

ABERDEEN DEVELOPMENT CORPORATION
OVERVIEW AND POLICY STATEMENT

I. GENERAL PURPOSE, HISTORY AND OBJECTIVES

In 1955, five civic-minded Aberdeen visionaries, Bernard F. Martin, Robert F. Gorder, N. P. Wenge, Henry J. Schmitt, and Chester Lind, saw the need to entice new businesses and industry to the Aberdeen region and formed the Aberdeen Development Corporation (ADC). ADC's mission is to recruit, retain, and expand Aberdeen businesses; to support entrepreneurship; and to enhance economic opportunities in Aberdeen and the surrounding region.

The ADC began its work in the early 1960s by developing the Aberdeen Industrial Park. Vertex Company, later purchased by Cardinal Tool, was the first company to locate in the park in 1963. To further develop the park, in 1967 ADC added streets, sewer, water, and streetlights.

ADC's goals include job creation, high-quality commercial development, and quality of life enhancement for Aberdeen residents. These goals are best accomplished by improving and expanding our local economy. Therefore, ADC will, on a case-by-case basis, provide or coordinate economic development stimulus and incentives. While ADC is under no obligation to incentivize any project, its board of directors created the following policy specifying the procedures and criteria under which ADC will offer any incentives:

II. BUSINESS RETENTION & EXPANSION

Business Retention and Expansion (BR&E) is the foundation of economic development. It makes little sense to invest time and resources to recruit new businesses while losing those already here. Businesses relocate for a variety of reasons, but two that ADC can address are changing needs and emerging obstacles. And the ADC devotes approximately 80% of its resources annually to helping existing businesses successfully navigate changing conditions.

The ADC's BR&E Program is successful because it gathers precise business community data and fosters a candid exchange of ideas. This approach allows the ADC to help businesses maximize their current facilities or expand their existing footprint; identify and prime sites for expansions that require relocation; and understand planning, zoning, and building regulations and permits. The ADC has invested countless hours building and maintaining solid relationships with current businesses. The long list of successful retentions and expansions is a testament to the effectiveness of the ADC's BR&E Program.

The ADC BR&E Program is comprised of several components:

- 1) Visitation. ADC staff regularly visit businesses to identify those companies that are struggling or have unmet needs. Living-wage firms, medium-sized firms, or firms in industries targeted for expansion are the ADC's highest priority. The visit includes an interview of the business owner or leader to learn how the ADC might provide support and if the business may have any expansion or relocation plans. The ADC then analyzes the needs and contacts the firm with a plan to address the issues revealed by the interview.
- 2) Surveys. Periodically, the ADC surveys existing businesses. The survey is designed to enhance the ADC's understanding of current and projected needs and allow the ADC to stay current on a variety of topics

including transportation, workforce development, regulatory issues, and public safety. The survey demonstrates the ADC's commitment to business and reminds recipients that the ADC is a problem-solving resource.

- 3) Clearinghouse. The ADC serves as an information clearinghouse for business services. Businesses often are unaware of the ADC's services and those offered by other organizations. Frequent inquiries include where to take classes on starting a business, where to get advice on creating a business plan, how to find technical assistance for financing, how to get an occupational license, and how to get a building permit. Many South Dakota organizations provide this type of startup and technical assistance and often at no charge. The ADC uses a variety of platforms to make sure businesses are aware of these offerings.

In-Community Relocation Process – When the ADC learns of a business requiring relocation within the community it:

- 1) encourages the business to work with its current landlord to modify the current space to meet their needs, and if that is not a satisfactory solution;
- 2) encourages the business to work with its current landlord to build a new suitable space or look at landlord's other properties to determine if any meet the business' needs, and if that is not a satisfactory solution;
- 3) encourages the business to look at existing locations owned by other landlords to determine if any of them meet the business' needs, and if that is not a satisfactory solution;
- 4) The ADC Board of Directors will analyze the business' impact on the community, its needs, and the potential results from a new location and, if warranted, negotiate new location terms with the business. Factors included in the ADC's analysis are:
 - a. Estimated investment by the business
 - b. Numbers & type of jobs created or retained
 - c. Average wage & benefit offerings
 - d. Net increase in property tax base
 - e. Any secondary job creation
 - f. Other economic activity changes (e.g., employment, property valuations, average wages, and income levels)
 - g. Blighted area redevelopment
 - h. Business incentives included in the project
 - i. ADC's risk
 - j. Estimate of additional business activity related to this business

III. BUSINESS RECRUITMENT

The ADC constantly recruits new businesses to locate or relocate to the Aberdeen market. While the ADC recruits a variety of businesses, it specifically targets the following industries:

- Manufacturers
 - Plastics, Auto, Machinery, Advanced Materials (ceramics, textiles, etc.) & Paper and Packaging
- Value Added Ag
- Ag Food & Fuel Processing
- Renewable Energy Development
 - Solar, Wind and Biomass

- Logistics

The ADC partners with key community leaders and organizations to market Aberdeen through various channels. The ADC furthers this effort by continually networking and working potential deals for Aberdeen. The ADC has formed key alliances with private developers, brokers, local property owners, and business owners. Quality lead generation is the most important aspect of recruitment; quality is always better than quantity. Once the ADC has identified a qualified lead, the ADC focuses on quickly strengthening its relationship with the prospect. The ADC uses marketing collateral and branding to further entice the prospect to locate in Aberdeen. Recruitment is a constant methodical process that may continue for years before the prospect to actually opens here.

Outside-Community Relocation Process – When the ADC learns of a business looking to potentially locate in our community it:

- 1) Works with qualified private developers to identify existing facilities that fit the business’ needs, and if that is not a satisfactory solution;
- 2) Works with qualified private developers on building a new facility for the business, and if that is not a satisfactory solution;
- 3) The ADC Board of Directors will analyze the business’ impact on the community, its needs, and the potential results from a new location and, if the private market is not able to come to terms with the relocating business, negotiate location and building terms with the business. Factors included in the ADC’s analysis are:
 - a. Estimated investment by the business
 - b. Numbers & type of jobs created or retained
 - c. Average wage & benefit offerings
 - d. Any private investment, if so, how much
 - e. Net increase in property tax base
 - f. Any secondary job creation
 - g. Other economic activity changes (e.g., employment, property valuations, average wages, and income levels)
 - h. Blighted area redevelopment
 - i. Business incentives included in the project
 - j. ADC’s risk
 - k. Estimate of additional business activity related to this business
- 4) Educates the business on local, state, and federal programs that will facilitate the relocation which may include training, incentives and grants.

IV. INCENTIVE CRITERIA

The ADC evaluates incentive requests on the following criteria with any award subject to the ADC Board of Directors’ approval:

- 1) Increase in real and personal property value
- 2) Business’ fiscal impact
- 3) Direct sales tax generation
- 4) Impact on existing businesses

- 5) Required infrastructure construction
- 6) Business' projected annual operating budget
- 7) Impact on the community
- 8) Local housing market effect
- 9) Environmental impact
- 10) Compatibility with the Aberdeen's comprehensive plan
- 11) Effect on other taxing entities
- 12) Employment impact
- 13) Job creation
- 14) Job types
- 15) Annual payroll