EMPOWERED BY THE FUTURE

THE CITY OF CEDAR RAPIDS

STRATEGIC ACTION PLAN

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY PHASE IV

AUGUST 4, 2014

CEDAR RAPIDS
City of Five Seasons
AGENDA

• Project Scope & History
• Strategic Recommendations
• Conclusion
• Questions
MANY THANKS!

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

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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| - 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 | - 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 |

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<tr>
<th>Opportunities</th>
<th>Threats</th>
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| - 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 |
**PROJECT SCOPE**

**Phase I:** Stakeholder Engagement

**Phase II:** Market Assessment & Competitive Analysis

**Phase III:** Business Case & Target Industry Analysis

**Phase IV:** Strategic Action Plan

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

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**TARGET INDUSTRY SELECTION PROCESS**

- **Cluster Concentration**
  1) Which industries are strong and are concentrated locally or regionally?

- **Industry Trends**
  2) Do the clusters reflect national growth trends?

- **Regional Assets**
  3) Are there local or regional assets that give industries a competitive edge?

- **Vision Alignment**
  4) Do these clusters meet the goals of the community?
RECOMMENDED TARGET INDUSTRIES & NICHES

Economic Development Activities:

Mature/Core Targets
- Retention
- Expansion

Diversification Targets
- Attraction
- Entrepreneurship and Small Business Development

Emerging Targets
- Expansion
- Attraction
- Entrepreneurship and Small Business Development

LIFE SCIENCES
- Health IT
- Medical Devices
- Biotechnology

LOGISTICS & DISTRIBUTION
- Freight Trucking
- Intermodal Transport Services
- Supply Chain Analytics / Services

FOOD SCIENCES & PROCESSING
- Maintenance & Support Services
- Food Processing & Organic Foods
- Food Safety

ENTREPRENEURIAL BUSINESS SERVICES
- Animal Oriented Food & Health Services
- Agricultural Research & Development
- Bio-Agriculture

FINANCE, INSURANCE & REAL ESTATE
- Accounting & Legal Services
- Engineering / Architecture
- Custom Computer Services

INVESTMENT & ASSET MANAGEMENT SERVICES
- Food Processing & Organic Foods
- Engineering / Architecture
- Actuary Science & Data Processing

CREATIVE DESIGN
- Supply Chain Analytics / Services
- Supply Chain Analytics / Services

FREIGHT TRUCKING
- Cargo Transport

FINANCE
- Accounting & Legal Services

E-Commerce
- E-Commerce

BIOTECHNOLOGY
- Biotechnology

EMERGING TARGETS
- Supply Chain Analytics / Services
- Bio-Agriculture
- Creative Design
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?

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
Cedar Rapids Strategic Plan

Phase I:
Stakeholder Engagement

Phase II:
Market Assessment & Competitive Analysis

Phase III:
Business Case & Industry Analysis

Phase IV:
Strategic Recommendations

Strategic Objectives

Clarify the City’s ED Role

Grow & Diversify the Economy

Grow the Workforce
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 City’s ED Role

Grow & Diversify the Economy

Grow the Workforce

McGrath Amphitheater

Cedar Rapids Strategic Plan
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
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
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
## 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
1) DIRECT BUSINESS RETENTION AND EXPANSION
Implement a Periodic Online Survey
Use Information Provided by Businesses to shape ED Policies

2) SUPPORT 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
**Cedar Rapids Strategic Plan**

**West Orange Trail**

**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

**FOOD SCIENCES & PROCESSING**

**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

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
**LIFE SCIENCES**

**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

**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: 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

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*
LOGISTICS & DISTRIBUTION

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

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

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
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

**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

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*
FINANCE, INSURANCE & REAL ESTATE

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

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

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
IMPLEMENTATION

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.
CONCLUSIONS

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!