

Strengths, Weaknesses and Labor Analysis

of

Pottawatomie County & Riley County, Kansas

PREPARED FOR:

**Pottawatomie County
Economic Development Corporation**

PREPARED BY:

Staff of Pottawatomie County
Economic Development Corporation

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INTRODUCTION AND METHODOLOGY

In January 2015 the staff of the Pottawatomie County Economic Development Corporation prepared a Preliminary Labor and Target Industry Analysis. The report included a workforce development or labor analysis as well as a re-examination of the target industries suggested by Angelou Economics in 2012. The analysis was designed to assess the area from a corporate site selector's perspective. The staff has 20 years' experience as a site selection/relocation service provider and has authored several dozens of workforce development reports and analysis over that time frame.

After the completing of the Analysis in 2015, the staff wrote a Strategic Implementation Plan which was approved by the Board of Directors of the Pottawatomie County Economic Development Corporation in May 2015. That plan had been the roadmap for the organization for the last five years. It had addressed the main goals of the organization: Infrastructure and Sites, Workforce Development, Organization and Regional Development, Business Attraction and Retention, and Small Business Development/Entrepreneurship. Almost all the strategies within the plan have either been addressed or completed. In 2017 & 2018, the staff updated the findings from 2015 and produced a new report which was distributed to all investors and policymakers.

In early 2020, the Pottawatomie County Economic Development Corporation Board of Directors approved a new plan with the same goals. Therefore, the staff needed to update the research and findings from 2018. To prepare this analysis the staff compiled information from its own databases, research from outside sources. Since the emergence of the Greater Manhattan Economic Partnership, it was decided to combine the Manhattan Area Chamber's Business Retention & Expansion effort with the 3rd Strengths and Weaknesses & Labor Analysis inside the county and in the city of Manhattan. This time the interviews were closely coordinated and set up through the Manhattan Area Chamber and its newly revised economic development program as part of the Greater Manhattan Economic Partnership. The majority of the interviews were conducted virtually in close cooperation with the Manhattan Area Chamber of Commerce staff.

Those interviews were carefully selected to draw a composite of the industry that most truly represent the county and city's makeup as well as investors in Advance Pottawatomie and Advantage Manhattan. No retail operations were interviewed in 2018 or 2020, and the staff connected with Kansas State University entities in 2018, 2020 and not 2014. The number of interviews in 2014 was 42 and in 2018 was 45. In 2020 Pottawatomie County staff took part in 42 of the interviews of those conducted. All of the interviews took part during the COVID-19 pandemic. The Manhattan Area Chamber needs credit for setting up helping and executing these meetings.

This new analysis generally assesses the Pottawatomie County and the Manhattan area versus key economic development criteria, including key criteria for select target industry. Economic development criteria include:

1. Labor
2. Education and Training
3. Infrastructure and Services
4. Community Services or Quality of Life factors

In this assessment the staff also identifies critical issues, threats and opportunities based upon the interviews in the community and observations from select leaders and others in the county and city.

SRENGTHS AND WEAKNESSES ANALYSIS

The staff conducted an economic development strength and weakness analysis for the Pottawatomie & Riley County area. First, we will help you understand the most important factors by industry sector. Next, we will rate Pottawatomie & Riley Counties and the Manhattan area against each critical factor (strength, weakness or neutral). We will also breakdown availability and characteristics of the labor force by types of industry manufacturing and construction, versus office, health and services. However, it is very important to understand what factors determine site selection, retention and expansion and how those factors are a determination in location analysis.

UNDERSTANDING THE IMPORTANCE OF SELECT FACTORS IN CORPORATE SITE SELECTION

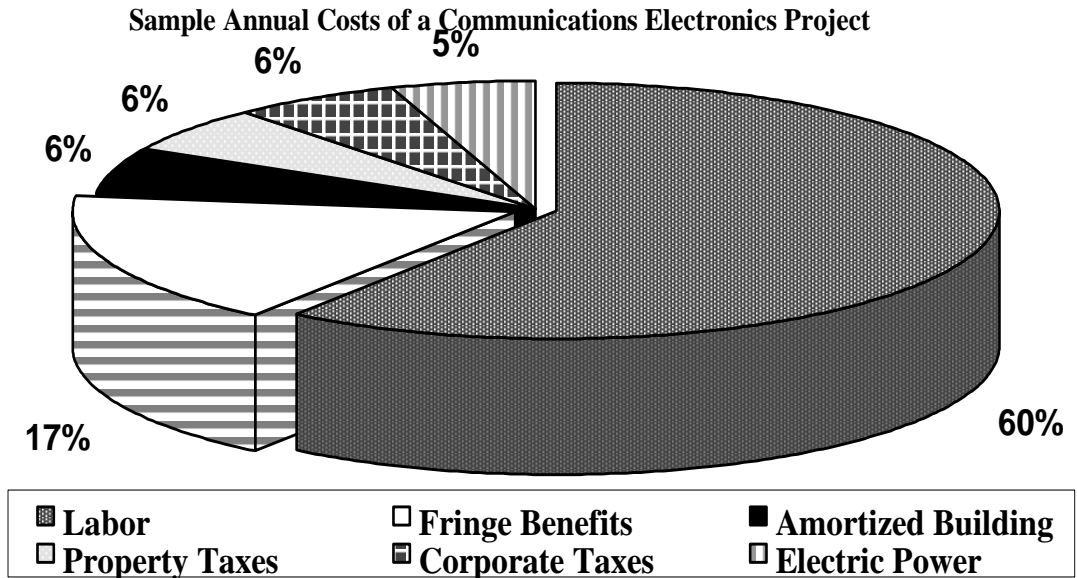
The staff has worked with many hundreds and different types of companies on relocation-related projects. From this experience we have identified the most important site location cost and condition criteria for different types of projects. It is important to review this information to better understand why select factors are critical to the success of new locations, new capital investment, retentions, and expansions. It will also help the reader to better understand Pottawatomie & Riley Counties and the Manhattan area's potential for selected target industries.

Manufacturing

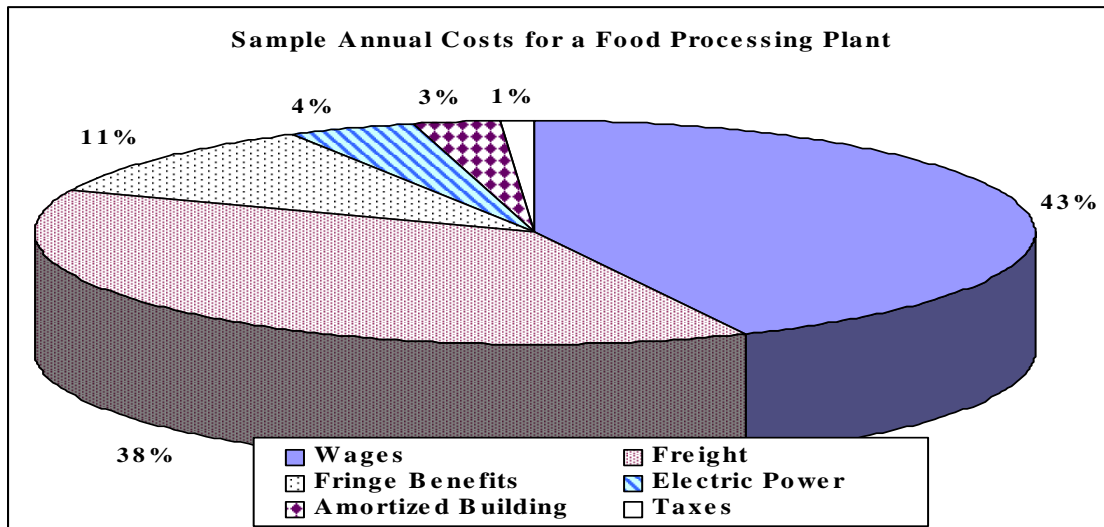
In general, labor will represent the largest single annual cost item for a typical manufacturing project. Fringe benefit costs (consisting of medical, disability, CPP, life insurance, unemployment insurance, and workers compensation insurance) will also be significant cost factors (often second or third). Market access is also critical and will determine freight cost variables.

The following represent annual operating costs for two manufacturing projects.

- Labor is the largest annual cost component in an electronics project.



- A food processing plant will have a much larger freight cost component.



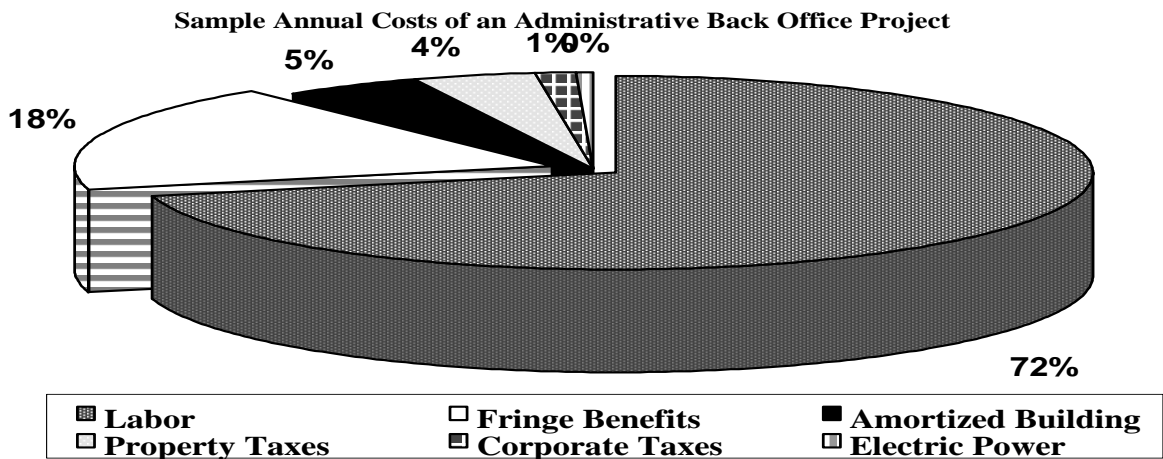
The most critical location factors, by priority, for a typical manufacturing project are:

1. Market access (freight costs)
2. Labor skills and quality

3. Labor costs & fringe benefits
4. Unionization trends
5. Available buildings
6. Utility costs and local services
7. Business climate/taxation

Administrative Back-Office

Labor costs and conditions are even more important for an administrative back-office function. In the sample below, wages and fringe benefits represent 90% of annual operating costs.



The most critical location factors, by priority, for a typical back-office project are:

1. Clerical labor costs
2. Clerical labor quality, availability¹
3. Turnover
4. Absenteeism
5. Occupancy costs (Class B buildings)
6. Training programs
7. Available buildings
8. Ability to recruit management labor (relocation & quality of life issues)
9. Proximity to commercial air service (especially for check processing centers).
10. Day care availability and affordability

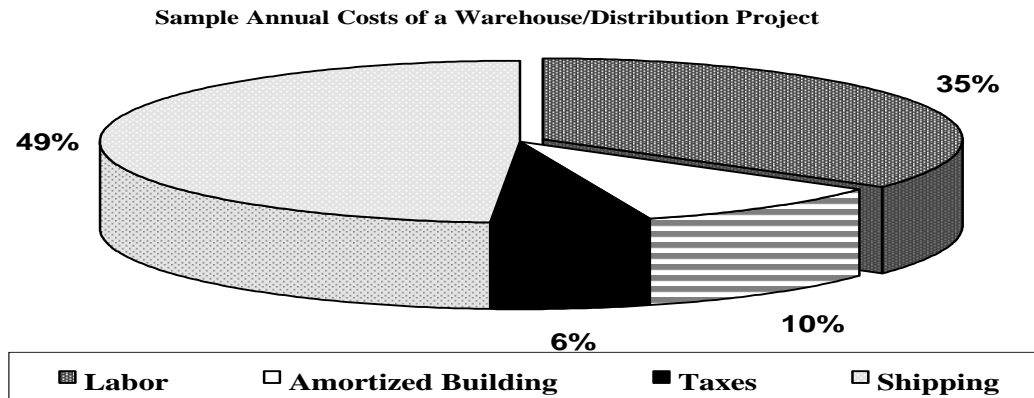
It is very evident that with the advent of COVID, the ability and adaptability of back office and technology companies to work remotely has become strongly evident. This has

¹ Companies tend to look for areas with deep pools of labor; applicants to hires of at least 20 to 1.

become very apparent not only in major cities across America, but also, smaller metropolitan areas such as Manhattan which have seen firms have become almost entirely remotely driven. As issues in major cities rise to become problems for white collar companies (Hewlett Packard, Oracle, 8VC and others) they are moving from the Silicon Valley to Texas. Communities like Manhattan should take advantage of these opportunities as they become available.

Warehouse/Distribution

Labor costs and conditions are less important for the typical warehouse/distribution project, but location of transportation infrastructure and sites/buildings are key. They may be quite labor intensive, but require mostly unskilled labor, and therefore labor costs are a much smaller portion of total operating costs.



The most critical location factors, by priority, for a typical warehouse/distribution project are:

1. Freight costs/market access
2. Service delivery time (access to market)
3. Interstate highway access (four directions considered most desirable)
4. Available buildings (minimum 80,000 to 120,000 sq.ft.; 20-24 foot ceilings)
5. Cost of real estate (10-15 acre minimum with rail potential)
6. Labor cost, quality & availability²
7. Business climate (especially inventory taxation)

Labor and Workforce

Before the advent of COVID-19 in 2020, the number one problem of the economic development community was the availability of labor. As baby boomers retire, the issue

² Especially seasonal workers for seasonal products which fluctuate in quantities.

magnifies itself into many proportions and gravely impacts industry throughout the nation. Instead of merely planning for future shortages and combating with a higher wage or enhanced training, industry must become involved helping to build a talent pipeline. In turn, the community must be fully engaged in working with industry, so, the labor factor stated above for each industry doesn't keep companies from locating, expanding and thriving in the Manhattan-Pottawatomie County area. It also must be remembered that despite COVID there are 1045 job openings within 45 miles of the Manhattan border

The unemployment rates in Riley and Pottawatomie Counties at the time of this writing are 4.8% and 4.4% respectively.

These issues become more complex since the advent of COVID, so firms that have a multitude of employees that can work remotely have now become accustomed to enhanced technology which allows for this opportunity. This applies mostly to technology companies and back office operations. Fortunately, for the Greater Manhattan Economic Partnership these industries are secondary targets and not primary like bio-security, animal health, and grain science.

During this pandemic, the frontline manufacturing workforce has played a critical role in the economy by continuing to work behind the scenes to ensure that hospitals, pharmacies, grocery stores, restaurants, and other essential businesses have the goods and supplies they need to keep going. In addition, many manufacturers have demonstrated incredible adaptability by pivoting away from their normal operations and toward producing the vital goods those frontline workers need. The Greater Manhattan Economic Partnership should be cognizant of these trends as they move forward in their attempts to attract new industry and retain those that are already in the area.

STRENGTHS & WEAKNESSES ASSESSMENT FOR POTTAWATOMIE COUNTY

The following strengths and weaknesses assessment were developed as a result of this fieldwork coupled with the staff's' site selection expertise. Also, we will draw from the analysis completed by Foote Consulting Group (FCG) in 2019 which took these factors into consideration. FCG is a nationally recognized site selection firm and a member of the esteemed Site Selection Guild. FCG has completed hundreds of this types of assessments over the 30 years in both the US and Canada.

Market Access

Mostly Strengths, Some Weaknesses

The Manhattan/Pottawatomie County area is ideally situated in the middle of the Heartland of the United States with excellent agricultural resources. It is accessible 10 miles from I-70 and good connections to US 24. However, since Pottawatomie County is not directly located on I-70, it is not a preferred location for warehousing and any type of

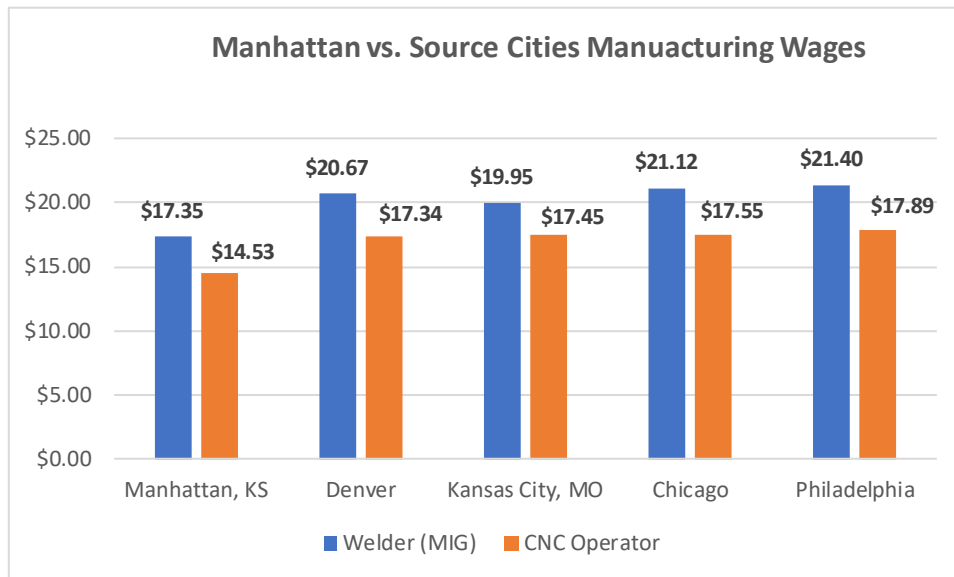
major distribution project. However, with the improvements along K-99 expected and the by-pass around downtown Wamego will help considerably. The Manhattan Business Park can become a warehousing and distribution alternative if land is developed.

There are no intermodal facilities near Manhattan or Pottawatomie County, and it is an issue that needs to become addressed as warehousing and distribution locations multiply since the pandemic.

Wages

Strength

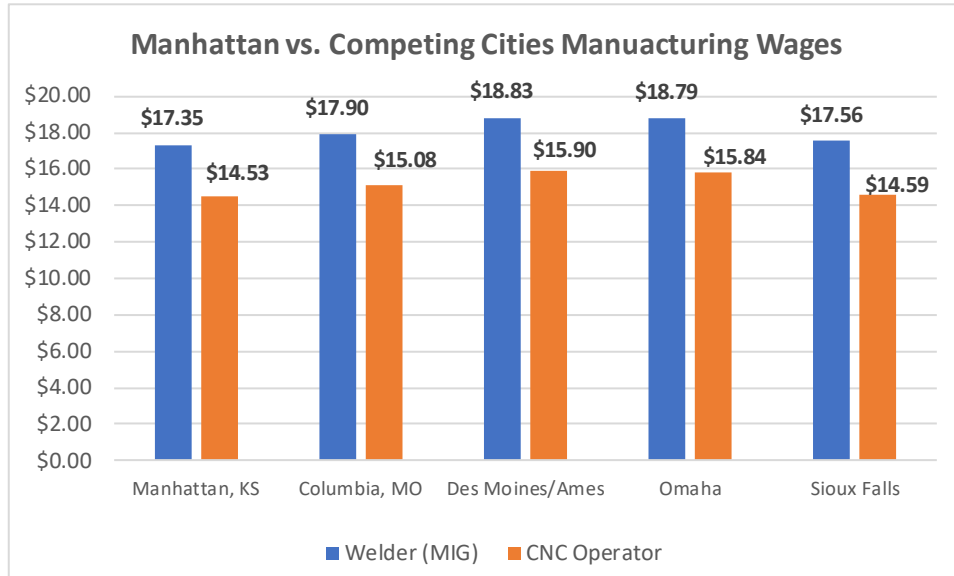
Significant wage savings can be realized by locating in Riley and Pottawatomie County. Source cities are defined as cities that are normally large employment centers that industry may leave for a variety of reasons. The cities chosen are source cities are Kansas City, Chicago, Denver, and Philadelphia (a biotechnology hub). Wages are lower than all of the source cities in all the key industry sectors with locational fits for Manhattan.³



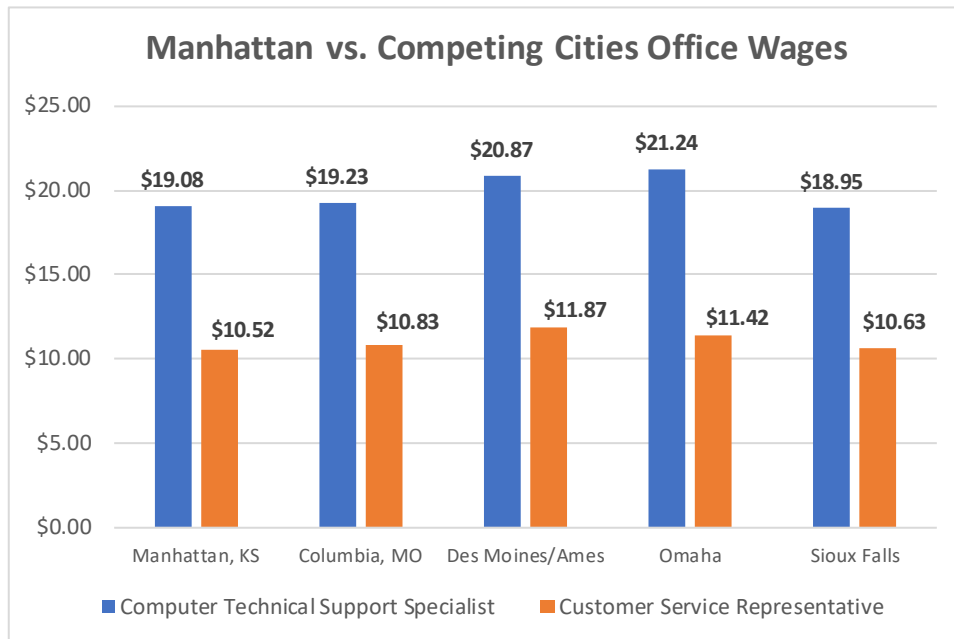
When we compare wages in manufacturing to competing cities as defined by Market Street Services in their 2017 study completed by for the Manhattan Area Chamber of

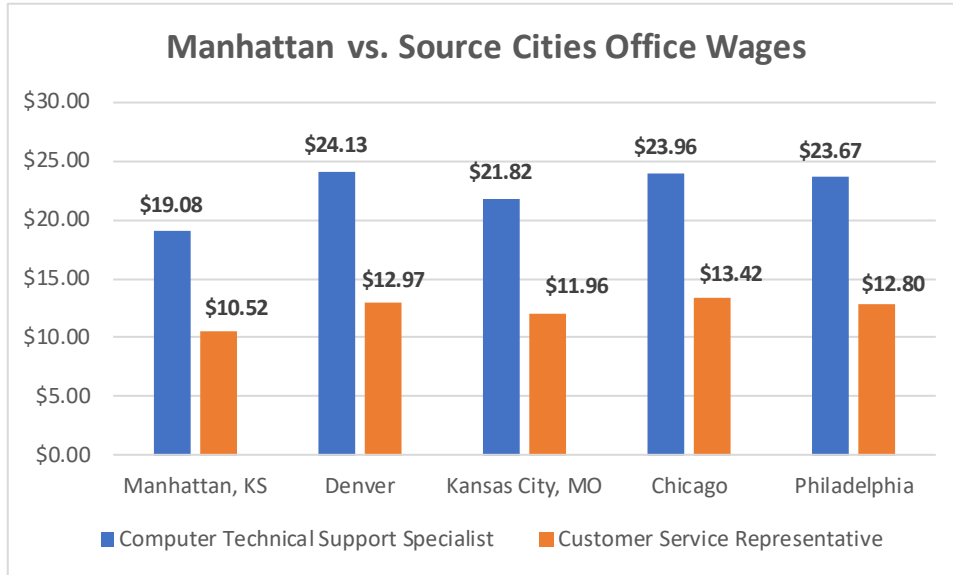
³ All wages and salaries as well as cost of living data are 4th quarter data, 2018, 1 year median wages, taken from Economic Research Institute (ERI). **ERI Economic Research Institute** was founded over 30 years ago to provide compensation applications for private and public organizations. Subscribers include corporate compensation, relocation, human resources, and other professionals, as well as independent consultants and counselors, and US and Canadian public sector administrators (including military, law enforcement, city/county, state/provincial, and federal government pay administrators).

Commerce, Manhattan also is the lowest in the analysis for welding and CNC operators. The competing cities chosen were Columbia, MO, Des Moines/Ames (Iowa State University), Omaha and Sioux Falls.



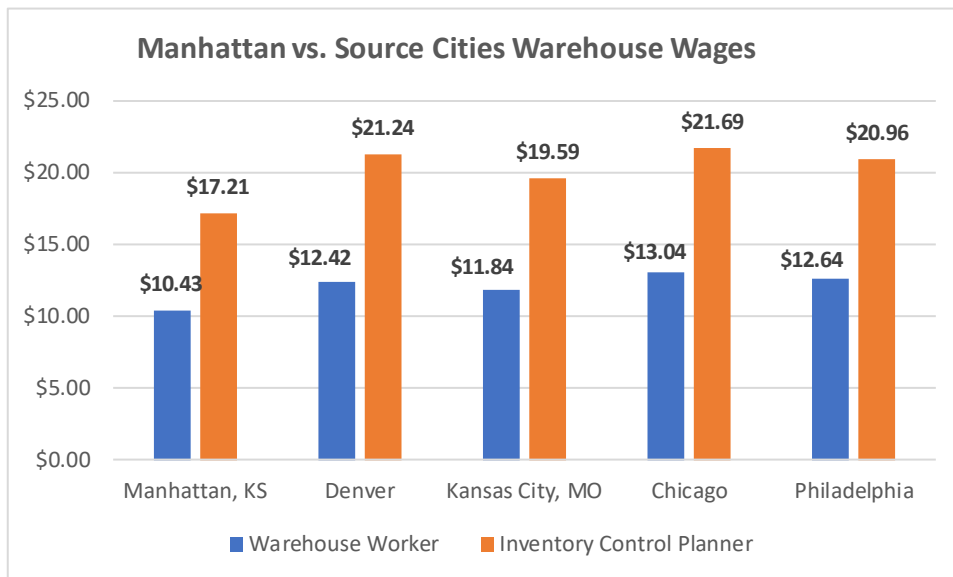
One of the key target industries for the Manhattan-Pottawatomie area was regional offices or professional services prior to COVID and the determination of the top three target industries. We compared office wages with source and competing cities and we found that Manhattan also had the lowest wages. Only Sioux Falls has similar wage structures, Columbia is also close.

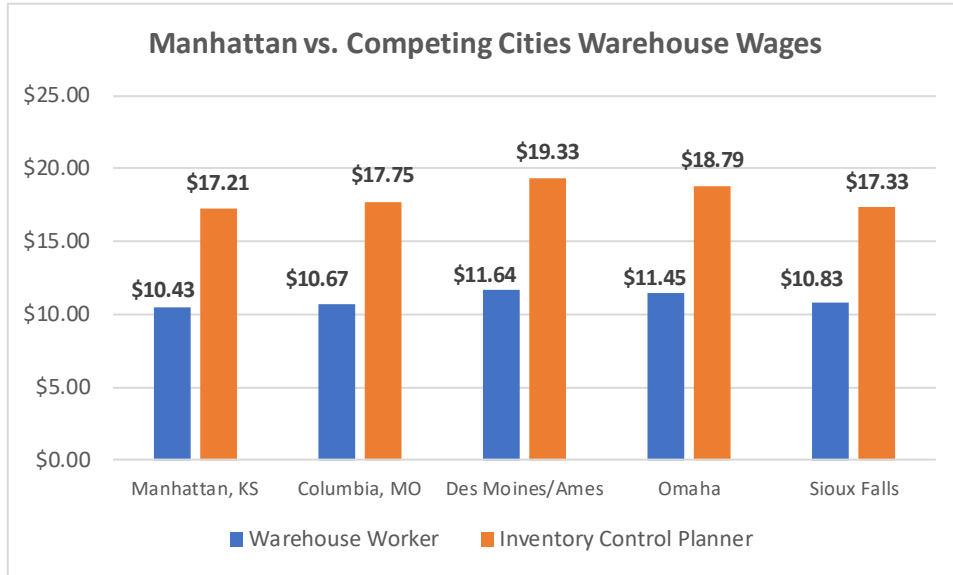




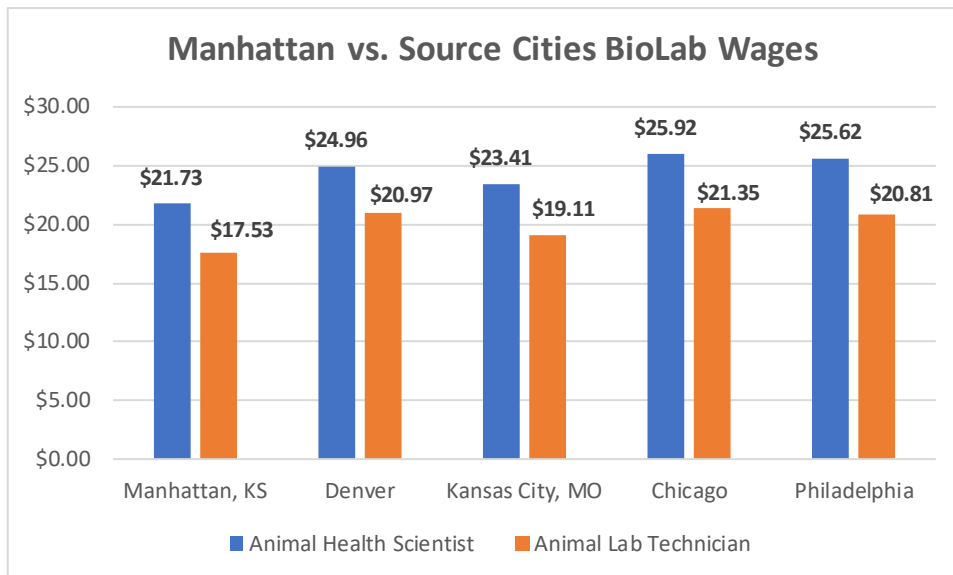
It is important to note that when compared to the major metro source cities, significant savings can be accumulated by locating in Manhattan.

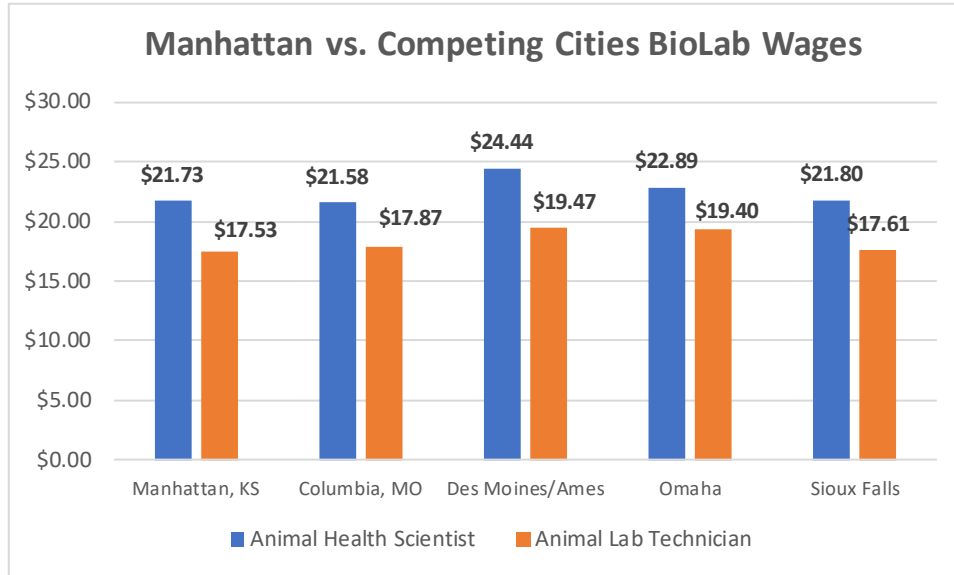
When comparing Manhattan wages for warehousing positions with source and competing cities, Manhattan again had the lowest wages.





When comparing wages and salaries in the major target area of animal science and animal health, Manhattan’s wages are still the lowest. This is an important factor as Manhattan attempts to recruit research companies in animal health, bio-security and grain science. Testimony to that is Corteva’s location in Wamego with the majority K-State graduates working there.



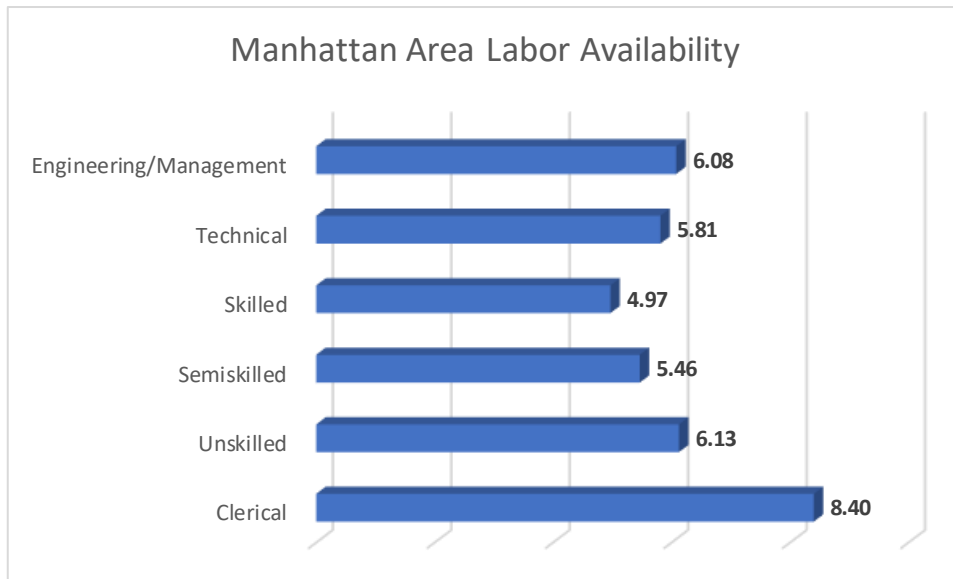


Labor Availability

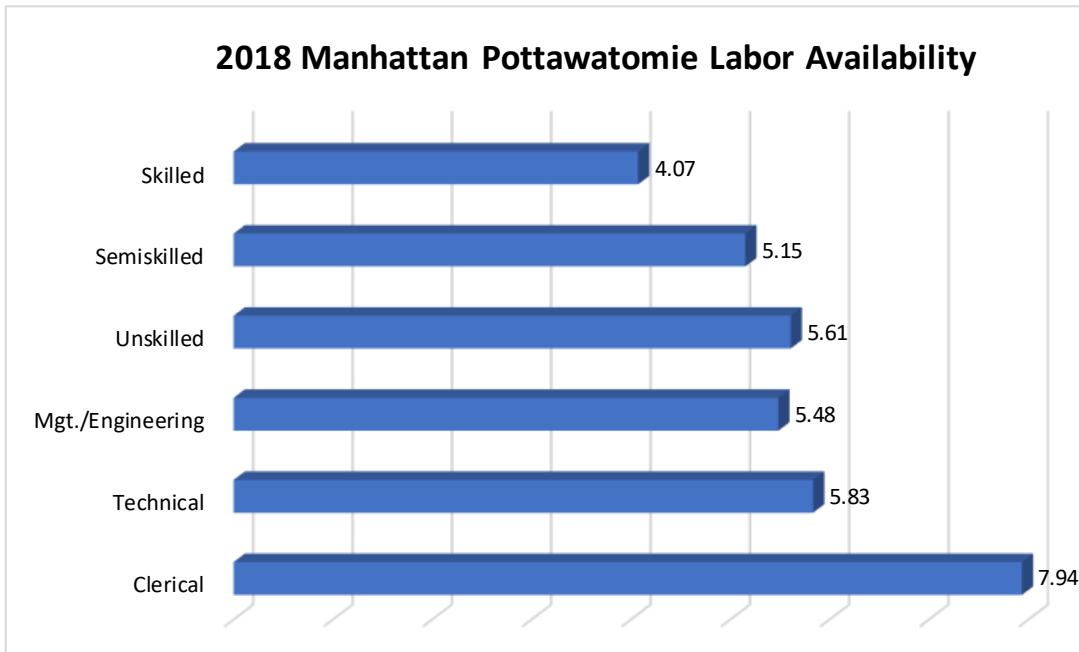
Few Strengths, Some Weaknesses

Good labor availability is essential in a company’s selection of a market for expansion. During the staff’s interviews, company officials were asked to rate labor availability. We asked employers to rate labor availability on a 1 ("very poor") to 5 ("average") to 10 ("excellent") scale. Generally, scores 3 to 4 are considered "poor to below average" and a score of 7 is "good". A score of 9 or 10 is excellent and superb. This Index is used by site selection professionals in evaluating communities. The same index was used to produce the 2015 report, so the scores can be compared.

- Skilled labor availability was almost average, especially in the area of skilled welders and maintenance mechanics. Employers also indicated that average ages of workers in manufacturing settings is often over 50 and in one case with a significant employer the average age of the entire workforce is 55.
- Semi-skilled and unskilled availability is rated average. There have been some improvements over the last six years in worker quality at less skilled positions but finding workers still remains an issue for some employers.
- For some firms looking for college graduates and using interns before they graduate, obtaining engineering research and technical skills is not an issue. The more major problems are recruiting talent from outside Kansas on the management level. Finding clerical workers or administrative support is not a problem.



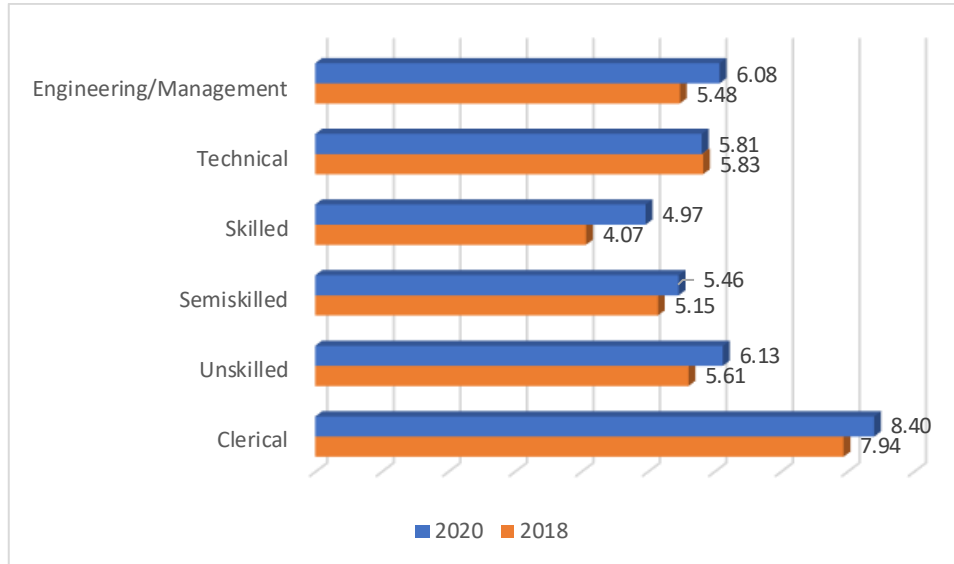
The number above reflects interviews with approximately 42 employers in all sectors (except retail) in both Manhattan and Pottawatomie County. The number of interviews was much higher in Manhattan than three years ago. Basically, this is because the labor shed is basically the same after examination of key workforce data.



As can be seen from the above chart, the labor availability compared to 2018 is slightly better, however, it must be remembered that the interviews were conducted during the

pandemic, and workers were generally anxious to get back to work. Conversely, because of travel restrictions, it became a little more difficult to bring managerial candidates to the area and recruit them.

A side by side comparison between 2020 and 2018 labor availability shows the following slight improvements:



The above charts demonstrate that availability in all categories of employees has increased marginally almost across the board. The difficulty remains in recruiting and retaining talent. Later in the report we will discuss key factors.

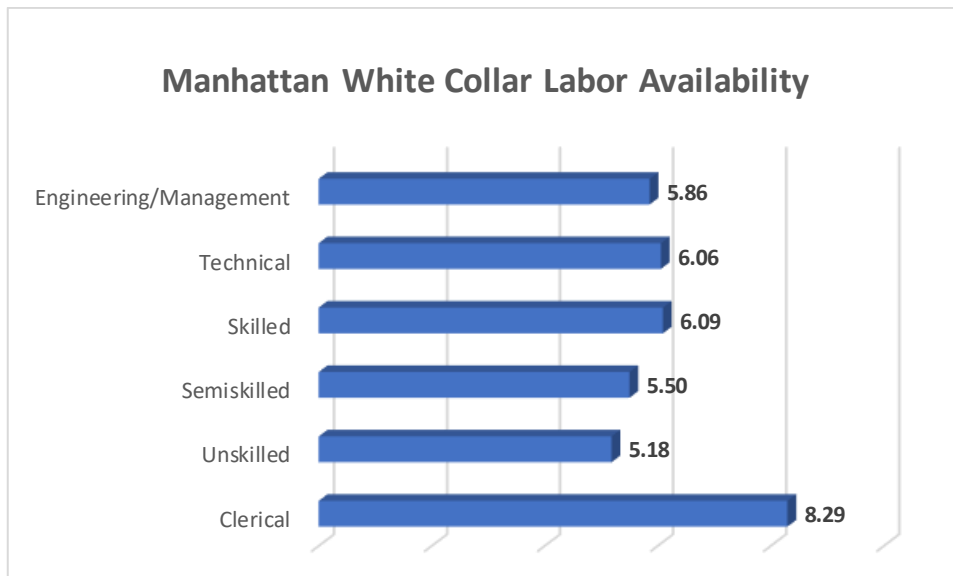
- Since Manhattan Area Technical College (MATC) does some training in manufacturing and non-manufacturing areas this is leading to some enhancements.
 - Despite efforts to enhance training at MATC, there is still considerable demand for welding, CNC operators and machinists. Most of the problems exist around the lack of state funding for the technical colleges so they have difficulty adding infrastructure and equipment. Most of this demand is in Pottawatomie County and the development of MATC-Wamego will certainly benefit high schoolers with obtaining dual credit and potentially a retrofitting of the 3rd building in Wamego could lead to the welding and CNC classes.

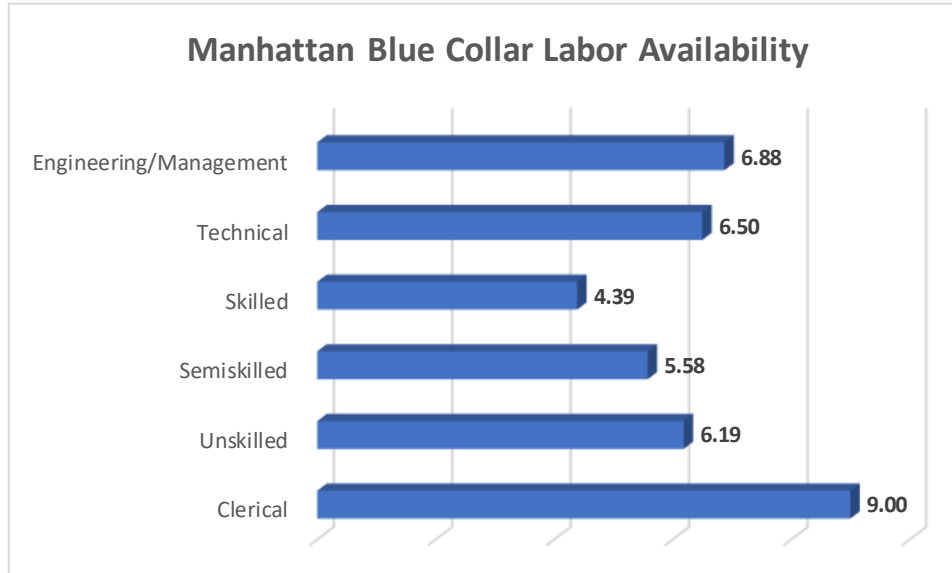
In the Silicon Valley, an impossible housing market, high tax rates, and strict regulations have made it challenging to live, work, and do business in Silicon Valley. And now, as companies are finding success with work-from-home models during the COVID-19 pandemic, many CEOs are opting to leave California in search of lower real estate prices, better tax laws, and fewer restrictions.

One state that has gained ground as a tech hub is Texas. Industry leaders such as Advanced Micro Devices and Dell already have an Austin—aka “Silicon Hills”—presence. As of November 2020, 35 companies had relocated to or opened new facilities in the Austin area in 2020 alone, according to data from the Austin Chamber of Commerce. The latest to announce locations have been Oracle, Hewlett Packard and Tesla.

- There is a strong attempt to deal with major workforce shortages in the future by emphasizing assessments such as Work Keys and the initiative by Pottawatomie County to be a Certified Work Ready County through ACT. This will ensure a talent pipeline from the school into the workforce and for the ability to stack credentials. Pottawatomie County has achieved Work Ready Status in late 2016 and in early 2018 received Maintenance Status, Double Maintenance in 2019, 3X Maintenance in 2020, and late in 2020 4X Maintenance to become only the second county in the nation to achieve that status out of 500 counties participating in the Work Ready program. Meanwhile, the Work Keys scores have risen dramatically across the board, with three high schools having over 50% of their students achieve gold or platinum status, which means that they have the cognitive and foundational skills for over 90% of the jobs in the nation. Credit needs to be given partially to Wamego High School Counselor Jina Kugler who has positioned the Work Keys scores as a key determinant in developing Individual Plans of Studies for each student’s career pathway.

In addition, we categorized the industry by office/service vs. manufacturing/construction or white collar vs. blue collar.





As can be seen from the charts, blue-collar industries are having a little more difficulty hiring skilled, semiskilled, and unskilled than office/service companies. This is to be expected with nationwide shortages in skilled workers in manufacturing. The ability to recruit engineers and technicians with construction and manufacturing is not as much an issue.

Labor Quality (Characteristics)

Strengths

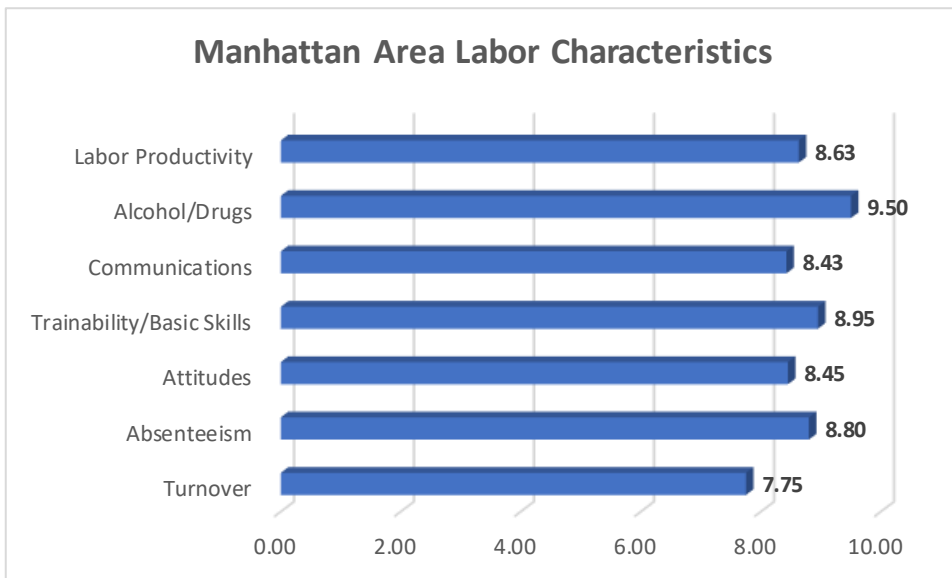
The quality of the workforce is critically important to a company looking at a new location. Good quality workers will be essential to the success of any project. Through interviews we were able to determine labor quality in the Manhattan-Pottawatomie County area.

We asked employers to rank select factors on the one to ten scale. We created an Index from these scores. We use the same factors in all our labor analysis, to get an “apples to apples” comparison of communities in different regions. Factors included:

- Quality – overall composite of all scores.
- Turnover
- Absenteeism
- Attitudes – on-the-job
- Trainability – employees’ response to training
- Basic skills – math, English, grammar, etc. of new hires.
- Communications – Employer/employee and employer/employee on-the-job.

- Alcohol/drugs – Perceived situation
- Productivity – Employer’s measure
- Accuracy- Employer's measure

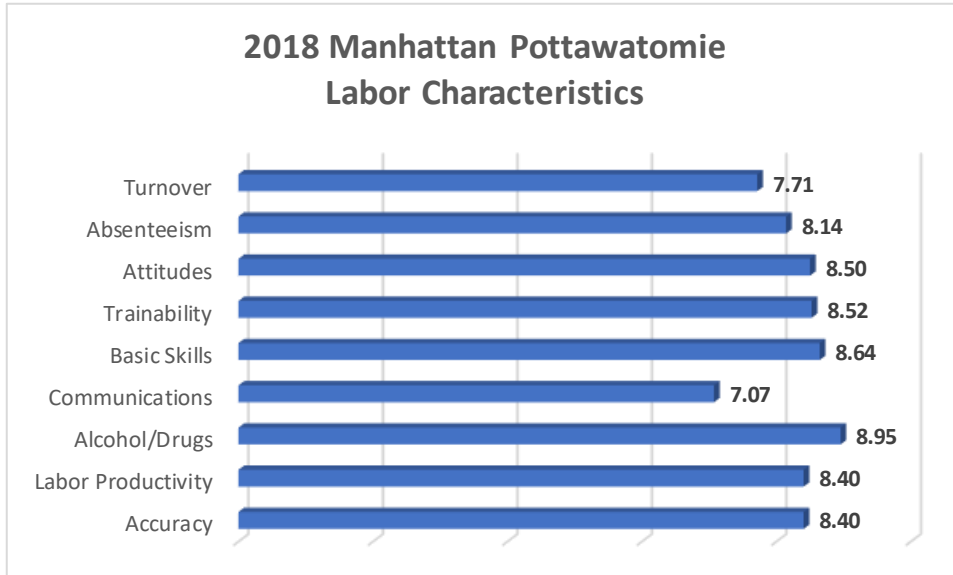
Generally, scores of 5 to 6 are “high average”; 6 to 7 are “above average”; 7 to 8 are “good”; 8 to 9 are “very good” and 9 and over are “excellent”. The following graph gives an indication of the qualities of the workforce in 2020 in the Manhattan-Pottawatomie County area.



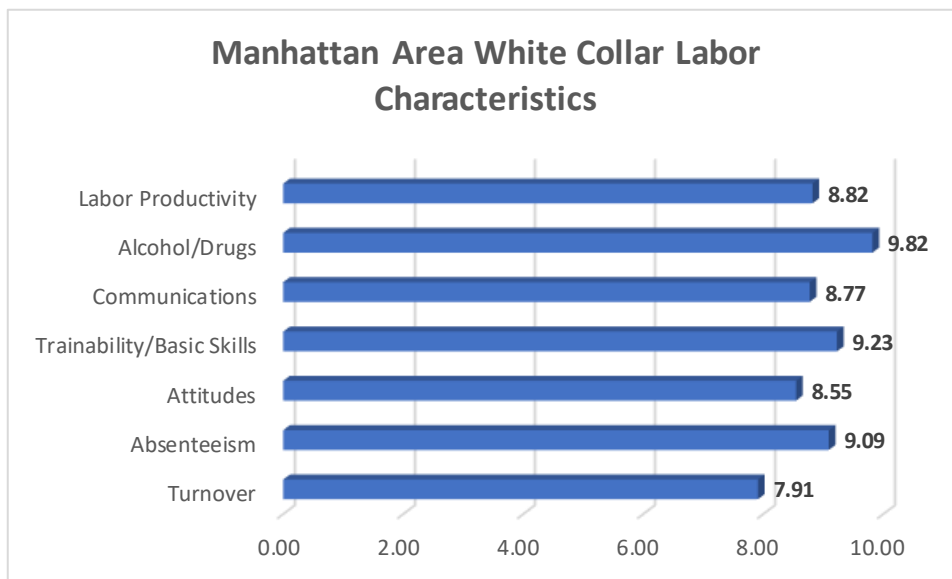
- **Overall labor quality was rated good to very good in 2020**, with some turnover occurring because of COVID related issues, such as some seeking new employment during furloughs.

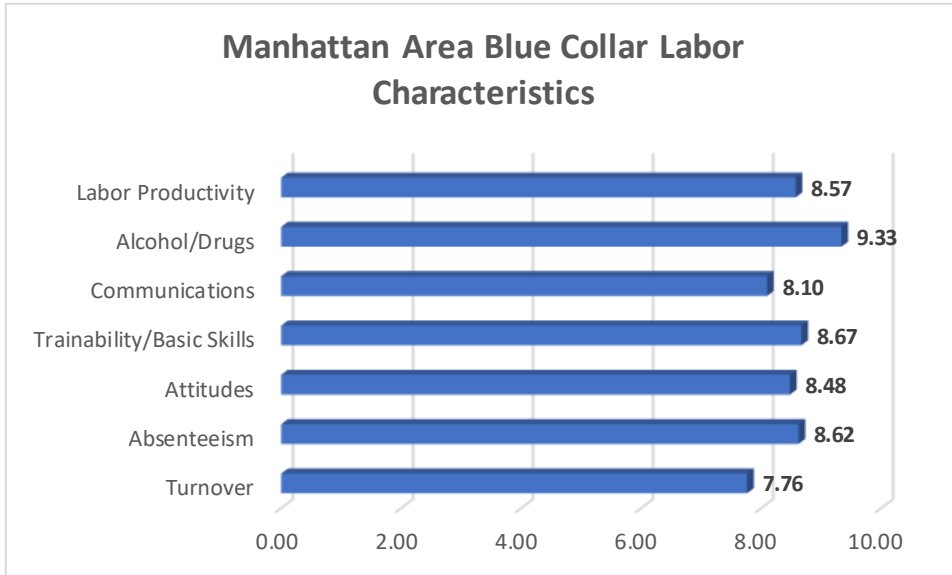
Communications was also rated fairly good, and actually better than in 2018. This is an important factor because the tendency of employers is that the millennials present communication issues. Unionized communities normally have lower scores in communications than non-union communities.

In 2018, the scores/ratings were similar except for communications: (also we eliminated the factor of accuracy and combined basic skills and training)



In addition, we categorized the industry by office/service vs. manufacturing/construction or white collar vs. blue collar





These characteristics are generally higher than other areas of the United States that this consultant in which conducted similar assessments including, California, Texas, New Mexico and Arizona. The ratings can be similar in the Dakotas, depending upon the community. The pandemic has caused issues in the workforce and human resource managers have been feeling the impact. Uncertainty of work, pay, benefits and general depression has been prevalent, although less likely with construction companies. A few firms have been impacted by closely monitored corporate headquarter policy which may often impact the output. Considering all of these factors, the Manhattan workforce’s scores in labor productivity and attitudes are solid which demonstrates the high quality of the workers.

Commuting

Strength

A strength of the Manhattan area is the ability for workforce to live within 30 miles of the city and be able to commute relatively easily with Highways 24 &18 providing excellent access in and out of the city. Indicative of that is the number or percentage of workers that do not live in the city of Manhattan.

The below data is taken from the program known as On the Map with a three-year gap:

Inflow/Outflow Report

Selection Area Labor Market Size (Private Primary Jobs)

	2018	
	Count	Share
Employed in the Selection Area	18,729	100.0%
Living in the Selection Area	12,408	66.3%

Net Job Inflow (+) or Outflow (-)	6,321	-
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In-Area Labor Force Efficiency (Private Primary Jobs)

	2018	
	Count	Share
Living in the Selection Area	12,408	100.0%
Living and Employed in the Selection Area	6,636	53.5%
Living in the Selection Area but Employed Outside	5,772	46.5%

In-Area Employment Efficiency (Private Primary Jobs)

	2018	
	Count	Share
Employed in the Selection Area	18,729	100.0%
Employed and Living in the Selection Area	6,636	35.4%
Employed in the Selection Area but Living Outside	12,093	64.6%

Outflow Job Characteristics (Private Primary Jobs)

	2018	
	Count	Share
External Jobs Filled by Residents	5,772	100.0%
Workers Aged 29 or younger	2,096	36.3%
Workers Aged 30 to 54	2,521	43.7%
Workers Aged 55 or older	1,155	20.0%
Workers Earning \$1,250 per month or less	1,543	26.7%
Workers Earning \$1,251 to \$3,333 per month	2,292	39.7%
Workers Earning More than \$3,333 per month	1,937	33.6%
Workers in the "Goods Producing" Industry Class	1,055	18.3%
Workers in the "Trade, Transportation, and Utilities" Industry Class	1,813	31.4%
Workers in the "All Other Services" Industry Class	2,904	50.3%

Inflow Job Characteristics (Private Primary Jobs)

	2018	
	Count	Share
Internal Jobs Filled by Outside Workers	12,093	100.0%
Workers Aged 29 or younger	4,842	40.0%
Workers Aged 30 to 54	5,077	42.0%
Workers Aged 55 or older	2,174	18.0%
Workers Earning \$1,250 per month or less	3,970	32.8%
Workers Earning \$1,251 to \$3,333 per month	4,425	36.6%
Workers Earning More than \$3,333 per month	3,698	30.6%
Workers in the "Goods Producing" Industry Class	1,772	14.7%
Workers in the "Trade, Transportation, and Utilities" Industry Class	2,633	21.8%
Workers in the "All Other Services" Industry Class	7,688	63.6%

Interior Flow Job Characteristics (Private Primary Jobs)

	2018	
	Count	Share
Internal Jobs Filled by Residents	6,636	100.0%

Workers Aged 29 or younger	2,672	40.3%
Workers Aged 30 to 54	2,721	41.0%
Workers Aged 55 or older	1,243	18.7%
Workers Earning \$1,250 per month or less	2,022	30.5%
Workers Earning \$1,251 to \$3,333 per month	2,540	38.3%
Workers Earning More than \$3,333 per month	2,074	31.3%
Workers in the "Goods Producing" Industry Class	882	13.3%

The above report is called an Inflow-Outflow report and indicates that close to 12,000 commutes into Manhattan daily. It also shows that the city of Manhattan has a net inflow of workers of over 6300 workers.

A look at where the workers are coming from doesn't indicate much because areas like Blue Township are unincorporated.

A look at Pottawatomie County's Inflow Outflow only shows as outflow of 560.

Looking further into the data, Workers in the goods producing industry are relatively high in Pottawatomie County with 38% in the Inflow workers and 34% in the Interior flow workers. Conversely, only 13.4% leave the county to work in the goods producing industry. The rationale for the small amount of flow is due to the significant number of workers at value added companies like Caterpillar, R Tech Tool and Machine, GTM, Manko Windows, Custom Wood Products, Onyx and others. It also signifies that Pottawatomie County's workforce is still largely skilled and semiskilled.

Where Workers Live Who are Employed in Manhattan			
Total Private Primary Jobs			
	2018		
	Count	Share	
Total Private Primary Jobs	18,729	100.0%	
Jobs Counts by Places (Cities, CDPs, etc.) Where Workers Live - Private Primary Jobs			
	2018		
	Count	Share	
Manhattan city, KS	6,636	35.4%	
Junction City city, KS	739	3.9%	
Wichita city, KS	603	3.2%	
Topeka city, KS	452	2.4%	
Wamego city, KS	422	2.3%	
Salina city, KS	366	2.0%	

Overland Park city, KS	274	1.5%		
Lawrence city, KS	239	1.3%		
Olathe city, KS	193	1.0%		
Ogden city, KS	184	1.0%		
All Other Locations	8,621	46.0%		

A look at the data doesn't shed any light on the amount of people coming from Pottawatomie County. Looking at the data by county it reveals the following:

Where Manhattan Workers Live By County		
Total Private Primary Jobs		
	2018	
	Count	Share
Total Private Primary Jobs	18,729	100.0%
Jobs Counts by Counties Where Workers Live - Private Primary Jobs		
	2018	
	Count	Share
Riley County, KS	8,002	42.7%
Pottawatomie County, KS	2,337	12.5%
Geary County, KS	998	5.3%
Johnson County, KS	883	4.7%
Sedgwick County, KS	788	4.2%
Shawnee County, KS	628	3.4%
Saline County, KS	429	2.3%
Douglas County, KS	286	1.5%
Dickinson County, KS	252	1.3%
Wabaunsee County, KS	237	1.3%
All Other Locations	3,889	20.8%

A look at where Pottawatomie County residents work indicates that still the county is heavily dependent on Manhattan since close to 30% of the workforce are employed in the city of Manhattan. This number should increase with more housing being developed in Pottawatomie County near Manhattan and hiring taking place near the university. However, over the last three years, the percentage has actually decreased from 36% to 30%. This could be due to layoffs with McCall Avenue area companies and KSU, and hiring at Caterpillar, Onyx, and firms in St. Marys.

Where Pott County Workers are Employed		

Total Private Primary Jobs		
	2018	
	Count	Share
Total Private Primary Jobs	7,964	100.0%
Jobs Counts by Places (Cities, CDPs, etc.) Where Workers are Employed - Private Primary Jobs		
	2018	
	Count	Share
Manhattan city, KS	2,337	29.3%
Wamego city, KS	887	11.1%
Topeka city, KS	668	8.4%
St. Marys city, KS	461	5.8%
Belvue city, KS	267	3.4%
Wichita city, KS	187	2.3%
Onaga city, KS	181	2.3%
Salina city, KS	102	1.3%
Junction City city, KS	92	1.2%
Emporia city, KS	91	1.1%
All Other Locations	2,691	33.8%

In all, commuting in and out of Manhattan and Wamego is fairly fluid with improvements on Highway 24 coming as well as construction projects ending on Fort Riley Boulevard. Other projects on Bluemont-Anderson Avenue and Kimball helps the flow even more.

Relocation Issues

Some Weaknesses

Some quality of life issues is such a problem that they greatly impact relocation issues and attracting talent. Recruiters in many firms in the Manhattan area are expressing strong concerns that issues such as available employment opportunities for spouses of talented professionals are hindering their organizations. Therefore, we closely analyzed these critical relocation issues and asked key employers questions and had discussions regarding the issues. The following questions how difficult it is to attract individuals from outside Kansas and those from Kansas. Also, does the lack of diversity or diverse cultures inside Manhattan impact recruitment? In 2018 we charted these results, but with the advent of COVID-19, it was difficult to rate these issues. We basically found some of the same issues:

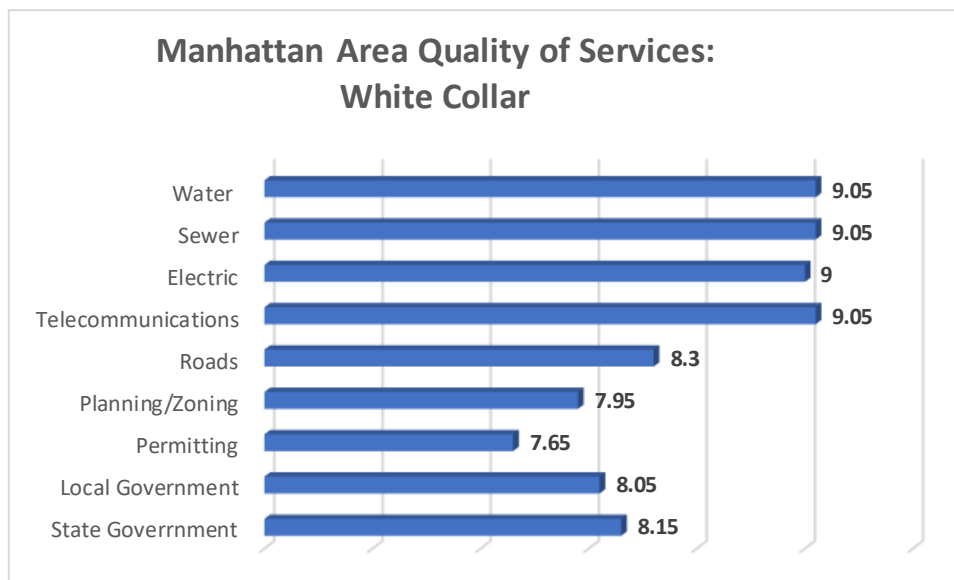
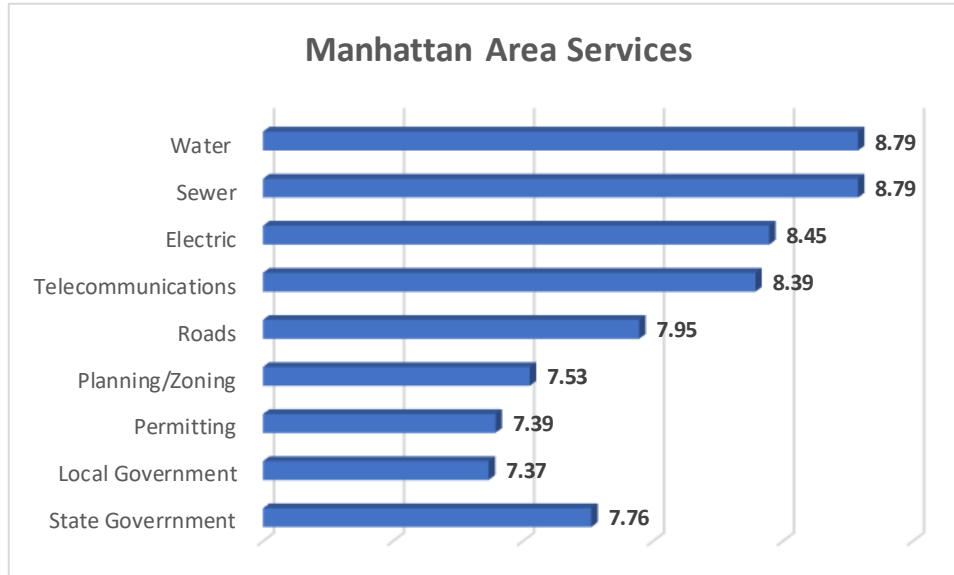
- Recruiting Kansas State graduates and those from inside the state do not appear to be difficult. This is mostly due to the fact that those individuals are more familiar with Manhattan than those not from the state.
- Over the last few years, human resources feel as if the cost of quality 2 or 3-bedroom homes has increased substantially and is impacting the ability to recruit engineers, professionals, scientists and middle management. Child care, by itself, does not normally prevent a relocation but it does cause problems with recently relocated professional families.
- One of the bigger issues in recruiting scientists, engineers and physicians is the lack of diversity and diverse cultures and amenities for people from international backgrounds and non-Kansan cultures (such as Hispanic American and Afro-American). Meanwhile, the Manhattan Area Chamber is starting a talent recruitment program.
- Another issue which concerns human resource managers is finding employment for the spouses of managers, professionals, engineers that they are attempting to recruit. A closer look later after all the interviews were conducted found out that this issue only comes up once a year with major employers in Manhattan. The Human Resource Management Network is exploring a pilot program for trailing spouse resumes.

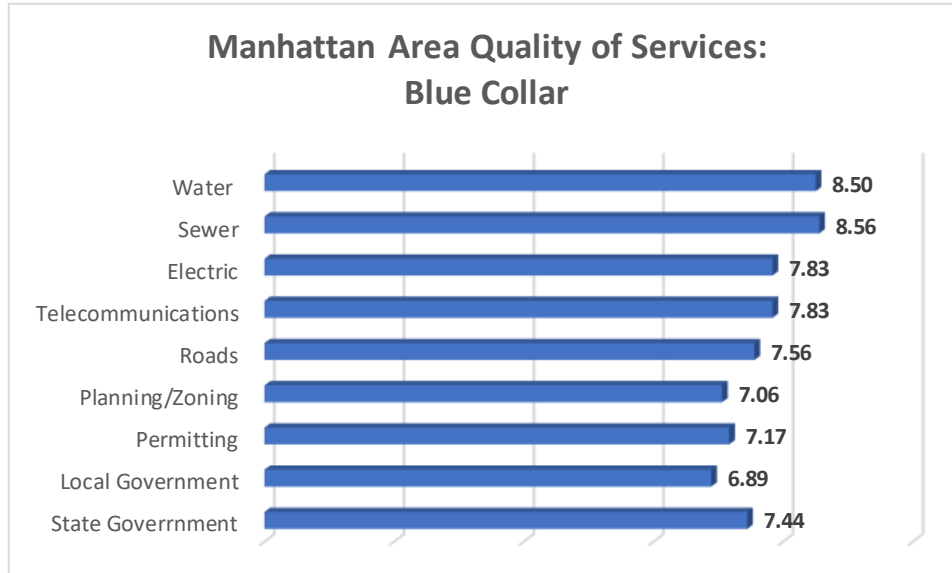
Site Selection Quality of Service Factors

Strengths

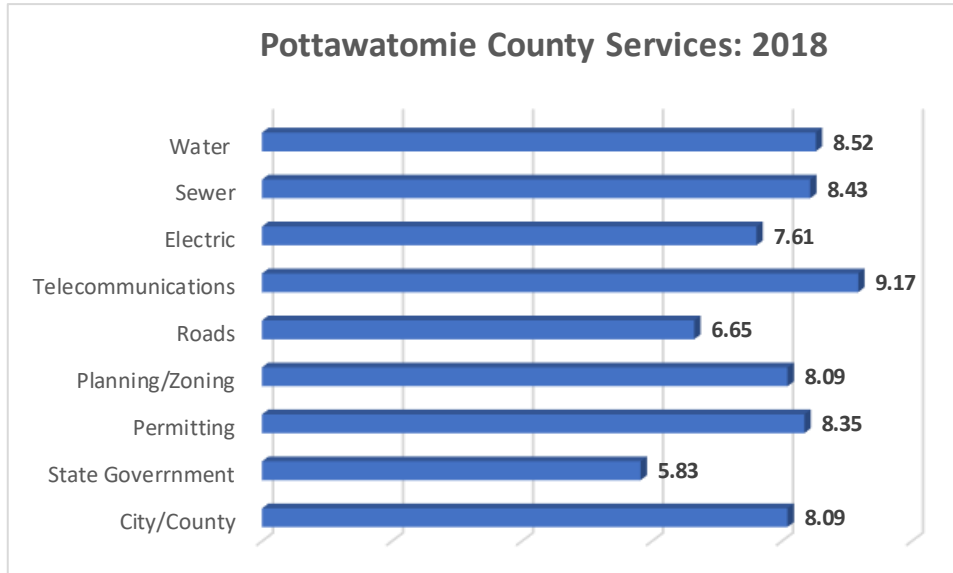
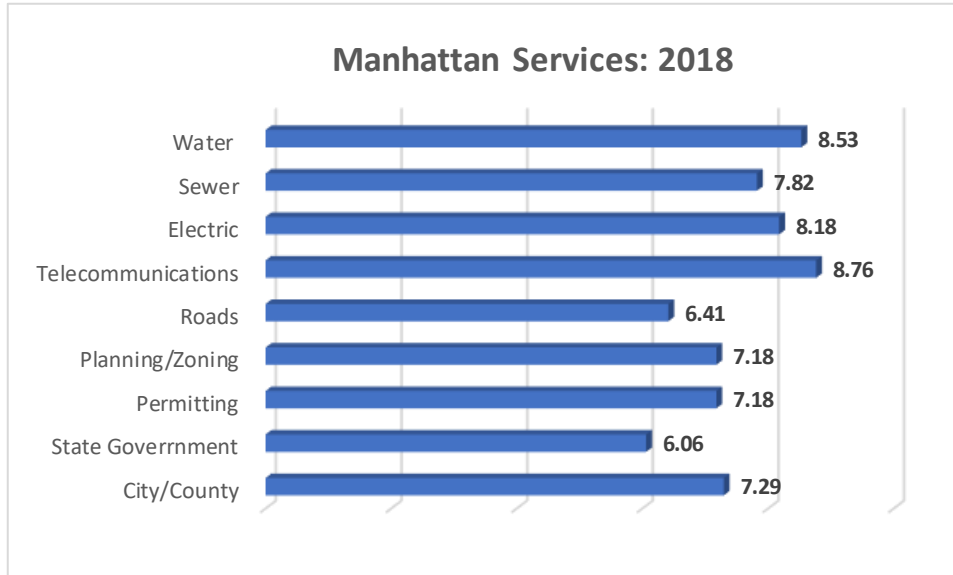
Key site selection factors, such as water, sewer, electric/gas and telecommunications are considered critical, not only as site selection factors. Employers rated the factors separately if their business was in Manhattan or Pottawatomie County. If the business was located in Wamego, St. Marys, Westmoreland or Onaga they rated both the county and the city where their company was based, but we did not differentiate in the scoring. There were no large differences between companies with white collar workers and blue collar based employment.

The scores were generally similar:





- There were very few concerns about services expressed by employers as all of them scored above 6 with all factors getting above average ratings. Just as in 2014 and 2018, there were concerns about gravel roads in Pottawatomie County.
- The scores for water, sewer and telecommunications were rated very good to excellent generally.
- A few firms in Manhattan thought that the permitting take a little long and the process was cumbersome.
- There was construction taking place throughout Manhattan which generally impacts the road scores, like 2018, but did not impact the scores in 2020.
- Generally, the scores improved from 2014 when Manhattan and Pottawatomie County were lumped together.



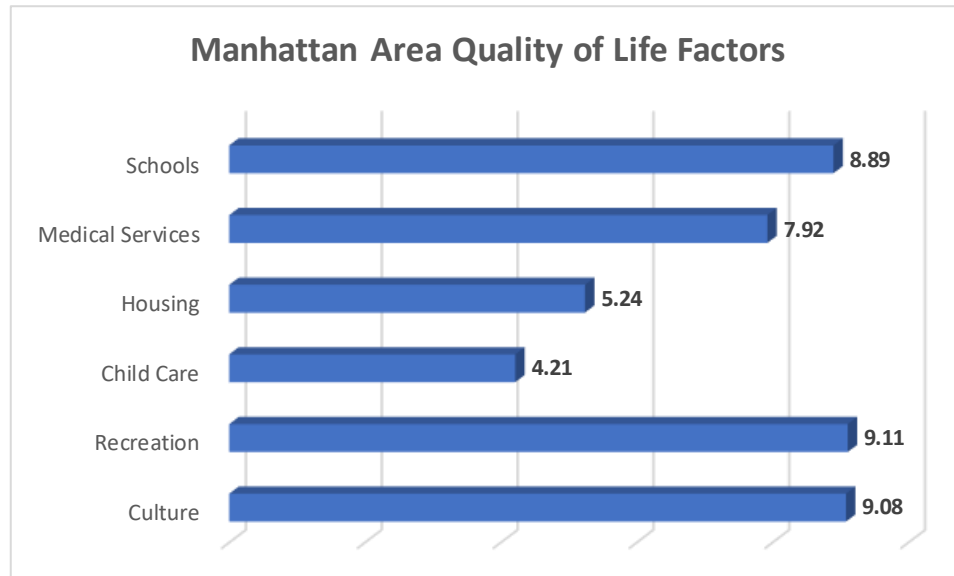
Although, not factoring into the ratings, there is still concern over planning on the west side of Pottawatomie County and in the future cost of water and sewer.

Another issue discussed are the lack of industrial and commercial sites along Highway 24, although it was hoped that this would be addressed in the county comprehensive plan.

The Industrial Commerce Route in Wamego's construction was taking place during the interviews, and it had positive response in Wamego.

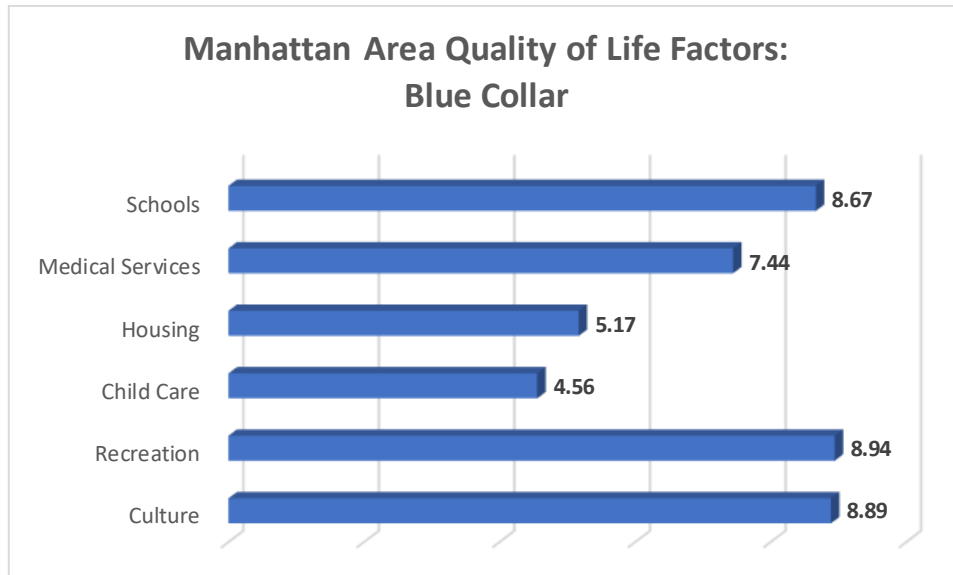
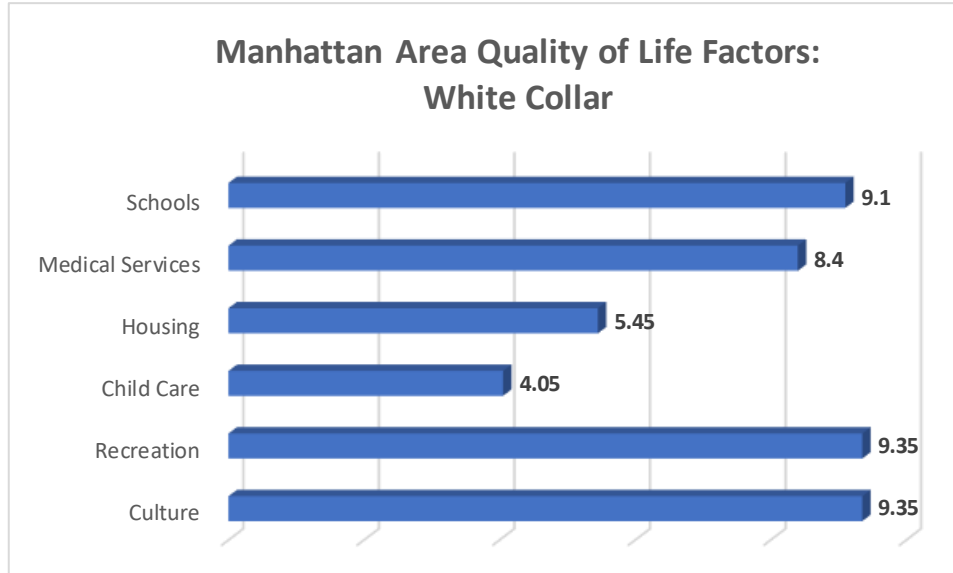
Quality of Life***Mostly Strengths, Some Weaknesses***

Quality of life issues are important especially regarding the relocation of employees for a new or expanded business, as well as sustaining current workforce and attracting young people to come to a community. Above we addressed how a few factors are impacting key employers that depend on recruitment of managers and professionals. Here we ask all 42 employers' general quality of life questions.



- As previously stated, **child care and housing are major issues that impact most employers**. A few even stated that they have employees that cannot find homes, except to rent. Manhattan employers talked about “how expensive” child care is, and several Pottawatomie County employers mentioned the lack of availability of child care in rural areas. With COVID, this has become an even greater issue, because if one employee tests positive, then the child care facility needs to close for 10 days. Therefore, parents may not have a home or facility to place their children while they work and often must stay home.
- **Recreation and cultural activities are abundant** in the region with fishing, hunting, camping and other activities, as well as activities at KSU and the Columbia Theater in Wamego.
- **The schools are highly rated across the board** as well as medical services, however, Manhattan employers, and often human resource managers, believe the high school is too large. Wamego employers are very appreciative of the walk-in

service and the clinic in their community. The addition of the clinics on the east side of Manhattan has been a welcome addition for enhanced choice.



Cost of Living

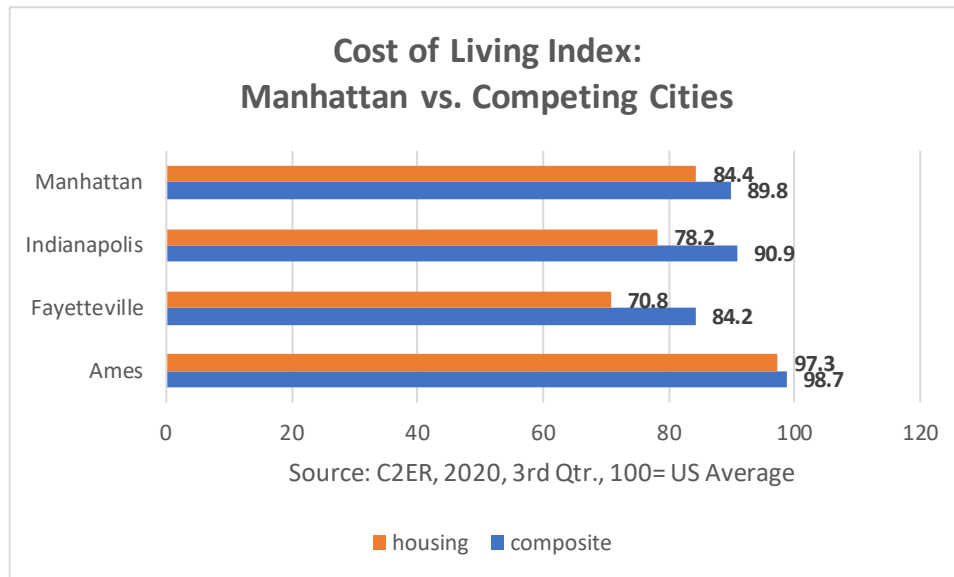
Strengths & Weaknesses

Relocation is a site location factor of growing importance. If key employees refuse to take a move, the site selection project may be a failure.

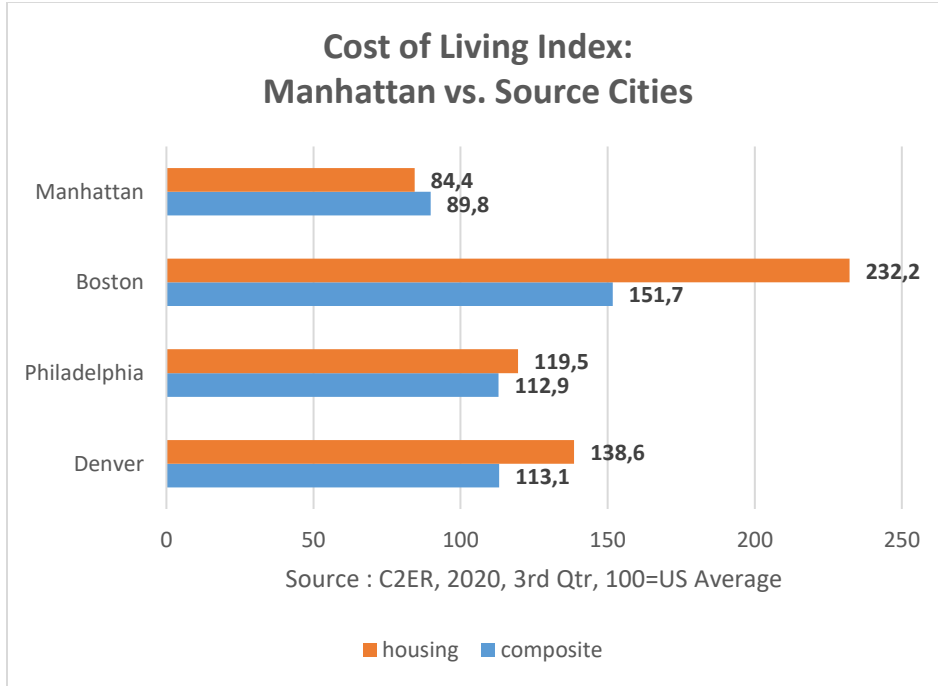
- Generally, Manhattan and Pottawatomie County is perceived as a desirable relocation destination. Not only does it have a top-flight university and high

quality of life, but, it has a great of amenities and liveable smaller communities within 15-25 miles giving managers and executives alternatives in living styles.

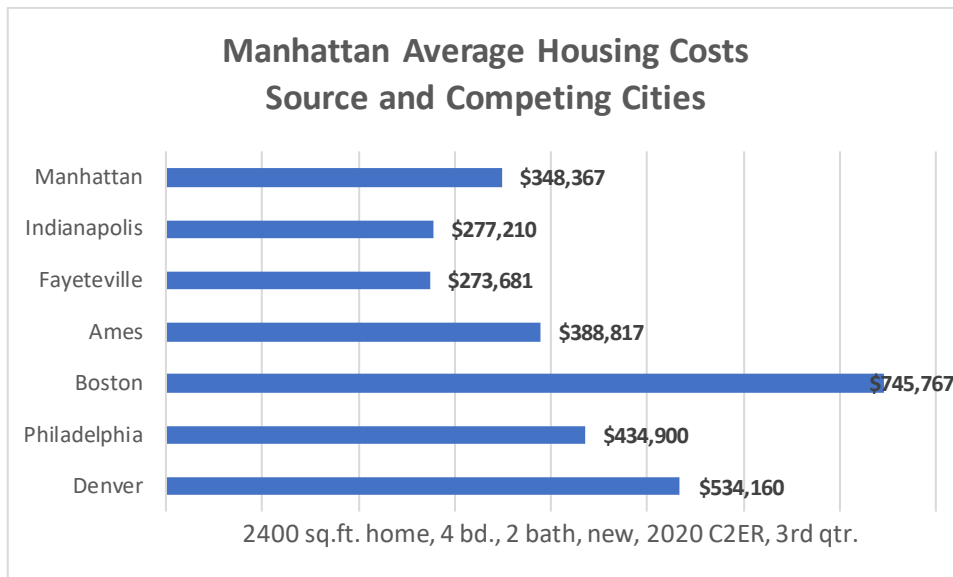
- **Some competing communities have a lower cost of living according to the C2ER which produces the Cost of Living Index.** A higher cost of living in Manhattan can affect future relocation decisions. Competing communities are those that were used for comparison purposes in the Greater Manhattan Project (Fayetteville and Ames) and Indianapolis, which competed with Kansas City and Manhattan on a recent project.



- However, Manhattan competes well with source cities which have headquarters and facilities of major target industries such as animal health and bio-sciences, such as Philadelphia, Boston and Denver.



Usually, housing costs are a determining factor with relocation, and a direct comparison with source and competing cities shows the following:



Most Challenging Relocation Needs for Companies Nationwide

- Controlling relocation costs
- Overcoming employee resistance to move particularly to less desirable areas.
- Balancing transferee needs with company trends to cut budgets.
- Moving employees to high cost areas.
- Disposing of inventoried homes.
- Handling relocations following a merger.
- Dealing with legal issues
- Handling a group move
- Finding employment for relocating spouse.
- Overcoming delays
- Relocating minorities and handling diversity issues.
- New federal taxes eliminating deductibility of moving household goods
- Emerging technologies to work remotely

CRITICAL ISSUES AND THREATS FACING THE MANHATTAN POTTAWATOMIE COUNTY AREA

Some of the same issues that resonated four years ago are prevalent today.

Labor Related

- **The resistance to blue-collar training of the young** is leading to large shortages in skilled trade workers and a potential crisis in a few years given the average age of the skilled workforce. This is kicking in with employers actually turning down work because they can't find enough workforce. This has actually improved over the last five years because certain school districts are encouraging career paths rather than academic reliance.
- **Employing military spouses and young Kansas State University graduates and interns is a plus** in relation to the recruitment of new workers and managers. However, employers generally don't understand the vehicles that are available to them such as Soldier for Life and the KSU Career Center.

Education and Training Related

- **The technical colleges needed to enhance its programming and increase the number of students from the region entering the college programs, however, state budget problems greatly impacted the delivery of programs.**

- **Work Keys is implemented in all school districts which gives students the ability to assess the cognitive and foundational skills of students. It has been in Pottawatomie County with over 1000 tested with ACT certifying Pottawatomie County as Work Ready. There is now testing in Riley County because of the Kansas Department of Education funding, as well as at Kansas Works.**
- **The community needed to address the lack of skill training in mechanics, machine repair, machine tooling, CNC and PLC programming and other trade, and seek funding for the technical colleges. The new Wamego Center for Manhattan Tech is a big addition to Pottawatomie County and should heighten interest in skilled trades.**
- The Pottawatomie County school districts are able to project whether their students will attend 4 year, 2 year, technical colleges or the military, or simply get employment after high school. This is a big help for economic development organizations attempt to project labor force availability in the future.
- **Strong work/career/school exchange programs are being implemented** in order to ensure that very young people understand the world of work before they enter high school. The Classroom to Careers program is an example of this as well as Peer Chamber in Wamego and soon at Rock Creek.

Infrastructure Related

- **A major concern in both counties has been over funding over industrial sites. A private sector funded site near Manhattan is close to being ready with the proper infrastructure but the property needs to be incentivized for companies to locate there.**
- There are a few possible sites near Wamego that can be used for manufacturing, but **drainage issues make the cost prohibitive unless the city and county can enter into a private-public partnership with PCEDC.** COVID has slowed these discussions.
- The Manhattan Business Park only has a few lots left, but, the **city's new sales tax** may make it possible for the city to plan for a new industrial site near the airport.
- The Pottawatomie County Comprehensive Plan helps to determine where infrastructure needs to be developed in the county, especially in Blue Township. Furthermore, the plan helps determine which areas need to be protected.

- **Even though, more of quality of life issue, housing is becoming a site selection factor.** More high-level planning needs to be developed to address short and long-term needs of workers and managers.
- **Every now has the capacity to offer economic development board training and municipal official training through a consultant contract it has that is available virtually. All economic development officials need to access that training which will help elected officials understand the intricacies of economic development and its benefits vs. costs.**
- **The new \$30 million Immaculata in St. Marys should attract more residents,** who buy homes and rent apartments increasing demand on the eastern side of Pottawatomie County, and into Shawnee County. More diversified housing will be needed and PCEDC and the Topeka are working on an Economic Impact Analysis for the Immaculata's impact on the economy.