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# FEDA Quarterly



The newsletter of the Fairfield Economic Development Association  
2010 / Q1

2010.04.15

2010 Q1

## FEDA Quarterly 1Q 2010

*FEDA Quarterly* comes to you from sunny, busy downtown Fairfield. Your Fairfield Economic Development Association steamed through a first quarter which saw a 15+ new jobs announcement; a major property transaction in the Industrial Park which promises to deliver millions in capital investment and more jobs; community leadership challenges including a building code in development by the City of Fairfield with implications for the commercial sector; the Convention Center issue; the launch of the 2010 Fairfield Existing Business Initiative; legislative advocacy which helped result in an extension of an Enterprise Zone program critical to Fairfield businesses; and much more. You'll read about the preceding topics and more as we look to a second quarter 2010 full of promise and challenge.

### Executive Director's Memo

The last several *Quarterlies*, I've started with a review of what I wrote about in the preceding editions and how the news on the

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## 2010 FEDA Sustaining Members

*The following companies  
renewed their membership*

economic front has changed- or hasn't- since. In the 4Q 2009 Quarterly, I started my memo with: "We aren't there yet..." and went on to discuss the at times maddeningly long prosperity ladder for rural Midwestern communities like Fairfield and the fact that despite what the national news media was portraying, many Fairfield businesses were reporting that the going was still tough but that improvements in operating and marketplace conditions seemed to be in the offing.

Today the news is more positive, particularly on the economic development front lines. FEDA business prospect and expansion project flow has kicked into another gear in the last three weeks- we're at work on at least three active projects- and the preliminary returns from the first executive interviews conducted as part of the 2010 Fairfield Existing Business Initiative show work orders up and an improving hiring outlook.

And just weeks ago, FEDA reached a milestone. With the announcement in late March of nearly \$300,000 in tax credits and awards from the Iowa Department of Economic Development to leverage the creation of 16 new jobs at Agri-Industrial Plastics, FEDA surpassed the \$4 million mark in secured financial incentives for Fairfield area businesses since 2007. Those funds have helped leverage tens of millions in capital investment and the creation of more than 400 new jobs in the Fairfield area.

Challenges remain, however. Later in this newsletter you'll read about a major industrial building which remains available for full redeployment after years of underuse. The Iowa legislature adjourned following a raft of anti-business proposals and bills- some of which passed both houses and await the governor's signature- with a relative legislative pittance paid to the business community in the form of a few small proposals funded at the last minute. The Jefferson County rate of unemployment remains high and local businesses are on the whole proceeding with caution relative to hiring. Sprinkle in a new health care system which, while little is poised to change until 2014, when Iowa and other states will be compelled to have set up Small Business Health Options Programs - also known as "SHOP Exchanges" - essentially purchasing pools where small businesses can club together to buy insurance, is potentially daunting to Fairfield businesses, and there's enough uncertainty and challenge ahead to keep us all busy.

Finally, the Fairfield Arts & Convention Center. Earlier in April FEDA, in concert with the Fairfield Area Chamber of

*with the Fairfield Economic Development Association in 2010. Thanks to each of these members for their investment in Fairfield.*

**Access Energy  
Cooperative  
Agri-Industrial Plastics  
Airgas North Central  
Alliant Energy Corp.  
Ameriprise Financial  
Services, Inc.  
Barker Specialty  
Products by HILLPhoenix  
Bob's Automotive  
Cambridge Investment  
Research, Inc.  
Creative Edge Master  
Shop  
D & L Development, Inc.  
Danaher Oil Co.  
Davis & Palmer Real  
Estate/Marcis, Inc.  
Dexter Apache Holdings  
Dr. Gary Roth, D.D.S.  
Drish Construction, Inc.  
Eastgate Energy Services  
Edward Jones  
Investments - Brian  
Olson  
Edward  
Jones Investments - John  
Stever  
ERA Fairfield Real Estate  
Dr. Gary Roth, D.D.S.  
Fairfield Animal Hospital  
Fairfield Dental Clinic -  
Dr. Martin Gleason  
Fairfield Dental Clinic -  
Dr. Stephen Van Tasell  
Fairfield Industries  
Fairfield Tire & Service  
First National Bank in  
Fairfield  
Foss, Kuiken, Gookin &  
Cochran P.C. - Craig  
Foss  
Foss, Kuiken, Gookin &  
Cochran P.C. - Gary  
Cameron  
French-Reneker &  
Associates  
Gamrath-Doyle Insurance  
Harper Brush Works  
HCM Plastics Inc.  
Holt Family Dental Clinic  
Huff Financial Group  
Hy-Vee Food Store**

Commerce, announced an affirmative endorsement of the proposed public-private partnership before the voters of Fairfield on May 4. Regardless of your orientation for or against the proposal, we strongly encourage you to give it consideration and exercise your right on voting day. There is simply too much at stake: the arguments both in favor and in opposition possess characteristics which are tremendously consequential to the future and function of the Fairfield community.

-Brent

## Agri-Industrial Plastics awarded incentives to grow

Fairfield-based [Agri-Industrial Plastics Company](#) has been awarded nearly \$300,000 in tax credits and direct financial assistance by the [Iowa Department of Economic Development](#). The award is slated to leverage \$8 million in capital investment and the creation of at least 16 new jobs. The machinery and equipment expansion project will increase the capacity and capabilities of Agri-Industrial Plastics' multi-layer fuel tank manufacturing lines.

The Jefferson County Enterprise Zone Commission approved a resolution in February supporting Agri-Industrial Plastics' Enterprise Zone Application. The City of Fairfield followed with its sponsorship of the application shortly after. Ultimately, the IDED Board awarded \$291,455 to support the project.

The award comes in the form of \$255,455 in Enterprise Zone Investment Tax Credits and \$36,000 in Grow Iowa Values Fund financial Assistance. Agri-Industrial Plastics is located inside Fairfield Enterprise Zone 6, which means it was eligible to receive funding from the Iowa Department of Economic Development for certain projects.

Agri-Industrial Plastics Company, founded in 1978, is a complete fuel tank solution company serving the agricultural, construction lawn and garden, marine, motorcycle, snow mobile and watercraft industries.

FEDA worked closely with the company in pursuit of project incentives and continues to work to align this major capital project with local, state and regional resources.

Jefferson County  
Abstract  
Jefferson County  
Equipment  
Jefferson County Health  
Center  
Jet Stop  
Kessel Agency  
Libertyville Savings Bank  
Live Wire Electric  
LISCO  
Maharishi University of  
Management  
MidWestOne Bank  
Miller Law Offices  
Morrissey Law Offices  
Reiff Grain & Feed  
Schaus-Vorhies  
Companies  
ShIPLEY Contracting  
Corp.  
TD&T Financial Group  
Thaddeus Computing  
Traffix Devices  
Vintage Power Wagons  
Walmart  
Winfrey Storage

## Milestone.

FEDA has passed the \$4 million mark in secured financial assistance for Fairfield-area companies since 2007. Leveraging more than 400 new jobs and tens of millions in capital investment, our running total as of press time was

**\$4,171,069.90**

**FEDA, Chamber  
Endorse  
Convention  
Center Ballot  
Issue**

After vigorous debate, the

To learn whether your company qualifies for Enterprise Zone or other benefits for your next capital project, contact the Fairfield Economic Development Association today.

## *Available Building Profile:* 237,000 square feet in Fairfield

Located at 1801 West Stone Ave, Fairfield and commonly known as the **former Rockwell building**, this 237,000 square foot industrial facility is available for sale. The building sits on a 27 acre lot and has 20,000 sf. of office space with ample parking and an outside yard.

Read all about it on GrowFairfield.com profile [here](#).



*237,000 sf industrial facility available in Fairfield, Iowa*

Have a building or site you'd like to see profiled on GrowFairfield.com? Just email Sam at [sbusch@growfairfield.com](mailto:sbusch@growfairfield.com).

## **FEBI 2010 under way** **by Samuel E. Busch, FEDA Administrator**

*Portions excerpted from March 17, 2010 FEDA media release. To read the full release, [click here](#).*

In April, FEDA launched the 2010 [Fairfield Existing Business Initiative](#) [FEBI]. The existing business program was started in 2008 ([click here for report](#)) to gain better insight into the condition of local business and, to better understand the threats and opportunities in today's Fairfield business climate.

Boards of Directors of the Fairfield Area Chamber of Commerce and Fairfield Economic Development Association have issued an affirmative endorsement of the proposed public/private partnership and ballot issue before the voters of the City of Fairfield on May 4, 2010 concerning the future of the Fairfield Arts & Convention Center.

[Read the full endorsement here.](#)

A six-member FEDA Board subcommittee was formed for the 2010 campaign. The members will visit leaders at 36 of Fairfield's largest employers in an effort to identify growth opportunities; retraction threats and gather marketplace, community and utility services satisfaction data. The participation of organization and company executives is critical. Each is encouraged to take this opportunity to meet with FEDA to share their views.

The program takes a three-part approach to information gathering. The first component, a company background information survey, has already been distributed to each of the participating companies and is expected to be returned by mid-April. A live appointment follows.

Following receipt of the background forms, we will be contacting company officials to set up meetings during which two members of the FEBI subcommittee will visit the company site and conduct a comprehensive interview with question topics ranging in scope from international market share to local Internet service satisfaction.

The final component is a post-visit follow-up report submitted by FEBI subcommittee members following the meeting to FEDA. 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. A final aggregate report will be compiled and released to the community at the FEDA annual meeting in September.

The FEBI subcommittee has already completed three meetings with leaders. As the results of the meeting come in, FEDA will determine if any immediate action is required. FEDA is prepared to take swift action in helping to address any issues and working with a company to take the next steps toward positive solutions quickly.

Economic development is too often seen as a recruitment-only sort of business. 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.

If your company has been contacted about the Existing Business Initiative and you have any questions, please contact Sam Busch at 641-472-2111 or [sbusch@growfairfield.com](mailto:sbusch@growfairfield.com).

## Flash review: 2010 Legislative Session

*Portions of this article originally appeared in an article by Brent Willett in the April 2010 newsletter of the Professional Developers of Iowa.*

## **Tax Credits**

It could have been a lot worse. The Tax Credit Reform Bill was completed and awaits Governor Culver's likely signature. In sum, it is a bill we in the business and development community can live with and in many respects aligns well with the industry's stated support of increased transparency and review. Read Professional Developers of Iowa President Jason White's testimony before the review panel on December 16 [here](#).

The legislation reduced available tax credit funding by 10% in step with statewide budget cuts. Caps were installed or lowered on most programs, including a lowering of the overall cap on IDED's High Quality Jobs, Enterprise Zone and several other programs by 36%, from \$185m to \$120m. Supplemental research credits were reduced from 6.5 to 3% for companies with over \$20 million in sales. The Iowa Film Tax Credit Program was suspended for two years.

Tax credit transferability and refundability were preserved. A robust coalition of business groups partnered to help fight more aggressive proposals which stood to severely dampen access to tax credits in Iowa and has emerged with a bill which creates a number of difficulties, but in aggregate preserves Iowa's job- and investment-creating tax credit system.

Reviews were put in place for most tax credit programs.

## **TIF**

As has become unfortunately custom, tax increment financing [TIF] saw significant attacks mounted against it again in 2010. Attempts to pull the instructional support as well as the \$5.40 levy out of the TIF increment took place. Attempts were made at limiting TIFs to 20 years and sunseting all TIFs. Formal presentations were made about the state's backfill of the \$5.40 levy and the rising amount of TIF debt statewide. There were efforts to disallow the use of TIF for public buildings, retail and housing.

PDI and a number of partners fought back against the attacks and we have emerged with TIF intact and only a new every five year review of the program requirement having come out of the tax credit reform bill. The review clock begins ticking in 2012. It will be incumbent upon the development community as well as others to limit what could shape up to be successful attacks on TIF next year.

## **Enterprise Zones**

HF 2370- the two-year extension of the Enterprise Zone program- breezed through both houses following committee negotiations that for a time stalled and threatened the extension of a program which was slated to time out on June 30, 2010. The bill was signed by Governor Culver on April 14. The two-year extension avoids what would have been a program blackout between now and when new Census data becomes available to inform the next generation of the program, likely in 2011 or 2012. We will contribute ideas for how Iowa's Enterprise Zone program is structured moving forward

through a number of affiliations.

### **The Rest: Labor Bills, Values Fund, Budget, Last Minute Pro-Biz Bill**

The four major labor bills particularly concerning to the business and development communities and threatening to Iowa's Right to Work status did not pass. The Iowa Values Fund was funded at a disappointing \$38 million, well short of the \$45 million hoped for [and originally allocated], but a number which could have been worse. Governor Culver recommended the \$38 million funding level. Additional bonding of \$150m was included as part of the Infrastructure Budget from which the Values Fund comes.

SF 2389, which contains a couple of positive provisions for the Iowa business and development community, was introduced late and passed. Perhaps most exciting about this bill is a provision which "directs the department of economic development to provide site readiness consulting services to local governments and officials and to issue certificates of readiness to those sites that meet criteria for readiness developed by the department." This provision is a strong step in the direction of the statewide shovel-ready program that the development community has been tirelessly pushing for a long while. With only \$175,000 appropriated for the program, however, funding will be a major obstacle. The bill also contains funding to "create an internet site that brings together all the information on financial and technical assistance the state offers to businesses," creates a state-run low interest loan program for Iowa-domiciled businesses with under 35 employees and creates a regulatory reform study committee.

Thanks go to the people who represent Fairfield in Des Moines- Sen. Becky Schmitz, Rep. Larry Marek and Rep. Curt Hanson- for their tireless work during a shortened, strenuous session. **Special thanks go to Sen. Schmitz for her work to move the Enterprise Zone extension legislation to the floor.**

## **National Quarterly Indicators**

*Courtesy of the US Small Business Administration; 4Q 2009  
(released February 17, 2010)*

- The U.S. economy rebounded in the fourth quarter; real GDP grew by an annualized 5.7 percent. Much of this growth stemmed from inventory replacement. Other contributing factors were growth in real personal consumption (2 percent) and real exports (18.1 percent) and slowing growth of imports (10.5 percent, all at annualized rates). Both the Federal Reserve's industrial production index and the Institute for Supply Management's manufacturing composite index reflected strong growth during the quarter.
- Unemployment remained high, ending the year at 10

percent. The economy lost 310,000 net jobs during the quarter and 4.8 million during 2009. The overall pace of net job loss slowed somewhat, and the service sector showed signs of a turnaround. Net job gains occurred in professional and business services, education and health services, and natural resources and mining. Nonfarm labor productivity rose an annualized 6.2 percent, suggesting that those who were employed were working harder. Self-employment for 2009 was down slightly from recent years.

- Small business owners and the public were cautiously optimistic. Both the University of Michigan's consumer sentiment survey and the National Federation of Independent Business's small business optimism index ended the year at higher levels than their 2009 averages, reflecting stronger confidence in the economy. However, small business owners remained tentative about business expansion and hiring, with lingering concerns about poor sales, access to credit, and other issues.
- Interest rates stayed historically low, while small business credit issues persisted. The Senior Loan Officers' survey reported continued weakness in small firm demand for commercial and industrial loans. Meanwhile, small businesses cited a lack of credit as one of their chief problems. SBA-guaranteed lending remained a bright spot, with the average 7(a) lending in the fourth quarter up 144 percent over the dollar value of loans in the first quarter; for 504 loans, the increase was 87.8 percent. (The end-of-year volatility shown in the table stems from very high monthly totals in September and November.) The number of venture capital deals rose steadily throughout 2009, but the overall volume was significantly off the 2008 level.
- Consumer prices rose modestly. The consumer price index rose at a 3.3 percent annual rate; when food and energy costs are omitted, consumer prices increased an annualized 1.3 percent. Producer prices rose at a much faster rate (an annualized 8.3 percent), suggesting that firms have been unable to pass along higher costs to their customers. Employers increased wages, salaries, and benefits modestly between fourth quarter 2008 and 2009. Oil prices rose \$5 a barrel in the quarter and \$33 in 2009.

## Leadership Iowa visits Fairfield in May

The 2010 class of Iowa Association of Business and Industry's [Leadership Iowa](#) program visits Fairfield on May 13 and 14. FEDA is host sponsor of the event, whose topic is "The Iowa Economy" and is one which will bring presenters and speakers from throughout the state, including

- **David Swenson, ISU Economist**
- **Ron Cox, Executive Director, Center for Industrial Research and Service**
- **Rand Fisher, President, Iowa Area Development Group**
- **Bill Menner, State Director, Rural Development, USDA**
- **Leisa Fox, Iowa Association of Business and Industry**

The class of 45 business leaders from throughout the state will arrive in Fairfield May 14 and move through a packed schedule of events designed to educate on the session topic and showcase Fairfield's unique economic development model. Tours are scheduled at a number of Fairfield area businesses, as is a comedy night featuring Chicago-based comedian Paul Frisbie on the evening of the 13th. Tickets to the comedy night are available to FEDA members and are just \$10. Contact Brent Willett at 641-472-2111 or [bwillett@fairfieldiowa.com](mailto:bwillett@fairfieldiowa.com) to reserve yours.

Sponsorship opportunities remain for the event. Join sponsor companies and individuals including

- **Access Energy Cooperative**
- **Agri-Industrial Plastics**
- **Best Western Fairfield Inn**
- **Cambridge Investment Research**
- **Fairfield Economic Development Association**
- **Fairfield Iowa Convention and Visitors Bureau**
- **Harper Brush Works**
- **Tom McMahon**
- **SSAB**
- **Vande Rose Farms**

**To ensure your business gains visibility before this statewide group of businesspeople, contact Brent Willett today at 641-472-2111 or [bwillett@fairfieldiowa.com](mailto:bwillett@fairfieldiowa.com).**

## News & Notes

-FEDA officials continue to work with City of Fairfield Property Committee as it considers the **enactment of a citywide building code**. FEDA is at the table to advocate for the rights of the business community. If you would like to contribute to the process, contact Brent Willett.

-FEDA is at work on four active business recruitment projects

currently which bear the potential to create up to **\$15 million** in investment and **create nearly 200 jobs**.

-FEDA is slated to **grant an easement on its property** bordered by 12th St., 18th St. and Gear Avenue to the Jefferson County Trails Council.

-**US Highway 34 will be renumbered Iowa 163** to coincide with the branding of the Burlington to Des Moines corridor as the "Heartland Highway". Also, an limited access agreement will shortly be before local governments for ratification.

-Keep up with FEDA- visit [GrowFairfield.com/blog](http://GrowFairfield.com/blog) for updates on recent events and initiatives.

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