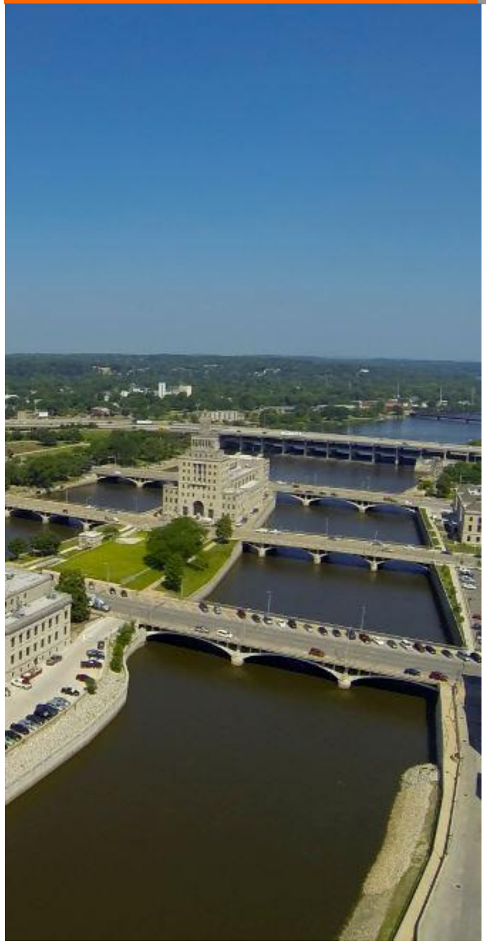

Cedar Rapids Market Assessment

Comprehensive Economic Development Strategy: Phase II

February 26, 2014

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Introduction

AngelouEconomics is proud to work in collaboration with the city of Cedar Rapids to create an economic development strategic plan that will allow the city to diversify and grow its economy and become a competitive force in the attraction of new industries.

An effective strategic plan to drive economic development begins with an objective and reliable data-driven accounting of a market's strengths and weaknesses. This Market Assessment report is the first deliverable in a four-phase project that will take Cedar Rapids through the determination of valuable assets and the identification of issues that could affect economic progress.

Cedar Rapids benefits from a high level of community and regional interest in economic development and a higher-than-usual understanding of the process. A number of organizations are actively involved in promoting the region. The information included in this report will assist the city in the determination of strengths and weaknesses and lead to the selection of the best industries to target for attraction. It will also allow the city to focus on a strategic plan that can bring various economic development organizations within the area together in collaboration for success.

In November 2013, AE conducted site visits to Cedar Rapids, interviewing more than 100 stakeholders during private conferences and discussion groups. In January, an online survey was launched to collect additional input from Cedar Rapids businesses and residents and to help engage the community in the process of economic development planning.

The Market Assessment takes a detailed look at the city's current Quality of Life, Workforce and Education, Business Climate, and Infrastructure factors and an analysis of strengths and weaknesses. It also provides a competitive comparison with benchmark communities selected by Cedar Rapids, including Eau Claire, WI; Grand Rapids, MI; and Lincoln, NE. Economic conditions within Cedar Rapids are also contrasted to those in the state of Iowa and the United States.

The Market Assessment and Competitive Analysis report will be followed with a Target Industry and Business Case Analysis, presented during a site visit at the end of April, and a Strategic Action Plan and Implementation Matrix, presented during a final site visit in mid-June. Progress can be monitored on the project website at www.cedarrapids2020/com.

PHASE 1	**•Stakeholder Engagement**
PHASE 2	**Market Assessment and Competitive Analysis**
PHASE 3	**•Business Case and Target Industry Analysis**
PHASE 4	**•Strategic Action Plan and Implementation Matrix**

Executive Summary

The City of Cedar Rapids has long been a shining example of the best and brightest that the Midwest life style has to offer. Known for incredible resilience and a positive “can do” attitude, the city is living proof that, even after the worst of disasters, positive changes can result.

Perhaps the hardest hit by the 2008 Iowa floods, Cedar Rapids was drowned by the Cedar River, which runs through the city. Nearly 10 square miles and 1,300 blocks were covered in water, including many public buildings and substantially all of the downtown area. More than 5,000 homes were damaged or destroyed, and nearly 1,000 businesses were affected by the disaster. An estimated 7,000 jobs were lost as businesses suffered. Many small businesses were destroyed, and culturally rich areas such as Czech Village were damaged beyond the ability for complete restoration.

In the nearly six years since the flood, Cedar Rapids has achieved remarkable recovery. New, more modern infrastructure has replaced much of that damaged by water. Highly-educated residents enjoy high household incomes and lower than average cost of living expenses, providing more buying power than average U.S. residents. Businesses report appreciating the benefit of local factors they perceive to help them achieve success.

Cedar Rapids is now focused on developing an even stronger direction for the city that will provide a roadmap for a healthy economy that supports existing businesses and attracts new industries to the area. In order to get a better understanding of the Cedar Rapids market, AngelouEconomics conducted extensive on-site interviews and focus groups involving more than 100 stakeholders. A highly successful set of surveys was also developed and run online that elicited responses from 1,483 residents and 136 business owners and managers. That qualitative information was combined with quantitative information obtained from a well-established set of research models using practices developed by AE. Together the two forms of data allow for the examination of economic drivers and separate out assets and issues based on a city’s competitiveness with key benchmark markets.

The high level of response to survey questions indicates an equally high level of engagement by the community in the economic development process and an interest in helping the city achieve success. Three issues that arose most frequently during the stakeholder process were concerns about attracting and growing Cedar Rapids’ 25-44 year old population, ensuring an investment in workforce development and focusing the city’s authority and role in local and economic development activities. Residents and businesses were in agreement on another point - Cedar Rapids lacks brand appeal and fails to stand out from the crowd of Midwestern communities. Residents and local businesses understand the benefits of life in Cedar Rapids and would like to see that information better presented to the outside world.

In this report, market forces were examined through four economic factors: Quality of Life, Workforce and Education, Business Climate and Infrastructure.

Quality of Life

Residents in Cedar Rapids benefit greatly from a high quality of life. Relatively low cost of living expenses and high income levels give them 10 percent more purchasing power than other Iowans and 13 percent more than the average U.S. resident. The city’s growing population has a strong middle class presence with the highest median income of all benchmarks - $50,000.

The local housing market compares in strength to benchmarks, and are home purchases generally provide sufficient investment return. Violent crime is low, and property crime is not significantly higher than that in benchmark areas. Overall property crime rate in Cedar Rapids is likely impacted by a number of damaged businesses and homes left vacant from the flood.

Executive Summary (continued)

Poverty levels in the city are the lowest in all benchmark comparisons. Some mention of an awareness of the possibility of increasing crime activity in the area was noted in residential surveys.

The exceptional quality of life in Cedar Rapids, as in other Iowa cities, comes with a price tag. Residents pay combined property taxes that are nearly double those of Eau Claire and Lincoln benchmarks. Cedar Rapids is more comparable to other Iowa cities that also pay high state and local tax rates.

Iowa in general is somewhat lacking in cultural and racial diversity. That lack of diversity makes it harder to attract a wide range of work populations and can lead to limited local cultural activities. Younger professionals are particularly disenfranchised by a lack of diversity. Survey responses indicate a desire for more organized entertainment and recreational activities in the city, particularly on weekends.

Workforce and Education

There are early indications of a shrinking work force in Cedar Rapids. The city's higher paid wages and strong wage growth can be viewed as a detriment to industries looking at the costs of doing business in the area. However, the average weekly wage of $893, while significantly higher than benchmarks, is still considerably lower than the U.S. average of $948. Higher wages and lower cost of living are important attractions in labor force recruitment.

With a median age of 35.1 years, Cedar Rapids has a slightly older workforce population than other benchmarks, but is still below the U.S. average of 35.9 years and Iowa's average of 37.2 years. Most residents, two-thirds in fact, work in Cedar Rapids. The city offers diverse employment opportunity, with more than half the workers divided between manufacturing jobs and employment in the areas of education, health and social services. Cedar Rapids residents benefit greatly from the area's strong public schools and multiple nearby high-quality colleges and universities. A watchful eye should be kept on the level of higher- education degrees in the workforce, as the growth-rate of those degreed workers has slowed. An opportunity to bring the high school graduation rate up to state levels is also indicated.

The location outside the county of universities leads Linn County to show comparatively low research and development expenditures.

Survey results indicate that businesses and residents would value improved communication with local school districts and greater school district involvement in the city's strategic planning process.

Business Climate

Just as Iowa residents pay to maintain excellent quality of life factors, state businesses also pay relatively high state and local taxes. The per-capita cost of government in Cedar Rapids is also higher than in Grand Rapids and Lincoln. The issue of high taxes may be significant enough to impact industry site location decisions and encourage existing businesses to investigate less costly locations. Cedar Rapids experienced a net loss in area businesses from 2002-2012, due, in part, to the flood and the global recession.

During the last 10 years, Cedar Rapids has experienced a switch in business growth from construction, manufacturing and information industries to service establishments that include financial, professional, education and health and leisure categories. This will be an important consideration in the determination of target industries.

With more venture capital investment firms than any other benchmark and a large volume of patent activity, Cedar Rapids is ranked strong in entrepreneurial and start-up support. Cedar Rapids businesses are predominantly small in size. In fact, nine out of 10 employ less than 50 people and 40 percent employ four employees or less.

Executive Summary (continued)

Infrastructure

City Rapids is an established city with a long and healthy history. That translates into a slightly older but well-diversified housing stock that mirrors that of Eau Claire and is comparable in age distribution to that of Iowa as a whole. The city's relatively high percentage of occupied housing is remarkable so soon after the flood, indicative of a healthy middle class and reflective of the area's family values, higher wages and somewhat older, stable population.

Many downtown businesses were destroyed during the flood, and the area has not adequately recovered its vitality. While new infrastructure has resulted from flood recovery efforts, significant areas remain abandoned and blighted by damage. Many buildings have unoccupied space available for lease. Workforce parking availability downtown during office hours remains an issue for investigation.

There were numerous comments in open-ended survey question sections expressing frustration with a city focus on downtown economic development. Comments seemed to indicate a need for change in the way the city is communicating plans for the area, and a need to encompass that plan within a larger strategic citywide economic development plan.

Survey responses indicated significant support for cleaning up and developing the harbor and river area for tourism attraction. Residents indicated a need for the city to help develop weekend attraction draws. There was significant interest voiced in further development of the Czech Village and New Bohemia areas, and possible pedestrian connections to downtown. A significant desire was noted in surveys for improved public transportation, especially in connecting neighborhoods to downtown.

Target Industries

Cedar Rapids is experiencing growth in service-related industries. Elsewhere in the U.S., those industries are gaining strength as well. Manufacturing activity, both in Cedar Rapids and in the U.S. in general is declining.

Significant cluster activity is present in the Cedar Rapids market area in financial activities, education and health services, professional and business services and other service-related industries. Employment clustering is also apparent in food processing and logistics and distribution. Theses and other industries will be examined in detail in the next phase of our strategic plan development, the Target Industries Analysis.

"We have a brain drain going on in Cedar Rapids. We grow our kids, give them an exceptional education and send them off to college. They don't come back. They find work elsewhere."

-Cedar Rapids' Resident Survey

Cedar Rapids SWOT

Strengths	Weaknesses
• 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 • Destination zones – Czech Village, New Bo • Access to raw agricultural materials • New infrastructure • Funding of Flood Mitigation	• 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	**Threats**
• 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	• 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

Benchmark Comparison

In order to understand how Cedar Rapids stacks up competitively against other cities, it is important to examine the area's strengths and weaknesses. This report not only collects and analyzes qualitative and quantitative data but evaluates this information against three areas selected by Cedar Rapids. This competitive intelligence will determine how to engage and leverage local assets in order to direct and promote a sustainable economic development program. Eau Claire, WI; Grand Rapids, MI; and Lincoln, NE were chosen as competitive benchmarks for this report. This study also benchmarks Cedar Rapids against Iowa and the United States in order to differentiate between what may be attributed to local trends versus broader state or national trends.

	Cedar Rapids, IA	Eau Claire, WI	Grand Rapids, MI	Lincoln, NE	Iowa	United States
Population (2013)	129,482	67,351	191,583	266,296	3,078,263	311,873,842
Population Growth ('00-'13)	6.3%	6.6%	-3.0%	16.2%	5.2%	10.8%
Unemployment Rate (November 2013)	4.4%	6.4%	7.7%	2.9%	4.3%	7.0%
Labor Force Growth ('02-'12)	-1.11%	6.5%	-0.91%	10.15%	0.39%	7.18%
Median Household Income (2013)	$50,365	$41,967	$38,806	$49,719	$49,764	$54,398
Median Household Income Growth ('00-'13)	13.8%	12.2%	3.9%	21.1%	26.0%	27.2%
% in 25-44 Age Group (2013)	26.7%	25.5%	28.7%	27.8%	24.3%	27.1%
% Bachelor's Degree + (2013)	28.9%	31.6%	28.0%	34.7%	24.5%	28.5%

QUALITY OF LIFE

Quality of Life: Scorecard

RANKING OF CEDAR RAPID'S QUALITY OF LIFE FACTORS					
Assessment Rationale	**Quality of Life Variable**	**Leading**	**Strong**	**Lacking**	**Weak**
• Stable historical growth • Strong projected growth	Population Growth				
• High median household incomes • Over 40% earning over $60,000	Household Incomes				
• Affordable cost of living	Cost of Living				
• Very reasonable commute times	Commute Times				
• High home values • Affordable rents	Housing Characteristics				
• Low crime rates • Half the national poverty rate	Crime & Poverty				
	Overall Quality of Life				

Quality of Life: SWOT

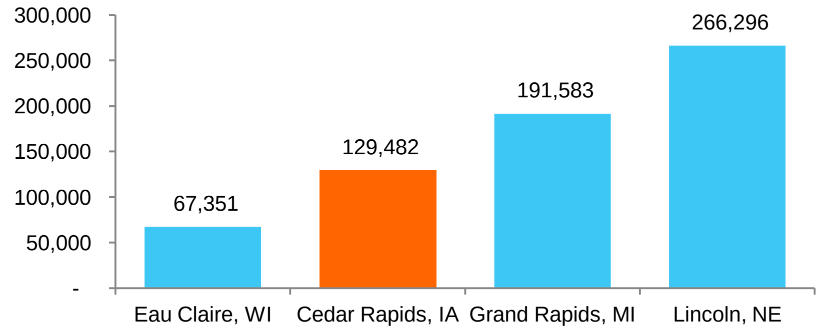
Strengths	Weaknesses
• High median incomes and affordable living • Low commute times • Low poverty • Strong housing diversity • Great place to raise a family • High perceived integrity level • Low violent crime • Strong public education • Quality healthcare • Good residential/city communication • Perception of strong leadership in community	• Property crime rates higher than benchmarks • Need to grow 25-44-year-old demographic • Well-educated children leave for college, do not return until ready to raise their own families • Newcomers report unwelcoming community until connections are formed • Insufficient entertainment/activities • Lack of strong downtown presence/parking • High residential property taxes • Reported social barriers
Opportunities	**Threats**
• Continued and expanded high quality promotion •Enrichment of entertainment venues to attract young professionals •Promotion of healthy lifestyle options •Expansion of bike lanes, pedestrian areas and hike and bike trails to attract Young Professionals •More affordable taxes for Young Professionals •Engage Young Professionals •Engage Young Professionals in city government	• High relative labor costs discourage businesses from relocating to Cedar Rapids • Des Moines, other nearby communities better at attracting young professionals • More modern housing/infrastructure in newer suburban communities

Quality of Life: Population

Cedar Rapids

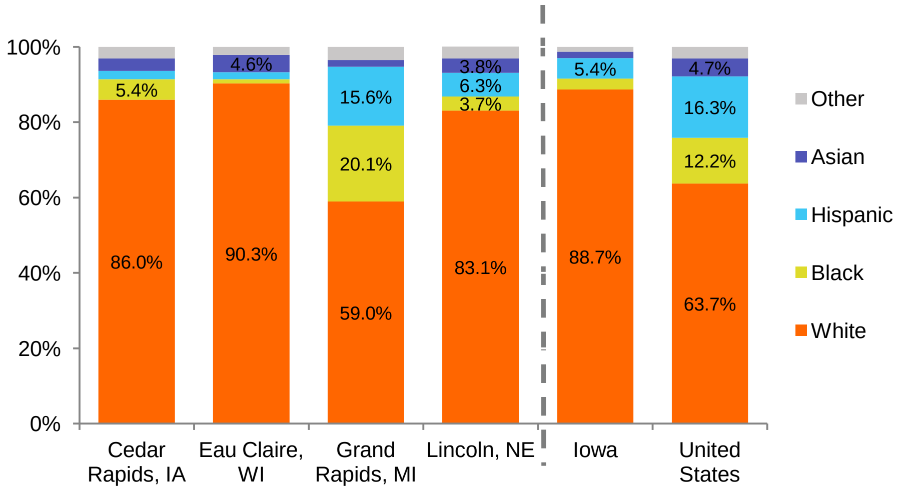
Cedar Rapids is relatively small compared to the benchmark cities of Grand Rapids, MI and Lincoln, NE and much larger than Eau Claire, WI. However, all four locations are small to mid-sized cities located in the American Midwest and share many characteristics. Thus, the benchmark cities will serve as effective comparisons for the purposes of this market assessment.

Population (2013)



Source: Decision Data Resources

Distribution by Race (2010)



Source: U.S. Census Bureau

Cedar Rapids is relatively lacking in diversity

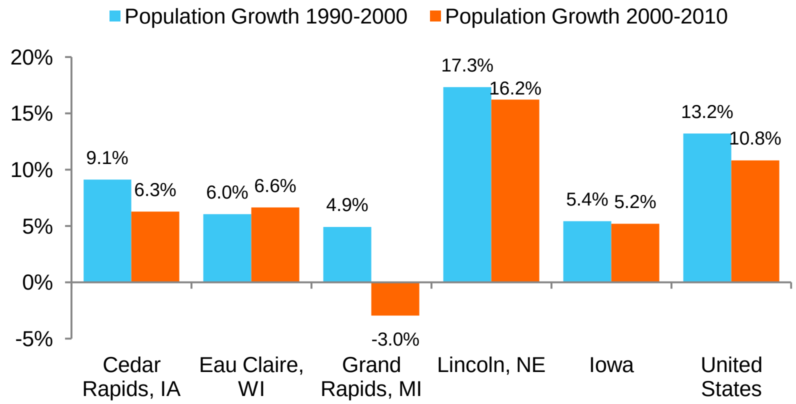
When viewed against the benchmark and national populations, Cedar Rapids is somewhat less racially diverse. This is not unexpected given that Iowa is a rural Midwestern state. However, Cedar Rapids should continue to accept and promote racial and ethnic diversity to ensure both future economic growth and cultural prosperity.

Quality of Life: Population Growth

Cedar Rapids has experienced healthy growth

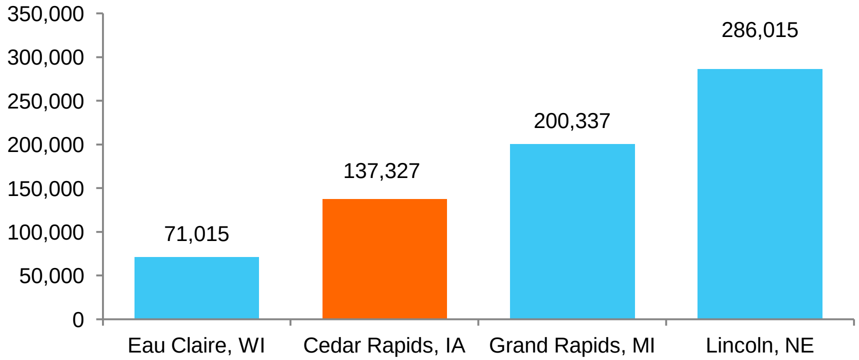
Cedar Rapids has mirrored national and state growth trends over the last 23 years. While its growth rates are lower than those of Lincoln, NE and the national average, Cedar Rapids has outpaced Iowa in population growth and avoided the significant loss of population that has characterized Grand Rapids, MI since the start of the millennium.

Population Growth



Source: Decision Data Resources

Population Projection (2018)



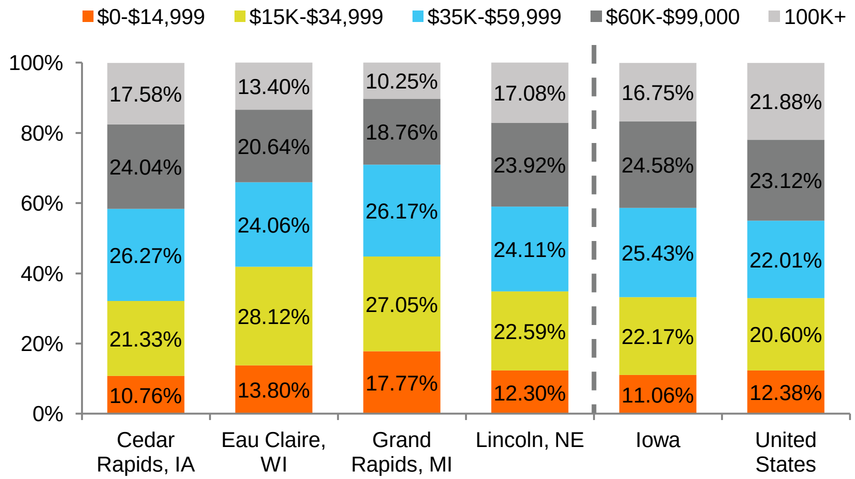
Source: Decision Data Resources

Continued growth is expected for Cedar Rapids

The population of Cedar Rapids is expected to continue its rise, with projections placing it at 137,327 by 2018. This 5-year total growth of over 6% nearly matches the 6.3% growth of the last 13 years, indicating that the population growth rate for Cedar Rapids is once again increasing. Healthy population growth is essential for the continued expansion of the economy and success of the city as a whole.

Quality of Life: Household Incomes

Income Distribution (2013)



Source: Decision Data Resources

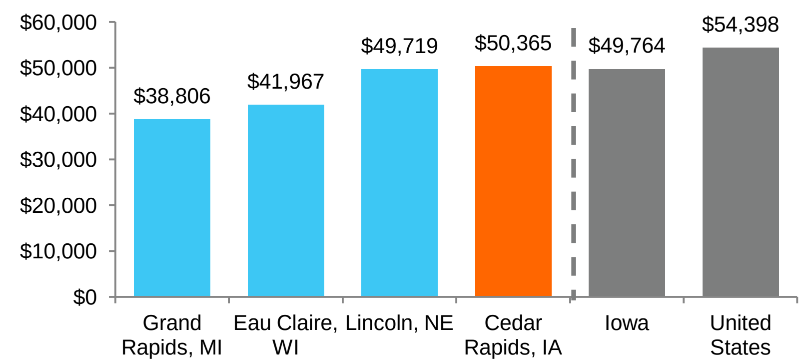
Cedar Rapids has a balanced income distribution

Cedar Rapids has a fairly balanced income distribution and residents, in general, experience higher incomes than the benchmark communities. Over 50% of Cedar Rapids' labor force earn between $35,000 and $99,000 annually, compared to only 45% nationally. This, along with regional price variations, indicates a strong middle class presence in the city.

Cedar Rapids has a high median household income

Cedar Rapids has a higher median household income than its three benchmark cities and the state. While it is lower than the national average, much of this discrepancy can be explained by variations in price level.

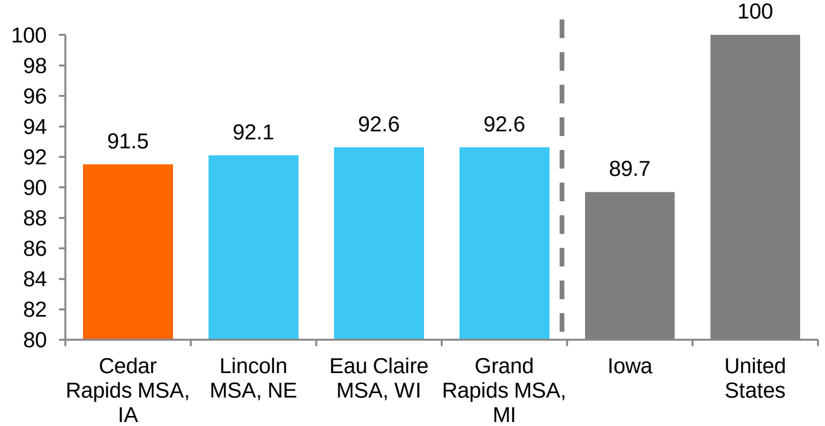
Median Household Income (2013)



Source: Decision Data Resources

Quality of Life: Cost of Living

Regional Price Parity Index (2011)



Source: bea.gov

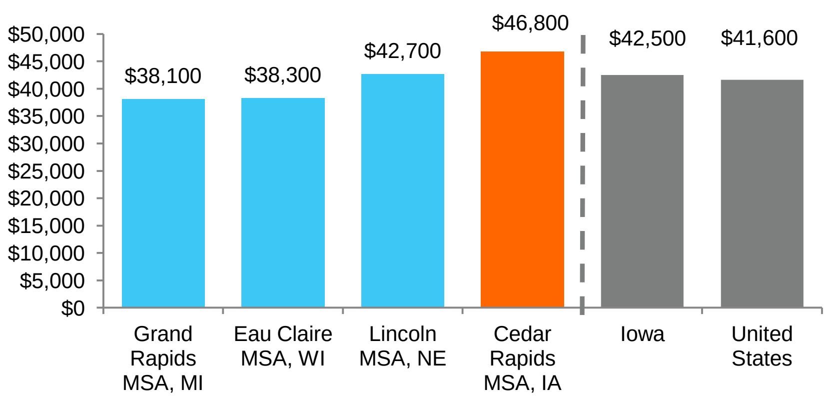
Cedar Rapids has lower than average prices

Regional Price Parities (RPPs) are calculated by the Bureau of Economic Analysis and measure the price level of a region, state, or statistical area as a percentage of the average national price level for that year. Cedar Rapids and its benchmarks have substantially lower price levels than the nation as a whole, with Cedar Rapids having the lowest price level of the four. This means that the city has a relatively low cost of living. The price level of Iowa as a whole is slightly lower, which is not unexpected given price differences between rural and urban areas.

Low prices lead to a high relative income

Relatively low price levels as well as relatively high per capita incomes allow Cedar Rapids' residents to enjoy significantly higher real wages and purchasing power than those of its benchmarks, the state, and the nation as a whole. When adjusted by the regional cost of living, Cedar Rapids residents have 10% more purchasing power than the state average and 12.5% more than the nation.

Per Capita Income Adjusted by Regional Price Parity (2011)



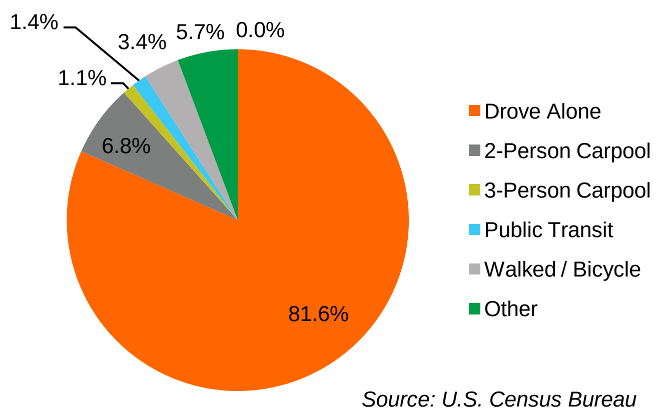
Source: bea.gov

Quality of Life: Commute Times

Most residents drive to work…

Nine out of every ten residents of Cedar Rapids drive to work, with 82% driving alone and another 8% car pooling. The other 10% travel to work on foot, bicycles, or by some other means of transportation.

Cedar Rapids, IA Modes of Transportation

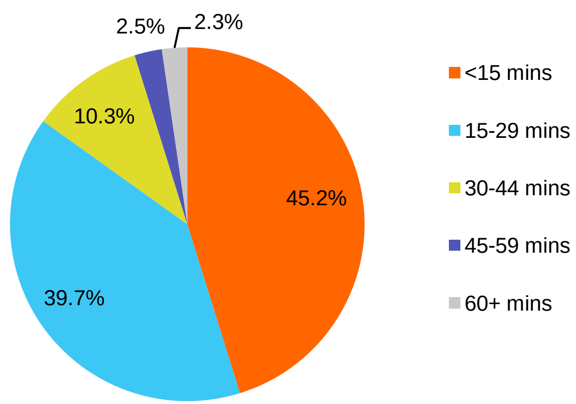


Source: U.S. Census Bureau

"…the thing that hurts Cedar Rapids the most is that the walkability is terrible."

-Cedar Rapids' Resident Survey

Cedar Rapids, IA Commute Times



Source: U.S. Census Bureau

…and get there in under 30 minutes

Over 80% of Cedar Rapids' residents arrive at work in less than 30 minutes, with nearly half arriving in 15 minutes or less. The remaining residents, with commute times lasting longer than half an hour, likely travel to more distant cities and towns for work.

While traffic and commute times are not yet a significant problem for Cedar Rapids, as the city expands, development of public transit infrastructure may be necessary, as well as implementing programs which encourage workers to carpool, walk, or bike to work to accommodate the growth in population without straining existing infrastructure.

Quality of Life: Housing Characteristics

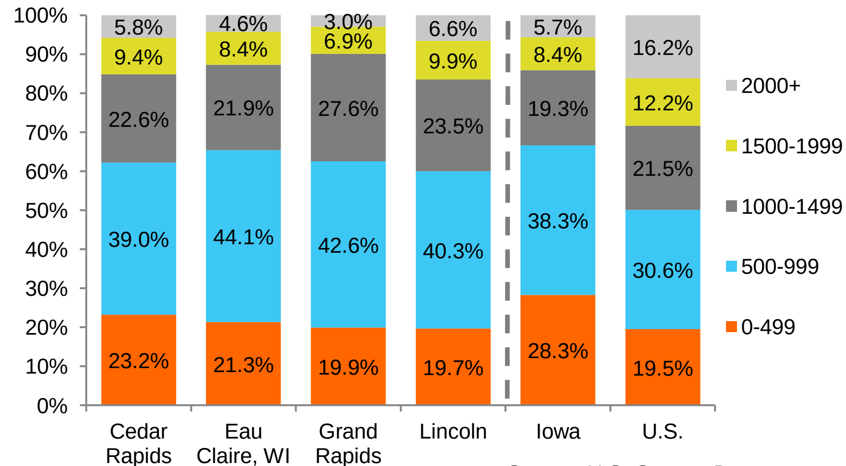
Housing in Cedar Rapids is affordable

The median home value in Cedar Rapids is $134,000. This is roughly in line with home prices in the benchmark cities. However, home prices are growing at a lower rate than the benchmarks. Moreover, the median home price is over $35,000 cheaper than the national median. Thus, home prices are growing enough to reward current homeowners for there investment but will remain low enough to enable and encourage new home purchases in the area. Likewise, rent is affordable in Cedar Rapids. The distribution of rents in the city is very similar to those of its benchmarks. Furthermore, compared to the national distribution, Cedar Rapids has more affordable housing, with only 15.2% percent of rents exceeding $1,500, as opposed to 28.4% nationally.

Home Values (2014)			
	Median Price	Previous Year Growth	1-Year Forecast
Cedar Rapids, IA	$134,000	1.7%	2.1%
Eau Claire, WI	$135,500	2.3%	4.1%
Grand Rapids, MI	$95,200	10.7%	N/A
Lincoln, NE	$133,200	3.3%	3.0%
Iowa	$126,300	2.0%	N/A
United States	$169,400	6.0%	N/A

Source: Zillow.com

Monthly Housing Cost (2010)



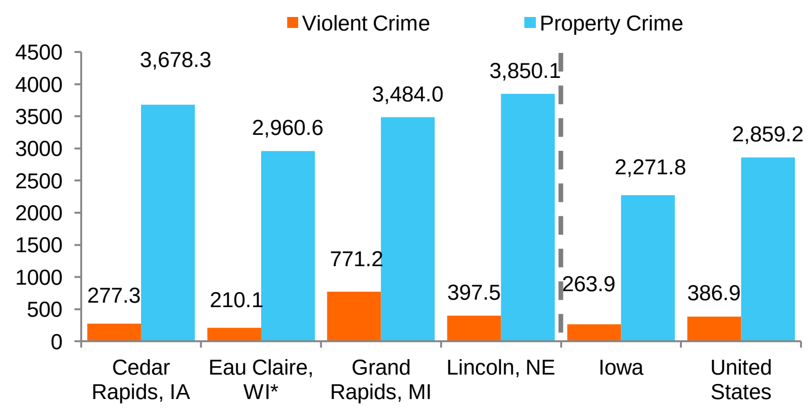
Source: U.S. Census Bureau

Quality of Life: Crime

Crime Rates are low and continuing to fall

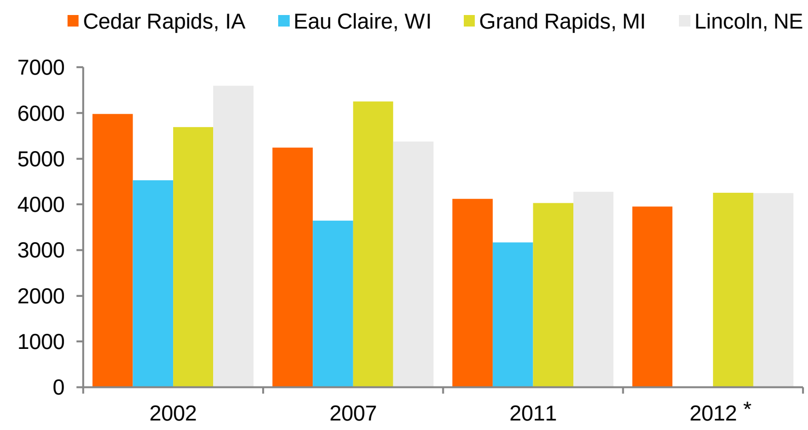
Cedar Rapids has experienced a one-third reduction in crime rates over the last decade, from nearly 6,000 crimes per 100,000 to less than 4,000 per 100,000 annually. Moreover, Cedar Rapids generally has a lower violent crime rate than its benchmarks and the nation as a whole. Given that it is an urban area, Cedar Rapids rate of property crime is not unexpectedly higher than the state and national averages and remains on par with its benchmarks.

Crime Rate per 100,000 (2012)



*Crime Rates for Eau Claire, WI are from 2011
Source: FBI

10-Year Trends in Crimes per 100,000



**Eau Claire 2012 Data not available*
Source: FBI

"I came back to Cedar Rapids to raise my children because it is safe."

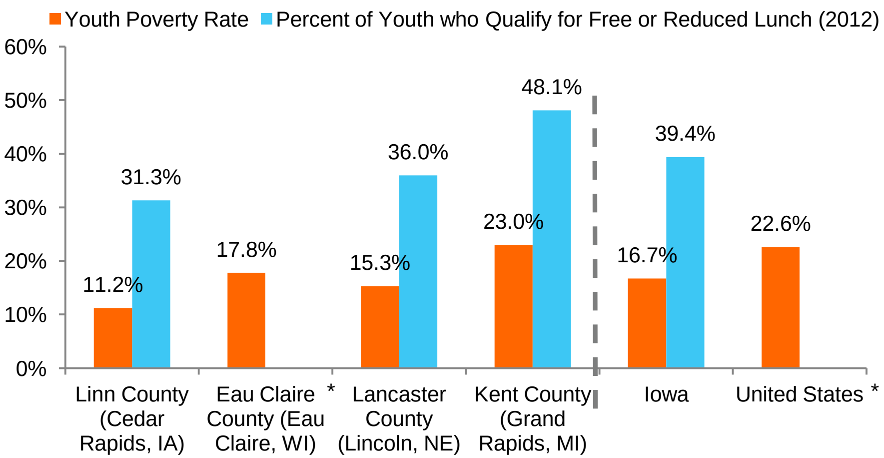
-Cedar Rapids' Resident Survey

Quality of Life: Poverty

Poverty is low in Cedar Rapids

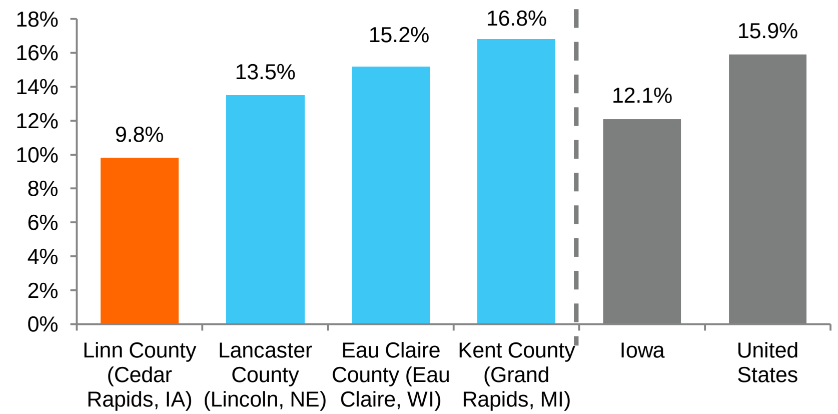
By all measures, poverty is low in Cedar Rapids compared to the benchmarks as well as the state and national levels. In 2012, the poverty rate of Linn County was two-thirds that of the nation as whole. The difference is even more pronounced when youth poverty is considered, with Linn County's youth poverty rate being less than half that of the United States.

Youth Poverty Statistics (2012)



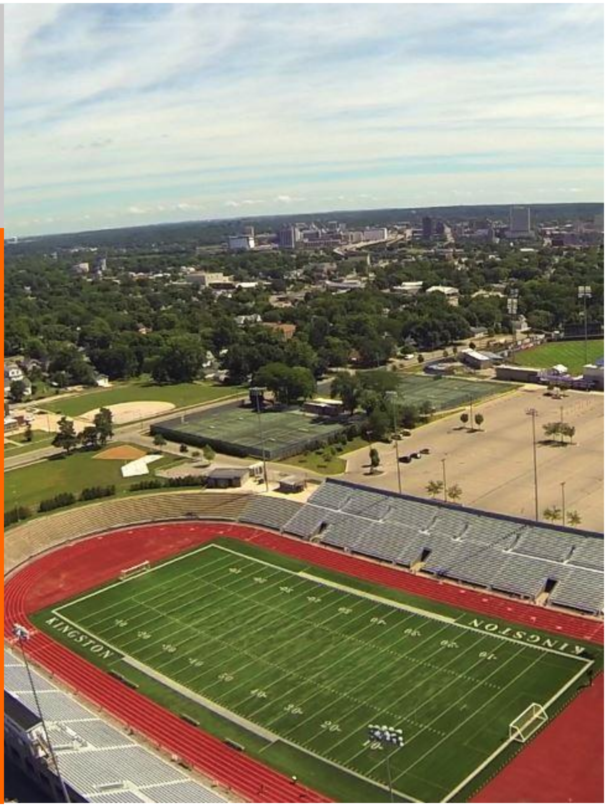
**Free or Reduced Lunch data not available for Eau Claire and US 2012*
Source: U.S. Census Bureau / kidscount.org

Poverty Rate (2012)



Source: U.S. Census Bureau

WORKFORCE & EDUCATION



Workforce & Education: Scorecard

RANKING OF CEDAR RAPIDS' LEARNING AND WORKING FACTORS					
Assessment Rationale	**Workforce & Education Variable**	**Leading**	**Strong**	**Lacking**	**Weak**
• Low unemployment rate • Shrinking labor force	Employment Trends			●	
• High weekly wage • Wages have grown rapidly	Wages & Wage Growth		●		
• High median age • Decline in share of young professionals	Young Professionals			●	
• Workforce is mostly imported from surrounding areas • Only one third of residents leave city for work	Workforce Mobility		●		
• Well educated population • Slow growth in higher education attainment	Educational Attainment		●		
• High quality Iowa primary education • High ACT scores • Graduation rates lower than state average	Primary Education		●		
• Extensive high quality local and regional educational institutions	Higher Education		●		
• Low research and development funding	Research & Development			●	
	Overall Learning and Working Environment		●		

Workforce & Education: SWOT

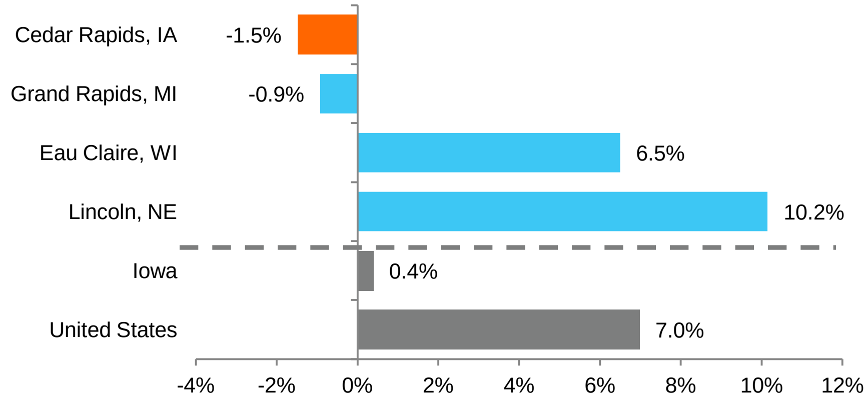
Strengths	Weaknesses
• Low and stable unemployment • Highly educated population • High quality educational institutions • Shrinking unemployment and population growth	• High median age relative to benchmarks • Declining labor force • Low R&D funding • Insufficient manufacturing technology skills • Difficulty attracting mid-level management workers • Difficulty attracting 25-44 year-old young professional workforce • Inability to capture local university graduates
Opportunities	**Threats**
• Further leverage local and regional educational institutions • Develop strong program to recruit graduates from local universities • Providing Kirkwood online graduates with internships and a waiting job offer while learning •Providing inexpensive local graduate degree programs to retain local undergraduates •Increasing career path opportunities for young professionals •Training partnerships between local employers and colleges to provide manufacturing technology and other needed skills	• Low growth in higher education attainment • Decline in young professionals • Lack of adequate investment in workforce strategy • Employers report lacking/declining work ethic

Workforce & Education: Employment Trends

Cedar Rapids labor force is shrinking…

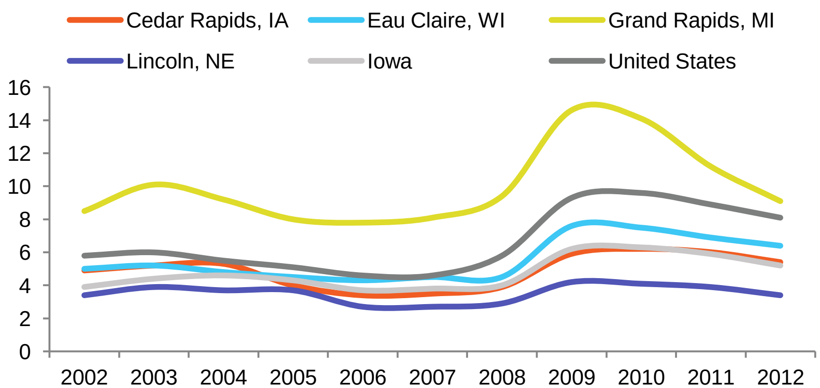
Cedar Rapids overall labor pool has declined modestly over the last decade. This decline, in conjunction with the rising population, is indicative of a falling labor force participation rate which could be damaging to the overall economy in the long run.

Labor Force Growth (2002-2012)



Source: Bureau of Labor Statistics

Unemployment (2002-2012)



Source: Bureau of Labor Statistics

…but the city has enjoyed lower than average unemployment

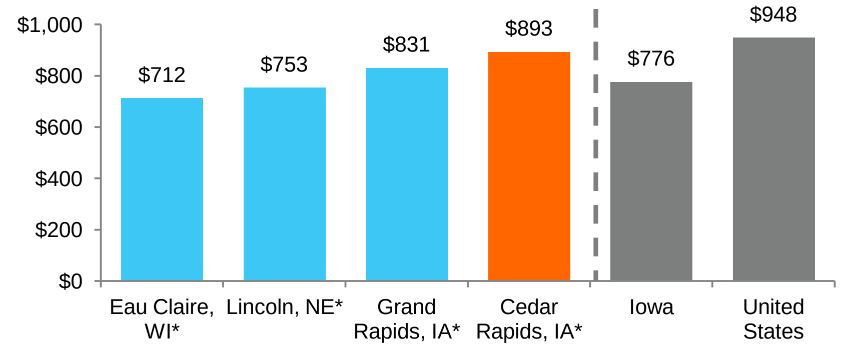
Cedar Rapids has generally matched national trends in the unemployment rate, but has consistently remained lower than the national rate and has never exceeded 7%. This comparatively healthy labor market can be useful in attracting workers to the area in the future.

Workforce & Education: Wages & Wage Growth

Cedar Rapids has strong wages and wage growth

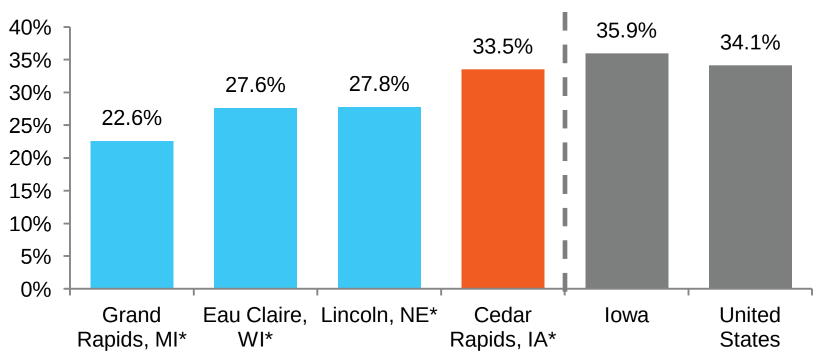
Linn County has a significantly higher average weekly wage than both of the benchmark counties as well as the state of Iowa as a whole. Furthermore, Linn County's average weekly wage, which is currently about 94% of the national average, has kept pace with national weekly wage growth over the past decade. This is a sharp contrast from the three benchmark counties which have lagged behind national wage growth by nearly 10% on average.

Average Weekly Wage (2012)



**Data available by county*
Source: Bureau of Labor Statistics

Average Weekly Wage Growth (2002-2012)



**Data available by county*
Source: Bureau of Labor Statistics

This is good for attracting labor, but could discourage businesses

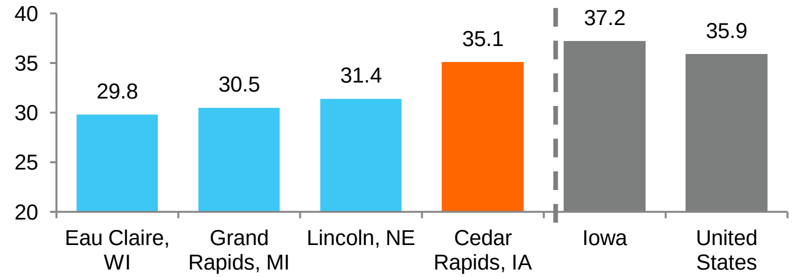
While high wages are beneficial in that they attract and retain a skilled labor force, they can also be a detriment to economic growth by creating higher costs for businesses. These higher costs can discourage new businesses from locating in the Cedar Rapids area and encourage businesses to move to nearby cities or states with lower labor costs. Cedar Rapids should keep this in mind when developing future incentives to attract and retain businesses.

Workforce & Education: Young Professionals

Cedar Rapids has an older population than the benchmarks

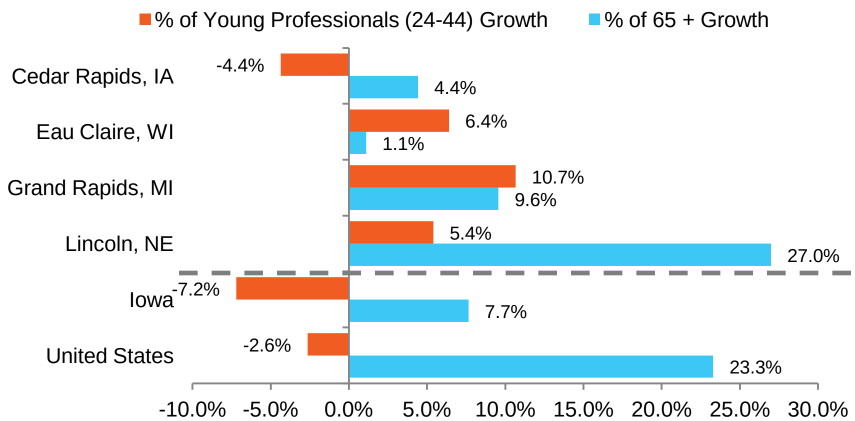
The population of Cedar Rapids' median age is three years higher than its benchmarks. While a high concentration of young working professionals (age 25-44) is viewed as a good indicator of potential economic growth, Cedar Rapids' higher median age is not a major concern as it still falls well below the state and national averages.

Median Age (2013)



Source: U.S. Census Bureau

Aging of Population



Source: U.S. Census Bureau

Cedar Rapids is aging, but at a stable rate

Like the nation as a whole, the population of Cedar Rapids is aging. However, Cedar Rapid's currently has a healthy share of young professionals (25-44). Decline in young professionals and growth in seniors (65+) have both been less than 5% for the past decade. This rate of population change is much more stable than at the national level, where the population over 65 years of age has grown by over 20% in the past decade. This relatively gradual change will make it easier for Cedar Rapids to adjust to the economic and societal implications of an aging population.

"If we don't find a way to retain younger people…I see Cedar Rapids becoming a dead city."

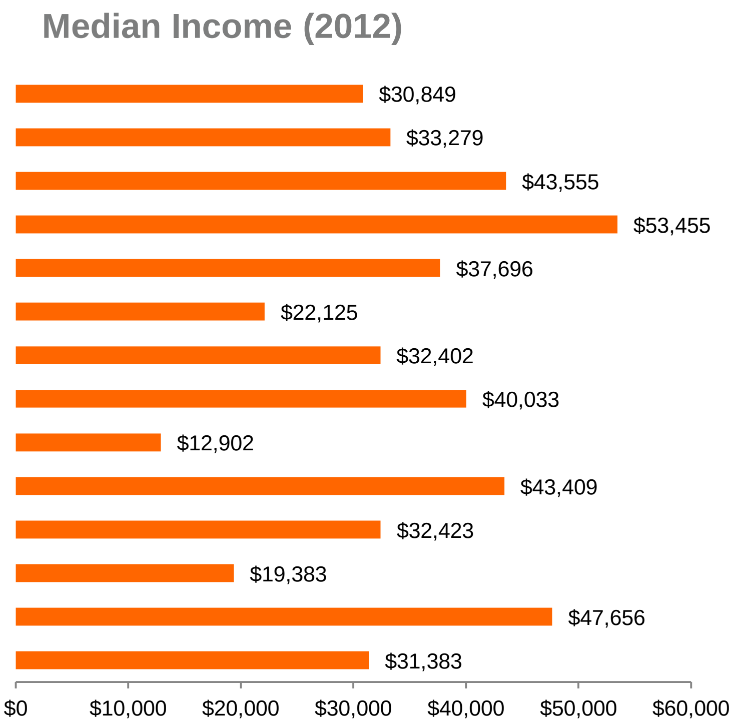
-Cedar Rapids' Resident Survey

Workforce & Education: Jobs by Industry Sector

Residents are employed in diverse industry sectors

Not unlike the U.S., over 50% of the Cedar Rapids labor force is employed in one of three main industry sectors: Education, Health, and Social Services, Manufacturing, and Retail Trade. These three sectors are diverse in their skills and education requirements. Median Income for these sectors are fairly high. Another 10% of Cedar Rapids residents are employed in Professional, Scientific, Management, and Administration which ranks highest among sector incomes at $53,455.

Supersector	Employment Level	Share of Total Workforce
Education, Health, and Social Services	14,839	22.56%
Manufacturing	10,827	16.46%
Retail Trade	9,934	15.10%
Prof., Sci., Mgmt., Admin, and WM	6,224	9.46%
Finance and Ins, Real Estate	5,543	8.43%
Arts, Ent., Rec., and Food services	4,595	6.99%
Transportation, Warehousing, and Utilities	3,444	5.24%
Construction	2,768	4.21%
Other services, except Public Admin	2,413	3.67%
Information	1,773	2.70%
Public Administration	1,408	2.14%
Wholesale Trade	1,404	2.13%
Ag, Forestry, Fishing, Hunting	598	0.91%
Total Civilian Employment	65,770	100.00%



Source: U.S. Census Bureau

Workforce & Education: Workforce Mobility

Almost two in three Cedar Rapids residents are employed in Cedar Rapids

While most residents stay in Cedar Rapids for work, one third leave the city, the majority of whom commute to nearby towns including, Marion, Iowa City, and Hiawatha. Cedar Rapids draws significantly more workers from outside the city (over 61,000) than the number of workers leaving the city.

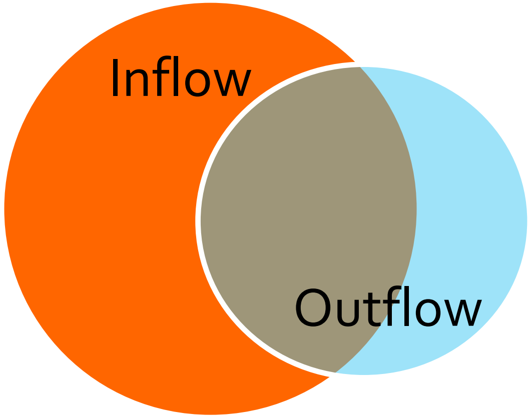
Cedar Rapids' labor force clearly has the ability to move fluidly between opportunities in the city and neighboring communities. Moving across the city's boundaries is no impediment to workers who are looking for employment in the city, just as it is for residents looking for lower taxes or better schools.

Where Cedar Rapids Residents Work

Location	Count	Percent
Cedar Rapids, IA	38,262	64.4%
Marion, IA	2,767	4.7%
Iowa City, IA	2,552	4.3%
Hiawatha, IA	1,917	3.2%
Coralville, IA	1,202	2.0%
Davenport, IA	960	1.6%
Des Moines, IA	905	1.5%
Waterloo, IA	572	1.0%
North Liberty, IA	554	0.9%
Dubuque, IA	470	0.8%
All Other Locations	9,272	15.6%

Where Cedar Rapids Workers Live

Location	Count	Percent
Cedar Rapids, IA	38,262	38.5%
Marion, IA	10,295	10.3%
Hiawatha, IA	2,172	2.2%
Iowa City, IA	2,077	2.1%
Robins, IA	1,099	1.1%
North Liberty, IA	1,071	1.1%
Dubuque, IA	1,040	1.0%
Coralville, IA	1,037	1.0%
Des Moines, IA	871	0.9%
Ames, IA	743	0.7%
All Other Locations	40,808	41.0%



61,213- Employed in Cedar Rapids, Live Outside
21,171-Live in Cedar Rapids, Employed Outside
38,262- Employed and Live in Cedar Rapids

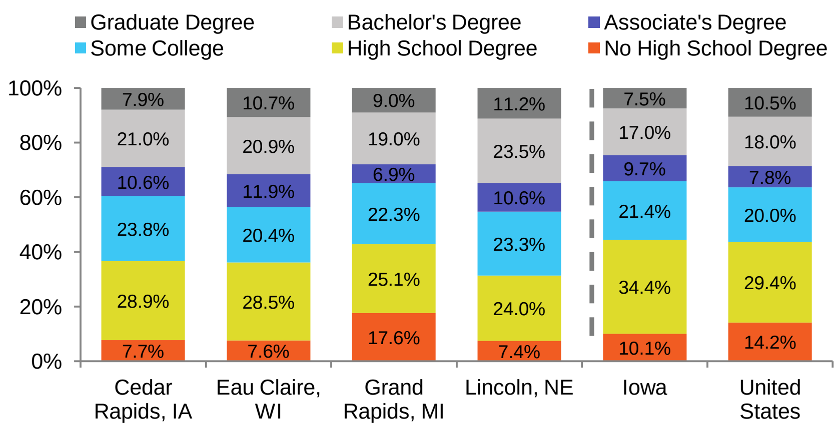
Source: OnTheMap, U.S. Census Bureau

Workforce & Education: Educational Attainment

Cedar Rapids is more educated than most areas

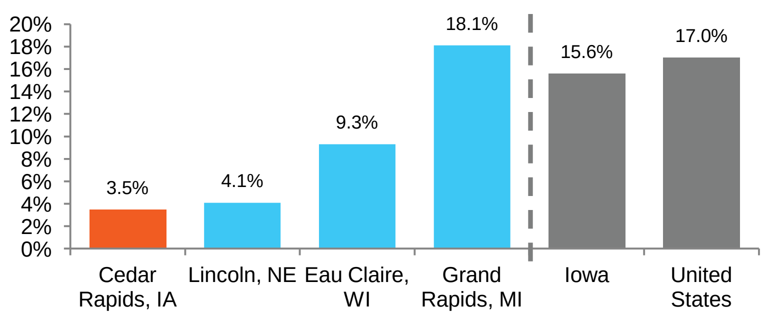
More Cedar Rapids residents have attained high school degrees (or higher) than in Grand Rapids, the state of Iowa, and the United States. However fewer residents have attained bachelor's degrees or higher than in Eau Claire and Lincoln. Cedar Rapids ranks last out of the benchmarks and US average for Graduate degree attainment.

Educational Attainment



Source: Decision Data Resources

Growth in % of Bachelor's and Secondary Degree holders (2000-2013)



Source: Decision Data Resources

But is experiencing slower than average growth in people with higher education

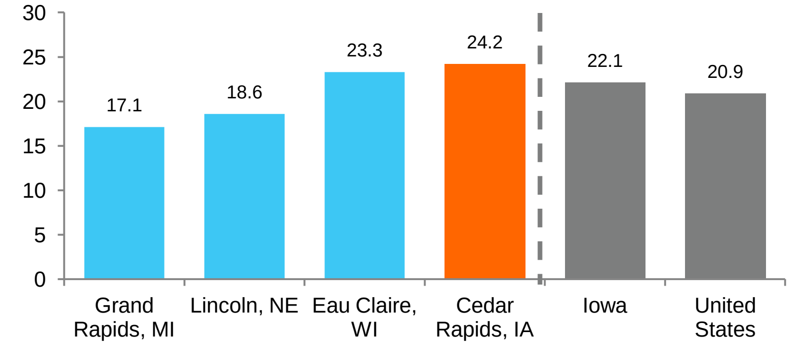
Cedar rapids has seen its share of population with bachelor's degrees or higher grow by only 3.5% since 2000, much less than the benchmarks, state and nation. This may be indicative of highly educated and skilled workers leaving the area for opportunities elsewhere.

Workforce & Education: Primary Education

Cedar Rapids' students perform competitively on the ACT

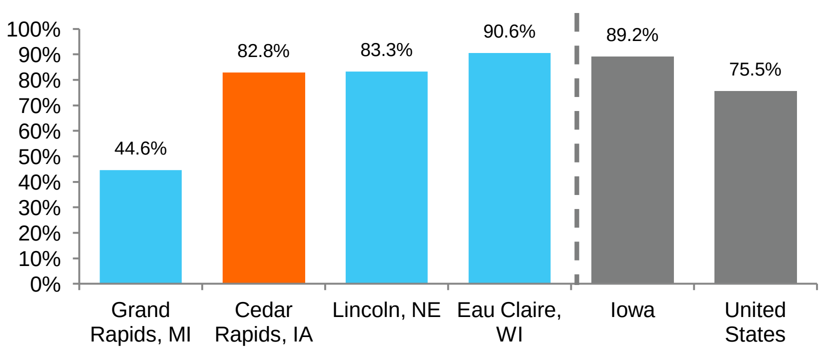
In 2013, Iowa was ranked 15th nationally for highest average ACT scores. Furthermore, Cedar Rapids significantly outperformed Iowa as a whole on this metric, with an average score that was over three points higher than the national average. Cedar Rapids should continue to cultivate its ACT preparation program to ensure its graduates remain competitive for higher education.

Average ACT Score (2013)



Source: State Education Departments

High School Graduation Rate (2012)



Source: State Education Departments

Cedar Rapids has a higher graduation rate than the nation, but lower than the Iowa average

When compared nationally, Cedar Rapids schools are doing an excellent job at graduating students on time. At the state level, Cedar Rapids' average is considerably less than that of Iowa as a whole. However, considering that Iowa is consistently ranked in the top five for state graduation rates, this speaks more of the quality of Iowa schools in general more than to a failure of Cedar Rapids' schools. Still, in coming years, Cedar Rapids should strive to match Iowa's graduation rates.

Workforce & Education: Higher Education Resources

Cedar Rapids has a wide array of higher education institutions

Cedar Rapids residents are a highly educated population and the presence of numerous higher education institutions is a testament to that fact. The city benefits greatly from the presence of the flowing local and regional institutions as they not only offer their own workforce and business development programs, but they also shape the future pipeline of Cedar Rapid’s labor supply. The city will need to continue to leverage the presence of these institutions to develop its workforce and retain talented graduates.

REGIONAL HIGHER EDUCATION INSTITUTIONS, FALL 2013

Institution	Location	Type	Awards Offered	Total Enrollment	Annual Tuition
American College of Hairstyling	Cedar Rapids, IA	Two-yr Private	Certificates	14	$16,552
Capri College	Cedar Rapids, IA	Two-yr Private	Certificates	225	$16,125
Coe College	Cedar Rapids, IA	Four-yr Private	Bachelor's, Master's	1,367	$34,220
ITT Technical Institute	Cedar Rapids, IA	Four-yr Private	Associate's, Bachelor's	105	$18,048
Kaplan University	Cedar Rapids, IA	Four-yr Private	Associate's, Bachelor's, Master's	584	$15,372
Kirkwood Community College	Cedar Rapids, IA	Two-yr Public	Associate's	16,659	$3,500
Mercy/St Luke's School of Radiologic Technology	Cedar Rapids, IA	Two-yr Private	Certificates	23	
Mount Mercy University	Cedar Rapids, IA	Four-yr Private	Bachelor's, Master's	1,810	$25,400
University of Iowa	Iowa City, IA	Four-yr Public	Bachelor's, Master's, Doctor’s-research/scholarship, Doctor’s-professional practice	30,129	$8,057 / $26,279

Source: National Center for Education Statistics

Workforce & Education: Research & Development

Cedar Rapids has very low Research and Development activity compared to benchmarks

Cedar Rapids' lack of a research university within city limits is the primary cause of the low Research and Development expenditures reflected for Linn County. Lancaster County is home to the University of Nebraska at Lincoln, which receives hundreds of millions in R&D funds, as well as several other private four-year institutions which allow the county to have substantial gross and per capita research spending. Similarly, the presence of several mid-size private universities in Grand Rapids (Kent County) attract substantially more R&D funds than Cedar Rapids, though not nearly on the same scale as Lincoln.

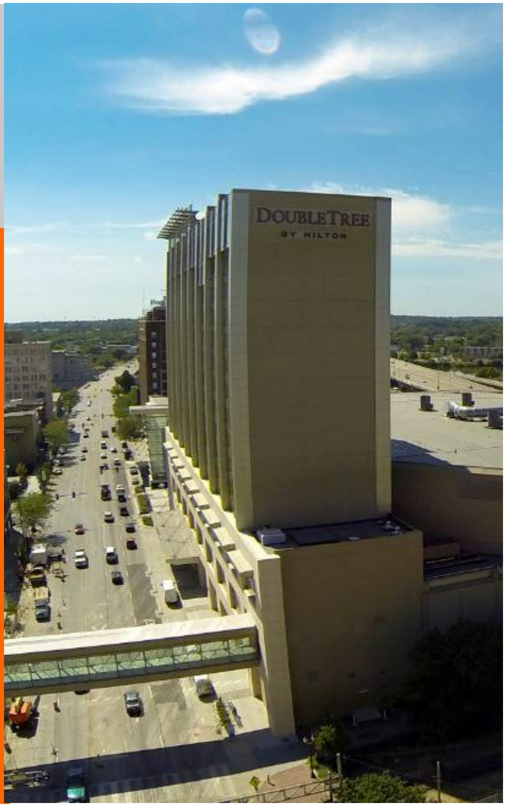
In a regional context, however, the Cedar Rapids area has access to a much larger pool of research and development funding. The combined expenditure of the Cedar Rapids and Iowa City metropolitan areas was $444,491,000 or $1082.74 per capita in 2010.

R&D Expenditures, 2010

	Expenditures	Expenditures Per Capita
Linn County (Cedar Rapids, IA)	$457,000	$2.16
Eau Claire County (Eau Claire, WI)	$1,950,000	$19.75
Kent County (Grand Rapids, MI)	$5,010,000	$8.31
Lancaster County (Lincoln, NE)	$340,093,000	$1191.61

Source: National Center for Education Statistics

BUSINESS CLIMATE



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Business Climate: Scorecard Summary

RANKING OF CEDAR RAPIDS BUSINESS CLIMATE FACTORS					
Assessment Rationale	**Business Climate Variable**	**Leading**	**Strong**	**Lacking**	**Weak**
• Low overall state tax climate ranking • Very poorly ranked corporate income tax	State Tax Climate			●	
• Relatively high property and sales taxes	Local Tax Climate			●	
• Relatively high cost of government	Cost of Government			●	
• Substantial decline in number of business establishments	Business Growth			●	
• Several business incubators and entrepreneur support programs	Entrepreneurial Support		●		
• Relatively high level of VC funding • Strong and growing programs to attract VC funds	Venture Capital		●		
• Significant growth in patent activity • High level of per capita patents	Patent Activity		●		
	Overall Business Climate		●		

Business Climate: SWOT

Strengths	Weaknesses
• Diversified industries • High levels of venture capital and innovation • Strong foundation of entrepreneurial support programs • History of successful public/private projects • Strong food processing industries • Strong grain manufacturing industry presence • Strong engineering talent • Logistics and distribution industry presence • Good city/private communication	• Slight decline in number of business establishments • Poor state tax climate • Lack of communication between older, established businesses and newer businesses • Lack of online permitting • Lack of business internship programs, especially for businesses with inadequately skilled workforce
Opportunities	**Threats**
• Continued development of economic incubators and venture capital funding • Strong potential for tier-two business development • Business leadership task force/cabinet establishment •Downtown business expansion •Rockwell engineering turnover-entrepreneurial activity • Retired business leaders assisting entrepreneurs • Casino project • Medical corridor • Online permitting •Promote career paths for Young Professionals •Create Young Professional organizations	• High state taxes • Continued loss of business establishments • Young professionals not attracted to area • Inadequate marketing/branding of assets • Perceived difficult and expensive air travel options

Business Climate: State Tax Climate

Iowa's overall tax climate is in the bottom quintile in the U.S.

According to the Tax Foundation's 2014 business climate rankings, Iowa is ranked 40th in overall tax climate. Of the five measures of taxation, Iowa ranked in the top half of states for only one: sales tax ranked 24th. The primary cause of Iowa's poor corporate income tax rating is it's graduated scale, which maxes out at 12%, the highest state tax rate on corporate incomes in the nation. Comparatively, Michigan has a flat corporate tax of 6% and Nebraska has a graduated system maxing out at a relatively modest 7.81%.

However, this simplified look at Iowa taxes can be misleading, as it does not take into account deductions and other factors that can significantly lower the effective tax rate. Other factors to consider when comparing Iowa state taxes:

- Iowa allows companies to deduct 50% of federal taxes paid
- Companies pay Iowa tax only on profits generated by sales that occur within the state
- Some other states use a non-comparable three-factor tax that includes property, payroll and income taxes
- Many corporations file as partnerships for lower personal tax rates

Like Iowa, many states offer incentives based on the brand recognition of a specific company, the capital to be invested, and employment and wages to be created. For this reason, it can be difficult to compare effective tax rates between regions. However, many site selection consultants refer to state tax rankings, such as the rankings provided by the Tax Foundation.

State Business Climate Rankings, 2014

	IA	WI	MI	NE
Overall Rank	40	43	14	34
Corporate Income Tax	49	33	9	36
Individual Income Tax	32	43	14	30
Sales Tax	24	15	7	29
Unemployment Insurance Tax	36	25	44	8
Property Tax	38	36	28	39

Source: Tax Foundation

Business Climate: Local Tax Climate

Cedar Rapids city taxes are on the high side of average

Iowa and therefore Cedar Rapids residents generally face a higher tax burden than those of the benchmark cities. The combined property taxes assessed are nearly double those of Eau Claire, WI and Lincoln, NE and the sales tax is also slightly higher than the benchmarks. While the current tax rates imposed by the city are by no means oppressive, thought should be given to adjusting the city taxes to help factor out high state taxes and become more in line with those of similar Midwestern cities.

2013 CITY TAX RATES

Benchmark	Millage Rate (Assessment Value)	Sales Tax
Cedar Rapids, IA	38.26 (95% of FMV)	7.0%
Eau Claire, WI	20.7 (100% of FMV)	5.5%
Grand Rapids, MI	50.09 (100% of FMV)	6.0%
Lincoln, NE	18.59 (100% of FMV)	7.0%

Sources: Various City and State Resources

"There are some stable and important employers in Cedar Rapids. I hope they won't be driven out by taxation levels."

- Cedar Rapids' Resident Survey

Business Climate: Cost of Government

"Cost of Government" Per Capita, 2013		
	General Revenues (Millions)	Cost of Government
Cedar Rapids, IA	$104.9	$810.20
Eau Claire, WI	$58.2*	$874.51*
Grand Rapids, MI	$115.7	$603.89
Lincoln, NE	$136.2	$511.54

Sources: Various City Resources
*2012 Data

Per Capita "Cost of Government"

Cedar Rapids has a moderately high per capita cost of government in relation to its benchmarks. Interestingly, the correlation between per capita cost of government and population size hints at the possibility of economies of scale being a factor. In other words a city government has certain basic costs which are more effectively spread out over the population as it grows in size.

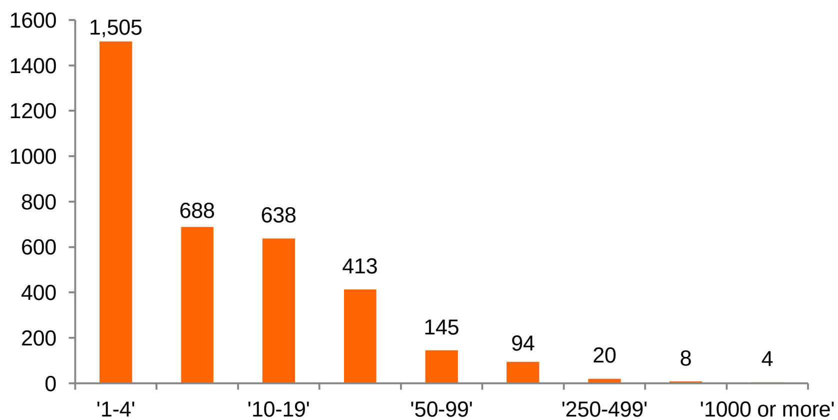
The "Cost of Government" per person is calculated by dividing the city government's general revenue by the city's population. It is a rough approximation in that it does not include enterprise revenue, costs of overlapping governmental entities, or a multitude of other factors. Nor does it consider the services or quality of services provided. A city with low taxes, abysmal services, and decaying infrastructure is not a winner. That said, "Cost of Government" can be a useful approximation of the cost of government. High costs of government can repel businesses as surely as any other factor.

Business Climate: Business Establishments

Cedar Rapids business establishments tend to be small in size

As of 2011 nine out every ten business establishments in Cedar Rapids employed less than 50 people, with over 40% employing four or less. Retail establishments were the most prevalent, accounting for nearly 14% of all establishments in Cedar Rapids. Not surprisingly, service sector industries were also important to the Cedar Rapids economy, with Health, Professional, Food, and Other Services each accounting for over 10% of establishments.

Cedar Rapids' Businesses by Size (2011)



Source: U.S. Census Bureau

Cedar Rapids' Businesses by Industry (2011)

Source: U.S. Census Bureau

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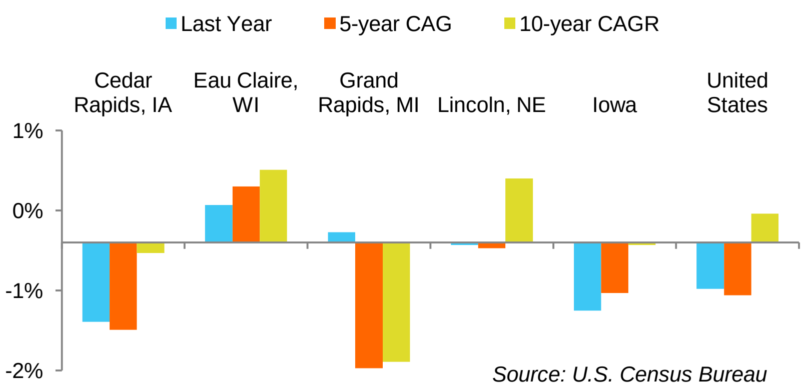
Business Climate: Business Growth

Cedar Rapids mirrors national trends on establishment growth

Like most of the nation, Cedar Rapids experienced a net loss in business establishments from 2006 to 2011, much of which can be attributed to the global recession triggered by the subprime mortgage crisis. This loss was slightly more pronounced in Cedar Rapids, which unlike the nation as a whole, saw a net loss in business establishments from 2001-2011.

Business Establishment Growth Trends (2002-2012)

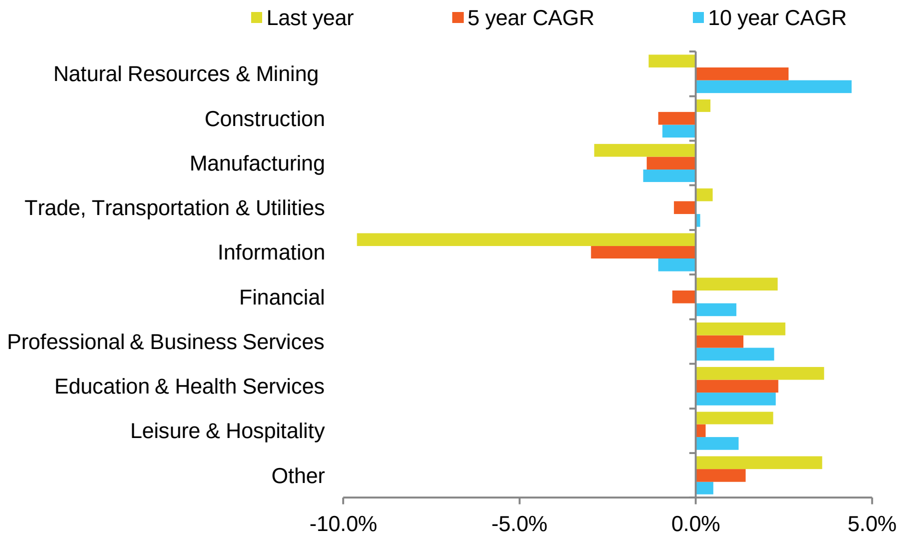


Source: U.S. Census Bureau

"You're either growing or you're dying."

- Study Interviewee

Cedar Rapids MSA Growth of Businesses by Industry



Source: Bureau of Labor Statistics

Cedar Rapids is shifting towards a service based economy

Over the past decade, Cedar Rapids has seen a significant increase in service establishments, with Financial, Professional, Education & Health, and Leisure services all measuring net growth. Conversely, the Construction, Manufacturing and Information industries have all experienced significant declines in the number of establishments.

Business Climate: Economic Development

CEDAR RAPIDS FUNDED DEVELOPMENT ORGANIZATIONS	
Resource	**Services**
The Cedar Rapids Metro Economic Alliance	Combining the former ED organization, Downtown District, and Chamber of Commerce, the Alliance's core functions are business support, economic and community development, public policy and regional development.
Mainstreet: Czech Village/New Bo district	This urban neighborhood model emphasizes historic preservation and economic growth through a thriving arts and culture scene. Its strategic revitalization plan envisions a pedestrian-friendly, mixed-use district on Cedar Rapid's southeast side.
Ascent	A not-for-profit that helps women overcome barriers to business entry. It also helps women-owned businesses network, boost revenue and employment. Ascent is also involved in "Stand Up and Be Counted" movement to identify women-owned businesses.
Diversity Focus	A community-driven hub of information striving to create an inclusive work and social environment. Programs include training for businesses, corporations, non-profit and community groups with an emphasis on diversity. Diversity Focus seeks to eliminate the achievement gap through shared activities.
Vault Coworking and Collaboration Space	Vault provides coworking space and networking opportunities to area startups, entrepreneurs, creatives, tech developers, and others.
Seed Here	Seed Here provides event production, space management, consulting, program development, media and marketing, and public speaking & training to Eastern Iowa's entrepreneurs.
Creative Corridor Project	The Creative Corridor Project provides resources and networking opportunities to the greater Iowa City/Cedar Rapids metro area.
Entrepreneurial Development Center	The Entrepreneurial Development Center provides networking & education, access to capital, resource connection, and mentoring & consulting services to entrepreneurial enterprises.
Iowa Small Business Development Center	The Iowa Small Business Development Center at Kirkwood Community College provides business planning, financing options, market research, loan proposal assistance, and business strategies.

Business Climate: Venture Capital

Cedar Rapids has more venture capital investment firms than any other benchmark city

Iowa has recently grown absolutely and relatively in terms of Venture Capital Investment. The state has a unique resource in the Iowa Capital Investment Corporation which consists of 15 Venture Funds and 23 Angel/Seed Funds. Five of these funds are located in Cedar Rapids. The 2013 Innovation Expo in nearby Coralville attracted a record high 600 entrepreneurs, inventors, investors, business and community leaders from across the state and beyond. The multitude of business resources available in Cedar Rapids have allowed for a number of small investors to aid local entrepreneurs. Cedar Rapids start-ups span many industries including healthcare, technology, and marketing. Numerous companies have raised venture dollars including iConnect, Minimar, MGC Biocomposites, and People Statements LLC to name a few. In the future, Cedar Rapids must look to expand the availability of B stage venture funding and to help start ups compete against larger companies in Des Moines and Iowa City.

Venture Capital 2012 and 2013

	2012 VC Investment	2012 Rank	2013 VC Investment	2013 Rank
Iowa	5,000,000	44	22,499,900	36
Michigan	238,852,000	16	102,534,600	23
Nebraska	3,115,000	46	11,044,900	40
Wisconsin	95,311,900	22	35,876,400	30

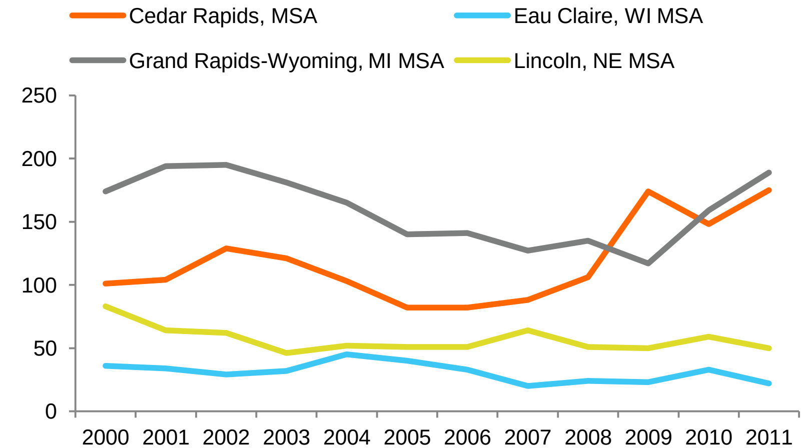
Source: PWC Moneyrtree

Business Climate: Patent Activity

Cedar Rapids has a large volume of patent activity

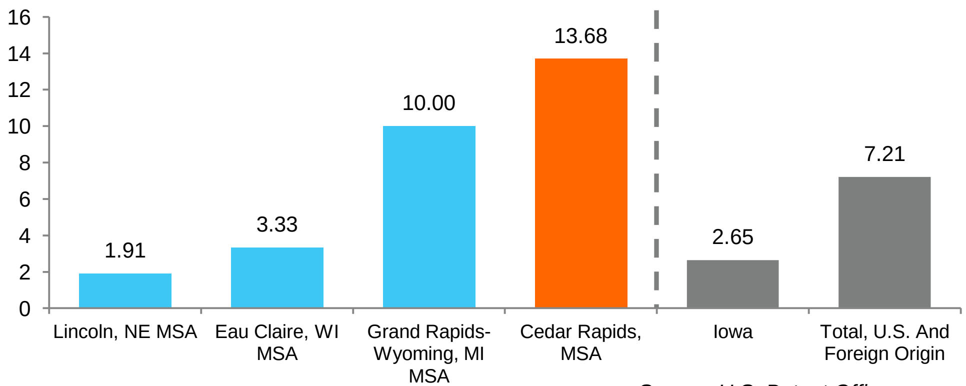
Cedar Rapids, which already generated an impressive number of patents given its size, saw a significant uptick in patent activity beginning in 2008. In 2011, Cedar Rapids produced patents at a rate that nearly doubled that of the nation and dwarfed those of Iowa and most of its benchmark cities. High levels of patent activity are good indicators of innovation and entrepreneurship in the area, both of which are important to economic growth and success.

Patents per Year, by MSA (2000-2011)



Source: U.S. Patent Office

Patents per 10,000 People (2011)



Source: U.S. Patent Office

INFRASTRUCTURE

Infrastructure: Scorecard Summary

RANKING OF CEDAR RAPID'S BUSINESS INFRASTRUCTURE FACTORS					
Assessment Rationale	**Infrastructure Variable**	**Leading**	**Strong**	**Lacking**	**Weak**
•Slightly older housing distribution	Housing Infrastructure - Age				
•High level of owner occupied housing •Slightly high but falling level of housing vacancy	Housing Infrastructure -Type				
•Utility costs are reasonable	Utilities				
•Very little public transit infrastructure	Public Transit				
	Overall Infrastructure				

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Infrastructure: SWOT

Strengths	Weaknesses
• High Level of home ownership • Nuclear power plant/lower power costs • Diverse housing options • Good road infrastructure • Street repair sales tax • Newer, post-flood public buildings and homes	• Aging housing • Damaged, vacant housing • Underutilized downtown • Perception of downtown parking issue •Downtown draw “hip” factor •Inadequate downtown rental and affordable housing for Young Professionals
Opportunities	**Threats**
• Leverage competitive utility costs • Promote home ownership • Surplus small office space • Reconstruction funding for flood damage=recreation space • Naturally initiating destination areas – Czech Village, New Bohemia – proximate to downtown and convention center • Cleanup and development of river area • Unoccupied downtown space •Expanding, improving public transportation	• Lack of public transit creates growing pains as city expands, exacerbates downtown parking problem •Short-term flood protection challenges • Downtown location in flood plain • Perception of difficult and expensive air travel options • Newer urban areas offer more modern schools, infrastructure

Infrastructure: Housing Infrastructure - Age

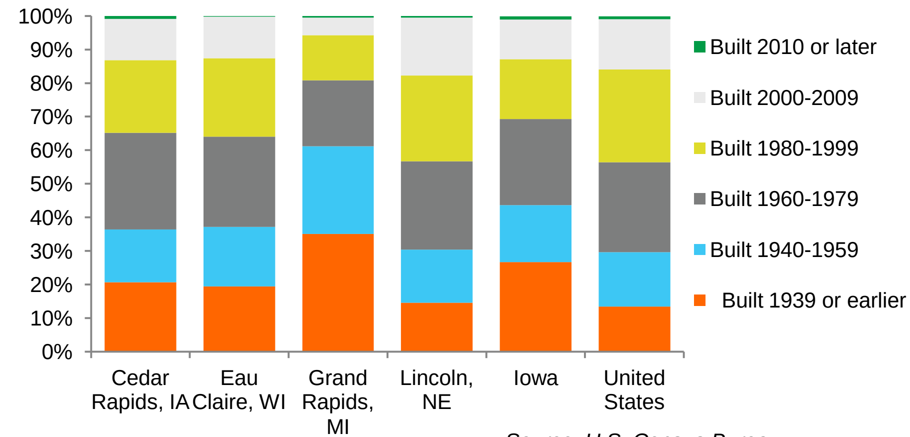
Cedar Rapids has a normal distribution of housing by age

While on average Cedar Rapids' houses are older than those of the United States as a whole, the distribution of housing age is comparable with the benchmark cities and should not be a great concern.

Cedar Rapids matches national and benchmark trends for household growth

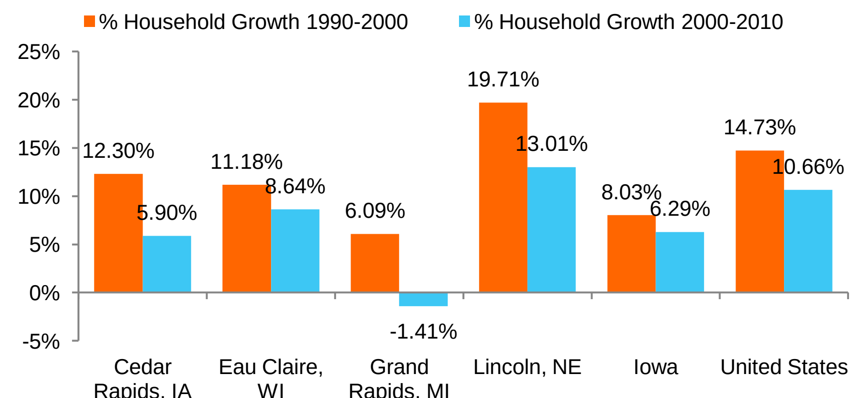
Understandably, there is a clear relationship between household growth and population growth. Cedar Rapids mirrors national and benchmark trends in this regard. That said, Cedar Rapids is also mirroring benchmark and national trends in a slowing of household growth in relationship to population growth. For example, national household growth outpaced population growth from 1990-2000 but matched population growth from 2000-2010. Likewise, Cedar Rapids' household grew 3.2% faster than population from 1990-2000, but 0.4% slower from 2000-2010. Much of this relationship can likely be explained by the economic downturn in 2008, with fewer people less willing or able to strike out on their own in the face of uncertain economic conditions.

Percentage of Housing by Year Constructed (2012)



Source: U.S. Census Bureau

Household Growth



Source: Decision Data Resources

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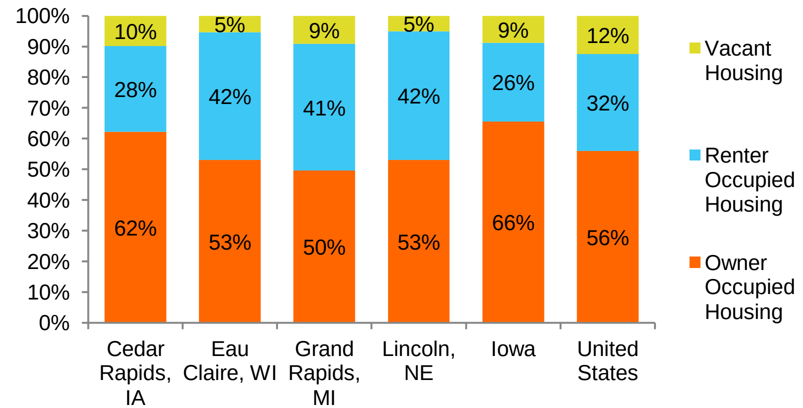
Infrastructure: Housing Infrastructure - Type

Cedar Rapids has high proportion of owner occupied housing

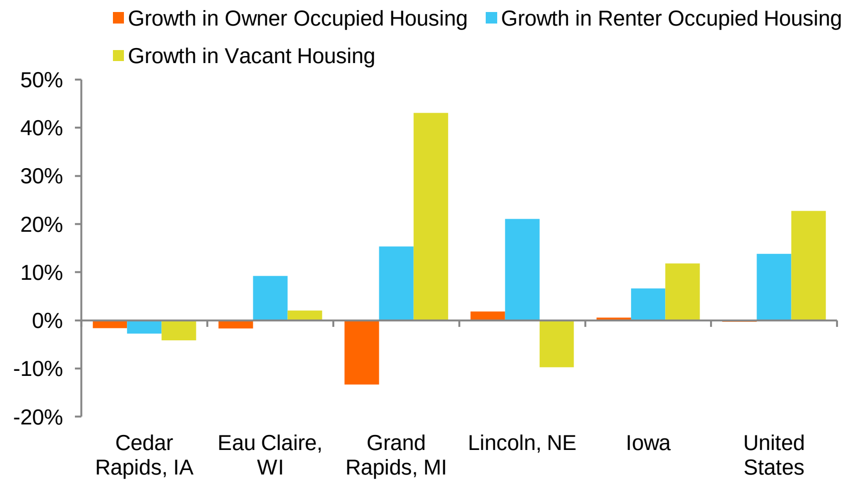
Cedar Rapids has the highest percentage of home ownership of all the benchmark cities, and the owner occupancy rate is over 6% higher than the national average. This is indicative of a healthy middle class and shows that many of Cedar Rapids' residents are invested in the community.

Percentage Housing by Occupancy Status (2012)



Source: U.S. Census Bureau

Change in Housing Occupancy Status (2005-2012)



Source: U.S. Census Bureau

Cedar Rapids' Housing Occupancy has remained stable

Since 2005, Cedar Rapids has seen a 2% net loss of housing units. While not ideal, this is not too worrying when viewed against state and national trends. For example, while Cedar Rapids has experienced a modest decrease in vacant housing units, vacancy rates at the state and national levels have spiked by 11% and 22% respectively. Furthermore, while the proportion of owner to renter occupied housing has remained relatively unchanged in Cedar Rapids, the proportion has fallen in all three benchmark cities as well as at the national level.

Infrastructure: Parking Facilities

Residents perceive downtown parking to be an issue

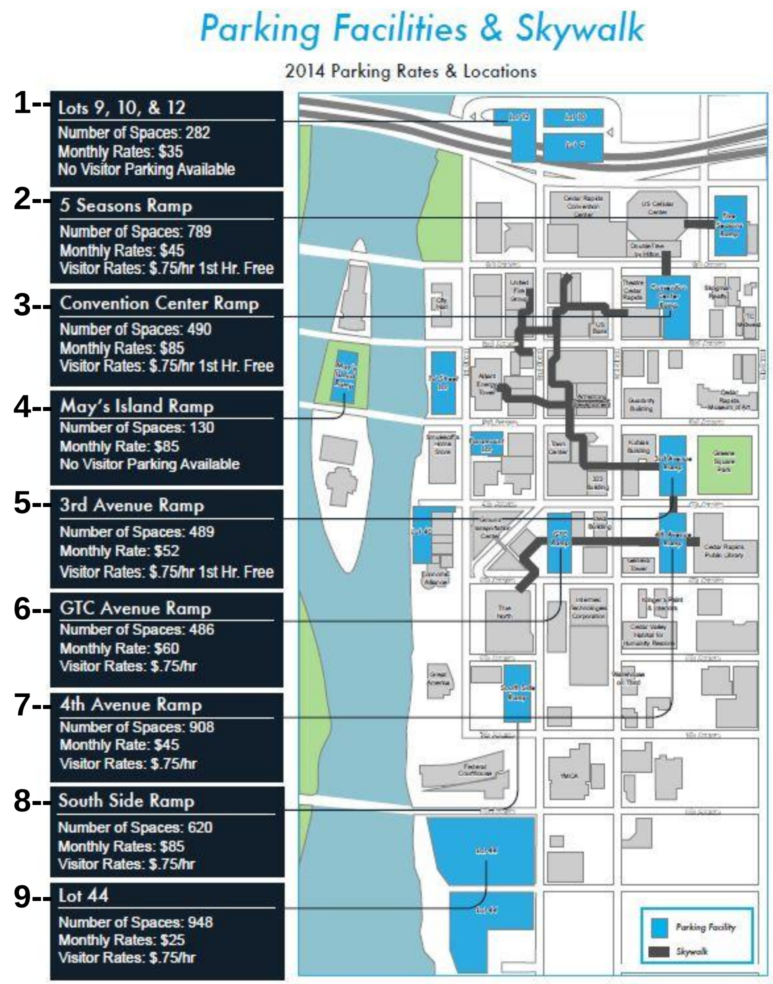
Responses to surveys and interviews indicate that Cedar Rapids stakeholders perceive downtown parking to be an issue, hampering business and entertainment activity there, especially during the work week. Roughly 47% of resident survey respondents said they visited downtown once a month or less, excluding any trips to their own office there. An additional 21% said they visited downtown on average only twice a month.

Data provided by Cedar Rapids indicates that paid parking is available in most paid city lots, even during peak business hours . Monthly parking rates in downtown city lots ranged from $25 to $95. Some of the city lots do reach capacity during special evening events.

Cedar Rapids Downtown Parking

	Location	Peak Occupancy (M-F 8 a.m. – 6 p.m.)
1	Lot 9 *	76%
1	Lot 10 *	77%
1	Lot 12 *	79%
2	5 Seasons Ramp *	69%
3	Convention Center Ramp	32%
4	May's Inland Ramp	75%
5	3rd Avenue Ramp	96%
6	GTC Avenue Ramp	94%
7	4th Avenue Ramp	92%
8	South Side Ramp	(Opens 2014)
9	Lot 44	60%
-	On-Street	83%

** Evening events can reach capacity*
Source: Park Cedar Rapids



Park CEDAR RAPIDS
www.parkcedarrapids.com

Infrastructure: Utilities

2013 Utility Rates					
	Electricity Rates (cents/kWh)			Water Rates (dollars per 100 cubic feet)	
	Commercial	Residential	Industrial	Water	Wastewater
Cedar Rapids, IA	0.0901	0.1299	0.0578	1.801	1.895
Eau Claire, WI	0.0965	0.1230	0.0751	1.580	2.890
Grand Rapids, MI	0.1323	0.1371	0.0833	1.700	3.210
Lincoln, NE	0.0706	0.0890	0.0599	1.911	1.859

Source: Energy Information Administration / Various Local Utilities

2012 Natural Gas Rates (Dollars per 1,000 Cubic Feet)				
	IA	WI	MI	NE
Commercial	7.13	7.34	8.35	6.19
Residential	9.46	9.27	10.86	8.68
Industrial	4.70	7.05	7.38	4.34

Source: Energy Information Administration

Cedar Rapids energy and utility costs are average among the benchmarks

The cost relationship between Cedar Rapids and its benchmarks varies widely across utilities. For example, Cedar Rapids has the cheapest industrial electricity rate but the second highest residential electricity rate and water charges. Overall, Cedar Rapids' utilities are reasonably priced compared to the benchmarks and utility costs should not be a major factor when residents and businesses are making decisions to relocate.

Source: Energy Information Administration

STAKEHOLDER SURVEYS

Survey Results

On Jan. 15, Cedar Rapids launched online surveys for area residents and businesses on the cedarrapids2020.com project website that ran through Jan. 31. Response to the 15-minute survey process was overwhelming, with 1,484 residents and 136 businesses providing high quality feedback.

The surveys provided us with valuable insight into the strengths and weaknesses of life and business in the area. The process also helps us engage people in the future of Cedar Rapids and the economic development process. The impressive response to the survey indicates a high level of interest in the city's planning process and an above-average understanding of economic development fundamentals. In general, comments and feedback was positive, indicating underlying support for the city and a willingness to be assist.

Continuing efforts to optimize and emphasize the cleanliness of the downtown area were seen as important, as was addressing downtown rent options and home prices set beyond reach of most residents, particularly younger workers.

Resident survey feedback

Nearly 80% of the people responding to the resident survey lived within the Cedar Rapids city limits, and another 11 percent lived in Marion. Nearly 90% of respondents work within the city. A high percentage of residents (47%) make non-employment visits to downtown once a month or less.

Younger professionals took full advantage of the opportunity to provide their thoughts; 56% of respondents were between the ages of 18 and. 44. Respondents were highly-educated, with39% bachelor degrees and 25% graduate degrees. Over 80% of respondents reported $50,000 or more in annual household income.

Among the major reasons for choosing the area to live in were reported as being close to employers and family, being a good place to raise a family and an affordable cost of living. In general, residents ranked the city unusually high on all important factors impacting life in Cedar Rapids, especially in quality of healthcare, local colleges and universities, local public education, job availability and compensation and general quality of life.

The most significant challenges to economic growth in Cedar Rapids were viewed as availability of quality jobs, retail, restaurant and entertainment development and permitting processes, state and local taxes, small business/entrepreneurial support and perceived barriers for newcomers. An optimal development plan for downtown would include more shopping, restaurant and nighttime entertainment options, development of New Bo/Czech Village linkage and recruitment of additional employers.

"Young people right now don't want to go out and create a Microsoft and make a million dollars. They want to create work in an area where they can improve how they live."

- Cedar Rapids Stakeholder

Resident Survey Results

Open-ended survey responses

During the survey process, residents were given several opportunities to provide comments of their own, without being directed through multiple choice options. Some repeating themes were noted.

While a majority of respondents urged downtown revitalization to be a priority, a good many said such an undertaking should not come at the expense of developing surrounding areas. Many respondents called for improvements to the transit system, as well as for more bike lanes and pedestrian-friendly walkways.

Respondents said keys to retaining young talent in Cedar Rapids include attracting hi-tech and creative companies and offering more viable wages.

High property taxes were a top concern of respondents, as was improved entertainment and shopping options, particularly in the downtown area. Many respondents complained that there are few nightlife options beyond bars. Many called for more cultural happenings like art and music, as well as more – and healthier – food options. Some called for fewer box stores, seeing the creation of a more unique identity as a way to attract new residents and visitors.

Continuing efforts to optimize and emphasize the cleanliness of the downtown area were seen as important, as was addressing downtown rent options and home prices set beyond reach of most residents, particularly younger workers.

"The cost of owning a home is fairly reasonable. The ability to attract businesses is favorable. There is good water here and the community makes moving, starting, or expanding a business here attractive."

- Cedar Rapids' Resident Survey

"We have a great foundation of hard working people that want to make a difference…Couple that with the leadership this city has, not only at the government level, but private and public business level and it's the formula for continued growth."

- Cedar Rapids' Resident Survey

Resident Survey Results (cont'd)

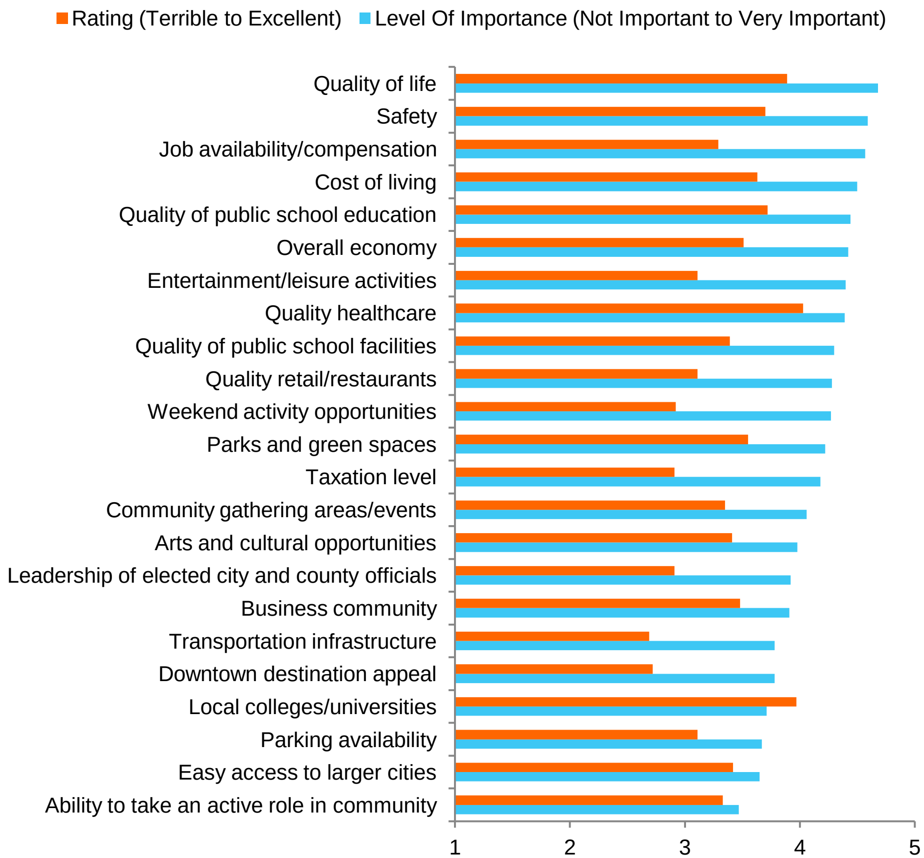
Overall, Cedar Rapids' residents are satisfied with life in the area

While residents' satisfaction rarely outranks an issue's importance, this should not be viewed as a negative indication of net satisfaction. Overall, Cedar Rapids' ranks very well in overall quality of life, specifically receiving high ratings on health care and higher education opportunities. In contrast, residents were generally unsatisfied with the city's transportation and downtown appeal. When weighted against importance, however, the biggest shortcomings were found in job opportunities, taxation, and entertainment / leisure activities.

"Affordable, great place to raise a family, and close to larger cities for weekend/ mini-vacation destinations."

- Cedar Rapids' Resident Survey

Issue Importance / Satisfaction to Cedar Rapids' Residents



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Resident Survey Results (cont'd)

What are the most significant challenges facing Cedar Rapid's jobs and economic growth? (Choose up to 5)

A lack of job opportunities is perceived as the biggest threat to Cedar Rapids' economic development

Despite generally low unemployment, over half of survey respondents felt that the availability of quality jobs was the most significant challenge facing Cedar Rapids going into the future. A lack of entertainment, retail, and restaurant options as well as high taxes and perceived barriers for newcomers were also viewed as considerable challenges moving ahead. Quality of life and infrastructure issues such as a lack of driving access, parking, or office space, were all viewed as less important issues, generating responses from less than 20 % of respondents.

"It's a challenge to recruit talent here. People just don't think of Iowa as a place they want to live."

- Cedar Rapids' Resident Survey

Resident Survey Results (cont'd)

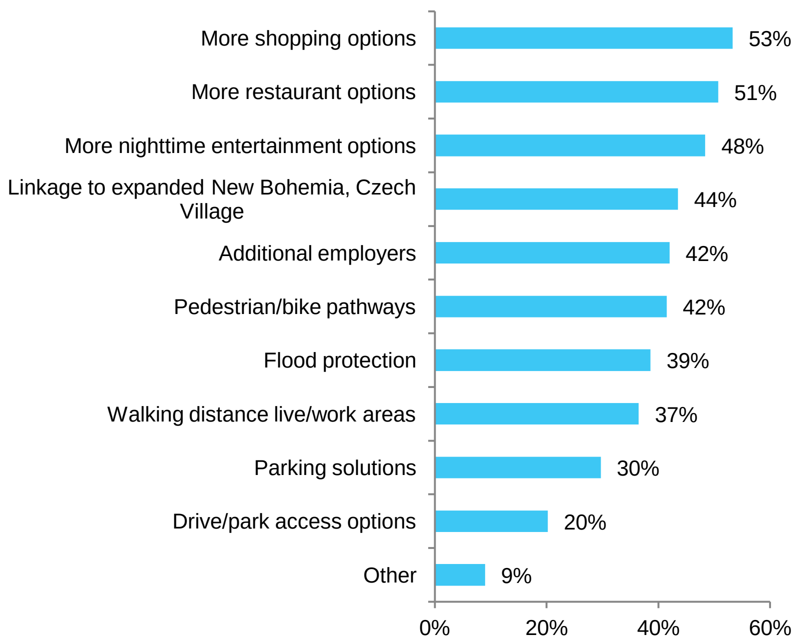
Cedar Rapids' residents believe downtown development should focus on retail and entertainment

When asked what the optimal development plan for Cedar Rapids' downtown should include, over 50% of respondents felt both increased shopping and restaurant options should be available. Likewise, over 48% responded that nighttime entertainment options should be expanded. Infrastructure improvement projects, such as parking options and driving access, were generally viewed as less important, though increased walk / bikeability was sought by over 40% of respondents.

"There needs to be more things for young professionals to do. We spend more time in Iowa City shopping and eating out because of all the unique restaurants and stores."

- Cedar Rapids' Resident Survey

What would an optimal development plan for downtown Cedar Rapids include?



Business Survey Results

Business feedback

Business owners provided quality feedback when given an open opportunity during the survey process. More than half the business owners and managers responding to the survey make their home in Cedar Rapids. Less than a quarter (24%) of businesses are less than five years old and another 26 % are six to 14 years old. Most respondents are associated with small businesses – 52% have less than 10 employees and 39% reported less than $500,000 in revenue. Roughly half the businesses (52%) report conducting some business online.

Survey reflected a good percentage (25%) of feed back from the growing Business/Professional/Personal Services sector. Most respondents (60%) reported growing revenues and an additional 24$ reported stable revenues. A significant 72% expect to increase their number of fulltime employees in the coming year; 52% anticipate expanding operations within Cedar Rapids in the next five years; and 72% expect to increase their product line in the coming five years.

Ranking highest as factors for success were: The ability to attract and retain skilled employees, entrepreneurial environment, tax climate, operating costs and quality of life. Also important to businesses were access to customers, quality of public schools and utilities and infrastructure.

Cedar Rapids ranked very high in providing all business success factors. The city received highest ranking for: Cost of living, entrepreneurial environmental environment, quality of public schools, quality of life and colleges and universities.

The number one factor in hiring decisions reported by the businesses was work ethic. The easiest to fill jobs were reported as secretarial, administrative and low skill entry level positions. The hardest to fill were reported to be engineering, mid-level management, technical and specialized labor. noted from businesses saying the workforce also lacked need critical thinking, strategic planning and team-working skills.

Open-ended Comments

Business respondents provided a high level of insightful commentary when given a free forum. Many predicted that local jobs will become much more technology-driven over the next 10 years. Difficulty was already noted in finding appropriately skilled labor for manufacturing jobs requiring basic technology skill. There was an indication that much more business activity will be conducted online in the near future.

Businesses are concerned about downtown viability and parking during work hours. One interesting suggestion was for a trolley system downtown.

Common themes noted in responses on barriers to expansion in Cedar Rapids included prohibitive taxes, an inadequate resource pool of skilled workers, difficulty in retaining young professionals to live in Cedar Rapids and an inability to sell Cedar Rapids in attracting workforce.

Businesses had a lot of suggestions to offer to help the city attract and retain younger workers, including:

* Planning for more rentals and affordable housing downtown
* Encouraging quality online graduate degree programs
* Encouraging businesses to provide better career path opportunities
* Fostering the development of Young Professional organizations
* Making taxes more affordable for entry-level salaried residents
* Making downtown more “hip”
* Attracting more tech companies
* Engaging Young Professionals in city government

Business Survey Results (cont'd)

Businesses also offered their thoughts on new industries that could be successful in Cedar Rapids. In general, they supported the expansion of second-tier businesses to support existing and expanding local industries.

Among the additional suggestions for target industries were:

- Sports medicine
- Healthy lifestyle services and products
- Logistics and warehousing
- Technology companies
- Healthcare companies with a technology focus
- Food production
- Biotech
- Alternative energy industries

"When we try and hire qualified people from other areas, they ask us where the city is going to be in five years."

-Business Stakeholder Response

Business Survey Results (cont'd)

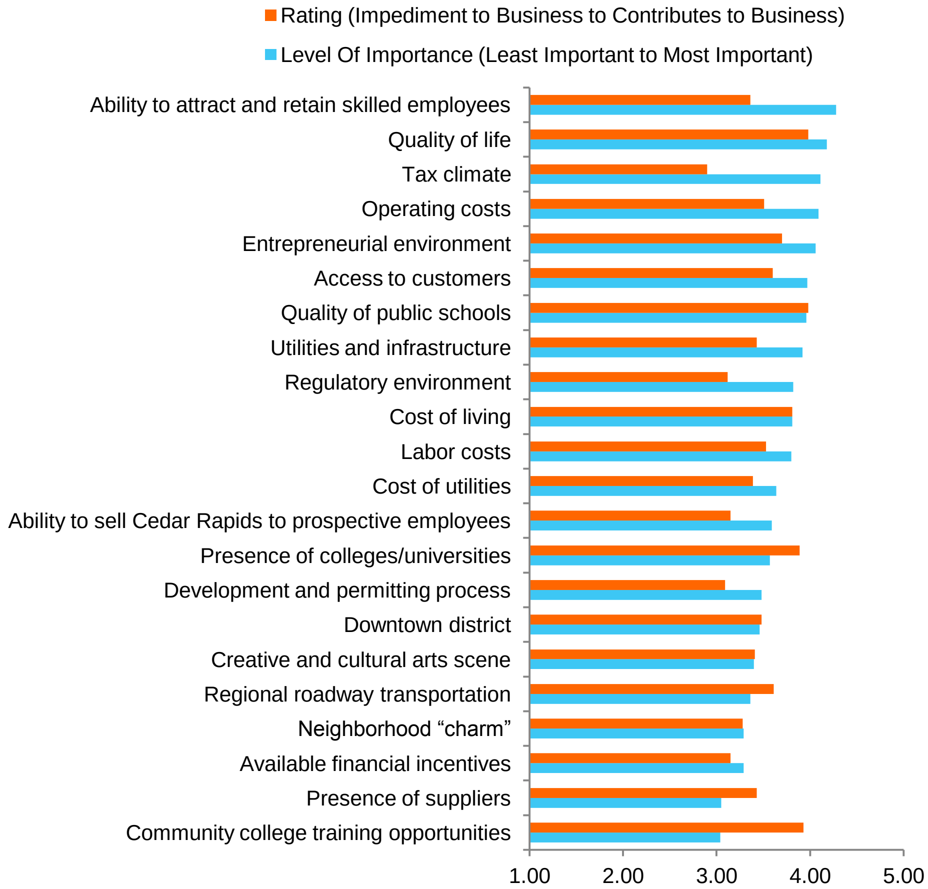
Cedar Rapids' businesses hold a generally positive view of the area

Similar to the resident survey, businesses generally rated an issue's importance higher than its perceived contribution. That said, businesses had a generally positive view of the business climate with only one issue, taxation, receiving a score less than three on the five-point impediment / contribution scale. The tax climate was also viewed as an issue of high importance. Large gaps in the perceived contribution and importance were found in the ability to attract and retain skilled employees and in the regulatory environment. Overall, the quality of life, cost of living, and education opportunities found in Cedar Rapids were viewed favorably by local businesses.

"Don't be afraid to look outside the box and offer better incentives for current companies to stay open."

- Cedar Rapids' Business Survey

Issue Importance / Satisfaction with Cedar Rapids' Businesses



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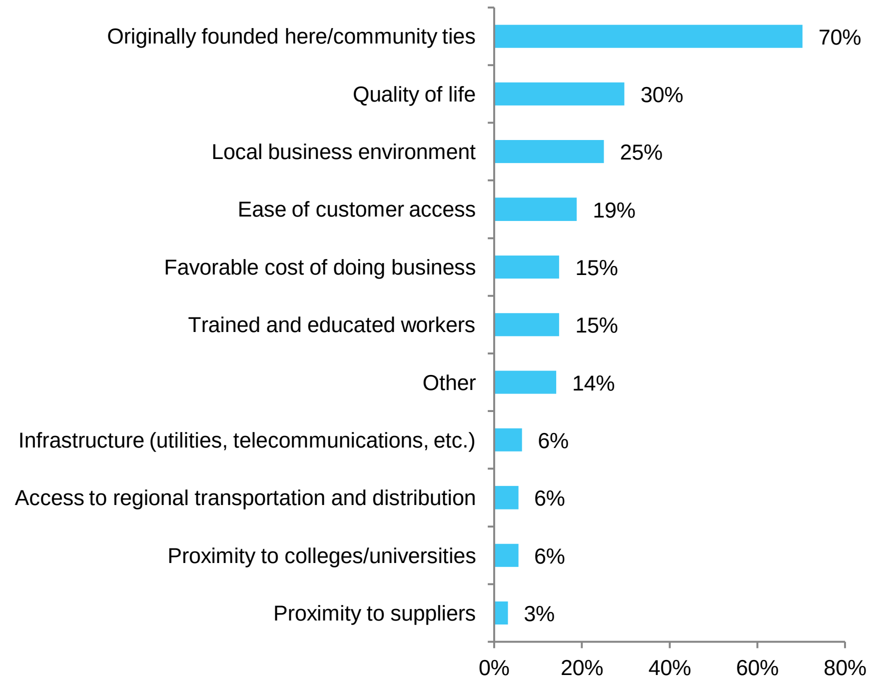
Survey Results: Business Survey

Cedar Rapids' businesses have strong ties to the community

Over seven out of ten business respondents listed community ties as a primary reason for being located in Cedar Rapids. A high quality of life and friendly local business environment rounded out the top three responses, though they were only listed by 29% and 25% of respondents, respectively. While these more intangible factors cannot be as explicitly leveraged to attract new businesses, they do contribute to a positive perception of the city locally, regionally, and nationally. The survey also indicates that existing businesses are doing well, with nearly half reporting plans to expand their labor force, and over half planning to expand operations or product lines.

Cedar Rapids Business Expansion	
	% of Businesses Expanding
Number of employees	49.5%
Product line	72.0%
Size of operations	59.0 %

What are the three primary reasons your business is located in Cedar Rapids?



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Business Survey Results (cont'd)

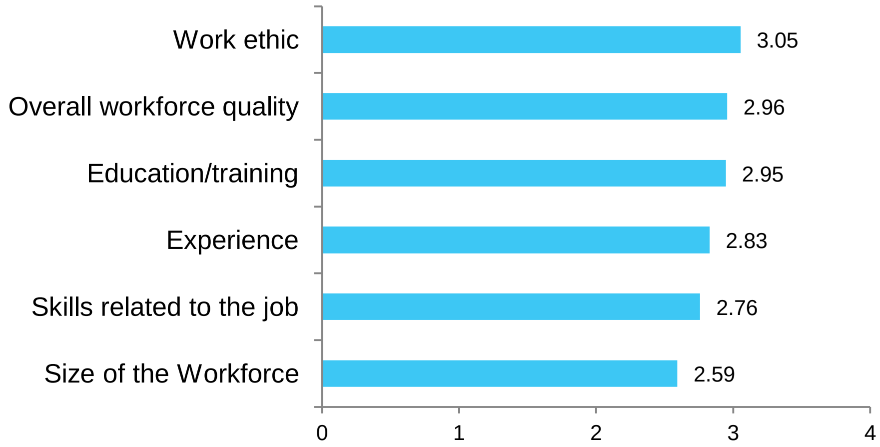
Cedar Rapids' businesses think highly of the work force, but still see room for improvement

Overall, businesses were satisfied with the work ethic, quality, and education of the Cedar Rapids' labor pool, but felt the biggest shortcomings were in the availability of labor and a lacking of specific job skills. This is reflected in a difficulty in filling engineering and management positions.

Skills Availability	
What are the hardest jobs to fill at your company?	
1	Engineers
2	Management
3	Sales
What skills, if any, are lacking in the local workforce?	
1	Skilled/Trained labor
2	Communication/sales
3	Technology

How would you evaluate the following workforce factors within Cedar Rapids?

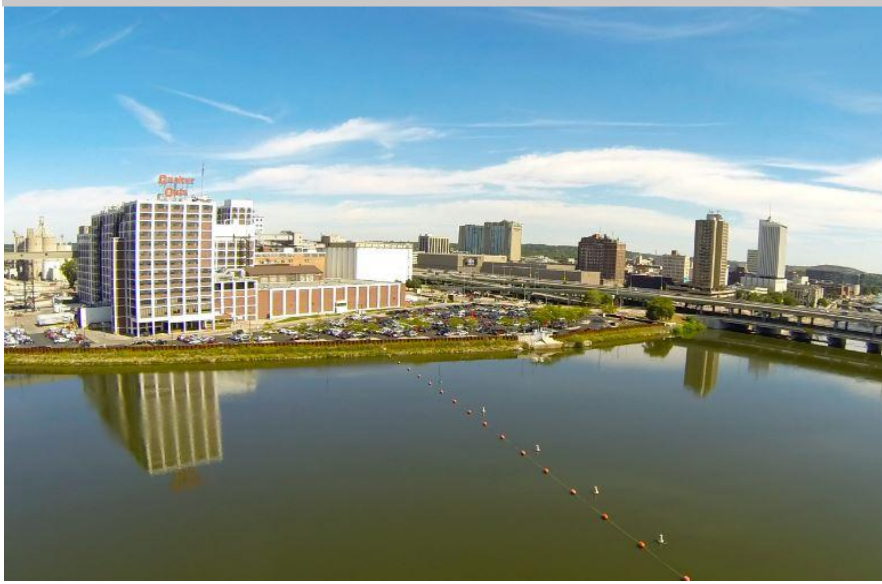
Very Dissatisfied-1 Dissatisfied-2 Satisfied-3 Very Satisfied-4



"Businesses can't find qualified people."

- Focus Group Member

NEXT STEPS



Next Steps: Economic Opportunity as a Driver of Change

Economic development reaches beyond any one program or employer. It is a force that pushes, boosts, enables, and incentivizes Cedar Rapids citizens to improve and excel. It attracts new residents and young families. Developing the Cedar Rapids business climate with new employment centers and thriving industries will drive dramatic, measureable improvements to many of the challenges currently facing the community: employment leakage, young professional attraction and slow economic growth.

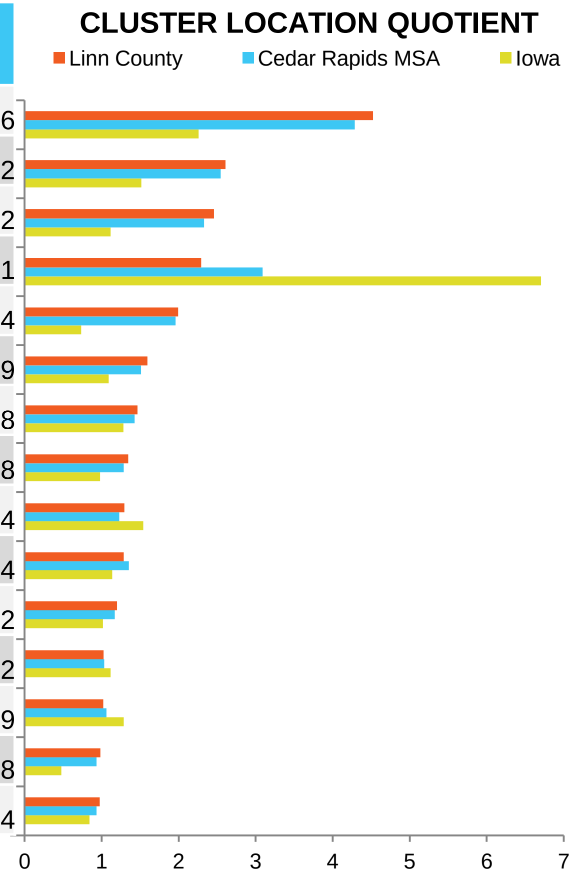
How will this happen? New employers bring salaries, training, children, involved parents, active new neighbors, reinvestment in neighborhoods, renovation of dilapidated housing, preservation of historic sites, more watchful eyes in neighborhoods, and paths to job advancement. Crime recedes as surrounding areas attract reinvestment. Public education improves as new families venture into underperforming school areas and demand improvements. Residents who make more money spend more. New job opportunities create contagious opportunities.

In the next phase of this economic development strategic plan, AngelouEconomics will identify high-potential industries for the city of Cedar Rapids through an analysis of cluster concentration, industry trends, and regional assets. The industries and niches presented in the Target Industry report will provide a strong balance for the Cedar Rapids region between immediate opportunities for economic development and a long-term path for the region.

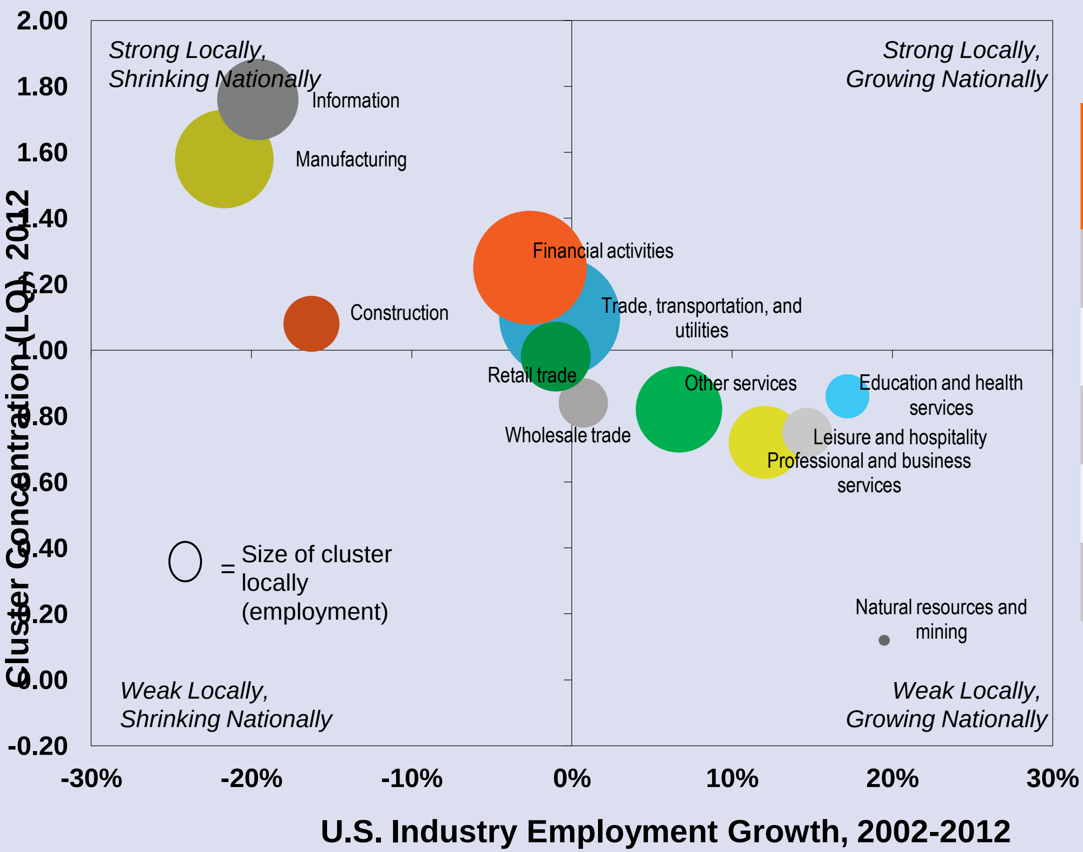
Next Steps: Target Industry Clusters

Linn County Industry Cluster LQs

SECTOR (RESIDENTS EMPLOYED IN SECTOR)	Linn County	Cedar Rapids MSA	Iowa
Food Processing (3,535)	4.52	4.29	2.26
Logistics & Distribution (6,426)	2.61	2.54	1.52
Mass Media (2,836)	2.46	2.33	1.12
Agriculture (401)	2.29	3.09	6.71
Communication Services (1,394)	1.99	1.96	0.74
Industrial Machinery (963)	1.59	1.51	1.09
Financial Services (8,788)	1.47	1.43	1.28
Business Support Services (7,905)	1.35	1.29	0.98
Elementary and Secondary Schools (5,983)	1.30	1.23	1.54
Construction Manufacturers & Suppliers (6,677)	1.29	1.35	1.14
General Services (3,839)	1.20	1.17	1.02
Retail (13,051)	1.02	1.03	1.12
Wholesale (4,468)	1.02	1.06	1.29
Software & Computer-related Services (592)	0.98	0.93	0.48
Civic Enterprises (1,255)	0.97	0.93	0.84



Suggested Target Industries



Suggested Target Industry Clusters
Bio Ag
Food Sciences & Safety
Distribution
Health Care & Health IT
Entrepreneur Business Services

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Appendix

I. Determinants of Economic Success

II. SWOT Analysis

Determinants of Economic Success

The Market Assessment Report examines many aspects of the Cedar Rapids community as it exists today with an eye toward future development. Much detail is provided on the area's assets and the prospects of additional growth and economic prosperity.

Major determinants of economic development success are evaluated in detail, such as quality of life, workforce & education, business climate, and infrastructure.

By organizing the data into these four determinants of success, trends can be more clearly observed and policies can be more easily conceptualized. The determinants provide context to the many aspects of the Cedar Rapids economy.

This report also identifies issues which, if successfully addressed, will help guide and direct strategic change in the efforts to elevate the local economy to new heights of economic success.

QUALITY OF LIFE: The factors affecting the daily lived experience of community members including cost of living, commute times, household incomes, crime rates, and others.

WORKFORCE & EDUCATION: The available workers and their skill levels and experience. Important factors include employment trends, worker mobility, educational assets, and research & development expenditures.

BUSINESS CLIMATE: The general environment for and factors affecting business establishment and growth including key economic drivers, tax climate, cost of government, and others.

INFRASTRUCTURE: The resources necessary to the functioning of a community and economy including housing capacity, utility infrastructure, commercial real estate product balance and availability, utility infrastructure, and transportation.

SWOT

AE defines the four aspects of “SWOT” in these terms:

Strengths: Issues or characteristics internal to Cedar Rapids that can be built upon to advance current and future economic growth opportunities in the city.

Weaknesses: Issues or characteristics internal to Cedar Rapids that, if not addressed effectively, could limit current or future growth opportunities.

Opportunities: Assets, events, or trends external to Cedar Rapids that provide the potential for economic growth and attraction of new industry.

Threats: Obstacles, events or trends external to Cedar Rapids that, if not addressed effectively, could threaten the city’s economic potential and its ability to attract, expand, and start up new employers.

Each section of the report highlights the strengths, weaknesses, opportunities, and threats for Cedar Rapids as they relate to a particular economic determinant. The SWOT assessments were created through analysis of both quantitative and qualitative data.

Qualitative information was obtained through stakeholder discussions, focus groups, survey information, and other existing quantitative databases. We do not intend for this analysis of issues to be all-inclusive. Rather, we focus on those areas that will have the most direct impact on specific components of future economic development efforts in Cedar Rapids.

About AngelouEconomics

ANGELOUECONOMICS

AngelouEconomics partners with client communities and regions across the United States and abroad to candidly assess current economic development realities and identify opportunities.

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

As a result, AngelouEconomics' clients are able to diversify their economies, expand job opportunities and investment, foster entrepreneurial growth, better prepare their workforce, and attract 'new economy' companies.

To learn more, visit www.angeloueconomics.com

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