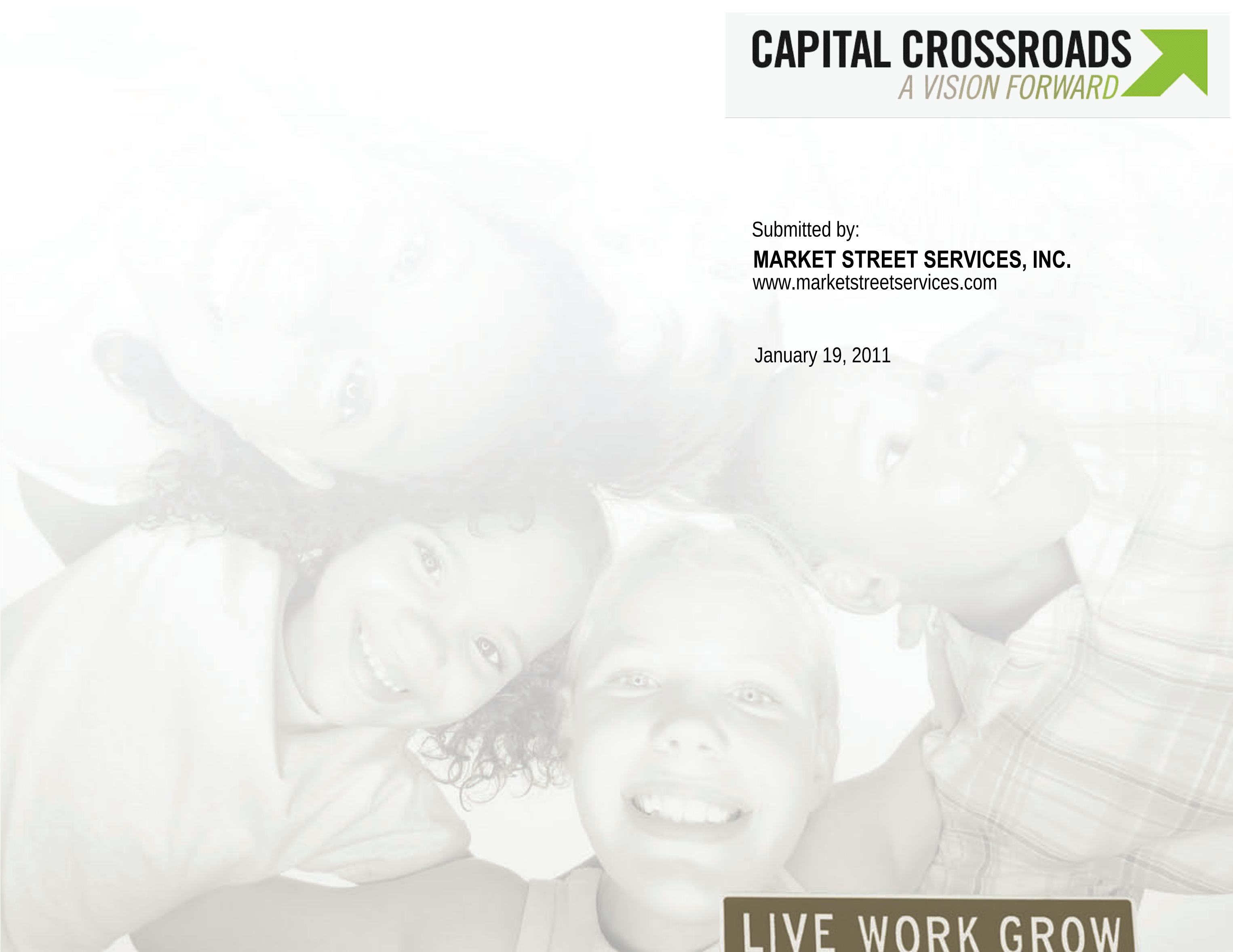
MARKET ST

Competitive Capacity Assessment: EXECUTIVE SUMMARY

CAPITAL CROSSROADS
A VISION FORWARD



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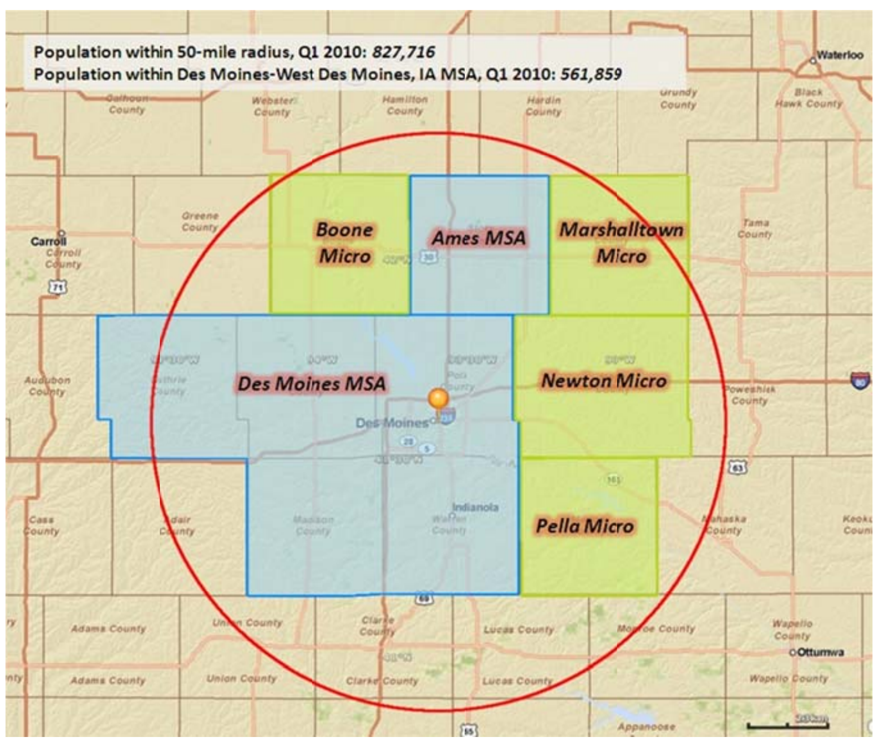
OVERVIEW

Greater Des Moines and Central Iowa is at an important crossroads. The region has vibrant neighborhoods, a strong business community, dynamic arts and recreational attractions, and a desirable quality of life. But the region also has its challenges. Local leaders feel the time is right to take advantage of opportunities and address challenges through a clear vision and plan for Iowa's capital region. This process, branded **Capital Crossroads**, will result in the development of a new five-year vision strategy for the region.

Capital Crossroads represents the latest phase of what has been an ongoing process of strategic planning in Greater Des Moines. Efforts such as the Golden Circle process, the Major Projects Task Force, and Project Destiny all laid the groundwork for the current strategic process and led to the development of critical economic, workforce, quality of life, and infrastructure capacity.

However, Capital Crossroads is unique in that strategic priorities focused on individually in past projects will be assessed as a comprehensive, holistic framework under this current visioning effort. Likewise, the planning geography of key Capital Crossroads study criteria has been broadened to include a 50-mile-radius labor shed drawn from the state capitol building in Des Moines.

This "Central Iowa" geography, seen in the graphic to the right, mimics a labor shed existing and potential companies and site-selection professionals use to assess communities as locations for investment. The Central Iowa designation also allows Capital Crossroads to capture the dynamic



research and education taking place at Iowa State University, the manufacturing concentrations in Marion County, and other regional assets not included in the Des Moines Metropolitan Statistical Area (MSA) designation.

For the Capital Crossroads regional visioning process, the Greater Des Moines Partnership, Community Foundation of Greater Des Moines, Iowa State University, Des Moines Area Metropolitan Planning Organization, Bravo Greater Des Moines, United Way of Central Iowa, Prairie Meadows Racetrack and Casino, and other key partners have retained national consultant *Market Street Services* to facilitate the development of Greater Des Moines and Central Iowa's strategic plan.

In order to provide a basic understanding of Greater Des Moines and Central Iowa's high-level trends over the previous years, the process began with a brief **Economic and Demographic Snapshot** inclusive of key indicators affecting the region's population and economy. This Snapshot was presented to the Steering Committee at its first meeting in early November. It demonstrated that Des Moines and Central Iowa is experiencing notable growth in its population and economy, but issues of rising poverty are becoming more acute in the City of Des Moines itself. Data also showed that much of the region's population growth is being driven by migration from rural Iowa counties as opposed to out-of-state communities.

This **Community Capacity Assessment** compares Greater Des Moines and Central Iowa against the regions of **Omaha, NE; Madison, WI;** and **Denver, CO** to determine how the Des Moines metro area competes for jobs and talent in the New Economy. Project advisors **Next Generation Consulting** and **Dr. Jesse L. White** contributed analysis and insight related to young professionals and civic capacity respectively.

The **Target Cluster and Marketing Analysis** will identify key business sectors that Des Moines and Central Iowa is most competitive for in addition to assessing the ways in which the region markets itself to the nation and world. Project advisor **Amy Holloway** will analyze Greater Des Moines economic development marketing programs.

All of the research conducted for the process will inform the development of the **Capital Crossroads Plan**, a five-year strategy providing the region with a vision for sustainable economic growth and development.

The **Implementation Action Plan** determines how the Capital Crossroads Plan will be put into action. Implementation priorities, lead and support entities, budgets, performance measures, and other elements are included in this report.

Overseeing all parts of the process is the **Steering Committee** of diverse local leaders assembled to ensure the visioning process reflects the key needs and opportunities of the Greater Des Moines and Central Iowa region.

Underpinning much of the Capital Crossroads research is an incredibly robust **public-input process** that leveraged thousands of local stakeholders in the determination of the region's competitive position and strategic priorities. Public input included:

- Over 50 **one-on-one interviews** with top Central Iowa leaders
- Thirty constituency-specific **focus groups** with stakeholders representing Central Iowa's health care community; elected officials; top employers; young professionals; college students; high school students; higher educational and training officials; public and private K-12 representatives; social services providers; minority leadership; and numerous other categories.
    - **Iowa State University Extension** Community Development Specialists facilitated roughly half of these focus groups, providing valuable additional capacity to the Capital Crossroads input process.
- An **online survey** available for over six weeks at the project website (CapitalCrossroadsVision.com) and distributed by the area's top employers and academic institutions. The survey received nearly 3,500 responses; this represents the highest survey-response total in *Market Street*'s 14-year history.
- An **online survey** directed towards Central Iowa's young professionals. The survey received nearly 800 responses.

PEOPLE

The chart shows Greater Des Moines' performance compared to its peer metro areas, the state and the nation related to a number of key indicators. As the population in metro Des Moines continues to grow and become more diverse, key issues such as educational attainment and quality of pre-K-12 education must continue to be high-profile strategic efforts.

	Des Moines, IA	Denver, CO	Madison, WI	Omaha, NE	Iowa	United States
PEOPLE: Snapshot data						
Public School MSA Students						
% Eligible for Free or Reduced Lunch, 2008-09	**30.9%**	35.3%	25.2%	36.8%	-	-
Rank	**2**	3	1	4	n/a	n/a
College Students						
College students per 100 residents*	**8.6**	5.4	13.1	7.3	-	-
Rank	**2**	4	1	3	n/a	n/a
College Enrollment Growth						
% from 2001-02 to 2009-10*	**37.2%**	35.9%	7.1%	33.8%	-	-
Rank	**1**	2	4	3	n/a	n/a
Market Street Workforce Risk Index						
Rank of 353 Metropolitan Areas, 2008	**37**	39	38	62	-	-
Rank	**1**	3	2	4	n/a	n/a
Poverty						
2009 total poverty rate	**15.0%**	17.1%	11.0%	15.0%	15.7%	20.0%
Rank	**2**	4	1	2	3	5
Per Capita Income						
2008 Per Capita Income	**$42,506**	$48,010	$44,172	$43,012	$37,509	$40,166
Rank	**4**	1	2	3	6	5
Per Capita Income Growth						
%, 2005-08	**10.87%**	11.01%	12.05%	12.17%	16.02%	13.39%
Rank	**6**	5	4	3	1	2
Educational Attainment						
% of adults w/ an Bachelor's degree or higher, 2009	**33.8%**	37.6%	41.0%	31.8%	25.1%	27.9%
Rank	**3**	2	1	4	6	5

1= most favorable position

For additional information including sources, see the relevant section within the full report.

*Central Iowa geography

Talent Development

- ✓ Iowa ranks 14th nationally in the percentage of four-year olds served by pre-K programs, but significantly trails the percentages of top U.S. states.
  - Des Moines area residents are pleased with pre-K services but would like them to be available to far greater numbers of children. Governor Terry Branstad is set to propose that pre-K funding be need-based as opposed to universally available.

- ✓ Des Moines Public School enrollments have declined while those in the region have increased notably. The Des Moines district has among the lowest percentage of students eligible for free and reduced lunch compared to the benchmark regions, but is nearly double the Des Moines MSA's percentage.
  - Among Metro Des Moines school districts, Des Moines Public Schools have the lowest graduation rates and the lowest proficiency percentages in subject-specific standardized tests. Local leaders and stakeholders support measures the district is taking to improve student performance but are concerned that perceived issues in the city's schools will continue to drive families-of-means to the region's suburbs.
  - Many stakeholders would like to see Greater Des Moines implement more alternative campuses such as charter schools and career academies, but state funding laws and policies, as well as regional parochialism, are said to limit this possibility.

- ✓ Central Iowa has more college students per capita than all the comparison regions except for Madison. It also has the highest percentage increase in enrollment.
  - Iowa State University confers roughly half of all the degrees awarded in Central Iowa. The presence of one of the nation's top agricultural research institutions in Central Iowa is a key competitive asset.
  - All of the region's colleges and universities are well regarded by residents, with Drake University achieving the highest ratings among online survey respondents.
  - Des Moines Area Community College (DMACC) is a key asset in the region's workforce development system and receives high marks from input participants in focus groups, interviews and the online survey.
    - Certain high-demand DMACC degree programs have long enrollment wait times due to capacity constraints.

- ✓ Greater Des Moines and Central Iowa has a competitive array of workforce development resources, but there is reportedly a lack of awareness of certain of these resources by potential individual and business clients.
  - The regional workforce system in Central Iowa is still transitioning from the scandal-plagued dissolution of the Central Iowa Employment and Training Consortium in 2007. Central Iowa Works, a public-private entity created to develop career pathways for the region's largest employment sectors will need to function effectively alongside the Central Iowa

(Region 11) Regional Workforce Investment Board (RWIB), which is finalizing its strategic mission and direction.

- ✓ Greater Des Moines has the most sustainable workforce among all the comparison regions as measured by *Market Street's* Workforce Risk Index. This should allay immediate fears of a workforce shortage in Central Iowa in the coming years.

Socio-Economics

- ✓ The Des Moines MSA's total poverty rates are lower than all its peer regions; youth poverty rates are more comparable with the comparison areas.
    - o Total poverty in the city of Des Moines is lower than all regions except Omaha, but its youth poverty rates trail only Denver. Des Moines' youth poverty rates increased faster than all the comparison cities from 1999 to 2009.
    - o Input participants fear that the Greater Des Moines region is "hollowing out" as the city increasingly must provide services for a lower-income population while its tax receipts are diminishing due to investor preferences for the region's suburbs.

- ✓ Greater Des Moines and Central Iowa's average per capita incomes are higher than Iowa and the U.S. but lower than all the comparison regions. They have also increased at a slower rate than the benchmark areas from 2005 to 2008.

- ✓ Educational attainment percentages (Bachelor's degree and above) in Central Iowa are slightly above metro Omaha's rates, but trail the Denver MSA figure and are significantly lower (6%) than metro Madison.
    - o Attainment figures are much lower at the city of Des Moines level and trail all the comparison cities by multiple percentage points. Thus, a higher percentage of college-degreed adults reside in Greater Des Moines' suburbs than the city proper.

- ✓ Analysis specific to Greater Des Moines and Central Iowa's young-professional (YP) cohort showed that the region's percentage of 25-34 year old residents grew faster than all the comparison regions.
    - o Greater Des Moines scored well in project team member Next Generation Consulting's overall YP capacity index. Though behind Madison, the Des Moines MSA finished with a higher score than Denver, Austin, Nashville, Indianapolis, Omaha and Minneapolis-St. Paul.
    - o However, the local perception of this competitive advantage is still lacking. Young professional residents are committed to Greater Des Moines, but they are not yet "ambassadors" for the region.

PROSPERITY

The following summaries and chart compare Des Moines' performance in key economic indicators to its benchmark regions, the state, and the nation. Greater Des Moines' diverse economy has been important in maintaining the region's economic health throughout the Great Recession but still may be slightly vulnerable to declines in its dominant finance and insurance sector.

PROSPERITY: Snapshot data	Des Moines, IA	Denver, CO	Madison, WI	Omaha, NE	Iowa	United States
Employment						
5-year change, Q1 2005-Q1 2010	**4.16%**	0.23%	-1.05%	0.96%	-0.39%	-2.58%
Rank	**1**	3	5	2	4	6
Wages						
Average annual wage, 2009	**$44,073**	$51,733	$42,861	$40,555	$37,158	$45,559
Rank	**3**	1	4	5	6	2
Wage Growth						
%, 2005-2009	**10.85%**	12.61%	12.17%	11.63%	12.36%	12.00%
Rank	**6**	1	3	5	2	4
Worker Productivity						
Output per Worker, 2008	**$106,493**	$121,951	$98,418	$100,197	$91,040	$105,081
Rank	**2**	1	5	4	6	3
Business Bankruptcies						
Rate per 1,000 Establishments, Q1 2010	**5.4**	10.6	5.8	5.3	3.8	6.8
Rank	**3**	6	4	2	1	5
Commercial Property Taxes						
Taxes on a $1M property in core city, 2010	**$46,781**	$5,185	$20,570	$21,343	-	-
Rank	**4**	1	2	3	n/a	n/a
Tax Foundation State Business Tax Climate Index						
Ranking for corresponding state, 2011	**45**	15	40	29	-	-
Rank	**4**	1	3	2	n/a	n/a
Small Business Lending						
Number of Loans per resident, 2009	**13.8**	23.4	12.4	12.9	-	-
Rank	**2**	1	4	3	n/a	n/a
Small Business Lending						
Average Loan Amount, 2009	**$18,065**	$14,656	$12,936	$15,982	-	-
Rank	**1**	3	4	2	n/a	n/a

1= most favorable position

For additional information including sources, see the relevant section within the full report.

Performance and Structure

- ✓ Greater Des Moines' job growth has kept it near the top of the nation's most vital economic regions, both in raw numbers and on rankings from the Milken Institute, Forbes, Money and other organizations and publications.
  - The Des Moines MSA's five- and ten-year employment change percentages far exceeded all the benchmark areas' performances, especially in the last five years.
  - Des Moines and Central Iowa businesses surveyed in this planning process feel confident that their companies will grow in the region and have no plans of leaving the area.
  - Local economic development professionals are happy with the processes that have been developed to ensure coordination and collaboration among municipalities for job and investment growth. However, certain stakeholders said that competition among local governments is still a barrier to more effective regional development efforts.

- ✓ Only metro Denver and the U.S. offered higher average wages than Greater Des Moines in 2009. Central Iowa wages were slightly lower.
  - However, wage gains in the Des Moines MSA and Central Iowa rose more slowly than all the comparison geographies from 2005 to 2009.

- ✓ Though finance and insurance is far and away Greater Des Moines and Central Iowa's most concentrated employment sector, economic diversity is provided by the health care, management of companies (headquarters), wholesale trade, information, and arts, entertainment and recreation sectors.
  - Some stakeholders believe that greater economic diversification will ensure that the region is better protected against potential downturns in finance and insurance employment.
  - Key potential opportunities can be found in life, plant and animal and biomedical sciences, notable strengths of Ames-Story County. Coupled with Greater Des Moines firms, this sector can grow into a truly integrated and robust employment cluster.

Business Climate

- ✓ Central Iowa and the state of Iowa's tax climate is a competitive disadvantage, though predominantly related to commercial and residential property taxes. Greater Des Moines aggregate tax burden is less restrictive.
  - Efforts have been announced at the state level to work towards tax reform in the 2011 legislative session, in addition to a reexamination of the state's incentive policies in the wake of a scandal in Iowa's film-incentives program.

- ✓ Regulatory and permitting costs for local businesses were said by public input respondents to be competitive. Though there are still discrepancies among local governments, costs to developers are not prohibitive.

o The city of Des Moines has invested much effort into improving its regulatory climate and seen positive results.

- ✓ Greater Des Moines lease rates for industrial space are slightly higher than its competitor regions, but its office and retail lease rates are lowest among the benchmark areas and are dropping faster than all the comparison metros.
  - o Due to recent relocations of three major employers, Downtown Des Moines has a glut of over 1 million square feet of vacant office space. This is of great concern to local leaders who feel that creative strategies may be needed to generate significant office-space absorption.

- ✓ The cost of utilities in Central Iowa is a competitive advantage for the region and one that many stakeholders should be more aggressively marketed to existing businesses and external prospects.

- ✓ Iowa's status as a right-to-work state provides it a competitive advantage for certain economic development projects versus most of its border states.

Small Business Development

- ✓ Per capita small-business lending in Greater Des Moines is higher than Madison and Omaha's metro rates but well below those of the Denver MSA.
  - o However, the average loan amount to Des Moines area small businesses is higher in the Des Moines MSA than all the comparison regions.

- ✓ Greater Des Moines and Central Iowa have a number of available small business development resources, but stakeholders said there is a lack of connectivity among support organizations and the absence of a prominent "go-to" resource for individuals looking to start or grow a small business.

Technology Commercialization and Innovation

- ✓ As the region's principal research university and one of the nation's most prominent agriculturally -focused campuses, Iowa State University has the potential to be a dominant technology transfer, commercialization and economic development force in the region.
  - o Though strides have been made, ISU trails the nation's top research institutions, including the University of Wisconsin-Madison profiled for this report, in total research expenditures, startup companies created and patents applied for and issued.
  - o Stakeholders said that ISU still lacks a "culture" of entrepreneurship and, despite efforts to improve its tech transfer and commercialization processes, has intellectual property and Conflict of Interest policies that are said to discourage outside companies and faculty from engaging in research endeavors and partnerships.

- ✓ Local professionals said that Greater Des Moines' technology, innovation and enterprise development climate is improving as more entrepreneurs successfully launch and grow tech-based businesses.
  - They added that capital and expertise to assist aspiring entrepreneurs is readily available in Des Moines, but the process of accessing these resources is still informal and prohibitive for individuals who are not aware of, or connected to, the local networking scene.
  - Even those that are aware of these resources said that a support system like those found in tech-hubs like Raleigh-Durham and Silicon Valley has yet to materialize in Greater Des Moines.

PLACE

The following chart summarizes the Des Moines area's performance compared to its peer metro areas, the state and the nation for key indicators related to quality of place. The numbers show that Greater Des Moines and Central Iowa benefits from a low cost of living, competitive health care capacity, and strong philanthropic giving, among other assets.

PLACE: Snapshot data	Des Moines, IA	Denver, CO	Madison, WI	Omaha, NE	Iowa	United States
Cost of Living						
C2ER Index (US = 100), 3Q2010	**90.0**	103.9	109.8	89.5	-	-
Rank	**2**	3	4	1	n/a	n/a
Home Prices						
Median sale price of single family homes, 2Q2010	**$154,298**	$229,258	$213,599	$137,027	-	$173,178
Rank	**2**	5	4	1		3
Rental Housing Cost						
Median Rent	**$619**	$778	$731	$611	$496	$702
Rank	**3**	6	5	2	1	4
Health Care Capacity						
Physicians per 100K residents, 2010	**227.5**	238.9	334.7	242.3	175.3	220.5
Rank	**4**	3	1	2	6	5
Well-Being Index						
Overall Well-Being Ranking of 185 metros	**30**	52	33	73	-	-
Rank	**1**	3	2	4	n/a	n/a
Crime Rates						
Combined Property and Violent Crime Ranking of 332 metros	**200**	168	277	119	-	-
Rank	**2**	3	1	4	n/a	n/a
Philanthropy						
Nonprofit Organization revenue per capita, 2010	**$11,685**	$4,627	$11,109	$8,307	$5,408	$5,587
Rank	**1**	6	2	3	5	4
Environmental Quality						
Facilities w/ hazardous waste activities (per 100K residents), November 2010	**131.6**	148.5	231.5	58.4	74.2	-
Rank	**3**	4	5	1	2	n/a

1= most favorable position

For additional information including sources, see the relevant section within the full report.

✓ Greater Des Moines and Central Iowa online survey respondents overwhelmingly agree (87 percent) that the region is an attractive and desirable place to live. Over 83 percent feel they will remain in the community, but are less sure their children will choose to live in Central Iowa.

Infrastructure

- ✓ With north-south and east-west interstates and an interstate-grade loop highway around Greater Des Moines, Central Iowa has a competitive highway and road capacity.
    - o The region's interstate connectivity and geographic centrality to Minneapolis-St. Paul, Chicago, Kansas City and Omaha lead some stakeholders to believe that Greater Des Moines should more aggressively pursue logistics companies.
    - o As the region's principal north-south artery, I-35 was said to be a key catalyst to improve connectivity and coordination between Greater Des Moines and the Ames-Story County region. Despite their proximity, many stakeholders said that the two areas generally operate independently and do not collaborate as much as Cedar Rapids and Iowa City, anchors of the state's other principal corridor.

- ✓ Central Iowa is served by one more Class I railroad than its three comparison regions, but does not have multi-modal trans-shipment capacity.
    - o A potential passenger rail line from Chicago to Iowa City could one day serve Des Moines on its way to Omaha, but uncertain state support could jeopardize availability of federal dollars to fund the line.

- ✓ Des Moines International Airport (DSM) has suitable cargo capacity to serve existing and potential distribution and shipping firms but lacks the direct service and competitive airfares to support significant passenger capacity.
    - o Public input participants were universally critical of DSM's number of non-stop destinations and the consistently high airfares charged by carriers serving Des Moines.
    - o Opinions are mixed as to the best means to address these issues; some feel that continued regional growth will eventually lead to improved air service while others argue that an aggressive program of incentivizing additional air service is necessary to safeguard Greater Des Moines' economic competitiveness.

- ✓ Telecommunications infrastructure is provided to all Central Iowa communities but at varying download speeds. Other regions and counties in Iowa have faster connectivity than Greater Des Moines and its adjacent communities.
    - o With access to the National LambdaRail and Internet2, Central Iowa institutions and business can take advantage of next-generation transmission networks to improve their productivity and collaborative research efforts.

Arts, Culture, and Entertainment

- ✓ Public input respondents feel that Greater Des Moines has an enviable array of arts, culture and entertainment amenities not only for a "community of its size," but for a much larger metro area.

- When compared to Omaha, Madison and Denver, the Des Moines area's capacity is more limited, but nevertheless serves an important role in the retention and attraction of businesses and talent. Some stakeholders would like to see the arts in Greater Des Moines taken more seriously as an economic driver and key component of the community's "fabric."
- Input respondents said the creation of a regional arts agency (Bravo Greater Des Moines) has been a great benefit to the coordination and delivery of arts and culture programming in the area.

✓ Downtown Des Moines has experienced a renaissance with over $3 billion invested in the city core in the last five years.
- Revitalization of the Court Avenue and East Village districts, the construction of new corporate headquarters, a new library, sculpture park and arena and the development of hundreds of condominiums and rental units have made Downtown an increasingly viable attractor of young professionals and residents and businesses seeking a more vital urban environment.
- Input participants noted that Downtown suffers from a shortage of affordable rental units that would help bring more younger residents to the district.

Livability

✓ Greater Des Moines features a very competitive cost of living, which serves as an incentive for companies seeking to bring talented professionals to the region to live and work.

✓ Housing prices in Greater Des Moines are lower than the U.S. average and above only Omaha among the comparison regions.
- Average housing costs are nearly $70 thousand per unit higher in metro Denver and $65 thousand higher in the Madison region.
- A lower percentage of Greater Des Moines renters pay more than 30 percent of their monthly income on rent than all the benchmark regions.

✓ Though Greater Des Moines has a lower per capita number of doctors than the competitor metros, it has the lowest average cost per doctor visit compared to the Omaha, Denver and Madison regions.
- Overall wellbeing in Greater Des Moines as measured by the Gallup-Healthways index is higher than all the comparison regions.
- Health and wellness is poised to become a major initiative in Central Iowa due to the presence of Wellmark, Iowa Health-Des Moines, Mercy Medical Center, Broadlawns Medical Center, Des Moines University and other health-focused firms and institutions and the desire of local leadership to make the Des Moines region one of the nation's healthiest.

✓ Only the Madison region had lower combined property and violent crime rates than the Des Moines MSA among the benchmark metros.

- However, the city of Des Moines' combined property and violent crime rates ranked higher than all the comparison cities.

✓ Greater Des Moines' rate of auto-dependency was higher than all the competitor metros except Omaha. However, its average commute time was lower than both Madison and Denver.
  - Public input respondents would like to see additional routes and more frequent service provided by the DART system in order for transit to serve as a viable option to auto commuting. Workforce development personnel and college students were also concerned about Greater Des Moines' transit capacity.
  - DART will be constructing a new Transit Hub in Downtown Des Moines that could potentially improve system performance and increase route frequencies.

Civic Capacity

✓ Metro Des Moines has a long history of strong civic capacity demonstrated by a succession of forward-thinking public and private leadership. This capacity has led to a number of high-impact programs, facilities and institutions being developed in the region.
  - However, some stakeholders are concerned that the "next generation" of leaders has yet to be identified, leading to a potential "philanthropic gap" as older leaders step aside. This next generation will also need to better reflect Greater Des Moines' changing population demographics.

✓ The Des Moines region has far more non-profit organizations per capita than all the benchmark metros. It also has higher per capita revenues in its non-profit organizations than all its benchmarks, though only slightly higher than Madison.
  - The positive and lasting impact of entities such as the Community Foundation of Greater Des Moines, the United Way of Central Iowa and others was cited as a major benefit for the health and welfare of Des Moines area residents.

✓ The Des Moines MSA has lower percentages of regular attendance at religious services than all the comparison geographies except metro Denver.
  - In the context of religious congregations' potential to serve as positive community change-agents, this can be seen as a competitive challenge for Greater Des Moines.

✓ Compared to its peer regions, Greater Des Moines has a higher number of facilities that produce/release air pollutants and facilities that are issued permits to discharge to bodies of water.
  - The poor water quality of Central Iowa's rivers and streams was cited by many input participants as a major detriment to the use of waterways for irrigation, consumption and recreation.

CONCLUSION

Unlike numerous U.S. regions that have experienced wrenching economic downturns and population loss, both before and during the recent Great Recession, Greater Des Moines' community trajectory is on a definite upswing. The region's population and economy have grown faster than the national average and one top-10 list after another has declared the Des Moines metro area the "best place" for a host of different criteria. The Capital Crossroads strategic visioning process is being launched from a position of strength, not weakness or alarm. That said, the most competitive economic climate in history compels Greater Des Moines to move forward aggressively with programs, processes, and partnerships designed to take its competitive position to its next level of effectiveness.

This *Competitive Capacity Assessment* has found that Greater Des Moines and Central Iowa are indeed well positioned competitively for a number of components that will affect how the region fares versus comparison communities for the retention, expansion, and attraction of jobs and talent. The maintenance and enhancement of these assets in addition to the development of additional competitive capacity is the goal of the Capital Crossroads process.

Among Greater Des Moines and Central Iowa's top strengths and opportunity areas[1] are:

- ✓ Strong population growth and a more diverse residential base that is being welcomed by the community-at-large.
  - o Continuing to leverage that diversity can foster Des Moines' reputation as a Midwestern melting pot.
- ✓ Public and private school systems that serve the needs of local families and businesses and retain/attract families to Central Iowa.
  - o Ensuring that a variety of quality campus and curriculum options are available for area students will help the region maintain a tradition of educational excellence.
- ✓ Higher education resources, including one of the top agricultural-research institutions in the country in Iowa State, that draw thousands of young people to the region and produce skilled graduates who help local companies grow and excel.
  - o Working with these institutions to capture the potential to advance regional economic development efforts can be a key strategy moving forward.
- ✓ A strong work ethic among current employees that provides value to existing businesses and helps marketers sell the region to prospects.

[1] Do not reflect a prioritized order.

   - Fostering that same level of commitment in successive generations of workers will help ensure that local and prospective employers still consider the region a competitive location for business.

- ✓ A growing base of networked young professionals that facilitates connections for new and existing residents and businesses.
   - Continued expansion and engagement of young professionals in Greater Des Moines' business, civic and cultural arenas will further drive the region's advancement as a community-of-choice for young talent.

- ✓ Well established economic development programs that have attracted and expanded major employers – especially in finance and insurance and healthcare – that provide stability to the local economy and a sustainable base for employment growth.
   - Key growth-sector opportunities in information technology and life, medical, plant and animal science can help to better diversify the regional economy and provide more career options for local youth.
   - Formalizing opportunities to better connect the Ames-Story County and Greater Des Moines economies along the I-35 spine can help to realize these diversification goals.

- ✓ A small but burgeoning cluster of young technology companies that is drawing attention to Central Iowa's advantages for start-up firms, including a ready availability of growth capital.
   - The potential to institutionalize a support system for these entrepreneurs and innovators can enable the region to steadily approach the dynamism of top entrepreneurial capitals such as Raleigh-Durham, Austin and San Francisco.

- ✓ A geographic location and competitive infrastructure capacity for roads and highways, telecommunications, utilities, and commercial rail.
   - Leveraging these strengths can position the region well for transportation, distribution, and logistics employment as well as opportunities in advanced manufacturing.

- ✓ A dynamic, affordable quality of life, revitalizing Downtown Des Moines, and arts, culture and recreation capacity that enriches the lives of current residents and provides "surprising" benefits to new migrants unfamiliar with Central Iowa.
   - Continuing to develop amenities while better connecting new and existing resources will bind these unique assets into a stronger whole.

- ✓ A philanthropic, active civic capacity built by strong, accessible, and forward-thinking public and private leadership that has guided Greater Des Moines to multiple high rankings on "best place" lists and produced enviable community resources.
   - Ensuring leadership continuity in future generations will perpetuate and accelerate these positive trends.

Among Greater Des Moines and Central Iowa's key challenges to address[2] are:

- ✓ The external perception of Greater Des Moines and Central Iowa as a community of "corn and cows" that does not reflect the region's true assets and opportunities.
- ✓ Rising, increasingly concentrated poverty in the city of Des Moines that is adversely affecting academic performance, reducing tax revenue, and straining the City's and community-based agencies' ability to meet the growing demand for social services.
- ✓ Public school performance issues – especially in the city of Des Moines and high-poverty rural districts – that reflect the challenges of educating an increasingly ethnically diverse, low-income and at-risk student population. This is compounded by a state that provides little flexibility to school districts that want to implement non-traditional campuses and programs.
- ✓ Workforce educational attainment levels below the nation's most competitive information and technology-based economic regions. Increasingly impacted availability in high-demand community college degree programs.
- ✓ A high concentration of finance and insurance employment that puts the region at risk of major disinvestment and economic decline if one or more major companies were to be acquired or leave the region.
- ✓ Existing-business development programs that need to be fine-tuned to better capitalize on local expansion opportunities.
- ✓ A "risk-averse" community culture – reportedly derived from the region's historical role as an insurance capital – that restricts the pursuit of unconventional efforts and prevents the development of a "culture of entrepreneurship" in Greater Des Moines.
- ✓ Lack of connectivity and a prominent centralized support entity for the region's small business people, coupled with the lack of a formalized networking and support system for aspiring entrepreneurs and technologists.
- ✓ Evolving but still restrictive technology transfer and commercialization processes at Iowa State University that slow the movement of research to market.
- ✓ High commercial and residential property tax rates that create the perception that Iowa (and Central Iowa) are not cost-competitive for existing or prospective businesses and talent.
- ✓ Above average airfares and a lack of direct flights to top U.S. and foreign markets at Des Moines International Airport that hamstring the region's ability to retain and attract companies and talent, while limiting Greater Des Moines' competitiveness as a convention and tourism destination.
- ✓ A lack of critical mass of entertainment amenities and districts that would enable Greater Des Moines to compete with larger metro areas for young

[2] Do not reflect a prioritized order.

professional talent. Plus, a young professional cohort that is reportedly divided between so-called "corporate" and non-corporate membership and often does not serve as "ambassadors" for Central Iowa.

- ✓ A widening "philanthropic gap" as the community's established, successful leadership corps declines in capacity without a clear secession of new leaders taking their places.
- ✓ The persistence of local parochialism that prevents the implementation of certain regional education, workforce, planning and infrastructure-development efforts. This includes a reported divide between the Greater Des Moines and Ames-Story County communities that many say holds the region back from achieving more dynamic success.

As the Capital Crossroads process advances, key findings from the *Competitive Capacity Assessment* as well as the *Target Cluster and Marketing Analysis* will combine to inform the development of the region's strategic vision plan and an implementation process to achieve its recommended goals and objectives.