



***EMPOWERED BY THE FUTURE***

**THE CITY OF CEDAR RAPIDS**

# **STRATEGIC ACTION PLAN**

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY PHASE IV

**AUGUST 4, 2014**



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# AGENDA

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- Project Scope & History
- Strategic Recommendations
- Conclusion
- Questions

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# MANY THANKS!

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## To The Steering Committee:

Tom Aller, President, Alliant Energy  
Dee Baird, President, Cedar Rapids Metro Economic Alliance  
Tim Bradshaw- Executive Director, Eastern Iowa Airport  
Steve Gray—Entrepreneur  
Kim Johnson, VP Continuing Education and Training, Kirkwood College  
Nancy Kasperek, Regional President, US Bank  
Kathryn Kunert-- Vice President, MidAmerican Energy  
Lon Olejniczak: Senior Vice President, Transamerica  
Daniel Reed, VP ED and Research, the University of Iowa  
Mick Starcevich—President, Kirkwood Community College  
Todd Bergen: VP Development & Community Services, Transamerica  
Eric Engelmann: President and CEO Geonetric, Inc  
Chad Simmons: Executive Director Diversity Focus  
Curt Nelson: President and CEO Entrepreneurial Development Center, Inc.  
Tom Hobson: Principle Manager Government & Public Affairs, Rockwell Collins  
Cindy Dietz: Director Corporate Communications, Rockwell Collins  
Pat Baird: President/CEO Aegon USA  
Dave Benson: Superintendent Cedar Rapids Community School District  
Mary Meisterling: Project Manager Alliant Energy

## To The Cedar Rapids City Staff:

Jeff Pomeranz, City Manager  
Jasmine Almoayed, Economic Development Liaison  
Sandi Fowler, Assistant City Manager - Development Services  
Jennifer Pratt, Assistant Director, Community  
Development Department

Months of  
**Research and Discussions**  
over **1,600** survey participants  
Hundreds+ **focus group, interview,  
and meeting participants**

# ABOUT ANGELOUECONOMICS

experts & leaders in:

- STRATEGIC ECONOMIC DEVELOPMENT
- SITE LOCATION CONSULTING
- ECONOMIC RESEARCH AND ANALYSIS



**ANGELOS ANGELOU**

Principal Executive Officer



**DANE ANDERSON**

Associate Project Manager



**NICHOLAS SAMUEL**

Research Analyst



**WILLIAM MELLOR**

Director of Project Operations

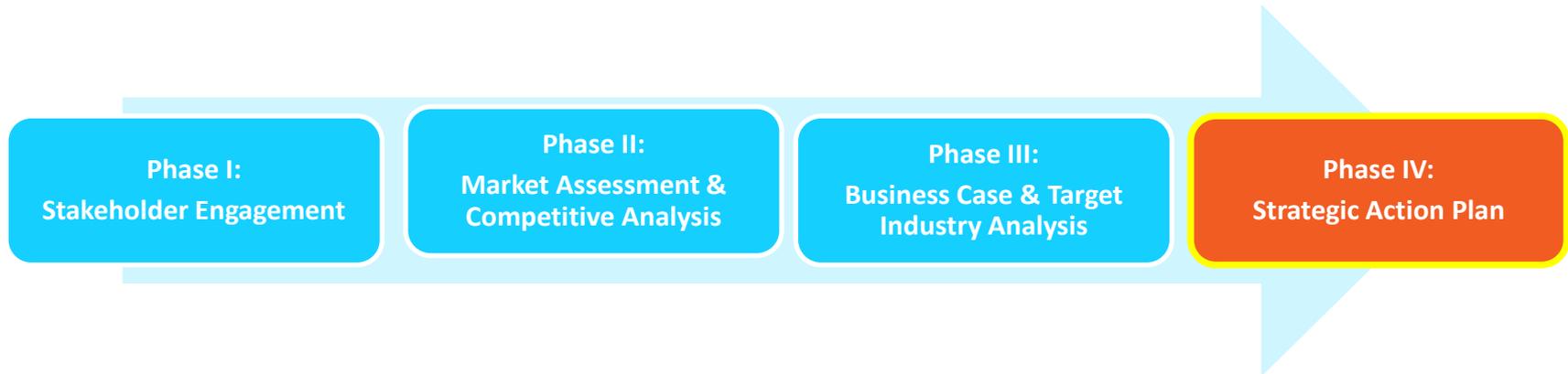


**IRENE GINAKAKIS**

Research Analyst

*Our goal is to leverage the unique strengths of each region to provide new, strategic direction for economic development*

# PROJECT SCOPE



***“ The greatest danger for most of us is not that we aim too high and miss it, but that we aim too low and reach it. ”***

**- Michelangelo**

# PROJECT SCOPE



**November – January AE Interviewed or Surveyed Over 1,500 Residents + 150 Local Businesses. They Told Us that Cedar Rapids:**

- \*Needs to Focus on Workforce Development & Attraction
- \*Needs to Attract More Young Professionals
- \*Needs to Focus a Wide Array of Economic Development Efforts
- \*Downtown Office Occupancy has not Returned to Pre-flood Levels

# PROJECT SCOPE



**Examined the local and regional markets in terms of :**

\*Business Climate   \*Quality of Life   \*Workforce & Education   \*Infrastructure

**Compared Cedar Rapids to Benchmarks of:**

\* Eau Claire, WI   \* Grand Rapids, MI   \*Lincoln, NE   \*Iowa   \*U.S. as a Whole

# Cedar Rapids SWOT

## Strengths

- Grain processing capital of the U.S.
- Diverse industries
- High quality of life
- High levels of innovation and venture capital
- Quality primary and secondary education
- Strong regional universities and colleges
- MedQuarter medical district alliance
- Developing destination zones – Czech Village, New Bo
- Access to raw agricultural materials
- New infrastructure
- Funding of Flood Mitigation

## Weaknesses

- Lack of city-centric ED strategic plan
- Multiple disconnected regional ED organizations
- High local corporate tax climate
- Declining labor force
- Insufficient skilled workforce
- Downtown offices under-occupied
- Perception of inadequate downtown parking
- Unwelcoming to newcomers /social walls

## Opportunities

- Continued development of business incubators and venture capital funding programs to support innovation
- Promotion of high quality of life and low cost of living to attract skilled labor
- Regional student population
- Flood recovery funding and improvements
- Second tier businesses
- Rockwell engineers
- Medical sector expansions
- Riverfront development
- Public transportation expansion, improvement

## Threats

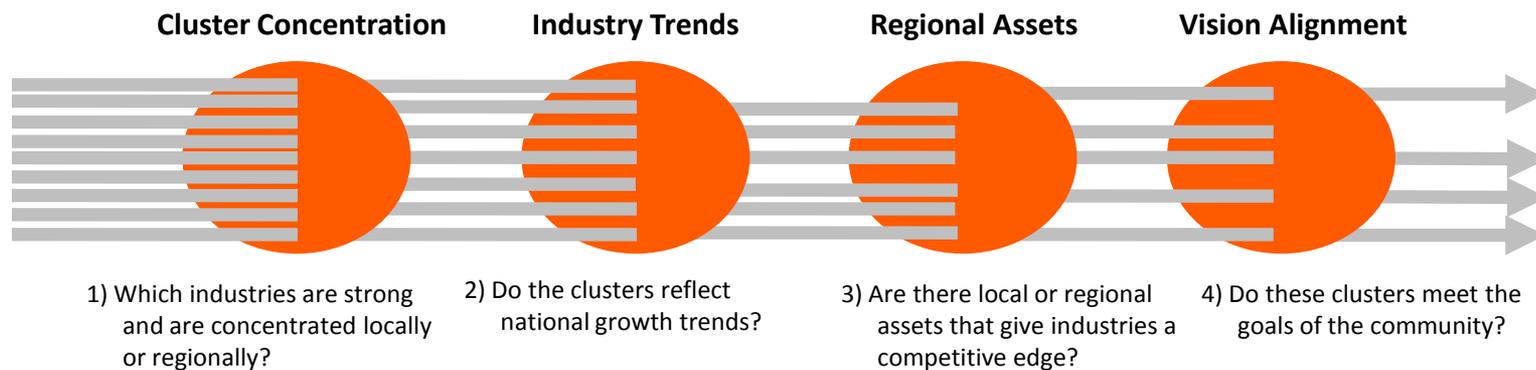
- Decline of labor force, young professionals, and employers
- Loss of major employer
- Social walls that could impact workforce retention
- Flood-related building/housing vacancies
- Challenging flood protection
- Multi-stop air transportation
- Newer urban areas with more modern infrastructure
- Downtown flood plain location
- State and city tax structures

# PROJECT SCOPE



**Target Industry Report:** An In-depth Analysis was Conducted on Cedar Rapids Industry Cluster Strengths. Five Target Industries were Recommended.

## TARGET INDUSTRY SELECTION PROCESS



# RECOMMENDED TARGET INDUSTRIES & NICHEs

Economic Development Activities:		Life Sciences	Logistics & Distribution	Food Sciences & Processing	Entrepreneurial Business Services	Finance, Insurance & Real Estate
<b>Mature/Core Targets</b> <ul style="list-style-type: none"> <li>• Retention</li> <li>• Expansion</li> </ul>	Health IT	Freight Trucking	Animal Oriented Food & Health Services	Accounting & Legal Services	Investment & Asset Management Services	
	Health Care Networks	Maintenance & Support Services	Food Processing & Organic Foods	Engineering / Architecture		
<b>Diversification Targets</b> <ul style="list-style-type: none"> <li>• Attraction</li> <li>• Entrepreneurship and Small Business Development</li> </ul>	Senior Care Services	Intermodal Transport Services	Agricultural Research & Development	Custom Computer Services	Actuary Science & Data Processing	
	Medical Devices		Food Safety			
<b>Emerging Targets</b> <ul style="list-style-type: none"> <li>• Expansion</li> <li>• Attraction</li> <li>• Entrepreneurship and Small Business Development</li> </ul>	Biotechnology	Supply Chain Analytics / Services	Bio-Agriculture	Creative Design	E-Commerce	

## RETAIL LEAKAGE

**30** retail sectors reviewed

Net retail surplus of **over \$550 million**

**40%** excess of local supply over local demand

Cedar Rapids' largest surpluses are:

- **Grocery Stores (\$295+ m)**
- **General Merchandise Stores (\$135+ m)**
- **Department Stores (\$73+ m)**

Cedar Rapids' greatest retail leakages occur in:

- **Automobile Dealerships (\$155+ m)**
- **Electronic Shopping (\$30+ m)**
- **Clothing Stores (\$8+ m)**

## COMMERCIAL REAL ESTATE

**Industrial space** is in high demand

Only **3.9%** currently vacant compared to **8%** nationally

For local **retail space**, only **5.5%** currently vacant compared to **8.6%** nationally

**Office Space** is less encouraging

Cedar Rapids' **22.2%** vacancy rate is greater than the national rate of **16.9%**

Contributing Factors:

- Flood and broader economic trends
- Office space impacted more by the flood than other real estate sectors
- Lingering workforce retention issues
- Competition from nearby cities

# WHY?

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**CEDAR RAPIDS SHOULD ASSUME A MORE  
PROMINENT ROLE IN ECONOMIC DEVELOPMENT**

**CEDAR RAPIDS WISHES TO BUILD A MORE VIBRANT  
COMMUNITY**

**THE CITY WANTS TO BECOME A STRONGER  
REGIONAL PARTNER**

# PROJECT SCOPE



## Strategic Objectives



Determine  
City's ED  
Role

## A Uniquely Cedar Rapids Perspective

### Key Strategies

- 1) Expand the City ED Department
- 2) Be a Strong Regional Partner
- 3) Engage University and College Partners
- 4) Brand and Market the City



Determine  
the City's  
ED Role

Grow &  
Diversify the  
Economy

Grow the  
Workforce

## 1) EXPAND THE CITY ECONOMIC DEVELOPMENT DEPARTMENT

### Direct Local Economic Development Efforts:

- Establish a City Business Retention and Expansion Program
- Identify Additional Ways to Support Entrepreneurship
- Implement Workforce Development Strategies

### Create Specialized Economic Development Staff

### Join Economic Professional Development Organizations

## 2) BE A STRONG REGIONAL PARTNER

### Consider Updating the Definition of Regional Territory

### Cedar Rapids and Iowa City Should Form A Partnership

### Implement Rules of Engagement Agreement

- Create an Anti-Poaching Agreement
- Secure Signatures and Buy-In from Regional Partners

### Establish Goals and Evaluation Measures for Partnering Economic Development Organizations



### 3) ENGAGE UNIVERSITY AND COLLEGE PARTNERS

**Organize Cedar Rapids Public/Private Funding for Universities**

**Fund Individual Research Projects**

**Conduct an Economic Impact Study on the Universities**

**Create One-Time Funding for an Endowed Chair**

**Evaluate Support for Kirkwood Community College**

### 4) BRAND AND MARKET THE CITY

**Develop an Economic Development Brand for Cedar Rapids**

**Create a Strong Marketing Tool Kit**



## Bolster a Strong Workforce Pipeline

### Key Strategies

- 1) Align Training with Needed Skills
- 2) Cultivate Workforce Skills Early
- 3) Build Assets to Attract Young Professionals
- 4) Recruit Talent From Outside the Region



Develop a  
City-Centric  
Focus

Grow &  
Diversify the  
Economy

Grow the  
Regional  
Workforce

## 1) ALIGN TRAINING WITH NEEDED SKILLS

### Identify In-demand Skills

- Engage Employers with Twice-a-Year Survey of In-Demand Skills
- Launch a Periodic Online Survey

### Nurture these Skills in the Local Workforce

- Organize Periodic Meetings Between Employers & Educators
- Identify Needed Workforce Skills
- Encourage Educators to Develop Appropriate Training Courses

## 2) CULTIVATE WORKFORCE SKILLS EARLY

### Consider a Specialty High School with Apprenticeship Programs

### Connect Students and Graduates to Jobs in Cedar Rapids

- Meet with Business and Education Leaders to Initiate Internships, fellowships, and apprenticeships
- Create Job Fairs at Universities and Target Cities



## BUILD ASSETS TO RECRUIT YOUNG PROFESSIONALS

### 3) BUILD ASSETS TO RECRUIT YOUNG PROFESSIONALS

Support an organization for young professionals

- Co-Sponsor Monthly YP Events with Local Businesses

Create additional cultural events and gathering places throughout the city

- Outdoor Summer Festivals Program featuring Live Music, Food and Art

Support the development of expanded live/work environments

- Identify Areas for Expansion or New Live/Work Development
- Explore Dedicated Downtown Transportation Options

Leverage the city's dark fiber

- Market Cedar Rapids as a Ready Pilot "For the Internet of Things"

### 4) RECRUIT TALENT FROM OUTSIDE THE REGION

Conduct recruitment visits and participate in career fairs

Support a family matching program to create connection to the local community

Provide recruitment assistance to companies for executive level talent



## IN BUSINESS TO FLOURISH

### Key Strategies

- 1) Direct Business Retention and Expansion
- 2) Support and Grow Small Businesses
- 3) Cultivate Entrepreneurship
- 4) Focus on Target Industry-Specific Strategies
- 5) Examine Incentives



Develop a  
City-Centric  
Focus

Grow &  
Diversify the  
Economy

Grow the  
Regional  
Workforce

## STRATEGY 1: KEY STEPS DETAILED

### 1) DIRECT BUSINESS RETENTION AND EXPANSION

Implement a Periodic Online Survey

Use Information Provided by Businesses to shape ED Policies

### 2) SUPORT AND GROW SMALL BUSINESSES

Evaluate Survey Information from Small Businesses Gathered During the Business Retention and Expansion Process

Implement the Changes Small Businesses Desire

Sponsor Regular Small Business Events and Awards

Run a List of Small Businesses from the Economic Development Department Website



## STRATEGY 3: KEY STEPS DETAILED

### 3) CULTIVATE ENTREPRENEURSHIP

Develop an Entrepreneur/Innovation Event  
Aggressively Market Accelerator, Economic Development Center and  
Coworking Space

➤ Iowa Startup Accelerator, EDC, Vault coworking space and other local  
entrepreneurial programs

Attract Economic Development Authority Funds for a Specialized  
Incubator

Work with Partners to Increase Funding Resources

Follow Entrepreneurship Related Groups on Social Media

### 4) DEVELOP SECTOR-SPECIFIC STRATEGIES

Keep Updated Information Available on the Department Website and in  
Marketing Collateral

Be an Active Member of Major Trade Organizations

### 5) EXAMINE INCENTIVES



**Employees: 4,550**

**Total Payroll: \$309 Million**

**Average Annual Wage: \$68,107**

**Number of Businesses: 211**

**Total Square Footage: 2.5 million**

**Total Revenues: \$2.6 billion**

## Assets of Attraction:

- Strong Geographic Location
- Moderate Labor and Utility Costs
- Strong Cluster of Related Businesses
- Long History as Top Grain Processing Center
- High Levels of Innovation, Entrepreneurial Support
- Access to Raw Agricultural Materials
- Collaboration with Iowa State University
- Large Population of Engineers

Sources: AE, BLS for 2014, Reference USA for 2013

\*total square footage and total revenue figures are estimates based on business data provided by Reference USA

## Sector-Specific Strategies

1. Establish a Bio-Ag incubator through Economic Development Administration (EDA) funding in collaboration with Iowa State University
2. Attend Food Science and niche-related conferences and trade shows
3. Foster an internship program with ISU and local major employers
4. Explore opportunities for collaborative research between ISU and food industry employers

## Food Sciences & Processing Niches

Bio-Agriculture

Animal-Oriented  
Products & Services

Bio-Sciences

Food Safety

Organics

**Employees: 15,865**

**Total Payroll: \$730 Million**

**Average Annual Wage: \$46,024**

**Number of Businesses: 770**

**Total Square Footage: 9.4 million**

**Total Revenues: \$1.3 billion**

## Assets of Attraction

- Growing MedQuarter District with two Major Hospitals
- Collaboration with University of Iowa Colleges of Medicine, Nursing, Dentistry and Pharmacy
- Partnership with the University of Iowa Hospitals and Clinics System
- Collaboration with Iowa State Agriculture & Life Sciences College
- Space Available for Building Wet Lab Facilities
- Entrepreneurial Support for Life Science Graduates
- Existing Small Businesses that Support the Sector

Sources: AE, BLS for 2014, Reference USA for 2013

\*total square footage and total revenue figures are estimates based on business data provided by Reference USA

## Sector-Specific Strategies

1. Attend one or two industry related conferences and trade shows to stay on top of industry trends and establish contacts
2. Cultivate relationships with foreign-born medical professionals and entrepreneurs
3. Lobby Iowa to waive taxes on income derived from patents
4. Partner with the University of Iowa to develop Life Sciences internship programs
5. Lobby state not to tax income >\$250,000 to attract scientific talent

## Life Sciences Niches

Bio-Technology

Senior Care Services

Health Care Networks

Medical Devices

**Employees: 6,904**

**Total Payroll: \$230 Million**

**Average Annual Wage: \$33,305**

**Number of Businesses: 194**

**Total Square Footage: 3.1 million**

**Total Revenues: \$290 million**

## Assets of Attraction

- Strong Geographic Location
- Existing Bimodal Road and Rail Infrastructure
- Diverse Industries
- Domestic Grain Processing Center
- Room for Warehouse & Distribution Infrastructure
- Office Space Available
- Strong Business Management Program at the University of Iowa
- High level of Public School Education
- Exemplary Job Training Opportunities at Kirkwood College

Sources: AE, BLS for 2014, Reference USA for 2013

\*total square footage and total revenue figures are estimates based on business data provided by Reference USA

## Sector-Specific Strategies

1. Work with local high schools, universities, and trade schools to develop effective job training programs which teach modern logistics skills and practices
2. Create and implement aggressive marketing campaign which promotes Cedar Rapids as a multi-modal hub for road, and rail transportation
3. Implement a site shovel ready program

## Logistics & Distribution Niches

Supply Chain Analytics

Intermodal Transport  
Services

Maintenance and Support  
Services

Freight Trucking

# ENTREPRENEURIAL BUSINESS SERVICES

**Employees: 8,359**

**Total Payroll: \$377 Million**

**Average Annual Wage: \$45,141**

**Number of Businesses: 808**

**Total Square Footage: 4.3 million**

**Total Revenues: \$1.2 billion**

## Assets of Attraction

- Strong Focus on Innovation, Entrepreneurship
- Iowa Startup Accelerator, Vault Coworking Space, SBA, etc.
- Vault Coworking Space
- Continuing Development of Incubators
- UI Papajohn Entrepreneurial Center, and Venture Program
- ISU Entrepreneurship & Innovation Graduate Program
- Potential for Strong Angel and Venture Capital Funding
- High Quality of Life
- Strong MedQuarter Development
- Presence of Major Industries

Sources: AE, BLS for 2014, Reference USA for 2013

\*total square footage and total revenue figures are estimates based on business data provided by Reference USA

## Sector-Specific Strategies

1. Encourage new development of Class A office space and flex space downtown
2. Explore public-private partnerships create live/work space
3. Strengthen talent pipeline by creating professional service programs for high school students (Engineering, Architecture, Accounting, Graphics Design and IT)
4. Consider incentives to specifically support

## Entrepreneurial Business Services Niches

Creative Design

Custom Computer Services

Accounting & Legal Services

Engineering & Architecture

**Employees: 8,329**

**Total Payroll: \$554 Million**

**Average Annual Wage: \$66,519**

**Number of Businesses: 584**

**Total Square Footage: 4.7 million**

**Total Revenues: \$6.3 billion**

## Assets of Attraction

- Strong Existing Business Clusters
- Low-Cost Downtown Office Space Available
- Supportive City Incentives
- Top Ranked UI Undergraduate Accounting, Management and MBA Programs
- ISU Graduate Program Scholarship for Top Finance Talent
- Strong Commercial Real Estate Market in all Divisions except Office
- Improving Residential Retail Markets
- Opportunity to Leverage MedQuarter District Development

Sources: AE, BLS for 2014, Reference USA for 2013

\*total square footage and total revenue figures are estimates based on business data provided by Reference USA

## Sector-Specific Strategies

1. Develop specific incentives for the financial, insurance and real estate sector downtown
2. Explore public-private partnerships to renovate downtown office space
3. Consider creating an EB5 regional center to attract foreign funding for new real estate development or redevelopment projects

## Finance, Insurance & Real Estate Niches

E-Commerce

Actuary Science

Data Processing

Investment & Asset  
Management

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# IMPLEMENTATION

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Implementation will require Leadership and Vision.

- Keep focused on the big picture
- Not every recommendation will be implemented
- Start and maintain momentum
- Shed negative attitude and pessimism
- Celebrate your successes!

The city, county, metro area and community **adopt this plan.**

The Steering Committee should become the plan's **chief champions.**

Begin marketing immediately to capture **community enthusiasm.**

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# CONCLUSIONS

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This plan provides a blueprint for developing Cedar Rapids into a globally competitive community for the future.

- If not now, then When?
- If not you, then Who?
- Economic health will not improve without **action**
- Action requires **collaboration**
- Economic development is **everyone's responsibility!**

# Thank You!



8121 Bee Cave Rd., Suite 100 Austin, TX 78746  
phone: 512-225-9320 | fax: 512-225-9283

