

A PENTON PUBLICATION

EXPANSION

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HELPING GROWING COMPANIES EVALUATE FUTURE LOCATIONS

5-Star Business Opportunity Metros

Akron, Ohio MSA
Albany-Schenectady-Troy, N.Y. MSA
Amarillo, Texas MSA
Ames, Iowa MSA
Ann Arbor, Mich. MSA
Atlanta-Sandy Springs-Marietta, Ga. MSA
Austin-Round Rock, Texas MSA
Baltimore-Towson, Md. MSA
Birmingham-Hoover, Ala. MSA
Blacksburg-Christianburg-Radford, Va. MSA
Boston-Cambridge-Quincy, Mass.-N.H. MSA
Boulder, Colo. MSA
Champaign-Urbana, Ill.
Charlottesville, Va. MSA
Cincinnati-Middletown, Ohio-Ky.-Ind. MSA
Cleveland-Elyria-Mentor, Ohio MSA
College Station-Bryan, Texas MSA
Colorado Springs, Colo. MSA
Columbia, Mo. MSA
Columbia, S.C. MSA
Columbus, Ohio MSA
Dallas-Fort Worth-Arlington, Texas MSA
Denver-Aurora, Colo. MSA
Des Moines, Iowa MSA
Detroit-Warren-Livonia, Mich. MSA
Durham, N.C. MSA
Fargo, N.D.-Minn. MSA
Flagstaff, Ariz. MSA
Harrisburg-Carlisle, Pa. MSA
Harrisonburg, Va. MSA
Houston-Baytown-Sugar Land, Texas MSA
Huntsville, Ala. MSA
Iowa City, Iowa MSA
Jefferson City, Mo. MSA
Johnson City, Tenn. MSA
Kansas City, Mo.-Kan. MSA
Knoxville, Tenn. MSA
Lansing-East Lansing, Mich. MSA
Lawrence, Kan. MSA
Lexington-Fayette, Ky. MSA

5-Star Business Opportunity Metros (continued)

Lincoln, Neb. MSA
Little Rock-North Little Rock, Ark. MSA
Lubbock, Texas MSA
Madison, Wis. MSA
Minneapolis-St. Paul-Bloomington, Minn.-Wis. MSA
Nashville-Davidson-Murfreesboro, Tenn. MSA
Oklahoma City, Okla. MSA
Omaha-Council Bluffs, Neb.-Iowa MSA
Philadelphia-Camden-Wilmington, Pa.-N.J.-Del.-Md. MSA
Phoenix-Mesa-Scottsdale, Ariz. MSA
Pittsburgh, Pa. MSA
Portland-Vancouver-Beaverton, Ore.-Wash. MSA
Raleigh-Cary, N.C. MSA
Reno-Sparks, Nev. MSA
Richmond, Va. MSA
Rochester, N.Y. MSA
San Antonio, Texas MSA
San Diego-Carlsbad-San Marcos, Calif. MSA
San Francisco-Oakland-Fremont, Calif. MSA
San Jose-Sunnyvale-Santa Clara, Calif. MSA
Seattle-Tacoma-Bellevue, Wash. MSA
Springfield, Mo. MSA
St. Louis, Mo.-Ill. MSA
State College, Pa. MSA
Syracuse, N.Y. MSA
Tampa-St. Petersburg-Clearwater, Fla. MSA
Toledo, Ohio MSA
Tucson, Ariz. MSA
Tulsa, Okla. MSA
Virginia Beach-Norfolk-Newport News, Va.-N.C. MSA
Washington-Arlington-Alexandria, D.C.-Md.-Va.-W.Va. MSA

SOURCE: Expansion Management's 2005 Mayor's Challenge ranking of the "Top Business Opportunity Metros." Metro areas are listed in alphabetical order.

2005 MAYOR'S CHALLENGE™: America's Top Business Opportunity Metros

[7/11/2005] Posted By: Bill King, Chief Editor

Some metro areas are strong in one or two areas of importance to businesses looking for the best location for a future facility. These are cities that have achieved solid ratings across the board in Expansion Management's numerous studies during the past 12 months.

When Washington Mutual announced its selection of San Antonio, Texas, for its new regional operations center, Benson Porter, the company's chief administrative officer, cited a variety of reasons the company chose the Alamo City for a facility that may bring as many as 4,200 jobs over the next seven years.

"San Antonio offers a business-friendly environment, a strong work force, great quality of life, affordable housing for our employees, a central location, and a viable real estate solution to accommodate our growth," said Porter.

When Washington Mutual made its formal announcement in a press conference held in San Antonio in late June, Porter was surrounded by a phalanx of local and state politicians, including the governor of Texas, Rick Perry, the mayor of San Antonio, Phil Hardberger, and even the former mayor of the city, Ed Garza, plus a whole host of city luminaries.

Make no mistake. This was a very big deal for the city and its new mayor.

"San Antonio is a great place to do business," said Phil Hardberger, mayor of San Antonio. "Our diverse economy, available work force, and strong business climate make us attractive for a wide variety of industries. When companies like Washington Mutual and agencies like NSA select our city for large expansions, it seems like we must be doing something right in San Antonio."

Among today's big city mayors, attracting businesses — and the new jobs and tax revenue they bring with them — is their No. 1 priority.

San Antonio is just one of 70 metropolitan statistical areas (MSA) that have been designated as "5-Star Business Opportunity Metros" in our **3rd annual Mayor's Challenge™** ranking of the business climates in our country's 362 metro areas.

Among today's big city mayors, attracting businesses — and the new jobs and tax revenue they bring with them — is their No. 1 priority.

"Tampa has a history of being a thriving business and government center with a unique and diverse local work force," said Pam Iorio, mayor of Tampa, Fla. "I always encourage businesses to consider our community for expansion and relocation based on our great quality of life, favorable business climate and natural assets."

The story is the same in nearby St. Petersburg, which has undergone an amazing renovation over the last decade.

"The business climate in St. Petersburg is strong," said Rick Baker, mayor of St. Petersburg, Fla. "We are presently in the midst of the most significant economic and community expansion period of our city's history. We are seeing growth in the office, retail, hotel, industrial and residential sectors ... [and are] positioned to continue this growth trend and maintain our high quality of life because of our proactive investments in infrastructure systems and community amenities."

All across the country, mayors are serving as pitchmen — or pitchwomen, since a large number of the mayors who head up this year's roster of 5-Star Business Opportunity Metros are women.

More and more, local officials are willing and eager to work with companies that consider locating within their municipality.

"One of the strongest reasons to do business in Atlanta is the city's great history of successfully forging public-private partnerships," said Shirley Franklin, mayor of Atlanta. "From the 1996 Centennial Olympics Games to the current campaign to develop a new brand for the city of Atlanta, the public and private leaders in this city have a synergy that is unique to Atlanta and a key driver for success in the business community."

Mayor Bill Purcell of Nashville echoes that sentiment.

"When you're a Mayor, you hope the leaders in your community are passionate about the city's work and look for opportunities to take the lead on civic issues," said Purcell. "No city I know has the number of brilliant executives who are more willing to take the lead to improve their city than Nashville has. We are more together as a city than ever before and therein lies our success."

Competition among cities is fierce and, despite their notoriety, incentives are not the difference maker when it comes to why businesses choose one city over another. Being able to satisfy a company's long term business requirements is much more important, and the most successful cities realize that fact.

"In Austin, all the right economic trends are heading up — job creation, business expansions, and sales tax revenues — while unemployment is headed down," said Will Wynn, mayor of Austin, Texas. "This vibrant, growing economy is largely the result of a powerful new cooperative effort to aggressively seek good jobs for our residents. City, county and state governments have joined the school districts and business community to create a united front in making Austin a top competitor for jobs."

Some of this year's 5-Star Business Opportunity Metros, like Huntsville, Ala., and Knoxville, Tenn., are able to take advantage of major government science and technology centers

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to create a world-class environment in industry sectors upon which the knowledge economy will be built.

“Huntsville has a strong reputation as an ideal location to start or expand a business and find qualified employees,” said Loretta Spencer, mayor of Huntsville, Ala. “Our business climate is positive and encouraging for all sizes and types of companies. From aerospace and defense contractors to research and development as well as manufacturing, Huntsville has it all and has room for more. Our city continues to grow and thrive because of our outstanding business community and a quality of life that's second to none.”

Knoxville, with the nearby Oak Ridge National Labs and the University of Tennessee, is similarly situated.

“Knoxville and Knox County have an outstanding business climate,” said Knox County Mayor Mike Ragsdale. “We have an educated work force, a technology industry that is second to none, a strong business environment, and our geographical location makes us attractive to businesses.”

The site selection process is, at its core, about comparing one location with another, and what distinguishes *Expansion Management* from its competitors is our unchallenged leadership in the area of research that compares metro areas according to a wide variety of business climate and work force factors.

This year's **Mayor's Challenge**™ was based upon a metro's various rankings in seven studies and rankings conducted by *Expansion Management's* award winning research department during the past 12 months. Those rankings compared all 362 MSAs in the areas of public education, health care cost and availability, transportation and logistics infrastructure, quality of life, strength of pool of knowledge workers, government influences on the business climate, and, finally, the metro's reputation among prominent corporate site location consultants.

Public Education

The backbone of our manufacturing work force is still the high school graduate. Although one in four American adults now possesses a college diploma, that leaves three in four who do not.

With the increasing sophistication of the modern manufacturing line, it is absolutely crucial to employers that the workers they hire possess an ever-increasing level of knowledge and understanding that goes well beyond what new workers needed just a generation ago.

That's why we evaluate America's high schools each year in our annual [Education Quotient \(EQ\)™](#), which compares every school district in the country with a K-12 enrollment of at least 3,300 students (there are 2,800 districts that meet that requirement).

Unlike other rankings of high schools, the EQ focuses primarily on results (college board scores and graduation rates), not on spending.

Unfortunately, most people associate a metro area's public schools with the namesake public school district (i.e., Washington, D.C., or Kansas City, or Cleveland, or New York), which is invariably "underperforming," to put it mildly. What this leads to is an anecdotal evaluation of a metro area's schools that is quite often far from the mark.

For that reason, we take the results from the annual EQ of 2,800 districts and organize them according to MSA. Each school district's relative weighting in the metro's overall rating is based upon that district's total enrollment as a percentage of the total enrollment of all districts in that MSA.

The idea is to get a better feel for quality of education a typical student in the metro is receiving.

Health Care Cost and Availability

When most of us think of health care costs, we tend to personalize it. We focus on our personal, and family, expenses: co-pays, deductibles, network vs. out-of-network, etc. What we forget is the fact that, for those of us with employer-provided health insurance benefits, the employer is paying about 70 to 80 percent of the total cost.

Trust me on this one: employers are painfully aware of this rising personnel cost that threatens to eat up ever increasing portions of the corporate bottom line.

What most corporate site selectors didn't seem to realize, at least not until we did our first [Health Care Cost Quotient \(HCCQ\)™](#) ranking three years ago, was that most health care costs vary from place to place, sometimes dramatically. That makes them a site selection factor every bit as important as such traditional areas like taxes and wages.

Best Public Schools

1. State College, Pa. MSA
2. Sheboygan, Wis. MSA
3. Madison, Wis. MSA
4. Lawrence, Kan. MSA
5. Iowa City, Iowa MSA

SOURCE: Expansion Management's annual "Metro Education Quotient™," April 2005.

Our HCCQ ranking takes a broad range of health care related factors and organizes them into five broad categories: health care facilities, health care providers, health care provider visits, employer and employee health insurance costs and, finally, malpractice liability insurance costs, which we consider a leading indicator of rising health care costs in that particular state.

Since most of the insurance costs — for health insurance as well as malpractice insurance — are based upon statewide rates, the HCCQ compares and ranks the 50 states. Metro rankings are based upon its state's ranking, with multi-state MSAs receiving a ranking proportionally allocated among its various states.

Transportation and Logistics Infrastructure

Our annual [Logistics Quotient™](#) study, produced in partnership with *Logistics Today* magazine, compares the logistics infrastructure in each of the 362 metro areas according to about 60 factors grouped into 10 broad categories.

The first two major categories – the Transportation & Warehousing (T&W) Industry Climate and the T&W Industry Work Force Climate, attempts to get a feel for the variety and availability of transportation and warehousing services available in each of the metro areas, as well as the cost and availability of workers engaged in various transportation and distribution activities.

Best Health Care Cost and Availability

1. Kansas
2. Tennessee
3. Louisiana
4. North Dakota
5. South Dakota

SOURCE: Expansion Management's annual "Health Care Cost Quotient™," February 2005.

Our theory is that, the greater the number of companies and workers, the greater the competition and, therefore, the more flexible the costs will be.

Since most logistics in the U.S. is transported over highways, five of the major categories focus on road transportation. The five categories are road infrastructure and spending; road conditions; road density, congestion and safety; the interstate highway network; and vehicle taxes and fees.

The final three major categories evaluate rail service, waterborne commerce and air cargo service.

Quality of Life

Most quality of life rankings are heavily weighted toward cultural amenities and, while we certainly agree that those are important to a segment of the population, we look at QOL in ways that impact the expense side of a company's ledger.

We believe that quality of life for most Americans means being able to afford a decent home in a safe neighborhood with good schools, where the cost of living affords them a reasonable amount of disposable income they can use to partake of the cultural amenities upon which other QOL rankings put such a heavy emphasis.

Why do we consider a seemingly "fluffy" area like quality of life as a site location factor for businesses? After all, most people like where they live and, besides, unless the corporate executives intend to relocate to the new location, what difference does it make anyway?

While that may be true, it misses the larger point, which is that living costs are the determining factor in the establishment of an area's prevailing wage rates. While armchair philosophers can argue which came first, high costs or high wages, for businesses considering establishing a new facility in that location, the fact remains that it is what it is. If a company wants to attract and retain quality workers, they're going to have to pay pretty close to whatever the prevailing wage happens to be.

Most Americans aspire to a middle class lifestyle, which is available in every community in the country. The only difference is how much it will cost to buy into that lifestyle and, as everyone knows, that cost varies widely from city to city. That is where it becomes a business, as well as a site selection, factor.

Best Logistics Infrastructure

1. Cleveland-Elyria-Mentor, Ohio MSA
2. St. Louis, Mo.-Ill. MSA
3. Minneapolis-St. Paul-Bloomington, Minn.-Wis. MSA
4. Chicago-Naperville-Joliet, Ill.-Ind.-Wis. MSA
5. Houston-Baytown-Sugar Land, Texas MSA

SOURCE: Expansion Management's annual "Logistics Quotient™," September 2004.

Best Metro Quality of Life

1. Fargo, N.D.-Minn. MSA
2. Columbia, Mo. MSA
3. Missoula, Mont. MSA
4. Sioux Falls, S.D. MSA
5. Lexington-Fayette, Ky. MSA

SOURCE: Expansion Management's annual "Quality of Life Quotient™," March 2005.

Based upon that philosophy, our annual [Quality of Life Quotient™](#) compares all 362 MSAs according to nearly 50 different factors organized into nine broad categories — low crime rates, affordable housing, quality public schools, reasonable standard of living, spouse employment opportunities, adult education levels, traffic and commuting, continuing education opportunities for adults, and commercial air access.

Knowledge Workers

In an age of global competition and “off-shoring,” America’s competitive advantage in the economy of the 21st Century will be in the knowledge-based sector. If it requires brains, we’ll do it (at least initially). If it requires brawn, it’s moving overseas.

Even the fact that the product is steeped in sophisticated technology is no guarantee that those companies and jobs will remain in the U.S. Certainly, once a company’s high-tech product becomes “commoditized,” its production facilities are very likely headed to Mexico or India or China or Eastern Europe, where well-educated workers are willing to work for a fraction of what U.S. and European workers earn.

Like it or not, that’s the reality of the global economy. We need to be the inventors — that’s where our relative advantages is, and that’s where the wealth creation is. There are 13 MSAs where at least 40 percent of the adult population has at least a college degree and one, Boulder, Colo., where that figure is more than 50 percent.

Education is the cornerstone of the “knowledge economy,” and those communities that are able to offer companies a labor force stocked with well-educated workers will succeed in the economic competition that is increasingly global in scope.

Our annual [Knowledge Worker Quotient™](#) comparison of the college—educated work force in all 362 metro areas organizes a dozen factors into five major categories: the education level of the adult population (by BA/BS, MA/MS, Ph.D., and Professional Degree); workers employed in science and engineering occupations; medical doctors; university research and development spending; and the number and type of colleges and universities in the metro area.

Government Influences on Business Climate

Politicians tend to take credit for good things that happen in the economy, and deny any responsibility for things that go bad. Usually, this is just political puffery.

Best Knowledge Worker Metro

1. Boston-Cambridge-Quincy, Mass.-N.H. MSA
2. Washington-Arlington-Alexandria, D.C.-Md.-Va.-W.Va. MSA
3. San Francisco-Oakland-Fremont, Calif. MSA
4. San Jose-Sunnyvale-Santa Clara, Calif. MSA
5. Raleigh-Cary, N.C. MSA

SOURCE: Expansion Management’s annual “Knowledge Worker Quotient™,” May 2005.

However, there are definitely things that state government does that have a direct impact on the state's business climate. Generally, those items involve tax and spending priorities, as well as debt management (or lack thereof).

Our annual [Legislative Quotient™](#) compares the impact of each of the 50 state legislatures in creating a healthy business climate. It takes about 25 factors and organizes them into seven major categories: the general tax bite; tax and spending trend over the past five years; infrastructure spending; education spending; spending on government administration; debt management; and the existence or not of right-to-work legislation.

The reason we believe this is a site selection factor is that, for better or worse, when a company relocates to a different state, it also inherits that state's problems. A simple look at the tax rate is not good enough. It's even more important to look at the trends over the past five years or so. Are things improving or not?

Same thing for debt. Moving to a state with a large debt is no different from acquiring a company with a heavy debt load. Regardless of who created the debt, it's yours now, and the only way to work it down is through higher taxes.

Likewise for infrastructure spending. Deferred spending on maintenance only prolongs the problem while increasing the ultimate cost of fixing it. Sooner or later, the day of reckoning will arrive and, when it does, you'll be the one who is paying for it if you chose to locate in that state.

Our intent is not to get into an argument over whether or not taxes are good or bad. Opinions vary on that one. However, what is certain is that taxes are a business expense, just like rent and salaries, and an increase in taxes must be offset by either a cut in other expenses or an increase in revenues.

At least, that's how the private sector operates.

Reputation Among Corporate Site Consultants

This year, for the first time, we have included the results of our 7th annual poll of 80 prominent corporate site consultants ([America's 50 Hottest Cities™](#)).

Best Tax and Financial Management Environment

1. Texas
2. Arizona
3. Nevada
4. Washington
5. Arkansas

SOURCE: Expansion Management's annual "Legislative Quotient™," November 2004.

This is a perception poll, not unlike the opinion polls taken daily by politicians, news organizations and other firms attempting to take the pulse of a certain group on a particular issue. In this case, our goal was to find out which cities their clients find most attractive when it comes to selecting an expansion or relocation site.

We felt it was important to include this poll because a metro's reputation is critical, particularly once it makes it to a company's "short list" of possible future locations.

The Five Star Metro Designation

One of the standard features of *Expansion Management's* various annual metro "Quotient" studies is the awarding of the "5—Star" designation to the top 20 percent of the 362 MSAs. Metros that earn this distinction can rightfully consider themselves to be among the elite cities when it comes to that particular category (i.e., public schools, health care costs, logistics infrastructure, etc.).

Metros that rank in the 21 to 40 percentile are designated as "4—Star Metros," while those that rank in the middle (41 to 60 percentile) are awarded 3—Stars. You can do the math for the 2—Star and 1—Star metros.

Why do we arrange metros into group rankings? Because it provides you — business executives as well as corporate site location specialists — with a quick and easy means to compare the relative strengths and weaknesses of a particular metro you may be considering for a future facility location, as well as to compare it with any other communities you might be considering using the same criteria for each location.

A Few Words About Rankings

One of the problems with rankings is that sometimes people take them too literally. This is particularly true of critics of rankings, most of whom say that it is impossible to come up with a true business climate ranking.

Obviously, we disagree. Sure, it's hard, but it's certainly not impossible. People and businesses do it every day. That's how you make decisions: you establish criteria based upon what you believe is important, collect data based upon the criteria you establish, and process the results.

Then you make your decision. Do you always chose No. 1. Not necessarily, but what rankings do accomplish is to separate the acceptable from the unacceptable, the great from the good.

Ranking Among Site Consultants

1. Nashville-Davidson-Murfreesboro, Tenn. MSA
2. Atlanta-Sandy Springs-Marietta, Ga. MSA
3. Kansas City, Mo.-Kan. MSA
4. Charlotte-Gastonia-Concord, N.C.-S.C.
5. Indianapolis, Ind. MSA

SOURCE: Expansion Management's annual "America's Hottest Cities™" poll of professional site consultants, January 2005.

The most important factor when looking at ratings is to understand the criteria upon which those ratings/rankings are based. If the initial criteria makes sense to you, then the results should make sense to you as well.

You may occasionally be surprised at the results – and you may not always agree with the results – but that’s where the leader’s role in the decision—making process takes over.

All that rankings like the Mayor’s Challenge do is to provide you with information upon which to base a facility location decision based upon criteria that, in our judgment, is important for you to consider before making your final decision.

However, the final location decision is yours, not ours.

Bill King is the chief editor of Expansion Management magazine and can be reached at BillKing@penton.com.

PRESS RELEASE: Expansion Management Magazine Publishes its 3rd Annual MAYOR’S CHALLENGE™ Ranking the Best U.S. Cities to Expand or Relocate a Business

[7/11/2005] Posted By:

FOR IMMEDIATE RELEASE

CONTACTS: Bill King, Chief Editor, 913-338-1503 or BillKing@penton.com

CLEVELAND, OH — July 11, 2005 — “Among today’s big city mayors, attracting businesses — and the new jobs and tax revenue they bring with them — is priority No. 1,” said Bill King, chief editor of *Expansion Management* magazine. “Competition among cities is fierce and, despite their notoriety, incentives are not the difference maker when it comes to why businesses choose one city over another. Being able to satisfy a company’s long term business requirements is much more important, and the most successful cities realize that fact.”

Expansion Management is a monthly business magazine for executives of companies that are actively looking for a place to expand or relocate their facilities within the next one to three years. Every year, the magazine’s award-winning research department conducts a number of studies that compare communities according to a wide variety of characteristics important to corporate site selectors.

In this year’s rankings, Texas led all states, with seven metros earning the coveted “**5-Star Business Opportunity Metro**” distinction. Missouri, Ohio and Virginia each had five metros that earned top honors, while Pennsylvania had four. In all, 32 states had at least one “5-Star Business Opportunity Metro” on this year’s list.

The “5-Star” designation represents the “gold standard” for cities in *Expansion Management*’s various annual metro “Quotient” studies. It is awarded to the top 20 percent of the 362 metro areas, and cities that earn this distinction can rightfully consider

themselves to be among the elite in that particular category (i.e., public schools, health care costs, logistics infrastructure, etc.).

“Most metros have at least one area of strength when it comes to attracting business,” said Bill King, chief editor of *Expansion Management*. “These metro areas that made this list are strong across the board. For employers who are trying to find the best location for a new manufacturing facility, distribution center, or regional headquarters, these cities represent an excellent value.

“During the course of the year, we try to look at the various metropolitan areas from a wide variety of perspectives,” said King. “Like most of our readers, we have a tendency to emphasize labor and operating costs in our studies.”

Here are the seven major studies and surveys, conducted during the past 12 months, that made up the Mayor’s Challenge competition:

Ø **Education Quotient TM** — the backbone of our manufacturing work force is still the high school graduate, and the EQ evaluated 2,800 school districts (about 35 percent of all high school degree-granting districts) nationwide as a way to provide our readers with a basis for comparing the type of work force they are likely to encounter in various communities throughout the United States. The EQ focuses on results, not on spending, with the main emphasis placed on how much students learned (college board test results) and whether they finished what they started (graduation rates).

Ø **Health Care Cost Quotient TM** — the HQ looks at health care as being a major cost for employers throughout the nation. It is also something that varies from community to community in terms of cost and availability. This year’s HQ compares all 50 states according to a variety of categories that measured both the availability of quality health care services and the cost to employers of those services. In this ranking, cost is just as important as quality, and vice versa.

Ø **Quality of Life Quotient TM** — most Americans aspire to a middle class lifestyle, which is available in every community in the country. The only difference is how much it will cost to buy into that lifestyle and, as everyone knows, that cost varies widely from city to city. That is where it becomes a business, as well as a site selection, factor. Based upon that philosophy, our annual Quality of Life Quotient TM compares all 362 MSAs according to nearly 50 different factors organized into nine broad categories — low crime rates, affordable housing, quality public schools, reasonable standard of living, spouse employment opportunities, adult education levels, traffic and commuting, continuing education opportunities for adults, and commercial air access.

Ø **Logistics Quotient TM** — the LogQ, produced in partnership with Logistics Today magazine, attempts to compare the logistics infrastructure and work force among the various metro areas nationwide. This study looks at the logistics work force and logistics companies within each of 362 MSAs, as well as the transportation infrastructure (road, air, rail and water) servicing that metro. The study also looks at taxes and fees imposed on logistics activities in those cities. Since most logistics decisions are driven by the need to

locate in a particular geographic region, corporate site selectors can use the results of this study to evaluate how cities did on a national, as well as a regional, basis.

Ø ***Knowledge Worker Quotient TM*** — the KQ attempts to identify where companies in the knowledge-based industries are most likely to find the workers they need, both in terms of quality and quantity. It compares all 362 MSAs according to such criteria as the percentage of scientists and engineers in the overall work force, the number of patents issued per capita, the number of colleges and universities (and community colleges) in the metro area, as well as university research and development spending. The idea is to identify where companies are most likely to find that critical mass of highly-educated, technical worker so essential to the “knowledge economy.”

Ø ***Legislative Quotient TM*** — the LQ attempts to compare the business climate created by the 50 state legislatures in terms of the areas over which they actually have control: taxes and government spending. While all politicians love to take credit for a good economy (but are nowhere to be found when it comes to taking credit for a bad economy), it is in the type (e.g., corporate income tax, sales taxes, franchise taxes, excise taxes, inventory taxes, etc.) and degree (e.g., the tax rate) of taxes levied on local businesses that they have their greatest impact on the local economy. Right behind that in terms of importance to business is how these legislatures choose to spend the money they raise, specifically in the areas of education and infrastructure.

Ø ***America’s Hottest Cities TM*** — this year, for the first time, we also included the results of our 8th annual poll of 80 prominent corporate site consultants. This is a perception poll, not unlike the opinion polls taken daily by politicians, news organizations and other firms attempting to take the pulse of a certain group on a particular issue. In this case, our goal was to find out which cities their clients find most attractive when it comes to selecting an expansion or relocation site.

For a copy of the 2005 Mayor’s Challenge article, visit *Expansion Management’s* Web site at www.ExpansionManagement.com.

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