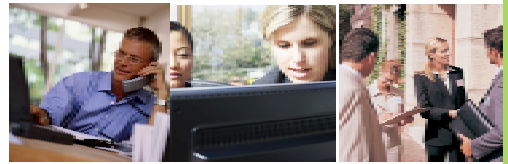


Report:
BROKEN ARROW SITUATIONAL ANALYSIS



Presented to:
BROKEN ARROW ECONOMIC DEVELOPMENT CORPORATION

REPORT: Broken Arrow Situational Analysis

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Delivered to:
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Prepared by:



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We would also like to thank the more than 800 Broken Arrow residents that took part in the on-line surveys. Without your input, this process would not be successful.

This Situational Analysis is the first phase in the development of an Economic Development Plan for Broken Arrow; it is an effort to expand upon the region's current economic development efforts, assess the current economic climate, and identify the key issues that hinder the community's ability to fully capture its economic development potential.

OUR APPROACH

This report marks the end of Phase I in the planning process. It evaluates the current state of affairs in Broken Arrow in areas that are most critical to business and industry growth. Using data that was either provided by Broken Arrow or collected independently by AngelouEconomics, this report allows us to take a step back and evaluate trends, data, and businesses' and residents' perceptions of the community.

This report assesses the region's current economic situation and the trends that have shaped it. Specifically, we evaluate the region's handling of past growth and its readiness to attract and direct future economic development. We analyze the community in a range of economic and demographic variables by comparing it against a group of national benchmark communities.

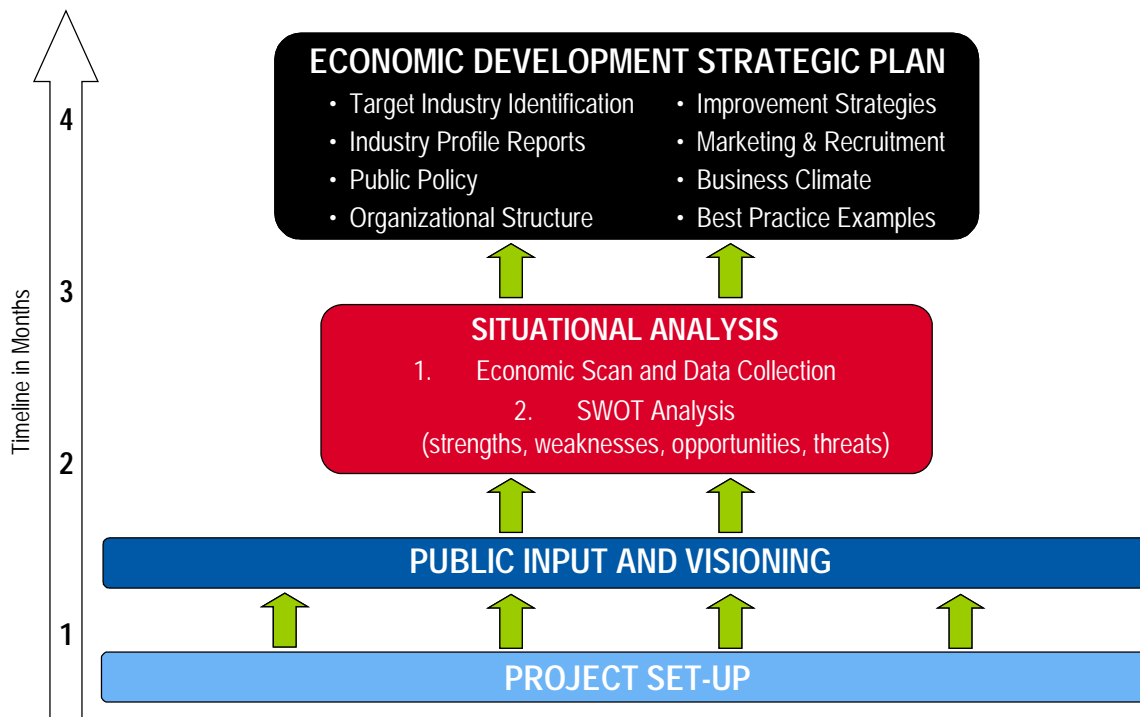
The *Situational Analysis* is broken into two sections:

- **An economic scan of Broken Arrow** that evaluates the demographic and economic trends shaping its current situation and compares Broken Arrow to benchmark communities
- A **SWOT summary & identification of critical issues** that details the primary strengths, weaknesses, opportunities, and threats facing Broken Arrow and the Tulsa region

This analysis will provide the necessary framework for Part II of the planning process, the Target Industry Report and Economic Development Strategic Plan. In the Target Industry Report, AE will prioritize current industry clusters and identify emerging industry clusters that could be located in Broken Arrow and should become the focus of the city's economic and community development activities. The Strategic Plan will provide a roadmap for the BAEDC's activities over the next 5 to 10 years.

The chart below provides an overview of the strategic planning process for Broken Arrow:

BROKEN ARROW ECONOMIC DEVELOPMENT STRATEGIC PLANNING PROCESS



OUR METHODOLOGY

AngelouEconomics used a variety of sources to collect the quantitative and qualitative information used in our analysis. To begin, the consulting team collected numerous studies and plans developed for Broken Arrow and the Tulsa region by both government and private parties.

Quantitative data was collected from national and state sources, including the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, Decision Data Resources (Demographics Now), the National Science Foundation, and numerous private sector sources. AngelouEconomics also gathered qualitative data through numerous one-on-one interviews, community tours, and reviews of past studies. AngelouEconomics met with individuals representing the following groups: local economic development officials, local elected officials and staff, educational leaders, major employers, non-profit leadership, and other interested parties. Two surveys were also created for this project: a residents survey and a business owner and manager survey. The surveys garnered an astounding 905 responses.

Our methodology is designed to evaluate the area from a site selector's perspective. During our research, we explore issues and datasets that will ultimately impact the location decisions made by business executives across industry sectors. "Site selection" is generally perceived to be an evaluation for the expansion of industries. We broaden this definition to include the expansion and retention of existing businesses, the recruitment of new businesses, as well as the formation of start-ups. While a business may already exist and

conduct business locally, it still chooses to stay in the region. Nurturing existing companies will make the area more attractive to newcomers and vice versa.

In order to gauge where Broken Arrow stands relative to other globally competitive communities, **this report assesses the performance of Broken Arrow and the Tulsa region against a number of benchmark communities** selected based on similar size and economic characteristics. Because of inherent differences between Broken Arrow and Tulsa, different benchmarks are used for each. These benchmarks are identified in the Economic Scan.

The assessment looks at several key areas and includes factors that provide a scan of Broken Arrow's current economic condition and trends. The data presented in this report address the following issues:

- **Business Climate** (e.g. economic growth, industry composition, wages, cost of living, tax burden)
- **Workforce and Education** (e.g. educational attainment, labor force availability, secondary education, age demographics, workforce development programs)
- **Sites & Infrastructure** (e.g. commercial real estate, transportation system, utility costs, telecommunications)
- **Quality of Life** (e.g. downtown development, retail, arts and culture, aesthetics, recreational amenities, safety and crime)
- **Economic Development and Marketing** (e.g. branding and marketing campaigns, regional cooperation, public-private partnerships)

NEXT STEPS

This Situational Assessment is only the first step in the process of developing the Economic Development Strategy for Broken Arrow.

The issues identified in this analysis will play a role in the next report we will produce for this process:

- The information in this assessment dealing with industry clusters will be incorporated and expanded upon in Chapter 1 of the Strategic Plan, the Target Industry Report, which will identify specific target industries that would be most appropriate given Broken Arrow's assets and limitations.
- The issues identified and discussed in this assessment will also be addressed through strategies in the final Economic Development Strategic Plan. Those strategies will include specific action steps, organizations or individuals who should be responsible for implementing each strategy, a timeline for implementation, and performance measurements so that leaders in the region will be able to judge whether they are making progress in putting the strategies into action. This final plan will become the roadmap for Broken Arrow's future.

Over the past 100 years, Broken Arrow, Oklahoma has developed into one of the most desirable places to live in America. From its roots as a Creek Indians settlement to becoming one of the largest cities in Oklahoma, Broken Arrow has proudly earned recognition as one of the “best places to live in America” and the “20th safest city in the U.S.”

The leaders of Broken Arrow have recognized, however, that pure growth, in and of itself, is not the ultimate goal of the community. Residential growth must be supported by high-impact, high-wage business growth. This economic development planning process has grown out of that recognition.

Three recent initiatives have set the stage for the enhanced economic development focus in Broken Arrow. These initiatives, along with a committed leadership and political will, put Broken Arrow in an excellent position to increase economic prosperity and quality of life for its residents.

- **Vision 2025**

In September of 2003, Tulsa County voters approved a one-penny, 13-year increase in the Tulsa County sales tax for regional economic development and capital improvements. The package was called Vision 2025: Foresight 4 Greater Tulsa.

The Vision 2025 program consists of four parts: 1) \$350 million in incentives for Boeing Company that did not go into effect because Boeing did not select Tulsa; 2) \$22.3 million in incentives for capital improvements, equipment, tooling, and training at American Airlines; 3) \$350.3 million for economic development, education, health care, and events facilities that included \$26 million in funding for Phase II of **NSU-Broken Arrow**; and 4) \$157.4 million for capital improvements to parks, trails, and other community infrastructure that also directly improved Broken Arrow facilities.

- **Bass Pro Shops**

In 2005, Bass Pro Shops Outdoor World, a leading destination retailer of outdoor goods, opened its second Oklahoma location in Broken Arrow. The store is anchoring the 65-acre Stonewood Hills development at Elm Place and the Broken Arrow Expressway. Bass Pro estimates traffic of 2.5 million annually; the traffic generated is expected to be the anchor for further retail and restaurant development in the city, amenities that are currently lagging other suburban high-growth regions.

- **The establishment of the Broken Arrow Economic Development Corporation (BAEDC)**

Historically, the lead economic development organization in Broken Arrow has been the Chamber of Commerce. However, in 2005, city leaders proposed the idea of creating a separate Broken Arrow Economic Development Corporation (BAEDC) as a joint effort of the city, chamber, and public schools. An independent non-profit corporation, the BAEDC is currently being funded by \$200,000 annually from the city of Broken Arrow. The independent board is working to develop a harmonious and comprehensive economic development vision for Broken Arrow, beginning with this planning process.

Clearly, Broken Arrow is now positioned to become an economic engine for the Tulsa region. It is AE's hope and intention to use this planning process as a catalyst to jump-start that engine. NOW is the time for committed leadership to work together to address the issues highlighted throughout this report and leverage Broken Arrow's unique assets to retain and attract high impact employers and employees that will contribute to the prosperity of the community.

In this introductory section, we outline the economic and demographic trends shaping Broken Arrow.

The information collected in the economic scan will lay the groundwork for the target industry report, SWOT analysis, and will provide a benchmark against which future progress can be measured. The data addresses the following factors:

- Population and Population Growth
- Age Levels
- Race and Ethnicity
- Income
- Wages
- Educational Attainment
- Cost of Living and Housing
- Labor Force and Employment Trends
- Major Private Employers
- Transportation
- Cost of Doing Business
- Research Infrastructure
- Real Estate

Although Broken Arrow is part of the larger Tulsa MSA, this project is focused on the individual city itself. Most issues are specific to the city, although some regional matters are also discussed. For that reason, unless otherwise noted, data is presented at the city level.



Source: City of Broken Arrow

BENCHMARK COMMUNITIES

In order to gauge where Broken Arrow stands relative to other globally competitive communities, **this report assesses the performance of Broken Arrow against a number of benchmark communities:** St. Charles, MO, Olathe, KS, Round Rock, TX, and Sugar Land, TX. These communities were selected based on their proximity to Broken Arrow, similar demographic characteristics, and strong growth in recent years.

St. Charles, MO

The second oldest city west of the Mississippi, and the original capitol of Missouri, St. Charles is a community of 69,000 residents located approximately 25 miles northwest of St. Louis. Known for its historic architecture and craft fairs, St. Charles boasts a quaint atmosphere and affordable quality of life that recently led the wider St. Charles area to be named one of the nation's "25 Best Affordable Suburbs". St. Charles is home to employers such as Boeing, and anchors one of the fastest growing counties in the state and nation.

Olathe, KS

Located 20 miles southwest of Kansas City, Olathe is the 19th fastest growing city in the nation with nearly 115,000 residents. Known for its hot air ballooning, sail boarding, and public lakes, Olathe's recognized high quality of life has led it to be ranked the 2nd most desirable place to live among cities of 100,000 or more residents, and the 13th best place to live among all locations. Olathe has a strong and growing economy, with Honeywell and GPS manufacturer Garmin leading a diversified industry base that includes clusters in electronics, logistics and distribution, and insurance.

Round Rock, TX

Round Rock is a thriving suburb of 83,000 that has benefited tremendously from its close proximity (17 miles) to downtown Austin. Regional prosperity has made Round Rock the benefactor of a robust high-tech industry base, anchored by Dell's headquarters and their nearly 10,000 employees. The Austin-Round Rock MSA has been rated a Five Star Knowledge Worker metro area, and one of the five most innovative entrepreneurial regions in the country. Located a short drive away from a variety of outdoor activities and live music opportunities, and with a school district rated in the top 16% in the nation, Round Rock is also known for its very high quality of life.

Sugar Land, TX

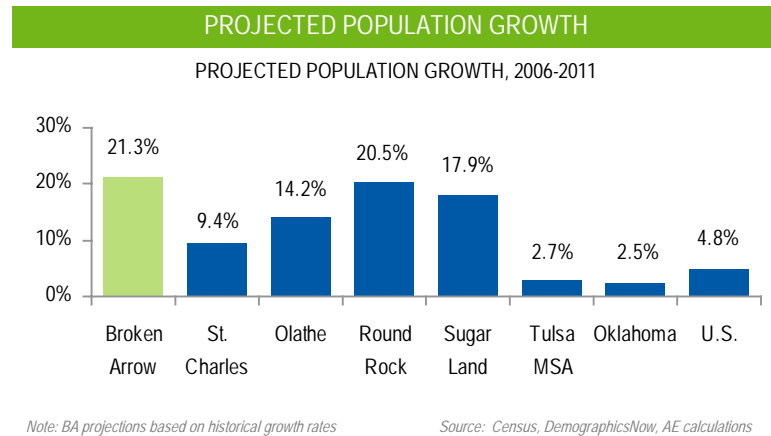
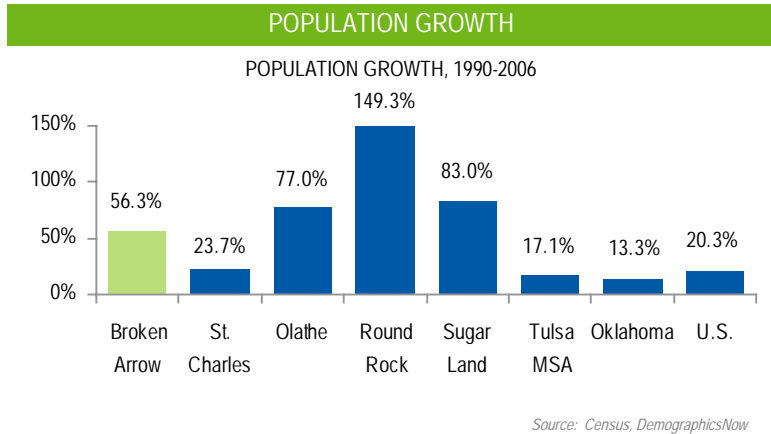
Located 20 miles outside of Houston, the city of Sugar Land was built on the strength of the Imperial Sugar Company, and today has grown to a population of 82,000. Sugar Land exhibits a strong corporate presence and a diversified economic base rooted in the energy industry, but also buoyed by the presence of software, semiconductors, and electronics companies. The strength of the city's economy is evidenced by its 31% job growth over the past 5 years, and its highly diverse workforce, nearly 25% of which is Asian. Sugar Land has been rated the #3 best place to live among small cities, and the #8 best place to raise a family.

| AT A GLANCE | | | | | |
|----------------------------|--------------------|-------------------|--------------|------------------|------------------|
| 2006 | Broken Arrow OK | St. Charles MO | Olathe KS | Round Rock TX | Sugar Land TX |
| Population | 94,000 | 68,611 | 114,453 | 83,268 | 81,776 |
| Population Growth '00-'06 | 25.5% | 23.7% | 23.1% | 36.2% | 29.4% |
| Unemployment Rate | 2.8% | 4.8% | 4.6% | 3.6% | 4.1% |
| Labor Force Growth '99-'05 | 19.8% | -8.8% | 28.4% | 36.4% | 86.3% |
| Median HH Income | \$61,570 | \$52,305 | \$71,601 | \$70,696 | \$95,226 |
| % Bachelor's Degree + | 34.2% | 33.5% | 46.3% | 40.1% | 58.0% |
| % in 25-44 Age Group | 29.5% | 26.1% | 32.8% | 34.5% | 25.7% |

Because of inherent differences between Broken Arrow and Tulsa, **different benchmarks are used when assessing the Tulsa region** as a whole. The Oklahoma City, Albuquerque, Kansas City, and Little Rock metros were selected for this comparison, again based on similarities and proximity to Tulsa.

POPULATION

- Broken Arrow's current population stands at approximately 94,000.
- Since 1990, population in Broken Arrow has grown by more than 56.3%, or 2.8% annually.
- Broken Arrow grew far slower than the comparison community of Round Rock; however, Broken Arrow grew significantly faster than St. Charles, approached the growth rates of Olathe and Sugar Land, and grew at more than twice the rate of the nation, the state of Oklahoma, and the Tulsa region.

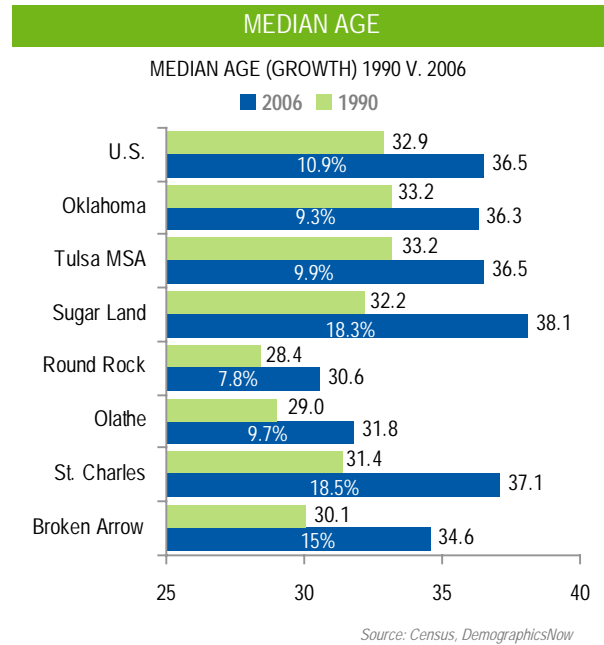


- Over the next 5 years, the rate of population growth is expected to remain consistent at 21.3%**, modestly higher than any benchmark community, and several times the rate of Oklahoma and the Tulsa region.
- Benchmark communities are projected to continue their robust growth, with Round Rock leading all others at 21%.

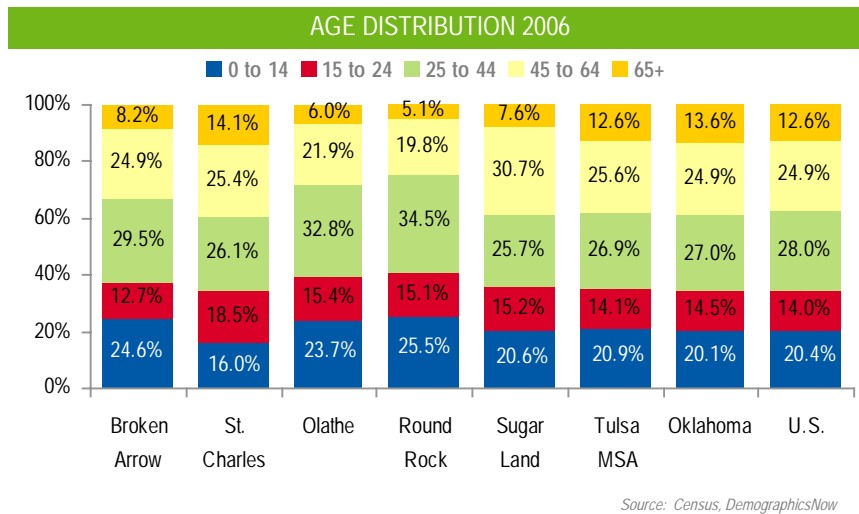
Population growth is an indicator of the economic health of a community, which is in turn an important criterion used in business expansion and relocation decisions. The city has experienced strong and consistent population growth, and should therefore be very competitive in this category during the site selection process.

AGE LEVELS

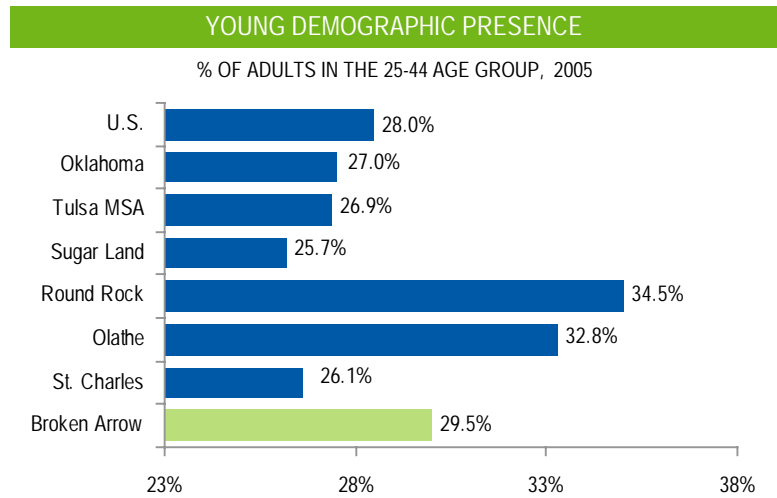
- The median age level in Broken Arrow is 34.6, lower than the benchmark communities of Sugar Land and St. Charles.
- Olathe and Round Rock have a median age under 32.
- Reflective of the national aging trend, the median age of all the benchmark communities rose between 1990 and 2005. **However, Broken Arrow's median age rose by 15%, faster than the Tulsa metro area, Oklahoma, or the national rates.**
- Broken Arrow is competitive with benchmark communities in its proportion of the 0 to 14 age demographic, but has the smallest percentage among benchmarks in the 15 to 24 cohort, and the second largest percentage in the 65+ category.



- For economic development purposes, the critical age category is 25 to 44, or the young professional workforce. Most companies consider this age group to be their primary workforce. High tech companies prefer communities that have a concentration higher than 33%.



- In Broken Arrow, **29.5% of the population is 25 to 44**, higher than the state and the Tulsa region, but lower than two of four benchmark communities. Round Rock (34.5%) has the highest concentration of this critical age group, while Olathe also meets the 33% threshold.



Source: Census, DemographicsNow

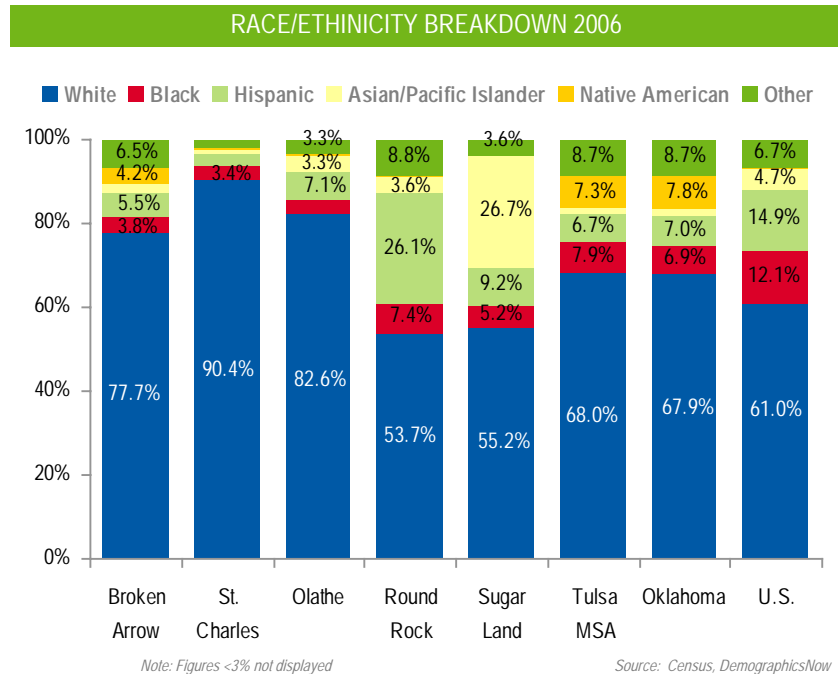
Young talent is one of the most critical variables in economic development today, particularly for technology industries. Broken Arrow's performance in this area should therefore be cause for concern, as the city's declining young workforce may eliminate it from early contention in many site selection decisions. In addition, the rapid aging of the Broken Arrow workforce is a negative trend that will exacerbate skilled labor shortages in manufacturing and other industries and limit overall economic capacity.

RACE AND ETHNICITY

- Compared to the state and the nation as a whole, Broken Arrow is significantly less diverse, but is increasing in diversity over time.

- Twenty-two percent of the population is non-white, with 4% Native American, 6% Hispanic, and 7% other.

- The comparison communities exhibit varying degrees of diversity; Round Rock and Sugar Land have significant minority populations, while St. Charles and Olathe both have very small non-white populations.



Broken Arrow is similar to other suburban communities characterized by a relative lack of diversity in their populations. Workforce diversity can provide a competitive advantage as firms increasingly seek out locations with pools of diverse, creative people.

HOUSEHOLD INCOME

- Broken Arrow's median household income is \$61,570, higher than the state (\$37,959), the Tulsa metro (\$42,660), and the St. Charles benchmark (\$52,305), but lower than all other benchmarks.

- Between 1990 and 2006, income levels rose by 66% in Broken Arrow.

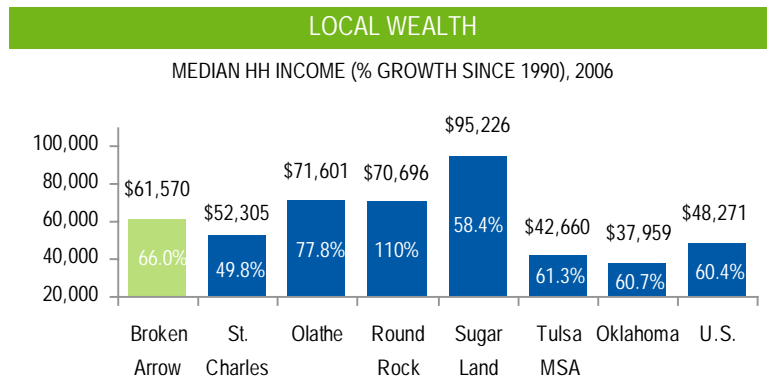
This growth rate was comparable to most benchmark communities, with the exception of Round Rock.

Round Rock experienced the highest increase over this period at 110% growth.

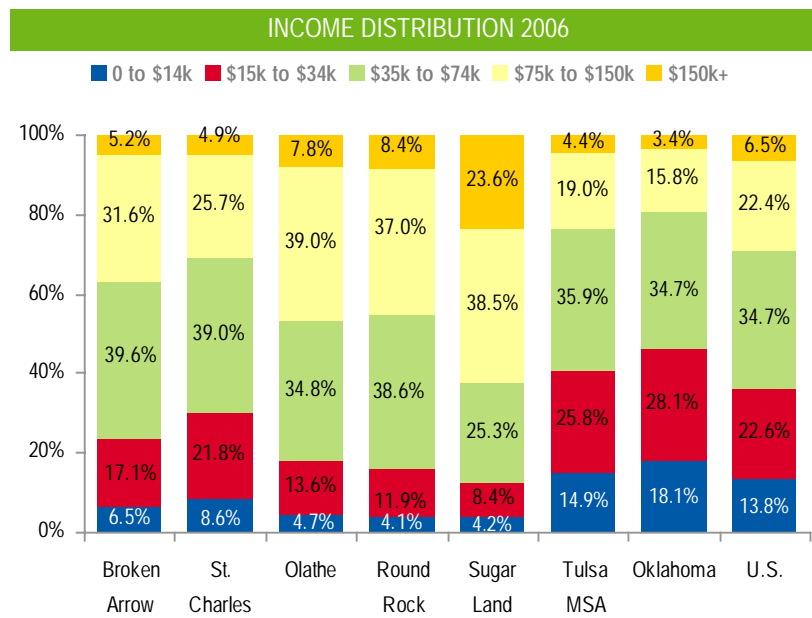
- An examination of income distribution reveals that **Broken Arrow has the second lowest percentage of households with incomes over**

\$75,000 among benchmark communities, while it has the second highest percentage of households earning less than \$34,000.

- Compared to the state, the Tulsa region, and the U.S. as a whole, Broken Arrow has a very high proportion of households earning over \$75,000; however, Broken Arrow trails the U.S. in its percentage with incomes higher than \$150,000.



Source: Census, DemographicsNow

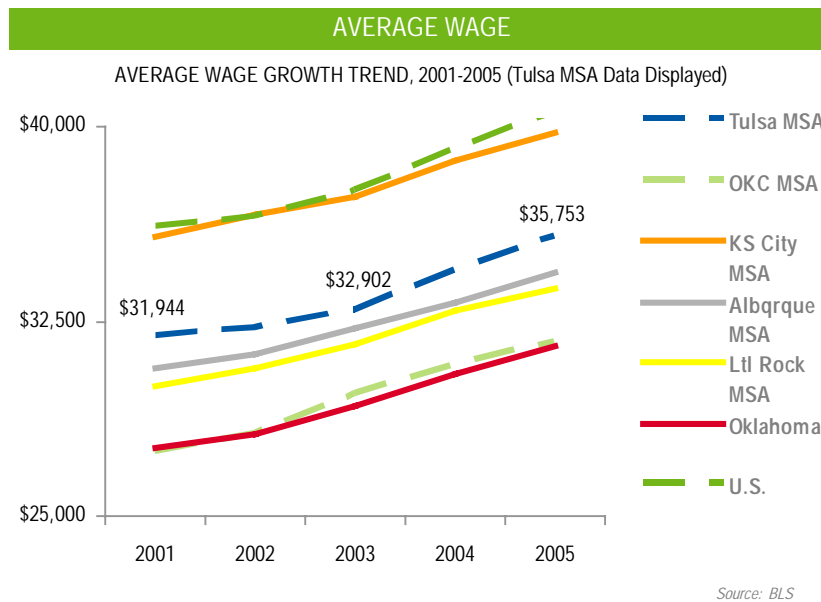
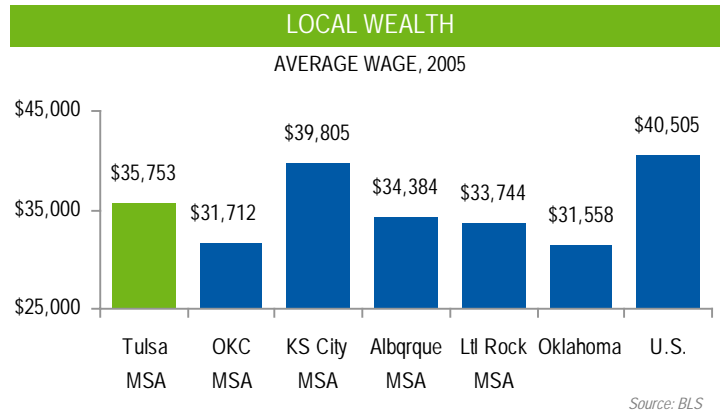


Source: Census, DemographicsNow

Income is another indicator of the overall economic health of a community. Broken Arrow exhibits relatively strong income and income growth characteristics, demonstrating a positive business climate, and making the city reasonably competitive on this variable in the site selection process.

WAGES

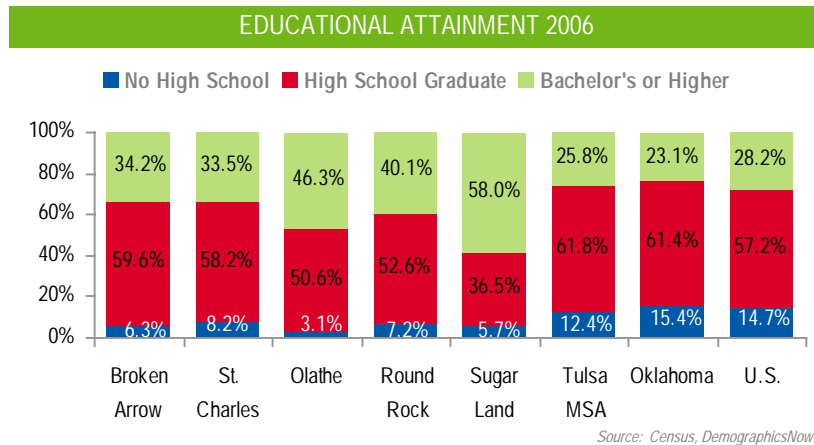
- Wage levels within the Tulsa region are moderately higher than peer MSAs, with the exception of Kansas City.
- The average wage of \$35,753 is 13% higher than Oklahoma City.
- The Kansas City MSA pays an average wage (\$ 39,805) 11% higher than the Tulsa MSA, but also has a moderately higher cost of living.
- Since 2001, the Tulsa MSA has experienced wage growth comparable to benchmark communities, with wages increasing by 12% in that time.



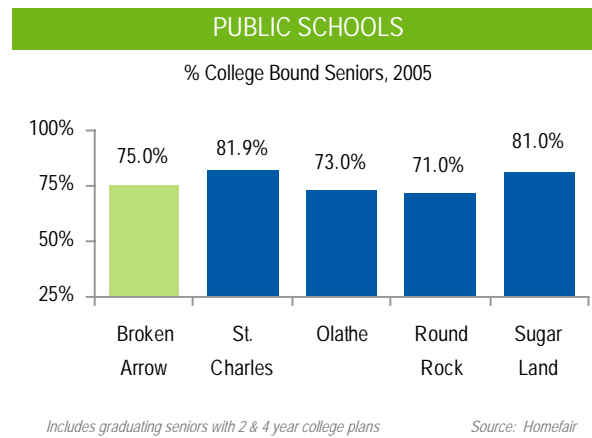
Wage factors are important to site selectors both as cost factors and indicators of economic stability. High wages raise concerns of high labor costs and decreased profitability, while very depressed wages raise red flags about social and economic instability. Broken Arrow and the Tulsa region demonstrate positive wage trends and competitive wage levels, without extremes in either direction.

EDUCATIONAL ATTAINMENT

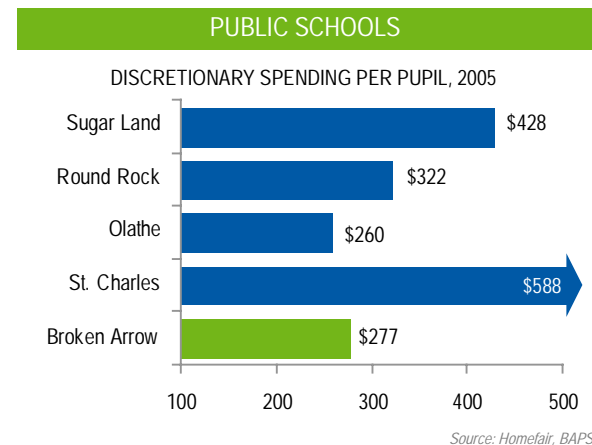
- In Broken Arrow, **34.2% of all adults have a bachelors' degree or higher**. This figure lags the benchmark communities of Olathe, Round Rock, and Sugar Land, but exceeds St. Charles as well as regional, state, and national levels.



- At 58%, Sugar Land sets the standard for educational performance, with nearly twice the number of college graduates as Broken Arrow.
- Broken Arrow has a high proportion of residents holding an associates degree, at 11.2%. This is nearly twice the state average, and only slightly trails Olathe (12.8%) and Round Rock (11.3%) among benchmark communities.



- The Broken Arrow school system lags most benchmark communities in the amount of discretionary spending per pupil, a measure of instructional expenditures that does not include teacher salaries. However, Broken Arrow exceeds the spending of Olathe, and approaches that of Round Rock.
- Broken Arrow Schools percentage of college bound seniors is very competitive with other benchmark communities.

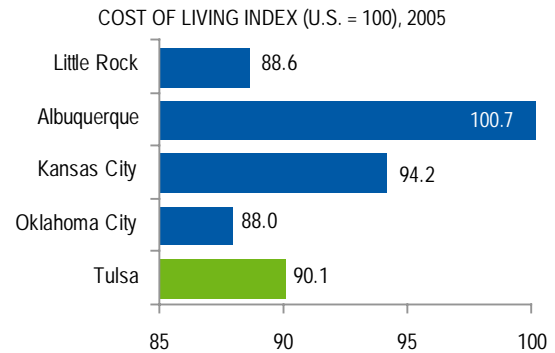


Broken Arrow possesses a well educated adult workforce, but significantly lags competitor communities in this area. This decreases the city's attractiveness to decision makers as they evaluate criteria of access to quality labor. On the other hand, data shows that Broken Arrow has strong public schools, making it competitive on this important quality of life indicator.

COST OF LIVING AND HOUSING

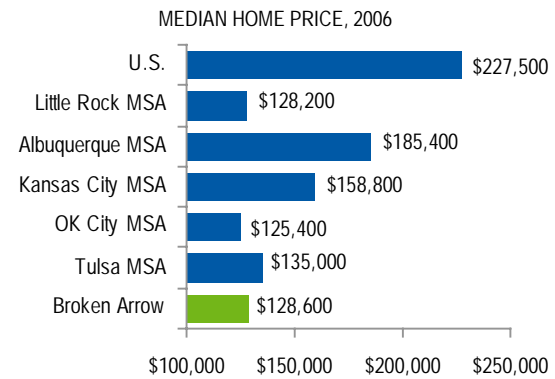
- The composite **cost of living in the Tulsa MSA for 2005 was 90.1**, nearly 10% below the national average.
- This compares favorably to other benchmark MSAs, including in particular Albuquerque and Kansas City. However, both Little Rock and neighboring Oklahoma City have lower costs of living than Tulsa.
- Housing prices in Broken Arrow and the region compare favorably to benchmark MSAs of Kansas City and Albuquerque, with prices at least 12% lower. However, housing in the Tulsa region is 8% more expensive than in Oklahoma City.
- The housing affordability index is a better indicator of housing pressures than the median price. The index is a ratio of the median home price to the median household income. In Tulsa, the housing index is 3.2, putting it on par with most benchmark communities. **For Broken Arrow, however, the index of 2.1 indicates a substantially greater level of housing affordability than comparison MSAs.**

COST OF LIVING



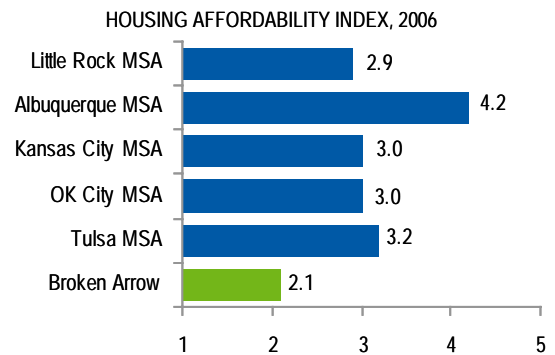
Source: Tulsa Chamber of Commerce

HOUSING COSTS



Note: All data specific to Q2 except Broken Arrow Source: National Association of Realtors

HOUSING AFFORDABILITY



Index calculated by dividing Median Home Price by Median Household Income

Source: NAR, Census, AE Calculations

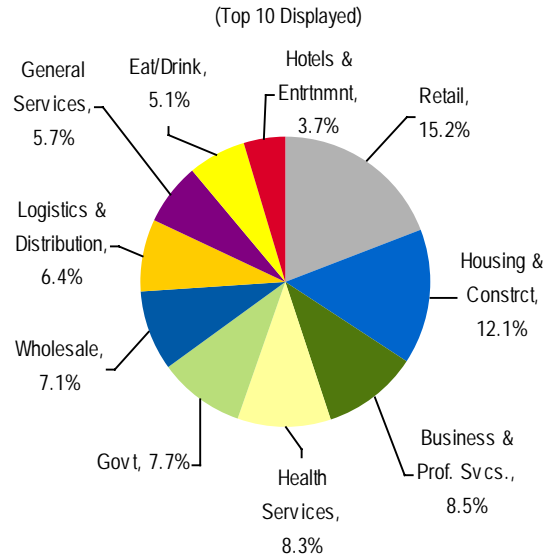
Businesses and site selectors value communities that provide a low cost of living (and thus high quality of life) for their employees. Broken Arrow and the Tulsa region are a highly attractive option in this regard, with a very competitive cost of living and a high degree of housing affordability.

LABOR FORCE AND EMPLOYMENT

- Employment in Broken Arrow is spread across a variety of sectors, with Retail (15.2%), Housing & Construction (12.1%), and Business & Professional Services (8.5%) accounting for the largest proportion of total employment.
- Between 1998 and 2006, the fastest growing industry sector was Software and Computer Related Services, which grew nearly 300%, or 18% annually during this time. Substantial growth also occurred in Logistics & Distribution (11% annually), and Hotels & Entertainment (8%).
- On the other hand, Natural Resources and Communication Services each declined by 14% annually, while Electronics employment dropped by nearly 13% per year.
- Broken Arrow's largest private employer is Wal-Mart. Other large employers include the Gateway Foundation, Flight Safety International, St. Francis Hospital, and Oxford Health Care.
- The largest concentrations of large private employers operate in the Health Services, Retail, and Manufacturing fields. In fact, Broken Arrow is the third largest manufacturing center in Oklahoma.
- Between 1999 and 2005, Broken Arrow's labor force grew by 20%, from 35,000 to 42,000. **However, 90% of this growth occurred between 1999 and 2000; post 2000, the city's labor force has grown by only 2%.**

INDUSTRY EMPLOYMENT

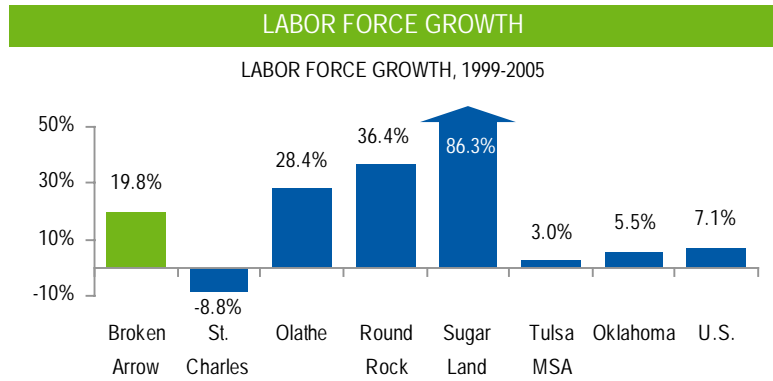
% OF TOTAL EMPLOYMENT BY SECTOR, BROKEN ARROW, 2006



MAJOR PRIVATE EMPLOYERS

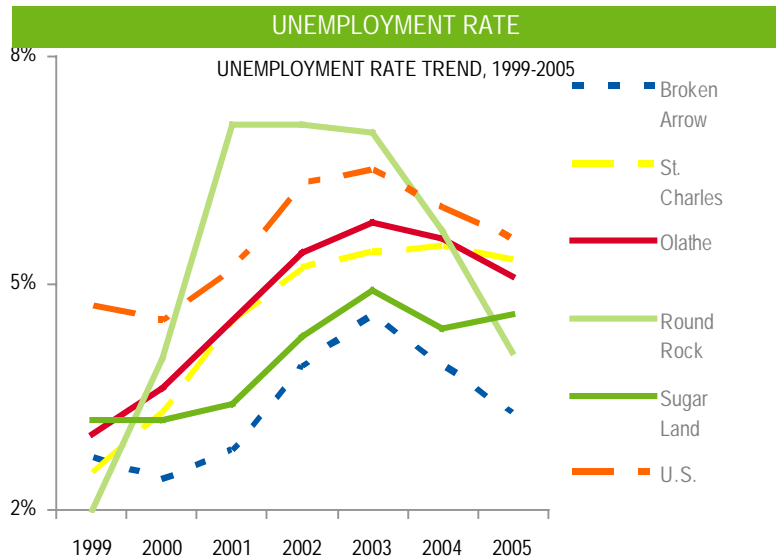
| Business Name | Product/Service | Employees |
|-------------------------------|---------------------------------|-----------|
| Wal-Mart | Retail | 1210 |
| Gateway Foundation | Developmental Disabilities | 700 |
| Flight Safety International | Flight Simulators | 600 |
| St. Francis Hospital at B.A. | Medical Services | 450 |
| Oxford Health Care | Health Services | 400 |
| Micah-Tek, Inc. | Computer Services | 375 |
| Baker Oil Tools | Oil/Gas Safety Valves | 330 |
| Reasor's Supermarket | Retail | 325 |
| Kenneth Hagin Ministries | Rhema Bible Training | 300 |
| Hannover Company | Natural Gas Compression | 300 |
| Blue Bell Creameries | Ice Cream | 180 |
| Braden-Carco-Germatic | Winches | 170 |
| Arrow Concrete/Tulsa Dynaspan | Pre-cast Concrete | 167 |
| Xeta Corporation | Computerized Accounting Systems | 150 |
| Cameraon Glass | Tempered Glass | 130 |
| Da-Pro Rubber Co. | Precision Molded Rubber | 130 |
| Lowe's Home Improvement | Home Building Materials | 130 |

- Sugar Land was the highest labor force gainer among benchmark communities during this period, with 86% growth. Olathe (28%) and Round Rock (36%) experienced slightly higher gains than Broken Arrow, while St. Charles (-9%) was the weakest performer.



Source: Census, DemographicsNow

- Broken Arrow's unemployment rate mirrored the trends of the other benchmark communities, rising between 1999 and 2002, and declining between 2002 and 2005. The unemployment is currently lowest among benchmark communities, at 2.8%.

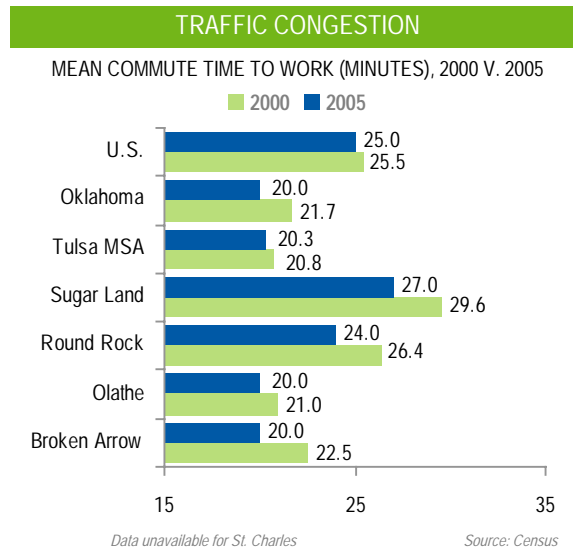


Source: BLS

Broken Arrow's business climate appeal is enhanced by the presence of a diversified industry base that is neither overly volatile, nor overly concentrated. The city's rate of labor force growth is also sufficiently strong such that it augments the city's appeal as a place to do business. However, the low unemployment rate indicates a tight labor market and raises concerns about labor availability and upward pressure on wages.

TRANSPORTATION

- The Broken Arrow Expressway runs NW-SE through Broken Arrow, connecting the city to Tulsa. Much of Broken Arrow's industrial park development is served by this arterial, near its intersection with Highway 169. Highway 169 and the South Loop Turnpike (Creek Turnpike) provide access to Tulsa's southern and northeastern suburbs. The nearest interstate highway, I-44, is located 10 miles north of the city.
- Broken Arrow and the Tulsa region compare very favorably to benchmark communities in average worker commute, with travel times 16%-25% shorter than Sugar Land (27) and Round Rock (24).
- The Metropolitan Tulsa Transit Authority (MTTA) operates the city's major mass transit system, Tulsa Transit. The bus-based system provides service to the city and suburbs at a standard fare of \$1.25. However, limited service and distance from the core make bus travel a less viable option for residents of Broken Arrow.
- Major commercial air service in Tulsa operates out of Tulsa International Airport (TUL), located only 12 miles from Broken Arrow. While 15 of the top 35 U.S. markets are served by direct non-stop flights from Tulsa, non-stop service to many large metros is unavailable. In addition, international flights out of TUL are limited. General aviation service is provided by the smaller Richard Lloyd Jones, Jr. Airport to the south.
- Greyhound bus service is based out of a station on S. Detroit Avenue in the center city. There is no Amtrak passenger railroad service in the area.
- Tulsa is served by four railroads: Sand Springs Railway, BNSF, Union Pacific, and the South Kansas and Oklahoma Railroad. Union Pacific runs NW-SE through the center of Broken Arrow and many of the city's industrial parks.



Businesses demand locations with transportation infrastructure that can provide fast, efficient access to markets, suppliers, and workers. Broken Arrow offers advantageous worker commute times that keep labor costs down and positively impact the bottom line. However, the relative lack of international and non-stop air service is a liability in the eyes of business executives.

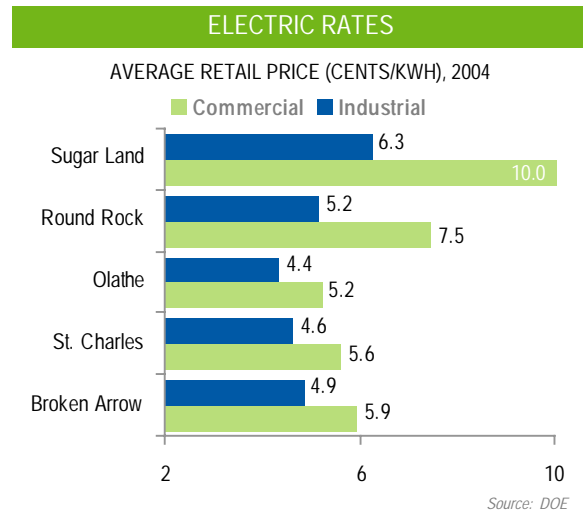
TAX & UTILITY COSTS

- The state of Oklahoma has no state-imposed property tax and a comparatively low sales and use tax.
 - Sales Tax - Oklahoma levies a 4.5% general sales or use tax on consumers, below the National Median of 5%. The city of Broken Arrow levies an additional 3% on sales.
 - Corporate Income Tax - Oklahoma's corporate tax structure consists of simply a flat tax of 6% on all corporate income. This tax ranks the state 10th lowest among states levying corporate income taxes.
 - Property Tax - Broken Arrow's property tax rate is \$127.35 per \$1,000 net assessed value.
 - Personal Income Tax - Oklahoma's personal income tax system consists of eight brackets and a top rate of 6.25% kicking in at an income level of \$10,000. Oklahoma's top rate of 6.25% is 18th highest among states levying personal income taxes, although the legislature recently reduced the top rate to 5.5%, to be phased over the next three years.
 - The state estate tax was recently approved to be phased out over the next 4 years and will disappear in 2010.

- Oklahoma has the seventh lowest per capita total tax burden in the nation, and the fourth lowest property tax burden.

- Oklahoma is ranked 21st for "business friendly" tax climates among all states.

- Broken Arrow has substantially lower commercial (5.9 cents/kwh) and industrial (4.9 cents/kwh) electric utility rates than benchmark communities of Sugar Land and Round Rock. Broken Arrow is also relatively competitive with Olathe and St. Charles in this area.

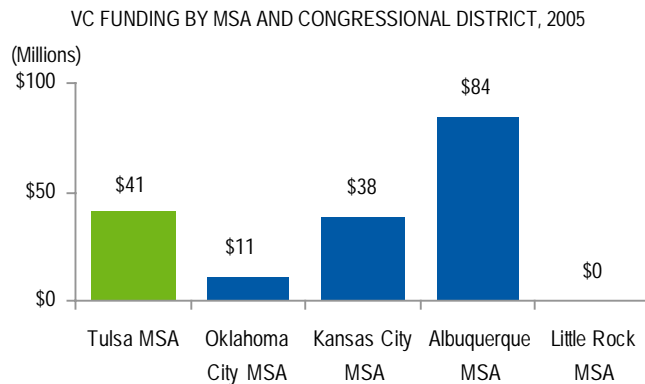


Broken Arrow possesses an attractive cost environment for business in terms of tax structure and utilities. Commercial and industrial electric rates remain below most competitors, while the state of Oklahoma ranks favorably on most tax burden indicators.

RESEARCH INFRASTRUCTURE

- Two key components of successful entrepreneurial support systems are adequate venture capital funding and adequate research and development funds.
- Venture capital funding in the Tulsa region (1st Cong District) compares well with benchmark MSAs of Oklahoma City, Kansas City, and Little Rock, but falls well behind Albuquerque (\$84 million).
- The National Science Foundation gathers R&D expenditures at the university level. Tulsa ranks at the bottom of the pack in R&D academic funds as it lacks a national research university. Among benchmark communities, Albuquerque far exceeds Tulsa in R&D spending. Although Kansas City and Little Rock also lack comprehensive research institutions, both benefit from the presence of a large medical science branch from a large state university.

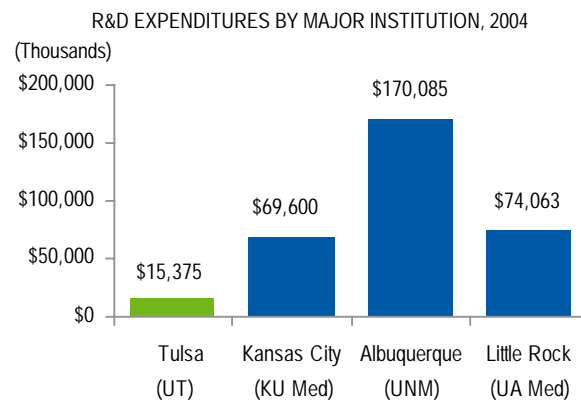
VENTURE CAPITAL



Note: Data for Kansas City, MO only; data unavailable for Kansas City, KS; Oklahoma City data for 2004

Source: VentureEconomics

ACADEMIC R&D FUNDS



Source: National Science Foundation

Early stage capital and research infrastructure are critical support mechanisms for a knowledge economy increasingly based on innovation and entrepreneurship. Data indicate that Broken Arrow and the entire Tulsa region lack such mechanisms on both an absolute and a comparative basis. This is detrimental to entrepreneurial efforts, as well as to the profile of the region as a place that supports innovation and business expansion.

SITES & REAL ESTATE

- Broken Arrow has 14 industrial parks, including four that are certified; parks are proximate to the Broken Arrow expressway, and several are served by the Union Pacific line.
- Available parcels in these parks include approximately 5 acres apiece at Henshaw and Henshaw South Industrial Parks, 10-15 acres at Greenway Industrial Park, and 5 acres at Lynn Lane Park.
- There is potential for development of a new 32-acre industrial park at 61st and 129th streets.
- Broken Arrow has numerous office and industrial facilities, including over 75 available spaces currently on the market.
- Tulsa industrial property lease rates range from \$3.08/SF to \$5.37/SF, making them moderately higher on average than rates in neighboring Oklahoma City, but competitive with the U.S. overall.
- Tulsa industrial vacancy stands at 7.36%, down from 7.72% a year ago
- Tulsa office vacancy stands at 17.4%. In contrast to patterns nationwide, Tulsa vacancy rates are lower in the suburbs than the CBD, and continue a 2-year decline.
- Overall, office vacancy is similar to Oklahoma City. However, suburban office vacancy in OKC is substantially lower than in Tulsa.

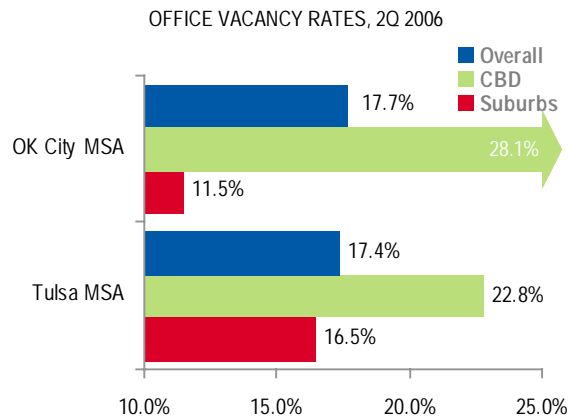
INDUSTRIAL PROPERTIES

INDUSTRIAL RATES, 2Q, 2006

| Bldg Size (SF) | Tulsa | | Oklahoma City | |
|----------------|----------------|----------------|----------------|----------------|
| | Sales Price/SF | Lease Price/SF | Sales Price/SF | Lease Price/SF |
| 0-4.9k | \$51.88 | \$5.37 | na | na |
| 5-9.9k | \$44.18 | \$5.02 | na | na |
| 10-19.9k | \$38.91 | \$4.79 | \$28.30 | \$3.63 |
| 20-39.9k | \$33.54 | \$4.27 | \$29.08 | \$3.25 |
| 40-59.9k | \$30.06 | \$3.94 | \$27.40 | \$2.77 |
| 60-99.9k | \$27.11 | \$3.34 | \$29.67 | \$2.60 |
| 100k+ | \$22.43 | \$3.08 | \$26.31 | \$3.17 |

Source: CB Richard Ellis

OFFICE VACANCY



Source: CB Richard Ellis

Available sites at affordable rates are a key ingredient to attracting industries. Tulsa possesses numerous sites and facilities at competitive rates. In addition, trends in Tulsa see increasing office and industrial occupancy rates and positive absorption that indicate the increasing economic feasibility of new development.

CONCLUSION

This brief comparison of Broken Arrow's demographic and economic health against four major competitors reveals that, while Broken Arrow is very competitive along several indicators, in others it falls well short of the economic capacity that the majority of the benchmarks have. However, Broken Arrow does compare very favorably with state and national benchmarks along most indicators. **Challenges** exist particularly in the areas of:

- Rapidly aging population
- Research capabilities and venture capital funding
- Lower than average wage levels to attract talented employees
- Tight workforce market
- Low growth in the overall Tulsa market

On the other hand, Broken Arrow has **tremendous advantages** in its:

- Low cost of living and affordable housing
- Higher than average educational attainment levels
- Low commute times
- Low cost of doing business
- Strong population and employment growth

The following section will provide a qualitative analysis of the critical issues facing the city that need to be addressed in order to facilitate economic development goals.

The remainder of the report identifies the key, critical issues facing Broken Arrow's economic development efforts. We focus on points that will influence location and expansion decisions of businesses and their site selection consultants, such as their ability to attract and retain a qualified workforce, reliable infrastructure, a favorable business climate, and other factors.

We do not intend this analysis of issues to be all-inclusive. Rather, we focus on those areas that will have the most direct impact on future economic development efforts of Broken Arrow.

The issues are divided into 5 categories:

- Business Climate
- Workforce Development and Education
- Sites and Infrastructure
- Quality of Life
- Economic Development and Marketing

Within each category, a SWOT chart and issue identification has been included.

We define the four aspects of "SWOT" in these terms:

- **Strengths** (Positive, Internal): Local issues or characteristics that can be built upon to advance current and future economic growth opportunities in Broken Arrow.
- **Weaknesses** (Negative, Internal): Local issues or characteristics that, if not addressed effectively, could limit current or future growth opportunities in Broken Arrow.
- **Opportunities** (Positive, External): External events or trends that offer Broken Arrow potential for economic growth and attraction of new industry.
- **Threats** (Negative, External): External events or trends that, if not addressed effectively, could threaten Broken Arrow's future and its ability to attract new industry.



While the assessment in the Economic Scan section was a quantitative analysis of the region, **this SWOT and issue analysis is a qualitative analysis that studies opinions and perceptions of the area's stakeholders on conditions in the region.** By receiving input from a broad base of individuals, business representatives and local and regional leaders, we are able to better understand how the factors listed below are perceived. **It is important to examine the self-perceptions that are prevalent in Broken Arrow because they directly relate to workforce development, business retention, and recruitment.**

Understanding the region's assets and weaknesses will allow us to form recommendations that accentuate the positive aspects and address the negative perceptions of the region. It allows the region to make a clear-eyed appraisal of those characteristics or factors it can use to build the economy and those that it will have to acknowledge or overcome to make economic development efforts successful.

This process is *not* intended in any way to serve as a vehicle to simply criticize, nor does it place blame. That is counter-productive. Rather the process of issue identification and SWOT summary gives us a realistic inventory of assets or limitations that we can use to develop realistic, effective recommendations.

BUSINESS CLIMATE

Business climate is the capacity of the community to support business expansion and development opportunities.

Businesses are more often than not driven by their bottom line, so costs are a significant consideration in any expansion or relocation decision, and globally competitive communities must provide a structure in which businesses can be profitable. The chart below outlines Broken Arrow’s strengths, weaknesses, opportunities, and threats in the business climate arena, based on research and input from community leaders.

BUSINESS CLIMATE SWOT

| | |
|---|---|
| <p><u>STRENGTHS</u></p> <ul style="list-style-type: none"> Low business operating costs Low startup costs Close proximity to airport Competitive utility rates Business friendly tax climate Strong population growth Competitive wages, low cost of labor Short worker commute times Available incentive for equipment upgrades | <p><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> Red tape, bureaucracy at City City not viewed as business friendly Regulatory environment perceived as onerous Residents divided on issue of growth Limited access to venture funding Limited entrepreneurial network No existing incubator facility No strong R&D institution Over-reliance on sales tax, retail development |
| <p><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> Development of new conference center Development of incubator facility Increased entrepreneurial support network Increased venture funding via i2E, others Coordination with Tulsa Innovation Institute Improved linkages between NSU, Career Tech, industry Entrepreneurship track at NSU | <p><u>THREATS</u></p> <ul style="list-style-type: none"> Rising electricity prices Loss of business to Owasso, Jenks 2% labor force growth since 2000 Rising development fees |

Clearly, Broken Arrow has a number of business climate advantages that make it an attractive location to employers:

- Excellent tax climate
- Cost of living that is nearly 10% below the national average
- Low cost of doing business driven by competitive wages and utility costs (Tulsa was just ranked the 5th lowest cost of doing business metro area by *Forbes*)
- State-wide incentives programs including:
 - Quality Jobs Program
 - Small Employer Quality Jobs Program
 - Ad Valorem Tax Exemption/Freeport Law
 - Sales Tax Exemptions
 - Sales & Use Tax Refunds
 - Income Tax Credits/Exclusions
 - American Indian Land tax credits

However, the region also faces significant business climate challenges that, if unaddressed, reduce Broken Arrow's capacity to prosper economically. The remainder of this section highlights those critical issues that must be addressed.

ISSUE 1: Need to reduce perception that the permitting and regulatory process is unfriendly to new businesses

Two key elements necessary to facilitate a good business climate are the efficient delivery of government services and the appropriate regulatory and policy tools necessary for business development. Other factors include: the speed and ease with which permits are applied for and processed, relative costs of permits, development costs, fees and taxes, and other less quantifiable concerns, such as the customer service orientation of city personnel and elected officials.

Bureaucratic regulations and unpredictable, costly, and lengthy permitting processes will discourage business expansion and relocation. Since product cycles are often compressed, the need to rapidly modify and improve corporate facilities is becoming a critical location selection criterion. Communities that have a proven record of fast-tracking projects when necessary are preferred over areas that typically have long permit review procedures.

The city of Broken Arrow has been improving the permitting and regulatory process for developers and business owners. The city created the One-Stop Center, which is located on the north end of City Hall. This division is part of the Development Services Department and brings together all the professionals needed to help streamline the processes of applying for permits, platting, previewing architectural and landscaping plans, getting explanations (if needed) of city codes and ordinances, registering business and obtaining occupational licenses, and much more.

However, it was clear from the overwhelming comments from survey respondents that a poor perception of this process and the city's willingness to work with new businesses still exists. In fact, several business owners mentioned that difficulties with the permitting process caused them to open additional locations in Owasso and Jenks rather than Broken Arrow.

It is critical that local leaders promote new initiatives intended to improve the process, educate business prospects and local citizens as to their efficiency, and illustrate a commitment to working with small businesses.

ISSUE 2: Need to improve entrepreneurial support system

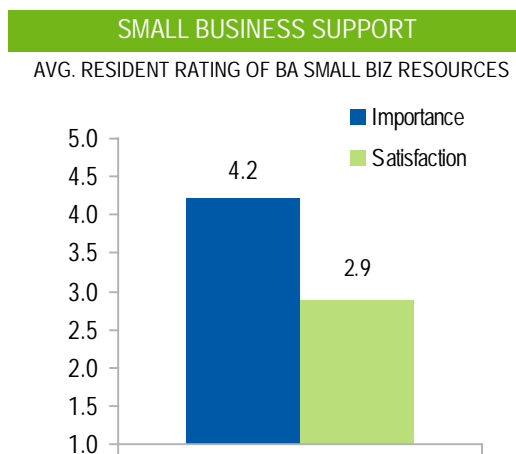
An important way to boost local wage levels and to provide unique opportunities is by empowering area residents to be more entrepreneurially driven. It is estimated that as much as 70% of future business growth and job development will come from small business ventures. A globally competitive community possesses the assets to help nurture and develop an entrepreneurial climate. Strong job growth is a key indicator of entrepreneurial success because job growth means that existing companies have expanded, created new demand, and increased disposable incomes. In recognition of the importance of an entrepreneurial climate to the Tulsa region, Step-Up Tulsa has based its economic development strategy around fostering innovation through the creation of an Innovation Institute – an initiative that is receiving strong support from the Tulsa Chamber and local leaders.

Building a positive entrepreneurial climate is often more challenging than the tasks associated with the attraction or expansion of new or existing businesses. Thus, a community that cultivates a successful environment where start-up activity is high and homegrown businesses thrive has achieved a powerful economic development position.

A. Limited technical assistance and support networks for local entrepreneurs

Though there are some resources in Broken Arrow to support entrepreneurs and small businesses, they are inadequate to build a thriving entrepreneurial environment. Although the Small Business Development Center is housed at NSU, Broken Arrow does not have more robust institutions to develop support mechanisms for entrepreneurs, including an incubator, a strong research university, an Entrepreneurs Association, or a strong angel investor network.

Entrepreneurial networks are critical because they promote individual and regional economic growth. The National Commission on Entrepreneurship has found that regions with strong networks for entrepreneurs tend to have stronger records of accomplishment in terms of new business starts and fast-growing businesses. Broken Arrow leadership must work to encourage local entrepreneurship and should consider policies and programs that help create and nurture support networks for entrepreneurs.



Source: AE Survey, Average response on scale of 1 to 5

B. Insufficient access to seed and early-stage capital

For businesses to flourish, particularly small companies, they must be able to secure critical funding to launch operations – money that the business can invest to prepare a product for the market. Seed (angel funding) and early-stage venture capital funding provides the link between businesses and early investors, and often means the difference between business success and failure. Broken Arrow entrepreneurs must have the ability to take the same type of calculated risks entrepreneurs take all across the country, and this critical early money allows them to take those risks.

In 2005, Oklahoma companies only received \$8 million in total angel investor funding. The lack of adequate seed capital has prompted I2E, a private not-for-profit Oklahoma corporation focused on wealth creation in Oklahoma by growing the technology-based entrepreneurial economy in Oklahoma, to build Seed Step Angels, Oklahoma's first statewide business funding angel group.

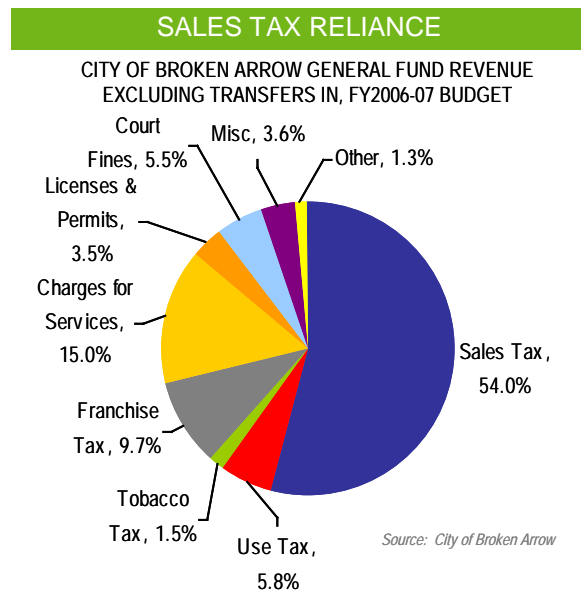
There does not appear to be a lack of available wealth in the Tulsa region to fund entrepreneurial activities, since the Tulsa Community Foundation is the fifth largest in the country. However, these potential investors must be sought out and educated about the importance of funding entrepreneurial ventures in addition to charitable ventures.

ISSUE 3: Heavy reliance on retail sales tax could create an imbalance in economic development efforts

Unlike most states, Oklahoma's local tax structure requires local government to be funded almost exclusively through sales taxes, with property taxes going primarily to support schools. This encourages local governments to target retail uses to support its operations and capital investments, including economic development efforts, rather than taking a more balanced approach, focused on all land uses and activities.

In fact, for Broken Arrow's 2006-2007 operating budget, 54% of total general fund revenue (excluding transfers in) is estimated to come from the sales tax. Zero percent comes from property taxes.

Based on survey responses and interviews with local residents, it appeared that attracting a large shopping center or retail business is a higher priority than attracting traditional primary industries because of the sales tax benefit.

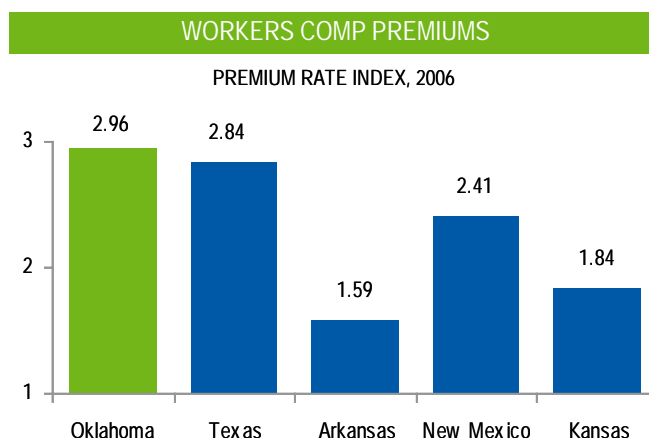


Primary businesses serve as important employment centers and wealth generators for a region. They provide the high wage jobs to local residents. It should be understood that without their presence, it would be difficult to support a robust retail sector.

ISSUE 4: High workers compensation rates create barrier for economic growth

Oklahoma has some of the highest workers compensation insurance rates in the nation, largely because the system involves attorneys almost three times more than the average state. Oklahoma's high workers compensation costs hurt existing Oklahoma employers and make it difficult to attract new employers.

Although reforms introduced over the past legislative sessions have stabilized rates, they remain high as compared to other states and have been identified as the number one issue for site selectors evaluating Oklahoma as a business location. In 2006, Oklahoma had the 13th highest premium costs of the 50 states, according to the Oregon Department of Consumer and Business Services, which produces a comparative report every two years.



Source: Oregon Department of Consumer and Business Services

ISSUE 5: Lack of a strong research focus at area universities

The role of the university in economic development is expanding at a rapid pace. Increasingly, the discoveries and innovations that occur through university research are being licensed to private companies for commercialization, leading to significant economic development opportunities. Approximately 5,000 licenses and options are now executed between universities and industries annually, an increase of nearly 500% since 1991. A 1999 study by the

Association of University Technology Managers found that such technology commercialization had added \$40 billion and 270,000 jobs to the U.S. economy. In addition, university research stimulates entrepreneurial activity, leading to the formation of startup companies that generate a substantial impact on the local community.

| TOP U.S. UNIVERSITIES BY R&D EXPENDITURES (\$M) | | |
|---|--------------------------|----------|
| Rank | University | 2004 R&D |
| 239 | UMASS Boston | \$15,460 |
| 240 | Miami University | \$15,377 |
| 241 | University of Tulsa | \$15,375 |
| 242 | Tennessee St. University | \$15,255 |
| 243 | Cal St. University | \$15,211 |

Broken Arrow and the Tulsa area are home to an array of universities and branches, technical schools, and community colleges, including the University of Tulsa, Oral Roberts, OSU Tulsa, Northeastern State University, and Tulsa Community College. However, the region lacks a premiere research university, as evidenced by the very low volume of R&D expenditures. The lack of a strong research university hinders the region's ability to attract top companies, promote business expansion through the provision of new technologies, and stimulate entrepreneurs to start new ventures.

WORKFORCE DEVELOPMENT AND EDUCATION

Since human capital and innovation is the key to success in the new economy, skilled, flexible workers are a company’s primary assets. No community can be economically competitive without an educated workforce.

The chart below outlines Broken Arrow’s strengths, weaknesses, opportunities, and threats in the workforce and education arena based on research and input.

WORKFORCE DEVELOPMENT & EDUCATION SWOT

| | |
|--|---|
| <p>STRENGTHS</p> <ul style="list-style-type: none"> Reputation of schools Strong parental involvement Award winning BAPS marketing education program BAPS recipient of 2006 “What Parents Want Award” Nationally competitive school sports and music programs Growing presence of NSU Strong Tulsa Technology Center programs Educated workforce relative to state and national levels Relatively high proportion of 25-44 age group Strong proportion of residents holding associates degree | <p>WEAKNESSES</p> <ul style="list-style-type: none"> Shortage of available workers for trades Limited workforce skills Local education not producing engineers Unable to meet short-term training needs of industry Aging workforce Limited capacity at TTC-BA Limited career pathway opportunities for younger children Lack of premier university in Tulsa region Limited workforce diversity Kids unaware of local high wage employment opportunities |
| <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> Expansion of TTC-BA campus TTC has capacity to respond to new target industries \$26 million Phase II expansion of NSU campus Increased business-education partnerships Increased career pathways program (e.g. Partners in Education) Education of parents to understand workforce issues, opportunities Increased role of newly formed YP organization TTC adoption of WorkKeys program Integration of WorkKeys into public schools | <p>THREATS</p> <ul style="list-style-type: none"> Continued erosion of young talented demographic Continued loss of youth in 14-25 age group Size of high school may deter new residents Low unemployment leading to hiring of under-skilled workers Cultural bias against “blue collar” industries within education system School overcrowding may undermine quality ACE legislation, increased testing requirements Failure to capitalize on industry growth potential |

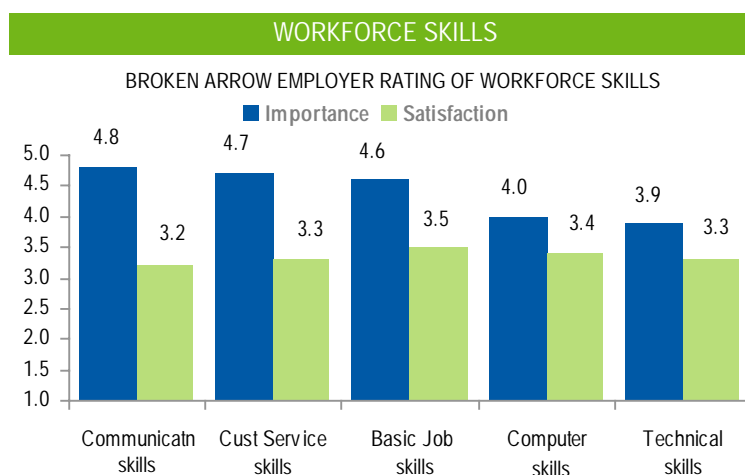
Clearly, Broken Arrow has a number of workforce development and education advantages that make it an attractive location to employers:

- Well regarded public school system
- Highly educated resident population
- New and expanding NSU-Broken Arrow campus
- Nationally recognized career tech system with an expanding campus in Broken Arrow
- Workforce Tulsa
- Specialty skilled workers in manufacturing industries
- Fourteen institutions of higher education in the Tulsa area

However, the region also faces significant workforce development and education challenges that, if unaddressed, reduce Broken Arrow's capacity to prosper economically. The remainder of this section highlights those critical issues that must be addressed.

ISSUE 1: Shortage of skilled workers in trade industries

The shortage of skilled labor is a growing concern in the U.S. economy. The Department of Commerce projects a 1.1% growth of labor supply and a 2.6% growth of labor demand in the next 10 years, creating a significant workforce shortage. By 2010, there will be a shortage of 10.3 million workers across all employment categories. These issues are particularly acute in manufacturing industries, where 90% of employers report difficulty in finding workers.



Source: AE Business Survey, Average Response on Scale of 1 to 5

Consistent with these national trends, Broken Arrow is afflicted by a large shortage of skilled trades workers – welders, machinists, construction workers, and others. Repeatedly, AE heard from local economic development officials that the lack of quality, skilled workers is the number one issue facing local companies. Many local industries desire to expand – some in very substantial numbers – but cannot find the skilled labor to fill available positions. Less than half of Broken Arrow employers are “satisfied” or “very satisfied” with the basic job skills, technical skills, and computer skills of the local workforce.

Tulsa Tech at Broken Arrow provides valuable workforce development training, but cannot currently meet the short-term hiring needs of local industries. Positions in particularly high demand include machinists, welders, and engineers. If Broken Arrow is to capitalize on opportunities for industry expansion and job creation, it must find ways to address this critical issue.

ISSUE 2: Erosion of young professional workforce

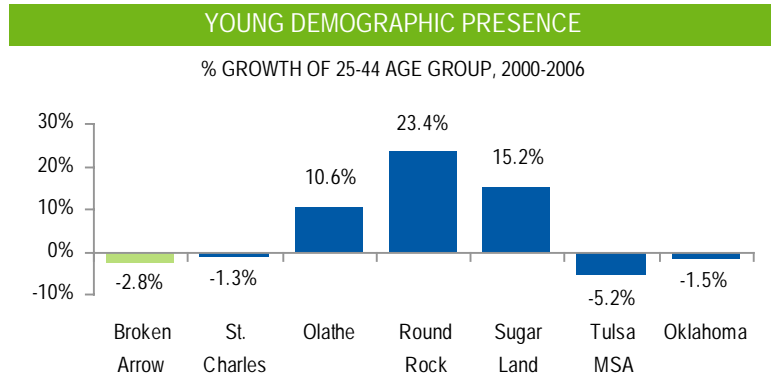
Historically, economic development has been synonymous with business recruitment and targeted tax incentives. Cities and regions would design incentive packages to entice companies to locate operations in their area. However, as the nature of the global economy shifts from one based on capital and resources to one based on technology and innovation, **communities are recognizing that human capital, or talent, is the key ingredient of successful regions.**

As human capital drives the economy, the major determinant of the economic capacity of a region is its primary workforce between the ages of 25 and 44 – the young professional workforce. As this age cohort continues to shrink in relative size, only those regions that can successfully retain and recruit this age group can sustain economic success.

As noted in the Economic Scan, 29.5% of Broken Arrow residents fall in the 25 to 44 age category, a figure that is higher than regional and state levels, but significantly lower than benchmark communities. More worrisome, however, is the fact that the overall number of 25 to 44 year old residents has declined in Broken Arrow since 2000. While Round Rock and Sugar Land have seen increases in excess of 15%, Broken Arrow's 25 to 44 age population has declined by almost 3%. Tulsa has declined even more rapidly (over 5%) in this category, and 72% of respondents to a recent Step-Up Tulsa survey rated "Target jobs/industries to attract and retain young professionals" as a critical economic development goal – making it easily the highest ED priority.

As the young professional age group is the greatest indication of a region's economic potential, the community must find ways to reverse this decline. If this trend continues, and unemployment rates remain low, the issue of labor force availability will be exacerbated for area companies as well as those considering locating in Broken Arrow.

The newly formed and Chamber-sponsored young professionals organization in Broken Arrow is an excellent first step in this regard. The Tulsa region as a whole is also buoyed by the presence of two very strong YP organizations and the efforts of Step-Up Tulsa. Tools must be put in place to strengthen these groups' ability to market the region and attract more members.



Source: Census, DemographicsNow

ISSUE 3: Limited partnerships between business, higher education, and K-12 system

In today's global technology economy, education is recognized as the pipeline that will produce the talented workforce of the future, and allow communities to compete globally. However, it is also increasingly recognized that the U.S. educational system is failing to prepare students for skilled positions upon graduation. A recent survey of more than 400 Fortune 500 companies found new entrants into the workforce "woefully ill-prepared", with well over 50% of high school graduates rated as deficient on all ten critical skills valued by employers.

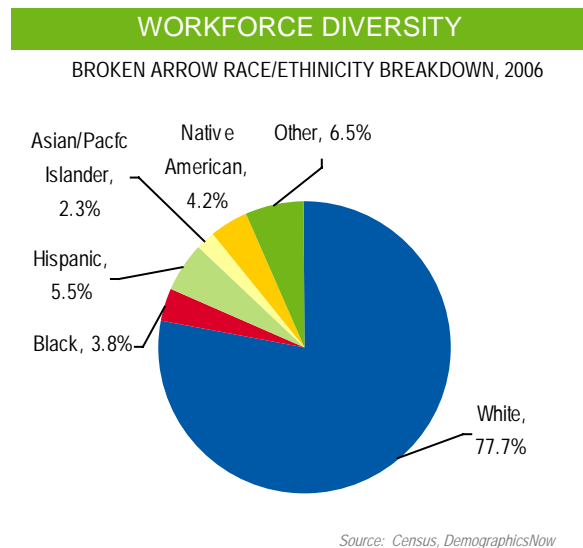
Disconnects between education and the needs of industry are acutely felt in Broken Arrow and the Tulsa region. According to local economic development officials, students are not equipped with the skills to fill available positions and are often unaware of the high paying employment opportunities that exist in local industries. In addition, opportunities for career pathways and professional development are limited at area schools.

Several programs and initiatives are currently underway to address this critical issue, including the Oklahoma Work Keys Initiative that has been introduced to the Tulsa Community College system. These or similar programs should be bolstered, augmented, and successfully implemented if Broken Arrow is to align education with economic development. As target industries are identified through this planning process, an opportunity exists to create career programs for those industries.

ISSUE 4: Limited ethnic and racial diversity in the workforce

One concern expressed by quite a few focus group participants was the perceived lack of ethnic and cultural diversity in Broken Arrow. The participants pointed out that though there is a growing Hispanic population, the lack of significant populations of other races, ethnicities, and cultural backgrounds makes recruiting people of varied backgrounds to the area difficult.

Why is an area's diversity so important in competing for new industries? The answer lies in the changing demographics of the workforce. Just as the overall U.S. population is becoming more diverse, so too is the workforce. The U.S. Bureau of Labor Statistics (BLS) projects that the U.S. civilian labor force will grow to 162.3 million by 2012, and more members of the labor force will be female and non-white. By 2012, the number of women in the workforce will have grown by 14.3 percent, compared to a 10 percent growth rate projected for men. By 2012, women will make up 47.5 percent of the workforce. By 2012, the Hispanic labor force will reach 23.8 million, the African-American workforce will reach 19.8 million, and the Asian-American workforce will reach 8.9 million. This increasing diversity of the workforce will require all communities that want to



attract talented workers to provide a community this workforce feels comfortable living in. A diverse, talented workforce will want to feel welcome wherever they choose to live, and part of making them feel welcome is a community that is diverse as they are.

SITES AND INFRASTRUCTURE

Land, buildings, and infrastructure are the basic facilities needed to support any company and community and are, therefore, vital to economic growth.

The chart below outlines Broken Arrow’s strengths, weaknesses, opportunities, and threats in the sites and infrastructure arena based on research and input.

SITES & INFRASTRUCTURE SWOT

| | |
|--|---|
| <p><u>STRENGTHS</u></p> <ul style="list-style-type: none"> Undeveloped land available Sufficient utility capacity to serve any industry 14 industrial parks, 4 certified Plenty of available industrial sites Vacant Wal-Mart facility Good site access to expressway, rail Available downtown buildings Airport 20 minutes away Overall telecommunications infrastructure Funding obtained for road projects | <p><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> Limited international air service & non-stop flights Limited marketing of available sites; not listed with TAP Costs of land affects medium-heavy manufacturing industries Public transit inefficient Road signs confusing Absence of true dedicated office parks |
| <p><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> Capitalize on excess capacity in medical office building Utilization of long-vacant Wal-Mart facility Development of regional airport Development of wi-fi hotspot network Electricity upgrades under development Creek Turnpike upgrade to interstate status | <p><u>THREATS</u></p> <ul style="list-style-type: none"> Traffic congestion increasing on Expressway, major roads Electric power outages City could be built-out in five years Lower land costs in surrounding cities Growth putting strain on infrastructure Rural Water Districts in eastern Broken Arrow limit development capacity |

Clearly, Broken Arrow has a number of infrastructure advantages that make it an attractive location to employers:

- Excellent highway access
- 14 industrial parks, 4 certified
- Generally sufficient utility capacity
- Proximity to airport

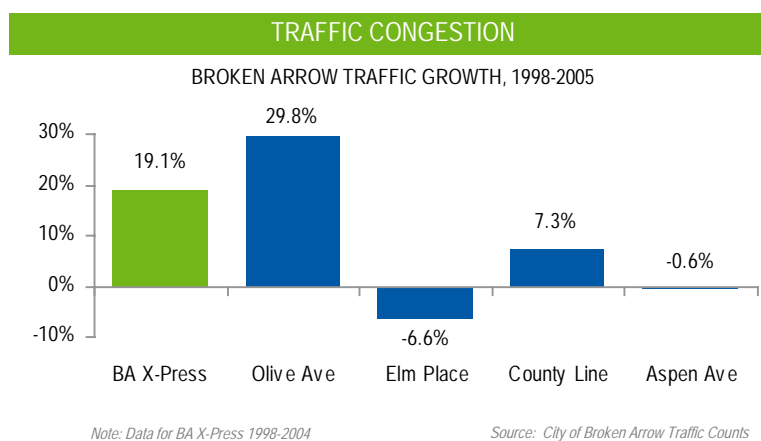
However, the region also faces significant infrastructure challenges that, if unaddressed, reduce Broken Arrow's capacity to prosper economically. The remainder of this section highlights those critical issues that must be addressed.

ISSUE 1: Rapid growth putting strain on existing infrastructure

Broken Arrow has been growing at rate of approximately 3% annually. Although steady growth contributes to a community's economic health, rapid growth has also put a strain on the city's transportation infrastructure and requires much greater investment in infrastructure to provide water, sewerage, electricity, and additional school capacity.

A. Growth putting strain on roads

Congestion and mobility are key issues facing public officials. Transportation investments can provide economic development benefits by reducing the cost of transportation for businesses and by expanding the accessibility of firms to suppliers, labor, and consumer markets. Transportation investments can also induce businesses to locate in areas served by the investment. At the regional or national scale, productivity improvements resulting from transportation upgrades can result in overall economic growth.



Broken Arrow residents cited growing traffic congestion as a major concern for the region. As the area continues to expand, more vehicles are being placed on area roadways straining the current infrastructure. Since 1998, traffic counts on most of the most heavily traveled roadways, including the Broken Arrow Expressway, have increased significantly.

Increased traffic congestion and commute times, if left unchecked, will contribute to a declining quality of life, and a considerably less business-friendly climate. Proper highway planning and the promotion of increased

employment centers within the city limits of Broken Arrow could help to alleviate the community's road congestion.

Interviewees also pointed out that as time goes on, the infrastructure continues to age and there have been limited corresponding efforts to invest in upgrading the infrastructure. This lack of upgrade can be traced to tight municipal budgets over the past couple of decades and a reluctance to add to the tax burden of residents who already feel overtaxed. While the reluctance to spend money on major infrastructure improvements is understandable given budget issues, an aging and deteriorating infrastructure could affect an industry's decision of whether to locate in Broken Arrow or elsewhere.

B. Growth putting strain on utilities, particularly electric service

Adequate utility capacity is a prerequisite for any business location decision. It is a MUST. Most communities have adequate water, wastewater, gas, and electric capacity for small businesses, but many high-tech and manufacturing companies have unique needs.

Overall, Broken Arrow has adequate utility capacity. The city is currently doubling the capacity of the wastewater treatment plant and has plans to build a new water plant. Additionally, \$12 million was spent upsizing the water lines and \$23 million has been allocated for street widening projects in various stages of design and right-of-way acquisition.

However, one area of concern stood out: electric service. It was noted by several major manufacturers in Broken Arrow that untimely electric power outages are a significant burden on their operations and consistently occur. The Public Service Company of Oklahoma (PSO) is spending \$48 million to upgrade the transmission system around Tulsa, and hopefully, the increased capacity will reduce these outages. Local leaders need to be aware, however, that the persistence of such problems will become a cause of concern among interested prospects.

For a community that is the 3rd largest manufacturing center in Oklahoma, reliable electric service is mandatory. It is also critically important to emerging opportunities in the data center industry, considering that the Tulsa region was recently named the fourth best U.S. location for data center operations.

C. Growth putting strain on school system

The Broken Arrow Public School system is a source of great pride for the community. However, rapid growth and a reluctance to burden residents with additional taxes is putting school infrastructure in a precarious position. Currently, Broken Arrow high school has three campuses: two for 9th-10th grade and one for 11th-12th grade. The senior campus has almost 2200 students, and over 1000 in each graduating class. Residents have expressed great concern that although the quality of education has remained high, the size of the high school is a deterrent for many families.

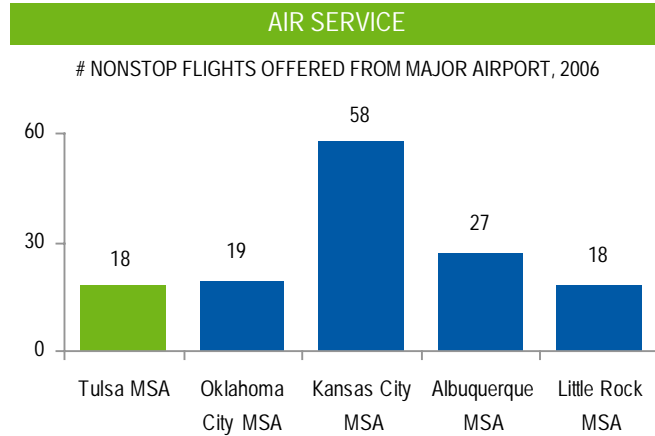
“I have a problem with the size of the school system....we will be moving to a new school district ...we are not the only family leaving Broken Arrow for this reason”

Broken Arrow Survey Respondent

A \$48.1 million bond election was just recently approved to alleviate some of the growth pressure that the schools are experiencing, but long-term, the issues persist.

ISSUE 2: Limited availability of international air service and non-stop flights at Tulsa International Airport

Economic development officials have noted that one of the most common concerns voiced by interested prospects is the lack of convenient air service in and out of Tulsa International Airport (TUL.) Although the commercial airport is called Tulsa International Airport, no direct international flights are offered. Direct service is offered to Atlanta, Chicago, Cincinnati, Dallas, Denver, Detroit, Houston, Kansas City, Las Vegas, Memphis, Minneapolis, Newark, Orlando, Phoenix, Salt Lake City, and St. Louis.



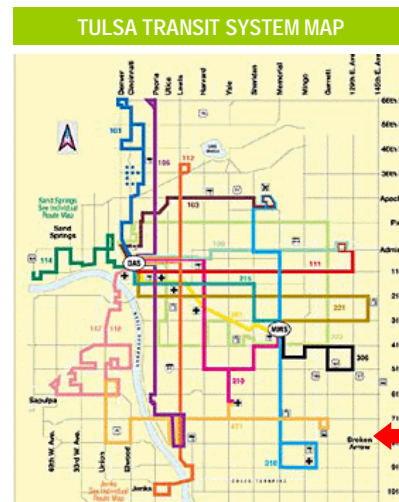
Source: Airports

A comparison of the number of nonstop flights offered from other peer cities indicates that Tulsa and Little Rock offer the lowest number of direct, nonstop flights, while Kansas City offers the most. On the other hand, Tulsa International is a very attractive airport. It is equipped with WIFI access, and presents a favorable impression to visitors to the region.

ISSUE 3: Tulsa suburbs are underserved by public transportation

Public transportation in the Tulsa region is provided through bus service that extends into Broken Arrow to a very limited degree. Although special services exist, fixed route bus service is not provided after 7pm or on Sundays. Ridership on the entire system has actually fallen since 2001 by 41% as routes were cut.

As the region continues to grow into the suburbs, gas prices rise, and the roads become increasingly congested, it is imperative that enhancement of the regional public transportation system be evaluated.



Source: Tulsa Transit

QUALITY OF LIFE

Businesses make location decisions not solely based on low cost environment, incentives offered, or regulatory climate. Quality of life plays a critical role in whether or not a business moves into a region. Companies prefer locations where their employees will want to both work and live.

The chart below outlines Broken Arrow's strengths, weaknesses, opportunities, and threats in quality of life based on research and input.

QUALITY OF LIFE SWOT

| | |
|---|---|
| <p>STRENGTHS</p> <ul style="list-style-type: none"> Tremendous safety rating Reputation of school system Affordable housing Low cost of living overall Small town feel despite growth Sense of community; friendliness of residents Trail system along river Good parks, zoo 6 lakes within hours drive World class museums, cultural amenities in Tulsa Rich music history Bass Pro, other retail opportunities growing | <p>WEAKNESSES</p> <ul style="list-style-type: none"> Lack of amenities to attract/retain young people Downtown underutilized Riverfront development needed Retail goes to Tulsa Limited options for eating out Parades, community events under-promoted No strong gateways to signal entrance into BA Not enough focus on aesthetics, particularly along major corridors Limited adult recreation opportunities (theatres, rock climbing, etc.) |
| <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> Implementation of downtown plan Continued development of PAC Continued fundraising for downtown redevelopment Increased capture of retail sales Development of riverfront Creation of identifiable gateways Marketing of rich quality of life amenities Increased design standards to protect aesthetics | <p>THREATS</p> <ul style="list-style-type: none"> Raising remainder of funds for downtown (failure of library bond issue) Aesthetic environment further impugned Continued loss of young people due to lack of amenities Increased crime as growth continues Decrease in quality/reputation of schools as they grow larger Excessive focus on retail (versus downtown, riverfront, recreation) |

Broken Arrow has a number of quality of life advantages that make it an attractive location to employers:

- Reputation as “safe community”
- Amenities for youths and families
- Affordable cost of living and housing
- Community pride
- Well-developed parks and trail system
- Excellent school systems
- New Performing Arts Center under construction

However, the region also faces significant quality of life challenges that, if unaddressed, reduce Broken Arrow’s capacity to prosper economically. The remainder of this section highlights those critical issues that must be addressed.

ISSUE 1: Limited utilization of downtown Broken Arrow

Cities across the country are experiencing a revitalization of their urban centers. Active, vibrant downtowns are an essential quality of successful regions. They provide a space in which locals can convene, create an immediate, visual impression of the health of the local economy, and draw in tourists. A thriving, interesting downtown keeps residents living close and reduces sprawl, helping a community accomplish another important goal – preserving the natural environment and green space.



The entertainment and recreational infrastructure offered by urban areas has led to substantial investment that has reinvigorated entire downtowns, filling them with restaurants, shops, and loft housing. Increasingly, downtown redevelopment is undertaken as part of a wider economic development strategy, in recognition of the fact that a vacant, blighted core can negatively impact the entire city.

Downtown Broken Arrow was historically the heart of the community, but has declined in prominence in recent years. Today, many new residents of Broken Arrow do not even know that it exists, and sidewalks that were once alive with activity have ceased to attract shoppers and visitors. Though it has the potential to enliven the civic spirit of the community by creating an identifiable community center with a distinct sense of place, downtown Broken Arrow is currently not being used to its full economic development potential. Current efforts to revitalize the 2 square mile downtown area as part of the Downtown Master Plan and Vision 2025 should be strongly supported.

ISSUE 2: Lack of retail and restaurant options in Broken Arrow

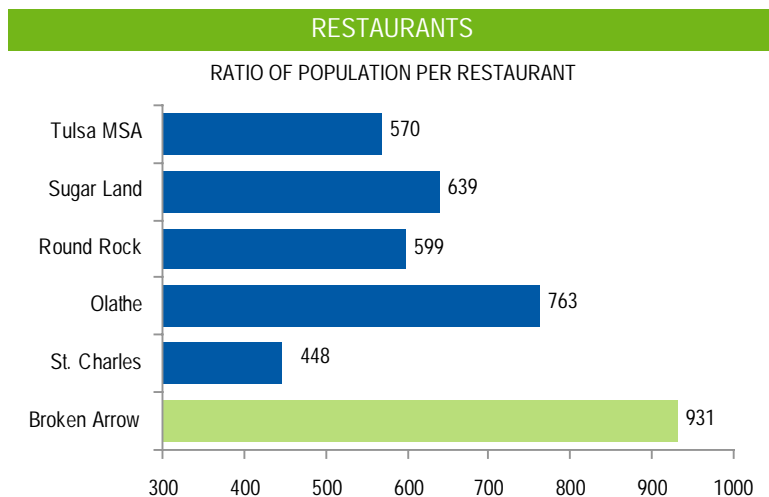
Quality retail is a key part of a location package demanded by businesses looking to relocate or build new facilities. Businesses expect diverse shopping options because their employees expect it –especially upscale retail in lifestyle centers, local boutiques, and specialty shops.

Broken Arrow is currently experiencing a significant retail leakage, as Tulsa captures much of the shopping expenditure by Broken Arrow residents. Broken Arrow generates about \$90 per penny of sales tax per capita compared to \$150 per penny in Tulsa, indicating significant leakage. While city leaders have made efforts to change this trend through Bass Pro and other commercial development, many upscale products are still conspicuously lacking in Broken Arrow, including apparel and consumer electronics. This forces residents to travel to Tulsa to make retail purchases, thereby reducing the overall attractiveness of Broken Arrow to potential employers.

The movement of residential development in Broken Arrow further away from the Woodland Hills Mall increases the economic feasibility of retail development. In addition, Broken Arrow's retail profile has been raised by recent commercial development. This momentum must be nurtured and capitalized upon as part of a broader economic development effort.

There are also limited restaurant options in Broken Arrow, especially considering it is a city of almost 100,000. Even basic national chains such as Chili's and Olive Garden have not located in Broken Arrow.

A comparison of restaurant availability in the comparison communities reveals that Broken Arrow significantly lags in this area. There is only one restaurant per every 931 Broken Arrow residents, while the Tulsa metro as a whole has one restaurant for every 570 residents.



Source: Census, DemographicsNow

ISSUE 3: Lack of identifiable gateways to signal entrance into Broken Arrow

Gateways form the “front door” to a community, announcing entry into a new, distinct place. Often, they create the first impression of a place for visitors, including CEO’s and potential employers. They can therefore have an impact on site selection decisions, as well as the location decisions of new residents.

Gateways are particularly important in cities like Broken Arrow, where close proximity to Tulsa and other suburbs can affect the city’s capacity to differentiate itself, and where outside images of the region are negative or non-existent. However, there is a clear lack of identifiable gateways into Broken Arrow, leaving visitors without a distinct sense of the city. This issue needs to be addressed as part of Broken Arrow’s overall efforts to develop its economic base. The current downtown master plan seeks to deal with many of these issues.



Gateway concept, Broken Arrow Main Street

Source: BA Downtown Master Plan

ISSUE 4: Limited beautification and design efforts to enhance overall attractiveness

A recent report by “CEOs for Cities” found that two-thirds of college-educated people ages 25 to 34 said they would first decide where they wanted to live, then look for a job in that area. One prominent quality of life factor influencing this decision is aesthetics and the overall attractiveness of a place. Because of this, and because employers desire an attractive environment in which to host clients, aesthetic considerations can play a significant role in the ability of communities to attract jobs.

Surveys, interviews, and observations by AE revealed that Broken Arrow lacks many of the aesthetic qualities that make a community attractive. Landscaping, maintenance and upkeep, signage, fencing, and architectural design standards are some of the issues affecting the community. Particularly along major commercial corridors, there is insufficient greenery and visual appeal, as commercial uses dominate the scene.

“Community aesthetic standards are very poor”

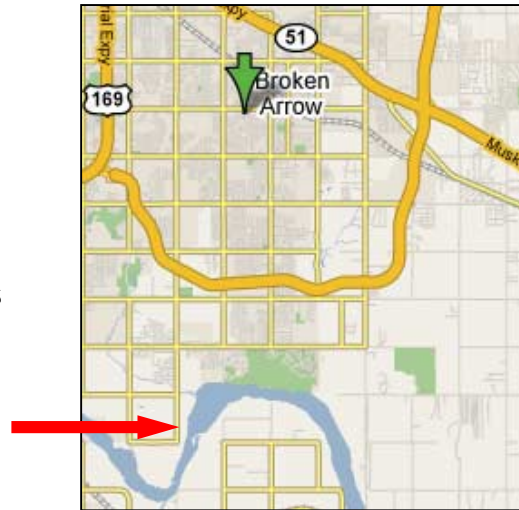
Broken Arrow Survey Respondent

This circumstance leaves a neutral or even negative impression in the minds of visitors, and is detrimental to Broken Arrow’s sense of place – a core component of the city’s appeal and a key to its economic development success. While the city has enacted an emergency landscaping ordinance that increases beautification requirements for residential and commercial uses, there are currently no corridor design standards in place.

ISSUE 5: Underutilization of the Arkansas River and other recreational assets

Cities historically located along rivers for purely economic reasons – water transport provided faster access to markets and facilitated economic growth. Today, rivers have become quality of life assets which are increasingly used to enhance a community's recreational and entertainment amenities. Because businesses seek high quality of life environments for their employees, such riverfront enhancements can become compelling selling points as companies look to relocate and expand.

In Oklahoma, communities such as Oklahoma City and Jenks have successfully captured the potential of their riverfront assets, converting them into destinations that attract new residents and businesses. While Broken Arrow benefits from the presence of the Arkansas River at its southern edge and is not likely to be a commercial hub, the area remains an underutilized asset for recreational amenities.



It has also been noted that, while Broken Arrow offers activities for children involved in sports, other recreational activities are lacking: ice rink, movie theaters, rock climbing gyms, etc. More attention should be paid to developing recreational amenities for residents that don't participate in school athletics.

ECONOMIC DEVELOPMENT AND MARKETING

The efforts of economic development organizations and initiatives, combined with effective marketing programs, position communities for economic success. In this time of fierce global economic competition, coordinated and regional economic development and marketing efforts are of paramount importance.

The chart below outlines Broken Arrow’s strengths, weaknesses, opportunities, and threats in the economic development and marketing arena based on research and input.

ECONOMIC DEVELOPMENT & MARKETING SWOT

| | |
|---|--|
| <p>STRENGTHS</p> <ul style="list-style-type: none"> Good business retention efforts Passionate, involved ED stakeholders Good working relationship with Tulsa Chamber Diversified industry base Financial backing for ED from City Unique city name Consistently strong housing starts Strong, stable flagship industry (Flight Safety) | <p>WEAKNESSES</p> <ul style="list-style-type: none"> Strained City-Schools relationship City-Chamber tensions Lack of clarity as to ED roles, leadership (EDC, Chamber) Insufficient regional collaboration, tension among regional entities Negative or no image of Broken Arrow, Tulsa, and Oklahoma Lack of branding and marketing effort Limited funding for ED Limited office and other professional jobs Imbalance of residential versus commercial growth |
| <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> Regional chamber coalition in process of formation Create jobs for BA workforce currently commuting to Tulsa (62%) Creation of common vision through Step-Up Tulsa Garner state support proportionate to BA's size, prominence Tap resources of wealthier residents Create recognizable brand, image Embark on concerted fundraising campaign Potential for expansion of St. Francis | <p>THREATS</p> <ul style="list-style-type: none"> Lack of unified vision Continued divisiveness among major players Fragmented efforts by EDC, Chamber Perception of “Cliques-ish”, self-serving behavior among leaders Failure to think and leverage assets regionally Lack of openness to new ideas and new leaders Inability to attract physicians Relocation of St. Francis beds, jobs to Tulsa Insufficient ED funding will weaken efforts |

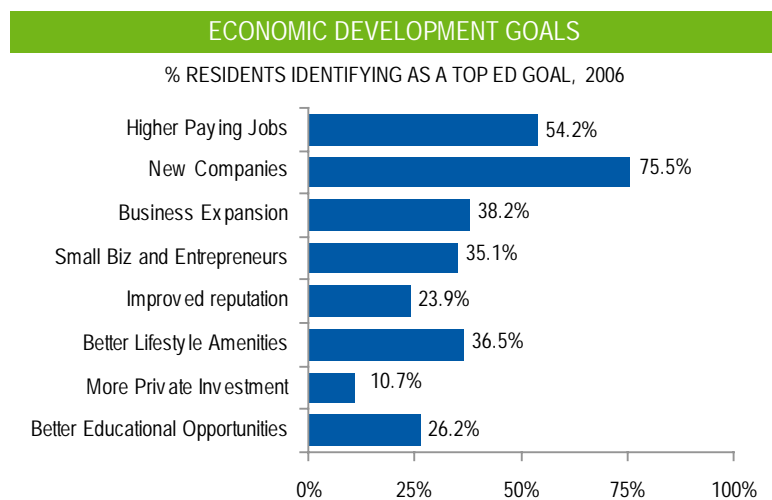
Clearly, Broken Arrow has a number of economic development advantages that make it an attractive location to employers:

- Establishment of BAEDC
- Vision 2025 funding
- Commitment from government to fund economic development
- Engaged business community
- Strong growth
- Bass Pro Shops development
- National recognition as a great and safe place to live

However, the region also faces significant economic development and marketing challenges that, if unaddressed, reduce Broken Arrow's capacity to prosper economically. The remainder of this section highlights those critical issues that must be addressed.

ISSUE 1: Lack of a singular, comprehensive economic development vision

Many residents involved in the public input process complained that Broken Arrow has no specific goal directing its economic development. The perception exists that the community has responded reactively to economic growth, rather than proactively directing the growth that has occurred. Communities that lack a common ED vision experience difficulty leveraging and focusing resources on economic development.



Source: Broken Arrow Resident Survey

Broken Arrow's visioning process must start with a fundamental understanding of what economic development is and why it is important. City, business, and community leaders all need to be involved in the education process. There must be an understanding that economic development does not just mean business growth and new construction. Quality of life, education, and infrastructure improvements are all linked to economic development.

Next, the community collectively decides what it wants to become, what types of companies it wants to attract, and what type of image it wishes to portray. Once this "vision" is set, the building blocks to reach that vision must be put into place from different entities in the community. Workers must be educated and trained for the types of companies the community wishes to attract. Roads, buildings, and utilities need to be developed that will support those businesses. All this must occur while restrictions are adhered to that will allow Broken Arrow to maintain its unique assets.

The establishment of the BAEDC and this planning process are the first steps in this visioning process. Strong economic development organizations are the most effective catalyst to bring together stakeholders that can shape a comprehensive vision.

A. Need to improve collaborative regional efforts among Tulsa and other suburban communities

Creating partnerships, collaborating regionally, and communicating across sectors are the most quickly identified opportunities in the communities in which we work. That indicates that they may be the most difficult to accomplish. However, regional economic development has many benefits. Regional collaboration can provide the infrastructure for more efficient delivery of public services and more powerful marketing campaigns in the face of dwindling resources. It can bring the community together to work towards a single vision. It is also effective at attracting the attention of global companies. In fact, when global companies identify the initial locations to expand or relocate into to, they rarely worry about county or city lines. They think about regions – the Tulsa region – and then decide where to locate within that region. Economic development theory has evolved to recognize the importance of thinking and collaborating regionally; regions are socially and economically integrated units, and the cities and towns that comprise them rise and fall together

Broken Arrow is one of the five largest cities in Oklahoma, but it is also integrally tied to the larger Tulsa region. Economic development officials must take a prominent role in advancing Tulsa as a premiere, globally competitive region, because increased opportunities and attention for Tulsa will only benefit Broken Arrow. The newly formed BAEDC and the Broken Arrow Chamber of Commerce should commit to developing strong relationships with the following organizations:

- Metro Tulsa Chamber of Commerce
- Tulsa Area Partnership
- Workforce Tulsa
- Northeast Region of the Oklahoma Aerospace Alliance
- Step Up Tulsa!

B. Need to improve collaborative efforts between city council, chamber, and schools

In order to develop a meaningful, implementable economic development vision, city leaders must work together for the overall benefit of the community. AE has found that conflict/failure to cooperate is one of the greatest barriers to successful economic development faced by clients.

Unfortunately, residents and stakeholders often noted that tension has existed between leading city organizations in a way that has been detrimental to advancing Broken Arrow's interests. This process provides an opportunity to create a forum for collaboration.

“We must continue to make sure that our triad of organizations (City, Chamber, Schools)...constantly work together for the common goal of the betterment of our City.”

**Russell Peterson
Chairman of the Chamber Board**

C. Need to recognize differences in perceptions among “old” and “new” residents

The sense of community or “small town feeling” is a source of great pride for many residents of Broken Arrow and sets it apart from other non-descript, bedroom communities. Broken Arrow has a charming downtown Main Street, many community festivals and events, and an engaged citizenry.

However, as the community continues to grow and attract new residents, some of the new residents don’t feel that same sense of community pride. They think of Broken Arrow as a place to sleep, but think of themselves as “Tulsa residents.” Survey responses indicate that often, there is a dichotomy in the feelings of these two groups: “keep small town feeling v. have all of the amenities of Tulsa, focus on Main Street v. focus on shopping malls, etc...” It is important that the community continue to find ways to engage ALL residents in the discussion of economic development and to encourage ways to heighten the sense of community pride.

ISSUE 2: Need for increased private financial support of economic development

Up until this year, economic development efforts have been concentrated in the Chamber of Commerce and have not had separate funding mechanisms. The newly formed BAEDC will now take the role as the lead economic development organization in the community, but must also identify long-term, private financing for economic development.

Although the city of Broken Arrow has laudably committed \$200,000 annually for the first three years, economic development efforts should never be fully subsidized by the public sector. As a general rule of thumb, public support should be leveraged to provide \$2 in private funding for every \$1 of public funding.

The community has never before embarked on a major economic development fundraising campaign to raise money from local businesses and wealthy individuals. Given a concrete strategic plan with clear, pragmatic, and implementable action items, the BAEDC should develop a \$3-\$5 million, 5 year economic development campaign that educates potential donors to the overall benefits of a robust economic development effort.

ISSUE 3: Need to increase branding and marketing for economic development

Globally competitive communities benefit from engaging in marketing campaigns that promote the entire area and educate/engage the local public about the importance of regional and county economic development initiatives.

“Marketing and public relations (are) sorely needed. The goods are here to a greater extent (but) no one knows.”

Broken Arrow Survey Respondent

A. Lack of effective community brand

It is highly effective for a region to market a community brand to build awareness and differentiate a community from its competitors. This will present a clear message to external audiences and make it easier for them to associate “*who*” and “*what*” the community stands for when it comes to economic development.

Currently, Broken Arrow lacks that community brand and marketing approach that distinguishes itself in marketing collateral. Some examples of other community brands include:

- Bartlesville: City of Legends
- Austin: The Human Capital
- Orlando: Putting Imagination to Work
- Jacksonville: Where the Future Leads

B. Need to overcome neutral to poor perception of Oklahoma, Tulsa, and Broken Arrow

One of the most difficult challenges for Broken Arrow is to overcome a neutral to poor perception of Oklahoma and Tulsa from other parts of the country. When people are asked to describe their perception of Oklahoma, the following words appear most often: “dust bowl”, “cowboys and Indians”, “oil”, and “ultra-conservative.” Often, a negative or non-existent image will leave a community completely “off the radar”, making it invisible even in the early stages of the site selection process.

“Oklahoma is still perceived as ‘cowboys and Indians’.”

Interviewee

Perceptions of Tulsa are more than often neutral. People from other parts of the country don’t know much about Tulsa because there isn’t a strong identifying asset that has been marketed.

Given Broken Arrow’s location as a suburb of Tulsa and one of the largest cities in Oklahoma, the BAEDC should support efforts to progressively market the state and region, in addition to the city of Broken Arrow.

C. Lack of a robust, attractive economic development website

Websites are often the first impression of a community to outsiders and the primary filter used in the site selection process. Its appearance, design, and content should be targeted and carefully managed.

Currently, the primary website for economic development in Broken Arrow is the Chamber of Commerce's site. The current site is poorly designed, lacks a professional appearance, and is limited in its economic development information. A separate BAEDC site should be developed that focuses on providing the following information:

- Demographics and economic indicators
- Real estate availability
- Downloadable target industry information
- Quality of life amenities
- Success stories



Below is a summary of the top issues that Broken Arrow is currently facing.

These issues will need to be addressed if the region hopes to continue to fully realize sustainable economic growth. The following conclusions are divided into five sections: Business Climate, Workforce & Education, Sites & Infrastructure, Quality of Life, and Economic Development & Marketing.

BUSINESS CLIMATE

- Need to improve entrepreneurial support system
- Need to reduce perception that the permitting and regulatory process is unfriendly to new businesses
- Heavy reliance on retail sales could create an imbalance in economic development efforts
- High workers compensation rates create barrier for economic growth
- Lack of a strong research focus at area universities

WORKFORCE AND EDUCATION

- Shortage of skilled workers in trade industries
- Erosion of young professional workforce
- Limited partnerships between business, higher education, and K-12 system
- Limited ethnic and racial diversity in the workforce

SITES AND INFRASTRUCTURE

- Rapid growth putting strain on existing infrastructure
- Limited availability of international air service and non-stop flights at Tulsa International Airport
- Tulsa suburbs are underserved by public transportation

QUALITY OF LIFE

- Limited utilization of downtown Broken Arrow
- Lack of retail and restaurant options in Broken Arrow
- Lack of identifiable gateways to signal entrance into Broken Arrow
- Limited beautification and design efforts to enhance overall attractiveness
- Underutilization of the Arkansas River and other recreational assets

ECONOMIC DEVELOPMENT AND MARKETING

- Lack of a singular, comprehensive economic development vision
- Need for increased private financial support of economic development
- Need to increase branding and marketing for economic development

These issues will be addressed with specific recommendations and strategies that AE will develop for the *Economic Development Strategic Plan* that is still to come.

BROKEN ARROW SURVEY RESULTS



Business and Resident Surveys

December 2006

SURVEY INFORMATION

- The Broken Arrow surveys had 905 responses:
 - The Broken Arrow Business Survey had 73 respondents.
 - The Broken Arrow Residents Survey had 832 respondents.
- This represents 1.0% of the city's population.
- The surveys were open for 4 weeks.

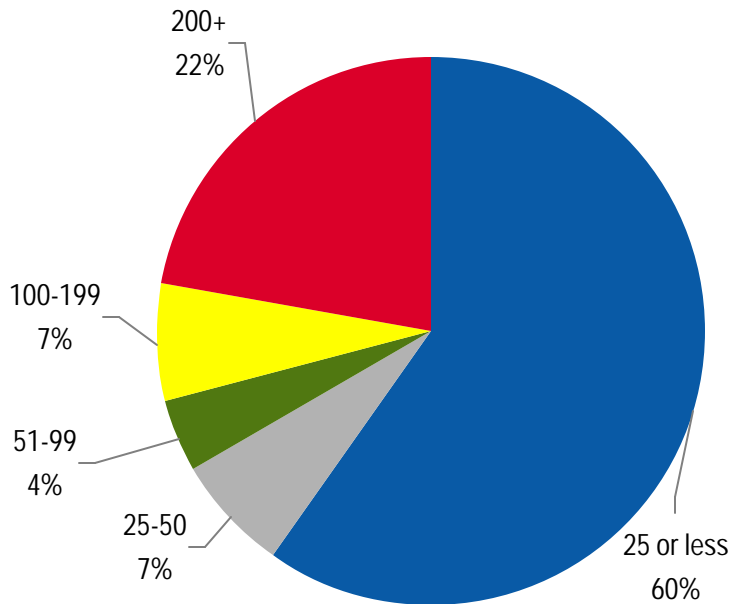
Broken Arrow

BUSINESS RESULTS



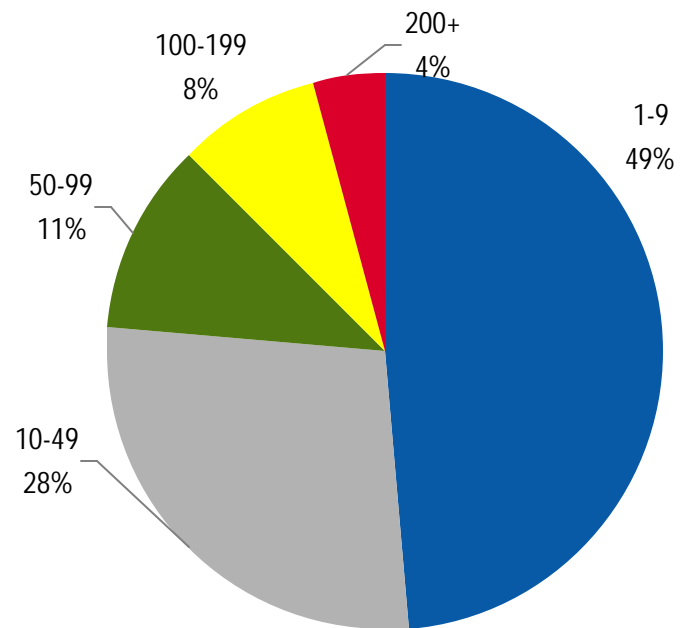
EMPLOYMENT BASE

How many people are employed in your company inside the US?



Source: AE Survey

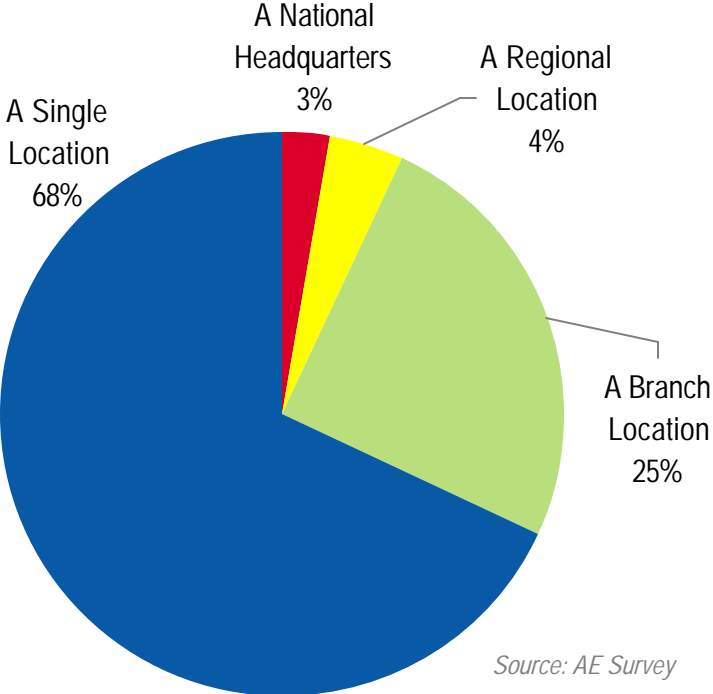
How many people are employed in your company inside Broken Arrow?



Source: AE Survey

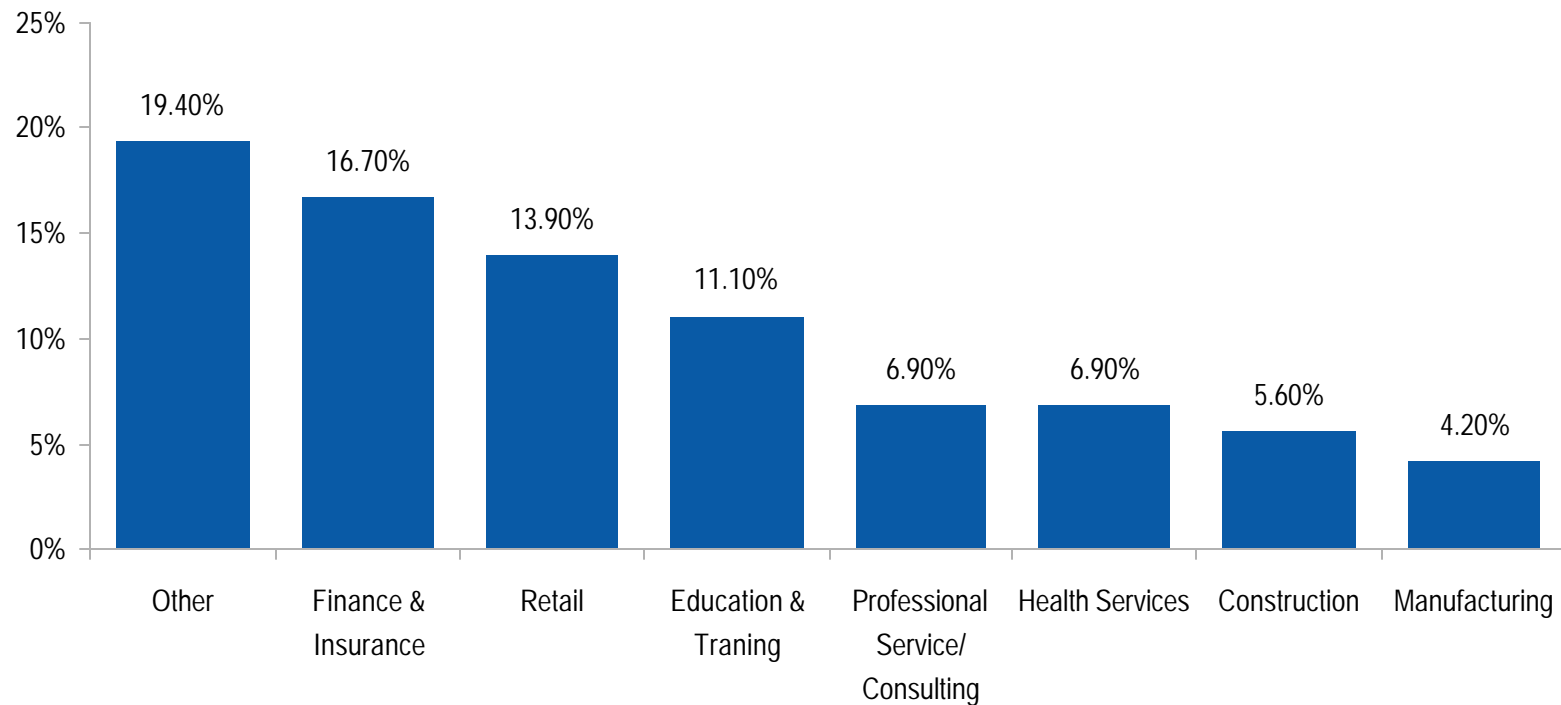
EMPLOYMENT BASE

Is your company:



BUSINESS INFORMATION

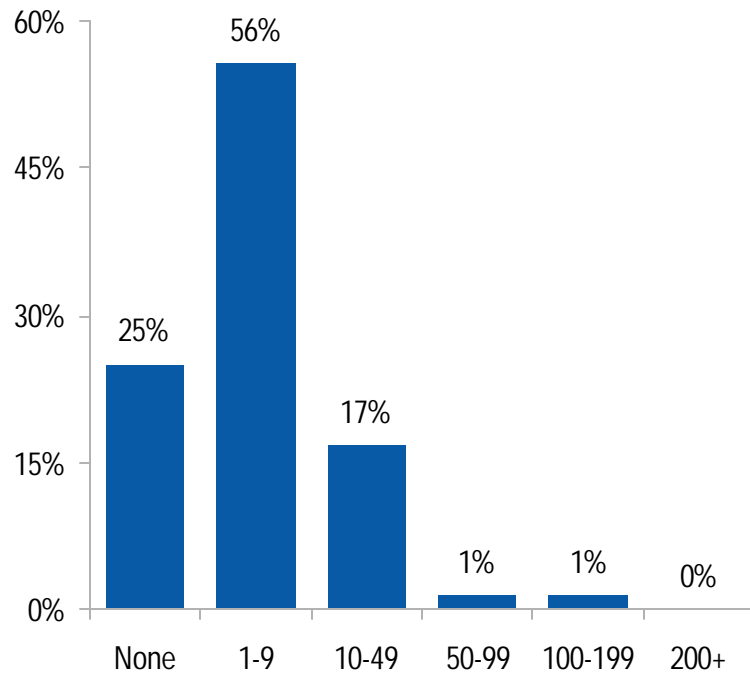
What industry is your business in? (Top 8 Displayed)



Source: AE Survey

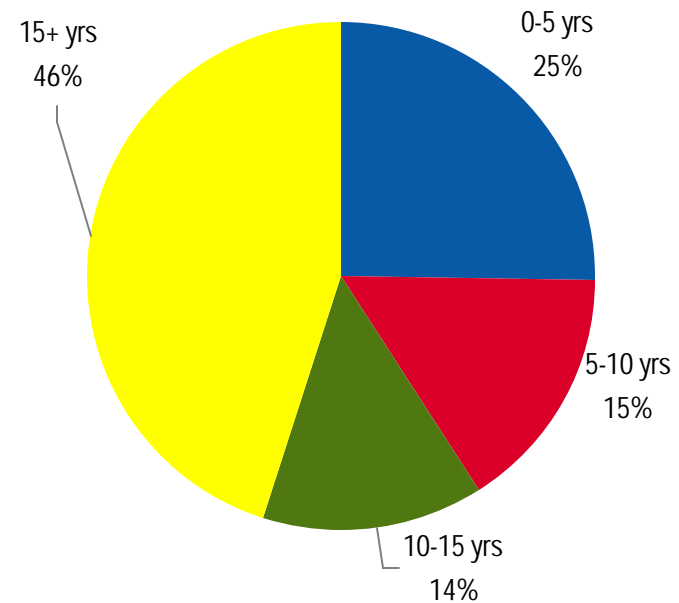
LOCATION & HIRING

How many employees did you hire last year?



Source: AE Survey

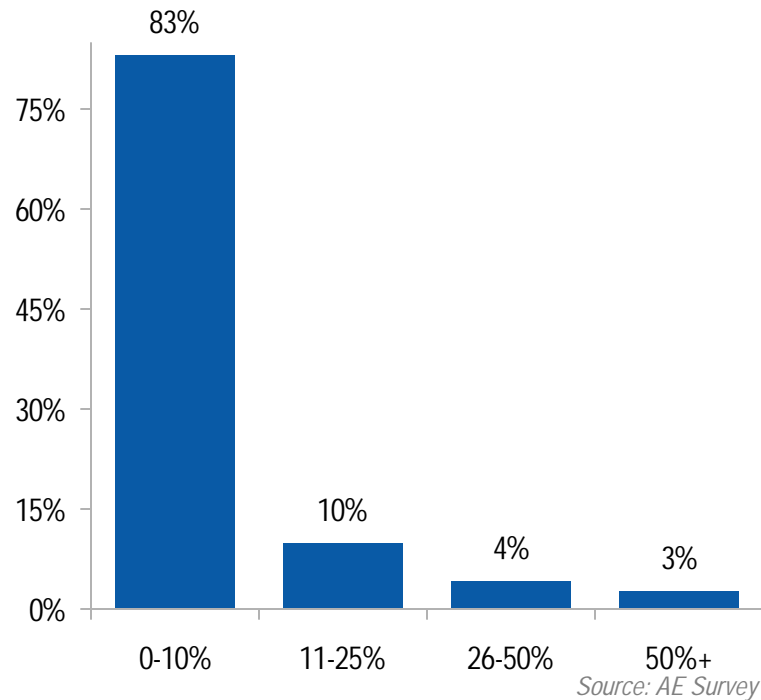
How long have you been located in Broken Arrow?



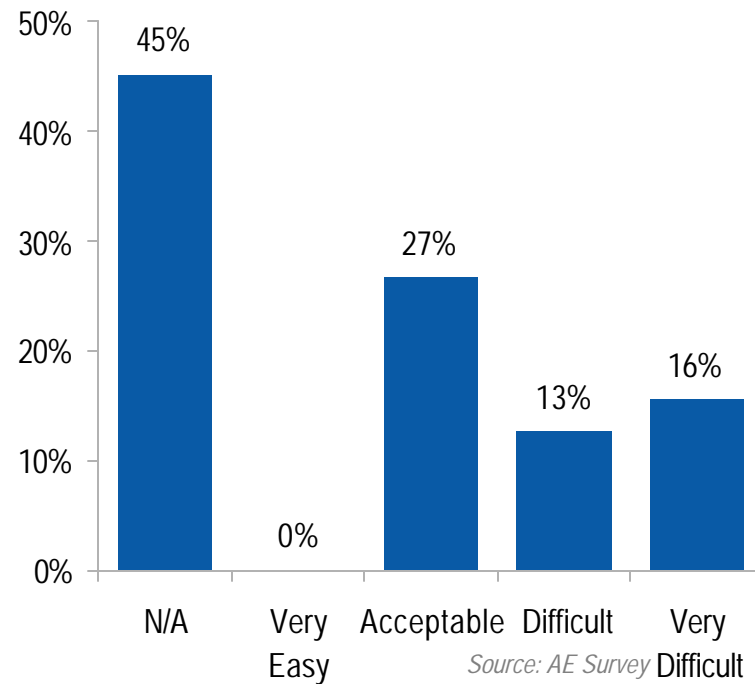
Source: AE Survey

RECRUITMENT

What percent of your key technical & managerial workers were hired from outside the region?

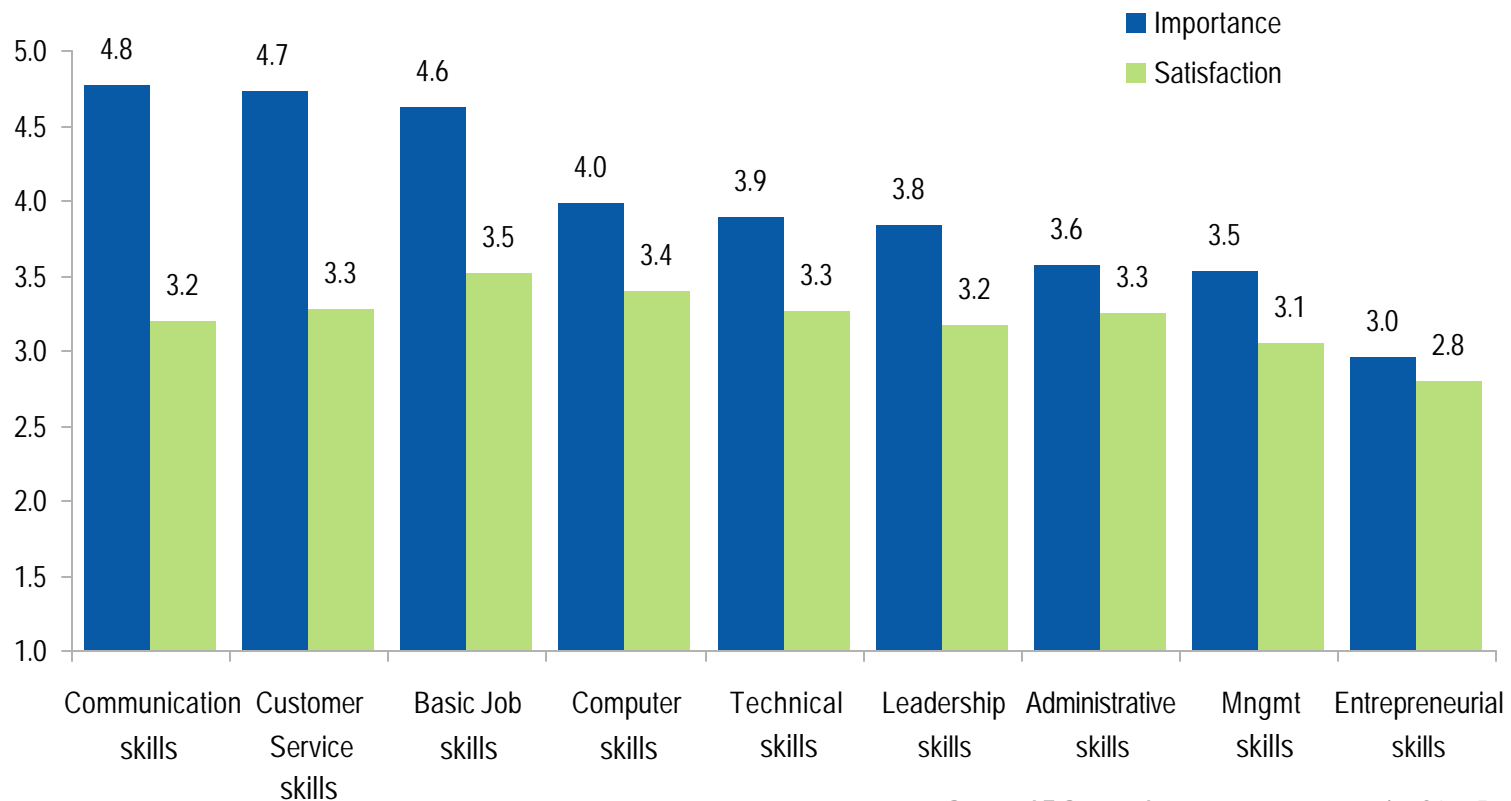


How difficult is recruiting employees from outside the region?



WORKFORCE SKILLS

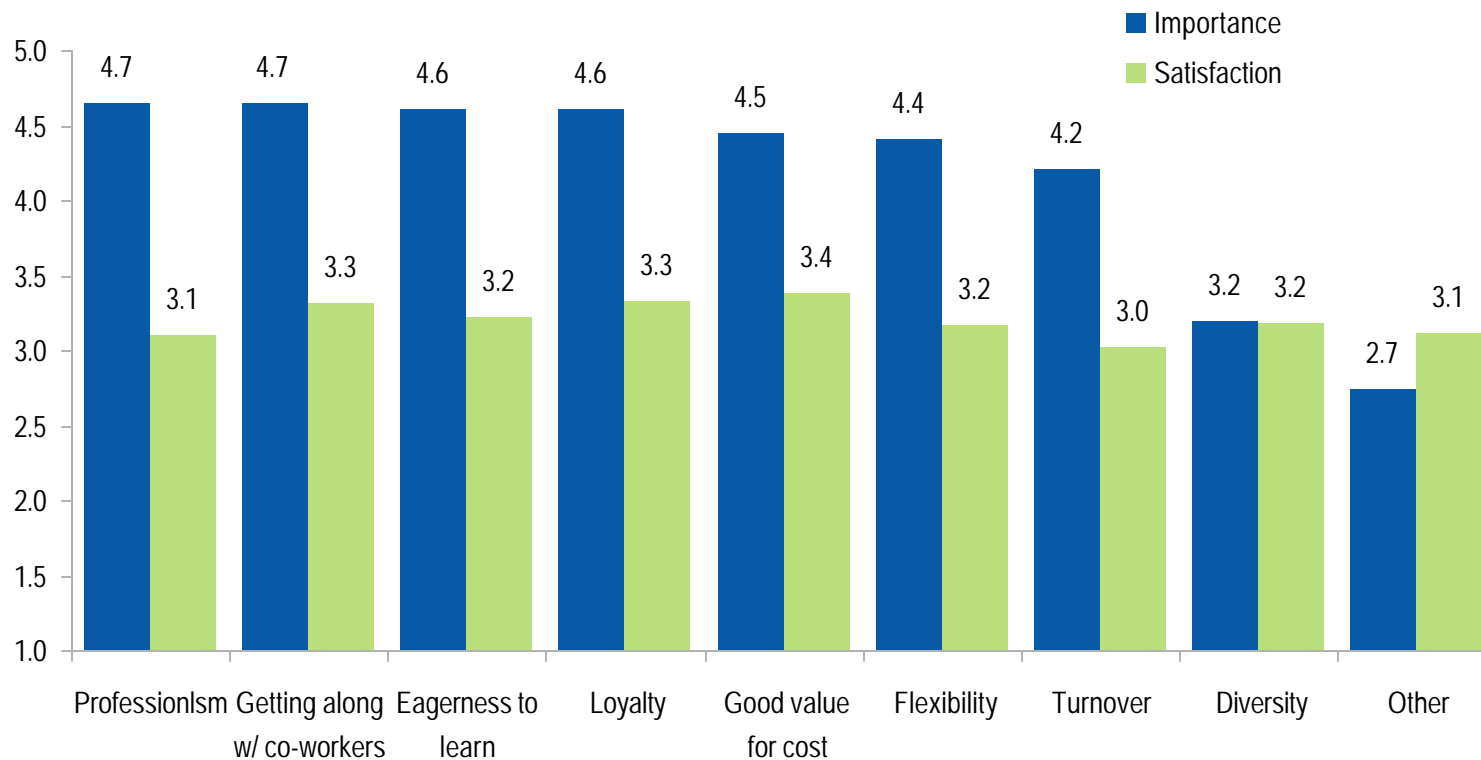
Workforce skill traits



Source: AE Survey, Average response on scale of 1 to 5

WORKFORCE SKILLS

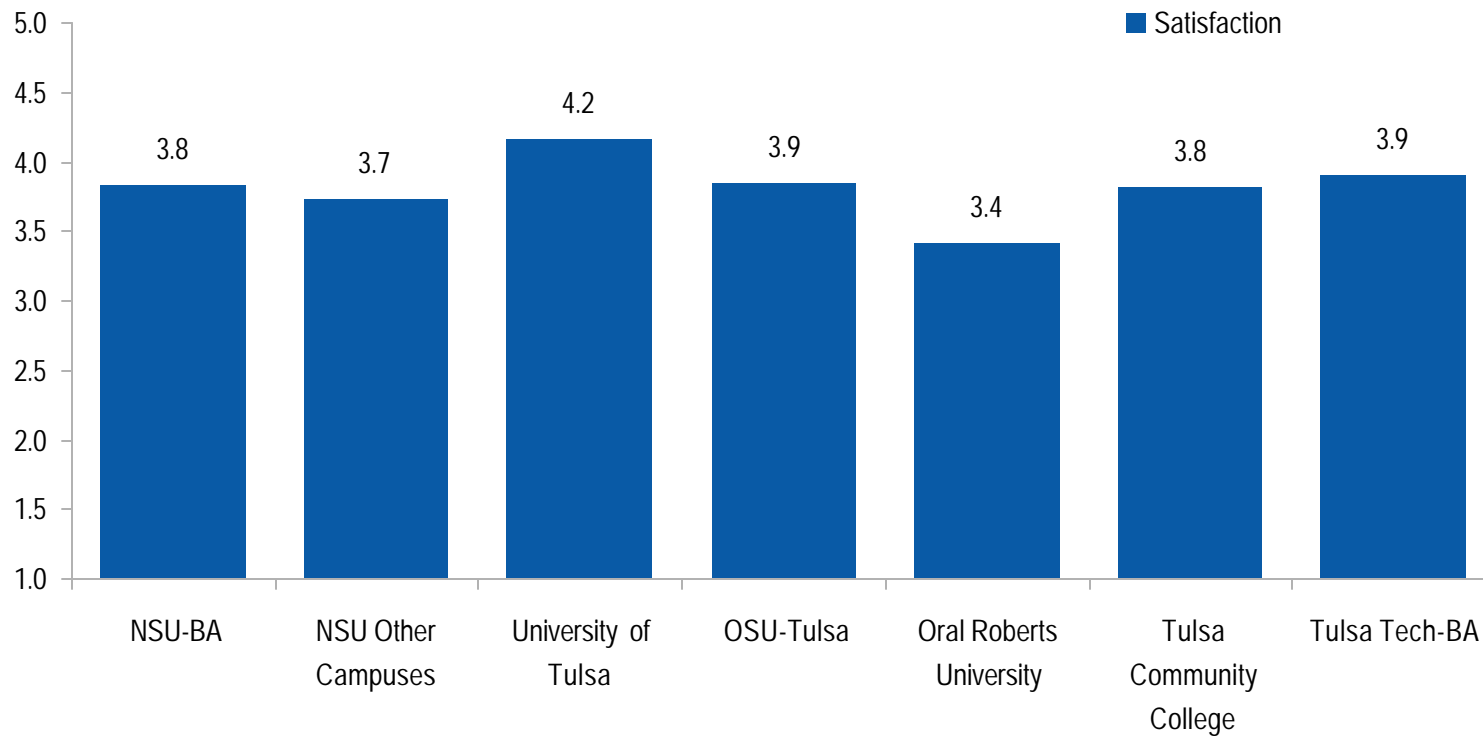
Workforce skill traits



Source: AE Survey, Average response on scale of 1 to 5

WORKFORCE TRAINING

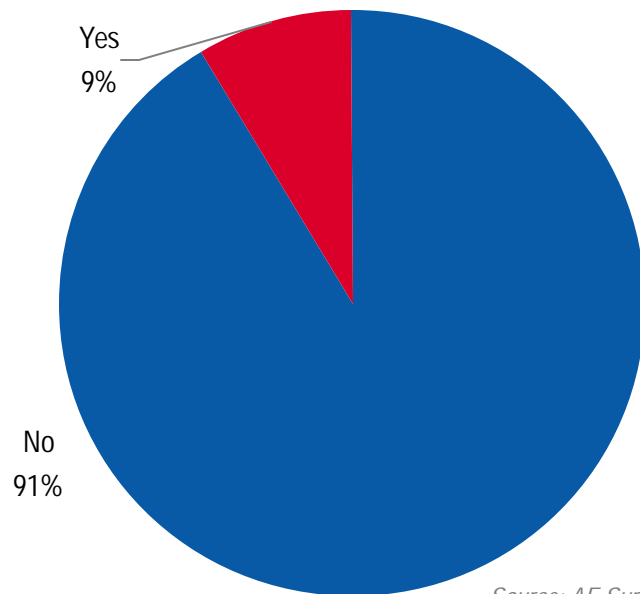
Please rate the job local universities, community colleges, and technical schools do in preparing their students for the workforce



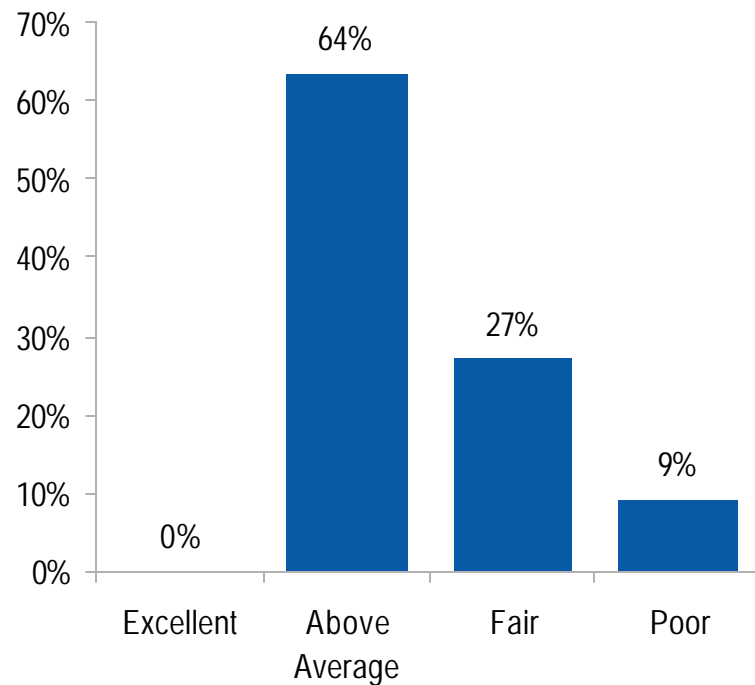
Source: AE Survey, Average response on scale of 1 to 5

WORKFORCE TRAINING

Have you used any workforce development programs in Broken Arrow in the past year to train your employees?



If yes, how would you rate the quality of the training your employees received?



OPEN-ENDED QUESTIONS (TOP RESPONSES)

What is the primary reason that you are located in Broken Arrow:

- Strategic location
- Growth market
- Broken Arrow is home
- Quality of life

Which positions in your company are most difficult to fill:

- Sales
- Skilled positions (e.g. technicians)
- Supervisory

OPEN-ENDED QUESTIONS (TOP RESPONSES)

What do you consider the greatest strengths of the Broken Arrow workforce:

- Work ethic
- Education
- Availability

What do you consider the greatest weaknesses of the Broken Arrow workforce:

- Lack of education
- Lack of skills
- Competition (other employers)

OPEN-ENDED QUESTIONS (TOP RESPONSES)

What do you consider the greatest opportunity for business growth in Broken Arrow over the next three to five years?

- Attracting and growing new companies (particularly small businesses)
- More residential growth
- More retail and restaurant growth

What do you consider the greatest barrier to business growth in Broken Arrow over the next three to five years:

- Traffic growth
- Regulatory barriers
- Government leadership

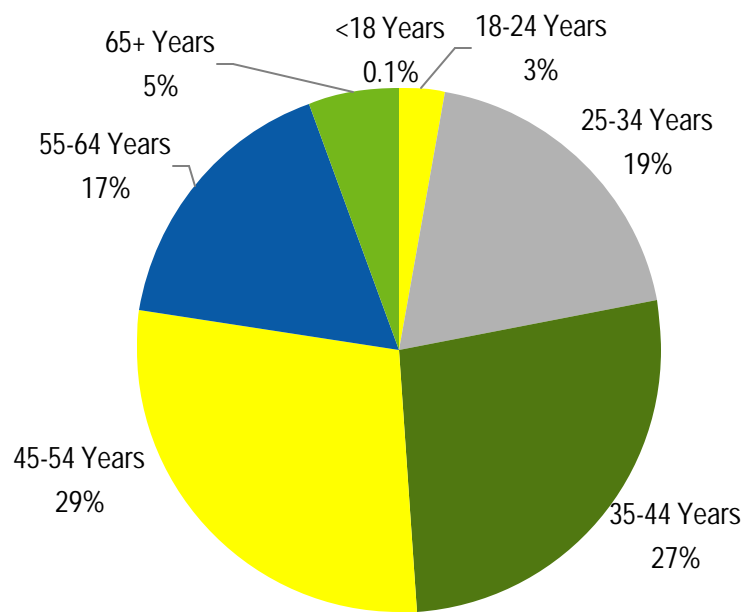
Broken Arrow



RESIDENT RESULTS

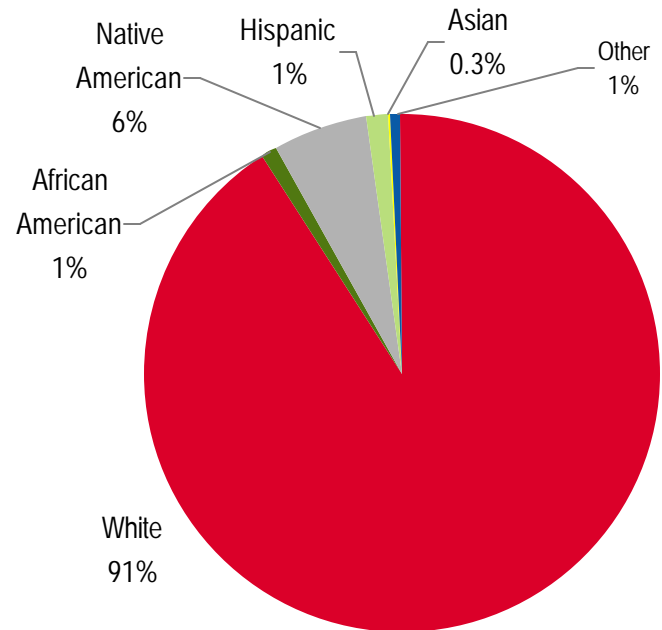
RESPONDENT DEMOGRAPHICS

Age



Source: AE Survey

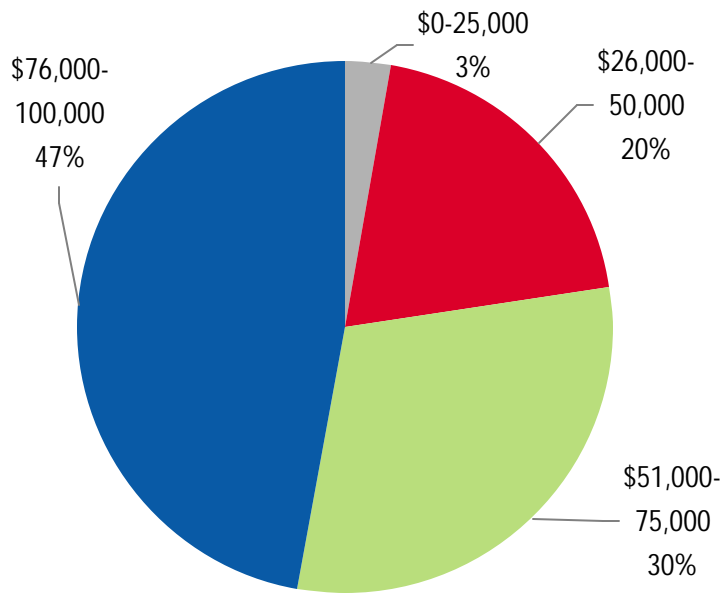
Ethnicity



Source: AE Survey

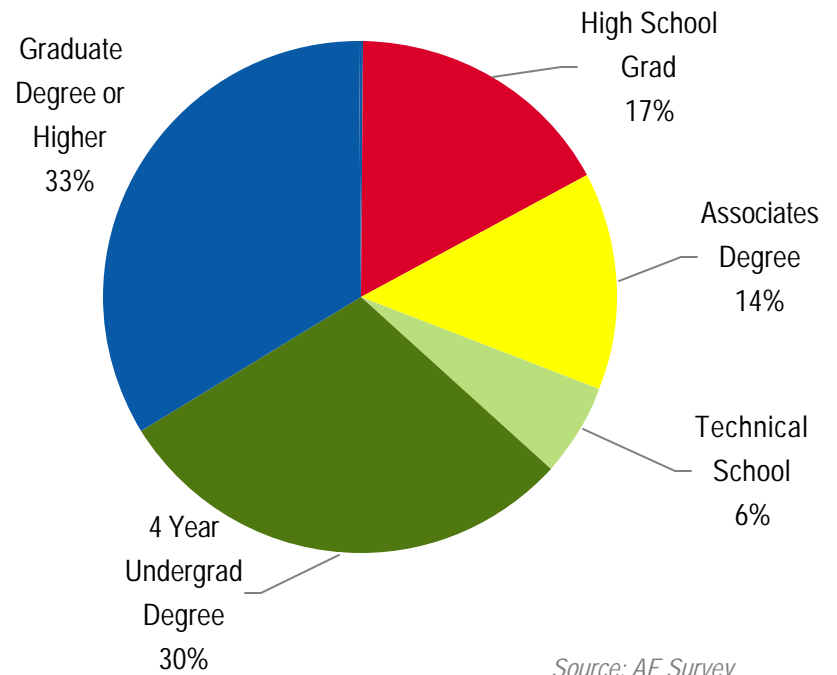
RESPONDENT DEMOGRAPHICS

Annual Income



Source: AE Survey

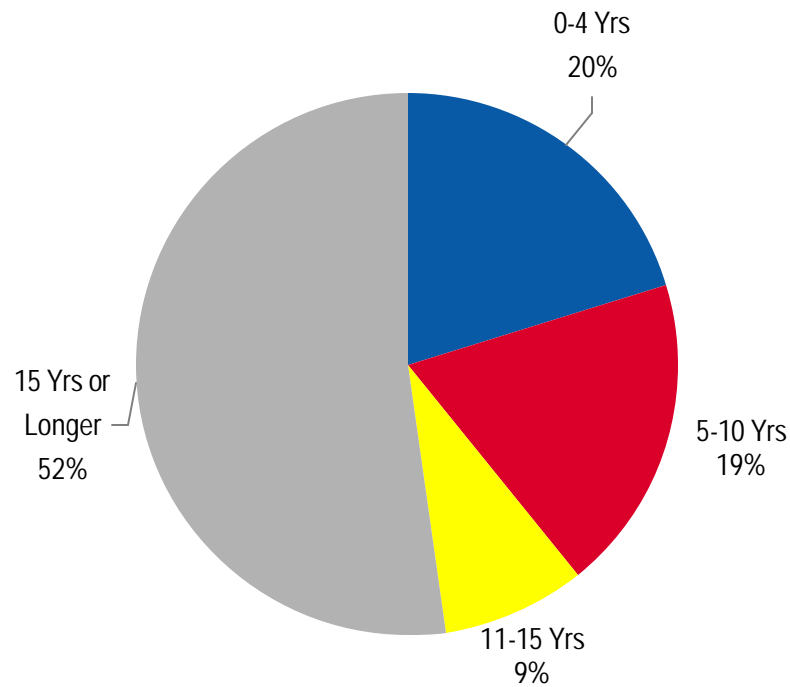
Education



Source: AE Survey

RESPONDENT LOCATION

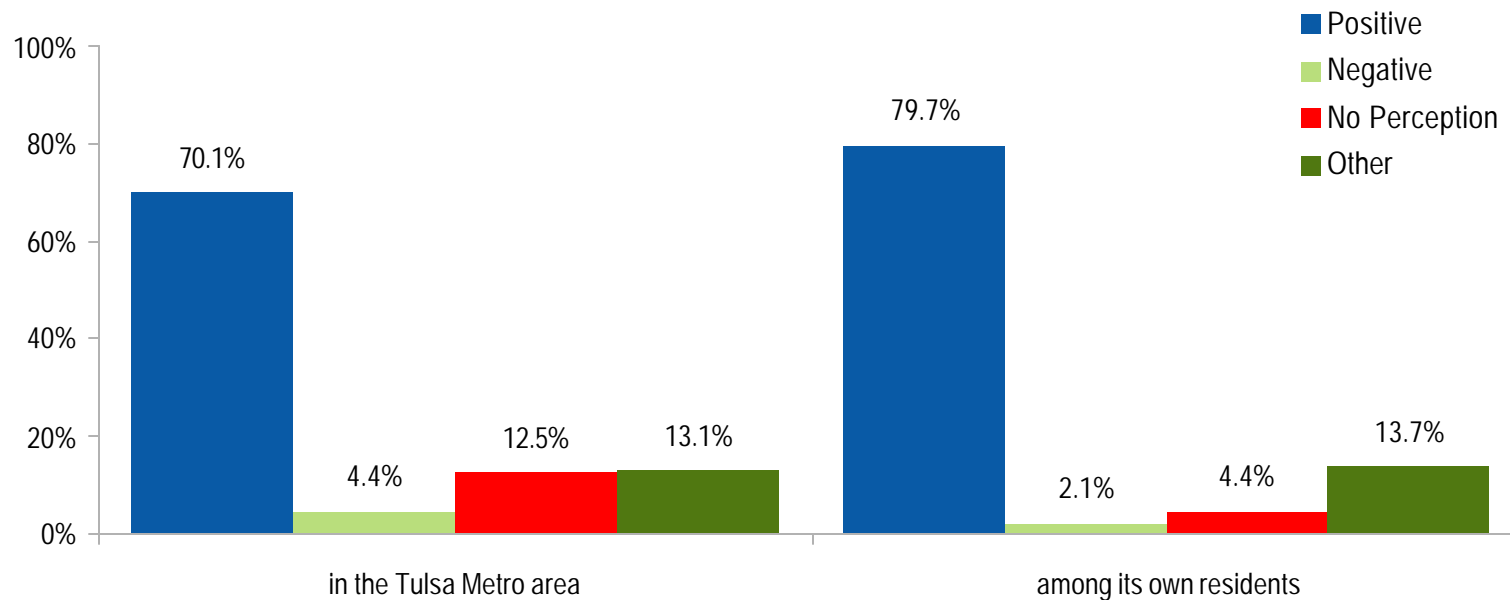
How long have you lived in Broken Arrow?



Source: AE Survey

IMAGE

What Type of Image Do You Think Broken Arrow has...

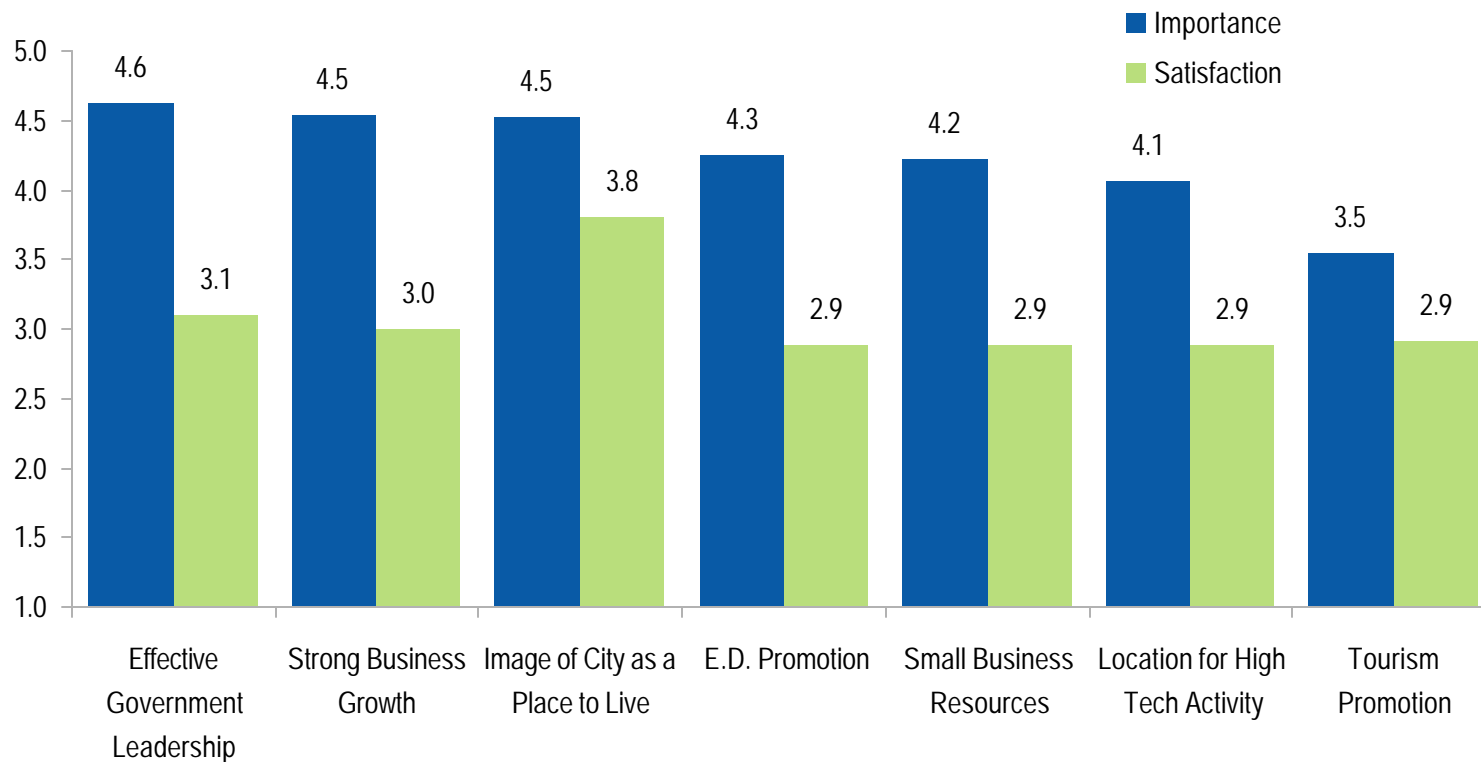


Common "other" comments on image among outsiders: growing, safe, bedroom community, extension of Tulsa, unsophisticated
Common "other" comments on image among its own residents: Positive but declining, good place to live, negative perception of leaders, part of Tulsa

Source: AE Survey

IMPORTANCE & SATISFACTION

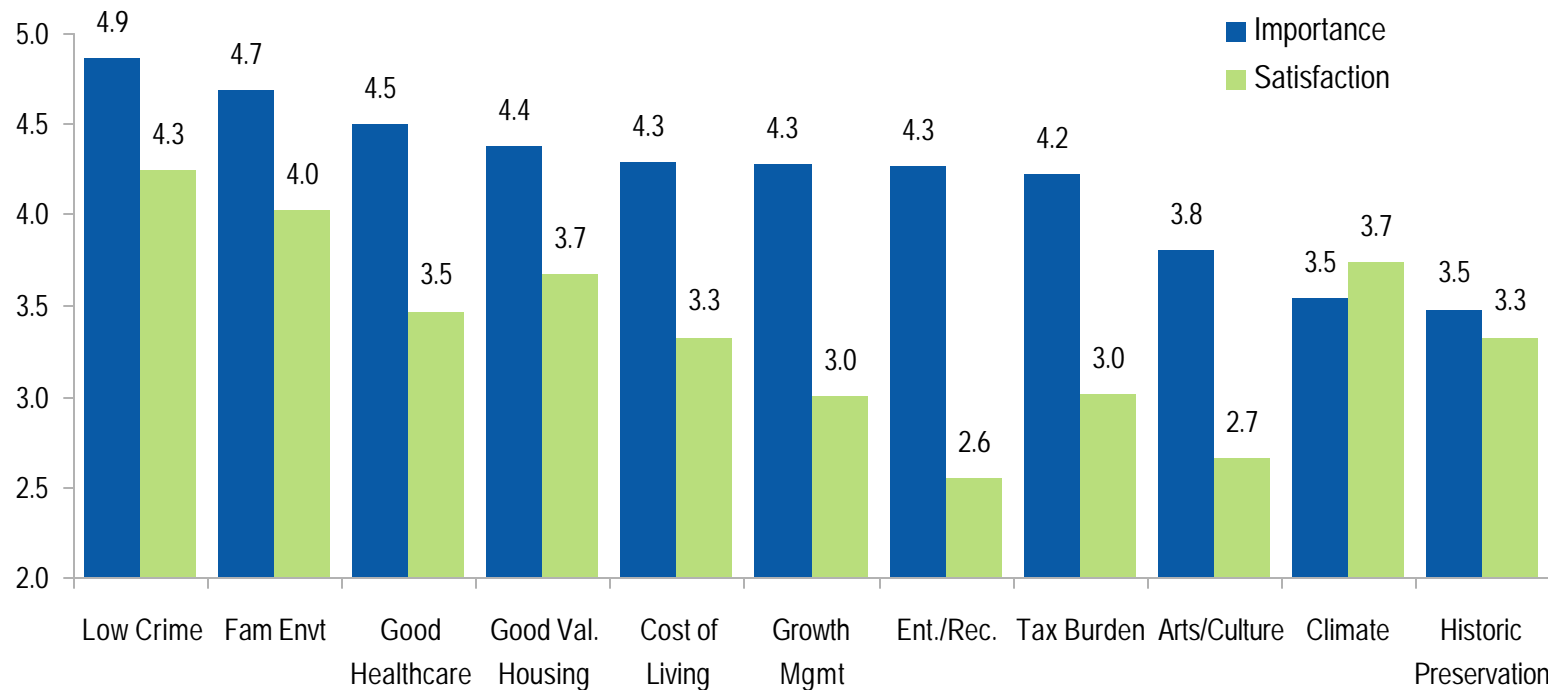
Broken Arrow General Economy



Source: AE Survey, Average response on scale of 1 to 5

IMPORTANCE & SATISFACTION

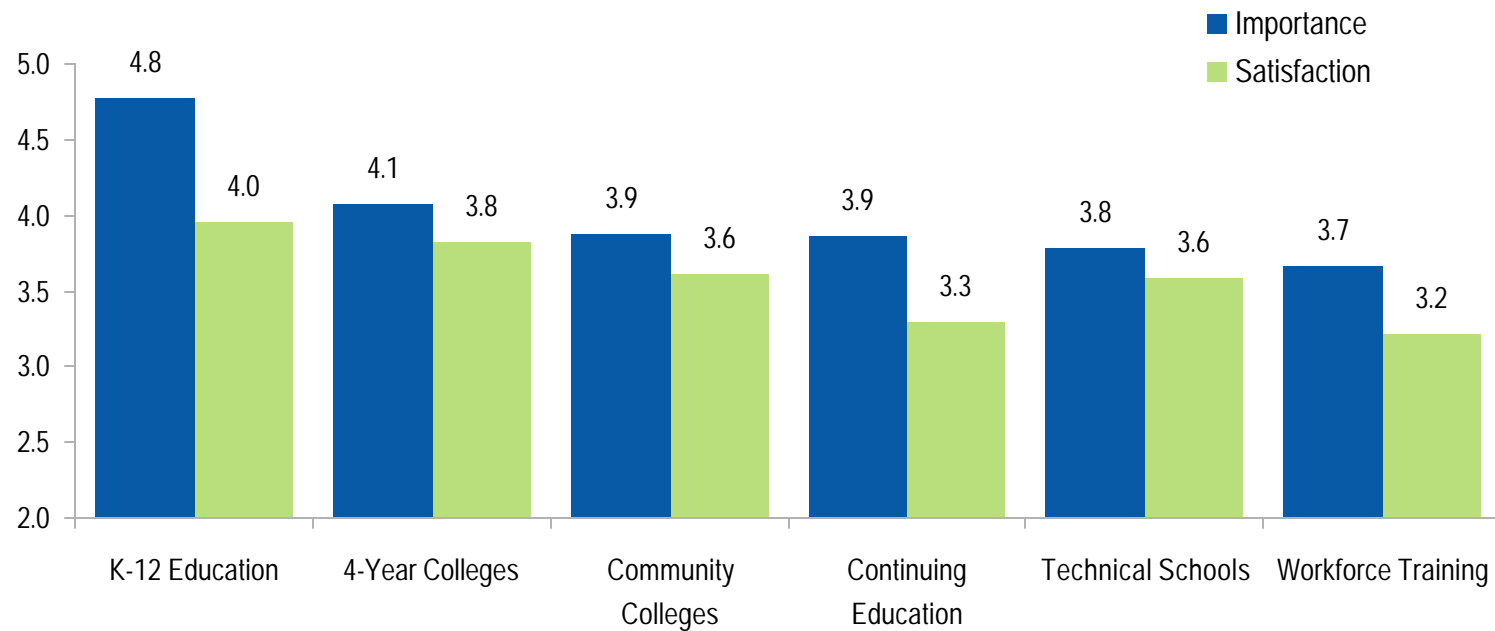
Broken Arrow Livability



Source: AE Survey, Average response on scale of 1 to 5

IMPORTANCE & SATISFACTION

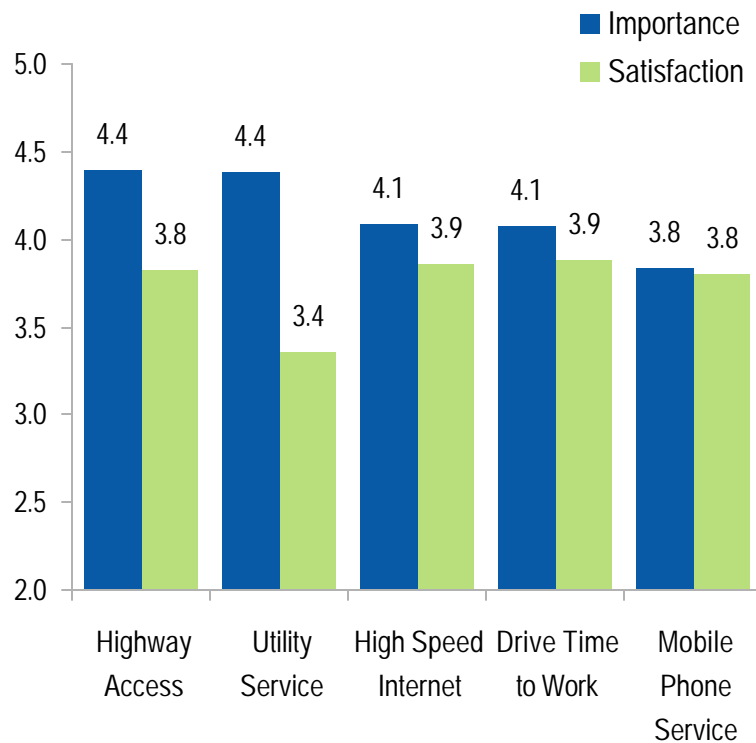
Broken Arrow Education



Source: AE Survey, Average response on scale of 1 to 5

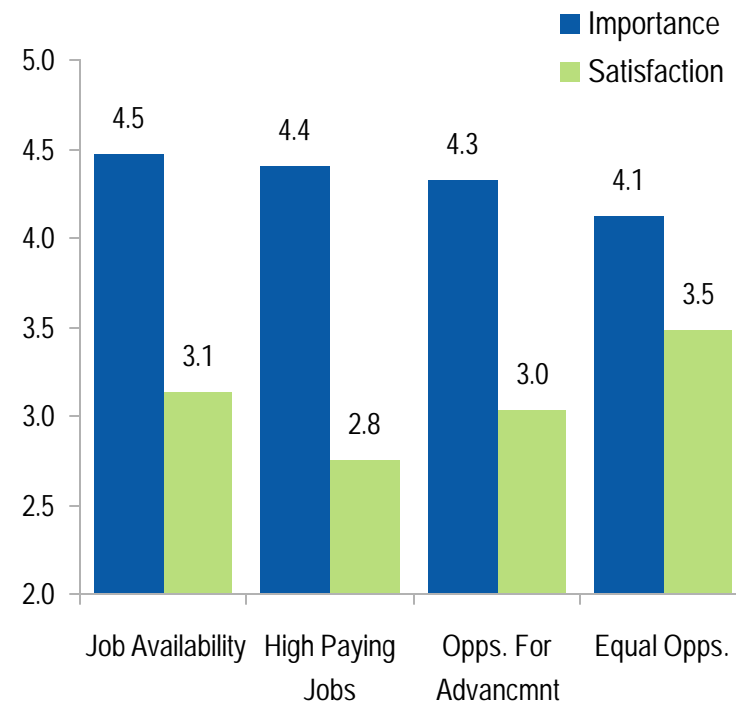
IMPORTANCE & SATISFACTION

Broken Arrow Infrastructure



Source: AE Survey, Average response on scale of 1 to 5

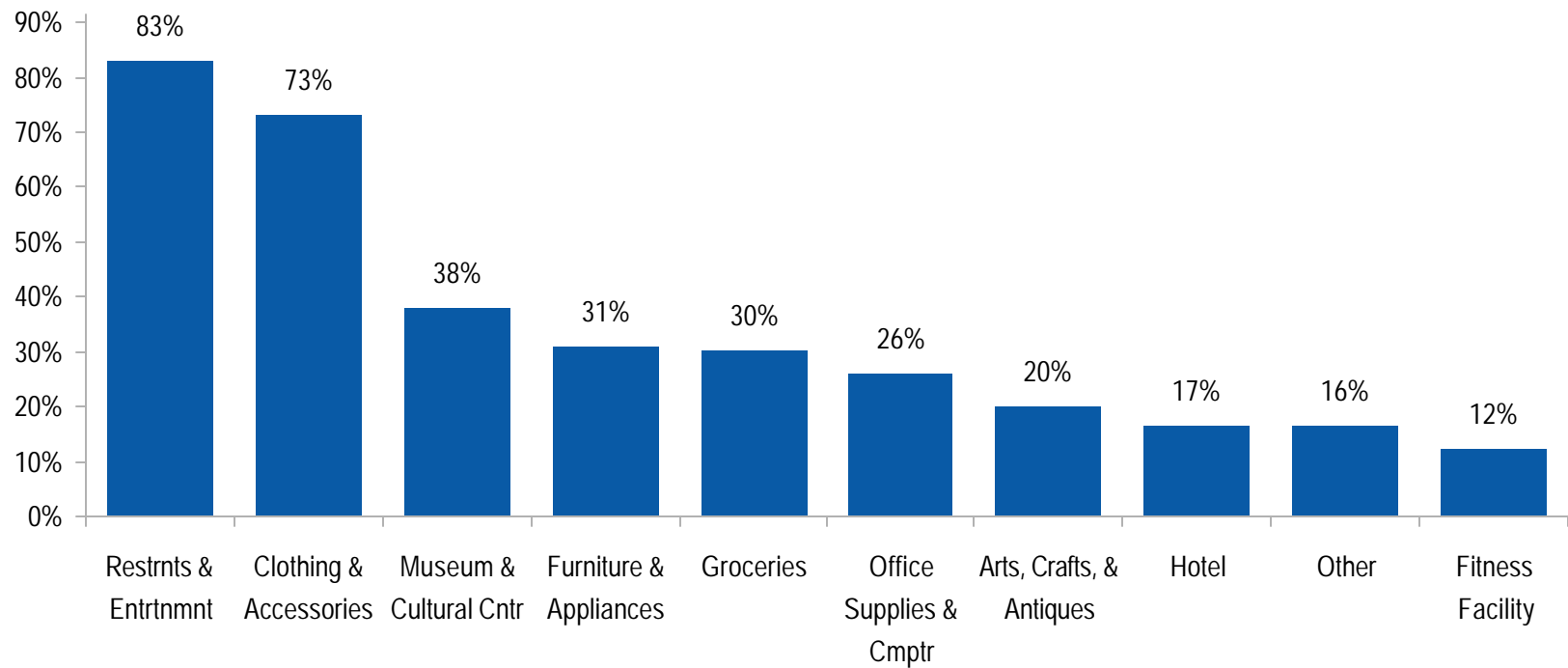
Broken Arrow Work Environment



Source: AE Survey, Average response on scale of 1 to 5

RETAIL

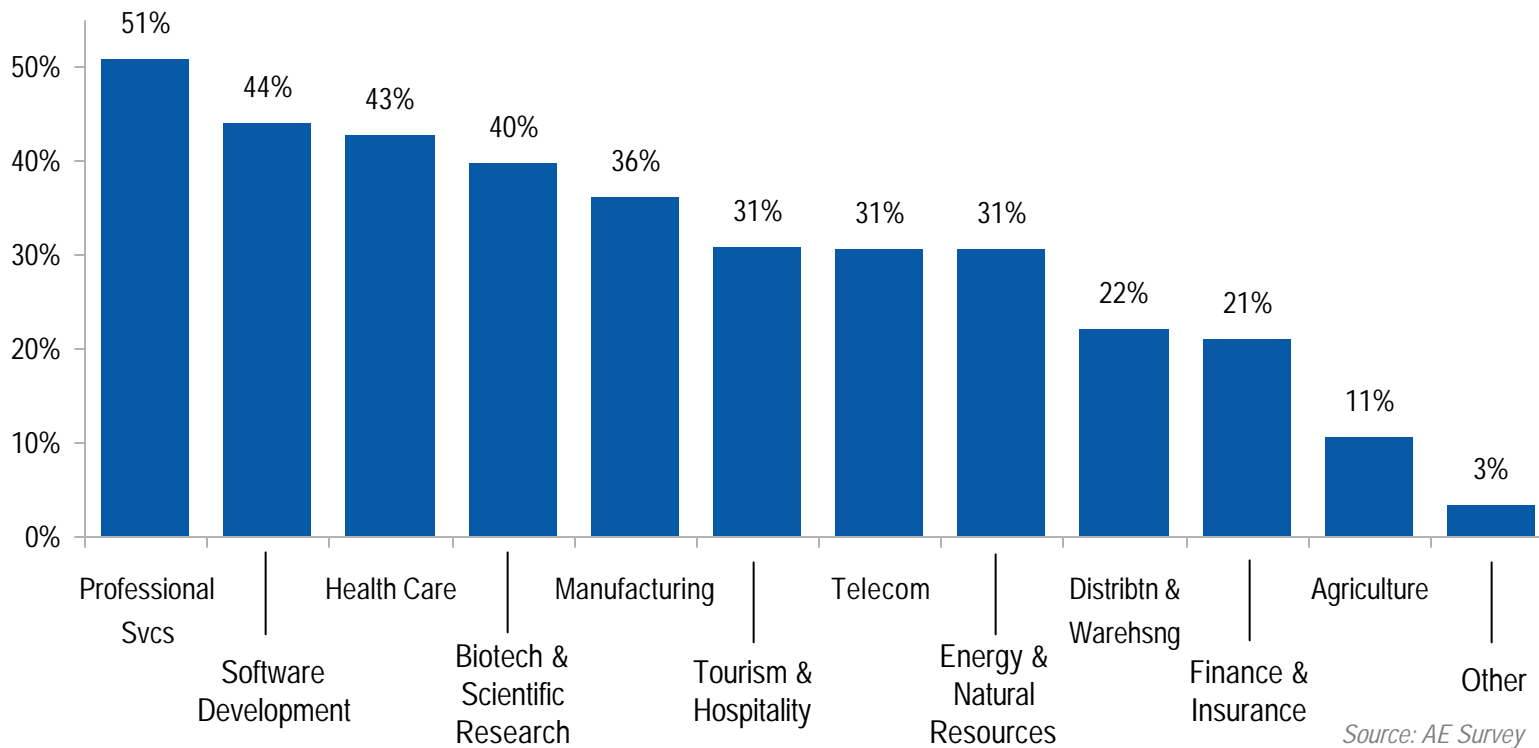
What retail businesses would you like to see expand or open in Broken Arrow?



Source: AE Survey

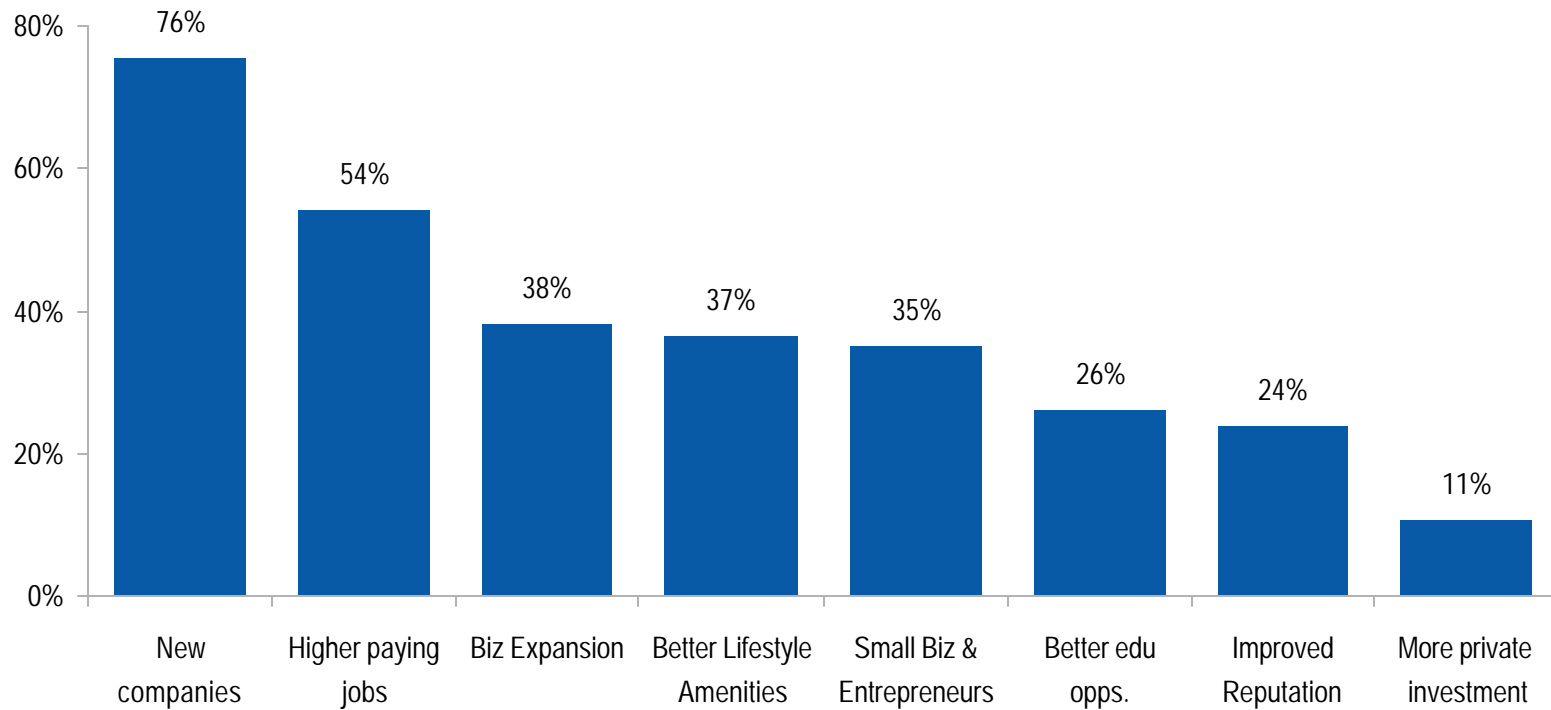
INDUSTRY

What industries would you like to see expand or locate in Broken Arrow?



ECONOMIC DEVELOPMENT

What should be the three top economic development goals for Broken Arrow?



Source: AE Survey

OPEN-ENDED QUESTIONS (TOP RESPONSES)

What are the greatest assets in Broken Arrow that can contribute to economic growth:

- Schools, educational system
- Safety
- Low cost of living, affordable housing

What are the greatest challenges facing Broken Arrow as it works to improve economic conditions:

- Infrastructure
- Negative image
- Maintaining & increasing quality of schools

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