



A Competitive Realities Report and Targeted Industry Strategy for Harvey County, Kansas

Prepared for the:



June 27, 2017

Your Project Team

An economic research, industry targeting, site location and strategic planning firm that provides solutions that work to states, regions and communities seeking to enhance their global competitiveness



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Some Clients



Site Selection Expertise



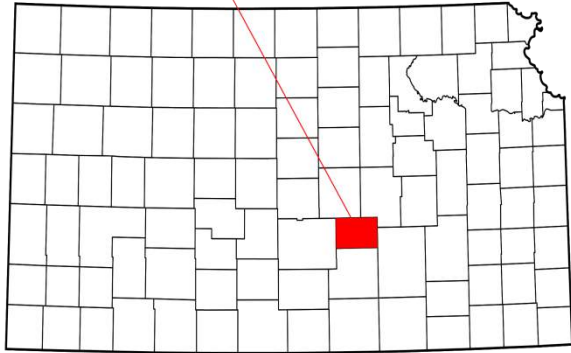
We are specialists in site location and labor analysis

- Joint venture with **Primus Builders** in food site and building certification
- Founding member of the Site Selectors Guild

Project Plan and Methodology

Desired Outcome for Harvey County

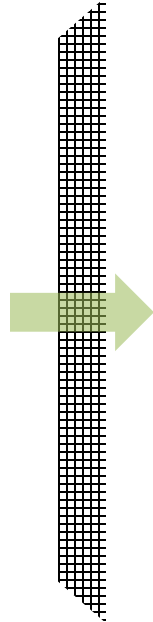
Harvey County, Kansas



Compile *data*, provide *comparisons*, and offer *observations* so that the HCEDC and its partners can better work to effectively **attract** and **retain** the types of businesses that will create **high-quality jobs and opportunities** for the area population.

Project Process

Data Gathering



Site selection screen

Evaluation



Recommendations



Key Findings

Community Engagement



Electronic survey
133 responses

“There are two types of communities—those that are growing and those that are dying. Harvey County is on the cusp of heading one direction or the other.”

—Survey Respondent

Common Comments & Concerns

Leverage geographic location

- Proximity to Wichita is both an opportunity and challenge
- Take advantage of central US location

Diversify economic base

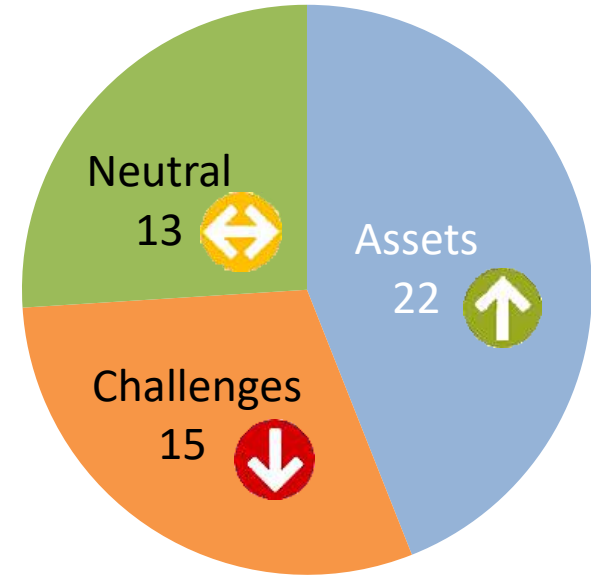
- Build upon agribusiness, aviation and distribution
- Support workforce and grow existing skills

Look to grow holistically

- Nurture quality of place
- Create amenities that will retain and attract talent and people (population)

Assets and Challenges Assessment

1. Excellent # of Asset ratings.
2. HCEDC should work to strengthen negative rankings.
3. With 15 variables rated as a challenge, any of these rankings could be an impediment to attract or retain private investment within the County.





Strengths

Access to Markets

- Interstate highway
- Rail service
- Within 1 hour of commercial air passenger service markets
- General aviation airport capable of handling corporate aircraft

Labor

- Availability of skilled production workers
- Availability of health care workers
- Cost of labor
- Quality of labor-management relations
- Availability of on-the-job training
- Within 1/2 hour of university(ies)/college(s)
- Availability of local engineering program/degree (nearby)



Strengths

Access to Resources

- Availability of agricultural products for food processing
- Availability of manufacturing processes
- Availability of water/sewer

Access to Space

- Availability of fully served and marketable industrial sites

Access to Capital

- Availability of low-interest loans for small business

Gov't Impact on Business

- Condition and maintenance of local streets
- Availability of labor training incentives



Strengths

Quality of Place

- Availability of moderate-cost housing
- Cost-of-living index
- Level of crime
- Availability of adequate medical facilities





Challenges

Access to Markets

- Not well positioned to serve international markets
- Lack of port facilities

Access to Labor

- None

Access to Resources

- Lack of business, professional services
- Cost of electricity for industrial use
- Cost of natural gas

Access to Space

- Lack of fully served, attractive office sites
- Lack of suitable industrial space
- Lack of suitable office space

Access to Capital

- Lack of venture capital from local sources for business startups, early stage funding
- Lack of a local small business incubator or accelerator



Challenges

Gov't Impact on Business

- Overall business climate (Newton) 2.78 rating on a 5 scale by those who live or do biz in Newton. Higher ranking (3.03) for Harvey County

Quality of Place

- Lack of apartments
- Climate and natural disaster risk
- Lack of major shopping facilities
- Lack of AAA four-diamond or above first-class hotels, motels, and resorts



Competitive Assessment

**Demographic
& Labor
Dynamics**

**Economic
Dynamics**

Data analysis and assessment that examined the area's economic position compared to the state of Kansas and the United States.

**Local
Specialization,
Competitiveness
& Growth**

Selected Negative Indicators

Population & Age

- Growth of 0.4% from 2006-2015
- Older and aging population

Educational Attainment

- 26.5% of adults have Bachelor's or higher; US average is 29.7%

Labor Force Participation

- 63.6% participation rate; state average is 67.0%

Wages

- Average wage of \$34,598, far below US/KS averages
- Wages earned in county are far below individual income of county residents

Selected Neutral Indicators

Secondary Schools

- Test scores above US & state averages, but recent declines

Self Employment

- Competitive rate of self-employment, but decrease in recent years

Broadband

- Access to broadband is above state, but speeds are slow

Selected Positive Indicators

Cost of Living

- Overall index of 87
- Only Utilities are above US avg

Crime

- Low rates of property & violent

Commuting & Labor Draw

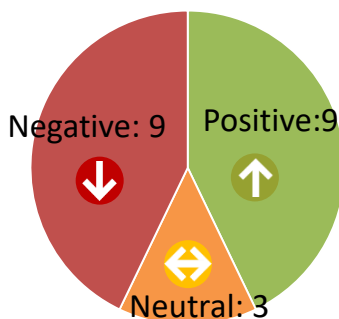
- Regional draw of 379,000
- Short commuting times

Major Industry Composition

- Strong manufacturing base
- Good presence of Health Care

Unionization

- Less than 5% of workers in Wichita MSA are in unions



Specialization | Competitiveness | Growth



Industry Sector
Change

Industry Earnings

Occupational
Change

Occupational
Earnings

Cluster
Specialization &
Growth

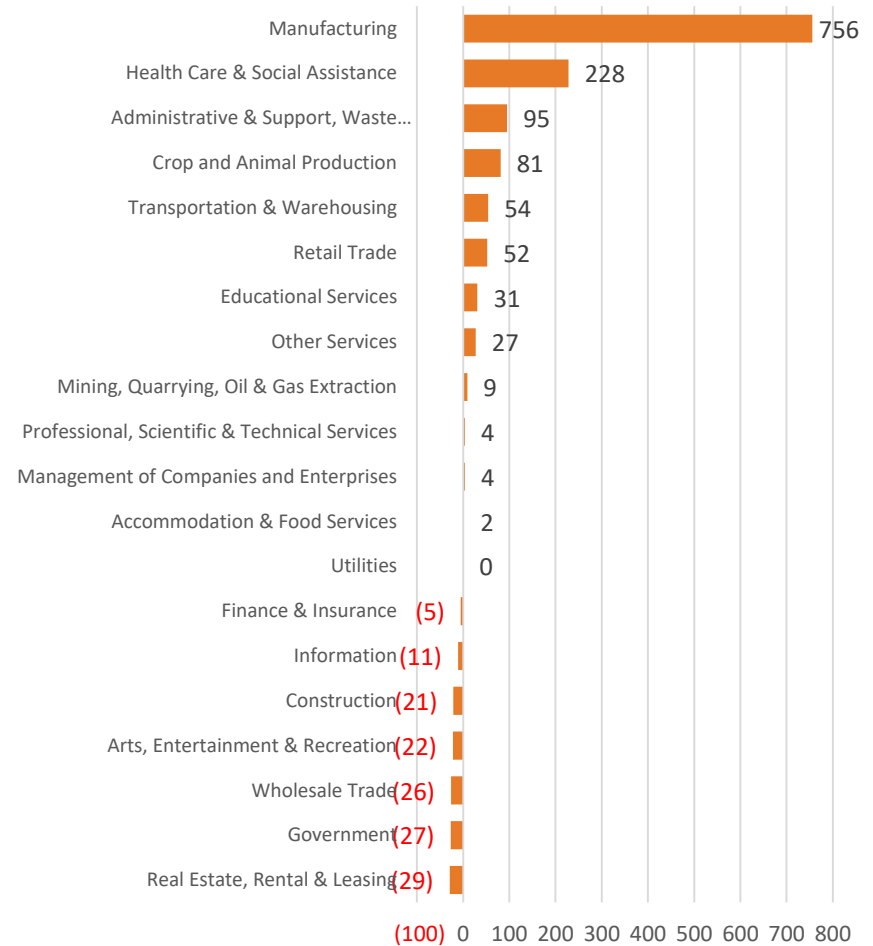
Cluster
Competitiveness

Occupational
Specialization &
Growth



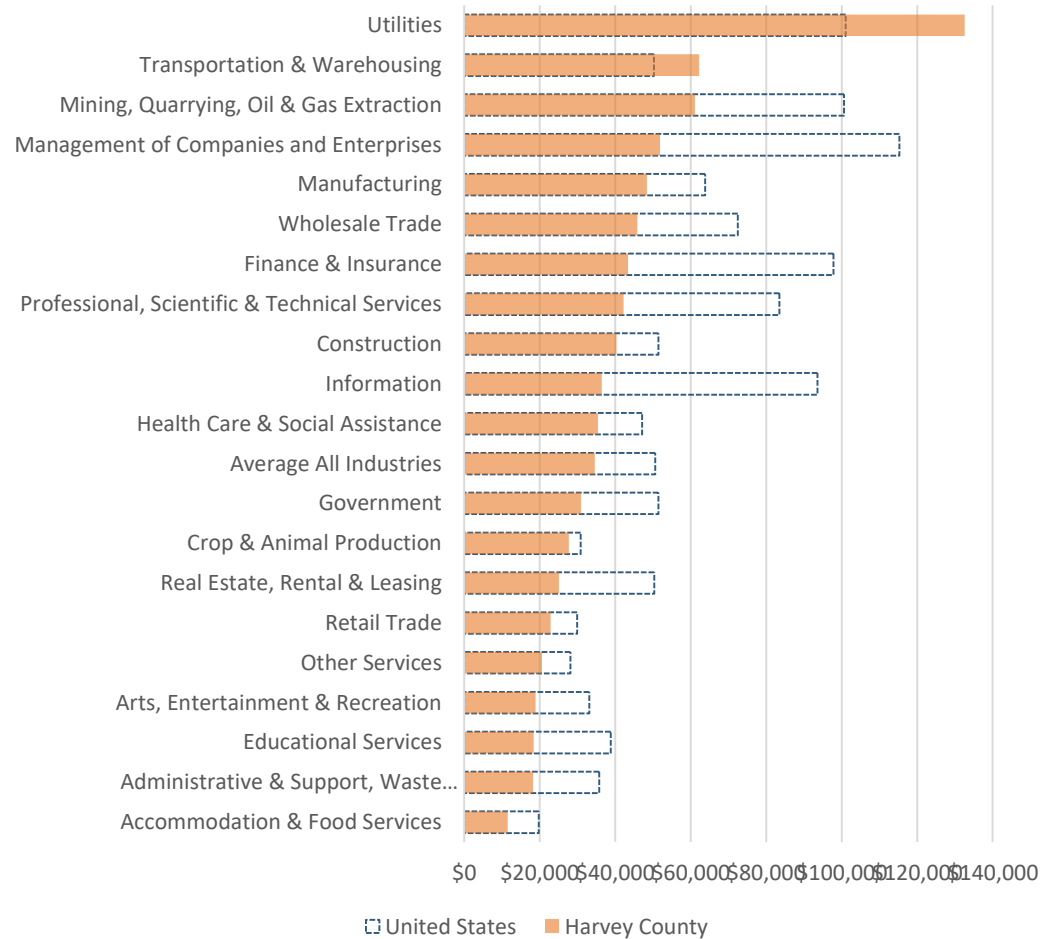
Five-Year Employment Change, 2011-2016

by Major Industry Group



Source: EMSI, Garner Economics

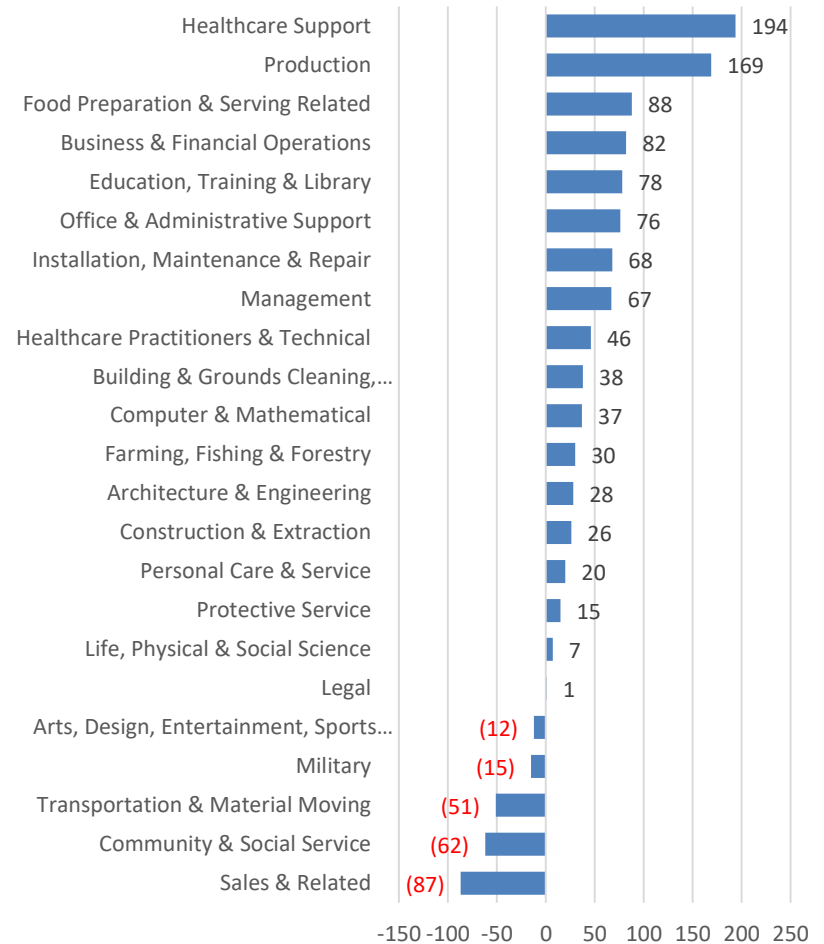
Earnings by Major Industry Group, 2016



Source: EMSI, Garner Economics

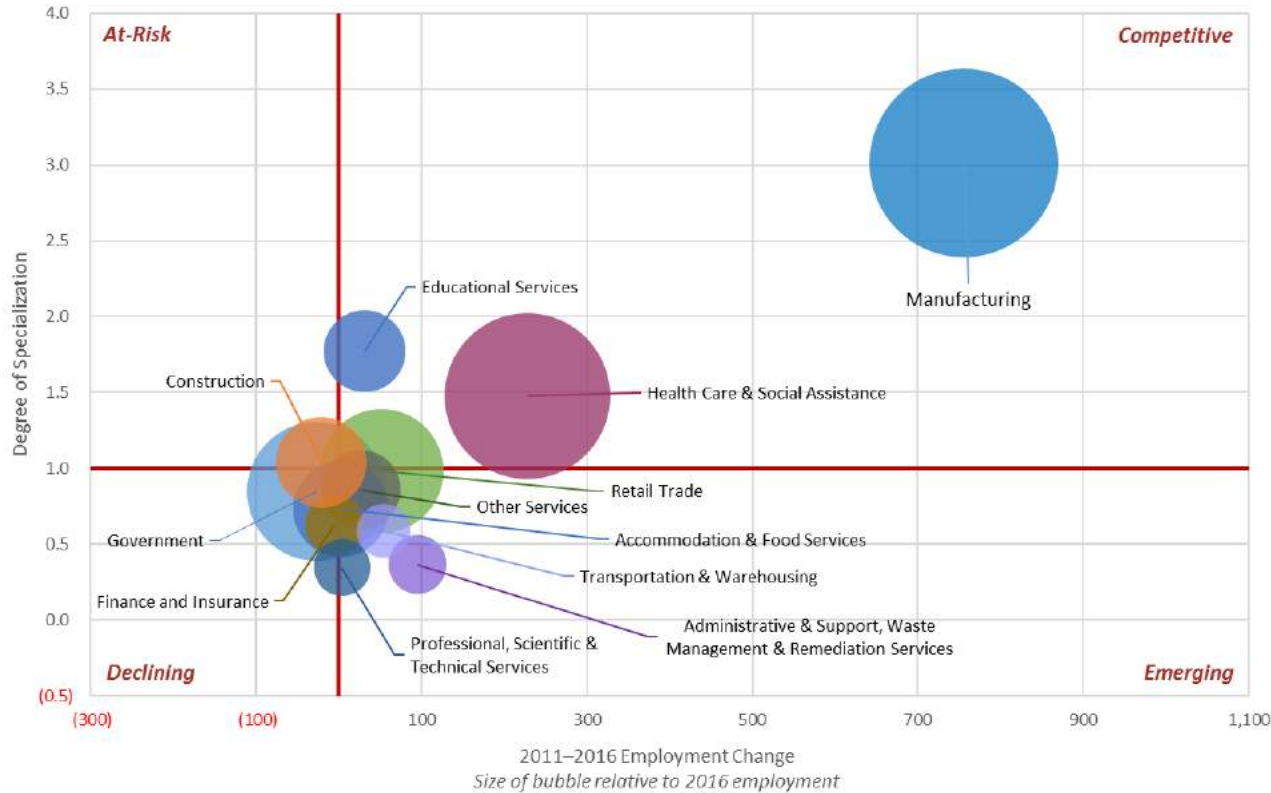
Five-Year Employment Change, 2011-2016

by Major Occupational Group



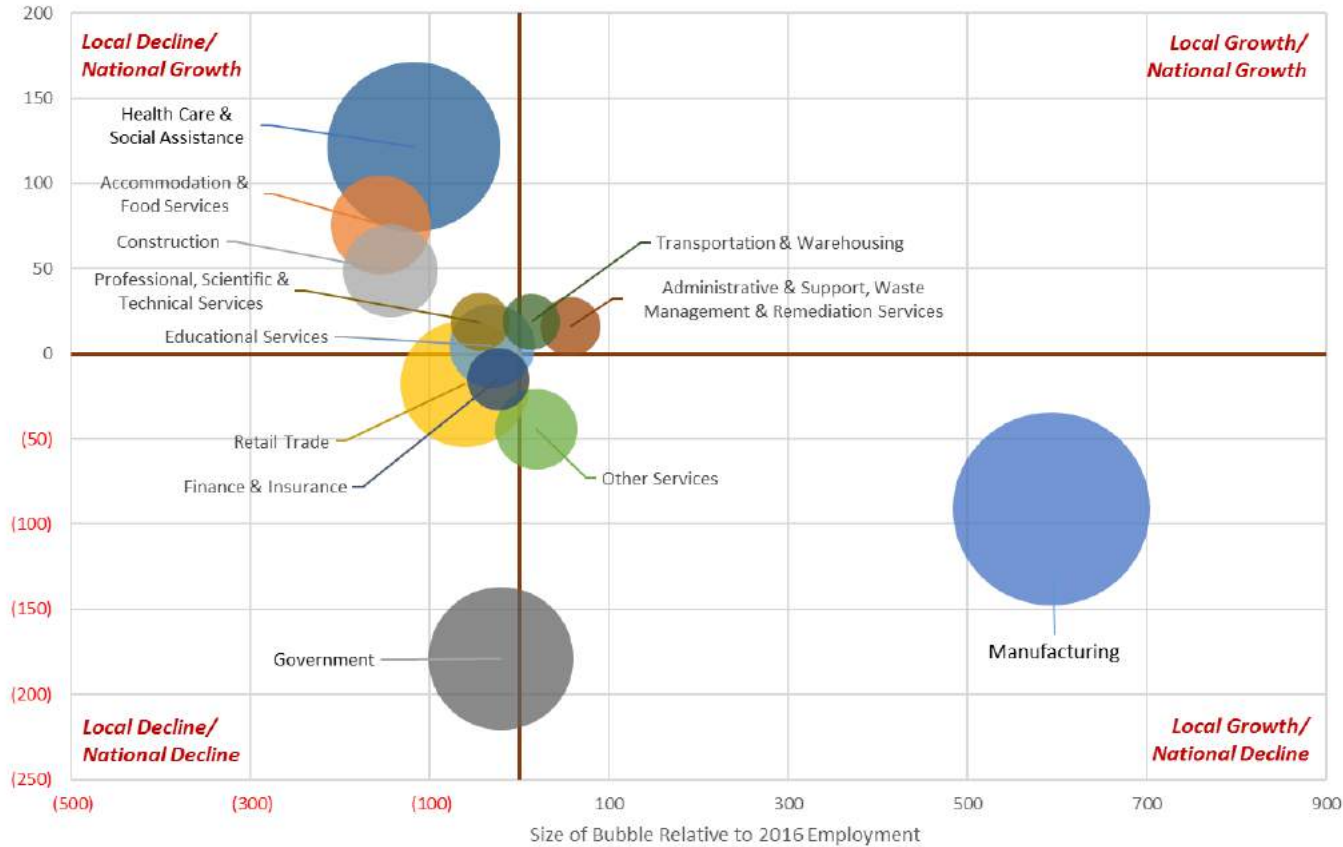
Source: EMSI, Garner Economics

Industry Specialization and Growth, 2011-2016



Size of bubble denotes 2016 employment
Source: EMSI, Garner Economics

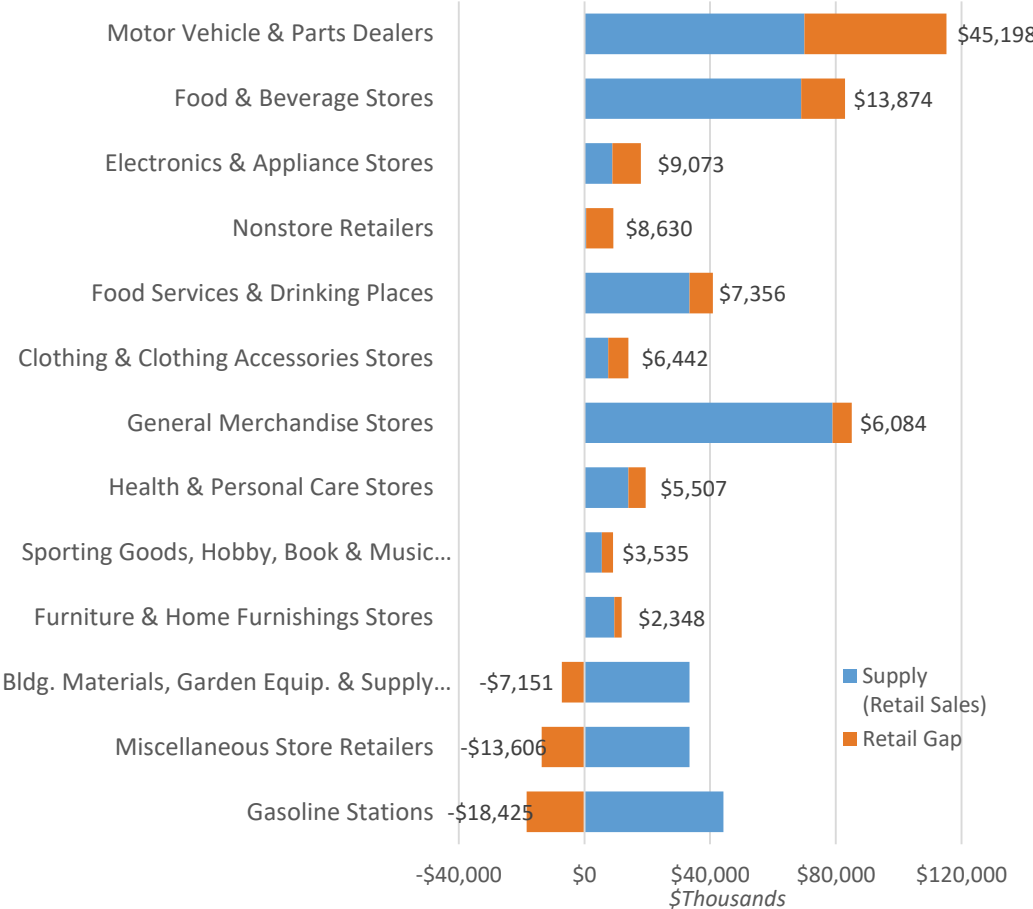
Industry Relative Components of Growth, 2011-2016



Size of bubble denotes 2016 employment
 Source: EMSI, Garner Economics

Retail Sales and Retail Gap

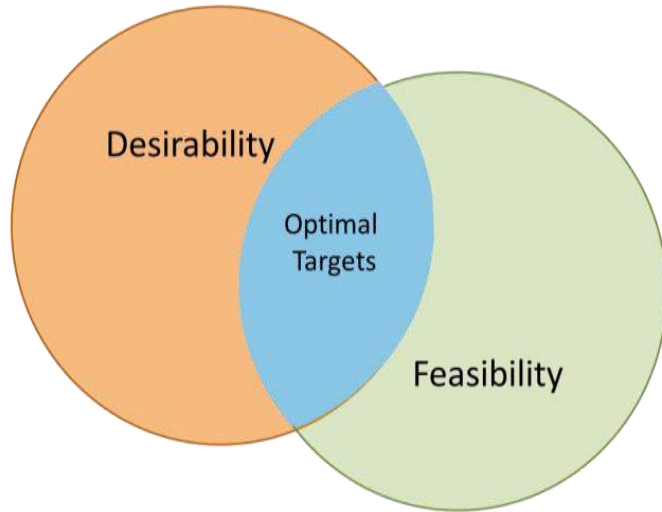
by Major Retail Category



Source: ESRI, Garner Economics

Business Sector Targets

Optimal Targets

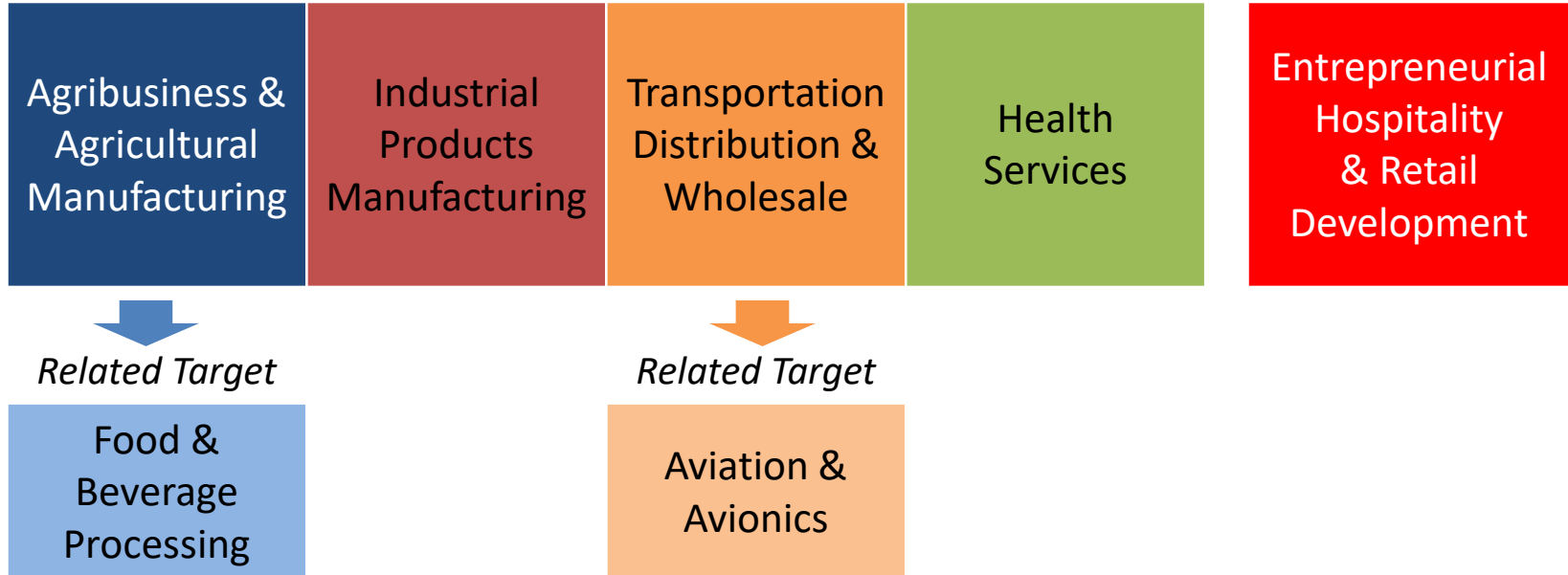


- Based on the site-specific characteristics of Harvey County
- Four core industry targets chosen based on best match with unique competitive advantages of the region
- Additional “local target” aimed at improving quality of place amenities

Optimal Targets for Harvey County

Core Target Industry Group (for the HCEDC)

Local Target



Rationale: Agribusiness & Ag. Manufacturing



Avg earnings = \$37,400
10-year growth = 0.8%

- Existing base of agricultural operations
- Availability of agricultural products for food producing
- Access to interstate highway and rail system
- Low cost of labor and low rate of unionization
- Availability of on-the-job training assistance
- Availability of manufacturing processes
- Availability and cost of water & sewer infrastructure
- Availability of fully-served and marketable industrial sites
- Potential to add value to local base of agricultural activity

Subsectors

Core Subsectors

- Vegetable & Melon Farming
- Cotton Farming
- Turkey Production
- Horses & Other Equine Production

- Nonwoven Fabric Mills
- Fertilizer Manufacturing
- Pesticide & Ag. Chemical Manufacturing
- Farm Machinery & Equipment Mfg.

Related: F&B Processing

- Flour Milling & Malt Manufacturing
- Frozen Food Manufacturing
- Fruit & Vegetable Canning/Drying
- Poultry Processing
- Breweries & Distilleries

Rationale: Industrial Products Manufacturing



Avg earnings = \$65,994
10-year growth = 7.5%

- Well positioned to serve national & regional markets
- Access to interstate highway and rail system
- Availability of skilled production workers
- Low cost of labor and low rate of unionization
- Reasonable availability of post-secondary vocational training
- Availability of local engineering program/degree at WSU
- Availability of manufacturing processes
- Availability and cost of water & sewer infrastructure
- Availability of fully-served and marketable industrial sites
- Availability of labor training incentives

Subsectors

- Rubber Product Manufacturing
- Cement & Concrete Product Mfg.
- Architectural & Structural Metals Mfg.

- Machine Shops
- Other Fabricated Metal Mfg.
- Material Handling Equipment Mfg.

- General Purpose Machinery Mfg.
- Wood Kitchen Cabinet & Countertop Manufacturing
- Institutional Furniture Manufacturing

Rationale: Transportation, Distribution & Wholesale



Avg earnings = \$95,292
10-year growth = 15.2%

- Central location for regional and national markets
- Access to interstate highways & rail service
- Proximity to established transportation industries in Wichita
- Reasonable availability of management & support workers
- Availability of vocational and on-the-job training
- Low cost of labor and low rate of unionization
- Availability of local engineering program/degree at WSU
- Presence of sites & infrastructure at Kansas Logistics Park
- Potential to add value to local base of agricultural activity

Subsectors

Core Subsectors

- Grain & Field Bean Merchant Wholesale
- Petroleum Bulk Stations & Terminals
- Farm Supplies Merchant Wholesale
- Wholesale Trade Agents & Brokers
- Rail Transportation

- Pipeline Transportation of Natural Gas
- Freight Transportation Arrangement
- Refrigerated Warehousing & Storage
- Farm Product Warehousing & Storage

Related: Aviation & Avionics

- Navigation & Aeronautical System Mfg.
- Aircraft Manufacturing (Drones)
- Aircraft Engine & Parts Manufacturing
- Other Aircraft Parts & Aux. Equip. Mfg.
- Support Activities for Air Transportation

Rationale: Health Services



Avg earnings = \$61,292
10-year growth = 20.9%

- Central location for regional markets
- Availability of health care workers
- Presence of Newton Medical Center
- Proximity to KU School of Medicine Wichita campus
- Reasonable availability of management and admin support workers
- Older population with high concentration in oldest age groups
- High concentration and recent growth in *Health Care* sector
- Availability of labor training incentives
- Opportunity to expand medical services in local area

Subsectors

- Health Services Educational Institutions
- Offices of Physicians
- Offices of Mental Health Specialists

- Offices of Dentists
- Outpatient Care Centers
- Medical and Diagnostic Laboratories

- Home Health Care Services
- Nursing and Residential Care Facilities
- Assisted Living Facilities for the Elderly

Rationale: Entrepreneurial & Retail Development

(LOCAL TARGET for other groups)



Avg earnings = \$23,473
10-year growth = 9.5%

- Central location for regional markets
- Opportunity to improve the character of historic areas in Newton and Hesston
- Opportunity to capture demand from local residents for goods and services currently lost to Sedgwick County
- Reasonable availability of management personnel
- Availability of low-interest loans for small businesses
- Potential to improve attractiveness of county to decision-makers
- Entrepreneurship opportunities for local residents
- Opportunity to retain out-commuters
- Availability of moderate cost housing

Subsectors

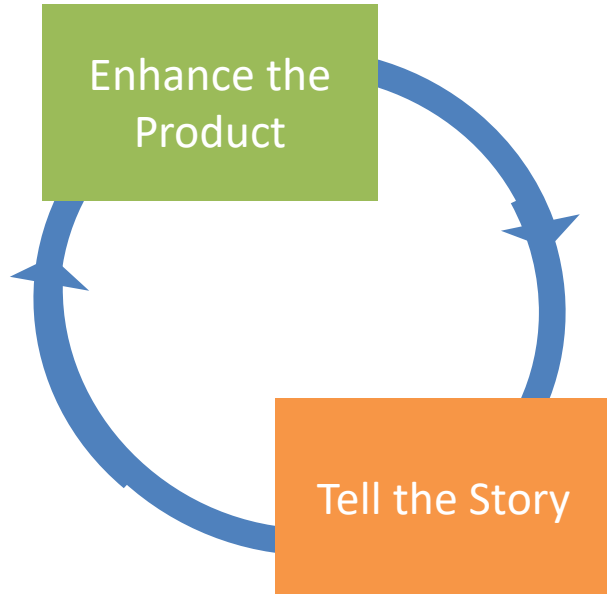
- Specialty Food Stores
- Clothing Stores
- Gift, Novelty & Souvenir Stores

- Other Misc. Store Retailers
- Lessors of Nonresidential Buildings
- Traveler Accommodation

- Drinking Places
- Restaurants & Other Eating Places

Recommendations

Recommendations to Attract Targets



Grow Strengths

Future growth should fully leverage the area's current assets

Holistic Approach

Activities undertaken in the context of work being done to strengthen the County

Community Competitiveness

BUSINESS FACTORS

RANKING	2016	2015*
1. Highway accessibility	94.4	88.0 (2)
2. Availability of skilled labor	89.8	92.9 (1)
3. Labor Costs	89.6	80.8 (6)
4. Occupancy or construction costs	86.0	85.4 (4)
5. State and local incentives	84.0	75.8 (9)
6. Corporate tax rate	82.3	78.8 (7)
7. Tax exemptions	79.7	74.7 (11)
8. Energy availability and costs	78.5	75.3 (10)
9. Proximity to major markets	78.1	76.3 (8)
10. Quality of life	76.4	87.6 (3)
11. Available buildings	75.5	83.7 (5)
12. Available land	75.3	73.9 (13)
13. Expedited or “fast-track” permitting	71.7	74.2 (12)

QUALITY OF PLACE FACTORS

RANKING	2014	2013
1. Low crime rate	84.4	80.9 (1)**
2. Ratings of public schools	75.3	73.0 (4)
3. Health care facilities	74.2	79.7 (2)
4. Housing availability	69.7	71.5 (5)
4T. Housing costs	69.7	75.3 (3)
6. Colleges and universities in area	68.3	59.5 (7T)
7. Recreational opportunities	65.9	66.4 (6)
8. Cultural opportunities	60.8	54.8 (8)

Area Development Magazine, 2017

Enhance the Product



Further develop assets and initiatives in key areas that support the County's desire to attract and grow more high-quality economic activities and to support the current and future residents of Harvey County.

Enhance the Product


Speculative Space	Entrepreneurial Support	Retail
<p>Develop a speculative shell building to attract an investor/company within one of the targeted industry sectors.</p>	<p>Create a culture, programs, and support infrastructure for entrepreneurship in Harvey County.</p>	<p>Engage a firm to analyze the County's and/or a specific municipality's best effort to attract retail to enhance the area's quality of place assets.</p>

Tell the Story



Tell Harvey County's economic development story more effectively to a targeted audience of potential companies and investors.

Tell the Story

Branding	Enhance Marketing Tools and Tactics
<p data-bbox="131 303 600 405">Develop a unified brand for Harvey County.</p>  <p>The image shows three logos: Newton (a blue circle with a white 'N' and 'NEWTON' below), Harvey County Economic Development (a colorful globe with 'Harvey County Economic Development' and 'Collaborative • Global • Growth' below), and Harvey County (a stylized blue and green 'H' with 'HarveyCounty' below).</p>	<ul style="list-style-type: none"><li data-bbox="678 303 1792 478">A. Conduct in-market sales missions to Atlanta, New York, Chicago, and Dallas with site-selection consultants.<li data-bbox="678 489 1792 612">B. Execute a process for lead generation and business target profiling with the targeted companies.<li data-bbox="678 623 1792 794">C. Enhance the HCEDC website to address the needs of location consultants and potential investors (companies).

What's Next?

HCEDC can work as a catalyst and facilitator to transform Harvey County into a place that attracts quality talent and companies by being more proactive and a champion for needed long-term investments.



1

Champion for long-term investments to strengthen the community's product inventory

2

Differentiate Harvey County to attract the target business sectors and talent

3

Be proactive and advocate for resources to improve the County's quality of place

Thank You!

This target industry project has benefited greatly from the foundational work of the HCEDC. The staff's feedback, compilation of data, information, and openness and willingness to explore various opportunities to strengthen operations have contributed to the richness and rigor of this targeting strategy.



Special thanks to:

- HCEDC staff
- HCEDC Executive Committee
- Electronic survey respondents



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