

Growing Forward in Response to an Economic Disaster

The Success of Wilmington and Clinton County, Ohio

Sabre Industries Expansion Project

*Growth of Advanced Manufacturing in the Heartland:
Retaining a Major Employer in Sioux City, Iowa*

Do-It-Yourself Economic Growth

How Communities Can Cultivate Their Talent and Thrive

Laying the Groundwork

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Chesterfield County (SC) Economic Development Alliance



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dear colleague



William C. Sproull, FM
IEDC Chair

I am excited and honored to become IEDC's newly elected chair. It is a distinct privilege to serve as chair of this great organization. My responsibilities will be simultaneously challenging and rewarding in helping to maintain the organization as the premier association for economic developers. I am especially enthusiastic about working with IEDC's outstanding staff and all of the Board members.

Our Governance Committee members will serve alongside me as the organization's leadership team for 2014. The members are: *Paul Krutko, FM* (Immediate Past Chair); *JoAnn Crary, CEcD*, (Vice Chair); *Barry Matherly, CEcD* (Secretary/Treasurer); *Dyan Lingle Brasington, CEcD, FM* (Performance Oversight and Monitoring); *Janet M. Miller, CEcD, FM* (Planning and Business Development); and *Craig J. Richard, CEcD* (External Member Relations). All of these individuals are providing their special strengths to the Board and guiding IEDC into the future.

Getting more young people involved in economic development is a personal passion of mine. One goal is to get more young professionals engaged in IEDC through such activities as presenting content at our conferences in a way that is particularly interesting and relevant to them, using social media more, and making it affordable and welcoming for young professionals to engage in IEDC. I have also appointed a task force to determine how we can get more young people thinking about economic development as a career path, with an emphasis on diversity as well.

I have three priorities for the organization in 2014: first, continue IEDC's strategic emphasis on entrepreneurship; second, influence policy with high-quality content; and third, continue to deepen our international engagement.

If we think of the three legs of the economic development stool – recruitment, retention, and entrepreneurship – entrepreneurship has grown into an emerging strategy for economic developers, but we are still finding our way. IEDC is doing a good job presenting content and examples, and we must continue helping our members determine how to take this knowledge and execute it locally. For example, two recent Economic Development Research Partners (EDRP) projects focused on this topic, "Accelerating Success: Strategies to Support Growth-Oriented Companies" and "Unlocking Entrepreneurship: A Handbook for Economic Developers." There are tools that economic developers can use to encourage entrepreneurship, and IEDC is here to support you in that goal.

It's important that IEDC continues to produce cutting-edge content and knowledge. Relative to this, EDRP has produced phenomenal knowledge for our profession, which we can then use to affect policy. For example, we pivoted on the EDRP research plan so our immigration piece, "The Economic Development Impacts of Immigration," could be released when immigration legislation would be out of the Senate and going into the House. Similarly, EDRP is embarking on a paper that will flesh out the economic development role in workforce development and recommend policy changes to the flawed workforce system. Another paper is focusing on the effectiveness of non-financial incentives.

We will continue to put the "I" in IEDC. Our partnership with SelectUSA is a big part of our efforts to expand our international horizons. We will engage with our international partners on knowledge-sharing and certification programs, such as our recent memorandum of understanding with the Economic Developers Council of Ontario. IEDC will also continue its relationship in South Africa and explore opportunities in New Zealand, Australia, and South America.

I look forward this year to assisting IEDC with its mission of providing leadership and excellence in economic development for our communities, members, and partners. This is ultimately your organization, and I urge you to be involved in its future direction.

Sincerely,

A handwritten signature in black ink that reads "Bill Sproull". The signature is written in a cursive, slightly slanted style.

William C. Sproull, FM
IEDC Chair

The IEDC Economic Development Journal

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Nothing is as it was 10 years ago, and we can only imagine what will be in 10 years and that includes changing economic conditions. This means the economic development field needs to consider new tools to deal with a new reality. One of those tools is the Do-It-Yourself Economy, an economy built on a foundation of small, locally-owned, diverse businesses.

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by Brenda Workman, CEcD

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INTERNATIONAL
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growing forward

IN RESPONSE TO AN ECONOMIC DISASTER

By Christian Schock, Taylor Stuckert, Mark Rembert, and Dr. Peter J. Mallow

INTRODUCTION

Clinton County, located in southwestern Ohio, like many places in the country is celebrating the end of the recession. A combination of a strengthening macroeconomy and many local competitive advantages such as a great location, successful local and state marketing efforts, and a now well-documented story of resilience and community strength have helped support the ongoing recovery. There are lessons learned behind the many efforts that grew from the local experience during the recession, some of which are perhaps models for other communities and economic development professionals.

Pre-recession Clinton County had an unemployment rate of 3 percent. It was home to the U.S. main operations base of DHL, the world's largest logistics company. DHL had purchased Airborne Express, a local major employer that had re-utilized the Wilmington Air Park, the former Clinton County Air Force Base. However, in 2008 DHL announced it was shutting down its U.S. operations, unexpectedly and practically overnight. This economic disaster fell upon Clinton County and the surrounding counties while at the same time the full extent of the financial crisis was becoming known. The county was facing the reality of over 8,000 local jobs at the Air Park disappearing in a matter of months.

In the natural disaster lexicon, federal, state, and local resources are spent preparing for potential disasters, devising evacuation plans, running assistance models, and mapping floodplains and impact zones – even if the disaster never comes. Yet, within the economic development realm, there is perhaps too quick a move to celebrate victories and a run to



Buy Local First Clinton County campaign advertisement noting the impact of shopping at local retail shops.

land the next deal, while leaving few resources to plan for the unthinkable.

The story of Clinton County is a tale of resilience and community spirit triumphing over economic hardship. It is also a cautionary tale which is occurring more frequently as globalization continues to unhinge the relationship between commerce and place. The unexpected move of major employers,

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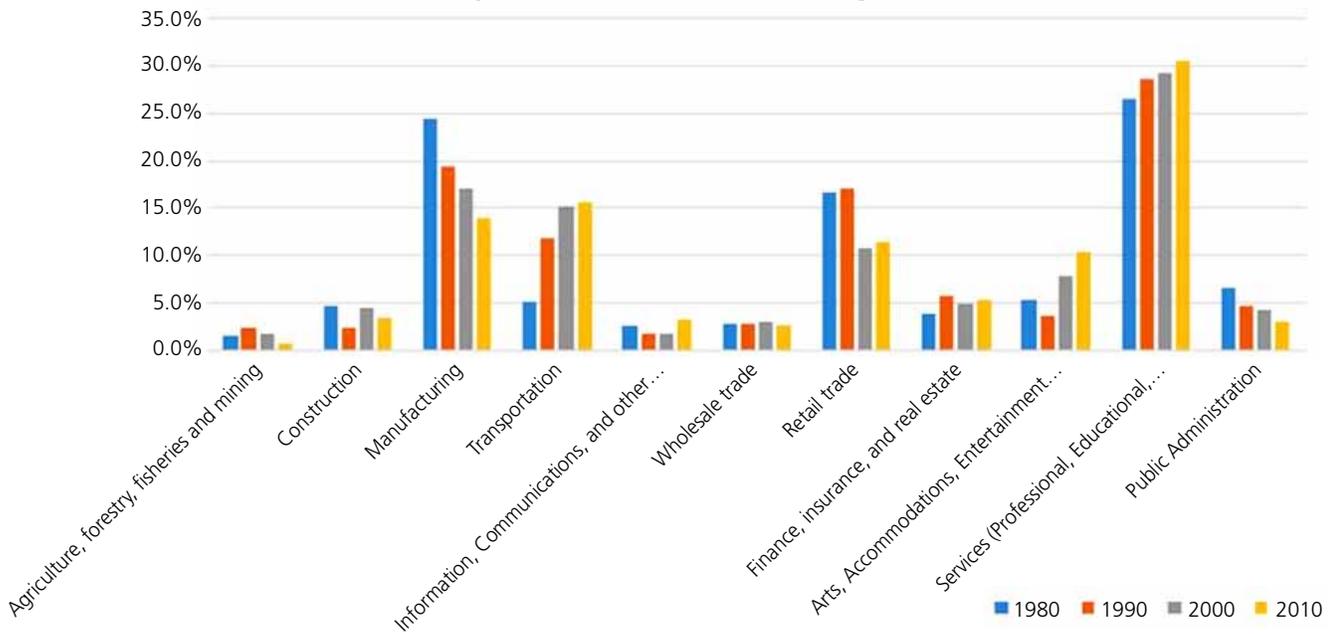
Mark Rembert is a Ph.D. student at The Ohio State University, co-founder of Energize Clinton County, and director of the Wilmington-Clinton County Chamber of Commerce (www.wcc-chamber.com).

Dr. Peter J. Mallow is a staff consultant to the Clinton County Regional Planning Commission and with the University of Cincinnati.

THE SUCCESS OF WILMINGTON AND CLINTON COUNTY, OHIO

In 2008, a major economic disaster hit Wilmington and Clinton County, Ohio, resulting in one of the state's largest employment dislocations in history. The Clinton County Regional Planning Commission and its nonprofit arm, Energize Clinton County, instituted a series of interconnected, award-winning economic development and planning programs. The grassroots programs and a five-part recovery strategy not only tactically assisted in the economic disaster response but also proactively set forth a strategic plan for economic resilience, which continues to pay off today.

Industry as % of Total Workforce in Wilmington 1980-2010



Source: Minnesota Population Center. National Historical Geographic Information System: Version 2.0. Minneapolis, MN: University of Minnesota 2011.

for whatever reason, has played out around the nation far too many times before Clinton County. Planning for a potential economic disaster with realistic and long-term responses is an important need.

A HISTORY REPEATING

Clinton County (population approx. 42,000) is an ex-urban micropolitan area located less than 50 miles from Dayton, Cincinnati, and Columbus in southwestern Ohio and within 500 miles of nearly 60 percent of the U.S. population. The city of Wilmington is its county seat.

The Clinton County Air Force Base (now the Wilmington Air Park) was built during World War II to teach pilots how to fly in all weather conditions. The base was heralded with much fanfare when it expanded in the mid to late 1950s, but by 1971 the base had become redundant. The Department of Defense closed the facility and Clinton County faced its first economic disaster, described at the time as Clinton County’s “most significant event.”

The Wilmington Community Improvement Corporation acquired the base from the federal government with funds raised locally and facilitated its redevelopment, culminating in the transfer of the remaining property to Airborne Express in 1980. During the years of Airborne’s ownership, the Air Park saw steady growth and development, and by the 1990s had developed into a major freight sorting hub processing more than 500,000 packages a day.

In 2003, Airborne Express sold the Wilmington Air Park to DHL, and over the next five years, DHL invested over \$250 million into the facility. Currently in 2014, the Air Park facility consists of two Category III aircraft runways, 200,000 sq.ft. of hangar space (with another

100,000 sq.ft. to be completed this year), 2.5 million sq.ft. of warehouse and sorting space, and 200,000 sq.ft. of office space over 1,900 acres. It was the largest privately-owned airport in the U.S. and employed over 10,000 people daily at its peak in 2007.

REALIZATION

DHL and affiliated businesses at the Wilmington Air Park were the largest employers in a seven-county region. Within Clinton County, it was estimated that one in three local workers worked at the Air Park. Some initial economic impact research, at the time of DHL’s announcement, indicated that one in four local businesses could fail in Clinton County because of the economic disaster. But, on closer examination, statistics showed that local business ownership had been quietly eroding for many years, even during the DHL heydays. Like many small towns, issues stemming from the arrival of chain retail and continued commercial aggregation had decreased the number of locally owned businesses and the entrepreneurs that would have run those businesses were gone.

Over time, the growth in non-local service sector jobs and transportation jobs sorting packages at the Air Park came at the expense of, and with the decline in, manufacturing jobs. As noted in the graph, the transportation sector grew significantly from 5 to 16 percent – much of it concentrated in one employer.

RESPONSE

The local, state, and federal response to this economic disaster was perhaps a model in itself. In response to the disaster, former Ohio Governor Ted Strickland, Lieutenant Governor Lee Fisher, and Wilmington Mayor David Raizk established a joint regional Economic Task Force

Local leaders also focused on the impact to local nonprofits and businesses. In the mix of many local efforts mobilized during the disaster, the Clinton County Regional Planning Commission (CCRPC) invested its planning resources in the establishment of a new nonprofit called Energize Clinton County (ECC) to focus on the area's future. Many leaders searched for answers and the CCRPC/ECC along with the Economic Task Force and other organizations held a series of town meetings about the future.

comprised of five committees that met every other week for nearly a year. The committees were filled with an unprecedented bipartisan membership, which included elected leaders from many of the surrounding counties, labor representatives, local business leaders, state development agencies, representatives from Wilmington College and other local institutions, and state and national elected officials.

The results of the Economic Task Force's efforts were immediate. The Economic Development Administration (EDA) funded a recovery coordinator position locally, a redevelopment plan process, and a revolving loan fund. The Department of Labor awarded a National Emergency Grant of over \$8 million to fund retraining and skills development.

Mayor Raizk immediately requested that DHL donate the facility to the community to facilitate redevelopment, and the Economic Task Force worked both media and political angles to ensure that the Clinton County story remained in the headlines. The media's interest in the story grew with CBS's 60 Minutes program labeling Wilmington the "ground zero of the great recession." As a result of this publicity, significant state and federal retraining dollars, and donations from nonprofits, celebrities, and others poured into the county for food, shelter, and other immediate aid.

Local leaders also focused on the impact to local nonprofits and businesses. In the mix of many local efforts mobilized during the disaster, the Clinton County Regional Planning Commission (CCRPC) invested its planning resources in the establishment of a new nonprofit called Energize Clinton County (ECC) to focus on the area's future. Many leaders searched for answers and the CCRPC/ECC along with the Economic Task Force and other organizations held a series of town meetings about the future.

Four key issues became apparent:

- DHL was not going to reverse its decision. The community had to be ready for major layoffs, and like many communities, Clinton County had not fathomed this or created any contingency plans for such an event.
- Those being laid off had either specialized skills like aircraft maintenance and logistics technicians or little skilled training, like package sorters. Job skill matches would be difficult, especially as the country entered a major economic recession in late 2008.
- The Wilmington Air Park was privately owned, and receiving control of the facility from DHL was paramount. Even if a transfer could occur, there were still many issues to consider like carrying costs, maintenance, utilities, and overhead of such a major facility.
- There was little precedent for dealing with an economic disaster of this scale and immediate nature; in many examples, an economic disaster is predated with a gradual decline in an industry or business.

PRECEDENT OR LACK THERE OF

As part of the Economic Task Force's work, the University of Cincinnati, School of Planning assessed the literature regarding similar economic disasters. The literature surrounding military base closures was the closest precedent. The similarities between a military base closure and the DHL closure were:

- Frequently involved rural or more isolated communities;
- The facility tended to dominate both political and economic considerations of the community;
- Heavy local dependence on the facility's tax revenue;
- Local infrastructure is very specific to the facility's needs; and
- Educational attainment and training is often focused on the facility's and the facility's industry.

However, there were a few key differences between a military base closure and DHL leaving Clinton County. In the case of a military base closure, the federal government establishes a process to aid in the transition, years in advance of the actual base closure. Second, this process often provides substantial dollars to the local community to assist in the transition.

DHL was not going to reverse its decision. The community had to be ready for major layoffs, and like many communities, Clinton County had not fathomed this or created any contingency plans for such an event.

While these differences are substantial, there were three important lessons from the military base closure literature that were embodied in the work of the Economic Task Force. These aspects were: strong regional jurisdictional cooperation, a local leadership capable of organizing and acting in collaboration with state and federal partners, and a civic infrastructure that can engage and mobilize the residents at the grassroots level.

Many discussions within the Economic Task Force and through town halls and in other forums focused on how to respond and how to channel resources. The CCRPC/ECC took to heart the lessons from the literature and the feedback from the public events and developed new institutional partnerships with the University of Cincinnati, the University of Dayton, Southern State Community College, Wilmington College, the Wilmington Clinton County Chamber of Commerce, local businesses and nonprofits, and state and federal agencies like the EDA and USDA – a set of regional cooperation and institutional engagements never undertaken before in Clinton County.

AN EMERGING STRATEGY

The initial focus of the CCRPC/ECC response was on ways to assist local business, which was projected to be heavily impacted by the disaster. However, this effort led the team to examine other observed missed economic opportunities or “leaks” in the system as well and view the local economic system through the metaphor of a leaky bucket. The team was trying to better understand the wealth inflow and outflow in Clinton County, and for the first time, examine not only growing inflow but also ways to reduce outflow.

This concept of the leaky bucket led us to identify at least four additional major leaks observed locally that made it harder for Wilmington and Clinton County to respond to the economic disaster. Five “leak strategies” were developed in the following areas: Local Business, Young Professionals, Local Food, Energy, and Visioning.



A slide from an early presentation highlighting the leaky bucket metaphor used by the Clinton County Regional Planning Commission/Energize Clinton County to illustrate potential missed opportunities within the local economic system.

Each strategy process started with an observed leak – the problem/observation statement which succinctly qualified the problem. The CCRPC/ECC and partners then developed programs, campaigns, plans, and processes that proactively addressed that statement. The problem statements adopted by the team appear in italics below, under each section of the five-part strategy.

LOCAL BUSINESS

Compared to nonlocal business, locally-owned businesses have a higher economic multiplier, diversify the local economy, and provide more entrepreneurial opportunities. Unfortunately, like many rural communities, Clinton County has observed a decline in the number of locally owned stores, and with that, many of the entrepreneurs who would have run those enterprises.

The CCRPC/ECC started Buy Local First Clinton County in order to:

- Assist local businesses with improving and broadening connections with consumers;
- Develop a more robust local consumer network accessible by many different businesses;
- Educate local citizens and consumers on the economic impact of their spending decisions; and
- Establish a foundation for future entrepreneurs with a consumer base already energized to “buy local” and support an emerging business.

The effort began with monthly coffee meetings to build relationships among local business owners and construct a coordinated effort, which led to development of www.buylocalcc.com, funded by the CCRPC/ECC. With a website developed, the Buy Local First effort began building a large consumer email database to update consumers weekly with email marketing pieces. These weekly emails highlight local events, provide business specials/coupons, and present “focal local” spotlights of an area business and its owner. The focal local pieces, which are produced in collaboration with the Wilmington City Schools District media department and the Wilmington News Journal, highlighted the “qualitative” values of buying local by putting a face to the local business.

The Buy Local First Clinton County campaign has continued to grow, and it is now also partnered with the Wilmington-Clinton County Chamber of Commerce. By the end of 2011, there were 3,695 consumers with nearly 300 participating businesses. At the end of 2013, the consumers’ database had exceeded 5,000 individuals, and business participation in the campaign’s events has grown each year.

Modeling the actual economic impact of a buy local campaign had been difficult, so in 2012, we partnered



Buy Local First Clinton County-
www.buylocalcc.com campaign logo.

with JP Morgan Chase's Technology for Social Good program, which led to a seminal economic study. The study utilized millions of credit card transactions analyzed by the bank's staff and concluded that businesses which participate in the Buy Local First Clinton County campaign have an approximate 10 percent sales lift over businesses in the same sector that do not participate.

Heritage Ohio recognized the campaign as one of the most successful in the state. It received a Rural Business Opportunity Grant from USDA Rural Development to expand the grassroots campaign model into the following adjacent counties also affected by the loss of DHL: Adams, Fayette, Brown, Highland, Scioto, and Pike. Along with the quantified economic success and local expansion, *Atlantic Cities* published an article in 2013 entitled "How to Design a Buy Local Campaign that Actually Works," which highlighted the campaign's success.

The powerful change in perception is perhaps just as important as the quantifiable positive economic impacts of the buy local campaign. An entire generation is now more cognizant about its buying decisions and better bonded to locally owned businesses, something which will bring economic benefits for years to come.

A survey of the Buy Local First participants in 2011 asked, "Did you consider shopping locally to be important 5 years ago?" and "Do you consider shopping locally to be important today?" Of the respondents, 45 percent said that it was important five years ago and 95 percent said that it is important today.

YOUNG PROFESSIONALS

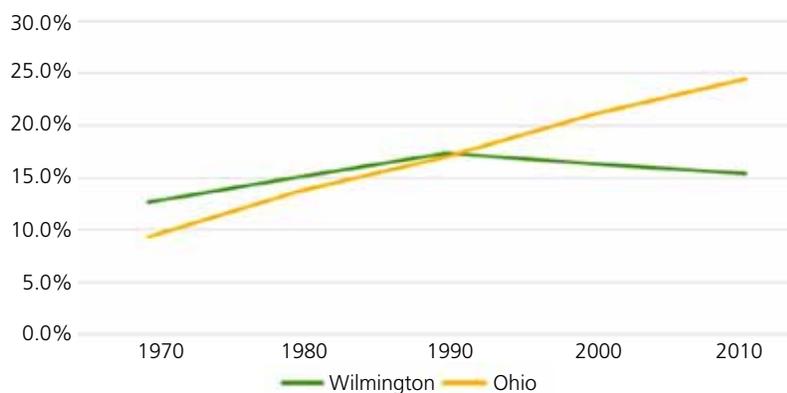
Like many rural communities, the loss of young professionals is a loss of the community's investment in an important human resource. Young professionals are often unable to fathom opportunities for themselves in the rural community where they grew up.

"Brain drain" is a term that may be used in rural communities across the United States, and Clinton County was no exception. The issue reflects the loss of young and educated populations from a community. It reflects a major leakage in a local economy, as the investment in education represents a significant public expenditure.



2013 Clinton Community Fellows (from left to right), Dawit Habtemariam, Brooke Beam, Bria Eslick, Madison Law and Zach McCune.

% of Pop. >25 with Bachelor+ Degree 1970-2010



Source: Minnesota Population Center. National Historical Geographic Information System: Version 2.0. Minneapolis, MN: University of Minnesota 2011.

One of the unintended consequences during the "boom years" of the Air Park's package sorting operation is that young citizens had job opportunities with low educational requirements and thus less incentive to invest in higher education. The growth of low skill Air Park jobs coupled with the traditional rural brain drain of educated citizens leaving the community for higher education and job opportunities in cities and metropolitan areas led to the leak in demographics, which became quite noticeable.

During much of the latter half of the 20th century, Wilmington's educational attainment rate at the bachelor degree and higher level was above both state and national averages. In fact, it was considered to have one of the highest educational attainment rates for females in the state as late as 1980. Over time though, as seen in the graph, educational attainment rates have plummeted. Today, Wilmington has a bachelor degree and higher educational attainment rate of just about 15 percent, which is nearly 10 percent below the state average and nearly 13 percent below national averages.

The young professional exodus was statistically evident, though rarely discussed locally, so the CCRPC/ECC staff developed the Clinton Community Fellows program (www.clintoncommunityfellows.org), which introduces young professionals to local businesses and nonprofit organizations. The goal is to build community roots and provide local businesses and organizations needed professional capacity.

More than an internship program, the Fellows format is designed to empower young professionals to be change agents by pairing their specific skills with a local business willing to discuss a "change-focused" need, one that will change the way the business currently operates. For example, some of the Fellows have set up new accounting practices, performed market research for new products, created new marketing strategies, provided design services, or helped establish a new web or social media presence.

Through 2013, 17 Fellows have provided nearly 7,000 hours of "change-focused" consulting for 50 local businesses and nonprofits in Clinton County. The pro-



THE CLINTON COMMUNITY FELLOWS

The Clinton Community Fellows logo, designed by former Fellow and architecture graduate Chas Weiderhold – noting the skyline of Wilmington, Ohio, with the Clinton County courthouse centered, crop rows indicative of a rural area, a rising sun denoting the future, and roots to characterize the program's effort to root young professionals locally.

gram enables businesses to try new business opportunities and be more competitive while introducing young professionals to opportunities and organizations. Most of the Fellows have been offered full-time positions, and many businesses which have benefited from the program now pay it forward by sponsoring a future Fellow.

The Fellows program complements the existing workforce development initiatives locally, and it is assisted by the small business development organizations already active in our region, including the local Small Business Development Center (SBDC), the Southern State Community College Enterprise Center, and Wilmington College's Business Department. This program has also increased local businesses' participation rates with these small business assistance efforts and resources as the Fellows often introduce these services to local businesses.

In addition to the Fellows program, the CCRPC/ECC sought to objectively understand the reasons why young professionals stayed or left the community. The Ohio University School of Communications through Dr. Anna Wiederhold (now at the University of Nevada-Reno), Dr. Laura Black, and Dr. Ted Welser conducted a survey and a series of focus groups, which resulted in a realistic assessment for local leaders and institutions to better understand what matters to local young professionals.

The survey results and feedback from a young professional working group meeting convened by Wilmington Mayor Randy Riley led us to form a partnership with the Wilmington City Schools District, Southern State Community College, and Wilmington College to create first-ever tangible incentives for young professionals to stay in Wilmington and Clinton County.

These first-ever incentives are collectively called Wilmington Succeeds (www.wilmingtonsucceeds.com). The suite of programs includes special scholarships for local students to attend the local colleges and a reimbursable homesteading grant program for recent graduates to purchase homes in the city of Wilmington, funded by private donations. Even more important than any one program may be that the leak of young professionals from the community, glossed over by years of growth at the Air Park, is now a topic that is being discussed locally and local leaders are being proactive to address it.

LOCAL FOOD

Especially in a rural community like Clinton County, the lack of local produce and other value-added agricultural products is a missed economic opportunity, as the economic spending on those items is leaked out of the local, state, and even national economy.

CCRPC/ECC redeveloped and expanded the existing Clinton County Farmer's Market (www.clintoncountyfarmersmarket.com) and enhanced access to the market by providing electronic benefits transfer infrastructure for food assistance and credit card transactions. The CCRPC/ECC continues to serve as the market's coordinating and fiscal agent.

Since 2009, the Farmer's Market has doubled in size and offers a wider array of products, including more finished goods such as baked goods, crafts, clothing, soaps, etc. The market hours were expanded to twice weekly during the larger summer market, along with the addition of winter and spring markets. The marketing for the market has been coordinated and interconnected with the Buy Local First effort. For example, local restaurants like the General Denver Hotel offer special menu items on the market day, using products from the market.

In addition to enhancing the local food economy, there is also a need to leverage Clinton County's advantages in agriculture by focusing on distribution, food processing, and improving regional access to adjacent metropolitan markets. The CCRPC/ECC, collaborating with the state of Ohio Center for Innovative Food Technology, took the proactive step of designing the layout and assisting in the site ready certification of a 300-acre area specifically for food processing. A broader discussion on local food and improving aggregation for local producers, engaging Wilmington College and regional partners, is now ongoing.

ENERGY

Energy is a bottom line cost of every business and residence, lowering energy cost will allow them to operate with a higher profit margin and allow residents and businesses to reinvest more into the local economy.

The CCRPC/ECC drafted the legislation which designated the city of Wilmington as one of the nation's first Green Enterprise Zones (GEZ), which created specific incentives for green building, a council to coordinate green efforts, and a geographical boundary to focus the efforts. The U.S. Green Building Council recognized the



The city of Wilmington develops the first solar photo-voltaic facility in Clinton County history at a municipally owned facility with a grant won by the CCRPC/ECC.



An infill vision sketch for downtown Lynchburg, Ohio – part of the village’s first comprehensive plan, created by planner David Alpern through the immersion planning process in collaboration with the University of Cincinnati.



Wilmington GEZ legislation as a “Top 20 Public Policy Achievement” nationally in 2009.

Clinton County has attracted both utility-grade solar and wind companies to put land under contract in the county. In addition, the city of Wilmington developed the first solar PV facility in Clinton County history with a federal Energy Efficiency and Conservation Block Grant won by the CCRPC/ECC.

The team developed a partnership with the University of Dayton’s (UD) Building Energy Center and the work of Dr. Kevin Hallinan, which uses energy usage data in a proprietary model to determine the theoretically least baseline energy efficient local businesses. With this information, and our Buy Local First network, the UD team was then able to target businesses (and later residences) which were the most likely to have a high ROI on the cost of a full energy audit. The CCRPC/ECC won private and foundation grants for a series of energy audits of local businesses in 2010-2011 and local businesses have implemented many of the audit recommendations, becoming more energy efficient.

Using our network and community outreach efforts, UD developed a web-based platform called Dropoly (www.dropoly.com), which provides a fresh, user-friendly interface to energy efficiency awareness for local residents and small businesses. We also brought together local environmental groups with the formation of the Clinton County Green Alliance (www.greenalliancecc.com), which increased collaboration and led to combined events and promotions between the organizations.

In 2008, energy and energy usage was not a topic on the minds of many local leaders or citizens. However, these programs and the broader energy discussions have not only led to more efficient businesses and homes but also to both the city and county enacting energy aggregation programs, which have saved over \$5 million for local residents and businesses to date.

VISIONING

Small towns and villages in rural areas like Clinton County may lack visioning capacity and a framework for redevelopment. Even if resources were available, for a plan to be suc-

cessful there needs to be extensive local participation and buy-in, which traditional consultants may be unable to provide.

With the institutional support and guidance of a University of Cincinnati, School of Planning research team led by Dr. Michael Romanos, Dr. Peter J. Mallow, Antony Seppi, and Sudeshna Ghosh, the team completed a Wilmington Air Park Redevelopment Guidelines document collaborating with the local Economic Task Force. This effort also led to a Wilmington Air Park Redevelopment RFI/RFP process which solicited revisioning ideas and proposals for the facility from leading national teams, including several of the largest real estate, engineering and planning, and consulting firms. The RFI/RFP process then led to the Wilmington Air Park Master Plan and Market Study, which was funded by the EDA and continues to guide redevelopment efforts.

The CCRPC/ECC also engaged the University of Cincinnati, School of Planning to assist local communities in visioning and master planning. Traditionally, the school worked mostly with urban areas. However, this new approach, branded “immersion planning,” placed planning and architecture students/recent graduates with sponsoring small towns to develop hands-on comprehensive plans for smaller villages.

Six first-ever comprehensive plans for local villages were completed in Clinton County through this model (www.imagine.energizecc.com). The plans have allowed local villages to prioritize and visualize future infrastructure needs and redevelopment opportunities and highlight resources and challenges. Following the success locally, the University of Cincinnati expanded this model to rural communities in Kentucky and Pennsylvania as well.

The “immersion planning” process and the case of planner David Alpern, who developed the Village of Lynchburg, Ohio’s plan, were specifically highlighted in 2012 testimony before the U.S. Senate Agriculture Committee as a model for small towns to address planning and visioning challenges. The institutional partnership continues with the university, as the CCRPC/ECC is currently working with Dr. Xinhao Wang on land suitability mapping and livability indexing for areas of Clinton County.

PLANNING FOR TOMORROW

The programs developed under this five-part planning strategy have been noted as models of proactive innovation, attracting national recognition and grant funding from many diverse organizations including: Pop!Tech, VH1 Do Something, Pepsi, Toyota, National Audubon Society, *The New York Times*, *The Economist*, *Fast Company*, *Solutions Journal*, National Public Radio, Fox News, Glenn Beck, Great Lakes Brewing Co., Wise Economy Workshop, Institute for the Future, MSNBC, IEDC, the Ohio Economic Development Association (a Top 3 Best Innovation Award in 2012), and the American Planning Association (a National Planning Achievement Award in 2013).

Within the literature, there is an increasing critique of economic development incentives for corporate location. The DHL case is yet another case study deserved of this critique – where in less than 10 years, the company received over half a billion dollars in state and local incentives used to lure it as the company moved operations from Kentucky to Ohio and then ultimately back to Kentucky when it departed in 2008. Even with all these incentives, there was effectively no investment or research done on what communities should do before, during, and after a corporate departure. In the natural disaster planning field, there is a process of “hardening” – the physical preparation of community facilities to accommodate a disaster. This hardening process is clearly what needs to be contemplated in economic development.

We argue that a first planning step in the hardening process can be done locally – by proactively addressing many leaks already recognizable within the economic system, which does not require major policy changes or massive new resources.

One of this strategy’s most successful elements has been the designed and natural linkages between each of the five areas and programs. Many of the programs naturally leverage the others. For example, encouraging consumers to buy at locally owned restaurants and then getting the additional boost from that restaurant sourcing local food. The young professionals in our Fellows program work with local businesses and develop projects related to local energy, local food or community planning as well – getting the Fellows and the businesses they work with more involved in the community. Another example is many businesses active in the Buy Local First campaign learned about and utilized the energy efficiency resources and the other programs.

By developing programs that have strong linkages, the community has leveraged the region’s cooperation, further developed local capacity, and strengthened – “hardened” – the civic infrastructure. The strategy has won local, state, and national planning awards because it has proven to be both tactical – in providing immediate and tangible economic impact – but also strategic – in focusing on setting a long term foundation for local resiliency. In addition to this success, the programs brought Wilmington and Clinton County over \$3 million worth of positive media attention at an important time during the redevelopment process.



Construction continues on an additional 100,000 sq.ft. aircraft maintenance hangar at the Wilmington Air Park, leased to Airborne Maintenance and Engineering Services (AMES). The facility will create 259 new jobs when it is operational later this year.

Today, Wilmington and Clinton County have come a long way from the label of ground zero. In 2013, the Clinton County Port Authority, which now owns the Wilmington Air Park (www.wilmingtonairpark.com) following its donation by DHL, won a Gold Award in Marketing from IEDC. Almost 700 new jobs were created in Wilmington in 2013.

The Air Park will finish construction of another 100,000 sq.ft. of additional aircraft maintenance and repair organization hangar capacity for Airborne Maintenance and Engineering Services this year, adding an additional 259 new jobs. Also, there have been recent corporate locations and expansions for at least four Fortune 500 firms at the Air Park and within adjacent warehouses and offices, including Cargill, Polaris, Praxair, Cole Taylor Mortgage, DealerTrack, and others.

But the work is just starting. This five-part strategy would not have prevented this specific local economic disaster, much like natural disaster preparedness planning does not prevent hurricanes. It is a long term process of strengthening local advantages specific to a respective place and part of an overall economic development strategy. This strategy builds and renews a pride of place and thus complements traditional efforts related to marketing, training, and incentives undertaken by the county, city, port authority, and state agencies.

As traditional economic development efforts are often regimented, this approach stands out because it specifically targets preparedness by addressing existing weaknesses – many of which even “successful” communities may be grappling with today. When you are located in the floodplain, you plan for floods to occur; the economic development field must plan for economic disasters and address the existing leakages, which would only be exacerbated during a disaster or another economic downturn.

LEARNED FROM EXPERIENCE

The Wilmington and Clinton County recovery process and turnaround success point to a few key steps

for communities to consider in a plan for economic disaster hardening and preparedness:

1. **Examine Leaks** – What are the observed economic leakages occurring in a respective local economic system, why are they occurring, and is the leakage statistically worsening? Does the community have the will to acknowledge that these weaknesses exist, especially during the “good” economic times? We viewed this economic research much like mapping a 100 year flood line – a process of demarcating the dangerous development trends.
2. **Define Vulnerability** – Within the highlighted leaks, which will have the most negative impact and what leak is the community most susceptible to? These could include an increasing lack of economic diversity, an over reliance on economic sectors forecasted to shrink, an aging workforce, declining educational or skills attainment, and a decreasing location quotient or share of an industry that is otherwise growing regionally or nationally.
3. **Determine Priorities** – Which of these leaks, determined to be vulnerable, could be pragmatically tackled and/or proactively addressed locally or regionally?
4. **Highlight Potential Partners** – What local organizations and institutions have a vested interest in addressing those most vulnerable leaks? What institutions can provide research and/or support?

The Clinton County example highlights educational institutions, private firms, government agencies, and foundations which have provided key support and assistance for the defined programs.

5. **Implementation** – How to craft a change-focused program which can target that highlighted leak, gain local buy in, create a local multiplier, and be vested at the correct level – neighborhood, community, region, state.

The team’s hope is that the Wilmington and Clinton County story and the work of the CCRPC/ECC inspires other communities to look critically at leaks in their economic systems, build grassroots collaborations with institutions, increase local planning capacity, and develop proactive programs focused on resiliency well before an economic disaster strikes. Preparing for potential economic disasters at the local level, better understanding existing leaks, and determining a community’s vulnerabilities will enhance all economic development efforts.

The authors thank the following individuals for their thoughts and contributions: Dr. Michael Romanos, former Wilmington Mayor David Raizk, former Wilmington Executive Assistant Laura Curliss, Wilmington Mayor Randy Riley, Clinton County Port Authority Executive Director Kevin Carver, Clinton County Workforce Services Director Keith Hyde, former Clinton County Regional Planning Commission Chairs David Blandford and Don Spurling, Sam Stratman, Della Rucker, and those referenced in the article. 



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sabre industries

EXPANSION PROJECT

By Martin J. Dougherty

The decision by Sabre Industries to build a new 150-acre campus facility in Sioux City, Iowa, and the challenges overcome throughout the process, illustrate key elements of a comprehensive and innovative approach to economic growth in a medium-sized community. This expansion project also highlights the success and improving potential of American advanced manufacturing.

Critical components of the Sabre story include 1) the importance of a long term strong relationship between economic development and company officials, 2) the need for long-term planning and pro-active investment in industrial-scale infrastructure and quality shovel-ready sites, and 3) the sometimes highly competitive nature of site selection decisions and how creative solutions can solve key challenges.

The ribbon-cutting for the new Sabre campus, located in Sioux City's new Southbridge Business Park, was held in January, 2013. The multi-phase expansion includes seven buildings in the first phase, including a 192,000 SF manufacturing building and an office building. Initial plans include an investment of \$28 million and 532 jobs.

SIoux CITY

Sioux City is Iowa's fourth largest city, with a population of 85,000, and is located along the Missouri River in the northwest corner of the state. Situated in the heart of some of the nation's richest and most productive farmland, Sioux City has been traditionally home to a diverse range of food processing businesses with household names such as Morrell, Tyson, Jolly Time Popcorn, and Sioux



Sabre Industries campus in Southbridge Business Park.

Bee Honey. The community has faced its share of economic challenges through the decades, including the closing of the Sioux City Stockyards, once one of the country's largest livestock markets. The city is a regional center for healthcare, retail shopping, as well as entertainment and cultural activities. However, as is often the case with the state of Iowa itself, the legacy of manufacturing and the export of manufactured products, is sometimes overlooked as a major element and strength of the local economy.

SABRE INDUSTRIES

Sabre began in Sioux City in 1977. Building upon the traditional manufacturing work ethic and strength of the region, as well as a unique history of tower manufacturing in the community, Sabre has evolved into a leading global manufacturer of steel communication and electric transmission towers. The growth of the cell phone industry has created a large demand for communication towers, both in the U.S. and around the world. In addition, the aging of the "power grid" and the need for new trans-

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GROWTH OF ADVANCED MANUFACTURING IN THE HEARTLAND: RETAINING A MAJOR EMPLOYER IN SIOUX CITY, IOWA

Sioux City, Iowa, a medium-sized Midwestern community, successfully worked with Sabre Industries to build a new 150-acre campus to manufacture cell phone and electric transmission towers. This 2013 IEDC Business Retention & Expansion Gold Award project underscores the importance of traditional economic development practices, including a strong business retention program, and investment in quality sites with industrial-scale infrastructure. It also highlights the need for innovative approaches to skilled workforce recruitment and meeting financial challenges, as well as the opportunity for American manufacturing to grow in key sectors such as energy and communications.

Over the next several years, city economic development officials stayed in close contact with the company as it was sold to a New York-based private equity group and word spread of the company's intentions to consider various options to meet its projected growth, even if it meant relocating the entire Sioux City operation to another location.

mission lines to serve changing markets and new sources of energy has driven increased demand for the high quality steel towers of the type designed, engineered, and manufactured by Sabre. The company now has facilities in Sioux City; Alvarado, Texas; Elwood City, Pennsylvania; and Bossier City, Louisiana.

LONG-TERM RELATIONSHIP

During a business retention and expansion visit and subsequent conversations in 2008, about five years prior to the ultimate expansion decision, city economic development staff first became aware of the company's growing need for new space. The company had begun considering several different options including moving the corporate office space to another state. In response to the need for more overall space, the company began to lease available space in other locations around the community. The city economic development team immediately began working with the company to find solutions to meet its needs. A variety of prime office locations were shown to the company; however, after its initial search, Sabre decided to postpone a major decision regarding new facilities.

Over the next several years, city economic development officials stayed in close contact with the company as it was sold to a New York-based private equity group and word spread of the company's intentions to consider various options to meet its projected growth, even if it meant relocating the entire Sioux City operation to another location. The city and its partners worked diligently to stay in contact with the company and to make sure its needs were being met as the company grew at an increasingly rapid pace and to demonstrate to local and New York decision makers that Sioux City was the right place for Sabre's next expansion.

In 2010, the city leased some outdoor storage space near the city's airport to allow for some breathing room on Sabre's site. In the summer of 2011, the city and the company faced a new and unusual challenge as unexpected flooding occurred along the Missouri River, near the company's facility. The city worked closely with local executives to ensure the company was well-prepared for any potential impacts from the flooding. Although Sabre's facility was never directly impacted by the localized flooding, the company nevertheless made the decision to temporarily relocate its entire operation to leased space in several locations throughout Sioux City. City engineers

worked closely with Sabre to ensure its needs were being met during this difficult time, and the city assisted in the location of temporary space.

SHOVEL-READY

Sioux City's location in the Loess Hills of western Iowa creates many scenic views but provides limited opportunities for large flat sites of the type needed for larger-scale industrial facilities. Most of the available land for larger sites had already been developed. Recognizing this need, the city began a committed effort to find and develop a new business park with larger shovel-ready sites. This led to the development of the Southbridge Business Park, with initial planning studies that began as early as 2006.

Southbridge is strategically located just south of the Sioux City Airport ("Sioux Gateway"). The area is ideally suited for industrial development, located along and adjacent to Interstate 29, with rail service and several thousand acres of developable land. The city has taken a number of pro-active steps to further this new development over the past few years.

In 2009, the city acquired and annexed over 400 acres of land. The city constructed a new \$35 million water treatment plant and well system (completed in 2012), as well as new utility lines to serve the business park and other growing areas of the community. A critical issue was the need to construct a new major north-south access road into the area. Working with the Iowa 185th Air National Guard, and with assistance from the Iowa DOT, the solution was to relocate the existing airport access road out of the airport area. This had an additional benefit of improving access and security to one of Iowa's two Air National Guard bases. The new street (now named "Southbridge Drive") was opened in 2012, and provides excellent access to the Interstate and other new streets in the business park.

The city's development efforts received financial assistance through several grants including a \$4.8 million Iowa DOT RISE grant, a program that provides funding for transportation improvements that further economic development. The utility improvements received both grant funds and financing through an Iowa state revolving loan fund.



Aerial photo of Southbridge Business Park, Sioux City, Iowa.



Sabre Industries, Inc. ribbon cutting on January 17, 2013 at Southbridge Business Park in Sioux City, Iowa.

The timing of the new business park proved to be a critical element in Sabre's ultimate decision to build its new campus facility. Prior to the construction of Southbridge, the city did not have an available site large enough to accommodate the company when the decision was made to relocate the entire facility to a new site.

SITE SELECTION PROCESS

Sabre's projected growth led to a decision by the company to build a complete new 150-acre campus facility, rather than an expansion of its current property, or construction of a second facility, which had been considered as options. It began a national search for the ideal community in which to expand its operations. City Council and city staff were committed to assisting Sabre Industries with their need to expand by providing creative solutions to meet their needs. With manufacturing facilities in Iowa, Texas, Pennsylvania, and Louisiana, the company looked at several locations across the country. City officials made it a priority to provide Sabre with land, financial resources, and a dedicated and highly trained workforce for its successful expansion. The new campus facility would benefit both Sabre and Sioux City by providing the capacity necessary to meet future demand along with a sizable, highly-skilled and technically-sophisticated workforce; and contribute to Sioux City's overall business attraction initiatives.

In late 2011, the city learned that Sabre had hired Cushman Wakefield of Dallas to administer the site selection process. The city competed for several months with several locations across the country for an expansion project valued at nearly \$28 million. Also at stake were the estimated 532 jobs, more than doubling the number of 208 existing employees.

CREATIVE SOLUTIONS

Sioux City's economic development team was extremely creative in its compilation of an incentive package for the project. Listening closely to Sabre's needs, the city and its partners addressed each in some way.

Partners involved included the city, the state of Iowa, The Siouxland Initiative (the regional EDO), MidAmerican Energy, and Western Iowa Tech (community college). The city provided the necessary 150 acres, fully-equipped with all utilities and close Interstate proximity. Two major streets were paved and water and wastewater connections were designed and constructed to meet Sabre's short timeframe. By using tax-increment financing, the city was able to provide the land at no cost to Sabre, as well as provide funds to the city-owned airport (which previously owned a portion of the site).

Economic Development staff worked with the Iowa Economic Development Authority for assistance through the state's High Quality Job Creation Program. In addition, the state's unique "Targeted Jobs Withholding Tax Credit Program," available for border communities, was also used to support the project. "We're excited because Sabre was one of the first calls I made after the election in 2010," stated Iowa Governor Terry Branstad, "... we hit the ground running. Sabre was courted by several other states, including LA, OK, NV, NE, and TX and they all aggressively competed for this project, but I'm proud of the cooperation of the community and that we were successful."

As Sabre narrowed its search, it became apparent that other states had offered larger incentive packages to lure the company to build in other locations. At that point, the city took the aggressive step of offering to purchase the company's existing Sioux City facilities. This \$2 million transaction, again made possible through the use of tax increment financing, allowed the city a vehicle to provide needed upfront cash to the project. At the same time, the city would acquire an asset that could be sold later to an economic development prospect. The city currently owns the 40,000-square-foot building and adjoining 16 acres, which were leased back to Sabre until the end of 2013 during the transition to its new campus. The property is drawing considerable interest due to the short supply of available manufacturing space in the Sioux City metro area.

Aside from financial assistance, the city provided technical assistance every step of the way to make sure construction stayed on Sabre's tight six-month schedule. The city formed a team to hold weekly construction meetings to ensure fluid communication among project engineers,

Aside from financial assistance, the city provided technical assistance every step of the way to make sure construction stayed on Sabre's tight six-month schedule. The city formed a team to hold weekly construction meetings to ensure fluid communication among project engineers, contractors, and the city's engineering, planning, and inspections staff, and to expedite approval of site and construction plans for the seven separate buildings in the first phase of the project.

contractors, and the city's engineering, planning, and inspections staff, and to expedite approval of site and construction plans for the seven separate buildings in the first phase of the project. Brian Newberg, Sabre vice president & general manager, put it this way: "Finding a partner like we did with the team of the City of Sioux City, The Siouxland Initiative, and the State of Iowa to say here is the plan, here is what we would like to do, here is where we would like to do it, and they were all on board, they were right with us and they were a wonderful partner."

Sabre began in Sioux City, and the performance of the local workforce is critical. The Sabre campus is home to a wide range of employees with various skills. The company designs, engineers, and manufactures a complete line of tower structures for wireless and utility customers. Addressing the decision, Peter Sandore, CEO & president of Sabre Industries, stated "Why Sioux City? Reaction time, the package offered including incentives and land, and a great local management team so we felt we could be a more efficient facility than if we had to build a new team in another area."

Nevertheless, the ability to meet the need for a significant number of new employees, including a substantial number of qualified welders, was a concern. Recognizing the critical element that the workforce would play, the city partnered with the state of Iowa and Western Iowa Tech Community College (WITCC) to provide a training package and customized welding program for the newly created jobs. The four-week program features a seamless orientation plan that is strong in both blueprint reading and safety. WITCC's dedication and flexibility to assist local employers expand operations reflects the outstanding training and workforce opportunities available in Sioux City. In addition, the state's premiere New Jobs Training program (260E) provided financial assistance with training and initial employee costs.

Finding solutions to augment the existing quality workforce provided a clear edge. As stated by Sabre CEO Peter Sandore: "When we looked at the people and the work ethic, what we went through here a year and a half ago moving the whole facility across town, working



Interior of Sabre Industries, Inc.



Local, state, and elected officials were joined by the president/CEO of Sabre Industries and president of Clean Line Energy on 2/17/14 to announce an agreement designating Sabre as a preferred supplier of transmission structures for the Rock Island Clean Line transmission project.

24/7, you really believe that what happens to make these things successful is people."

PROJECT IMPACT

The Sabre project will most certainly provide a range of positive local, regional, and state economic development effects, both direct and from the overall ripple/multiplier effect from new employment and capital expenditures, including construction, site operations, fiscal benefits, and local spending. Sabre's development team has indicated the new facility will generate increased demand for numerous specialized business services within the local economy. The metro area is beginning to see an increased need for new housing, as the city, like many medium-sized Midwestern communities, did not experience the overbuilding that occurred in many parts of the U.S.

The future of American manufacturing is closely tied to the skill levels of American workers. Customized training through partnerships between colleges and business, supported with training funds, can allow businesses to compete, particularly in advanced technology manufacturing. Companies like Sabre combine elements of design and engineering with skilled manufacturing to compete successfully in a global marketplace.

Company executives identified Sioux City as a much-valued asset as the number of positions has grown from the previously existing 208 employees to nearly 500 today. Sabre's Sioux City operations include executive management, administration, sales, operations, human resources, welding, manufacturing, and shipping and receiving. The multi-phased expansion project has a capital investment valued at nearly \$28 million and is likely to go much higher.

Company officials have already begun plans for future phases of expansion in Sioux City due to their rapid growth, including an on-site expansion of their manufacturing capacity and a new building for additional parts storage. Additional future phases may include a galva-

nizing facility, further adding value to the type of products that can be produced. This type of facility will likely serve other companies as well.

Sabre Industries is the first company to move into the new Southbridge Business Park. A ribbon cutting with Iowa Governor Terry Branstad, Lt. Governor Kim Reynolds, Sabre executives, and state and city officials was held on January 17, 2013 to unveil Sabre's new state-of-the-art facility.

CONCLUSION

The overall approach taken to the Sabre expansion project in Sioux City, Iowa, is replicable and can be adapted for use in other places. Traditional economic development practices, including a strong business retention program, and investment in quality sites with industrial-scale infrastructure must be in place to be competitive and support successful economic growth. Communities must identify companies with growth potential, be aware of their needs, and assist those companies to find solutions over the long term.

This project however also highlights the need to be innovative to address critical challenges such as the ability to strategically apply local and state financial resources as needed. It also demonstrates the growing need for an increasingly skilled workforce. This also must be addressed with multiple and creative solutions, such as the

The overall approach taken to the Sabre expansion project in Sioux City, Iowa, is replicable and can be adapted for use in other places. Traditional economic development practices, including a strong business retention program, and investment in quality sites with industrial-scale infrastructure must be in place to be competitive and support successful economic growth. Communities must identify companies with growth potential, be aware of their needs, and assist those companies to find solutions over the long term.

customized training programs offered by community colleges. However, the effort to address the skills gap must also find its way into local schools at an earlier level.

Sabre's products are designed, engineered, and built in the United States and sold nationally and internationally. The company's products serve key growth areas of the economy, including communications and energy. Projects such as the Sabre expansion demonstrate that American mid-sized communities, skilled workers, and businesses can compete successfully in the global marketplace. 🌐

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ECONOMIC GROWTH

By Heidi Pickman and Claudia Viek

INTRODUCTION

Pulitzer Prize winner Thomas Friedman recently talked about the changing nature of work on public radio.

*“The American middle class... was built on something called the high-wage, middle-skilled jobs.... Today there is increasingly only a high-wage, high-skilled job. When I graduated from college, I got to find a job. I think my girls will have to invent a job.”*¹

The social contract between employer and employee is changing radically because of technological and productivity advances. Government job creation programs are no longer an option because of budget constraints. The changing landscape of the labor market necessitates new approaches to economic development.

This article provides the rationale and lays out several tools for stimulating a new economy based on locally-owned small businesses. We know how to do this – the infrastructure exists and the tools are readily available. We need to mobilize the connectivity in our communities and support the political will to make it happen. Small locally-owned businesses provide our communities with:

- Economic diversity,
- Local control,
- Increased economic development capacity, and
- Quality job creation.

WHERE WE’VE BEEN

“Granting corporate incentives has become standard operating procedure for state and local

governments across the country” – costing taxpayers a minimum of \$80 billion each year. In early December 2012, *The New York Times* published an extensive investigative piece, “United States of Subsidies.”² According to the piece,

Nor do they know if the money was worth it because they rarely track how many jobs are created. Even where officials do track incentives, they acknowledge that it is impossible to know whether the jobs would have been created without the aid.

The New York Times investigation lists example after example of locations using millions in incentives to lure companies, only to lose any benefit the corporations may have brought the locale when they pack up and leave. Meanwhile, states and cities lose needed tax revenue; basic services like public education and safety suffer.

Business attraction ends up being a zero sum game. No new net jobs are created; they are shuffled from one place to the next. The piece provides evidence that traditional business attraction strategies don’t work.

Relying on existing large corporations for a job growth strategy doesn’t work either. Large corporations aren’t in business to create jobs but to maximize profits for shareholders. Think of the car manufacturers, 100 years ago if you walked into a factory you’d see a handful of workers drilling, screwing, welding, and bolting a car body. Today, if you walk into a factory, you see robots doing the work with one human overseeing the process. No one expects this trend of technological progress to reverse itself anytime soon.

Who else creates quality jobs? Eighty years ago, the federal government might propose a project that put people to work, such as the Work Proj-

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CAMEO is the voice for micro-business in California. It expands resources and builds capacity for its member organizations – over 160 lenders, training programs, job creators, agencies, and individuals dedicated to furthering micro-business development in California.

Yes, it’s important that economic development policies and government strategies help high growth firms and not hinder their success. But if economic development professionals value job creation in addition to growth, policies and strategies must attend to the needs of the huge majority of firms that will remain small.

HOW COMMUNITIES CAN CULTIVATE THEIR TALENT AND THRIVE

The world is rapidly changing. Nothing is as it was 10 years ago, and we can only imagine what will be in 10 years and that includes changing economic conditions. This means the economic development field needs to consider new economic development tools to deal with a new reality. One of those tools is the Do-It-Yourself Economy, an economy built on a foundation of small, locally-owned, diverse businesses. This article focuses on why we need new tools, explains the reality of small business and self-employment labor market trends, and delineates some of the tools that local economic developers can use to create a sustainable future for their regions.

JESSICURL

Until the time I was 14 I had thick yet fairly straight hair. When puberty struck, my hair grew more and more coarse and eventually started to curl. I was mortified and at a total loss for how to deal with it.... As I grew up, my hatred of my hair didn't dissipate. Finally in 2002 I figured there had to be a better way, and typed "curly hair" into Google.... I found an entire community of curly haired people



who shared the same struggles as I did! I bought any product that someone raved about, most of which didn't do anything to make me like my hair better. Many of them actually made my hair worse. One day I came across a very basic recipe for a hair gel made out of flax seeds. I remember thinking, "Wow, how cool would it be if I could make my OWN hair gel?" Jessica McGinty, owner of Jessicurl

That was September 2002 and Rockin' Ringlets Styling Potion was born in McGinty's 600-square-foot apartment in Berkeley. She knew she needed more space to grow Jessicurl and wanted to pay her employees a living wage. McGinty decided on Humboldt, CA, a place she had visited often.

A basic google search for "moving your business to Humboldt" led to the Northcoast SBDC, which helped her write a business plan to get a loan from Arcata Economic Development Corporation to buy equipment. McGinty says that the SBDC has been a big part of her success, advising her on marketing internationally, taking on a partner, and expanding her business. During the first years in business, Jessicurl's sales increased by 450 percent, and she employs six people full-time and two part-time. The business grew a healthy 20 percent in 2010.

ects Administration. But it's not 1938; a government jobs program is unfeasible at this time. And federal, state, and local governments have cut back dramatically on public sector employment, further limiting the number and types of employment available. "For the nation as a whole, state government employment is down 2.9 percent from its post-recession peak recorded in August of 2008, and local government employment is down 3.5 percent from the post-recession peak recorded in September of 2008."³

WHERE WE'RE GOING

What does a new concept of "jobs" mean for policy and economic developers today and in the future?

If it's not big business or the government, who will create the jobs of the future? The answer is that it will be the DIYers who are creating their own jobs and starting their own businesses. It's the 26 million micro-business owners that make up 88 percent of the country's businesses – like Jessica McGinty, who saw a problem, solved it, and decided to create a business out of the solution (see sidebar). After seeking assistance from the Small Business Development Center, McGinty created her own job as the owner of Jessicurl, a maker of hair products

for curly hair, and now creates jobs for others. (A micro-business is defined as a business with fewer than five employees or less than \$50,000 in start-up capital.)

Supporting and strengthening businesses like Jessicurl creates a strong and diversified infrastructure of many small, locally-owned businesses that will be a major source of job creation for a 21st century economy.

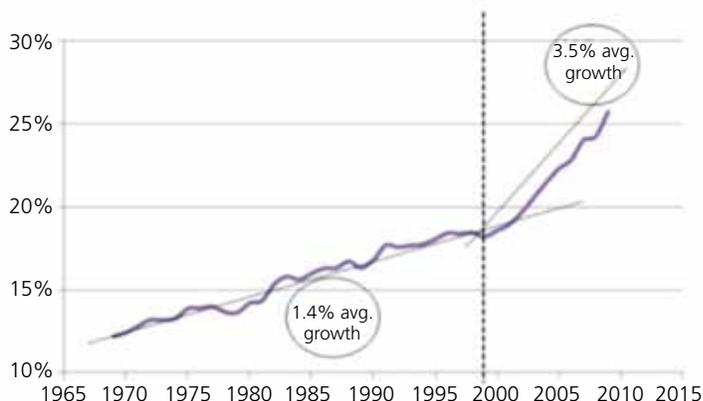
The new economy's foundation will be a strong infrastructure consisting of these many small, locally-owned, diverse businesses. These very small businesses create most of the jobs.⁴ The reality is that firms are starting smaller and staying smaller and that more people want to be their own boss. The Bureau of Labor statistics reported in March 2012 that the average size of new start-ups went from 7.6 employees in the 1990s to 4.7 employees in 2011. The share of the self-employed in the labor market is growing exponentially (see graph) and the trend is expected to continue. (Statistics for the graph are from the Northeast Center for Rural Development, 2011, and are national figures.)

The State of Independence Report by Emergent Research found a "conscious structural shift and recognition of a new model of work and engagement" and that is toward self-employment. The number of independent workers grew from 16 million in 2011 to 16.9 million in 2012 to 17.7 million in 2013. "By 2020, roughly 50% of the private workforce will have spent time as independent workers at some point in their work lives."⁵ Self-employment is a labor market trend.

These small businesses are not the small businesses with high growth potential. The market does a pretty decent job of supporting these businesses. However, only one percent of those businesses will actually become significant employers. Consider those companies as the skyscrapers. These businesses help shape an economy, much as a skyscraper provides a unique character to a cityscape. Just as most buildings in a city do not have dozens of floors, 99 percent of businesses will not grow to employ thousands and 88 percent of those won't grow over five employees.

SELF EMPLOYMENT IS A LABOR MARKET TREND

Share of Self-Employment as a Percent of Wage-and-Salary Employment, 1969-2009



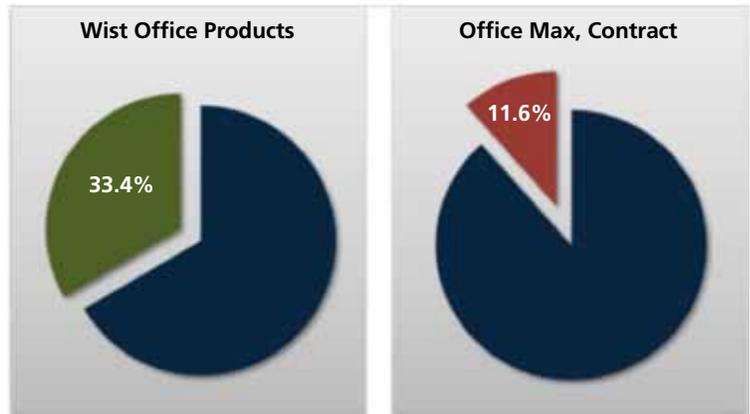
Source: Northeast Center for Rural Development, 2011

of old. The county committed to developing local products and services that the world needs and wants to buy. In 2007, it identified six fast growing industries, called “Targets of Opportunity,” and actively worked on fostering those sectors.¹¹

These are the results so far: Humboldt has much stronger new firm creation than surrounding counties, even Shasta with 35,000 more people. From 2002-2010, 2,283 new firms were created in the county, a 26 percent increase. And job creation has been positive, outpacing the region’s economy. For example, the Management & Innovation Services industry cluster added 1,151 jobs, an increase of 93.6 percent, and 108 firms (39.4 percent) from 1995-2009, when the regional economy as a whole lost jobs at -6.1 percent and firms at -15.5 percent. And these are good jobs, paying 47 percent higher wages than the regional average.

Made in Anytown, USA

Regional Clusters: Regional industry clusters are synergistic regional concentrations of firms and related networks and participants in particular fields.¹² For example, the USDA California Rural Development Office is developing a value chain for agriculture in four regions by convening all of the players, looking at the existing resources and helping to fill the gaps. This process discovered that California ranchers ship cattle out of state for slaughter and cold storage was scarce. Consequently, two mini-industries were born – mobile slaughterhouses for getting local grass fed beef processed to meet local demand and cold storage facilities to save on increasing energy prices.



(<http://www.localfirstaz.com/studies/procurement-matters/findings.php>)

Local Ownership: According to Stacy Mitchell of the Institute for Local Self Reliance, “local ownership makes communities healthier, wealthier and wiser.”¹³ Mitchell explains that local business owners’ personal and financial interests are tied to the community’s, so they are more accountable to local concerns and that they understand their community so they can help make better decisions in solving problems. Other research has found a “positive relationship between density of locally-owned firms and per capita income growth.”¹⁴

Civic Economics studies local economic impacts of locally-owned businesses versus national chains. A 2012 study found that in Salt Lake City, local retailers return a total of 52 percent of their revenue to the local economy, compared to just 14 percent for the national chain retailers.¹⁵ Another study done in 2007 and 2012 found Wist Office Products, headquartered in Tempe, returned 33.4 percent of all revenues to the local economy through profits, wages, procurement, and charitable giving; Office Max Contract¹⁶ returned 11.6 percent.¹⁷ The Institute for Local Self Reliance lists many more studies about the benefits of local ownership on its website.¹⁸

A study of San Francisco consumer behavior found that diverting 10 percent of purchases from national chain stores to locally owned businesses would, each year, create 1,300 new jobs and yield nearly \$200 million in incremental economic activity.¹⁹

Business Support – Coaching, Capital, and Connection

We need to support our indigenous entrepreneurial resources with what these small businesses especially need – business training and management skills, small amounts of capital, and access to markets: **coaching, capital, and connection.**

Coaching: The first step to success for locally grown small and micro-businesses is business assistance – think solid business plan, robust cash flow statements, marketing plan. With this assistance, these businesses are ready to get a loan, grow, and add jobs. The Aspen Institute FIELD studies show that businesses that receive assistance have an 80 percent success rate as compared with the 50 to 80 percent mortality rate for small businesses

FALCON BUILDERS AND DEVELOPERS, INC.

John Falcon spent over 20 years in the Air Force. While stationed in Las Vegas in the mid-1990s, he and his wife Marina fixed up old houses. They took on three rehab projects on section 8 housing. Providing safe homes to code to less fortunate families gave them great pride.



Falcon’s Air Force experience included 10 years in project management and two years in school. He graduated summa cum laude with a Bachelors of Business Administration just before retiring from the Air Force in 2007.

That same year, he and his wife launched Falcon Builders and Developers, Inc. in Fresno, CA. Falcon saw the potential in the lucrative (but competitive) arena of government contracting and decided to capitalize on the different designations his business qualified for as a disabled veteran owned business. At the Central Valley Business Incubator/Small Business Development Center in Fresno, Senior Business Advisor Rich Mostert counseled Falcon and provided technical assistance regarding certifications for government procurement. Falcon Builders currently employs 10 people.

overall that the Small Business Administration (SBA) cites. On average, they create two jobs in addition to their own over a three-to-five year period.

For example, Jose and Rosie Rodriguez owned King City Tires in the southern Salinas Valley in California. Their region is very distressed, with an official unemployment rate of over 16 percent and a real rate closer to 30 percent. King City Tires found a niche servicing tractors in the fields, 24/7. It took two years of business counseling from El Pajaro Community Development Corporation (CDC) for the Rodriguezes to qualify for a \$1.5 million SBA loan to expand their



business and become King Car Wash & Audio. Now they employ 16 full-time workers.

El Pajaro CDC is one of 85 CAMEO member organizations in California that provide business training, technical assistance, and financing to entrepreneurs. In 2011, the organizations served 21,000 very small businesses with training, business and credit assistance, and loans. These firms – largely start-ups with fewer than five employees – supported or created 37,000 new jobs in California.

Nationally, business assistance programs include Small Business Development Centers (SBDC), Women's Business Centers (WBC), non-profit entrepreneurial training organizations, and non-profit lenders. These organizations need to be supported by local governments. Traditionally, they've been funded by U.S. Department of Housing and Urban Development's Community Development Block Grant funding, the SBA, USDA, and corporate contributions, but many have seen these funds systematically cut back, particularly in rural regions.

Capital: Many polls find that small business owners believe the availability of credit is a problem.²⁰ Larger banks have pulled back on loans under \$250,000, mainly because small loans cost about the same in transaction costs as a \$1 million loan. Small businesses should look for alternative lending sources, such as community development financial institutions (CDFIs). CDFIs are non-bank, non-profit lending organizations and credit unions that support business development and provide personal business loans in local communities usually underserved by traditional banks.

Microlenders make loans under \$50,000. These loans include those capitalized by the U.S. Treasury, SBA Micro Loan Fund, USDA rural development loans, and community development loans by local governments, banks, and donors. CDFIs offer loans of varying sizes including microloans; some loans go as high as \$250,000. Many CDFIs provide small-business coaching and other professional resources, such as legal, accounting, and market-

ing assistance, to grow their borrowers' small businesses. CDFIs usually:

- Have more flexibility with their collateral and credit requirements (they accept good, but not perfect credit);
- Are willing to consider explanations for lower credit scores, e.g. loss of home equity, late payments, and illness;
- Consider the borrower's character; and
- Use alternative underwriting criteria.

Businesses still need to show the ability to pay back the loan through positive cash flows and have a business plan. The loan criteria are often listed on the lender's website and vary in terms of a business location, loan size, interest rates, risk, borrower income, etc.

Historically, many microlenders have had low volume due to the labor-intensive nature of microlending. However, new technology and crowdfunding platforms are resulting in a significant increase in lending. ACCION Texas, a microlender, created the Microloan Management Services underwriting platform to introduce efficiencies and increase lending in under-served communities. Kiva, the global microfinance crowdfunding platform, has distributed over \$400 million in loans in the last eight years with a 98 percent repayment rate and has recently launched in the U.S. CDFIs, such as Valley Economic Development Center and Opportunity Fund in California, have ramped up lending in California by acquiring smaller lenders and successfully attracting corporate capital investment.

However, funding for business and credit technical assistance, which creates the pipeline of loan-ready borrowers, continues to erode. The cost of technical assistance

MIHO GASTROTRUCK

MIHO Gastrotruck provides locally sourced, natural, healthy, good food. Co-owners Kevin Ho (right) and Juan Miron (left) met while working in the restaurant industry. Sharing a



passion for gathering friends and family around good food, they launched their business in spring 2010. Financing was one of the biggest hurdles they crossed. They were unsuccessful in securing financing through traditional means and were referred to ACCION San Diego, which lent them \$15,000 to buy and fix up an old lunch truck. "Finding ACCION was a huge break for us because it really enabled us to go for it as new business owners," says Ho.

In less than two years, MIHO has expanded to two trucks and a full catering service. It now employs up to 17 people in the peak summer season. MIHO has built up a large and dedicated customer base with almost 10,000 Twitter followers, who Ho and Miron affectionately call HOMIs.

SKINCARE BY FELECIAI

Feleciai Favroth went to college, worked in corporate America doing brand management and promotions, and later went into real estate. After turning 40, she decided to follow her passion for beauty.



Favroth took classes at the Women's Initiative for Self-Employment in Oakland and the Renaissance Center for Entrepreneurship in San Francisco with the idea that she would open up a beauty salon or an image consulting business, but something was missing. In 2007, she realized that making products to help people look and feel their best was the basis of a fulfilling business.

It took her three years to learn to make natural bath and body products while she continued to work as a real estate broker. As Favroth made more and more soaps, lotions, scrubs, and other products, she spent more time doing that and less time selling houses. In December 2010, her broker license renewal came, but she decided to leave the real estate market behind and follow her dream full-time.

Today, after more business support from Centro Community Partners and loans from the Oakland Business Development Center and Kiva Zip (a pilot program, launched by Kiva, that enables participants to make direct loans to entrepreneurs in the U.S.), Favroth is doing well. Her business has grown by more than six-fold since she started it in 2010, and she's hired her first employee.

needs to be compared with true benefits of the impacts of microlending, including the economic multiplier effects. The microlending industry and local economic development professionals can justify the costs of microlending if they measure the true benefits.

Connection: In order to thrive and grow, small businesses need access to market opportunities. The "economic gardening" movement seeks to connect local businesses with market research and business opportunities.

Economic gardening is an alternative economic development model based on the idea that entrepreneurs drive economies, and jobs are created by supporting existing companies in a community.²¹ Economic gardening connects entrepreneurs to resources, encouraging the development of essential infrastructure and providing entrepreneurs with needed information. Economic gardening initiatives provide local entrepreneurs with access to competitive intelligence on markets, customers, and competitors that is comparable to the resources customarily only available to large firms. Following are several examples of existing programs.

Since 2006, Oregon Micro Enterprise Network has provided sophisticated market research services to disadvantaged entrepreneurs statewide through MarketLink, a market research tool.²² "Based on market research principles utilized by Fortune 500 companies, MarketLink provides micro-entrepreneurs [with] access to the same customized market research tools and services that many large-scale companies enjoy. This research helps entrepreneurs find and reach their desired customer base, tap into new markets, and make informed business decisions by identifying trends within their respective industries."²³

Inner City Advisors (ICA), an entrepreneurial training program, identifies high potential businesses and provides intensive training and technical assistance to spur growth and increase jobs and contracts that will benefit inner city residents.²⁴ Much of the coaching is provided by teams of volunteers – lawyers, accountants, finance professionals – who guide the CEO for an average of four-five years, a long-term commitment. These businesses have committed to local hiring and many are social Benefit Corporations (B Corps).²⁵

ICA has 12 companies in its portfolio and provides business assistance to 125 to 150 businesses a year. In 2012, businesses that worked with Inner City Advisors created 2,602 jobs and greater than \$93 million in wealth. Based in Oakland, it is currently expanding to more locations in California.

Creative Conditions for Business Development

In order to thrive and grow, small businesses need strong support systems to help them with business management decisions and business-friendly conditions. In this changing economic reality, co-working spaces, business incubators and their new incarnations as Hubs,²⁶ places that provide the spaces, resources, connections, knowledge, talent, markets, and investment that turn intention into impact, are providing the support systems for the growing trend of the self-employed. In this changing economic reality, what are considered business-friendly conditions need to change as well.

One of the most exciting projects in urban development is the Downtown Project, a plan being implemented by Zappos founder Tony Hsieh to transform the seedy downtown Las Vegas into the "most community-focused large city in the world."²⁷ The project is investing \$200 million in real estate, \$50 million in small businesses, \$50 million in education, and \$50 million in tech startups for a total of \$350 million. In addition, the importance of people and community is knit thoroughly into the project's efforts and is a fundamental organizing

In order to thrive and grow, small businesses need access to market opportunities. The "economic gardening" movement seeks to connect local businesses with market research and business opportunities.

principle at every step of the project. For example, the project aims to create extreme residential density as well as a dense physical space for ground level activities and businesses. The philosophy is that “when people live [and work] closely with one another, the opportunities to interact serendipitously increase which increases the sharing of knowledge, ideas, and improves productivity.”

While not everyone has the resources that Hsieh does, the principles can be applied elsewhere on a shoestring. Gina Lujan is the director of Hacker Lab, a co-working space for programmers, designers, and entrepreneurs in Sacramento, where people come together to share their work, network, learn, and collaborate. In its first 18 months (beginning 2012-mid 2013) Hacker Lab has birthed 10 companies and 12 jobs in addition to the owners.

Larry Cope, director of economic development for the Tuolumne County Economic Development Authority, knew that Tuolumne County had to do something proactive to recover from the recession. The area had lost a lumber mill and two major retailers. Cope heard about Hacker Lab and invited its director to Tuolumne County, located southeast of Sacramento, to assess the creative human capital resources in his area. In late May 2013, the county held its first meet-up in which 50 people attended. These folks are now co-creating the entrepreneurial support system that meets their needs. The lesson: connect people and great things can happen.

While Downtown Project and a Hacker Lab-type space are private endeavors, some suggestions for the role that local economic development agencies can play, include:

- Facilitate high level partnerships among diverse fields and industries for cross-pollination of ideas.
- Support B Corps.
- Ensure legal and tax structures are supportive and not obstructionist.
- Research existing talent and resources – find out what’s happening in your backyard and include hobbyists, Etsy and eBay vendors; an invisible business might emerge as the next big thing.
- Foster the “maker-culture” and a start-up attitude, i.e. inspire curiosity and creativity.
- Re-imagine leadership: include private industry; once you find your local leaders, let go and hand leadership over to them.
- Change the metrics of success. Not all jobs are created equal. We have to look at the quality of jobs being created.

Support Self-Employment

Self-employment is a labor market trend, as noted earlier. If we 1) recognize this trend and 2) recognize that traditional methods of economic development aren’t always creating the jobs we need to have an economic recovery, then self-employment needs to be seen as a job creation strategy that works for cities and states.

CAMEO is working to promote self-employment as a job creation strategy that works for cities and states by

DON POLVORON BAKERY

Jorge Flores started Don Polvoron Bakery in 2005 with his brother Oscar. The first two years were hard – waking at 3:00 a.m., arriving home late, and not making much.



Jorge’s main philosophy – to give customers what they want – has helped the business grow from a bakery that served coffee to a specialty cakery. Jorge explains, “It’s easy to say no, but this is how you gain customers,” like turning around a quinceañera cake for 300 people in less than two days for a customer whose original cake-maker canceled.

Jorge found the Renaissance Entrepreneurship Center in Redwood City through a friend about five years into the business. He discovered he had more to learn, like how to control finances, manage employees, and how to treat customers better. “It was the best thing I did for the business,” he says. Jorge still goes to classes, because “in business you never stop learning.” The bakery employs seven people, the cake business is thriving, and the business wants to expand.

initiating systems change within the workforce system to permanently adopt and integrate self-employment training for the unemployed.²⁸ Progress has been made in this area. In 2010, the Department of Labor (DOL) released directives encouraging the local Workforce Investment Boards (WIBs) to integrate entrepreneurial training as a vital workforce development strategy:

- Training and Employment Guidance Letter-12-10: Supporting Entrepreneurship and Self-Employment Training through the Workforce Investment System²⁹
- DOL Study: Think Entrepreneurs: A Call to Action; Integrating Entrepreneurship into the Public Workforce System throughout America³⁰

Then in 2012, a \$35 million Self-Employment Assistance (SEA) program was tucked into the Middle Class Tax Relief and Job Creation Act of 2012.³¹ Under the program, unemployed workers would be able to maintain their unemployment insurance benefits while they start their own small businesses without having to look for other full-time work. The bill allocated money to the states to create and administer an SEA program. SEA has had limited success because no federal money was allocated for entrepreneurship training and states find it difficult to opt in to the program because state legislatures have to authorize the program. Only a handful of states has a viable program.

CONCLUSION

The 21st century economy is changing as rapidly as the world around us. The **DIY economy**, based on local economic development, offers a new vision. The economic development field can support a strong environment for local small business, the foundation of a D-I-Y economy. ④

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NEWS FROM IEDC

EDRP RELEASES LATEST REPORT ON ECONOMIC DEVELOPMENT METRICS

The Economic Development Research Partners (EDRP) recently released a comprehensive and first-of-its-kind report on economic development metrics—those that economic development organizations (EDOs) currently use and other potential measures to evaluate their performance. *Making It Count: Metrics for High Performing EDOs* provides an easy-to-use “menu” of nearly 300 economic development metrics that EDOs can choose from based on their mission, functions, scope of services, and resources, along with a guidebook on EDO performance measurement.

This important new tool allows EDOs to assess their effectiveness using programmatic, internal, community-based, and relationship-oriented metrics. The report is available for download to members on the IEDC website and in print for purchase to non-members.



NEW BRIEFING ON SMALL BUSINESS FINANCING FOR ECONOMIC RECOVERY

IEDC has released a new briefing paper, *Case Studies in Small Business Finance Following a Disaster*. The briefing highlights six case studies of how American communities have utilized public, private, and a mix of public and private funding to aid small businesses to return to operations and thrive following a disaster.

With best practices from Vermont to Minnesota to Oklahoma and in between, learn how communities were able to support small businesses within days of a disaster. On *RestoreYourEconomy.org*, discover how your organization can replicate these programs when faced by a disaster.

This research project was funded through the U.S. Economic Development Administration’s Economic Adjustment Assistance Project No. 01-79-14223.

LOOKING AROUND THE CORNER: THE FUTURE OF ECONOMIC DEVELOPMENT

This 15-page research paper concludes the series on “New Realities for Economic Development Organizations” with an analysis of how four emerging trends – demographics, technology expansion, shifting global roles, and climate change – will change the economic development profession.

The paper makes predictions on a five to ten year scope, and investigates how these trends will

change the way EDOs are structured, financed, and doing business. Additionally, the paper delves into how EDOs can maintain their communities’ competitiveness in a changing economy.

The report is free for IEDC members to download and in printed format at a cost of \$25 for non-members.

IEDC PROFESSIONAL DEVELOPMENT PROGRAMMING AND THE CERTIFIED ECONOMIC DEVELOPER (CEcD) DESIGNATION GO GLOBAL

In a historic agreement, IEDC has partnered with the Economic Developers Council of Ontario (EDCO) and the British Columbia Economic Development Association (BCEDA) to introduce the organization’s professional development programming in Canadian provinces. As the world’s only comprehensive economic development education resource, IEDC has begun offering training courses in both Ontario and Alberta, and will move towards holding CEcD exams throughout the country in the future.

Currently, a grandfathering period is underway, allowing for any current EcD in good standing to apply to adopt the CEcD designation. For more information about IEDC’s professional development programming, contact Emily Bell (ebell@iedconline.org).

AEDO PROGRAM WELCOMES TWO NEW MEMBERS, REACCREDITS TWO MORE

IEDC announces the accreditation of two new organizations: the Tijuana Economic Development Corporation (DEITAC) and the Colorado Lending Source (CLS).



Located in Tijuana, Baja California, Mexico, DEITAC is the second Mexican EDO to earn accreditation and CLS becomes the second in Colorado. These organizations represent the high quality and dedication to excellence that the Accredited Economic Development Organization (AEDO) program demands.

In addition, IEDC recently reaccruited two AEDOs: the Lehigh Valley Economic Development Corporation (Lehigh Valley, PA), a member since 2010, and the Business Development Board of Palm Beach County (West Palm Beach, FL), a member since 2007.

Earning accreditation is a great way for economic development entities to increase their visibility in the community and gain independent feedback on their organizational operations. For more details, contact Tye Libby (tlibby@iedconline.org).



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This is one of a number of ways that you can pursue recertification credits. Submissions are accepted throughout the year. The Journal Editorial Board reviews all articles and determines which articles are accepted for publication.

For more information contact Jenny Murphy, editor, at murp@erols.com (703-715-0147).



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IEDC sponsors an annual conference and a series of technical conferences each year to bring economic development professionals together to network with their peers and learn about the latest tools and trends from public and private experts.

IEDC also provides training courses and web seminars throughout the year for professional development, a core value of the IEDC. It is essential for enhancing your leadership skills, advancing your career, and, most importantly, plays an invaluable role in furthering your efforts in your community.

For more information about these upcoming conferences, web seminars, and professional development training courses, please visit our website at www.iedconline.org.

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2014 Federal Forum

March 23-25
Alexandria, VA

2014 Spring Conference

June 1-3
Minneapolis-Saint Paul,
MN

2014 Annual Conference

October 19-22
Fort Worth, TX

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Business Retention and Expansion

April 24-25
Atlanta, GA

Entrepreneurial and Small Business Development Strategies

May 8-9
Madison, WI

Real Estate Development and Reuse

May 15-16
Anchorage, AK

Managing Economic Development Organizations

May 29-30
Minneapolis-Saint Paul,
MN

Economic Development Marketing and Attraction

June 5-6
Baltimore, MD

Neighborhood Development Strategies

June 19-20
Madison, WI

Economic Development Strategic Planning

July 17-18
Atlanta, GA

Business Retention and Expansion

August 21-22
Indianapolis, IN

Economic Development Strategic Planning

September 18-19
Baltimore, MD

Real Estate Development and Reuse

October 9-10
Atlanta, GA

Economic Development Credit Analysis

October 15-17
Fort Worth, TX

Real Estate Development and Reuse

November 6-7
Lansing, MI

Business Retention and Expansion

November 13-14
Chapel Hill, NC

Technology-Led Economic Development

December 4-5
Phoenix, AZ

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May 31-June 1

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MN
(Appl. Deadline: March 31)

October 18-19

Fort Worth, TX
(Appl. Deadline: August 18)

December 6-7

Phoenix, AZ
(Appl. Deadline: October 6)

2014 WEB SEMINARS

March 26

Temporary Store,
Lasting Impact:
Pop-ups and Economic
Development

April 23

Raise the Bar Together for
Workforce Development

May 14

21st Century Presentation
Skills

May 20 (Free)

Ethics and Economic
Development

June 26

Reshoring

July 23

Making It Count: Metrics
for High Performing EDOs

July & August

A series on the healthcare
industry

Disaster Preparedness & Economic Recovery: Free Webinar Series

April: Long-Term Recovery: Addressing Business Failures in Years 2-5

May: Asset Mapping & Data Collection before a Crisis

June: Using the National Emergency Grant (NEG) for Economic Recovery

July: Addressing Blight in Disaster-Impacted Neighborhoods

August: Fundraising Strategies for Economic Transformation

September: Navigating Federal Resources for Long-Term Recovery in Rural Communities

October: Creating Successful Partnerships with the Private Sector

November: How to Write a Winning Grant Application

December: Open for Business: Crisis Communication

laying the groundwork

By Carrie W. Gray

Like many urban centers in the United States, Wilmington, Delaware, has struggled in the last 40 years to bring life back to its downtown district. The city's challenges have not been unique, nor have its solutions to those challenges. What has been different is the coordinated, strategic approach that has brought tens of millions of dollars of investment into the downtown.

That approach started 20 years ago when Wilmington Renaissance Corporation (WRC) was founded as a public-private partnership focused on the revitalization of the downtown. Founded by a small group of corporate leaders, in partnership with the newly-elected mayor, WRC's private funding, independent nonprofit status, and strong partnership with local government made it the perfect model to quickly accomplish some key first steps to get Wilmington's downtown district back on track. These included establishing a business improvement district (BID), actively recruiting businesses to locate downtown, promoting downtown residential opportunities, and strengthening our infrastructure.

Since then, a number of other strategic projects were implemented that have dramatically changed the face of the downtown. These included restoring Market Street's historic character and charm, focusing on rehabilitating vacant properties into residential units, and engaging in a new marketing and branding campaign to change negative perceptions about the city.

Now, Wilmington is realizing the reward for this work – the downtown is more alive after five than it has been in years, and the downtown is now a hot spot for great dining and arts and cultural experiences. But even more importantly, new retail is blossoming like never before.

Founded by a small group of corporate leaders, in partnership with the newly-elected mayor, WRC's private funding, independent nonprofit status, and strong partnership with local government made it the perfect model to quickly accomplish some key first steps to get Wilmington's downtown district back on track. These included establishing a business improvement district (BID), actively recruiting businesses to locate downtown, promoting downtown residential opportunities, and strengthening our infrastructure.

What Wilmington did to make this its new reality is explored in this article as a case study for a best practice in how to lay the groundwork for successful retail recruitment and retention. While this is a best practice, Wilmington, like all cities, is its own unique case and should be seen as a model to emulate, not replicate. Very few economic development strategies that are replicated to the letter from one city to another work because the dynamic in each community is unique; but learning from Wilmington's example is never a bad thing.

Carrie W. Gray is the managing director of Wilmington Renaissance Corporation. (carrie@bigideaswilmington.com)

ESTABLISH A BID

From the very beginning, one of the first identified priorities for Wilmington was establishing a business improvement district (BID) in the downtown. Establishing a BID puts in place enhanced city services to provide a targeted focus to specific needs within the district. As a special taxation district, BIDs require state legislation that local municipalities can then enable.

However, it's not always as simple as it sounds. In particular, establishing a BID requires a coordinated education and outreach effort to the property owners within the proposed district so that they

HOW TO PREPARE YOUR DOWNTOWN FOR RETAIL GROWTH

Wilmington, Delaware, provides a unique look at what can happen when nonprofit organizations and private investors collaborate with government to revitalize a downtown area – bringing vacant and dilapidated buildings back to life, establishing new residential opportunities where none existed before, and rejuvenating the retail and entertainment offerings to foster the rebirth of a city. Lessons learned from Wilmington's experiences will undoubtedly help other cities that are either just beginning this work or that may have become stalled in their efforts.



The Delaware College of Art & Design's opening in the mid-90's transformed a vacant building into a beautiful art deco landmark on Market Street.

will support establishing the BID. Essentially, a lot of relationship building and communication must occur in order for the BID establishment process to go smoothly. Otherwise, property owners may see a BID as simply a mechanism for government to increase taxation.

In Wilmington's case, at the urging of the WRC Board of Directors, elected officials, and key corporate partners, the Wilmington Downtown Business Improvement District was established in 1994 by a state enabling legislation and authorized by Wilmington City Council. Operating under the name Downtown Visions, initially the BID focused on "clean and safe" initiatives in the downtown – weed abatement, graffiti and trash removal, serving as the eyes and ears for the police department, and providing additional security at downtown events, etc. This effort provided a major improvement to the aesthetic in the downtown and began to change people's perceptions about the cleanliness and safety of the downtown.

Since then, Downtown Visions has expanded its focus to include a Main Street program that works with city government and other partners to focus on retail recruitment and retention strategies. The Main Street program has offered signage and façade grants to small business owners in the BID as well as helped remove the roll-down, garage door-style security gates that have plagued downtown storefronts for years. All of these efforts have contributed greatly to laying a good groundwork for successful retail recruitment efforts in Wilmington.

LEVERAGE ANCHOR INSTITUTIONS

After establishing the BID, WRC turned its focus to finding strategies to increase critical mass in the downtown and considered the activity that an anchor institution like a college or university located downtown would generate. At the time, the success of the Savannah College of Art & Design (SCAD) and its impact on the re-

vitalization of downtown Savannah, Georgia, was often discussed in downtown redevelopment circles. SCAD was hailed as a successful model of how an art college could redevelop and occupy vacant buildings, while also changing the dynamic of street traffic and activity. WRC's leadership wondered if a similar model could work in Wilmington and add more of a 24/7 presence of students in the downtown.

From outreach efforts to a number of art colleges and universities around the country, a unique partnership between NYC's Pratt Institute and Washington D.C.'s Corcoran School of Design was established to create the Delaware College of Art & Design (DCAD). DCAD opened its doors in 1996, offering a two-year Associate of Fine Arts degree program and providing a feed of qualified students to other four-year degree art and design programs.

Eighteen years later, DCAD is a fully-accredited two-year college and has grown to 77 employees (including seven full-time faculty and 48 part-time and continuing education faculty), over 200 enrolled full-time students, and three facilities, including two residence halls that house over 100 students in Wilmington's downtown.

The impact that DCAD has had on the downtown is palpable, particularly with the acquisition of its third building in 2012, which brought back to life a hotel that had been vacant for more than three years. The project created a mixed-use facility that includes student housing, a dining hall, and retail space that fronts on Market Street which houses Jerry's Artarama – a growing family-owned art supply store with 17 locations in 11 states. The addition of Jerry's Artarama to the downtown was a major win for Wilmington and has been a welcome addition to the retail mix.

WILMINGTON FYI

Wilmington's brand, In the Middle of it All, successfully plays on its unique attribute of being located halfway between NYC and Washington, D.C. on the I-95 corridor. Just 30 miles south of Philadelphia, Wilmington is considered part of the greater-Philadelphia region, along with Philadelphia's western suburbs and parts of southern New Jersey.

Located in New Castle County, which boasts a population of 500,000, Wilmington's population hovers at 70,000. Major employers in the Wilmington region include the following industries: banking, legal, chemical, education, hospitality, government, health-care, and pharmaceuticals.

The Central Business District is approximately 80 blocks and extends from the north at the Brandywine River to the south at the Christina River.



As most cities did, Wilmington established a pedestrian walking mall to try to compete with the suburban shopping mall that had been built.

STRENGTHEN THE INFRASTRUCTURE

With the BID and DCAD established and operating, WRC turned its focus to strengthening Market Street's infrastructure. The organization tackled this challenge by advocating for the removal of the pedestrian mall to create better vehicular traffic flow in the downtown and easier access to Market Street retail establishments.

From the dawn of Wilmington's history, Market Street has been the main retail corridor in the downtown. At the founding of the city, it's where all of the public markets, pubs, and hotels were located. As Wilmington has evolved, it has become the core of the city's retail, restaurant, and nightlife activities.

As stated earlier, not all of Wilmington's solutions were unique, and pedestrian malls were certainly very trendy in the late 1970s and early 1980s. As many cities did, in the early 1970s Wilmington redesigned Market Street as a pedestrian walking "mall." The creation of the Market Street Mall was an attempt to help the retailers compete with the new major shopping mall that had been developed less than 10 miles outside of the city limits.

Unfortunately, Wilmington's Market Street Mall was plagued with a number of challenges that made it less than successful – first, it was partially open to vehicular traffic, so people were often confused by its function and use; second, traffic patterns were one way in opposite directions at each end of the mall, confusing drivers as to how to access Market Street at all; and third, the critical mass of customers that were needed to make the mall

While WRC focused on improving the infrastructure along Market Street, it also focused on expanding residential living in the downtown by restoring the historic character and charm of its architecture to create an attractive downtown neighborhood that would draw people to live.



Market Street's removal of the pedestrian walking mall and transformation into a two-way street included installing period lighting, brick sidewalks, and granite curbing.

successful were not present on Market Street. Therefore, in the late 1990s, WRC's board appealed to the city and state to invest in the redevelopment of Market Street, reopening the street as a two-way vehicular street with pedestrian-friendly brick sidewalks and crosswalks, historic lighting, and on-street parking that would make the retail more accessible by vehicle.

The nine-block project was completed in three phases over a six-year period. It included major infrastructure improvements, such as: upgrading the city's largest water main; rebuilding underground utility vaults; upgrading natural gas service; and increasing water capacity and pressure so fire hydrants and building sprinkler systems would be appropriately supported. Although at the time it was very painful for the existing businesses to go through, the project has undoubtedly improved Wilmington's ability to attract new retail establishments to Market Street.

CREATE RESIDENTIAL GROWTH BY RESTORING CHARACTER & CHARM

While WRC focused on improving the infrastructure along Market Street, it also focused on expanding residential living in the downtown by restoring the historic character and charm of its architecture to create an attractive downtown neighborhood that would draw people to live.

In 1999, WRC identified Lower Market Street (an area now known as "LOMA") as a major redevelopment opportunity for Wilmington. Partnering with city government and a number of major financial institutions, WRC acquired properties on the west side of the 200 block of Market Street as the first phase in this effort. The goal was to assemble entire blocks of properties that could then be redeveloped by a private developer into a mixed-use project of residential units on the upper floors and retail space at street-level, creating a vibrant around-the-clock community.

At the time, Delaware was one of only a handful of states that had not yet enabled local historic tax credit legislation. Using this important financing tool was going to be critical to save the crumbling buildings. To advo-



Above: Before its transformation into the LOMA Neighborhood, the 200 block of Market Street was one of the most blighted blocks in the downtown.



Left: LOMA is now a thriving neighborhood of coffee shops, restaurants, creative businesses, and retail.

cate for the passage of Delaware’s historic tax credit legislation, WRC partnered with Preservation Delaware, the Delaware Historical Society, and a small group of preservation-minded organizations and individuals.

In 2001, the Delaware General Assembly passed the Delaware Historic Tax Credit Program and the first phase of LOMA moved forward, restoring 13 buildings into 86 loft-style apartments and 30,000 square feet of retail space. The project cost more than \$36 million to complete and in the end, the financial structure to make the redevelopment work included Low-Income Housing Tax Credits and New Markets Tax Credits, in addition to the Historic Tax Credits. These tools provided a variety of financial incentives for the redevelopment and helped accomplish what was thought to be a near-impossible feat of bringing the vacant, crumbling buildings back to life. Today, all of the apartments and retail spaces are occupied and thriving.

Reflecting on the last 15 years of efforts along Market Street, it is very clear that the redevelopment of LOMA and the creation of the Historic Tax Credit Program were major catalysts for investment and development in Wilmington’s downtown. Since WRC’s efforts in the 200 block, private investment along Market Street has quadrupled, and the Historic Tax Credit Program has supported the redevelopment and restoration of several historic buildings. These buildings now accommodate new residential complexes and a flurry of new retail businesses, including coffee shops, restaurants, art galleries, clothing stores, flower shops, and more.

After the redevelopment of LOMA, the next wave of activity started in 2008 when the city of Wilmington established the “Upstairs Fund,” a \$15.5 million redevelopment program that targeted vacant and historic properties on Market Street, providing financial incentives to

make possible the costly renovation of key properties along the corridor. This program allowed for the vision for LOMA to be extended further up Market Street, most notably at a major building at 5th & Market Streets – the long-vacant Queen Theater.

Originally built as a hotel, the property was converted into a theater in 1916 and was in operation as a vaudeville stage and then a movie theater, closing its doors in 1959 and remaining vacant ever since. In 2005, a group of investors began to discuss what might be possible for the Queen, but conversations stalled as the economic downturn set in. Good news, however, wasn’t too far away when in 2008 the owners of World Café Live, a restaurant and live music venue in Philadelphia, announced they would open a second location in Wilmington at the Queen Theater site.

With support from the newly established redevelopment fund as well as private sources and foundations, construction began in 2009 and the doors of World Café Live at The Queen opened in April 2011. Selling over 50,000 tickets and welcoming over 120,000 guests to 700 performances and 170 special events in its first year alone, the \$25 million project is a major success for Wilmington, signaling the restoration of what was then the largest vacant structure on Market Street and providing a much-needed anchor in the middle section of the corridor.

In addition to the restoration of the Queen, several other buildings were redeveloped and restored at this time with the support of the Upstairs Fund. Between 2009 and 2011, the fund produced 35 new residential units, eight new retail stores, and seven new office spaces within six renovated buildings. One of the major projects (completed in 2012) occurred immediately adjacent to the Queen’s redevelopment and created another 17 residential units and nine retail/office spaces across 13 buildings just one block south. Since the Queen’s opening, new restaurants and retail have been clustering around the building, adding the vibrancy of this middle-section of Market Street just north of LOMA.

In addition to the mix of residential and retail development that occurred in LOMA, two other major, formerly commercial buildings were redeveloped into apartments. Since 2000, the downtown residential population has grown from 100 residents to over 1,200, mostly due to the creation of residential oppor-



Top: The Queen in its pre-renovation condition.

Bottom: The World Café Live at The Queen is now a key entertainment and dining anchor along Market Street.

tunities that did not previously exist. Wilmington has also benefited from the national trend of people wanting to live in urban centers, and with Wilmington's urban vibe beginning to take shape, the residential population has grown.

The importance of this residential growth in the downtown cannot be emphasized enough. The old adage, "retail follows rooftops," is very evident in Wilmington as it is in other communities around the country. However, there is always that "chicken or the egg" question – will people come live in an area that doesn't deliver on the promise of a walkable, urban experience? If there's not a Whole Foods around the corner, will they still come? In Wilmington, the answer has been yes. The residential growth in Wilmington has far outpaced the retail growth and it's only in the last few years that the city is finally seeing its downtown retail catch up to its downtown residential; but a lot more of both are still needed.

In Wilmington, among the entities that are actively partnering to continue the downtown revitalization (WRC, Downtown Visions, private developers, city government), there is a general understanding that until there are 5,000 people living within two blocks of Market Street, the desired feeling of a 24-hour presence of activity on Market Street won't be realized. This also means that if the residential population continues to grow, Wilmington's retail establishments will continue to grow and greater reflect the residents living in close proximity.

CREATING NEW PERCEPTIONS

Just as important as some of the major developments noted here are to establishing strong retail growth, there are some other softer, but equally important things that can be done to strengthen a community's retail environment. First, help establish a strong sense of place in the downtown and second, create a comprehensive marketing strategy that tells the story.

Wilmington has a strong reputation for being a city of festivals. It seems that every year around Mother's Day

Wilmington

In the middle of it all

The Wilmington: In the Middle of it All Campaign has helped to promote Wilmington's strategic location and incredible assets.

weekend, the festival season kicks off and there's a festival almost every weekend (sometimes two in the same weekend) through the month of October. However, very few of those festivals have taken place in the downtown.

In 2007, in an effort to create a new reason for people to come downtown and see all that had changed, WRC, the city, tourism groups, arts organizations, and private developers established the Wilmington Grand Prix – a professional cycling event that in its eight-year history has grown from a one-day event to a three-day event and is now considered one of the premier cycling events on USA Cycling's Criterium Race Calendar.

The Grand Prix's goal was to showcase the downtown and highlight all of the positive changes that have taken place on Market Street, particularly in the last 10 years. Race events start and finish on Market Street, and organizers work with local merchants to showcase their restaurant and retail establishments.

What has resulted in this effort is an event that draws over 20,000 people to the downtown and infuses almost \$1 million of impact into the local economy. Further, anecdotal comments from attendees proved that hosting the Grand Prix provided a reason for people to rediscover the downtown.

As successful as the Grand Prix has been for Wilmington, and as important as events are to showcasing a downtown district and supporting retailers, like everything else, they are not a silver bullet to creating a sense of place. A strong marketing strategy is also needed to make sure that the messaging about your community is consistent and comprehensive.

In September 2007, in conjunction with the launch of the Grand Prix, Wilmington unveiled a new campaign to promote the city and all it had to offer. *WilmINGton: In the Middle of It All* was meant to highlight the many benefits of being IN Wilmington had to offer, as well as play on Wilmington's geographic location benefit of being located half way between Washington, D.C. and New York City. Whether a resident, business, employee or visitor, the message was clear – when you are in Wilmington, you are in the middle of it all.

The IN campaign has been the longest running and most beloved campaign in the city's history, being adapted by dozens of nonprofits, festivals, and other initiatives for their messaging. Its success over the years, in fact, has been grounded in its versatility and ability to be adapted for a variety of purposes.



The Wilmington Grand Prix has worked to change perceptions about downtown while also creating almost \$1M of economic impact for Wilmington.



The IN Campaign's first message, "In This Together," rallied community pride for city and regional residents.

LOOKING AHEAD

Looking to the future and determining how Wilmington can continue to grow and expand its retail offerings, any number of recommendations could be made. One thing remains clear – developing more residential opportunities in the downtown will be critical and should remain a strong priority. In the next three to five years, conservative numbers estimate another 500 residential units will be built within the two-block perimeter of Market Street. This could mean another 500-1500 residents in the downtown in the next three years. This creates the potential for some of the current retail gaps to be filled – a small grocery store, a shoe store (non-athletic), a home goods store, etc.

In addition, Wilmington may want to consider developing a comprehensive incentive program. To date, Wilmington has handled incentives on a case-by-case basis. These incentives have been offered on a limited basis by the city, but mostly have been offered by property owners (rent abatements, fit-out, etc.). By the city investing in a stronger recruitment package that includes stated incentives, these public dollars could be leveraged by additional incentives offered by private property owners to recruit the retail that is still desired.

There is still a lot of work to be done and there may be other strategies that need to be considered to continue to grow the retail environment in Wilmington; but it is very clear that Wilmington has come a long way from the

There is still a lot of work to be done and there may be other strategies that need to be considered to continue to grow the retail environment in Wilmington; but it is very clear that Wilmington has come a long way from the days of the failed strategies of the Market Street Mall. As long as the comprehensive, coordinated strategy that has been employed to date continues, there is no doubt that Wilmington's retail environment will continue to grow and strengthen.

days of the failed strategies of the Market Street Mall. As long as the comprehensive, coordinated strategy that has been employed to date continues, there is no doubt that Wilmington's retail environment will continue to grow and strengthen.

Hopefully the lessons learned from Wilmington's experiences can be useful to other communities around the country that are interested in ways to grow their retail business environment. 🌐

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creating a private sector edo

By Brenda Workman, CEcD

BACKGROUND

Chesterfield County is a rural county in the northwest corner of South Carolina, bordering on the Charlotte MSA with 2.1 million people living within a 60-mile radius of the county's center. Chesterfield County markets itself as part of the Charlotte Partnership. It has a land area of 806 square miles and a population of 46,557 (US Census Bureau, 2011). Manufacturing makes up more than 33 percent of the workforce and the manufacturing average wage is 13 percent lower than the national average manufacturing wage. A superior technical college system provides advanced manufacturing training.

Between 2000 and 2010, Chesterfield County's economic indicators of population growth, employment, per capita income, persons below poverty level, and retail sales lagged significantly behind its peer counties – counties that are similar in location,

size, and profile (Charts 1 and 2). During the last decade, the county experienced the following:

- The loss of 2,083 jobs,
- Per capita income was roughly 75 percent of the state's per capita income,
- Retail sales per capita at \$6,947 were significantly less than peer counties and the state (2007),
- Persons below poverty level at 23.6 percent were greater than all peer counties and the state (2009), and
- Population growth had slowed, and at 9.3 percent did not meet growth expectations (2000-2010).

Brenda Workman, CEcD, is the executive director of the Chesterfield County SC Economic Development Board/Alliance. (bworkman@shtc.net)

WHAT TO DO?

If Chesterfield County (SC) was to look differently at the end of the next 10 years than it did at the end of the last decade, what must be done? To help answer this question, the Chesterfield County Economic Development Board engaged Sanford Holshouser Business Development Group to up-

CHART 1

Chesterfield County and Peer County Economic Indicators

Economic Indicator	Rutherford NC County	Sumter County	Lancaster County	Darlington County	Chesterfield County	Union NC County	Kershaw County	SC
Population, percent change, 2000 to 2010	7.80%	2.70%	24.90%	1.90%	9.30%	62.80%	17.20%	15.30%
Pri. nonfarm employment, 2000-2009	-24.30%	22.60%	-22.20%	-21.60%	-14.30%	19.00%	-8.00%	-3.70%
Per capita income in past 12 months (2009 dollars) 2005-2009	\$19,030	\$19,025	\$18,929	\$19,794	\$17,582	\$27,649	\$22,011	\$23,196
Persons below poverty level 2009	21.80%	19.00%	19.80%	22.50%	23.60%	10.90%	14.90%	17.10%
Retail sales per capita, 2007	\$10,144	\$9,801	\$7,998	\$7,902	\$6,947	\$9,214	\$9,883	\$12,273

Source: <http://quickfacts.census.gov/qfd/states/45/45025.html>

CHESTERFIELD COUNTY (SC) ECONOMIC DEVELOPMENT ALLIANCE

The economy was on the decline in Chesterfield County, a rural county in the northwest corner of South Carolina, bordering on the Charlotte MSA. Between 2000 and 2010, Chesterfield County's economic indicators of population growth, employment, per capita income, persons below poverty level, and retail sales lagged significantly behind its peer counties – counties that are similar in location, size, and profile. The loss of over 2,000 jobs during the period was of particular concern. Chesterfield County took major steps, including creating a private sector economic development organization to turn the economy around.

CHART 2

Between January 2001 and March 2011, Chesterfield County lost 2,083 jobs:
Chesterfield County Employment January 2001 – March 2011

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Gain/Loss
2001	15458	15440	15524	15603	15572	15530	14694	15182	14846	14863	14878	14848	15203	
2002	14718	14910	14939	15006	15162	15107	14734	14799	14779	14651	14731	14680	14851	-352
2003	14885	14899	14812	14493	14458	14506	14269	14130	14128	14125	14188	14126	14418	-433
2004	13721	13631	13824	13882	13958	13960	13990	13926	13838	13823	13646	13655	13821	-597
2005	13675	13611	13654	13518	13607	13575	13548	13624	13561	13561	13628	13655	13601	-220
2006	13847	13914	13900	14128	14077	14107	14019	14066	14074	14016	14026	14118	14024	423
2007	14271	14251	14328	14290	14445	14484	14418	14400	14393	14374	14261	14274	14349	325
2008	14176	14298	14336	14326	14430	14437	14276	14074	14015	14090	13966	13791	14185	-164
2009	13108	13087	13071	12971	12961	13039	12921	12833	12976	12756	12821	12872	12951	-1234
2010	12781	12796	12995	13030	13173	13170	13001	12928	12885	12947	12943	13096	12979	28
2011	12755	12948	13120											141
Net Gain/Loss														-2083

Source: SC Department of Employment & Workforce

date the county's economic development strategic plan in 2011. Sanford Holshouser conducted a SWOT analysis of the Chesterfield County Economic Development Office and performed a peer community review of six localities that are either similar to Chesterfield County in economics and demographics or are regular competitors for new and expanding business. Findings of the review were factored into the recommendations on funding, staffing, and program activities for the Economic Development Office.

Chesterfield County had the same public sector organization in place over the last 25 years since 1987. There are nine County Council members with competing districts, strongly advocating that every economic development project be located in their district. There has been no private sector involvement in economic development.

Sanford Holshouser recommended that Chesterfield County's Economic Development Office be transitioned to a 501(c)(3) nonprofit. This would enable the integration of the private sector into its economic development efforts and raise private funds to supplement the county's support for the program. Advantages and disadvantages of the old and new structures were evaluated.

Disadvantages of a County Office EDO

- The EDO program is more susceptible to political shifts from election to election.
- Conflicts in establishing EDO program priorities and decisions when the ultimate "boss" is a County Council with nine competing geographical districts all voting for their individual interests vs. ROI or what will increase the tax base.

- Except for taxes, no business or individual contributes additional money to the county EDO. Consequently, programs are supported financially only by way of government funding.
- Operating an EDO from a county government office increases the likelihood of a premature leak of information about a recruitment project due to open meetings and public records laws.
- If an EDO organization undertakes an effort to acquire and develop a business park or spec building, this project can be carried out more prudently, efficiently, and cost effectively by an entity that is not a local government.

Advantages of a Nonprofit Entity

- A nonprofit entity, particularly a 501(c)(3) nonprofit corporation, is far more effective at raising private funds and foundation grants.
- If structured and managed correctly, the nonprofit entity would absorb any unforeseen liabilities and buffer the county and other entities from liability.

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- There is greater confidentiality for handling sensitive economic development information.
- A nonprofit helps insulate economic development activities from politics and political leaders from negative repercussions of economic development activities.
- Some site selection consultants and corporate staff have a preference for dealing with a private sector entity as opposed to a governmental entity.
- Certain expenditures (e.g. entertaining clients, high profile travel, etc.) are more palatable to the public if paid from a private sector source of funds as opposed to government funds.
- Of paramount importance to most counties is the ability to supplement public money, which supports economic development, with private funds.

IS A PRIVATE SECTOR EDO POSSIBLE IN CHESTERFIELD COUNTY?

Chesterfield County needed to determine first if there was support for a private sector economic development alliance, if private sector funds could be raised in Chesterfield County, and if so, how much? To get answers, Chesterfield County engaged Convergent Nonprofit Solutions of Atlanta, GA, to conduct a fundraising assessment (feasibility study). Convergent conducted 63 county-wide interviews, representing the public sector and private sector, for-profit and not-for-profit groups, and business and industry leaders. Interviews focused on two areas:

- Opinions regarding a draft strategic plan and specific outcomes focusing on workforce, infrastructure, and new business development, along with job and capital investment goals; and
- Willingness to FUND the strategic plan recommendations.

RESULTS

Convergent reported that the 2011 Economic Development Strategic Plan tested very well with respondents. They showed support for a proposed program of work focusing on infrastructure, new business recruitment, and workforce development and supported the five-year goals of 750 new jobs and \$35 million in capital investment.

Comments regarding funding support for the plan were enlightening. Community leaders said that they knew the economic times are tough and this created a sense of urgency. Business, industry, and municipalities were ready to partner with the county to fund economic development. They looked at the private sector economic

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development “alliance” from a return on investment perspective, not a donation. Convergent felt a funding goal of \$700k to \$800k in five-year commitments (\$140k to \$160k per year) was realistic.

Interviewees had definite opinions on the structure of the private sector organization. They were not willing to write checks to any public entity. Interviewees wanted a seat at the table and preferred to fund a 501(c)(3), similar to other EDOs they were familiar with, located throughout North and South Carolina.

FUTURE IN POLITICAL HANDS

Money to support hiring Convergent to conduct a fund raising campaign had to come out of public funds. Rick Kiernan of Convergent and Brenda Workman, economic development executive director, presented the case to County Council. The presentation included these compelling points:

- Need for private sector leadership and investment,
- Competing council districts,
- Major downturn of local economy – sense of urgency,
- Strategic Plan recommendation, and
- Feasibility Study validation that private sector support was solid.

After the presentation, County Council voted to go into Executive Session for discussion, asking Workman and Kiernan to leave the room. After what seemed like an eternity, the County Council voted unanimously to fund the campaign. County Council member Crawford Moore bought into the need for private sector participation in economic development early on and was instrumental in convincing the County Council to partner with this group to turn the county’s economy around. Moore is a retired business and military executive.

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CHART 3

Economic Impact of 750 New Jobs in Chesterfield County

Program is targeting an additional	750	primary jobs which will create an additional
	380	secondary jobs
The primary jobs are expected to pay	\$14.38 / hr.	
This economic activity is expected to generate	\$29,564,184	in annual total earnings
And	\$16,341,987	in annual area consumer expenditures
and could result in	\$2,554,601	in annual deposits for area banks

CHESTERFIELD COUNTY ECONOMIC DEVELOPMENT ALLIANCE CAMPAIGN

Chesterfield County immediately hired Convergent. Legal work was commissioned for the 501(c)(3). Campaign champions enlisted from local business leadership, who were widely known and respected, were brought on board to help raise the funding for the new Economic Development Alliance.

Convergent learned from its interviews with local business leaders that in order to get buy in and investment, the campaign community sales message must answer the question, "What's in it for me?" In response to this question, the Alliance pledged to:

- Help local businesses
 - Grow jobs
- Enhance environment in which to do business
 - Enables us to recruit and retain the most qualified employees
 - Protects our companies' physical assets
- Make our community more attractive to prospective employers & employees

Based on the Strategic Plan and campaign feasibility study, the campaign business case was developed, including an emphasis on infrastructure development, workforce, and new business recruitment. Alliance performance metrics included the creation of 750 new jobs and \$35 million in capital investment. Chart 3 shows the economic impact of these goals.

WORK PROGRAM

Based on the Economic Development Strategic Plan and input from potential Alliance investors, the Economic Development Alliance work program priorities were established as follows:

- Recruit New Industry
 - Product
 - Marketing
 - Lead Development

- Workforce
 - Workforce Pipeline
 - K-12
 - Northeastern Technical College
 - Existing Industry
 - Outside County
- Infrastructure
 - Water
 - Sewer
 - Telecommunications
 - Transportation

RESULT: SUCCESS

Through the newly formed Chesterfield County Economic Development Alliance, Chesterfield County economic development has new money – new leadership! The Alliance is a 501(c)(3) organization with over \$1 million or \$200,000 per year pledged for the five-year work program by 64 members.

The 13-member Alliance Board of Directors is composed of those members who contributed at least \$10,000 per year for five years; three small business representatives from different areas of the county; a representative



Alliance members are assisting in marketing the new 52,000 sf speculative building in Chesterfield County to their buyer/supplier network.

from the County Economic Development Board; the local technical college president; and a member representing the eight towns in the county that contributed a per capita investment to the Alliance. The first Alliance Board meeting was held in January 2013.

The Alliance budget is being leveraged with an equal annual amount of county funding to support the economic development program. The Alliance is taking on important issues, like supporting a one-cent infrastructure sales tax only if it goes to build needed industrial wastewater infrastructure and working with the local technical college to connect businesses with the workforce they need.

LESSONS LEARNED

1. Timing is everything – your community must be ready.
2. Do your homework. Experts are needed to conduct a strategic plan, feasibility study, and run a campaign.
3. Identify local leadership champions with the passion, time, credibility, and investment to start the campaign and bring others along.
4. It takes time, a lot of work, and a lot of money – The Chesterfield County Economic Development Alliance took 2½ years and cost a total of \$186,000 to establish.

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WORTH IT

It is challenging to alter a public economic development organization structure that has been in existence for 25 years to include a private sector component. Agreement from public officials to enable the private sector share in the county's economic development direction is key as is the willingness of the private sector to step up. Thanks to the Economic Development Alliance, Chesterfield County's economic development budget has doubled and the private sector insight is increasing the competitiveness of our county. 🌐

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