



HICKEYGLOBAL

ECONOMIC DEVELOPMENT CONSULTING

Site Selection Overview and the Role of Utilities

March 14,
2024

About Barry

- Loves Economic Development
- 28 years in the profession
- Managed EDOs in communities from 10,000 to 5.4 million people
- Worked in federal, university, city, county, regional, public/private, and consulting economic development and in the private sector
- Served as founding executive of 3 economic development organizations
- Past Chair of the International Economic Development Council (IEDC)
- Graduate, Instructor and Dean of the Economic Development Institute at the University of Oklahoma
- Founding Member of the Economic Development Research Partners (EDRP)
- Senior Fellow of the American Leadership Forum
- Recognized as a North Carolina Main Street Champion
- International speaker on economic development



Barry I. Matherly, CEcD, FM, HLM
President & CEO
Hickey Global

About Hickey

Decades of Success

We combine the largest independent site selection firm in the world, an international think tank, a foundation, and an economic development consulting practice into an integrated team to assist you.

HICKEY OFFICES AROUND THE WORLD

Hickey & Associates

Site Selection

Hickey Global

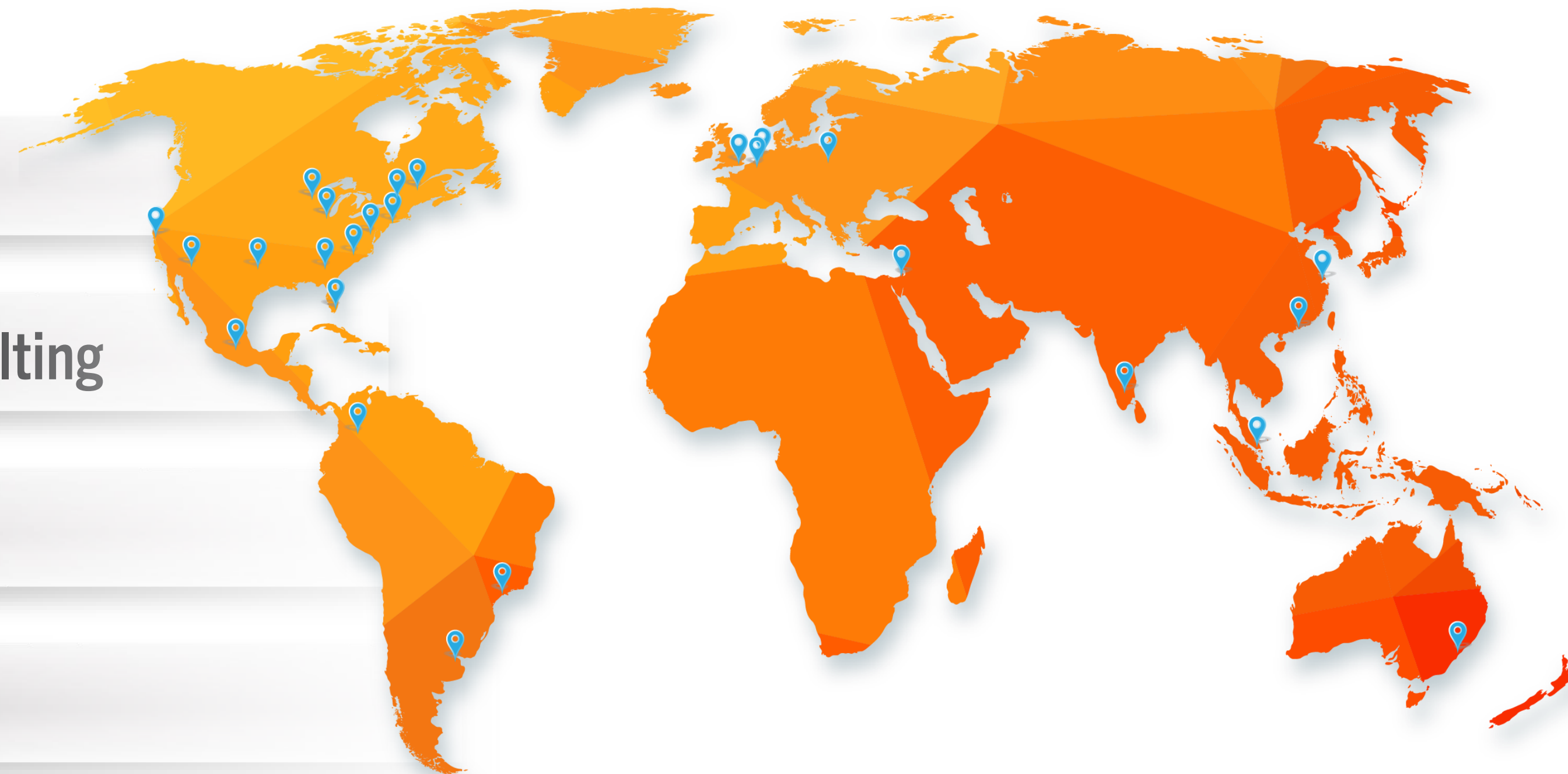
Economic Development Consulting

Hickey Institute

Thought Leadership

Michael P. Hickey Foundation

Giving Back



*You work in a globally connected environment;
you need a global firm – Hickey.*

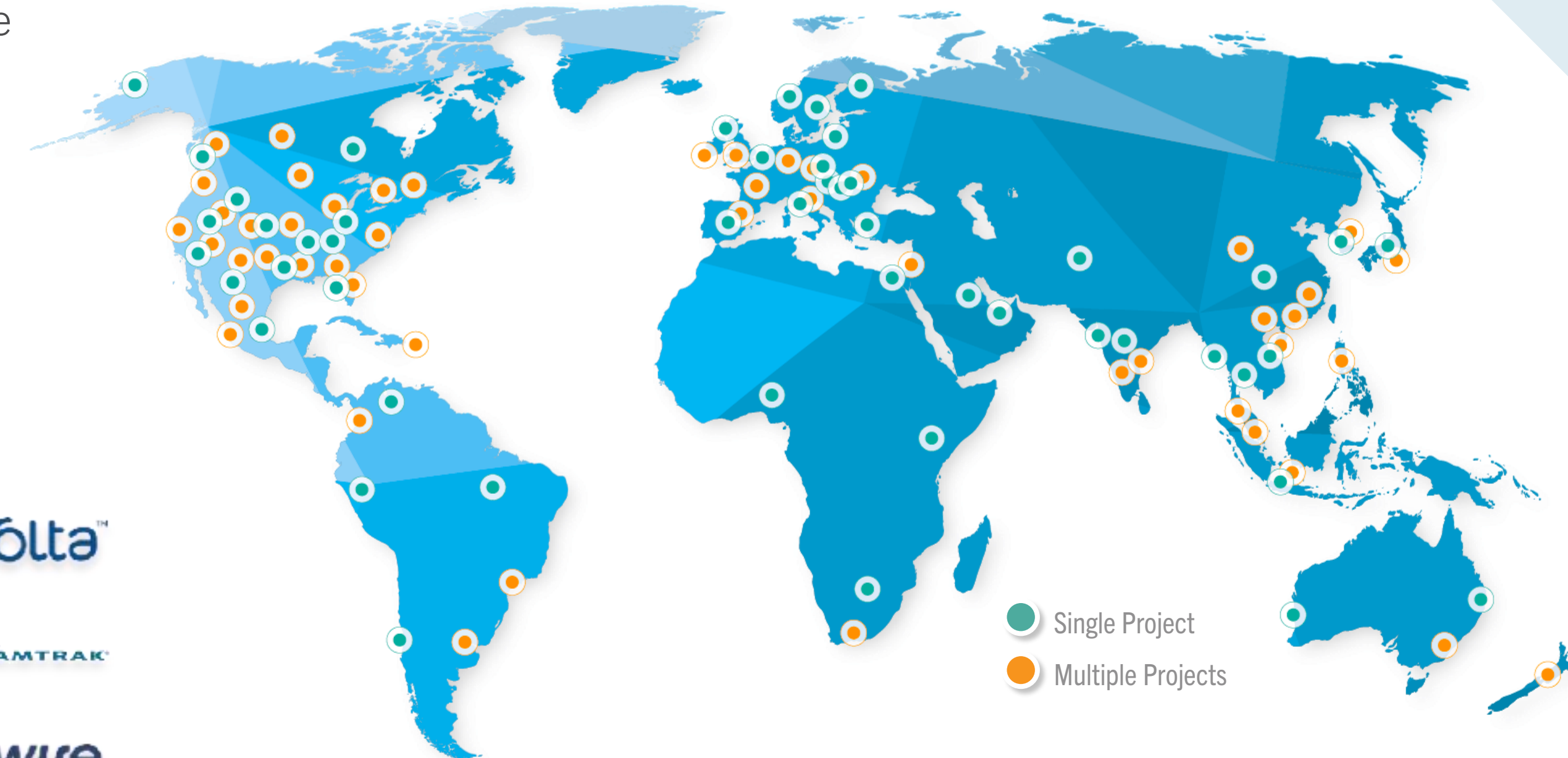
Hickey & Associates

A Global Leader in Site Selection

Founded in 1986 as one of the first companies to offer integrated footprint, site selection and workforce services.

Today, as the global leader, HICKEY has active projects in every corner of the world utilizing our more than 80 professionals, and additional Subject Matter Experts in key global markets.

EXTENSIVE EXPERIENCE AROUND THE WORLD



Representative Selection of Global Clients:



LOCATION STRATEGY & SITE SELECTION
WORKFORCE BENCHMARKING & ANALYTICS
GOVERNMENT INCENTIVES

Hickey Global

Economic Development Consulting

Hickey Global Economic Development Consulting (Hickey Global) is a full-service economic development consulting firm supporting private, public, and non-profit economic development organizations around the world. We create custom solutions to help communities prosper by identifying opportunities for investment and job growth.



RESEARCH & ANALYSIS

- Cluster Studies
- Competitive Assessments
- Location Down Select Assessment
- Supply Chain Analysis
- Reshoring Analysis



STRATEGY & BUSINESS DEVELOPMENT

- Strategic Planning
- Business Development Strategy
- FDI & Export Strategy
- Industrial & Business Park Positioning
- Marketing Assessment



INSIGHTS & INCENTIVES

- Site Selector Engagement
- ESG Strategy
- Credits & Incentives Advisory
- Focused Training
- Global Market Insights
- Innovation Hub Development



ORGANIZATIONAL DEVELOPMENT

- Ecosystem Building
- EDO Benchmarking
- Utility EDO Strategy & Benchmarking
- Retreat Facilitation
- Board Development
- Stakeholder Engagement
- Rethinking the EDO



WORKFORCE DEVELOPMENT

- Labor Analysis
- Skills Gap Analysis
- Talent Development
- Program Gap Analysis
- Workforce Strategy

The Hickey approach to economic development learning programs is flexible and crafted for the needs of our clients.

The engaging workshop modules laid out below are developed as a recommended course set. However, the courses may be selected on more of an a la carte basis.

We also can develop custom modules and welcome interesting and creative assignments not listed

Workshop Module I

Creating Opportunity: Successfully Working with Site Selectors

- Global trends in the site selection process
- Real-time impacts of recent events on location strategy
- Review key drivers of site location decisions
- Shift in decision criteria following the pandemic
- Understand the approach to the location process
- Identify best practices for responding to RFIs and hosting site visits
- Understanding the consultant's role working with companies
- Global site selector panel discussion and Q&A

Workshop Module II

Understanding Your Labor Force: How To Play To Your Strengths

- Best practices in labor analytics
- Post-pandemic changes to the labor market
- Major talent indicators and trends
- Overview of labor data sources
- Site selector perspectives on talent
- The importance of talent in down selecting communities
- Telling your workforce story
- How to use visualizations to your advantage
- RFI Case Studies: learn how to increase the effectiveness of your responses
- Panel Discussion and Q&A with subject matter experts

Workshop Module III

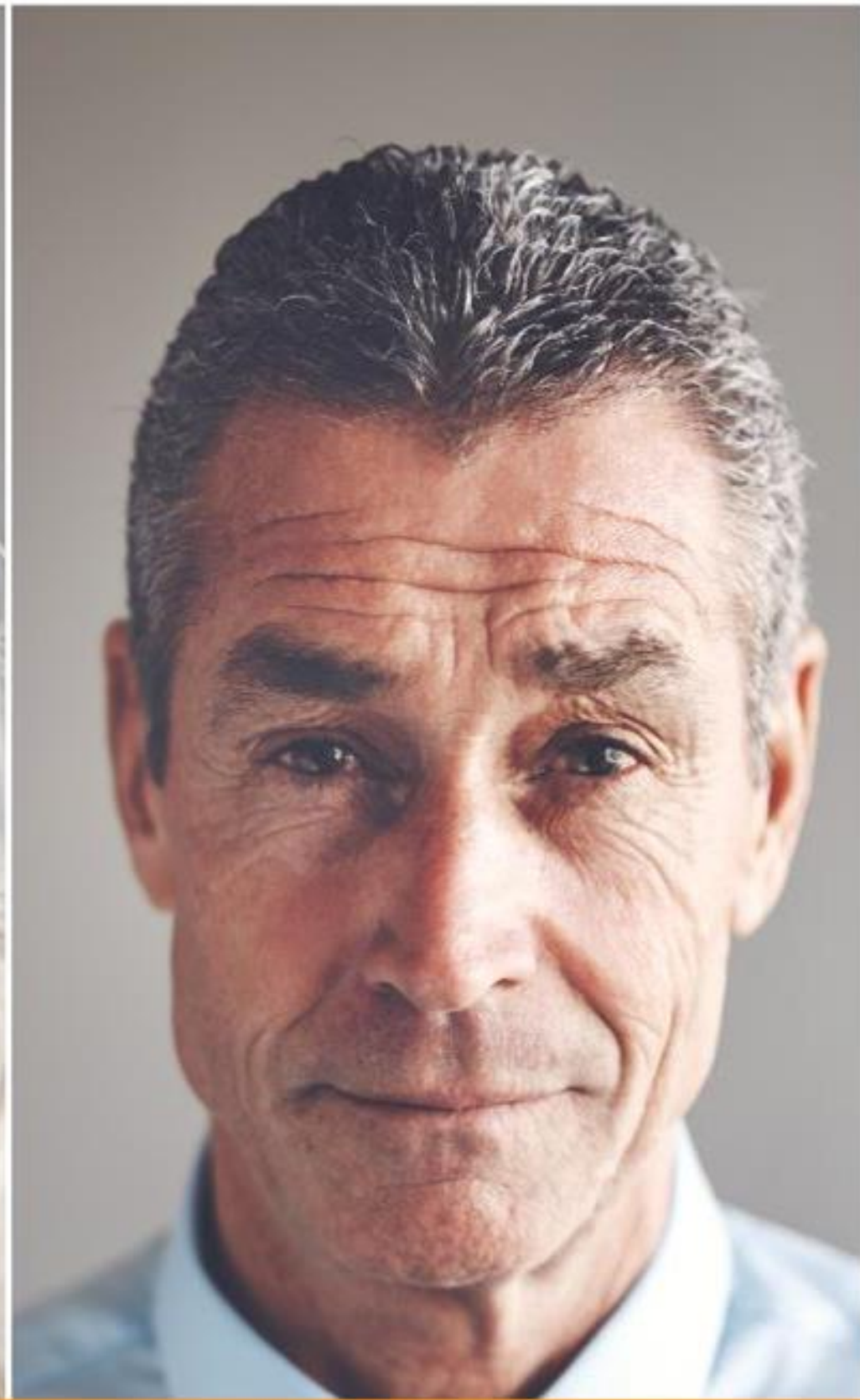
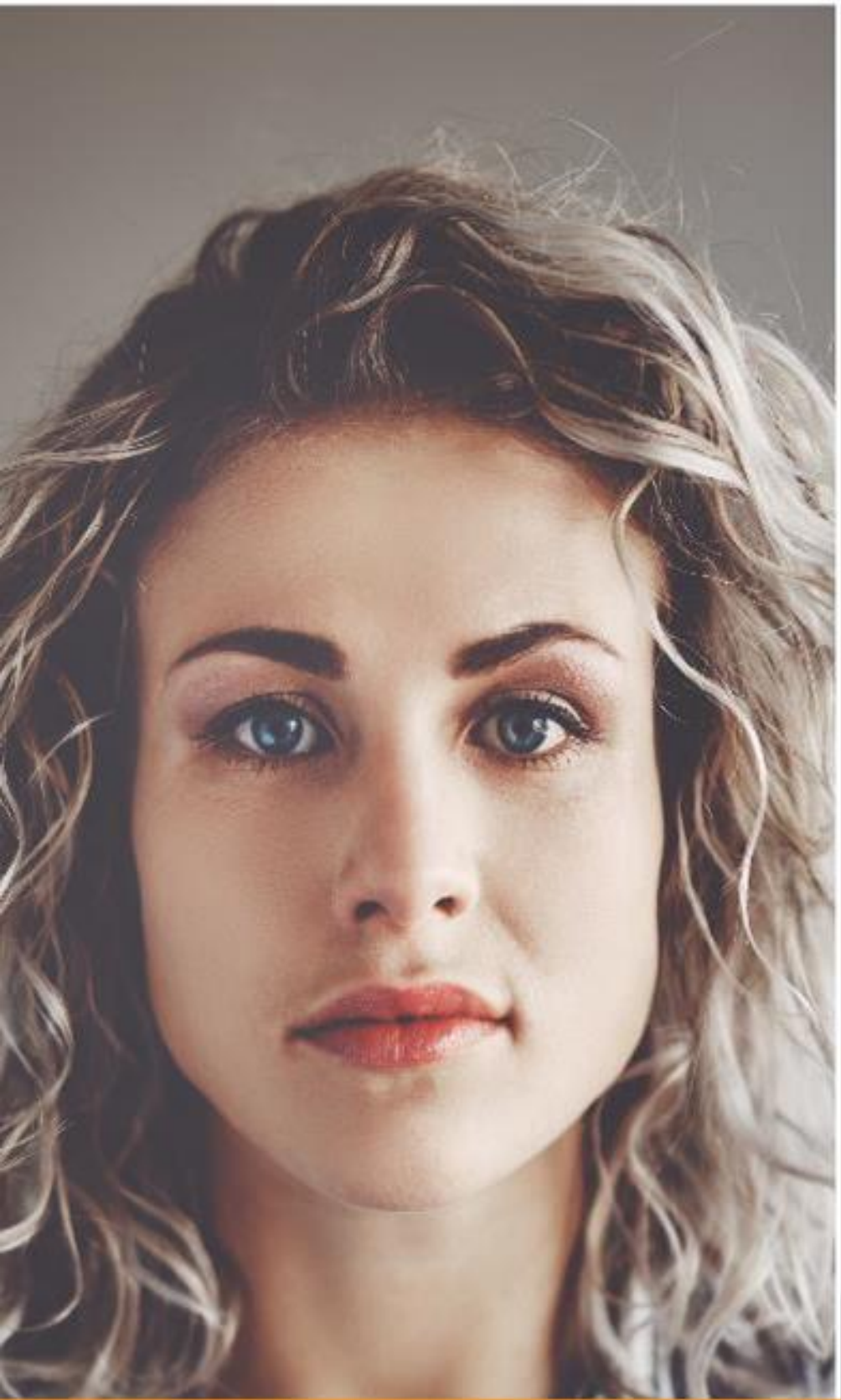
Understanding Incentives to Attract Business & Deliver Taxpayer ROI

- Best practices in the use of economic development incentives
- How companies value incentives
- What site selectors are looking for in an incentive program
- Understand how incentives impact the bottom line for decision makers
- Identify developments in incentive programs due to recent events
- Understanding the site selector's role in working with incentives
- The future of incentives
- Incentive panel discussion

Workshop Module IV

Successfully Working with Site Selectors & Understanding Incentives (Hybrid)

- Global trends in the site selection process
- Real-time impacts of recent events on location strategy
- Review key drivers of site location decisions
- Understand the approach to the location process
- Site selector panel discussion and Q&A
- Best practices in the use of economic development incentives
- How companies value incentives
- What site selectors are looking for in an incentive program
- Understand how incentives fit into the location decision process



What are our clients thinking when they select a location?



Location Decision Timeline

Area Development Magazine survey of corporate executives.



THE LOCATION DECISION PROCESS

Time needed for information-gathering:

3-6 months	10%
6-12 months	16%
1-2 years	41%
More than 2 years	33%

Marketing

Contact with the locations of interest is made within:

Within a month	13%
Within 3 months	28%
Within 6 months	36%
After 6 months	23%

Marketing

Number of locations/economic development organizations making the "short list":

1-5	90%
5-10	10%

After the initial contact, location decision is made within:

1-6 months	30%
6-12 months	42%
1-2 years	22%
More than 2 years	6%

Company uses outside site selection or business consultants when site selecting:

Yes	32%
No	68%

If yes, consultants are providing:

Feasibility studies	52%
Global asset positioning	10%
Location studies/comparative analyses	66%
Incentives negotiations/management	48%
Location decision	24%
Real estate transaction	48%
Other (environmental assessments, compliance services, etc.)	10%

Considerations Driving an Informed Location Decision

Our **best-practice approach** to location strategy captures **detailed evaluation of tradeoffs** that exist between the Business Case and operating conditions across candidate locations



Approach to Location Strategy

Driven by analytics and modeling

Assessing data to lead location strategy

Discover

- Evaluate Portfolio
- Develop Strategy / Business KPIs
- Stakeholder Engagement

Assess

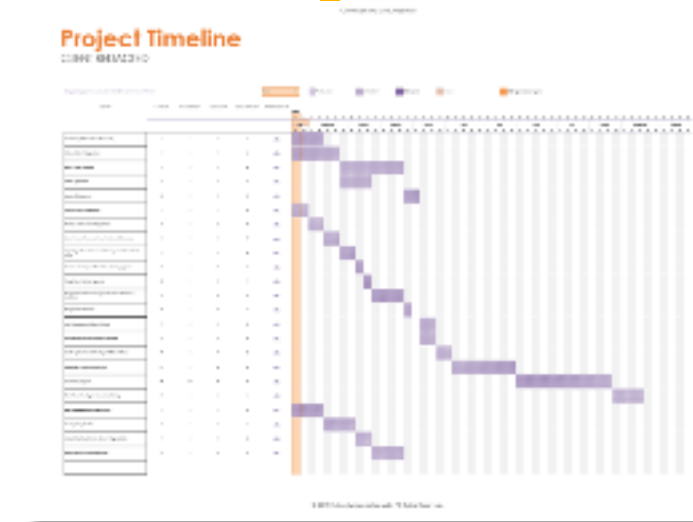
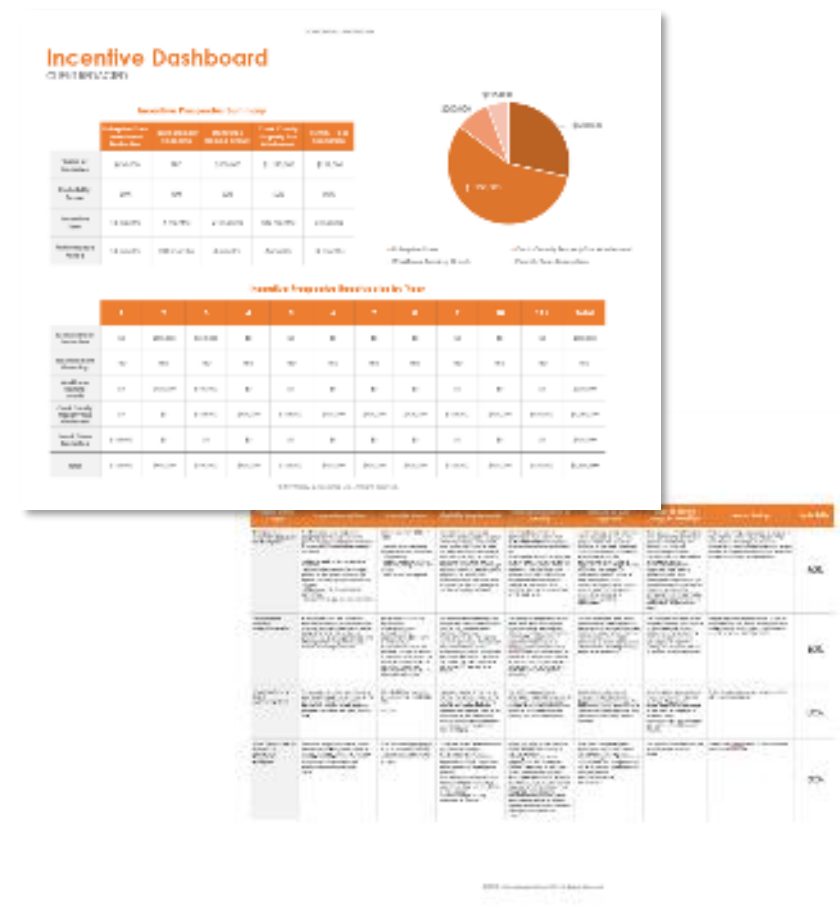
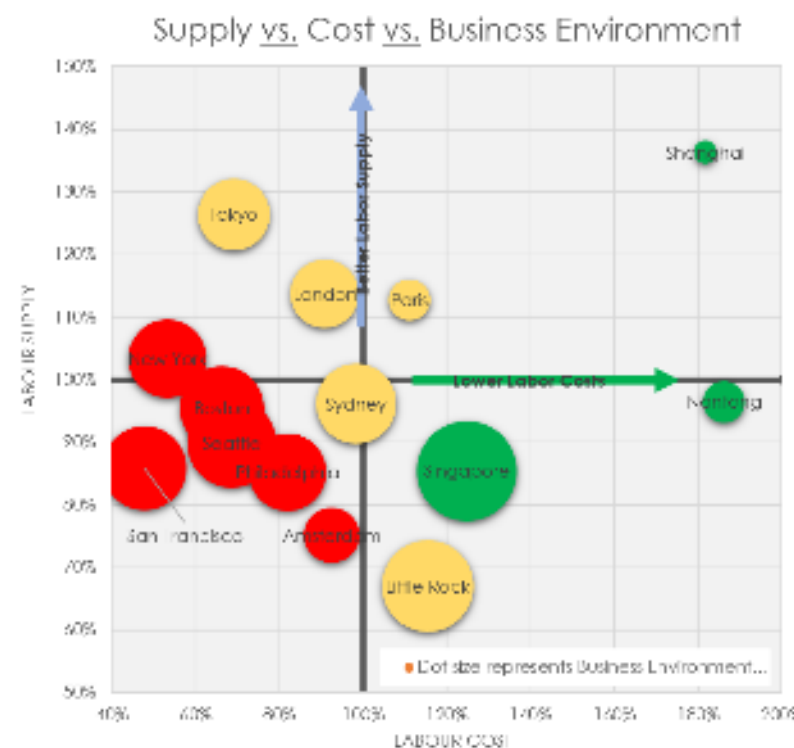
- Macro Location Evaluation
- Micro Location Assessment
- Incentives Valuation
- Labor Analytics
- Logistics

Validate/ Negotiate

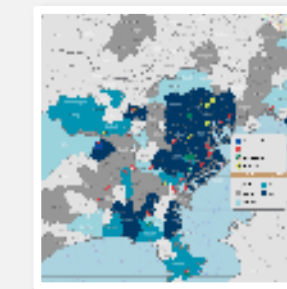
- Predictive Analytics
- Field Due Diligence
- Real Estate Opportunity
- Incentive Negotiation/ Legal Construct

Compliance

- Data Construction & Reporting
- Audit Support
- Legislative Tracking



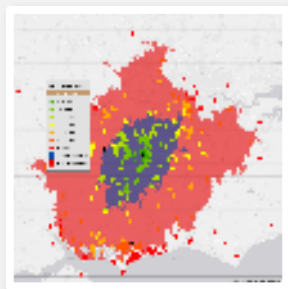
- Primary Objective – to provide a comprehensive site selection strategy that delivers optimal locations based on business drivers
- To do so, Hickey captures, analyzes, and visualizes datasets to assess:
 1. Labor Availability / Talent Pipeline
 2. Workforce Costs & Attrition by Role
 3. Sustainable Infrastructure
 4. Connectivity / Accessibility
 5. Real Estate Availability / Costs
 6. Risk – Environmental / Political / Regulatory / Economic
 7. Availability of Incentives



Talent & Demographics



Infrastructure & Transport



Modeled Costs & Risk


Location Decision Model

How to Read the Output

INDEX SCORES

Hickey's *Location Decision Model* provides a numerical index score that allows markets to be ranked against one another. The index scores differ based on a market's performance within any combination of categories, and a higher score always indicates a positive attribute for business operations. Scores are color-coded according to their relative placement, with green scores representing a high position within the distribution, yellow scores representing an average position, and red scores representing a low position.

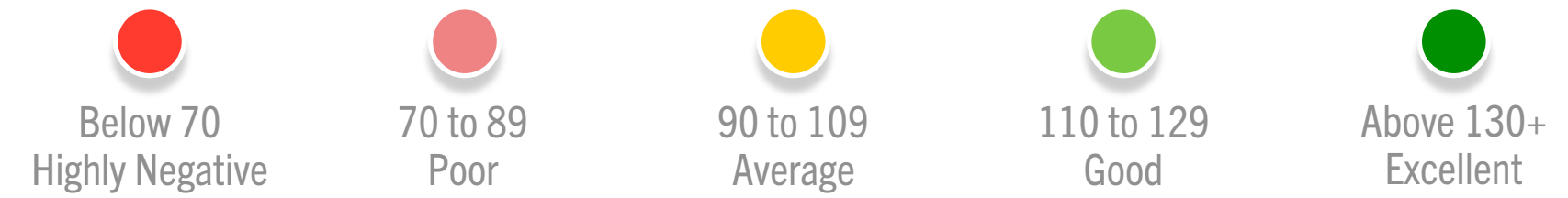
INDEX SCORING

-  Excellent – Above 130
-  Good – 110 to 129
-  Average – 90 to 109
-  Poor – 70 to 89
-  Highly Negative – Below 70

Index scores are produced for each data point used in the analysis. Higher scores indicate a positive attribute. For example, a higher labor supply score indicates better labor supply. Higher labor cost scores indicates lower labor cost relative to the other seven markets.

Macro Model

Head-to-Head Comparison



LOCATION DECISION MODEL OUTPUT	TOTAL INDEX	LABOR INDEX								BUSINESS ENVIRONMENT	LOGISTICS
		LABOR INDEX	LABOR SUPPLY			LABOR COST INDEX		Macro Cost	Wage Index		
			Macro Supply	Skills Supply	Education	Macro Cost	Wage Index				
<i>Weighting</i>	100%	60%	50%	25%	45%	30%	50%	40%	60%	10%	30%
Competitors	116.0%	112.8%	117.6%	142.8%	116.4%	98.5%	108.1%	112%	105%	106.0%	125.5%
	114.7%	110.4%	111.9%	133.1%	94.1%	120.9%	109.0%	115%	105%	106.0%	125.9%
	109.3%	102.1%	90.9%	66.8%	116.4%	72.6%	113.4%	119%	110%	91.8%	129.4%
	107.5%	95.4%	76.2%	57.5%	79.2%	87.1%	114.7%	121%	110%	157.9%	115.0%
	96.9%	106.7%	126.6%	133.1%	121.5%	128.9%	86.8%	78%	93%	63.4%	88.6%
	88.1%	95.6%	107.2%	98.3%	117.2%	99.6%	84.1%	81%	86%	103.6%	67.8%
	82.5%	88.3%	80.5%	92.3%	70.2%	86.0%	96.1%	94%	97%	107.9%	62.4%
	82.0%	83.4%	78.8%	68.1%	78.8%	87.8%	87.9%	79%	94%	63.4%	85.4%

COMPETITIVE RANKING

The location decision model parameters were based on the site selection factors identified within the study and represent a composite of Aerospace manufacturing, research, and engineering operations. The labor supply and cost domains use the industry and occupation data compiled within the Competitive Analysis section of the study.

Labor Costs

Aerospace Location Decision Model



- Excellent – Above 130
- Good – 110 to 129
- Average – 90 to 109
- Poor – 70 to 89
- Highly Negative – Below 70

NOTES:

- Scores for each category range from 0% to 200%.
- Scores close to 100 (90 to 109 range) are average (relative to the markets in this data set)
- High scores represent positive characteristics (i.e., abundant labor)
- Low scores represent negative characteristics (i.e., poor labor supply)

The Labor Cost index is a composite of Macro Labor Costs and Wage Rates. Labor Costs contribute to 50% of the Aerospace Labor Index due to the importance of budget constraints.

The Macro Labor Costs score is composed of economic indicators that illustrate the various inputs to employee wage requirements. The index includes housing and rental costs, personal income, cost of living, and other measures. Macro labor costs provides insight into what drivers can impact wage inflation in the medium-term. Wage Rates are a targeted aggregate of scenario-specific wages within the market.

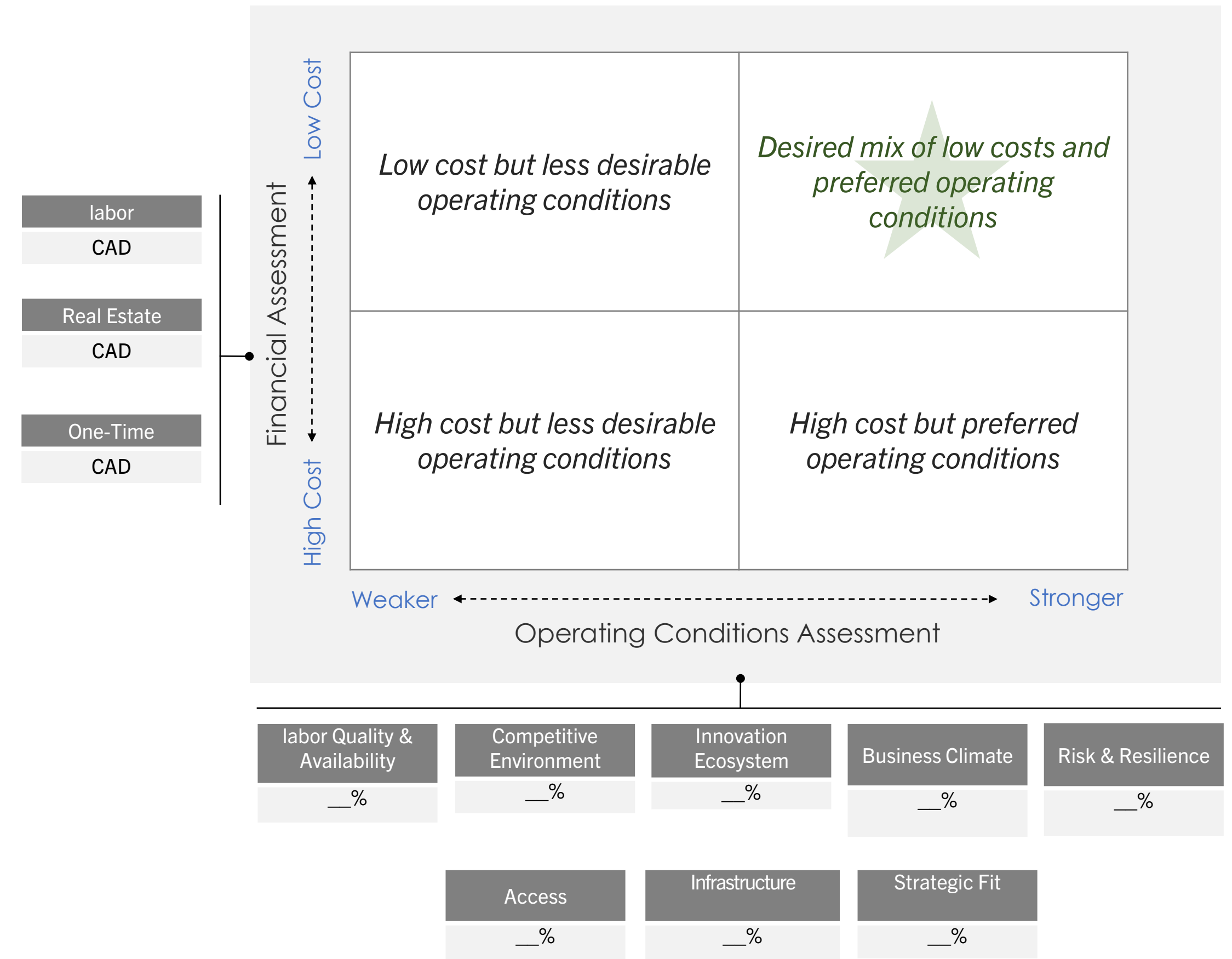
Location Strategy

Identifying and evaluating key considerations for location strategy

Key Location Considerations for geographic deployment

Considerations	Illustrative Indicators and Metrics
Labor Availability & Quality	Ability to scale/sustain, university pipeline, competencies, languages, attrition, labor regulations, costs, relocation acceptance
Competitive Environment	Established precedent for similar operations, incl. functions and scale, market maturity and trajectory
Business Climate	Ease of doing business, level of government support incl. incentives, bureaucracy, corruption, regulations, quality of life
Risk & Resilience	Climate, natural disaster incl. pandemics, security, politics, macroeconomics, financial, IP, regulation
Access	Travel access to key sites, time-zone compatibility, work-from-home readiness
Infrastructure	Capacity/quality/resilience of power, telco, data; real estate availability and flexibility; work-from-home readiness
Innovation Ecosystem	Caliber/presence of universities, and other educational & research institutions, IP creation (patents, etc.)
Strategic Fit	Alignment with corporate strategy for region and presence of existing operations and infrastructure
Operating Costs	labor, benefits, shift premiums, inflation, real estate
One-Time Costs	Severance, relocation, recruitment, training, dual staffing, real estate fit-out, other equipment, restructuring charges

Illustrative Location Evaluation Framework



War for Talent

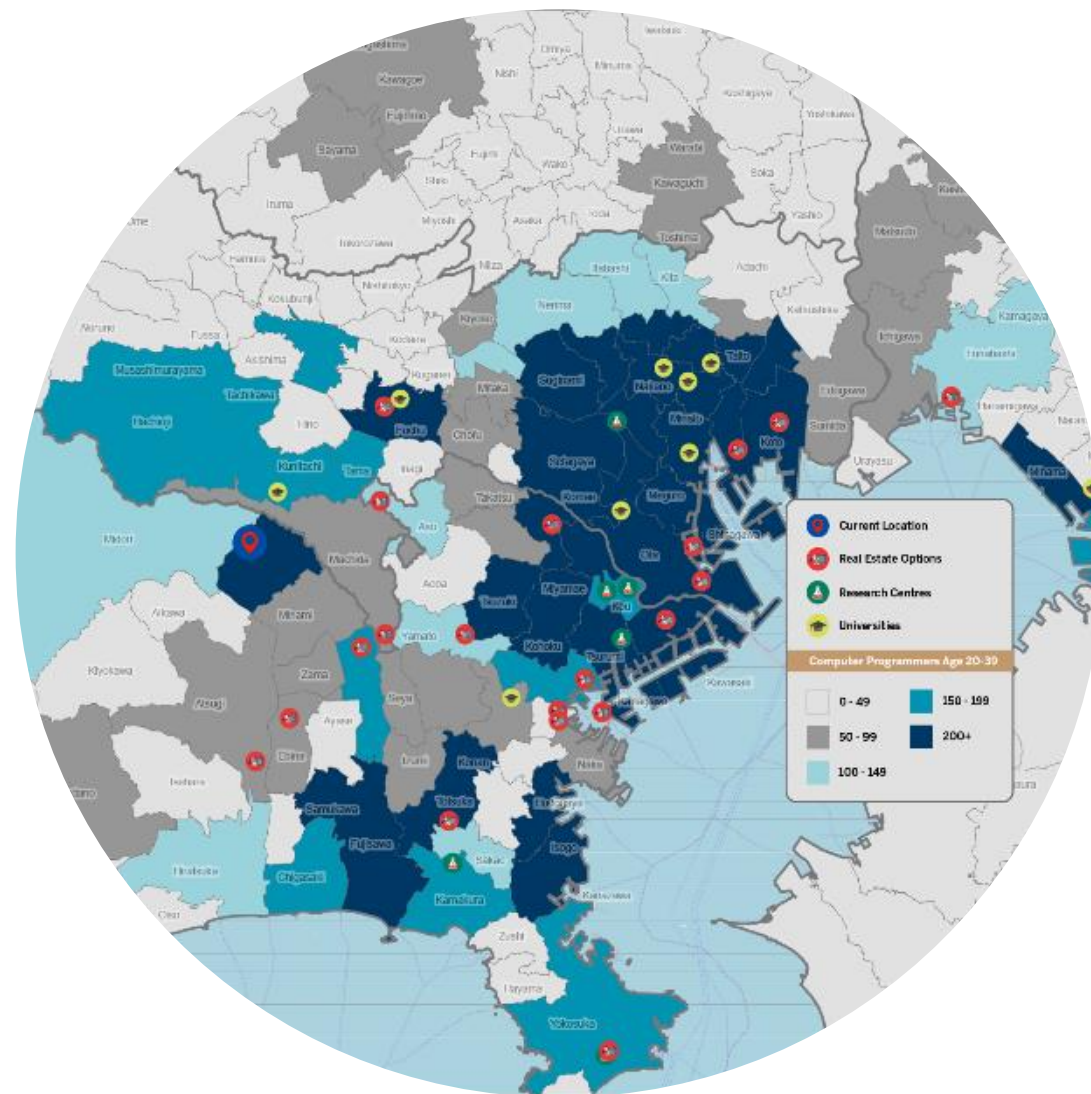
Workforce Recruitment Difficulty Index)

#	POSITION NAME (SOC)	YEAR 1		YEAR 2		YEAR 3		YEAR 4	
		TOTAL POR OCCUPATIONS	RECRUITMENT DIFFICULTY RATIO	TOTAL POR OCCUPATIONS	RECRUITMENT DIFFICULTY RATIO	TOTAL POR OCCUPATIONS	RECRUITMENT DIFFICULTY RATIO	TOTAL POR OCCUPATIONS	RECRUITMENT DIFFICULTY RATIO
1	General and Operations Managers	2245	0.0472	5145	0.0492	1930	0.0342	1974	0.0583
1	Sales Managers	204	0.0833	491	0.5051	209	0.0957	304	0.1612
1	Architectural & Engineering Managers	145	0.0276	321	0.1682	136	0.0368	198	0.0808
1	Financial Managers	408	0.0294	962	0.0988	294	0.0578	528	0.0644
1	Administrative Services & Facilities Managers	213	0.0141	522	0.0268	204	0.0098	253	0.0198
8	Industrial Production Managers	305	0.0393	445	0.0876	293	0.0546	511	0.0724
1	Human Resources Specialists	1006	0.0209	1150	0.0722	496	0.0222	957	0.0512
1	Accountants & Auditors	819	0.0379	2149	0.0731	768	0.0430	1379	0.0834
1	Payroll & Timekeeping Clerks	96	0.0208	232	0.0345	93	0.0215	147	0.0272
2	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	1831	0.0339	5070	0.0290	2098	0.0172	3703	0.0254
7	Sales Representatives, Wholesale and Manufacturing	1198	0.0334	2335	0.1036	1263	0.0333	1660	0.0753
15	First-Line Supervisors of Production and Operating Workers	980	0.0765	1643	0.1089	1379	0.0740	1661	0.1005
2	Bookkeeping, Accounting, and Auditing Clerks	1322	0.0098	3092	0.0317	1155	0.0147	1805	0.0222
4	Customer Service Representatives	2700	0.0681	6140	0.0897	1708	0.0849	2705	0.0869
1	Production, Planning, and Expediting Clerks	312	0.0417	647	0.0742	312	0.0288	825	0.0267
11	Shipping, Receiving, and Inventory Clerks	812	0.0209	1239	0.0307	953	0.0168	1438	0.0132
2	Paper Goods Machine Setters, Operators, and Tenders	87	0.0115	505	0.0020	326	0.0000	343	0.0029
2	Calibration/Engineering Technologists and Technicians	53	–	146	–	59	–	90	–
8	Material Moving Workers, All Other	21	0.4286	38	0.3421	10	0.7000	19	0.3684
34	Production Workers, All Other	318		426		207		688	
	AVERAGE WEIGHTED INDEX		0.096		0.131		0.127		0.092

Note: Bolded occupations are the ones with the highest number of positions recruited.

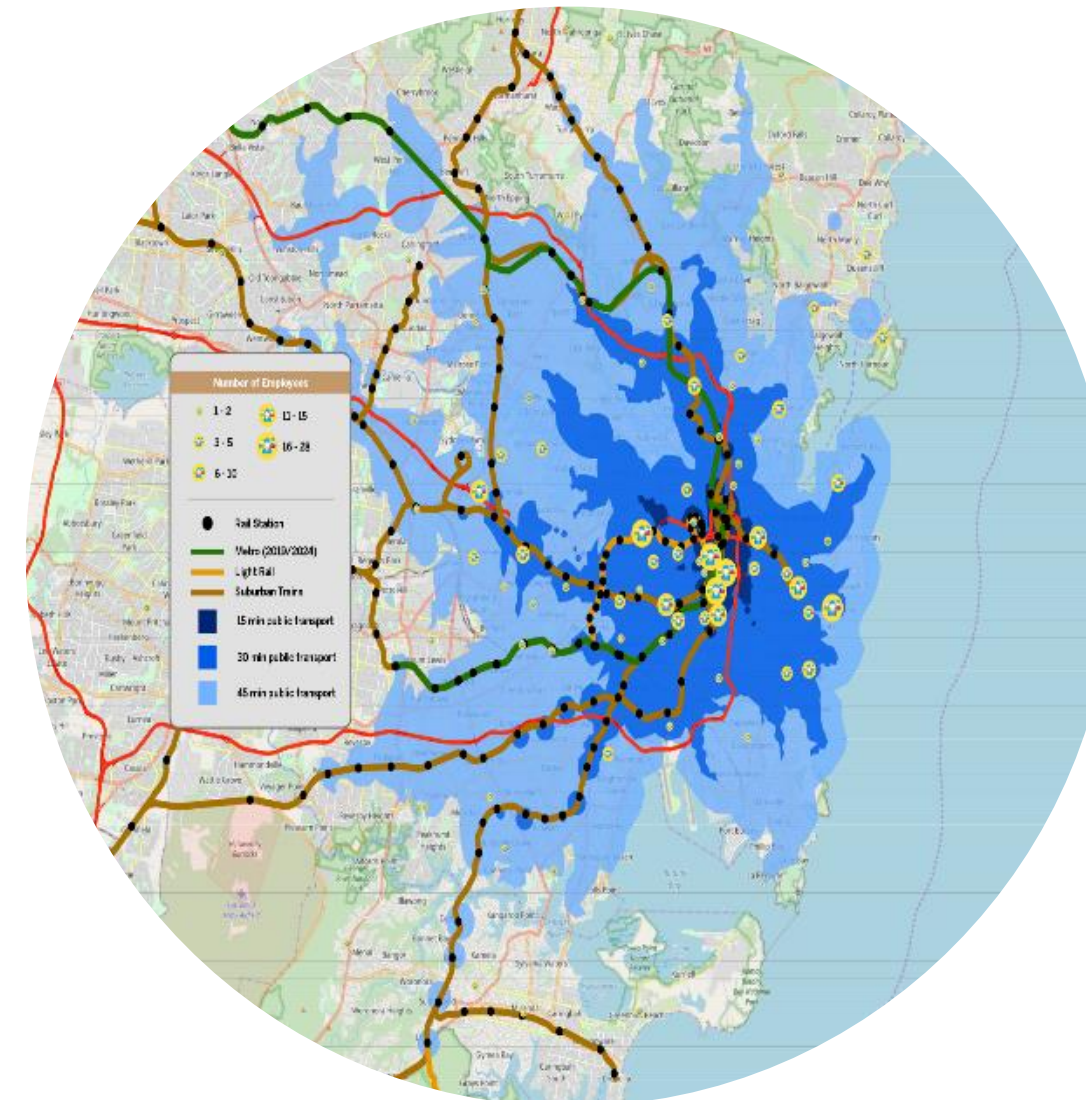
Location Strategy

Mitigating Risk & Creating Competitive Advantages



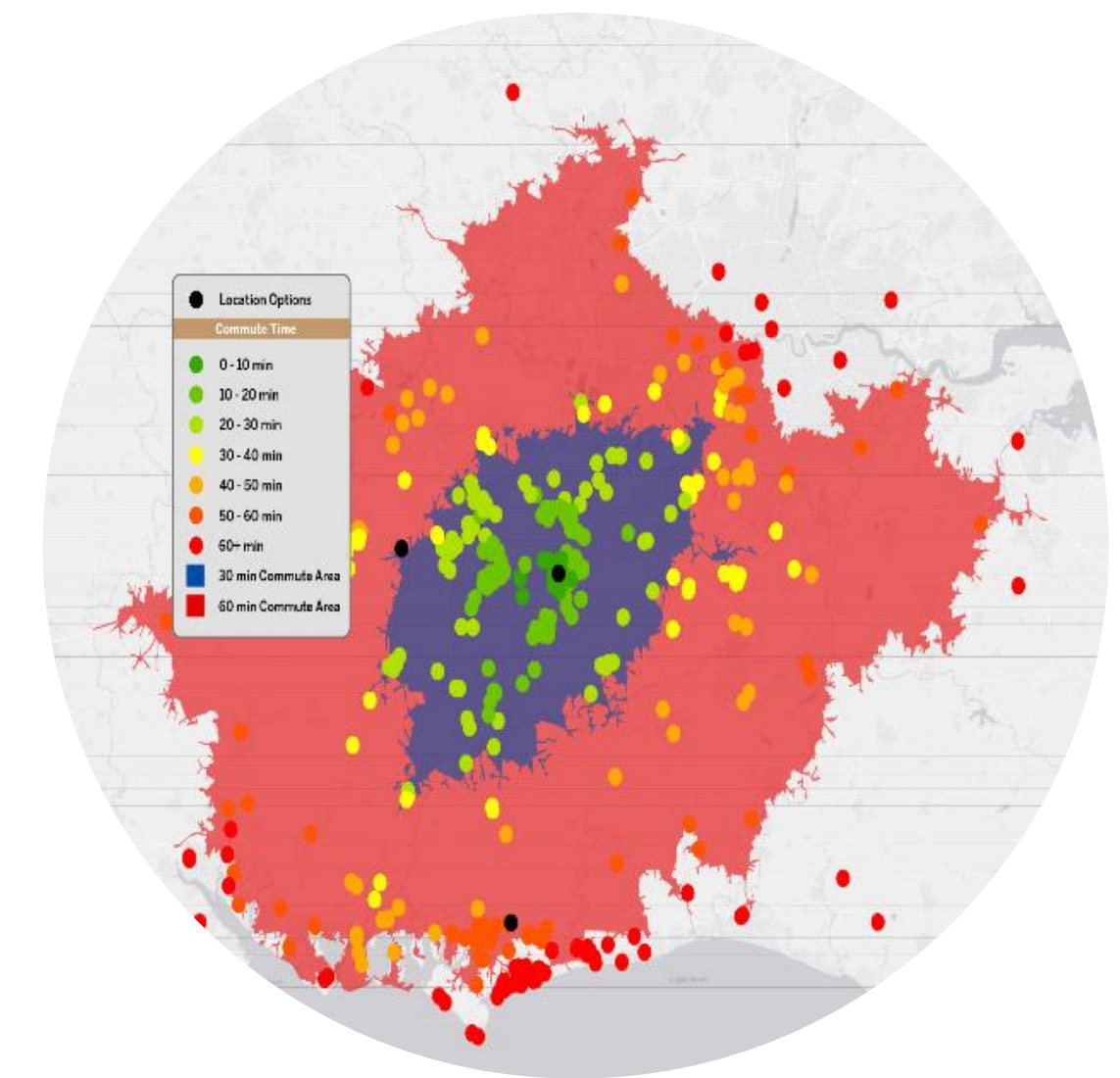
Talent & Demographics

Labor Pool
Labor Demographics
Competitor Analysis



Transport & Infrastructure

Accessibility
Infrastructure
Supply Chain



Cost & Risk

Operational Costs
Risk Assessment
Grants & Incentives

Shifting Trends in Location Strategy

Concentration Risk

Diagnosing risk exposure across global footprint is the first critical step to fostering greater resilience and flexibility, and positioning operations for recovery and resurgence

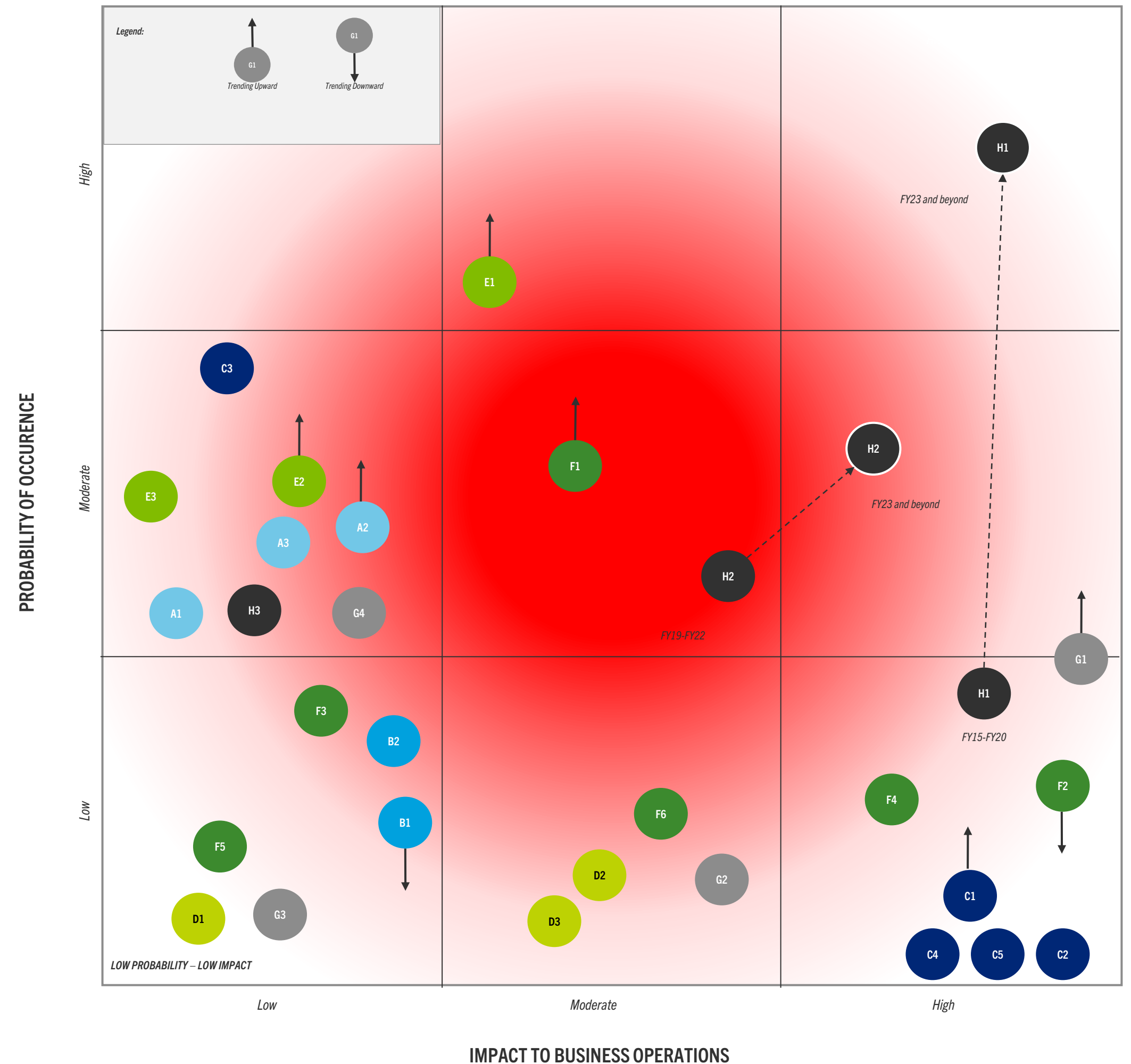
RISK & RESILIENCE: *What should be assessed?*

- Talent concentration
- Cost volatility
- Risk to revenue
- Business climate
- Security

CONSENSUS IS KEY: *Who should provide input?*

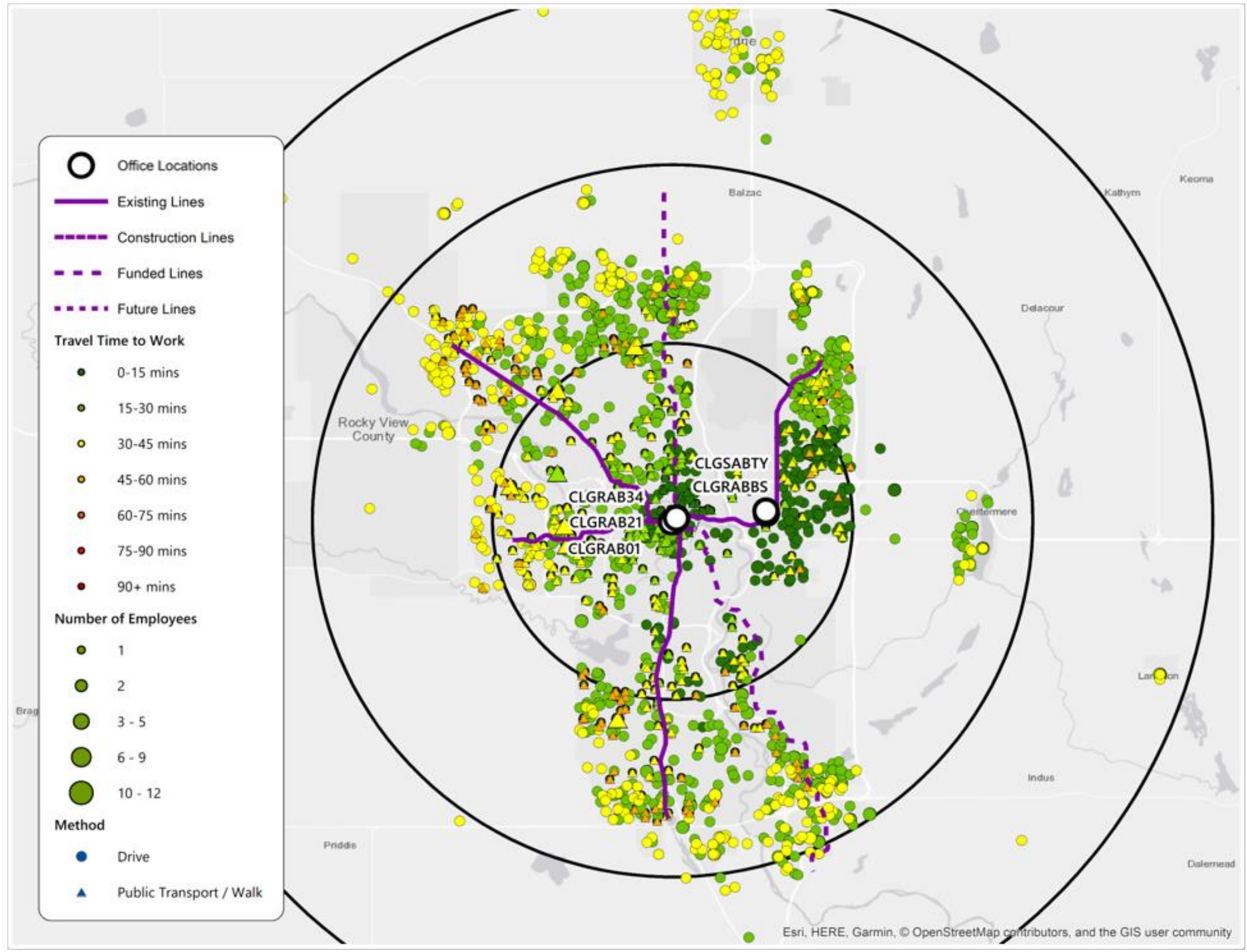
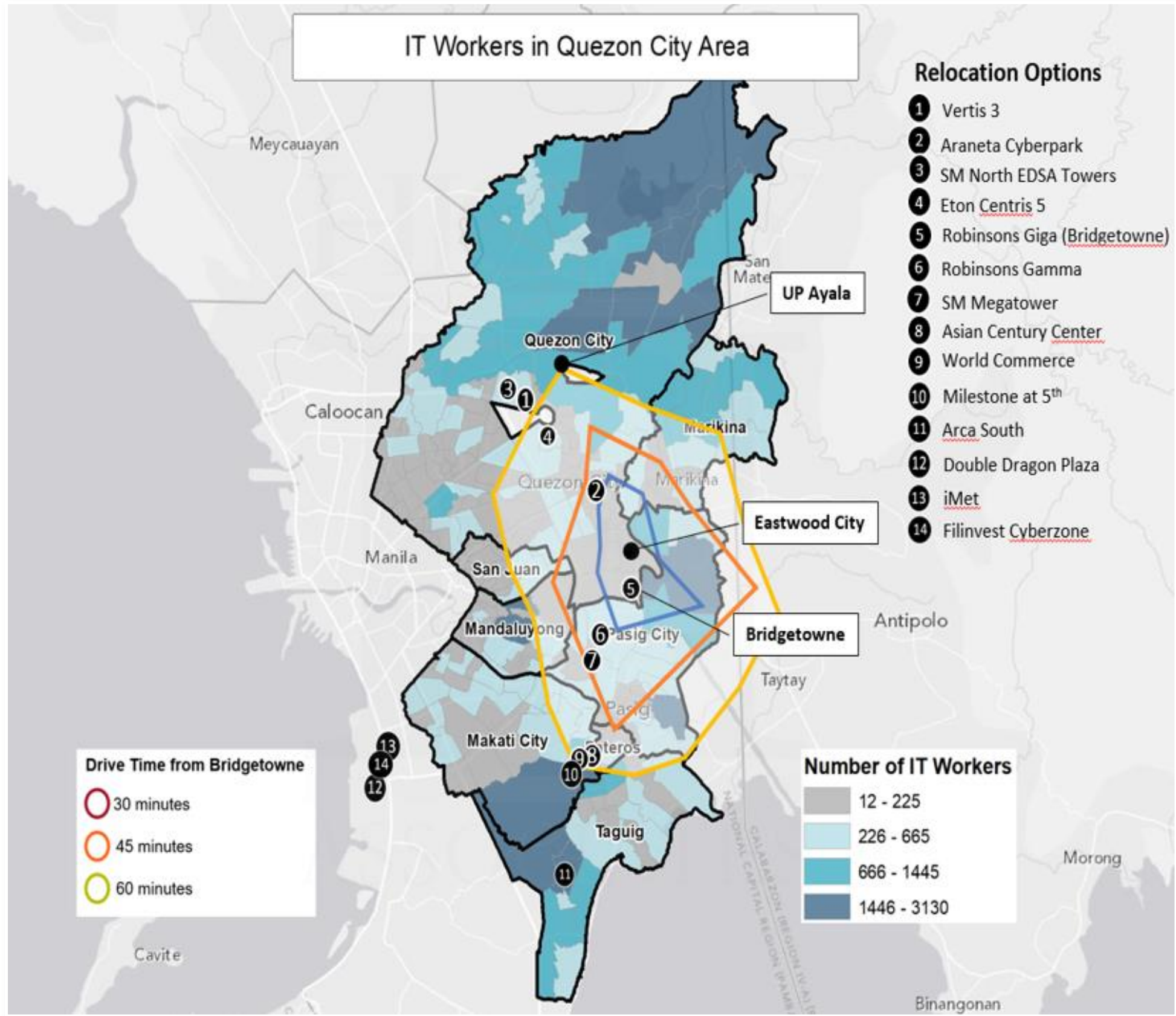
- BU leadership
- Functional leadership
- Real estate
- Risk
- Security

PROBABILITY-IMPACT EVALUATION FRAMEWORK



Location Strategy – Micro Assessment

Select Preferred and Back-Up Locations and Sites



Incentive “Triggers”

TRIGGER EVENTS



SUDDEN SHOCK

Relief to companies to deal with liquidity/cashflow crunches induced by sudden shocks, such as pandemic



CAPEX INVESTMENTS

Equipment, process improvements, infrastructure, rehab/repair existing building/fixture, general maintenance, software



HUMAN CAPITAL

New hires, apprentice programmes, training, recruiting, retention, on-site daycare, health & wellness



ACQUISITIONS & REAL ESTATE

Business acquisitions, facility expansions, relocations, consolidations, lease expirations, lease renewals



ENERGY / SUSTAINABILITY

Lighting, HVAC, boilers, motors & drives, process utilities, environmental clean-up & remediation, renewable energy investments

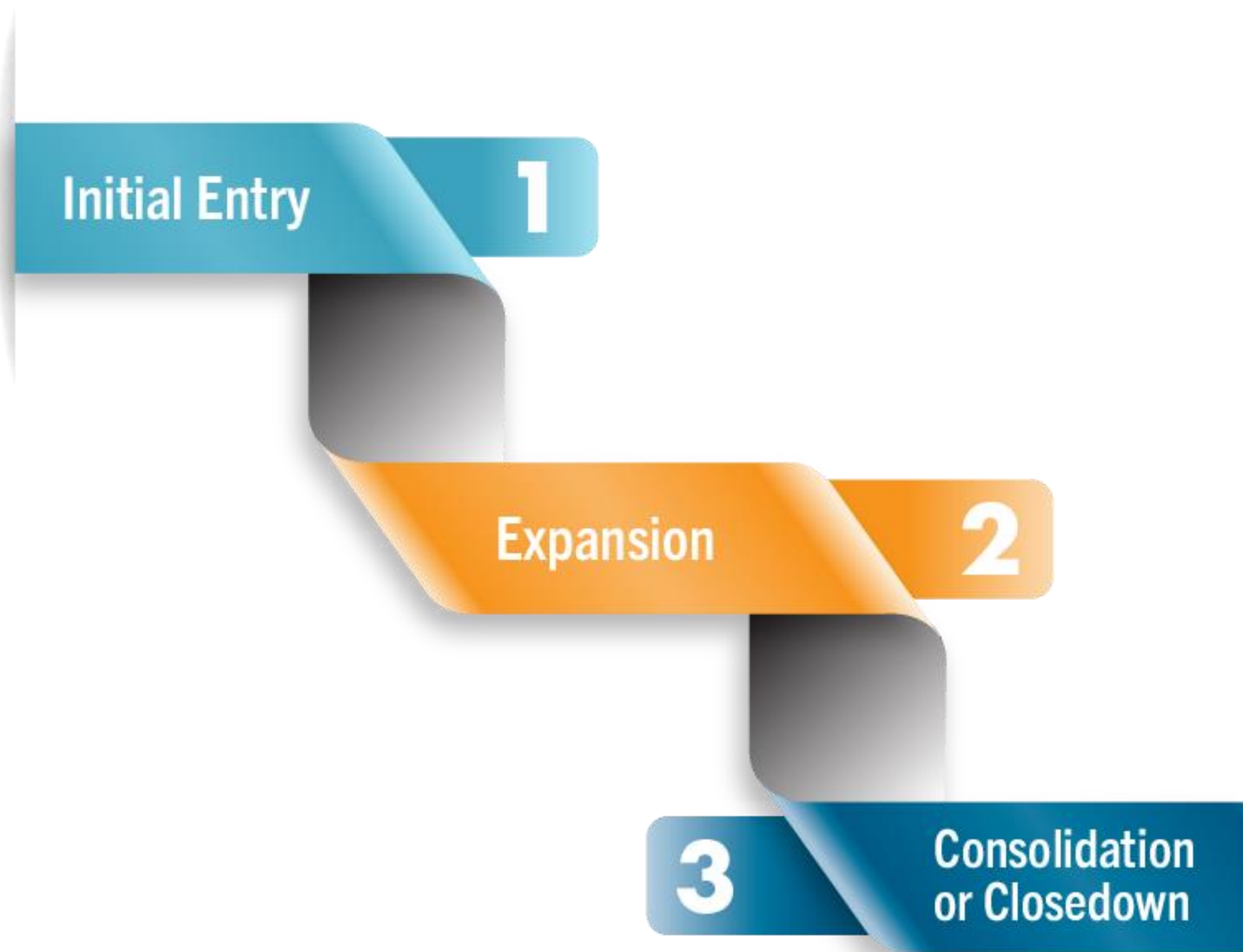
HICKEY RULES OF THUMB

31% average transformational project offset

5%-20% annual CAPEX offset

1%-5% annual labor cost offset

When should businesses consider incentives?



Global Annual **Economic Incentives**



Key U.S. Incentive Trends

Programs & Policy Changes



Skill
Development



Incentivizing
Film



Marquee
Projects



Transparency

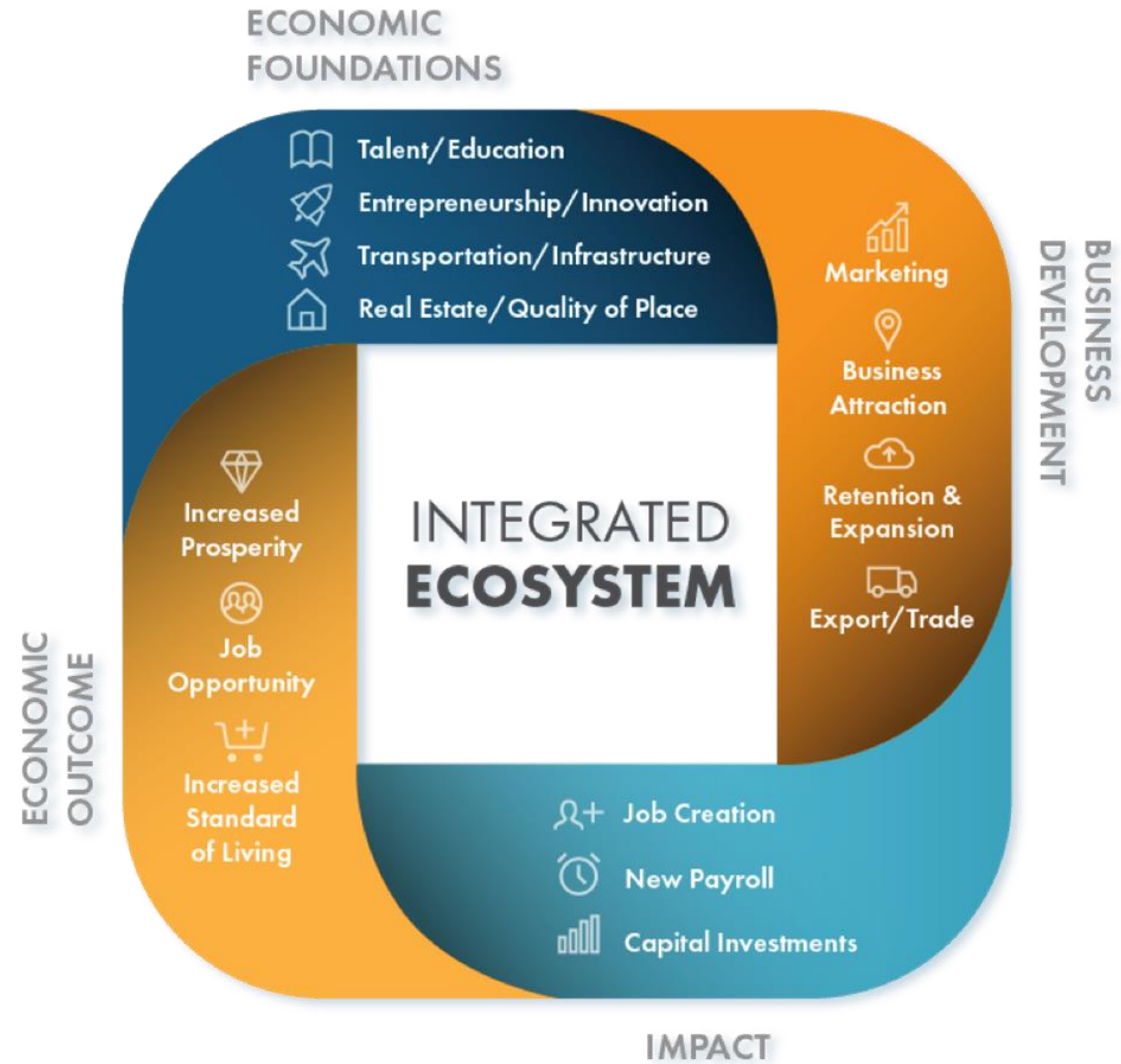


Inclusive
Policies



Major Program
Debates

Integrated Ecosystem



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Utility Practice within Hickey Global

Practice Leader

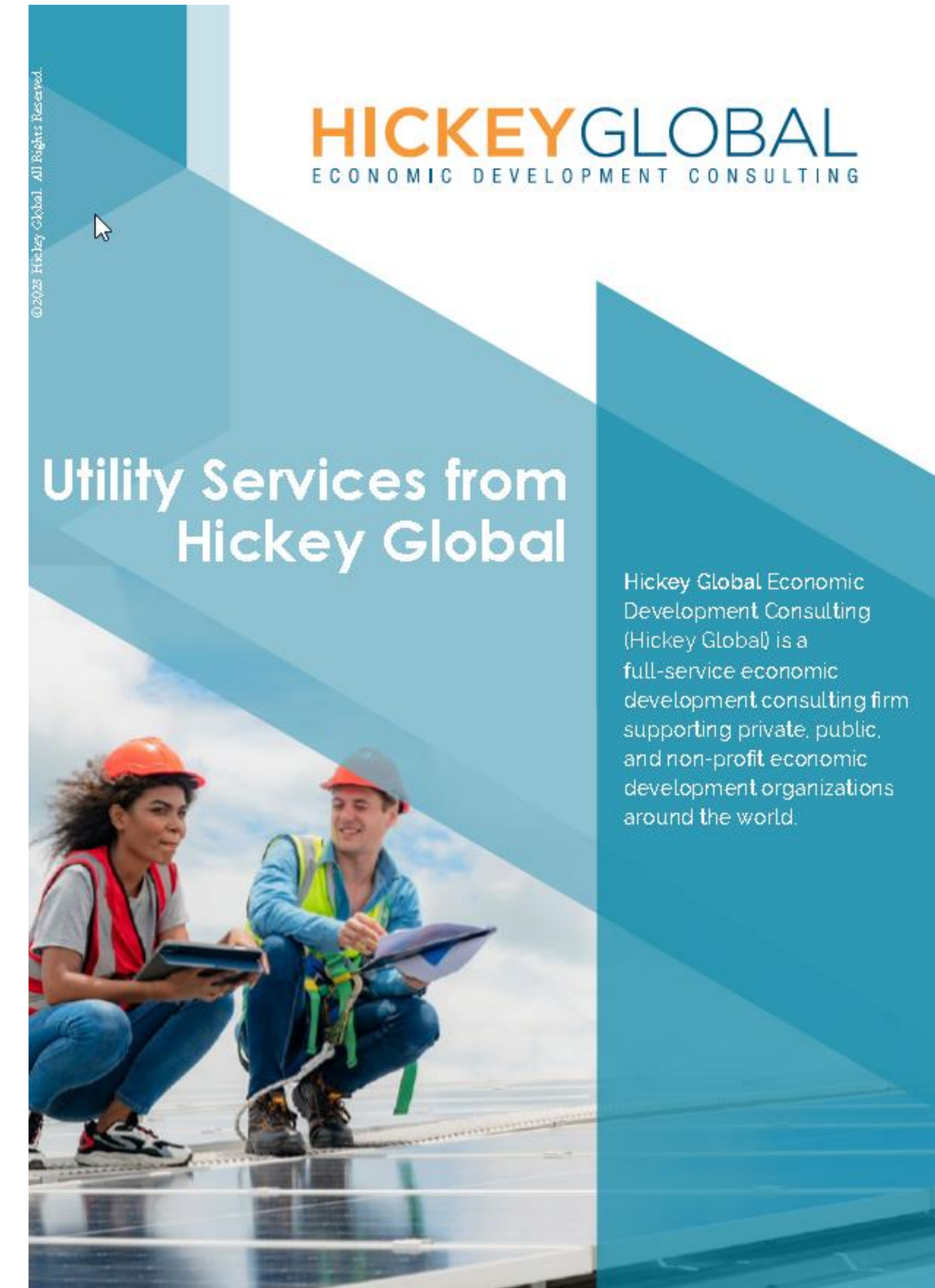
- 36 years in the profession
- Worked in utility, consulting, community development, and regional planning organizations
- Served as vice president – Sales, Economic and Business Development for American Electric Power across 11 state, 200,000 square mile service territory
- Managed largest private EDO in the United States
- Founder and president of ED Solutions, Inc., a consulting firm that assisted over 200 communities across the United States, Canada, and the UK
- Instructor and Past Dean of the Economic Development Institute at the University of Oklahoma
- Past Chair of the Utility Economic Development Association (UEDA)
- Licensed scuba instructor and is a sailing enthusiast



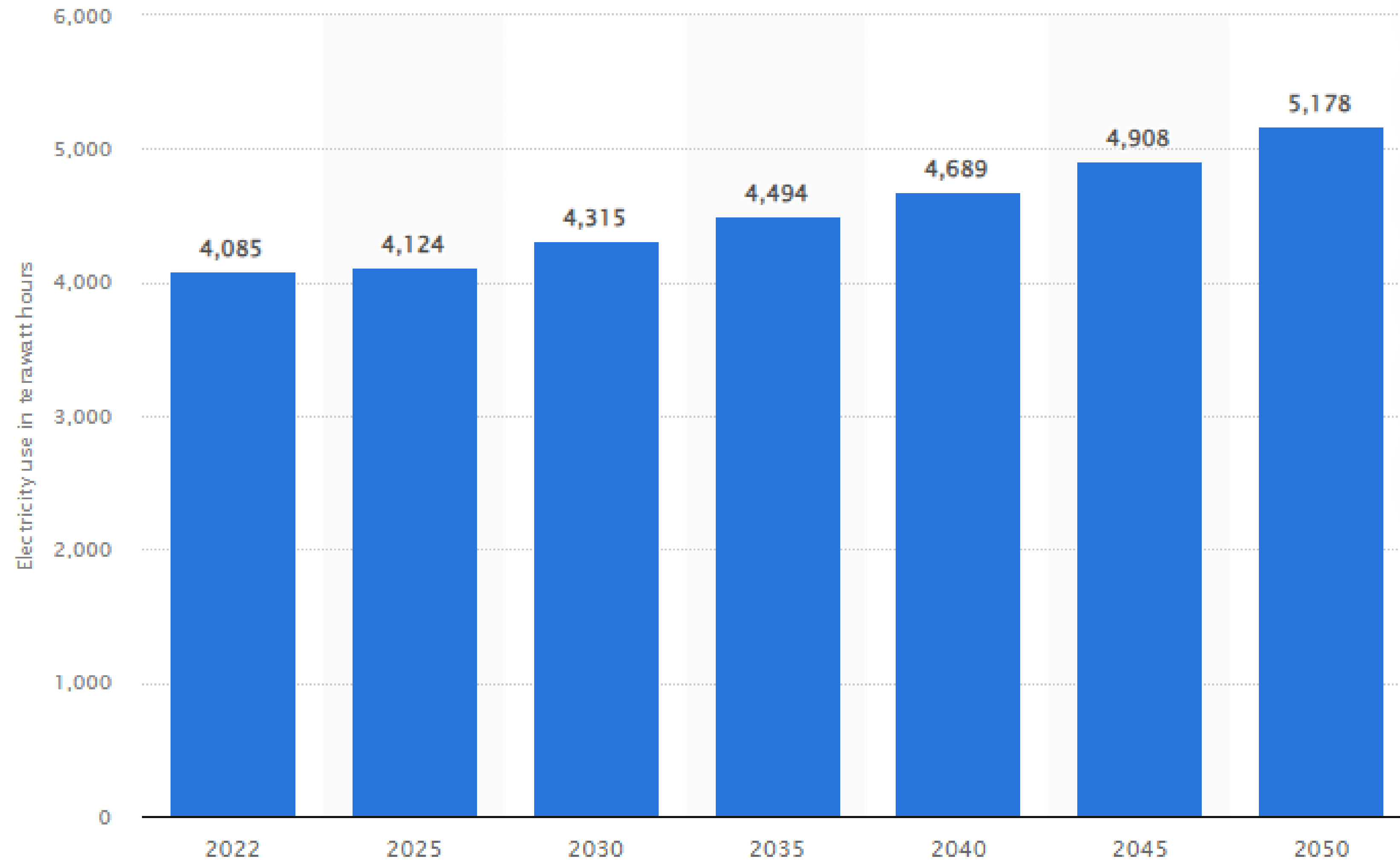
Mark James, CEC
Principal - Hickey Global

Utility Practice within Hickey Global Services

1. Business Sector Targeted Marketing
2. Programs of Work Review
3. Benchmarking and Competitive Analysis
4. Organizational Assessment
5. Strategy Development
6. Training
7. Research Tools and Capacity Assessment
8. Incentives and Rate Design (we did this work this year with client FPL)
9. Electrification Strategies
10. Ongoing Consultation and Support (retainer based)



27%

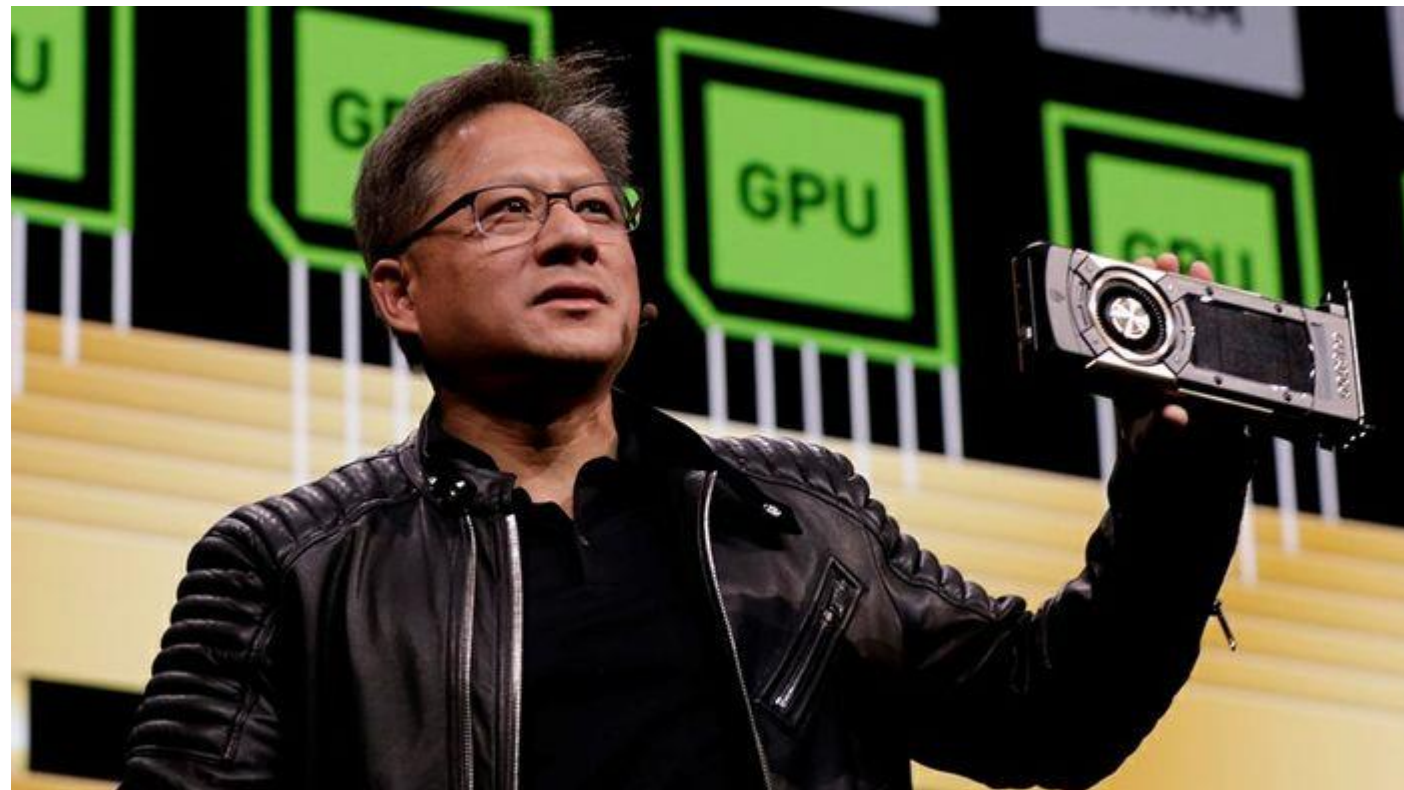


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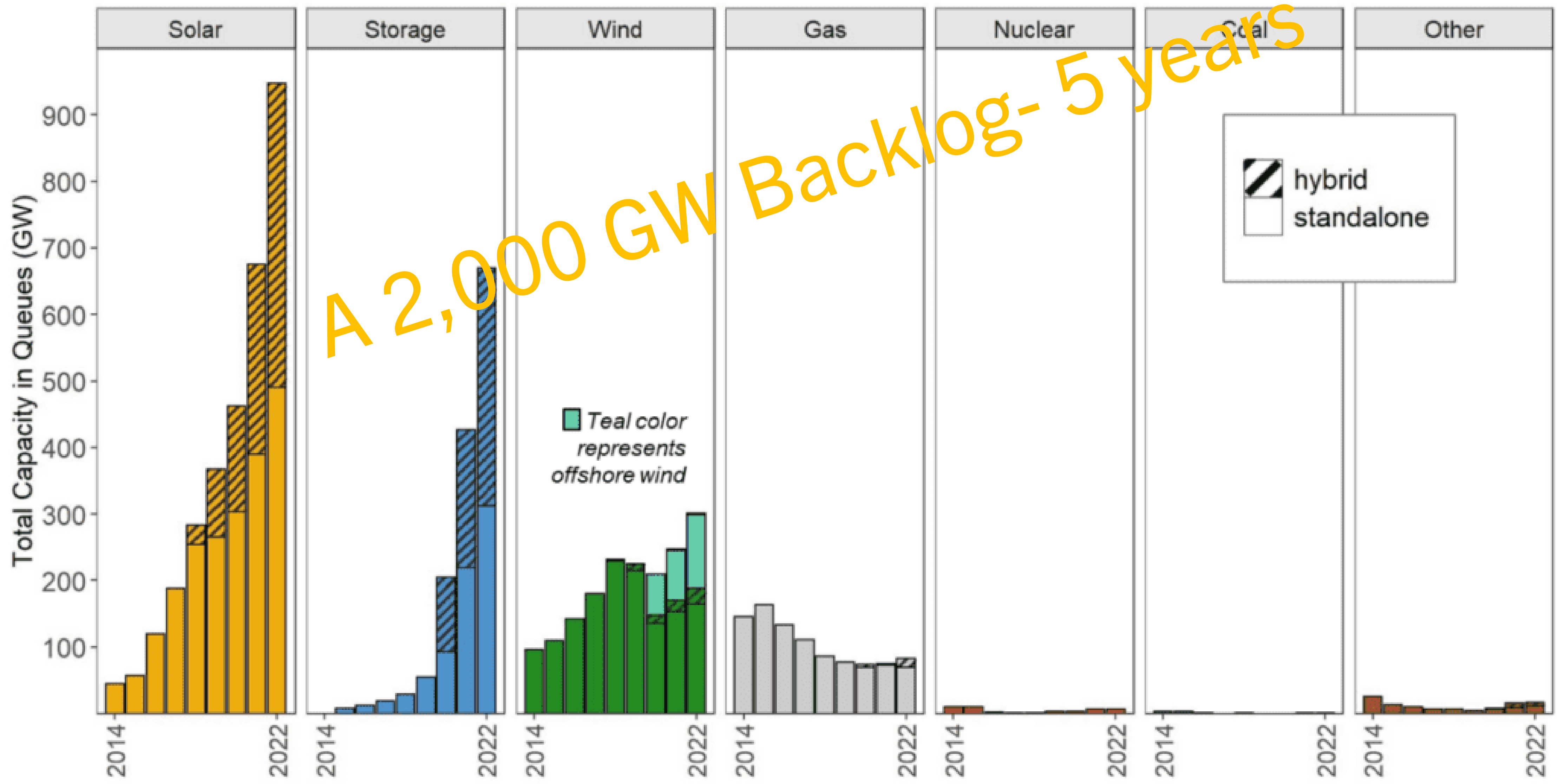
I literally got this from my iPad as I was preparing this presentation on February 22nd!



“ Generative AI has kicked off a whole new investment cycle to build the next trillion dollars of infrastructure of AI generation factories. **We believe that these two trends will drive a doubling of the world's data center infrastructure installed base in the next five years. And will represent an annual market opportunity in the hundreds of billions”**

Jensen Huang, NVIDIA CEO

35GW by 2030,
up from 17GW in
2022







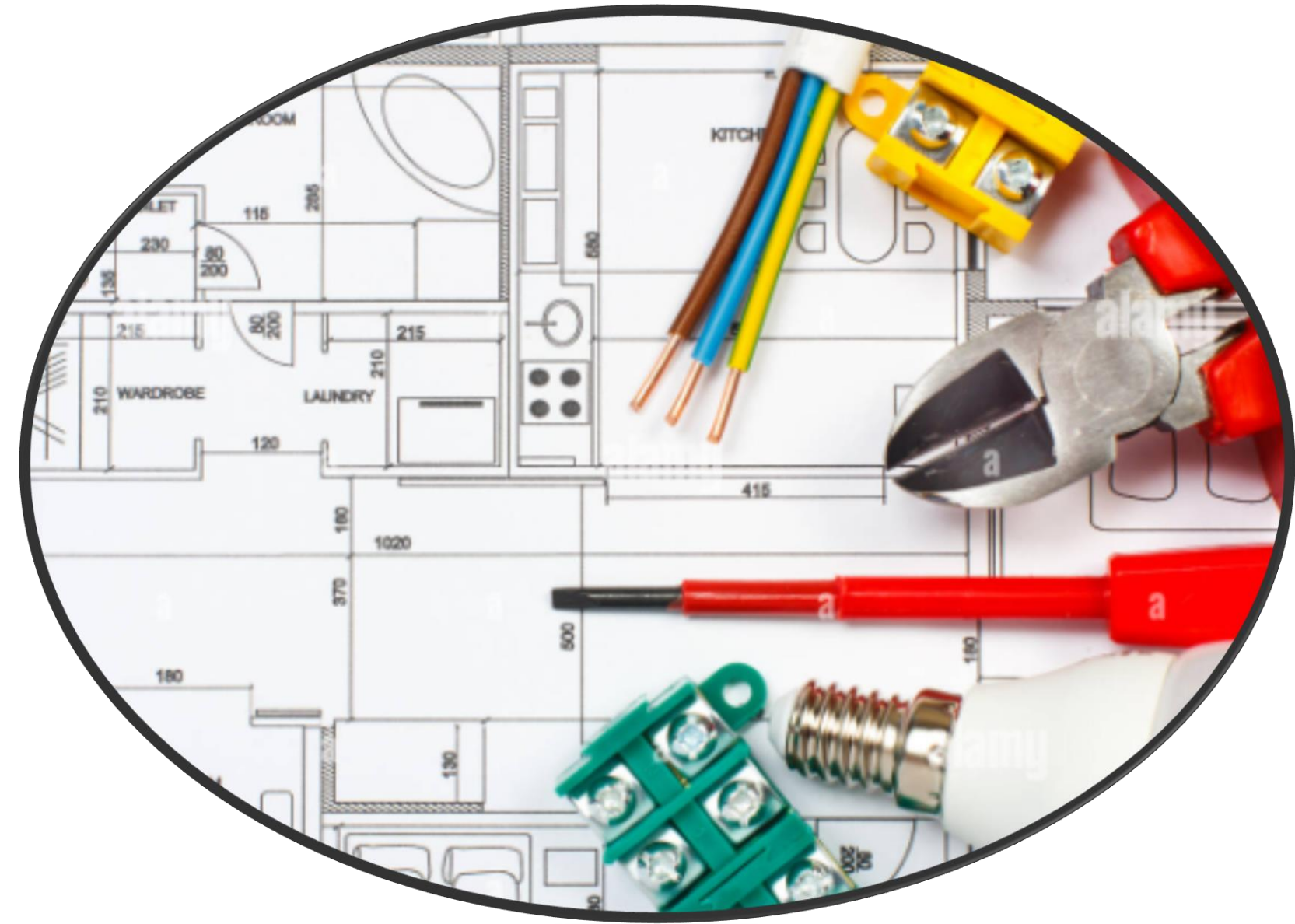


How do we move forward together in this environment?



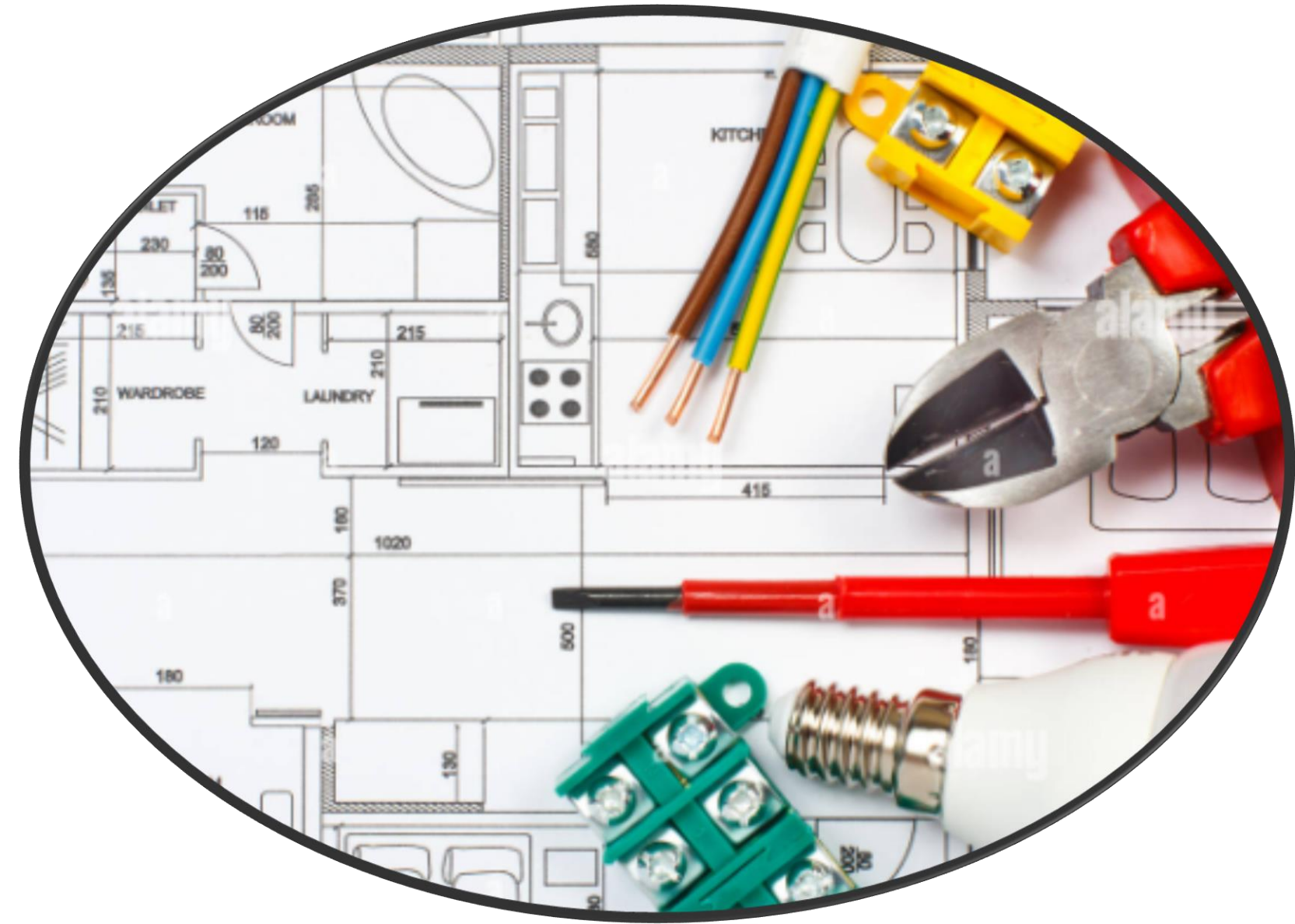
What Site Selectors Want from Utilities:

- ††† One Point of Contact
- ††† Being Prepared- know circuit capacities, well-served sites
- ††† Follow-through, Follow-up
- ††† Timely Response
- ††† Understanding Generation Mix
- ††† Bring a BD-Minded Engineer to the Meeting to Discuss Plan of Service, etc.



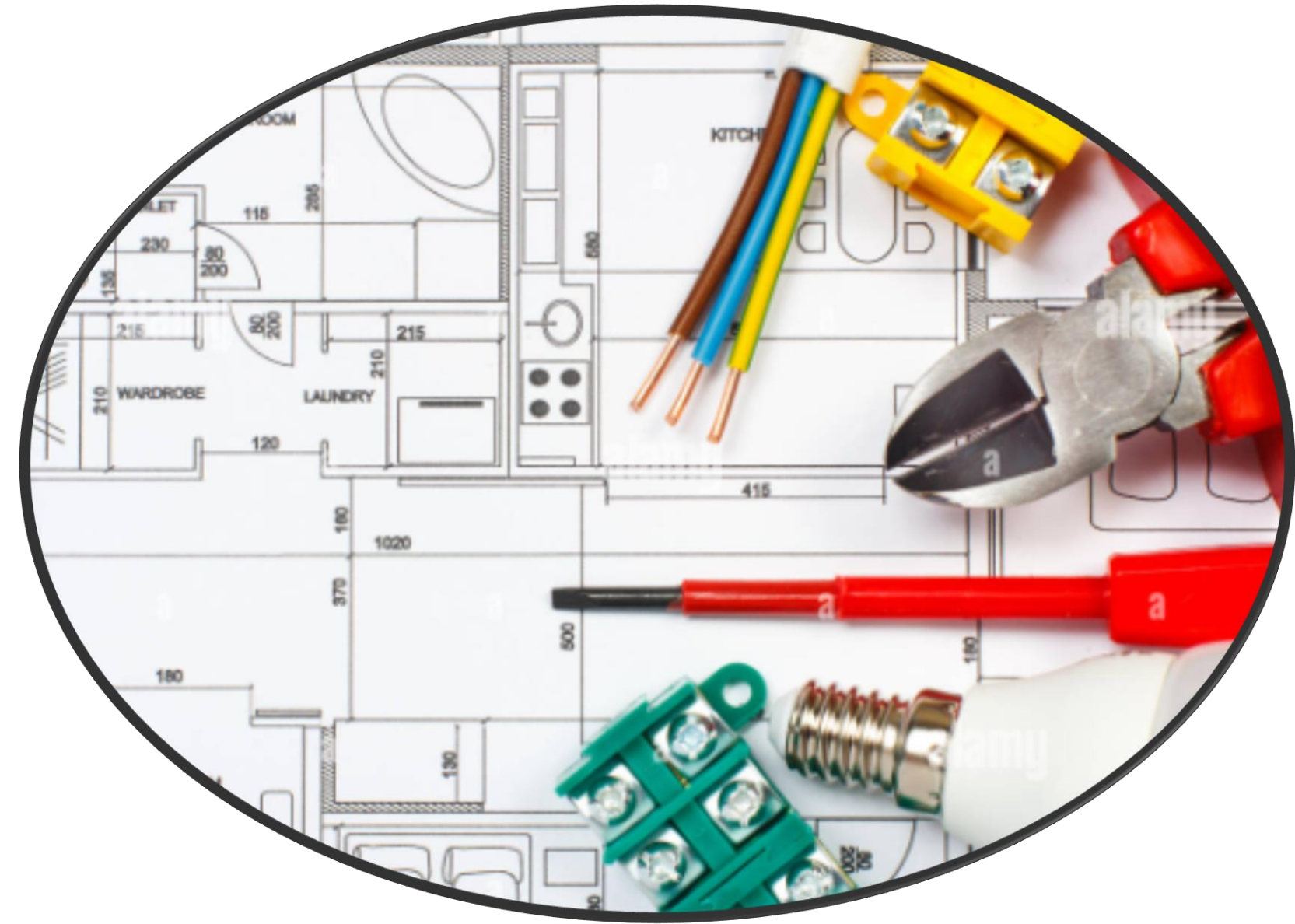
What Utilities Want/Need from Site Selectors and Companies:

- ††† Getting with Utility Early
- ††† Sharing as Much Detail as Possible. NDA?
- ††† Making Sure they have a Realistic Size of Project
- ††† Understand/Include Ramp-Up Schedule
- ††† See the Utility as a Partner, Not an Adversary
- ††† Bring a BD-Minded Engineer to the Meeting to Discuss Plan of Service, etc.



What EDO's Need to Ask When a Prospect Needs a Rate Quote

- ††† What is their power usage?
- ††† What is the demand of their connected load?
- ††† How many jobs will be created?
- ††† How many hours (shifts) per day will they operate?
- ††† What industry are they in?
- ††† Will they be ramping up their operation over time?
- ††† Do they have renewable goals?



What Both Groups Should Strive For:



Known



Predictable



Win-Win

Questions?



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HICKEYGLOBAL

ECONOMIC DEVELOPMENT CONSULTING

LOCATION STRATEGY | LABOR BENCHMARKING & ANALYTICS | GRANTS & INCENTIVES ADVISORY
SUPPLY CHAIN & LOGISTICS | WORKFORCE SOLUTIONS