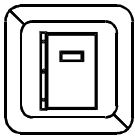

*Discover if your economy is growing or declining,
what is causing this to happen, and
how to improve the standard of living for the people
who live and work in your community.*

Economic Development Services - 2007



**Economic
Studies**



**Economic
Presentations**



**Presenter
William H. Fruth**



**POLICOM
Clients**



**Fee
Schedule**

POLICOM CORPORATION

*Communities which have a diversified economic base will be
better able to cope with economic downturns...
preserving the “quality of life” for their residents.*

- William H. Fruth

POLICOM is an independent economic research firm specializing in studying local economies.

From its analysis, it determines if an area is growing or declining, what is causing this to happen, and offers ideas and solutions to maintain or improve the situation.

By using POLICOM’s studies, community and government leaders gain a unique insight as to the condition of their local economy. By implementing POLICOM’s recommendations, the area will have an opportunity to enhance the local economy and improve the standard of living for all the residents in the area. Businesses will flourish, government revenue will increase, and the overall “standard of living” for the residents will improve.

POLICOM has created studies for communities throughout the United States. Its President, William H. Fruth, has created more than 150 economic studies, analyzed the data for more than 600 local economies, and has given economic presentations to state associations and communities in 31 states over the last seven years.

The following describes the studies offered by POLICOM.

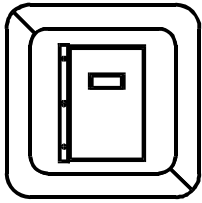
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Economic Studies

POLICOM's economic studies for communities determine the condition of the local economy, how it compares to the rest of the nation, and provides a roadmap to follow to improve or maintain the size and quality of a local economy.

Historical, Comparative Economic Analysis

Discover the true essence of your local economy, is it growing or declining, and what is causing this to happen. The analysis presents a 25-year economic history of the study area, visually and numerically, so you can quickly understand where the economy was in the past, where it is today, and how it compares to the rest of the nation.

Economic Development Goal Setting Study

Don't let chance determine your area's economic future. Set an economic goal with annual employment and wage milestones, which, when achieved, will increase the size and improve the quality of your economy.

Target Industry Study

Every economic development organization has limited time and financial resources. Focus on those industries, which are most likely to locate to or expand in your area which will help you achieve your economic goal.

Business Incentives Qualification Program

By having a system in place to pre-qualify a company for potential incentives, economic developers can negotiate with clients in good faith.

Economic Development Plan of Action

Create a step-by-step plan of action, which will help your community reach its economic goal.

Economic Development Performance Evaluation

Now, an independent third party can determine if you met your economic development milestone.

Specialty Studies

POLICOM creates specialty studies for communities and state associations which address specific needs for the area.

Historical, Comparative Economic Analysis

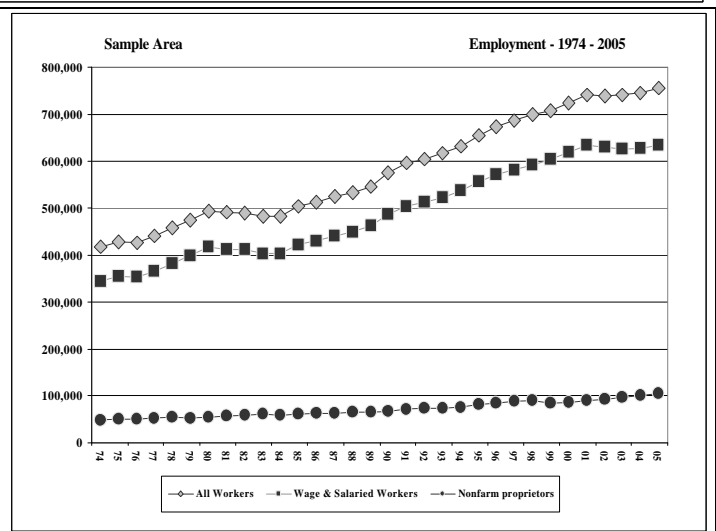
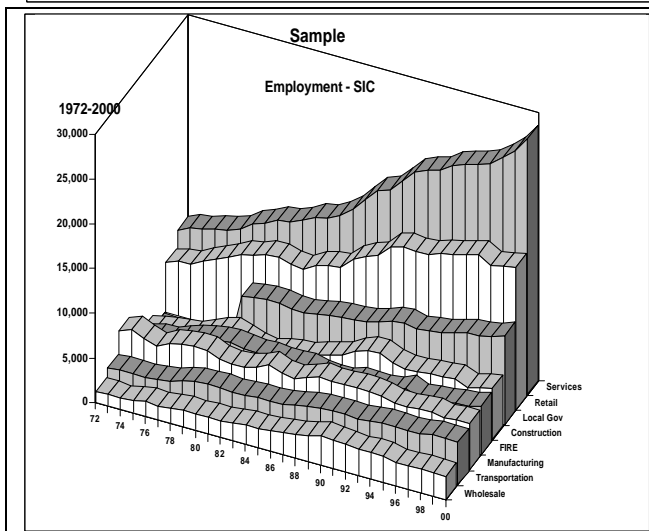
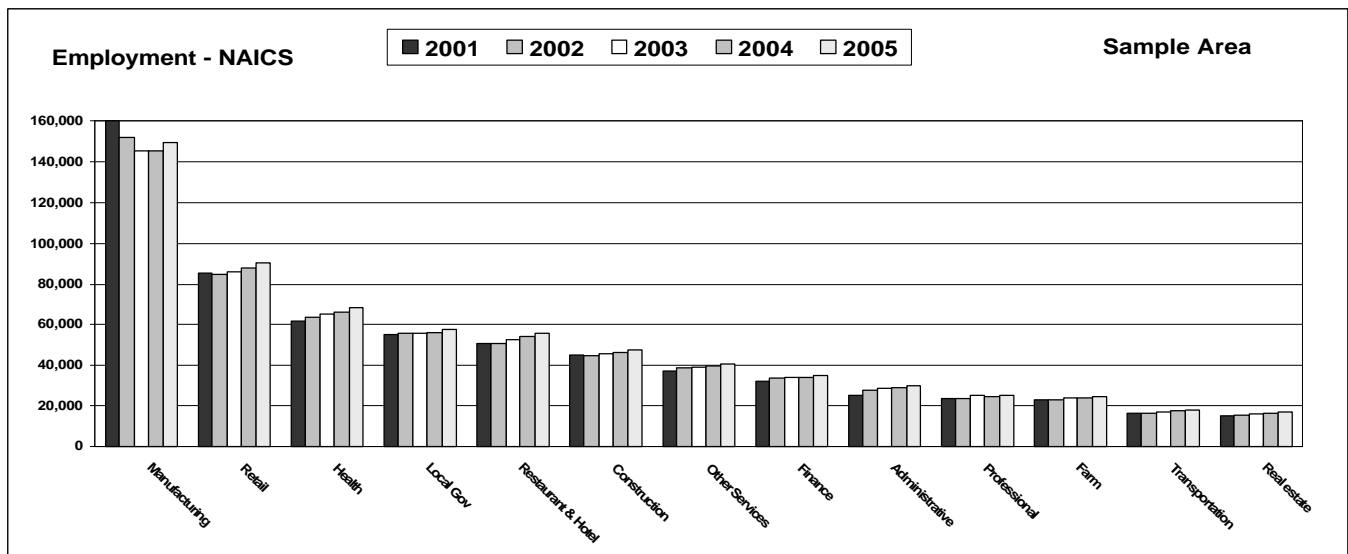
Discover the true essence of your local economy, is it growing or declining, and what is causing this to happen. The analysis presents a 25-year economic history of the study area, visually and numerically, so you can quickly understand where the economy was in the past, and where it is today, and how it compares to the rest of the nation.

This study is the root research necessary to create all other studies offered by POLICOM.

The Analysis includes three distinct sections.

Section 1 examines the composition of the local economy. Through a review of thirteen economic and industrial categories, the most important elements of the economy can be discovered. The twenty-five year history of each category is graphed so changes, fluctuations, and trends can be easily visualized.

Both NAICS (North American Industrial Classification System) and SIC (Standard Industrial Classification) data is utilized. The following are examples of the graphs used to visually show the growth in various industrial sectors for a sample economy. Numeric data is also provided.

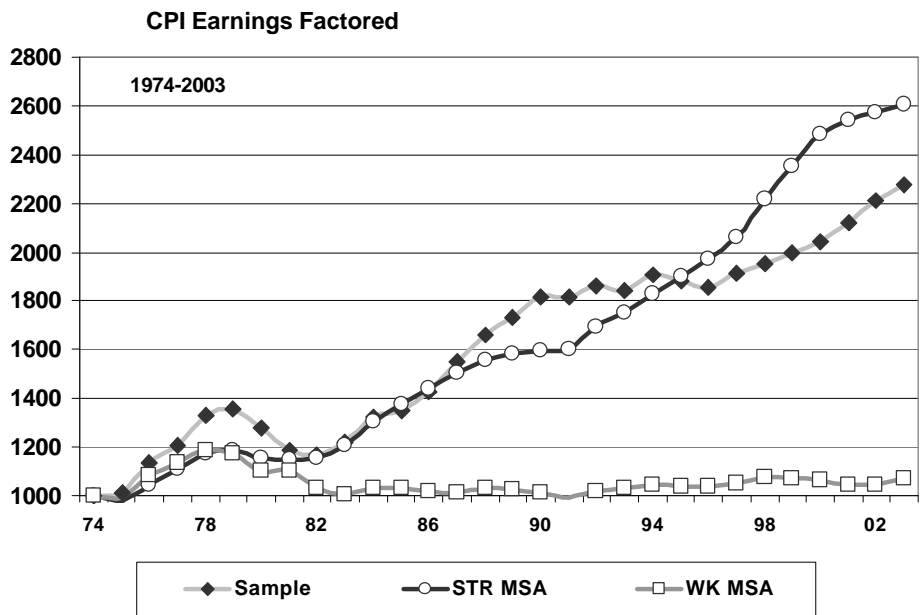


Section 2 studies the level of the economy as it pertains to its growth in quality and size. The economy is visually compared to the state, the nation, and to the strongest and weakest local economies in the United States for ten important categories.

For a Metropolitan statistical Area, the comparison is made to the ten strongest and weakest MSAs. For a Micropolitan Area or a rural county, the comparisons are made to the ten strongest and weakest MICRO areas.¹

In this section, you will be able to determine the relative growth for ten economic categories which reflect the “standard of living” and the size of the economy today from that in the past.

As an example, the following graph shows the relative growth in the “size” of the sample area based upon the factored growth of inflation adjusted total worker earnings. The basis year is 1974 and the growth pattern is compared to the ten strongest and weakest metropolitan areas.



This area grew in size, by this measurement, at a rate faster than the ten strongest areas between 1982 and 1990. Its growth stalled for about eight years but has resumed nicely. Note the weakest (WK MSA) have not grown in size, after adjusting for inflation, for more than 25 years.

¹ POLICOM evaluates the Metropolitan and Micropolitan areas for economic strength. Reviewing more than twenty economic elements over a twenty year period, it measures the consistency of the growth of both size and quality. Economic strength rankings for 2006 are presently posted on our web site, www.policom.com.

Section 3 includes an extremely detailed Comparative Analysis of the area.

The author Robert Burns wrote, "Oh would some power the Giftie give us to see ourselves as others see us." Having proper perspective is very important. This is one of the features of the comparative section of the report.

The comparison method has been chosen since the importance and relevance of economic growth percentages has always been somewhat subjective.

As an example, an area might have a 2% increase in employment for a given year and the local newspaper reports this fact. One reader might interpret the 2% figure as "great." Since employment went up, things must be good. Another reader however looks at the 2% as a modest gain and feels the local economy needs a "jump start." With the 2% number just dangling, community leaders have no alternative but to give subjective opinions to its relevance.

By comparing the growth rate to the rest of the nation in a uniform and consistent manner, the numbers gain much more meaning. If it is discovered the 2% rate happened to be either the highest or the lowest in the nation, community leaders have a much better perspective of the condition of their local economy.

In this section, the growth rate, the consistency of the growth, and the economic importance of 77 items are calculated and compared to the rest of the nation. From this information, you can determine the most or least important elements of the economy and discover their relative growth.

Three different "data sets" are used for the comparative analysis.

- **Data Set 1 – All Years** includes economic information which has been collected using the same methodology since 1970. Included are 42 items for which the annual growth rate has been calculated and ranked for the five years from 1999 to 2003, the ten years from 1994 to 2003, and previous ten years from 1984 to 1993. Short and long term trends can be reviewed using this data set.
- **Data Set 2 – NAICS Industry Data** includes the most recently published industry data based upon the North American Industrial Classification System. Actual data is provided for 2001, 2002, and 2003. For each of the 24 NAICS Industrial Sectors, the employment, earnings, and wage growth have been calculated and ranked.
- **Data Set 3 – SIC Industry Data** includes previously published industry data based upon the old Standard Industrial Classification System. Included is industry data from 1980 through 2000, the last year SIC was used. Eleven industries are examined for employment, earnings, and wages.

For each of the items, the average annual growth rate is calculated. The growth rates are then compared or "ranked" to the 361 Metropolitan areas if the area is an MSA or the 575 Micropolitan areas if it is a MICRO or a rural county.

Additionally, you can choose up to five other areas, to be included in this section for comparison.

The following is a sample page from Section 3. It shows the annual growth of the Per Capita Personal Income. The data used in the example is from actual areas.

Sample Page – Section 3

Per Capita Personal Income

2005-2000	<u>AAI-5</u>	<u>Rank</u>	<u>DF-5</u>	<u>Rank</u>	<u>Avg 5</u>	<u>Rank</u>	<u>%-5</u>	<u>Rank</u>
USA	3.22%		0.71%		30,127			
METRO AVERAGE	3.31%		0.77%		27,113			
MICRO AVERAGE	3.21%		-0.02%		23,004			
Sample State	2.96%	42	-0.52%	47	28,280	26		
Sample Area	3.79%	100	2.02%	74	23,946	275		
Comparison 1	2.92%	256	-2.05%	349	33,935	28		
Comparison 2	3.93%	76	2.39%	48	14,161	361		
Comparison 3	4.65%	57	1.03%	181	19,317	505		
Comparison 4	2.31%	471	0.50%	258	15,173	571		
Comparison 5	4.59%	62	2.44%	47	19,217	508		

2005-1996	<u>AAI-10</u>	<u>Rank</u>	<u>DF-10</u>	<u>Rank</u>	<u>Avg 10</u>	<u>Rank</u>	<u>%-10</u>	<u>Rank</u>
USA	3.97%		2.34%		27,228			
METRO AVERAGE	3.89%		1.73%		24,621			
MICRO AVERAGE	3.80%		0.64%		21,051			
Sample State	4.11%	21	1.99%	30	25,352	29		
Sample Area	4.18%	103	2.32%	102	21,729	284		
Comparison 1	4.39%	64	1.32%	267	30,164	32		
Comparison 2	3.79%	206	2.24%	113	12,890	361		
Comparison 3	4.46%	97	1.36%	215	17,330	526		
Comparison 4	2.75%	540	-0.34%	460	14,133	570		
Comparison 5	3.97%	220	1.63%	177	17,454	519		

1995-1986	<u>AAI-P10</u>	<u>Rank</u>	<u>DF-P10</u>	<u>Rank</u>	<u>Avg P10</u>	<u>Rank</u>	<u>%-P10</u>	<u>Rank</u>
USA	5.42%		3.22%		17,775			
METRO AVERAGE	5.36%		2.55%		16,136			
MICRO AVERAGE	5.32%		1.28%		13,888			
Sample State	4.69%	44	1.59%	45	16,184	28		
Sample Area	4.32%	338	0.81%	328	14,126	296		
Comparison 1	4.72%	297	0.92%	324	18,549	58		
Comparison 2	4.96%	267	2.36%	242	8,624	361		
Comparison 3	4.32%	495	-1.18%	509	10,959	537		
Comparison 4	3.03%	564	-3.14%	548	11,259	522		
Comparison 5	4.03%	522	0.42%	428	11,714	497		

Actual	<u>2005</u>	<u>Rank</u>	<u>%</u>	<u>Rank</u>	<u>1985</u>	<u>Rank</u>	<u>%</u>	<u>Rank</u>
USA	31,472				12,618			
METRO AVERAGE	28,534				11,610			
MICRO AVERAGE	24,338				10,107			
Sample State	29,074	29			12,372	22		
Sample Area	25,696	260			11,242	197		
Comparison 1	34,578	36			14,327	34		
Comparison 2	15,184	361			6,472	360		
Comparison 3	21,149	474			9,085	423		
Comparison 4	15,695	573			9,039	426		
Comparison 5	21,254	467			9,758	334		

Economic Development Goal Setting Study

“If you do not know where you want to go, it does not matter what road you take.”

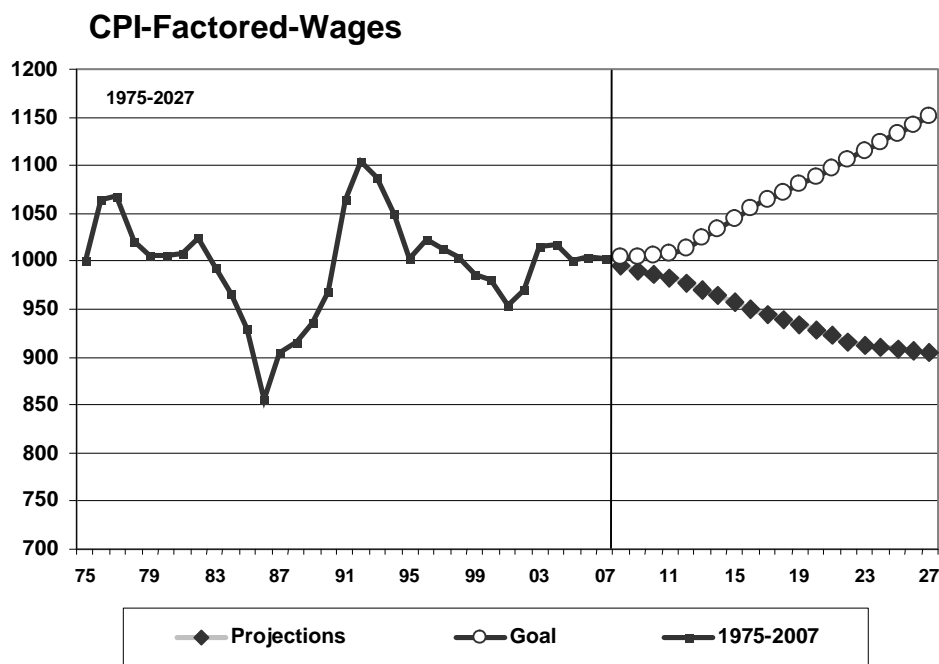
Many communities have active economic development programs, but they do not have a specific focus on where they want or need to be “economically” in the future.

Specifically created for economic development organizations, Chambers of Commerce and local governments, the Goal Setting Study establishes benchmarks for employment and earnings, which, when achieved, will elevate the local economy to the desired level in the future.

After determining the existing “level” of the local economy using the *Historical, Comparative Economic Analysis*, projections are made for where the economy might be in the future “if nothing is done.” Growth in the size and the quality of the economy is examined.

Then a reasonable, achievable goal is determined for where the economy could be twenty years from the point of beginning if an aggressive economic development program is initiated. POLICOM essentially adds “money” to the local economy which increases the size and improves the quality of the local economy.

The following graph, which is one representation of the “quality” of the sample area’s economy, shows the history of the area, the results of the projections, and the results of achieving the goal.



In this economy, if nothing is done, the quality of the economy and the standard of living of the people will gradually dilute and decline over the next twenty years.

However, if the goal is achieved, the quality of the economy will improve significantly. As a result of improving the standard of living for the people, businesses will flourish and local government will operate on a sound financial footing.

To achieve the economic goal, annual “contributory” job and wage levels are calculated.

The chart to the right shows the number of net, new, primary industry jobs and the wages which are necessary to be created each year to achieve the goal for the sample area.

Also shown is the estimated Wage for the area for each year and the % the new primary job wage is of the estimate area wage (straight wages, no fringe benefits).

These are annual milestones. One year the area will create more than the goal, and the next, perhaps fewer. However, the area needs to stay as close to the job creation goal as possible to maintain stable economic growth.

The milestones begin very slowly for the sample area, as this community at the time the study was prepared, was not ready to launch an aggressive economic development program. After it is better organized, the annual milestones increase, as does the relative wage of the new primary jobs.

The jobs are “contributory or primary industry” jobs, those which import money to the area.

From the information in the Goal Setting Study, communities have a realistic target to focus upon.

<u>Year</u>	<u>New Primary Jobs</u>	<u>New Job Wage</u>	<u>Area Avg. Wage</u>	<u>% OF Area Avg.</u>
2008	180	44,558	32,904	135%
2009	339	46,410	33,796	137%
2010	497	47,798	34,830	137%
2011	510	48,823	35,897	136%
2012	523	49,875	36,998	135%
2013	536	50,954	38,135	134%
2014	570	52,951	39,357	135%
2015	605	55,038	40,668	135%
2016	622	56,431	42,025	134%
2017	639	57,862	43,427	133%
2018	656	59,331	44,878	132%
2019	729	61,235	46,384	132%
2020	807	63,118	47,946	132%
2021	834	64,694	49,561	131%
2022	861	66,307	51,231	129%
2023	890	67,958	52,957	128%
2024	934	69,930	54,774	128%
2025	980	72,012	56,690	127%
2026	1,015	73,949	58,674	126%
2027	1,051	75,936	60,730	125%

Target Industry Study

Economic development organizations have limited time and money. As with any business organization, identifying its primary market and directing its resources to that market provides the best opportunity for success.

A "Target Industry Study" provides the community with a list of business sectors upon which it can focus its effort to attract the type of employers, which will enhance their local economy. After the completion of the *Economic Development Goal Setting Study*, a *Target Industry Study* can be created.

To create a Target Industry Study, POLICOM inventories the geographic economic assets and liabilities of the area. From this process, POLICOM then chooses industrial sectors which can be profitable in the area.

POLICOM reviews more than 2,000 NAICS (North American Industrial Classification System) sectors for the following criteria:

- Is the sector growing nationally?
- Is it growing in the state, the region, or the study area?
- Will the industry be contributory or consumptive?
- Will the industry pay a wage, which will meet that determined in the Goal?
- Does the area have the geographic-economic assets, which are necessary for the industry to be profitable in the area?

From this exhaustive review, a list of industrial sectors is created which will be contributory in nature, will pay a wage equal to or higher than the Goal, are growing nationally or in the state, and should be able to locate in the study area.

Communities can then create a marketing program directed specifically toward the companies within these industries to lure them to their area.

The following are a sample of the target sectors for a community. At the six digit level, there could be as many as sixty targets, or as few as twenty sectors.

NAICS Code	NAICS Description
325411	Medicinal and Botanical Manufacturing
334113	Computer Terminal Manufacturing
334510	Electro medical and Electrotherapeutic Apparatus Manufacturing
454111	Electronic Shopping
541380	Testing Laboratories

From such a list, the marketing department of an economic development organization can identify specific companies in these sectors located in regions of the country which are no longer "profitable" locations for these types of businesses.

Business Incentives Qualification System

Communities across the nation are offering financial inducements to private businesses to encourage them to expand in or locate to their community. Typically, the incentives are specifically directed toward “primary” or contributory enterprises which add wealth to the community.

The amount and type of incentives offered to a company should be based upon the amount of economic impact the company has upon the community. However, many times the decision making process, what to offer and how much by a community, is not orderly and can be confusing not only to the company but also the community at large, which ultimately pays for the incentive.

As a result, POLICOM has developed a mathematical process which helps communities pre-determine what, if any, incentives could or should be offered to a company.

By having this system in place, economic developers can negotiate in “good faith” with clients during the recruitment or retention process. The system is designed at this time for “economic development” projects, not community development projects.

The system includes three important steps.

First, the community determines what incentives it is willing to offer a company. The greater the variety of incentives, the better, as economic developers know each company’s needs are different.

After creating a palette of incentives, the community determines how hard it will be to get the incentive and sets cost caps on each.

The chart to the right is an example of the list of incentives which are available in a sample community.

In order for a company to qualify for 75% of the cost of training the workers, the company must “score” at least 60% of the qualifying points. To receive a 100% property tax refund or abatement for 10 years, the company must achieve 100% of the possible impact score.

At the bottom of the chart are the maximum costs to the community for each incentive.

Possible Incentives	% Needed
100% Training	75%
75% Training	60%
50% Training	45%
25% Training	35%
100% Property Tax Refund - 10 Years	100%
100% Property Tax Refund - 5 Years	80%
50% Property Tax Refund - 10 years	75%
50% Property Tax Refund - 5 years	70%
100% Grant for Land, Building, Equipment Purchase	100%
90% Grant for Land, Building, Equipment Purchase	97%
80% Grant for Land, Building, Equipment Purchase	95%
70% Grant for Land, Building, Equipment Purchase	87%
60% Grant for Land, Building, Equipment Purchase	85%
50% Grant for Land, Building, Equipment Purchase	80%
40% Grant for Land, Building, Equipment Purchase	75%
Low Interest Loan - Land & Building Purchase	75%
Low Interest Loan - Land Purchase	60%
Low Interest Loan - Equipment Purchase	50%
Industrial Development Revenue Bonds	35%
Other incentive	100%
Other incentive	100%
Other incentive	100%
LOCAL GOVERNMENT JURISDICTION	
Expedited Permitting - 30 Days	50%
Regulatory Relief - 1st degree.	75%
Regulatory Relief - 2nd degree.	55%
Regulatory Relief - 3rd degree.	45%
Incentive Dollar Cost Maximums	
Per New Job	
Training	\$ 500
Property Tax - Or actual tax:	\$ 500
Grant - Land, Building, Equipment Purchase	\$ 2,500
Low Interest Loan - Land or Building	\$ 2,500
Low Interest Loan - Equipment	\$ 1,000

This leads us to the second phase of the process, creating economic impact criteria which will determine the score for a company.

Based upon the specific needs of the community, measurable criteria are created.

As an example, if a community is in significant economic distress, the criteria to receive an incentive will likely be significantly less stringent than an area which has had a thriving, growing economy for a long period of time.

Additionally, an area which has a limited supply of available real estate will likely place greater emphasis on a business which will have a high number of workers per acre or per square foot of building than a community which has an abundance of available land.

The chart to the right is the criteria for a sample community. Minimum levels are set for each criterion. Points are achieved based upon the company's information.

This area has a limited supply of available real estate. As a result, they have placed emphasis on the number of workers per acre and per square foot of building. A warehouse distribution center, which has relatively few workers per acre, would not score well under this matrix.

Sample Weighted Criteria	MAX	MIN	Weight
Total Possible Points			145
Primary employer	100%	50%	20
Wages to be paid - % of area average	150%	110%	20
Square feet of building per worker	250	500	10
Floor to area ratio	65%	25%	10
Workers per acre.	100	25	10
Wage Impact jobs	50	10	20
Real property tax per acre (current)	24,000	8,000	5
Real property tax per acre (new money)	24,000	8,000	20
Renovation impact points	200%	50%	20
Payroll per acre	5,230,464	958,918	10

In this area, however, if the company is not at least 50% primary or contributory in nature or will not pay at least 110% of the area average wage, then the company will not qualify for any incentives.

A great deal of the criteria is gleaned from the results of the Historical, Comparative Study and the Goal Setting Study, which determine the condition of the economy.

The third step in the process, after the pallet of incentives is created and the weighted criteria is set, is to test sample projects to see what they might receive. This involves entering company data for actual and hypothetical businesses into the matrix to determine what a company might receive. POLICOM recommends at least fifty "what if" projects be tested.

During this step, adjustments will be made to both the criteria and to the incentives until the community is comfortable with the results. At this point it is hoped local government will, at a minimum, tacitly approve the incentives matrix so economic developers can negotiate with clients.

Economic Development Plan of Action

“Communities do not plan to fail, they just fail to plan.”

As with any business organization, a community needs to have a plan, which will guide their activities toward reaching an established goal.

POLICOM, utilizing the information gathered in its studies and with the input of community leaders, creates a step-by-step program to follow which implements a comprehensive economic development program for the community.

Included in the plan are recommendations for the following:

- Structure of an economic development organization.
- Budget and funding sources.
- Creation of the economic development tools.
- Business Incentives including development of the Qualification Program.
- Improvement of the Geographic-Economic assets of the area.
- Creation of an Existing Industry Program.
- Creation of a Business Recruitment Program.
- Creation of a Start-Up Program.

The methodology to create the Plan is discussed with the client. Some areas prefer to have a series of community wide meetings to discuss the program, to receive their input and support. Other areas prefer to have the plan quietly prepared as the community already understands the need for the program. Usually a combination of these is the best means.

From the Plan of Action, the community will have a roadmap to follow, which, when successful, will help it reach the economic goal.

Economic Development Performance Evaluation

Goal Setting Studies establish economic goals for the size and the quality of each economy to be attained over a twenty year period. In order to achieve the economic goals, annual milestones of net, new primary industry jobs and their associated wage levels are established.

However, it is very difficult for a community to determine if it reached the annual milestone. Sometimes a recruited employer will tell the community it intends to employ 500 workers. A year later it might be found the company only has 300 workers. The local media might accuse the economic development organization of “puffing” their success. During the same year, an existing company might add 200 workers, but feels no need to alert the media. The new jobs added by the local company go unnoticed.

Economic development organizations have always had a difficult time proving their success. However, by using POLICOM’s Performance Matrix, the community will have a “third” party review of what actually occurred the previous year.

POLICOM has created mathematical formulas which extract the number of primary jobs and related wages from general community data. (A primary job is one from which the payroll is generated from the sale of a good or service outside the economy. They are “economic development” jobs.)

Utilizing ES-202 (Covered Workers) data, POLICOM creates a customized set of formulas for each area. The initial matrix is applied to a base year. The number of primary jobs in the area is identified, as deep into NAICS sector data as suppression allows (typically to the four digit level).

The matrix is at that point “frozen in time.”

The following year (typically in October), the new data is applied to the matrix. The net gain or loss from the previous year is determined and compared to the annual milestone derived from the Goal Setting Study. The number of primary jobs includes new companies which located to the area and existing companies which expanded.

Sample	Milestone Primary <u>Jobs</u>	Net Gain Primary <u>Jobs</u>	<u>Cumulative</u>	Milestone New Job <u>Wage</u>	New Job <u>Wage</u>	Milestone % Region <u>Wage</u>	New Job % Region <u>Wage</u>
2003	1,367	1,907	540	42,329	50,561	129%	147%
2004	1,418	1,658	780	43,597	54,965	129%	153%
2005	1,471	1,017	326	44,899	59,231	128%	160%

The chart above shows the summary table of an actual county for which an evaluation has been prepared since 1998.

The annual milestone for this county in 1998 was a net gain of 689 primary jobs with an average wage of \$36,376. That year, this county had a net gain of 825 primary jobs with an average wage of \$38,667, exceeding the milestone in both categories.

However, during the recession years of 2002 and 2003, the county lost primary jobs and failed to reach the annual milestones. This will, of course, happen as one year the area will reach the milestone, but perhaps not the next year.

One important caveat regarding the Performance Evaluation is the economic development organization is not necessarily taking credit for all successes. If it does, it must also be responsible for failure. The following disclaimer is placed into all Performance Evaluations:

It should be understood at the outset the job generating results of this annual study, whether positive or negative, are not claimed to be the direct result of the programs of the LOCAL ECONOMIC DEVELOPMENT ORGANIZATION, but the result of the overall condition of the national economy, state economy, and the combined efforts of the various economic and community development organizations and local government entities in YOUR AREA.

Due to release dates of data, an evaluation is typically prepared during the October of the following year. As an example, evaluations for calendar year 2005 were completed in October of 2006.



Economic Presentations

Where the Money Is.... In Your Economy Presentations by William H. Fruth

In a dynamic, entertaining, and understandable manner, presenter William H. Fruth provides a series of programs for communities, state and national associations specifically designed to enlighten the audience on how local economies work, what makes some strong, others weak, what is causing this to happen, and what can be done to improve or maintain the situation.

Ideal for annual meetings, state conventions, and “economic summits,” the presentations are not only informative, but entertaining and motivating.

Community leaders, perhaps for the first time, gain insight as to the nature of their local or state economy and are motivated to support a local economic development program.

The typical program, *Where the Money Is.... In Your Economy*, includes a lesson on how local economies work and the characteristics of strong and weak economies. The subject area is then reviewed for its growth, how it compares to the rest of the nation in size and quality, and what has caused this to happen. This program usually lasts about an hour and fifteen minutes.

However, the program can easily be extended by including “How To Improve Your Local Economy” to create an “Economic Workshop or Summit.” This can last two hours, four hours, or all day, depending on your needs. The last six Topic Modules which follow are included in a “workshop.”

For state associations, the basic elements of the “Where the Money Is....” program are included and the state’s economy is examined. Additionally, typically three local economies are examined, including the strongest and weakest, to demonstrate contrasts within the state.

A videotape of a sample program is available to view the speaker’s style and the content of “Where the Money Is.... In Your Local Economy.”

Specific programs have been designed for communities, and for state and national associations, whose members are either dependent upon the success of a local economy, such as retail banks, or are in a position in the community to help direct its economic future, such as local government officials.

Special programs can also be created to meet the exact needs of your organization.

The programs, which are customized for each audience, are built around a series of topic modules. Each module can be presented briefly to the audience, or can be extended for a full presentation. The following is the list of the program modules.

Topic Modules

- Economic Analysis of a State
- How a Local Economy Works
- The Concept of "Economic Strength"
- Strongest, Weakest Local Economies
- What Causes an Economy to be Strong
- Economic Analysis of the Local Area
- How Local Government Affects the Local Economy
- National Economic System
- Economic Development
- Business Incentives
- Economic Development Tool Box
- Existing Industry Program
- Business Recruitment Program

Economic Analysis of a State

Basically, there is no homogenous state economy. States are composed of hundreds of little economies, many of which behave in contrast to each other. However, a state does have economic trends and tendencies, which help to explain the condition of the local economies.

The economic history and current condition of the state's economy are examined and compared to the other 49 states.

Several economic components are examined to determine the condition of the economy, whether it is growing or declining, and which sectors of the state's economy are causing this to happen.

Additionally, at least three local economies are examined, including the strongest and weakest, to demonstrate contrasts within the state.

How a Local Economy Works

By understanding how a local economy functions, a community can better implement programs, which enhance economic quality of life and eliminate those activities which impair it.

Using the analogy "all the wealth of a community is in a bucket," Fruth demonstrates how money flows into a local economy, is churned and mixed and then leaves an area. He identifies how this flow occurs, which industries cause money to be imported, and which cause it to be drained from an area.

Fruth demonstrates how the volume and consistency of the flow of money into an area helps determine the size and stability of a local economy.

The Concept of "Economic Strength"

Some communities have consistent economic growth, while others boom, then bust. Still others are on gradual decline, some volatile decline. How a community is growing or declining economically demonstrates the strengths or weaknesses of its economic foundation.

The concept of "economic strength" is explained demonstrating why it is just as important to measure the "stability" of an area as growth rates to help determine the future of the area.

Learn why this concept is important to local government, local businesses, and the average citizen.

Strongest, Weakest Local Economies

Learn which areas of the nation have the strongest, weakest local economies. Based upon POLICOM's formulas for determining economic strength, these areas are identified and economic and demographic characteristics are reviewed providing insight as to why some areas are strong, and others weak.

What Causes an Economy to be Strong

Not only is the "quantity" of money flowing into an area important, but also the "quality" of the money has equal impact. By exploring the concept that "any new job will help a local economy," you discover how the wage level of a new job can either enhance, or dilute the local economy.

The "Lowest Rung on the Wage Ladder" for the local area is calculated based upon the distress level of the area. Wages paid above this level will enhance the local economy, below which will actually reduce the quality of the economy.

Economic Analysis of the Local Area

Community, business and government leaders will discover the true essence of their local economy through this analysis.

The economic history and strength of the local area is analyzed by evaluating the employment and earnings history of several industries over a 25-year period through a series of graphs and charts which visually depict the local economy in an understanding manner.

The sources and amounts of imported dollars (primary earnings) are mathematically determined to discover which industries are driving the local economy, causing it to grow or decline.

Most in the audience will be completely astonished to learn which industries contribute and add wealth to the area, and which consume and absorb the wealth.

Economic growth comparisons are made to other economies to demonstrate the relative position the local area is economically to the rest of the country.

From viewing the graphs and discovering the comparative growth rates, the economic trends of the local area are easily discovered.

How Local Government Affects the Local Economy

There is today, as there has been since the time of the first "organized government," a direct relationship between the actions of government and the condition of the economy.

Among the fifty states, one state might have a strong economy, while a neighboring state a weak economy. Within states, one county can have a dynamic growing economy, while its neighbor is on gradual decline.

Sometimes the cause of each situation can be partly or wholly attributed to the action or inaction of government, as virtually every action taken by government affects the economy, directly or indirectly, for the good or bad, immediately or in the future.

On a local basis, local government actions can have a direct impact upon the success of its most important contributory industries in the area. Typically, it is not one single act, but a series of actions, which individually have a small or minor impact, but cumulatively add up to either significantly increasing or reducing the costs for these companies.

In communities where its leaders are aware local government policies can either enhance or detract from a "positive" business climate, typically have the best chance to develop or maintain a strong, vibrant economy as they take action to prevent "negative" rules or laws from being enacted.

During this presentation, Fruth identifies several specific actions by local government, which can either help an economy to grow, or cause it to decline. From this information, local government leaders will be able to better weigh the social benefit of their actions versus the possible negative impact upon the economic quality of life of the citizens.

Business Incentives

Communities and states around the country spend millions of dollars each year in the form of financial incentives to assist in the expansion of existing businesses and to lure new industry to their respective areas.

Utilizing the results of a national survey of local business incentives in which more than 300 economic development organizations in the country participated, Fruth identifies which areas of the country offer the most incentives, what kinds of incentives are being offered on a local basis, and why communities offer the incentives.

At the option of the Client, Fruth can also teach the audience how to customize the Business Incentives Qualification Matrix for their community.

Economic Development Tool Box

In order to have a successful economic development program, the organization charged with the responsibility of implementing the program needs certain information, or tools, to conduct its business effectively. Prior to attempting to implement a program, many of these tools need to be in place or time and effort is wasted.

Fruth inventories the tools, from a land-building inventory to training programs to a local network of experts, which are necessary for a viable program and explains why they are important.

Existing Industry Program

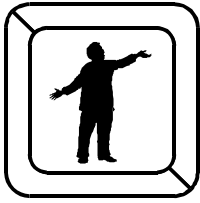
It is much easier for a community to keep what it has than to recruit new companies to move to an area. An Existing Industry Program is designed to foster the retention and cause the expansion of the existing primary industries in a community. It is the most important yet least expensive economic development program.

Fruth, dubbed the "Father of Florida's Existing Industry Program" by the Florida Department of Commerce in 1986, details step-by-step the various programs needed to help prevent facility closures, reduce the costs for existing production employers, and create an atmosphere conducive for expansion.

Business Recruitment Program

A Recruitment Program is necessary in every community to replace the inevitable loss of jobs due to the reduction or closure of existing companies, caused by market conditions or forces not controlled by a local community. A Recruitment Program encourages new primary industries to locate in an area and helps diversify the economic base, making the community less susceptible to recession.

Recruitment is expensive, laborious, time consuming, and visible results from the effort can take years. Fruth reviews some of the key programs for recruitment such as target marketing and clustering, and stresses the need for the community to have patience.



Presenter William H. Fruth

About The Presenter - Researcher

William H. Fruth is the President of POLICOM Corporation, an independent economics research firm located in Palm City, Florida which specializes in studying the dynamics of local economies.

He has personally evaluated the data for more than 600 local economies in the United States, created more than 150 economic studies, and has provided presentations and workshops for state associations and local communities in 31 states. Through his analysis, he determines if the economy is growing or declining, what is causing this to happen, and offers solutions to improve the situation.

He is a nationally recognized leader in the field of geographic economics and has extensive experience in economic development.

From 1988 to 1995, Fruth served as Vice President of a major industrial land development company, directing the development and marketing of a 500-acre corporate park in the West Palm Beach, Florida area.

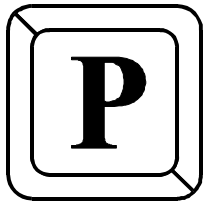
Prior to that, he was President of the Business Development Board of Palm Beach County and during that tenure was named Florida's Economic Development Professional of the Year in 1987.

From 1980 to 1984, Bill served in a full time capacity of Mayor of Tiffin, Ohio. During this time, he was named one of the "Five Outstanding Young Men in Ohio" and was heavily involved in economic and community development both locally and statewide.

Fruth has been recognized by the Florida Administrative Court as an expert witness regarding local economies, is a member of the American Institute for Economic Research and the American Economic Association.

Additionally, he is member of the Florida Economic Development Council, Southern Economic Development Council, and the International Economic Development Council.

Fruth received the Bachelor of Science and Master of Arts degrees from Bowling Green State University in Ohio studying political theory, communications, and journalism.



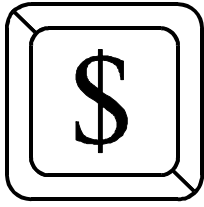
POLICOM Clients

The following is a partial list of some of the clients for which POLICOM has provided services. For many of the areas, multiple studies and presentations have been created.

Advance Green Bay (WI)	Presentation	
Alabama Bankers Association	Presentation	
Albuquerque (NM) NAIOP	Presentation	
Amarillo Economic Development Corporation	Presentation	Economic Study
Anderson County (TN) Leadership Conference	Presentation	Economic Study
Arizona Department of Commerce	Presentation	
Arizona NAIOP	Presentation	
Bank Holding Company Association of the Upper Midwest	Presentation	
Bay County (FL) Chamber of Commerce	Presentation	Economic Study
Bennington County (VT) Industrial Corporation	Presentation	Economic Study
Boone County (KY)		Economic Study
California Economic Developers Association	Presentation	
California State University - Chico	Presentation	
Campbell County (KY)		Economic Study
Carson City (NV)	Presentation	Economic Study
Cincinnati Marketing Partnership, Greater	Presentation	Economic Study
Citrus County (FL) Economic Development Council	Presentation	Economic Study
Clay County (FL) Chamber of Commerce	Presentation	Economic Study
Corpus Christi, TX Regional Economic Development	Presentation	Economic Study
Dakota County, Nebraska	Presentation	Economic Study
Denver (CO) Metro Chamber of Commerce	Presentation	
Douglas County, Nevada	Presentation	Economic Study
Employers Association of Northwest Ohio	Presentation	
Enterprise Florida	Presentation	
Expansion Management Magazine - Roundtable in the Rockies	Presentation	
Fayette County (GA) Development Authority	Presentation	Economic Study
Flagstaff (AZ) Economic Council	Presentation	Economic Study
Flint-Genesee County (MI) Growth Alliance	Presentation	Economic Study
Florida Association of Realtors	Presentation	
Florida Bankers Association	Presentation	
Florida Chamber of Commerce Executives	Presentation	
Florida Economic Development Council	Presentation	
Fort Bend County (TX) Chamber of Commerce	Presentation	Economic Study
Fort Collins (CO) Economic Development Council	Presentation	Economic Study
Gainesville (FL), City of	Presentation	
Garden City - Finney County (KS) Chamber of Commerce	Presentation	Economic Study
Garden City Community College	Presentation	
Georgia County Commissioners Association	Presentation	
Goldsboro (NC) Industrial Committee of 100	Presentation	Economic Study
Governor's Conference on Wisconsin Economic Development	Presentation	
Haines City, FL, City of	Presentation	
Hernando (County, FL) Progress	Presentation	Economic Study

Illinois Municipal League	Presentation	
Independent Bankers Association of Texas	Presentation	
Indian River County (FL) Chamber of Commerce	Presentation	Economic Study
Indiana Economic Developers Association	Presentation	
International Economic Development Council (IEDC)	Presentation	
Iowa Bankers Association	Presentation	
Iowa Professional Developers	Presentation	
Kansas Bankers Association	Presentation	Economic Study
Kansas Chamber of Commerce/Economic Developer Executives	Presentation	
Kenton County (KY)		Economic Study
Kentucky Community Bankers Association	Presentation	
Kissimmee/Osceola County Chamber of Commerce	Presentation	Economic Study
Lake County (FL)	Presentation	Economic Study
Lake Havasu City (AZ) Partners for Economic Development	Presentation	
Los Alamos (NM) Commerce and Development	Presentation	Economic Study
Los Alamos (NM) County/City	Presentation	Economic Study
Lyon County, Nevada	Presentation	Economic Study
Madison (WI) Gas & Electric	Presentation	Economic Study
Marathon County (WI) Development Commission	Presentation	
Martin County (FL) Board of Commissioners	Presentation	
Martin County (FL) Economic Council	Presentation	Economic Study
Martinsville - Henry County (VA) Economic Development Board	Presentation	Economic Study
McMinnville-Warren (TN) Industrial Development Board	Presentation	Economic Study
Memphis (TN) Regional Chamber of Commerce	Presentation	
Metro-Florida (Orlando) Economic Development Commission	Presentation	Economic Study
Michigan Economic Developers Association	Presentation	
Mid-American Council for Economic Development	Presentation	
Mid-American Energy (IA)	Presentation	
Minnesota Counties Association	Presentation	
Mississippi Bankers Association	Presentation	
Natchez-Adams County (MS) EDC	Presentation	Economic Study
National Association of Office & Industrial Properties	Presentation	Economic Study
Nevada Counties Association	Presentation	Economic Study
New Century Council (Roanoke, VA)	Presentation	Economic Study
New Mexico Industrial Development Executives	Presentation	
New Mexico Rural Economic Council	Presentation	
North Carolina Bankers Association	Presentation	
Northern Nevada Development Authority	Presentation	Economic Study
Ocala-Marion County (FL) Economic Development Corporation	Presentation	Economic Study
Okeechobee (FL) Development Authority	Presentation	Economic Study
Oneida Tribe of Wisconsin	Presentation	
Orange County (FL)		Economic Study
Osceola County (FL) Economic Development	Presentation	Economic Study
Pasco County (FL) Economic Development Council	Presentation	Economic Study
Pasco -Hernando (FL) Jobs & Education Partnership	Presentation	Economic Study
Pinellas County (FL), Economic Development Office		Economic Study
Pinellas County Planning Council	Presentation	Economic Study
Randolph County (NC) Economic Development Council	Presentation	Economic Study
Redondo Beach, CA, City of	Presentation	
Resource Development Group (OH)		Economic Study
Sanilac County (MI) Economic Development Corporation	Presentation	Economic Study

Santa Fe Regional Economic Development Council	Presentation	
Seminole County (FL)	Presentation	Economic Study
Shasta College (Redding, CA)	Presentation	Economic Study
Shasta County (CA) Economic Development Council	Presentation	Economic Study
Shiawassee (MI) Regional Chamber of Commerce	Presentation	Economic Study
Siouxland Initiative (IA)	Presentation	Economic Study
Southern Economic Development Council	Presentation	
Southern Oregon Regional Economic Dev. (Medford)	Presentation	
St. Lucie County (FL)	Presentation	
Sugar Land, TX City of		Economic Study
Tennessee Municipal League	Presentation	
Texas Municipal League	Presentation	
Thomas County (KS) Economic Development Alliance	Presentation	
Toledo, OH City of	Presentation	Economic Study
Tri-County Economic Development Authority (Covington, KY)	Presentation	Economic Study
Tulsa NAIOP	Presentation	
Union County (SD)	Presentation	Economic Study
Vision Council (South Miami-Dade County, FL)	Presentation	
Washington County (MS) Industrial Foundation	Presentation	Economic Study
Wayne County, Indiana - Economic Development	Presentation	
Western Nevada Economic Development Authority (Reno)	Presentation	Economic Study
Wisconsin Bankers Association	Presentation	
Wisconsin Economic Developers Association	Presentation	
Woodbury County (IA)	Presentation	Economic Study



Fee Schedule

Studies

All studies include 10 spiral bound copies, original laser copy, and a compact disc containing the MS Word and Excel files used to create the study.

Historical, Comparative Economic Analysis

\$6,500 - \$12,500 - Each study includes, in Section 3 - Comparative Analysis, the study area, and five comparison areas.

Economic Development Goal Setting Study

\$6,500 - \$12,500 plus the cost of the *Historical, Comparative Economic Analysis*.

Target Industry Study

\$15,000 - \$35,000 based upon the size of the economy, plus the cost of the Goal Setting Study.

Business Incentives Qualification System

\$3,500 - \$4,500 depending on time required.

Economic Development Plan of Action

\$15,000 - \$45,000 plus cost of Historical, Goal, and Target Studies. Business Incentives Qualification System included.

Performance Evaluation

\$6,000 to create initial matrix. Between \$2,500 and \$3,500 for annual evaluation.

Specialty Studies

Based upon an estimate of time and value. Please call for a quote.

Presentations

All presentations include a handout and a compact disc containing the PowerPoint slides used in the presentation. The base fee for all presentations is \$4,500. If a study is ordered, a presentation for the study is \$2,500. For extended presentations and workshops, the fee ranges from \$5,500 to \$10,000.