

FEDA Quarterly



The Newsletter of the Fairfield Economic Development Association
2008 / Q2

2008.07.03

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As we prepare to celebrate our national independence, we're just past 2Q 2008 and many of us are staring down fiscal year-end which means it's time for a FEDA Quarterly newsletter. This edition, we discuss progress in FEDA's Fairfield marketing efforts, announcements totaling more than 130 new jobs in Fairfield, the planned celebration to open the Highway 34 bypass, a major new FEDA initiative and more. We will check in on Fairfield's unemployment rate and other economic indicators and even talk downtown a bit. This is your exclusive look as a FEDA member at what we're up to and how we see things in the Fairfield economy, now and moving forward.

Executive Director's Memo

In my memo last quarter, I reported on Fairfield and the rest of Iowa's generally insulated position with regard to a slowing national economy, citing a stable housing market and a credit situation which was the envy of much of the rest of the country. High gas prices had just begun to really pinch (average price in mid-March: about \$3.20 nationally) the Fairfield consumer and food prices were creeping into the local and national consciousness.

In This Issue

- [ExecDir Memo](#)
- [Major New Initiative](#)
- [Cut Ribbons](#)
- [Economic Indicators](#)
- [Marketing Minute](#)
- [Labor, Labor, Labor](#)
- [Downtown Strategy](#)
- [News & Notes](#)
- [FEDA Members](#)

2008 FEDA Sustaining Members

*Thank you to current
2008 FEDA Sustaining
Members*

Access Energy Cooperative
Agri-Industrial Plastics
Alliant Energy
Ameriprise Financial
Services, Inc.

Things haven't improved much nationally, and we're starting to feel the pinch locally in some respects. In those three months since our last newsletter, national gasoline prices have spiked by \$.70 and commodity prices have skyrocketed with even more fervor, meaning consumer credit troubles have begun in the face of grocery and fuel costs outpacing earnings by wide short-term (so far) margins. **Reports from many of our manufacturers have the first and second quarters in 2008 as quite soft- particularly those heavily exposed and/or invested in the domestic market.** Our restaurants are feeling the heat of enormously increasing food costs and distributors and retailers are being forced to reconcile the gamble of tighter margins or increased pricing. All this comes in the face of an increasingly pessimistic consumer. It's hitting home.

But there is good news. **Fairfield's unemployment rate, that crucial economic bellwether, has dropped since January and [now sits at a relatively healthy 3.8%](#) in a state which has seen jobless reports increase and in a nation at 5.5%.** **In the last month or so, we've seen two ribbon-cutting ceremonies announcing at least 130 new jobs for Fairfield in the next 36 months. We collected \$15 million in new commercial development pledges over the last 12 months, translating to 250 total pledged new jobs, jobs and construction which we expect to all fully be on line by 2011.** Our downtown retail sector is outperforming its peers, as we discuss in a great piece by Sam Busch, FEDA Administrator, below.

What all this means is what we can control, we're working hard to do so, and seeing some success. What we cannot control, like gas and food prices, we are doing our best to cope with and innovate for the future, like the Fairfield Green Planning Commission, which is working diligently to try and discover affordable ways to reduce energy consumption in industrial buildings, among other things.

Keep in Touch,

Brent

FEDA Announces Major New Initiative

Portions reprinted from June 4 FEDA media release

FEDA is embarking on a major new campaign to assess the health of Jefferson County's economic portfolio through

Balmer Nelson Van
Mersbergen
Barker Company
Cambridge Investment
Research, Inc.
Gary Cameron - Foss,
Kuiken, Gookin & Cochran
P.C.
City of Fairfield
Creative Edge Master Shop
Don Cummings - State Farm
Insurance
D & L Development, Inc.
Danaher Oil Co.
Dexter Apache Holdings
Neil Doyle
Eastgate Energy Services
Fairfield Dental Clinic
Fairfield Dental Clinic
Fairfield Real Estate
Fairfield Tire & Service
Finney Industrial Painting &
Auto Body
First National Bank in
Fairfield
Craig Foss - Foss, Kuiken,
Gookin & Cochran P.C.
French-Reneker &
Associates
Gamrath-Doyle Insurance
H & H Mold & Tooling
Hawthorne Direct, Inc.
HCM Plastics, Inc.
Holt Family Dental Clinic
Huff Financial Group
Hy-Vee Food Store / Drug
Store
Iowa Telecom
Iowa Tool, Inc.
Jefferson County Abstract
Jefferson County Equipment
Jefferson County Hospital
Jet Stop
Kessel Agency
L.T. Evans Insurance
Agency
Libertyville Savings Bank
Live Wire Electric
Local Internet Service Co.
Maharishi University of
Management
MidWestOne Bank
Medical Arts Clinic
Morrissey Law Offices
Brian Olson - Edward Jones
Investments
Dr. Gary Roth, D.D.S.
Schaus-Vorhies Companies
ShIPLEY Contracting Corp.
John Stever - Edward Jones

implementation of a program called the **Fairfield Existing Business Initiative (FEBI)**. The program, announced June 4, targets 41 major companies in the Fairfield area and will result in a comprehensive report to the community on the condition of local business and, we expect, a better understanding of threats and opportunities in today's Fairfield business climate.

The program involves participation from several members from the FEDA Board of Directors and is all a dimension of an overall effort to better serve the businesses and citizens in Jefferson County. **In the coming months FEDA will be contacting company officials to set up meetings to learn about their company, trends in their industry, the community as a place to do business, and other business trends.**

The results of the meetings will be analyzed, with trending, cluster potential and other factor reports generated via the eSynchronist economic development software FEDA has access to through strategic regional relationships and compiled into a final report. The report will be made available to the public in January 2009.

More immediate action will be determined as the results of the calls come in. FEDA fully expects to receive reports from companies which will require us to take swift action in either helping to address a threatening or otherwise negative business situation for a company or working with a company to close the gap on taking the next step toward growth quickly.

The FEBI comes after several months of research and deliberations within FEDA to determine the most appropriate, effective course of action in addressing business retention and expansion issues.

Economic development is too often seen as a recruitment-only sort of business. Fairfield has seen tremendous economic gains in recent months with several existing business expansions. 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.

The participation of company executives is critical. Every company executive is encouraged to take this opportunity to meet with FEDA to share views when contacted.

Investments
SunnyBrook Assisted
Living, Inc.
TD&T Financial Group,
P.C.
The Fairfield Group
Tigerhawk Profiles
Vintage Power Wagons
Wal-Mart
Whitney Monument Works

Spotlight: Cambridge, Sky Factory cut ribbons on 130+ new jobs

FEDA officials joined community and state representatives at two new business celebrations last month. [Cambridge Investment Research](#) held a ceremony to announce a \$740,000 0% loan from the United States Department of Agriculture for its planned \$5 million expansion on its Pleasant Plain Road campus.



USDA and Cambridge officials display 0% loan check

The expansion will serve to double Cambridge's operating space to more than 80,000 square feet and will add 97 new jobs over the next 36 months. FEDA was involved in the incentives work for this growing company, helping to secure Enterprise Zone and job training agreements for the project, and continues to work with the company.

The Cambridge ceremony was followed by another job creation celebration at [The Sky Factory](#), the Fairfield-based manufacturer of custom life-like SkyCeilings®. The company opened its new 11,000 square foot manufacturing facility to the community, a building which incorporates several green elements, including extensive natural light throughout the facility, innovative sealed-envelope insulation practices and plans for geo-thermal heating and cooling mechanisms.



The Sky Factory employees and the Chamber Ambassadors cut the ribbon on the company's new building

FEDA worked closely with The Sky Factory on its project as well, helping to secure low-interest Rural Economic Development, Values Fund and job training agreements as well as selling the land to the company and leading its rezoning efforts. The Sky Factory will create at least 35 new jobs in Fairfield.

National Quarterly Indicators

*Courtesy of the US Small Business Administration; 1Q 2008
(released May 2008)*

Reflecting ongoing weakness, the U.S. economy grew 0.6 percent in first quarter 2008, mirroring the previous quarter. Consumer spending rose 1 percent on an annual basis, the slowest rate since second quarter 2001. Residential investment declines helped cause a drop of 4.6 percent in real gross private fixed investment. Nonresidential investment also declined. Industrial production fell; the Institute for Supply Management's manufacturing composite index, which remained below 50, signified a shrinking manufacturing sector. On the positive side, real exports benefited from a weaker dollar with annualized growth of 5.5 percent for the quarter and 9.5 percent year to year. Real imports rose less, at 2.5 percent.

- The public remains pessimistic about the overall economy. The small business optimism index from the National Federation of Independent Business (NFIB) fell to a record low since 1980-89.6 in March 2008. The

University of Michigan consumer sentiment index was at its lowest level since February 1992, 69.5.

- Unemployment was slightly higher than in previous months at 5.1 percent in March. The U.S. economy shed 240,000 net nonfarm payroll jobs in the first quarter. The goods-producing sectors of construction and manufacturing lost 259,000 jobs in the quarter. Service sector industries were mixed, with job growth in education and health services, leisure and hospitality, other services, and government; and job losses in all other service sectors, including retail trade and financial activities. Looking ahead, the NFIB survey indicated a drop in planned hiring in the next three months. Labor productivity rose an annualized 2.2 percent in the first quarter, and self-employment remained unchanged.

- The Federal Reserve Board lowered interest rates to spur economic activity. The prime rate at the end of March was 5.25 percent-down three percentage points from September 2007. The three-month Treasury bill rate fell to an average of 1.26 percent in March, down 1.74 percent for the quarter and 3.68 percent since March 2007. The Senior Loan Officers' Survey showed weaker demand and tightening lending standards for small commercial and industrial loans. Venture capital deals were down \$660 million in the first quarter; the amount invested was still higher than in any other first quarter since 2001.

- Modest inflationary pressures persist. Consumer prices rose an annualized 3.1 percent in first quarter 2008 and, omitting food and energy costs, the so-called "core" inflation rate increased 2 percent on an annual basis. West Texas crude oil averaged \$105.56 per barrel in March, up \$13.83 since December and \$45 from the previous year. Overall wages and salaries increased an annualized 3.4 percent and benefits grew 2.3 percent. A falling dollar increases the cost of imported goods; since December, the U.S. dollar has fallen 8.2 percent against the euro, 10.6 percent against the Japanese yen, and 3.9 percent against the Chinese yuan. It remained even with the British pound over the quarter.

Marketing Minute

By Samuel Busch, FEDA Administrator

Website Update

FEDA has reached another major milestone has on the website project. Our Web design and development team (Bluebird Graphics and Safire Internet Solutions) has been briefed and all content has been turned over to them. Over the next few weeks we'll be working with our Web site designers to finalize the site's layout, design and color schemes. Once that is completed, the next step will be to start programming the site's functions, features and adding the Web page content, where the website begins to come to life.

So far the website project has seemed to be an effortless endeavor, however that's just some fancy sleight of hand stuff! By taking the time initially to conduct a through needs assessment we were able to understand our real needs, the benefits of an online presence and the challenges we faced in building that presence.

FEDA's approach to developing all the site's content also added to the fancy sleight of hand stuff. By creating all the site content before meeting with our design and development team, there has been a smooth transition from the planning phase to the current design and development phase. In our next report we look forward to unveiling FEDA's new Web site to our membership.

Community Quick Reference Update

I'm happy to report that all of the research for the community quick reference is complete. A working draft has been compiled, edited and submitted for board review and approval. Much of the research for the community quick reference was used to produce FEDA's new Web site's content. There is a method to our madness in the trenches. Since the initial research data and information providers were thoroughly documented, it will be a simpler procedure to create a data maintenance process.

We are also planning a professionally-designed 12 page economic development brochure. We'll have photographer Josie Hannes of Josie Hannes Designs going around Fairfield snapping shots of our local businesses and attractions. The brochure will promote Fairfield as a destination for business in the Midwest region. It will also promote Fairfield's economy, to include business climate, economic indicators, quality of life and other key data points. Essentially, the

brochure will market the general business environment in Fairfield to new business and organization prospects.

Baby boomers + coastal flight + low wages = labor troubles; you ain't seen nothin' yet

When you start to type "Iowa Labor", *Google* autogenerates "-force shortfall". It's a real issue.

The FEDA-commissioned 2008 Fairfield Laborshed indicated that 2,284 people employed in Fairfield would switch jobs if the right opportunity presented itself. How many of these are your employees? Perhaps more important: what are their ages? As Baby Boomers begin to retire in droves (70,000 Iowans will become eligible for retirement in the next 10 years) and wages continue to stagnate, Iowa faces a massive labor shortage now and in the future. **The Now: there are 48,521 job vacancies in Iowa right now** (that's the population of West Des Moines). **The Future: a projected 200,000-person shortage at year 2014.** It comes down to keeping our young people, or bringing them back quickly.

So what's being done about it and how can you keep track? Dozens of legitimate outfits throughout the state, led by the Iowa Department of Economic Development's Generation Iowa Commission, are mobilizing to face the threat. Locally, the Southeast Iowa Manufacturer's Consortium is in the process of identifying a Project Manager to develop and implement a youth-targeted marketing campaign.

Follow the efforts at Generation Iowa's recently-launched site www.generationiowa.com and check out a couple of the latest articles [here](#), [here](#) and [here](#).

Downtown Strategy Group Taking Shape

By Samuel Busch, FEDA Administrator

On May 29th, Brent gave an informative presentation to a group of concerned merchants, restaurateurs, and city councilpeople on Fairfield's downtown. The focus was building a case for more retail to help increase the downtown foot traffic. However, the right balance between service and other sectors must be actively managed. Iowa's population has increased 5% since 1980. The available commercial space had doubled twice by 2000 leaving, four-times more commercial

retail space to serve the needs of the same population from 1980! Growth in retail space has not abated since 2000.

Successful downtowns serve niches and produce clusters. Our clusters in downtown Fairfield represent diverse retailers, restaurants, services, offices and art galleries. Fairfield's does not have a clear niche (i.e. Bavarian-themed). Here's the breakdown on our downtown clusters.

- Retailers: 30 - 32%
- Restaurants: 15 - 16%
- Services: 24 - 26%
- Office: 9 - 9%
- Art galleries/Other: 5 - 5%

In Fairfield's downtown there is a very low vacancy rate. This is a blessing and a curse. Below is a list of lost opportunity costs.

- \$250K - Lost Sales
- \$5K - Lost Bank Deposits

- \$16K - Lost Employee Payroll
- \$51K - Lost Business Loan Demand

- \$15K - Lost Rents
- \$13K - Lost Sales Tax

- \$25k - Lost Business Profits
- \$19K - Lost Household Income

- \$2K - Lost Property Taxes
- \$6K - Lost Utilities

- \$4K - Lost Advertising

As you can see, even with a low vacancy rate the cost of even one empty store front is staggering for a small rural Midwestern town.

News & Notes

-FEDA has retained [Bluebird Graphics](#) and [Safire Internet Solutions](#) to develop its Web site, which will incorporate marketing/prospecting, community information/data and available sites and buildings into a Web space.

-Brent Willett Brent attended the Heartland Economic

Development Course in Blue Springs, Missouri in April. The course, which represents the first and most intensive piece of coursework toward sitting for the certification exam by the [International Economic Development Council](#), had more than 85 economic development professionals from five states attending.

-FEDA has joined the [Iowa Association of Business & Industry](#), taking the lead from many of its member companies who are involved with the group.

-The regional marketing initiative FEDA is a part of, formerly known as River Hills Initiative, has been renamed Opportunity2. A media conference/rollout ceremony was held in May. The group, which is a collection of regional economic development groups seeks to work together in regional efforts to attract business and industry through targeted marketing efforts. The group's new Web site is www.op2iowa.com.

-FEDA is participating in the efforts of the Highway 34 Freight Corridor Consortium, including the branding of the highway. An announcement sometime this year is expected.

-FEDA is pleased to announce [The Schemmer Associates, Inc.](#) as Title Sponsor for the Highway 34 Ribbon Cutting Ceremony, taking place November 13 in Fairfield.



-FEDA still has five buildable residential lots on Woodside Circle. Several are wooded. All are reasonably priced and ready to be built on. Contact FEDA at 472.2111 for more information or a site visit.

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