

## GLDPartners Visit to Sheridan: Summary and Recommendations November 29-30, 2016

### Visit Objective

To help Forward Sheridan and community partners assess the Sheridan economic development investment attraction opportunity, particularly in terms of tech-related manufacturing. Forward Sheridan asked that GLDPartners review Sheridan from the perspective of an investor company or an investment advisor.

### Visit Summary

GLDPartners was represented in Sheridan by Adam Wasserman (Managing Partner) and Lois Yates (Lead, Economic Development Practice). Over the course of a day and a half, Wasserman and Yates had the chance to meet with various community leaders including:

- County Elected and Appointed Officials
- City Elected and Appointed Officials
- Local Business Leaders, including Vacutech, L&H Industrial, First Federal Bank and Trust, MDU & ACT
- Sheridan College
- Wyoming Business Council
- Regional Office US Economic Development Administration
- Forward Sheridan Board Members

Specific discussions were held to review the status and future opportunity at the following property and infrastructure assets:

- Sheridan Airport and Airport Business Park
- New Exchange development at I-90 and Main Street
- Lands adjacent to the BNSF Rail Yard
- Downtown tourism thinking for a new conference center

### Observations

We arrived to town on the Denver Air Connection flight from Denver International Airport. The service was on-time and impressive in its service and equipment. Though requiring a stopover in Riverton, the connection was impressive. At least in our experience, we noted that the inbound connection from United Airlines (concourse B) was far less convenient than the return connection to American Airlines (concourse A). As American's gates are extremely well-positioned to the commuter plane gates for DAC, it's important to note that city connections to the American/former US Airways route network is extremely easy – so travel to places like Phoenix, Charlotte, Philadelphia, Los Angeles and Chicago may be especially advantaged. Concourse A also serves gates for Air Canada, Delta, British Airways and Lufthansa.

It is abundantly evident that the Sheridan community and its leaders are proud of their community. Most everyone that we met with spoke in unison about the region's high quality of life and its overall attractiveness as a place to live. Most people felt that the unique living environment was an important element in the community's ability to attract new investment. We definitely agree that Sheridan and its physical setting can be a highly attractive product for many people that see the natural beauty of the area, its outdoor orientation and its small town environment as enticing. We also need to caution that most business decisions are first made on the basis of fairly practical business considerations, such as

strategic supply chain role, labor and cost. Quality of life can play an important role and in the case where investment options provide similar business performance, quality of life can literally make the difference. Though few in number, there are other cases where the decision might be made by a senior executive based largely on his/her personal desires, and in those situations Sheridan may show very well on that basis alone.

Sheridan has a pleasant and healthy appearing downtown area. Most of the storefront space appear filled and it appears obvious that the center and the city's overall commercial presence is healthy, and is of a scale that services a wider population catchment than the 45,000 people in the County. This presents well to outside investors, as they compare smaller regions Sheridan will largely "show" well. That Sheridan is attractive to tourists and a range of visitors adds an element of interest for business outsiders and helps to support a variety of community assets and services. We heard of contemplations to develop a meeting/convention facility. If this project were market feasible and there was funding available, this would certainly enhance Sheridan's tourism appeal and expand its impression to outside business investors.

We were exposed to a portion of the community's education/workforce development apparatus by an extended visit to Sheridan College. We left with the following conclusions: the physical infrastructure of the College is impressive and it is apparently growing, and that the school administration sees itself as an active element of the region's economic development system. The institution presents itself and the community in a good light and appears as outsized for a community of Sheridan's population. To support a wider economic development offer - in the future, we'd like to see that Sheridan College were able to expand its programming for additional areas of skill focus to support a stronger business product for industries that require other tech skills. This would need to be carefully mapped and grown with economic development planning. We did not have time to meet with K-12 public school officials, but we learned of a strong public education system. As is fairly common but still quite important to note, anecdotally we were told of students that were coming into higher education that required attention to attain some basic and necessary communication and math skills.

There have been a few very important economic development successes in Sheridan over the past several years. Vacutech is a tremendous story, currently with 145 employees and growing. Vacutech's wholesale relocation from Denver is a fairly unique story, a company picking-up and moving all operations from another state, but it does demonstrate the strong allure of the region to some people. That L&H Industrial purchased a local firm and has chosen to remain in Sheridan is a good thing as L&H has larger operations elsewhere. With a dynamic firm like L&H reviewing new markets and growth opportunities, it would be good if Sheridan could evolve its current standing with the Company.

By all accounts, Sheridan seems to enjoy an extraordinarily high degree of community philanthropic giving, which has been shown in high quality civic assets. This outsized level of giving for a smaller community is unusual and portrays an underlying strength and sophistication that is largely not present in other communities, especially a small region. At the same time, Sheridan like most other communities has some citizens that are not doing very well. With a poverty rate of about 10%, and an unknown number of skilled but underemployed people, the community has needs for additional economic development.

### **Economic Development Issues**

Definition - It was fairly clear to us that the community has various definitions of "economic development" and therefore there are various priorities. By various definitions, we mean that to some

the term economic development might mean health of its downtown core, or retail or tourism development. To some, the term indicates support for addressing the issues of existing businesses. And to others, the term economic development is about investment attraction –and this can be wide-ranging to include everything from data centers to manufacturing businesses.

From our perspective, all of these elements are surely part of a region’s economic health, but for the purposes of this work, our mission was specifically to review Sheridan’s manufacturing offer. We believe that there is some level of potential for manufacturing in the region and given how manufacturing supply chains function, this can provide for a level of imported wealth into a region that far exceeds other kinds of business activity. We see potential for the following main reasons:

- 1) Strategic Highway Location - GLDPartners places a tremendous value on streamlining corporate supply chain planning. Sheridan can define its value in terms of goods connectivity and the region’s ground transport Interstate system connections to the northern tier US east-west route (Chicago/Midwest - Pacific Northwest/seaports). This midpoint setting is an important foundation when combined with an intersecting “T” to a north south highway connection which to some sector supply chains will represent a strategic location. Sheridan also connects fairly well to several important Western Canada markets.
- 2) Strategic Rail Location – Though fewer in number, there is a spectrum of businesses that require regular or episodic rail system connectivity. Sheridan’s location on the BNSF route system is an important “along-route” proposition between the Pacific Northwest markets (and seaports) and the lower Midwest and large production markets in Texas (and seaports). Though much of the rail traffic is dry and liquid bulk commodity products, there is other service that is valuable for manifest cargo traffic that would be in support of raw materials moving inbound to a manufacturing operation or for some kind of heavy/oversized finished products outbound to domestic or global markets.
- 3) Wyoming is seen as a pro-business state with light regulation, low taxes and competitive operating costs. In the course of our site selection competitiveness modelling, this provides for a large and tangible impact to some businesses, while to others it may be less critical but still important. With the State’s intention to strengthen its economic diversification, we’d point out that perhaps a set of very strong Sheridan economic development assets can tap into this objective and provide the State of Wyoming a product that is highly distinguished from the rest of the State.

Consensus About Growth - We are not entirely sure that there is consensus in Sheridan about growth objectives. It is clear that some in the community are concerned about how successful economic development could negatively impact the community. Comments provided to us indicate that these concerns seem mostly about large companies coming into town and transforming Sheridan in negative ways. It would be very healthy for a common meeting of the minds on this issue, because we’re not entirely sure that there is a real conflict of views. The reality is that Sheridan will not attract very large operations by the very nature of how large it is and where it is. If Sheridan does have potential to attract new investment it will be naturally sized to fit the community – due to labor force shed size, etc. There did not appear to be a conflict about whether some kinds of businesses meet conflicting standards of “acceptability” – in other words we did not hear that a manufacturing operation like VacuTech was unacceptable for one reason or another. In fact most people, told us that several more companies like VacuTech would be fine and welcomed.

*Recommendation:* We feel that Sheridan needs to develop a clear and prescriptive economic development consensus that outlines what it intends its economy to look like in say, 15 years. In other words, if Sheridan did everything right, what kinds of growth would occur? This would define in clear

terms the level of growth that is desired, the kinds of businesses and jobs that are intended, etc. While some may feel that this is obvious, we've seen in many places that this underlying lack of clarity confuses outside investors and leads to appearances of a disjointed community. This would be a major negative for investment advisors like our firm, as there is nothing more problematic than having a community make a final site selection list only to find that the town leadership isn't supportive and doing everything they can do to help finalize a deal.

### **Asset Development**

We feel that if Sheridan is to advance to a higher rung of economic development competitiveness, it will need to build upon some defined property and transport infrastructure assets. We see three projects that have a place in the region's portfolio, representing properties with a one or two-transport mode supporting theme. We believe that there could be some opportunity for attracting private risk capital partners to one or more of the following projects. By this statement, we mean more than a private owner willing to sell the land – rather this would include development expertise and forward-risk capital for infrastructure and building plans or buildings so as to anticipate the near-immediate requirements of some/many companies.

Interstate Highway - The industrial/manufacturing portion of the new exchange area at Main and I-90 should have a very specific business plan which should be supported by a detailed offering for: land, building capacity/speed to deliver, utility service, labor, etc. The target markets are probably firms with regularized supply chain requirements, where Sheridan offers a strategic location in between say the Pacific Northwest and the Upper Midwest. There could be a super-regional B2B or B2C distribution asset that finds the location valuable, but the main focus would probably be on manufacturing or component assembly kinds of operations.

Rail – In the land area that is east of the BNSF yard area the property is apparently severely underutilized. We can envision a series of cleaner uses and jobs that would leverage the value of the rail line. It is understood that a tourism development project may also be envisioned for the same area, but we'd encourage the community to investigate the potential for accommodating this along with some clean manufacturing that is advantaged by having rail access.

Airport – Having worked on a large number of airport projects across the world, we're well aware of the limitations of small airports like Sheridan's. With that said, we are interested for the County to develop the remainder of the Airport Business Park with a business strategy that is more aggressive. We view well-located, serviced land at airports to be generally attractive – that is a very broad statement and there are many caveats to that in a setting like Sheridan. With a regional package hub for both “integrators” (UPS and FedEx) nearby, we believe that over time Sheridan could promote the region and specifically Airport sites as attractive to firms that have episodic or regular air cargo and air passenger requirements. The promise needs to match the reality, and over time there may be the potential for enhanced air service due to increased demand.

### **Economic Development Opportunity**

We'd like to see Sheridan develop a robust business development plan built around these assets. Once it has defined its competitiveness proposition, it seems entirely plausible that the community could establish industry-specific business propositions that lead to deals. This takes more detail, but we feel that it would be a realistic objective to expect several deals and 100+/- new jobs in manufacturing in next 24-30 months and over a longer-term the target might be on the order of 750-1000 jobs over 10-12 years.

### **Recommendations**



1. Define and agree on economic development goals – this is a community-based exercise where growth, extent and type of growth, location of investment, downtown vs. manufacturing, etc. all gets vetted and clarified
2. Clarify downtown objectives – as it relates to broader manufacturing-oriented economic development
3. Undertake a detailed competitiveness analysis to define realistic targets and needed assets/tools; this will provide “sweet spot” detail – this will be the fuel that will support specific business development over the next decade
4. Craft very specific business plans for economic development projects (exchange, rail yard, airport) with the intention to provide ready sites that are tailored to the specific needs of the sweet spot target sectors; where possible, these business plans should intend to attract risk capital investment partners
5. Enable Forward Sheridan to implement a very targeted business development system where the focus is mostly on proactive outreach to specific companies that fit the Sheridan “mold”. This outreach would provide a detailed business proposition along with specific supply chain solutions, which are supported by a thorough package that details labor provision and an extraordinarily quality of life