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Community Development in Non-EZ Areas
“Getting Ready to Get Ready”

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SECTION IV

DATA GATHERING FOR

COMMUNITY MARKETING PLAN DEVELOPMENT

Preparedness is absolutely **Essential** in order for any community to retain its existing industrial base, as well as for that community to further enhance its economic development growth opportunities.

Many location consultants utilize a 19-point evaluation to determine community preparedness for any type of project location analysis they are conducting:

The following are descriptions of these 19-points for community evaluations.

19-Point Evaluation

✓ 1. **Population Characteristics:**

A. **Growth trends** - Changing workforce characteristics and trends which will assure an industry of a longer term labor supply.

B. **Local ethnic and/or minority representation -**

1. Are there aspects of the community that might interfere with the industry's minority employment objectives which are consistent with federal and state laws and policies?
2. Is there evidence of unusual racial tension or failure by the community to deal realistically and appropriately with minority grievances?
 - a. Identification of significant ethnic and/or minority groups in the community.
 - b. These groups' involvements in local leadership.

✓ 2. **Labor:**

Even though business profits are up, output is growing, and the economy is recovering, the expected surge of job growth is non-existent.

Corporate America has a great reluctance to hire large groups of new employees for fear of another economic downturn.

19-POINT EVALUATION (CONTINUED).

We must keep in mind the recent major downsizing announcements of employees by U.S. conglomerates such as Boeing, Sears, IBM, and General Motors.

Rather than hiring new employees, companies will be working their existing employees harder and smarter.

The U.S. Department of Labor projects only a 1.2% annual rise in the workforce during the 1990's; that percentage equates to about 75,000 jobs per month (many of those jobs are temporary or part-time).

NOTE - Any community needs to conduct a comprehensive labor analysis of its labor commuting region to determine size and type of workforce availability -vs- the types of industries to be sought.

- A. **Availability** - Unemployment rates continue to increase; and qualified labor availability for various types of manufacturing and/or service related jobs is good.

NOTE - Industries prefer to see a job applicant screening ratio of at least 67 to 1 to fill job openings.

QUESTION - Does it appear that the proposed operation can conform to its hiring schedule and build a labor force without compromising its skill and productivity requirements?

- a. Size and type of labor market.
- b. Community patterns of labor force.
- c. Unemployment and under-employment.
- d. Employment gains and/or losses.

B. Costs

1. **Wages** - Are wages at a level which will enhance the industry's competitive position in the world's marketplace?

NOTE - Wages are important; however, productivity levels are even more important.

2. **Fringes** - Are fringes competitive?

19-POINT EVALUATION (CONTINUED).

U.S. Employer's Benefit Costs

	<u>% of Payroll</u>	<u>Annual Average Cost of Benefits Per Employee</u>
All industries	39.2 %	\$ 13,126
All manufacturing	38.8 %	\$ 14,317
All non-manufacturing	39.4 %	\$ 12,761

- C. **Attitudes** - Does the workforce have any history of labor strife and/or work stoppages (10 year analysis is required)?

NOTE - Generally speaking, in the last 5 year, unions won about 47.0% of all NLRB elections. While it is true that unions have lost membership over the past decade, a new regime in Washington, more sympathetic to organized labor than some past administrations, could be helpful to the overall unionization drive.

- D. **Dependability** - Does the workforce have low turnover and low casual absenteeism rates? Monthly turnover rates of less than 1.0% are excellent. Monthly casual absenteeism rates of 3.0% or less are excellent.

- E. **Quality and productivity levels** - Production and/or service efficiencies at 100% levels are desirable.

- F. Creative work concepts which are being used by innovative companies --

1. Total quality management (TQM).
2. Team work concepts.
3. Gain sharing.
4. Participative management.

✓ 3. **Transportation Systems:**

Are transportation systems readily accessible and competitively priced?

- A. Motor freight common and contract carriers.
- B. Air (private and commercial services for national and/or international personnel travel and/or product shipments).

NOTE - An airport with an ILS system and a 5,000 foot runway is desired within a 30-minute drive.

19-POINT EVALUATION (CONTINUED).

- C. Railroads (regular and piggy-back services for product shipments, commuter rail for personnel transfer - reciprocity agreements, switching frequency).
- D. Access to a deepwater port and/or maintained barge channels.
NOTE - Containerization into the U.S. will become a bigger reality.
- E. Highways (height and weight limits; access to interstate highway systems).
- F. Overnight parcel carriers.
- G. The availability of nearby full service inter modal facilities.

4. Utilities:

Is the community served by utility networks adequate to support industries' initial and longer term needs?

- A. Electricity - While it is difficult to predict the rate of U.S. economic growth over an extended period, energy demand is expected to grow at half that rate.

ITEMS OF EVALUATION - Availabilities, reserves, reliability factor, rates = published and reduced incentives.

- B. Natural gas - About 42.0% of the energy used by U.S. industry is supplied by natural gas. Less than 10.0% of the U.S. needs for natural gas are satisfied through imports, and most of that imported gas comes from Canada.

ITEMS OF EVALUATION - Availabilities, number of sources = interstate and intrastate, "transport" capabilities and costs, reliability factors, and rates.

- C. Water system - Does the existing system have sufficient volumes for growth, as well as reserves for dry periods?

ITEMS OF EVALUATION - Sources, daily treatment capacities -vs- usages, storage capacities, chemical content, and costs.

NOTE - Ideal pH is 7; preferred hardness is 75 to 100 ppm; iron content maximum of .3 ppm; temperature of 50°F to 70°F preferred.

- D. Wastewater system - Industry prefers the usage of a municipal system with advanced treatment qualities.

ITEMS OF EVALUATION - Daily treatment capacities -vs- reserves, pre-treatment standards, treatment effectiveness, and infiltration issues.

19-POINT EVALUATION (CONTINUED).

✓ 5. **Telecommunications:**

America has entered the *Age of Information*; and state-of-the-art telecommunications systems are now a major requirement for today's industries' continued successes in their global markets.

THREE (3) CORPORATE TRENDS REGARDING THE GROWING IMPORTANCE OF TELECOMMUNICATIONS AS A LOCATION FACTOR -

- Increasing corporate telecommunications expenditures (average expenditure for communications per employee = \$2,200 to \$3,500).
- Using telecommunications to improve business productivity (use of CAD/CAM, ISDN).
- Increasing strategic importance of telecommunications (better maintenance of relationships between the supplier and the customers).

QUESTION - Does the community offer access to state-of-the-art telecommunications systems?

A. Basic requirements -

1. Digital switching (preference = central office).
2. Fiber optic loop facilities.
3. Route diversity and disaster recovery capabilities.
4. Integrated services digital network (ISDN).
5. Multiple carrier points-of-presence (POP's).
6. Trunk line capacity.
7. Direct international dialing.

B. Services and support.

✓ 6. **Environmental Aspects:**

QUESTION - How will state and/or local environmental considerations affect site selection, cost of project construction, and overall operation costs?

COMMENT - The Pollution Prevention Act of 1990 established pollution prevention as national policy. The primary goal of pollution prevention is preventing or reducing the generation of wastes and pollutants at the sources.

19-POINT EVALUATION (CONTINUED).

A. Air -

1. What is the community's status relative to process air emission discharges - attainment, unclassified, non-attainment (and for which pollutants)?
2. Would offsets be required? If yes, availability and costs?
3. How does the amended Clean Air Act of 1990 affect the community's new and existing industries?
4. Would an environmental impact statement (EIS) be required? If yes, process and timing?
5. Can site preparation begin before the permit is issued?
6. Is only 1 permit required to construct and operate?

B. Water - The Clean Water Act, as amended in 1977, regulates pollution discharges into the nation's waterways and water systems, including controls on storm water run-off.

C. Solid/liquid wastes (non-hazardous) - What is the condition of the local/area solid wastes landfill = Life expectancy, transfer costs, and capabilities based on the implementation of new federal rules and regulations.

D. Solid/liquid wastes (hazardous) - What are the outlets for these wastes = Liability of the transferring agents, transfer costs, and permitting requirements?

1. Understanding of SARA Title III = Emergency planning and community right-to-know act regarding chemical usage and storage.
2. Understanding of CERCLA relative to toxic wastes handling and dumping.

ENVIRONMENTAL CONTAMINATION ISSUES - Under the current laws in the U.S., at the time environmental contamination is discovered, the current property owner bears much of the financial responsibility of site/facility clean-up, and much of the responsibility for any hazardous related incidents which may occur on the property.

Several states now mandate pre-acquisition site/facility investigations by law.

There are 3 possible levels of environmental assessment of any given site/facility -

- **Level 1** = Preliminary review (site visit, title review, and discussions with area residents). Typical costs are \$3,000 to \$6,000.
- **Level 2** = Additional investigations and on-site samplings due to possible contamination. Typical costs are \$20,000 to \$30,000.

19-POINT EVALUATION (CONTINUED).

- Level 3 = Site redemption and clean-up (includes everything from underground storage tank removal to federally designated Superfund site clean-up costing \$150 million).

7. **Governmental Factors:**

- A. Government - All levels of local government must be typically responsive to local industries' needs; and government must be generally progressive to protect existing industries, as well as to encourage new industry growth.
- B. Services -
 - 1. Police protection = Number of personnel per 1,000 population (2.0 to 3.5 per 1,000 population is standard).
 - 2. Fire protection = Number of personnel per 1,000 population (1.64 per 1,000 population is standard). Fire rating classification; response time.
 - 3. Emergency services.
- C. Planning regulations and zoning enforcements.
- D. Permitting procedures and acceleration capabilities.

8. **Quality Of Life Issues:**

- A. Cultural opportunities.
- B. Recreational sources.
- C. Shopping facilities.
- D. Social organizations.
- E. Motel/hotel accommodations.
- F. Religion sources.
- G. Financial institutions for national and international business activities.
- H. Climatic conditions.
- I. Cost-of-living indexes.
- J. Crime indexes.

19-POINT EVALUATION (CONTINUED).

9. Health Care Considerations:

A. Services -

1. Hospitals (4 beds per 1,000 population is average; average hospital stay is 7.6 days at a cost of over \$2,800).
2. Physicians (5 physicians per 1,000 population is average).
3. Out-patient care facilities.
4. Trauma centers.
5. Wellness and rehabilitation centers.
6. HMO's, PPO's.

B. Costs - The local medical society must demonstrate a program of on-going cost containment with local industries.

NOTE - The cost for employer-paid medical insurance now exceeds \$3,200/employee.

10. Education:

The U.S. Department of Education reports that some 25.0% of the American labor force lacks the basic reading, writing, and math skills necessary to participate in the new economy's team-based, employee-empowered work environment.

To maintain our standard of living, our schools must graduate the vast majority of their students with achievement levels long thought possible for only the privileged few. We must become a nation of people who can think for a living.

Today's industries require employees with at least high school diplomas; and they prefer employees who have 2 years post-secondary education.

QUESTION - Will the area education systems accommodate industries' management level employees' needs relative to their children, as well as their own education advancement opportunities? Will the area education systems be adequate to support industries' employees' general education requirements and advanced training needs?

- A. Public schools (conditions of facilities and sophistication of equipment, teacher/pupil ratios, curricula, scores on aptitude tests, per pupil expenditures, etc.)
- B. Private and/or parochial schools (conditions of facilities and sophistication of equipment, teacher/pupil ratios, curricula, scores on aptitude tests, per pupil expenditures, etc.).

19-POINT EVALUATION (CONTINUED).

- C. Schools for special, gifted, and/or probationary students.
- D. Colleges/universities within easy commuting distances - 50 miles or less (schools of education, certified degrees offered, and working relationship with area industries).
- E. Vocational/technical - Vocational/technical education is no longer a stepchild in American education. Advocates now say that improving vocational/technical training is the key to bolstering the economy and helping the half of American high school students who do not attend higher levels of education.

QUESTION - Does the community offer vocational and industrial training programs which will be beneficial to the proposed operation? Identification of the opportunities at the local/regional vocational/technical schools for initial and on-going training programs; local workforce re-training capabilities.

1. Tech Prep programs in the high schools.
2. ISO 9000 training programs for doing business in Europe.

✓ **11. Support Services:**

Does the community contain, or have convenient access to, support services required for an industry's daily operation?

- A. General maintenance shops.
- B. Contract services.
- C. Child day care centers.
- D. Temporary labor agencies.
- E. Several other such services.

✓ **12. Overall Costs Of Doing Business:**

Does the community offer competitive pricing in terms of overall operating costs to allow the industry to be globally competitive?

- A. Initial --
 1. Project development costs.
 2. Permitting procedures and timing.
- B. Annualized --
 1. Labor.

19-POINT EVALUATION (CONTINUED).

2. Taxes (corporate, real estate, worker related [UI, WC], and personal).
3. Facility occupancy costs.
4. Utilities.
5. Access to customers, services, and markets.
6. Additional costs due to regulatory/environmental constraints.

13. *Local Industrial Interactions:*

QUESTION - Do local industries of all types (even competitors) interface frequently to address generic issues and resolve common problems?

Interchanges of these types among local industries' top/middle management and technical personnel are absolutely essential in order for those businesses to remain globally competitive.

14. *Existing Industry Retention Program:*

QUESTION - Does the area have an active organization which addresses existing industries' needs?

15. *Spousal Employment Opportunities:*

Today, numerous industries' top and middle management personnel who are transferred or recruited have spouses who are employed in the professional and technical ranks.

QUESTION - Are professional and technical jobs available for the spouses of those industries' management personnel?

16. *Image:*

No one can market a product in which they do not believe; that statement applies to the marketing of a community. If a community's leadership and citizens are not proud of the community in which they live, they will not be successful in marketing that community to other interested parties.

QUESTION - Does the community enjoy a positive reputation and a good overall image?

19-POINT EVALUATION (CONTINUED).

✓ 17. Availability Of Physical Sites And/Or Available Existing Facilities:

A. Physical sites -

NOTE - A high percentage of communities do not have controlled and fully serviced sites.

1. Control (ownership and pricing).
2. Zoning (current, and timing for any variance required).
3. Utilities (placements, extension costs, and timing).
4. Transportation systems' accessibilities.
5. Soil bearing characteristics.
6. Adjacent and nearby neighbors.
7. Site development costs.
8. Protective covenants.
9. Drainage.
10. Previous use.
11. Environmental audit (at least Level I).
12. Archeological assessment.
13. Topographical and boundary surveys.

B. Available existing facilities -

NOTE - More than 80.0% of all prospective inquiries deal with existing facilities. Many communities construct speculative "shell" facilities in order to increase prospect activities.

1. Pricing (purchase and/or lease).
2. Zoning (current, and timing for any variance required).
3. Utilities.
4. Transportation systems' accessibilities.
5. Adjacent and nearby neighbors.

19-POINT EVALUATION (CONTINUED).

6. Protective covenants.
7. Previous use.
8. Environmental audit (Level II preferred).
9. Modification costs.

✓ 18. *Location Inducements:*

GENERAL STATEMENTS REGARDING INDUCEMENTS -

- Inducements offered have no regional barriers.
- All other location factors have to have been satisfied before inducements are an effective marketing tool.
- Inducements should never be offered so as to adversely affect the economic stability of any given location.
- Global, domestic, and area competition has increased the need for inducements.
- Inducements generally reduce initial capital outlays by companies.

Each set of inducements offered has to be flexible and relative to the particular circumstances of a given project.

There are 4 basic categories of inducements -

- Taxes.
- Financing.
- Training.
- Special.

19-POINT EVALUATION (CONTINUED).

A. Taxes -

1. Corporate tax credits based on investments and employee levels.
2. Competitive rates for workers' compensation and unemployment insurance.
3. Exemptions on inventories.
4. Reduced ad valorem taxes.
5. Exemptions of sales/use taxes on utilities, equipment, and labor charges.
6. Enterprise Zone designation.
7. Foreign Trade Zone (or sub-zone) designation.

B. Financing -

1. Bonds.
2. "Pass-through" lease/purchase agreements.
3. Block grants.
4. State/local loans (low or no interest).
5. Other innovative programs.

C. Employee selection/training -

1. Application processing and testing.
2. Industry specific customized training programs.
3. Local/area vocational/technical schools' on-going programs.

D. Special (representative examples) -

1. OMBUDSMAN program for existing industries (suppliers/exports).
2. Accelerated permitting (environmental and facility construction related).
3. Industry/post-secondary education linkage.
4. Infrastructure improvements to the selected site.
5. Site preparation assistance.

19-POINT EVALUATION (CONTINUED).

6. Utility rate incentives (examples - reduced costs for KW demand or rebates for electricity; telecommunications cost reductions on deposits, installations, and monthly billings).
7. Reduced rate mortgage financing for an industry's top management personnel who are transferred or recruited.
8. Progressive labor/management programs and associations.

19. *Humanistic Factors (a subjective analysis):*

DEFINITION - The sum of all local characteristics impinging on a location analysis which originates in the attitudes, idiosyncrasies, and opinions of all the people involved. This factor has added significance, in that it continues in place after the project is placed in operation. Industries' failure to identify, understand, and adjust to humanistic factors cannot only lead to a poor location selection, but can also turn an otherwise very favorable location into a perennial problem area, despite its excellent logistic and economic credentials.

QUESTION - Does the personality of the industry and its management fit the personality of the community and its leadership?