

2006 PORTS-TO-PLAINS SUMMIT



LOCATING A NEW FACILITY



ABOUT ANGELOU ECONOMICS

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- ❑ One of the Largest full-service site selection and economic development consulting firms in the US
- ❑ Global perspective and experience
- ❑ Focus on high impact communities and high impact companies

A FEW PRIVATE SECTOR CLIENTS



A FEW PUBLIC SECTOR CLIENTS





SITE SELECTION PROCESS

Site Selection Process

EVERY ECONOMIC

DEVELOPMENT PROJECT IS

DRIVEN BY A “NEED!”

**THE “NEED” ESTABLISHES
PROJECT CRITERIA**

“MUST” Criteria

- Can not be compromised
- Are absolute for success

Criteria

Go/No Go
Screen

1. Property Size



Yes

2. Rail Available



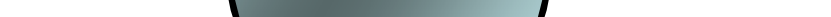
Yes

3. Airport - 1 hour



No

4. Water Available



No

5. Gas Available



Yes

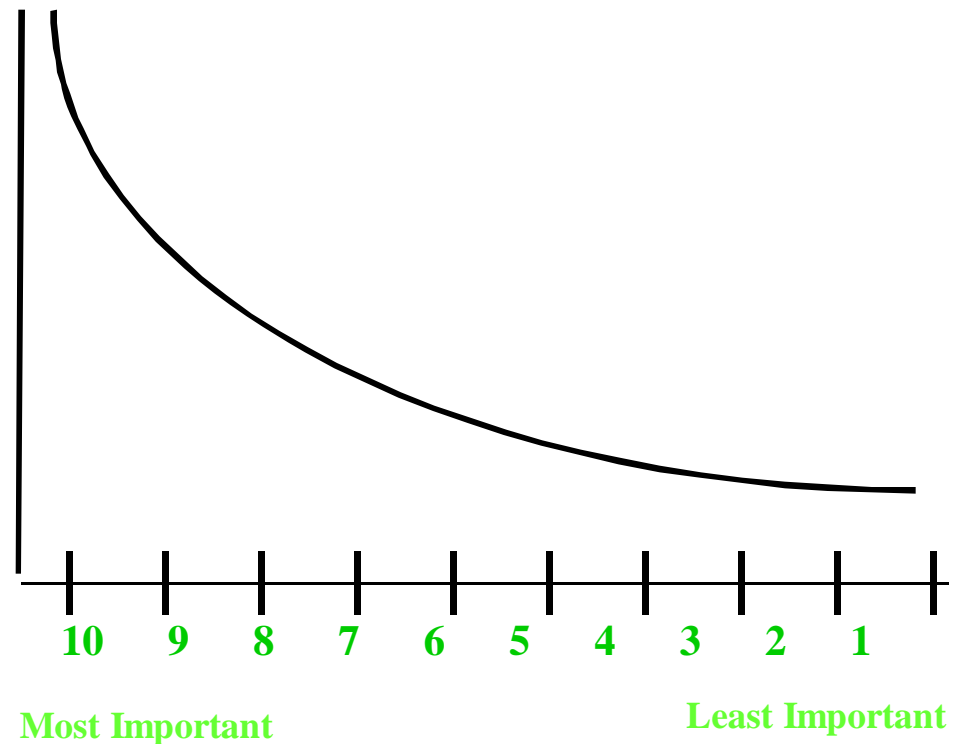
Alternative
Eliminated

“WANT” CRITERIA

- **IMPORTANT!!! BUT NOT ABSOLUTE**
- **Willing to concede in one area to gain in another**

Criteria

1. Labor Size
2. Operating Cost
3. Logistics Cost
4. Incentives
5. Competitor Locations



SITE SELECTION PROCESS

A SYSTEMATIC AND PROVEN METHODOLOGY

PHASE 0: PRE-PROJECT ANALYSIS



PHASE I: MACRO ANALYSIS

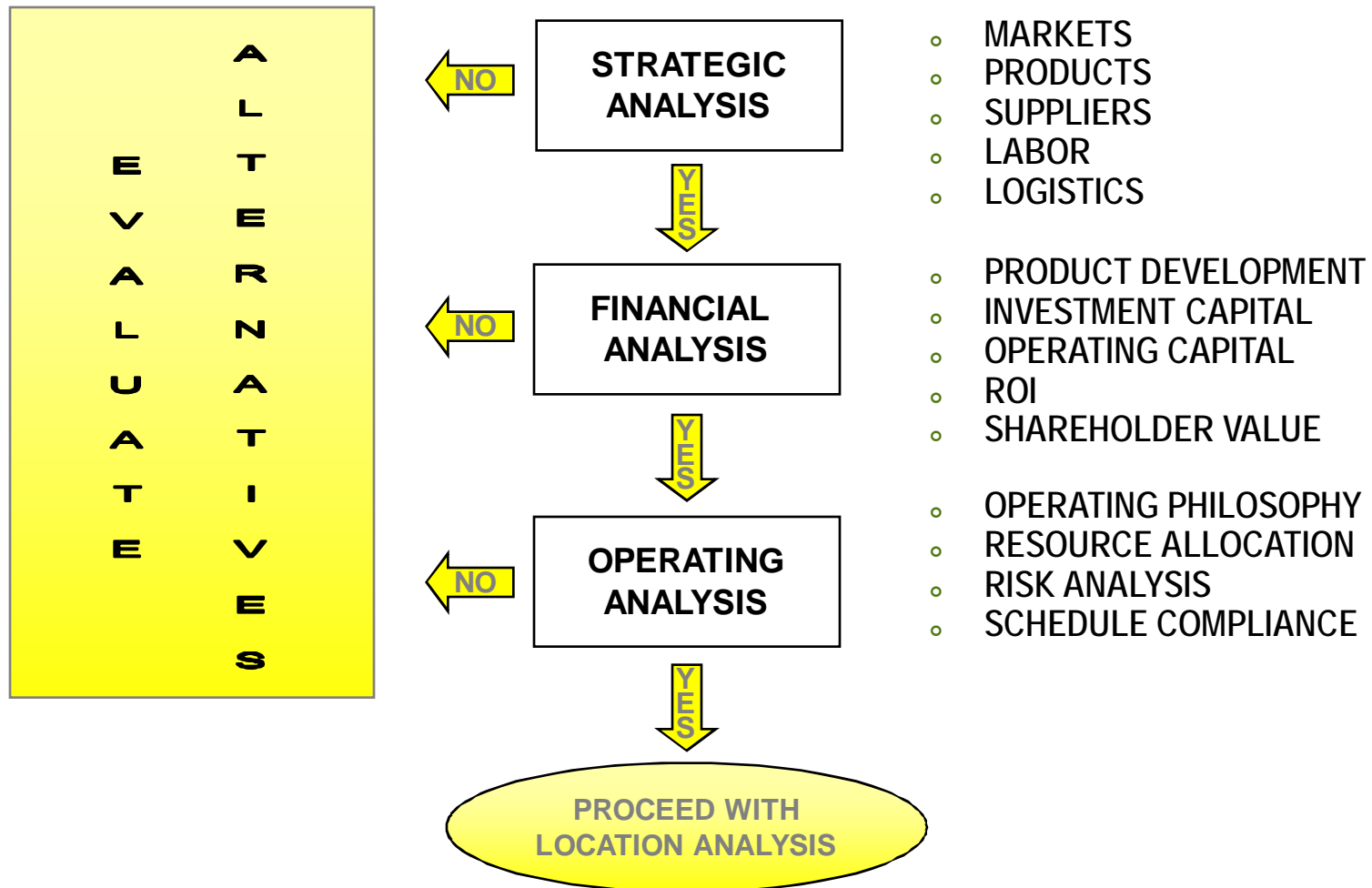


PHASE II: MICRO ANALYSIS



PHASE III: FINAL NEGOTIATIONS

PHASE 0 PRE-PROJECT ANALYSIS



PHASE I – MACRO ANALYSIS

- **DEFINE CRITERIA**
- **COLLECT DATA**
- **SCREEN AGAINST CRITERIA**
- **EVALUATE**
- **SELECT SHORT LIST**

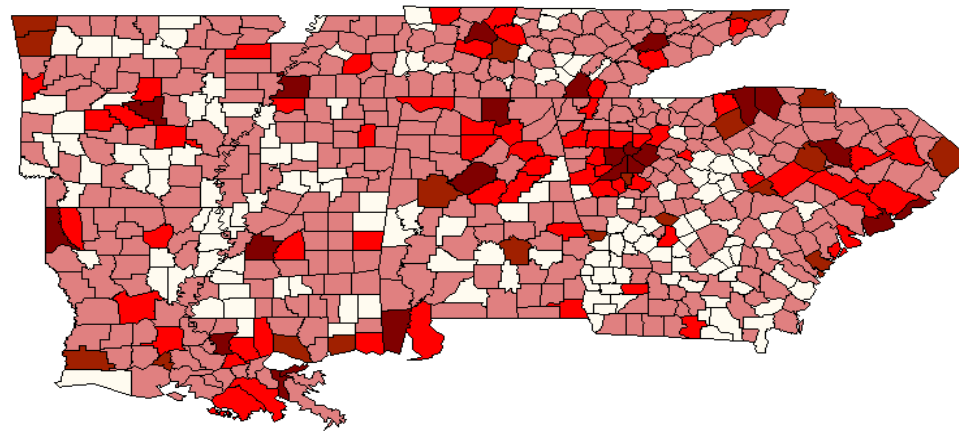
REGIONAL SCREENING USING GIS



- Proximity to Interstate
- Competitor Locations
- Proximity to Airport
- Average Manufacturing Wages

Population

Population by County



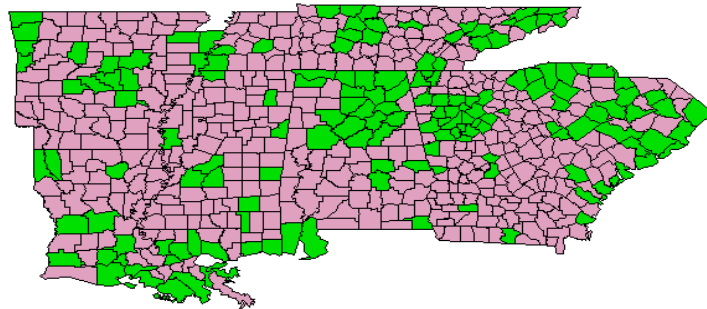
Counties by Population
◻ < 15,000
◻ 15,000 - 74,999
◻ 75,000 - 149,999
◻ 150,000 - 249,999
◻ >= 250,000

Data Source: 2000 Census, US Census Bureau

Results Based on Population

Qualifying Counties

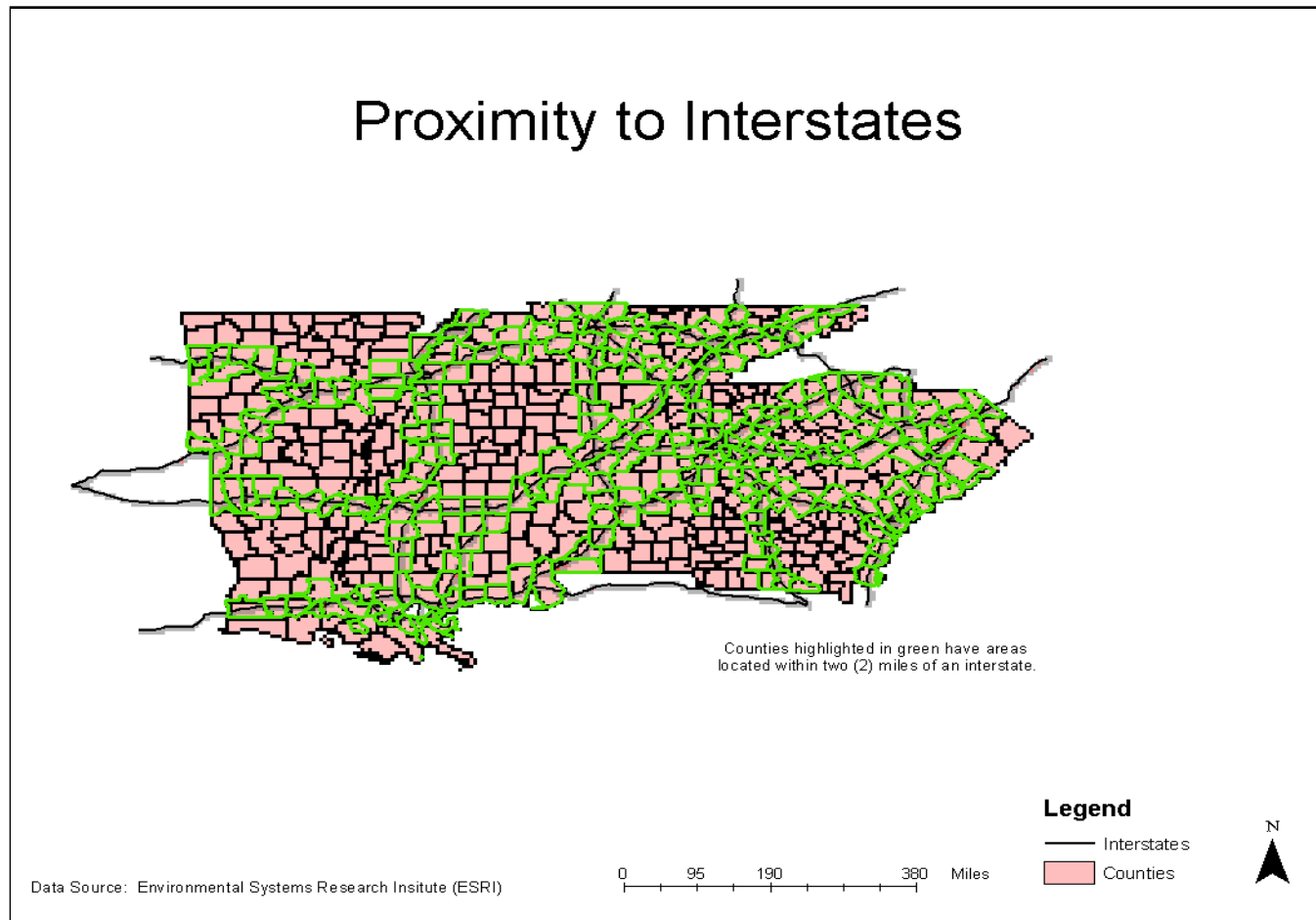
Using Population Qualifier



Qualifying Counties based on Population
Counties



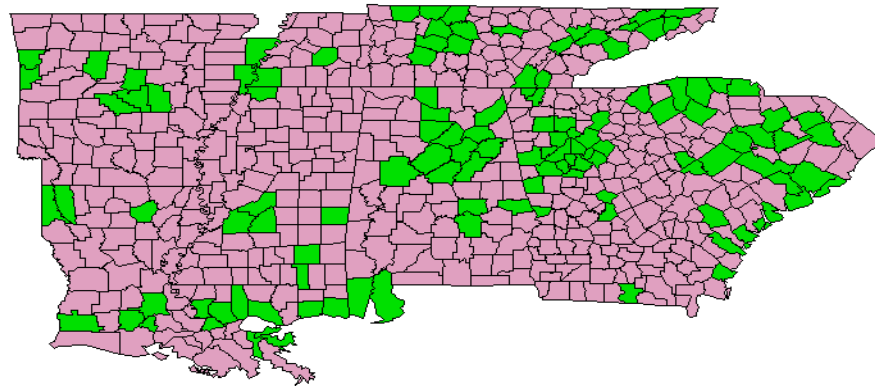
Screening – w/i 10 Miles



Population & Interstate Screen

Qualifying Counties

Using Population & Proximity to Interstate Qualifiers



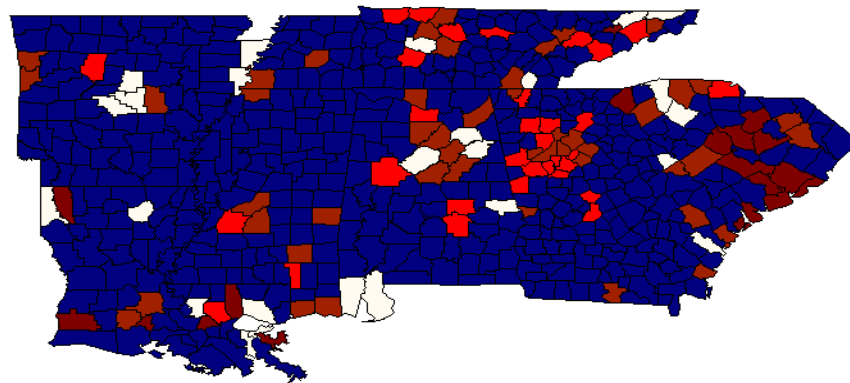
Qualifying Counties
Counties

100 0 100 200 Miles



Screen Based on Wage Rates

Average Hourly Wages of Counties Qualifying based on Population & Proximity to Interstates



Qualifying Counties by Avg. Hourly Wage

- No Data
- < \$12.00
- \$12.00 - 14.99
- \$15.00 - 17.99
- >= \$18.00
- Counties

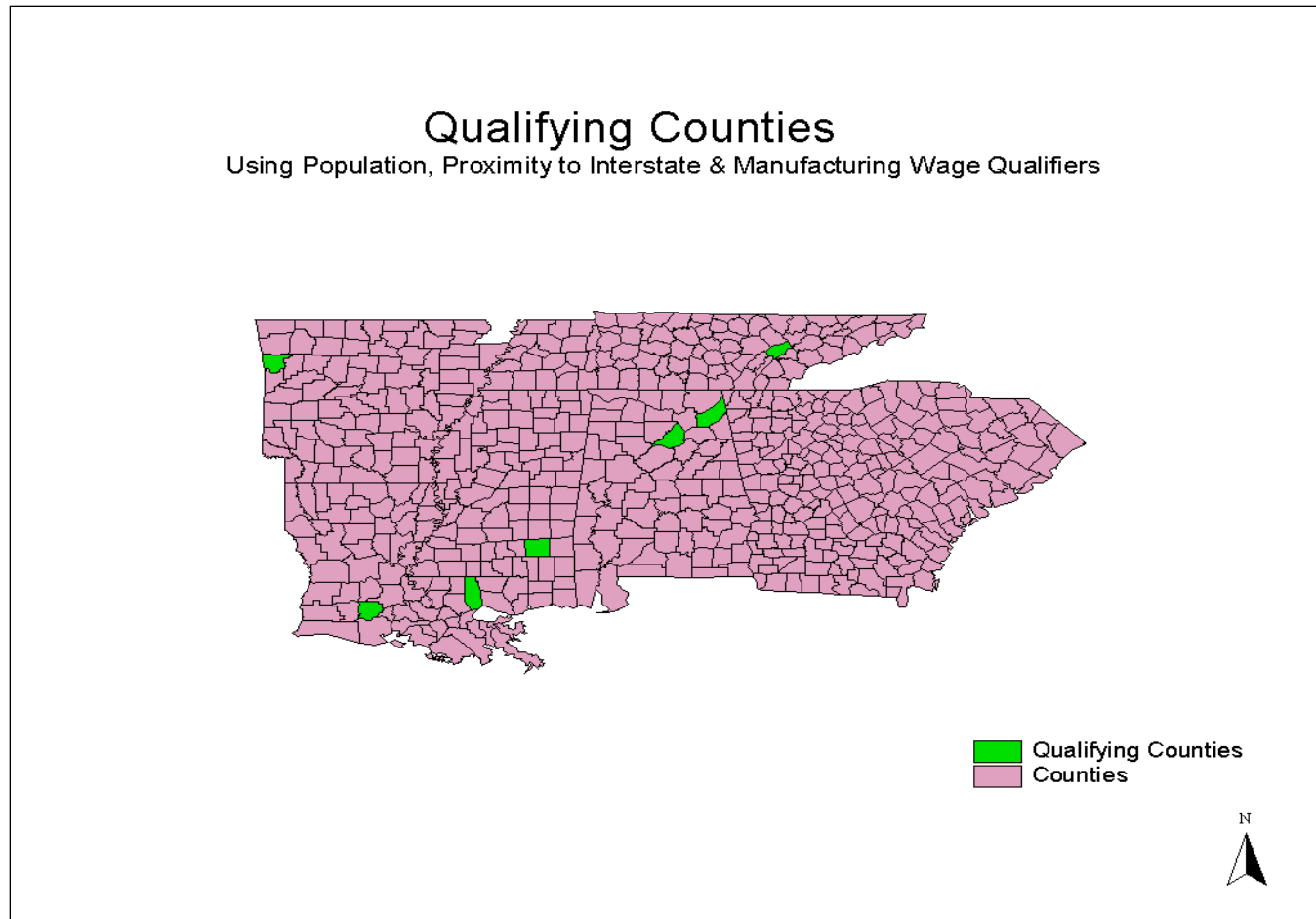


70 0 70 140 Miles

A horizontal scale bar with markings at 70, 0, 70, and 140 miles.

Data Source: Occupational Employment & Wages, May 2003

Population, Interstate & Wages



PHASE II – MICRO ANALYSIS

- **COMMUNITY VISITS**
- **SITE ANALYSIS**
 - **LABOR ANALYSIS**
 - **COST ANALYSIS**
 - **OTHER ANALYSIS**

Phase II

The Phase II Micro Analysis

Includes A Detailed

Economic Analysis

Investment Cost Analysis

<u>ITEM</u>	<u>BASE COST</u>
Land	\$\$
Building/Equipment	\$\$
Site Prep	\$\$
Water Extension	
Sewer Extension	
Gas Extension	
Electrical Substation	
Rail Extension	
Highway Improvements	
TOTAL	<hr/> \$\$



<u>INCENTIVES</u>	<u>COST OFFSET</u>
Land Credits	(\$\$)
Site Prep Assistance	
Water Extension	
Highway Improvements	
Rail Extension	(\$\$)
TOTAL	<hr/> (\$\$\$)

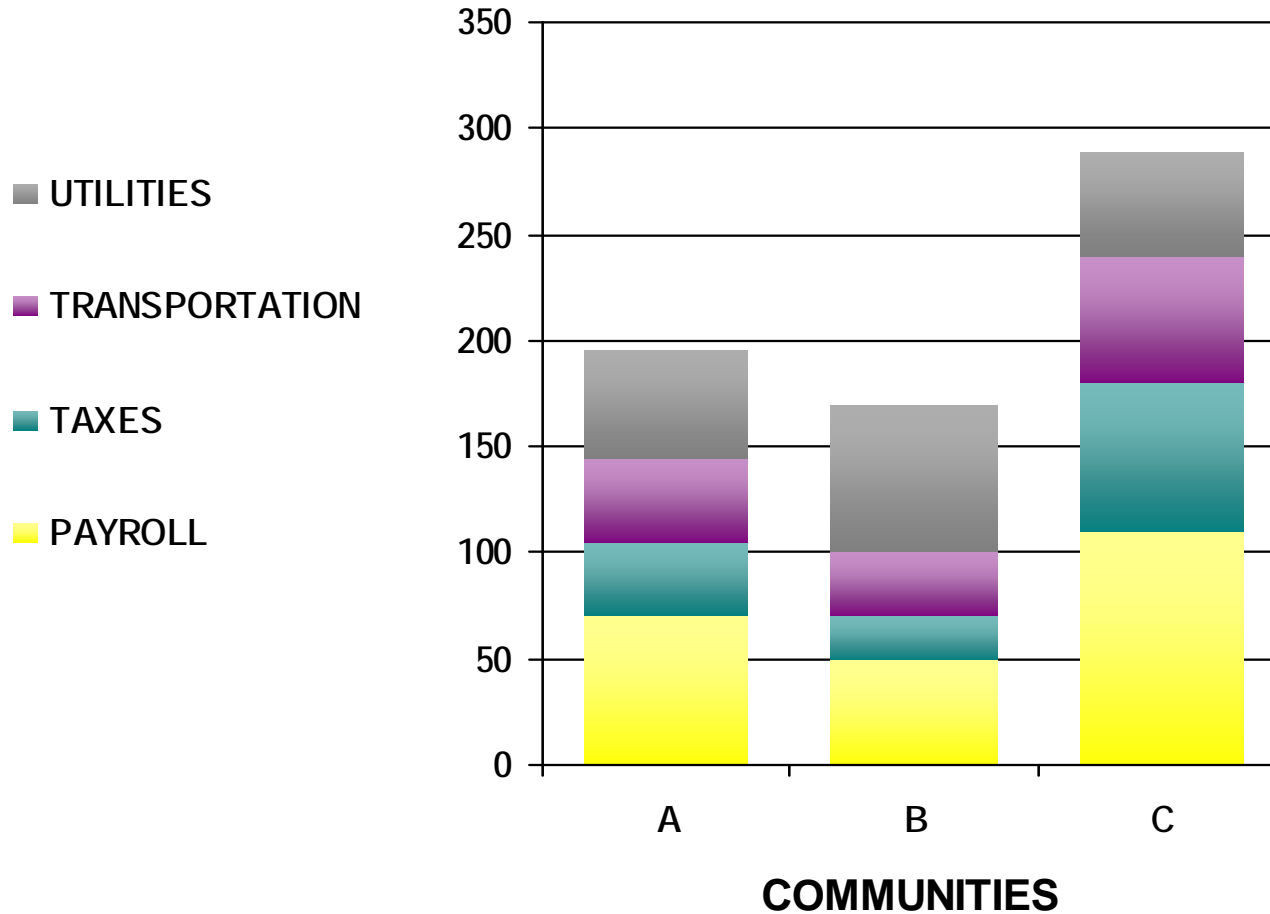


Operating Cost Analysis

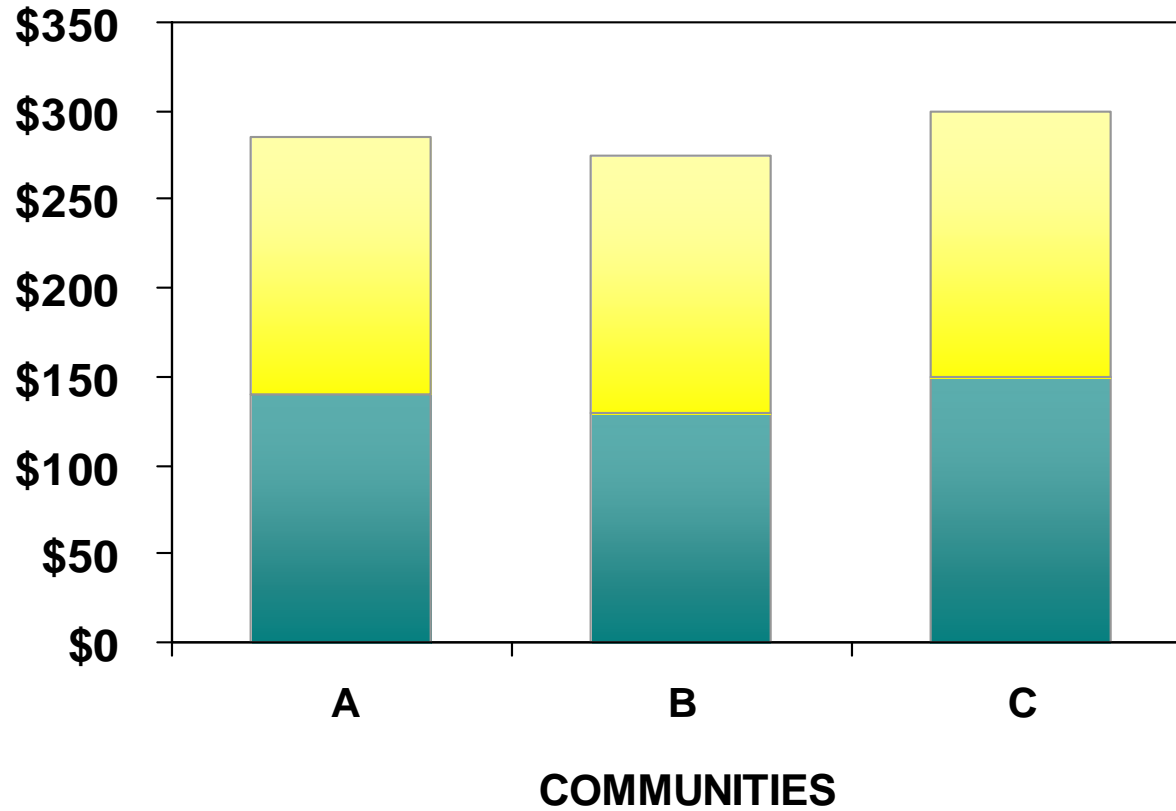
ITEM	YEAR 1	YEAR 2		YEAR X	TOTAL
Payroll	\$\$				
Payroll Taxes	\$\$				
Utilities	\$\$				
•Water					
•Sewer					
•Electric					
•Gas					
State Taxes	\$\$				
•					
Local Taxes					
•	\$\$				
Transportation					
•In					
•Out	\$\$				
Training					
TOTAL	\$\$				
INCENTIVES				\$\$	\$\$\$
Income Tax Credit	\$\$				(\$\$)
Tax Rebates	↓				↓
Property Tax Abatement	↓				↓
Training	↓				↓
Elec. Discount	\$\$				(\$\$)
TOTAL	\$\$				(\$\$)
NET COST	\$\$				\$\$\$

Net Present Value At ___% = \$\$\$

DETAILED COMPARISON RECURRING COST ANALYSIS OVER 10 YEAR PERIOD

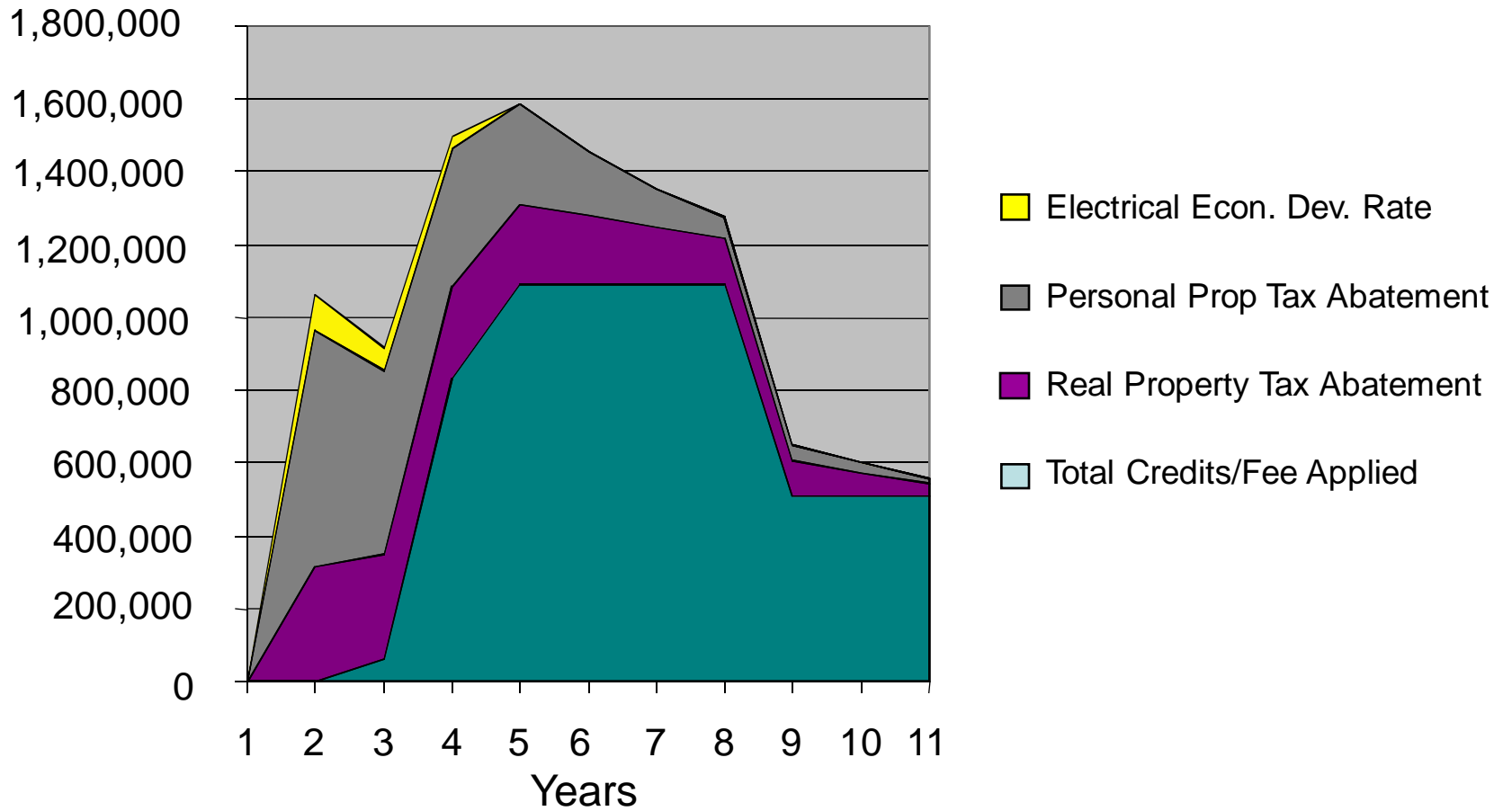


DETAILED COMPARISON INVESTMENT COSTS + 10YR RECURRING COSTS @ NPV

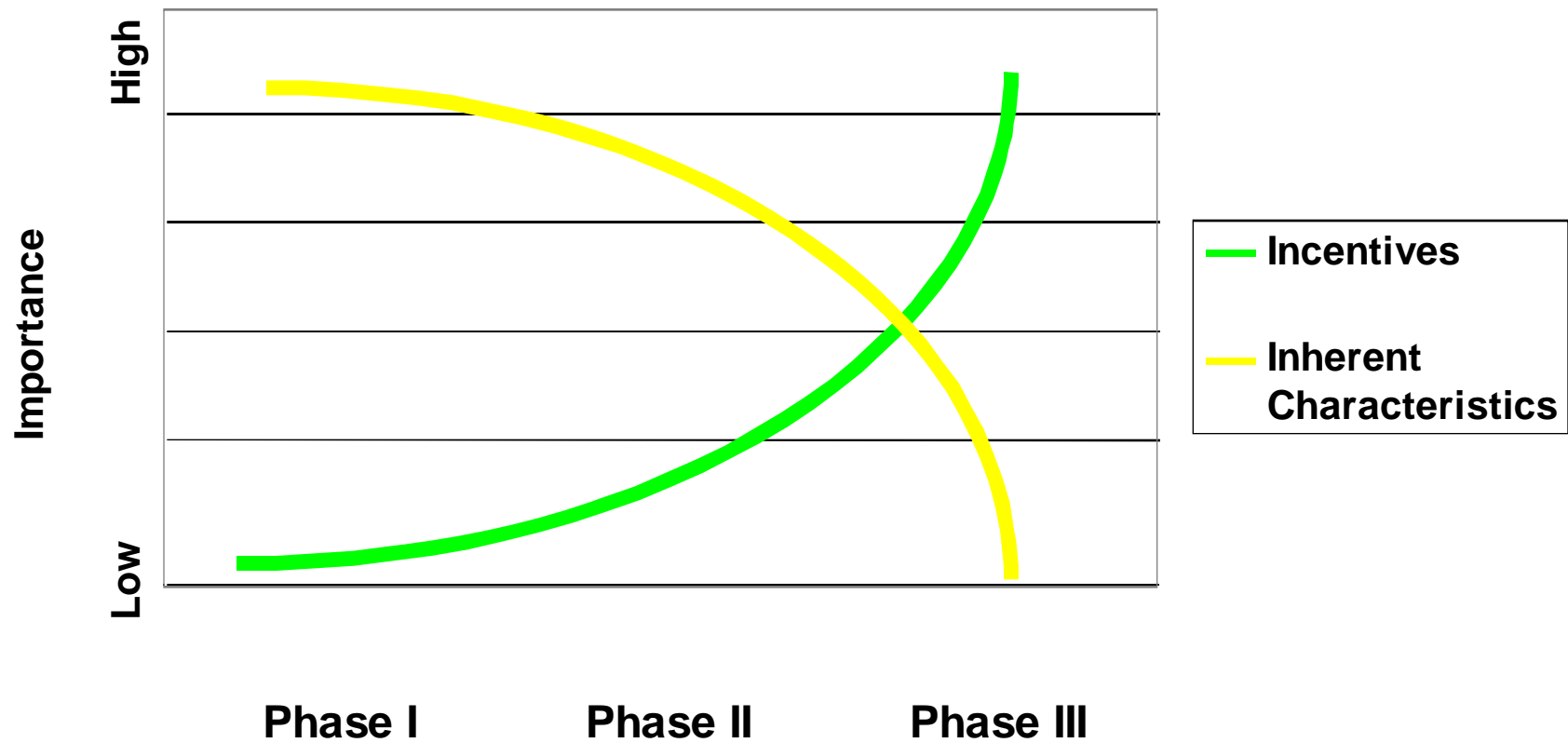


■ Investment Costs ■ 10YR Recurring Costs @ 8% NPV

DETAILED COMPARISON INCENTIVE ANALYSIS OVER 10YR PERIOD



WHEN ARE INCENTIVES IMPORTANT?



INCENTIVES

**THE TRUE VALUE OF
INCENTIVES
VARIES
BASED ON
THE OPERATING PROFILE
OF THE COMPANY**

PHASE III – FINAL NEGOTIATIONS

- **SITE VALIDATION**
- **INFRASTRUCTURE FINALIZATION**
- **INCENTIVES FINALIZATION**
- **DEVELOPMENT OF MOU**
- **FORMAL APPROVALS**

SITE SELECTION

FINAL DECISION & IMPLEMENTATION



PORTS-TO-PLAINS OPPORTUNITY

ECONOMIC DEVELOPMENT

Economic
Development
Follows
Infrastructure

ECONOMIC DEVELOPMENT

The First Piece of
Infrastructure

=

TRANSPORTATION
(Roads, Rail, Ports)

ECONOMIC DEVELOPMENT

**INFRASTRUCTURE
CREATES
OPPORTUNITY**

IT DOES

NOT

QUARANTEE SUCCESS

ECONOMIC DEVELOPMENT

PREPAREDNESS

ABSOLUTELY NECESSARY

WHEN

RESPONDING TO OPPORTUNITIES



STRATEGIC PLANNING PROCESS

STRATEGIC PLANNING

1. What is your product?

Prepared workforce
Strong public education
Availability of 25-45 age group
Business friendly leaders
High quality of life
Competitive costs
Shovel ready sites
Reliable infrastructure
Others?

STRATEGIC PLANNING

1. What is your product?

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Others?

2. Who are you selling to?

Targeted industries
Site selectors
Entrepreneurs
Tourists
Retirees
Federal government R&D
Media
Your community (residents and current businesses)
Others?

STRATEGIC PLANNING

What challenges are you trying to overcome?

- Aging population
- Slow population growth
- High unemployment
- Over dependence on particular industry sector
- High business costs
- Workforce qualifications
- Transportation infrastructure
- Misperception or No Perception

STRATEGIC PLANNING

What is your vision for the future?

- What do you stand for?
- What do you want to stand for?
- Identify and inventory your assets
- What are your selling points? What makes you unique?
- How can you differentiate yourself from the competition?
- Make improvements to the community “product”

STRATEGIC PLANNING

What is the objective of the strategic planning process?

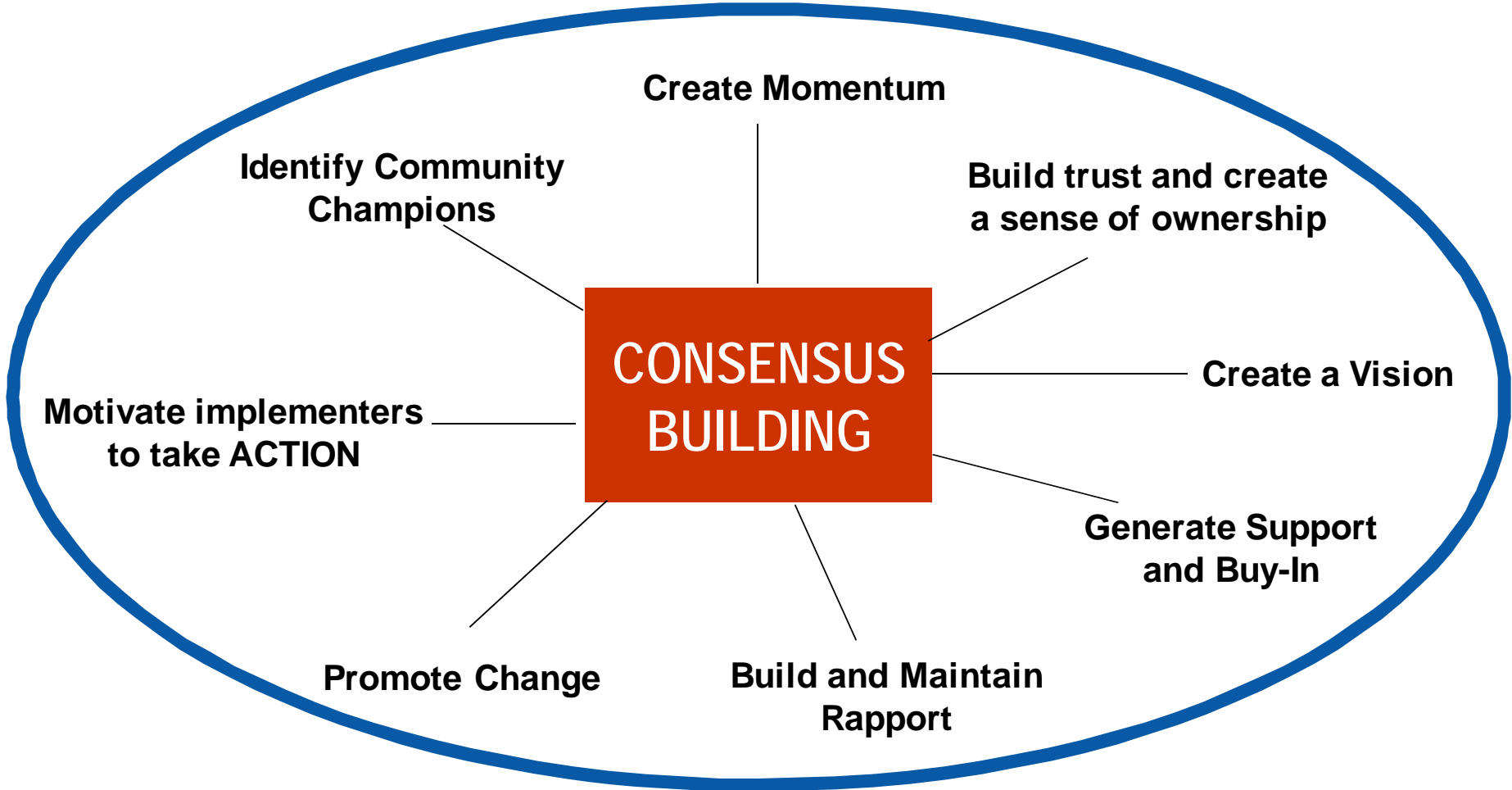
- Increase per capita income
- Raise tax base (Property Tax, Sales Tax, Payroll)
- Create higher paying jobs
- Recruit high impact businesses and industries
- Improve higher education curriculum and R&D focused on business and industry targets
- Increase % of population between 24-45 years
- Create business and industrial parks

STRATEGIC PLANNING

What types of business and industry should you target?

- What is your existing business and industry base?
- How successful are they?
- Are they growing or dying?
- What is the size and qualifications of your workforce?
- What types of business and industry can you support?
- What types can you grow?
- What is the opportunity for spin-offs and cluster growth?

COMMUNITY INVOLVEMENT



ECONOMIC DEVELOPMENT

*“Everybody has the **will to win**;
But it is only those who are
willing to prepare who do win.”*

- Bobby Knight, Basketball Coach

QUESTIONS



PORTS-TO-PLAINS SUMMIT