

2020 Red Rock Area Annual Business Report





The Marion County Development Commission (MCDC) exists to identify and plan strategies which will grow Marion County's economy. To do this, decisions by public and private entities need to be based on an understanding of key economic indicators, asset development and trends.

In rural areas such as ours, it requires business, workforce, government and nonprofit to work together to solve problems and build opportunities. This report focuses on four key elements for success:

1. Building a prosperity culture which attracts and retains talent to the region
2. Growth strategies that provide a climate for business success
3. Investments in placemaking to create thriving communities & enhance lifestyle
4. Connections both within Marion County and with regional & state partners to implement these strategies.

There is not one simple solution to navigate our economic future, but rather a coordinated effort to drive the economy using multiple strategies.

Together, we can accomplish great things.

Carla Eysink, IOM
MCDC Executive Director

Navigating Our Future



Economic Dashboard

Red Rock Area Metrics that Matter

Establishments

1,012

Trend: Increase, 997 in 2017

Net Migration 2018 to 2019

-19

Trend: Negative (-5,011 Iowa)

2019 Percent of Jobs
in Manufacturing

42.2%

Trend: Increase, 37.5% in 2017

2019 Poverty Rate

8.2%

Trend: Increase (6.8% in 2000)

2019 Median Household Income

\$66,381

Trend: Increase 47.5% since 2000

2019 Unemployment Rate

2.1%

Trend: Stable*

2019 Labor Force

18,614

Trend: Increase
(+6.6% Five year change)

2019 Population Estimate

33,253

Trend: Stable

2020 New Housing Permits

108

Trend: Increase, 35 in 2019

2019 Single Parent Households

6.9%

Trend: Stable, 7.0% in 2018
8.8% in US 2019

Annual Childcare Center
Cost for Infant

\$10,042

Trend: Increase

Public School Enrollment-Pella, M-D,
Knoxville, Pleasantville & Twin Cedars

5,178

Trend: Decrease, 106 fewer students
2020-21 than 2019-20

2019 Population 25+ with
Associates Degree or higher

39.4%

Trend: Stable, 39.2% in 2018
2019 Statewide 36.0%

Iowa Business Tax Climate Index

40th

Trend: Rank 40 out of 50 states

KEY:

GREEN=Positive Trend-Increase

BLUE=Even Trend-Stable

ORANGE=Negative Trend-Decrease

Economic Dashboard

12 Key Findings



PEOPLE

-Marion County, Iowa population is stable. The area has not seen gains like adjacent metro areas nor has it seen decline like adjacent more rural areas.

-In March, 2021 jobs listed on Iowa Works from Marion County exceeded Marion County individuals on unemployment by 807 jobs. This means that if each person on unemployment would be employed, there still needs to be 807 more people to fill current jobs.



-71.9% of Marion County's Prime Employers were experiencing recruitment problems during the 3rd quarter of 2020. This compares to 53.9% statewide. Many who indicated they were not experiencing problems with recruitment, explained that it was because they had no open positions at the time of the meeting.

-The top occupation by number of jobs in Marion County is team assembler. Occupation forecasts for Marion County indicate that the top occupation predicted to decline is team assemblers. There is a need for retraining to upskill current workforce into new positions for automated assembly and robotics.



BUSINESS

-Nearly one-third of Prime Employers in Marion County plan to expand in the next 3 years as compared to only 15% statewide.

-Marion County's job diversity index is below national and state marks because of the concentration of manufacturing. This leaves the area vulnerable if there are economic downturns in manufacturing.

-31.3% of Prime Employers do NOT have a succession plan in place as compared to 14.7% statewide.

-Just over a third of jobs in Marion County are in Stage 2 companies. These companies have opportunities for growth to move into becoming larger employers.

-Marion County area manufacturing companies experienced severe interruptions during COVID from national suppliers in states that were shutdown. This illustrates a need to recruit key suppliers to the area or state.



QUALITY OF LIFE

-52.4% of Marion County residents live within a half mile of a park. This compares to only 14.6% in the US. This is an asset of the area for quality of life.

-Child Care continues to receive lower satisfaction ratings by Prime Employers as an indication of an obstacle for growth.

-There were 108 permits issued by cities and Marion County during 2020 for new residential homes. This marks a significant increase from 2019.



Demographic Profile

Population

Total Marion County Population-33,235



Rural Unincorporated

11,973
36.00%



Pella

10,237
30.79%



Knoxville

7,168
21.56%



Pleasantville

1,696
5.10%



Melcher-Dallas

1,244
3.74%



Small Towns

935
2.81%

Age Range

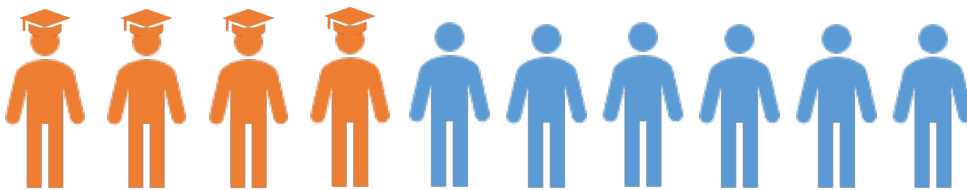


Median Age
39.4
Marion County

38.2-Iowa
38.1-US

Age Distribution	Under 5	5-17	18-24	25-44	45-64	65+
Marion County	5.6%	17.7%	10.4%	22.7%	26.1%	17.5%
Iowa	6.2%	16.8%	9.9%	24.8%	24.7%	17.5%
US	6.0%	16.3%	9.2%	26.7%	25.4%	16.5%

Education



4 out of 10
Marion County residents
over age 25
have some type of degree
beyond high school

Income



\$66,381-Median Household Income



\$50,862-Per Capita Income



2,726-Population in Poverty



698-Unemployed Population



\$721-Median Gross Rent

Households



22.7%
Married
with kids
18.8% US



28.2%
Living
Alone
27.9% US



6.9%
Single
with kids
8.8% US



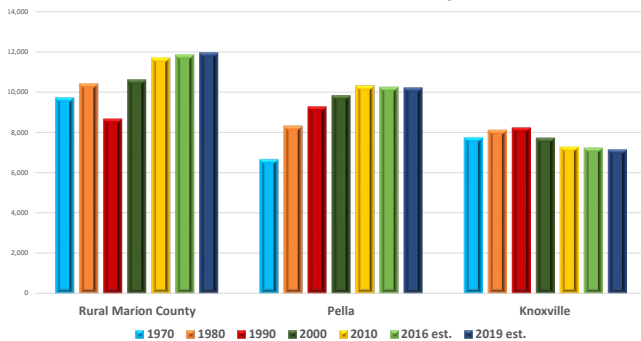
32.8%
Married no
kids
29.4% US



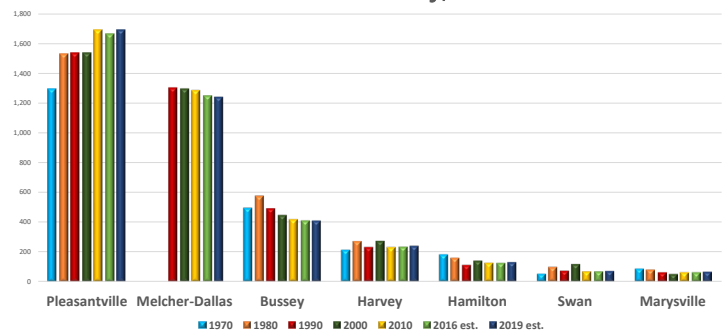
9.4%
Other
household
15.1% US

PROSPERITY CULTURE

Population-Knoxville, Pella & Rural Marion County



Population for Small Towns in Marion County, Iowa



The centerpiece of our prosperity strategy is enhancing our ability to attract and retain talent. This focus is combined with a dedication to building a culture where new ideas and innovation thrive.

POPULATION: Marion County's population has remained stable over the past two decades with small increases and decreases from year to year. New population data will come out in September, 2021 from the 2020 Census. The current Marion County population is estimated to be 33,253.

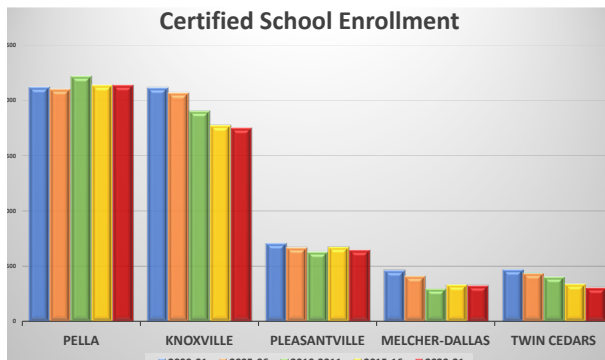
In Iowa, metro areas have seen an increase in population while many micropolitan areas such as Marion County have seen stable population. In very rural areas of Iowa, the population has experienced substantial decreases.

Within Marion County, rural unincorporated Marion County, Pella and Pleasantville have all seen population increases. While, Knoxville, Melcher-Dallas and Bussey have seen population decreases.

Historically, there are two ways to increase population. First is the number of net births vs. deaths within a region. Regions who have higher birthrates, increase population mostly because of having a higher percentage of younger residents. Marion County and Iowa have seen an increase in median age meaning that more of the population is falling into older age groups. Even with a younger population base, it is difficult for regions to gain population solely on this factor. The second way to increase population is through migration either from other areas in the US, other areas of Iowa or international migration. Although net migration to Marion County (+333 from 2014-2018) has been positive these gains are very low. From 2018 to 2019, Marion County has a net decrease of 19 people when looking at domestic migration.

Marion County has slightly less population in the under 5 years and young adult age 25-44 than in the US. The largest race in Marion County is white at 95.8% followed by two or more races at 1.4%, Asian at 1.1% and Black at 1.1%. Population identifying themselves as of Hispanic or Latino origin has increased to 1.9%.

Certified School Enrollment



EDUCATION:

Since 2000, the Knoxville Community School District, Melcher-Dallas Community School District and Twin Cedars Community School Districts have seen certified enrollment decline. Pella Community School District and Pleasantville Community School District have remained flat.

Future Ready Iowa is a state initiative to increase the percentage of residents with either a degree or certification past high school. In 2019, 39.4% of Marion County residents over the age of 25 have some type of degree beyond high school. This compares to 36.6% in the US and 36.0% in Iowa. There is substantial differences amongst Marion County communities for education levels. Pella has 49.7% with a degree be-

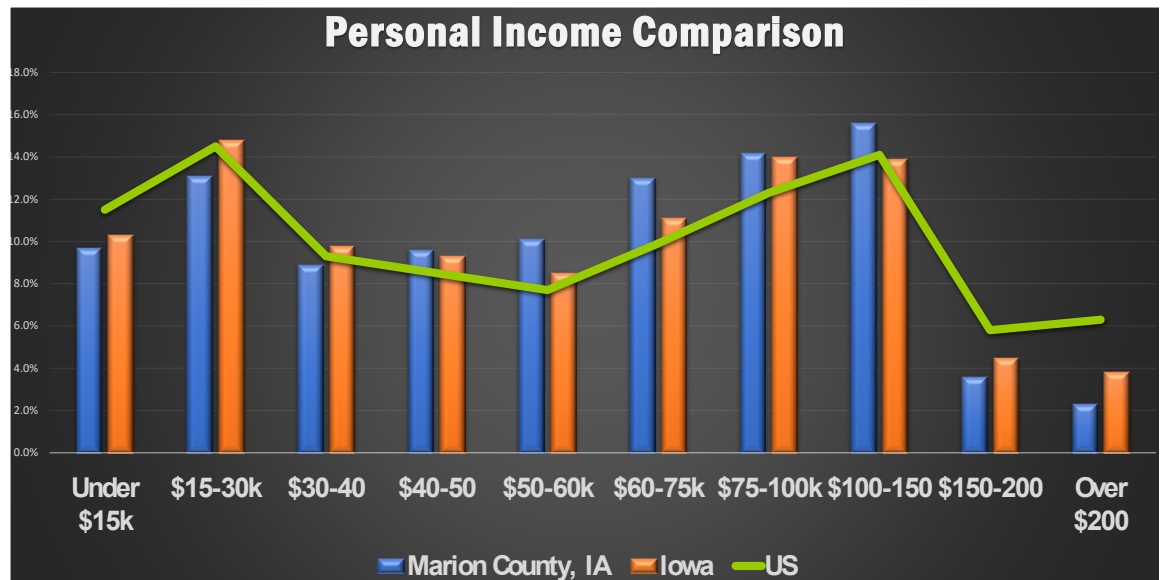
yond high school as compared to only 22% in both Melcher-Dallas and Bussey.

The high school graduation rate in Marion County remains strong at 96.7% compared to the national median of 88.8%. Student achievement outpaces national figures with 80.7% of Marion County children meeting standards in Grade 4 ELA as compared to only 50% in the US.

INCOME:

Household income measures incomes of all people over age 15 years occupying the same housing unit regardless of relation. In Marion County, the median household income is \$66,381 compared to \$68,703 in the US. The average weekly wage in Marion County is \$947 as compared to \$761 in the US. Marion County has a high labor partici-

pation rate at 66.8% as compared to 58.9% in the US. When you look at income further, Marion County has more persons in middle income levels with fewer in both the low and high income extremes as compared to the US as a whole. The poverty rate in Marion County has increased to 8.2%, but still remains lower than the Iowa or US average.



PRIME EMPLOYER SURVEY RESULTS:

Each year, Marion County Development Commission staff meet with Prime Employers within Marion County. During 2020, these interviews were conducted in the 3rd quarter with 30 Marion County Prime Employers. In Marion County, 93.8% of Prime Employers were private for-profit businesses with 87.5% owning their facilities. Statewide economic developers met with over 800 Prime Employers in 76 different counties. Statewide 51.8% of companies were located in rural areas.

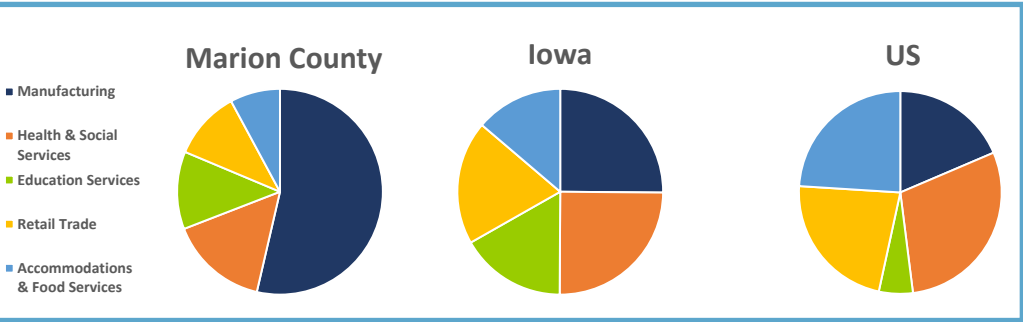
-Remote Workers: Fifty percent of Marion County Prime Employers do not have a remote worker policy. This factor is because many are within the manufacturing sector. Of those who do have a remote worker policy, 92.3% indicate they will continue their current policy.

-Workforce Recruitment: We met with Prime Employers during the third quarter of 2020 when many were just opening back up, but 71.9% indicated that they were still experiencing recruitment problems. This compares to 53.9% statewide. Many who indicated they were not experiencing recruitment problems indicated that the reason was because they were not currently recruiting. The mean number of full-time employees per company with Marion County Prime Employers was 245, compared to 205 statewide. Of the Prime Employers we talked to in 3rd quarter 2020, 75% were at normal staffing levels which compares to 74.2% statewide. Part of this was due to the high number of essential employers in the area which allowed them to remain operational without mandatory shutdowns like in other states.

-Workforce Retention: The retention of high value employees is critical for business growth. Nearly one-third of Prime Employers indicated that they have lost a high value employee in the past 6 months as compared to 18.2% in Iowa. The positions that employers find the most difficult to fill include: engineering, welding, IT & tech support, maintenance, CNC machinists, nurses with specialized skills, medical technology, production, sales & customer service and upper management.

BUSINESS GROWTH STRATEGIES

Marion County has a strong manufacturing cluster. Business growth strategies focus on building assets to support the manufacturing cluster as well as strategies to diversify the local economic employment base into other sectors.



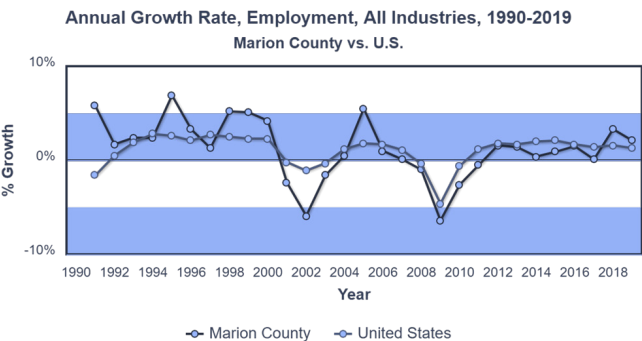
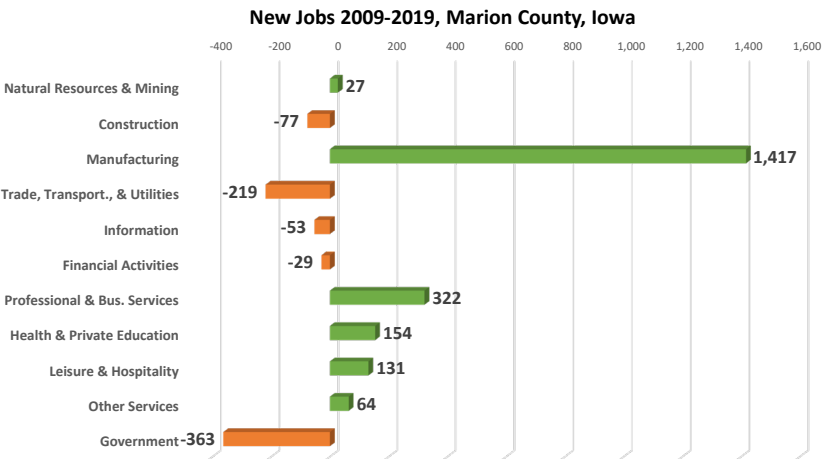
BUSINESSES:
Today, there are just over 7,500 manufacturing jobs in Marion County which represents just over 42% of all jobs. Marion County ranks in the top 2% of US counties for percentage of jobs in manufacturing.

The next largest sectors are Health Care (2,202 jobs) and Education (1,735 jobs). Marion County’s strong tourism sector also provides 1,529 retail trade jobs and 1,120 lodging and food service jobs.

Marion County’s Job Diversity Index Score is 0.59 as compared to 0.72 US and 0.73 in Iowa. This means Marion County is vulnerable since most jobs are concentrated in a few sectors as compared to the diversity of sectors in the US or Iowa.

When looking at the annual growth rate of employment across all sectors, Marion County’s rate of growth in employment has outpaced the US since 2016. The number of Marion County establishments by employment size include: 15.94% self-employed, 65.24% small, 17.48% stage 2 growth, 1.15% medium and .19% larger employers. But in contrast, a comparison of the percentage of jobs within different sized employers shows: 1.34% self employed, 20.27% small, 33.72% stage 2 growth, 17.29% medium and 27.38% large. This means that even though stage 2 growth companies make up only 17.48% of all businesses, they are responsible for 33.72% of all jobs in Marion County.

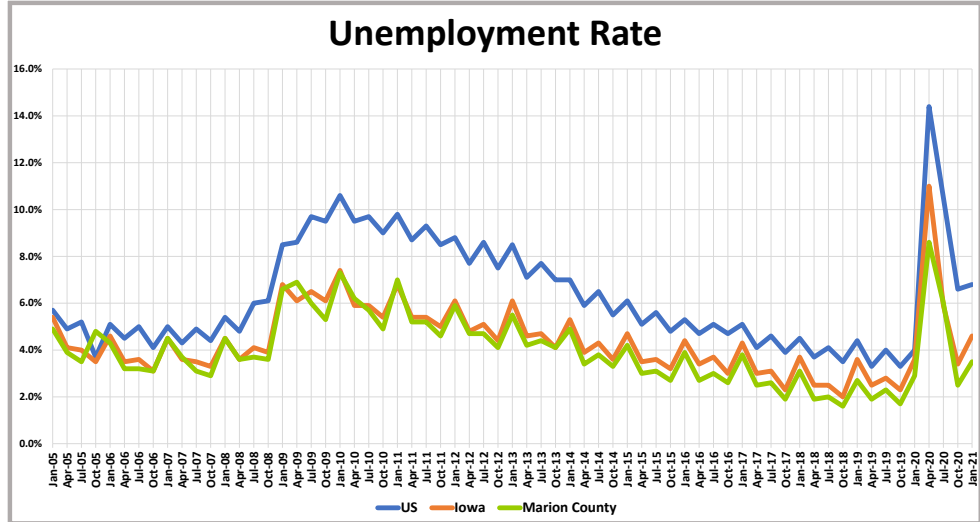
JOB:
The top occupations by number of jobs within Marion County include: team assemblers, woodworking machine operators, cashiers, fast food & counter workers, freight/material movers, retail salespersons, registered nurses and welders. However, when looking at mean annual wages the top paying occupations are mostly within the health sector: general internal medicine physicians, obstetricians, orthodontists, physicians, oral surgeons, surgeons, and pediatricians. Iowa Workforce Development provides an annual report of wages for Marion County which provides information for entry to experienced wage levels for many occupations. To receive a copy, contact ceysink@marioncountyiowa.gov.



Occupation forecasts predict that over the next 5 years there will be needs for additional personal care aides, industrial machinery mechanics, cooks, home health aides, managers, nursing assistants, industrial engineers and software developers. Conversely, forecasts predict the largest decline in occupations for team assemblers, cashiers, farmers, office clerks, and administrative assistants. This factor is critical for Marion County since team assemblers are the largest occupation and also have the highest

number of negative job numbers in the next 5 years. Emphasis on retraining team assemblers into occupations seeing higher demand will help stabilize the region.

Despite higher unemployment numbers in the majority of 2020, unemployment numbers now have decreased. The February 2021 unemployment rate for Marion County was 3.5%. The majority of unemployed in Marion County are within the manufacturing sector.



In March 2021, the IowaWorks website listed 1,113 job openings within Marion County. In contrast, the Iowa Workforce Development website in March 2021 listed that there were 306 Marion County residents who were unemployed. This means that if every person on unemployment were to fill a position, there would still be a gap of 807 open jobs. Retraining is a key factor in getting unemployed persons into the workforce, but the region also needs to focus on workforce attraction strategies to fill both current job vacancies and net new jobs to be

created as companies expand. The success of strategies to build a Prosperity Culture will directly impact Business Growth Strategies.


The majority of job growth has come from startups and existing business expansion. Only a small portion of job gains came from new companies moving into the area. Nationally, in rural areas such as Marion County 86% of all new jobs come from existing businesses. New business startups are also a critical component of jobs growth and many also provide diversification of the employment sectors.


From 1990 to 2019, there were 5,242 net new jobs created in Marion County. This compares to 88,171 in Polk County, 38,707 in Dallas County, 5,041 in Warren County and 1,331 in Poweshiek County. If you shrink the time period and focus on the period of time from 2009 to 2019, there were 1,417 total net new jobs created in Marion County within the manufacturing sector and 322 net new jobs created in the professional/business services sector.

COMMUTING:

The current average commute time for Marion County residents to their place of employment is 11 miles one-way or 16 minutes one-way.

11 miles
one-way





16
minutes

TAXES:

Iowa ranks number 40 according to the Tax Foundation State Business Tax Climate Index. The current 2021 Iowa Corporate Income Tax rates and brackets are: up to \$100,000-5.5%, \$100,000 to \$250,000-9.0% and over \$250,000-9.8%. According to Tax-rates.org, Marion County home owners pay \$1,653 per year for a median house value of \$137,300. This ranks Marion County 671st out of 3,141 counties in the US for median property taxes. The total sales tax rate in Marion County is 7% with 6% state of Iowa and 1% local government.

PRIME EMPLOYER SURVEY RESULTS:

-Management: Over the past 18 months or next year, 21.9% of companies indicate that they will have a change in top management as compared to only 19.9% statewide. Likewise, Over the past 18 months or next year, 12.5% of companies indicate that there will be an ownership change as compared to only 9.8% statewide. Nearly one-third (31.3%) of Marion County Prime Employers indicated they did not have a succession plan in place which compares to only 13.7% statewide. This identifies an opportunity for local chambers and economic development groups to connect Prime Employers with resources to

put some type of succession plan together. This will help long term with smooth transitions of ownership and business operations.

-Operations: Prime Employers were asked what stage their primary product is in its life cycle: 9.4% emerging, 50% growth stage, 37.5% in the mature stage and 3.1% decline. Over 81% of Prime Employers have introduced a new product in the past 3 years which compares to 75.8% statewide. Likewise, over 81% of Prime Employers plan to introduce additional new products in the next 2 years which compares to 69.3% statewide. Prime Employers within Marion County indicated that their primary markets are 43.8% Iowa, 12.5% midwest, 28.1% national and 15.6% international. During the summer of 2020, seventy-eight percent of companies indicated they were open with regular hours and regular operations. Customer demand was an issue of concern with nearly half of the Prime Employers indicating that they expected it to take 12 weeks before customer demand returned to pre-COVID levels.

31.3%
plan to expand in
next 3 years & are
moving forward
(14.7% statewide)

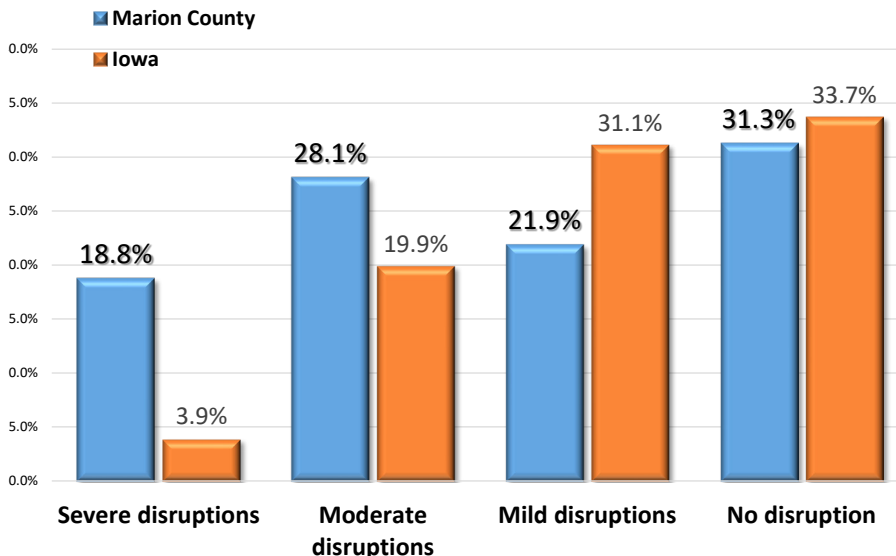
Prime Employers indicated assistance needed for technology, marketing/sales, e-commerce and business coaching. Their primary concerns were finding employees, economic uncertainty and employee/customer safety. The majority of stress for businesses in 3rd quarter 2020 was from customers and supply chain issues.

-Exports: Thirty-four percent of Prime Employers in Marion County export. During the summer of 2020, eighty percent of Prime Employer companies that export indicated export sales were stable and 10 percent indicated that export sales were increasing.

-Expansion: Statewide, 14.7% of Prime Employers plan to expand within the next 3 years. In Marion County, 31.3% of Prime Employers plan to expand which illustrates the growth in jobs within the area. In addition, there were 6.3% additional Prime Employers with new plans to expand.

-Supply Chain: During 3rd quarter 2020, Marion County Prime Employers were experiencing severe (18.8%), moderate (28.1%) and mild (21.9%) disruptions among suppliers and service providers. With 37.5% of Prime Employers anticipating that it would take more than 12 months for things to return to pre-COVID operations. The primary pinch for Marion County Prime Employers was getting supplies from suppliers in other US states that were shut down. There also were specific medical and electronic components that were being delayed from southeast Asia and China.

Negative Disruptions Among Suppliers / Service Providers



PLACEMAKING

HOUSEHOLDS:

There are 13,365 households in Marion County. Of those households, 55.5% are married households which compares to 48.2% in the US. Of those married households, 22.7% are married with children living at home. There are 6.9% of households that have a single adult with children which compares to 8.8% in the US.

CHILD CARE:

The 2018 Marion County Child Care Needs Study identified several challenges with child care. These include: affordability, availability of preferred type, staffing and operations costs. Statewide, the average family spends 11.8% of their median household income for infant childcare which compares to 11.1% in Marion County. The average annual price of infant child care at a child care center in Marion County is \$10,042.

HOUSING:

There were 108 building permits for new single family residents issued by Marion County and cities within the county during 2020. Rural unincorporated Marion County, Pella and Pleasantville experienced the largest increase in permits over 2019. There were 35 permits in 2019. Fifty-two percent of Marion County residents live within a half mile of a public park as compared to only 14.6% nationwide.

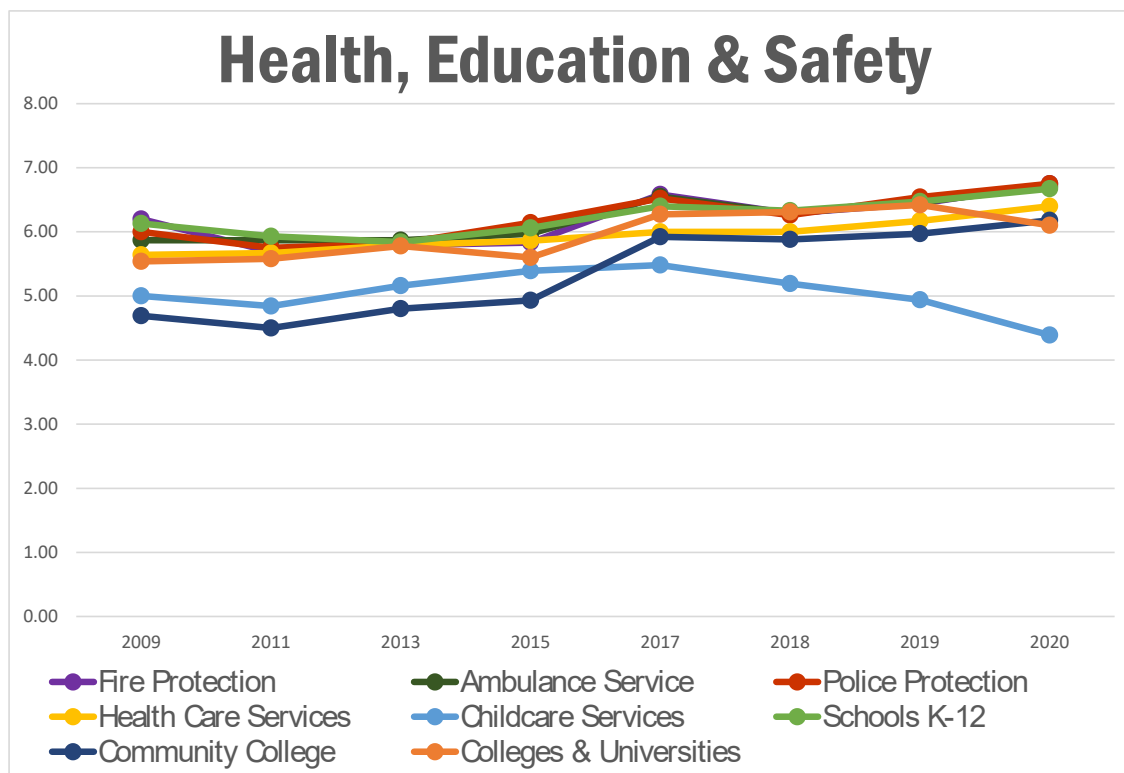
COSTS:

The cost of living in Marion County is 84.2 compared to 83.7 in Iowa and 100 in the US.

PRIME EMPLOYER SURVEY RESULTS:

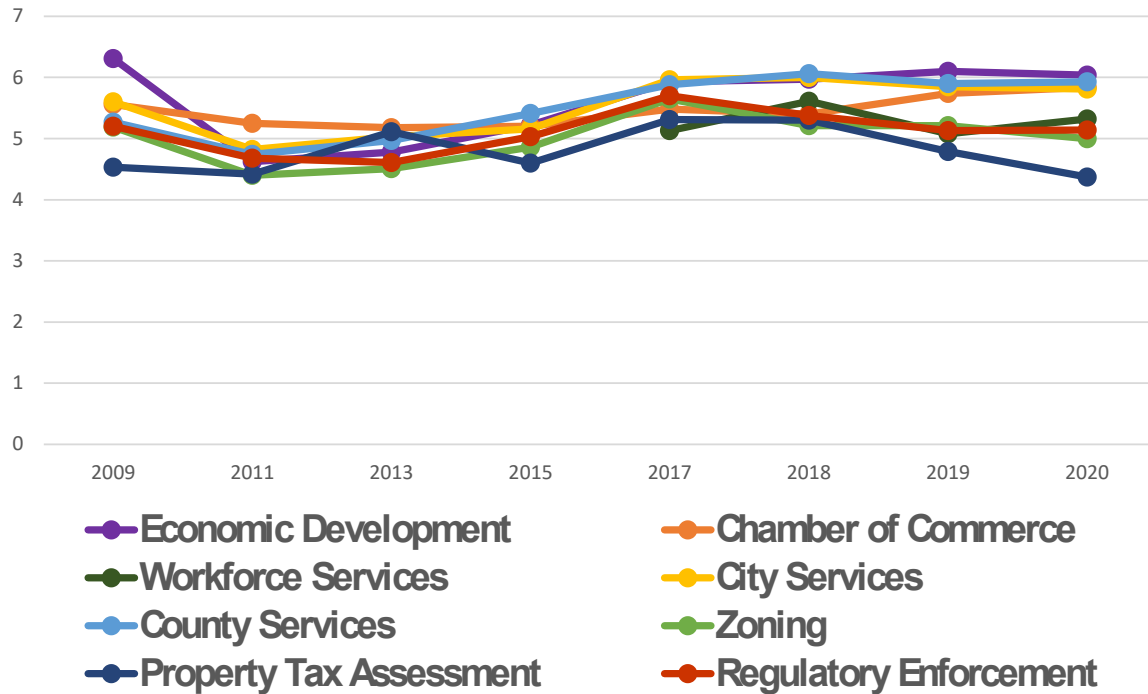
-Infrastructure: There are 89.4% of households in Marion County that have internet access. Twenty-one percent of Prime Employers indicate a need for increased consumption of electricity and 37.5% increased consumption for internet speed as compared to 14.2% and 27.1% respectively statewide. Half of the Prime Employers indicate there will be technology changes in the future that will impact company operations. Employers were most satisfied with natural gas, electric and water utilities while identifying problems with telecom (voice), cellular service and internet speed.

-Assets: Each year prime employers rate various community assets with a satisfaction rating from 1 being poor to 7 being excellent.



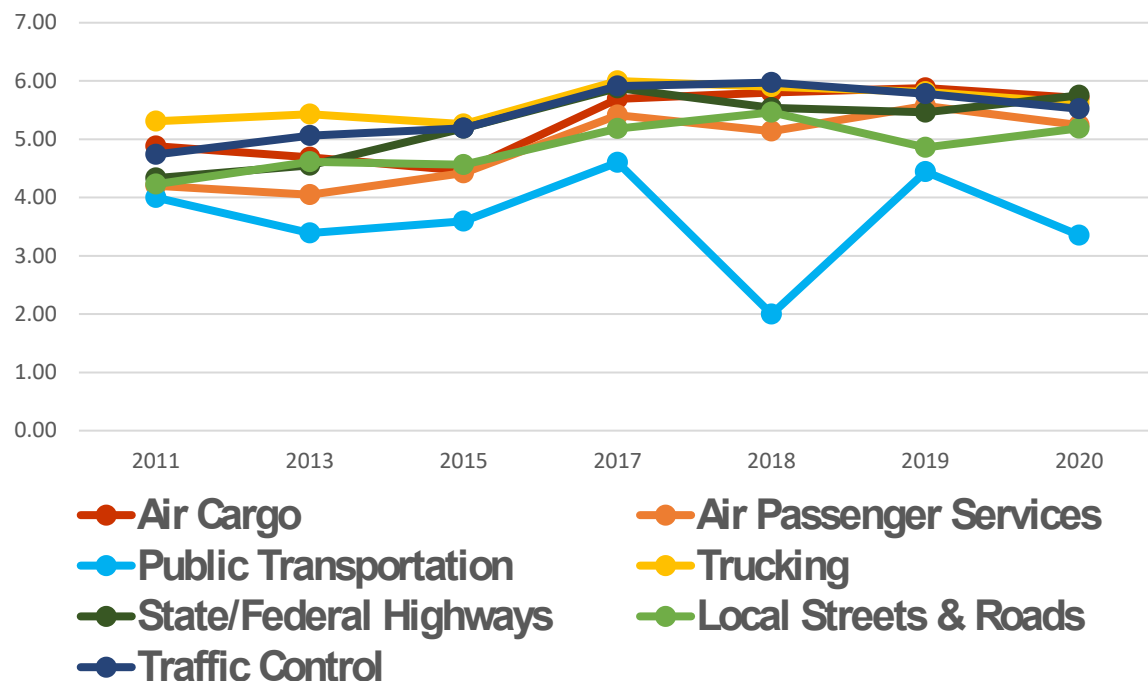
Scale:
1=Poor
7=Excellent

Community & Government Services



Scale:
1=Poor
7=Excellent

Infrastructure



CONNECTIONS



COMMUNITIES & COUNTY

In 2020, community leaders built stronger connections to help residents and businesses survive during COVID-19. MCDC is especially appreciative of our area business organizations and chambers for their partnership in addressing issues. In a rural area such as Marion County, collaboration and partnerships are key in accomplishing goals.

The Marion County Development Commission strives to connect with local city leaders through one-on-one meetings as well as quarterly local government meetings. Many of the projects led by MCDC would not happen without the participation and funding received from our cities and community organization.



BUSINESSES

Each year through our annual business visits, we discuss key issues with Marion County's prime employers. MCDC works with local groups to support business resources and educational opportunities for businesses. MCDC prides itself in setting our priorities by the data collected from our businesses. This allows us to keep the focus on business needs and not individual agendas.

This year was difficult for many small businesses within Marion County. It highlighted the need to have better communications about programs. MCDC will be redesigning the economic development information website to connect with the overall county website and enhance functionality for businesses during 2021.



REGIONAL & STATE

Utility partners, educational institutions, regional economic development groups and state agencies are just some of the partners the Marion County Development Commission works with to implement programs and promote issues important to Marion County area businesses.

The funding and guidance provided by these entities helps Marion County plan for the future and build partnerships to address larger issues.

If your organization would be interested in the 2020 Annual Business Report presentation for the Red Rock Area, please contact ceysink@marioncountyiowa.gov. The presentation takes 30 to 45 minutes.

The presentation slides for the 2020 Annual Business Report can be found at marioncountyiowa.com under the REPORTS & DATA tab.

Together, we can accomplish great things!

Sources: Iowa Workforce Development, US Census, Greater Des Moines Partnership Data Hub, 2020 Synchronist Visits, Iowa Department of Education, Iowa Data Center, US News & World Report, Tax Foundation, BestPlaces.net, US Bureau of Labor Statistics, Pella Laborshed-2020, YourEconomy.org, Chmura JobsEQ, IowaWorks.com, Iowa Department of Revenue, Marion County Child Care Needs Study-2018, University of Wisconsin, Iowa Child Care Resource & Referral, City/County Zoning Departments, and Travellowa.com.

Marion County Development Ambitions

ECONOMIC DIVERSITY

WHY IT MATTERS

Building on Marion County's strong manufacturing sector, opportunity exists to attract additional suppliers and service companies. Economic downturn impacts can be lessened by developing employment in a variety of sectors beyond manufacturing.

FACT

The Job Diversity Index for Marion County is 0.59 compared to 0.72 in the US and 0.73 in Iowa.



MARION COUNTY STRATEGY

Targeted Industry Study
& Marketing
Existing Industry Calls

JOB GROWTH

WHY IT MATTERS

New & expanding companies means more net new job opportunities. Automation and robotics will change our future, but jobs will remain a key component of community vibrancy.

FACT

Since 2016, the annual growth rate of employment in Marion County has outpaced growth in the US. Since 2009, there were 1,417 new jobs within the manufacturing sector in Marion County.



MARION COUNTY STRATEGY

Economic Gardening Pilot
Regional Broadband Study
Existing Industry Calls
Targeted Industry Study

STARTUP & INVENT

WHY IT MATTERS

Invention introduces the next breakthrough ideas to our area's economy and feeds a climate of innovation.

FACT

During 2019, there were 216 business applications in Marion County which is up 2.9% from 2018.



MARION COUNTY STRATEGY

Regional Broadband Study
Entrepreneur Launch Workshop
Manufacturing 4.0

BUSINESS EXPANSION

WHY IT MATTERS

Expanding companies are increasing sales and building a stronger position within their market segment.

FACT

32% of Marion County Prime Employers plan to expand in the next 3 years as compared to only 15% in Iowa. Workforce and sites are key to keeping job growth by these employers in Marion County.



MARION COUNTY STRATEGY

Regional Broadband Study
Existing Industry Calls
Economic Gardening Pilot

WHY IT MATTERS

Population growth is not keeping pace with job growth in Marion County.

Communities need population growth to fund innovative schools and local government services.

FACT

Marion County's population has remained constant for the past twenty years even though jobs in the county have grown.



MARION COUNTY STRATEGY

County Housing Study
Child Care Needs Study
Website
Workforce Attraction
Red Rock Guide
iWIN

POPULATION GROWTH

WHY IT MATTERS

People are our greatest asset. If growing companies are able to find or recruit talent, they will continue to start and expand in those locations which can retain talent.

FACT

Over 71% of Prime Employers have recruitment problems currently and 31% have lost a high value employee in the past 6 months as compared to 18.2% statewide.



MARION COUNTY STRATEGY

Workforce Recruitment
Top 10 Under 40
Website
Leadership Red Rock
Regional Broadband Study
Existing Industry Calls

TALENT MIGRATION

WHY IT MATTERS

The skills required for future jobs are constantly changing. To retain high skilled jobs, we need high skilled workers and a constant focus on upskilling our current workforce.

FACT

Assemblers are the number one occupation currently in Marion County and are also the top occupation predicted to decline in the next 5 years.



MARION COUNTY STRATEGY

Teaching for the Workforce
Leadership Red Rock
iWIN

WORKFORCE SKILLS

WHY IT MATTERS

Talent does not need to live where they work anymore. Gathering spaces and community assets lure talent. Talent creates economic prosperity.

FACT

Each year, travelers spend over \$55 million in Marion County. Lake Red Rock is Iowa's largest lake.



MARION COUNTY STRATEGY

Placemaking Study
Red Rock Guide
Website
Regional Broadband Study
Best of Red Rock Contest

PLACEMAKING



Marion County Development

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Office Address: 3014 East Main Street, Knoxville, IA 50138

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redrockarea.com

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