



KINGMAN INDUSTRIAL PARK AND AIRPORT

2022 Business Retention and Expansion Survey



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Executive Summary

According to the Business Employment Dynamics Statistics, existing businesses create close to 90% of new private-sector job gains. For both small and large firms, the bulk of the new jobs is from expansions of existing firms. Looking at job gains over the last two decades, 87% of job gains were from existing businesses, and 13% were from startup business establishments.

The City of Kingman Economic Department uses Business Retention and Expansion surveys to evaluate, understand, and report regional business and workforce opportunities and issues. This diagnostic tool allows our policymakers to adopt and apply limited economic development resources for maximum impact.

The main objective is to enhance relationships with existing businesses by opening up the lines of communication and helping with business programs (e.g., workforce training, financial assistance, and state incentive programs) and resolving issues or concerns. We want our local companies to know that we are interested in their economic well-being. In addition, if their businesses have expansion plans, we are here to assist them throughout their growth while retaining the company in the Kingman Industrial Park.

This survey is part of the City of Kingman Economic Development team's continual initiative to observe and identify business trends. Every attempt was made with each business to complete the entire survey. However, some gaps may exist. Information for this report was collected through both on-site and emailed interviews with businesses, and conclusions were drawn based on specific questions that focused on information in the following five distinct areas:

- Company's value to the community
- Growth potential of the business
- Risk of downsizing or relocating
- Company satisfaction with community and services
- Existing or emerging issues that pose threats to businesses

For this report, we surveyed 25 industrial and manufacturing companies over a five-month period between March 1 and August 1, 2022. The following results represent our key findings from these business interviews. The City of Kingman Industrial Park Business Retention Expansion program will enable us to further benchmark progress, detect emerging issues, and provide ongoing and unbiased information to the City of Kingman City Council and community.

Respondents

The following companies responded to the Kingman Industrial Park 2022 Business Retention and Expansion Survey:

1. Allo Fiber

2. Alpha-Zulu Composites

3. American Woodmark

4. Atlas Molding

5. Brackett Aero Filters Inc.

6. Chromascape

7. Colt Builders

8. Elysium Tire

9. Goodyear Tire and Rubber Co.

10. Henry Co.

11. I-Corp

12. Insteel Wire Products

13. Interstate Group LLC

14. JM Manufacturing

15. Joe's RV

16. Karnak West LLC

17. Lander Industries

18. Lomaco Inc.

19. Medusa Farms

20. Plastic Express

21. Potters Industries LLC

22. Straube's Aircraft Services, Inc.

23. The Coeur D'Alene Window Co.

24. Tru Serve

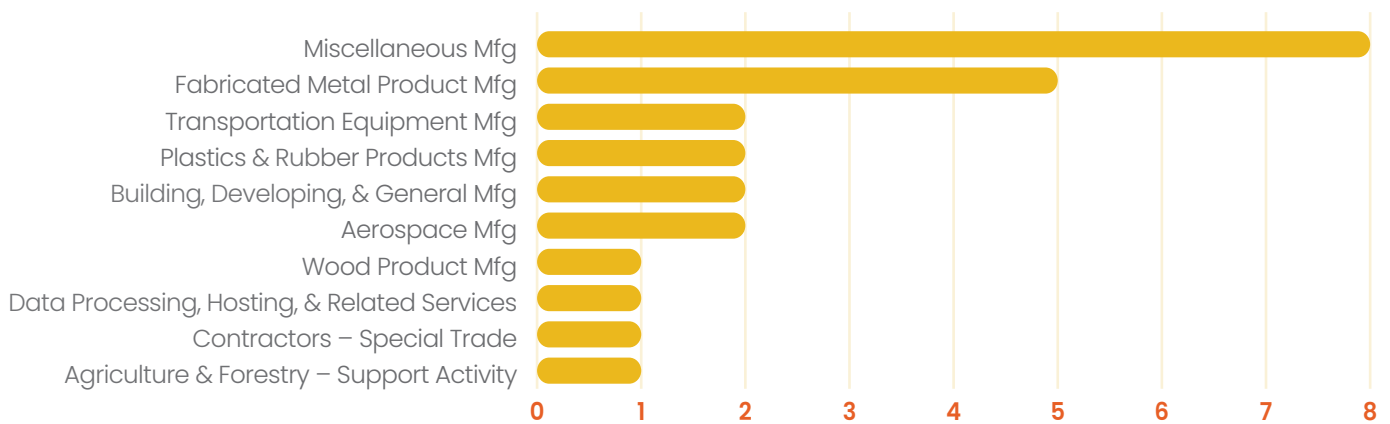
25. Woods Prefabricated Sheds

Survey Questions

Company Backgrounds

The largest business sectors were Miscellaneous Manufacturing / Durable Goods Producer and Fabricated Metal production.

BUSINESS SECTORS



Company Ownership

Both publicly traded and private companies find the Kingman Industrial Park a good location for their business. Each structure of the company comes with its benefits for our community. For instance, private companies tend to develop great community relationships and can also make location decisions quickly.

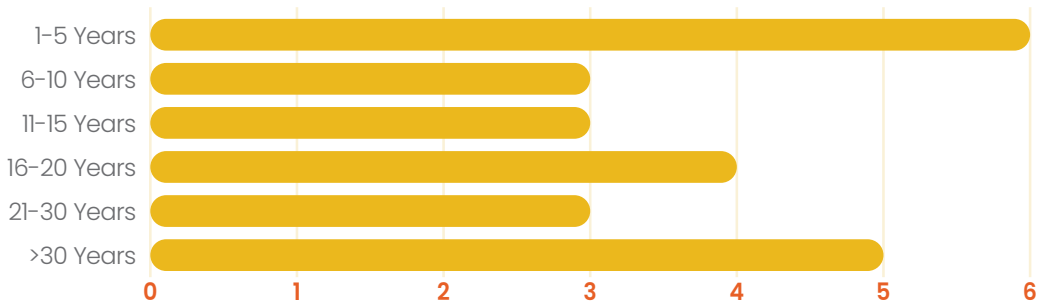
COMPANY OWNERSHIP



Years Established

Most companies have been operating in the Kingman Industrial Park for over a decade. Five of the companies interviewed have been in operation for over three decades.

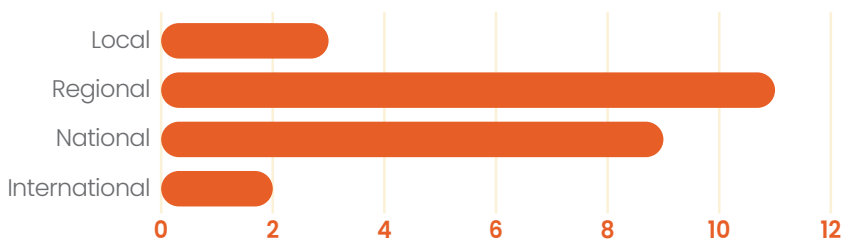
YEARS ESTABLISHED



Primary Market

The major metro markets of Las Vegas, Phoenix, and Southern California can all be accessed within a one-day truck route from the Kingman Industrial Park. This strategic access to major Western markets is a critical competitive advantage for locating in the Kingman Industrial Park. Nineteen of the 24 businesses surveyed indicated their primary market was regional and national.

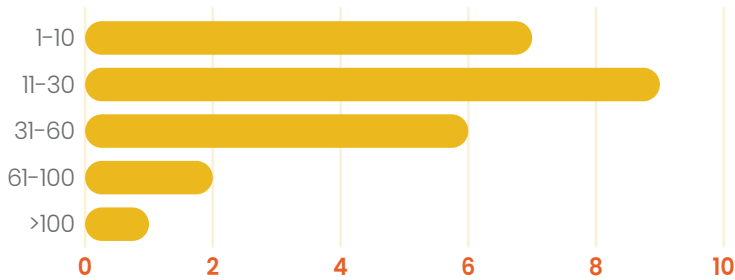
PRIMARY MARKET



Employee Totals

Most companies surveyed are operating with less than 100 employees. American Woodmark is Kingman Industrial Park's largest employer, consistently averaging more than 600 employees. The majority of the companies surveyed have less than 30 employees.

EMPLOYEE TOTALS



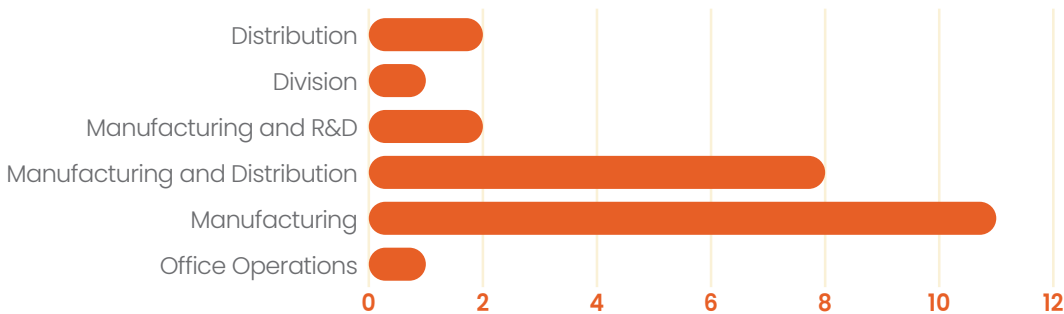
Facilities

95% of the companies in the Kingman Industrial Park are involved in Manufacturing; with most also having a Distribution and Warehousing component for shipping to the West Coast.

The Kingman Industrial Park ideally suits those companies that want to manufacture, warehouse, and distribute their products across the Southwest and West Coast markets.

The targeted industry of Manufacturing Distribution and Warehousing will continue to be a growing sector in the Kingman Industrial Park.

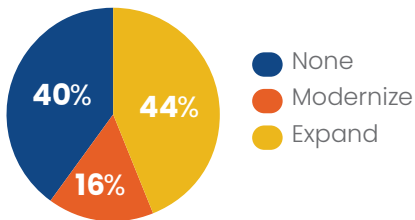
TYPE OF FACILITY



Plans to Expand

60% of companies have plans to expand or modernize their facilities in the coming years. Those companies that indicated some form of expansion or modernization would result in an estimated \$29 million in capital investment into technology and real estate in their Kingman facility.

PLANS TO EXPAND

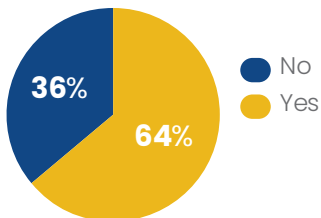


This expansion activity could consist of the following:

- Expansion of an existing facility
- Renovation of an existing facility
- New equipment expenditures

64% of the companies interviewed indicated there was room to expand at their existing property.

ROOM TO EXPAND



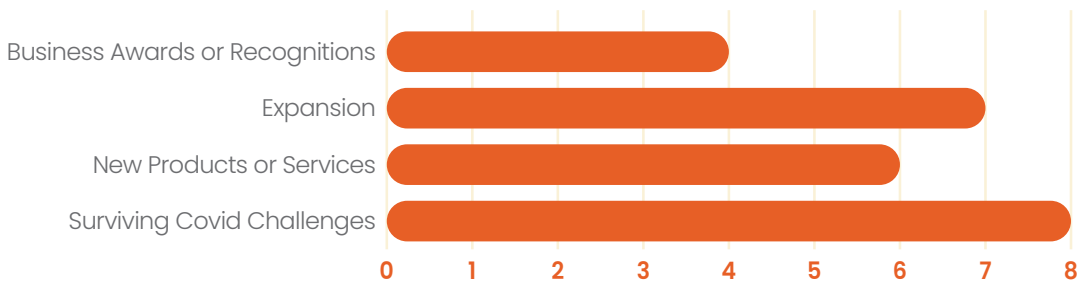
Product Development

Most Outstanding Achievement:

When asked, “What is the greatest achievement of your business in the last three years?” we received a wide variety of responses. Surviving Covid was a common thread. One respondent answered, “Surviving local daycare quarantine caused an employee to stay home and miss work. Supply chain issues for aircraft parts and consumables causing project delays. Delays in engineering from Germany/Canada due to shutdowns delaying work. Improvements in management were

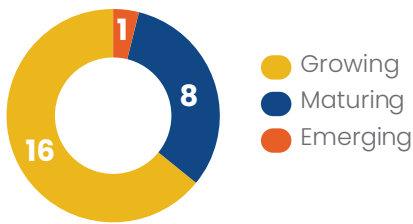
repeatedly mentioned as a means to higher product sales.” Other items were combating increasing costs, intermittent supply shortage, and labor pool skill level shortages after Covid.” Other achievements included plant expansion, equipment installation, a new product line, a safety record, and celebrating 75 years in business.

GREATEST ACHIEVEMENTS



Life Cycle

PRODUCT LIFE CYCLE

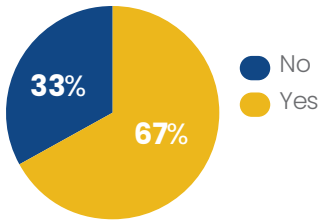


Growing Business Operations

Growing business operations face increasing demands for people, infrastructure, goods, and services. The majority of businesses in the Kingman Industrial Park indicated they were growing. In addition, roughly 67% of the companies surveyed stated they had implemented a new product, service, or capability in the last three years.

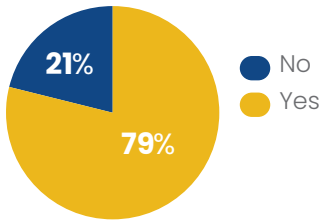
Some examples of those new items are internet and phone technologies, new product lines, and warehousing tracking information systems. Most research and development functions occur in their headquarters, located in another state.

NEW PRODUCTS / SERVICES / CAPABILITIES (WITHIN THE LAST 3 YEARS)



When asked if businesses plan to create new products in the next two years, 79% indicated in the affirmative.

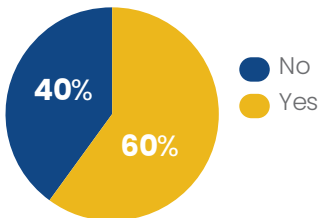
NEW PRODUCTS / SERVICES / CAPABILITIES (NEXT 2 YEARS)



Facilities in Another State

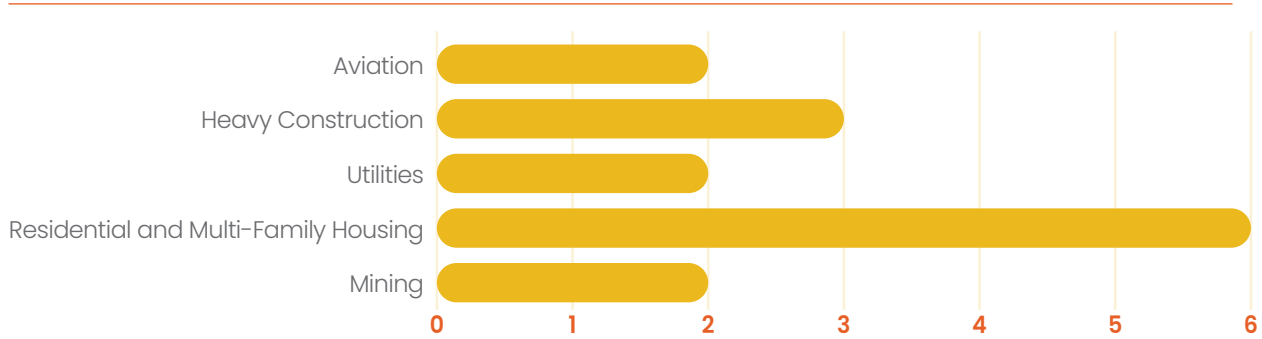
60% of the companies have additional facilities in other states. Locations with a solid consumer base and existing services for products can cut down on shipping expenses and production costs with multiple facilities. Kingman is an excellent location for servicing the Southwest markets.

FACILITIES IN OTHER STATES



Top 5 Industries Served

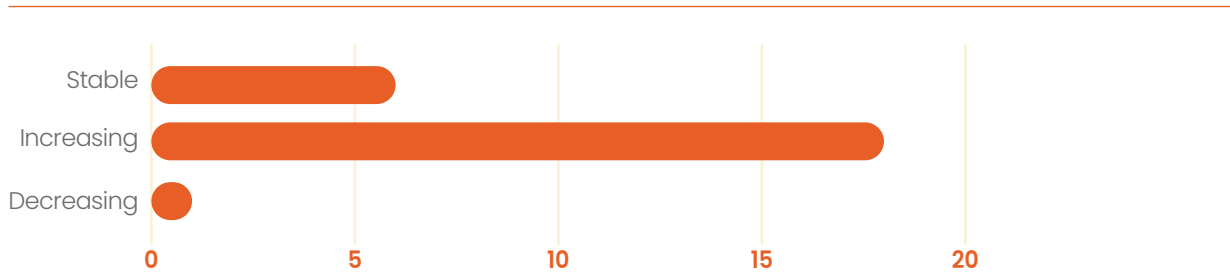
TOP 5 INDUSTRIES SERVED



Total Company Sales

72% of the companies surveyed said their sales were increasing, while 24% indicated their sales were stable.

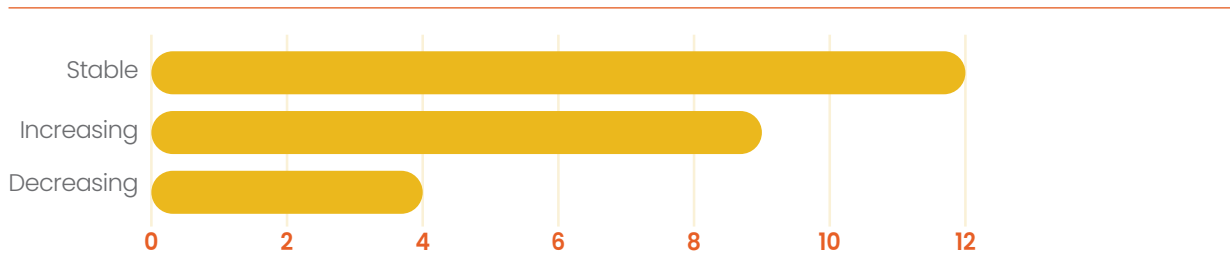
TOTAL COMPANY SALES



Market Share

When asked about market share, 12 of the businesses indicated their market share was stable, and nine businesses indicated their market share was increasing. Overall, companies in the Kingman Industrial Park are in an excellent position to remain competitive.

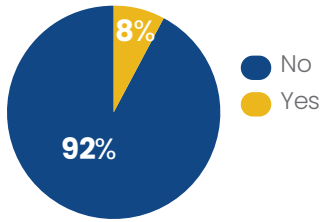
MARKET SHARE



Company Ownership

Companies in the Kingman Industrial Park have maintained the same ownership over the years.

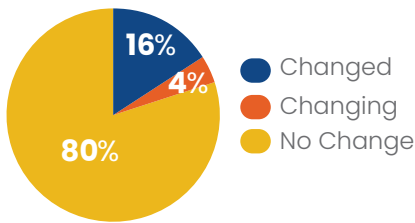
COMPANY OWNERSHIP CHANGE



Top Management Change

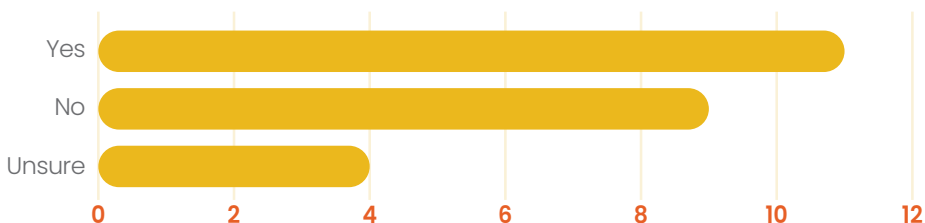
A few more companies surveyed indicated that their top management had changed or would be changing this year. This total number was still less than 25%. We also asked them if they were a private company and if an ownership succession plan was in place. Surprisingly, many businesses have yet to make succession plans, or management was unaware of those plans.

TOP MANAGEMENT CHANGE



Succession Planning

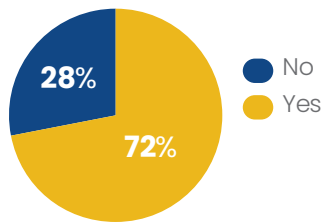
SUCCESSION PLANNING



Supply Chain Issues

Almost 75% of the companies surveyed indicated some supply chain issues. The main issues listed were the increased lead time deliveries for rail and trucking, raw material shortages, and just not enough truck drivers.

SUPPLY CHAIN ISSUES

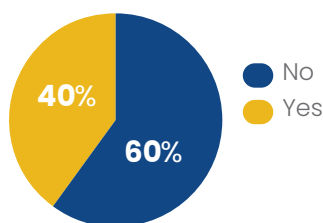


Automation

We asked businesses if they would consider automation to help address some of the labor shortages they've faced over the last few years. 40% of the companies indicated that they would be considering automation in the near future, and many would consider it over the next 16 months. Robotics was the number one answer provided. Some of the top barriers limiting the adoption of technologies were:

- Required investment
- Engineering support
- Customization of the product produced
- Lack of qualified workers to operate and fix machines

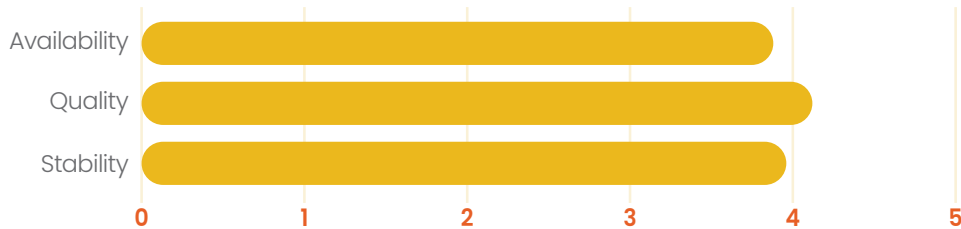
AUTOMATION



Average Workforce Evaluation

We asked businesses to rate the workforce on the following from 1-7 (1 being low and 7 being high). The following scores were the average of responses from all businesses.

WORKFORCE EVALUATION



Recruitment Issues

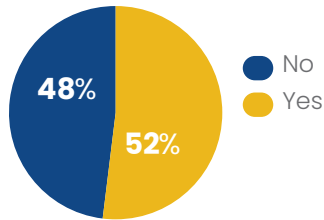
We asked businesses if they were experiencing any requirement issues with certain positions or skills. Some of the reoccurring problems were:

- Production workers
- Fabrication / Welders
- No-shows for interviews
- Night-time technician
- CDL Drivers
- Carpenters
- Programmable Logic Controller

When asked if they were implementing any new workforce programs or incentives, companies indicated some of the things they were implementing were:

- Pay increases up to 15% depending on the position
- Employee referral program with monetary bonuses based on length of employment
- Inflation and cost of living adjustments
- Gym memberships
- Birthday checks up to \$100

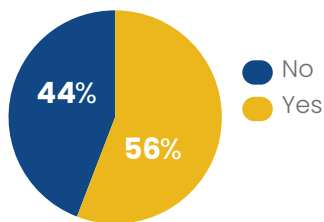
RECRUITMENT ISSUES



We asked companies if they offered any outside skill enhancement training travel or tuition reimbursements and, if so, what types. 56% of the companies surveyed provided some form of outside skill enhancement reimbursements. Examples of some of those are:

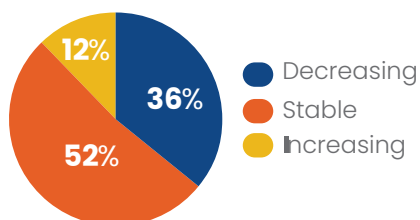
- Tuition reimbursements for community college
- Classes at headquarters offices
- Send employees to other plants for training
- Travel reimbursement

OFFER OUTSIDE SKILL ENHANCEMENT TRAINING



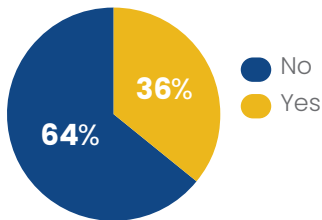
Just over 50% of businesses indicated that unfilled positions are generally stable and roughly one-third of businesses indicated they are decreasing.

UNFILLED POSITIONS



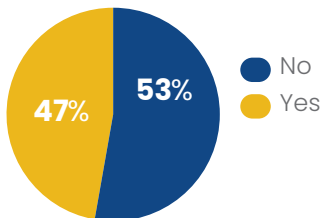
We asked businesses if beyond the unfilled positions they anticipating adding other new employees.

ADDING NEW EMPLOYEES



Is the community attractive for hiring workers from outside the region? 53% of the companies surveyed indicated that the community is not attractive for hiring outside the region. Some of these items will present themselves in the community services ranking section and barriers to growth comments on page 21.

IS THE COMMUNITY ATTRACTIVE FOR HIRING OUTSIDE THE REGION?

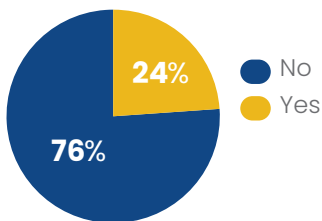


We also asked businesses to identify the community's strengths as a place to do business. Less than half of those businesses surveyed indicated there were strengths. However, the location was the number one strength mentioned by most companies. Below are the various comments on positive strengths when it comes to their business located in the community:

- Community is exceptional; honest people and a good cultural balance
- Wages
- Kingman and Mohave Manufacturing Association and the educational system
- Location to rail and availability of trucking
- Low taxes
- Proximity to major markets
- Low cost of living
- Quality of life and outdoor activities and great climate
- Great for tourism
- Central location to Las Vegas, California, and Phoenix

We asked businesses if there were any reasons the community may not be considered for future expansion. 76% of those surveyed provided what they felt were our community's barriers to growth and what could cause the company to not expand in the Kingman Industrial Park.

ARE THERE REASONS THE COMMUNITY MAY NOT BE CONSIDERED FOR FUTURE EXPANSION?



The barriers to growth were identified as follows:

- Access to workforce
- Traffic control on Stockton Hill Road
- Need for retail, dining, and amenities
- Workforce availability and lack of housing options
- Lack of public transportation to Kingman Industrial Park
- City roads and access
- Lack of land expansion options
- Unknown water availability
- Students who leave for college do not come back
- Rancho Santa Fe and Kingman Crossing offramps are not constructed

We then asked businesses what improvements they would like to see made in the community and the provided responses include:

- Construct two offramps
- Growth for retail and City Council needs to look outside the box
- Fiber optics to the Kingman Industrial Park
- Technical training for manufacturing
- Improve city roads and complete Kingman Crossing Interchange
- Entertainment for the youth
- Multifamily and workforce housing developments
- Addition of rail options in the Kingman Industrial Park

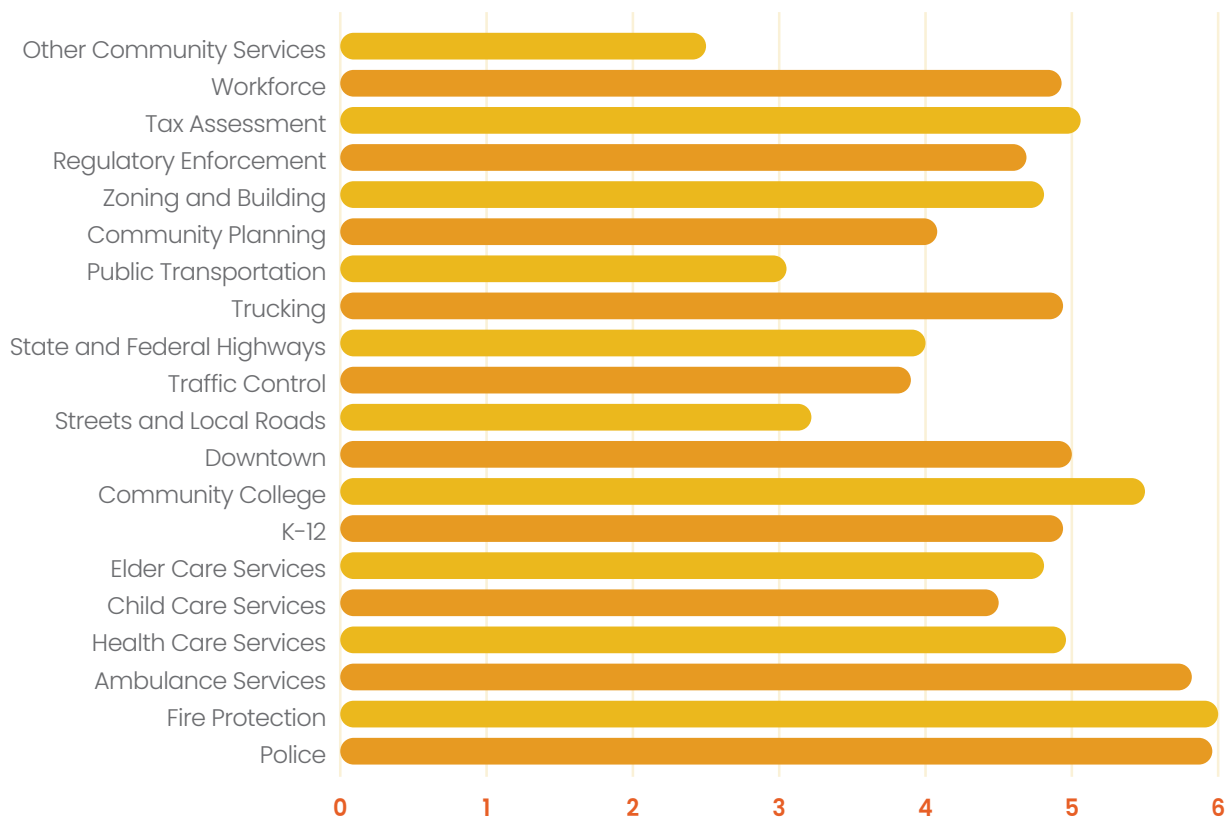
- Dining and shopping options
- I-40 ramps and city entry points cleaned up

Businesses feel that the construction of offramps is vital to the future of Kingman for their business. The years continue to tick by and the planned offramps go undeveloped. These are lost opportunities and missed revenues for Kingman.

Businesses also commented on the need for additional rail options in the Park. The economic development staff have been working with Patriot Rail over the last two years to address this concern. Patriot Rail is currently developing a trans-loading facility consisting of two 1,000-foot rail spurs. This facility will complete construction in the first quarter of 2023.

Companies were asked to rate and, if appropriate, comment on the various community services. Responses were based on a 1 for low or lack of services and a 7 for excellent services. The below chart represents the average ranking of those services.

COMMUNITY SERVICES



The two lowest-rated items were Streets and Local Roads and Public Transportation. Businesses feel that a significant part of the community's appeal to businesses is access to reliable public infrastructure and transportation. Roads are critical to economic development and companies looking to move or expand to Kingman want a solid infrastructure to attract business. Good roads are vital for trade and commerce. They connect places and provide easy access to goods and services for everyone. Rough roads also cost its citizens expensive automotive repairs. Arizona is ranked #23 in regards to the cost of unmaintained roads per person:

- Cost of unmaintained roads per person: \$614
- Miles of road in poor condition: 3,193
- Bridges in poor condition: 117
- Infrastructure report card grade: C
- Expected funding for highway and bridge programs: \$5.3 billion

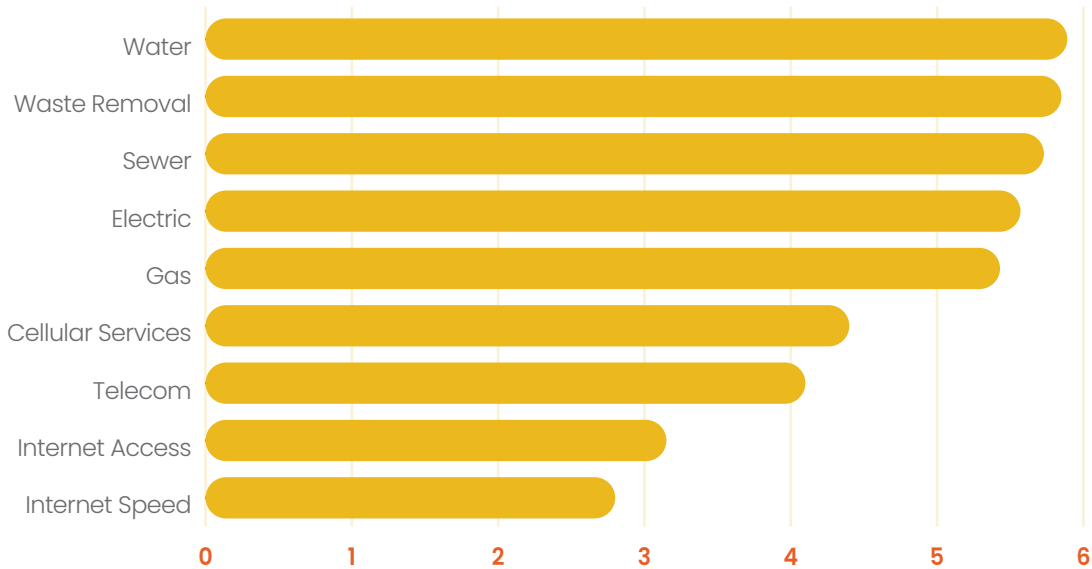
With increased population growth in recent years, Arizona residents have seen an 11% rise in commute times since 2011, with individual drivers paying about \$614 annually in road costs. Public transportation, in particular, is an issue in the state, with commuters spending an extra 90% of their time on or attempting to access transit systems. This has caused a race-based disparity, as non-white commuters are twice as likely to use public transportation systems. Arizona will receive \$5.3 billion from the federal government to put toward maintaining its system, of which \$225 million will go toward rehabilitating bridges and \$884 million to improve its public transportation systems.

Below are the comments provided to us by the businesses regarding community services:

- “Deterioration of local roads – they put them in and forget about them; roads in town need to be maintained; local city-owned streets and roads not locally maintained due to resending tax caused by Prop 413”
- “Stop sign coming into Kingman Industrial Park causes traffic to back up during certain parts of the day; stoplight coming out of Kingman Industrial Park takes too long”
- “Stockton Hill Road is growing and very busy”
- “Need Kingman Area Regional Transit (KART) to service Kingman Industrial Park; KART is needed in Kingman Industrial Park; many employees will walk or ride a bicycle to work; need KART; bring KART to Kingman Industrial Park” (See Recommendations and Findings Section)

Public Utilities

KINGMAN INDUSTRIAL PARK UTILITIES



Concerning public utilities, companies rated broadband and telecommunication companies the lowest. The City of Kingman Economic Development Department has been working over the last three years to help fix this concern not only for our existing businesses but for the new businesses we are attracting. As part of our discussion with businesses, as they brought up this concern, we talked with them about new broadband companies putting new fiber infrastructure into Kingman Industrial Park, which they will be able to access. Installation of conduit and fiber lines has already started throughout Kingman Industrial Park and will be available to customers in 2023. This information has been posted to our website under broadband information:

<https://www.choosekingman.com/locate-here/broadband>.

Cellular service was rated above average, but businesses stressed some issues from time to time.

Other utilities, including waste removal, were rated high. Companies did not have anything negative to say about Water, Sewer, Gas, or Electric. The City of Kingman provides Water and Sewer service, while Unisource provides the Gas and Electric service.

- City of Kingman: www.cityofkingman.gov
- Unisource Energy Services: www.uesaz.com

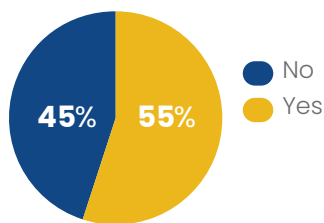
Recommendations and Findings

1. Offer Public Transportation Service to the Kingman Industrial Park

Another critical area where the city should improve services is by offering public transportation access to the Kingman Airport and Kingman Industrial Park.

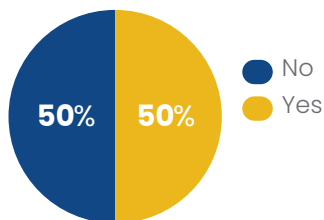
In 2018, KART sent out an Interest Survey to employees working in the Kingman Industrial Park. One hundred thirty-four employees responded to various questions posed to them. Three of the questions about whether they would use transit, if available, and the responses were very favorable. They were asked whether they would use public transportation if it were available, and 55% indicated that they would.

WOULD YOU USE KART?



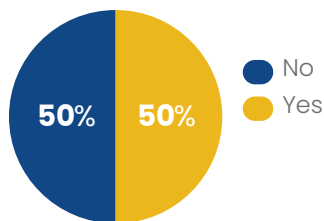
The survey also asked, “Would you use public transit if it took you twice as long to get to or from work?” Surprisingly, 50.48% said they would still use it.

WOULD YOU USE KART IF IT TOOK TWICE AS LONG TO GET TO AND FROM WORK?



Another question asked, “Would you use public transit if you had to transfer to a second bus to complete your trip?” Those that indicated they would only decreased by a small percentage even if they had to take multiple buses to get to and from work.

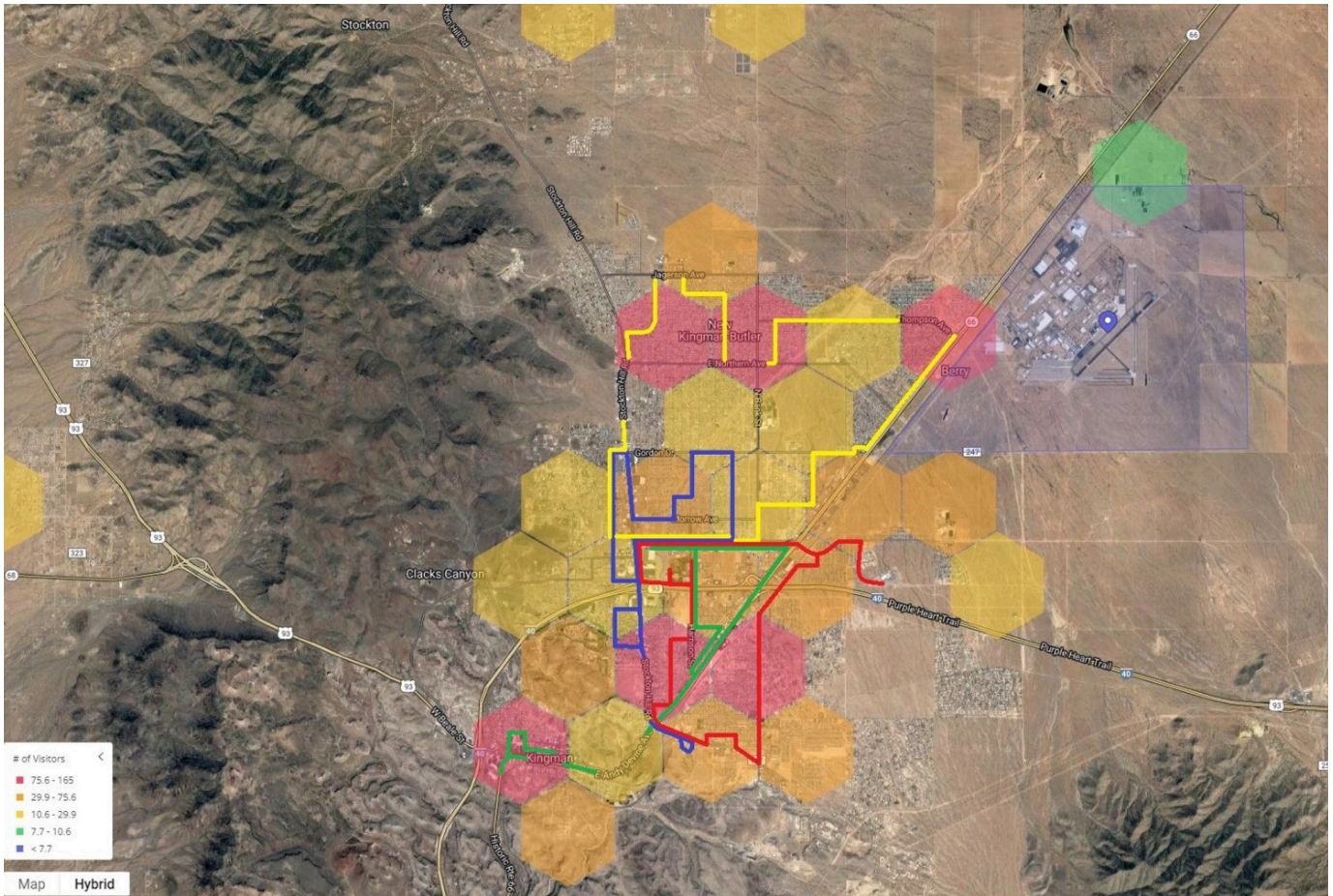
WOULD YOU USE KART IF YOU HAD TO TRANSFER TO A SECOND BUS TO COMPLETE YOUR TRIP?



Bringing KART services to the Kingman Industrial Park should be done to increase both workforce options for businesses and work options for residents. This service could also help with attracting new potential employees who do not have vehicle transportation. It would also provide the existing 2,600 employees with alternative transportation to and from work.

An additional reason KART should be provided is that the cost of operating a vehicle continues to increase each year. According to the latest research from AAA, the average yearly cost to own and operate a new vehicle in 2022 is \$10,728, or \$894 per month. A considerable increase from 2021, when the average yearly cost was \$9,666 or \$805.50 per month. The research factors in expenses such as depreciation, fuel, insurance, license, registration and taxes, maintenance, and financing. In 2022, fuel prices averaged 17.99 cents per mile or \$3.999 per gallon.

Below is a map of the current KART routes, which have been overlaid with a heat map using cell phone data of current Kingman Industrial Park employees and where they live. This data was gathered using the Kingman Economic Development Placer AI cell phone tracking software. The red hexagons are the areas where most of the workforce is currently commuting from. The Short- and Long-Term Transit Plan from February of 2022 indicated that based on data from 2019, the current busiest route was the yellow route, with over 42,500 annual ridership. The yellow route is the closest distance to the Kingman Industrial Park, stopping at the Station 66 gas station / mini mart approximately 2.3 miles from the Kingman Airport Café. Many existing employees in the red-shaded area live along the current bus routes.

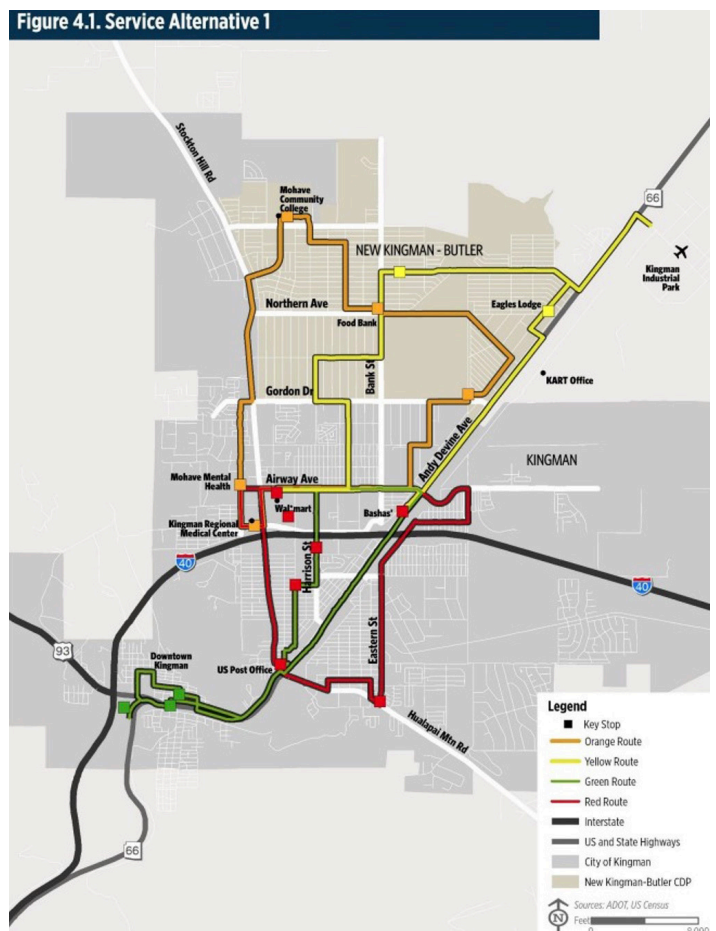


Bringing KART to the Kingman Industrial Park was studied in the 2022 Short- and Long-Term Transit Plan under Alternative 1 option.

The Alternative 1 Service option includes:

- Splitting the yellow into two separate routes:
 - » Yellow Route: counter-clockwise route that provides new service to the Kingman Airport and Kingman Industrial Park and the Kingman High School
 - » Orange Route: new route that travels clockwise through the new Kingman-Butler area
- Merge Red and Blue Route
- Minor modification to the Green Route

Letters of support have been attached as a backup to this recommendation.

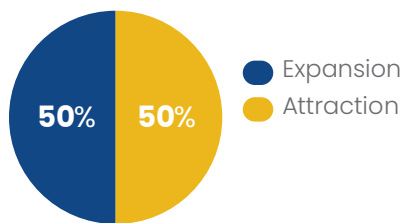


2. Make Current Land in Kingman Industrial Park More Competitive

From an economic development standpoint, to be competitive and successful at recruitment and retention, it is extremely beneficial for a region to possess a mix of fully improved industrial sites, business parks, and available modern buildings to serve local expansions and attract new business. Without additional land options, it will not only hurt the City of Kingman’s efforts to attract new business, but it will also affect current businesses looking to expand.

Since the Economic Development Department was founded in 2018, the team has sold roughly 60.75 acres of land to various businesses. 50% of the businesses that purchased land were expansions of current businesses in the Kingman Industrial Park.

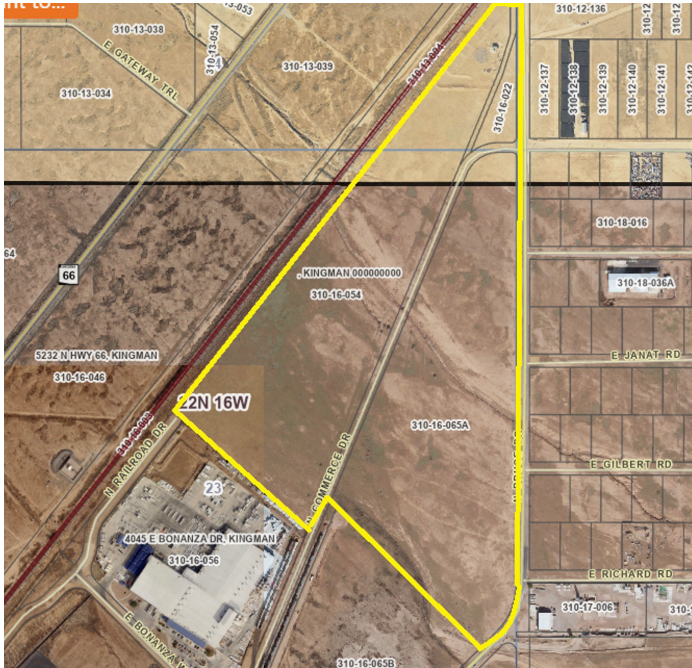
KINGMAN INDUSTRIAL PARK LAND SALES



Having an inventory of suitable space will position the Kingman Industrial Park well into the future to successfully compete for quality business opportunities. Unfortunately, Kingman Industrial Park lacks developable land, fully improved sites ready for construction, and existing buildings that meet current industry standards.

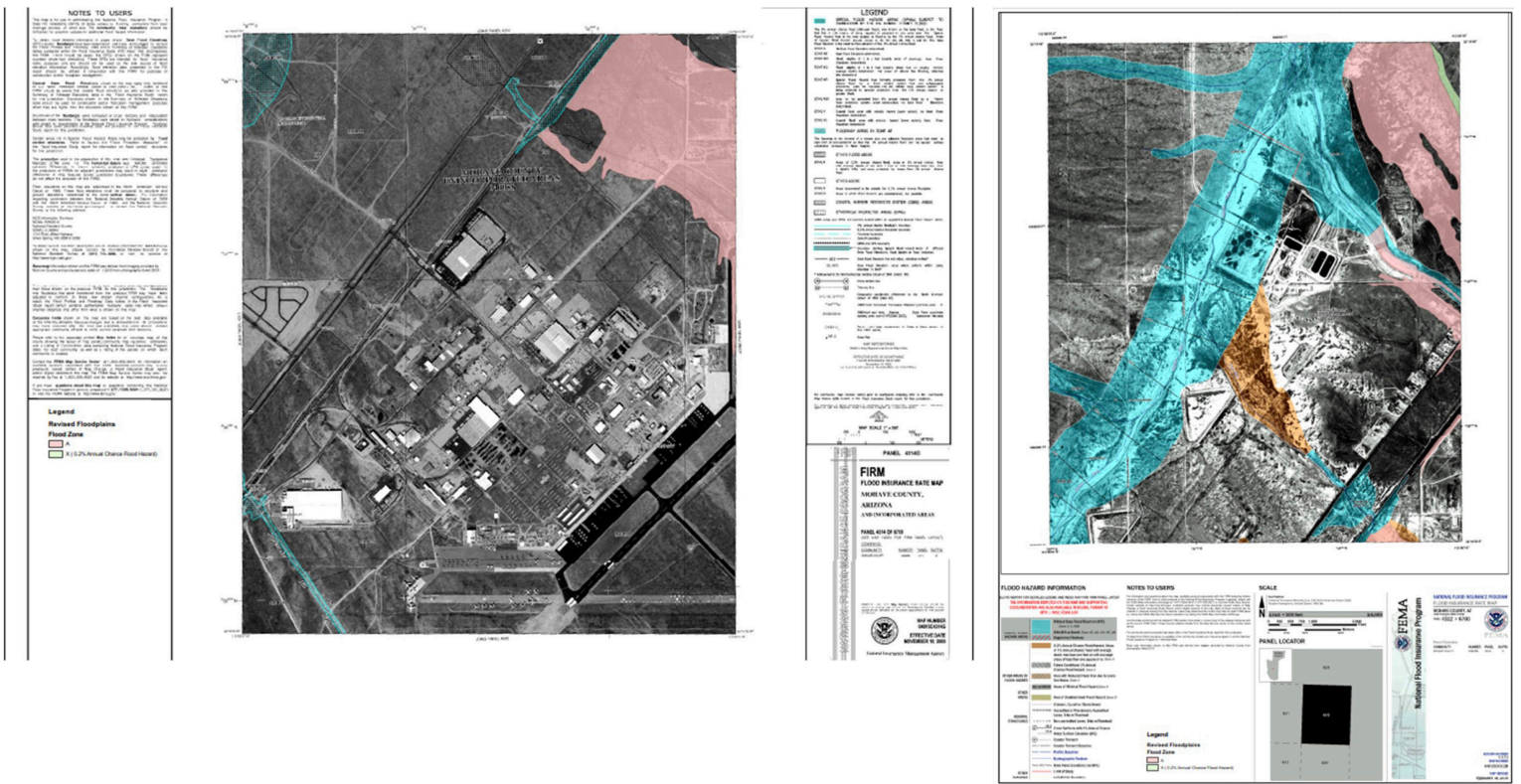


Due to the location and infrastructure issues, the City of Kingman's available sites will be harder to develop than past land sales. For example, the below aerial picture highlighted in yellow and the attached parcel map represent the remaining majority of land the City has in its inventory to market to businesses. This land represents roughly 96 acres.



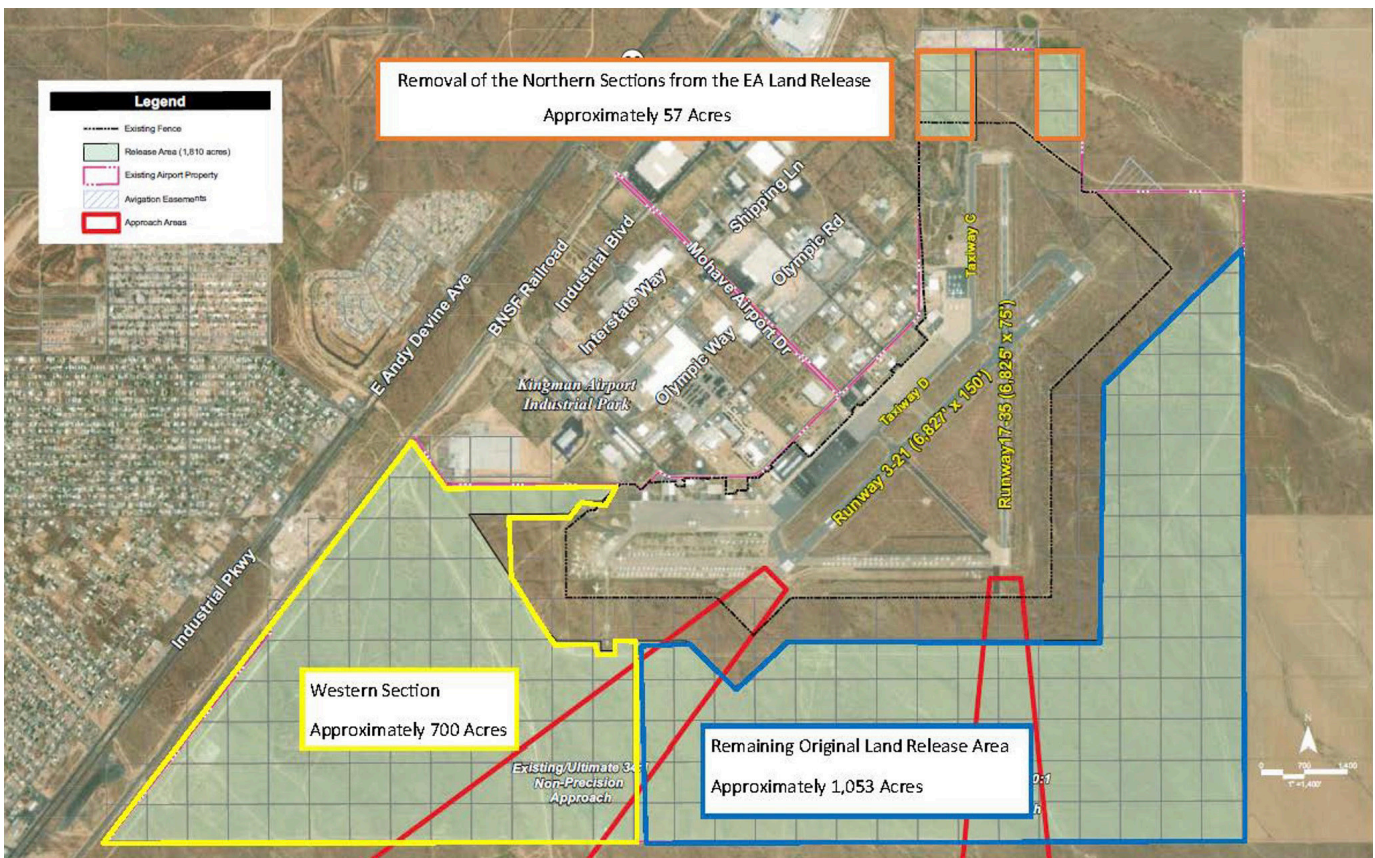
At first glance, the City might have an excellent opportunity to bring new business to these parcels; however, some factors will cause these sites to be costlier to develop. The main issue facing these parcels is that the FEMA maps are being revised. This revision will place the properties into a Flood A Zone. A Flood A Zone is an area in the 100-year floodplain and requires insurance for a federally backed loan. The insurance is minimal to the business's desire to limit risk and the likelihood of a company shut down should the 100-year event occur. This would cause the firm to be affected for an unknown extended period. The current zone is a flood X shaded, which does not have this insurance requirement.

It is recommended that the City of Kingman work towards improving the site(s) through engineering plans and procuring costs to develop the properties so that when Economic Development staff present properties to businesses comparing these sites to other communities, the business will have a better understanding of the costs to develop the property. Without this information, the City of Kingman will risk being removed from the site selectors and business list of potential sites almost immediately. In addition to having available land, the size and nature of the area are crucial to the types of firms the Economic Development team is targeting. The Kingman Industrial Park will shortly be forgoing many large industrial and logistics users due to the current lack of availability of large, available large sites that meet current industry standards.



3. Complete the Phase 2 Industrial Park Land Release

One of the steps that have been taken by City staff is attempting a land release of what is called Phase 2 Industrial Park. This process started in 2019. The hope and original tentative schedule had this process completed by December 2021. Unfortunately, due to various additional requirements issued by the FAA, this process is continuing, and a new estimated date has yet to be determined. The City is in the process of a master plan which was one of the significant requirements added to the release. The release has also been scaled back from an 1,800+ acre request to roughly 700 acres. The map outlined in yellow below is the plus or minus 700 acres the City is working on a master plan for the release. In addition, the availability of 1,800 acres of land is being marketed for leasing to aviation-related businesses and aeronautical operations. This land has direct access to taxiways and runways, an automated weather observation system, aviation fuel, and a new fixed-based operator making the airport ready for new businesses.



4. Lack of Workforce Housing Options

One factor that caused an existing business not to expand revolved around concerns about workforce availability and housing options for workers. Companies expanding to the West tend to be more affected by the availability and affordability of housing than other regions of the Country.

A 2021 Pew Research poll concluded that around seven-in-ten (69%) Americans living in the West say affordable housing availability is a significant problem locally. This compares with 49% of Northeasterners, 44% of Americans in the South, and 33% of those in the Midwest.

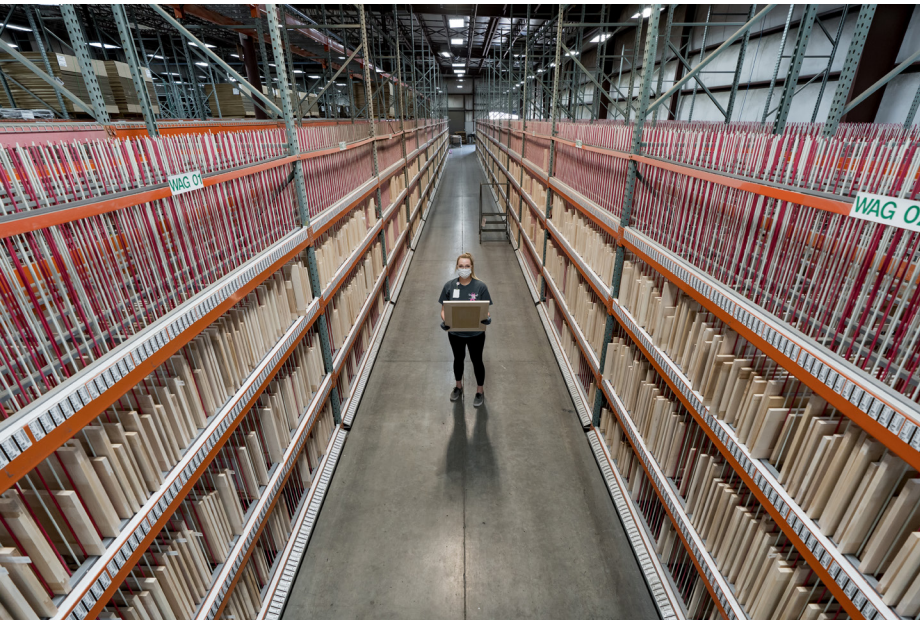
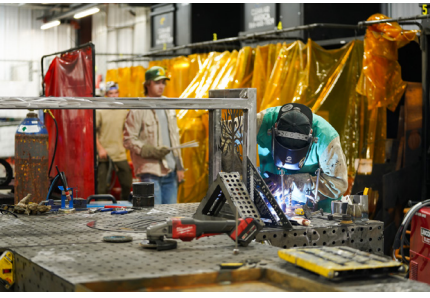
On June 8, 2022, The Arizona Republic published an article on “Arizona’s low-income renters have little chance of finding a home, here’s why” <https://www.azcentral.com/story/money/real-estate/2022/06/08/why-low-income-renters-in-arizona-have-little-chance-finding-home/7502256001/>

The key takeaways from the report and also the effect on the Kingman Region include:

1. According to the state’s Housing Department, Arizona needs 270,000 additional homes to tackle its housing crisis.
2. Arizona ranks in the top five states where the affordable housing shortage is the worst, according to the National Low-Income Housing Coalition’s latest annual survey.
3. Wages have not kept up with rent increases.
4. The three top barriers to getting enough affordable housing are political will, financial resources, and community support.

Mohave County is currently in process of putting together a housing study that will look at these housing issues. The County anticipates having this report completed by June 30, 2023.







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