

Development Opportunity Assessment For Otoe County, Nebraska Top 5 Considerations for Otoe County:

This assessment has been prepared by the **Center for Rural Entrepreneurship** in support of the Southeast Nebraska Development District (SENDD'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>

Research in the electronic library provides expanded analysis: demographics, the local economy, businesses, agriculture and trade capture.

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

We welcome your questions and our team will work with SENDD to be responsive to your feedback.

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www.energizingentrepreneurs.org

1. **Retention & Expansion.** There are important larger employers in manufacturing, health care and tourism in Otoe County. The Center for Rural Entrepreneurship strongly recommends an active and engaged program of larger employer retention and expansion. **The Center for Rural Entrepreneurship would also suggest working to determine how allied businesses could be expanded or started tied to the supply chain needs of these larger employers.**
2. **Commuters & Retirees.** Commuters and retirees are very important to Nebraska City and Otoe County. The 2011 loss of direct access to I-29 due to the Missouri River flooding illustrated how important that workforce coming from Iowa is to the community's economy. The Center for Rural Entrepreneurship suggests exploration of dual strategies focused on strengthening economic activity related to both commuters and retirees. **Rising fuel costs are a particular challenge to commuters at present.**
3. **Location. Location is an important and growing asset.** Nebraska City and Otoe County recognize the opportunities provided by the Highway 2, U.S. 75 and I-29 connections. Additionally, the recreational and natural resource amenity of adjacency to one of America's larger rivers is also a development asset with significant underutilized opportunities. Finally, Otoe County's growing connection to the rapidly expanding Omaha and Lincoln metro areas offers massive long-term development potential.
4. **Trade & Business Transition.** There is a relatively large and well established small business community within Otoe County. But the Center for Rural Entrepreneurship suspects that there are many owners who are reaching retirement or are considering selling their business. **Continued development focus on Otoe County's small business community with particular emphasis on assisting with business transition is potentially important.**
5. **Tourism & Recreation.** Otoe County has significant and genuine tourism and recreational assets. The potential to continue to build out this sector of the economy is unique within Southeast Nebraska. Aggressive development of attraction and recreational assets coupled with allied business development is recommended. Such development could further diversify an already diversified economy. **In today's competitive world, diversification is the key to economic resilience and prosperity long-term.**

The Findings

Location. Nebraska City has a history as a “junction city.” Early in its history, Nebraska City served as a hub between steam ship traffic on the Missouri River and overland freight traffic servicing the developing frontier. Today, Nebraska City is once again the hub connecting highly trafficked I-29 and Nebraska 2. Western Otoe County is part of the Lincoln Metro footprint and the U.S. 75 corridor out of Omaha is now pushing south. Over the coming decades Otoe County will likely see growth related to metropolitan extension and its location at the I-29 and Nebraska 2 crossroads. Adjacency to the Missouri River creates both retirement and recreational amenities supportive of development.

Demographics. Nebraska City and Otoe County is a “turn-around” community emerging from chronic decline and depopulation to renewal and strong prospects for growth. Over the past 40 years annualize population growth only averaged 0.03% per year compared to some projections calling for between 0.5 and one percent annualized growth. Population change over the past decade was static with natural growth (births over deaths) slightly positive and migration negative.

Economy. Otoe County has a relatively diversified economy with agriculture, government, tourism and manufacturing forming the base economy. Commuters are also very important to Otoe County with both significant “in” and “out-bound” commuters. Nebraska City is an employment hub (\$72 million in outflow earnings in 2009). Countywide nearly \$59 million in income is realized by Otoe County residents who commute to work outside of Otoe County. Retirees are also very important generating nearly \$171 million in income in 2009 nearly equaling income generated from agriculture, manufacturing and government combined (\$197 million in 2009).

Household Personal Income by Economic Sector, 2009

Retirees	\$171 million
Commuters	\$131 million
Government	\$74 million
Manufacturing	\$69 million
Farming	\$54 million
Retail Trade	\$22 million

Recession. Before the Great Recession, (2007-2009) unemployment ran in the two to three percent range with it peaking January 2010 at 6.6%. Today unemployment is back down in the four to five percent range. Good times in agriculture moderated the recession’s impacts but many sectors were hit. Between 2000 and 2009, retiree income declined by \$14 million, forcing spending adjustments and likely slowing that sector’s growth.

Business. During the 1990’s (1992-2001), Otoe County added 266 net new businesses (+29%) and 3,214 net new jobs (+52%). Net business growth during the 2000’s was actually higher (+418 new businesses & +35%) but lost 1,021 net jobs (-11%). Most of the job losses are sourced to noncommercial and nonresident (owners outside of Nebraska) ventures. Resident employment was up 382 jobs with 274 (+72%) from increases in self-employment (an indicator of startup entrepreneurship). More detailed analysis can be found at www.youreconomy.org. Otoe County and particularly Nebraska City is a retail and service hub, with retail demand and supply being nearly equal. This suggests a strong local retail and service sector economy. Tourism clearly contributes to the diversification of the economy with the Lied Center being a national destination for conferences. Proprietors are a good indicator of smaller locally owned family businesses or the bedrock of most main streets. Personal income for non-farm proprietorships countywide increased from around \$12 million in the early 1990’s to around \$27 million today. Given the challenges that main street face today from intense big box store and internet competition this trend line suggests real strength and development opportunity. Like elsewhere in Nebraska personal income from farming is up due to record commodity prices. In 2002 Otoe County farm personal income was slightly negative and is now nearly \$50 million.

Wealth. With respect to income, Otoe County has a comparable share of households that are classified as low, moderate or high incomes with respect to Nebraska averages. With respect to current new worth in 2010, Otoe County has a slightly lower share of low wealth households, a substantially larger share of mid-wealth households and a slightly lower share of high wealth households. However, the ESRI data that is used to classify households according to wealth may be underestimating wealth now associated with farm ground and farm related closely-held family businesses. According to ESRI there are 165 millionaires in Otoe County. The transfer of wealth opportunity for Otoe County is significant representing real potential for legacy giveback. Formation of local endowments could provide critically important community betterment and economic development support.

Trade Center & Tourism

Otoe County and particularly Nebraska City serves as a regional trade center drawing consumers from a fairly large geography. Nebraska City is also a regional and national destination for visits with a significant number of higher end attractions and lodging assets. The Lied Center and Arbor Day Farm are nationally recognized as a top rung conference center.

A special observation for Nebraska City is its potential role as an anchor economy in an otherwise challenging regional economy. Continued and accelerated growth in Nebraska (very possible) could create an employment hub contributing to economic growth and demographic stabilization throughout a multi-county region including parts of southeast Nebraska and southwestern Iowa.

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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