

City of Sidney Cheyenne County
ECONOMIC DEVELOPMENT
PARTNERSHIP

Target Market Strategy Study

Presentation

January 10, 2017



BARBER BUSINESS
ADVISORS, LLC



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Agenda- draft report

- **Goal of the study**
- **Project kickoff and interview process**
- **SWOT analysis**
- **Target industries**
 - Agribusiness/Food processing/Specialty-Ancient grains
 - Small light manufacturing/Fabricated metal
 - Data centers
 - Warehouse/Distribution/Transportation
 - Tourism
- **Target companies and contacts (example)**
- **Business Retention and Expansion**
- **Business Creation**
- **Recommendations**
- **Next steps**

Goal of the Study

- **We are not in position to change the fact that Cabela's and Bass Pro are merging**
- **Our mission is to identify ways and means by which new job creation has the potential to take place in Sidney**
- **This Target Market Strategy plan serves as a roadmap**
 - SWOT
 - Target industry identification
 - Names, addresses, phone numbers, and emails where available for over 200 companies plus those of the real estate partners
 - BR&E
 - Business Creation
 - Recommendations
 - Next steps

Stakeholder Interviews- (40)

Trip 1- August 22-24

- Adam Ackerson
- Andrew Sherman
- Charles Baldwin
- Derk DeMasters
- Gary Dible
- Heather Haussmann
- Jay Ehler
- Jerry Steffens
- John Wieser
- Josh Watchorn
- Kiersten Richards
- Mark Nienhueser
- Mark O'Dell
- Phil Sanders
- Roger Gallaway
- Scott Smith
- Tim Lindahl
- Tom VonSeggren
- Zach Adams
- Telephone / Offsite
- Brook Aken
- Courtney Dentlinger
- Jason Guernsey
- Jason Petik
- Kristine Benson
- Lisa Scheve
- Nicole Sedlacek
- Tim O'Brien

Trip 2- September 12-13

- Bob Olsen
- Chris Gay
- Connie Hancock
- Dave Wiekhorst
- Denise Wilkinson
- Greg Huck
- Heather Hausmann
- Joe Arterburn
- Mike Lienenger
- Paula Abbott
- Rick Heckenlively
- Wendall Gaston

SWOT: Strengths

- Locational opportunities due to the road and rail infrastructure in and around Sidney
- Valuable cluster of existing retail operations along I-80 as well as expansion potential within the downtown City of Sidney



SWOT: Strengths

- Significant dry ground agriculture exists in the local area providing the raw materials for potential further processing operations
- Manufacturing culture exists with Pennington Seed, Bell Pole, The Egging Company, Progress Rail Services, and others



SWOT: Strengths

- City has certain quality of life amenities of a much larger city – walking/biking trails, sports complexes, five banks, a new hospital, and new Sidney Aquatic Center



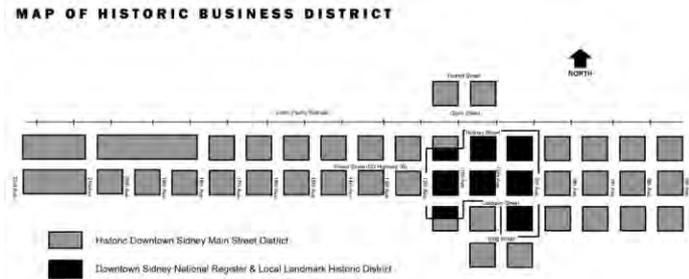
SWOT: Strengths

- Lots of developable land exists for both industrial and residential use-
- Expandable water supply to support business growth and/or expansion



Weaknesses

- Many unknowns from the merger with Bass Pro
- Downtown is old, expansive, underutilized, and in need of repairs, with Finney's Hardware/Appliance, Steffens, and a few other serious establishments



Weaknesses

- Current local demand dictates WNCC Sidney offer workforce training only in nursing and aviation
- Wastewater treatment appears to loom as a large area of concern for the attraction of a food/ag processor
- Economic development team is limited in size



Opportunities

- City owned business park has access to services and is available for a build to suit
- Infrastructure assets, talented workforce, and quality of life elements that exist in Sidney and Cheyenne County
- Downtown has available space for BR&E and entrepreneurial growth



Threats

- The Bass Pro merger could reduce the population that has that been flat for years
- Local economy is depressed, particularly the farm commodities, retail sales, and housing
- It is a 2 ½ hour drive to the closest airport with significant passenger and/or freight service
- Business tax structure of NE vs CO and WY is somewhat negative for business attraction and expansion

Target Industries

- Agribusiness/Food processing/Specialty-Ancient grains
- Small light manufacturing/Fabricated metal
- Data centers
- Warehouse/Distribution/Transportation
- Tourism

Agribusiness

- Massive impact -- \$5 trillion industry represents 10% of global consumer spending
- Global caloric demand will increase
- Technology continues to raise productivity
- Demand rising for healthier foods (including ancient grains)



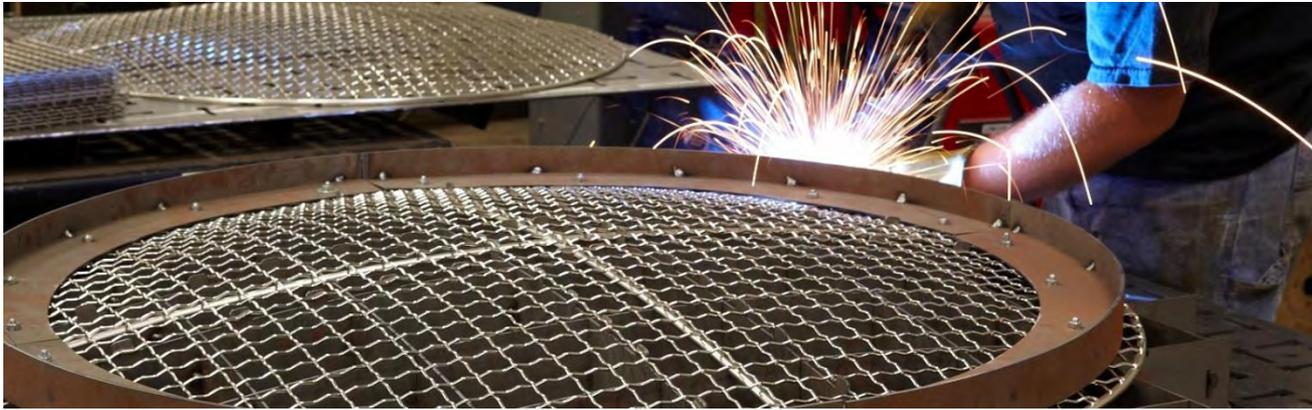
Agribusiness

- **Wide range of companies**
 - Agricultural machinery, seeds, chemicals, vaccines, packaged foods, to data providers, and others
- **Deep understanding required**
 - Crops, geographies, and complex value chains encompassing production, processing, and retailing
- **Continued consolidation and the emergence of smaller niche players**



Metal Fabrication

- Companies that transform products by forging, stamping, bending, forming, welding, machining, and assembly
- To attract, consider a company's degree of diversification and its manufacturing flexibility
- Most metal fabricators are capital intensive



Metal Fabrication

- Demand driven largely by the needs of other industrial companies
- Segmented on the basis of end use -- construction, automotive, manufacturing, energy, agriculture, etc.
- Focused on providing finished products as well as parts used in assembly



Data Centers

- Operators expanding to places with flexible utility costs, incentives packages and/or lower taxes
- Three Types:
 - Enterprise (EDC): Located at or near a company’s headquarters, where the IT team is located
 - Internet (IDC): Filled with racks of servers performing non–mission-critical functions
 - Third-party (3POs) build and/or operate data centers for both EDC and IDC users



Data Centers- Site Selection Criteria

- **Site Latency** -- the time it takes for information to travel from one location to another -- is critical in site selection, expressed in milliseconds. Other criteria:
- **Environmental conditions.** (climate and history of natural hazards)
- **Availability and cost of dual fiber infrastructure-** fatal flaw
- **Availability and cost of dual electrical power-** fatal flaw
- **Personal property tax incentives-** initial and ongoing
- **Land acquisition, construction costs, and speed to market**
- **Socioeconomic: Talent, regulatory climate, and taxation**

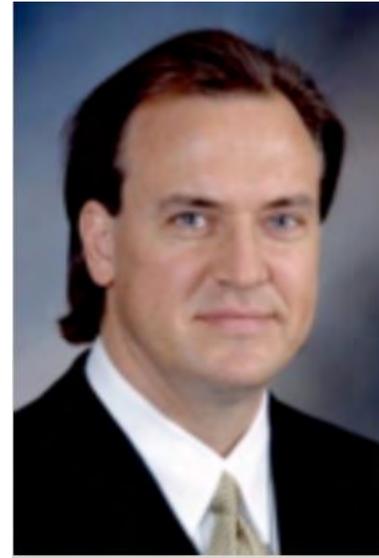


Warehouse/Distribution/Transportation

- Out Target Market Strategy team has partnered with a real estate brokerage group that focuses on this sector for rail based operations. They also represent Adams Industries with their Industrial Park listing.



Herb Grabell
Senior Vice President
Kidder Mathews



David Scherer
Executive Managing Director
Newmark Grubb Knight Frank

Warehouse/Distribution/Transportation

- **The Group has developed a proprietary data base of close to 700 rail users nationwide**
 - A preliminary list of company types include: window mfg, recycling, container mfg, hardware mfg, chemical mfg, bakery and flour mill mfg, building materials, machinery mfg, glass coatings, lumber and wood related products, beverage/bottlers and ceramic products mfg.
 - The teams lead by Herb and David will be making the attraction calls to their database on behalf of Adams Industry and Sidney Economic Development
 - Working with Adams to explore the regional wind industry and to determine if the Park can be used as a laydown yard for wind related components

Tourism- Economic Impact

- **Domestic and international travelers spent \$947 billion in the U.S. in 2015**
- **This spending supported**
 - 8.1 million jobs directly
 - Generated \$232 billion in payroll income
- **Another \$148 billion in tax revenues for federal, state, and local governments**
- **On average, every \$1 million in sales of travel goods and services directly generates nine jobs**
- **The travel industry has created jobs at a faster rate (12.8% vs 10.1% US) from early 2010 to the end of 2015**

Tourism- Downtown, Along I-80

- When a community contains multiple destinations, locals and tourists will shift their perceptions of it
- Art to touch, music to hear, food to eat, sports and recreation can make a community stand out
- Downtowns reflect the culture and history



Tourism- Historical

- Sidney was once the haunt of gold seekers, freighters, cowboys, outlaws, gamblers and prostitutes
- It has its own Boot Hill and Ft. Sidney to prove it



Tourism- Sports

- **Sports is the fastest growing leisure-time activity in North America**
- **Kids of the Millennials**
 - Kids are now arriving at T-ball age
 - This presents a HUGE and growing young population – the next big wave
- **Multigenerational travel**
 - The fastest growing trend in tourism
 - The career-driven boomers carry a guilt complex and have a new mission in life: “We may not have been there for our kids, but by gosh, we’re going to be there for our grandkids”
- **Soccer is arriving**
 - It is THE sport of the millennial generation in the United States



Tourism or Locals- Outdoors

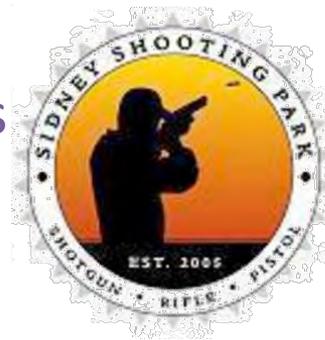
- **Aquatic activities**

- Recreation for the locals
- Summer fun for tourists
- Swim meet potentials for traveling teams



- **Sidney Shooting Park**

- Recreation for the locals
- Summer fun for tourists
- Potential tie in with the Cabela's flagship store with a daily fee for patrons



Target Company Listing Example- 200+

FORTRUST LLC provides data center and colocation services to businesses in North America. It offers data center services, such as colocation, network access, technical support, monitoring and security, data center infrastructure management, and managed services. FORTRUST LLC was formerly known as Securitas LLC and changed its name to FORTRUST LLC in July 2002. The company was founded in 2000 and is based in Denver, Colorado. It has data center locations in Denver, Colorado; Phoenix, Arizona; and Edison, New Jersey.

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IO Data Centers, LLC, a data center services company, provides colocation and cloud services to businesses and governments worldwide. The company offers raised floor colocation, modular colocation, and private cloud services. It has strategic partnerships with StarHub, CenturyLink, FORTRUST, The Avail Group, bcm, BLUE DIAMOND SOLUTIONS, COLOTRAX, clover, and SKY TECHNOLOGY PARTNERS. IO Data Centers, LLC was founded in 2007 and is headquartered in Phoenix, Arizona with data centers in Denver, Ohio, New Jersey, Singapore, London, and Phoenix.

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Phoenix, AZ 85008

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Rick Crutchley, Chief Operating Officer

Level 3 Communications LLC provides Internet services to broadband subscribers through its cable and DSL partners and wholesale dial-up services to Internet Service Providers. Level 3 Communications LLC was incorporated in 1997 and is based in Broomfield, Colorado. Level 3 Communications, LLC operates as a subsidiary of Level 3 Financing, Inc.

Specialties: SIP Trunking Data Center Connectivity Cloud Computing Contact Centers Data Networks Content and Video Delivery Managed Services Unified Communications & Collaboration Security Solutions.

1025 Eldorado Boulevard

Broomfield, CO 80021

Phone: 724-743-9719

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www.level3.com

Jeffrey Storey, President and Chief Executive Officer, jeff.storey@level3.com

Crust Craft Inc. was founded in 1995. The Company's line of business includes the milling of flour or meal from grain.

13211 146 St Nw

Edmonton, T5L 4S8

Canada

Phone: [0001-78046613](tel:0001-78046613)

Fax: [0001-78046613](tel:0001-78046613)

www.crustcraft.com

Paul Flesher, President/Chief Executive Officer, paul@crustcraft.com

Dakota Specialty Milling, Inc. supplies custom-milled and whole grain blends primarily to the bakers in North America. It offers granolas and granola clusters, custom multigrain blends, starch-based batters, granola cereals and doughnut toppings, and toasting products, as well as organic whole grain flours, blends, and flakes. The company was founded in 1969 and is based in Fargo, North Dakota.

4014 15th Avenue NW

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Phone: 701-282-9656

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William Matthaei, CEO, wmatthaei@dakotaspecialtymilling.com

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Didion Milling, Inc. stores, mills, and transports conventional lines of grits, meal, flour, pregelatinized products, and corn bran; and corn soy blend, corn meal, soy fortified corn meal, and packaged vegetable oil. The company also offers ethanol products, distillers grains, dried and wet distillers grains with solubles, and corn syrup. Its products are used for food processing and brewing industries, and foundry and industrial applications. Didion Milling, Inc. was founded in 1972 and is based in Johnson Creek, Wisconsin.

520 Hartwig Boulevard

PO Box 400

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The Three-Legged Stool Approach

There are three ways for a community to facilitate job creation and capital investment.

1. Growth/expansion of existing firms (business retention and expansion)
2. Creation of new firms (entrepreneurial development)
3. Attraction of external firms (business recruitment)

Recommendation: Do All Three



WHY BR&E?

- Up to 80% of new jobs and capital investment in any economy are generated by existing firms
- It's ten times more cost effective to work with existing customers than to recruit new ones
- The only time you are interacting with actual customers is through business retention and expansion
- Entrepreneurs represent the companies of tomorrow

BR + E
Growing Together!

Push for Entrepreneurs- Grow Your Own



- First, do no harm
- Buy local; Cash mobs
- Incentivize
- Microloans
- Look for skill gaps
- Look for opportunity gaps
- Teach them young



Recommendations

- **Focus on existing business retention and expansion**
 - Retail and Hospitality along I-80 and downtown
 - Adams Industries, Pennington Seed, Bell Pole, etc.
 - Health care expansion of services/senior living
- **Target industry recruitment- hire a new Economic Development Director that focuses on the companies in the report for attraction**
- **Provide high speed internet access throughout the city**
 - Enables small call centers and/or home based customer service employment
 - Supports small entrepreneurial and tech startups

Recommendations

- “Hickory Square” as a catalyst destination for tourists and locals
- Improve the signage for the visitor’s center on I-80 to provide an initial “stop and see” magnet
- Have a professional event manager to include sports tourism, the aquatic center, “historic Sidney”, and downtown retail development/expansion

Recommendations

- **Market the parks, recreation, programs, and clubs**
 - Sports Tourism
 - Promote Deadwood Walking/Biking trail as a destination attraction – “things to do”, consider bike rental kiosk
 - Promote Living Memorial Gardens and the Fort Sidney historic complex as a destination attraction – “things to see”
 - Connect destinations within a community with both paths and good roads
 - Encourage multimodal linkages to area destinations including bicycling

Recommendations

- **Develop renovation grants and incentives for downtown to include façade & roofs so that historic buildings are never lost**
- **Consider a “fix it or lose it” ordinance to prevent blight**
- **Initiate a grant writing program**
- **Encourage the State of Nebraska to list Sidney as a tourist destination**
- **Sidney Economic Development and WNCC jointly develop manufacturing/warehousing skills workforce training case brochures that have been executed for companies at the Sidney campus to be used in attraction marketing**

Next Steps

- Review edits, updates, and revisions based on feedback from this meeting and generate final documents for the City
- City to generate a business plan for the Economic Development based on this input as well as new developments in Sidney as they evolve
- Collaborate with Cheyenne County Commission, Sidney Chamber, Western Nebraska Community College, and the Nebraska Department of Economic Development to generate a “shared and common story” for Sidney

Thank You for the Business

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