

**EXECUTIVE SUMMARY**  
**ANALYSIS OF CLINTON IOWA FOR ADMINISTRATIVE BACK OFFICE OPERATIONS**

The examination performed by Prager Company is similar to that of a *Phase One Location Analysis* for companies contemplating a new facility location. Areas chosen for comparison may compete with Clinton for administrative back office and, in combination, serve as a proxy for the competitive environment in which Clinton operates.

The costs of administrative back office operations are overwhelmingly influenced by labor. Based on Prager Company's analysis, Clinton's labor costs for key administrative back office occupations are more affordable than any other comparison location. Companies may encounter annual workforce savings in Clinton ranging from approximately \$70,000 to \$960,000.

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While labor has the greatest influence on operating costs, a number of other factors impact the bottom line as well. Most notably are real estate, utilities (power) and taxes. Even when these costs are examined in isolation of labor, Clinton is still the most cost competitive. Based on the Prager Company analysis, when all major administrative back office factors are considered, companies may reap annual savings in Clinton of approximately \$80,000 to \$1,100,000.

In addition to its cost structure, Clinton possesses a number of other attributes that make it worth careful consideration by those seeking an administrative back office location. This includes Clinton's availability of workers well suited for jobs in the back-office industry and its fully served office park with a state-of-the-art building expressly designed for administrative operations.

**Clinton's Location Advantages for Administrative Back Office**

- Long history of customer-focused, service-oriented businesses, complimented by a strong manufacturing presence
- Abundance of available, experienced administrative office workers ready for immediate hire
- Older generation of workforce praised for their skills and work ethic
- Administrative back office operating costs lower than all comparison locations
- Labor costs almost 8% lower, on average, than the competitors
- Among the lowest office lease rates for administrative office operations and the lowest build-to-suit costs as well
- Second lowest cost of living among competitor locations
- Several fully served properties, most notably a business and technology park expressly designed for administrative operations
- Available, pristine 18,000 square foot administrative processing building replete with full-service kitchen, newer cubicles and all furnishings
- Financially strong state with a perennially high credit rating, suggesting future fiscal stability
- Potential Year One operating cost savings ranging from about 2% to almost 19%

**Prager Company is an economic and management consulting firm with almost two decades of market-driven experience. Prager Company helps cities, regions and states grow their economies and companies maximize location-specific investment. This analysis was commissioned by the Clinton Regional Development Corporation.**

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***Labor Availability***

Administrative employers and job placement agencies interviewed by Prager Company voice their satisfaction with the Clinton area's availability of back office workers. Interviewees state that today's supply of industry-experienced workers in the immediate area is not only plentiful but noticeably higher than in years past.

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Within a 50-mile radius of Clinton, eight community/technical schools have an overall enrollment of more than 19,000 students. In addition, over 2,500 degrees/certificates are awarded annually to business administration and information technology-focused students.

Back office work is demanding and high-pressured. Consequently, turnover rates can be higher than in other industries. Therefore, the need for readily available, replenishable labor is paramount. Based on local interviews, the estimated turnover rate of administrative back office workers is lower in Clinton than in the comparison locations. On average, Clinton's turnover rate is estimated at 30% versus an average of 32% for the eight comparison locations. Turnover can result in significant employee replacement and training costs as well as lost productivity. When this is taken into consideration, Clinton's lower turnover rate is a notable cost advantage.

Rare for a community its size, Clinton has an office park dedicated primarily to administrative office and technology businesses. Its Lyons Business and Technology Park is a 109-acre planned property tailor-made for back office operations seeking a full-complement of amenities in a setting with like-minded businesses.

Even more unique than the Lyons Park itself is its availability of a pristine, state-of-the-art 18,000 square foot building expressly designed for administrative office operations... The building is sub dividable and replete with a full-service kitchen and dining facility, over 150 new office cubicles and furnishings, an advanced security system, and ample parking for all employees and visitors.

Constructing a 15,000 square foot administrative back office facility in Clinton is more cost effective than doing so in any of the comparison locations. Built-to-suit plus land costs for single-story, Class A space in Clinton are about 5% lower than the nearest cost location. Amortized land and building costs in Clinton are about \$50,000 lower than the average of its competing locations.

For companies preferring a lease option, Clinton offers a turnkey office building expressly designed for administrative back office operations and in a pristine office park setting. Whether building or leasing a facility, Clinton is the lowest cost location.

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**Land**

- Attractive image ideal for administrative back office operations
- 109 acres with multiple sites of 3 to 10 acres for small to medium-sized users
- Comprehensive utilities in place, including advanced telecommunications -- dedicated voice and data services including digital T-1 trunks, private VoIP, SIP trunking, dedicated Internet, ethernet over copper, virtual LAN services and private MPLS
- Parkway frontage two miles from U.S. Highway 30
- Several well-established existing administrative office tenants in the park

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**Building**

- Class A office building constructed in 2003, nestled in a tech park setting
- 18,000 square foot facility (subdividable)
- Ready for turnkey occupancy, including back office cubicles and complete furnishings
- On-site kitchen, dining facilities and recreational space
- Previous home of Ashford University's call center and back office hub, operational until 2016

***Utilities Snapshot***

Electric power costs for administrative back office or similar functions are more competitive in Clinton than most comparison areas. Power reliability is very important and Alliant Energy receives solid marks for customer satisfaction via third-party rating entities, such as JD Powers.

Iowa has a single factor corporate income tax, advantageous for firms selling a majority of their products and services outside the State. Combined with a decision in the 1980s to support and grow finance, insurance and support (administrative back office) functions, this has helped Iowa firms maintain a competitive edge.

Property taxes can vary greatly by location and often can be reduced at the discretion of local authorities. Based on available data, Clinton's property taxes are moderately competitive for administrative back office operations. None of the comparison locations imposes a tax on inventory, however, Clinton is one of only two locations with no tax on telecommunications equipment

In the context of the states examined, Iowa's workers compensation rate (\$1.88 per \$100) is below average. Iowa's recently reduced unemployment insurance costs for new employers are the lowest among comparison locations.

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Iowa's more compelling incentives relevant to administrative back office operations include:

1. **State High Quality Jobs Program** - includes investment tax credits, sales tax refunds on building materials, refundable research & development tax credits, and potential direct financial assistance (when negotiated)
2. **State 260E Job Training Program** - based on a ten-year forward look at new employee' withholding taxes available to fund job training via community colleges
3. **State 260F Incumbent Worker Training Program** - intended to increase skills of the existing workforce. Deemed more beneficial to smaller and mid-sized firms
4. **Local Property Tax Abatement or Tax Increment Financing** - State authorization for Iowa locales to abate property taxes or use the tax increment for projects
5. **Miscellaneous state tax advantages**, including property tax exemption on machinery and equipment, and a single factor corporate income tax