

Knox County, Nebraska Target Industry Program Final Report

Fall 2009



Nebraska Public Power District

Always there when you need us

On October 26, 2009, members of Knox County, Nebraska’s Target Industry Study Group (KCTISG) selected “Renewable Energy Businesses,” and “Tourism” as their economic growth targets. To enable further development of a plan to encourage retention, expansion, or recruitment of these targets, KCTISG identified the actions and responsible organization listed in Table 1.

Table 1
Knox County Target Industries and Actions

Target	Actions	Individual(s) Responsible
Renewable Energy Businesses	<ol style="list-style-type: none"> 1. Identify opportunities to expand local businesses and opportunities to recruit new businesses. 2. Maintain contact with developers and turbine suppliers to identify opportunities for local businesses. 3. Within the next 6 months: <ol style="list-style-type: none"> a. Make decision on attending WindPower 2010. b. Follow-up on wind for schools c. Contact UNL and NECC to learn more about wind programs. 	Liz Doerr Toni Tauber
Tourism	<ol style="list-style-type: none"> 1. Support efforts of local tourism partners. 2. Within 6 months, plan and conduct a meeting of potential Knox County tourism partners including Knox County Tourism Board; Highway 12 and Highway 14 Groups; Lewis & Clark NRD, Shannon Trail, Game and Parks; and the Corps of Engineers. 	Toni Tauber Mary Plettner (NPPD Facilitator)

The process leading to the selection of these target industries included a series of three meetings involving members of KCTISG and economic development specialists from the Nebraska Public Power District (NPPD). This report summarizes the tasks and results of each meeting and the overall industry targeting process.

First Meeting – August 31, 2009

During the first meeting NPPD Economist Ken Lemke presented information on targeting methodologies and provided examples of data that could be provided to the group. KCTISG members provided information and insight on Knox County's values and attributes that would be important in selecting where to direct their efforts. During the meeting KCTISG members also suggested possible targets for future consideration. Specific objectives of the first meeting were:

- Determine the benefits KCTISG members expect to obtain from the target industry study
- Familiarize KCTISG members with targeting methods used by DED and NPPD
- Provide KCTISG members with economic data relevant to industry targeting
- Gather KCTISG views of the importance of different industry attributes
- Obtain initial ideas from KCTISG members about possible targets

Dr. Lemke first reviewed the process NPPD uses to determine the appropriateness of industries for an area using factors such as:

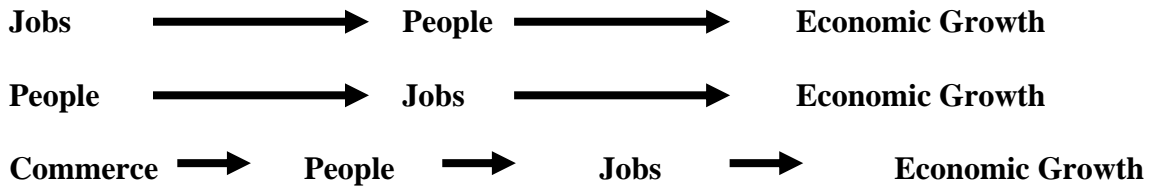
- Industry Growth (Past and Future Potential)
- Labor/Wages/Wealth Creation
- Regional and State Presence
- Local Fit

Next, Dr. Lemke provided data to assess how industry sectors fit the objectives which the group would establish. For example, to aid the group in judging the growth rate of an industry, Ken provided historical data from 2002–2007, by 4-digit North American Industrial Classification System (NAICS) sector, on total employees and establishments. Projections for the 2006–2016 period provided a comparison for future change. This type of detailed data was given for each factor.

Lastly, Dr. Lemke discussed the process used by the state to establish its targets. The state utilized a cluster methodology to create regions with similar economic characteristics. The regions were based on the percentage of the economy attributed to natural resource, local, or traded clusters. Additionally, Ken outlined different approaches that could be used in a targeting process. Approaches discussed included:

- Export Enhancement
- Import Substitution
- Cluster Development
- People Retention/Recruitment
- Trade and Commerce Growth

KCTISG members were asked to consider the following economic development models and determine which best represented their view:



Toward the end of the first meeting, KCTISG members nominated potential targets for the group to consider. A total of sixteen potential targets, Figure 1 below, were nominated.

Figure 1
Suggested Targets from 1st Meeting

<i>Areas of Development Interest</i>
Renewables
Tourism
Healthcare
Agriculture
Food Processing
Home Based
Pet Products
Manufacturing
Ag Support Industries
Food Processors
Financial Services
Motels
Skill Enhancement

For the final task of the first meeting, KCTISG members were asked to complete the “Targeting Factor Importance Worksheet” (Figure 2). Members were asked to: (a) rank four industry/targeting attributes in terms of importance in their decision-making; (b) provide information on the minimum wage a target industry should pay; and (c) list in order of preference three potential targets.

Figure 2
Targeting Factor Importance Worksheet

KNOX COUNTY INDUSTRY TARGETING FACTORS	
Targeting/Industry Attributes	Rank
1. Wage level	
2. Wage growth	
3. Employment growth	
4. Regional Presence	
Note: Rank importance of factors, in your view, from 1 to 4, with 1 being the most important and 4 being the least important. You can assign the same rank if you believe they have equal significance. However you should then skip the following rank order number.	
Section B: Target Wage Level	
What is your minimum hourly wage, with benefits for a target industry?	
Section C: List in order of preference your top 3 targets	
1st Priority	
2nd Priority	
3rd Priority	

Second Meeting – September 28, 2009

During the second meeting NPPD representatives summarized information provided by KCTISG members during the first meeting on the importance of relative industry characteristics and areas of economic development interests. NPPD staff provided initial overall rankings for industries and a table of the areas of interest. KCTISG members then provided further insights into previously identified potential targets and recommended additional potential targets. At the end of the meeting, KCTISB members ranked each potential target in terms of their level of enthusiasm for the target and in terms of the individual attributes previously used to evaluate the manufacturing sectors. Specific objectives of the meeting were:

- Provide and discuss relative attribute rankings that were calculated using data from first meeting
- Provide overall rankings, calculated using KCTISG relative factor rankings, of industry sectors at the 4 digit NAICS level
- Discuss and refine identified “Interest Areas”
- Obtain information from KCTISG members on their level of enthusiasm for an initial group of possible target areas

Dr. Lemke used target factor rankings provided by the group to evaluate industries according to how well they fit Knox County’s preferences. Using the committee’s inputs, a target factor weighting system was applied to industry sectors. Table 2 shows how target attributes were ranked, the range of target industry desirable minimum wages, and the top four targets provided during the first meeting.

**Table 2
Attribute Rankings**

KNOX COUNTY INDUSTRY TARGETING FACTORS	
Section A: Targeting/Industry Attributes	Rank
1. Wage level	1.8
2. Wage growth	2.5
3. Employment growth	2.6
4. Regional Presence	3.1
Note: Rank importance of factors, in your view, from 1 to 4, with 1 being the most important and 4 being the least important. You can assign factors the same rank if you believe they have equal significance. However, you should then skip the following rank order number.	
Section B: Target Wage Level	Wage
What is your minimum hourly wage, with benefits for a target industry?	\$7.50-\$13.00
Section C: List in order of preference your top 3 targets	
1st Priority	Renewables
2nd Priority	Tourism
3rd Priority	Healthcare
4th Priority	Agriculture

From the rankings and implied weights, Dr. Lemke constructed a table showing which manufacturing sectors best fit Knox County’s rankings. Once those rankings were established, four constraints were imposed on the data: First, 4-digit NAICS sectors must rank in the top 200 overall rated sectors; second, industries must have a regional presence score (location quotient¹) of at least 100 for the Midwest region; third, industries must have a regional presence score (location quotient) of at least 90 for the rural areas of the Midwest region and fourth, sectors must have at least 300 establishments in the U.S. Table 3 displays the top 15 sectors after the imposition of these constraints.

¹ Calculated by multiplying the percent of the regional labor force in an industry by 100 and dividing by the percent of the national labor force in the same industry.

Table 3
Constrained² Fifteen Highest Ranked Industries

<i>Industry</i>	<i>Employ.</i>	<i>Est.</i>	<i>Midwest Area Average Wages</i>				<i>Rank</i>
			<i>Region</i>	<i>Metro Areas</i>	<i>Micro Areas</i>	<i>Rural Areas</i>	
NAICS 5331 Lessors of nonfinancial intangible assets	4,613	564	74,684	79,212	67,908	39,398	2
NAICS 5242 Insurance agencies, brokerages, and related	155,114	28,673	54,933	59,092	37,345	47,500	7
NAICS 3331 Ag., construction, and mining machinery mfg.	85,162	900	66,364	60,029	41,287	40,138	12
NAICS 5621 Waste collection	21,706	1,820	41,509	47,672	31,506	36,440	16
NAICS 5221 Depository credit intermediation	330,018	17,697	49,508	53,906	36,682	39,010	17
NAICS 8113 Commercial machinery repair and maintenance	29,522	5,170	44,242	47,273	42,767	42,112	18
NAICS 5419 Other professional and technical services	94,977	12,635	34,832	36,505	23,902	36,178	20
NAICS 4238 Machinery and supply merchant wholesalers	134,332	11,903	54,846	58,574	42,846	48,231	24
NAICS 4247 Petroleum merchant wholesalers	17,120	1,690	54,380	59,833	39,668	92,805	25
NAICS 2121 Coal mining	12,369	60	73,839	74,301	76,291	73,116	28
NAICS 3369 Other transportation equipment manufacturing	14,719	192	54,459	67,529	47,678	43,008	35
NAICS 5619 Other support services	62,311	5,077	35,215	38,246	28,435	28,340	37
NAICS 4842 Specialized freight trucking	81,557	11,083	38,256	40,281	35,524	34,011	40
NAICS 6213 Offices of other health practitioners	96,324	18,916	33,813	34,852	30,673	31,047	42
NAICS 2211 Power generation and supply	66,568	1,698	84,240	106,079	92,258	74,063	44

² Ranked in top 200 overall, Midwest regional fit score of 100 or higher, Midwest rural regional fit score of 90 or higher, and at least 300 establishments nationwide.

Attendees at the second meeting were given the task of rating their level of enthusiasm for possible targets using the Level of Enthusiasm Worksheet, Table 4.

Table 4
Level of Enthusiasm Worksheet

Knox County Fit & Interest Rankings		
Potential Target	Community Fit	Would Volunteer
Renewables	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Tourism	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Healthcare	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Agriculture	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Food Processing	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Home Based	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Pet Products	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Manufacturing	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Ag Support Industries	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Food Processors	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Financial Services	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Motels	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
Skill Enhancement	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes
1 Specialty crops	Poor=1 - 2 - 3 - 4 - 5=Great	No=1 - 2 - 3 - 4 - 5=Yes

Third Meeting – October 26, 2009

During the third meeting, Dr. Lemke summarized information, on the level of enthusiasm and ranking of the initial targets gathered during the second meeting. KCTISG members, after reviewing the information, selected “Fabricated Metals Manufacturing,” “Food Processing,” and “Value Added Agriculture other than Food Processing” as their economic growth targets.

Dr. Lemke provided average rankings of the KCTISG’s community fit and enthusiasm for each preliminary target (Table 5).

Table 5
Knox County's Level of Enthusiasm for Possible Target Areas
(Weighted and Totaled)

Knox County Fit & Interest Rankings						
Potential Target	Community Fit			Would Volunteer		
	Poor=1 - 2 - 3 - 4 - 5=Great			No=1 - 2 - 3 - 4 - 5=Yes		
	<i>Responses</i>	<i>Average Score</i>	<i>Rated 5</i>	<i>Responses</i>	<i>Average Score</i>	<i>Rated 5</i>
Renewables	13	3.62	4.00	13	2.77	4
Tourism	12	3.83	5.00	12	2.83	3
Healthcare	13	3.62	3.00	13	2.46	2
Agriculture	13	3.92	5.00	13	2.69	2
Food Processing	13	3.23	3.00	13	2.77	2
Home Based	13	3.38	2.00	13	2.54	2
Pet Products	13	2.92	0.00	13	2	1
Manufacturing	13	3.62	4.00	13	2.69	3
Ag Support Industries	13	3.77	5.00	13	2.69	3
Food Processors	13	3.46	3.00	13	2.77	2
Financial Services	12	3.08	0.00	12	2.25	1
Motels	13	3.23	2.00	13	2.23	2
Skill Enhancement	12	3.08	1.00	12	2.33	1
1 Specialty crops	11	3.73	3.00	11	2.55	1

After reviewing the data, KCTISG members selected “Renewable Energy Businesses” and “Tourism” as their economic growth targets. To enable further development of a plan to encourage retention, expansion, or recruitment of these target industries, KCTISG identified the actions and responsible organization listed in Table 6.

Table 6
Knox County Target Industries and Actions

Target	Actions	Individual(s) Responsible
Renewable Energy Businesses	4. Identify opportunities to expand local businesses and opportunities to recruit new businesses. 5. Maintain contact with developers and turbine suppliers to identify opportunities for local businesses. 6. Within the next 6 months: a. Make decision on attending WindPower 2010. b. Follow-up on wind for schools c. Contact UNL and NECC to learn more about wind programs.	Liz Doerr Toni Tauber
Tourism	3. Support efforts of local tourism partners. 4. Within 6 months, plan and conduct a meeting of potential Knox County tourism partners including Knox County Tourism Board; Highway 12 and Highway 14 Groups; Lewis & Clark NRD, Shannon Trail, Game and Parks; and the Corps of Engineers.	Toni Tauber Mary Plettner (NPPD Facilitator)

Contributors from Nebraska Public Power District, fortunate enough to participate in Knox County’s targeting process, want to thank the KCTISG members for allowing us to share in this opportunity.