centers in the state located at all public universities.
- There is no commercial driver's license training available. This helps account for driver shortages in the community.

#### Secondary Schools

- At the Jamestown schools, there does not appear to be any formal life skills/soft skills development to prepare students on how to present themselves, speak effectively, dress, manners, etc.
- The number of high school undecided's for college is high at 11-16%. More counseling and other tools may be needed.
- The high school and James Valley Career and Technology Center are lacking in Computer Aided Design equipment and any instructors to teach CAD. With the shortage of machinists available in the area, the implementation of more CAD instruction is sorely needed.
- Other than testing for potential scholarships, WorkKeys does not appear to be utilized very heavily in North Dakota.

**Key Conclusions:** *Area colleges and training centers offer good programs for local companies, however, machinery and equipment may need upgrading, and many companies are not aware of training opportunities out there.*

**Jamestown Area’s Strengths & Weaknesses Versus Preliminary Target Needs**

We next assessed the Jamestown Area’s strengths and weaknesses against the preliminary target location needs.

Jamestown Area Strengths	Jamestown Area Weaknesses
<p><b>Call/Data Centers/Software/IT</b></p> <ul style="list-style-type: none"> <li>• Lower end labor availability (CSRs)</li> <li>• Labor quality</li> <li>• Labor costs</li> <li>• Telecommunications</li> <li>• Education/training</li> <li>• Incentives* (training important)</li> <li>• Regional location activity</li> <li>• Electric rates for data centers (in the Spiritwood Energy Park)</li> <li>• Weather &amp; no natural disasters for data centers</li> <li>• State tax structure for call centers and R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>• High end labor (programmers/tech support) availability</li> <li>• Management talent availability</li> <li>• Class A &amp; larger Class B buildings</li> <li>• Commercial air service</li> <li>• State corporate income tax for data centers</li> <li>• Presence of other operations</li> </ul>
<p><b>Warehouse/Distribution (DC)</b></p> <ul style="list-style-type: none"> <li>• I-94 access</li> <li>• Labor costs</li> <li>• Electric power cost &amp; reliability</li> <li>• Unskilled labor availability</li> <li>• Labor quality</li> <li>• Improved sites with rail (particularly the Spiritwood Energy Park)</li> <li>• Incentives (training)</li> <li>• Tax structure/no inventory</li> <li>• Labor/management relations</li> <li>• Regional location activity</li> <li>• Presence of other local operations – <i>synergistic</i></li> </ul>	<ul style="list-style-type: none"> <li>• Access to major Midwest markets</li> <li>• Presence of other large operations</li> </ul>
<p><b>Food/Beverage Processing</b></p> <ul style="list-style-type: none"> <li>• Labor quality</li> <li>• Labor costs</li> <li>• I-94 access</li> <li>• Excess water/sewer capacities</li> <li>• Electric power cost/reliability</li> <li>• Steam for candy/confectionaries</li> <li>• Improved sites with rail (particularly the Spiritwood Energy Park)</li> <li>• Tax structure (capital intensive)</li> <li>• Incentives (capital incentive)</li> <li>• Highway access</li> <li>• Regional location activity</li> <li>• Presence of other local operations – <i>synergistic</i></li> </ul>	<ul style="list-style-type: none"> <li>• Skilled labor availability</li> <li>• Tax structure (labor intensive)</li> </ul>
<p>* See incentives assessments for all preliminary targets in the Appendix.</p>	

*Jamestown Area's Strengths & Weaknesses Versus Preliminary Target Needs Continued...*

Jamestown Area Strengths	Jamestown Area Weaknesses
<p><b>Transportation Equipment (Ag Related)</b></p> <ul style="list-style-type: none"> <li>• Labor quality</li> <li>• Labor costs</li> <li>• I-94 access</li> <li>• Electric power rates/reliability</li> <li>• Improved sites with rail (particularly the Spiritwood Energy Park)</li> <li>• Tax structure (capital intensive)</li> <li>• Incentives (capital intensive)</li> <li>• Access to suppliers</li> <li>• Labor/management relations</li> <li>• Regional location activity</li> <li>• Presence of other local operations – <i>synergistic</i></li> </ul>	<ul style="list-style-type: none"> <li>• Skilled labor availability</li> <li>• Tax structure (labor intensive)</li> <li>• Access to some suppliers</li> <li>• Presence of other local operations</li> </ul>
<p><b>Plastics Products</b></p> <ul style="list-style-type: none"> <li>• Access to raw material (C-5 sugars)</li> <li>• Labor costs</li> <li>• Unskilled/semiskilled availability</li> <li>• Electric power (reliability and costs)</li> <li>• Fully improved sites with rail (particularly the Spiritwood Energy Park)</li> <li>• Access to market/transportation costs</li> <li>• Incentives (training and offsets for large capital equipment costs)</li> <li>• Labor/management relations.</li> </ul>	<ul style="list-style-type: none"> <li>• Skilled labor availability</li> <li>• Existing buildings</li> <li>• Presence of other local operations</li> </ul>
<p><b>Computers/Electronics</b></p> <ul style="list-style-type: none"> <li>• Labor quality</li> <li>• Labor costs</li> <li>• Education/training with incentives</li> <li>• Electric power</li> <li>• Overnight carriers (Fed-Ex; UPS)</li> <li>• Proximity to markets/good highway access</li> <li>• Fully improved industrial parks</li> <li>• Building costs</li> <li>• Regional location activity</li> </ul>	<ul style="list-style-type: none"> <li>• Labor skill availability</li> <li>• Lack of existing buildings</li> <li>• Tax structure (labor intensive)</li> <li>• Supplier network</li> <li>• Presence of other local operations</li> </ul>
<p><b>Ethanol</b></p> <ul style="list-style-type: none"> <li>• Local feedstock supply</li> <li>• Highway access</li> <li>• Rail access to isolated industrial site</li> <li>• Utility infrastructure (natural gas pipeline, electricity, water)</li> <li>• Labor costs</li> <li>• Rural, remote areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Skilled labor availability</li> <li>• Presence of another major player</li> </ul>

**Jamestown Area’s Strengths & Weaknesses Versus Preliminary Target Needs Continued...**

Jamestown Area Strengths	Jamestown Area Weaknesses
<p><b>Industrial Machinery/Metals</b></p> <ul style="list-style-type: none"> <li>• Market access</li> <li>• Labor quality</li> <li>• Labor costs</li> <li>• I-94 access</li> <li>• Electric power rates/reliability</li> <li>• Improved sites with rail (particularly the Spiritwood Energy Park)</li> <li>• Water/sewer capacities</li> <li>• Tax structure (capital intensive)</li> <li>• Incentives (capital intensive)</li> <li>• Access to suppliers</li> <li>• Labor/management relations</li> <li>• Regional locations, including wind related</li> <li>• Presence of other local operations – <i>synergistic</i></li> </ul>	<ul style="list-style-type: none"> <li>• Skilled labor availability</li> <li>• Tax structure (labor intensive)</li> <li>• Access to some suppliers</li> <li>• Access to prime wind areas for turbines</li> </ul>
<p><b>Oil/Gas Mining Equipment</b></p> <ul style="list-style-type: none"> <li>• Access to mining operations</li> <li>• Labor availability vs. oil patch</li> <li>• Labor quality</li> <li>• Labor costs</li> <li>• I-94 access</li> <li>• Electric power rates/reliability</li> <li>• Improved sites with rail rail (particularly the Spiritwood Energy Park)</li> <li>• Tax structure (capital intensive)</li> <li>• Incentives (capital intensive)</li> <li>• Access to suppliers</li> <li>• Labor/management relations</li> <li>• Regional location</li> <li>• Presence of other local operations – <i>synergistic</i></li> </ul>	<ul style="list-style-type: none"> <li>• Skilled labor availability</li> <li>• Tax structure (labor intensive)</li> <li>• Presence of other regional operations</li> </ul>

**Preliminary Target Conclusions**

The analysis objective is to identify the best fit targets by selecting the most active sectors which best match the Jamestown Area’s strengths. The following are conclusions regarding Jamestown Area’s potential for the preliminary targets:

Call/data centers/software/IT

- Good potential for a data center in Spiritwood Energy Park due to low electric rates
- Some potential for small inbound/outbound customer service centers
- ND apportionment formula used to calculate corporate income tax is an issue for data centers versus Nebraska
- Not suited for high-end tech support, software/IT development
- Concern for availability of office space.

## Preliminary Target Conclusions Continued...

### Warehouse/distribution centers (DC)

- Some potential for regional DCs particularly: food (cold/frozen products) and agricultural equipment related
- Good sites with rail and Interstate access
- Presence of other local operations – *synergistic*

### Food/beverage processing

- Excellent potential for many types of operations particularly snack foods, pastas, dairy, vegetables, frozen foods, soy products, meat products, pet foods, baked goods, and candy/confectionaries that may require steam processing
- Skilled labor availability concerns
- Good sites with rail, Interstate access and low cost steam power at Spiritwood Energy Park
- Presence of other local operations – *synergistic*

### Transportation equipment manufacturers

- Excellent potential for many types of agricultural related operations
- Skilled labor availability concerns
- Good sites with rail, Interstate access, and low cost steam power at Spiritwood Energy Park
- Presence of other local operations – *synergistic*

### Electronics/Computers

- Skill shortages in IT/electronics and lack of other companies in the region make this target “a long shot”

### Industrial machinery/metals

- Good potential for many types of operations, particularly tied to ag, aerospace and mining; possibly renewable wind energy related (nacelle units: gearbox, generator and transformer components & blade assembly) although distance to prime wind regions may be an issue
- Skilled labor availability concerns
- Good sites with rail, Interstate access, and low cost steam power at Spiritwood Energy Park
- Presence of other local operations – *synergistic*

### Oil/gas mining equipment

- Good potential for “oil patch” suppliers as costs rise and labor availability declines closer to the oil fields
- Skilled labor availability concerns
- Good sites with rail, Interstate access, and low cost steam power at Spiritwood Energy Park
- Presence of other regional operations – *synergistic*

### Plastics Products

- Potential access to C-5 sugars associated with Phase II of the Dakota Spirit AgEnergy biorefinery project could attract user interest, and in turn, speed up the project timeframe

*Preliminary Target Conclusions Continued...*

Ethanol

- Limited potential now due to the advent of the large Dakota Spirit AgEnergy biorefinery project
- Supplier and support spin-off (i.e. metals related; stainless welding, equipment maintenance, etc.) is likely.

**PHASE III: THE “BEST FIT” TARGET INDUSTRIES**

We identified the “best fit” targets (and best NAICS codes) for the Jamestown Area (by priority) based on the Phase II analysis:

- **Food processing:** NAICS 3116 (meats); 3118 (baked goods); 3118 (pastas); 31199 (vegetables, including hydroponics); 3114 (snack foods, including candy)
- **Data Centers:** NAICS 518210
- **Transportation Equipment:** Ag equipment focus: NAICS 3331; 3335; 3363; 3364; 3366
- **Warehouse/distribution (DC):** NAICS 423; 424; 493
- **Oil/Gas Mining Equipment:** NAICS 2122; 3324; 3336; 4247
- **Plastics Products:** NAICS 326 (including associated with C-5 sugars)
- **Industrial Machinery/Metals:** NAICS 3331; 3334; 3335; 3336; 3329; 3324.

**PHASE IV: ECONOMIC DEVELOPMENT IMPLEMENTATION PLAN**

Introduction

The highlights of this report and economic development recommendations (see Appendix) prepared by FCG were presented at a meeting of local/regional economic development stakeholders on May 3, 2012 in Jamestown. The objectives of this meeting were to educate on the findings of the report and to reach consensus on priorities. The following priorities were reached:

Final Top Targets

1. Oil and Gas Equipment Manufacturing/Distribution
2. Food Processing
3. Transportation/Warehouse-Distribution Centers (DC)
4. Industrial Machinery Manufacturing

Final Top Recommendations

1. Business/Education Workforce Roundtable (Higher Education Inter-Institutional Partnership)
2. Recruitment/Relocation of Skilled Workers/Engineers
3. Target Marketing – Attraction & Incentives

The following is the program of work based on these priorities:

2012-2013 Action Matrix - Goals, Objectives, and Strategies

Following is the 2012-2013 Action Matrix, the details of the Economic Development Implementation Plan, including Goals, Objectives, and Strategies (and accountability – who will do it?). This will be a step-by-step approach for carrying out a successful program over the next year or so. It is critical for the JSDC to commit to a multi-year (minimum 3 years) campaign.

*Phase IV: Recommendations Continued...*

**Goal #1 - Create a Business/Education/Training Workforce Roundtable**

**Goal #2 - Recruitment/Relocation of Skilled Workers/Engineers**

**Objective:** The overall objective of these two goals is to develop a long-term workforce development strategic plan for the Jamestown Area. This will involve *Jamestown industry leaders and human resource managers; Valley City State University and Jamestown College officials; school district representatives; job training officials; economic developers; and local and state elected officials.* Specific objectives include:

- Participation from local companies, educators, training providers
- Key leadership comes from industry leaders and college/university Presidents, school superintendent
- Understand local skills & filling skill voids
- Design cooperative recruiting/relocation activities, training efforts, and generally prepare young people for “world of work”
- Prepare a good labor environment for future
- Identify and assess local capabilities vs. tech needs.
  
- **Strategy #1: Hold three (3) workshop/focus group sessions with the new Roundtable**
  - Session 1: to review strengths, weaknesses, and recommendations from FCG 2012 plan and add new issues
  - Session 2: begin development of goals, objectives, and timelines
  - Session 3: review draft strategic plan and make final modifications
  - Prepare the Roundtable Final Plan
  - Assist with up to four Roundtable meetings following plan preparation.
  
- **Strategy #2: Plan and conduct three skilled worker recruitment trips.** These would be similar to past trips, in cooperation with State officials as appropriate. Locations options include Detroit, Chicago, Minneapolis, and Winnipeg.
  
- **Strategy #3: Establish a relocation task force.** The objective will be to discuss the most critical issues pertaining to relocating management and skilled personnel to the city, including incentives. Membership should include large employers. Discussion should include involving a professional relocation company such as TRC Global Solutions, Inc. (Contact: Craig Mueller; phone: 630.823.8234 / mobile: 630.777.1822; cmueller@trcgs.com / www.trcgs.com)

**Potential Outcomes: (Consensus on all programs)**

- Certified Work Ready Community Program
- Enhance and improve funding on TrainND
- 100% STEM internships from local universities and colleges in industry
- University and college faculty industry externships
- Formation of a relocation program for workers and their families
- Recruitment of skilled workers/engineers from outside states.

*Accountability: Key education/training, corporate, economic development officials, consultant, including a professional relocation company, and JSDC.*

Phase IV: Recommendations Continued...

**Goal #3: To attract value-added industry and jobs through a professional marketing campaign aimed at the top target industries**

**Objective:** Implement a targeted marketing program that effectively communicates Jamestown's comparative advantages to business leaders in order to attract at least two new industries to Jamestown.

**Strategy #1: Conduct detailed research on the top four target industries**

- Build a viable database on the needs of those industries utilizing the FCG target industry analysis. Develop lists of target company and site selector contacts based on planned trip locations.

Accountability: JSDC and consultant.

**Strategy #2: Develop key marketing tools to better sell each of the top four target industries. These will compare the operating costs in Jamestown versus source cities where prospects may be found, such as Chicago and Minneapolis.**

- Logistics/freight model – designed to calculate freight costs for prospects, determine cost differentials, and provide marketing data.
  - Timing: 2-3 months
  - Budget: \$75,000
- Cost comparison reports for each target – promoting strengths such as labor/wages, transportation/freight costs (from freight model), education/training, infrastructure, electric power, incentives, and quality of life/cost of living.
  - Timing: 2-3 months
  - Budget: \$60,000 (\$15,000 per target)

Accountability: JSDC and consultant.

**Strategy #3: Conduct four prospecting trips (may be in association with trade shows).**

- Economic tele-development (telemarketing and direct calls) into select markets – Minneapolis, Chicago, Winnipeg, Houston
  - Target companies
  - Select third-party providers/site selectors/developers/brokers
  - Timing: Continuous (average 4 trips/year)
  - Budget: \$50,000/year, plus travel expenses

Accountability: JSDC and consultant.

**Strategy #4: Attend four trade shows** – Attend select shows; man your booth and set appointments at show and off-site; work cooperatively (with the State, other communities, railroad/utility and/or business partners) when appropriate. See all potential shows in Appendix. The following are suggestions based on your top targets:

- Oil/Gas Equipment
  - Global Petroleum Show, June 12-14, 2012, Calgary, Alberta, <http://globalpetroleumshow.com/>
  - Mine Expo, September 24-26, 2012 Las Vegas, NV, <http://www.minexpo.com/>
- Food Processing
  - IFT Show and Expo – June 25-28, 2012, Las Vegas, NV, <http://www.am-fe.ift.org/cms/>
  - National Confectioners Association, Feb. 24-27, 2013 State of the Industry Conference, Miami, FL, <http://www.candyusa.com/>

## Phase IV: Recommendations Continued...

- Warehouse/Distribution (DC)
    - North Texas WERCouncil, October 10, 2012, Grapevine, TX, [http://www.werc.org/11th\\_annual\\_warehousing\\_resource\\_convention.aspx](http://www.werc.org/11th_annual_warehousing_resource_convention.aspx)
    - Promat 2013, Jan. 21-23, 2013, Chicago, IL, <http://www.promatshow.com/>
    - Warehouse Education & Research Council, April 28-May 1, 2013, Dallas, TX, <http://www.clocate.com/conference/WERC-2013-The-Warehousing-Education-and-Research-Council-Annual-Conference/27189/>
  - Timing: Continuous (average 4 shows/year)
  - Budget: \$40,000/year, plus travel expenses.
- Industrial Machinery
    - IMTS, September 10-15, 2012, Chicago, IL – McCormick Place, <http://www.imts.com/>
    - Farm Equipment Manufacturers Association, Oct. 31-Nov. 3, Jacksonville, FL, <http://www.farmequip.org/FC>
    - Mid-America Expositions, Inc., October 24-25, Sioux Falls, SD, <http://www.showofficeonline.com/products.htm>
    - FabTech, November 12-14, Las Vegas, NV, <http://www.fabtechexpo.com/>
    - AWEA Windpower, June 3-6, Atlanta, <http://www.awea.org>  
(you are already planning this one)

Accountability: JSDC, ND Commerce, other industry partners, and consultants.

### **Strategy #5: Collect positive testimonials for use in the campaign.**

- From the May 3rd session it was reported that a doctor was recruited to Jamestown based on quality of life: “I’m an avid duck hunter and had been coming up to the Jamestown area for years to hunt...now I’m living the dream here!”

Accountability: JSDC.

### **Strategy #6: Call on corporate headquarters of existing manufacturing and key service firms. Visit firms’ corporate headquarters in conjunction with prospecting trips/trade shows, in order to thank them and ask if they need any help with their Jamestown operations.**

Accountability: JSDC and consultant.

### **Strategy #7: Conduct a speculative building feasibility analysis. This should address location, size, content, configuration, financing/pricing, and market needs.**

- Timing: 1-2 months
- Budget: \$25,000.

Accountability: JSDC and consultant.

### **Strategy #8: Conduct a detailed incentives analysis. This would be a detailed comparison regarding how Jamestown stacks up versus the competition and recommend how Jamestown could enhance their existing programs to better meet the needs of target industries.**

- Timing: 1-2 months
- Budget: \$25,000.

Accountability: JSDC and consultant.

### **Strategy #9: Add a site selector tab and target industry tabs to your web site. Include select data and information from this report.**

Accountability: JSDC and consultant.

*FCG is available to assist with these recommendations.*

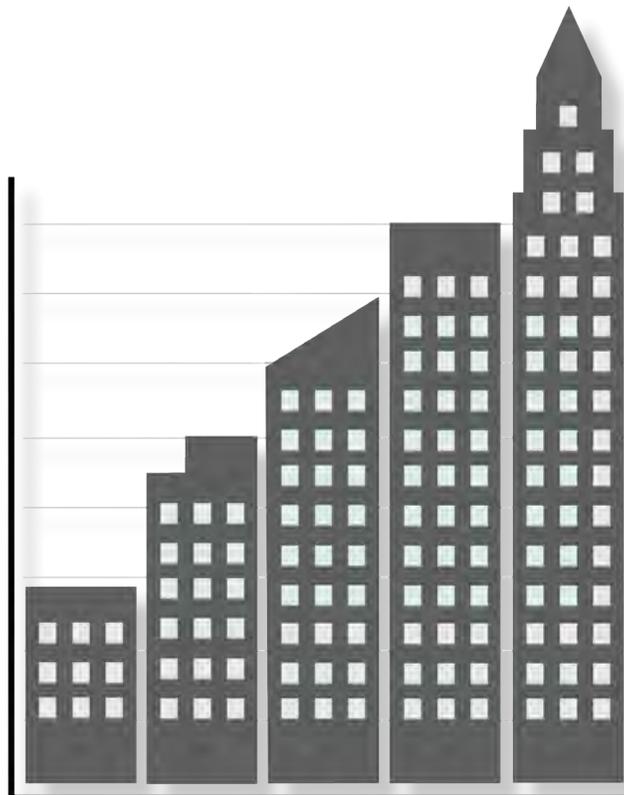
***For More Information Regarding This Report, Please Contact:***

**Mr. Deane C. Foote  
President and CEO**



**FOOTE CONSULTING  
GROUP, LLC**

**18910 N. 73rd Drive  
Glendale, AZ 85308  
(480) 399-4854  
deane@footeconsulting.com  
<http://www.footeconsulting.com>**



## APPENDIX

### Incentive Details

#### Jamestown, ND and ND

The Jamestown Area and North Dakota have a number of attractive incentives available. Programs include:

- **Economic Development Fund** – The City of Jamestown and Stutsman County have a combined Economic Development Fund which is a multimillion-dollar economic development program available to assist with expanding or relocating business. As part of financial packages, the Jamestown Stutsman Development Corporation (JSDC) makes direct loans, equity investments, and interest buy-downs to businesses.
- **PACE Loan** – This is an interest buy down program funded by local government and the Bank of North Dakota. There are no loan size limitations or set owner equity requirements. Funds can be used for working capital and fixed assets. Loan can be written down to a maximum of 5% below prime. The PACE Fund assists North Dakota communities to expand their economic base by providing for new job development.
- **Flex PACE Loan** – The PACE family of programs at BND is designed to encourage specific types of economic activity within the State of North Dakota. In general terms, PACE provides an interest buy down that can reduce the borrower’s rate of interest by as much as 5%. The Flex PACE feature of the PACE program provides interest buy down to borrowers that do not fit into the traditional definition of a PACE qualifying business.
- **Community Development Revolving Loan Fund** – The South Central Dakota Regional Council currently has up to \$500,000 available in this low-cost financing option. Like other funding sources, the number of jobs created would have a bearing on the amount of accessible funds.
- **Northern Plains Electric Revolving Loan Fund** – Northern Plains’ Revolving Loan Fund provides loans from a minimum of \$5,000 (goes up, depending on project and what is available in the fund which totals \$400,000) to provide temporary or permanent financing for capital costs (land, buildings, infrastructure), equipment, and working capital on worthy projects.
- **North Dakota Development Fund** – Funded and administered by the state, this fund provides “gap financing” through loans and equity investments not available from most conventional lenders and is available to any primary-sector business with the exception of production agriculture.
- **North Dakota New Jobs Training Program** – Provides incentives to businesses that are creating new employment opportunities through business expansion and relocation to the state. The program provides primary sector business with no-cost funding to help offset the cost of training new employees. The North Dakota New Jobs Training Program provides for the capture of the state income tax withholding generated from the new job positions that are created.
- **Workforce 20/20** – Workforce 20/20 provides funding assistance to businesses to offset training costs for current workers and new employees when the business is new to the state, expanding employment in the state, introducing new technologies or introducing new production methods.
- **Work Opportunity Tax Credit (WOTC)** – WOTC is a federally funded program designed to encourage employers in the private sector to hire qualified job seekers (from nine target groups) who face barriers to gainful employment.
- **Research And Development Expense Credit** – The credit is equal to a percentage of the excess of qualified research expenses in North Dakota over the base period research expenses in North Dakota. “Qualified research expenses” and “base period research expenses” are the same as defined in Internal Revenue Code Section 41.
- **Seed Capital Investment Credit** – An individual, estate, trust, partnership, corporation, or Limited Liability Company is allowed an income tax.
- **Angel Fund Investment Credit** – An individual, estate, trust, or corporation is allowed an income tax credit for investing in an angel fund in North Dakota.
- **Workforce Recruitment Credit** – A business that employs extraordinary recruitment methods to recruit and hire employees for hard-to-fill positions in North Dakota is eligible for a credit equal to five percent of the compensation paid during the first 12 consecutive months to an employee hired.

Appendix Continued...

**Fargo and ND**

- **Cass County & North Dakota Financing**
  - North Dakota Development Fund
  - Bank of North Dakota

**Brookings, SD and SD**

Brookings offers a discretionary formula on property tax at a 20% step per year for 5 years starting with an 80% discount. The city also offers reduced price land from \$43,560 an acre negotiable down to \$0.

The state of South Dakota offers several different types of low interest loans for construction and grants to pay for workforce development and training. There is also a contractor's excise tax grant refund program that is pending the outcome of an election in November, 2012.

**Aberdeen, SD and SD**

There are a number of financial incentives available to companies expanding in Aberdeen, South Dakota, both at the state and local levels. The total is limited to overall project costs, the company's participation, usage of funds, financial review, etc. However, we generally describe these programs as follows:

- **Aberdeen Revolving Loan Fund** – Up to \$10,000 per job amortized over 20 years, 3% to 6% interest rate with a 5-year balloon, exact terms set by the Aberdeen Development Corporation Board of Directors.
- **State of South Dakota Revolving Economic Development Initiative Loan Fund (REDI)** – Up to \$10,000 per job or 45% of the total project costs, amortized over 20 years, 3% interest rate with a 5-year balloon, exact terms set by the South Dakota Board of Economic Development.
- **Rural Electric Economic Development Fund (REED)** – 10% to 50% of total project costs, 5% to 9% interest rate, and exact terms set by REED Board.
- **Northeast Council of Governments (NECOG)** – \$150,000 maximum, 5% to 9% interest rate, exact terms set by NECOG Board of Directors.
- **Northeast South Dakota Economic Council (NESDEC)** – \$150,000 maximum, 5% to 9% interest rate, exact terms set by NESDEC Board of Directors.
- **Labor Training Cost Reimbursement** – 50% of actual training costs with minimum wage of \$11.00 per hour, payment made after training occurs, exact terms set by the State of South Dakota.
- **Tax Increment Financing (TIF)** – South Dakota Law provides for certain infrastructural improvements to be bonded up to 20 years for qualified TIF Districts. Future property tax payments are used to retire the bonds.
- **Discretionary Property Tax Relief** – Brown County provides property tax relief for new industrial development. The relief is for 5 years and graduates the property taxes from 0% for the first year to 100% for the 5th year in 20% increments. This incentive CANNOT be used in conjunction with a TIF.

Appendix Continued...

- **Sales, Use, and Contractor's Excise Tax Refund for Large Projects** – South Dakota Law provides for a refund of a portion of the State sales, use and contractors excise tax for projects over \$10 million. At this time, the program is due to sunset December 31, 2012 and any costs incurred after that date will not be eligible. In addition, a refund of the 2% city sales and use tax can be applied for through the City of Aberdeen. The City refund does NOT sunset at this time.

In addition, forgivable loans are available based on the number and quality of jobs. Up to \$1,000 per employee with a maximum of \$100,000 is available. Loan forgiveness is provided for FTE's employed for 24 consecutive months before the loan balloons.

**Bismarck, ND and ND**

- **Property Tax Exemption** – Any new or expanding business project may be granted a property tax exemption for up to five years. In addition to, or instead of an exemption, local governments and any project operator may negotiate payments in lieu of property tax for a period of up to 20 years from the date project operations begin.
- **Sales Tax Exemption** – A new or expanding plant may exempt machinery or equipment from sales and use taxes if it is used primarily for manufacturing.
- **Corporate Income Tax Exemption** – A primary sector business may qualify for an income tax exemption of up to five years. "Primary sector" refers to a business that adds value to a product, process or service that produces new wealth in North Dakota. Eligibility is limited to a new business or to an existing business that expands its operations in North Dakota.
- **Jobs Training** – Job Service North Dakota administers several funding programs, including the New Jobs Training and Workforce 20/20 Programs, which effectively provide for 100% of the cost of qualified job training and re-training. These two programs cover skilled technical training, administrative and professional degrees critical to the business. In addition, local Job Service offices are available to assist in identifying available workforce, drug testing and provide facilities for interviewing candidates.
- **Bank of North Dakota** – The Bank of North Dakota is the only state-owned bank in the nation and offers economic development programs in addition to participation in commercial loans. Specifically, through the MATCH Program the Bank can offer borrowers rated BBB or better a rate of interest equal to .25% to .50% over an equivalent term U.S. Treasury Note. The rate can be fixed for as long as five years, or may be reset annually. Also, the PACE Program is available to finance the purchase of equipment or real estate, as well as term working capital. In conjunction with community support, the program provides an interest buy down that can reduce the borrower's rate of interest by as much as 5%. This buy down can mean an interest savings of approximately \$462,000 over the term of the loan.
- **ND Development Fund** – A North Dakota Economic Development and Finance fund designed to provide flexible "gap" financing through loan and equity investments to new or expanding primary-sector businesses in North Dakota.
- **Local** – Both the cities of Bismarck and Mandan have sales tax supported funds used to provide temporary or permanent financing of any cost related to the relocation and/or establishment of a new business within the region or the expansion of an existing business. These funds approved can be used to make direct loans, provide new job creation grants, take equity positions, participate in matching available state and federal grant/loan or participate in programs such as the Bank of North Dakota's PACE Program which can assist the business in "buying down" the interest on a commercial loan.

Appendix Continued...

Minneapolis, MN and MN

**Tax-Free Development: JOBZ Program** – The program offers substantial tax savings. Your company could qualify for the following the tax exemptions by expanding or locating within one of the Job Opportunity Building Zones:

- Corporate franchise tax
- Income tax for operators or investors, including capital gains tax
- Sales tax on goods and services used in the zone if the goods and services were purchased during the duration of the zone
- Property tax on commercial and industrial improvements but not on land
- Wind energy production tax
- Employment tax credit for high paying jobs

Actual benefits are determined by the exact nature of your business expansion, as well as its effective date. JOBZ benefits accrue from the date that your business qualifies and continue until December 31, 2015, when the JOBZ program is scheduled to expire.

**Data Center Incentives** – Our tax incentives make it more attractive than ever to build data and network operation centers in Minnesota.

Qualifying projects receive sales tax exemptions for 20 years on:

- Computers and servers
- Cooling and energy equipment
- Energy use
- Software

And pay no personal property tax – ever.

**Qualifying for the Incentives** – Companies that build data or network operation centers of at least 30,000 square feet and invest \$50 million in the first two years qualify for the tax break.

**Distinct Operating Advantages** – Come see what Fortune 500 companies and industry leaders like United Health Group, Thomson Reuters, and Target already know: Minnesota is the right choice for your data center.

Here are just a few key competitive advantages of locating in Minnesota:

- Cooler climate reduces cooling costs for equipment
- Low risk for earthquakes and other natural disasters
- Robust fiber-optic network
- Low-cost, abundant water supply and cost-competitive multiple energy sources
- Co-location opportunities with other corporate facilities
- Proximity to Minneapolis-St. Paul International Airport, named one of the best airports in North America.

**Research and Development Tax Credit** – Minnesota’s new-and-improved research and development tax credit doubles the size of the credit and also expands the credit to include more business entities.

The tax credit for R&D expenditures is 10 percent, up to the first \$2 million in eligible expenses. The credit is 2.5 percent for eligible expenses above \$2 million. Individuals involved in partnerships, S-corporations and limited liability companies are allowed to claim the credit against their individual income taxes. This opens up the tax credit to more small and medium-sized businesses.

**Other Tax Incentives: Tax Increment Financing** – In Minnesota, cities and development authorities may use tax increment financing to help finance costs of real estate development.

TIF uses the increased property taxes that a new real estate development generates to finance up-front costs of the development. In Minnesota, TIF is used as an incentive to:

- Encourage developers to construct buildings or other private improvements
- Pay for public improvements, such as streets, sidewalks, sewer and water, and similar public infrastructure improvements that are related to the development.

The city, county or development authority uses TIF to pay qualifying costs – land acquisition, site preparation, and public infrastructure, for instance – incurred for the project.

Minnesota authorizes development authorities to use TIF. These authorities are primarily housing and redevelopment authorities (HRAs), economic development authority’s (EDAs), port authorities, and cities.

Appendix Continued...

In addition, the “municipality” (usually the city) in which the district is located must approve the TIF plan and some key TIF decisions. TIF uses the property taxes imposed by all types of local governments. But the school district and county, the two other major entities imposing property taxes, are generally limited to providing comments to the development authority and city on proposed uses of TIF.

Development authorities make almost all of the TIF decisions, at least initially. Their powers to do so are determined by both the TIF Act and by the separate laws that authorize and grant powers to the authority. The authority approves the TIF plan. The municipality must also approve the plan. The plan sets out the important parameters for the use of TIF:

- The boundaries of the district and the project area – where tax increments will be collected and spent
- The type of district
- The purpose for the TIF district
- A budget specifying what increments will be spent on
- Financing plans (use of bonds versus pay as you go financing and so forth).

The authority carries out this plan and makes the day-to-day decisions about spending increments under the plan. The authority negotiates development agreements with developers. It may contract for construction of public improvements or other costs. It typically hires the consultants, lawyers, and other advisors that shape many of the plans and decisions.

Minnesota allows several different types of TIF districts. The legal restrictions on how long increments may be collected, the sites that qualify, and the purposes for which increments may be used vary with the type of district.

**Other Tax Incentives: Local Energy Improvements**

**Financing Program** – Minnesota’s Local Energy Improvements Financing program provides low-interest loans to building owners who want to make their properties more energy-efficient.

Open to qualified residential, commercial and industrial property owners in Minnesota, the program is funded through revenue bonds issued by participating local governments. Building owners pay back the loans through a special tax assessment that may not exceed 20 years.

**Qualifying Improvements** – The energy improvements can be any permanent change to a building that leads to a net reduction in energy consumption without altering the principal source of energy.

Installing renewable energy systems such as solar thermal, solar photovoltaic, wind or geothermal also qualify for loans under this program, as do new or upgraded electrical circuits and other equipment that enables the charging of electrical vehicles.

The program promotes energy conservation and helps Minnesota companies grow by financing improvements, putting vacant industrial and business facilities back into use, creating jobs in the construction industry, and stimulating business for companies that make energy-efficient products.

**Loan Programs: The Minnesota Investment Fund** – This fund focuses on industrial, manufacturing, and technology-related industries. We award grants to local units of government, which use the money to provide below-market rate loans to help companies expand.

Funding may be used to purchase land, machinery and equipment.

Cities, counties, townships and recognized Indian tribal governments are eligible. All projects must meet minimum criteria for private investment, number of jobs created or retained, and wages paid.

There is a maximum of \$500,000 per grant. At least 50 percent of total project costs must be privately financed through owner equity and other lending sources (most applications selected for funding have at least 70 percent private financing).

Grant terms are for a maximum of 20 years for real estate and 10 years for machinery and equipment. Interest rates are negotiated.

**Loan Programs: Small Business Development Loan Program**

– This program provides a maximum of \$5 million to any single business and generally requires that 20 percent of project costs be privately financed.

Eligible companies include manufacturing and industrial businesses located or intending to locate in Minnesota, as defined by Small Business Administration size and eligibility standards (generally, those with 500 employees or fewer).

*Appendix Continued...*

Loan funds are raised through the issuance of industrial development bonds. Interest rates are the market rate for similar securities at the time bonds are sold.

Rates are fixed for the term of the loan. Real estate loans are for a maximum of 20 years.

Equipment loans are for a maximum of 10 years.

Collateral requirements include the first mortgage on real property or equipment financed under the program and personal guarantees of owners. In some cases, additional security in the form of other liens or guarantees may be required.

Bond issuance costs of 4 percent are capitalized with the loan principal, and 10 percent of bond issue must be escrowed.

Loans are made by the Minnesota Agricultural and Economic Development Board.

Applications are accepted year-round but must be received by the first of each month to be considered at the next meeting.

**Training Grants** – Through our Minnesota Jobs Skills Partnership program we work strategically with businesses and schools to train or retrain workers, expand opportunities, and keep high-quality jobs in the state.

Grants of up to \$400,000 are awarded to educational institutions that partner with businesses to develop new-job training or retraining for existing employees.

All training projects pair at least one public or private accredited Minnesota educational institution and one business.

Funds may be used for training-related costs or educational infrastructure improvements necessary to support businesses located or intending to locate in Minnesota.

A cash or in-kind contribution from the contributing business must match program funds on at least a one-to-one ratio.

**Foreign Trade Zones** – Foreign Trade Zones are commerce sites (industrial sites, buildings) set up in or near U.S. Customs ports of entry where merchandise is considered legally outside U.S. Customs territory.

The zones are operated as public utilities by states, port authorities, other political groups, or corporations chartered by the state. Companies can use foreign trade zones to reduce duty payments, streamline supply chain costs and improve your competitive position in domestic and foreign markets.

There are two types of foreign trade zone: General Purpose Zones and Subzones.

**General Purpose Zones** – General Purpose Zones provide leased storage or distribution space in general warehouse buildings. This type of zone is for both long-term and occasional use.

There are eight General Purpose Zone sites in Minnesota, including six in the Minneapolis-St. Paul metropolitan area (FTZ#119), one site in Duluth (FTZ#51), and one site in International Falls (FTZ#259). Here are their locations:

- Minneapolis Convention Center
- Saint Paul
- Eagan Industrial Park
- The Greater Airport Bloomington Site
- Mid-City Industrial Park
- Seaway Port Authority of Duluth
- International Falls
- Bloomington Central Industrial Area

**Subzones** – Individual companies may apply to the U.S. Department of Commerce to designate an area of their facility as a Subzone. This situation is ideal for companies too far from a General Purpose Zone.

While it is easier and less expensive for a company to realize benefits by utilizing the general Zones in the Twin Cities area, any company in Minnesota can apply to make their existing facility a Subzone of FTZ #119.

**Angel Tax Credit** – Minnesota's Angel Tax Credit provides incentives to investors or investment funds that put money into startup and emerging companies focused on high technology or new proprietary technology.

Appendix Continued...

**Other Grants: Growth Acceleration Program** – Our Growth Acceleration Program provides consulting services to help small manufacturers that employ up to 100 workers become more efficient, more competitive, and more likely to thrive and grow.

GAP provides grants of up to \$50,000, which are matched dollar-for-dollar by companies. The grants are typically used to analyze and improve business and manufacturing processes. Companies must provide dollar-for-dollar matching funds.

Some examples of how grants may be used:

- Technology upgrades
- Value stream mapping
- Lean enterprise programming
- Financial analysis and budgeting
- Workplace organization
- Strategic Planning
- Business Process Review
- Situation Analysis and Operational Excellence

**Common Bond Fund Revenue Bond Program (Hennepin County)** – The Common Bond Fund Revenue Bond Program (CBF) is a loan fund for growing manufacturing companies. Most of the major manufacturing projects completed in Minneapolis since 1982 have been financed with tax-exempt or taxable revenue bonds issued through the CBF. Starting in 2004, the CBF has been expanded throughout all of Hennepin County through a joint partnership between the City of Minneapolis and the Hennepin County Housing and Redevelopment Authority (HRA). Local government agencies may issue tax-exempt or taxable revenue bonds on behalf of private borrowers to provide lower interest rates on long-term financing. Revenue bonds issued for industrial/manufacturing projects are generally tax-exempt; those for commercial projects are taxable. Projects can include land acquisition, new-facility construction, additions to existing facilities, purchase and renovation of existing structures and production equipment purchase.

Winnipeg, MB Canada

Manitoba Hydro Power Smart Incentive Programs  
Manitoba Hydro offers its customers a wide range of energy services, either directly or through its subsidiaries. In

addition to providing electricity and natural gas services, the Corporation actively promotes energy conservation and savings through its many Power Smart programs.

The following outlines the benefits and incentives that Manitoba Hydro can offer a proposed facility:

**Performance Optimization Program:** Increase energy efficiency through the optimization of electro-technology processes and motor-drive systems. Technical support and financial incentives are offered for feasibility studies and implementation.

**Natural Gas Optimization Program:** This custom program promotes energy efficiency through the optimization of process related natural gas-fired equipment and systems. Technical support and financial incentives are offered for feasibility studies and implementation.

**Bioenergy Optimization Program:** Convert a company's waste streams and by-products into fuel that produces useful heat and power. With this program, companies may avoid electricity and fossil fuel purchases, avoid traditional waste disposal costs, save money, and reduce their carbon footprint.

**Steam Trap Audit Incentive:** An extension of the Natural Gas Optimization Program, this incentive is for industrial, large commercial and institutional facilities that operate large steam boilers and distribution systems with a large number of steam traps. This incentive pays \$15 per steam trap tested, to a maximum of \$10,000 per audit.

**New Buildings:** Design, build and operate a new building to Power Smart standards; Manitoba Hydro offers technical guidance and financial incentives.

**Custom Measures:** Custom electrical/natural gas savings and measures for commercial buildings.

**HVAC:** Reduce maintenance and operating costs through the use of energy efficient heating, ventilation, and cooling systems.

**Geothermal Heat Pumps:** Reduce heating, cooling, and water heating costs and increase comfort with energy efficient and environmentally friendly geothermal heat pumps.

**Lighting:** On-site visits are conducted by a skilled Manitoba Hydro engineer to review existing systems, address any concerns and identify opportunities for improvement.

Appendix Continued...

**Network Energy Management:** Rebate available for eligible software programs that manage personal computer energy use.

**Parking Lot Controllers:** Depending on outside temperatures, control the amount of electricity going to an outdoor plug to reduce electricity costs by up to 50 per cent.

**Energy Efficiency Screening Studies:** These studies are offered to industrial facilities at no cost to address energy efficiency potential and to identify Power Smart saving opportunities. Power Smart Lean is an additional service offered to companies who have adopted lean manufacturing principles.

**Eco-Efficiency Solutions Program:** Seeks to enhance the competitiveness of our industrial sector while ensuring a high level of environmental quality for present and future generations of Manitobans. This unique program was developed to provide businesses with the technical expertise and financial assistance they need to identify and make improvements in systems, processes, and energy efficiency.

#### Province of Manitoba Incentive Programs

**Manufacturing Investment Tax Credit:** Provides a 10% tax credit (7/10 refundable and 3/10 non-refundable) applicable against Manitoba corporate income tax payable. This credit is for new and used manufacturing buildings, machinery and equipment used directly in the manufacturing process. Qualified investments must be made before January 1, 2015.

**Industry Workforce Development (IWD):** Delivers grant funding to qualifying businesses to cover training related expenses. The amount is a function of the position, salary, and number of positions in question.

**Manitoba Industrial Opportunities Program (MIOP):** This program provides secured loan or loan guarantee assistance to recipient companies in return for fixed asset investment and long term job creation, which might not otherwise occur without provision of some level of government assistance. Provincial support will be established by a rigorous benefit/cost analysis and risk appraisal. The major criteria are the viability of the business proposal and its resulting benefits to the Manitoba economy.

**Manitoba Research & Development (R&D) Tax Credit:** To encourage research and development in Manitoba, the R&D Tax Credit provides a 20% non-refundable tax credit applied against Manitoba corporate income tax payable. Eligible corporations must incur qualifying scientific research and development expenditures (as defined for federal income tax purposes) in Manitoba.

**Tuition Fee Income Tax Rebate:** To encourage new graduates to live and work in Manitoba, the Manitoba government will rebate 60% of eligible tuition fees up to a lifetime maximum of \$25,000 for individuals who have graduated from prescribed post-secondary institutions anywhere in the world from 2007 on.

**Co-op Education Tax Credit & Co-op Graduate Hiring Incentive:** These are a family of programs that provide incentives to employers. All components of this program are fully refundable tax credits and are available to those who hire co-op students for work placements as part of a recognized college or university program, recent graduates of co-op education programs, and apprentices (including high school apprentices) and certified journeypersons.

#### Government of Canada Incentive Programs

**Industrial Research Assistance Program (IRAP) Youth Employment Strategy Programs:** Provides financial assistance to innovative small and medium-sized enterprises in Canada to hire post-secondary science, engineering, technology, business and liberal arts graduates (aged 15 to 30). Graduates work on innovative projects within the small and medium-sized enterprise environment and may participate in research, development and commercialization of technologies.

**IRAP Research and Technology Development Activities:** Provides financial support to qualified small and medium-sized enterprises in Canada to help them develop technologies for competitive advantage. NRC IRAP operates on a shared-risk model, providing cost-shared financial assistance for research and development projects that meet both the firm and project assessment criteria.

Appendix Continued...

**Scientific Research & Experimental Development (SR&ED)**

**Tax Credit:** A federal tax incentive program, administered by the Canada Revenue Agency (CRA), which encourages Canadian businesses of all sizes, and in all sectors to conduct research and development (R&D) in Canada. It is the largest single source of federal government support for industrial R&D. The SR&ED program gives claimants cash refunds and/or tax credits for their expenditures on eligible R&D work done in Canada.

**National Sciences & Engineering Research Council of Canada (NSERC):**

Aims to make Canada a country of discoverers and innovators for the benefit of all Canadians. The agency supports university students in their advanced studies, promotes and supports discovery research, and fosters innovation by encouraging Canadian companies to participate and invest in postsecondary research projects. NSERC researchers are on the vanguard of science, building on Canada's long tradition of scientific excellence.

**Potential Trade Shows**

**Food Processing Related**

- <http://www.fmi2012.com/> FMI The Food Retail Show, April 30-May 3, 2012 Dallas, TX (also called United Fresh)
- <http://www.iddba.org/> Dairy-Deli-Bakery Association, June 10-12, 2012, New Orleans, LA
- <http://www.fisanet.org/meetings.html> FISA Annual Meeting September 15-18, Monterrey, CA (Members serve customers in food, beverage, personal care, pharmaceutical, Bio-Pharm and other high purity industries)
- <http://www.specialtyfood.com/fancy-food-show/summer-fancy-food-show/attend/> Summer Fancy Food Show, by Specialtyfood.com June 17-19, 2012, Washington DC
- <http://www.am-fe.ift.org/cms/> IFT Show and Expo-June 25-28, 2012, Las Vegas, NV
- <http://www.americasfoodandbeverage.com/> 16th Americas Food & Beverage Show, Miami Beach, FL
- <http://www.nwfpa.org/nwfpa-events/nwfpa-annual-expo> Northwest Food Processors Expo-January 14-16, 2013, Portland, OR

- <http://www.myprocessexpo.com/> Process Expo-November 3-6, 2013, Chicago, IL
- <http://www.candyusa.com/> National Confectioners Association, May 8-10 Sweets & Snacks Expo, Chicago, IL
- <http://www.candyusa.com/> National Confectioners Association, Feb. 24-27, 2013 State of the Industry Conference, Miami, FL.

**Transportation Equipment Ag Related**

- <http://www.worldagexpo.com/pdf/2013/Final-Contract-Packet.pdf> World Ag Expo, February 12-14, 2013, Tulare, CA
- <http://www.myfarmshow.com/> Canada's Farm Progress Show, June 20-22, 2012, Regina, Saskatchewan
- <http://www.farmequip.org/FC> Farm Equipment Manufacturers Association, Oct. 31-Nov. 3, Jacksonville, FL.

**Oil and Gas/Mining Equipment Related**

- <http://globalpetroleumshow.com/> Global Petroleum Show, June 12-14, 2012, Calgary, Alberta
- <http://oilsandstradeshows.com/> Oil Sands Trade Show, Sept. 10-12, 2012 Ft. McMurray, Alberta
- <http://www.minexpo.com/> Mine Expo, September 24-26, 2012 Las Vegas, NV
- <http://www.smenet.org/public/Core/Events/eventdetails.aspx?iKey=AME2013&TemplateType=A> Society for Mining, Metallurgy & Exploration, Feb. 24-27, 2013, Denver, CO
- <http://www.smenet.org/public/Core/Events/eventdetails.aspx?iKey=ECEP2013&TemplateType=A> Society for Mining, Metallurgy & Exploration-Environmental Considerations in Energy Production, April 14-18, 2013, Charleston, WV.

Appendix Continued...

**Data Center Related**

- <http://www.datacenterworld.com/> Data Center World, Sept 30- Oct. 3, 2012, Nashville, TN
- <http://www.eventseye.com/fairs/f-data-center-innovation-expo-dcie-16429-1.html> Data Center Innovation Expo, Sept. 18-19, 2012, Montreal, Canada.
- <http://www.gartner.com/technology/summits/na/data-center/exhibitor-directory.jsp> Garner Data Center Conference, Dec. 3-6, 2012, Las Vegas, NV
- <http://cre-events.com/norcaldata/> Northern California Data Center Summit, 2013.

**Warehouse Distribution (DC)**

- [http://www.werc.org/events/2012\\_conference.aspx](http://www.werc.org/events/2012_conference.aspx) Warehouse Education & Research Council, May 6-9, 2012, Atlanta, GA
- <http://www.biztradeshows.com/trade-events/east-pack.html> Eastpak, May 22-24, 2012, Philadelphia, PA
- <http://www.wbresearch.com/logipharmausa/home.aspx> Logipharma, Oct. 9-11 ,2012 Philadelphia, PA
- <http://www.promatshow.com/> Promat 2013, Jan. 21-23, 2013, Chicago, IL
- <http://www.clocate.com/conference/WERC-2013-The-Warehousing-Education-and-Research-Council-Annual-Conference/27189/> Warehouse Education & Research Council, April 28-May 1, 2013, Dallas, TX.

**Plastics Products**

- Plast-Ex; [www.plast-ex.org](http://www.plast-ex.org) May 14-16, Toronto, Canada
- Plastecsouth; [www.plastecsouth.com](http://www.plastecsouth.com) March 6-7, 2013, Orlando, FL
- Plasteceast; [www.plasteceast.com](http://www.plasteceast.com) June 18-20, Philadelphia, PA
- The International Plastics Showcase; [www.npe.org](http://www.npe.org), Show dates have not been announced yet, Orlando, FL.

**Chemicals**

- Chem Show New York, Dec. 10-13, 2013  
<http://b2btradeshows.net/members.php?id=1370>
- Informex; [www.informex.com](http://www.informex.com) February 19-22, 2013, Anaheim, CA.

## FCG ORIGINAL RECOMMENDATIONS

The following are the original recommendations prepared by FCG and presented to the focus group on May 3, 2012.

### Target Industry Marketing

- Aggressively pursue the top targets:
  - Food processing
  - Transportation Equipment (Ag equipment focus)
  - Oil/Gas Mining Equipment
  - Data Centers
  - Warehouse Distribution (DC)
  - Plastics Products
  
- **Carry out a direct marketing plan to the top targets.** Plan elements should include:
  - **Logistics/freight model** – Designed to calculate freight costs for prospects, determine cost differentials, and provide marketing data. This would assist all targets except data centers.
    - *Timing: 2-3 months*
    - *Budget: \$75,000*
  
  - **Cost comparison reports for each target** – promoting strengths such as labor/wages, transportation/freight costs (from freight model), education/training, infrastructure, electric power, incentives, and quality of life/cost of living.
    - *Timing: 2-3 months*
    - *Budget: \$75,000 (\$15,000 per target)*
  
  - **Economic tele-development (telemarketing and direct calls) into select markets**
    - Minneapolis, Chicago, Winnipeg, Houston
      - Target companies
      - Select third-party providers/site selectors/developers/brokers
    - *Timing: Continuous (average 4 trips/year)*
    - *Budget: \$50,000/year, plus travel expenses*
  
  - **Trade Shows** – Attend select shows and conduct prospecting in the select market; work cooperatively (with the State, other communities, railroad/utility, and/or business partners) when appropriate. Set appointments at show and off-site. See potential shows in Appendix.
    - *Timing: Continuous (average 3 shows/year)*
    - *Budget: \$40,000/year, plus travel expenses*
  
  - **Collect positive testimonials for use in the campaign**



## FCG Original Recommendations (Continued...)

- **Build target industry research files** (include exploring Innovation Place in Saskatoon, SK, a center of excellence for hydroponics)
  - **Support state tax issue improvements for data centers**
  - **Improve your Web site by including target industry tabs**
- **Utilize this report to educate regional business interests regarding the “best fit” target industries and their location and skill needs.**

### Labor Related

- **Recruit skilled labor, particularly CNC operators, machinists, maintenance workers, and welders.**
  - Continue cooperative missions with the State
  - Target metro areas where availability is good, including Detroit
  - Continue to support local job fairs.
- **Encourage training efforts for these skilled occupations.**
- **Plan a relocation incentive program that provides professional relocation services to key skilled workers of expanding and locating companies.** Seek the services of a professional relocation company. We suggest TRC Global Solutions, Inc.
  - (Contact: Craig Mueller; phone: 630.823.8234/mobile: 630.777.1822; cmueller@trcgs.com/www.trcgs.com)
- **Educate employers and prospects regarding Jamestown’s wage advantage and how availability will improve with only modest wage increases.**
- **Conduct a more detailed labor analysis, which includes a resident survey** (underemployment/commuting patterns study) and defines “wage thresholds”\*.
  - Designed to more specifically document skills shortages
  - Involve your workforce boards
  - *Timing: 3-4 months*
  - *Budget: \$50,000*



### Sites/Buildings

- **Conduct a “spec” building study to determine the best type and location.**
  - *Timing: 1-2 months*
  - *Budget: \$25,000*

\* The “wage threshold” is the ideal wage for attracting and retaining employees. Offering below the threshold will result in poorer recruiting and loss of employment to better paying local companies. Offering above the threshold will result in excellent recruiting (including “pirating” from other local companies) and retention, but will be too costly to the company.

## FCG Original Recommendations (Continued...)

### Incentives

- **Conduct a detailed incentives analysis comparing Jamestown to select competitors.**
  - *Timing: 1-2 months*
  - *Budget: \$25,000.*

### Education/Training Related

- **Encourage the implementation of ACT Certified Work Ready Communities (CWRC)** – Program empowers counties and states with actionable data and specific workforce goals that drive economic growth and close skills gaps.
  - ACT is leading this national effort and offers a Career Workforce Readiness Academy to help participating states share best practices, customize the national implementation framework for their own needs, and build career pathways aligned to growth. To date, four states – Kentucky, Missouri, Oregon, and South Carolina – are participating.
  - Program supports WorkKeys. Students can take WorkKeys assessments when they begin high school, typically in 9th grade. School officials can identify the appropriate coursework and training for the students based on their pre-testing scores. WorkKeys post-testing can be done with students in 11th or 12th grade. The same assessments should be used in pre-and post-testing to show the direct relationship of curriculum impact and learning.
- **Encourage increased funding for TrainND** – This will allow the state to be more competitive with surrounding states such as Nebraska and Kansas. Trainers from industry need to be reimbursed for materials and perhaps offer stipends for participating employees. This is critical in retaining existing employers and closing the skills gap. Get more and better information about these programs to local industry and prospects.
- **Encourage the broadening of internships with Jamestown College and Valley City State University** – Every business, information technology and science student should be interning somewhere in the area. Begin a “Hire and Intern” program.
- **Work with Jamestown College and Valley City State on the publishing a directory of faculty for each institution** – Descriptions of skill sets, so that faculty can become readily available for consulting assignments or work in the community/industry.
- **Work to help Jamestown College become a “Center of Excellence” in information technology** – Currently no private institution has a center of excellence in North Dakota.
- **Enhance the Job Service/Career Center’s visibility** – Push for more skills training and employment for Veterans, TANF recipients, ex-offenders, and handicapped or those with disabilities.
- **Encourage development of Computer-Aided Design (CAD) Training at Jamestown High School and James Valley Career Center.** Dual credit or advanced placement programs in machining and CAD are needed. Seek out grants, corporate gifts, and funding through the school district foundation for this effort. This will assist in the development of young engineers and programmers at an early age.
- **Create a Business/Education Workforce Roundtable (Higher Education Inter-Institutional Partnership)** – Include Jamestown College, Valley State College, local industry, and regional education/training providers. Hold major forums on workforce development to develop action plans with industry and the school districts for long term workforce development. Ensure that leading industry is fully engaged in participating.