ABOUT ANGELOU ECONOMICS

- 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
EVERY ECONOMIC DEVELOPMENT PROJECT IS DRIVEN BY A “NEED!”

THE “NEED” ESTABLISHES PROJECT CRITERIA
“MUST” Criteria

- Can not be compromised
- Are absolute for success

Go/No Go Screen

Criteria

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

Locations

Most Important

Least Important
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

EVALUATE ALTERNATIVES

STRATEGIC ANALYSIS

FINANCIAL ANALYSIS

OPERATING ANALYSIS

NO

NO

YES

YES

YES

PROCEED WITH LOCATION ANALYSIS

- MARKETS
- PRODUCTS
- SUPPLIERS
- LABOR
- LOGISTICS
- PRODUCT DEVELOPMENT
- INVESTMENT CAPITAL
- OPERATING CAPITAL
- ROI
- SHAREHOLDER VALUE
- OPERATING PHILOSOPHY
- RESOURCE ALLOCATION
- RISK ANALYSIS
- SCHEDULE COMPLIANCE
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 by County

Data Source: 2000 Census, US Census Bureau
Results Based on Population

Qualifying Counties
Using Population Qualifier
Screening – w/i 10 Miles

Proximity to Interstates

Legend
- Interstates
- Counties

Data Source: Environmental Systems Research Institute (ESRI)
Qualifying Counties
Using Population & Proximity to Interstate Qualifiers
Screen Based on Wage Rates

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

Data Source: Occupational Employment & Wages, May 2003
Population, Interstate & Wages

Qualifying Counties
Using Population, Proximity to Interstate & Manufacturing Wage Qualifiers
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

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BASE COST</th>
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<tbody>
<tr>
<td>Land</td>
<td>$$</td>
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<tr>
<td>Building/Equipment</td>
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<tr>
<td>Site Prep</td>
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<tr>
<td>Water Extension</td>
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<tr>
<td>Sewer Extension</td>
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<td>Electrical Substation</td>
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<td>Highway Improvements</td>
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<td><strong>TOTAL</strong></td>
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<table>
<thead>
<tr>
<th>INCENTIVES</th>
<th>COST OFFSET</th>
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<tr>
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<td>Site Prep Assistance</td>
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<td>Highway Improvements</td>
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<td>Rail Extension</td>
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Operating Cost Analysis

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<td><strong>TOTAL</strong></td>
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<tr>
<td><strong>NET COST</strong></td>
<td>$$</td>
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</table>

Net Present Value At ___% = $$$
DETAILED COMPARISON
INVESTMENT COSTS + 10YR RECURRING COSTS @ NPV

COMMUNITIES

Investment Costs  10YR Recurring Costs @ 8% NPV
DETAILED COMPARISON
INCENTIVE ANALYSIS OVER 10YR PERIOD

Years

Electrical Econ. Dev. Rate
Personal Prop Tax Abatement
Real Property Tax Abatement
Total Credits/Fee Applied

0 200,000 400,000 600,000 800,000 1,000,000 1,200,000 1,400,000 1,600,000 1,800,000

1,2,3,4,5,6,7,8,9,10,11

180,000 1,200,000 1,400,000 1,600,000 1,800,000

1,000,000 1,200,000 1,400,000 1,600,000 1,800,000

0 200,000 400,000 600,000 800,000 1,000,000 1,200,000 1,400,000 1,600,000 1,800,000

1,2,3,4,5,6,7,8,9,10,11

180,000 1,200,000 1,400,000 1,600,000 1,800,000
WHEN ARE INCENTIVES IMPORTANT?

Phase I
- Low
- Phase II
- High
- Phase III
- Low

- Green: Incentives
- Yellow: Inherent Characteristics
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 Follows Infrastructure
The First Piece of Infrastructure = TRANSPORTATION (Roads, Rail, Ports)
INFRASTRUCTURE CREATES OPPORTUNITY

IT DOES NOT QUARANTEE SUCCESS
ECONOMIC DEVELOPMENT

PREPAREDNESS

ABSOLUTELY NECESSARY

WHEN

RESPONDING TO OPPORTUNITIES
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?
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?

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
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”
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
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

- Identify Community Champions
- Motivate implementers to take ACTION
- Promote Change
- Build and Maintain Rapport
- Create Momentum
- Build trust and create a sense of ownership
- Create a Vision
- Generate Support and Buy-In

CONSENSUS BUILDING

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

- Bobby Knight, Basketball Coach