



CITY OF SHELBY ECONOMIC DEVELOPMENT ACTION PLAN

PREPARING SHELBY FOR HIGH-WAGE/ HIGH-SKILL JOB DEVELOPMENT



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ABOUT MONTROSE GROUP AND THE SHELBY ASSIGNMENT

ABOUT THE MONTROSE GROUP, LLC

The Montrose Group, LLC provides economic development planning, lobbying, marketing and public finance and incentive consulting services. The firm brings together some of the leading practitioners in economic development planning and strategy engaged in economic development planning at the state, local, and regional levels and corporate site location.



SHELBY ASSIGNMENT

The City of Shelby retained the Montrose Group, LLC (Montrose) to develop an economic development strategy. Montrose utilized a Learn, Listen, and Do approach to the Shelby strategic economic development plan that starts with fundamental economic development research to understand who a community or site is then listens to what the community wants the region or site to be and then develops a detailed action plan tied to local and outside funding sources centered on the business retention and attraction of high wage jobs and capital investment.



Learn



Listen



Do

Economic development plans first need to define exactly who a community is through research from primary data sources to determine the assets and liabilities of a community.

Elements

- asset inventory
- industry cluster & labor analysis
 - ◊ company verification
- cost competitive analysis
- SWOT analysis

The second step is to listen to community, political and business leaders and the public for what direction the community wants to go.

Elements

- one on one interviews
- focus groups
- surveys
- public meetings

Finally, mixing who a community is with what they want to become should turn into a concrete action plan to develop high-wage jobs and capital investment.

Elements

- land use and site development plan
 - ◊ zoning & funding advocacy
 - ◊ real estate market analysis
- infrastructure funding & tax strategy
 - ◊ public finance and government funding advocacy
- workforce program
 - ◊ funding advocacy
- marketing
 - ◊ community branding campaign
 - ◊ industry campaigns through social, earned and paid media
 - ◊ company targeting
 - ▶ direct mail
 - ▶ meeting solicitation
 - ▶ meetings

EXECUTIVE SUMMARY

The general economic climate supports Shelby's work to strengthen its economic development efforts. While Richland County and Shelby have lagged Ohio and the nation in economic and demographic growth, the overall economic climate bodes well for the community's new strategy.

The overall results of the research support the recommendation that Shelby officials should devote greater attention to retaining, growing, and attracting high skilled/high wage jobs in Shelby of at least \$17.40 an hour. These jobs will be more stable in the future and they will contribute more to the City income and tax bases.

Demographic and workforce factors will play a defining role in local economic development. Shelby officials will need to work even harder in the future to retain workers with skills and young talent. Quality of life factors weigh heavily into the success of these efforts. While Shelby and Richland County have experienced population declines, both areas remain well-connected into the regional economy and labor market through workforce commuting patterns. Shelby is attracting workers from outside the City to high-wage jobs in the City. Also, several Shelby residents are commuting to jobs outside the City to high wage jobs.

Shelby has many strengths and opportunities for economic development. Key strengths include: small town living and working environment; favorable and affordable quality of life; a legacy of manufacturing success; Technology Parkway and other competitive industrial sites; expanding anchor employers (such as ArcelorMittal); valuable education and training resources; Downtown Shelby; and favorable highway transportation access.





The City must overcome its weaknesses to become more competitive. These include stemming its losses of population and workforce, increasing industrial diversity; retaining high school graduates and young professionals; and creating a strong differentiator for economic development.

Shelby's key economic development opportunities include high-wage manufacturing; entrepreneurial development; downtown development; and agri-business and natural resource business development.

Threats to mitigate include Black Fork River flooding; reducing population and workforce losses, strengthening county and regional economic development connection; and increasing local industrial diversity.

Shelby's asset base is significant, which includes its history, existing employer base, its human resources, its business sites (especially Technology Parkway), its downtown area, and overall semi-rural location.

To capitalize on the community's strengths and opportunities, and attack its threats and weaknesses, it must develop a set of goals, objectives and strategies that will enhance its assets and provide for economic growth and stability in the community for the coming decades.

The goal of the economic development strategic plan is that over the next decade, Shelby will develop a high functioning economic development system that attracts and retains high-wage/high-skill jobs, prepares for the workforce of the future, redevelops downtown, and helps small businesses and entrepreneurs grow. This goal will be accomplished by implementing the following strategies.

1. Partnering with economic development organization(s) to fund a dedicated economic development effort and program for Shelby.

- a.** On annual basis, the City of Shelby, the Shelby CIC , and economic development organization(s) will financially commit for a total annual contribution of \$60,000 - \$80,000 for an economic development effort and program for Shelby including a dedicated economic development director. .

- b. Under the partnership with economic development organization(s), the Shelby CIC and City of Shelby should launch a Business Retention & Expansion program with a focus on retaining existing employers by identifying the decision-makers of existing companies in Shelby, coordinating site visits with these companies, and identifying and solving any challenges these companies may have.
 - c. Aggressively market Technology Park and the Shelby Industrial Park.
2. *Make Shelby the center of entrepreneurship in Northern Ohio through the development of Start-Up Shelby*
- a. Start-Up Shelby Board of Advisors
 - ▶ The Shelby Entrepreneurial Board of Advisors should be formed and consist of lawyers, accountants, public relations, financial and senior level business managers will to provide free or low cost advice to area businesses in the hopes that these companies will be become large, growing concerns. The Shelby Entrepreneurial Board of Advisors will serve as mentors and strategic thinkers with key industry experience all focused on preparing Shelby small businesses for economic growth and further investment
 - b. Start-Up Shelby Boot Camp
 - ▶ The City, CIC, North Central and foundations need to partner to fund an instructor and coursework that assists small businesses and entrepreneurs in the community with business planning, business continuity, idea generation, sales and marketing tactics, and business operations.
 - c. Start-Up Shelby STEM Workforce
 - ▶ The Start-Up Shelby workforce needs to focus on the Science, Technology, Engineering and Math (STEM) workers essential for the growth of manufacturing, transportation, and technology sectors essential to Shelby and Richland County. In partnership with the local university and educational institutions, the Richland County STEM School should focus on the development of STEM workers for Shelby and Richland County area companies.
 - d. Start-Up Shelby Community Investment Fund
 - ▶ The City of Shelby, Shelby CIC, and Community Foundations, should partner and establish a Shelby Community Investment Fund to provide gap financing for redevelopment projects and for small business and entrepreneurs.
 - e. Start-Up Shelby Maker Space
 - ▶ The Start-up Shelby Makerspace should begin as a partnership with the local schools and area manufacturers to develop skills sets for local students in the use of critical machines and tools that are used in the local manufacturing workplace.



3. *By using a Downtown Redevelopment District, the City of Shelby should encourage the revitalization of its downtown.*

- a.** The City of Shelby, like many rural downtowns has an historic downtown that is aging and in need of repair and rehabilitation to encourage and attract new investment and businesses. The revitalization of downtown was pointed to in the online public survey and the stakeholder session as one of the top economic development objectives.
- b.** The passage of Ohio House Bill 233 in 2016, creates a new opportunity to fund redevelopment of Downtown Shelby. Under HB 233, Ohio municipal corporations can create downtown redevelopment districts (DRDs) to promote rehab of historic buildings if a city has a certified historic structure, creates a district as large as 10 continuous acres around that historic structure and develops a DRD economic development plan.

GENERAL ECONOMIC CONTEXT AND OUTLOOK

Shelby’s economic development strategy benefits from a growing national economic context, but its regional economy suffers from the effects of anchor industry restructuring, manufacturing job losses and population declines.

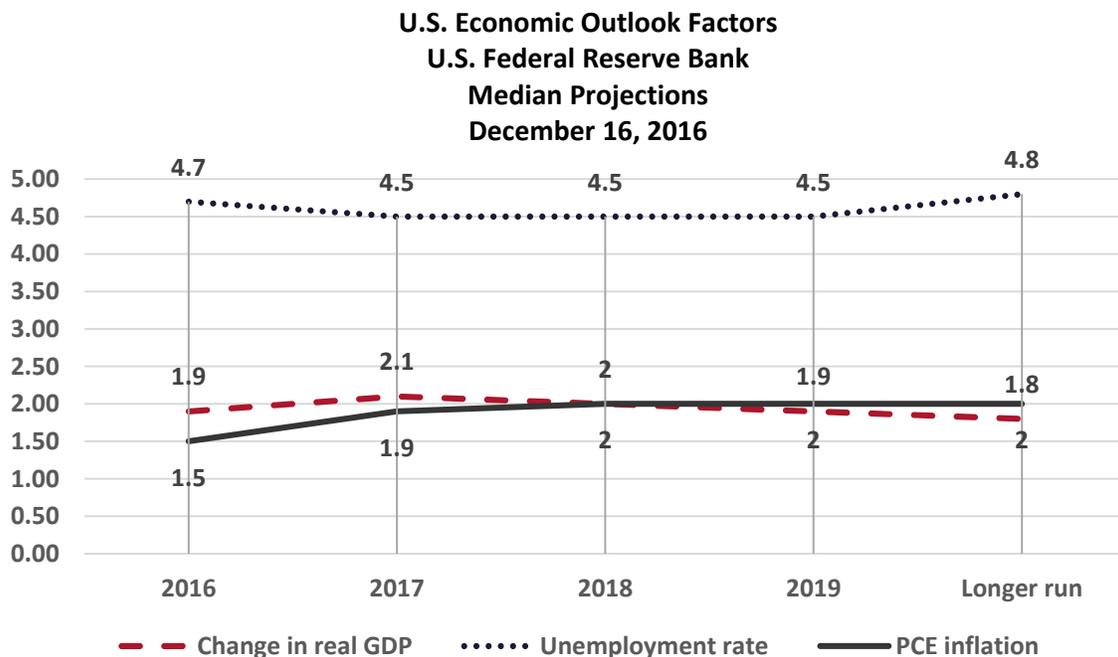
Impact of National/Global Economic Trends on Shelby/Richland County

- Trends are favorable for local economic growth and development across the country, although some local economies are better prepared to capitalize on this economic momentum than others.
- Global economic growth will continue in 2017, driven by emerging markets, but looming uncertainties will slow growth in Europe.
- Reasonably favorable U.S. economic growth is expected, assuming labor supply can keep up with the demand for workers.

GLOBAL AND NATIONAL ECONOMY

The World Bank’s Global Economic Prospects report is forecasting 2.7% growth in 2017 compared with the 2.3% last year. That slight strengthening will be driven by improvements in emerging markets and developing economies. Median projection numbers indicate GDP is expected to grow in the 2.1% and 2.0% range in 2017 and 2018 respectively. Meanwhile, unemployment is projected in the 4.5% range for both 2017 and 2018, and PCE inflation is projected in the 1.9 to 2.0% range in the same years.

CHART 1: U.S. ECONOMIC OUTLOOK, 2016-2019



Meanwhile, some economists fear that the rise in interest rates and the value of the dollar since the election could act as a drag on 2017 GDP growth. Strong consumer spending, driven by wage and employment gains plus the buoyant stock market, is likely to be the main pillar supporting the economy in 2017. Consumer spending grew at a decent 2.8% in the third quarter of 2016, following a strong second quarter. Purchases of motor vehicles surged 20% at an annual rate, but this also is not expected to continue. Businesses cut back on purchases of equipment, especially cars and trucks, but increased spending on new buildings. Spending on mining equipment and structures continued to decline, though the falloff has been lessening, and will likely stabilize next year. Federal government spending picked up, as expected, but state and local government spending remained flat and is unlikely to increase.

A January 2017 economic outlook discussed in National Interest Magazine expects wages to be one of the wildcards in 2017 that could make or break the performance of other critical indicators including consumer spending and inflation expectations. While wages are often cited as growing too slowly to stimulate growth, this is not the case for all demographics.¹ Currently, there are wide wage growth differentials across U.S. employment groups and circumstances. For constantly employed, prime-age workers, wage growth accelerated dramatically in the second half of 2016. Meanwhile, overall wage growth has been lackluster. But, according to the Atlanta branch of the Federal Reserve, for constantly employed workers, wage growth has returned to pre-crisis levels at around 4 %. This distinction is an important one. The main caveat is the amount of part-time employment the U.S. labor market has created recently. If these wages continue to move higher, there could be acceleration in the overall wage figure. This would drive inflation and growth expectations higher, a feedback loop that has not occurred for years.

Will workers return to the labor force? Without a higher participation rate, significant job growth will be difficult to come by in 2017. Employment gains will be largely dependent on how many workers return to the labor force. There has recently been a slight uptick in the number of participants. But it appears less of a reversal in the trend and more a process of finding a new, lower equilibrium. Why this new, lower equilibrium? Boomer retirement is not something easily reversed. In part, this lower participation rate is also a driver of the previously mentioned spotty wage growth gains. When hiring from a smaller pool of experience, wages tend to be forced higher. If there were a jump in the participation rate, it would hold wage growth in check. But this is unlikely to happen. More likely is slowing of overall job creation with slow overall wage gains.

The labor market is hitting on all cylinders right now, according to the National Interest outlook article. The 156,000 added jobs were from across the spectrum, with strong growth in health care and hospitality, and decent numbers in manufacturing and government. The number of persons who were working part-time because of slack business or couldn't find a full-time job continued to decline, along with the number of long-term unemployed individuals. Employment growth in 2017 will slow to an average of 160,000 jobs per month, from 180,000 per month in 2016, but the unemployment rate will edge down further

to 4.5%. The four-week average of initial unemployment claims is close to its lowest level since 1973, keeping the inflow of newly unemployed at a low level.

There is no boom ahead for business spending, but a 3%-4% increase in 2017 will be a big plus after a flat 2016. Two key reasons for keeping optimism in check: the global economic outlook is only a little better for 2017 than it was this year, while the U.S. dollar's value is once again on an upward tear. Against a basket of currencies of major trade partners — including the euro, Japanese yen and Canada's loonie — the greenback has appreciated more than 6% since October. That pushes up prices for U.S.-made goods in foreign markets. But the good news is that the pace of U.S. economic activity is picking up, with third-quarter GDP expanding at an upwardly revised 3.5% annual rate amid robust consumer spending.² Gauging future business spending plans is difficult. Total manufacturing capacity has grown by just over one % in 2016, despite larger gains in the overall economy. The latest report on orders for non-defense durable goods excluding aircraft, the standard gauge for business capital spending, shows a rebound last month but a slower trend into 2017.³ Future growth in manufacturing will be slight. Every three months, the MAPI Foundation simulates the Global Insight U.S. macro-econometric model in order to generate a forecast of growth in the U.S. economy as well as its manufacturing sector and subsectors.⁴ MAPI's current five-year forecast is one of sluggish activity. It expects no more than 2% annual growth in U.S. GDP through and including 2020. It predicts less than 1% annual growth in U.S. manufacturing output for 2016 and 2017 and then growth of 1% or a little more through and including 2020.



OHIO ECONOMIC OUTLOOK

Ohio has just shy of a \$600 billion economy in 2015 current dollars, which makes it the seventh largest state economy. Ohio ranks 28th among the states with \$51,000 in economic output per capita.⁵ Chart 2 below shows Ohio gross state product (GSP) trends over the past decade for all industries and manufacturing.⁶ Overall, the data show that Ohio’s total GSP grew by 7 % over the decade. Meanwhile, Ohio’s manufacturing GSP decreased by 3 % over the decade. Both total and manufacturing GSP have grown since the peak of the last recession.

CHART 2: OHIO TOTAL AND MANUFACTURING GSP, 2006-2015

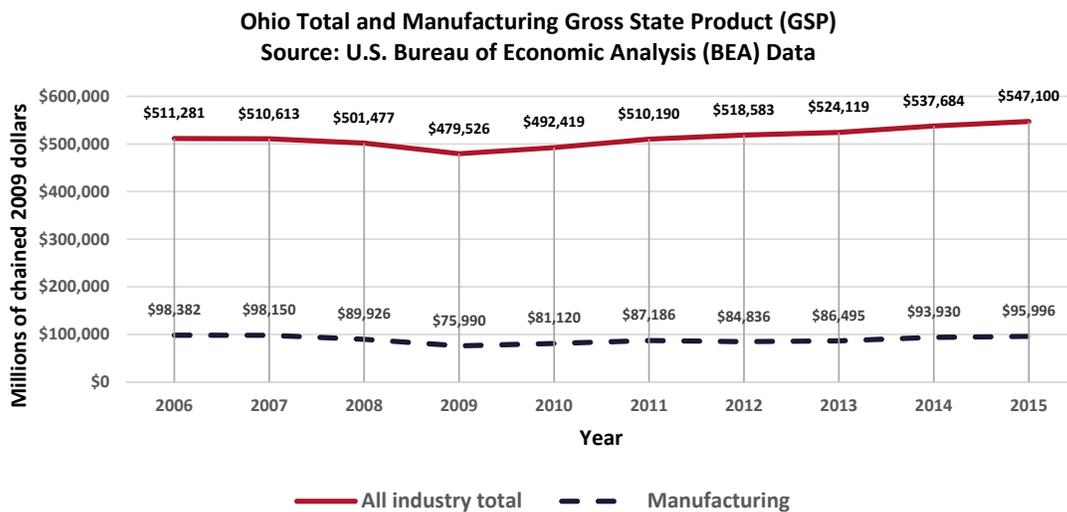
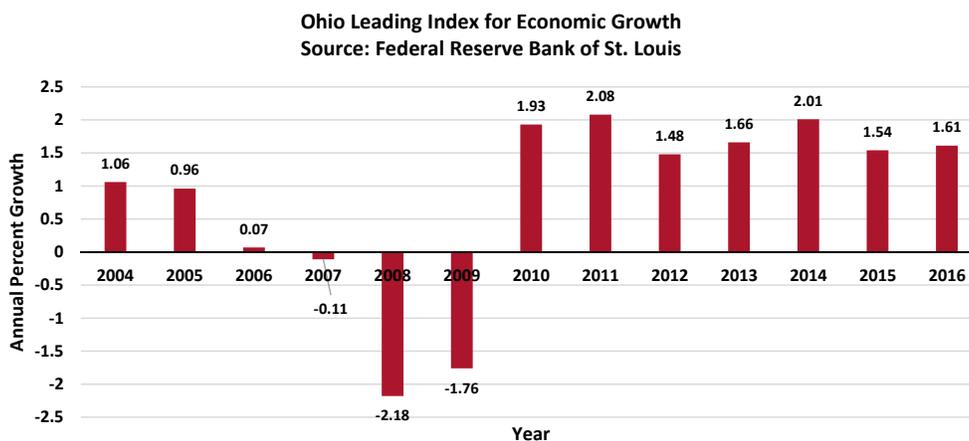


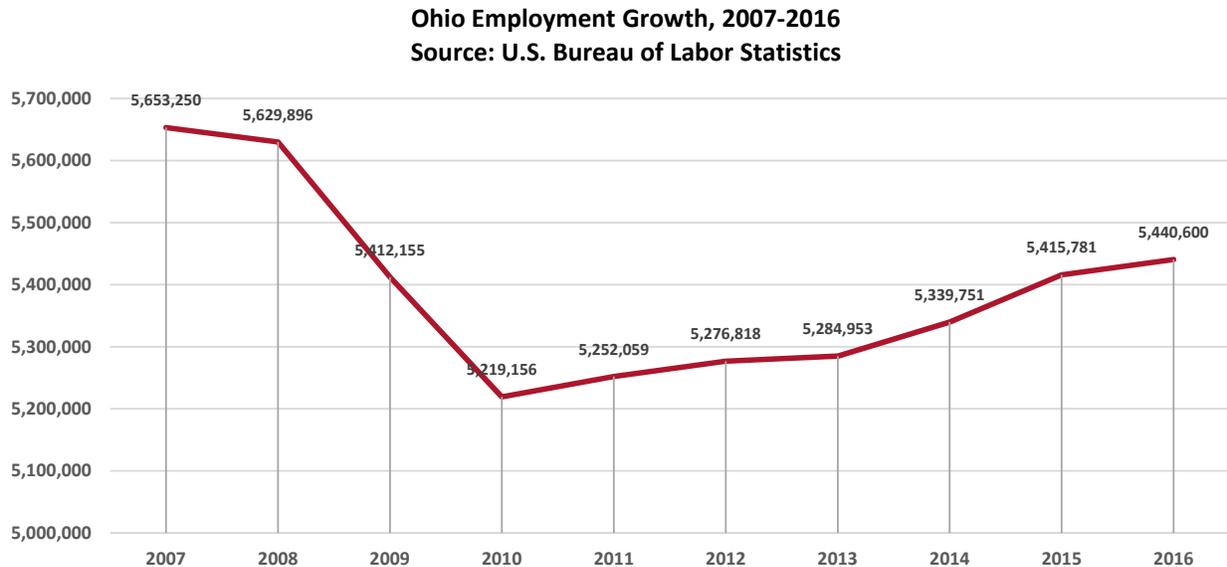
Chart 3 below presents trends in the Ohio Leading Index for Economic Growth, which is used by the FRB as a composite index of growth potential. Ohio’s index fell off considerably during the 2006-2009 period, but has improved since then with index growth in the 1.48 to 2.08 range.

CHART 3: OHIO LEADING INDEX FOR ECONOMIC GROWTH



Employment growth remains the number one outcome for economic development efforts. Chart 4 below shows Ohio job trends in the 2007-2016 period.

CHART 4: OHIO JOB GROWTH, 2007-2016



The economic data indicates Ohio is a large and moderately growing economy, with continued struggles manufacturing job loss, but Ohio remains a major economic player in the Industrial Midwest.

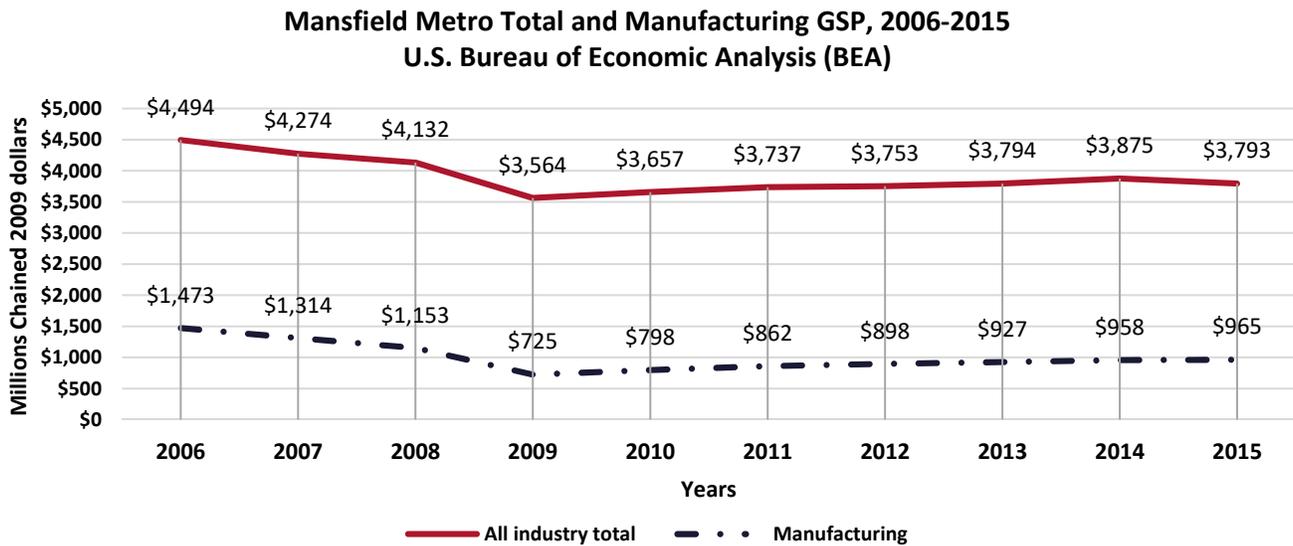
Impact of Ohio Economic Growth Trends on Growth and Development in Shelby/Richland County

- Ohio economic growth creates a favorable climate for growth and development in Richland County and Shelby.
- Richland County job growth has lagged that of the state historically and this trend is likely to continue in the future.

RICHLAND COUNTY/MANSFIELD METRO AREA BUSINESS, INDUSTRY AND ECONOMIC TRENDS

Richland County, like much a large part of rural Ohio, has suffered with the loss of manufacturing jobs. In 2009 chained dollars, the region’s total industry out and manufacturing output declined by 16% and its manufacturing output declined by 35% during the 2006-2015 period.

CHART 5: MANSFIELD METRO AREA TOTAL AND MANUFACTURING GSP



The Richland County area saw the following changes in the past decade:

- The total size of the area’s labor force declined by 14.5%. (Negative)
- Total employment dropped by 14 %. (Negative)
- Total number of people unemployed declined by 21.6%. (Positive)
- The area’s unemployment rate dropped by 8.2%. (Positive)

It is important to understand economic base theory, which helps explain local economic performance. The economic output of local and state economies is influenced by the same four drivers as national economic growth: 1) personal consumption; 2) business investment; 3) government spending, and 4) exports. These factors are very much at work in Richland County area’s economic base.

According to economic base theory, driver industries are those that play a key role in the economic vitality of a region by supplying high skill/high wage jobs, which stimulate supporting job growth in other industries. Manufacturing has played this role throughout the Mansfield area’s economic history since the end of World War II, and even earlier.

Reductions in labor force size have a detrimental impact on an area’s future job growth. Three factors explain the area’s reduction: 1) worker outmigration to other residential areas; 2) worker retirement; and 3) discouraged workers who drop out of the labor force. The Richland County area’s job losses tend to reflect this same trend in NE Ohio, where job losses are caused by employee reductions by existing companies that cutback or close local operations. To a lesser extent, job relocation is a factor. The drop in the unemployment rate and number of unemployed tends to be driven by workers leaving the labor market by migration or dropping out of the labor force.

Richland County Manufacturing Changes

- Manufacturing establishments have declined from 212 in 2000 to 181 in 2014 for a 31 % reduction.
- Manufacturing jobs have dropped from 16,375 in 2000 to 9,682 in 2014 for a 41 % decline.
- Manufacturing wages have dropped from \$678 million in 2000 to \$461 million in 2014 for a 32 % decline.
- Finally, average annual wages in manufacturing are up by 15 % from 2000 to 2014.
- Changes in these four factors continued in a pattern downward since 2006.

Historically, manufacturing has been the main driver of economic growth in the Mansfield region. It remains a strong force for economic development. Data in Appendix 2 describes trends in manufacturing establishments, employment and wages.

Richland County's business base and its dynamics from the standpoint of stage of business (measured in terms of employment size) are worthy of review. The county had 5,368 total business establishments in 2006 and 6,100 in 2015 for a gain of 732 over the ten-year period. Each of the five business stages experienced an increase over the period, with the largest gains by Stage 1 and 2 businesses. 80% of the county's business establishments had less than 10 employees, which is fairly consistent with the State of Ohio and other Ohio counties. The largest share of the county's businesses is "resident" businesses, or those headquartered in the county. Non-resident (businesses with operations in

the county but not headquartered in the county) represented 12.5% of the total in 2015. Finally, non-commercial entities, which are largely private nonprofit organizations, represented 11.4% of the total in 2015. In 2015, job losses were evenly spread across Stage 2, 3, and 4 businesses, which together accounted for 91.5% of the county's 7,562 total lost jobs in 2015. Table 4 above also shows the influence of three growth factors (business closings, contractions, and move-outs) on the county's job losses in 2006 and 2015. Closings (business shutdowns) accounted for the largest number of job losses in both years, followed by contractions (businesses reducing employment but remaining open). Move-outs (existing businesses leaving the county) accounted for a very small share of the county's job losses in both years.

Table 1 shows how stage of business and growth factors contributed to the county's job gains in 2006 and 2015. Stage 2 and 3 businesses contributed the greatest number of job gains in 2015, but Stage 5 (500+ employees) businesses also contributed a significant number of job gains. New startups (newly formed businesses) and expansions (existing businesses adding new jobs) contributed to the greatest number of job gains in 2015, but startup expansions also added a good number of job gains in the year. A startup expansion is a business with a new Dun & Bradstreet (DUNS) number that were spun off by an existing business. Move-ins (new businesses locating in the county) account for a very small number of job gains, which is consistent with other Ohio counties.

TABLE 1: RICHLAND COUNTY JOB GAINS BY STAGE OF BUSINESS, 2006 AND 2015

Jobs Gained	2006	% of Total	2015	% of Total
	3,138	100	9,859	100
Stage 1: Self-Employed (1)	51	1.6	181	1.8
Stage 2: (2-9 Employees)	1,309	41.7	3,275	33.2
Stage 3 (10-99)	848	27	3,837	38.9
Stage 4 (100-499)	300	9.6	66	0.7
Stage 5 (500+)	630	20.1	2,500	25.4
Growth Factors	3,138	100	9,859	100
New Startups	1,210	38.6	4,102	41.6
Expansion Startups	900	28.7	1,795	18.2
Expansions	984	31.4	3,941	40
Move In	44	1.4	21	0.2

Source: YourEconomy.org, Edward Lowe Foundation

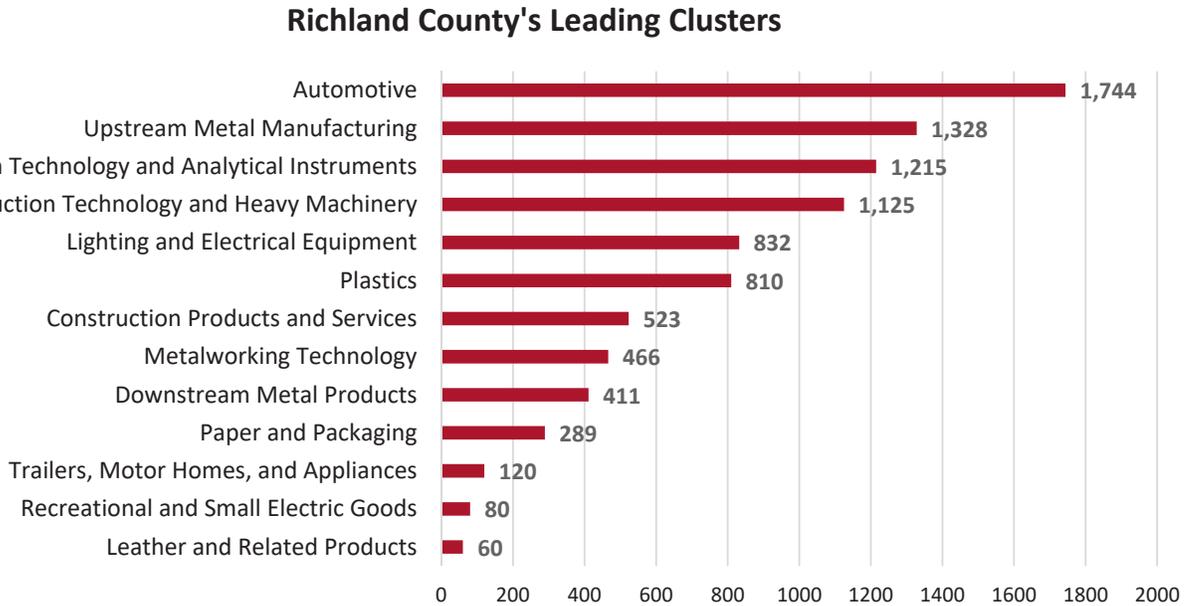
Richland County has a base of high-wage jobs.⁷ The highest annual wages were paid by Management of Companies and Enterprises and Securities, Commodity Contracts and Investments, followed by Primary Metals Manufacturing, Heavy and Civil Engineering Construction, Telecommunications, and Electronic Markets and Agents and Brokers. Primary Metals Manufacturing stands out as the clear wealth-building industry in Richland County, employing 1,322 people with average annual wages of \$69,704. These jobs pay \$33.52 per hour, which is more than double the hourly and annual wages paid by \$30,000 per year jobs. A good number of industries provide jobs paying \$40,000 to \$50,000 per year, and a good number of industries provide jobs paying \$30,000 to \$40,000 per year.

An analysis of Richland County’s industry location quotients (LQs) is critical to understanding which high-wage jobs are economic growth drivers, and which of these industries are in growing sectors.⁸ The 25 top industries are shown in Appendix 9, along with a comparison to 2006. Primary Metals Manufacturing had the highest LQ with a value of 9.25 in 2015, which means that the industry is 9.25 times more concentrated in Richland County than the industry is at the national level. Other high ranking LQ industries were: Nonmetallic Mineral Products, Electrical Equipment and Appliances, Machinery Manufacturing, Transportation Equipment Manufacturing and Fabricated Metal Product Manufacturing.

By definition, industry clusters are groups of similar and related firms in a defined geographic area, such as a county or multi-county region, that often share common markets, technologies, worker skill needs, and which are often linked by buyer-seller relationships. In simple terms, clusters are “networks of industries” that provide competitive advantage to the involved industries through advantageous and productive working relationships. Clusters illustrate why place still matters in the global economy. Four industry

clusters stand-out in prominence for Richland County: Automotive; Upstream Metal Manufacturing; Information Technology and Analytical Services; and Production Technology and Heavy Machinery.⁹

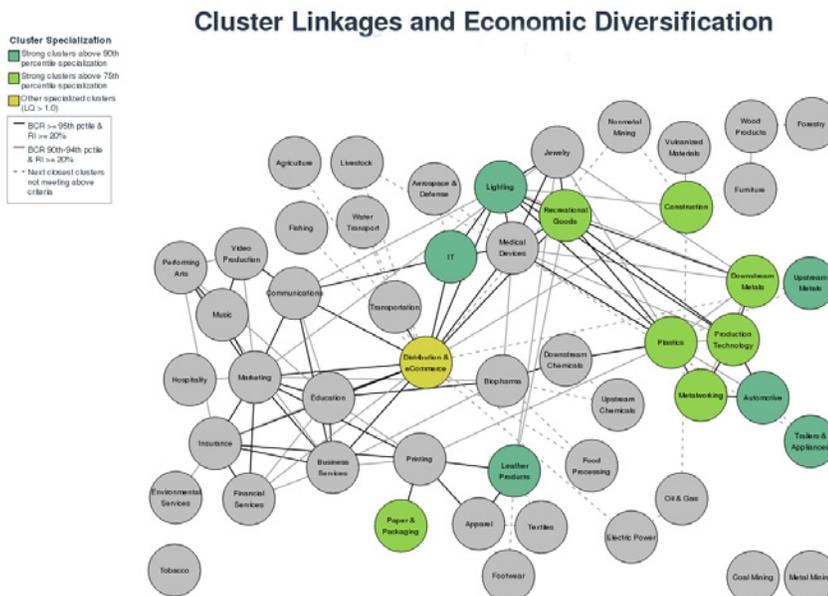
CHART 6: RICHLAND COUNTY'S LEADING CLUSTERS IN 2015 RANKED BY CLUSTER EMPLOYMENT



Source: Harvard University Cluster Mapping Service, 2015

Chart 7 below provides a network map of Richland County's clusters and their primary and secondary linkages.

CHART 7: RICHLAND COUNTY CLUSTER LINKAGE MAP, 2015



Source: Harvard University Cluster Mapping Service, 2015

Richland County’s five driver industries represent a healthy mix of “high-wage” industries represented in both Richland County and Shelby. See Table 2 below.

TABLE 2: TOP RICHLAND COUNTY HIGH-WAGE INDUSTRY MIX

Industry (2015 Data)	Businesses	Jobs	Annual Wages Per Employee
Primary metal manufacturing	9	1,322	69,704
Heavy and civil engineering construction	19	490	69,696
Nonmetallic mineral product manufacturing	7	633	49,901
Electrical equipment and appliance mfg.	11	516	49,525
Warehousing and storage	9	180	49,408
Ambulatory health care services	227	2,551	49,287
Machinery manufacturing	20	1,476	47,963
Merchant wholesalers, durable goods	82	1,338	47,881
Professional and technical services	194	856	47,326
Truck transportation	34	414	45,486
Transportation equipment manufacturing	11	1,769	42,365
Couriers and messengers	14	318	39,541
Fabricated metal product manufacturing	54	1,327	39,490
Food manufacturing	6	337	30,000

Beyond cluster growth opportunities, entrepreneurial development is a source of future growth for Shelby and Richland County. Many of Shelby’s leading entrepreneurial opportunities fall into these industries: Retail Trade, Food Service, Consumer Service, Real Estate, Professional Services, Medical and Health Services, Transportation, Construction, Consulting, and Farming. These are predominantly service-producing industries, which are experiencing the greatest growth across Ohio and nationally. Top industries creating new businesses in Richland County include Real Estate Management, Construction, Investments Services, Farms, and Lawn and Grounds Maintenance. Appendix 5 contains a list of likely types of companies to startup in small towns.

More limited business and economic data is available at the city level. In 2012, Shelby had 198 total business establishments that employed in the range of 2,500-3,500 people. This included 6 manufacturing businesses, 25 healthcare related businesses (hospital and several offices of doctors and dentists), 25 retail trade operations, and 19

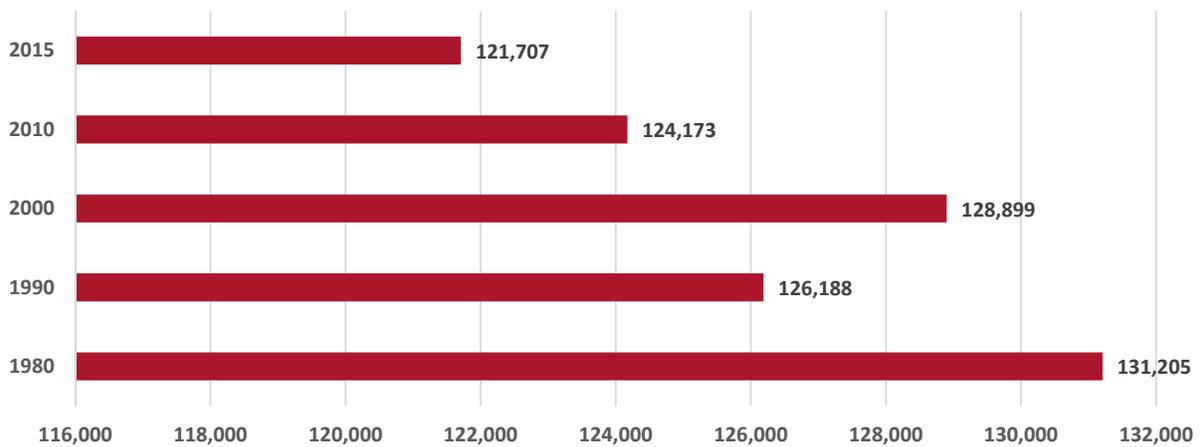
Shelby Economic Summary

- Shelby remains a manufacturing center with a pool of high wage manufacturing jobs.
- Shelby’s top five manufacturers include:
 - ◊ ArcelorMittal
 - ◊ Carton Service Co
 - ◊ MTD Products
 - ◊ Shelby Welded Tube
 - ◊ Cooper Enterprises Inc.
- Shelby’s heavy reliance on manufacturing alone creates a tenuous economic future as manufacturing will see fewer jobs created not more.

accommodation and food businesses. Through a search of the Reference USA business database, 17 manufacturers are identified in Appendix 7.

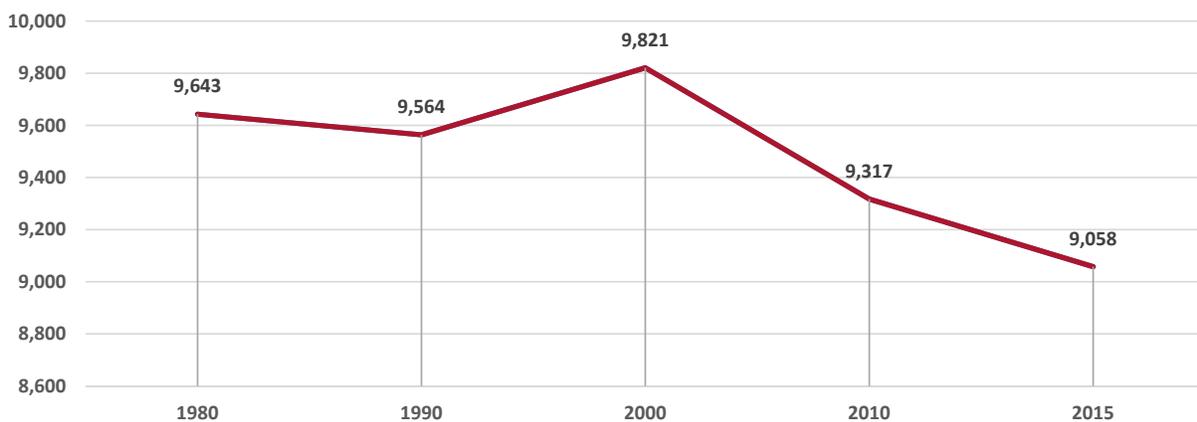
Demographic trends and issues facing Richland County/Mansfield Metro Area and the City of Shelby are highly relevant to Shelby’s economic success. Chart 8 below shows population trends in the county over the past 35 years. The county has lost about 9,500 in population over the period, which is an 8% loss. Richland County’s loss is smaller than that experienced by many other Northeast Ohio counties. Crawford County experienced a 13.5% loss during the same period, Ashland County lost 15.6 % of its population base during the period. Many rural and isolated counties have seen increased population loss due to economic decline, an aging population base, and the inability to hold onto young people.

CHART 8: RICHLAND COUNTY POPULATION GROWTH, 1980-2015



Like many rural communities, the City of Shelby during 1980-2015 has experienced a population loss as illustrated by Chart 9. Shelby lost 585 in population during the period, a 6-% loss, which is less than Richland County’s 8% loss over the same period.

CHART 9: CITY OF SHELBY POPULATION GROWTH, 1980-2015



Educational attainment is also a critical economic development factor, and Shelby’s and Richland County’s educational attainments are examined in Appendix 8. Highlights include: 41% are high school graduates, 21.5% completed some college but no degree, 10.5 % completed a bachelor’s degree and another 8.5 % completed an associate’s degree. Graduate degrees are held by 5.2 % of this 25+ population group. Finally, 13.3 % did not graduate high school. Shelby residents’ educational attainment tracks that of Richland County fairly closely, with a few minor exceptions. Educational attainment is a major requirement for high skill/high wage jobs.

Workforce development ranks consistently as a top concern by employers in their efforts to expand existing and locate new business facilities. 63.6% of the population 16 years and over are in the labor force and 36.4% of this group are not in the labor force, which is a concern from an available labor supply standpoint. Females (49%) and males (51%) contribute almost equally to those employed in the labor force. Table 5 data below tells us that the total number of workers employed in Shelby has declined sharply from 7,469 in 2005 to 3,560 in 2014. Plant closings and job cutbacks are the major causes of these losses. The data also tells us that the number of people both living and working in Shelby dropped from 1,147 (24.5%) in 2005 to 801 (22.8%) in 2014. Meanwhile the number of people who lived in Shelby but worked outside the city fell from 3,537 in 2005 to 2,718 in 2014.

The data located in Appendix 8 presents the characteristics of worker outflows for Shelby. The characteristics of these workers changed from 2005 to 2014. Fewer number of workers worked at outside jobs in 2014 compared to 2005. Workers in the 30-54 age group accounted for the greatest number and percentage of workers out-commuting in both years. Workers earning \$1,250-\$3,333 accounted for the greatest number and percentage of out-commuting workers in both 2005 and 2014. Workers employed in “all other service” industries accounted for the greatest number of out-commuting workers in 2005 and 2014.

TABLE 3: CITY OF SHELBY LABOR MARKET PROFILE

Workforce Inflow & Outflow	2014		2005	
	Count	Share	Count	Share
Employed in the Selection Area	3,560	100.0%	7,469	100.0%
Living in the Selection Area	3,519	98.8%	4,684	62.7%
Net Job Inflow (+) or Outflow (-)	41	-	2,785	-

Source: Census on the Map, 2016

The characteristics of in-commuting workers (living outside Shelby but working in Shelby for 2005 and 2014) is also important. The number of in-commuters dropped sharply from 6,322 in 2005 to 2,759 in 2014. Workers in the 30-54 age group accounted for the greatest number of in-commuters in both years. Workers employed in “goods producing industries” and “other service industries” accounted for the greatest number of in-commuters in both years. Appendix 8 shows data on the characteristics of workers

living in Shelby who worked at jobs in the city. The number of workers in this group dropped from 1,147 in 2005 to 801 in 2014. Workers age 30-54 and 55 and over accounted for the largest number of Shelby residents working in the city in both 2005 and 2014. Workers employed in “good producing industries” and “other service industries” accounted for the greatest number of workers in this group in both 2005 and 2014.

The labor force profile of Shelby residents in 2015 is telling. The city had 7,114 residents who were age 16 and over in 2015. Of this total, 4,525 (63.6%) were in the labor force and 26.4 % were not in the labor force. All those in the labor force were in the civilian labor force with 59.2% employed and 4.4% unemployed. Labor force participation rates have declined across many states, including Ohio. Ohio’s labor force participation rate is just above the national rate of 63%. Ohio’s labor force participation rate is significantly below its peak of 67.8% in 2007. Drops in the participation rate have contributed to reductions in the size of labor pools in local areas. These reductions add to the difficulties experienced by employers in finding the workers they require.

Where workers live who work in Shelby is also important. The data show that 22.5% of people who work in Shelby live in Shelby. The remaining 77.5% live outside Shelby in the communities identified in Appendix 8. Other key communities supplying labor to Shelby employers include: Mansfield, Ontario, Ashland, Galion, Willard, and Plymouth. As the data in Appendix 8 shows, many of these communities are also top places where Shelby residents are employed. The flipside is where workers are employed who live in Shelby. The data indicates that 24.4% of employed Shelby residents work in Mansfield and another 22.5% work in Shelby. Other key employment locations for Shelby residents are: Ontario, Willard, Columbus, Galion, Ashland, Bucyrus, Lexington Village, and Shiloh.

Shelby is connected to regional communities through workforce commuting patterns. These ties are important to Shelby’s current and future economic development. Worker inflows and outflow are important economic networks sustaining Shelby, its employers and its residents. Worker commuting patterns exist in every community, county, and region. Research shows that while people prefer to work relatively close to where they live, workers are willing to endure longer commutes for higher wage jobs with good benefits. In this light, Shelby’s success in growing more high-skill/high-wage jobs in the future will benefit local working residents, assuming these workers have the educational background and skills required to qualify for these jobs. If local residents lack these qualifications, Shelby employers will reach-out to skilled workers living elsewhere. If Shelby wishes to retain its existing skilled workers and attract new outside skilled workers to live in Shelby, the community must offer high quality and affordable housing, good quality schools, and sufficient medical, shopping and recreational amenities to these workers. This situation reinforces the close connection between economic development and community development, or quality of life.

Impact of Shelby/Richland County Demographic/Workforce Trends On Shelby Economic Development

- Shelby's population decline is a significant economic challenge, but poverty rates compare well to other rural communities.
- Shelby and Richland County's populations are growing older, which reduces the available worker pool in the county and the city.
- Shelby and Richland County are experiencing retirement gap problems in that older workers occupy more skilled jobs.
- Educational attainment levels are low impacting high-skill/high-wage job development.
- Competition among employers for educated and skilled labor has grown due to a lack of supply.
- Worker inflows and outflows demonstrate the true "regional nature" of the labor market in Shelby and Richland County.

The means of transportation used by workers 16 years and older is also relevant. Of the 4,151 employed, 87.4 % drove alone to work, 6.8 % carpooled to work, and remainder either walked to work or worked at home. The average travel time to work is 20.2 minutes. Once again, workers will commute longer distances for higher paying jobs with good benefits. A prime example of this is the extensive labor market that serves large well-paying manufacturing facilities like Honda in Marysville (Union County) or Progressive Insurance in Mayfield (Cuyahoga County).

Of course, the income and benefits characteristics of all Shelby households is of paramount importance. Most of the community's households fall into the \$25,000

to \$75,000 range. Almost 1/3 of the city's households receive Social Security payments and 23% receive retirement income (either private or public). These numbers reflect the city's aging population base, not unlike Richland County and many other Northeast Ohio counties. A significant number of city residents receive welfare payments (SSI) or receive food stamps and SNAP benefits. Overall, Richland County annual poverty rate in 2015 was 17 %. 25% of the county's population with less than a high school degree fell below the poverty rate, while just over 13% of the county's population with some college, an associate degree or BA degree fell below the poverty rate. Only 8.1% of county residents who were employed fell below the poverty, which we would consider the working poor. Meanwhile, 39% of those unemployed were in poverty. This latter percentage would be higher without some form of public assistance.

Poverty numbers for 2015 for Shelby show that 13.4% of the city's total population fell below the poverty line. Similar to Richland County, 25% of those with less than a high school diploma were in poverty and only 5.3% of the city's population with some college, an associate or BA degree were living in poverty. The city's working poor rate was 7.2% and its unemployed poverty rate was 41.2% in 2015. These numbers speak to the value of education and technical and career training in reducing poverty in communities. Shelby's individual health insurance coverage characteristics also is a critical sign of economic wealth or poverty. Almost 90% of Shelby residents have health insurance in some form. Most of which are (2/3) covered by private health plans and the 1/3 by public health insurance in some form. 914 residents had no health insurance in 2015.

SHELBY ECONOMIC DEVELOPMENT ASSET INVENTORY

FRAMEWORK AND OVERVIEW

An understanding of Shelby’s assets to foster increased economic development is an important building block for the city’s future economic development action plan, namely a plan that will grow more high-skill/high-wage jobs in the community over time.

This inventory was conducted with an eye to Shelby’s **major** assets for economic development. An in-depth asset inventory was not possible due to budget and time constraints. Shelby’s economic development assets include:

- 1. Human resource assets:** Which includes the existing workforce, the future worker pipeline (middle and high school students), technical and managerial talent, entrepreneurs, young professionals, concentrated skilled labor pools, and older business mentors and coaches. (See below)
- 2. Real estate assets (Includes Infrastructure and Utilities):** Which includes existing industrial and business parks, downtown buildings, existing move-in quality buildings, under-used shopping centers, buildings suitable for new business incubation, large tracts of land (sites) served by infrastructure and utilities, and brownfield sites and buildings with potential for reuse. (See below)
- 3. Educational and library assets:** Which includes local K-12 schools, local and regional career and technical centers and schools, local and regional community colleges, local and regional four-year universities, general and specialized library resources, and local adult training centers and resources. (See below)
- 4. Existing businesses:** Which includes suppliers to local companies, customers to local companies, companies belonging to the same industry or industry cluster, local businesses that are owned by other local businesses. (See below)
- 5. Natural resources:** Which includes forests, open spaces, agricultural resources, nature and wildlife preserves, rivers, streams, and lakes, parks and recreation areas, unique natural habitats, birding centers, natural resources that support hunting, fishing, hiking, boating, skiing, photography, birdwatching, and other activities. Key natural resource assets include:
 - ◇ Black Fork of Mohican River (camping, canoeing, kayaking, fishing)
 - ◇ Seltzer Park (walkways, park, picnicking, swimming, and gardens)

- ◇ Reservoirs 2 and 3: Walkways around the reservoirs
- ◇ Abundant open space and farmland (scenic beauty in the surrounding area)
- ◇ Hunting and fishing throughout the surrounding area

6. Arts, cultural, and tourism resources: Which includes local artists, arts galleries, art and craft centers, historical and archeological resources, religious resources, ethnic and language resources, music, dance, theater resources, festivals, and agricultural fairs and resources. These resources include:

- ◇ Historic downtown area
- ◇ Shelby City Park System
- ◇ National Register of Historic Places
 - ▶ Most Pure Heart of Mary Church (Romanesque architecture)
 - ▶ Shelby Center Historic District (Italianate, Queen Anne and Neo-Classical architecture)
 - ▶ Marvin Memorial Library (Greek Revival architecture)
- ◇ Biking and walking trails: Both through and around the city.

7. Transportation resources: Which include highway, railroad, airport and other resources critical to accessing Shelby. These include:

- ◇ Highway: The City of Shelby is located along the scenic Black Fork River in Richland County in North Central Ohio. From the heart of Shelby, State Routes 61, 96, and 39 provide easy access to such thoroughfares such as US 30, Interstate 71, and the Ohio Turnpike (US 80/Interstate 90). Shelby is accessible by vehicle from Cleveland, Columbus, Akron, and Canton within 90 minutes; Toledo within 2 hours; and Cincinnati, Detroit, Pittsburgh, and Parkersburg, WV, in 3 hours.
- ◇ Railroads: CSX and Ashland Railway (a short line rail service) each have lines through Shelby. Ashland Railway operates 56 miles of track with a base operation in Mansfield, Ohio, and interchanges with CSX, Norfolk Southern and Wheeling & Lake Erie Railways.
- ◇ Airports: Shelby's Airport (12G) offers two hangers to house up to 17 planes. The Mansfield Lahm Regional Airport, home to the 179th Airlift Wing (AW) and Red Horse Squadron of the Ohio Air National Guard, is located along State Route 13 and only a 20-minute drive from Shelby. Commercial airlines are available at the Cleveland Hopkins International, Port Columbus International, and Akron-Canton Regional Airports – each about 75 miles away.

8. Economic development partners: Key partners include:

- ◇ City of Shelby: City services, incentives, funding, plans and leadership.
- ◇ Shelby Community Improvement Corporation: Funding, leadership and plans.
- ◇ Shelby Community Foundation: Funding support to economic and community development.

- ◇ North Central State College: Education, training, and workforce development.
- ◇ Kehoe Center for Advanced Learning: Training, workforce development, conference space.
- ◇ Pioneer Career and Technology Campus/Center: Education, training, future worker pipeline.
- ◇ Shelby School District: Education, future worker pipeline.
- ◇ Shelby Area Business Group: Business: Local business owners giving back to community.
- ◇ Richland County Commissioners: Funding, leadership, public works, multiple roles.
- ◇ Richland Area Chamber of Commerce: Business advocacy, funding support, leadership, and business networking.
- ◇ Richland Community Development Group: Wide variety strategic initiatives for economic and community development.
- ◇ Richland County Foundation: Funding for economic and community development.
- ◇ Braintree Business Development Center: Business incubation and startup services.
- ◇ Apple Tree Microfinance Corporation: Microfinance loans for small businesses.
- ◇ The Ohio State University, Mansfield: Higher education, training, workforce development, labs and facilities to support research and community engagement.
- ◇ OSU Cooperative Extension, Richland County: Education, research, and technical assistance to agriculture and agribusiness development.
- ◇ Farm Bureau, Richland County: Agricultural advocacy and assistance.
- ◇ Regional Manufacturing Coalition: Assistance to area manufacturers.
- ◇ Mansfield/Richland County Convention and Visitors Bureau: Tourism promotion and development.
- ◇ MAGNET (Manufacturing Alliance): Regional manufacturing advocacy, research, and technical assistance.
- ◇ Young Entrepreneurs Academy: Encourage young entrepreneurial development.
- ◇ Richland Young Professionals: Retain, attract and develop young professionals.
- ◇ Richland County Regional Planning: Public planning services to county government and local communities.
- ◇ SCORE of North Central Ohio: Senior business advisors to small business.
- ◇ Small Business Development Center: Assist, educate, and promote small business.
- ◇ Workforce Partnerships of North Central Ohio: Workforce development through partnerships and collaboration.
- ◇ Team NEO: Regional business attraction and local company assistance.
- ◇ Jumpstart Inc.: New venture development, scale-up services to young growing companies, financing technology and growth company expansion.

- ◇ JobsOhio: Business and economic development financing, business attraction, business retention and expansion services.
- ◇ Ohio Development Services Agency: Funding and support to business and community development.

SHELBY'S HUMAN RESOURCE ASSETS



Shelby's educational attainment levels are reasonably good, but room for improvement exists. Many residents travel to jobs outside the city for higher pay and possibly other reasons. Residents who work in the city at good paying jobs tend to be older. A good number of workers residing outside the city hold good paying jobs in the city. The population bases of the city and county have declined since 1980, with the sharpest drop in the city's base since 2000. These population losses reduce the size of the local labor pool. Labor

participation rates have dropped in the city and county over time. These declines reduce the size of the local labor pool. Local leaders are aware of the need to do more to retain young professionals, but a greater effort is needed to increase their impact. Stepped up succession planning efforts are needed to help these young people takeover local businesses being sold by older owners. Local leaders are aware of the need to do more to attract new young professionals to the city to live, work, and start new businesses.

An active recruitment effort is needed to interest more young entrepreneurs to start new businesses in the city. Technical and career awareness and education are priorities for the community and good efforts are being made in this area, but much more needs to be done to grow the pipeline of future workers in the community. Shelby's population base is aging, which is a common trend in most other areas. Many older workers are working beyond age 65 because of retirement financial uncertainties. The community could capitalize more on its aging workers to train their replacements.

Every community must consider its people to be its number one economic development asset. Shelby should be prepared to do the same. Many opportunities exist to build the city's people base, and many action steps are within local leaders' reach to strengthen the city's human resource base. These are identified in the assessment found directly above.

SHELBY'S BUSINESS REAL ESTATE, INFRASTRUCTURE/UTILITY ASSETS

Shelby's major business and industrial sites and buildings were analyzed using site submission reports found on the JobsOhio InSite website. Retail and office properties were not included in this analysis because of budget and time.

The city's top business real estate assets include:

1. Sanchez Property, SR 39
2. Shelby Community Airport, 5005 SR 39 West
3. Shelby Industrial Park, Progress Drive
4. Shelby State Street 1 Land, Industrial Drive
5. Shelby State Street Property
6. Technology Park, Technology Parkway
7. Central Ohio Industrial Park, 18 Allison Drive
8. Martin Drive Warehouse, 151 Martin Drive
9. Shelby-19 Mansfield Avenue, 19 Mansfield Avenue
10. Downtown Shelby

As a group, Shelby's sites and buildings offer a good mix of general industrial and warehouse properties—much better than many of communities. **Technology Park is an excellent economic development asset** with high development potential for manufacturing, distribution, smaller technology companies, and office users. Infrastructure and utility services appear adequate for the properties unless very high-demand users locate to the sites. Zoning appears to be appropriate to accommodate the targeted future user types. An assessment of environmental conditions was not conducted. We did not observe any visible problems in our survey visit to the sites and properties. Available move-in quality buildings are limited, but that is true across Ohio. The lack of direct interstate highway access to these sites could be a limitation for some industrial users, but we find road access to Shelby to be reasonably good that includes: Rte. 30 off I-71 to Mansfield and north on 39 to Shelby; Rtes. 61 and 314 north and south into the city; and Rte. 96 east and west into the city. Shelby has a good mix of industrial sites and building. The city's real estate assets, especially Technology Parkway, are advantageous to economic development. Downtown Shelby is an under-used economic development asset now.



EDUCATION AND LIBRARY ASSETS

The Shelby School District (SSD) had a FY 2016 budget of \$19.4 million compared to \$17.96 million in FY 2014. Roughly ½ of the SSD budget comes from local taxes and the other ½ from state restricted and unrestricted funds. Shelby Schools (SSD) had total enrollments of 2,034 in 2012 and 1,757 in 2016. No explanation of this enrollment drop is provided in the Ohio Department of Education data. This is important to know because students represent the future worker pipeline for the community. Overall, SSD report card scores are not overly positive, with the exception of the Shelby High School's 5-year graduation rate and the Auburn Elementary School's Performance Index Score Grade. The Pioneer Career and Technical Center District serves these school districts: Buckeye Central Local; Bucyrus City; Colonel Crawford Local; Crestline Exempted Village; Crestview Local; Galion City; Lexington Local; Lucas Local; Northmor Local; Ontario Local; Plymouth-Shiloh Local; Shelby City; Willard City; and Wynford Local.



Shelby's workforce partnerships are anchored by North Central State College, Pioneer, Madison Adult Career Center and the Ohio State University Mansfield campus. Pioneer Career and Technical Center serves the entire region through their satellite campuses, and shared training facilities. Its resources include: CNC; Math for Manufacturing; Blueprint Reading; Hydraulics/Pneumatics; Maintenance; Welding; Safety; Integrated System Technology (IST Lab at NCSC); Computer, Software and Keyboarding Skills; and Assessment Services. Pioneer's summary scores are: Technical Skill Attainment (proportion of students passing technical assessments): F; Graduation rate (finish high school in 4 or 5 years): A; Prepared for Success (whether training in a technical field prepares students for work or college): D; and Post-Program Outcomes (employed, apprenticeship, military, postsecondary education or advanced training): A.

North Central State College (NCSC) is a public two-year community-based educational institution serving the residents of north central Ohio. The College offers high quality, technical education in more than 60 associate degree and certificate programs in Health, Business, Public Service, and Engineering Technologies, as well as customized workforce training programs. The College enrolls 2,500-3,000 students per semester and is the largest public college within a 75-mile radius. The student population

is evenly divided between traditional students starting straight out of high school and non-traditional older students who are returning to college to train for a second career. Two-thirds of the student body are part-time students. The Kehoe Center, a high-quality training, event and meeting facility, is located on the NCSC campus in Shelby. The Kehoe Center in Shelby trains students in traditional tool and die disciplines with a growing interest in cross-training for many manufacturing systems including Pneumatics, Hydraulics and Electronic Controls. NCSC students in Business and Manufacturing related degrees take most of their classes at the Kehoe Center.

The Ohio State University at Mansfield is a regional campus of The Ohio State University located in Mansfield, Ohio. It was founded in 1958 as a land-grant college. It sits on a 644-acre campus site, which is currently planning a future Campus District that would link OSUM, NCSC, and the campus' neighboring communities to spur economic development and integrate the two campuses with these communities. 1,610 full and part-time students are enrolled at OSUM. Students can start at Mansfield and finish their degrees at The Ohio State University, Columbus, with one or more of Ohio State's 170 majors. OSUM is an undergraduate campus with the exception of a couple graduate degrees offered in the Education College.

Ashland University is a mid-sized, private, non-profit university in Ashland, Ohio, United States. The university consists of a 135-acre main campus and several off-campus centers throughout central and northern Ohio. The university offers nearly 70 undergraduate majors and nine pre-professional programs. The majors include actuarial science, toxicology/environmental science and entrepreneurship, which are unusual for an institution of its size. In addition, it offers most traditional liberal arts majors as well as a wide range of majors in business and education. Ashland University has about 5,700 enrolled students. Within a 90-minute drive of Shelby, University of Akron, Wooster College, Stark State College, Kent State University, Tiffin University, Heidelberg University, and the University of Findlay have campuses.

Shelby is also served by several public libraries that include:

1. Marvin Memorial Library in Shelby;
2. Libraries at Shelby High School and Pioneer Technical Center;
3. OSU, Mansfield Library; and
4. Richland County Public Library.

Shelby is well-served by schools, colleges and universities, as well as several workforce training centers. While the Shelby School District's state report card is not overly positive, experience shows that these report cards tend to under-estimate the educational quality and value of schools. We believe that to be the case with the Shelby Schools. Research shows that educational attainment is positively correlated to lifetime earnings, and therefore education is one of any community's top assets for economic development and workforce development.

EXISTING BUSINESS AND INDUSTRY BASE

Shelby's existing business and industry base is its leading asset for economic development. This is true for almost all communities. Table 12 earlier in this report identifies the city's leading manufacturers.

Two companies stand-out in their importance to the city's economic base:

- **ArcelorMittal:** Which is a leading steel tube producer with a longstanding presence in the community. The company provides 650 well-paying jobs to Shelby.
- **MTD:** Which is a leading manufacturer of lawn and garden equipment and other products. MTD has had a presence in Shelby for many years. It provides 350 good-paying jobs to the community.



Manufacturing companies and industries provide the biggest boost to the local economic base. To a lesser extent, warehouse/distribution businesses contribute to the economic base. Healthcare services, namely the Shelby Hospital/Ohio Health, are an important source of jobs to residents. The hospital is an important business/employer asset to the community, as well as serving as a key amenity to the residential population.

The area's industry mix has significant concentrations in steel products, metalworking, machinery and equipment, and automotive related manufacturing. Business diversification has not occurred to any significant degree in the city for some time. This should be a future priority for the city's economic development.

Larger local companies provide supply chain business opportunities to smaller businesses in the community, which is important. Agriculture (farming and related businesses) is important to the city and surrounding area. Capitalizing on agriculture to create value-added agribusiness should be given increased attention in the future. Business, financial, professional and information technology businesses are important to the city's economic base. These services are important to smaller businesses and residents. Retail Trade and Consumer Service businesses are important as amenities to the residential population and visitors.

The city's existing businesses are critical economic development assets to Shelby. Stepped up retention and expansion services to these businesses are needed to ensure community leaders are aware of these businesses' needs and where necessary provide support and assistance to them. At the same time, Shelby should work at diversifying its business and industry base by increasing entrepreneurship, succession planning to hand-off businesses to younger owners, and business attraction.

SWOT ANALYSIS

This section provides an analysis of Shelby's strengths, weaknesses, threats and opportunities for economic development. The SWOT analysis draws directly upon the research for the plan, its asset inventory, and an analysis of other economic development and comprehensive plans and strategies for Shelby and Richland County. The SWOT calls attention to high-level issues that should be either recognized or addressed by the Economic Development Action Plan.

SWOT DEFINITIONS

- **Strengths** are an area's relative competitive advantages (e.g., industry supply chains and clusters, extensive port, rail, and broadband assets, specialized workforce skills, higher education levels, collaboration among stakeholders). Strengths tend to be internal to the area, but they can also be external. For example, a regional airport or university can act as strengths for growth in a local area.
- **Weaknesses** are an area's relative competitive disadvantages (e.g. skilled labor shortages, lack of marketable sites and buildings, limited local physical infrastructure capacity). Weaknesses tend to be internal to the area, but they can also be external. For example, high regional labor costs or limited regional collaboration for economic development can act as weaknesses for growth in a local area.
- **Opportunities** are an area's most promising sources of economic growth and development. Opportunities most often take the form of businesses, industries, and other economic activities (e.g. tourism events) that create jobs, prosperity and other forms or economic value in an area. Regional opportunities are important to a local area's economic development. For example, a strong regional agricultural base can spur the growth of value-added agribusinesses.
- **Threats** are factors, trends and events that threaten, harm or reduce an area's capacity to grow and develop. Threats can be both internal and external to an area. Examples of threats include a national recession, a natural disaster (e.g. a flood), high state business taxes, or overly stringent business regulations.

SHELBY'S KEY ECONOMIC DEVELOPMENT STRENGTHS

1. **Rural Small Town Location:** This is a plus for Shelby in an overall sense. Its easy drive proximity to Mansfield is an advantage. Smaller rural communities are advantageous locations to many businesses because of manageable scale, ease of navigation, lower wage costs, lower costs of living, positive work ethic, scenic beauty, and outdoor recreation opportunities. Businesses requiring or



desiring larger urban locations will not likely seek rural small towns as business locations. Ohio has many small independent cities, including Bucyrus, Galion, Ashland, Norwalk, Wooster, Mount Vernon, Marion, Tiffin, Willard, and Upper Sandusky. Competition with these and other smaller cities for economic development opportunities has grown more intense. In that regard, smaller towns must offer distinguishing advantages such as very attractive business sites and buildings, available skilled and semi-skilled worker supply, highly favorable highway transportation access, high quality of life amenities.

2. **Manufacturing Legacy:** Shelby's longstanding role as a manufacturing location is a strength for the city moving forward. Both its historical roots in invention and early manufacturing production and its ongoing role as a metals, metalworking, and automotive-related production center testify to the city's attractiveness for manufacturing business development. Manufacturing employment has declined steadily in the U.S., Ohio, Northeast and North Central Ohio, and Richland County, and yet manufacturing production has held its own and even grown in many cases. Existing and new manufacturing companies are expanded and invested in Northeast Ohio and Richland County, speaking to the general area's competitiveness. Because of Shelby's and Richland County's favorable access to major market centers such as Cleveland, Akron/Canton, and Columbus, manufacturers with market and supplier ties to these metro areas could find Shelby an attractive business location.
3. **Technology Parkway:** This site is Shelby's leading real estate asset given its location, configuration, transportation access, and proximity to the Kehoe Center for Advanced Learning and North Central State College campus, scenic surroundings, and other surrounding assets.
4. **Industrial Site Availability:** The city has a good supply of available business sites, which is described in the Asset Inventory. Its existing move-in quality building stock is low, which is consistent with conditions across the county and in Northeast Ohio.

5. **ArcelorMittal:** The company's longstanding presence and positive economic impact make it a leading strength for future economic development. The company has reinvested in its facilities to modernize and expand them over the years; the most recent a \$30 million investment a few years back.
6. **Education and Training Resources:** The presence of Pioneer Technical and Career Center, and the Kehoe Center for Advanced Learning and North Central State College are strengths from the workforce development standpoint. These resources serve to differentiate Shelby as a small-town business center.
7. **Favorable and Affordable Quality of Life:** Shelby's quality of life is favorable with good schools, committed community leadership, civic-minded residents, and recreational opportunities. Quality of place is an important factor in keeping and attracting management and technical talent as well as the general population and workforce.
8. **Transportation Access:** While not located on an interstate highway or within a 10-minute drive, transportation access to the city is favorable. Rail service is available in many locations which is a requirement for heavy manufacturing operations.
9. **Economic Development Resource Network:** The city is served both internally and externally by a variety of economic and workforce development resources. This network has expanded and grown stronger in recent years, especially at the county and regional levels. The city's incentives are comparable to those found in other surrounding cities.
10. **Downtown Shelby:** The city's downtown, central business district, is a strength, but presently an under-utilized one. While smaller communities must be careful in how they revitalize their downtowns, more effort must be given to increasing the economic development value of Shelby's downtown for residents and visitors.

SHELBY'S KEY ECONOMIC DEVELOPMENT WEAKNESSES

1. **Population and Workforce Losses:** With population losses come workforce reductions. This is a reality for Shelby, which speaks to the need to retain and grow the working-age population base, especially younger workers and young professionals. Stepped up efforts in this area will be needed to lesson this weakness in the future. High quality job and entrepreneurial opportunities are essential to reduce this weakness.
2. **Limited Industry Diversity:** Shelby has become increasingly dependent on a handful of large local manufacturers and similar employers in the county and surrounding counties. Resident worker outflows have grown in the past decade. A concerted effort to diversify the city's business and industry base is needed to stem these outflows to jobs outside the city and in some cases outside the county.

3. **High School Graduate and Young Professional Retention:** Like many rural areas and smaller towns, Shelby must retain more of its high school graduates and hold onto its young professionals. Young professional retention efforts are being given greater attention. These efforts are essential to ensure that the future worker and entrepreneur pipeline grows stronger.
4. **Need for a Clear Differentiator:** Shelby's Technology Parkway, developed properly, could be a major differentiator for Shelby. This asset should be developed carefully to attract high quality employers that provide high-wage/high-skill jobs. At present, Shelby lacks a clear economic development differentiator. The consulting team will examine shortly how other smaller communities have created differentiators.



SHELBY'S KEY ECONOMIC DEVELOPMENT OPPORTUNITIES

1. **Manufacturing** is likely to continue to find Shelby to be an attraction location. In the Research Foundations section, several targets for existing business retention and expansion and attraction were identified. The key is to attract and develop manufacturing operations providing higher wage jobs. With the Trump Administration focus on luring more manufacturers to re-shore (come back to American communities), Shelby should position itself for the return of these companies. Guidance on these opportunities is provided in the Research Foundations section.
2. **Entrepreneurial Development:** Greater attention to new business startup and incubation is needed in the future in Shelby. These efforts should focus on helping existing young professionals to acquire existing for-sale businesses through succession planning and to help entrepreneurs create next generation businesses. Student entrepreneurship at the high school and college levels should be a key target. Opportunities for this development are identified in the Research

Foundations. As a subset of entrepreneurial development, growth of home-based businesses has been significant across the nation. Many knowledge workers (accountants, consultants, attorneys, business investors, IT professionals, etc.) find doing business at home to be advantageous.

3. **Downtown Businesses:** To support the local population and attract tourist dollars. The focus should be on unique businesses that provide something unique or something in a unique way. Suggested opportunities in this regard are identified in the Research Foundations section.
4. **Agribusiness and Natural Resource Businesses:** Many agricultural areas are working to develop value-added businesses related to agriculture, local foods, aquaculture, and wineries. Some attention is being given to this area in Richland and surrounding counties. The right opportunities should be explored for Shelby.
5. **Broadband Internet Services:** At this point, we do not have a good understanding of the availability and cost of high-speed internet services in Shelby for businesses and residents. This is an opportunity for future development for the community to compete for jobs and residents.

SHELBY'S ECONOMIC DEVELOPMENT THREATS

1. **Black Fork Flooding:** This issue has been on the community's radar screen for a long time. A viable long-term solution to these flooding problems is essential. Community leaders indicate that solution efforts may be closer as new funding options are in sight.
2. **Shrinking Population and Workforce Bases:** Shelby must hold onto and grow its population and workforces in the future to compete for new business and job development opportunities. The key is retention of workers with skills and young professional talent. The city must also step up efforts to grow the future worker pipeline through expanded career awareness and training efforts for Shelby School and Pioneer Center students.
3. **Strengthen Ties with County and Regional Economic Development Resources:** While community leaders have working relations with countywide and regional economic and workforce development resources, these ties must be developed into well-led teams that help Shelby achieve its future economic development goals. As the list of economic development partners in the Asset Inventory shows, significant resources are out there to help. The key issue in involving these resources in a careful way to achieve the city's future economic development goals, especially related to business attraction, entrepreneurial development, near and longer term workforce development, and area marketing and promotion.
4. **Limited Business and Industry Diversity:** This issue becomes a threat over time as the viability of existing local employers is reduced. Shelby must do what it can to help these employers now, but it must also work toward making the local business base more diversified.

COMMUNITY ASSESSMENT

OVERVIEW

With any strategic planning effort, gathering the feedback of local business and civic leaders and the general public is an integral way to understand core community issues and discover new opportunities for growth and development. Involving participants from across the community also enables leaders to gauge the likelihood that recommended strategies will be accepted and adopted.

Public engagement for Shelby was accomplished in two stages:

Stage 1: Targeted listening sessions with local business and community leaders

Stage 2: Online public survey

TARGETED LISTENING SESSION HIGHLIGHTS

On February 7, 2017, Montrose and the Shelby Path Forward/CIC team conducted three listening sessions with a select group of individuals from Shelby. Each listening session had between eight to twelve participants, which included individuals from various sectors including business, utilities, development, education, real estate, government, elected office, civic organizations, and not-for-profit organizations. In all, more than 30 individuals participated in the listening sessions. Each participant was given a questionnaire (included as Appendix 10) ahead of time and asked to think through and answer the questions.

The listening sessions were instructive and provided the Shelby Path Forward/CIC and Montrose team the opportunity to understand what the community wants to be. The challenges identified in the listening sessions fit into six key priority groups:

1. A committed and planned approach is required to drive future economic development efforts:
 - a. An incentive strategy is needed to grow existing and attract new businesses.
 - b. Workforce improvements and energy cost reductions can add to local business competitiveness.
2. Downtown is a key community asset, that with investment, can contribute more to economic development and improvement of quality of life.
3. Technology Parkway is a unique research/industrial park that needs a concerted marketing effort to attract new high skill/high wage businesses.
4. Small business and entrepreneurial development efforts need greater attention and focus.

5. Workforce development should give greater attention to connecting young people/students with businesses. These efforts could include facilitating “succession planning,” connecting existing older business owners with younger new owners.
6. The “disconnect” between Shelby and the rest of Richland County needs to be closed to ensure Shelby is better plugged into external resources and opportunities.

Each listening session provided its own flavor on the current state of economic development in Shelby and the future state of economic development in Shelby. Largely based on the participants, the tone and tenor was different for each session. However, common themes were identified across the sessions, which can help guide the Shelby CIC and the City in its decision-making process about economic development issues and investments. These fall into two strategic groups:

1. Economic development efforts in the county, past and present
2. Economic development objectives for the next 5-10 years

GROUP 1: OBSERVATIONS ABOUT PAST AND PRESENT LOCAL ECONOMIC DEVELOPMENT EFFORTS

1. No ED team in place at City. Former efforts were more progressive. Need a hired position to market community. Need a formalized effort around ED.
2. Can't rely on public efforts alone; private sector needs to step up.
3. The communities that win are those that are well-organized and have a cohesive plan and organization.
4. Efforts have changed over the years; there is no Chamber organization.
5. No portal for economic development.
6. There is no package of incentives for businesses to locate or expand.
7. City doesn't have ordinances in place to offer incentives.
8. We are not a collective group. Efforts are disconnected. Need to become centralized and have common goals.
9. Perception is that Shelby is out on an island from ED perspective.
10. Need downtown revitalization. Do something with looks of downtown.
11. Downtown, need to give people a reason to come to Shelby.
12. Downtown is an opportunity, not a strength.
13. Electric rates are high in the City. Hard to attract manufacturing.
14. Economic development roadblocks: challenges with workforce and energy. Ethics and drugs are big obstacle.
15. RCDG partnership to provide economic development services for Shelby.
16. Have no assisted living in the City. Elmcroft in Ontario is a mini-Shelby.

GROUP 2: POSSIBLE ECONOMIC DEVELOPMENT OBJECTIVES FOR NEXT 5-10 YEARS

- 1.** Discontinue municipal power and allow customers to go to market.
- 2.** Dedicated economic development person with accountability. Ambassador.
- 3.** Organization/person to steer economic development. Central economic development entity. Council cut support for ED job because they were doing community development and not economic development.
- 4.** Toolkit for business expansion.
- 5.** Vibrant downtown.
- 6.** Downtown, have vacant buildings and is not all that inviting. Clean up downtown; flooding is an issue to investing in downtown.
- 7.** Technology Parkway. Need to make it shovel ready and competitive.
- 8.** Help small business with marketing efforts.
- 9.** Tap into high-speed internet and build educational opportunities around that
- 10.** Need to address number one threat; shrinking population and workforce.
- 11.** Scholarships for kids that graduate from Shelby schools.
- 12.** Better communication with Countywide Economic Development Organization.
- 13.** Affordable housing and more housing options.
- 14.** Utilize college more than being done today.
- 15.** Increase median income.
- 16.** Need a concerted, Shelby centered effort on education about community and businesses
- 17.** Need opportunities for young people to have jobs.
- 18.** Private sector needs to put up money to market community and have greater ties with educational and private sector.
- 19.** Need more employers that have 50-200 employees...more businesses of 10-25 employees as well.



ONLINE PUBLIC SURVEY RESULTS

OVERVIEW

To extend the reach of the community assessment, an online survey was conducted. The survey, posted via the Survey Monkey tool, included twelve questions. The survey was designed to be completed in less than 10 minutes. Anyone who lives and/or works in the City of Shelby was invited to participate. The survey was promoted by the city directly.

Questions included:

1. Do you live in the City Limits of Shelby?
2. Do you work in the City Limits of Shelby?
3. What is your age?
4. How would you rate Shelby as a place to live?
5. How would you rate Shelby as a place to work?
6. What should be the top three economic development priorities for Shelby? Pick three.
7. How important do you believe economic development incentives are in growing businesses and jobs in the community?
8. Rank the most important items to keep and attract residents to Shelby. 1 being the best 10 being the worst.
9. What is the probability that you will be living in Shelby five years from now?
10. What is the probability that you will be working in Shelby five years from now?
11. How would you rate your level of optimism that Shelby's economic base will improve appreciably in the next 5 years?
12. Additional Thoughts

SURVEY RESULTS

Response: The survey was open from February 16 through March 3 and drew 601 participants.

Demographic Overview: 77% of respondents live in the city limits of Shelby; 41% work in the city limits of Shelby; 45 % ranged from 35-54 years. 38% said that they believed they would 100% be living in Shelby in the next 5 years where only 17% said that they believed they would be working in Shelby in the next 5 years.

A majority (54%) of respondents, when asked how they would rate Shelby as a place to live, said "Good". When asked how they would rate Shelby as a place to work only 36% said "Good".

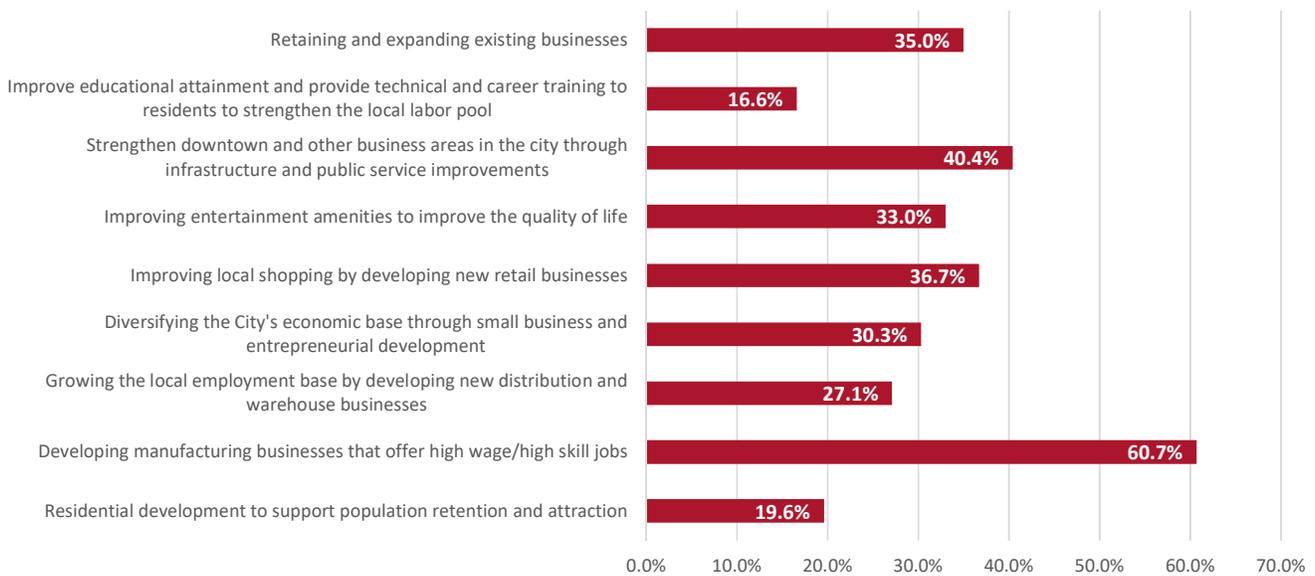
When asked, what should be the top economic development priorities for Shelby, answers centered on these primary themes:

1. Developing manufacturing businesses that offer high skill/high wage jobs.
2. Strengthen downtown and other business and industry areas in the city through infrastructure and public service improvements.
3. Improving local shopping by developing new retail businesses.
4. Retaining and expanding existing businesses.

Survey respondents were given a choice of nine possible economic development priorities and asked to select the top three. The results are listed in the chart 10.

CHART 10: SHELBY ECONOMIC DEVELOPMENT PRIORITIES ACCORDING TO SURVEY

What should be the top three economic development priorities for Shelby? Pick three.



59% of respondents believe that economic development incentives are “very important” in growing businesses and jobs in the community.

When asked to rank the most important items to keep and attract residents to Shelby the top answers were:

1. Quality schools
2. Higher wage career-oriented jobs
3. Reasonable living cost

4. Quality community with favorable property value growth

The final question of the survey was open-ended to gather additional comments from the community.

Key write-in responses included:

1. “Shelby was a great place to grow up and raise my children. I would love to see more jobs come to town that would keep our offspring here.”
2. “The reason downtown Shelby isn’t thriving is due to local entrepreneurs being afraid to rent space due to flooding. If you want local business and economy to thrive, focus on getting the water away from the city. When entrepreneurs know that their shops won’t be under water within a year and aren’t at risk, there’s going to be a much better likelihood of small business growth.”
3. “I was born and raised in Shelby. There has always been poverty and other issues, but they are currently larger than before. If these issues (poverty, drugs, lack of businesses and jobs, etc.) are not addressed, then the economic base of Shelby will continue to drop. As someone who lives in Shelby, but works outside of the city limits, the additional tax I have to pay is frustrating. This makes me want to move outside the city limits. There are many houses that are empty or for sale within the city limits, which relates back to the issue of poverty, lack of jobs, and the imposed tax. The current and next generations are not as invested in the City of Shelby as the previous generations. City pride can go a long way in building the economy.”
4. “We really need something around here where youth can hang-out in a safe area. Drugs are a problem these days and if there were more things or places for youth to hangout that didn’t cost a fortune I think it would be very beneficial. We also need to get the area cleaned up. Shelby is such a cute town but seems to be falling apart downtown needs a little work to maintain the buildings. Also, properties in Shelby need to be held responsible to keep the property clean and nice. I hate driving by houses that front yards are full of trash or just random parts or junk all over the yard.”
5. “Punishing Shelby residents on income taxes who work outside the city is detrimental to positive economic growth and is causing quality residents to move outside the city. The growth of rentals and houses converted to rentals is bringing in a lower income base and devaluing property in many areas. The length of time to fix the infrastructure (road paving, sidewalk remodel and street repairs) move at an unsatisfactory rate and leaving jobs partially completed for months or years demonstrates the lack of quality city improvements and their importance.”
6. “I don’t live in Shelby currently, but I was born and raised there, and all my family is still there. If there were better paying jobs and more economic growth, I would love to come home.”
7. “We need something here to be a destination, a reason to visit Shelby. Tourism is where it is at. We have a museum in the back alley, when it should be in a storefront. We need to help fix these buildings and make them look nice and maybe we would have someone come in and open a store. Too many ugly things around downtown.”

PLAN GOALS AND OBJECTIVES

Economic development plans need to focus on a central goal. Goals need to be aspirational and simply stated—taking up no more than one sentence. Economic development goals need to be bold and difficult to achieve. Most importantly, economic development goals need to focus on the creation of high-wage jobs in industry sectors likely to grow in the community.

FIGURE 1: KEY ELEMENTS OF ECONOMIC DEVELOPMENT GOALS



High-wage jobs are the solution to improving family budgets and they offer a greater contribution to tax revenues for local governments and schools. High wage jobs are defined as paying above the median hourly wage of \$17.40 an hour. Thus, the Shelby economic development goal should be focused on an economic development system that supports high-wage job creation in growth-oriented industries likely to expand and locate in the Shelby area. High-wage job creation needs to benefit the rich and poor alike and result in an overall improvement in the area’s standard of living.

Shelby Economic Development Goal

Over the next decade, develop a high functioning economic development system that attracts and retains high-wage/high-skill jobs, prepares for the workforce of the future, redevelops downtown, and helps small businesses and entrepreneurs grow.

Once an economic development goal and clear objectives are established, the next step in creating an economic development strategic plan is adopting the strategies essential for success. Economic development tactics launched without a well thought out strategy dooms an effort to failure. Few communities adopt only a single economic development strategy. Often, communities adopt too many strategies. Strategies can embrace both the Building Blocks of economic development

such as land use, infrastructure, workforce, tax policy and quality of life, and the Five Drivers of Economic Development, including industry sectors such as energy, technology, advanced services, manufacturing and global firms, to create both “offensive” and “defensive” oriented strategies to incentivize the creation of high-wage jobs.

Shelby should adopt three economic development strategies to promote the creation of high-wage jobs by focusing on: Partner Effectively to Fund a Dedicated Economic Development Program and Director, build a Shelby Entrepreneurial Ecosystem, and Downtown Revitalization.

Shelby is committed to advancing economic development in the City. It plans to accomplish this on its own and in partnership with others, as outlined in the strategies below. Shelby officials plan to follow these guidelines in these partnership efforts:

Shelby Economic Development Strategies

1. Commit ourselves to a professional approach to economic development that is grounded in sound policies, strategies, and practices.
 2. Commit to a continuous improvement approach to economic development. We get better by working together over time.
 3. Work together to achieve measurable economic development results and outcomes. We value results and not just activity.
 4. Follow an investment approach to economic development that strengthens Shelby's capacity to grow and develop.
 5. Build upon existing relationships and develop new relationships and connections that bring opportunities to Shelby.
 6. Focus on mutually beneficial opportunities that strengthen the economic bases of Shelby and Richland County.
 7. Strengthen relationships with local employers to anticipate their future needs and effectively respond to them.
 8. Educate our residents and businesses about how they can develop new business and economic opportunities in Shelby.
 9. Communicate effectively and regularly with our partners and stakeholders so they understand Shelby's opportunities and needs.
 10. Keep our economic development plan updated and be willing to experiment with new ideas and innovate with new ways of growing Shelby's economic base.
- Partner Effectively to Fund a Dedicated Economic Development Program and Director
 - Build a Shelby Entrepreneurial Ecosystem
 - Downtown Revitalization

ACTION PLAN AND TACTICS

ITEM 1: PARTNERING WITH APPROPRIATE ECONOMIC DEVELOPMENT ORGANIZATION(S) TO FUND A DEDICATED ECONOMIC DEVELOPMENT EFFORT AND PROGRAM FOR SHELBY.

In the listening sessions with community and business leaders and in discussions with the City of Shelby and the Shelby CIC it became abundantly clear that first and foremost the City needs a dedicated economic development program and effort, including a dedicated staff person, to manage Business Retention & Expansion efforts of existing industry, manage attraction and marketing efforts for Technology Park and the Shelby Industrial Park, facilitate the Workforce Business & Education Council, and direct efforts for downtown revitalization. In the recent past, the City employed a full-time economic development director that was a dedicated employee of the City. The last economic development director left to pursue another position in economic development. The City Council then de-funded the position, feeling that the position had evolved in a community development position rather than an economic development position. Cities of similar size to Shelby, in counties of similar size to Richland County handle economic development efforts and programs in different ways.

TABLE 4: SHELBY/RICHLAND COUNTY BENCHMARKING

City	Population	City Description	Economic Development Structure
Shelby, OH (Richland County)	9,058	2nd largest City in County; Mansfield is largest; County population of 121,707	Currently no economic development director in place. Shelby CIC and City administration and planning staff are charged with economic development. Richland County Development Group provides support for development projects.
Georgetown, SC (Georgetown County)	9,062	County Seat; county population of 60,158	The City's main source for jobs are in manufacturing and retail. Georgetown Steel Mill and International Paper Company are largest employers. City has an economic development director charged with BR&E, downtown development, attraction/marketing. Main Street Georgetown is main downtown organization.
College Place, WA (Walla Walla County)	9,062	2nd largest city in County; Walla Walla is largest; County population of 60,338	Economic development is conducted through the City Planner. County Economic Development is managed by the Port of Walla Walla. Walla Walla University is main employer.
Charlotte City, MI (Eaton County)	9,054	County Seat, outside of Lansing; county population of 107,759	Charlotte Community Development has a full-time director and is charged with commercial/industrial development, incentives, downtown, small business, marketing. Charlotte Can Do! is a private sector lead group engaging community leaders and citizens in efforts to support economic development and quality of life initiatives.

Burlington, WA
(Skagit County)

8,388

3rd largest community;
Mt. Vernon is County seat;
County Population of
121,846

Known as the “hub” of commerce in NW Washington. Economic Development Alliance of Skagit County is charged with BR&E, Business Attraction, Small Business, Leadership and Professional Development for all of Skagit County including Burlington. City of Burlington and Burlington Chamber are investors in EDASC.

Action Plan Tactic #1: On annual basis, the City of Shelby, the Shelby CIC, economic development organization(s), and other partners will financially commit for a total annual contribution of \$60,000 – \$80,000 for an economic development effort and program for Shelby including a dedicated economic development director.

The communities listed above were benchmarked against Shelby based upon the population of the City and the population of the County. The one that is the most like Shelby is Burlington, Washington in Skagit County based on population of the City, the population of County and the fact that it is not the largest City in the County, like Shelby. Burlington has over 1,300 acres of available space for industrial and commercial development. For economic development purposes, it has developed the tagline the “hub” of commerce in Northwest Washington. The Economic Development Alliance of Skagit County is charged with Business Retention & Expansion, Business Attraction, Small Business, Leadership and Professional Development for all of Skagit County, including Burlington. The City of Burlington and the Burlington Chamber of Commerce are investors in the Economic Development Alliance.

The Shelby CIC and the City of Shelby, like its counterparts in Burlington, WA should partner with economic development organization(s) for an economic development effort and program in Shelby. The economic development organization(s) will be charged with business retention & expansion, workforce development and business attraction. The economic development organization(s) will partner for attraction efforts and project management with TeamNEO. A partnership with economic development organization(s) will not only bring more notoriety and presence for Shelby’s economic development efforts in Richland County, but it will leverage the resources and strengths of Richland County that Shelby would not be able leverage by doing economic development on its own.

The Shelby CIC and the City of Shelby, in exchange for its investment in the economic development organization(s) should formalize its partnership with a memorandum of understanding between the entities that outlines the operations and tasks that will be performed by the economic development organization(s) on behalf of Shelby:

1. The City of Shelby, Shelby CIC and economic development organization(s) will each financially commit, from each organization’s respective resources to this effort.

2. The partner economic development organization(s) will dedicate a staff person to be the economic development director for the City of Shelby.
3. The dedicated economic development director for Shelby will be housed in Shelby but that person will maintain dedicated hours each week in the offices of the economic development organization(s).
4. The dedicated economic development director and the economic development organization(s) will provide a monthly report of activities, in person and in writing to the Shelby CIC, City Administration, and City Council.
5. The Shelby CIC/City of Shelby will have a seat on the board of the economic development organization(s).
6. The economic development organization(s) will have a board seat on the Shelby CIC.
7. The economic development organization(s), through the dedicated Shelby economic development director should be responsible for:
 - a. Business Retention and Expansion Program
 - b. Attraction and marketing of Technology Park and Shelby Industrial Park
 - c. Downtown Revitalization

Action Plan Tactic #2: Under the partnership with the economic development organization(s), the Shelby CIC and City of Shelby should launch a Business Retention & Expansion program with a focus on retaining existing employers by identifying the decision-makers of existing companies in Shelby, coordinating site visits with these companies, and identifying and solving any challenges these companies may have.

Under the MOU with the economic development organization(s) including having a dedicated Economic Development Director, Shelby can launch a BR&E program. Existing companies produce 80 % of a community's new jobs.¹⁰ The economic success of a community starts with a successful existing job retention program. A job retention campaign is referred to as a Business Retention and Expansion (BR&E) Program. BR&E Programs are broken down into multiple phases all geared toward keeping and developing new jobs from a region's existing base of companies. Phase 1 of a BR&E Program is organizing the effort internally within an economic development organization to ensure proper funding and staffing is available.¹¹ This will be achieved with the partnership between the economic development organization(s) and Shelby. Phase 2 of a BR&E Program is researching the companies that exist in the county, identifying those that are growing and then developing a common survey instrument for use with all the companies in which the economic development organization(s) identifies.¹² Phase 3 is meeting

with local company executives to gather information using the common business survey about what issues their company is facing and how the Shelby Economic Development Director and the economic development organization(s) can assist the company to grow in the community.¹³ Phase 4 is solving any challenges the company identified.¹⁴ Problem solving helps the company gain access to capital, addresses regulatory issues with local state government, gain better transportation access, or address other business and policy issues.

FIGURE 2: SHELBY BUSINESS RETENTION & EXPANSION PROGRAM CAMPAIGN



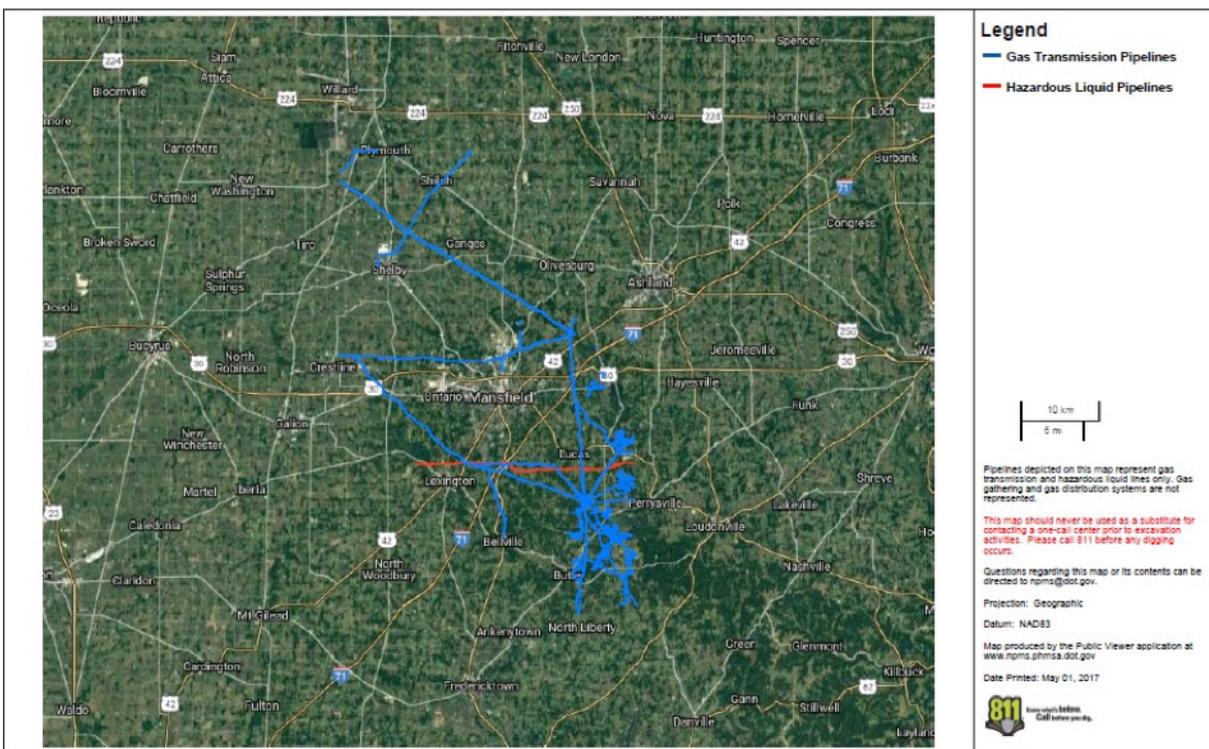
Economic changes at the global, national and state level impact the implementation of the Shelby Economic Development Action Plan. The development of domestic energy sources from shale extraction of oil and natural gas as well as the explosion of Foreign Direct Investment create substantial economic development opportunities for Shelby at their Technology Park and the Shelby Industrial Park.

America remains in the Age of Energy. While low oil and natural gas prices have slowed domestic energy production, the explosion of shale oil and natural gas is making America energy independent and creating a substantial opportunity to access reliable and cheap energy to retain and attract energy intensive companies in heavy manufacturing and technology industries where the cost of energy is a major factor when deciding where to locate. In addition, a major new growth opportunity lies in attracting Foreign Direct Investment (FDI). FDI is measured by the investment of majority-owned U.S. affiliates of foreign-domiciled companies. These firms produce \$670,000,000,000 in goods and services.¹⁵ They account for nearly 6% of total U.S. private output – over 42% of which is concentrated in the U.S. manufacturing sector. The 5,700,000 workers employed by these firms account for 5% of the U.S. private workforce.¹⁶ These same firms invest \$188,000,000,000 in capital expenditures and account for over 11 % of total U.S. private capital investment.¹⁷ Firms linked to FDI also lead in research and development. They produce \$40,500,000,000 in research and development and account for over 14 % of total U.S. private investment in research and development.¹⁸ These firms also export more than 18 % of total U.S. merchandise exports.¹⁹ FDI firms pay 30 % more in wages than other U.S. jobs.²⁰ These firms paid out wages and other forms of compensation averaging more than \$71,000 per U.S. employee.²¹

All other American full-time workers average \$54,000 annually in compensation.²² During the last ten years, majority-owned U.S. affiliates of foreign companies have employed between 5,000,000-6,000,000 workers, supported 2,000,000 manufacturing jobs and totaled \$194,000,000,000 in revenues in 2010.²³ China, who spent two decades sucking out American manufacturing jobs, now is shifting production and manufacturing facilities to the United States. In fact, in 2016, China's FDI in the U.S. was up 359%. China's manufacturing economy is the size of the American manufacturing economy. Rising wage rates and an economic slow-down coming to China are driving Chinese money to the stability and strength of the U.S. economy. Regions looking to grow should be sowing the seeds for a Chinese invasion.

The Shelby Industrial Park and Technology Park are located near the massive shale oil developments in eastern Ohio. The location of interstate natural gas lines traveling through Richland County—including in Shelby—offers a major economic development opportunity.

RICHLAND COUNTY NATURAL GAS LINES



Taking into account the current trends in economic development, the City of Shelby has incredible assets in Technology Park and the Shelby Industrial Park. Technology Park is for all intents and purposes “shovel ready” in that it has infrastructure and utilities in place for new development. The owners of the park have marketed it to potential users but have had limited success in finding users. The Shelby Industrial Park is the former military installation and has significant jobs and industries operating in the buildings.

Technology Park is an asset that most communities would like to have. Many Ohio communities are searching for speculative industrial and commercial space to attract new businesses and allow existing industry to expand in their community.

The City of Shelby, the Shelby CIC, the owner of Technology Park, under the MOU between the City, CIC and the economic development organization(s) need to adopt the following steps to attract new business to the industrial park:

- 1. Incentive and development agreement.** The private sector strives on predictability. To make the site highly marketable and predictable the City of Shelby and the owner of Technology Park, along with Shelby Schools must negotiate and enter into an agreement for incentives on the site. The entities should benchmark Technology Park against its competitor sites in the County and surrounding counties to determine what incentives they offer. Communities in Ohio offer a range of incentives but the most widely used is real property tax abatement for the construction of buildings. MTD Products Inc. was given a 100%, 15-year tax abatement through the City's Enterprise Zone program for its \$30 million investment in 2006. The City and the owner of Technology Park should enter into an incentive agreement that agrees to 100%, 15-year tax abatement to any user that locates in Technology Park. Per state law the City will have to share income tax revenue with Shelby Schools, or a Payment In lieu of Taxes (PILOT) must be paid by the business to the Schools. Having an incentive agreement in place for development of Technology Park will make it more marketable than without the incentive agreement.
- 2. Real Estate Broker.** The City of Shelby and the owner of Technology Park should hire a real estate broker that is experienced in developing industrial and commercial properties and in marketing such properties. This broker will likely know of movement in the market and be able to surface leads for Technology Park.
- 3. Website development.** A dedicated page should be created, on the City's website, and on the County economic development organization website for the available sites in Shelby, with attention paid to Technology Park.
- 4. TeamNEO familiarization tour.** The economic development organization(s) in its partnership with TeamNEO should develop a program to conduct familiarization tours with TeamNEO and JobsOhio staff as well as real estate brokers and developers in Northeast Ohio, Northwest Ohio and Central Ohio.
- 5. Launch a Shelby FDI Campaign.** FDI is divided into greenfield investment (creation of new businesses through the development or expansion of production facilities) and mergers and acquisitions of existing businesses. The Internet grows FDI.²⁴ Its research capability and data collection methods provide information for even the smallest region on global markets. FDI also is stimulated local firms with global connections. Local company's corporate headquarters,

customer base and supply chain are a source of global prospects. Specific nations prove strong prospects for FDI. FDI among China and OPEC countries to provide opportunities for luring investments and potential facility locations.²⁵ Key steps in the Shelby FDI campaign include:

- a.** First, define FDI.²⁶ A broad definition encompasses any assets that are acquired using foreign capital, ranging from real estate to factories to bank deposits and the foreign acquisition or construction of productive capital, such as factories, hotels or stores and the associated brands and technologies.²⁷
- b.** Shelby should next narrow the focus of planned industries they wish to recruit through FDI through a standard industry cluster analysis.²⁸ Global company targets focus on regional economic strengths matched with growing industries and markets.
- c.** Prior to marketing to targeted global companies, Shelby should define the benefits as compared to other regions their area possesses that would be attractive to global companies. Defining the region's strategic market location, available workforce and quality of life are tops on the global firm's wish list.²⁹ Of course, available sites, wage rates and tax and labor policies all impact the global firm's cost of doing business.³⁰
- d.** Shelby then should market for FDI to promote the economic benefits of a region to existing companies in that area and promote the community to companies across the globe. The best sales person for a region is existing companies and successful FDI programs are implemented by existing companies communicating with their suppliers and fellow global companies.³¹ Brand awareness matter but it ultimately come down to direct sales.
- e.** The final stage of an FDI campaign is pure hunting. Landing a global company in the U.S. is at the opposite end of economic gardening. It is a pure sales job to global companies known to be searching for a U.S. location and working with area companies to identify global corporate partners, competitors and the supply chain of companies that have a reason to locate a facility in a specific region or state.³² Shelby should coordinate its FDI program with TeamNEO and participate in targeted global trips to promote the region as a strong site for global investment.

A key FDI business attraction strategy is to find friends who can help save time and money. These friends can be universities, state governments, regional state government organizations, the federal government and others who help promote a region to a particular industry around the globe. Few regional development organizations have a budget to launch their own global campaign on a solo basis. Sharing costs and intelligence not only promotes greater regional cooperation but it saves needed time and resources. In addition, regions need to be attractive to the target country and its culture. It is easier to target Japanese companies if a region has successfully operated a Honda car factory for decades. This region has proved it can operate a business from a global perspective and is open to global citizens to live and raise a family in this community.



ITEM 2: MAKE SHELBY THE CENTER OF ENTREPRENEURISM IN NORTHERN OHIO THROUGH THE DEVELOPMENT OF START-UP SHELBY.

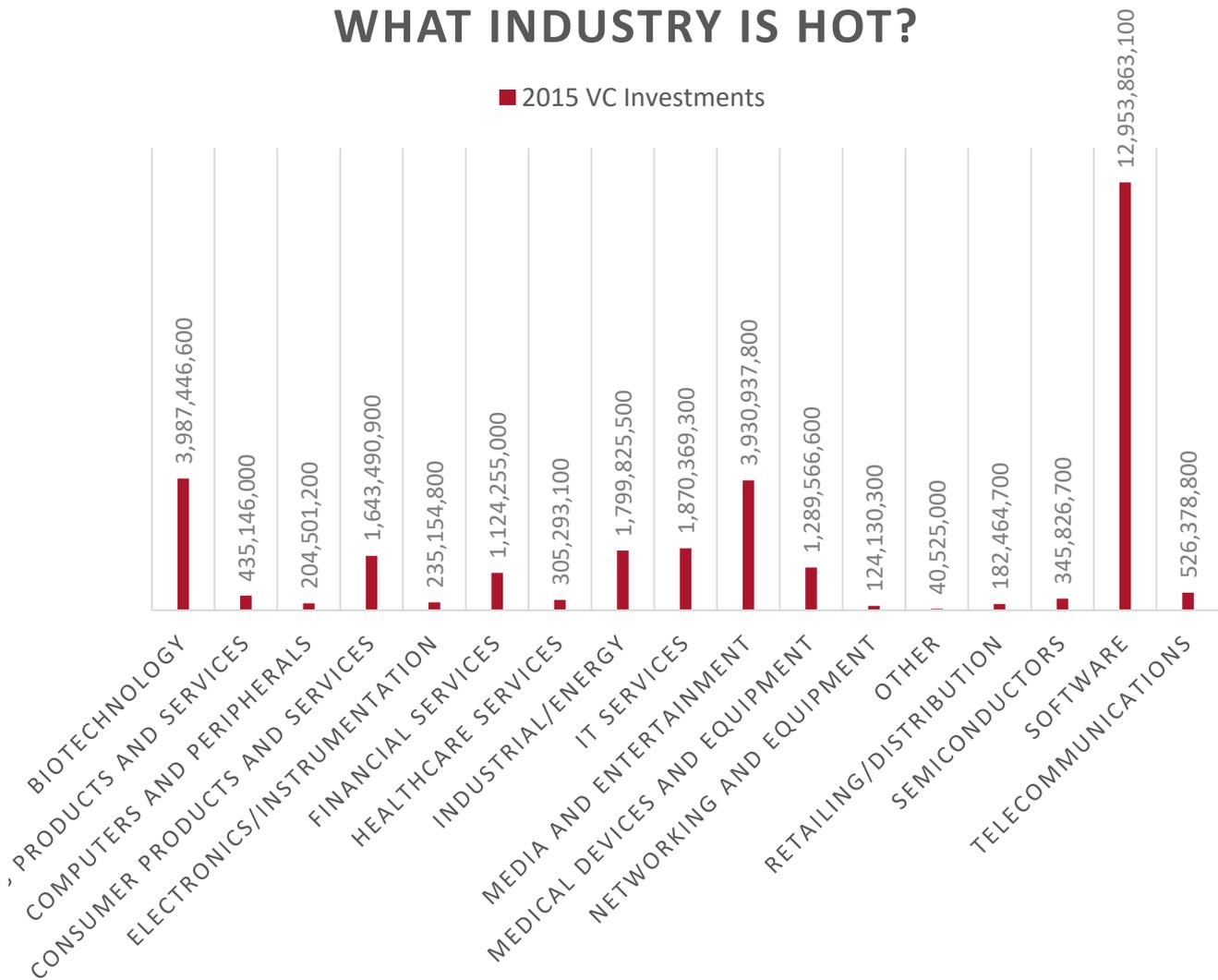
According to the US Small Business Administration, small businesses provide 55% of all jobs and 66% of all net new jobs since the 1970s. Small businesses account for 40% of all retail sales and provide some 8 million people in the United States with jobs.³³ The strength of small business and supporting them and entrepreneurs cannot be overlooked in any economic development strategic plan. The City of Shelby had one of the state’s 28 Small Business Development Centers at North Central State College but due to cutbacks at the state level the SBDC is no longer in Shelby. To serve small businesses and entrepreneurs, considering the loss of the SBDC, Shelby needs to build an entrepreneurial ecosystem that will foster company start-ups from birth to long term growth through the development of Start-Up Shelby.

FIGURE 3: START-UP SHELBY



Based upon the industry cluster analysis and a review of other emerging industries in the region and nation, Shelby’s entrepreneurial ecosystem needs to prioritize efforts and resources on industries likely to grow and succeed in the region through the creation of Start-Up Shelby. Start-Up Shelby will build an entrepreneurial ecosystem with the goal of building a sustainable small business start-up model from the birth of the business to its mature growth into the middle market. Start-up Shelby needs to focus on high-growth, high-wage job industries based upon the industry cluster analysis of Richland County as well as the industries that are hot with business leaders. Richland County’s strong manufacturing and transportation sectors should no doubt be an industry focus for the Start-Up Shelby but others may emerge through conversation with local business and academic leaders.

CHART 11: WHAT INDUSTRY IS HOT?



In addition, Shelby should closely review what emerging industries are hot with the venture capital community. Where the venture capital funding is traveling is also an important area of focus for communities searching for emerging company development.

Action Plan Tactic #1 Start-Up Shelby Board of Advisors

Supporting growing small companies with the professional services they need to prosper is a critical step to these small businesses becoming middle market onto large corporations. Often, that support is provided by the lawyers, accountants, marketing, public relations and other professional services firms

that advise companies too small to retain these companies on their payroll. The Shelby Entrepreneurial Board of Advisors should be formed and consist of lawyers, accountants, public relations, financial and senior level business managers will to provide free or low cost advice to area businesses in the hopes that these companies will be become large, growing concerns. The Shelby Entrepreneurial Board of Advisors will serve as mentors and strategic thinkers with key industry experience all focused on preparing Shelby small businesses for economic growth and further investment. Often, this board of advisors can support the company with their contacts as well as their wisdom and they can provide critical credibility for the company in the marketplace.

FIGURE 4: START-UP SHELBY BOARD OF ADVISORS



Action Plan Tactic #2: Start-Up Shelby Boot Camp

The provision of business development services for start-up companies is a critical role in developing an entrepreneurial environment. General entrepreneurial training for capital access, marketing, accounting and legal services all business development services provided to tech start-ups. Small start-up companies need the same services as mid to large sized companies but they cannot afford the talent that provides these professional services. The Ewing Marion Kauffman Foundation’s FastTrac™ provides a comprehensive entrepreneurship-educational program that teaches business insights, leadership skills and professional networking connections.³⁴ This program prepares business leaders to create a new business or expand an existing enterprise.³⁵ First started as part of USC’s California Entrepreneurship Program in 1986, the Kauffman Foundation took this program national since 1993 and provided by 270 partners to nearly 100,000 participants.³⁶ Other worthy start-up company training programs exist and Shelby should model their program on existing efforts. The goal of entrepreneurship education should be to assist young and old alike in all activities aiming to foster entrepreneurial mindsets, attitudes and skills and covering a range of aspects such as idea generation, start-up, growth and innovation.³⁷

The number one goal of the Start-up Shelby Boot Camp should be to assist individuals in the community with business planning.³⁸ The City, CIC, North Central and foundations need to partner to fund an instructor and coursework that assists small businesses and entrepreneurs in the community with business planning, business continuity, idea generation, sales and marketing tactics, and business operations. More importantly, corporate funding should be identified to bring a national group to Shelby to coordinate

an annual Start-Up Shelby Boot Camp for regional business leaders and those interested in starting a company. A competitive process can be created to fund a top notch, intensive event.

Action Plan Tactic #3: Start-Up Shelby STEM Workforce

Developing a workforce for Start-Up Shelby is just as important as supporting the company leaders' growth. The Start-Up Shelby workforce needs to focus on the Science, Technology, Engineering and Math (STEM) workers essential for the growth of manufacturing, transportation, and technology sectors essential to Shelby and Richland County. STEM workers constitute about 5 % of the U.S. workforce but accounts for more than 50 % of the nation's sustained economic growth.³⁹ 61 % of opinion leaders and 40 % of the general public identify math, science and technology skills as the most important ingredients in the nation's strategy to compete in the global economy.⁴⁰ If current trends continue, more than 90 % of all scientists and engineers in the world will live in Asia.⁴¹ The growth in STEM related jobs is expected to exceed the demand for non-STEM related occupations.⁴² The United States leads all industrial nations in the raw number of STEM graduates but is losing ground when it comes to younger workers.⁴³ STEM workforce strategies increase the number, rate, and diversity of undergraduates in STEM disciplines and align undergraduate education with STEM industry workforce in targeted areas. A national STEM initiative increases student interest and success in mathematics and science and graduates more students in the STEM disciplines. The initiative works to improve student achievement in mathematics, science, engineering and technology and fosters new methods of recruiting and training K-12 teachers in math and science. They also build STEM alliances among business, education and government.⁴⁴

STEM Workforce

Globalism & Demographics Creating Skilled Workforce Shortages

- Aging Baby boomers
- Low Millennials Rate Reducing Workforce
- 600,000 Manufacturing Jobs Open
- 56% of technology executives cannot fill jobs
- Big growth in STEM, health care and financial services

National leaders in STEM workforce are similar to those that are economic development winners. Northern California, Washington, D.C. and Boston make the list.⁴⁵ However, regional service economy leaders such as Houston, Baltimore and San Diego are also on the list of STEM workforce winners. Many other states are working to gain STEM workers. Colorado's STEM strategy is a national model. STEM-EC is a Colorado based coalition of business and education leaders connecting industry and the K-16 academic community to graduate more STEM students.⁴⁶ Industry partners include Qwest, Lockheed Martin Space Systems, BB2e.com, Sun Microsystems, Hewlett Packard and CH2M HILL.⁴⁷

In partnership with the local university and educational institutions, the Richland County STEM School should focus on the development of STEM workers for Shelby and Richland County area companies. Ohio has a network of STEM schools but they fail to serve students in Richland County. Steps needed to form the Start-Up Shelby STEM School including:

- Formation of a Richland County STEM School Board of Advisors that includes academic and business leadership to form a grade focus and business plan;
- Development of an academic partner from Richland County's higher education and K-12 school district community that would serve as the host of the Richland County STEM School;
- Development of a curriculum for the Richland County STEM school based upon the industry needs and the academic gap currently existing to connect Richland County and Shelby students with job prospects in emerging companies; and
- Lobbying for State of Ohio Capital Bill Community Project Funding to support the development of the Richland County STEM School site.

The goal should be for the Richland County STEM School to be operational for the 2019-20 school years.

Action Plan Tactic #4 Start-Up Shelby Community Fund

The City of Shelby, Shelby CIC, and Community Foundations, should partner and establish a Shelby Community Investment Fund to provide gap financing for redevelopment projects and for small business and entrepreneurs. A trend nationally, led by groups such as the Nebraska Community Foundation and its Hometown Competitiveness Network,⁴⁸ that is also starting to take root in Ohio in communities such as West Carrollton is a Community Investment Fund. A Community Investment Fund combines capital from government, banks, foundations and individual investors. The Community Capital Fund in the Pioneer Valley of Western Massachusetts is a great example of a community fund that combines resources from banks, individuals and foundations to fund agriculture and food processing businesses.⁴⁹ A successful Community Investment Fund provides funding for companies and development projects to stimulate growth and create jobs and wealth in a community. A Community Investment Fund typically fills a gap that is not being met solely by the private sector and is often a compliment to private sector funding. Alternative capital can come from any number of sources; government resources including loans and grants, angel investors, venture capital, pre-seed funds, and community resources. Communities that understand this need and address this need and devote resources to small businesses and entrepreneurs will win in the end by creating more and sustainable jobs for its citizens. The Shelby CIC, in conjunction with the City and Foundations, should establish the Shelby Community Investment Fund to focus on

providing capital to small business and entrepreneurs and encourage investment and development of underutilized and underused assets in the community, including downtown revitalization.

FIGURE 5: SHELBY COMMUNITY INVESTMENT FUND

City Funding	Bank Funding	Foundations	Investors
Advisory Board	Operational Partnership	Types of Financing	Project Eligibility

The Shelby Community Investment Fund will focus on dual tracts: 1. Gap financing for small business and entrepreneurs, and 2. Redevelopment project investments. The goal will be to raise funds over a 2-year timeframe. Banks, foundations, and individuals from in and around the community, Richland County, Northeast Ohio, Northwest Ohio and Central Ohio will be solicited to invest in the Shelby Community Investment Fund.

- 1. City Funding:** In the first year of the Shelby Community Investment Fund, the City of Shelby should provide seed funding to fund redevelopment projects and for small business and entrepreneurs.
- 2. Bank Funding:** regional and national banks will be asked to commit a portion of their Community Reinvestment Act (CRA) funding to the Shelby Community Investment Fund. All banks are measured and evaluated on an annual basis for their success in meeting CRA requirements. Below is a listing of the banking institutions (from the FDIC) with offices in the City of Shelby and the deposits they have on hand, ranked from largest to smallest that should be targeted.

TABLE 5: FDIC BANK DEPOSITS IN SHELBY

Institution Name	Offices	Deposits (\$000)	Market Share
Civista	2	88,147	41%
Park National Bank	1	49,103	23%
PNC Bank	1	34,130	16%
First Federal Bank of Ohio	1	22,260	10%
US Bank	1	15,655	7%
Mechanics Bank	1	6,692	3%
Total	7	215,987	100%

- 3. Foundations:** Investment will be sought from local, regional and national foundations including: The Shelby Foundation; The Richland Community Foundation; The Fund for our Economic Future; the Columbus Foundation; WK Kellogg Foundation; and Calvert Foundation.

- 4. Local Investors:** The graphic of deposits in financial institutions in Shelby shows \$215.9 million of deposits as of the end of the 2nd quarter, 2016. While not all this capital is liquid, held by individuals or able to be invested in the Shelby Community Investment Fund, it shows the wealth that is held just in the financial institutions in Shelby. Richland County has deposits on hand in banks of \$1.8 billion as of June 30, 2016. The Shelby Community Investment Fund should tap into this wealth to make investments in the fund, and those individual's needs and desires to give back to the community. These investors should be given options of expected return: 1% annual return for a one-year commitment, 2% annual return for a three-year commitment, and 3% annual return for a five-year commitment. There should be no "promise" of return as risk is inherent in these investments but investors should be given some expectation about the potential return on their investment.
- 5. Operational Partnership:** One of the most successful community investment funds is based in Columbus, the Economic and Community Development Institute.⁵⁰ ECDI operates over 32 loan funds today offering financing to small businesses and entrepreneurs. ECDI can help the City, CIC and Foundation operate and manage the Shelby Community Investment Fund.
- 6. Project Eligibility Requirements:** Eligible borrowers will include for-profit companies, not-for-profit companies, limited liability companies, C corporations, S corporations, governmental entities such as port authorities, economic development corporations and community improvement corporations, and healthcare institutions. Projects financed should include: new locations, retail, restaurants, and service based business, manufacturing, technology, software, and real estate redevelopment. Funding from the Shelby Community Investment Fund must be matched by outside money that can come from additional lenders and/or equity.
- 7. Types of Financing:** The Shelby Community Investment Fund should offer various financing options to meet the needs of the project and borrower and the program to include:

 - a.** Unsecured loans
 - b.** Subordinated loans: the Shelby Community Investment fund takes a second collateral position.
 - c.** Convertible debt: the Shelby Community Investment Fund has an option to convert debt into an equity position.
 - d.** Royalty finance: the Shelby Community Investment Fund gets paid a percentage of revenue or profits.
 - e.** Warrants and Options: The Shelby Community Investment Fund has the right to purchase stock at a specified price.
- 8. Advisory Board:** Investors, banks and foundations that choose to invest in the Shelby Community Investment Fund need to know that sound investments are being made, that they will see a return on their investments, and that there is oversight, scrutiny and transparency of all projects

and investments. An advisory board will be established to thoroughly review all applicants of the fund to scrutinize the credit, market viability and community impact of each project that is seeking assistance. The advisory board will be a committee within the Shelby CIC and will have a representative from the Shelby CIC, Community Foundations, the City of Shelby, a participating bank, and a participating investor. The advisory board should hire an outside financial advisor with knowledge and experience in evaluating Community Investment Funds to package each project and present it to the board and make funding recommendations. The advisory board will make funding recommendations to the Shelby CIC for final project approval.

Action Plan Tactic #5: Start-Up Shelby Makerspace

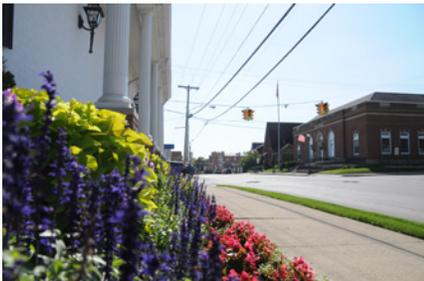
The final piece of Start-Up Shelby involves developing additional real estate in which this entrepreneurial ecosystem can prosper. The Start-Up Shelby Makerspace should be created in partnership with a regional university or college and business partners. A makerspace is a collaborative work space inside a school, library or separate public/private facility for making, learning, exploring and sharing that uses high tech to no tech tools.⁵¹ These spaces can be made open to students, adults, and entrepreneurs and have a variety of maker equipment including 3D printers, laser cutters, CNC machines, soldering irons and even sewing machines.⁵² A makerspace is more of the maker mindset of creating something out of nothing and exploring your own interests that's at the core of a makerspace.⁵³ These spaces are also helping to prepare those who need the critical 21st century skills in the fields of science, technology, engineering and math (STEM) by providing hands on learning, help with critical thinking skills and even boost self-confidence.⁵⁴ Some of the skills that are learned in a makerspace pertain to electronics, 3d printing, 3D modeling, coding, robotics and even woodworking and makerspaces encourage entrepreneurship by facilitating business start-ups.



Source: <https://techcrunch.com/2014/06/02/the-largest-makerspace-on-the-planet-opens-in-columbus-ohio/>

The Columbus Idea Foundry offers an interesting model for the creation of makerspace. The Columbus Idea Foundry is a 65,000 square ft. “makerspace” in the heart of Columbus, Ohio located in a downtown district called Franklinton that is on the rise through urban renewal. It is built in a 100-year-old shoe factory and it operates a membership model for those that want to make things.⁵⁵ The Columbus Idea Foundry requires a monthly membership fee of \$35 and then an hourly fee to use a multitude of different tools to make that thing you need such as a 3D printed prototype, a piece of jewelry, a CNC metal cut, laser cut template, fired pottery or other needful object for your startup, business or art studio with a varying fee ranging from \$5-\$35 depending on the toolset.⁵⁶ The Columbus Idea Foundry also charges a fee to actually make a prototype on demand.⁵⁷

The Start-Up Shelby Makerspace does not have to start as big as the Columbus Idea Foundry. Instead, the Start-up Shelby Makerspace could begin as a partnership with the local schools and area manufacturers to develop skills sets for local students in the use of critical machines and tools that are used in the local manufacturing workplace. This humble beginning can then be used to develop further public and private sector partnerships that can purchase the additional equipment needed for small business leaders and workers to participate in self-directed learning that a makerspace is very good at delivering.



ITEM 3: BY USING A DOWNTOWN REDEVELOPMENT DISTRICT, THE CITY OF SHELBY SHOULD ENCOURAGE THE REVITALIZATION OF ITS DOWNTOWN REBUILDING ITS URBAN CORE AND ATTRACTING A NEW, YOUNGER GENERATION BACK TO SHELBY.

The City of Shelby, like many rural downtowns has an historic downtown that is aging and in need of repair and rehabilitation to encourage and attract new investment and businesses. The revitalization of downtown was pointed to in the online public survey and the stakeholder session as one of the top economic development objectives. The flooding of the Black Fork has created long-term issues for the viability of downtown but the community is taking steps to address the flooding issue. The City of Shelby has two buildings listed on the National Register of Historic Places: The Marvin Memorial Library at 29

W. Whitney Avenue, and the Most Pure Heart of Mary Church at 29 West Street. The Shelby Center Historic District was created in May, 1982, and appears on the National Register of Historic Places as ID # 82003638. The Historic District includes Main Street buildings from Mohican St. on the east to Church St. on the west. In April, 2016, the City by ordinance created the Shelby Historic Preservation Commission. The Commission's priority is to have Shelby identified as a Certified Local Government by the National Park Service. The City is in the process of applying to become a Certified Local Government by the Ohio History Connection.

Saving historic structures can be a key element to an economic development strategy. Historic preservation increases land values and enhances the regional economy. Historic Preservation helped create more than 2 million jobs and \$90 billion in investment in Ohio. Rehab construction creates 50 % more jobs than new building construction. Historic preservation is a tool local communities can choose to revive neighborhoods, enhance environmental quality and reduce infrastructure costs by promoting development in existing areas rather than sprawling out. It is estimated that historic preservation projects save 50-80 % in infrastructure costs compared to new suburban development. A 2011 Economic Impact Study of the Ohio Historic Tax Preservation Tax Credit illustrated strong benefits of the program for the Buckeye state. The study showed for every \$1 million in tax credit allocated by the state \$8 million of construction spending and 80 construction jobs are created. More importantly, \$32 million in total economic impact is created by this \$1 million in state investment.

The redevelopment of historic structures is creating an economic boom in urban, rural and suburban communities across the United States. In part, this historic building renaissance is driven by a new market—Millennials. The movement of Millennials to the urban core is bringing new light to the economic benefits of historic preservation. There are 77M Millennials between ages of 18-36 and they constitute the largest generation in America—just surpassing the Baby Boomers. Regions attracting Millennials gain workers and consumers that are major drivers of the American economy. However, attracting Millennials is not easy as their wants and needs differ from older generations-- 62% of Millennials want to live in mixed-use development, 40% of Millennials want to live in Urban NOT Suburban areas, 2/3 of Millennials are renters, and Millennials own fewer cars as they aspire to live in a mixed use, pedestrian friendly environment. Fortunately for urban, rural and suburban communities, the older, established Central Business Districts often dominated by historic structures are primed to attract Millennials as they are designed before the car dominated America's development patterns.

Historic properties have a substantial economic impact. Those associated with the creative industries have a major impact on the Ohio economy. Ohio Creative Industries: contribute more than \$23.6 billion to Ohio's economy annually; support 197,743 jobs in Ohio's economy annually; generate \$917 million in state and local tax revenues annually; generate \$1.52 billion in federal tax revenues annually; and spread throughout Ohio and are not only present in urban areas. The economic data from the Ohio Historic

Preservation Tax Credit also illustrates that since 2007, 238 projects approved covering 14% of project costs; from 2007-2014, \$3.5 B in total project costs in 37 counties, with most located in Cuyahoga (29.0%) and Hamilton (28.6%); by the end of 2014, 101 projects (42%) out of 238 approved projects were completed and certified; and from 2007 to 2014, the program stimulated additional external funding of \$3.16 billion, attracting \$6.20 of additional private and federal investments per each dollar spent.

The passage of Ohio House Bill 233 in 2016, creates a new opportunity to fund redevelopment of Downtown Shelby. Under HB 233, Ohio municipal corporations can create downtown redevelopment districts (DRDs) to promote rehab of historic buildings if a city has a certified historic structure, creates a district as large as 10 continuous acres around that historic structure and develops a DRD economic development plan. The City of Shelby should move forward with implementing the six steps needed to redevelop historic property in the city limits using DRDs by:

1. identifying and/or certifying an historic building;
2. creating a DRD economic development plan;
3. adopting a DRD financial model;
4. adopting a municipal DRD ordinance following a public hearing and then;
5. filing annual reports with the Ohio Development Services Agency; and
6. negotiating DRD agreements with building owners, school board and other funders.



Source: https://commons.wikimedia.org/wiki/File:Marvin_Memorial_Library.jpg

There is no DRD historic structure redevelopment without a certification that there are historic buildings in the community. In the case of Shelby, it has two buildings that are on the historic register and can be the anchor of the DRD and of downtown revitalization. DRD districts must have an economic development plan. A DRD economic development plan should consist of:

- identification of potential downtown revitalization projects;
- identification of potential uses of DRD revenues including building renovations, infrastructure development and downtown organization operation funding;
- financial modeling of the parcels within 10 acres surrounding the historic structure;
- review of other tax credits, grants, loans and private contributions to address those costs; and
- a site development plan that considers the economic potential of the DRD through commercial, mixed use and research market research.



Source: http://www.richlandsource.com/news/historic-downtown-shelby-preserved-with-new-legislation/article_1c33ceda-bd31-11e4-8f1e-6fe02921c1f6.html

The DRD must have a financial model showing the building, infrastructure and operational costs in the DRD. These costs will be funded through a collection of service payments in lieu of taxes from a property tax exemption that is equal to 70% of the increased value of real property in the DRD and redevelopment charges assessed to property owners within the DRD- both of which may be levied without property

owner approval. The DRD may not be exclusively residential and may only last for 10 years or 30 years with school board approval.

DRDs are created through a city ordinance describing the area included in the district, the number of years the DRD will exist, the economic development plan, ID of the historic building (s) in the district, establishment of a special fund for the deposit and dispersal of service payments and redevelopment charges, and acknowledgement that city must file an annual DRD report to the Ohio Development Services Agency. Finally, the city must hold a public hearing on the proposed DRD ordinance and give notice of the hearing to each property owner in the district. Following passage of a DRD ordinance, municipalities should enter into various agreements with building owners, school board and other funders of the project. Examples of these agreements include local government and school board revenue sharing agreements, development agreements with DRD participants to outline funding terms of the public-private-partnership and grant and loan agreements from other outside public and private sector funding sources.



Adoption of the Downtown Redevelopment District (DRD) ordinance by the City of Shelby will allow the City to revitalize its downtown in the following ways:

- Offer an incentive to current building owners to make investment in their buildings. The increase in property tax generated by investment in buildings will flow into the DRD, and through a development agreement with the building owner, can provide upfront capital to the building owner to make investments in the building.
- Allow Shelby to attract new investment into its downtown by offering the DRD incentive to building owners and developers. The increase in property tax generated by investment in buildings will flow into the DRD, and through a development agreement with the building owner, can provide upfront capital to the building owner to make investments in the building.
- The increase in property tax generated through building investment can be used to fund infrastructure improvements, façade improvements and streetscape improvements to brighten the appeal of the downtown.

IMPLEMENTATION STRATEGY

ACTION PLAN TIMELINE AND ORGANIZATIONAL RESPONSIBILITY

The success of the Shelby Economic Development Action Plan will, in large part, depend upon the organizations and institutions in Shelby taking ownership of the individual parts of the action plan. The table below shows each part of the Action Plan, the timeline for completion of each item, and the organization responsible for its implementation.

TABLE 6: ACTION PLAN

Action Step	Responsible Organization(s)	Timeline for Completion
Dedicate and fund an economic development effort and program for Shelby including a dedicated economic development director.	Shelby CIC City of Shelby	June 2017-December 2017
Shelby Business Retention and Expansion Program	Shelby CIC	1st Quarter 2018
Aggressively market Technology Park and the Shelby Industrial Park	Shelby CIC	1st Quarter 2018
Start-Up Shelby Board of Advisors	Shelby CIC North Central State Community College Pioneer Career and Technical Center City of Shelby	3rd Quarter 2018
Start-Up Shelby Bootcamp	Shelby CIC North Central State Community College Pioneer Career and Technical Center City of Shelby	2nd Quarter 2018
Start-Up Shelby STEM Workforce	North Central State Community College Pioneer Career and Technical Center Shelby City School District Mansfield City School District Ontario Local School District	June 2017-August 2019
Start-Up Shelby Community Fund	Shelby Community Foundation Richland County Foundation	2nd Quarter 2018
Start-Up Shelby Maker Space	Shelby CIC North Central State Community College Pioneer Career and Technical Center	2nd Quarter 2019
Downtown Redevelopment District Established	City of Shelby Friends of the Black Fork	June 2017-December 2017

APPENDICES

APPENDIX 1: MANSFIELD METRO AREA TRENDS OVERVIEW, 2006-2015

Year	Labor Force	Employment	Unemployment	Unemployment Rate
2006	62,722	58,914	3,808	6.1
2007	62,590	58,534	4,056	6.5
2008	62,349	57,713	4,636	7.4
2009	61,604	53,646	7,958	12.9
2010	59,079	51,908	7,171	12.1
2011	58,139	51,964	6,175	10.6
2012	55,866	50,995	4,871	8.7
2013	55,031	50,289	4,742	8.6
2014	54,517	50,960	3,557	6.5
2015	53,647	50,661	2,986	5.6
2006-2015 %	-14.5%	-14.0%	-21.6%	-8.2%

Source: U.S. Bureau of Labor Statistics

APPENDIX 2: TABLE 1: RICHLAND COUNTY MANUFACTURING SECTOR CHANGES, 2000-2014

RICHLAND COUNTY NAICS CODE: 31-33-MANUFACTURING

Year	Number of Establishments	All Employees	Total Wages (in thousands)	Average Annual Wage
2000	212	16,375	\$677,575	\$41,379
2001	206	15,486	\$650,400	\$42,000
2002	206	14,947	\$659,881	\$44,148
2003	209	14,706	\$674,533	\$45,869
2004	203	13,777	\$666,314	\$48,365
2005	210	13,586	\$647,684	\$47,673
2006	206	13,289	\$651,962	\$49,059
2007	205	12,480	\$579,316	\$46,420
2008	208	11,750	\$570,583	\$48,559
2009	203	9,604	\$443,236	\$46,154
2010	191	8,706	\$395,169	\$45,393
2011	189	8,858	\$404,971	\$45,719
2012	187	9,274	\$423,955	\$45,715
2013	186	9,420	\$435,937	\$46,278
2014	181	9,682	\$460,823	\$47,594
Change from 2000 (pre-2001 recession total Statewide employment peak) to 2014)				
Absolute Change	-31	-6,693	(\$216,752)	\$6,215
% Change	-14.60%	-40.90%	-32.00%	15.00%
Change from 2006 (last total Statewide employment peak) to 2014				
Absolute Change	-25	-3,607	(\$191,139)	(\$1,465)
% Change	-12.10%	-27.10%	-29.30%	-3.00%

Source: Ohio Labor Market Information data, YourEconomy.org, Edward Lowe Foundation

APPENDIX 3: RICHLAND COUNTY JOB LOSSES BY STAGE OF BUSINESS, 2006 AND 2015

Jobs Lost	2006	% of Total	2015	% of Total
	3,702	100	7,562	100
Stage 1: Self-Employed (1)	58	1.6	159	2.1
Stage 2: 2-9 Employees	1,016	27.4	2,360	31.2
Stage 3 (10-99)	1,198	32.4	2,267	30
Stage 4 (100-499)	1,430	38.6	2,288	30.3
Stage 5 (500+)	0	0	488	6.5
By Growth Factor:	3,702	100	7,562	100
Closings	3,132	84.6	6,056	80.1
Contractions	446	12	1,489	19.7
Move Out	124	3.3	17	0.2

APPENDIX 4: TOP 10 INDUSTRIES CREATING NEW BUSINESSES IN RICHLAND COUNTY, 2015-2016

NAICS	Industry Description	New Starts
653108	REAL ESTATE MANAGEMENT	34
152144	CONSTRUCTION COMPANIES	20
621111	INVESTMENTS	17
899999	SERVICES NEC	16
19101	FARMS	14
78206	LAWN & GROUNDS MAINTENANCE	11
653118	REAL ESTATE	11
581208	RESTAURANTS	10
641112	INSURANCE	10
723106	BEAUTY SALONS	10

APPENDIX 5: SMALLER COMMUNITY ECONOMIC DEVELOPMENT OPPORTUNITIES

In addition, here is a list of businesses which startup frequently in smaller communities' downtown areas. This list is compiled from several articles and reports. Many of which appeal to tourists as well as community residents. These include:

- Smaller Grocery Store
- Water Refill Station
- Call Cards and Data Bundles Sales
- Start a Gourmet Business
- Drinks and Table Water Retailing Business
- Ice Cream Shop
- Niche Restaurant
- Vegetable and Fruits Mart
- Retailing of Frozen Food Mart
- Meat Mart
- Retailing of Food Stuffs
- Specialty Bookshops
- Retail Pharmacy Store
- Retailing of Bread/Bakery
- Doctor and Dentist Offices
- Legal and Accounting Service Offices
- Tax Preparation Service
- Maternity Center
- Veterinary Clinic
- Elderly Care Business
- Auto Repair Garage
- Car Wash Business
- Sale of Auto Spare Parts
- Adult Education Center
- Fish Farming Business
- Poultry Farming Business
- Consignment Store
- Plumbing Business
- Computer Repair and Internet Shops
- Art Studios and Galleries
- Financial Advisory Services
- Specialized Print Shops
- Cosmetic Shop
- Small Hotel, Motel or Bed and Breakfast
- Beauty Salon
- Pet Services Business
- Fumigation Services
- Baking and Selling of Cookies
- Music, Movies, Computer Games and Apps Download Center
- Electronics Repair Shop
- Microbrewery and Wine Bars
- Community Based Gym House
- Outdoor Recreation Businesses

APPENDIX 6: CITY OF SHELBY BUSINESS AND INDUSTRY BASE, 2012

2012 NAICS code	Industry Name	Number of establishments	Annual payroll (\$1,000)	Number of employees
31-33	Manufacturing	6	53,243	837
42	Wholesale trade	3	D	e
44-45	Retail trade	25	8,602	399
48-49 (104)	Transportation and warehousing (104)	12	5,582	169
51	Information	2	D	b
52	Finance and insurance	19	3,621	88
53	Real estate and rental and leasing	4	241	11
54	Professional, scientific, and technical services	10	1,141	37
54	Professional, scientific, and technical services	10	1,141	37
56	Administrative and support and waste management and remediation services	4	340	16
62	Health care and social assistance	25	18,502	551
62	Health care and social assistance	21	D	e
62	Health care and social assistance	4	D	c
71	Arts, entertainment, and recreation	1	D	b
71	Arts, entertainment, and recreation	1	D	b
72	Accommodation and food services	19	D	c
81	Other services (except public administration)	16	1,464	85
81	Other services (except public administration)	11	1,188	61
81	Other services (except public administration)	5	276	24
Totals		198		

Source: 2012 Census of Business, U.S. Census Bureau

D - Withheld to avoid disclosing data for individual companies; data are included in higher level totals

N - Not available or not comparable

C = 100-249 employees

B = 20-99 employees

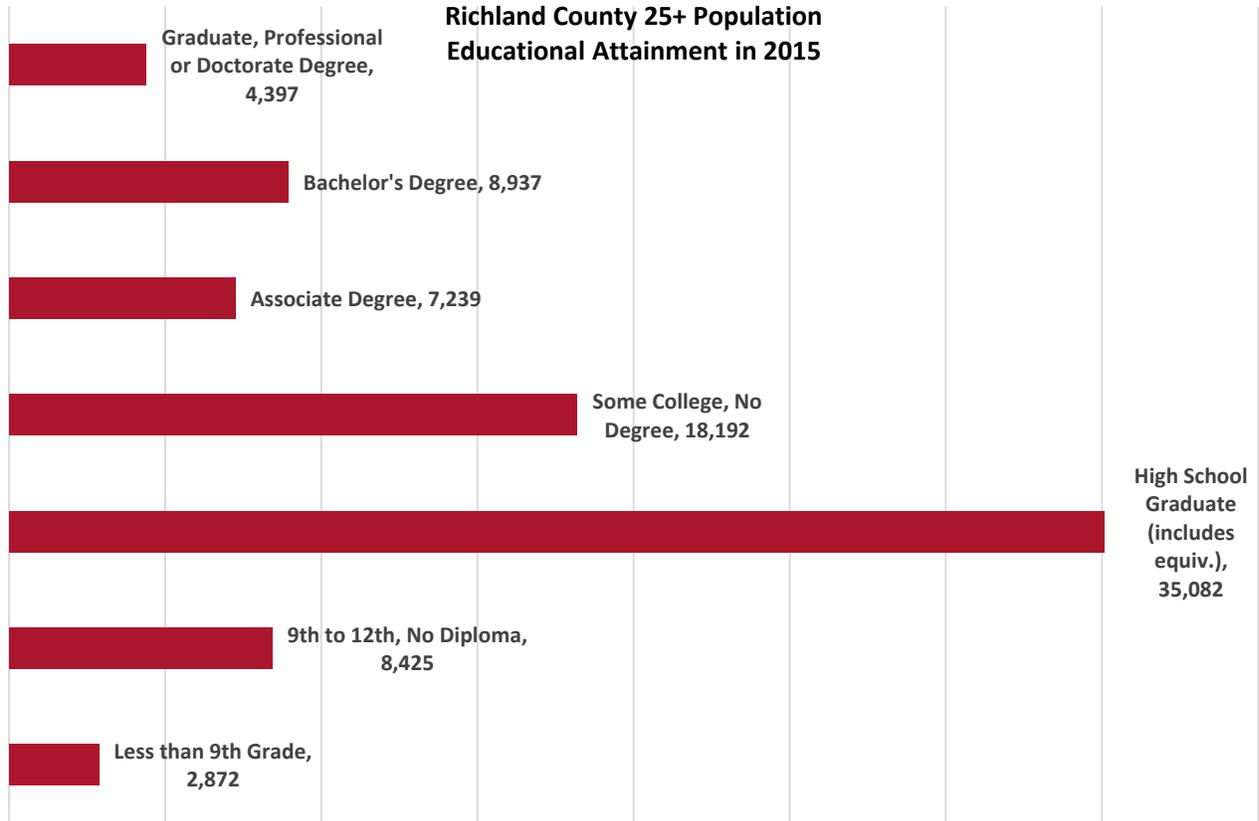
E = 250-499 employees

APPENDIX 7: TABLE 12: SHELBY MANUFACTURERS, 2015

Company Name	Location Employee Size Range	Location Sales Volume Range	Primary SIC Code	Primary SIC Description
American Tower Corp	10 to 19	\$2.5-5 Million	481302	Telecommunications Services
Arcelor Mittal	500 to 999	Over \$1 Billion	505110	Tubing-Metal (Whls)
Cain Graphics & Screen Printing	1 to 4	Less Than \$500,000	275902	Screen Printing (Mfrs)
Carton Service Co	250 to 499	\$20-50 Million	899999	Services NEC
Cooper Enterprises Inc.	50 to 99	\$20-50 Million	249998	Wood Products NEC (Mfrs)
Copperweld Shelby	20 to 49	\$10-20 Million	331206	Tubing-Metal-Fabricators
Daily Globe	20 to 49	\$1-2.5 Million	271101	Newspapers (Publishers/Mfrs)
Diversified Assemblies Inc.	10 to 19	\$1-2.5 Million	359903	Machine Shops (Mfrs)
Facilitec Web Svc	10 to 19	\$2.5-5 Million	356907	Automation Systems & Equipment-Mfrs
Ingold Sound Systems	10 to 19	Less Than \$500,000	762908	Electronic Equipment & Supplies-Repair
MTD Products Inc.	250 to 499	\$100-500 Million	352498	Lawn/Grdn Tractors/Home Lawn Eqpt (Mfrs)
Phillips Manufacturing & Tower	50 to 99	\$50-100 Million	331206	Tubing-Metal-Fabricators
Post Journal	10 to 19	\$2.5-5 Million	272198	Periodicals-Publishing & Printing (Mfrs)
Shelby Computer & Business Ctr.	1 to 4	Less Than \$500,000	874823	Communications Consultants
Shelby Printing Inc.	20 to 49	\$1-2.5 Million	275998	Commercial Printing NEC (Mfrs)
Shelby Welded Tube	100 to 249	\$50-100 Million	331202	Tubing (Manufacturers)
Sifferlin Concrete Accessories	1 to 4	\$500,000-1 Million	503207	Concrete Constr Forms & Access (Whls)

Source: Reference USA Business Database, Accessed January 16, 2017

APPENDIX 8: RICHLAND COUNTY EDUCATIONAL ATTAINMENT 25+ POPULATION IN 2015



APPENDIX 9: SHELBY/RICHLAND COUNTY LABOR FORCE DATA

WHERE WORKERS LIVE WHO WORK IN SHELBY

Residential Community	Count	Share
Shelby city, OH	801	22.5%
Mansfield city, OH	239	6.7%
Ontario city, OH	91	2.6%
Ashland city, OH	75	2.1%
Galion city, OH	67	1.9%
Willard city, OH	51	1.4%
Plymouth village, OH	50	1.4%
Crestline village, OH	44	1.2%
Bucyrus city, OH	37	1.0%
Shiloh village, OH	31	0.9%
Columbus city, OH	26	0.7%
New Washington village, OH	25	0.7%
Findlay city, OH	24	0.7%
Lexington village, OH	24	0.7%
Marion city, OH	24	0.7%
Greenwich village, OH	21	0.6%
Toledo city, OH	19	0.5%
Norwalk city, OH	18	0.5%
Akron city, OH	14	0.4%
Cleveland city, OH	12	0.3%
Lorain city, OH	10	0.3%
Wooster city, OH	9	0.3%
Loudonville village, OH	8	0.2%
Mount Vernon city, OH	8	0.2%
New Haven CDP, OH	7	0.2%
All Other Locations	1,825	51.3%

US Census Bureau Census on the Map, 2014 data

WHERE SHELBY RESIDENTS WORK

Communities	Count	Share
Mansfield city, OH	858	24.4%
Shelby city, OH	801	22.5%
Ontario city, OH	226	6.4%
Willard city, OH	156	4.4%
Columbus city, OH	98	2.8%
Galion city, OH	83	2.4%
Ashland city, OH	75	2.1%
Bucyrus city, OH	64	1.8%
Lexington village, OH	55	1.6%
Shiloh village, OH	37	1.1%
Cleveland city, OH	23	0.7%
Wooster city, OH	22	0.6%
Crestline village, OH	21	0.6%
Mount Vernon city, OH	20	0.6%
Akron city, OH	19	0.5%
Toledo city, OH	13	0.4%
Dublin city, OH	11	0.3%
Plymouth village, OH	11	0.3%
Westerville city, OH	11	0.3%
Findlay city, OH	9	0.3%
Zanesville city, OH	9	0.3%
New Washington village, OH	8	0.2%
Cincinnati city, OH	7	0.2%
Greenwich village, OH	7	0.2%
Marion city, OH	7	0.2%
All Other Locations	868	24.7%

US Census Bureau Census on the Map, 2014 data

APPENDIX 10: CITY OF SHELBY QUESTIONNAIRE

City of Shelby Economic Development Strategic Plan Community and Business Leader Questionnaire

The City of Shelby is a place steeped in history with families, business and industry that reach back generations. That history provides a strong basis for how the community will succeed and grow its economic moving forward. The City of Shelby and its Community Improvement Corporation (CIC) want to capitalize on that rich history and determine its path forward for retaining existing business and industry, helping them grow, and attracting new business opportunities to the City. They hired the Montrose Group to develop an economic development strategic plan to drive the path forward.

CITY OF SHELBY SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Rural, Small Town Location • Manufacturing Legacy • Technology Parkway • Industrial Site Availability • Arcelor Mittal • Education and Training Resources • Favorable and Affordable Quality of Life • Transportation Access • Economic Development Resource Network • Downtown Shelby 	<ul style="list-style-type: none"> • Population and Workforce Losses • Limited Industry Diversity • High School Graduate and Young Professional Retention • Need for a Clear Differentiator • Broadband Internet Services
Opportunities	Threats
<ul style="list-style-type: none"> • Manufacturing • Entrepreneurial Development • Downtown Business • Agricultural and Natural Resource Business • Home Based Businesses 	<ul style="list-style-type: none"> • Black Fork Flooding • Shrinking Population and Workforce Bases • Strengthen Ties with County and Regional Economic Development Resources • Limited Business and Industry Diversity

Community/Business Leader Questionnaire

Using the Strength, Weaknesses, Opportunities and Threats (SWOT) analysis as a backdrop to the economic development strategic planning process, as a community/business leader in Shelby you are being asked to think through the following questions and provide your thoughts and ideas about where Shelby is today, what has worked in the past, and the path Shelby needs to go down to ensure wealth is created for the community, businesses and individuals for the next decade.

1. What is your impression of economic development efforts by Shelby and Richland County? How would you rate their effectiveness?
2. What should be done and by whom to attract and retain young people in Shelby including high school graduates?
3. In your view, what are the top priority issues/problems, which currently impact Shelby's economic development potential?
4. What are the top three (3) objectives which need to be successfully accomplished during the next three years for Shelby's economic development program to be viewed as very successful?
5. How much focus should be put on small business/entrepreneurial development versus large industrial development?
6. What can be done to attract more businesses and investment to downtown Shelby? What are the chief barriers to Shelby downtown revitalization?
7. How do you think Shelby's economic development attractiveness is viewed in Richland County and in the larger regions of Central Ohio and Northeast Ohio?
8. What can Shelby do to increase its communications both internally (with its citizens, businesses, leaders) and externally (with county and regional partners, JobsOhio/State of Ohio, news media, funding sources)?
9. What sectors should we focus on to encourage future economic development (manufacturing, small business/entrepreneurial development, warehousing/distribution, retail, housing)?
10. What is the appetite from the private sector to invest, and/or partner in economic development efforts?
11. Will the community support the use of tax abatements and public finance tools like Tax Increment Financing to encourage future development and fund infrastructure?

APPENDIX 11: SHELBY: MAJOR INDUSTRIAL AND BUSINESS SITES

Site	Size
Sanchez Property SR 39	45.98 Acres
Shelby Industrial Park Progress Drive	2.47 Acres
Shelby State Street 1 Land Industrial Drive	37 Acres
State Street and Curtis Drive	2.7 Acres
Technology Park Technology Parkway	32 Acres
Shelby Community Airport 5000 SR 39 West	30 Acres
Central Ohio Industrial Park 18 Allison Dr.	500,000 SF
Martin Drive Warehouse 151 Martin Drive	377,150 SF
19 Mansfield Ave.	45,000 SF

ENDNOTES

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5. U.S. Bureau of Economic Analysis (BEA), 2015 Gross State Product (GSP) estimates.
6. The data are presented in millions of 2009 chained dollars. Chained dollars is a method of adjusting real dollar amounts for inflation over time, so as to allow comparison of figures from different years. Chained dollars generally reflect dollar figures computed with 2009 as the base year
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