

Development Opportunity Assessment For Cass County, Nebraska

Top 5 Considerations for Cass County:

\ This assessment has been prepared by the **Center for Rural Entrepreneurship** in support of the Southeast Nebraska Development District's (SEDD's) Comprehensive Economic Development Strategy (CEDs).

All supporting research and analysis for this assessment is available in the Center's online library at:

<http://bit.ly/tgD2Y5>

\ As part of two earlier projects, the Center team completed additional analysis on Cass County and Plattsmouth. The Hometown Competitiveness (HTC) Report is particularly relevant and provides additional insight on the community's development opportunities.

You are encouraged to view all of these resources for additional insight and clarification.

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www.energizingentrepreneurs.org

1. **Capitalize on Your Proximity to Omaha and Lincoln.** The Center for Rural Entrepreneurship strongly encourages the community to more fully understand the opportunity presented by Omaha and Lincoln. Stronger patterns of commuters and suburbanization are likely. The community can have great influence over the kind of development and how it occurs. Our sense is that the community wants to be more than just a bedroom for Omaha and Lincoln. **The community should engage in long-range planning, with study of other places that have undergone this kind of change to pursue smart growth policies.**
2. **Find an Ag-Urban Balance.** Agriculture is important from a legacy standpoint, and for providing significant economic value and diversification to the county. Increased urbanization will compress land available for production agriculture and create potential conflicts. The Center for Rural Entrepreneurship encourages Cass County economic development leaders to be pro-active in striking a balance between agriculture while accommodating for urbanization. Because of the County's location to nearly one million consumers, **the potential for farm-to-table agriculture is present and could represent a value-added opportunity for some farmland owners.**
3. **Prepare for New Residents.** **With population rates rising and the proximity to Omaha and Lincoln resulting in a commuting workforce, a development opportunity is present.** Some commuters will become tired of traveling longer distances for work. They will discover the growing opportunity of "tele-work". A segment of this population will also become interested in working locally for resident businesses or become entrepreneurs who spawn businesses focused on meeting local needs or selling to outside markets.
4. **Engage Retirees.** The second largest source of income and economic activity within the county are retirees. This population is likely to grow as more and more retirees are inclined to leave cities and move to more rural areas in retirement. They particularly like less urbanized areas with strong quality of life, but like to be close to the amenities of larger cities. We encourage Cass County leaders to **focus on creating a strong environment for retirees and engage retirees as mentors and investors.**
5. **Energize Entrepreneurs.** During the past decade America reached a very important tipping point where more and more Americans are pursuing entrepreneurial careers versus working for larger employers like corporations and governments. The Cass County affords a strong quality of life with a competitive cost of living and low cost of doing business. **The potential to develop a more diversified, resilient and prosperous economy can be realized by focusing development efforts towards existing and new entrepreneurs and their ventures.**

The Findings

Location. Geographic location is a very important factor in the development of a community. Cass County and its primary community Plattsmouth, enjoy a favorable location and one that will enable significant development opportunities in the future. Development will continue to be shaped by the county's location near the growing Omaha and Lincoln metro areas. These metro areas are influencing development in Cass County and will likely accelerate in the future. In addition, the county's adjacency to the Missouri River corridor offers an important lifestyle amenity that will attract development.

Demographics. Population is fundamental to a community's development. Population defines local spending, workforce capabilities and the social character of a community. Cass County, unlike many non-metro counties in Nebraska is growing. Between 1970 and 2010 Cass County averaged nearly 1% annual growth in population. This is a relatively strong historical growth rate. During the most recent decade, the County's population grew 4%, with increases in birth and migration rates. Available population forecasts call for Cass County to accelerate its growth over the coming decades. The rate of this growth will depend upon how Cass County and its communities enable and manage growth.

Economy. In our assessments we tend to evaluate an economy based on where the community is generating personal income for its residents. The chart provides a picture of the major economic sectors and their relative contribution to household personal income. The first data is the share of total personal income in 2009 and the second data is the change in personal income in the sector between 2000 and 2009. *(More detailed information can be found in the Headwaters Socio-Economic Profile in the e-library.)*

	2000	2000-09
Government	22.2%	+37%
Farming	18.4%	+138%
Manufacturing	8.9%	-4.4%
Other Services	6.4%	+29%
Retail Trade	6.2%	-12%
Health Care	6.0%	+40%

Based on the most recent economic data, the county has a billion dollar plus economy as measured in total personal income. Of this income, 72% is associated with labor (working persons) and 28% is non-labor income (retirement payments, dividends, interest, rent, etc.). *(A more detailed Headwater's report on Non-Labor Income is in the e-Library.)*

The two largest economic engines in the county are commuters and retirees. The county's relationship with Omaha and Lincoln equates to a large percentage of county residents who work outside of the county (importing income). In this respect, Cass County's economy is very much tied to the economic prospects of both the Lincoln and Omaha metro areas. About half of all county personal income is derived by residents working outside of the county. The second largest income driver of the economy is retirees. Retirees generate between \$150 and \$200 million in annual income. Their spending impacts housing, health care, social services and retail goods and services.

Recession. The Great Recession (2007-2009) is a game changer for America and the world. By and large Nebraska avoided the worst impacts of the recession. Prior to the recession, unemployment in the county was running around 3 to 4%. Peak unemployment occurred in the county at 8.2% in January 2010. Current unemployment rates are running in the low 4% range. However, despite indications of relatively strong recovery, the recession did hurt the county's economy. During the 2000's income derived from real estate dropped 62% and construction activity declined by 45%.

Business. Depending upon which data sources are used, different pictures of the business community appear. For example, using private data sources, ESRI estimates 954 businesses with 6,118 employees in 2010. The Edward Lowe Foundation, using government sources, estimates 2,124 businesses with 7,628 employees in 2008. Prior to the 9-11 Recession (1992-2001), the county added 35% more businesses (+383) and 34% more jobs (+1,931). Following the 9-11 Recession and the economic slowdown that preceded the Great Recession, the number of businesses expanded by 44% (+653), but net job creation was less than 1% (+65).

According to Lowe more than 90% of the county's non-farm businesses are resident owned or owned by someone in Nebraska. This is a very high in-state or local ownership rate that contributes to the stability of the economy. Economies with greater exposure to external ownership typically have more volatile economies.

By and large the county has a somewhat more diversified economy when compared to other Nebraska farm and rural counties, but a relatively weak diversification level when compared to communities like Kearney, North Platte, Columbus or Norfolk. The overall strength in the farm economy helped Nebraska weather the Great Recession and is contributing to the county's recovery. According to the USDA, net farm income between 2002 and 2009 increased from \$0 to \$50 million. Considering non-farm proprietorships (one important segment of the county's small business economy,) personal income derived from these businesses has increased from \$15 to \$45 million over the past 15 years. This growth in part can be tied back to the strong farm economy and urban-related growth in the northeast and western parts of the county.

The association with Omaha and Lincoln generally has a positive impact on development and economic growth. But there is a downside. People who reside near or work in Lincoln and Omaha also tend to shop in these communities. This spending pattern creates a competitive challenge for local retail and service businesses. ESRI estimates that in 2010 the County had \$250 million in household spending potential, but was capturing only \$140 million of this spending creating a \$110 million spending leakage. Increased development will raise spending capacity and strengthen the overall economy by causing a growth in local business and their capability to compete for this spending. *(A more detailed "marketplace" report can be found in the e-library.)*

Omaha & Lincoln

Omaha and Lincoln are positioned to see sustained and above average growth in the next 50 years with their economic footprints expanding dramatically. This development can be supported and steered by communities like Cass County if local leadership is pro-active, plans well and encourages smart growth. Communities that fail to assume this role can be simply overwhelmed and become the victims of urbanization.

Wealth. In many ways the ultimate objective of development efforts is to create rooted community wealth which includes better paying jobs, higher profits for businesses, a stronger tax base for local governments and schools, the ability of a community to thrive in periods of growth, and the resiliency against recessions.

The mean household net-worth in the county in 2010 is \$372,000. For households where the head of household is 55 to 64 years old, the average current net-worth is nearly \$800,000. Of all county households, 4.7% are \$1 million plus estates, and this value under estimates wealth associated with farms and closely-held family businesses. *(See report from ESRI profiling household wealth holding in e-library.)*

In the Nebraska Transfer of Wealth study the Center recently completed for the Nebraska Community Foundation, we estimate current overall household net worth at \$2.3 billion. Over the next 50 years an estimated \$10.7 billion of estate wealth will become available for giveback. In the coming decade nearly a billion dollars of wealth will be transferred. If just 5% of this 10-year transfer were gifted to the Cass County community, endowments totaling \$46 million could be grown, resulting in an annual grant making capacity of over \$2 million. We encourage the community to explore its wealth and how community philanthropy could provide additional funding to support community economic development initiatives and projects.

The Center for Rural Entrepreneurship is the focal point for energizing entrepreneurial communities where entrepreneurs can flourish. Created in 2001 with founding support from the Kauffman Foundation and the Rural Policy Research Institute (RUPRI), the Center is located jointly in Nebraska, North Carolina, and Missouri. The Center's work to date has been to develop the knowledge base of effective practices and to share that knowledge through training and strategic engagement across rural America. Working with economic development practitioners and researchers, the Center conducts practice-driven research and evaluation that serves as the basis for developing insights into model practices and other learning. The Center is committed to connecting economic development practitioners and policy makers to the resources needed to energize entrepreneurs and implement entrepreneurship as a core economic development strategy. To learn more about the Center, visit



www.energizingentrepreneurs.org



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