

2010-2011

Fairfield

Existing Business Initiative

Report to the Community

Results and analysis of survey and interview work undertaken by a special committee of the Fairfield Economic Development Association in an effort to gain a detailed understanding of the climate in which existing businesses operate and plan for in Fairfield, Iowa.

GrowFairfield.com



In June 2008, the Fairfield Economic Development Association announced a major new initiative called the Fairfield Existing Business Initiative, or FEBI. FEBI was designed to serve to assess the condition of the Jefferson County economy and business climate through a bi-annual series of polling and executive interview procedures. In 2010, we've continued the FEBI process and have conducted surveys with nearly every company interviewed in 2008, providing us our first glimpse at trends. This year, 29 of Fairfield's largest employers were tapped via survey and on site interview in an effort to gather a comprehensive understanding of the threats, opportunities and challenges Fairfield businesses are facing today. The results of the polls and calls are summarized in aggregate in this report for community consumption, while an enormous amount of more detailed information is available to FEDA internally and managed by specialty software we've got access to through strategic regional relationship with the Area XV Regional Planning Commission.

The 2010–11 FEBI report serves as an update to the 2008–09 version, which is still available at GrowFairfield.com. The findings of this year's Initiative will be put to strenuous work: we will share and report on the findings of the 2010–11 FEBI with local and regional governments and community organizations, businesses and other groups to educate on what we've learned here. Of course, the FEDA Board of Directors will rely heavily upon the findings presented here in aggregate as well as in its everyday decision making process.

Economic development is too often seen as a recruitment-only sort of business. The reality is that with over 15,000 economic development organizations competing for the approximately 1,500 or less major projects that produce companies of at least 50 employees, the competition is enormous. Our greatest return comes from our existing employers- finding the right ways and discovering the right tools to help them grow. 85% of Fairfield's economic growth in the last ten years has come by way of existing business expansion. We would be fools not to direct our scrutiny and attention to the employers who already call Fairfield home in the manner in which we have through the FEBI process. In 2009 and 2010, FEDA helped secure an estimated \$2,079,339 in local, state and federal financial incentives for local businesses, including low-interest and no-interest loans and performance-based grants which have leveraged or will leverage more than \$16,343,000 in capital investment and which guarantee 110 new jobs.

In addition to our own planning, the information gathered during the 2010–11 FEBI campaign and in future FEBI reports enables FEDA to give community leaders a solid foundation for making economic development and program decisions and to allocate resources accordingly.

Finally, a note of thanks to a tireless team of FEBI Committee members who administered the on-site visits. To Pat Doyle, Craig Foss, Jodi Kerr, Lori Schaefer-Weaton, Dan Sullivan and Samuel Busch: thank you for the investment of your time and efforts in making this year's campaign a success.

We encourage your review of this report and related feedback. Thank you for directing your attention to the condition of our economy.

Very sincerely,



Brent M. Willett, Executive Director
September 23, 2010

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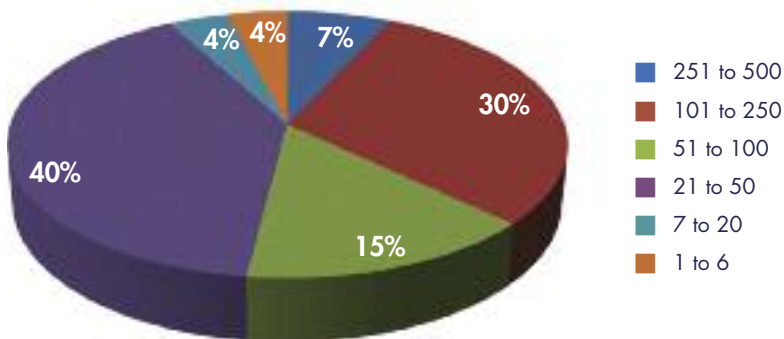
FEBI quick facts

29	Number of companies participating in FEBI in 2010
167	Jobs those companies added in the last three years
250,000	Square footage of projected expansion in the next three years by those companies
237	Number of new jobs to be created as a result of those expansions
66%	Percentage of Fairfield companies reporting workforce recruitment problems
46%	Percentage of Fairfield companies which face significant technological change in the next three years
61%	Percentage of Fairfield companies which rank Fairfield's quality of life as its largest business climate strength

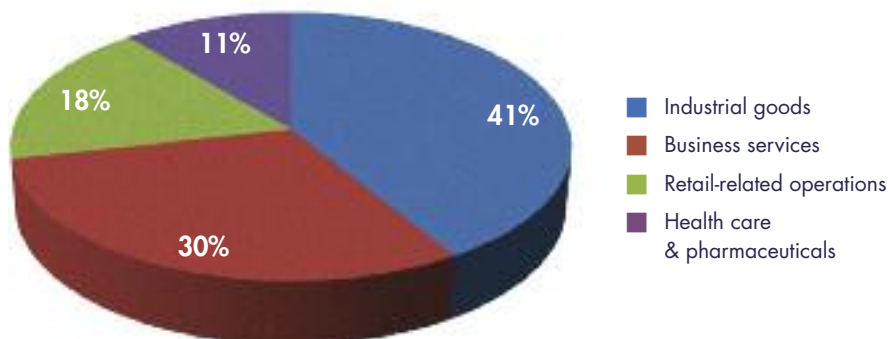
Participating Businesses

In all, 29 Fairfield-area businesses participated in the Fairfield Existing Business Initiative via survey and/or on site interview. 34% have parent companies. 63% serve as the headquarters of their company, 14% serve as a division and 38% serve as a division or branch operation. 57% are private and 29% are employee-owned. Other important numbers:

- 14% have undergone ownership changes in the past three years
- 17% have undergone major management changes
- 52% have invested in new technology



Employment breakdown



Business sector

Business Change Report

The cycle of business churns in Fairfield. A sampling shows that in the last two years:

- **22%** of Fairfield businesses have undergone ownership changes.
Up 6% since 2008/09
- **30%** have seen major management changes.
Up 13% since 2008/09
- **31%** have invested in new technology.
Down 21% since 2008/09
- **46%** of companies consider themselves to be “facing major technological change” in their operations or marketplace.
Down 27% since 2008/09

1 in 4

Number of Fairfield companies which experienced ownership changes in 2010

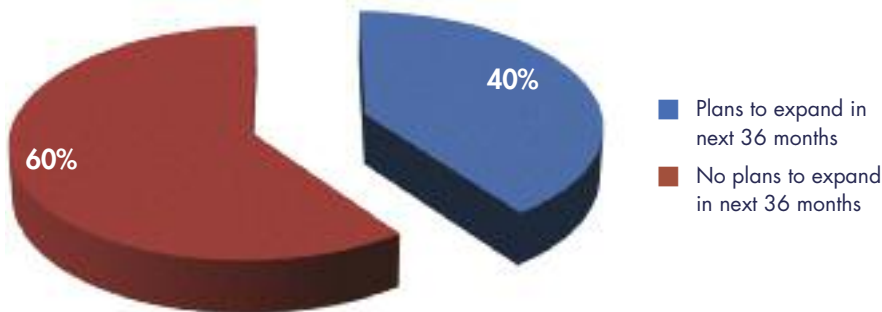
Business Expansion

FEDA recognizes the important fact that nationally 80 – 90% of all job growth comes from existing industry expansion and retention and we have emboldened our capabilities to work with expanding local companies in tandem with our business recruitment efforts. In 2009/10, FEDA worked with several local companies, including **Creative Edge Master Shop**, **Let's Order Online** and **Agri-Industrial Plastics Company** to identify and help facilitate the securing of more than **\$2 million in expansion incentives** which will **leverage more than \$16 million in capital investment** and **create at least 110 new jobs** in the next three years.

2010 executive interview data indicates that **company expansion plans have slowed since 2009**, when 72% of Fairfield-area businesses indicated an intention to expand in the next 36 months. **Four in ten Fairfield companies expect no expansion** to take place in the next three years.



Fairfield business expansion



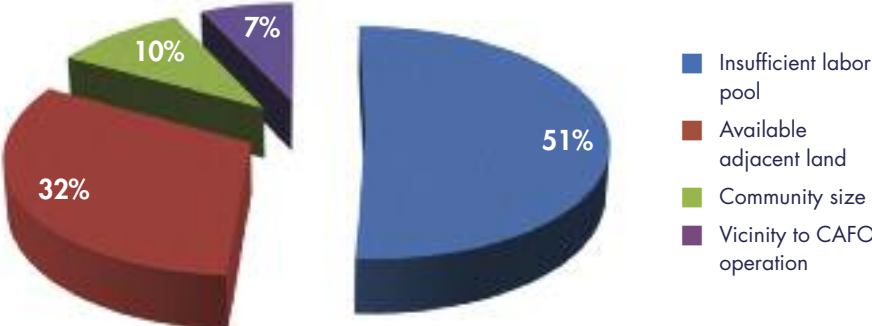
The expansions that are planned, though, represent an estimated capital investment of **\$33,400,000**, with a project average of **\$2,783,333**. Other important business expansion figures:

- **237** new jobs are estimated to be created as a result of the expansions
- **250,000** new commercial square feet are expected to be created

Expansion Concerns

Surveyed companies were asked a series of questions about challenges and obstacles to future expansion in the Fairfield area.

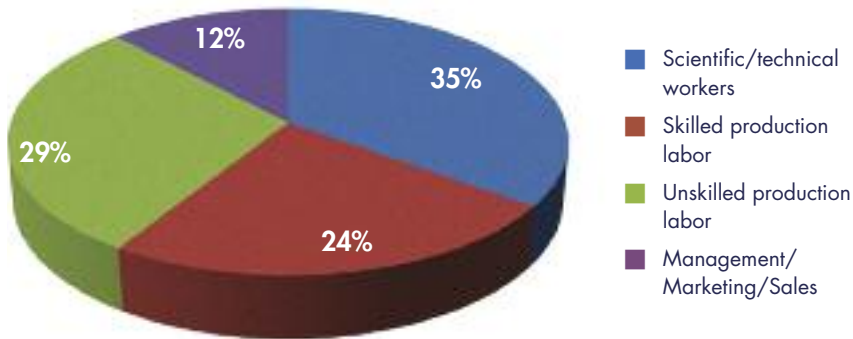
Expansion concerns manifested



Though expansion remains an intention of a significant number of Fairfield businesses, **96%** cite some manifestation of concern relating to an expansion.

Workforce Evaluation

A primary concern expressed related to the ability and impetus to expand in Fairfield by surveyed companies is that of the availability of a qualified workforce. Concerns expressed by companies in this regard subsided slightly from 2008/09 to 2010/11, primarily as a function of an increased unemployment rate. When unemployment stabilizes, we expect the workforce availability concern number to grow again. It is imperative, then, for FEDA and other community leaders to understand the Fairfield business community's perspective and evaluation of its current and future workforce.



Companies reporting recruiting problem by skill set

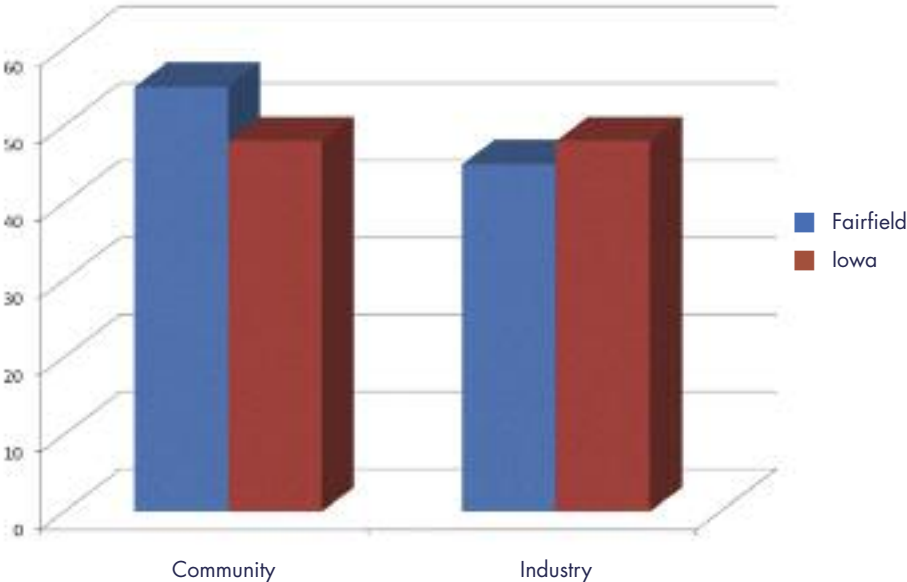
In all, 66% of surveyed companies—expanding or not—report recruiting problems. This is down 20% from 2008/09, when 86% of surveyed companies reported recruiting problems.

Understanding the Challenges

Companies were asked to identify the primary reason for recruitment challenges. For the purpose of illustration, we cite the composite results of the 2009 BEST of Iowa statewide survey of Iowa businesses for comparative data. BEST of Iowa is a partnership between Iowa utilities, the Iowa Department of Economic Development and local economic development groups like FEDA. For more on the BEST of Iowa program, contact the Iowa Department of Economic Development or visit lowaLifeChanging.com

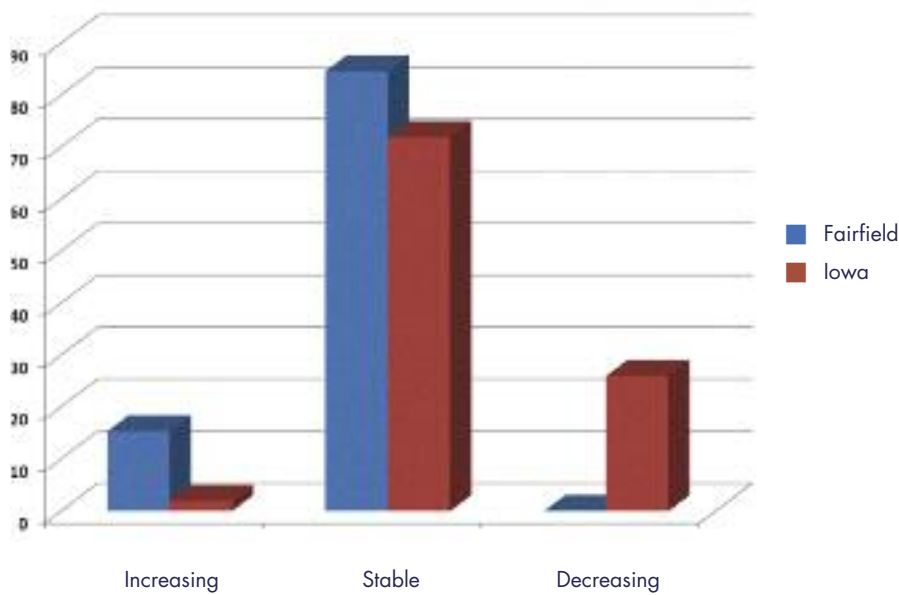
Company vs. Industry: cause of primary recruitment challenge

[reported as a percentage]



Hiring Situation

While Fairfield companies generally report a stable job openings status, substantially more Fairfield companies [15.38% of the sample] report increasing job openings status. Perhaps most significant is the fact that **no Fairfield companies expect a decreasing job openings status against a statewide average of 26%.**



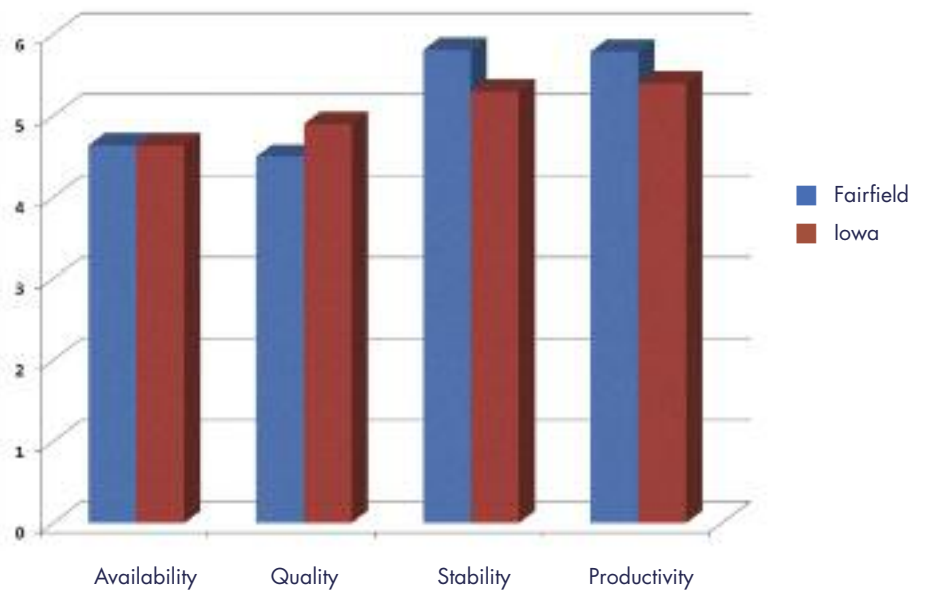
Jobs opening status, 2010/11

Existing Workforce Evaluation

Workforce Evaluation

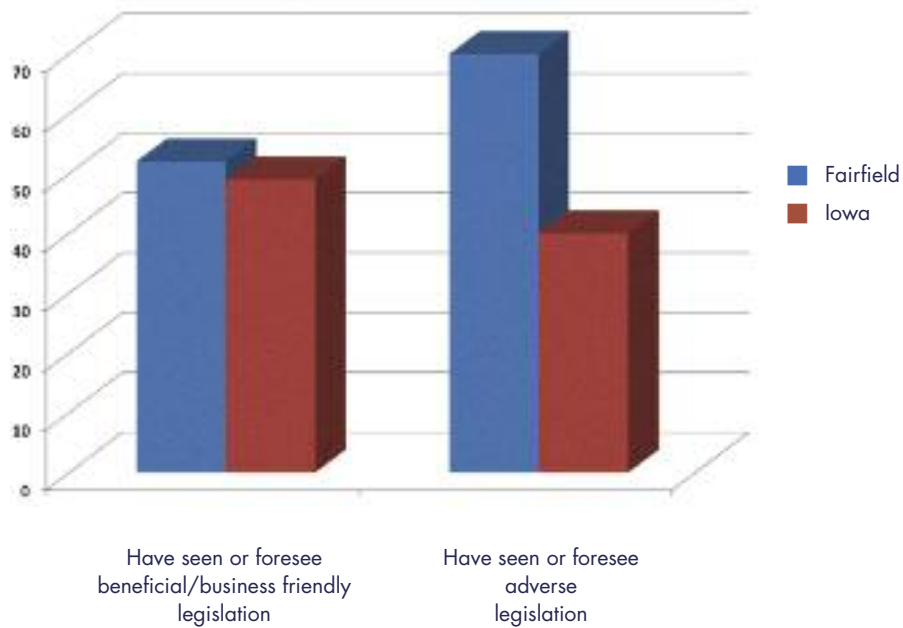
Fairfield companies report that though they face certain workforce recruitment challenges, the quality of their existing workforce is high.

Surveyed companies were asked to rate the availability, quality, stability and productivity of their workforce on a **scale of 1 to 7 with one being the lowest ranking and 7 being the highest.**



Legislative Evaluation

Fairfield companies continue to express a largely downbeat perception relating to recent and forecasted state and federal legislation and its impact on small business in the Fairfield area. To compare: in 2008/09, companies expressed lower business-friendly legislation impacts [28% in 2008/09] and virtually identical adverse legislation impacts [69% in 2008/09].



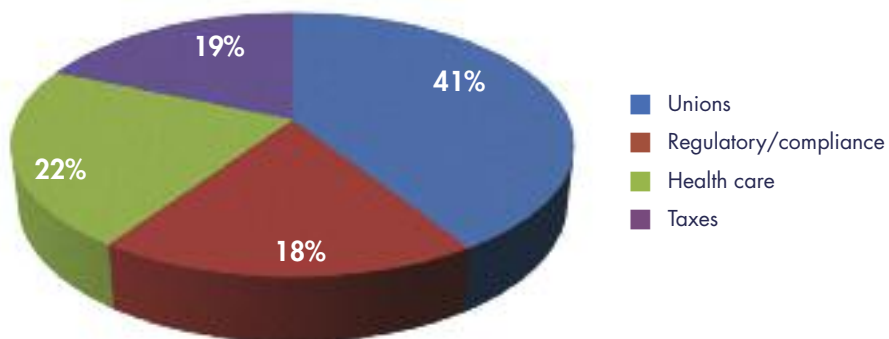
Adverse/ Beneficial Legislation*

*Evaluation based on federal and state issues

Legislative Concerns

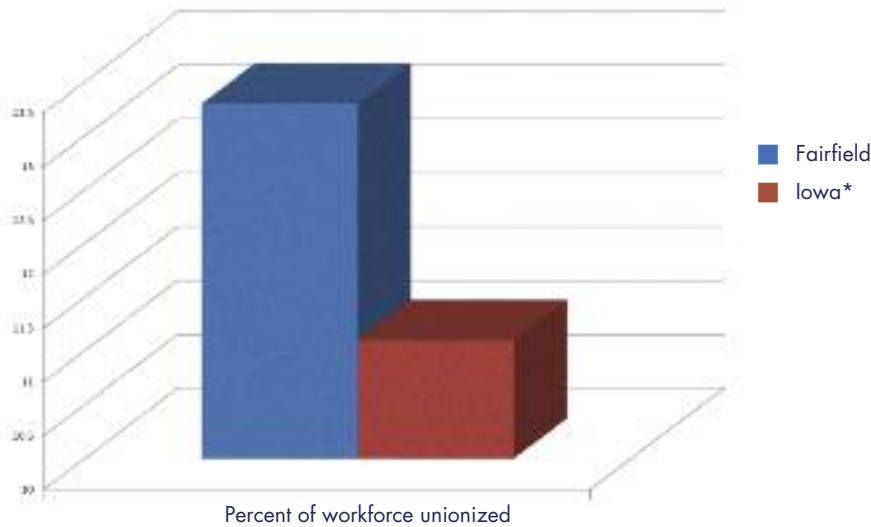
Fairfield companies identified union-friendly legislation as their primary legislative concern, including attempts to weaken Iowa's Right-to-Work law and the federal Employee Free Choice Act; followed by health care, taxes and union activities.

Primary legislative concern



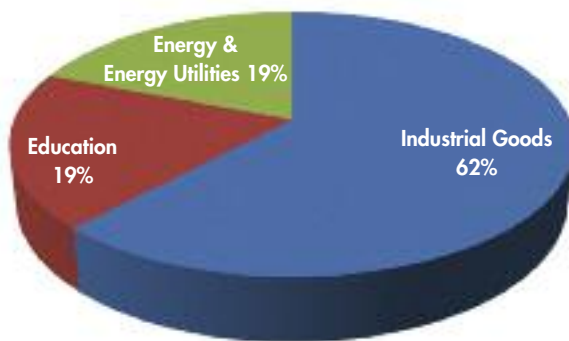
Union Activity/Affiliation

Union activity in Fairfield is on par with the state of Iowa's relatively low level and has stayed steady since 2008/09.



Union activity

*United States Department of Labor, Division of Labor Statistics; "Table 5: Unionization of employed wage and salary workers by state"; updated January 22, 2010; <http://www.bls.gov/news.release/union2.t05.htm>



Unionization in Fairfield, Iowa*

*Industry distribution of unionized Fairfield-area businesses

All [100%] unionized Fairfield area businesses surveyed reported a "good working relationship" with union leadership.

16% of unionized Fairfield companies reported strike or lockout activity in the last two years, a drop of 17% from 2008/09 numbers. 8% reported arbitration in the last two years.

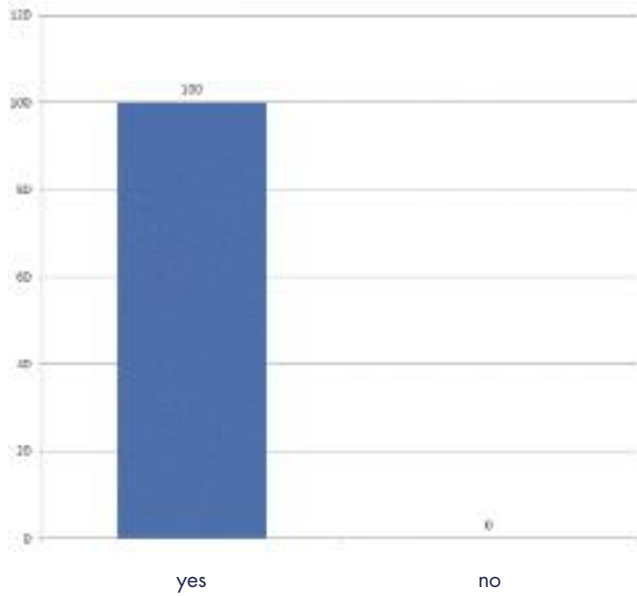
Utility Services Satisfaction

Fairfield businesses were asked to rank on a scale of one to seven [1 = lowest satisfaction; 7 = highest satisfaction] their satisfaction with utility services in the Fairfield area.

Service	2010/11 average ranking	% change from 08/09 to 10/11
Water	5.35/7	-9%
Sewer	5.10	-14.5
Natural gas	5.20	-12
Electric	4.23	-17
Telecom	5.61	-3
Cellular services	4.64	-5
Internet access	5.78	0
Internet speed	5.77	+2
Average utility services satisfaction	5.21/7	-7%

Technology Infrastructure

Fairfield companies are fully satisfied with the community's technology infrastructure as it relates to the future of their business.



■ Answer to the question whether community's technology infrastructure is conducive to company growth plan

Technology Infrastructure

Note: Fairfield companies rate overall technology services [telecom, cellular services, internet access and internet speed] at **5.43/7**.



Community Services Satisfaction

Fairfield businesses were asked to rank on a scale of one to seven [1 = lowest satisfaction; 7 = highest satisfaction] their satisfaction with community services in the Fairfield area.

Service	Average ranking	% change from 08/09 to 10/11
Police protection	6.00/7	+2%
Fire protection	6.14	+2
Ambulance paramedic service	6.05	-1
Health care services	5.52	+6
Schools (K-12)	5.76	-5
Community college	5.68	-4
University	6.06	-2
Public transportation	3.88	-6
Traffic control	5.26	-12
Streets and roads (local)	2.78	-13
Highways	5.43	+2
Airline passenger service	3.94	+5
Air cargo service	4.80	+5
Trucking	5.47	+1
Property tax assessment (fairness)	3.79	-14
Zoning changes/building permits (process)	5.56	-15
Regulatory enforcement/environment (local)	4.81	-5
Community planning	5.33	-3
County services	5.39	-7
Average community services satisfaction	5.08/7	-2%

Community Strengths

Fairfield companies were asked by FEBl committee members to assess the Fairfield community's greatest strengths and greatest weaknesses as it relates to doing business in Fairfield. Respondents were asked to identify a singular greatest strength and a singular greatest weakness. In this section, 2008/09 historical data is included for comparison purposes.

In the community strengths data, "Business climate" emerged as a new impetus for positive community strengths.

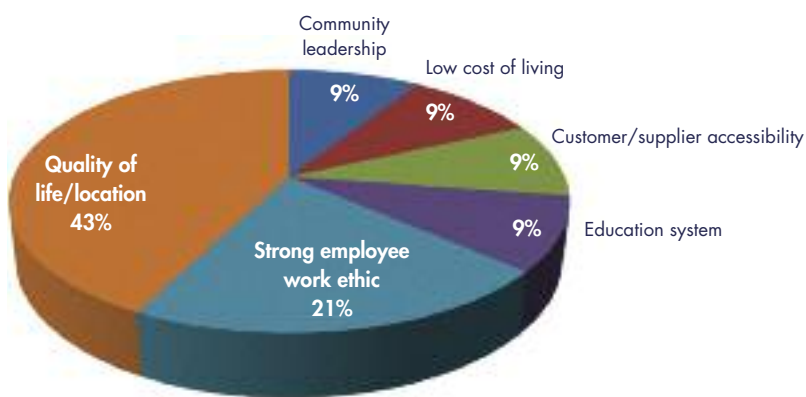


**2010/11:
Community's
greatest
strength
as a place
to do business**



Compare to what the community strengths as a place to do business data looked like in 2008/09:

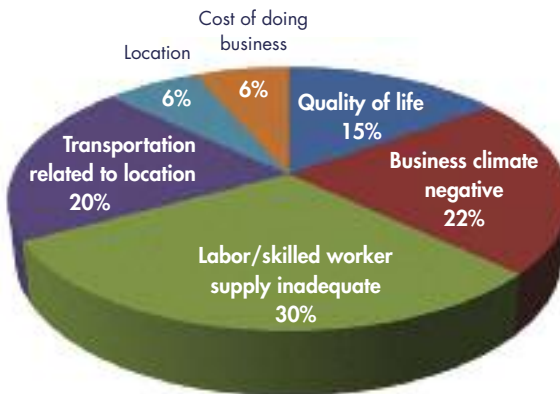
**2008/09:
Community's
greatest
strength
as a place
to do business**



Community Weaknesses

In the community weaknesses data, concerns about worker supply and transportation challenges were reduced and replaced by new concerns relative to location, quality of life and overall cost of doing business.

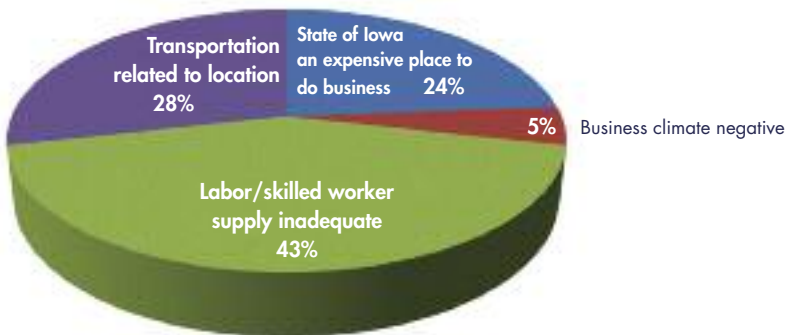
**2010/11:
Community's
greatest
weakness
as a place
to do business**



Sampling of reasons cited by Fairfield companies regarding Fairfield's perceived barriers to growth:

- Customer/supplier accessibility
- Decreasing population levels
- Quality of public education
- Poor sanitary-sewer infrastructure
- Workforce availability

**2008/09:
Community's
greatest
weakness
as a place
to do business**



FEDA Does Existing Business Development

FEDA in 2009/10 worked with many local companies to grow through assistance through governmental advocacy, the securing of state and local incentives packages and technical assistance. FEDA worked with many local companies in identifying and facilitating funding and low-interest loan opportunities from local, regional, state and federal resources to assist in job creation and growth

Total estimated local, state and federal financial incentives received by local businesses, including low-interest and no-interest loans and performance-based grants which FEDA helped secure in 2009/10:

\$2,079,339

New jobs those incentives guarantee:

110

Capital investment of those projects:

\$16,343,000

Incentive dollar to capital investment dollar ratio:

\$1 incentives : \$7.85 capital investment



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