

Even in light of all of the positives, St. Leon has issues that need to be addressed. There is no image or community identity that relates itself to the Town of St. Leon. Thought should go into what type of image the Town would like to have or be thought of by the rest of Dearborn County as well as the State of Indiana and the region. Currently there is little in the community to keep their youth in the area following their high school years. There are also limited activities for younger youth and families to take advantage of in the way of local parks if they are not part of the school system. There is also a need for basic services in the community to further strengthen it including additional retail, restaurants, medical clinics and affordable housing stock for new entrants to the community. All of these can be addressed with additional resources and good future planning by the Town and its citizens. The town may want to consider the establishment of a formalized volunteerism component that would both foster the concept of volunteerism as well as provide a program for assisting both the community and the residents when there are issues of need.

Target Industry Analysis

Selecting target industries and businesses for St. Leon is a multi-step process. In Phase 1, the SWOT, we identified the area's strengths and weaknesses as a location for business growth. From this, we utilize a "site selection" process that attempts to answer the following four questions:

1. **Are there local assets that give specific industries a competitive edge? What clusters currently exist locally, and are they growing?** Immediate and obvious candidates for targets are those that are experiencing growth within the community or surrounding communities. Industries that have a large presence but lack growth suggest that the county is losing its competitiveness in this industry. While the industry may be a candidate to target for a retention effort, a long-term decline calls for a close look at transitional opportunities into new industries that create jobs (e.g. textile workers transitioning into food processing).
2. **Are existing or emerging local clusters growing nationally or undergoing geographic dislocation?** For those local clusters that have potential, are they growing nationally as well? While some industries are experiencing high growth rates, most U.S. industries are modest or stagnant in their growth. However, the dislocation of industries from one part of the country to another has been a longstanding opportunity for recruitment. Many industries undergo restructuring in order to be more competitive or simply suffer a high rate of startup and failure.
3. **Communities are as unique as people.** Each one has strengths that companies can leverage to create competitive advantages. These strengths can include such things as workforce skills, tax structure, infrastructure, and market proximity. Likewise, many companies have specific infrastructure and workforce minimum requirements, and understanding whether the region can meet those requirements is crucial. For example, if the region lacks water and wastewater capacity or has overly stringent environmental regulations, then the community could be ruled

out for food processing and semiconductor manufacturing. Understanding the needs of target companies is essential to recruiting them.

4. **Does the industry match community goals?** The most important criterion is often whether or not the industry matches the stated goals of the community. Some communities may want to avoid manufacturing businesses or businesses that don't pay high enough wages. Sometimes lack of available land requires a more precise list of targets. Communities wanting to maintain a small-town appeal, for example, may target homegrown "soft" industries. Others wanting to transition into a more urban, metropolitan setting may focus more on larger office users.

"Site selection" is a broad term that describes a company's process of selecting a city for a new office or the relocation of existing divisions. This process involves executives from several divisions within the company (such as Executive, Human Resources, Facilities Planning, and sometimes Marketing) and often involves a consultant or real estate broker. Site selection is not a scientific process, but does involve a system of measurements and calculations, many of which are subjective to the company.

Traditionally, the growth of economies has been described in terms of a region's "basic" or "primary" industries. These industries typically export their goods or services outside the region, thereby supporting local industries such as retail, housing construction, and personal services through its payroll and local purchases. Primary industries reflect an injection of outside money into the community and have a high economic impact; according to various economic impact analyses, a typical primary business may create two additional jobs in the local economy for every one job at its facility. For this reason, communities across the country compete to recruit or retain these high-impact, primary businesses.

Manufacturing is a good example of a primary industry, as most customers would be found throughout the U.S. or even internationally. With the manufacturing industry in decline and the increasingly global nature of business today, many more industries are increasingly "primary" in their make-up: distribution centers may serve a multi-state region; back office operations can serve a company's global network of employees; and custom software companies can build Internet applications that serve businesses anywhere in the world. Federal installations such as army bases or federal research labs are clear examples of how government can be classified as a primary industry. High wage jobs are usually found at national or global companies that are enjoying growth.

While businesses are more global in nature today, rapid gains in technology, telecommunications, and markets continue to alter the location requirements of many companies. Often the speed of business drives corporate location decisions. Research conducted by the Industrial Asset Management Council suggests that the competition for top talent is now viewed to be the most important component of a successful company. Today's business environment requires that businesses continue to upgrade their

technological capabilities while expanding the skills of the available workforce. Innovation and change are now basic requirements for success.

Companies (and site selection consultants) select locations/expansions with the best business climates.

This may mean, for example,

- a good labor climate,
- good market proximity,
- good transportation,
- the availability of incentives,
- and all positive business conditions.

This will result in clustering; a concentration of like companies due to favorable business conditions.

- Clustering is a “green light” for other similar companies to take a look. But they will only locate if the good business conditions remain.
- For example, they may find the labor market for select skills depleted due to too much location/expansion activity.
- This is why we conduct careful fieldwork interviews with local companies for our site location clients, in order to help them to thoroughly understand the local business conditions.
- This methodology is also sound for economic development targeting. It will assist you in understanding location patterns and to identify the most active, fastest growing company types.

As indicated previously, targets are subject to “fit” within a community. Upon review of the workforce and existing employers, a concentrated effort was made to identify those industries that utilized the existing foundation while drawing upon new technologies and expanding industries nationally and internationally. It is with those parameters in place that the following targets are offered:

Service Industry

Back Office Operations
Data Centers
Regional Offices

Medical Facilities
Research Centers

Manufacturing/Processing

Plastics
Warehouse Distribution
Bio-Fuels

Food Processing
Fulfillment Centers
Wood Products

The above cited targets take advantage of the infrastructure, sites, workforce, and educational foundation available within and around St. Leon. Utilizing linkages with University of Cincinnati, Ivy Tech, Indiana University and Purdue University, tremendous opportunities exist within the Research and Development, and Environmental Services/Engineering sectors, Computer Science/Informatics and other technology based industry and business. In addition, there are many components within the traditional industrial base of the Greater Cincinnati area that provide transferable skills to the above targets.

Secondary Market Targets

Retail	Medical Offices
Hotel/Motel	Restaurants
Grocery Store	General Offices

The secondary targets are logical based on the location of St. Leon and its access via I-74 and Indiana Route 1. Some of these will be difficult to locate at first due to the basic requirements established by various Franchises as to density of population, income thresholds and traffic patterns. However as the community grows these obstacles will be minimized.

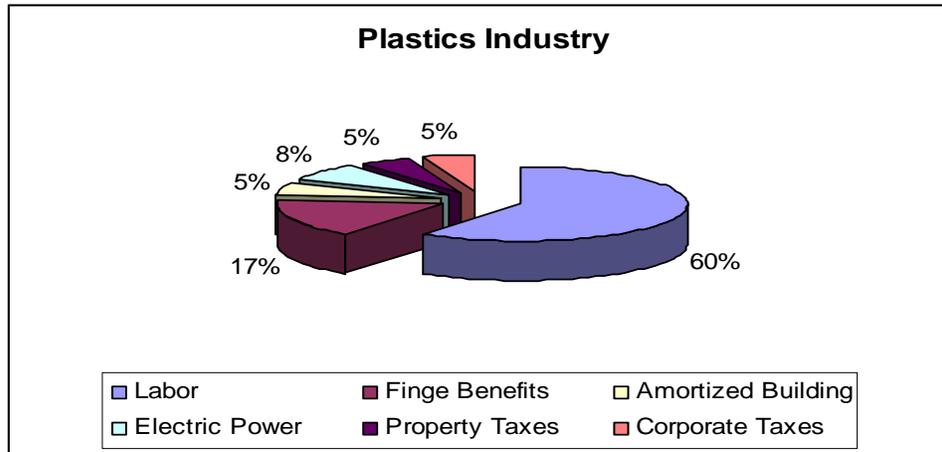
Following is a description of critical issues that determine locations in the various business and related industry. These criteria and critical issues have been derived from years of study and numbers of projects, and are proprietary in nature.

Warehouse/Distribution

- Access to market/transportation/freight costs
- Access to inter-modal freight terminals and ports growing in importance
- Labor costs/availability
- key positions: material handlers, forklift drivers; truck drivers
- Electric power (costs/reliability)
- Access to Interstate highways (within 10 miles² of interchange)
- Large sites (50 to 250 acres) or large buildings (40,000 square foot plus)
- Rail service for select operations
- Incentives
- Infrastructure
- Training
- Good labor/management relations

² This mileage requirement has gone down from 20 miles due to increased fuel costs.

Plastics Industry

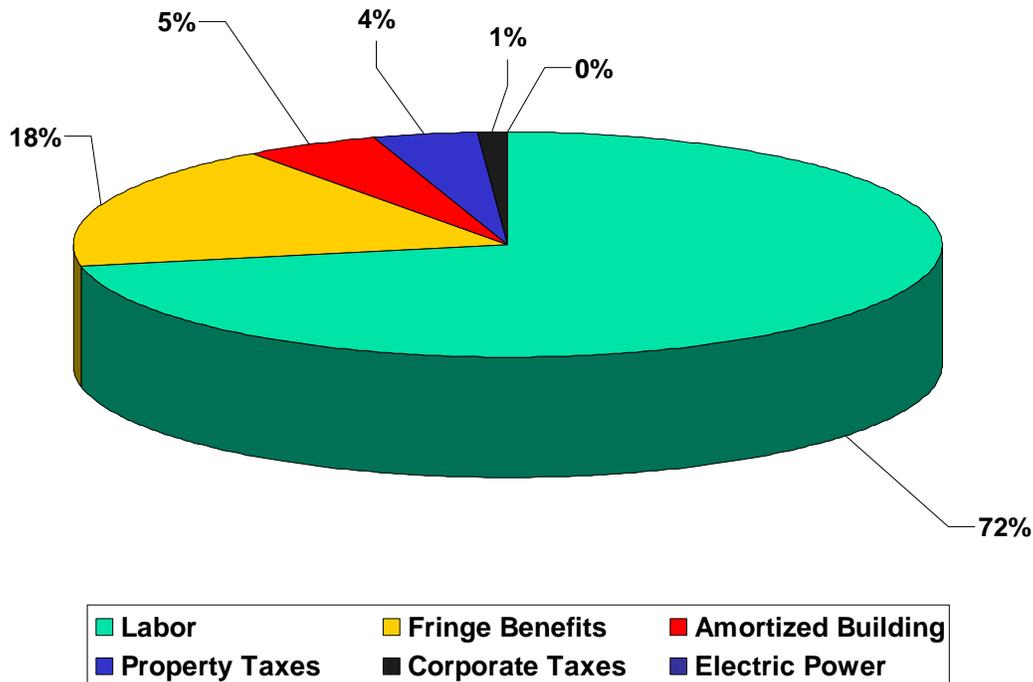


- Labor availability
- Fringe benefits
- Property Taxes
- Electric Power
- Corporate Taxes
- Building Costs

Back Office/Call Centers/IT

- Labor availability
- key positions: customer service representatives (CSR), help desk reps, telemarketers, industry experts
- Labor quality (turnover, absenteeism, etc.)
- Labor costs
- Telecommunications
- Education/Training (and incentives)
- Existing leased Class A/B buildings with ample parking and/or improved commercial sites
- IT tech support
- Commercial air service
- Good access to corporate headquarters/related
- Corporate income tax
- Electric power (reliability & cost)

Labor Costs are Closely Tied to Back Office Locations

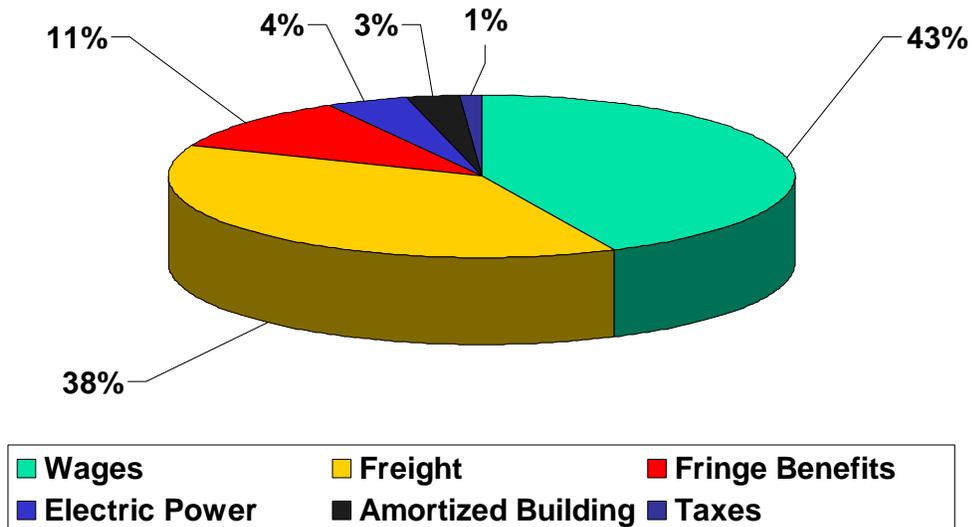


Food Processing and Related

- Available labor skills
- key positions: machine operators (cutting, blending & PLC³); food technicians, maintenance mechanics and warehouse workers)
- Labor costs
- Access to markets & raw materials/transportation costs
- Good water and sanitary sewer capacities
- Electric power costs/reliability
- Fully improved industrial sites/specialized buildings (may require rail service)
- Incentives
- Equipment tax exemptions (large capital investment)
- Infrastructure
- Training
- Good highway access
- Good labor/management relations.

³ PLC – Programmable Logic Control

Freight Costs are Critical in Determining Food Processing Locations



Ethanol/Biomass Criteria

- Local grain supply and basis (grain represents 65%-70% of total operating exp.)
- Highway access
- Rail access to isolated industrial site (70 acre minimum)
- Utility infrastructure (natural gas pipeline, electricity, water)
- Labor costs and availability
- Rural, remote, lower wage areas.

Chemicals and Pharmaceuticals Criteria

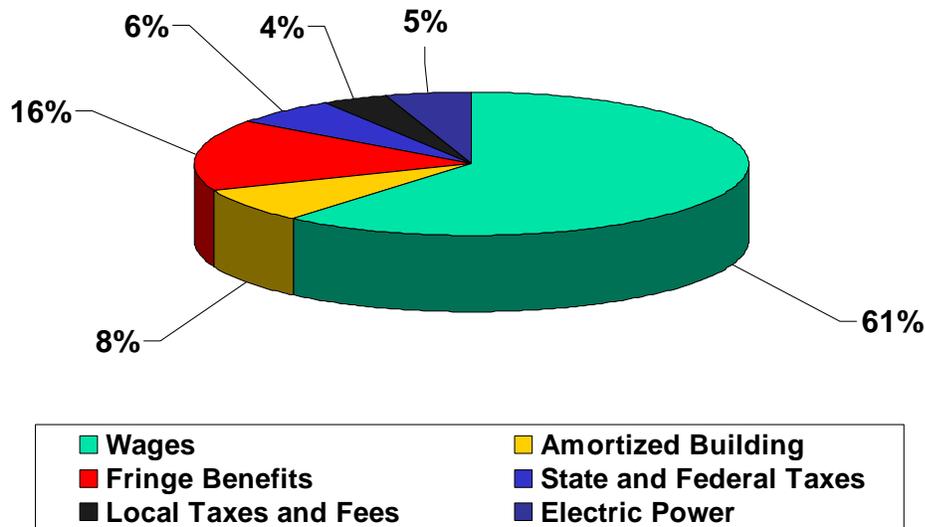
- Skilled/technical workers
- 60% skilled operators
- 25% professional/technical
- Labor costs
- Class A business park
- Electric power costs/reliability
- Highway access
- Incentives
- Equipment tax exemptions (large capital investment)

- R&D tax credits (moderate R&D investment)
- Training

Electronics (Including Assembly)

- Labor skill availability and quality (key positions: assemblers, electronic technicians, testers, maintenance mechanics)
- Labor costs
- Education/training with incentives
- Electric power
- Supplier network
- Proximity to markets/good highway access
- Fully improved industrial parks
- Building costs
- Corporate taxes

Annual Operating Costs Breakdown of an Electronics Plant Without Material Costs and Freight



Back Office/Help Desk Operations

- Great clerical/customer service labor availability.
- Excellent labor quality with low absenteeism and turnover rates.
- Customer service wages are lower than source cities and most competitor cities.
- Telecommunication is improving in San Juan County.

- Excellent training availability through cooperation with college and state incentive programs.
- New industrial/business park being developed; could build to suit if no Class B or C buildings available.

Back Office/Fulfillment Center Benchmarking (Example)

	Importance Weight	San Juan County	Total Score
Back Office/Call Centers			
Labor availability	10	10	100
Labor quality	10	9	90
Wages	9	9	81
Telecommunications	7	6	42
Education/Training	7	9	63
Class B Office Availability	6	7	42
Class B Office Costs	5	7	35
IT Tech Support	6	8	48
Incentives	7	9	63
Commercial Air Service	3	3	9
Corporate Income Tax	5	9	45
			618

Site Analysis

The two sites under consideration for this analysis are the Lobenstein property and the Stenger Farm. Both properties are available with willing sellers. It should be noted that the following discussion will be only about the properties cited above and no other properties are being considered at this time.

Lobenstein Property

This property is rectangular in size of approximately 25 acres. Its southern border is I-74 with high visibility. The other three sides are bordered by four different property holders and appear to be land locked with current access being provided with an unimproved extension of Andres Drive. There is currently an 8” sewer line running east to west crossing the property, there is also a 3” gas line running N/S along the eastern property