

ASSETS AND LIABILITIES ASSESSMENT

Presented To:

SPRINGFIELD AREA CHAMBER OF COMMERCE
Springfield, Missouri

Presented By:

THE FANTUS COMPANY
One Prudential Plaza
Chicago, Illinois 60601

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INTRODUCTION

Purpose

The Springfield Assets and Liabilities Assessment, prepared by The Fantus Company for the Springfield Area Chamber of Commerce, is a professional and objective analysis of the Springfield area from the perspective of an executive decision maker considering the area for expansion or new location of a manufacturing, distribution, or office facility.

This assessment analyzes and evaluates Springfield's key locational resources to determine its locational strengths and weaknesses for attracting new corporate investment and helping existing companies grow and expand. It provides community leaders with an inventory of the area's most marketable attributes. The report also identifies the area's most significant obstacles to future growth, so that community leaders can begin efforts to diminish, if not overcome, their negative impact on Springfield's development potential. It also defines Springfield's competitive advantages which will aid the Chamber and the Springfield Business Development Corporation to proactively market Springfield to future prospects.

Basis of Assessment

Since 1919, Fantus has conducted approximately 6,000 facilities location studies for firms in virtually all sectors of the economy. This broad experience has given Fantus unparalleled insight into those factors that influence industrial location

decisions. In addition, Fantus has successfully completed over 400 economic development projects for city, county, state, and federal agencies.

As an integral part of this analysis, Fantus conducted confidential interviews with Springfield business and community leaders, including manufacturing, distribution, and office employers, local government and community leaders, labor union leaders, educators, utility service representatives, bankers, and realtors. The exhibit following lists the interviews conducted by Fantus in Springfield.

The Springfield Area Chamber assisted in gathering data on telephone service, industrial sites and buildings, truck and rail service, available office space, public education, and other factors. This data gathering process was complemented with available data from state, federal, and other sources including The Fantus Company's own proprietary resources.

Summary

This report presents The Fantus Company's assessment of the Springfield area as it relates to those factors deemed most important to companies considering a new investment in the community -- whether it be a new manufacturing, office, or warehouse facility. Some 39 factors are reviewed and a Fantus rating of "Asset," "Neutral," or "Liability" is provided for each factor, depending upon the degree of local satisfaction of that criterion.

Ratings are based on Springfield's performance versus national, regional, and state of Missouri standards, as well as comparison with typical competitive locations with which the Springfield area is likely to be compared by most industrial prospects. These competitor locations are Jefferson City and Joplin, Missouri; Fayetteville, Fort Smith, and Little Rock, Arkansas; Champaign, Illinois; Des Moines, Iowa, and Oklahoma City, Oklahoma. In addition, data is also provided on St. Louis and Kansas City. However, these locations were not used in arriving at ratings for Springfield.

Factors rated "Asset" are clear locational advantages when measured against the locational requirements of most firms seeking a Midwestern location. Factors rated "Neutral" can meet most industry needs as well as competitor locations can, while those rated "Liability" are obstacles to growth that could serve to eliminate the community from consideration by many firms.

Community leaders should not prejudge the success or failure of the Springfield area for any particular project based solely upon the ratings contained in this report. The evaluation of the relative importance of any factor will vary not only from industry to industry, but also from company to company in the same industry and even individual to individual within the same company. Therefore, the ratings should be viewed as a benchmark to evaluate the community's overall competitive position vis-a-vis other locations within the competitive region and, most importantly, as the basis for community self-improvement.

FANTUS INTERVIEWS CONDUCTED IN SPRINGFIELD

Lily Tulip, Inc.
3M
Zenith
R.T. French
Southern Missouri Containers
Springfield Remanufacturing Ctr.
Solid State Circuits, Inc.
Stewart Nattinger, Inc.
General Electric Co.
Kraft Foods
American Property and Casualty
Bass Pro Shop
Dillons
Litton Systems, Inc.
Paul Mueller Company
Queen City Warehouse
Southwest Missouri State University
Drury College
Boatman's Bank
Jones & Company
Missouri Division of Employment Security
Job Council of the Ozarks
International Union of Operating Engineers
Springfield Central Labor Council
St. John's Hospital
Springfield Regional Airport
Springfield City Manager
Springfield Public Works Department
City Utilities of Springfield
Burrell Center
R.B. Murray Co.
Springfield Public Schools

SUMMARY OF RATINGS

	<u>Rating</u>
OPERATING COST FACTORS	
Manufacturing Wages	Asset/Neutral
Clerical Salaries	Asset
Electric Power Costs	Asset
Natural Gas Costs	Neutral
Water/Sewer Costs	Neutral
Property Taxes	Neutral
Corporate Income Taxes	Asset
Personal Income Taxes	Asset
Industrial Site Costs	Neutral
Construction Costs	Asset/Neutral
OPERATING CONDITION FACTORS	
Unskilled/Semi-Skilled Labor Availability	Neutral
Skilled Labor Availability	Neutral
Clerical Labor Availability	Asset
Professional/Technical Labor Availability	Asset
Vocational Education	Neutral
College/University Education	Asset/Neutral
Labor-Management Relations/Worker Attitude	Liability/Asset
Market Access	Asset
Highway Accessibility	Neutral
Trucking Service	Asset
Rail Service	Asset
Commercial Air Service	Neutral/Liability
Electric Power Availability	Neutral
Natural Gas Availability	Neutral
Water Availability	Asset
Sewage Treatment Capacity	Neutral
Telephone Service	Neutral
Industrial Site Availability	Asset
Availability of Office and Manufacturing Buildings	Liability
Community Attitude Toward Development	Neutral
Environmental Regulations and Procedures	Asset
LIVING CONDITION FACTORS:	
Housing Availability/Cost	Asset
Shopping Facilities	Asset
Medical Services	Asset
Elementary/Secondary Education	Asset
Cultural/Recreational Activities	Asset
Cost of Living	Asset
Community Appearance	Neutral

OPERATING
COST
FACTORS

Fantus Rating:
National Comparison: Asset
Regional Comparison: Neutral

Manufacturing Wages

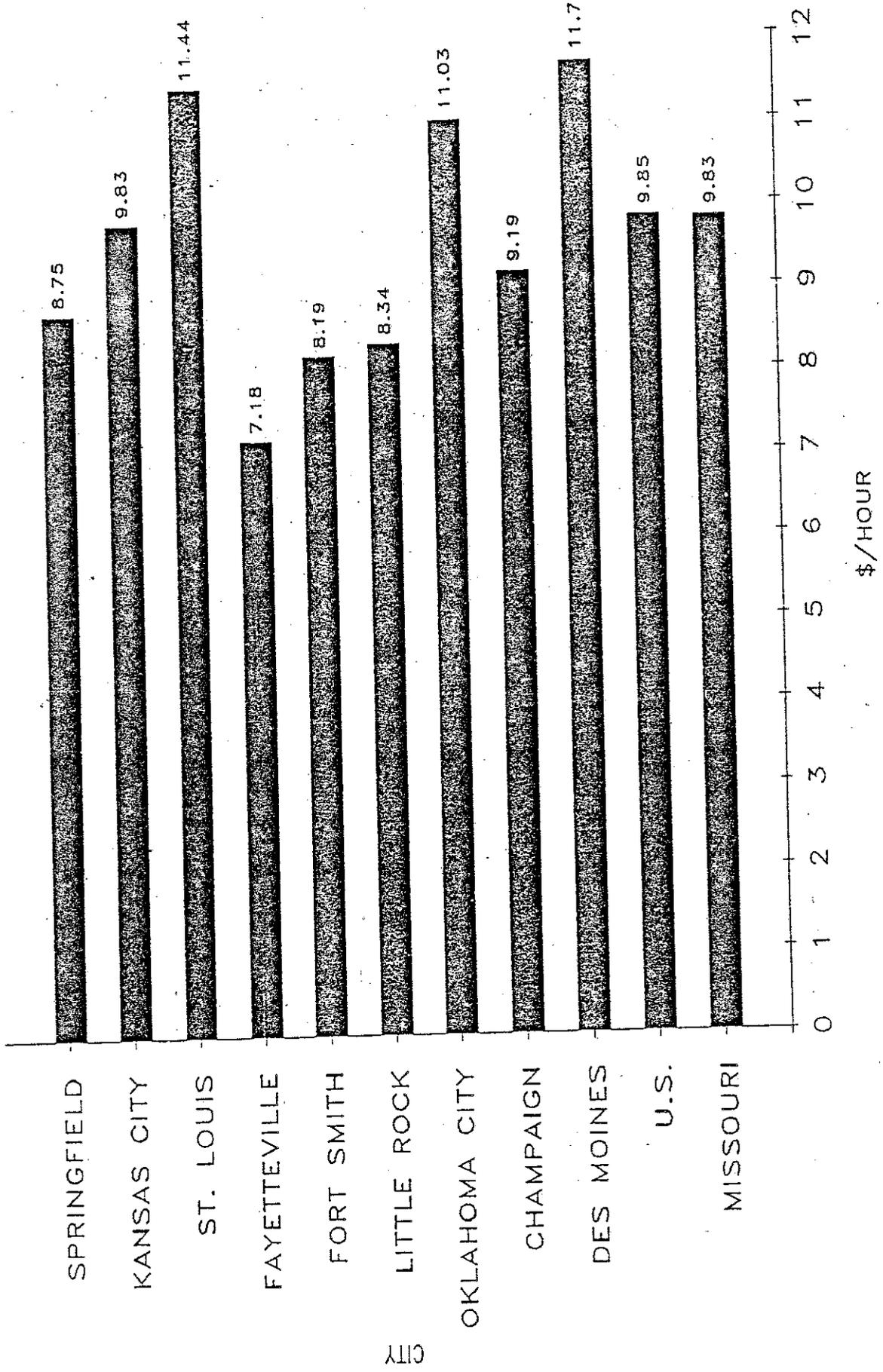
- o In the majority of site location searches undertaken by Fantus for traditional manufacturing firms, labor costs (wages plus fringe benefits) are the single most dominant cost issue.
- o Manufacturing wage rates in the Springfield area are roughly seven percent below the U.S. average and nine percent below the state average. Based on Fantus interviews, plantwide average manufacturing wages range from \$6.25 to \$10.75 per hour in the Springfield area with an overall average of \$8.99 per hour. As of May 1987, the U.S. average hourly wage was \$9.77 per hour.
- o Springfield's manufacturing wage rates are well below those of St. Louis and Kansas City and some of the other competitor communities. However, smaller Missouri and Arkansas competitor communities have wage rates five to twenty-five percent below those of Springfield (see accompanying exhibits).
- o The manufacturing wage structure provides Springfield with a competitive advantage over larger metropolitan areas in the region, but smaller communities in the region are similarly or more competitive.

MANUFACTURING WAGES

	<u>April 1986</u>	<u>March 1987</u>
Springfield	8.99	8.75
Kansas City, MO	9.87	9.83
St. Louis, MO	11.29	11.44
Fayetteville, AR	6.76	7.18
Fort Smith, AR	8.09	8.19
Little Rock, AR	8.34	8.34
Oklahoma City, OK	10.88	11.03
Champaign, IL	9.08	9.19
Des Moines, IA	11.70	11.70
U.S.	9.71	9.85
Missouri	9.87	9.83
Arkansas	7.67	7.87
Oklahoma	9.91	9.94
Illinois	10.63	10.87

(1) Employment and Earnings, June 1987, U.S. Department of Labor, BLS.

AVERAGE MANUFACTURING WAGES



AVERAGE MANUFACTURING WAGE RATES (1)

<u>City</u>	<u>Assembler</u>	<u>Electrician</u>	<u>Electronics Technician</u>	<u>Machinist</u>	<u>Arc Welder</u>
Springfield	\$5.25	\$7.00	\$8.00	\$9.50	\$7.50
Jefferson City, MO	\$5.80	\$6.00	\$6.80	\$8.00	\$6.47
Joplin, MO	\$4.00	\$5.75	\$6.25	\$7.50	\$5.25
St. Louis, MO	\$6.20	\$7.63	\$7.60	\$10.50	\$7.01
Kansas City, MO	\$5.75	\$10.50	\$8.75	\$8.30	\$7.00
Fort Smith, AR (2)	\$5.71	\$11.55	\$12.16	\$9.47	\$8.78
Fayetteville, AR (2)	\$5.55	\$9.63	N/A	\$8.16	\$7.86
Little Rock, AR (2)	\$7.46	\$10.81	N/A	\$8.70	\$7.73
Average	\$5.72	\$8.61	\$8.26	\$8.77	\$7.20
Springfield Variance	(\$0.46)	(\$1.61)	(\$0.26)	\$0.73	\$0.30

Sources: (1) Wage Rates for Selected Occupations, State of Missouri Department of Labor and Industrial Relations, Division of Employment Security.

(2) 1986 Arkansas Manufacturing Wage and Fringe Benefit Survey, Arkansas Employment Security Division.

AVERAGE TECHNICAL WAGE RATES (1)

<u>City</u>	<u>Computer Programmer</u>	<u>Systems Analyst</u>	<u>Eng. Drafter</u>	<u>Lab Tester</u>
Springfield	\$8.00	\$8.75	\$6.00	\$6.37
Jefferson City, MO	\$7.00	\$7.80	\$6.00	\$5.50
Joplin, MO	\$7.00	\$7.00	\$6.00	\$4.50
St. Louis, MO	\$10.00	\$11.45	\$6.30	\$7.40
Kansas City, MO	\$11.40	\$12.15	\$6.90	\$6.40
Average	\$8.68	\$9.45	\$6.24	\$6.03
Springfield Variance	(\$0.68)	(\$0.68)	(\$0.34)	\$0.34

Sources: (1) Wage Rates for Selected Occupations, State of Missouri Department of Labor and Industrial Relations, Division of Employment Security.

Clerical Salaries

Fantus Rating: Asset

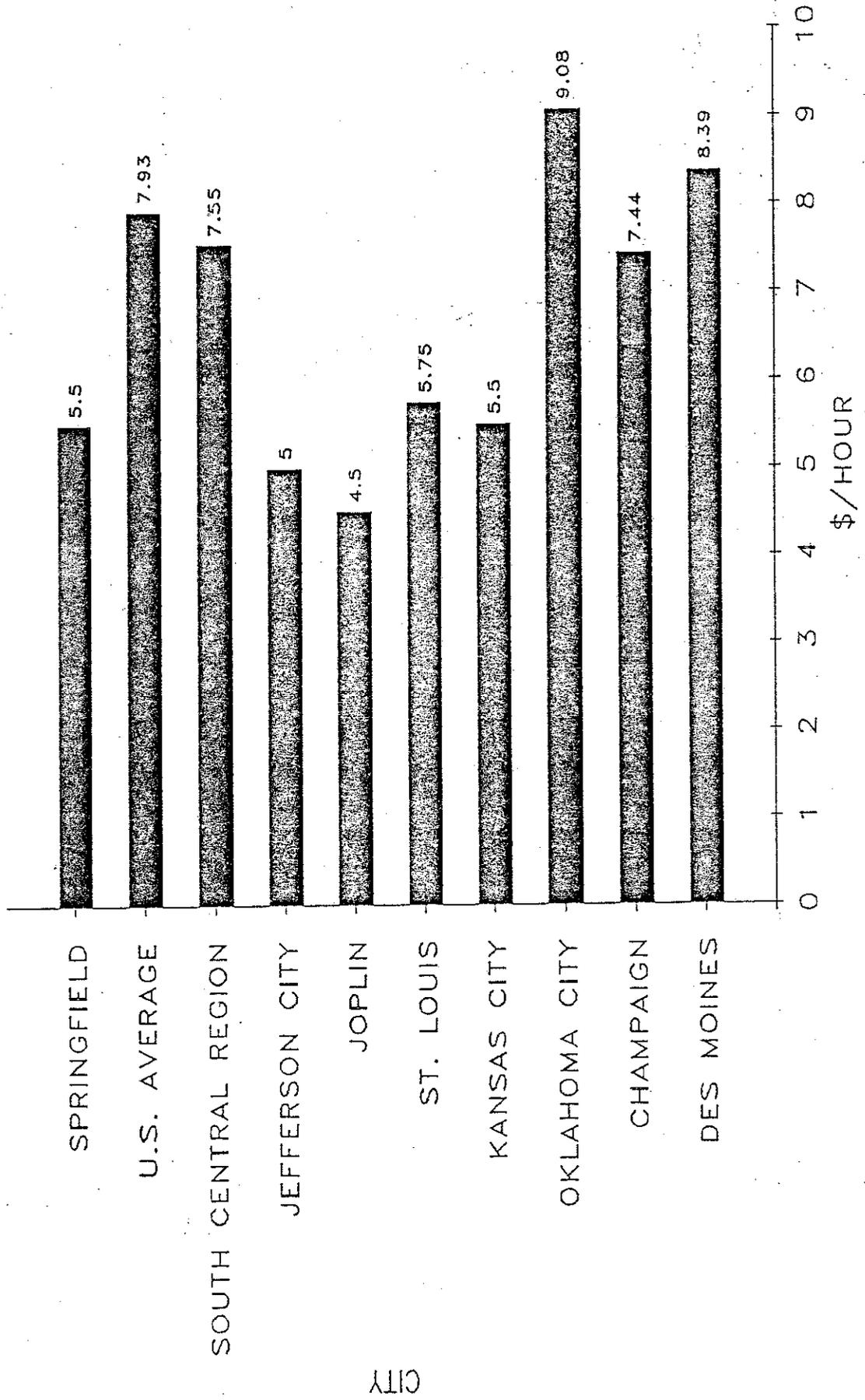
- o There is a growing tendency among office employers in major cities to relocate or expand certain operations in mid-sized communities where they can find high clerical productivity, lower labor costs, lower crime rates, and lower real estate costs. Typically, clerical labor costs and space costs are the only two operating costs that vary significantly for these operations.
- o There are generally two markets for clerical labor in Springfield: those hired by area manufacturers and those hired by the local service industry. As is common in most mid-sized towns, manufacturers typically pay a higher clerical salary than local services.
- o Clerical salaries for non-manufacturing employers in Springfield are 30 to 40 percent below U.S. averages and also well below South Central regional averages. Average clerical wages are lower than those in Kansas City or St. Louis, but equivalent to or slightly higher than wages paid in smaller competitor communities (see accompanying exhibit).

AVERAGE CLERICAL WAGE RATES⁽¹⁾

<u>City</u>	<u>Account Clerk</u>	<u>Clerk Typist</u>	<u>Data Entry</u>	<u>Secretary</u>	<u>Word Processing</u>
Springfield	\$4.54	\$4.22	\$4.50	\$5.50	\$5.00
U.S. Average (2)	7.55	6.55	6.88	7.93	7.60
South Central Region (2)	7.53	5.98	6.70	7.55	7.58
Jefferson City, MO	6.00	4.30	4.75	5.00	4.50
Joplin, MO	4.00	3.50	4.50	4.50	4.25
St. Louis, MO	5.30	4.50	5.25	5.75	6.00
Kansas City, MO	5.25	5.20	5.05	5.50	7.25
Oklahoma City, OK (3)	7.87	6.20	7.02	9.08	7.21
Champaign, IL (3)(4)	6.19	6.15	6.31	7.44	7.12
Des Moines, IA (3)	N/A	6.15	6.44	8.39	7.03
Average	5.42	5.28	5.74	6.66	6.35
Springfield Variance	(\$0.88)	(\$1.06)	(\$1.24)	(\$1.16)	(\$1.35)

- Sources: (1) Wage Rates for Selected Occupations, State of Missouri Department of Labor and Industrial Relations, Division of Employment Security.
- (2) Office Personnel Report, 1986/87, Executive Compensation Service.
- (3) Inter-City Wage & Salary Differentials, 1987, Abbot, Langer and Associates
- (4) 1987 Salary Survey, Champaign-Urbana Personnel Association.

AVERAGE CLERICAL WAGES SECRETARY



Electric Power Cost

Fantus Rating: Asset

- o City Utilities of Springfield has seasonal power rates. Lower winter rates apply eight months of the year (October through May), and higher summer rates apply four months (June through September). Summer rates are roughly 2.5 percent higher than winter rates for demands of 500 kw and above, and 10 to 25 percent higher for demands 75 kw and less.
- o City Utilities' industrial power costs are roughly 28 percent below the U.S. average, 20 to 25 percent below the state average, and below competitor city costs at nearly every industrial power demand and use (see accompanying exhibits).
- o City Utilities has not raised industrial power rates in the past two years, and no rate increase requests are on file with the state.
- o City Utilities purchases 13 to 29 percent of its operating capacity from the Southwestern Power Pool. When SPP has available surplus, City Utilities can purchase capacity at one-half of SPP's fuel cost, making purchased power very inexpensive. When surplus power is purchased, savings are passed on to companies through the fuel adjustment factor.

o City Utilities major fuel source is coal (70 to 87 percent), a relatively inexpensive and plentiful source. None of the generating capacity is nuclear fuel, a source that has become very expensive. Systems relying heavily on nuclear power have witnessed significant rate increases as compared to coal-fired systems.

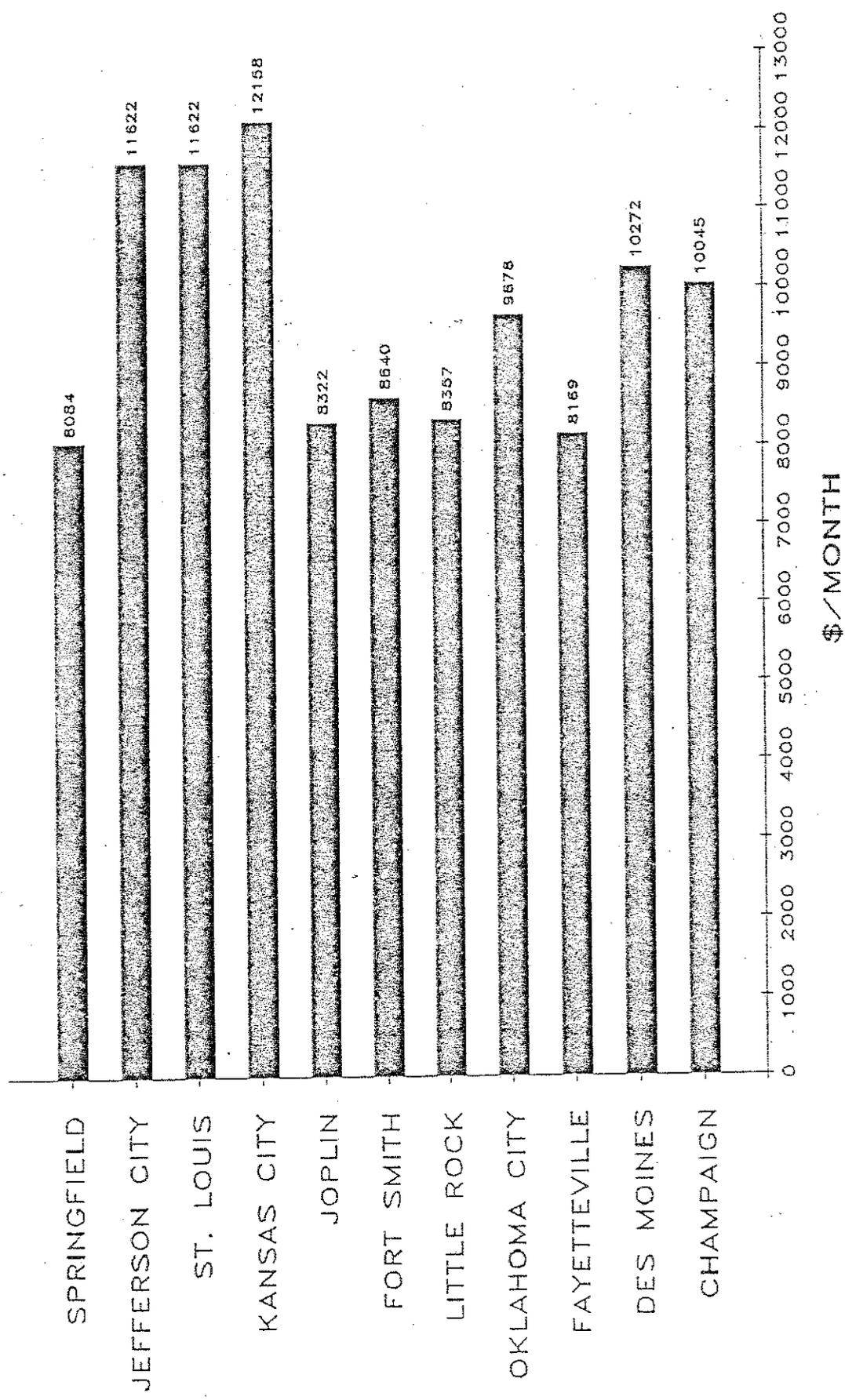
AVERAGE MONTHLY ELECTRIC POWER COSTS
INDUSTRIAL SERVICE RATES⁽¹⁾

<u>Utility</u>	<u>75 Kw Demand 30 Mwh Use</u>	<u>500 Kw Demand 200 Mwh Use</u>	<u>5,000 kw Demand 2,500 Mwh Use</u>
Springfield City Utilities (2)	\$1,357	\$8,084	\$90,543
Union Electric Company (St. Louis & Jefferson City)	2,675	11,622	130,150
Kansas City Power & Light	1,877	12,158	119,385
Empire District Electrical (Joplin)	1,408	8,322	83,374
Oklahoma Gas & Electric (Fort SMith)	1,940	8,640	99,417
Arkansas Power & Light (Little Rock)	2,123	8,357	131,098
Oklahoma Gas & Electric (Oklahoma City)	1,687	9,678	111,154
Southwestern Electric Power (Fayetteville)	1,269	8,169	94,864
Iowa Power & Light (Des Moines)	1,980	10,272	104,065
Illinois Power (Champaign)	1,487	10,045	108,877
<u>State Averages</u>			
Missouri	1,916	10,850	112,934
Arkansas	1,660	9,246	100,543
Oklahoma	1,784	9,162	107,161
Iowa	1,818	9,849	105,567
Illinois	2,006	12,064	128,137
U.S.	1,899	11,466	123,841

(1) Source: Typical Residential, Commercial, and Industrial Bills: Investor-Owned Utilities, Summer 1986 and Winter 1987, Edison Electric Institute.

(2) Source: City Utilities of Springfield, Missouri

AVERAGE MONTHLY ELECTRIC POWER COSTS INDUSTRIAL SERVICE RATES (500 KW DEMAND, 200 Mwh USE)



Natural Gas Costs

Fantus Rating: Neutral

- o American Gas Association comparative cost data for industrial gas loads show that City Utilities of Springfield's gas costs are below the national average but higher than costs in most of the competitor cities (see accompanying exhibits).

- o Many locations in the U.S., including several of Springfield's competitor communities, have "transportation gas" available to commercial and industrial clients. This system allows individual companies to buy gas at the well-head at substantially reduced prices. Although City Utilities has been able to purchase gas in this manner in the past, it is no longer able to through its supplier. City Utilities does expect to be able to purchase transportation gas again in the near future, which will make gas prices in Springfield more competitive for larger users.

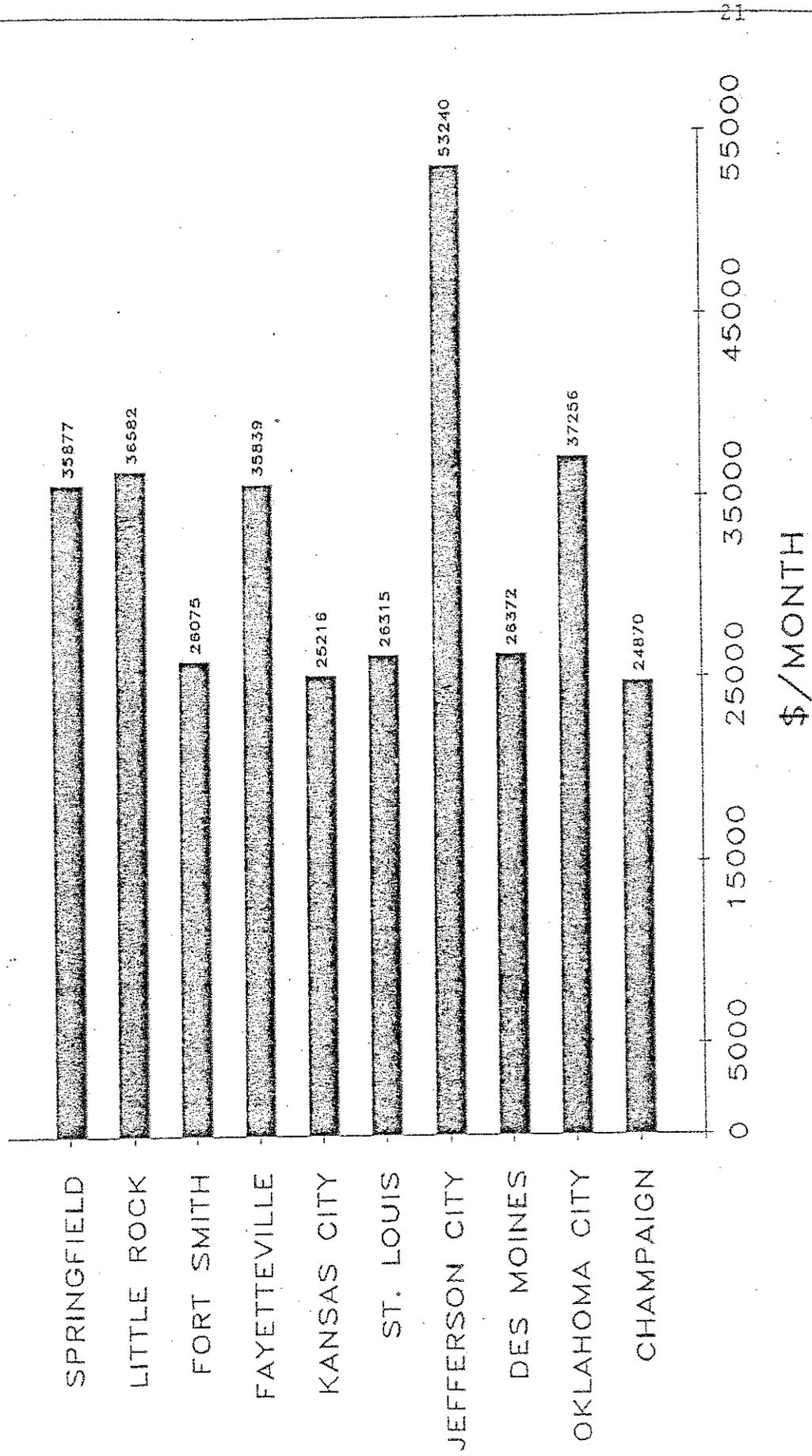
MONTHLY NATURAL GAS COSTS (1)

<u>Gas Company</u>	<u>10,000 Mcf</u>	<u>30,000 Mcf</u>
Springfield City Utilities (2)	\$35,877	\$107,237
Little Rock - Arkla Inc.	36,582	103,903
Fort Smith - Arkansas Oklahoma Gas	26,075	78,009
Fayetteville - Arkansas Western Gas	35,839	106,699
Kansas City, Joplin - KPL Gas	25,216	75,098
St. Louis - Laclede	26,315	74,049
Jefferson City - Union Electric	53,420 (3)	160,260 (3)
Des Moines, IA	26,372	78,938
Oklahoma City, OK	37,256 (3)	111,795 (3)
Champaign, IL	24,870	73,610
U.S. Average	43,700	131,100

Note: Costs do not include taxes.

- (1) Source: American Gas Association Rate Service
- (2) Source: City Utilities of Springfield, Missouri.
- (3) No purchase gas adjustment data available

MONTHLY NATURAL GAS COSTS INDUSTRIAL SERVICE RATES (10,000 Mcf)



Water and Sewer Costs

Fantus Rating: Neutral

- o For the majority of businesses, water and sewer costs are not major factors when considering a new location. Compared to most other operating expenses, water and sewer costs are usually trivial. However, for some industries (food processing, chemicals, paper, etc.), the cost will be of interest.
- o Water and sewer costs in Springfield are 12 percent lower than the average cost among competitor communities. Only the large metropolitan areas of Kansas City and St. Louis have lower combined costs for industrial users (see accompanying exhibit). Water costs in Springfield are higher than several of the competitor communities, though sewer costs are among the lowest.
- o Because of pristine water quality in the Springfield area, effluent standards are very stringent. Industry is required to pay a premium for treated industrial waste or construct pre-treatment facilities. Although some industries in Springfield interviewed by Fantus were concerned about the high cost of sewer pre-treatment and stringent water quality standards, they were generally pleased with the level of cooperation and understanding at the sewer department.

WATER AND SEWER COST
PER 1,000 GALLONS (1)

<u>City</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Springfield	\$1.02	\$.69	\$1.71
Kansas City	.88	.54	1.42
St. Louis-Metro	.60	.39	.99
Joplin	1.06	.07	1.13
Jefferson City	1.24	1.33	2.57
Little Rock	.84	1.04	1.88
Fort Smith	.56	1.47	2.03
Fayetteville	.88	1.23	2.12
Oklahoma City	1.04	2.00	3.04
Champaign	.80	1.05	1.85
Des Moines	1.07	1.34	2.41
Competitor Average:	1.04	1.01	1.92
Springfield Variance:	(.02)	(0.32)	(.21)

Source: Fantus Interviews and Surveys. Rates based on water and sewer use greater than 650,000 gallons per month.

Property Taxes

Fantus Rating: Neutral

- o Industrial and commercial property taxes are important site location factors for capital-intensive firms. Taxes on personal property (including machinery, equipment, and inventory) are becoming increasingly important as operations become more automated.
- o Real property (land and buildings) and personal property (machinery and equipment) are subject to taxation in Missouri, but inventory is exempt. No personal property is taxed in Illinois. Arkansas, Oklahoma, and Iowa each tax machinery and equipment, but exempt inventory from taxation.
- o Commercial and industrial real property in Missouri is assessed at 32 percent of market value and personal property at 33.3 percent of market value. Property tax rates for Springfield and competitor locations in Missouri are listed in an accompanying exhibit. As shown, Springfield rates are well below St. Louis and Kansas City, but slightly above Joplin and Jefferson City.
- o Fantus recently examined tax costs in Springfield and 11 other locations as part of a site selection study for a corporate client. Springfield's property tax costs were lower than five communities but higher than six. The comparison communities were located in the Midwest, southeast, and southwest parts of the country.

In Arkansas, all property is assessed at 20 percent of market value, and in Oklahoma at 35 percent of value.

- o Property tax rates in Springfield are very competitive when compared to larger metropolitan centers within the region, but one higher than smaller and mid-size communities (see accompanying exhibit). Taxes are low in Springfield from a national perspective, but are not a competitive advantage within the region.

1986 PROPERTY TAX RATES
(Tax Rate Per \$100 Assessed Value)

<u>City</u>	<u>Total</u>	<u>County/ Road</u>	<u>City</u>	<u>Surtax</u>	<u>School</u>	<u>Special</u>
Springfield ⁽²⁾	5.04	.06	.62	1.04	2.74	.58
Joplin	4.72	.59	.34	1.02	2.14	.63
Kansas City ⁽³⁾	5.99	.556	.973	1.44	2.47	.559
St. Louis	7.72	---	1.48	1.64	3.75	.852
Jefferson City	4.83	.66	.95	.58	2.55	.09

- Sources: (1) Property Tax Rates of Missouri Local Governments, 24th Annual Edition, Taxpayers Research Institute of Missouri.
- (2) Fantus Interviews and Property Tax Rate of Missouri.
- (3) Jackson County.

Corporate Income Tax

Fantus Rating: Asset

- o Because corporate income taxes are very visible to company executives and are often perceived to represent a state's overall tax climate, they can play an important role in the site location decision.
- o Although it is difficult to compare corporate taxes between states in absence of company specific, detailed income and deduction data, some objective measures can be used: tax rates, federal tax reduction, credits, and corporate taxes as a percentage of total state tax collection (see accompanying exhibits).
- o Missouri's corporate income tax is five percent. The state is one of only five that permits a business to reduce state taxable income by the amount of federal income taxes paid. Thus, as a company's federal tax liability increases, the Missouri effective tax rate decreases. Because of this deduction, corporate taxes in Missouri are the lowest in the region for a corporation earning \$25,000 or more.
- o Missouri's law concerning apportionment of state taxable income gives companies the option of using the three-factor formula or single-factor formula, whichever method results in the lesser tax liability. Missouri is the only state in the region allowing this option.

- o Missouri offers a new job and investment corporate tax credit allowing \$100 for every new job created by existing business or every \$100,000 of new investment. Newly formed businesses receive the credit in increments of \$75. Missouri's Enterprise Zone Act authorizes tax credits for each new job created in the zone.

- o The percentage of Missouri's total tax revenue obtained from the corporate tax is 5.4 percent. This percentage is below both the U.S. and regional average and is second lowest among competitor states.

STATE CORPORATE INCOME TAX

Missouri:

Corporate Tax Rate:	5%
Federal Tax Deductible:	Yes
Three-Part Formula:	Optional
Federal Income as State Base:	Yes

Arkansas:

Corporate Tax Rate:	First \$ 3,000	1%
	Next \$ 3,000	2%
	Next \$ 5,000	3%
	Next \$14,000	5%
	Over \$25,000	6%
Federal Tax Deductible:		No
Three-Part Formula:		Yes
Federal Income as State Base		No

Oklahoma:

Corporate Tax Rate:	5%
Federal Tax Deductible:	No
Three-Part Formula:	No
Federal Income as State Base:	Yes

STATE CORPORATE INCOME TAX
(Continued)

Illinois:

Corporate Tax Rate:		6.5%
Federal Tax Deductible:		No
Three-Part Formula:		Yes
Federal Income as State Base:		Yes

Iowa

Corporate Tax Rate:	First \$ 25,000	6%
	Next \$ 75,000	8%
	Next \$150,000	10%
	Over \$250,000	12%
Federal Tax Deductible:		Yes
Three-Part Formula:		No
Federal Income as State Base:		Yes

Kansas:

Corporate Tax Rate:	First \$25,000	4.5%
	First \$25,000	6.75%
Federal Tax Deductible:		No
Three-Part Formula:		Yes
Federal Income as State Base:		Yes

Source: State Tax Guide, 1987, Commerce Clearing House.

Personal Income Taxes

Fantus Rating: Asset

- o Personal income taxes are an important location factor for firms employing a large professional staff. States that have high personal tax rates and rely heavily on the personal tax to finance government services have a more difficult time attracting these types of firms. Firms in states with a high personal tax rate will generally be forced to compensate for taxes with higher salaries and are likely to experience more difficulty recruiting and retaining top-level staff.
- o Missouri's personal tax rate is the second lowest (behind Illinois) among competitor states. However, because Illinois does not allow the Federal tax deduction, in many cases, the Missouri tax will be lower. Missouri's per capita tax is well below both the U.S. and regional average (see exhibits following).
- o Missouri receives 29.6 percent of its total tax revenue from personal income taxes. This is slightly below the U.S. and regional average.

PERSONAL INCOME TAX RATES
(Income Over \$25,000)

Missouri:

Tax Rate:	6% + \$315
Federal Tax Deductible:	Yes
Federal Income as State Base:	Yes
Optional Standard Deduction:	Yes

Arkansas

Tax Rate:	7% + \$1,080
Federal Tax Deductible:	No
Federal Income as State Base:	No
Optional Standard Deduction:	Yes

Oklahoma

Tax Rate:	6% + \$390
Federal Tax Deductible:	Yes
Federal Income as State Base:	Yes
Optional Standard Deduction:	Yes

Kansas

Tax Rate:	9% + \$1,625
Federal Tax Deductible:	Yes
Federal Income as State Base:	Yes
Optional Standard Deduction:	Yes

Illinois

Tax Rate:	2.5%
Federal Tax Deductible:	No
Federal Income as State Base:	Yes
Optional Standard Deduction:	No

Iowa

Tax Rate:	10-13% + \$1,657
Federal Tax Deductible:	Yes
Federal Income as State Base:	Yes
Optional Standard Deduction:	Yes

PERSONAL INCOME TAX
PER CAPITA

<u>State</u>	<u>Per Capita Tax</u>
Missouri	\$532
Arkansas	\$575
Oklahoma	\$792
Kansas	\$645
Iowa	\$694
Illinois	\$647
U.S. Average	\$733

Source: State Government Finances, U.S. Department of Commerce,
1986.

TAXES AS A PERCENTAGE OF STATE TAX REVENUE

<u>State</u>	<u>Corporate</u>	<u>Individual</u>	<u>Sales</u>
Missouri	5.4%	29.6%	56.4%
Arkansas	6.9%	28.2%	55%
Oklahoma	3.6%	24.7%	33.4%
Illinois	6.5%	34%	49.1%
Iowa	5.9%	35.1%	47.3%
Kansas	7.7%	31.7%	44.6%
U.S. Average	7.9%	30%	48.9%

Source: State Government Finances and Tax Collections, U.S. Department of Commerce, 1986.

Industrial Site Costs

Rantus Rating: Neutral

- o Typically, the cost of the site is a small percentage of a company's overall operating costs; however, the cost can still be an important location factor for two important reasons:
 - Capital investment in land is a sunk cost that cannot be depreciated and that occurs before any profits are generated by the operation.
 - The cost of land is a very visible factor in the site search and will vary significantly from community to community.

- o Industrial site costs in Springfield range from \$5,000 to \$15,000 per acre (\$.15 to \$.35 per square foot) for sites greater than ten acres, and \$30,000 to \$45,000 per acre (\$.75 to \$1.00 per square foot) for improved sites less than ten acres. These prices compare very favorably with larger competitor cities, and are equivalent or lower than site costs in smaller competitor cities (see exhibit following).

INDUSTRIAL SITE COSTS⁽¹⁾
PER SQUARE FOOT

<u>City</u>	<u>Less Than Ten Acres</u>	<u>More Than Ten Acres</u>
Springfield ⁽²⁾	\$.75-1.00	\$.15- .35
Kansas City, MO	1.00-1.50	.25-1.00
St. Louis, MO	1.00-1.50	.40- .75
Oklahoma City, OK	.40-2.00	N/A
Des Moines, IA	.25- .30	.20- .25
Fort Smith, AR	.50- .75	.35- .60
Little Rock, AR	.50	.20- .40
Memphis, TN	.75	.30- .75
Wichita, KS	.38	.10
Tulsa, OK	.40-1.00	.15- .50

(1) Source: Industrial Real Estate Market Survey: Review and Forecast, 1987, Society of Industrial and Office Realtors.

(2) Source: Fantus Interviews and Database.

Fantus Rating:
National: Asset
Regional: Neutral

Construction Costs

- o Because there is little available manufacturing or office space in Springfield, commercial construction costs will be a primary method for corporate site selection teams to evaluate start-up costs in the Springfield area.
- o Based on Means Square Foot Costs, a standard reference for new construction costs, the cost to build new industrial or commercial space in Springfield is 10 percent below the national average and 5 percent below the state average.
- o Construction costs in Springfield are below those in larger cities in the region, but are similar or higher than those in the smaller to mid-size communities (see accompanying exhibit).

NEW CONSTRUCTION COSTS
INDUSTRIAL/COMMERCIAL BUILDINGS(1)

<u>City</u>	<u>Index Value (2)</u>
Springfield	.90
St. Louis, MO	.99
Kansas City, MO	.98
Joplin, MO	.90
Jefferson City, MO	.91
Fort Smith, AR	.85
Fayetteville, AR	.85
Little Rock, AR	.87
Oklahoma City, OK	.94
Des Moines, IA	.94
Champaign, IL	.96
Competitor Average:	.92

(1) Source: Means Square Foot Costs, 1986, R.S. Means Company, Inc.

(2) U.S. Index Value = 1.00.

OPERATING
CONDITION
FACTORS.

Unskilled and Semi-Skilled
Labor Availability

Fantus Rating: Neutral

- o The availability of a qualified, trainable workforce is extremely important to the corporate site seeker. Springfield has an adequate supply of unskilled and semi-skilled workers based on recent labor force statistics and labor commuting distances reported in Fantus interviews. However, Springfield's competitor communities also have an adequate labor supply.
- o Although low unemployment rates reflect a strong economy, industrial prospects concerned about an adequate labor supply may rule out the Springfield area during the initial stages of the site selection process based on this statistic. The Springfield unemployment rate was 4.2 percent as of May 1987. This is below both the Missouri (5.9%) and U.S. (6.5%) rates. Since 1982, the Springfield unemployment rate has consistently been lower than both the state and national rates (see accompanying exhibits).
- o As of May 1987, roughly 5,100 unemployed persons resided in the Springfield area. Since 1983, the annual number of unemployed workers has averaged 6,900, ranging from a high of 9,400 in 1983 to a low of 5,300 in 1986.
- o In addition to unemployment data, site locators assess the growth of the local civilian labor force. The civilian labor force in Springfield has grown over 12 percent in the last five years from 107,200 in 1982 to 120,206 at present.

- o Springfield area employers have reported no problems hiring semi-skilled or unskilled labor. Most employers report an ample supply of entry level people in the area and plenty of qualified applicants on file (see attached employer comments).

CIVILIAN LABOR FORCE⁽¹⁾
MARCH 1987

Area	Labor Force ⁽²⁾	Number Unemployed ⁽²⁾	Percent Unemployed
Springfield	120.2	5.1	4.2%
Joplin, MO ⁽³⁾	69.6	3.5	5.0%
Jefferson City, MO ⁽³⁾ (4)	41.8	1.6	3.9%
St. Louis, MO	1,257.5	89.1	7.1%
Kansas City, MO	818.8	43.2	5.3%
Fayetteville, AR	56.3	2.3	4.0%
Fort Smith, AR	87.9	5.1	5.8%
Little Rock, AR	254.0	17.8	7.0%
Oklahoma City, OK	505.5	30.6	6.0%
Champaign, IL	87.1	4.3	4.9%
Des Moines, IA	220.4	7.6	3.5%

(1) Employment and Earnings, August 1987, U.S. Bureau of Labor Statistics. Statistics as of March 1987.

(2) Numbers in Thousands.

(3) Missouri Area Labor Trends, May 1987, Missouri Employment Security.

(4) Cole/Osage Labor Market Area.

CIVILIAN LABOR FORCE
1983-1987

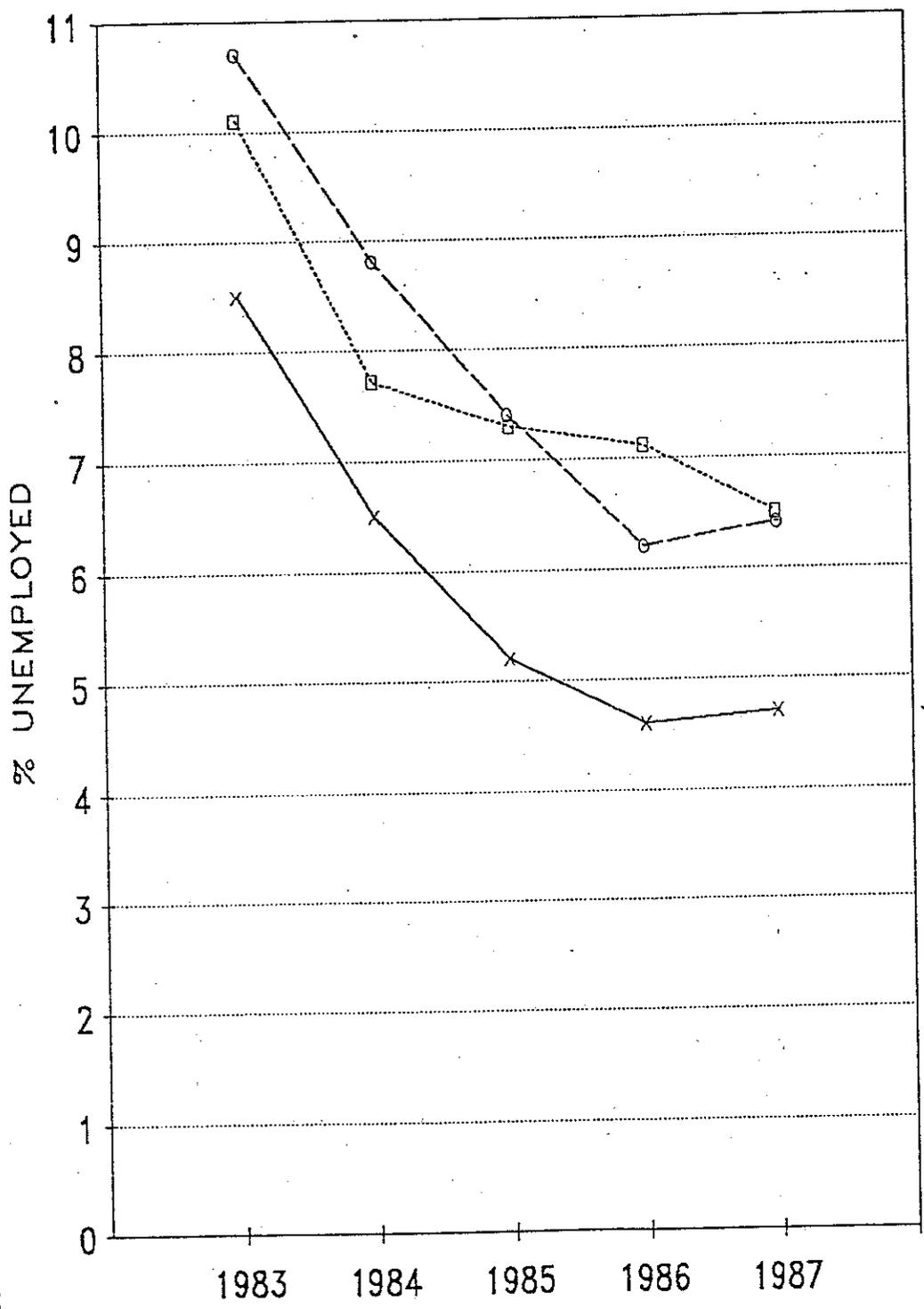
<u>Year</u>	<u>Springfield Area</u>			<u>Percent Unemployed</u>	
	<u>Labor Force</u> (2)	<u>Number Unemployed</u> (2)	<u>Percent Unemployed</u>	<u>U.S.</u>	<u>Missouri</u>
1982	107.2	7.6	7.1%	9.0%	9.2%
1983	110.2	9.4	8.5%	10.1%	10.7%
1984	114.7	7.5	6.5%	7.7%	8.8%
1985	117.6	6.2	5.2%	7.3%	7.4%
1986	115.5	5.3	4.6%	7.1%	6.2%
1987	118.2	5.6	4.7%	6.5%	6.4%

(1) Averages for the month of March.

(2) Number in thousands.

Source: Employment and Earnings, BLS 1982-1987.

UNEMPLOYMENT RATE 1983-1987



LEGEND

- x SPRINGFIELD
- o MISSOURI
- U.S.

EMPLOYMENT BY SECTOR⁽¹⁾

<u>City</u>	<u>Manufacturing</u>	<u>F.I.R.E.</u>	<u>Services</u>	<u>Wholesale Trade</u>
Springfield	20.7%	5.0%	24.0%	8.2%
St. Louis, MO	22.0%	6.5%	24.0%	6.0%
Kansas City, MO	18.0%	7.9%	22.3%	6.6%
Joplin, MO	31.5%	3.0%	16.3%	5.3%
Jefferson City, MO ⁽²⁾	6.3%	5.2%	16.4%	5.2%
Missouri	19.3%	6.4%	23.9%	5.8%
Arkansas ⁽³⁾	27.6%	4.6%	16.7%	5.5%
Fayetteville, AR ⁽⁴⁾	23.0%	3.0%	14.6%	4.7%
Fort Smith, AR ⁽⁴⁾	34.5%	3.6%	21.4%	4.4%
Little Rock, AR ⁽⁴⁾	14.1%	5.0%	23.2%	6.8%

(1) 1986 Employment and Wages - Missouri ES-202, June 1987, Missouri Department of Labor and Industrial Relations.

(2) Statistics for Cole County.

(3) Covered Employment and Earnings, 1985, Arkansas Employment Security Division, May 1986.

(4) Employment Trends, Arkansas Employment Security Division, 1987.

Skilled Labor Availability

Fantus Rating: Neutral

- o Because of rapidly changing technology and increasing factory automation, the availability of skilled labor has become a concern throughout the U.S. Communities that can provide a trained and flexible workforce with the skills necessary to meet the demands of the modern manufacturing environment are at a competitive advantage.
- o The Springfield area has a good manufacturing base; nearly 21 percent of the workforce is in the manufacturing sector, as compared to 19 percent in the U.S. and 19.3 percent in Missouri. Most of Springfield's competitors also have good manufacturing bases, and several have an even higher concentration of manufacturing jobs in the local economy (see accompanying exhibit).
- o Although Springfield has a good manufacturing base, the majority of the force is semi-skilled or unskilled. Several manufacturers in Springfield interviewed by Fantus report that the availability of skilled workers is limited, especially skilled maintenance positions. Other employers, however, have cited a large regional skill base (Kansas, Oklahoma, Missouri, Arkansas) that Springfield manufacturers can tap effectively.

Clerical Labor Availability

Fantus Rating: Asset

- o For operations such as insurance companies, financial services, data processing centers, and credit card service operations, the availability of skilled, well-educated clerical workers is a key locational criterion.
- o Springfield area employers interviewed by Fantus were unanimously pleased with both the abundance and quality of the clerical workforce.
- o Although Springfield does not have a high concentration of employment in white-collar sectors, the community has an excellent, self-replenishing clerical labor supply generated by students at Southwestern Missouri State University, other area colleges, and local vocational training programs.

Professional/Technical Labor
Availability

Fantus Rating: Asset

- o The ability to recruit and retain high quality professional personnel has become increasingly important as manufacturing and service operations become more technical in nature and national/international competition intensifies. This is especially true for corporate or regional headquarters and for technology-related operations.
- o Although Springfield cannot expect to compete with Dallas, Atlanta, or Denver on the ability to attract high-caliber professionals, the community does compete effectively with other mid-size to large cities in the region. Most employers interviewed by Fantus expressed satisfaction with their ability to recruit to Springfield operations and were pleased with their ability to retain professional staff. Springfield's family orientation, low cost of living, and abundant recreational activities were cited as excellent recruiting and retention factors.
- o A few employers commented that top-notch engineers, especially unmarried engineers from outside the state, were difficult to attract. This is likely due to a lack of diverse career opportunities for engineers and other highly technical professionals in the Springfield area.

EMPLOYER COMMENTS ON THE
SPRINGFIELD AREA LABOR SUPPLY

Unskilled/Semi-Skilled

"You can get stable employment if you pay \$6.50 or more."

"We can be very choosy with whom we hire."

"We were looking for 20 temporary positions and received over 500 applications. There were some very good people with college degrees in that bunch."

"The last time we advertised, we received 375 applications in less than two days."

"Even though the unemployment level is low in Springfield, there is a good supply of workers. Also, the work ethic among these people is great."

Skilled

"We have some trouble getting maintenance mechanics and electricians. There isn't a good apprenticeship program here to train them."

"We have found a broad base of skills for our needs right here in Springfield."

"We have trouble getting skilled people; especially certified plant electricians."

"When we're looking for a specialty skill, we can have a problem filling it from Springfield applicants. However, we can have people transferred in here easily."

Professional/Technical

"We attract pretty good technical and professional people. There are some strong attractions to this area."

"There is a plentiful supply of managerial and professional people locally, or we can easily recruit from the outside."

"Electronic technicians are hard to hold on to in Springfield."

"We are able to get good engineering graduates for UM-Rolla without any problem. It is also easy to transfer professional and technical types in."

"Springfield doesn't appeal to top-notch engineers. There are only a few opportunities for them, though job stability is good."

"The Springfield plant is one of our more desirable locations. We have no trouble transferring professionals in here."

"This is one of our best plants. We can recruit nationwide into this facility."

Clerical

"There is an excellent supply of clerical workers in Springfield."

"Because of the university and colleges here, we have a steady supply of qualified clerical workers."

"We hire a lot of clerical people throughout the year, and we are always amazed at the quality we are able to get."

Vocational Education

Fantus Rating: Neutral

- o The availability of modern state-of-the-art vocational/technical training facilities and equipment, combined with sophisticated courses and highly qualified instructors, is a clear asset to any area seeking to attract new investment and jobs, retain existing firms, and help local firms expand. The presence of such a facility and such training will become even more important in the future as the trend towards automation accelerates, thereby raising the skill level requirements of employees.
- o In the Springfield area, vocational/technical education is provided by Graff Area Vocational-Technical Center. Graff is operated by the Springfield School District and offers training at the high school level in a wide range of areas including: auto mechanics, electronics, machine shop, welding, and office occupations. One-year post-secondary programs are available in Health Occupations and in Business and Technology. In addition, an Associate of Science Degree is offered in Electronic Technology and Data Processing through a co-operative effort with Drury College.
- o Although Graff provides adequate technical training, a real need exists for a separate facility geared solely toward a post-secondary education. A separate facility would allow for a broader range of programs to be offered and for the development of specialized programs to better serve the needs

of business in the Springfield area. Finally, a separate facility would signify to both existing and prospective employers Springfield's commitment to provide a full range of post-secondary skills training programs.

- o The Springfield Public School system is seriously considering expanding the associate degree program at Graff to include a much broader selection of technical and clerical programs. The facility would become a separate entity from the public school system and concentrate on post-secondary, adult education. The new programs would work closely with Springfield businesses and design courses based on area need.
- o The Job Council of the Ozarks, in coordination with the Missouri Job Service, serves Christian, Dallas, Greene, Polk, Stone, Taney, and Webster Counties. The Job Council was recently cited by the U.S. Department of Labor as one of the top job training organizations in the nation. Services provided by the Council include entry-level job training, a Job Seeker Clinic, On-the-Job Training, and vocational skill training.
- o The majority of employers interviewed by Fantus felt that vocational/technical education needs were adequately met by Graff; however, several manufacturers commented on the lack of maintenance electricians and mechanics in the Springfield area and suggested that these needs could be met by new vocational school programs.

College and University Education

Fantus Rating:
Education: Asset
Business Assistance: Neutral

o Colleges and universities are an important economic development resource. These institutions can be an important locational drawing card - as a contributor to the local quality of life, as a source of trained employees, and as an opportunity for existing professional and technical personnel to continue their education and remain current in their field of expertise. There is also a growing awareness of the need for strong university-industry linkages in areas such as research and development, curriculum content and scope, and general business assistance. Recognizing this need, states, universities, and local community leaders around the country have been working together to attract and assist business. Typical efforts undertaken include:

- Conducting surveys of local industry to determine their technical and research needs.
- Creating specially designed training programs for industry.
- Conducting research for local business on a fee basis and providing on-going technical assistance.
- Providing business access to university technical talent, including lab techs, programmers, and other specialists.
- Curriculum enhancement, such as developing undergraduate and graduate programs in engineering.

- o Springfield benefits from the presence of four colleges: Baptist Bible College, Drury College, Evangel College, and Southwest Missouri State University. Southwest Missouri State is the largest post-secondary school in Springfield with 15,233 students. SMSU offers 89 bachelor degree programs and 28 masters programs. The majority of graduate programs at SMSU are related to the education field. In addition, six masters of arts degrees, two masters of science, an MBA, and an MPA degree are also offered.

- o SMSU, through the Center for Business Research and Development, offers several programs aimed at promoting economic development in the Springfield area. These include the Small Business Development program and the Short-Term Instruction program, which offers courses and seminars on the technical and managerial skills needed to run a successful small business. Also, the Center for Economic Research and the Center for Scientific Research and Service provide research support to area business.

Labor-Management Relations
Worker Attitude

Fantus Rating: Liability
Fantus Rating: Asset

- o A corporate site location team will typically examine four factors related to labor-management relations: the percent of the workforce organized by unions, union election history, strike history, and employer assessments of relations.
- o The Springfield area is above the national average for percentage of manufacturing workers organized. Over 55 percent of the manufacturing employees in Greene County are organized, as compared to the national average of 28 percent in 1983, declining to 25 percent in 1985.
- o Since 1977, 92 union elections have been held in Greene County, 34 of which have been union victories. Union election activity in Springfield declined 13 percent in the 1977-85 period, as compared to the 1968-76 period. However, during this same time period, union activity has been declining significantly in most other areas of the nation, including Missouri and Arkansas. Nationally, union membership has declined from 22 million in 1975 to 17 million in 1985. The most recent union election data available shows that Springfield is still experiencing a relatively high level of election activity in comparison to its competitors (see accompanying exhibit).

- o In the past, labor-management relations in Springfield were marred by frequent strikes. As shown below, in the five-year period from 1976 to 1980, Springfield consistently lost more days to strikes than the U.S. and Missouri averages:

<u>Place</u>	<u>Percent of Work-Days Lost To Strikes</u>				
	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Springfield	0.31	0.60	N/A	0.21	0.48
U.S.	0.19	0.17	0.18	0.15	0.14
Missouri	0.26	0.18	0.14	0.19	0.14

In the last five years, relations are reported to be more tranquil, though there have been ten strikes recorded since 1983, affecting some 1,245 workers. In addition, there have been two long and bitter strikes in Springfield within the last year.

- o Employers interviewed by Fantus report that labor-management relations have been steadily improving in the Springfield area. Several major employers report a very high level of cooperation with their workforce. Even employers who have experienced problems in the past five years report that the trend is towards much more tranquil relations and more cooperation.
- o Employers in Springfield almost unanimously praised the strong work ethic among the labor force. The majority of employers interviewed by Fantus gave the workforce very high marks for the quality of work and overall productivity.

UNION ELECTIONS⁽¹⁾

<u>City</u>	<u>Elections 1968-1976</u>		<u>Elections 1977-85</u>		<u>Ten-Year Activity Comparison</u>
	<u>Total</u>	<u>Percent Union Wins</u>	<u>Total</u>	<u>Percent Union Wins</u>	
Springfield	106	40.6%	92	37.0%	-13.2%
Joplin	62	27.4%	56	21.4%	-8.1%
Jefferson City	18	55.5%	10	30.0%	-44.4%
Little Rock	119	51.3%	86	44.2%	-27.7%
Fort Smith	63	46.0%	36	47.2%	-42.8%
Fayetteville	46	41.3%	16	43.7%	-65.0%
Des Moines	190	50.5%	117	44.4%	-38.4%
Champaign	43	41.9%	27	40.7%	-37.2%
Oklahoma City	247	38.0%	121	35.5%	-51.0%

(1) Source: National Labor Relations Board.

1985 UNION ELECTIONS⁽¹⁾

<u>City</u>	<u>Total Votes Cast</u>	<u>Percent For Union</u>	<u>Eligible Voters Per 1,000 Workers</u>
Springfield	616	32.5%	0.05
Joplin	292	29%	0.04
Jefferson City	0	0%	0
Little Rock	550	28.5%	0.02
Fort Smith	38	60.5%	0.005
Fayetteville	0	0%	0

(1) Source: National Labor Relations Board.

EMPLOYER COMMENTS
LABOR RELATIONS

"We were able to negotiate a wage reduction and work rule changes. The union is very responsible. We are now much more competitive."

"Springfield has an undeserved poor labor relations image because of what happened at Royal McBee over 15 years ago."

"The media blows labor-management relations way out of proportion."

"We've only had one strike in the past 20 years and none for 16 years."

"Labor management in this plant is exceptional. We are very close to our workforce."

"We had a rough strike in the mid-seventies and another short one about five years ago. But relations are generally okay and we're not expecting any trouble on the next contract."

"Springfield has had a history of labor problems. They used to call this place 'Little St. Louis'."

"We have had two very rough strikes since 1980. But there is now an improving trend in Springfield and relations are getting better."

"Labor relations in this plant are excellent. We place a strong emphasis on communication and have initiated several modern management principles to keep relations good."

EMPLOYER COMMENTS
WORKER ATTITUDES

"The quality and productivity of our workforce is excellent. We've been able to successfully initiate a self-directed workforce."

"There is a very strong work ethic in Springfield."

"Our workforce quality and productivity improves every year."

"This plant has a great reputation within our company. It's one of our top plants."

"The rural background of our workforce makes them used to hardwork. We are extremely pleased with them."

"The quality of the workforce could be better. I think the union protects the poor worker at the expense of the good one."

"The workforce is very trainable and responsive."

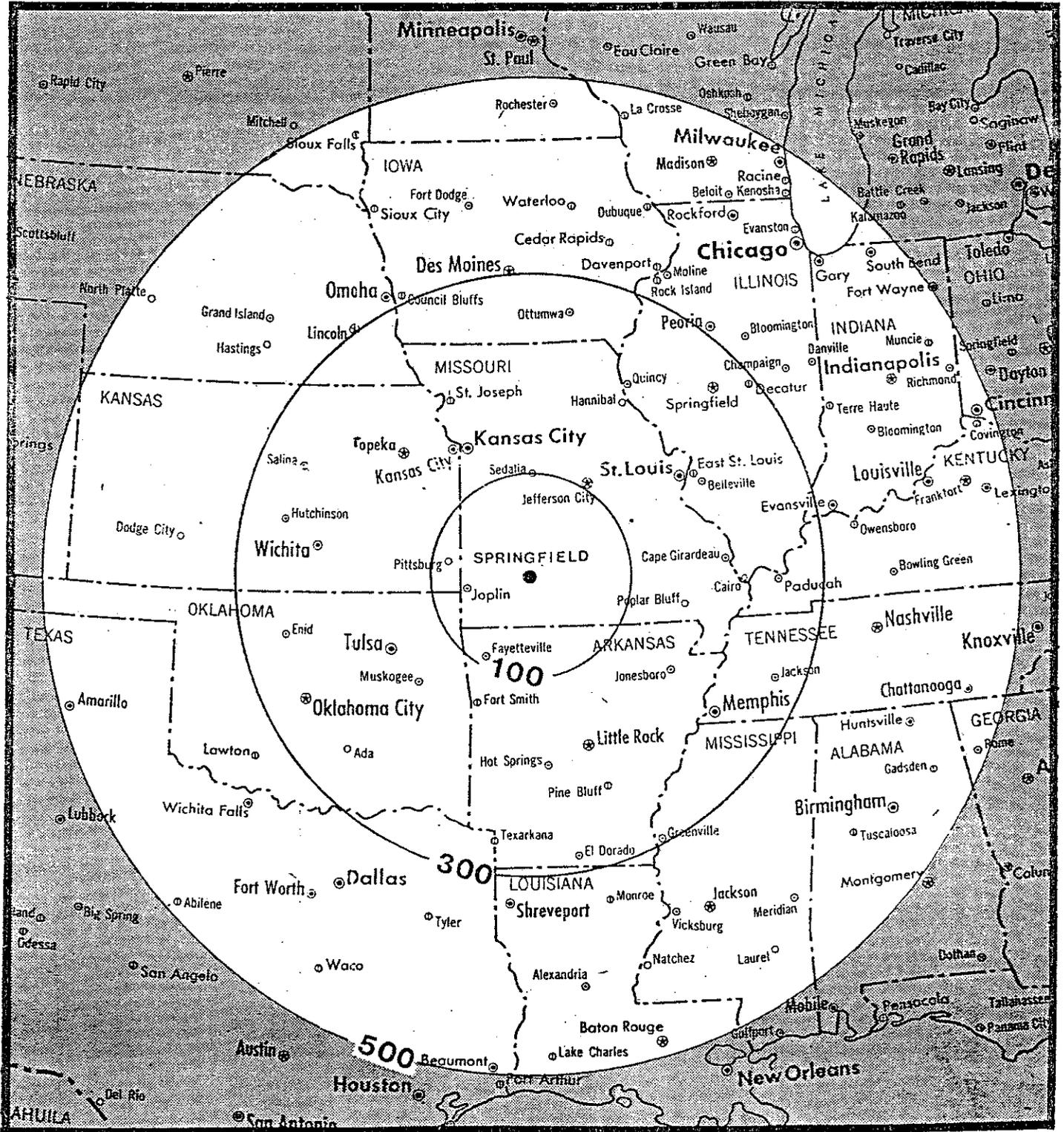
Market Access

Fantus Rating: Asset

- o For most warehousing and manufacturing operations, transportation costs are a dominant locational criteria. With the advent of "Just-in-Time" manufacturing, centrally located communities with good access to the Interstate highway system will have a competitive advantage.
- o Springfield enjoys very good national market access. Roughly 30 percent of manufacturing shipments, 25 percent of total U.S. population, 25 percent of total retail sales, and 28 percent of total wholesale trade are within a 500-mile radius of Springfield (see accompanying exhibit).
- o Key retail and manufacturing centers and their distance from Springfield are as follows:

	<u>Distance from Springfield</u>
Kansas City, MO	170
St. Louis, MO	212
Memphis, TN	281
Oklahoma City, OK	289
Omaha, NE	371
Dallas, TX	419
Indianapolis, IN	447
Nashville, TN	448
Louisville, KY	475
Chicago, IL	499
Birmingham, AL	527

Distance From Major Markets To Springfield



Highway Accessibility

Fantus Rating: Neutral

- o Springfield is located on I-44, a major Interstate highway linking St. Louis and Oklahoma City. Access to east and west markets is very good though north-south access is not as favorable in Springfield. Access to Kansas City is four-lane for 20 miles, and two-lane along Highways 13 and 7 through Harrisonville, located some 20 miles south of Kansas City. Access south to Little Rock is two-lane along Highway 65.
- o Major metropolitan markets in the northeast and southwest can be accessed easily from I-44. Access directly west (Denver), east (Nashville, Memphis), or southeast (Atlanta) is less favorable.
- o Several highway and major street improvements are underway in the Springfield area. These include the James River Freeway project, and improvements to Highway M, National Avenue, and West Division Street. In recent years, the community has completed several projects that have improved transportation in and around Springfield including the Chestnut Expressway, Battlefield Road, and Kansas Expressway.
- o Although Springfield is located on an Interstate, all but two of Springfield's identified competitor communities are also on interstate highways. In fact, five competitor communities are located adjacent to two interstates (north-south and east-west): Des Moines, Kansas City, St. Louis, Oklahoma City, and

Champaign, Illinois. The two communities which lack immediate interstate highway access are Jefferson City and Fayetteville, Arkansas.

Trucking Service

Fantus Rating: Asset

- o The American Motor Carrier Directory (AMCD) lists 42 motor carriers and 22 trucking terminals serving the Springfield area. Springfield has far more terminals and carrier service than its smaller competitor communities, and its trucking services compare very favorably with that available to larger competitors.
- o Employers interviewed by Fantus were unanimously satisfied with trucking service in Springfield. Trucking companies surveyed were generally pleased with operating conditions and market accessibility in the Springfield area.

Motor Carrier Service

<u>City</u>	<u>Carriers Serving Community</u>	<u>Local Terminals</u>
Springfield	42	22
Joplin, MO	29	7
Jefferson City, MO	23	4
Fayetteville, AR	30	4
Fort Smith, AR	31	23
Little Rock, AR	37	27
Oklahoma City, OK	48	28
Champaign, IL	44	6
Des Moines, IA	49	24

Rail Service

Fantus Rating: Asset

- o Springfield is served by the Burlington Northern and Union Pacific rail systems. Burlington Northern offers mainline service in four directions from Springfield connecting the community with St. Louis, Kansas City, Memphis, and Dallas. Burlington Northern offers 24-hour switching from the local yard and yard crew, and operates an Intermodal Hub Center (piggyback service) in Springfield with loading/unloading services. BN's intermodal facility in Springfield offers "Economy Expediter Service" providing 95 percent on time, 99 percent damage-free service to intermodal traffic. With this service, traffic leaving Springfield before the loading cut-off hours, has one- or two-day delivery to other intermodal hubs in the Midwest.
- o Springfield is served by a Missouri Pacific (part of the Union Pacific system) branchline that connects with the mainline southwest of the community. Burlington Northern and Union Pacific offer reciprocal switching in Springfield.
- o Most of Springfield's competitors also have excellent rail facilities. Intermodal service is available in Joplin, Kansas City, St. Louis, Fort Smith, Little Rock, Oklahoma City, and Des Moines.
- o Annual carloads in and out of Springfield grew dramatically in 1986. In 1985, 16,318 carloads were hauled into

Springfield, and 5,910 were hauled out. In 1986, cars hauled in grew to 26,367 (+62 percent), and cars hauled out grew to 12,171 (+106 percent).

Fantus Rating:
Travel West: Neutral
Travel East: Liability

Commercial Air Service

- o Commercial air service in Springfield is provided by the Springfield Regional Airport. Seven carriers provide service including TWA/TWE, Northwest Airlink, America West, American Eagle, Continental, and Eastern Air Midwest Express. TWA/TWE are the primary carriers with 17 flights to the St. Louis hub daily. Northwest Airlink provides 5 daily flights to the Memphis hub, and Eastern provides 7 flights to the Kansas City hub. Dallas, Denver, and Wichita have nonstop service on American Eagle, Continental, and America West respectively.
- o Since 1982, annual passenger enplanement has more than doubled at the Springfield airport. Both inbound and outbound air freight have also more than doubled.
- o Although airspace is only at 40 percent of capacity, both terminal and ramps are operating at over 100 percent of planned capacity. The airport is implementing plans to double terminal space and add loading bridges, and is discussing the addition of a 10,000-foot runway.
- o Although Springfield's air access to the west is adequate, access to major eastern and northern points is more difficult. Chicago, New York, and Atlanta are all accessible through the St. Louis and Memphis hubs, though there are no

direct flights to these markets at present. (Note: TWA has recently added one daily direct flight between Springfield and Chicago's Midway Airport. Direct air service to Chicago's O'Hare Airport is still unavailable). Flights to the Memphis and St. Louis hubs are primarily on smaller propeller planes (though limited jet service is available to St. Louis). Travel time based on published flight schedules is 3 to 4 hours to Chicago and Atlanta, and 4 to 4.5 hours to New York.

- o Springfield has somewhat better air service than its smaller competitors, but larger competitors have superior service.

AIR SERVICE FROM
MAJOR METROPOLITAN AREAS
(OVER 1,000,000 POPULATION)

<u>Community</u>	<u>Number of Major Metropolitan Areas Served by Direct Air Service</u>
Springfield	7
Jefferson City	4
Joplin	2
Fayetteville	3
Fort Smith	2
Little Rock	19
Oklahoma City	17
Des Moines	20
Champaign	7

Electric Power Availability

Fantus Rating: Neutral

- o City Utilities of Springfield provides electric power to the Springfield area. Generating capacity of this municipal system is:

Coal-fired steam units	447 MW
Gas or Oil Combustion Turbines	103 MW
Hydro	<u>50 MW</u>
	600 MW

The company's peak demand systemwide was in July 1986 at 469 MW, giving the system over 130 MW excess capacity and a power capacity margin (difference between peak demand and total demonstrated capacity) of 27.9 percent. The comparable capacity margin for Summer 1986 was 26.2 percent nationwide, 29.3 percent for the Southwestern Power Pool electric power region, and 27.1 percent for the northern portion of Southwestern Power Pool (the section of the grid where Springfield is located).

- o City Utilities purchases 13 to 29 percent of its power from Southwestern Power Administration. City Utilities is always able to purchase 50 MW peaking capacity from Southwestern and, when surplus is available, can purchase more power at one-half of Southwestern's fuel costs.
- o City Utilities has begun constructing 42 miles of 345 KV line with the objective of linking up with the Grand River Dam projects. In addition, City Utilities is considering

becoming a partner in a new power plant. The new 345 KV lines with a partnership in additional plant capacity should take the growing Springfield demand into the 21st Century.

- o Although the majority of industrial employers interviewed by Fantus expressed great satisfaction with electric power in Springfield, a few mentioned unexplained "blips" or short outages in power that disrupted operations temporarily.

Natural Gas Availability

Fantus Rating: Neutral

- o City Utilities of Springfield distributes natural gas to the community. The gas supply source is Williams Natural Gas Company. During the last three heating seasons, there has been one interruption of gas service lasting 14 hours. Several employers in the area mentioned the cut-off, though all were able to continue functioning with back-up propane or fuel oil sources.

- o Springfield, like most of the U.S., currently enjoys ample natural gas availability. In many areas of the U.S., individual companies can negotiate prices and buy gas directly from the well-head, with the local company transporting the gas to the company. City Utilities has been able to buy "transportation gas" in the past, but cannot currently purchase it because of previous long-term gas contracts entered into with the supply company. City Utilities does expect to be able to exercise this very attractive option again in the future.

Water Availability

Fantus Rating: Asset

- o Water service in Springfield is provided by City Utilities of Springfield, a municipal utility. Water is primarily supplied from two reservoirs with the capacity to pump from rivers into the reservoir lakes. There are also several city wells, though the majority of water is supplied by the reservoirs. Raw water capacity is 10.2 billion gallons.
- o The city has water pumping capacity of 58.1 million gallons per day (MGD). The peak water consumption in Springfield was 33.2 MGD, leaving the city with a 75 percent pumping capacity margin. Finished water storage capacity is 16.5 million gallons. Several industries have private wells with pumping capacity at 300-500 gallons per minute.
- o City Utilities is continuing to look for new water supplies to meet the growing needs of Springfield. The utility is investigating several possibilities, including tapping more ground water sources, building more small reservoirs, or building a pipeline to one of the large lakes in the region.

Sewage Treatment Capacity

Fantus Rating: Neutral

- o The municipal sewer system in Springfield handles wastewater at two plants. Design and flow characteristics at the plants are as follows:

	<u>Design Capacity</u>	<u>Average Flow</u>	<u>Peak Flow</u>
North Plant	6.4 MGD	3.0 MGD	7.0 MGD
South Plant	30.0 MGD	25.8 MGD	75.0 MGD

The north plant currently has 3.4 MGD excess capacity and the south plant has 4.2 MGD. Up to 80 MGD of excess flow can be stored in equalization basins and pumped to the plants as flow subsides. There are currently no restrictions limiting new industrial or commercial sewer hook-ups.

- o To address Springfield's steady growth, the City of Springfield's wastewater treatment plan calls for adding 5 to 10 MGD capacity to the south plant. The addition is expected to be on-line before 1995.

Telephone Service

Fantus Rating: Neutral

- o Southwestern Bell Telephone provides telephone service in Springfield. All three switching stations in the Springfield area use electronic switching service. Telephone services important to most office and manufacturing facilities are provided including all-data channels, WATS lines, mobile telephone service, direct international dialing, three-way calling, and speed calling. Long distance service is supplied by a choice of 10 competing carriers.

Industrial Site Availability

Fantus Rating: Asset

- o Corporate site seekers are increasingly concerned about the quality of industrial sites and are thus demanding more from sites presented by communities. Site seekers require readily available sites with established ownership and asking price, available utilities, satisfactory topographical and subsoil conditions, and high-quality access roads already in place. In addition, corporate site seekers require sites that have proper zoning, internally consistent land uses, and compatibility with surrounding land uses.

- o Springfield has several large industrial sites available and many smaller sites. The best sites are located in the northeast quadrant along I-44 and U.S. 65, and also in the northwest quadrant near the airport. Although there are several appealing sites in Springfield, data on ownership and asking price were not readily available for most sites.

Availability of Office and
Manufacturing Buildings

Fantus Rating: Liability

- o Because of the need to reduce start-up time and initial capital investment, over half of Fantus' manufacturing site selection clients request that the site selection begin with an available industrial building search.
- o Within the past few years, most of Springfield's available buildings have been absorbed. Springfield currently has only one available manufacturing facility over 50,000 sq. ft., and three less than 50,000 sq. ft. There is no industrial space being constructed on a speculative basis.
- o At present, there is only one available office building with over 10,000 sq. ft. of available space, and this building would require renovation to meet modern office space standards.

Community Attitude Toward Development

Fantus Rating: Neutral

- o During the course of fieldwork in Springfield, Fantus interviewed over 30 business and community leaders. The vast majority of those interviewed shared a commitment to the area and excitement over Springfield's growth during the past 20 years. The Springfield Chamber of Commerce and the Springfield Business Development Corporation have shown desire to continue the pattern of growth and seek to create a sound economic development program for the City.
- o Indications of positive community attitudes include:
 - * A professionally managed, active chamber of commerce with a professional economic development team.
 - * The Springfield Business Development Corporation, which is involved in fundraising for the economic development effort.
 - * A semi-formalized business networking effort which seeks to develop new business prospects from supply and market links with existing Springfield industry.
 - * The establishment of an enterprise zone, an organized economic development database, the creation of the Industrial Site Atlas, and the availability of city revenue bonds for new business; all of which show Springfield's commitment to economic growth and planning to attract new business.

- * The retaining of The Fantus Company to provide outside economic development consultation, with funding for this work provided by both the public sector (City of Springfield) and private sector (Springfield Area Chamber of Commerce).

- o Our rating of this factor as "neutral" is based on the area's lack of a proactive, economic development marketing program to inform industrial prospects about Springfield's locational advantages. To date, the area's marketing activities have been primarily reactive, that is waiting for corporate site seekers to contact the community. Communities across the country are engaged in a variety of aggressive marketing activities in order to attract new corporate investment. We believe Springfield economic development efforts would be enhanced by this proactive approach.

We would also like to see enhancements made to the area's industry retention program. Springfield currently has several components of an industry retention program in place (e.g., the Industrial Roundtable and the local business supplier attraction effort). It lacks some key elements, however, such as a formal "industry call" program and a corporate office headquarters visitation program of branch plants located in Springfield. We feel the addition of these activities would strengthen area retention efforts.

EMPLOYER COMMENTS ON ECONOMIC
DEVELOPMENT ATTITUDES

Positive Statements

"The community is very responsive to public works issues. They've given us lots of assistance and are very professional."

"The Chamber and City have been very helpful, they really try to work with you."

"For the longest time, the City and the Chamber were not addressing the loss of manufacturing jobs in the area. I think they are beginning to now."

"The Industrial Roundtable at the Chamber is a real help."

"The Chamber's efforts have been very professional."

"Whenever we ask the community for help, things go very smoothly."

Negative Statements

"The City and the Chamber should try to sell Springfield more. This area has a lot going for it and they should be selling it aggressively."

"We've been very supportive of the Springfield Business Development Corporation, but I haven't seen their effect so far."

"The City and County seem to neglect economic development efforts."

"Development efforts in Springfield have been hit and miss."

Environmental Regulations and Procedures

Fantus Rating: Asset

- o For the majority of plants, environmental regulations are nearly irrelevant; however, for plants likely to have environmental problems, regulations can be a primary location factor. Because of the size of the investment for these companies, and the severe time limitations under which the typical site search is conducted, states that cannot process environmental applications and issue permits quickly, are often dropped from further consideration.
- o Recent Fantus clients considering Missouri for their manufacturing facility have experienced no problems with environmental applications or permits. Although the application and permitting process has improved nationally, Missouri was able to expedite the process faster than competitor states.
- o One of the critical areas of environmental regulations affecting site location is attainment of air pollution standards. Currently, Springfield air quality is better than national standards for all five major pollution classifications, and no construction bans are in affect (see accompanying exhibit).

ATTAINMENT OF FEDERAL
AIR POLLUTION STANDARDS

<u>Area</u>	<u>Better Than National Standards</u>	<u>Doesn't Meet Primary Standard</u>
Arkansas (entire state)	TSP, O3, SO2, CO, NO2	
Missouri		
St. Louis	SO2, NO2	TSP, O3, CO2
Kansas City	SO2, CO, NO2	O3, TSP
Springfield	O3, TSP, SO2, CO, NO2	
Joplin	O3, TSP, SO2, CO, NO2	
Oklahoma City, OK	TSP, SO2, O3, CO, NO2	
Champaign, IL	O3, TSP, SO2, O3, CO, NO2	
Des Moines, IA	SO2, O3, NO2	TSP, CO

Key

- TSP = Total Suspended Particulates
- SO2 = Sulfur Dioxide
- CO = Carbon Monoxide
- NO2 = Nitrogen Oxide
- O3 = Ozone

LIVING
CONDITION
FACTORS

Housing Availability and Cost

Fantus Rating: Asset

- o The availability of quality, reasonably-priced housing is an important location factor for both new and existing companies that are transferring personnel into an area. The cost and availability of such housing most directly affects personnel who are likely to make or influence corporate location decisions.
- o The Springfield area housing market offers an abundant number of homes at the lower, middle, and executive income levels. The local Multiple Listing Service covering Greene, Christian, and Webster counties listed over 3,000 homes for sale during the time of Fantus' fieldwork, approximately 10 percent of which are considered executive-level. Single-family housing permits have more than doubled since 1983 from 600 to over 1,400; according to a local real estate broker, there is currently an oversupply of homes in the over \$150,000 range.
- o The average selling price of a home in Springfield is approximately \$71,800, ranking it the third lowest among competitor cities (see accompanying exhibit).
- o There are approximately 8,200 rental apartment units in Springfield ranging in size from one to three bedrooms, and leasing for approximately \$270 to \$385 per month. The average apartment vacancy rate ranges between 10 and 12 percent.

HOUSING COSTS (1)

<u>City</u>	<u>Rank(2)</u>	<u>Annual Mortgages and Taxes</u>	<u>Annual Utility Bills</u>
SPRINGFIELD, MO	43	5,151	1,192
St. Louis, MO	143	6,447	1,158
Kansas City, MO	107	5,667	1,409
Joplin, MO	1	4,003	1,156
Little Rock, AR	123	6,341	929
Fort Smith, AR	15	4,912	872
Fayetteville, AR	69	5,873	813
Oklahoma City, OK	117	6,282	904
Champaign-Urbana, IL	234	7,193	1,434
Des Moines, IA	177	6,773	1,255
Dallas, TX	256	8,338	980
Atlanta, GA	210	7,324	992

(1) Source: Places Rated Almanac, Rand McNally, 1985.

(2) Rank is based on Rand McNally's survey of housing costs and conditions in 329 metropolitan areas. Each of these factors will vary among neighborhoods within these communities.

Shopping Facilities

Fantus Rating: Asset

- o The availability of shopping facilities plays a minor role in most locational decisions. The availability of quality shopping facilities does affect the overall quality of life in Springfield and can, therefore, affect corporate recruitment and retention.

- o Springfield is a regional shopping center serving a large geographic area including Southwest Missouri and Northwest Arkansas. The community is primarily served by retail shopping strips and malls. Battlefield Mall offers a wide selection of shopping and entertainment opportunities. Several smaller malls and strips offer retail shopping alternatives. Springfield's shopping compares quite favorably with other competitor communities its size, but will not be able to compete with metropolitan areas like Kansas City or St. Louis.

Medical Services

Fantus Rating: Asset

- o Medical services are rarely a primary consideration in location decisions. However, executives viewing a community as a potential home will require quality medical care represented by the presence of medical specialists and sophisticated hospital facilities.
- o Springfield's health care facilities serve a large geographic region, including Southwest Missouri and Northern Arkansas. Hospital care is provided by several facilities, including Springfield General Hospital, Lester E. Cox Medical Center, St. John's Regional Health Center, and Springfield Community Hospital. The area has a total of 2,086 hospital beds, 392 medical doctors, and 100 dentists. There are approximately 177 physicians per 100,000 residents.
- o Medical facilities in Springfield are superior and well beyond what a site location team would expect for a community this size. Services available in Springfield include specialty departments of ultrasound, cardiac rehabilitation, substance abuse, social services, women's services, senior citizen programs, oncology, eating disorders, and others. The "Medical Mile" facilities and other health care in Springfield are a definite asset to the development of the area's overall economy.

Elementary and Secondary Education

Fantus Rating: Asset

- o Elementary and secondary education is an important location factor for two major reasons. First, the quality of education available to a prospective employer's children and the children of employees will affect the perceived quality of life in the community, as well as employee transfer and recruiting success. Second, local schools educate the employees supplying labor to local companies.
- o Corporate site seekers use several statistical measures when evaluating public schools. These include average expenditure per pupil, average teacher salary, pupil/teacher ratio, and performance on standardized tests.
- o Public education in Springfield is provided by the School District of Springfield. Enrollment for 1985-86 was 23,458 students; projected 1990 enrollment is 24,900. There are 41 elementary schools in the district, eight junior highs, and five high schools.
- o As shown in the accompanying exhibit, Springfield rates very well in comparison to other competitor cities. In addition, the Springfield public schools and the Springfield Area Chamber of Commerce have established an Adopt-A-School Program with the private sector to strengthen the ties between business and education.

COMPARATIVE EDUCATION
STATISTICS (1)

<u>City</u>	<u>Average Expenditure per Pupil</u>	<u>Average Teacher's Salary</u>	<u>Pupil-Teacher Ratio</u>	<u>ACT Score</u>
Springfield, MO	\$3,191	\$23,496	15.0	19.9
Jefferson City, MO	2,337	22,104	24.1	
Joplin, MO	2,077	16,632 (2)	15.70	
Kansas City, MO	2,459	19,380 (2)	14.95	
St. Louis, MO	2,955	22,044 (2)	15.14	
Fayetteville, AR	1,891	15,360 (2)	17.50	
Fort Smith, AR	1,922	16,512 (2)	14.25	
Little Rock, AR	1,977	16,992 (2)	16.08	
Oklahoma City, OK	2,365	17,292 (2)	14.92	
Des Moines, IA	2,928	19,824 (2)	14.13	
Champaign-Urbana, IL	3,193	20,832 (2)	13.86	
Missouri (3)	2,958	20,452	16.8	18.8
Arkansas (3)	2,353	18,696	18.0	17.4
Oklahoma (3)	2,850	19,019	16.9	17.5
Iowa (3)	3,439	20,934	15.4	20.3
Illinois (3)	3,538	25,477	18.0	18.9
U.S. Average (3)	3,449	23,595	18.1	18.6

(1) Source: State Education Statistics, U.S. Dept. of Education, 1986; Places Rated Almanac, Rand McNally, 1985; Fantus proprietary data.

(2) Figures are for 1982.

(3) Figures are for 1985.

Cultural and Recreational Activities

Fantus Rating: Asset

- o Springfield offers many recreational and cultural activities for a city its size which enhance the overall quality of life. Although it cannot offer the variety of cultural activities of a large metropolitan area, Springfield offers a surprising amount of activities and is within reach of "big city" events in Kansas City and St. Louis.

- o Culturally, Springfield offers a variety of activities, including the Springfield Symphony, the Springfield Regional Opera, the Springfield Little Theatre, the Springfield Ballet, and events sponsored by area colleges and Southwest Missouri State University. The Springfield Art Museum has permanent and touring exhibits, and the Museum of the Ozarks provides a historical perspective of the area. Springfield is also within easy access of Branson, the "music show capital of the world", with its many theaters and shows.

- o Recreational activities abound in Springfield and the surrounding area. In the immediate vicinity, Table Rock Lake, Lake Taneycomo, and Bull Shoals Lake offer fishing, boating, swimming, sailing, water-skiing, and camping. Other activities within the vicinity include the Dickersen Park Zoo, Wilson's Creek National Battlefield, Fantastic Caverns, Silver Dollar City, Exotic Animal Paradise, and Mark Twain National Forest. In addition, three 18-hole and one 9-hole public golf courses are available, as well as six private golf courses. Swimming and tennis are also readily available.

Cost of Living

Fantus Rating: Asset

- o The overall cost of living in a community can be an important factor in the site selection process because of the impact it has on the ability to recruit and retain professionals. A community boasting a low cost of living will be attractive to executives and other professional staff who will be able to achieve a lifestyle unobtainable on the same salary in most large metropolitan areas.

- o Springfield's cost of living, based on such factors as housing, food, and miscellaneous goods and services is below the U.S. average in each category. In addition, Springfield has the third lowest cost of living compared to competitor locations. Springfield has a distinct advantage in housing where costs are nearly 25 percent below the U.S. average (see accompanying exhibit).

COST OF LIVING⁽¹⁾

City	Living Costs		
	(U.S. Average = 100)		
	Housing	Food	Other ⁽²⁾
SPRINGFIELD	76	95	95
St. Louis, MO	91	95	101
Kansas City, MO	85	102	105
Joplin, MO	62	91	94
Little Rock, AR	87	100	104
Fort Smith, AR	69	92	101
Fayetteville, AR	80	101	98
Oklahoma City, OK	86	10	94
Des Moines, IA	96	93	100
Champaign-Urbana, IL	103	96	102
Dallas, TX	112	105	105
Denver, CO	129	104	103
Chicago, IL	131	100	106
New York, NY	112	114	170

(1) Source: Places Rated Almanac, Rand McNally, 1985.

(2) Includes miscellaneous goods and services.

Community Appearance

Fantus Rating: Neutral

- o Springfield is located in a very attractive part of the country. The community is surrounded by rolling hills and is within easy reach of the Ozarks and Missouri lake country. Because of its geographic location, Springfield has become both a tourist gateway and a retirement center.

- o Springfield has many attractive areas including several upscale neighborhoods, well-kept parks, and well-groomed universities and colleges. However, the impression given to the overnight business traveler or corporate site locator is not as positive. The approach to Springfield from the airport is less than striking. Most of the transportation thoroughfares around the city have a proliferation of retail and other commercial development that does not appear to have a well-planned theme.

- o The new development along the Medical Mile is an exception to past developments in quality of appearance, and suggests that new commercial development in Springfield will adhere to higher visual standards. The city should, however, consider steps to improve the appearance of the main retail corridors and the downtown area. Although downtown re-development has made recent strides, the area does not yet leave visitors with a favorable impression. Past Fantus clients considering Springfield as a location for a new facility have made unfavorable comments on the appearance of the downtown area.

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