

2018

Red Rock Area

Marion County, Iowa

● ● ● EXISTING
INDUSTRY
REPORT



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Marion County
DEVELOPMENT

marioncountyiowa.com

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Collaboration is a key ingredient in Iowa's economic success. The unique BEST of Iowa model which is implemented at the local, regional and state levels provides intelligence and a comprehensive approach to existing business development. We know that in rural areas such as ours, over 85% of all new jobs will be created by the companies who are already located here.

During 2018, 726 companies within 66 counties were interviewed in Iowa. With 46.6% of the companies who were interviewed located in non-metro counties.

Today's model of effective economic development includes strong emphasis on existing industry development, entrepreneurship, workforce strategies, quality of life enhancements, leadership training, partnerships and promotions.

Each year, the Marion County Development Commission staff visit prime employers within Marion County, Iowa to learn about the obstacles they are facing and the opportunities which exist for economic growth. This provides us a snapshot of the state of the economy.

It is then their voice and the data they provide that guide our economic development strategies. Together with state and regional partners, we are able to influence policy and create programs that enhance our business climate. We know that together, we can accomplish great things!

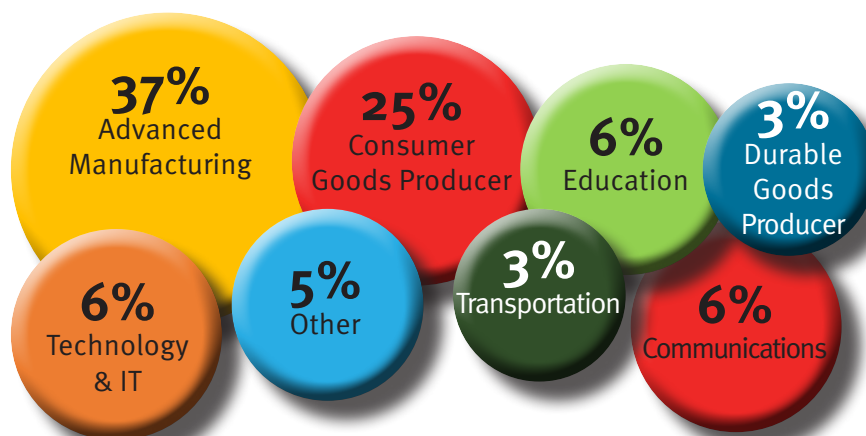
Carla Eysink

Carla Eysink, Executive Director
Marion County Development Commission

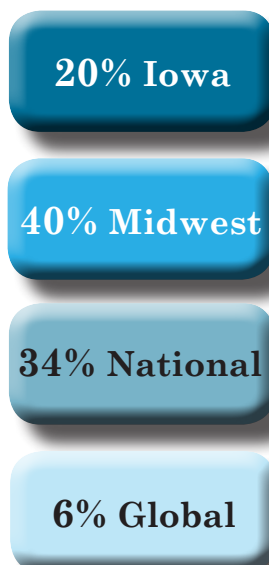
KEY FINDINGS

1. Marion County and local communities need to elevate efforts to enhance and grow **workforce**.
2. **Innovation** by companies needs to be supported and encouraged
3. The area needs additional **industrial sites** and **infrastructure** to support business growth plans.
4. Growth is needed in **housing** and **childcare** to meet workforce needs.
5. Companies are apprehensive about **tariffs** and **regulatory changes** that may adversely effect their business.

INDUSTRY BREAKDOWN



PRIMARY MARKET



NUMBER OF EMPLOYEES

We interviewed 35 companies within Marion County which represents 8,132 jobs. Below is the breakdown based on number of employees.

67% Companies
1 to 100 employees

12% Companies
101 to 250 employees

12% Companies
250 to 750 employees

9% Companies
over 750 employees

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BUSINESS DYNAMICS



Research & product development

are key growth indicators for companies.

65% of companies indicated that they are investing between 1 to 6 % of total sales back into research and development.

36% are spending half of their R & D investment in new product development.

78% of companies are spending between 20-50% of R & D funding on product improvements.

85% of companies are doing their R & D within their Marion County, Iowa location.

Marion County At-a-Glance

91% have introduced a new product in the last 5 years

71% plan to introduce a new product in the next 2 years

74% have increasing total company sales

69% indicate their products are in the emerging or growth life cycle phase

	Primary Product in Emerging or Growing Life Cycle	Sales are increasing	New Product or Service in past 5 years	New Product or Service in next 2 years	Increasing Market Share
2018 Marion County	68.57%	74.29%	91.43%	71.43%	60.00%
2018 Greater Des Moines Region	64.56%	73.25%	82.72%	72.50%	56.49%
2018 Opportunity ² Region	72.42%	72.41%	92.98%	82.76%	55.17%
2018 Iowa	67.70%	65.3%	72.87%	68.32%	50.90%
2017 Marion County	71.43%	75.00%	94.29%	82.35%	70.97%
2015 Marion County	75.00%	80.00%	94.44%	86.11%	51.43%

68.57%

Within Marion County, 68.57% of companies visited plan to expand within the next 3 years. This compares to 51.1% in Iowa, 57.14% in the Greater Des Moines Partnership Region and 62.07% within the Opportunity² Economic Development Region. In 2017, 73.53% of Marion County companies had expansion plans within the next 3 years.

Within Marion County, 37.14% of companies stated there are reasons the community may not be considered for future expansion projects. This compares to 25.6% in Iowa, 19.75% in the Greater Des Moines Partnership Region and 34.48% within the Opportunity² Region. In 2017, 45.5% of Marion County companies indicated the community would not be considered.

37.14%

WHY?

The primary reason why the community may not be considered for future expansion is workforce availability. Especially concerning for rural areas, is the perception that engineering and research professionals do not wish to live in rural areas. Other reasons included: to be closer to customers and no room to expand.

CHALLENGE: In addition to workforce availability and the need to be closer to customers, there were some prime employers at risk to leave Marion County due to the lack of developed and/or available industrial sites. Marion County does not have a certified site and very few industrial park sites over the 15 acre threshold that a growing company might need.



Expansion Investment:

The 69% of companies that plan to expand within the next 3 years are estimated to expend over \$144 million. These expansion projects would create 350 new jobs. The companies with expansion plans also intend to grow their footprint by over 500,000 square feet.

These expansion projects will require workers with skills in engineering, IT, welding, painting, industrial mechanics, machining, math, nursing, maintenance, assembly and electricians.

Business Activity:

Nearly two-thirds of companies indicate that merger, acquisition and divestiture activity is increasing. Top management has changed or will be changing at 14% of companies while only 6% report that company ownership has or will change. Nearly half of the companies report that production is balanced within their sector. Twenty six percent of companies visited were headquarter companies and nearly 50% of companies were privately owned with an additional 29% family owned.

Exports:

With a high concentration of manufacturing companies within Marion County, serving global markets is an important part of the business customer mix. Almost 6% of companies indicate that their primary market is global. Twenty one out of 35 companies visited, indicate that they export. Of those companies, 17% report increasing export sales with the remainder indicating that export sales are stable. Of the companies that export, 29% have export sales totalling between 20-60% of total sales. Only 6 companies indicated that they have overseas production.

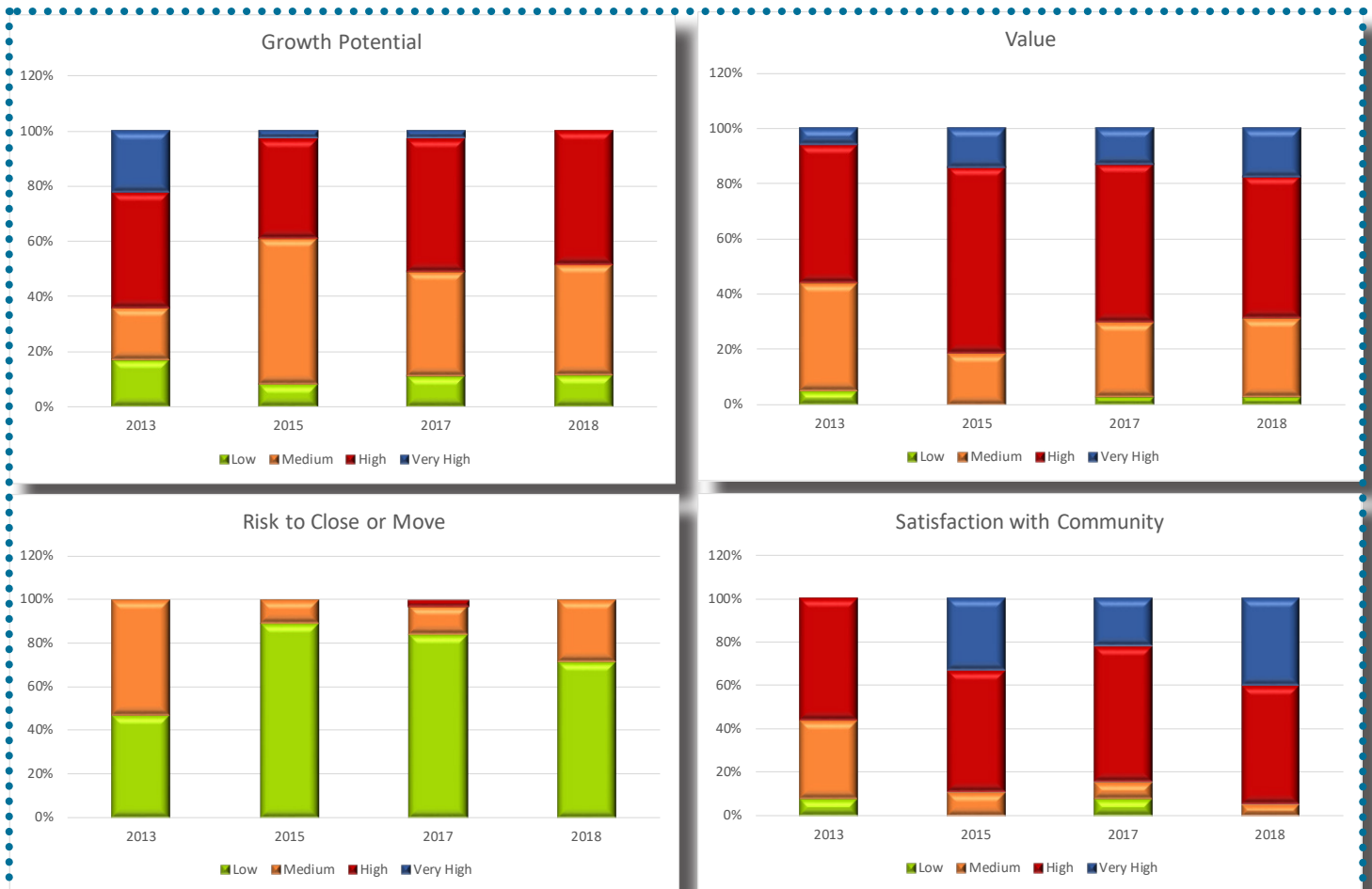


OVERALL BUSINESS TRENDS IN MARION COUNTY, IOWA

Top Global Markets



Each company is given a score for their growth potential, value to the community, risk to close/move and satisfaction with the community. These scores are based on the responses to several questions within the survey combined. Marion County continues to have several high growth/high value companies who are satisfied with the community and have low risk of closing or moving.



ADDRESSING THE WORKFORCE CHALLENGE

WORKFORCE TRENDS

Of the companies interviewed, eighty six percent provide training for their employees and sixty percent indicated their spending for training is increasing.

The number of unfilled positions remains stable at 86% of companies with 14% indicating the number of unfilled positions are increasing. This compares to 2017 when 73% of Marion County companies indicated the number of unfilled positions were stable.

Of the 35 companies interviewed, they indicated adding over 250 new jobs in the past 3 years. Some that we interviewed would not share information on new positions, so we estimate the actual number is higher. There are over 900 employers within Marion County, so this number just indicates new jobs at 35 prime employers.

A concerning number of companies indicated that the primary recruitment problem is because of the community at 79%, while the remainder indicate it is an industry wide issue. This is a significant jump from 2017 when 53% of companies felt that recruitment problems were because of the community. Realistically, the communities have not changed significantly in the past year, but the perceptions of company leaders have become much more pessimistic regarding our rural communities.



SKILLS GAP

Employers experiencing recruitment problems identified positions and skills which are difficult to find.

These include:

OCCUPATIONS:

- Sales
- Welders
- IT
- Engineering
- Painters
- Maintenance & Custodial
- Nurses & CNA
- Lab technicians
- Electricians
- CNC & Machining
- Truck Drivers
- Digital Marketing

SKILLS:

- Problem solving & logic capabilities
- Math & finance skills
- Graphic design & creative skills
- Photography & video
- Basic computer skills
- Willingness to learn new skills

WORKFORCE EFFORTS

Economic growth around the region is being inhibited by workforce shortages. This issue is not unique to Marion County. Rural Iowa has experienced slow population growth for the past three decades. Now with record low unemployment, rural companies are being forced to look at options.

The solutions to workforce shortages are not quick and easy. Woods & Poole Economic projects a population increase of 1,197 people from 2018 to 2025 within Marion County. However, over the same time period, they project a 1,383 increase in the number of jobs. Compounded upon this is the number of baby boomers that will be retired by 2025.

In response to this gap, local communities, economic development organizations and education are working together to find solutions to keep employers growing here. Iowa's Future Ready Iowa focus strives to upskill existing workers. Locally, our Teaching for the Workforce program takes educators into STEM employers to raise their understanding of the opportunities and skills needed in the county. Local partners have worked to assess housing needs and childcare needs which are sometimes stumbling blocks for candidates looking to move to the area. Programs such as the Pella Career Academy and similar programs within other area schools are working to provide students with opportunities for

advance education within career paths that are in demand in cooperation with DMACC.

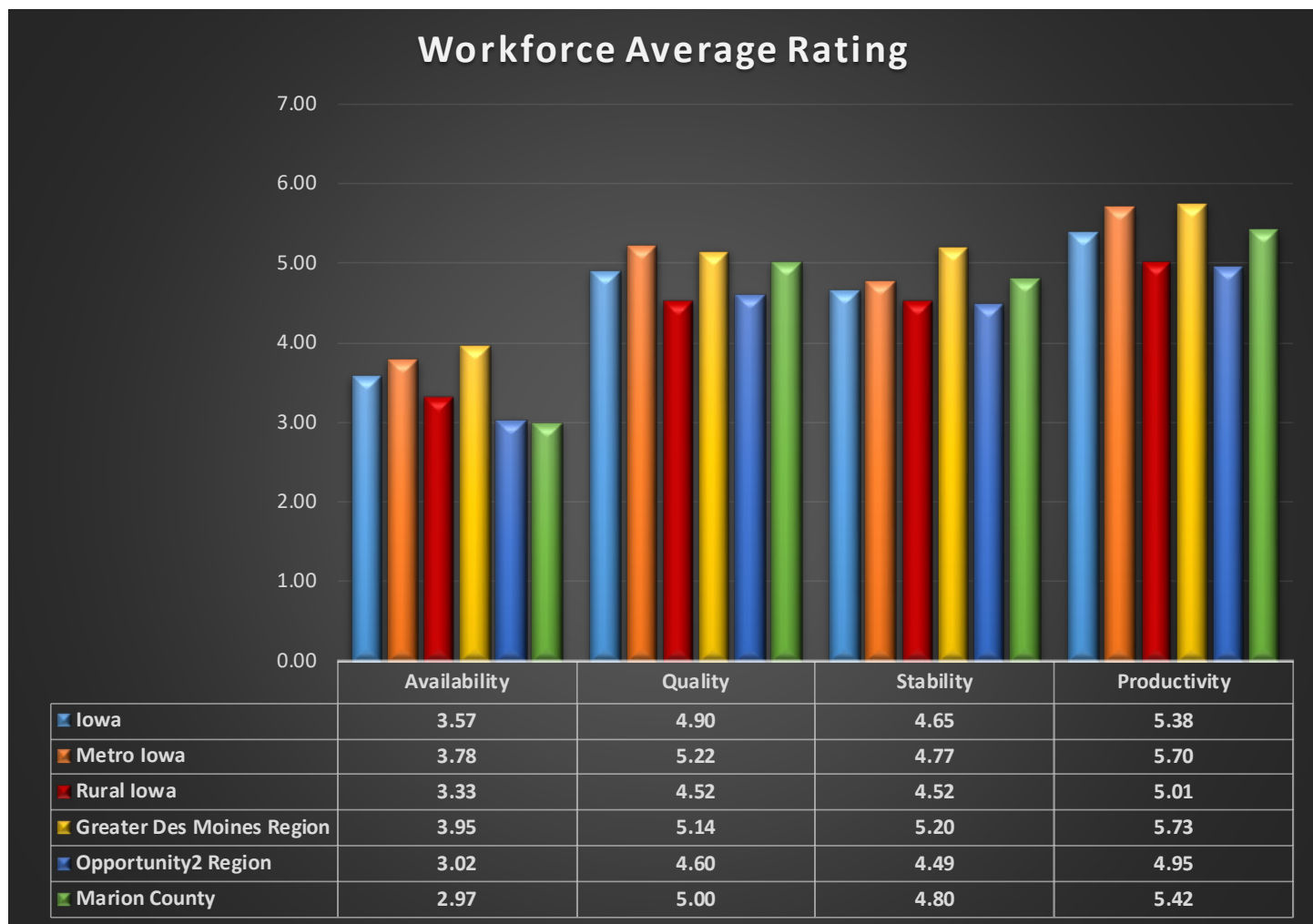
Employers are looking to find solutions by promoting job opportunities to niche markets such as military, increasing automation, providing internships, developing attractive compensation packages, implementing earn-to-learn programs and advances in workplace culture.

There is more work yet to be done and a new emphasis on workforce recruitment by the Iowa Economic Development Authority will provide opportunities for the county to partner with efforts to bring workers to Iowa. Together, we can accomplish great things!

FINDING PEOPLE

Employers are using a variety of channels to find employees. In addition to traditional channels such as advertising, word of mouth and social media postings. Companies are also connecting with area high schools, colleges, universities and community colleges to connect with graduates and provide internships throughout the two or four year program. Some employers are creating more part-time jobs to retain experienced employees that no longer wish to work full-time.

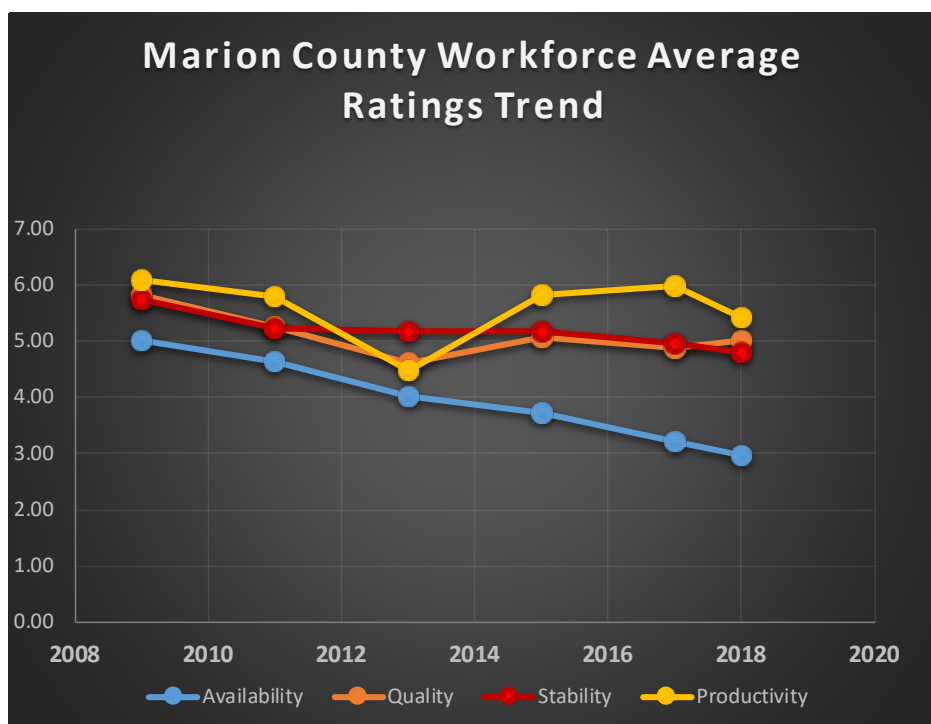
WORKFORCE TRENDS



Availability is the key challenge to overcome when it comes to workforce in Marion County.

Over time, workforce ratings within Marion County have declined. The most significant drop has been realized in ratings for availability. Likewise, when comparing ratings for availability with Iowa and metro areas the Marion County rating is much lower. It even falls lower than total rural Iowa ratings for availability.

The quality and productivity of Marion County workforce exceeds other rural Iowa locations and Iowa ratings. Over time, the ratings for quality have remained fairly constant while productivity had a constant trend, except for a downturn in 2013.



INFRASTRUCTURE

ROADS

With nearly 40% of jobs in manufacturing, the transportation of supplies and finished goods in and out of Marion County is a key infrastructure component. In addition to state and federal highways, there is a need to develop easy access within cities to support efficient transportation. The Red Rock Area is served by two different 4-lane highways: Highway 5 and Highway 163. In addition, US Highway 14 provides north/south connections to I-80. Several companies located in Pella indicate difficulties with a north connector to I-80.

Comments regarding public transportation indicate there is difficulties in HIRTA not being reliable to be on time and most indicate they do not have employees that use public transportation.



WATER

There were a couple of company specific issues with water based on the type of production at the facility, but most companies indicated they were satisfied with water quality and capacity.



AIR

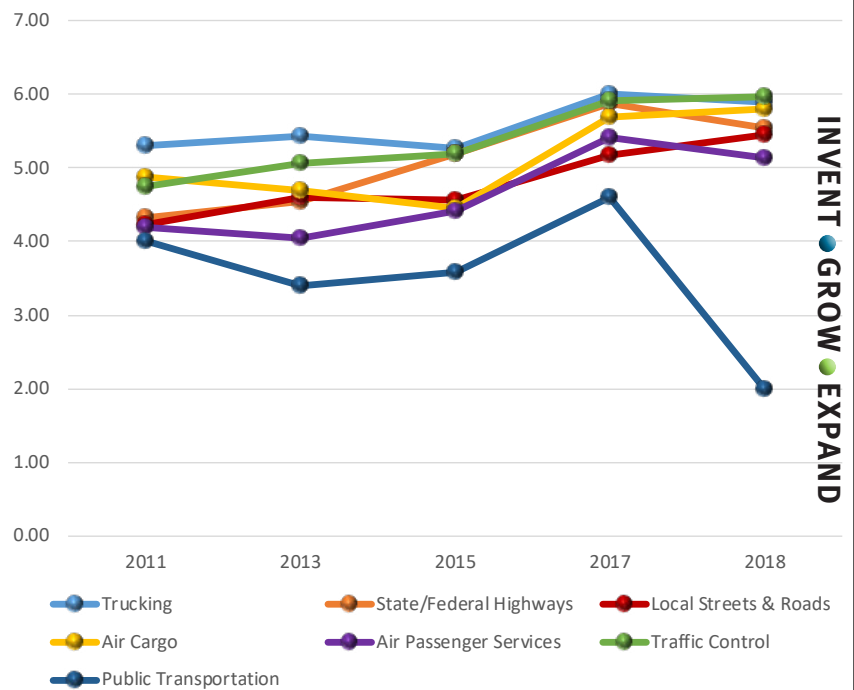
Companies indicated a desire for more direct flights to and from the Des Moines International Airport. In addition, there were

comments regarding regional airports need to be enhanced to accommodate company jets.

RAIL

The BNSF/Norfolk Southern rail line travels through the communities of Hamilton, Bussey, Tracy, Harvey, Knoxville and Pleasantville. This line carries an annual gross tons per line of 2 million. The Union Pacific rail line travels through Melcher-Dallas. This line carried an annual gross tons per line of 30 million. Pella does not have rail.

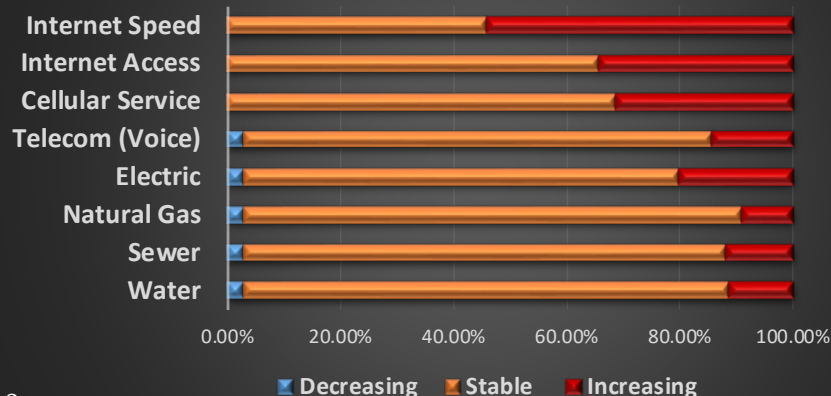
Infrastructure Satisfaction Ratings



TECHNOLOGY

New and emerging technology will effect operations at 37.14% of companies interviewed. While, 85.7% of companies feel the community's technology infrastructure is adequate for their growth plans. However, many stated that better speed would be favorable. This compares to 90.37% of companies in the Greater Des Moines Partnership Region that feel the technology infrastructure is adequate for their growth plans. Companies also found issues with cell telephone coverage especially during times when more people are using their telephones.

Utilities Consumption



Utilities Satisfaction Ratings & Consumption

Utilities were rated on a scale of one to seven with seven being excellent. The majority of utilities were rated between 6.3 and 5.4 with Natural Gas being rated best at 6.34 and cellular service being rated lowest at 5.43. Utilities within Marion County are rated higher than the statewide average.

The percentage of consumption increases for each utilities in Marion County is higher than within the Greater Des Moines Partnership.

COMMUNITY ASSETS



The five highest rated community assets within Marion County are K-12 schools (6.33), Colleges & Universities (6.31), Ambulance Services (6.29), Fire Protection (6.28) and Police Protection (6.26).

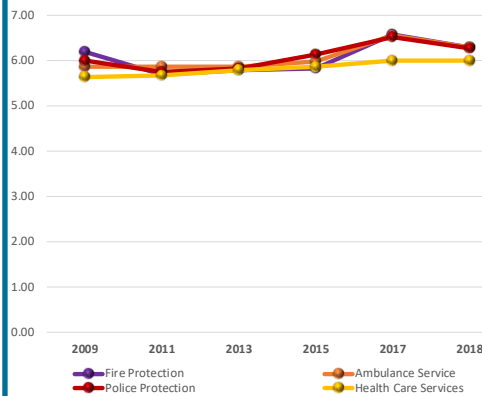
Within all of Iowa, the top 5 rated assets are Community College (6.45), Police Protection (6.20), Health care services (6.12), Fire Protection (6.10) and Economic Development Organization (5.70)

The five lowest rated community assets in Marion County are Public Transportation (2.00), For-Sale Housing (3.47), Rental Housing (3.82), Airline Passenger Services (5.14) and Child-care (5.19).

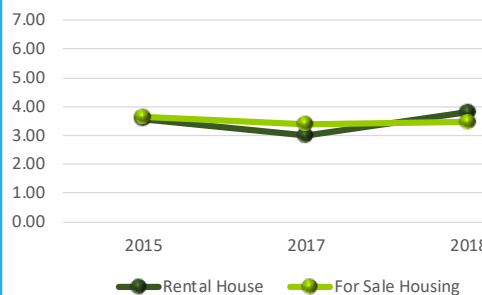
Within all of Iowa, the lowest 5 rated assets were Air Cargo Service (4.00), Airline Passenger Service (4.00), Public Transportation (4.54), County Services (4.76) and Zoning (4.78).

NOTE: Ratings for housing are not done statewide.

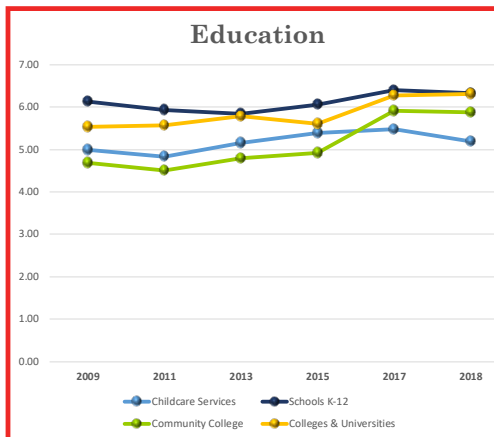
Health & Safety



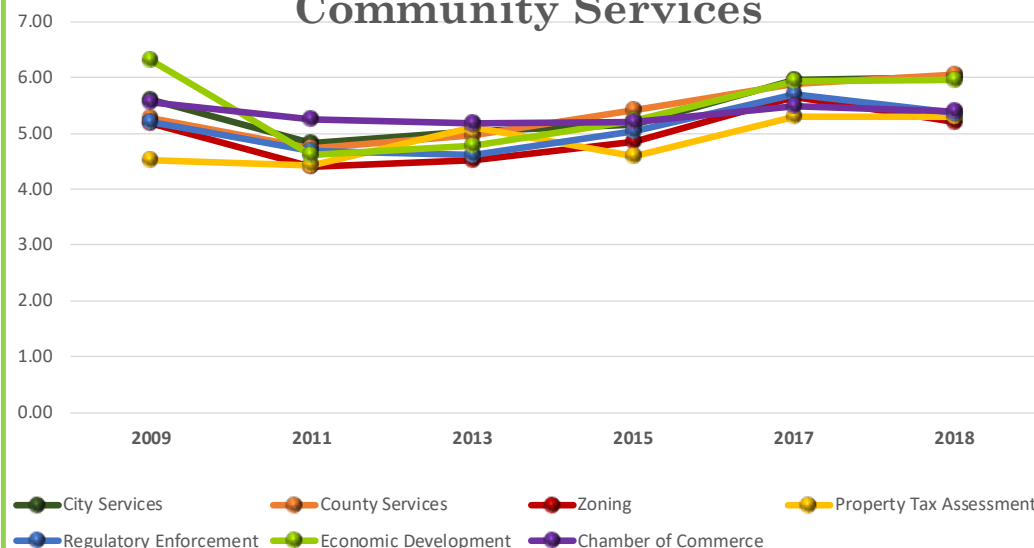
Housing



Education



Community Services



This report is compiled by the Marion County Development Commission (MCDC) from interviews conducted in Marion County, Iowa with prime employers from 1-1-2018 to 9-1-2018. In rural areas such as Marion County, Iowa over 85% of all new jobs are created by existing industry. The data obtained through this program is used to guide county economic development programs and Iowa Economic Development Authority programs. The statewide effort is called, BEST OF IOWA. The cost of this program is partially sponsored by utilities companies within Iowa. The program used is called Synchronist which has been created by Blaine Canada.

The MCDC also produces an annual fact sheet which includes various data from multiple sources. For a copy of this report, email carla@redrockarea.com. The MCDC is a department of county government working to cultivate a business friendly environment within Marion County, promote the area and connect internally and externally to economic development partners.