

City of Mayer Business Retention and Expansion Report
June 2006

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“We believe our existing firms are our best prospects for future growth. So the purpose of this program is to see how we can help them grow.”

Introduction

This Business Retention and Expansion program was sponsored locally by the City of Mayer and Mayer Economic Development Authority.

The survey is a cooperative effort involving volunteers drawn from local businesses, and government. The volunteer group contacted the following twenty-eight businesses.

Uncle Ron's Smokehouse	Mayer Lumber Inc
Zion Lutheran Church and School	Thomas Photography
Sandblasting Services	Expert Driveway
First Minnesota Bank	Leuthner Cabinet Shop
Tim Oas Landscaping	Machtemes Construction
Finn's Place	Bradley's Collision
Bootleggers Bar	All Seasons Storage
Gary Hittle	Bob's Repair
Scott's Pattern	R&V Service
Security Bank	Hair All About It
Mayer Mobil Mart	Mayer Wine and Spirit's
Mayer Laundromat	Rosie's Repeats
Heldt's Bar	Cory Tile
Mayer Post Office	
Dalchow Excavating	

The objectives of the program were:

1. To learn local business viewpoints on the economy.
2. Assist businesses to understand their relationship to economic development.
3. To provide local businesses with information about current development programs from county, regional, and state resources.
4. To establish or maintain communication between the businesses and local leaders.

This report is an overall calculation of the results or percentages or averages of the businesses surveyed. The Economic Development Authority will be holding a Community Meeting with the business owners to review the overall survey results.

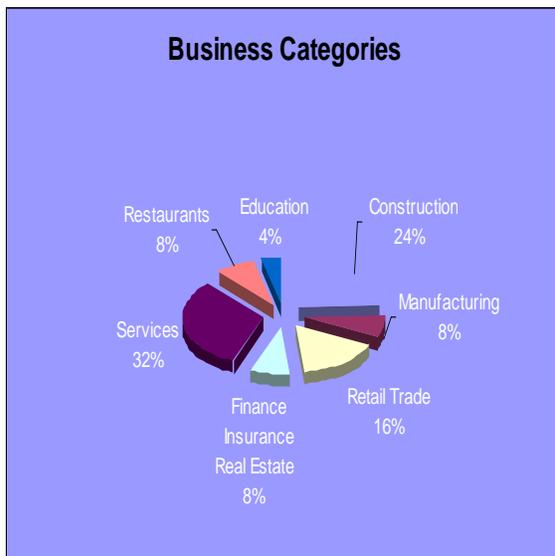
This report presents the finding of the Business Retention and Expansion Survey. The first section present the

business demographics for the 18 businesses, followed by the

employment characteristics, assessment of the future, and community factors.

Demographics of the Businesses

There were twenty eight businesses responding to the questionnaire. The largest category was services at 32%, construction at 24%, retail trade at 16% Restaurants 8%, Manufacturing 8%, Finance, Insurance and Real Estate 8% and Education 4%.



Of the twenty eight firms only eighteen answered the question about the organization of their business. The information provided by those businesses found that they are organized mainly as corporations closely held, secondly as sole proprietorships and thirdly as partnerships.

Organization	Percentage
Corporation Closely Held	65%
Sole Proprietorship	30%
Partnership	5%

Of the businesses many have been in Mayer for as long as 60 years and as short as a year.

	As a place	As a place to

Three of the businesses were established in the City of Mayer since 1938, 1940 and 1946 respectively.

In the 1960's two businesses were formed. Only one business in the 1970's and that was 1972. With no new businesses in the 1980's and the next new business being formed in 1993 along with five others. The time period from 2000-2005 brought another group of eight new businesses.

The City of Mayer has some long standing businesses that have found the City to be a stable community for conducting business. This is further confirmed in the answers to the question about satisfaction with the community as a place to conduct business.

First, the businesses are very satisfied with the community as place to conduct business and as a community to live in the group rated the city a little higher as a place to do business in compared to a place to live (excellent 39%, good 50% and fair 11%).

Second, the businesses were very encouraging about increasing positions in the next three years. The two largest areas projected to increase was the general labor to increase by 56-60 positions and youth employees by 6. Third, the quality of the workforce, businesses responding rated their employee's attitude toward work as either excellent (58%) or good (37%).

Fourth, recruiting and retaining employees was not an issue for the Mayer Businesses with 83% stating they had no issue recruiting and 93% stated they did not have an issue with the retention of employees.

	To Live	Do Business
Excellent	39%	39%

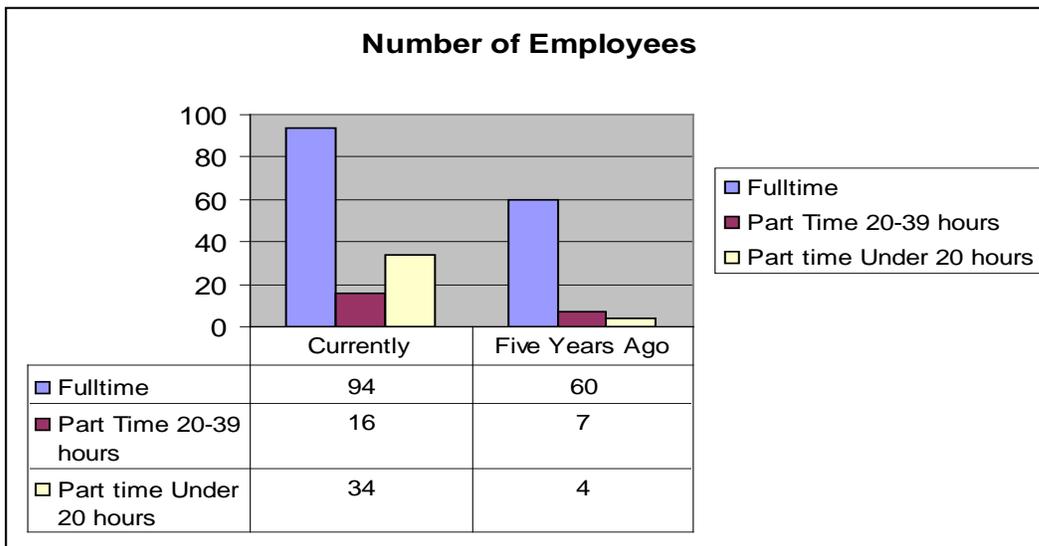
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Good	35%	50%
Fair	23%	11%
Poor	3%	0%
Very Poor	0%	0%

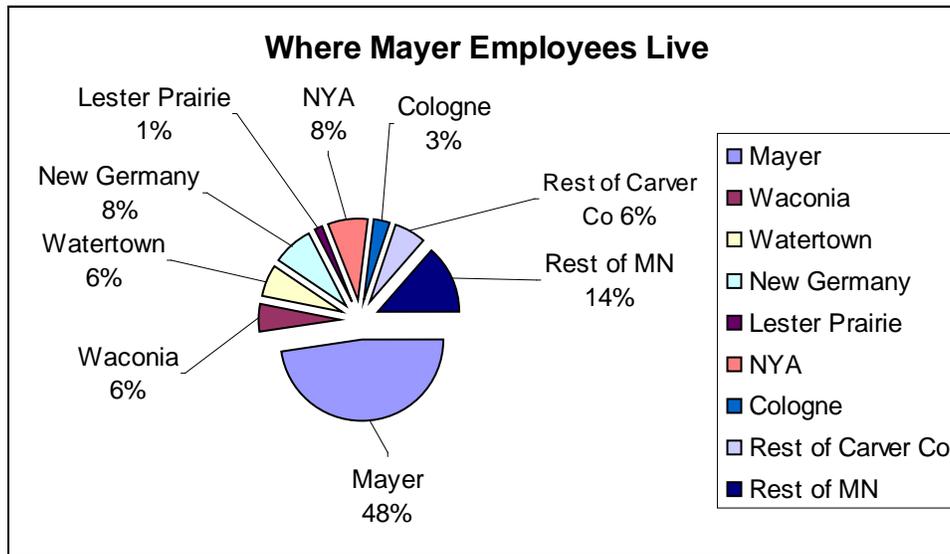
increased by 57% in the past five years. The number of part time employees working 20-39 hours has more than doubled and the part time employees working 20 hours or less has increased by eight times the number from five years previously. Of the ten employers who reported part time employees seven of the employers stated they were year round part time.

Employment

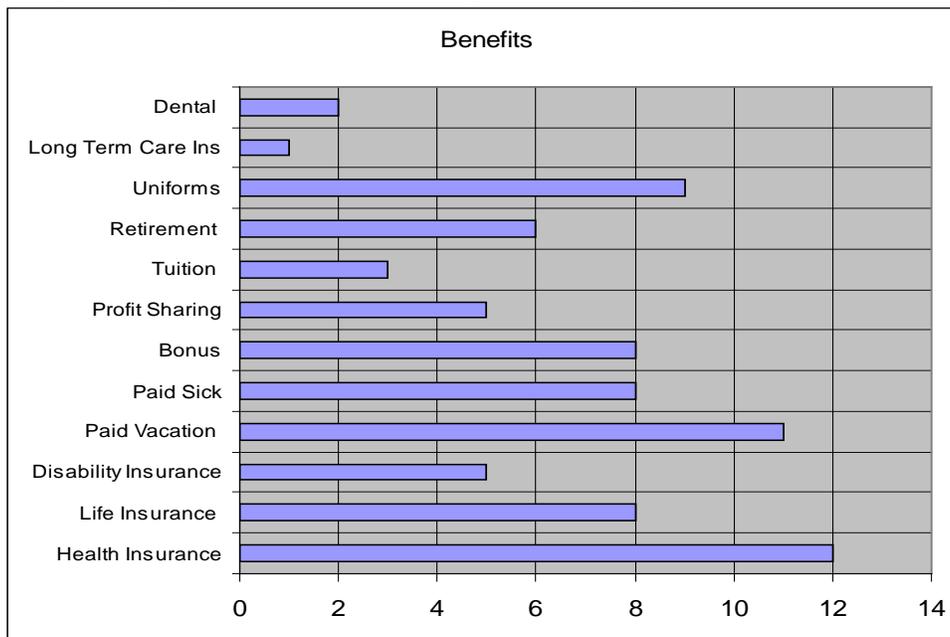
The overall employment numbers in the city have increased significantly. The full time employee numbers have



The majority of the Mayer business employees live in Mayer 48%. The other 52% are spread out to the other cities in the county and the county itself. Only 14% of the Mayer business employees lived in the rest of Minnesota.



Which of the following benefits are available to your full- and part-time employees?
The businesses provide a variety of benefits to their employees. Twenty six of the employers in Mayer provided benefits to their full time employees with 2 of the employers providing some benefits to their part time employees.



When asked if their was enough affordable housing for their employees the businesses in Mayer thought that definitely there was enough housing (24%) and yes their was enough housing (62%) with only a small amount being uncertain or no their wasn't enough housing. There is a concern about the lack of low to moderate income housing.

Assessment of the Future

The businesses were asked about additional information concerning the listed subjects and then to rank the three most important. The following is the ranking of the question:

Question	Ranking
Marketing Strategies	1
Tax Increment Financing	2
Financing Programs	3
Business Management	4
Strategic Planning	4
New State Regulations	5
Marketing to Seniors	6
Labor Training	6
Total Quality Management	7
Labor/Management Relations	8
Meeting Needs of Handicapped	8
Recycling Business Wastes	9

The most highly ranked information need was for additional information on marketing strategies. The second ranked area was Tax Increment financing. The third most ranked was financing programs.

Business management and strategic planning were equally ranked. The City of Mayer Economic Development Authority can explore the implementation of a workshops in cooperation with the State Department of Trade and Economic Development on these issues.

Future

Businesses were asked about the future and what they expected the sale of their

products to do 74% of the businesses expect an increase in sales in the next three years. Businesses were asked about future expansion plans. About 48% of the businesses have plans to modernize or expand their business. This modernization of expansion would create 34-36 additional jobs in the City of Mayer.

They were asked if the change would affect their business in four areas mix of goods and services, additions or subtractions of product line, and in technology. They reported that a change in goods and services of 31%, additions and subtractions of product lines, 20% and change in production technology 10%. Of the businesses 39% reported no change in business plans for the next three years. Again the changes in business plans would affect about 50% of the business and they reported that this would be an additional 14-17 employees would be needed to accommodate the change in business plans.

Five of the twenty-eight businesses are considering moving and one is considering closing. Three of the businesses are considering moving within the City of Mayer and two are considering moving to other cities in Caver County. The reasons for moving are the following two stated a change in market conditions and the following only had one response: overcrowded building, no land for expansion, crime/vandalism, high local taxes, lease expiration and parking.

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The business ranked the five items which are the most critically needed improvements in the Mayer Business district.

The following is the five top issues of the fourteen.

Question 30.	Rank
1. Improvement of the exterior atmosphere of the area, such as front entrances, rear entrances, landscaping, street trees, store fronts, sidewalk, cleanliness, and attractive signage	1
2. Improvement of the parking situation, such as more spaces and or space that are more conveniently located	2
3. Additional businesses which result in greater variety	3
4. Increased feeling of safety, such as better street lighting or increased security	4
5. More variety of places to eat	5

The atmosphere in the Mayer business district is mixed with some of the businesses stating it is excellent to good 62% and 38% of the businesses rated the district average to poor. Improvement of the exterior atmosphere of the business district was the top priority. The next highest priorities, in order, improvement

of the parking situation, additional businesses as the third priority, increased feeling of safety and finally more variety of places to eat.

None of the businesses share advertising expenses however 43% stated they would be willing to explore sharing of advertising.

Community Factors

Mayer business owners were asked “If your firm or one just like it was trying to select a new location, how important would each of the following community factors be in this decision?” With one being very important three somewhat and five not important.

Local taxes and interest rates were the highest most important, wage rates energy costs and credit were the next set of factors that would be important.

	Very Important	Somewhat Important	Not Important			
Question 33	1	2	3	4	5	Median
Wage rates	4	6	6	3	5	2.96
Transportation costs	2	8	6	3	6	3.12
Energy costs	2	10	6	2	5	2.92
Local taxes	16	5	2		2	1.68
State taxes	13	4	5		3	2.04
Interest rates	15	6	1		3	1.80
Workers comp	9	6	4		6	2.52

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Unemployment	9	5	3	2	6	2.64
Health care Other business factors	13	4	2		6	2.28
Labor	11	7	4		3	2.08
Raw materials	2	5	5	4	8	3.46
Credit	6	3	8	4	4	2.88
4 lane highway	3	5	7	5	5	3.16
Airport facilities			4	4	17	4.52
Industrial site	9	4	4		8	2.76
Telecommunications	8	10	2	1	3	2.21
Housing	6	8	8	1	2	2.40
Quality water	9	6	3	1	6	2.56

The next set of questions was “In Mayer is the business costs higher lower or about the same as for your direct competitors form other communities?”

	Much Lower		About the Same		Much Higher	Median
Question 34	1	2	3	4	5	
Wage Rates		1	20	1		3.00
Transportation costs		1	21	1	1	3.00
Energy costs			22	1	3	3.27
Local taxes	1	2	8	6	7	3.67
State taxes			21	1	2	3.08
Interest rates		1	22		1	3.05
Workers comp		1	19	1		3.00
Unemployment		1	19	1		3.00
Health care			19		1	3.10

Businesses viewed their business costs about the same as their competitors except for the local taxes was rated the highest of the categories.

The next question the businesses were asked “In Mayer, are the following business factors more favorable, less favorable or about the same as for your competitors form other communities?”

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	Much More Favorable		About the Same		Much Less Favorable	
Question 35	1	2	3	4	5	Median
Other business factors						
Labor		4	13	6	3	3.31
Raw materials		1	19		1	3.05
Credit	1		22			2.92
4 lane highway		2	12	7	3	3.46
Airport facilities		1	17	1	3	3.28
Industrial site	2	3	11	2	5	3.22
Telecommunications	1	2	17	4		3.00
Housing	2	6	13	3		2.71
Quality water		3	16	2		2.96

The businesses think that the cost factors are about the same in Mayer as for their competitors from other communities.

Community Services

The firms were asked “In Mayer how do you rate the following community services?”

Question 36	Excellent	Good	Fair	Poor	Very Poor	Median
Public Schools	6	7	5			4.06
Private Schools	6	13	3			4.14
Community Education	1	14	7	2		3.59
Child Care		14	6	1		3.62
Cultural Events Recreational Facilities		6	11	5	1	2.96
Ambulance services Health care/hospitals	5	15	7		6	3.93
Fire protection	6	15	6			4.00
police protection	14	12				4.54
street maintenance	5	14	5	1	1	3.81
snow removal	3	6	7	8	2	3.00
zoning	4	8	10	3	1	3.43
local economic dev	2	7	10	2	1	3.32
public library	1	4	14	1	2	3.05
parking	2	1	5	11	7	2.23
	1	6	6	11	1	2.80

The firms were asked “If your firm or one just like it was trying to select a new location how important would each of the following community factors be in these decisions?”

Question 37	Very Important		Somewhat Important		Not Important	Median
	1	2	3	4	5	
Public Schools	4	8	8	2	4	3.28

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Private Schools	3	9	8	2	4	3.20
Community Education	2	5	12	4	3	2.97
Child Care	2	9	10	1	4	3.16
Cultural Events	1	7	8	5	5	2.77
Recreational Facilities	1	9	11	3	2	2.81
ambulance services	5	8	11	1	1	3.58
Health care/hospitals	5	9	9	2	1	3.54
fire protection	10	10	4		1	4.12
police protection	12	10	3		1	4.23
street maintenance	8	10	6		1	3.96
snow removal	9	13	4			4.20
zoning	12	5	8			4.16
local economic dev	8	10	7	1		3.97
public library	2	3	9	5	7	2.23
parking	7	10	6	1	2	3.73
other	1	taxes				

Conclusion This needs more work!!!!!!!!!!!!!!

The City of Mayer has a stable businesses community with businesses with longevity and commitment to the community. Expanding this base would assist the businesses in the area and spread the tax base.

The businesses rated information on several categories The City of Mayer and the Economic Development Authority can provide guidance to these businesses by implementing a training or workshop setting for the businesses.

The city did have four businesses that are looking at expanding and relocating a follow up with these businesses to assist them on implementation of their plans.