

Ames, Iowa...Where Biotech Comes to Life.



Report of Findings

2006

Executive Call Program

Ames Economic Development Commission

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Purpose

The AEDC Executive Call Program is designed to achieve five goals:

1. Express appreciation to businesses and organizations for investing in Ames.
2. Assist in the expansion of existing industry.
3. Determine the level of satisfaction of the business community with the business climate.
4. Understand how the business community believes the local business climate can be improved by enhancing opportunities for growth or removing constraints or impediments.
5. Identify companies that might be assisted through follow-up by city, county and economic development representatives.

Profile of Firms Surveyed

The 2006 AEDC Executive Call Program consisted of personal visits and one on one phone calls by a volunteer as well as direct mailings to area businesses and organizations. This years results incorporated data from Story City surveys. Calls were made on manufacturing firms, major employers and technology companies in Ames and Story City. Survey forms were completed by 59 businesses in the area. Last year, forms were completed by 69 businesses.

A profile of the businesses and organizations that completed the surveys shows that:

- The firms and organizations employ 19,645 individuals.
- Listed below is a distribution of employers by the number of employees, as well as the categories of the surveyed companies:

Employment Size	Number of Employers
1,000 or more	3
500 – 999	1
250 – 499	2
100 – 249	5
50 – 99	10
25 – 49	13
10 – 24	16
Less than 10	8

Categories	
R&D / Technology	17
Service	15
Manufacturing	10
Government	1
Retail	1
Construction	6
Agriculture	4
Distribution/Utility	3



Business Climate Ratings

Respondents were asked to rate 33 business climate factors from a rating of 5 (Excellent) to 1 (Poor). A summary of the average ratings follow:

- Education remains positive. Four-year college education had the highest rating at 4.42; graduate and continuing education received a rating of 4.26; K-12 education was next at 4.0. Vocational education scored 3.70.
- Utilities, health care services and crime rate all received scores between 3.98 and 4.48.
- The lowest scores were recorded for taxes (corporate, property and personal income) and rail service. Rail Service had the lowest rating of 1.47, followed by Property Taxes with a score of 2.73.
- From 2001 to 2006, the Housing Cost & Availability rating increased from 2.37 to 3.15.
- Labor availability has improved from 2.88 in 2001 to 3.44 in 2006. Slightly down from 2005 at 3.48.

Below shows the ratings for the individual business climate factors from highest to lowest for 2005 compared to 2006.

Category	Mean Rating	Mean Rating
	2006	2005
Crime Rate	4.48	4.33
Natural Gas Service	4.44	4.00
Four-Year College Education	4.42	4.53
Water & Sewer	4.34	4.36
Telecommunications Service	4.34	3.88
Graduate & Continuing Education	4.26	4.45
Health Care Services	4.07	4.13
K-12 Education	4.00	4.21
Electric Service	3.98	4.18
Trucking Service	3.94	4.19
Quality of Cultural Activities	3.89	3.95
Availability of Cultural Activities	3.86	3.86
Vocational Education	3.70	3.61
Recreational Activities	3.53	3.64
Labor Availability	3.34	3.48



	Mean Rating	Mean Rating
Moderately Favorable (3.49 - 3.00)	2006	2005
Responsiveness of County to Business Needs	3.30	3.24
Responsiveness of City to Business Needs	3.15	3.26
State & Local Permits/Inspections	3.18	2.97
Housing Cost & Availability	3.15	3.16
Sales Tax	3.14	3.19
Negative (2.99 & lower)	2006	2005
Personal Income Tax	2.76	2.85
Corporate Income Tax	2.77	2.80
Property Tax	2.73	2.65
Air Service	2.57	2.63
Rail Service	1.47	3.55

Each company/organization was asked to rate the area's business climate. The results follow:

	2006 Ratings	2005 Ratings	2004 Ratings	2003 Ratings	2002 Ratings	2001 Ratings
Excellent	21%	22%	14%	12%	14%	12%
Good	69%	69%	63%	76%	75%	77%
Fair	9%	7%	18%	12%	11%	8%
Poor	1%	2%	5%	0%	0%	3%

Ratings for the last five years have been comparable. This year, 90% of the respondents thought the local business climate was either excellent or good compared. Other comments/concerns about the business climate include:

- Lack of leadership in city government
- Tight labor market
- Property taxes for business

Respondents were asked to rate the following issues as a low, moderate or major concern to their operations. Major concerns were rated as 1; moderate concerns were rated as 2; minor concerns were rated as 3. Listed below is the allocation of the rated concerns.

	1 (Major)	2 (Moderate)	3 (Minor)
Health Care Costs	38	16	3
Property Tax	17	27	9
State Corporate Income Tax	5	27	6
State Individual Income Tax	12	33	6
Tort Liability Insurance	12	25	15
State Regulatory Issues	14	24	13
Federal Regulatory Issues	21	20	13
Social Security	9	22	19



Quality of Life Rating

Business executives in Ames and Story City believe the area has a high quality of life, as indicated by the consistently high rankings over the last five years.

	2006 Ratings	2005 Ratings	2004 Ratings	2003 Ratings	2002 Ratings	2001 Ratings
Excellent	47%	54%	43%	40%	39%	46%
Good	50%	44%	55%	58%	61%	52%
Fair	3%	2%	2%	2%	0	2%
Poor	0%	0%	0%	0%	0%	0%

For suggestions on what amenities should be enhanced to improve the quality of life in Ames, the commonality was as follows:

- New Mall
- More recreational activities (gym space and aquatic center); Rec Plex
- More entertainment and cultural activities
- More restaurants
- Less government

Recreation Facilities

The City of Ames, Ames School District and ISU are discussing the possibility of a partnership regarding the needs for an Aquatic Center/Recreation Center in Ames. If a vote were being held today, would you oppose or favor a bond issue to support construction of the following facilities?

	Favor	Oppose	Not Sure
Indoor Aquatic Center	32	10	3
Outdoor Aquatic Center	28	8	8
Gymnasium	19	12	13
Walking / Jogging Track	28	8	9
Multi-purpose Rooms	28	6	10
Weight & Cardio Equipment	25	8	12



Legislative Actions

Companies were asked what changes are needed to improve the business climate in Iowa and to enhance Iowa's economic development opportunities. Below are some of the most common responses and the frequency of the responses:

- Restructuring Tax System
- Better cooperation with City Government
- Health Care Costs
- Make the Iowa Values Fund more effective

Operating Plans

Sales Projections

Firms were asked to project their sales for 2006. Out of the 56 firms that responded to this question, 45 anticipate sales to increase this year, 0 firms expect sales to decline and 11 firms believe sales will be constant.

% of Sales Increase	Number of Firms
1% - 50%	38
51%-100%	5
100+%	2

Employment Levels

Thirty-nine (39) firms plan to add workers during the next year; the total number of new workers is estimated at 468.

Building Plans

There are 21 firms and organizations that plan to expand their buildings during the next year. The total amount of projected new space is 361,400 sq. ft., which is an increase from 2005 projections of 354,000 sq. ft.

Machinery and Equipment Investments

Thirty-four (34) firms plan to make an investment in machinery and equipment during the next year. These planned investments total approximately \$243 million. This investment level exceeds those reported in 2005 at \$100 million.

The Ames Economic Development Commission appreciates the cooperation of all organizations that participated