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Bridging the Financial Gap
Double and Triple Bottom Line Investment Funds

WiFi as a Backend Economic Development Driver
The Failure and Lessons of Municipal Wireless in Post-Katrina New Orleans

Energizing Entrepreneurs
Development Strategy for the 21st Century

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An Economic Development Land Exchange that Creatively Exemplifies a True Win-Win-Win

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The International Economic Development Council (IEDC) is the premier international association dedicated to leadership and excellence in economic development. IEDC can equip you with the tools and resources that are helping to shape economic development throughout the country and around the world. Our services include:

- *ED Now*, a twice-monthly newsletter
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dear colleague

Robin Roberts Krieger, FM
IEDC Chair

Over the past year, I have been privileged to represent the IEDC membership as chairman of the Board of Directors. This has been a dynamic year for IEDC as we have accomplished so much. I had three priorities in 2008: further stabilize IEDC's financial future; advance three strategic goals identified by the Board which are a focus on globalization, entrepreneurship, and sustainability; and my last personal goal was get to know more members at the four IEDC conferences held earlier this year.

With the uncertainty of the current economy, I have worked with the Board to ensure IEDC remains fiscally stable and that we are able to offer our members the same services, as well as some additional membership benefits. In these challenging fiscal times, many may find it difficult to attend conferences and training courses. To ensure that professional development opportunities will still be available, IEDC will offer ten web seminars in 2009, a record for us. IEDC's Economic Development Research Partners Program (EDRP), another new resource serving our membership, issued its first report this past year – a primer on globalization. EDRP plans to release a case study globalization report in 2009.

My second priority as chairman was to advance the three strategic goals stated above. For all three goals, IEDC staff has worked diligently to feature these topics in our newsletter, journal, conferences, web seminars, and training courses. In addition, we have generated specific new resources to help our members better manage each of these three new economic development topics.

- For globalization, IEDC through the EDRP program, produced the primer which shows how communities can tap into the opportunities offered by a globalizing world. In 2009, the EDRP partners, along with IEDC, will issue best practice case studies representing global strategies from different size communities.
- For entrepreneurship, IEDC partnered with the Kauffman Foundation to create the Entrepreneurship Summit. This brought together economic development and entrepreneurial support organizations' leadership to identify best practices in support of entrepreneurs, resulting in a valuable report for all our members.
- For sustainability, IEDC is developing a climate prosperity guidebook in partnership with Rockefeller Brothers Fund, Environmental Defense Fund, American Electric Power, Dow Corning, Saginaw Futures Inc., Global Urban Development, and B&D Consulting. The report will serve as a how-to guide for communities to undertake climate prosperity planning.

My final priority was to get to know more of the membership. I have enjoyed talking with you this past year at the IEDC Leadership Summit, Federal Economic Development Forum, Building Cutting-Edge Public-Private Partnerships conference, and the Annual Conference, in addition to the many different partner events.

I could not have achieved all of these goals alone. The entire Board, Jeff Finkle, Shari Garmise, Jill Frick Estavillo, Sharon Coy, and all the IEDC staff have been outstanding in supporting me throughout the year. I especially want to thank the IEDC Governance Committee for its commitment and support: Ronnie L. Bryant, CEcD, FM, HLM, immediate past chairman; Ian Bromley, FM, MA, MBA, vice chairman; William E. Best, FM, secretary/treasurer; Dennis G. Coleman, CEcD, FM, chair, Planning and Business Development Committee; Mike Kirchhoff, CEcD, chair, Performance Oversight and Monitoring Committee; and Barbara K. Johnson, chair, External Member Relations Committee.

Robin Roberts Krieger, FM
IEDC Chair

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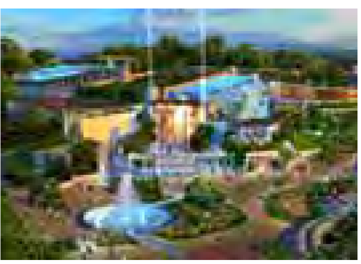

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bridging the financial gap

By Deborah La Franchi

The city had burned, shaken, and properties lie abandoned as many businesses shut down or simply left. Los Angeles suffered an unfortunate triad of blows in the 1990's: from civil unrest, to the Northridge Earthquake, to its unfortunate share of the peace dividend - the large-scale shuttering of defense manufacturing facilities across the city. Spanning more than 450 square miles, Los Angeles found its limited public-sector financing toolbox inadequate to address the substantial economic development needs of its low-income communities. Attracting and investing private-sector equity capital through the creation of the types of Double Bottom Line (DBL) real estate funds described in this article, became an innovative means of aggregating external capital and deploying it to Los Angeles' low-income communities. The first DBL funds were capitalized in 2000; this new generation of community investment funds has now grown to more than $20 billion nationwide. Due to the positive impacts of DBL real estate funds, many cities and states are directly incorporating them into their economic development efforts.

WHAT IS A DOUBLE/ TRIPLE BOTTOM LINE FUND?

1st Bottom Line:
Market rates of returns for investors

2nd Bottom Line:
Jobs and opportunity for low-income communities

3rd Bottom Line:
Environmentally sustainable building/construction and operations

DBL/TBL FUNDS: DOING 'WELL' AND DOING 'GOOD'

Double Bottom Line, and more recently Triple Bottom Line (TBL) funds, do 'well' and do 'good'. They do 'well' by providing investors with market rates of return (1st Bottom Line), and they do 'good' by making equity investments (real estate or business investments) into low- and moderate-income (LMI) communities to create jobs and opportunity (2nd Bottom Line). Increasingly, they are also incorporating environmentally sustainable building development (3rd Bottom Line). In short, TBL funds employ an investment strategy built on 'Profits - People - Planet.'

DBL funds as an industry have grown dramatically over the past eight years to more than $20 billion. Built upon earlier generations of innovative, often one-off investment funds--some dating back decades--this new generation of funds includes a multi-industry investor base and an increasingly standardized fund structure that has facilitated the growth of the DBL fund industry. As their capitalization has increased, DBL funds are an increasingly important new tool for economic development stakeholders to understand and employ.

It is important to understand that DBL funds are not a 'silver bullet', nor do they eliminate the need for an effective economic development strategy and a broad arsenal of public sector programs and below-market funding. DBL funds are, however, an additional and potentially very powerful investment tool that can greatly boost the economic development capacity of a city, region or state.

Deborah La Franchi is CEO and President of Strategic Development Solutions which specializes in Double and Triple Bottom Line Funds. (dl@sdsgroup.com, www.sdsgroup.com)

DOUBLE AND TRIPLE BOTTOM LINE INVESTMENT FUNDS

In the last decade, Double and Triple Bottom Line (DBL/TBL) private equity real estate funds have grown into a $20 billion industry in the US marketplace, employing an investment strategy built on 'Profits - People - Planet.' These innovative funds, which supply equity capital to real estate developers, do 'well' and do 'good' by providing investors with market rates of return (1st Bottom Line); communities with positive social and economic impacts such as jobs, housing, tax revenues, and wealth creation (2nd Bottom Line); and the broader community with environmental sustainability (3rd Bottom Line). By understanding DBL and TBL funds, economic development professionals can add these unique market-based financial mechanisms to their toolbox of capital and job creation strategies.

TYPES OF DBL/TBL FUNDS

Real Estate DBL/TBL Funds

A substantial portion of the majority of Double Bottom Line funds created over the past eight years have been real estate private-equity funds. These funds invest in a variety of product types within low- to moderate-income (LMI) census tracts, including: retail, office, light industrial, housing, and mixed-income and mixed-use developments.

While almost all DBL funds created since 2000 incorporate smart growth principles (such as transit-oriented sites), and many reposition abandoned, blighted buildings or remediate brownfield sites, TBL real estate funds now incorporate a more explicit environmental goal: 'green' environmentally sustainable buildings in their design, construction and operations (3rd Bottom Line). The newest funds coming to market often seek or require that buildings reach some level of Leadership in Energy and Environmental Design (LEED) certification in order to secure financing.

There are four interconnected components of a DBL real estate fund: the investors, the fund manager, the equity, and the developers. The fund manager is the critical link and is central to the success of the fund and its investments.

The 3rd Bottom Line is expected to become increasingly important not only based on the anticipated long-term trend of rising energy prices, but also because 38 percent of the country's total carbon emissions and 70 percent of the country's electricity consumption come from buildings. Recognizing the growing influence of the 3rd Bottom Line, fund managers of the newest TBL funds help teach first-time green developers how to undertake these types of projects. As TBL funds are new, with most just now being capitalized, this article focuses on the existing DBL real estate funds and their economic development impacts.

DBL Venture Capital and Mezzanine Debt Funds

While this article focuses on DBL real estate funds, DBL venture capital and mezzanine debt funds that invest in *companies* are also an innovative means of growing a region's business base. The 2nd Bottom Line of these funds centers on investing in companies that are woman-or minority-owned, or located in low-income communities. A core goal is to increase the employment opportunities for the local low-income residents.

DBL venture capital funds invest in early stage companies with very high-growth potential. Examples include the CEI Community Ventures Fund in Maine ($25 million) and the Bay Area Equity Fund ($75 million). DBL mezzanine debt funds focus on established companies that need growth capital to expand their operations and sales. The $30 million Los Angeles-based Fulcrum Capital Partners' fund invests $2 million to $5 million of expansion and acquisition capital to more established and rapidly growing, light manufacturing, communications, and commercial/consumer services firms.

The managers of these types of funds are very experienced and actively partner with the companies in which they invest, using their expertise to help the company execute its growth plans.

CREATING A DBL REAL ESTATE FUND: WHO BUILDS IT?

DBL funds have been initiated by a variety of stakeholders across the country. Government sponsored efforts include the Genesis LA Family of Funds spearheaded by Los Angeles Mayor Riordan. Powerful business associations have also spearheaded these fund building efforts, such as The San Francisco Bay Area Council developed the Bay Area Family of Funds, now with three types of funds capitalized at more than $225 million.

Community-based organizations have also served as the guiding hand behind developing DBL funds. The Martin Luther King Housing Development Association, based in Tacoma, WA, is a nonprofit focused on Tacoma's poorest communities. The Association sponsored the effort to create the Puget Sound Real Estate Fund. Similarly, in Northwest Louisiana a group of community stakeholders came together to launch the country's first rural DBL real estate fund, the Northwest Louisiana Community Development Fund.

It should also be noted that in many other cases neither nonprofit organizations nor government entities are involved with the launch of the funds. Urban America, New Boston's USA Fund, and Canyon Johnson Urban Fund are just a few examples where the principals identified a market opportunity and launched their funds.

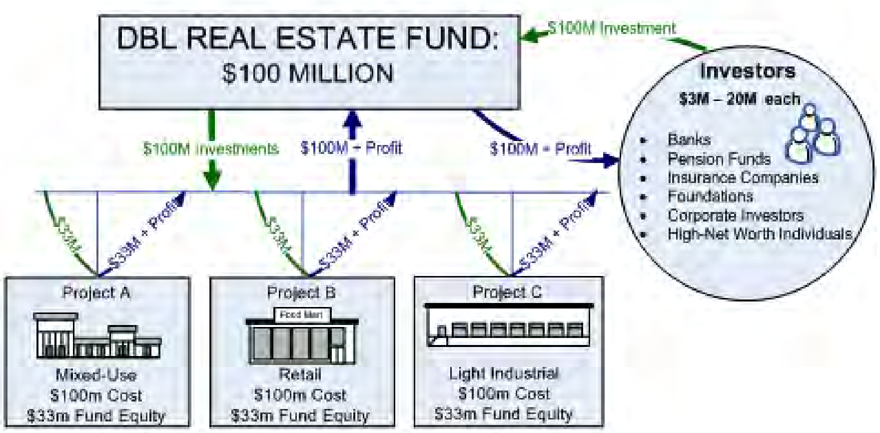
"These communities often see or learn of funds created in other states and there is a 'me too' effect as they see that private equity can help them achieve their economic development goals."

Belden Hull Daniels,
Economic Innovation International, Inc.,
builder of $2 billion in DBL funds.

HOW A FUND WORKS: WHERE'S THE MONEY

There are four interconnected components of a DBL real estate fund: the investors, the fund manager, the equity, and the developers. The fund manager is the critical link and is central to the success of the fund and its investments.

DBL Investment Flow of Funds



Note: $33m was used above for example only. Typically a Fund invests $2m-$20m in equity into a project.

The Investors

First and foremost, investors in these funds expect risk-adjusted market rates of return. While most investors are highly supportive of the social and environmental goals of their DBL/TBL investment, the financial returns are the paramount consideration. If the fund manager is unsuccessful in meeting the return expectations, the manager will not be able to capitalize the follow-on fund once the original capital is deployed. Given the financial returns and community impacts of DBL/TBL funds, many of the nation's leading banks, insurance companies, pension funds, foundations, and universities are active investors in these funds.

- *Banks/Financial Institutions:* Banks were among the earliest supporters of and investors in DBL funds. They receive Community Reinvestment Act (CRA) credit for investments in most DBL funds and therefore find these vehicles meet multiple investment goals: financial returns, social impact, and regulatory requirements. Repeat bank investors include: Citigroup, Wells Fargo, Bank of America, Washington Mutual, Union Bank, and US Bancorp.
- *Pension Funds:* Pension funds are a rapidly growing investor base for DBL funds. Public pension funds at the state, county and local levels, as well as private pension funds, are currently active in this space. Pension Fund investors include: CALPERS, CALSTRS, LACERS, LACERA, New York Employee Retirement System, and TIAA-CREFF.
- *Insurance Companies:* Insurance companies are a growing sector of DBL investors, including: John Hancock, MetLife, Lincoln National, and Northwestern Mutual.
- *Foundation Endowments:* Foundations are increasingly investing in DBL funds as a means of meeting both their philanthropic and investment goals, known as mission-related investing (MRI). F.B. Heron Foundation, which has 25 percent of its endowment in MRI vehicles, has long been an investor in DBL funds. Others include: Annie E. Casey Foundation, MacArthur Foundation, Ford Foundation, Sand Hill Foundation, and the Shreveport-Bossier Community Foundation.

Tellingly, the investor base detailed here has expanded dramatically over the past few years as the successful financial and social track records of the earlier funds have become recognized. Typically, investment into the fund ranged from $3 million to $20 million. In an exciting recent innovation of the Northwest Louisiana Community Development Fund, the first rural DBL fund of its kind, community stakeholders will be investors through a syndicate that allows investments as low as $50,000. This syndicate has attracted local investments from churches in various ethnic communities, high net worth individuals, small family foundations, community foundations, and small private colleges.

The Fund Manager: Capital and Capacity

Capital. Critical to the success of any DBL or TBL fund is a highly skilled professional fund manager. The fund manager is responsible for raising and deploying the capital. The principals and staff of the fund management company have extensive experience in structuring equity investments, real estate financing, and real estate development. This team must be able to protect the investment during three distinct stages (See box).

THREE STAGES OF INVESTMENT

Stage 1: Upfront:
Finding quality developers/projects, comprehensive underwriting, financial structuring of the project

Stage 2: Asset Management:
Managing challenges during project build out

Stage 3: Fund Exit from Project:
Suitable exit strategy that achieves targeted returns

Capacity. DBL/TBL real estate funds are much more than just capital. They provide capacity to developers. The fund manager provides extensive technical expertise to projects in which it invests.

Small and medium-sized developers often have 'thin' financial and staff resources, particularly during a troubled real estate market. A DBL fund manager is a resource and a partner to these developers, enabling them to undertake more complex or larger projects that may not have been possible on their own. A developer that has never undertaken a mixed-use project or remediated a contaminated site would be guided by the fund manager, which has deep expertise in these areas. The fund manager assists the developer in structuring the project, securing other resources, such as below-market grants and loans if needed, and even helping restructure the scope of the project to mitigate financial gaps (see Puerta del Sol mixed-use project example later in this article).

When a project encounters obstacles, the fund manager helps the developer identify and assess potential options and execute the specific strategies to get the project back on track. This technical expertise benefits the developer and provides a potential construction lender with added confidence relative to the viability of the project. This is a tremendous additional benefit with the current nationwide credit tightening becoming more acute. Finally, fund manager involvement gives investors confidence that their investment is being protected and managed appropriately.

Examples of DBL Fund Managers:

- Canyon Johnson .... www.cjuf.com
- Kennedy Wilson .... www.kennedywilson.com
- Hunter Chase .... www.hunterchase.com
- New Boston .... www.newbostonfund.com
- Pacific Coast Capital Partners .... www.pccpllc.com
- Phoenix Realty Group .... www.phoenixrg.com
- Shamrock Capital ...... www.shamrockcapital.com
- Urban America .... www.urbanamerica.com

The Equity Investment: "Skin in the Game"

DBL real estate funds invest equity capital. Simply put, equity is the 'skin in the game' that a construction lender, typically a bank, requires a developer invest in the project to obtain the construction loan. This equity percentage had been as low as 10-15 percent of project costs in the past few years. Now the equity requirement is typically around 30 percent with a construction loan or other sources making up the remaining 70 percent.

Equity capital is the most at-risk capital in the investment structure. Usually subordinated to the other funding sources, it is largely unrecoverable if the project collapses. The construction loan is most often in the senior position and holds the land and building as collateral. The high level of risk associated with equity investments requires that a fund manager have the capability and expertise to protect the investment.

The equity provided by DBL real estate funds also provides the high-risk early stage capital that is the most difficult for developers to obtain. This is not long-term capital – it is the capital that gets the project off the ground and built sooner. In many instances the ability of DBL funds to quickly move and provide capital dramatically offsets or even eliminates the need for public sector funding in some projects. The DBL fund usually 'exits' or is 'taken out' of the project in years three to five. Some exit strategies for DBL funds include: the developer refinancing the loan and taking over the fund's position, a Real Estate Investment Trust (REIT) purchasing the entire development project (from the fund and developer), or the tenants of the project purchasing the buildings and land.

The Developer

Small and medium-sized developers undertaking projects from $6 million to $100 million in total project costs are the main recipients of capital for regional DBL funds. These regional DBL real estate funds usually have $75 million to $200 million under management. Larger DBL funds, such as Canyon Johnson, look for substantially larger projects. Developers benefit from accessing DBL funds as they often do not have 30 percent equity to invest in a project. Developers have become even more challenged as equity requirements recently escalated from 15 percent to 30 percent. Most developers have their money tied up in other real estate projects, which by their very nature are not liquid assets. Without meeting the equity requirements of the lending bank, the developer will not receive a construction loan. A DBL fund is able to partner with a developer and provide up to 90 percent of the equity requirement.

HOW BIG IS THE DBL FUND INDUSTRY?

Due to successes in Los Angeles and other urban areas nationwide in the 1990's, this new generation of investment funds has grown dramatically. DBL funds, such as those having a variety of different institutional investors in a co-mingled fund, are estimated to be capitalized at more than $20 billion since 2000. Depending on how one truly defines Double Bottom Line funds, the size and the starting dates differ. The recent generation of DBL funds was capitalized starting in 2000, including the DBL fund spearheaded by Mayor Richard Riordan and managed by Shamrock Capital (Genesis Real Estate Fund I – 6/2000) and at least three others within 18 months: Bay Area Smart Growth Fund, Urban America, and the Canyon/Johnson Urban Fund.

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The vigilance of fund managers across the country in meeting the multiple bottom lines of these funds has enabled the DBL fund industry to experience substantial growth since its inception in 2000. These regional funds now operate nationwide from California to Washington and from Florida to Massachusetts. Many funds are national, such as Urban America and Canyon/ Johnson Urban Fund.

EXAMPLES OF SOCIAL IMPACTS FROM DBL INVESTMENTS

The three DBL real estate fund investments below illustrate the scope of benefits these funds bring to low-income communities.

- **Van Nuys Industrial Park, Los Angeles**
  The $85 million Genesis LA Real Estate Fund I, sponsored by Genesis LA and managed by Shamrock Capital Advisors, invests in retail, industrial, office and mixed-use projects located in low-to-moderate income census tracts in the Los Angeles region.

Van Nuys Industrial Park, Los Angeles.

During the 1990's, sites throughout the city of Los Angeles were abandoned due to defense, aerospace, and other manufacturing downsizing. These large sites, often 50 to 100 acres, had previously employed tens of thousands of employees in high quality jobs. Many of these former defense manufacturing facilities had on-site environmental contamination and obsolete buildings.

One hard hit region was the San Fernando Valley. The Genesis Real Estate Fund invested $5.5 million with Nearon Enterprises, a local developer, into an 18-acre defense site located in Van Nuys. The site was remediated and eight buildings with more than 330,000 square feet of Class A industrial space were built. As this industrial sub-market was full of sub-standard Class B buildings, many local businesses had been forced to leave the area, state, and country to satisfy expansion needs.

All eight buildings were either leased or sold prior to completion, with many of the businesses tapping Small Business Administration (SBA) loans. These manufacturers, some of which were previously leaving Los Angeles, became vested in the city and determined to grow their companies at this location. This increased the tax revenue for the City of Los Angeles on an on-going basis and led to the creation of roughly 400 jobs.

- **Puerta del Sol Condominiums, Los Angeles**
  The $103 million Genesis Workforce Housing Fund, sponsored by Genesis LA and managed by Phoenix Realty Group, invests in workforce housing, priced for families at 80 percent to 150 percent of average median income, within the Los Angeles and Southern California region.

The Lincoln Heights area of northeast Los Angeles had a substantial number of industrial sites abandoned during the 1980's and 1990's and suffered from high unemployment and poverty rates. A regional developer, AMCAL, sought to redevelop one of these abandoned factory sites into affordable multi-family housing.

AMCAL sought out the Genesis Workforce Housing Fund as a new and alternative funding source for their project. As AMCAL had not undertaken for-sale housing in a number of years, the fund manager, Phoenix Realty Group, helped them re-conceptualize, reposition, and restructure the project.

The first step was to undertake the environmental remediation to clean the contamination at the 10-acre

Puerta del Sol Condominiums, Los Angeles.

"This project is located in one of the lowest-income areas of Los Angeles. We struggled with trying to access government funding, as it is limited and highly competitive. The Genesis Workforce Housing Team assisted us with re-shaping the project in a way that made financial sense and was good for the community."

Percival Vaz,
CEO, AMCAL

site. The mixed-use development itself incorporated for-sale condominiums priced for families at 80 percent to 150 percent of area median income; in Los Angeles that equates to a nurse married to a teacher. The project also incorporated needed retail space and services. Two other components of this site development, which were not financed by the equity fund but show the catalytic impact of the funds invested, included 223 affordable senior units funded by tax credits and debt, and later across the street, an additional affordable 146 senior units.

The utilization of the DBL fund's private equity, in addition to the other sources of funding from tax credits and debt, enabled a very significant project to be developed at this previously abandoned location. The immediate neighborhood, which had been a declining mixed industrial and residential area, is now the focus of significant redevelopment due to the Puerta del Sol/Avenue 26 Master Plan. Through this model project, AMCAL is now increasingly active in this new mixed-use development niche.

- **Gateway Retail Center – Marin City, California**
  The $65 million Bay Area Smart Growth Fund I, spearheaded by the Bay Area Council and managed by Pacific Coast Capital Partners, invests in housing, light industrial, retail, office and mixed use projects within the low- to moderate-income communities of the Bay Area.

Marin City is a high-poverty, primarily African-American community located within the unincorporated area of Marin County, one of the wealthiest counties in the U.S. Despite its location in a wealthy county, Marin City--with household median income at 54 percent of the area median income--suffered from lack of jobs, opportunities, and investment.

One of the main retail centers in Marin City, owned by the Marin City Community Land Corporation, a community-based nonprofit, was in danger of losing its land and the 180,000-square-foot Gateway Retail Center built on it. Walter L. Ross, who served as the lead deal structuring consultant tackling this project, along with the Bay Area Smart Growth Fund, became active participants and partners in restructuring the project not just to generate profits for the fund investors but to resuscitate this community asset. The Fund invested $8.56 million and the Community Land Corporation invested its ownership in the land. The joint venture purchased the Center for $25 million.

Gateway Retail Center – Marin City, California.

The direct economic and social impacts of this investment are felt throughout the Marin City community. The new management of the Center, the Smart Growth Fund, upgraded the Center and brought in higher quality tenants. More than 380 jobs were saved, 33 percent of which are held by Marin City residents. The investment created 59 new jobs with benefits for local residents. The longer-term impacts of the project are felt by the community through the revenues generated at the retail center.

This transaction enabled the Marin City Community Land Corporation to preserve its ownership interest in the property (50 percent). Through the cash flow from this ownership interest, the Community Land Corporation is able to directly fund affordable housing, community services, and the administration of programs through the Marin City Community Services District. As a testament to its creativity and innovation, the Gateway Retail Center transaction won the San Francisco Business Times Real Estate Deal of the Year Award in the category of "Best Retail Sale or Lease" in 2004.

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ECONOMIC DEVELOPMENT IMPACTS

Each of the three projects illustrates the tremendous economic development impacts DBL real estate funds have on the communities in which they invest.

- **Jobs and Employment**
  Investing in low-income communities with an explicit goal of providing jobs to the local residents.
- **Community Amenities**
  Incorporating grocery stores, health services, and child care into projects.
- **Revitalization**
  Restoring blighted, abandoned, and underutilized sites to productive use.
- **Tax Revenues**
  Generating local, state, and federal tax revenues.
- **Private Capital**
  Attracting external private capital to communities that often suffer from capital outflow and lack of investment.
- **Below-Market Capital**
  Identifying other sources of below-market rate capital (government or foundation) that may be needed for remaining financial gaps.
- **Real Estate Expertise**
  Bringing the highest-level of real estate expertise to developers and communities so they can learn how to incorporate environmental sustainability into their projects.
- **Environmental Benefits**
  Remediating contaminated sites; reusing buildings; constructing green buildings.

While DBL and TBL funds are not the lone solution to a region's economic development challenges, they are an important and innovative part of the solution. These funds are creative and proactive by nature. They seek out, rather than wait for, community development opportunities. In many cases, the fund managers work closely with the developer and the public sector to bring challenging and impactful projects to fruition. As the industry continues to grow, economic development stakeholders and communities should regard DBL and TBL funds as an essential resource and partner in financing and constructing critical economic development projects.

ADDITIONAL RESOURCES

For more information on DBL/TBL funds, the following resources are available:

Double Bottom Line Handbook (funded by the Ford Foundation) (http://sdsgroup.com/dbl-handbook.html)

"10 Keys to Double Bottom Line Fund Success" http://www.sdsgroup.com/dbl-fund.html By Deborah J. La Franchi

Responsible Property Investing Center (RPI) www.responsibleproperty.net

Initiative for a Competitive Inner City (ICIC) www.icic.org

Bay Area Family of Funds www.bayareafamilyoffunds.org

Community Development Venture Capital Alliance (CDVCA) www.cdvca.org

WiFi as a backend

ECONOMIC DEVELOPMENT DRIVER

By John Laurie, Ph.D. and Stephen Buckman

INTRODUCTION

Just as the advent of the internet allowed people, businesses, organizations, and governments to become globally connected and diminished the importance of place, wireless internet (WiFi) has the capacity to make location increasingly relevant. Cities have recognized this and in the drive for competitive advantage have begun setting up their own wireless networks – known as municipal WiFi – either wholly government owned or through public-private arrangements with telecommunications companies. It was thought that municipal wireless networks would generate money for cities; spur and enhance economic development efforts; and concentrate resources, information, and people in central locations.

Photo Credit: Morial Convention Center, New Orleans.

Since its inception, the Morial Convention Center has drawn over 10 million out-of-state attendees and New Orleans is the fourth largest convention destination in the US.

If any city was poised to take advantage of municipal wireless, it was post-Katrina New Orleans. The need to rebuild the city after the devastation of the hurricane prompted various levels of support, both public and private, and also resulted in a number of innovative ideas and partners willing to carry those ideas out. Local government and business leaders recognized the opportunity not only to rebuild but to improve aspects of citizen-government relations, economic development, and disaster recovery effort. The city found a willing partner in the telecommunications company EarthLink, that would provide the required infrastructure in exchange for assumed frontend revenue in the form of user fees. New Orleans seemed poised to be a leader on the municipal wireless front.

However, New Orleans, like many municipal wireless networks has fallen far short of expectations. Many cities have not necessarily considered the costs of wireless infrastructure, who should share their burden or how to maximize such infrastructure. In doing so, they have overestimated frontend revenue from citizen-customers and have not fully comprehended backend benefits, causing many cities, both large and small, to have overreached financially without reaping many of the hoped for benefits. In addition, private companies that have partnered with cities have lost money as well, resulting in a pull back and reassessment of

THE FAILURE AND LESSONS OF MUNICIPAL WIRELESS IN POST-KATRINA NEW ORLEANS

Many cities have begun to view the use of municipal wireless internet (WiFi) as a means to enhance or spur economic development efforts, while at the same time re-establishing the importance of the city as a necessary location. However, most cities engaged in these ventures – whether wholly municipal networks or public-private partnerships – have tended to focus on frontend benefits such as revenue generated by service subscribers as opposed to backend benefits, that save the city money by increasing efficiency. The results have been largely unsuccessful. Using post-Katrina New Orleans as a focus area, this article explores the concept of municipal WiFi, the reasons for its failures, and also the future viability of such projects.

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the viability of such arrangements by the telecommunications industry.

This article explores the concept of municipal wireless and the failures that have plagued most cities in undertaking such a venture. Using post-Katrina New Orleans as an example and drawing from similar efforts which have resulted in some successes, an examination of *backend* benefits as opposed to *frontend* benefits is used to demonstrate the viability of municipal wireless. In addition, this article points out some of the questions and issues which continue to be hindrances to viable, functioning systems.

THE DIGITAL CITY

As technology advances and becomes more integrated into people's lives, cities are increasingly becoming a digitalized, fragmented environment that results in a dichotomy of separation and togetherness. The advent and expansion of the internet, which has enabled the digital city to grow, accelerates both spatial concentration and decentralization[1]. In theory, the internet allows people to live and work wherever they choose and yet stay connected with society at large. However, it creates new spaces, either virtual or concrete, that concentrates technological influence.

The notion and idea of the city is inherently tied to place and furthermore the idea of community, although technology changes our understanding of what comprises a community. A community can generically be defined as a group of people with common interests who communicate with each other[2].

Communities have been traditionally defined by spatial parameters. The internet is dissolving these traditional spatial parameters, yet it could be argued that Wireless Fidelity (WiFi) internet is actually helping to reestablish traditional spatial communities.

While cities are continually being impacted by the internet, the influence of technology on the changing face of the city is not a new phenomenon. For instance, the invention of the telephone helped to redefine the city.

The telephone was viewed as a device that would break apart the standard social norms of society. Like the internet, the telephone not only centralized cities but it also spread them apart. It enabled people to live further away from one another, which increased sprawl but it also increased density by creating centralized office centers[3]. The telephone, in part, helped to define the modern centralized city by making high rise office centers practical. The telephone enabled businesses to freely communicate with each other across town and up and down buildings.

What was seen as a device that would potentially fragment the city became one that also helped to center industrial and office activity within the city. The inherent infrastructure demands of the phone and the ability to build vertically helped to increase the density of cities.

The internet society is but another technological innovation that will realign the city and create new spatial relationships. Castells has defined the spatial structures of cities in the information age as being either a space of flows, which accelerate the domains of translocal and trans-national technological movement and flow, or a space of places, which represent geographic spaces and communities of everyday life in cities, with each being not a reflection of society but rather an expression of society.

Additionally, these spatial dynamics are centered on three bipolar axes of function, meaning, and form that define the urban structure: 1. function, centered around the opposition of the local and the global; 2. meaning, being composed of the struggle and balance between individualism and communalism; and 3. form, representing the fight between spaces of flow and spaces of place.

These spaces and urban forms are being further transformed in the digital city as wireless connectivity becomes widespread. Where before, the consumer was anchored via wires, a wireless internet allows urban spatial dynamics to be further realigned in that it becomes more difficult to define areas of activity. Wireless internet represents the next step in the digital city.

Photo Credit: Somewhere in AK (flickr).

Coffeeshop Wireless Hotspot.

WIFI AND CITIES

Wireless Fidelity (WiFi) could be considered the most significant and popular advancement in internet connectivity. By enabling people to connect to the internet in any location, WiFi has the potential to dramatically affect urban structures. Essentially, there are two significant types of WiFi that are affecting urban areas: zones and clouds. A zone is an "aggregation of cooperating hotspots sharing a single management system"[4]. These represent the structures most often seen in coffee houses and other public/private areas. A cloud on the other hand is much larger in scope. A cloud "offers continuous coverage over a significant portion of a city's or town's geographic area, usually within multiple hot spots.[5]" Unlike a zone, a cloud offers continuous and unified coverage. Because of their size, clouds are typically built by large entities such as municipalities.

The freedom and growth of WiFi has become a topic that many cities are further examining to enhance or encourage economic development. Cities are looking to establish their wireless network clouds that can be used by businesses and individuals alike. This concept has become known as 'Municipal WiFi' and has created a firestorm of controversy regarding the role of municipalities in business.

Specifically, who should pay for infrastructure costs and the potential of municipally run wireless networks unfairly impacting free enterprise? While a number of smaller cities and towns have moved forward with wholly municipally-funded WiFi and are generally below the radar of telecommunications companies, large cities have begun public-private partnerships with the telecommunications industry, avoiding lawsuits and spreading the burden of infrastructure costs.

Municipal WiFi allows for instantaneous transfer of critical information between police headquarters and officers.

Cities see the popularity of WiFi as a way of generating increased economic development activity within decaying downtowns and hope to benefit indirectly from additional business that wireless services will attract[6]. There are four major reasons that cities seek to establish WiFi networks: economic development, better government, digital inclusion, and inexpensive public access[7]. Moreover, a March 2004 study by the University of Georgia's Mobile Media Consortium showed that 26 percent of WiFi clouds that were instituted were done in the name of economic growth, while 43 percent of WiFi zones were created for this desire. The study further showed that because municipal governments are geared towards providing coverage for more than just one segment of the community, they are much more involved in creating clouds than zones: 40 percent of clouds vs. 21 percent of zones.

When instituting a WiFi network, cites are as much interested in the marketing aspect as they are in the actual structural design. When a city establishes a WiFi network, it may become labeled as being a "cyber, silicon, digital, etc" city. This label has an extremely positive effect on business expansion and relocation[8]. Along with structuring the actual WiFi network, cities must account for marketing themselves to the outside world.

The importance of place promotion and marketing is a major aspect of the post-industrial city and is a necessity when instituting a wireless city. Stephen Ward has pointed out that for cities to compete, they must promote themselves as a destination center by adopting multiple methods of place promotion which include: the marketing approach, treating the city as a cultural phenomenon, and the promotion of the public interest and welfare.

As marketing becomes a key aspect of the post-industrial, entrepreneurial city, the use of city owned and operated WiFi becomes an important marketing tool. In this respect, Jessop argues that the distinctive feature of the digital city is one based on competition. He sees the distinctive feature of a city is the way that they must promote "the capacities of their economic spaces in the face of intensified competition in the global economy"[9]. It can be further argued that cities are relying increasingly on marketing themselves to create and change their image with the intended goal of attracting business, tourists, and residents.

The marketing and implementation of wireless internet is generally done through public-private partnerships. The sheer cost alone is one that most municipalities are not able to absorb. Private companies offer their expertise along with set up, equipment, and maintenance. The city of Tempe, Arizona, for instance, which has wired the entire city of 40 square miles and 160,000 residents, did so by partnering with the telecom company MobilePro. In partnering with MobilePro, Tempe provided the permit and access points on electricity and utility poles, while MobilePro invested an estimated $3 million to get the program running, then the telecommunications company handles the day-to-day operations[10]. The minimal investment by the city will not equal returns from a usury standpoint, as the fee to tap in will be taken by MobilePro, but rather it will see greater citizen activity and revenue coming from cursory sources such as advertising.

For a citywide WiFi system to work, the city and its citizens must realize it is not a free service. While the city of Philadelphia has put forth a seemingly free service partnered with Earthlink, that its citizens can tap into at no cost, it will actually cost the city $40,000 to $60,000 a square mile at a total cost of $10 million for the entire city[11]. It is these costs, beyond infrastructure, that make partnering with a service provider so important. Once again, Tempe and its partnership with MobilePro, while providing internet access to the entire city is not providing it for free, as MobilePro is charging $29.95 a month, $8.95 a day, or $3.95 an hour to use it[12].

It is important for cities to realize that the endeavor of wiring a city is not a free one. As Craig Settles points out, nothing is free with municipal wireless. Someone at some point in time is going to have to pay something for this network. When a city provides the idea of going wireless, it must determine who will be using the WiFi system and for what purpose, as this will determine the partnership and fee structure.

THE CASE OF NEW ORLEANS

Before Hurricane Katrina, the city of New Orleans attempted to narrow the gap of the digital divide. Beginning in 2003, newly elected Mayor Ray Nagin began to coax New Orleans into the 21st century. The hiring of Greg Meffert, the city's first ever chief technology officer, preceded massive computer system and infrastructure upgrades for the city government. These improvements allowed citizens to access city information and to a limited extent perform tasks online, such as applying for business licenses and registration and paying parking tickets, as well as taxes.

In the months following Hurricane Katrina, the city established a small, free wireless network (WiFi) encompassing the Central Business District and the French Quarter, running at speeds of 512 kbps – about eight times faster than dial up[13]. This enabled many businesses in New Orleans to operate from coffee shops and even bars, without having a viable physical presence.

While many cities across the U.S. are enamored with WiFi, an exciting hi-tech way to spur economic development and market themselves as a 21st century city, conflict involving who should pay for the required infrastructure (public vs. private) and intense resistance from the existing telecommunication industry has resulted in only limited WiFi areas in many major cities. Cities with wholly municipally owned WiFi networks tend to be those that are small and below the radar of the telecommunication industry, such as Cerritos, California, (pop. 51,000) and Chaska, Minnesota, (pop. 17,000)[14]. If there was a silver lining for the economy of New Orleans in the wake of Hurricane Katrina, it was that the city was able to embark on a free, city-wide wireless network without having to battle the telecommunication industry or abide by Louisiana state law prohibiting municipally controlled WiFi, due to the need to rebuild.

Photo Credit: CDSC Hotspot Installation

Wireless Network Hardware.

On May 26, 2006 the city of New Orleans announced that it was partnering with EarthLink Inc. to provide a free WiFi zone for 20 square miles of the repopulated city by December 2006, making it one of the larger citywide coverage areas in the United States. EarthLink estimated that infrastructure costs for the initial 20-square-mile area would be $4 million, and wireless infrastructure for the entire city could have cost as much as $20 million[15]. Additionally, EarthLink agreed to pay the city of New Orleans $25,000 per year for the initial square mile area, and $500 for each additional square mile, with a cap of $100,000 per year.

In September 2007, EarthLink abandoned plans for citywide expansion, calling the business model 'unworkable'[16]. By May 2008, EarthLink announced it was planning to sell the wireless network in New Orleans, believing that business based on free, municipal wireless services was not viable.

While it seemed that New Orleans had been able to remove the barriers other major U.S. cities face in becoming wireless, this did not necessarily translate into economic advantage or success. In the case of New Orleans, WiFi could have made a difference in accelerating the city's long term economic recovery and viability and been a model for disaster recovery for cities across the country. The following section demonstrates how WiFi could have addressed many of the post-Katrina economic development issues in New Orleans from a backend perspective and how it can provide lessons for other cities.

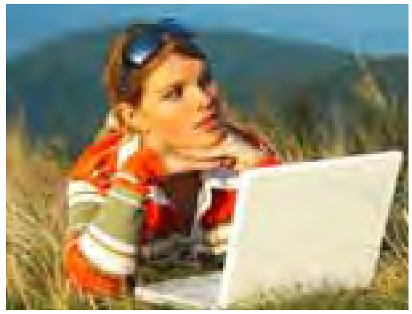
PUBLIC SAFETY AND DISASTER MANAGEMENT

A primary area component that enables economic development is a safe environment. A safe environment is a result of the three components of public safety– police, fire, and medical – being able to do their jobs efficiently and effectively. The New Orleans Police Department, along with most sectors of city government, suffered budget cutbacks in the wake of Hurricane Katrina. The NOPD budget dropped from $124 million in 2005 to $96 million in 2006, a 22 percent cut[17]. Even though over 95 percent of the NOPD budget was allocated toward salaries, the total number of officers decreased from 1,668 to 1,486 from the previous year[18].

While the city population and crime was initially at lower levels than prior to the hurricane, crime increased past pre-Katrina levels in 2007, while the NOPD was still faced with manpower shortages. WiFi had the capacity for the NOPD to function more efficiently with decreasing resources.

Having a citywide WiFi zone or cloud in place enables officers to quickly access DMV records, gang databases, booking photos, virtual lineups, criminal records; monitor wireless video surveillance (which was instituted in New Orleans pre-Katrina); access fingerprint databases, Megan's Law information, computer aided dispatch; and file police reports from the field through a secure link[19].

Morrow County, in eastern Oregon, is a primary example of how WiFi can translate increases in police efficiency into realized monetary savings. In the past year, the 23 police officer force in Hermiston, Oregon, estimated that it saved approximately 2000 man hours by using WiFi – or 86 hours per officer[20]. In terms of the NOPD, this would translate to over 100,000 police officer man hours saved per year. In a city that led the nation with a startling 72.6 murders per 100,000 people in 2007, this would have allowed the NOPD to operate more efficiently and effectively, even with a reduced and still shrinking force. While cutting down on overtime hours, the high speed collection and transfer of information would result mainly in backend savings, with quicker response times, more arrests per officer, and ultimately, greater safety and security for the citizens of New Orleans.



Coverage areas have an ever greater reach.

Disaster management, which had become a priority in post-Katrina New Orleans, would also have become far more effective. New Orleans quickly descended into chaos in the days after Hurricane Katrina when communications and power were lost. Hospitals, police, fire departments, and the city government were reduced to relaying messages in person or through short range walkie-talkies.

With technological advances in hardware, it is now possible for police and other city vehicles to be mounted with Mesh Enabled Architecture (MEA) radio modems. These vehicles are known as 'ruggedized units.' These units detect other units, and an ad hoc network automatically forms between them when in range of one another[21]. If confronted by another disaster, natural or man-made, emergency coordination among the mayor's office, police, fire department, and hospitals would be possible with even severely limited communication capabilities.

PUBLIC WORKS

A city's economic development capacity and success is affected by the ease in which the city government can interact and provide services to its citizens and businesses. Specifically, city government services in the public works sector – those that deal with construction and utilities – are vitally important. One of the most vital processes involved in the city's recovery (economic as well as physical) is the reconstruction of homes and businesses. However, this process requires the cooperation and interaction of a number of groups involving regulation, inspection, and permitting.

In a city such as New Orleans, with 18 local and national historic districts, regulations tend to be more numerous and restrictive than other cities. Delays in the already complex permitting process mean that developers and property owners are waiting increasingly longer for project approval, hampering the city's recovery efforts.

Building inspection in particular can be a time consuming effort. Typically, building inspectors must make a site visit and then return to their office to file a report. A city-wide WiFi zone would allow this process to become more efficient.

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The city of Greensboro, North Carolina, accelerated its building inspection process by enabling inspectors to access databases and file reports from building locations. Greensboro officials estimate that each of the 32 building inspectors saves an average of two hours per day by using WiFi[22]. That translates to 320 man hours per week that are saved by building inspectors. Even with a limited wireless network in place in downtown New Orleans, officials from Safety and Permits were performing more functions on-site, averaging 3,000 permit related inspections of storm damaged property per month in the months after the storm[23].

TOURISM

For the last 15 years, tourism has been the lifeblood of the New Orleans economy. As of 2004, the hospitality industry was the second largest employer (79,700) behind the state and local governments (88,567) in the New Orleans metro area[24]. While the city looks toward economic diversification in the future, rebuilding the city's tourist economy is viewed as a vital step toward recovery.

New Orleans occupies a unique place in American history. The combination of history, architecture, music, art, natural landscape, celebrations (both big and small), and multi-cultural overlap makes New Orleans a popular tourist destination. By using WiFi, New Orleans had an opportunity to not only achieve previous levels of tourism but exceed them by enhancing the city's attributes through the organization offered by the city's WiFi portal. This is essentially a detailed homepage of all the city's businesses, organizations, and activities.

A critical area of the tourism sector that New Orleans relies upon is from conventions and trade shows. New Orleans has historically been one of the dominant convention center cities, ranking fourth behind Las Vegas, Orlando, and Chicago[25]. The Ernest N. Morial Convention Center attracts an average of 95 conventions per year and event activity has attracted more than 10.3 million out-of-state visitors, generating a statewide economic impact of $13.52 billion in direct spending, $22.32 billion in secondary spending, and $1.93 billion in new tax revenues for city and state coffers from 1985-2004[26].

As WiFi is quickly becoming the popular addition for any city's marketing cache, with more than 300 cities and other public entities launching their own versions, certain questions and concerns need to be raised. First and foremost is WiFi practical for all cities? Not every city is WiFi friendly or ready.

Like most cities with convention centers, the Morial Convention Center offers WiFi, as do a number of hotels in the downtown area. This does not present any type of advantage over other convention center locations. However, a WiFi cloud, as opposed to localized hotspots or zones, offers users (both visitors and locals) access to a 'portal' or homepage once they are logged on to the network. A portal essentially organizes the city's information, amenities, and events schedule.

While current visitors to the city will tend to congregate in areas they know to have functioning businesses (Bourbon Street), the portal will allow visitors to observe which businesses are actually open. This may be essential to newly re-opened restaurants, shops, museums, art centers, etc. that are struggling due to lack of visitor awareness. Additionally, a portal offers the opportunity to accomplish tasks, such as viewing menus, making reservations, ticket purchase, and event registration from anywhere in the city, saving time and enhancing the visitor experience. Such amenities would contribute to the New Orleans economy long after recovery has occurred.

CONCLUSION

As WiFi is quickly becoming the popular addition for any city's marketing cache, with more than 300 cities and other public entities launching their own versions, certain questions and concerns need to be raised. First and foremost is WiFi practical for all cities? Not every city is WiFi friendly or ready.

A number of cities have bought into the municipal WiFi concept, viewing it as a frontend cash generator – where the bulk of profits are derived from residents who choose to pay the city for the fastest WiFi available. Aside from the failure of municipal wireless in New Orleans, a prime example is that of Lompoc, California. The central California city with a population of 42,000 has spent over $3 million of taxpayer money building a municipal WiFi network. In order to break even, the city needs 4,000 subscribers. It currently can count only a few hundred. Because of this trend, larger cities such as Philadelphia and Portland have now begun to reassess the potential cost and profitability coming from the frontend.

The cities that will be successful are the ones that are willing to lose money in the initial phases by building a WiFi infrastructure that lays the groundwork for backend economic development opportunities first and frontend profitability second. It also means that cities will have to be willing to give up control to private entities to run systems for them to be successful. They also must be willing to ensure that private companies are able to be profitable, as companies such as Earthlink are either scaling down their municipal programs or are taking a much longer due diligence process to decide on which cities are the right choice. Previously, companies signed on with cities just to have the right to serve the city, but now there is a shift where companies are demanding much more from cities, such as making them contractually obligated to buy a certain level of service. This may prove to be too great of an economic stress for some municipalities to handle.

Secondly, cities must work with providers to limit the problem areas and competition in their own marketplace. Accessibility is a major issue confronting many cities that are enacting WiFi. The complaint most often cited is that users have difficulty in receiving service inside their homes. This will be an important issue that will have to be rectified. Also, cities might be pushed aside by the marketplace in that a common incentive for many coffee shops is free WiFi access, which will be detrimental to fee driven service which muni-WiFi must put forth to be successful.

Finally, WiFi will not be a panacea for New Orleans or any other city but rather will be one of many tools in an economic development tool kit. Municipal WiFi could surely help city services such as fire and police to stay better connected. It could also be beneficial to economic growth and in encouraging people and businesses to cluster in the city's core. Only time will tell if the municipal WiFi will prove to be a viable and profitable venture for cities and citizens alike.

ENDNOTES

1 Castells, 2004
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3 Pool, 2004
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By Steve Buttress and Don Macke

INTRODUCTION

Steve Buttress wrote an article for the American Economic Development Council's *Economic Development Review* in the summer of 1989. It began with these words: *The times are interesting in the rural heartland. The economic and technological winds are blowing gustily, sometimes into our teeth, and sometimes at our backs.*

The article went on to detail the changes that were affecting our economies and that dictated changes in the practice of our profession. We reread the article recently and were struck by two things: 1) The 1989 factors still make the 2008 top-five list: advances in information and communication technologies; the globalization of the economy; energy costs; the importance of quality of life factors and 2) The rate of change has accelerated beyond any expectation in that earlier time. Think China, India, energy costs.

The rate of these changes has made the role of the economic developer both more difficult and more critical. We are at the front lines of understanding what these factors will mean to our economies and of developing economic development strategies that will succeed in this new environment. Old tools, old approaches, and old investments can't meet the needs of this new world.

We find this definition of economic development to be most helpful in focusing local leaders on their true role:

Economic development is choice; it is willed from within an economy. Economic development occurs when local leaders choose to identify, invest in, and develop their own set of comparative advantages to enable workers, firms, farms, and industries to better compete in regional, national, and international markets.

Business Coach Nancy Glaubke with her young Ord, Nebraska entrepreneurs. Ord and Valley County are examples of entrepreneurial development within Nebraska's HomeTown Competitiveness (HTC) development framework and process. With the help of HTC, Valley County has engineered an impressive economic turn-around.

So, what choices should we make? What investments? What new economic development strategies will work? How can we lead our communities to make smart choices?

The RUPRI Center for Rural Entrepreneurship believes that part of the answer lies in understanding the roles that entrepreneurs play in the growth

Steve Buttress is a Senior Fellow and **Don Macke** is Co-Director of the RUPRI Center for Rural Entrepreneurship, Lincoln, NE. (don@e2mail.org)

DEVELOPMENT STRATEGY FOR THE 21ST CENTURY

Energizing Entrepreneurs, Development Strategy for the 21st Century focuses on three core insights. First, the article addresses why communities and regions should consider entrepreneurship as a foundational economic development strategy. The "case for entrepreneurship" provides a powerful overview of supporting research. Second, it outlines the elements of an "entrepreneurial development system" or EDS. This section addresses the building blocks of EDS approaches ranging from a basic system to high performing. Finally, we provide additional information on our work and resources to help you build an entrepreneurship strategy in the 21st Century.

of our economies. This article will make the case for an entrepreneurial strategy; outline the elements of a successful program; cite examples of communities where this approach is delivering proven results; and provide resources that can guide and support you as you consider developing a strategy that fits your community, your needs, and your resources.

THE CASE FOR AN ENTREPRENEURSHIP ECONOMIC DEVELOPMENT STRATEGY

The first step on the road to an entrepreneurship development strategy is to convince yourself and your constituents that investing in new choices will bring about desired results. There is substantial research that can be used to support such an argument. Take a look at these findings:

Birch and Cogenics. Old news now, but in the 1970s Dr. David Birch, then with the Massachusetts Institute of Technology, demonstrated that more and more American job creation was coming from small and medium-sized entrepreneurial companies. He now estimates that 55 percent of job creation comes from existing business growing; 45 percent from new business startups (a significant increase over a decade ago); and that only 1 percent of job creation comes from business relocation.

GEM. In one of the most extensive studies of recent times, The Ewing Marion Kauffman Foundation (in partnership with Babson College, Ernst & Young, the London Business School & researchers from dozens of developed countries) completed the ***Global Entrepreneurship Monitor Report (GEM)***. This landmark study explored the relationship between economic growth and entrepreneurship in 21 of the world's leading industrial economies. They found the following results: *"The level of entrepreneurship activity in a country explains 70% of the difference in economic growth among these nations. All nations with high levels of entrepreneurial activity have above average rates of economic growth. Only a few nations that have above average rates of economic growth have low levels of entrepreneurship."*

National Commission. Several years ago, Patrick Von Bargen and Erik Pages with the National Commission on Entrepreneurship expanded on the findings of GEM and explored the unique role that "high performing" entrepreneurial companies play in the U.S. economy. They concluded that about 4-7 percent of all American businesses (generally smaller to medium-sized entrepreneurial businesses) generate two-thirds of all business growth and job creation and that well over 50 percent of all business innovation comes from smaller entrepreneurial businesses.

Lowe. The Edward Lowe Foundation of Michigan and the U.S. Small Business Administration (SBA) completed landmark research several years ago investigating the relationship between entrepreneurs and regional economic growth in the United States. Lowe looked at nearly 400 regional economies across America and found the following striking results when comparing the most entrepreneurial regions with the least entrepreneurial: new firm birth rates were 1.9 times greater; firm growth on average was +1.6 percent per year compared to minus 2.4 percent; job creation rate was 1.7 times greater; wage growth was 14 percent higher; and productivity growth rates were 50 percent higher. Lowe's research clearly explains why some regional economies in the United States are doing better than others.

Competitiveness Council. The U.S. Council on Competitiveness recently released their annual report, ***Competitiveness Index: Where America Stands***. The Council concludes that four factors are central to America's economic future: innovation, entrepreneurship, education, and energy. On entrepreneurship, the Council writes: *"Entrepreneurship is a critical driver of success in the modern economy. New companies and their subsequent growth create most of the new jobs in the United States. New companies also provide an increasing share of knowledge creation, an area that has traditionally been dominated by large companies and their substantial R&D expenditures."*

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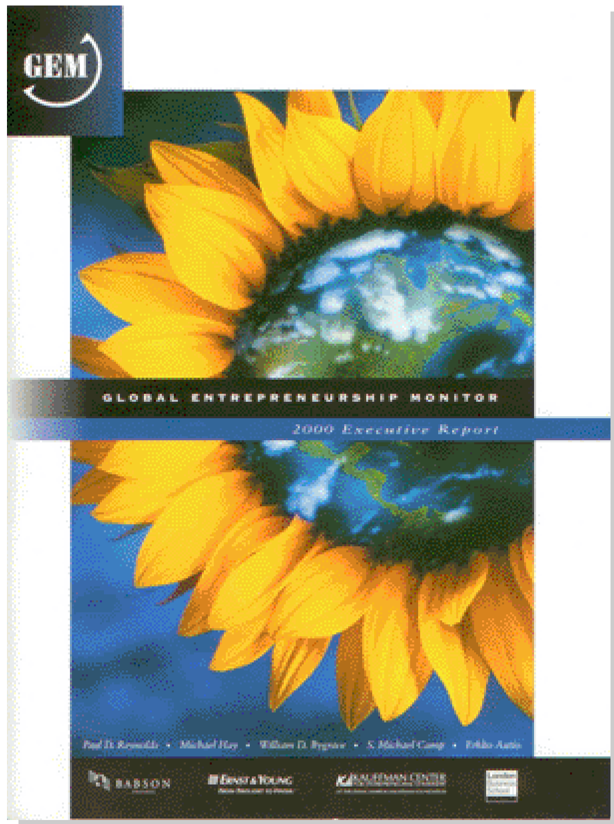


Landmark 2000 Global Entrepreneurship Monitor Report.

Jack Schultz (author of *Boom Town*). Since World War II, business attraction has been a core, if not primary, economic development strategy for rural America. Following World War II, American industry sought lower cost places with capable workforces to locate branch plants, warehousing operations, and regional corporate headquarters. Relocations fueled economic growth in thousands of mid-sized rural communities nationwide.

Jack Schultz (a leading rural economic development expert) tracks business relocations nationally. Today, he argues that an estimated 300,000 economic development organizations are chasing 300 major relocation opportunities. Costs have risen and the opportunity for business attraction (at least in the traditional sense) has dramatically declined as industry is moving more and more operations off-shore.

The RUPRI Center's web site provides more information on the latest research supporting the development of an E strategy.

ELEMENTS OF AN ENTREPRENEURIAL DEVELOPMENT SYSTEM

Some common principles emerge from RUPRI's experience with successful entrepreneurial development systems.

Community and asset-based. Brian Dabson and the staff of the Corporation for Enterprise Development, with support from the W.K. Kellogg Foundation, published its landmark study, *Mapping Rural Entrepreneurship*, and identified several principles important to a successful entrepreneurship development system. The first was that it should be community based and community driven and that communities need to identify and build on their assets. RUPRI's experience also supports the concept of this asset-based development approach. Simply stated, asset-based development focuses on those assets that a community or region already has available and builds from this starting point.

Regionally oriented. Many smaller communities lack the resources to create a robust system. CFED observed that the cooperation of regional institutions can provide the sufficient scale, resources, and expertise to enable individual communities to play their full role.

Entrepreneurial leadership. Successful systems require civic entrepreneurs, community leaders who recognize opportunities to take a different economic development approach, and who are able to champion the cause and assemble the critical mass of political and policy support to build a robust system.

Systems approach. CFED noted that systems thinking is required to align and deliver the plethora of training, technical assistance, and financing programs to meet the variety of needs of entrepreneurs and their different levels of education, skills, and maturity. RUPRI's experience mirrors this observation . . . that successful programs organize systematically to deliver services in a more effective and seamless way.

Entrepreneurial environment. Successful communities create an environment that supports entrepreneurs, including an awareness of their important role; recognition and acceptance of the fact that there will be failures along the way; and delivery of quality of life factors that are important to entrepreneurs and their families and workers.

Once a community has made the commitment to create an entrepreneurial development system; has built the political support to ensure a continuing and robust effort; has inventoried the assets that it can build on; and has created a network of cooperating entities that can support entrepreneurs, what can a community do to actively support entrepreneurs?

Simply stated, asset-based development focuses on those assets that a community or region already has available and builds from this starting point.

There is no single set of actions that a community should adopt. However, we have found it useful to think about possible investments in three categories: **basic, advanced, and high performing** levels of support.

Ribbon cutting ceremony in O'Neill, Nebraska, a HomeTown Competitiveness Community.

Basic Support Services

Investment in a basic support package is the starting point to building a broader and more sophisticated community support system for entrepreneurs.

- A community should address any issues related to creating a positive climate and strong infrastructure for entrepreneurs. The greatest entrepreneurship development program operating in a weak climate with poor infrastructure will come up short.
- Before public programs are created, a community should take stock of its current access to appropriate

business services (e.g., legal, marketing, production, financial, accounting). Access to the right services is important. Having these services within the community is great but not necessary to ensuring access.

- A community should create a focus on entrepreneurs, both public (those who build communities) and private (those who build businesses). Creating a focus on entrepreneurs might include raising the awareness level of community residents and leaders about the role of entrepreneurship within the community. Going a bit further, a community might identify entrepreneurs and provide periodic recognition for their contributions to the community. Most importantly, a community should value entrepreneurs and their unique role in building the community and the economy.
- Entrepreneurs themselves indicate that the most important support they can receive is networking with other entrepreneurs and access to mentors. Communities can create regular opportunities that encourage networking and mentoring.

Don Betts (GA), Dick Gardner (ID), and Don Macke (NE) discuss strategies to support entrepreneurs at the 2008 Economic Gardening Annual Gathering in Steamboat Springs, Colorado. Economic Gardening is emerging as a primary entrepreneur support system strategy in the United States and abroad (Australia and Japan are two examples). Economic Gardening is based on the development strategy that Chris Gibbons pioneered in Littleton, Colorado.

Advanced Support Services

Once the basic elements of a support system are in place, a community can consider a number of advanced activities to further energize entrepreneurs. More advanced support doesn't mean that things should become more complicated for the entrepreneur. Massive directories and complicated pathways for entrepreneurs to access support can be counterproductive. We urge communities at this level to create some kind of simple organization (probably using an existing entity) to ensure that entrepreneurial support efforts are understandable, easy to access, and seamless.

- A community should offer an entrepreneurial training resource such as FastTrac, NxLeveL, or REAL (Rural Entrepreneurship through Action Learning). These programs are particularly helpful to start-up and early stage businesses.

To be a high performing community that is optimally supporting entrepreneurs requires considerable community commitment and investment.

- A community should ensure that an entrepreneur has access to appropriate financial capital beyond that provided by local banking institutions. The development of microlending services for smaller start-up entrepreneurs and revolving loan programs for growing and restructuring businesses are likely first steps in building a stronger financial capital system for entrepreneurs.
- A community should implement programs that increase local entrepreneurs' awareness of and access to new markets. In rural areas particularly, entrepreneurs may need assistance to develop strong skills in identifying market opportunities and assessing the commercial feasibility of various opportunities. Sending delegations to conferences, trade shows, and trade missions are all good ways to increase market awareness.
- Communities should consider programming that introduces youth (the younger the better, starting in kindergarten) to entrepreneurship. Young people are a driving cultural force in our nation and communities. Sooner or later, these same young people will form the backbone of our economies and communities. Creating opportunities for young people to engage in venture and community building is critically important.

High Performing Support

To be a high performing community that is optimally supporting entrepreneurs requires considerable community commitment and investment.

- Communities should consider strategies that offer customized help to the full range of local entrepreneurs. It requires a major community commitment to hire skilled entrepreneurial facilitators or coaches who work one on one with entrepreneurs.
- Sooner or later, growing ventures need more sophisticated forms of capital, including access to equity capital. Communities should consider building on current financing resources by creating area-based angel investment networks and pathways to more traditional venture capital resources (generally external to the community). As entrepreneurial deals emerge and grow, the ability to help these ventures meet their capital needs is key to keeping these businesses within the community.
- High performing communities find ways to integrate entrepreneurial opportunities into the core curriculum of their K-16 educational systems. Trying to engage youth in entrepreneurship via extracurricular

activities is a real challenge and promises only marginal support. Quality time for entrepreneurship is a critical next step in building an entrepreneurial culture.

- Places with higher levels of entrepreneurial activity are often places with high capacity organizations dedicated to supporting entrepreneurs. These entrepreneurial support organizations are rooted in communities and provide a more comprehensive and sophisticated package of support that energizes start-up entrepreneurs and grows entrepreneurial growth companies.

This package includes advanced research in the areas of markets, competitors, suppliers, industry trends, product trends, and the like. Such systems are able to provide network access to higher end customized technical assistance including importing, exporting, joint ventures, outsourcing, and a wide range of issue areas.

Places with higher levels of entrepreneurial activity are often places with high capacity organizations dedicated to supporting entrepreneurs. These entrepreneurial support organizations are rooted in communities and provide a more comprehensive and sophisticated package of support that energizes start-up entrepreneurs and grows entrepreneurial growth companies.

Finally, these advanced systems of support also address capital access providing avenues to seed, venture, and growth capital. For example, a more comprehensive system might offer micro-finance for small start ups all the way to linkages to venture capital for high growth companies.

Relatively few communities in rural America meet the standards for a high performing support environment. Places like Fairfield, Iowa; Littleton, Colorado; and Douglas, Georgia, come close. Many more rural communities are providing advanced support to their entrepreneurs and even more have in place the basic elements of support. The good news is that there are shining examples of how successful communities have organized to build their economies through an investment in an entrepreneurial support system.

Shining Examples

Although there are many shining examples, the following provide an interesting range of old and new high performing entrepreneurial development systems from around the country. The RUPRI Center's web site features case studies that go into far greater detail on these examples. (www.energizingentrepreneurs.org)

Nebraska's HomeTown Competitiveness. Nebraska's HomeTown Competitiveness (HTC) development framework focuses on smaller rural communities (as small as 400 residents) and provides a comprehensive entrepreneurial development support system. HTC addresses both business and social/civic entrepreneurial development. HTC has evidence of community turn arounds based on this development system.

Network Kansas. Network Kansas has done what other states have tried and failed to do – create a comprehensive system of entrepreneurial support on a statewide basis. The current resource world for entrepreneurs looks, feels,` and works a lot like a grocery store where products have no logical organization and directory. Finding what you need is "hit and miss" at best.

Network Kansas employs the Kansas City SourceLink information management system as a core mechanism to rationalize all available entrepreneurial support resources. Network Kansas has also managed to expand quality business counseling and now offers a community entrepreneurial development system support program.

Main street in Sedan, Kansas. Sedan is part of a regional entrepreneurial development strategy called Quad Counties Enterprise Facilitation. This strategy is rooted in Ernesto Sirolli's Enterprise Facilitation approach. Sedan and Chautauqua County, once the poorest county in Kansas, are now achieving impressive business development and job growth. More needs to be done, but entrepreneurs are now making a difference in this very rural community in Southeastern Kansas.

Economic Gardening. Suburban Littleton, Colorado, pioneered what has become internationally known as Economic Gardening. Economic Gardening is a play on its inverse business attraction or as some call it "buffalo hunting." Economic Gardening focuses on growing from within the local economy through a system of support for area entrepreneurs. A hallmark of economic gardening is provision of high end market research to client entrepreneurs. Wyoming has taken this idea and created a statewide system of market research support. Founder Chris Gibbons is now working on a JumpStart service that could make advanced market research available to communities throughout the United States in the near future.

Michigan's Northern Initiatives. Northern Initiatives (NI) labors in extreme northern Michigan. NI is a long-standing economic development corporation associated with the University of Northern Michigan. It provides a wide range of business finance and technical support. NI continues to be a national innovator in the development of entrepreneurial development support.

Kentucky Highlands. Located in Appalachian Ohio, the Kentucky Highlands Investment Corporation is a long standing and highly evolved entrepreneurial development system. Kentucky Highlands provides a comprehensive range of services targeted to new startups and to second-stage high-growth entrepreneurial companies. The Corporation has particularly developed a sophisticated set of business financing tools, including equity financing.

Ord, Nebraska, was one of the first communities nationally to embrace the HomeTown Competitiveness development framework and process. In 2000, Ord did not even have an economic development plan, office or strategy. Today, Ord is putting up impressive economic development statistics in job creation, income growth, retail sales growth, and most importantly – population stabilization.

The RUPRI Center for Rural Entrepreneurship is a leading resource for helping communities, regions, and states build stronger economies through entrepreneurship.

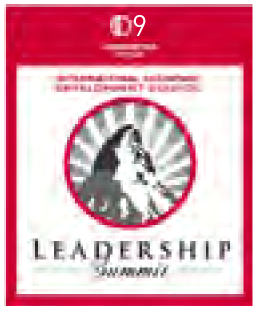
WHERE TO GO FOR HELP

The RUPRI Center for Rural Entrepreneurship is a leading resource for helping communities, regions, and states build stronger economies through entrepreneurship. Its team has studied leading rural entrepreneurship strategies throughout North America. The Center has developed a menu of services to help communities assess and design an E strategy, including an "E" Opportunity Assessment Service; "E" Strategy Process Service; as well as presentations, workshops, professional training, fund raising, mentoring and evaluation services. More information is available at the website.

NEWS FROM IEDC

LEADERSHIP SUMMIT— JANUARY 25-27, 2009, TEMPE, AZ

Focusing on the theme "Turning Today's Economic Challenges into Tomorrow's Successes," the 2009 Leadership Summit will take place on January 25-27 in Tempe, Arizona. This annual gathering of economic development leaders and certified economic developers will provide the opportunity to explore trends and conditions at an advanced level impacting communities in today's economy. Interactive discussions, high-level panels, and networking opportunities will show economic development leaders what they can do in tough economic times for their communities, learn from their peers, and make the important connections needed in today's economy.



IEDC MEETS WITH SENIOR EXECUTIVES IN SOUTH AFRICA

Ed Nelson, CEcD and Ed Gilliland, CEcD, recently visited South Africa where they traveled to four cities and attended what will likely be the inaugural conference for a South African local economic development organization. Their host, Michael Sudarkasa, escorted the team to meetings with senior economic development executives at all of the largest local and Provincial EDOs and a few in national government. All expressed a need and desire for training and strong interest in certification. At the conference, both Nelson and Gilliland presented at the plenary sessions and also a breakout. They both presented a full day of instruction on the conference's third day.

2009 IEDC FEDERAL ECONOMIC DEVELOPMENT FORUM, MARCH 15-17

The nation elected a new president, along with a new Congress. The economy is in flux amid a national discussion on energy. What does this mean for your community? Find out at the 2009 IEDC Federal Economic Development Forum, March 15-17 in the Washington, D.C. metro area. Participants will discuss federal policy, programs, and issues with their peers and engage with federal leaders.

With a new presidential administration, a new Congress, and complex issues demanding a renewed federal policy presence, there has never been a more important time to attend this conference. Register online at www.iedconline.org.

EXPERT PANEL TEAM TRAVELS TO GALVESTON, TX

IEDC brought an expert panel team to Galveston, TX, to advise on the economic and business recovery efforts from Hurricane Ike. The team included John Zakian, CEcD, Greater New Orleans, Inc.; Jerry Bologna, Jefferson Parish EDO; Ines Pearce, US Chamber of Commerce; and IEDC staff Ed Gilliland, CEcD and Carrie Ridgeway.

The team focused on small business recovery, business retention, business finance, the downtown's historic district, city leadership in relations with businesses and EDOs, workforce, and other related economic recovery matters. This technical assistance project was funded by the US Chamber of Commerce's Business Civic Leadership Center.

ARE YOU READY TO TAKE YOUR ORGANIZATION TO THE NEXT LEVEL?

The Accredited Economic Development Organization (AEDO) designation can take you there. AEDO recognizes the professional excellence of economic development entities and provides independent feedback on their operations, structure, and procedures. Earning the AEDO stamp of approval for your organization increases the visibility of your economic development efforts in your community or region, and enhances credibility with business and political leaders, funders, clients, and other stakeholders. Contact Liz Thorstensen for more details (ethorstensen@iedconline.org).

IEDC'S 2009 FEDERAL ECONOMIC DEVELOPMENT AGENDA

The incoming presidential administration and Congress face a tough set of economic challenges. As power changes hands in the White House, it's crucial for federal policy makers to understand what policies and programs are beneficial for economic development.

IEDC's 2009 Federal Economic Development Agenda offers a set of policy recommendations built on the expertise of the organization's Public Policy Advisory Committee. The Agenda covers six key areas: infrastructure, workforce, entrepreneurship, energy, innovation, as well as public finance and governance. IEDC is also releasing a shorter executive summary that economic developers can use on the go.

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

The Power of Knowledge and Leadership

CALENDAR OF EVENTS

RECERTIFICATION FOR CERTIFIED ECONOMIC DEVELOPERS

Fulfill a recertification requirement without tapping into your budget! *Earn **two credits** towards your next recertification by having an article published in the* Economic Development Journal, *IEDC's quarterly publication.*

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)**.

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

The Power of Knowledge and Leadership

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 and professional development training courses, please visit our website at www.iedconline.org.

CONFERENCES

2009 IEDC Leadership Summit
January 25-27, 2009
Tempe, AZ

Federal Economic Development Forum
March 15-17, 2009
Alexandria, VA

Technology-Led Economic Development Conference & International Association of Science Parks World Conference
June 1-4, 2009
Raleigh, NC

2009 Annual Conference
October 4-7, 2009
Reno, NV

TRAINING COURSES

Workforce Development
January 22-23, 2009
Tempe, AZ

Economic Development Strategic Planning
February 5-6, 2009
Atlanta, GA

Introduction to Economic Development
February 18-20, 2009
St. Thomas, VI

Economic Development Credit Analysis
February 23-25, 2009
Baltimore, MD

Business Retention & Expansion
March 9-10, 2009
Los Angeles, CA

Workforce Development
March 12-13, 2009
Alexandria, VA

Real Estate Development & Reuse
April 9-10, 2009
New Orleans, LA

Entrepreneurial & Small Business Development Strategies
April 30-May 1, 2009
Kansas City, MO

Business Retention and Expansion
May 12-13, 2009
Missoula, MT

Entrepreneurial & Small Business Development Strategies
May 31-June 1, 2009
Raleigh, NC

Economic Development Credit Analysis
June 10-12, 2009
Atlanta, GA

Business Retention & Expansion
June 11-12, 2009
Columbus, OH

Real Estate Development & Reuse
July 23-24, 2009
Baltimore, MD

Economic Development Marketing & Attraction
August 3-4, 2009
Atlanta, GA

Economic Development Strategic Planning
August 27-28, 2009
Oklahoma City, OK

Managing Economic Development Organizations
September 10-11, 2009
Louisville, KY

Economic Development Marketing & Attraction
September 17-18, 2009
St. Louis, MO

Neighborhood Development Strategies
October 1-2, 2009
Reno, NV

Technology-led Economic Development
November 16-17, 2009
Baltimore, MD

Business Retention & Expansion
December 3-4, 2009
Atlanta, GA

CERTIFIED ECONOMIC DEVELOPER EXAMS

January 24-25, 2009
Tempe, AZ
(Appl. Deadline: November 24)

March 14-15, 2009
Alexandria, VA
(Appl. Deadline: January 12)

May 31-June 1, 2009
Raleigh, NC
(Appl. Deadline: March 30)

October 3-4, 2009
Reno, NV
(Appl. Deadline: August 3}

2009 WEB SEMINAR SERIES

January 15 —
Building Resilient Manufacturing Economies in the 21st Century

February —
Collaboration for Success: Higher Education-Community Partnerships

March —
Web 2.0: Utilizing Technology for Talent Attraction

April —
Tapping into Foundation Money

May —
Collaboration for Success: Utilities for a Green Future

June —
Local Marketing on the Global Scale

July —
Collaboration for Success: Tapping into Equity Investments

September —
Revitalization Tools for Strip Commercial Centers Success

October —
Attracting Site Consultants: Marketing Tools for Communities

November —
TIFs: Trends and Opportunities in Funding New Projects

does place matter

ANYMORE?... YES, BUT!

By Don Holbrook, CEcD, FM

In the era of globalization, borderless-economies, monetized political systems, and corporate governance of everything, just how important is the concept of place anyways? Well it may matter more than most believe possible but not in the traditional sense of geography.

World-class communities are not determined today by geographic location, population, and natural resources. Today, they are determined by the quality and mind-set of their local leadership. The more proactive and visionary leaders are in locales today in creating competitive advantages, the more valuable a tangible geographic place is to inflows of investments from abroad and within.

Today, communities have to put their money where their mouths are in reality. You can't just claim to be a great place to live, work, play, and visit-- you have to "Prove It." Communities must produce quantifiable results and outcomes that demonstrate their mantras, not just create hollow, intangible advertorial-infomercials and marketing pitches.

MEGA TRENDS

There are six major or "*Mega Trends*," according to the IBM Institute for Business Value, that will shape the economy leading up to 2020. As published in the Spring 2008 issue of EDA America, these trends are as follows.

Globalization – Capital flows surpassed $6 trillion in 2005 and transnational companies quietly crept past 70,000 firms. Guess what? Many of them are small and medium-sized companies, not just the fortune 500 anymore. Small business has found trade to be lucrative.

Part of the EarthQuest project planned for the greater Houston region, the EarthQuest Education & Research Center is a green applied science technology pavilion and incubator for demonstrating how our individual decisions and daily choices can positively impact the planet.

Global Labor Force – People are still flocking to cities for the infrastructure, lifestyle amenities, and economic opportunities. More people live in cities today than don't, for the first time in history. But there are interesting micro-trends such as some of the super elite and upwardly mobile executives are also seeking smaller rural and micropolitan communities at the same time. This indicates place does still matter, especially to those seeking a certain quality of life. But it is increasingly a two-way street as remote locations have closed the last mile of communications interconnectivity.

New Technologies – Internet usage and the new Internet speed of development of new technologies continue to speed up annually. Today, world Internet usage surpassed 1.2 billion people and will double again by 2010. We simply don't know what we don't know yet, but we are all about constantly creating those new ideas.

Don Holbrook, CEcD, FM, is a private practitioner (Partner in the Vercitas Group) involved in the major elements of site location analysis for major private sector investment projects. He specializes in Place Based Destination Development projects. He has authored two books, "The Little Black Book of Economic Development" and "Who Moved My Smokestack?". He can be reached at don.holbrook@economicdeveloper.com or visit his website at www.economicdeveloper.com

COMMUNITIES LEARN TO SURVIVE AND THRIVE IN THE CHAOTIC GLOBAL ECONOMY

Today, many experts agree that world-class communities are not determined by their geographic location, their population size or their natural resources as it was in the past. What matters most in setting them apart from their competitors in economic development is determined by the quality and mind-set of their local leadership. The more proactive and visionary leaders are in locales today in creating competitive advantages, the more valuable a tangible geographic place is to inflows of investments from abroad and within.

New Consumers – Technology has opened the world to America's passion for consumer consumption and now goods and services are flowing worldwide. In new emerging countries, workers with recently acquired wealth are seeking to spend their earnings more and more on lifestyle improvements.

Corporate Social Responsibility – The movement to create "*Green Developments*" is sweeping the corporate landscape and it is not just a public relations move. There is great profit linked to it. I wish I could tell you that their corporate conscience had kicked in but it is about creating solutions consumers feel are valuable. The cost savings are nominal but the increased market share of the new "*Green Bubble of Rational Exuberance*" creates new increased profits within old market sectors as the rush to switch to smaller carbon footprints exponentially rages like a California wild fire across the consumer markets.

Unpredictable Risks – There are so many political, economic, and energy risks in the markets, they are forcing companies to reconsider where they make things and how they will distribute them. The Japanese were the first to make their products closer to their core markets instead of shipping the products there from cheap labor havens. This will only increase as energy rises above $200 per barrel and politically unstable countries unravel under new global environmental pressures. Add terrorism and intellectual rights to the foray and you have a real reversal of fortunes shaping up in the manufacturing sector. That does not mean outsourcing and offshoring is dead. It is quite the contrary, as expanding small and medium-sized companies will want to set up shop in other places to sell in those markets. Global expansion is not just for the big corporations anymore.

Economic development has been slow to respond to these new economic threats and thus capitalize on such mega trend opportunities.

Considering these Mega Trends to be the core driving force of what is shaping decisions that will either negatively or positively shape the landscape of economic development in this century, we could find that economic development has some catching up to do in our locales' current mind-sets.

Economic development has been slow to respond to these new economic threats and thus capitalize on such mega trend opportunities. Economic developers' vision and knowledge of mitigating such issues in the past is not only legendary but also necessary if we are to succeed in building a collaborative economic development landscape in this global era. Recently, Ronnie Bryant, the former chair of the International Economic Development Council, stated that he intended to lead the charge to put the International into the "I" in IEDC. If he and his cohorts succeed, it couldn't come at a better time in our history.

According to Samuel Palmisano, whose article was cited in the recently released IEDC *Roadmap to Globalization Primer*, "Sustainable competitive advantage has never come only from productivity or inventiveness. Today more than ever, the premium comes from the fusion of invention and insight into how to transform how things are done. Real innovation is about more than the simple creation and launching of new products. It is also about how services are delivered, how business processes are integrated, how companies and institutions are managed, how knowledge is transferred, how public policies are formulated – and how enterprises, communities and societies participate in and benefit from it all."

KEY ATTRIBUTES TO SUCCEED

Communities that want to succeed in this new world-class global era have to understand some key attributes that they need in order to succeed.

Communities must first realize that they have to invest in themselves and not wait for other investors such as the state or federal government or the urban myth of the "*Free Market Economy*" to cure all their locales' economic ills. Those communities that invest in cutting edge new technologies, infrastructure, human capital, recreational and lifestyle amenities, and hybrid capitalization to leverage truly public-private partnerships in sharing in the frontend risks of new emerging inward investments in their locales, will benefit from "*Thrivival*." Thrivival is the art of thriving on the opportunities created by a changing economic landscape filled with risks. This is accomplished by investing in competitive projects that increase communities' abilities to survive in this environment… hence, *Thrivival*.

Learning to find pearls of opportunity in times of chaos as to where the economy will experience growth next is imperative.

All this leads to local leaders who embrace change as an opportunity for progress and don't wait for normalcy to return to their communities and their own comfort zones. It won't ever return. Instead, these leaders evolve and adapt to these challenges by seeing what may come next and creating opportunities to benefit from those trends. This style of leadership is something I refer to as "*Fearless Leadership*."

The competition from abroad is going to be tremendous. The so-called *BRICE* nations are our strongest competitors for business investments. BRICE stands for Brazil, Russia, India, China, and Europe. These nations collectively have huge competitive economies and currently garner about 40 percent or more of Foreign Direct Investments (FDI), according to the Council on Competitiveness.

The competition is evolving as well. Today, we have a new hybrid economic structure called China's form of "*Commulism*," a strange paradox of communism linked to some major market forces of capitalism, at least on paper. So far, their version has worked. Whether it stands the test of time will be the key, but for now their competition for labor, resources, and energy is formidable.

The next major competitive force is "*Petrolism*." This is the new economics of politically endorsed corruption of trade for fossil fuel based products. This competitive force is not based on realistic elasticity but rather the greed of oil producing nations and the hugely powerful corporate cartel of energy companies. Energy touches everything and this "*Petrolism*" strategy is raising costs on everything in our lives from food to transportation. It seems to be a race now to create alternatives to fossil fuels just to return some sense of order to economic growth. But this oil Ponzi scheme has created some of the largest investment funds in the world in the Middle East. The Middle East's appetite for inward and outward investments rivals those of the Japanese in the 1980's.

US faces considerable global competition for investment, talent and resources.

When you think of how to be competitive, you have to think like a major league sports team. It is all about your draft picks and the quality of your team. Immigration is the key to developing a robust infrastructure of human capital. Today, the US accounts for the top 50 percent of global immigration, "*The Top Draft Choices*" and 20 percent of the total flow of immigration. This seems to be a key factor in their continued success as this equates to 25 percent of the patents over the past 15 years are from legal immigrants living in the US. Another key factor is that 25 percent of venture-backed companies were started and headed by legal immigrants to the US. Immigration is the great conundrum, without it the US would lose its global competitive posture.

Today, locales need to make sure they are creating the type of community environment that is not only attractive to those who live there now but responds to new diversity challenges presented by the need to attract skilled workers and immigrants.

An *African proverb* states, "For tomorrow belongs to the people who prepare for it today." This along with the infamous quote by *Sir Francis Bacon*, "Knowledge Is Power," creates the backdrop for our final conclusions.

The state of Texas has recently been involved in a regional and local economic development public-private partnership that has done a great job of creating a new brand and destination ID for its locale. The East Montgomery County Improvement District (EMCID), as part of its role in the Greater Houston Partnership, has responded to market forces such as those identified in the Mega Trends by looking at its market through the eyes of investors, with no particular knowledge or affinity for its region.

By following the five steps described next, EMCID not only responded to recent economic setbacks such as the loss of its own Astro-World Six Flags Theme Park but

All this leads to local leaders who embrace change as an opportunity for progress and don't wait for normalcy to return to their communities and their own comfort zones. It won't ever return. Instead, these leaders evolve and adapt to these challenges by seeing what may come next and creating opportunities to benefit from those trends. This style of leadership is something I refer to as "*Fearless Leadership*."

also capitalized on its strengths of being one of the world's leading energy centers. EMCID's support for the EarthQuest project has given it an entirely new approach to recreating the brand of defining the greater Houston economy for residents, employees, and visitors.

"We expect that EarthQuest will uniquely fill a need in the US for green housing and commercial space. When you consider it alongside other, more high profile efforts such as MASDAR in the UAE and Dong Tan in China, EarthQuest will differ in that it will be a practical, cost effective example of how to utilize green technologies to reduce carbon footprints and also be an economically viable multi use master planned diverse community. If we play our cards right, it could become a standard for responsible, practical development in this new green economy as well as an economic development engine for new technology research and development."

Dr. Matt Gardner, Chief Scientific Officer
The EarthQuest Institute, New Caney, Texas

Frank McCrady, president of EMCID, says "the EarthQuest project evolved and has been successful because we agreed early on that it would be necessary to step outside the box of known realities and take calculated risks with private sector partners to define a new reality that will deliver a future that will be full of new opportunities for us and our region and recognized by the private sector as a sound investment."

FIVE STEP PROCESS

In order to create a process for addressing such new out-of-the-box ideas, communities need to follow some type of blueprint for evolving their current economic development mind-sets to these new potential ideals. A quick reflection on your locale's innovation and knowledge in this environment is the first action to getting your global act together. Here is a five step process that I feel works well in getting a community and/or region started on this track, using the EarthQuest project as an example.

1. Does your economic development leadership understand what the key factors are that make your location attractive to inward investments or not? What makes your location and economy unique and can you quantify that with data, especially as compared to current niche market trends?

In the case of EarthQuest, the EMCID board commissioned a third party study by experts on this subject and then sought additional expertise to review the findings of the first conclusive report of findings and recommendations. This set the tone for further actions.

2. Does your economic development strategy understand which niche markets and industries hold a truly competitive advantage within and what makes it so? The knowledge of this can be honed and expanded to garner even more investment synergies.

EMCID created a consultant driven strategy for how to fund the gaps in the financial conditions that would need to be addressed to attract investor support to drive a public-private partnership. This became the crux of its foundation for incentives to close the deal, once terms could be agreed upon that met economic development goals and attracted an investor to support the capitalization of the project.

3. What benchmarks are being used to monitor progress and make adjustments to the competitive business climate? Making evolutionary progress and understanding what is working and what is not is critical to success.

Again, EMCID and its new private investment partner created an MOU of agreed upon deliverables, investments, and key milestones that would be supported by expert advice on how to execute a planned project and bring it to fruition by the timeline in the MOU.

4. It is vital to understand your primary competitors not just within your country and region but globally, and have a competitive, market-based incentive matrix to offset any disadvantages your locale has. This will create a sense of "Deal Equilibrium" in investment decisions that could tip the scale to your locale's favor. This is part of the strategy of what site selection consultant Bob Ady refers to as, a new shared sense of public-private partnerships where economic develop-

The art of the deal today is about process driven public private partnerships in creating opportunities.

The EarthQuest Entertainment Resort & Theme Park is the first green designed, eco-tourism Disney-type family destination project in the world. It combines fun with leading edge green technology, resource conservation, and alternative energy strategies in a full scale living experiment of practical green implementation at the commercial level.

ers encourage their locales to share in the frontend risks of new investment ventures and thus reduce the risks to investors and increase the investor return on investment so that such deals can be sustained and competitive against global competitors.

Once you understand how you must compete with the remainder of the world, your state, and your region, you can create a comprehensive investor grade economic development project that will meet the market needs of the global investment culture. EarthQuest built its investor package by leveraging the relationships of the locale, region, and state and then attracting outside capitalization with expertise in executing these types of projects.

5. It is essential to forge collaborative partnerships with key market forces such as site location consultants; Wall Street analysts; university academics; and research & development firms, especially those studying competitive policies, trends, and measurable criteria. This is part of the "putting their money where their mouth is strategy" of today's site selection consultants. These consultants say simply "*prove what you say*" and support it with impartial third party expert data and research, so my client will feel comfortable making this investment and then stand behind your promises with the right customized incentives that make our business globally competitive. Today, there is no room for cookie cutter economic development policies. More firms are asking site selection consultants to ask for and require special rules or legislation that can be custom fit to their specific business model needs… all aimed at driving competitiveness.

In the end, the EarthQuest project created a new state legislatively supported Economic Zone to enable the special environment to exist in East Montgomery County to allow the EarthQuest project to come to fruition. It required a comprehensive mesh of state, regional, and local partnerships along with the private sector to create an overall project that was global in scope and sensitive to local needs.

In conjunction with a 1600-acre green master planned community and a green-theme park which will be the largest destination attraction in the country next to Disney World, this project will have a huge economic impact on the Houston region. It will play a key role in

"Communities need to be proactive in their development of investment opportunities. With the continued shrinkage of the planet through transportation and communication technology, it is easier than ever to attract investment from around the globe. The key is to focus on the assets of the community and to develop a project that utilizes as many of these as possible. This creates a unique business opportunity that belongs in the community, not one that happened to find a home there. By custom developing this product and utilizing conservative and independent feasibility experts, these projects will meet the investment community's requirements by design rather than hope or coincidence."

Christopher G. Brown, P.E. President
Contour Entertainment, Inc.

the process of transforming Houston into the renewable energy capital of the world. The overall EarthQuest project has both 501(c)(3) elements and a multi-billion dollar private sector element that work in tandem to give uniqueness to the overall EarthQuest project. The project will have residential, retail, hospitality, entertainment, commercial/office, research, education, and manufacturing elements comprehensively balanced throughout the 1600-acre economic zone.

CONCLUSION

In conclusion, one of my favorite mottos has come back with greater meaning today. The Knights Templar Order had a motto, "Veritas vos Liberabit," simply translated from Latin to mean, "The truth will set you free." Today, understanding realistic market forces and facing the realities of how to respond and exploit such knowledge is the critical factor in 21st century economic development and what does in fact make places matter or not in the quest for new economic growth and sustainable local economies.

The project will have residential, retail, hospitality, entertainment, commercial/office, research, education, and manufacturing elements comprehensively balanced throughout the 1600-acre economic zone.

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the rise of tech valley

By F. Michael Tucker

A CALL FOR CHANGE

Upstate New York has a rich tradition of manufacturing and innovation dating back more than 150 years ago with the founding of companies such as global powerhouses General Electric and IBM. However, over the past three decades the traditionally robust manufacturing base of upstate New York has been substantially reduced as manufacturers seized opportunities to reduce production costs by moving operations both in the United States and overseas.

Upstate New York is known for its strong manufacturing base. As manufacturing began to decline in the 80s and 90s, the region began a focused marketing effort to attract new manufacturing in high-tech sectors.

Grow. Attract. Prepare.
New York's Tech Valley

In the wake of massive job layoffs, corporate closures, population decreases and manufacturing relocations, leaders across government, academia, and the private sector recognized in the early 1990's that the upstate economy needed a paradigm shift towards leading-edge, high-value technology industries that would transform and drive the economic resurgence for decades to come.

To address this issue, energy provider National Grid funded a joint study between the Center for Economic Growth (CEG) and Rensselaer Polytechnic Institute's (RPI) Lally School of Business, which ultimately identified five key industries as viable transformational opportunities for the region based upon existing infrastructure and asset strength. As a result of the study, future growth, marketing, and attraction efforts for the region began to focus on advanced materials, biotechnology and life sciences, clean energy technology, information technology and nanotechnology and semiconductors.

Through the initial efforts of three Capital Region Chambers of Commerce, Chambers and economic development organizations throughout 19 counties now brand the region "Tech Valley". Initiatives to grow economic vitality, attract new business and investment, and to prepare communities for future growth are underway at every level. Based upon the region's growing asset matrix in the nanotechnology and semiconductor industries, and to best affect positive long-term economic growth for the whole region, CEG, working together with stakeholders in business, government, and education initiated a global outreach program in 1999 that has since been branded "NY Loves Nanotech." The success of this initiative, as well as the significant technical achieve-

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A COLLABORATIVE PARTNERSHIP HELPS REVITALIZE A REGION THROUGH TECHNOLOGY-BASED ECONOMIC DEVELOPMENT INITIATIVES

Upstate New York has a tradition of manufacturing and innovation history with global powerhouses such as General Electric and IBM. Over the past decades the traditionally robust manufacturing base of Upstate NY has been reduced as manufacturers seized opportunities to reduce production costs by moving operations both in the US and overseas. With massive job layoffs, corporate closures, population decreases and manufacturing relocations, leaders across government, academia and the private sector recognized in the early 1990s the upstate economy needed a paradigm shift towards leading-edge, high-value technology industries.Twenty counties formed together to brand the region "Tech Valley," a global outreach program in 1999 that has since been branded "NY Loves Nanotech."

ments of the private/public partnership at the University at Albany's College of Nanoscale Science & Engineering and at Rensselaer Polytechnic Institute (RPI), provided the foundation to develop and implement programs and initiatives to capture the convergence points within the region's technology sectors.

Consistent with the collaborative initiative to attract diverse industries and economic investment, the partners developed a broad-based, multi-industry global strategic marketing outreach initiative. Under the expanded marketing umbrella "NY Loves Technology", the group will continue to develop new programs designed to create a sustainable environment capable of attracting, retaining, and growing an innovation-based economy.

A CLIMATE FOR INNOVATION AND GROWTH

Tech Valley, running from just north of New York City to the Canadian Border, offers proximity to major geographic markets, a highly qualified workforce, outstanding educational and research resources, a stable business environment, and excellent quality of life.

The area called New York's Capital Region, which is in the heart of Tech Valley, is home to more than one million people and encompasses 11 counties in upstate New York. The Capital Region lays claim to Albany, the capital of New York state, as well as the cities of Schenectady and Troy, and the popular resort destinations of Saratoga Springs and Lake George.

The Tech Valley region is fast becoming widely recognized as a premier site for the development of innovative, high-technology companies. Wholly considered, Tech Valley stretches from the Canadian border south to Westchester County and contains more than 1,000 technology companies providing more than 50,000 jobs. The companies of Tech Valley have an economic impact of $5 billion and an annual payroll of $2 billion.

Tech Valley boasts 23 colleges and universities with 65,000 students. Rensselaer and Union College have been ranked among the nation's most computer-savvy universities. The University at Albany and RPI are internationally renowned for their research and development and centers for advanced technology. Albany Medical College, Albany Law School, and Albany School of Pharmacy are also highly regarded institutions within their specific educational niches. The region also has strong liberal arts and science colleges, including The College of St. Rose, Siena College, and Skidmore College, along with strong technical education programs at Hudson Valley and Schenectady Community Colleges.

Location remains a critical factor in today's rapidly changing business environment. The Capital Region and Tech Valley's location facilitates access to a large and affluent market area. The largest population concentration in North America is within one day's shipping time (850 miles) of the Capital Region and represents 132 million people with total personal income of more than $1.7 trillion; 56 percent of all skilled workers; more than 50 percent of all retail sales and wholesale receipts; 54 percent of all manufacturing facilities; and 60 percent of all the manufacturing products shipped within the United States and Canada.

Its strategic location, where the Mohawk flows into the Hudson River, gave the region its place in history as an early transportation, trade, and

Marketing the region as a place for high tech nationally and internationally has stabilized the area and created new jobs and a renewed identity.

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industrial center. Today, three interstate highways, fast rail service, a year-round deep water port, and a recently re-developed international airport with direct air service to major markets provide convenient and efficient access to the markets of the Northeastern United States and Canada.

The region's lifestyle is complimented by its proximity to the Adirondack Mountains. Both wild and refined, the Adirondack Park is a haven for anyone who appreciates the beauty and peacefulness of the outdoors. The region contains 3,000 ponds and lakes, 2,000 miles of hiking trails, more four-star resorts than any other destination in the state, and plenty of elevation for skiing. A blend of private and public lands where thousands of people live, work, and play, the Adirondacks offers something for everyone – whether it's being pampered at a resort, winding along the scenic roads, spending a week on a secluded lake, or enjoying the plethora of campgrounds.

The Tech Valley corridor contains valuable advantages that support its growing technology economy. From shovel-ready sites and financial incentives to world-renowned universities and exciting lifestyle components, Tech Valley is well positioned to offer companies and investors an enabled environment to grow technology-based ventures.

Technician holds a computer wafer. Nanotechnology has changed the face of manufacturing and opened up opportunity in New York.

CEG, with its headquarters in the center of Tech Valley, is a private, not-for-profit, membership-based economic and business development organization committed to visionary, regional economic expansion throughout New York State's Capital Region and Tech Valley. CEG operates a $3.5 million budget with 19 staff members and many programs.

CEG'S ROLE IN TECH VALLEY

CEG, with its headquarters in the center of Tech Valley, is a private, not-for-profit, membership-based economic and business development organization committed to visionary, regional economic expansion throughout New York State's Capital Region and Tech Valley. CEG operates a $3.5 million budget with 19 staff members and many programs. CEG was created in 1987 to provide a forum to discuss issues of regional concern, to identify opportunities for transformational change, and to provide a focus to work with others to bring those opportunities to completion. CEG implements strategic initiatives to enhance the region's competitiveness within the three-pronged framework of growing local companies, attracting new investment, and preparing local communities for future opportunities.

Grow

Committed to promoting Tech Valley as a thriving center for innovation and accelerated business growth, CEG recognizes that regional economic vitality depends in large part on the strength of local companies. Thus, CEG offers business acceleration and support services for companies throughout Tech Valley. CEG also supports several industry-focused groups that capitalize on the value of networks and the collective strength of companies sharing resources and ideas.

Business Accelerator – The Business Accelerator offers targeted, high-impact business improvement services to technology companies in New York State's Tech Valley. Clients are selected for participation based on an in-depth review focusing on the following characteristics:

- Committed to staying and growing in Tech Valley;
- Established companies pursuing expansion strategies, usually with revenue greater than $1 million and revenue goals in excess of $10 million; and
- Open to new ideas and changes to realize growth goals.

Selected participants undergo a thorough needs assessment so that the Accelerator team can help provide the right services at the right time.

Watervliet Innovation Center – The Watervliet Innovation Center is a state-of-the-art accelerator for homeland security technology ventures focused on the rapid growth of emerging homeland and national security technology companies. In support of this mission, the Center is within the Watervliet Arsenal campus, co-located with the U.S. Army's Benét Labs and an Army Material Command (AMC) manufacturing center.

It provides a "demand-pull infrastructure", where client companies gain insight into the technology needs of the industry through a national network of academic, industrial, and government stakeholders. The Center helps companies strategically align technology development efforts with the needs of their security and defense customers, enhancing opportunities for joint venturing, financing, and market acceptance.

Industry Networks – CEG facilitates several industry-focused networks that enable companies to share resources and ideas. Networks in biotechnology, manufacturing, and information technology include:

- *Bioconnex* is a partnership among private companies, higher education institutions, and research organizations dedicated to the development and growth of the biotechnology community, as well as to strengthening the competitiveness of the Capital Region and Tech Valley as the premier global location for biotechnology research, education and industry.
- *The Chief Executives Network for Manufacturing* (CEN) of the Capital Region, Inc., a CEG affiliate, is a not-for-profit member organization comprised of more than 75 chief executive officers of small- and medium-sized manufacturing businesses in the Capital Region.
- *TechConnex* is a catalyst organization for growth, bringing together a variety of elements to promote and enhance business development in the Capital Region's information technology sector.

Technology Roadmap – An online resource that highlights the technical assets in Tech Valley, the Technology Roadmap provides an informal network and hub to connect to these assets and a gateway to learn more about regional technology and related service organizations. Specifically, the Roadmap enables technology stakeholders to communicate strengths and areas of interest; learn about each other; make connections and generate ideas; identify potential business, collaboration and commercialization partners; and uncover unexpected ways that regional resources can be connected to create mutual benefit.

Focusing on the five industry clusters, the Roadmap also enables people across all levels and functions to identify opportunities for their organizations and themselves. This creates a network much broader and deeper than most because of its accessibility and efficiency in helping users identify opportunities of interest.

TECHNOLOGY-BASED ECONOMIC DEVELOPMENT INITIATIVES

Semico Economic Impact Study

"NY Loves Nanotech" with partners National Grid, CEG, and Mohawk Valley EDGE, commissioned Semico Research Corporation to conduct a study to assess the economic impact of attracting a chip fabrication facility to upstate New York. The year-long study estimates that the arrival of a single chip fabrication facility will lead to more than 5,500 direct and indirect jobs, including plant employment, support services, and additional jobs created in the community. Further, the return on investment for the state will be nearly 500 percent after five years and more than 600 percent after a decade. The full study and associated presentation is available online at www.nylovesnanotech.com.

AMD to Build Its Next 300 mm Fab at Luther Forest Technology Campus in Malta, NY

Regional partners worked collaboratively with New York state to attract Advanced Micro Devices (AMD) to Luther Forest Technology Park, representing the largest economic development deal in New York state history. This $3.2 billion project was given "The Economic Development Deal of the Year Award" from Business Facilities magazine, and it promises the creation of thousands of jobs, development of countless ancillary businesses and services, and enrichment of local and state economies.

To secure AMD's commitment, Tech Valley competed with sites around the world and was able to deliver above and beyond the conditions necessary for such a facility. Critical elements included top-notch research institutions like the University at Albany and Rensselaer Polytechnic Institute and a ready-made pipeline to deliver a qualified workforce through these and other area colleges and universities.

SmartStart Venture Program

SmartStart UNYTECH is the premier upstate New York venture forum where venture capital firms and other investors see the best that the state has to offer for deal flow. Now in its eighth year, SmartStart UNYTECH has to date highlighted 140 high-quality companies from throughout the state and beyond to the venture capital community. Of these 140 companies, 52 (or 37 percent of them) have raised more than $330 million in equity financing, including more than $58 million directly attributable to their participation in the forum. In 2007, SmartStart merged with UNYTECH, the upstate university sponsored forum highlighting early-stage university spin-outs.

The 2007 forum showcased 19 companies and had representatives from 25 funding firms in attendance from such firms as High Peaks, FA Technology Ventures, Rand Capital, Greenhill SAVP, Excell Partners, Cayuga Venture Fund, New Jersey Angels Network, Brook Venture Fund, and Boston Financial & Equity. Additionally, this forum is marketed and recognized by many east coast and mid-Atlantic venture funds as the place to get upstate New York technology deal flow. More information can be found at www.smartstartvf.com.

Initiatives continued on the next page.

Venture Programs – The Center provides a suite of funding forums and services designed to cover the needs of many of its high growth-potential technology companies. These forums and services also enable interested investors of time and money to become exposed to regional early-stage companies, hear these companies' business presentations, ask questions, and get to know the entrepreneurs behind the companies. Programs include the Pre-Seed Workshops, Venture Bplan, Tech Valley Angel Network (TVAN), and SmartStart UNYTECH Venture Program.

Technical Services Group (TSG) – CEG-sponsored programs can help companies increase revenue and cut costs, providing assistance to manufacturing and technology companies that want to increase sales and productivity, as well as streamline costs and obtain capital investment.

CEG receives significant financial support from the National Institute of Standards and Technology (NIST) and the Manufacturing Extension Partnership (MEP). In addition, it receives support from the New York State Foundation for Science, Technology and Innovation (NYSTAR), a public benefit corporation that helps grow New York's innovation economy with its support of high technology development and commercialization through academic and business partnerships

The Center serves as NYSTAR's designated Regional Technology Development Center for Tech Valley, one of nearly 350 MEP locations across the country, assisting local manufacturing and technology companies with generating new sales, creating stronger operational infrastructure, and overcoming barriers to growth.

The Center helps companies realize increased profit goals by:

- Developing new strategies for increased sales and planning for future growth;
- Cutting costs and lowering expenses with sales and marketing, financial, information technology, and e-business planning;
- Increasing market share and revenue in existing or new markets through sales and marketing activities;
- Increasing productivity and cutting process costs with efficiency training, such as 'Lean Manufacturing,' and Quality Programs, such as ISO9000 and ISO14000; and

NY Loves Technology: branding the industry attraction program to create awareness and identity for the opportunities for technology industries in NY.

TECHNOLOGY-BASED ECONOMIC DEVELOPMENT INITIATIVES (CONTINUED)

CEG's Technology Roadmap – Feature Story - Video game industry poised to be a big player in New York economy

Menands-based Vicarious Visions is playing a significant role in the burgeoning New York video game industry, which last year pumped nearly $280 million into the state's economy. The company has significantly expanded from its first office in the Rensselaer Polytechnic Institute Incubator to its current headquarters in a revitalized Montgomery Ward building with 150 full-time employees. New York ranked fourth nationally in terms of the number of computer and video related jobs, which grew by 14 percent in 2007, according to a recent study by the Entertainment Software Association. For more information on the Technology Roadmap, visit www.technologyroadmap.org.

CEG's Watervliet Innovation Center - Spotlight Company

Assured Information Security gained attention as #299 on the Inc. 5000 list of fastest growing private companies in America, based on an 859 percent growth in revenue for the 2003 through 2006 period. Assured is one of the technical startup companies in Watervliet Innovation Center. Additional information on the Watervliet Innovation Center can be found at http://www.ceg.org/wic/index.htm.

- Accelerating businesses through the next phase of development with Acceleration Services, strategic planning, and venture capital access.

Attract

The Technology Industry Attraction initiative, "NY Loves Technology", enhances the competitiveness of New York's Tech Valley by providing a global audience with a better understanding of the area's capabilities and existing resources. The "NY Loves Technology" initiative is an aggressive global industry attraction campaign, which includes trade show participation, industry-specific marketing collateral, sales calls, prospect generation, and hosting special events – all targeted at key industry decision makers.

CEG has partnered with National Grid; economic development agencies; chambers of commerce; small, medium, and large businesses; government agencies; and research and development and academic institutions in a long-term commitment to increase the economic self-sufficiency of the region by developing Tech Valley as a global technology powerhouse. The successes to date are a compelling testament to the power of this collaborative model in fostering technology-oriented economic growth.

In 2007, for example, the "NY Loves Technology" team attended six tradeshows across the nanoelectronics, clean energy technology, and biotechnology industries under the "NY Loves Nanotech", "NY Loves Clean Tech" and "NY Loves Bio" marketing brands, with participants from more than 100 organizations from across New York and representing interests from industry, government, and academia. These activities resulted in more than 2,500 direct interactions with strategic decision makers regarding opportunities in New York State, as well as more than 500 qualified leads for partner companies, ultimately resulting in significant revenue increases. Shows included SEMICON China, SEMICON Europa, SEMICON West, Bio International, Materials Research Society Fall Meeting and POWER-GEN Renewable Energy & Fuels.

Also in 2007, participants presented Tech Valley's assets through one-on-one sales calls to more than 100 high-potential nanotechnology manufacturing prospects; companies specializing in site location and construction for high technology industries; and major suppliers throughout the United States, Europe, and Asia.

The group also facilitated a tour of Tech Valley for a delegation of economic development officials from the Xi'an Hi-Tech Industries Zone, a technology park located in central China housing more than 7,000 companies. Officials from Xi'an were provided opportunities to network with local companies, resulting in ongoing discussions with CEG and other partner companies and organizations.

Along with the International Economic Development Council and Empire State Development Corporation, "NY Loves Technology" coordinated a similar tour for a second Chinese delegation. Twelve high-level representatives from companies and organizations such as China Railway Erju Group Corporation, Shangdon Zhongtie City Development Ltd., and The People's Government of Feicheng City participated in this tour, which highlighted the region's assets and set the stage for future collaboration.

The group also attended or sponsored more than 20 global industry events to interface with key decision makers, advance the Tech Valley message, and attain cutting-edge industry updates. For the sixth year in a row, "NY Loves Nanotech" sponsored the Semiconductor Industry Association (SIA) Dinner, where 10 representatives from New York State networked and interfaced with hundreds of CEOs from the industry. Other events and conferences included ISS, Clean Tech Investing Forum, Nanotech Investing Forum, SEMI New England Breakfast Forums, SEMI President's reception at SEMICON West, Fab Owners Association (FOA) Forum, ConFab 2007, Invest in Germany luncheon, Discover Innovation in France, Fab of the Future, Forbes Telecosm Conference, and various receptions.

As another key component of the "NY Loves Technology" program, CEG co-developed a series of promotional and marketing materials outlining the region's assets, including print brochures and print ads, marketing e-mails, trade show graphics, and comprehensive web sites for each industry specialization. CEG also co-hosted with the University at Albany's College of Nanoscale Science and Engineering for five consecutive years the Albany Symposium, which addressed salient issues facing the nanoelectronics industry in the immediate and near future. The event attracts experienced leaders from within industry, academia, finance, and government who provide Tech Valley leaders with insights to help formulate strategies to engage the global nanotechnology and semiconductor industries.

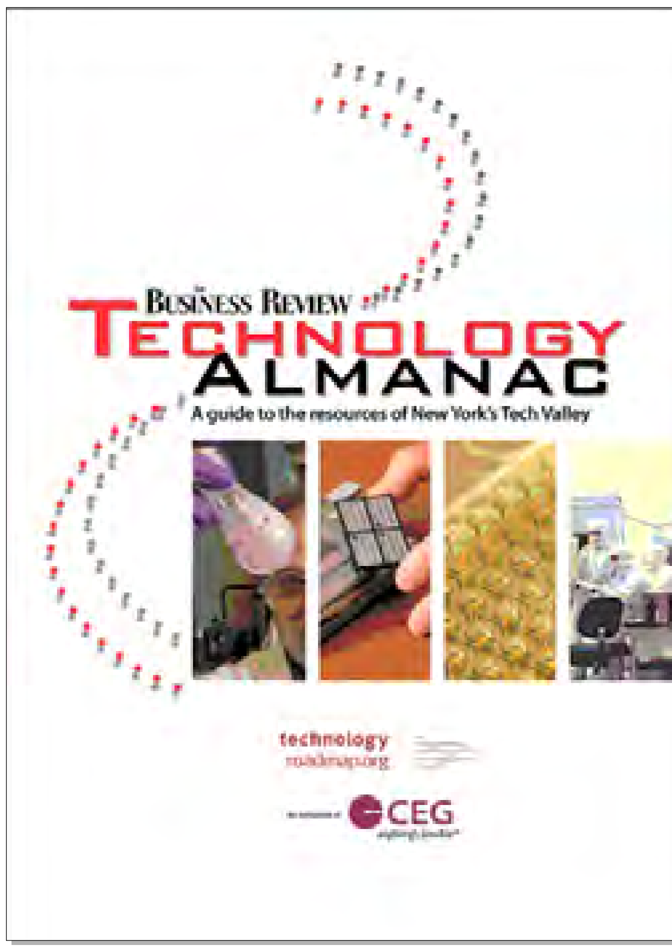
Prepare

CEG is also helping to attract and retain skilled workers and high-potential companies, in part, by leveraging the region's social, cultural, and lifestyle assets. Long-range planning and strategic infrastructure investments help preserve and promote the region's quality of life, which is crucial to regional growth.

Regional Development Strategy – CEG's Regional Development projects facilitate regional growth through intergovernmental cooperation, public-private partnerships, technical assistance, and support for projects of significant regional impact. In addition, CEG provides information to the public about economic development and industry attraction efforts in the Capital Region.

The Regional Development Coordinating Council (RDCC) – The RDCC fosters coordination, cooperation, and collaboration among regional stakeholders to pursue intelligent, planned, sustainable economic expansion across Tech Valley.

Capital Region Local Government Council – The Capital Region Local Government Council (LGC) is comprised of the chief elected officials from the region's



The Tech Roadmap was created to promote high tech companies in the region. The Tech Almanac is the print version which is distributed annually by the regional business journal based on the website.

villages, towns, cities, and county governments. The LGC was founded in 1997 to give local government leaders a forum to identify issues of importance to local governments, discuss opportunities for regional cooperation, and foster working relationships among local leaders. LGC members meet in roundtable discussions and with outside speakers, helping to develop and execute CEG's "Prepare" agenda.

THE PROMISE OF A BRIGHTER FUTURE

This unique regional approach to sustaining innovation and growth in Tech Valley includes enhancing the capabilities of our existing companies; globally marketing the strength of the region's many academic resources, industry clusters, and quality of life attributes; and preparing each community for smart, collaborative economic development.

Through collaborative efforts among business, academia, government, and education communities, Tech Valley is undergoing its most exhilarating period of growth to date. Compelling examples of the region's rise as a world-class technology hub include International

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Sematech's relocation of its headquarters to the University of Albany's College of Nanoscale Science and Engineering, and General Electric's decisions to greatly expand its energy division in Schenectady and to build a cutting-edge imaging manufacturing facility at the Rensselaer Technology Park. Other examples include the ongoing development of the Luther Forest Technology Campus in Saratoga County and the creation of the Harriman Research and Technology Park near the University at Albany's main campus. All of these instances are indicative of both the great strides that Tech Valley has made in the fields of nanotechnology, biotechnology, clean energy, advanced materials, and information technology – and in the region's potential to continue its impressive technology-based economic development.

the fort benjamin harrison

REUSE AUTHORITY LAND SWAP

By Ehren Bingaman

INTRODUCTION

The closure of Fort Harrison has been like many around the country where communities face devastating news and difficult decisions, myriad land conveyance and environmental issues, and unique conditions that make each closure different. One particular condition unique to Fort Harrison is how Army leaders and veterans groups negotiated to keep the Harrison Village Commissary and Post Exchange (PX) open. This was a unique circumstance because in the overwhelming majority of base closures, all facilities, including the commissary and PX, close.

Non military personnel, like the author, need to know that a commissary is a grocery store for use by base personnel and their families; a PX is like a department store with everything from razors, to High Definition televisions, to clothing, to beer, wine and cigarettes. Like the commissary, access is limited to military ID holders and their families.

Among the reasons for keeping these facilities open at Fort Harrison were the presence of military personnel, retirees, and their families in Indianapolis and surrounding communities; this commissary and PX were the only full size operations of their kind in Indiana; and there was political will to fight to keep them. From the perspective of the Fort Harrison Reuse Authority, some

The new commissary and PX had to be part of the same building structure, which added cost and design time to the project. The two facilities share parking and awning space, but have separate entrances. There is a fire wall separating the two structures in the middle. Shoppers enjoy the convenience of both stores being next to each other.

activity at the closed base was better than no activity at Fort Harrison, given the uncertainty of its future.

The Fort Harrison Reuse Authority (FHRA) was created after Fort Harrison was closed to serve as an economic redevelopment agency for the former base property. The agency is considered quasi-governmental with five members who are all politically appointed. The FHRA has the power to buy and

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AN ECONOMIC DEVELOPMENT LAND EXCHANGE THAT CREATIVELY EXEMPLIFIES A TRUE WIN-WIN-WIN

Having faced the closure of one of Indiana's largest military bases, a community challenged with job losses turns a negative into a positive with creative thinking, partnership, and vision. This article describes how the Fort Benjamin Harrison Army base was listed for closure in the 1991 BRAC round and was officially decommissioned in 1996, then created a Local Redevelopment Authority, the Fort Harrison Reuse Authority (FHRA), to implement a master reuse plan for the former Army base. Twelve years later, Fort Harrison is recognized as one of the best military base reuse programs in the country and the keystone of an economic redevelopment for Lawrence, IN. Essential to the final piece of Fort Harrison's redevelopment, the Fort Harrison Reuse Authority partners with the United States Army to relocate a base grocery and department store, the Harrison Village Commissary and PX, in a land swap that offers the Army, the Fort Harrison Reuse Authority, and the community a successful outcome for all.

The bridge that connects 56th Street to State Road 67, US 36, and Interstate 465. The connecting of 56th Street through the Fort to these major arteries was essential to the growth beginning redevelopment of Fort Harrison. This bridge is immediately east of the proposed Lawrence Village at the Fort, a mixed use development of the sites occupied by the former commissary and PX.

This picture looks back toward the east along 56th Street to the bridge connecting major arteries near the Fort. The south side of 56th Street has already seen $100 million of private investment. The north side is now prepared for the future Lawrence Village at the Fort. The old commissary and PX were located on the left side of this photo.

sell property, is tax exempt, and has jurisdiction over a property tax increment finance district whose proceeds must be used for investment in the district for the purposes of economic development. The FHRA has only two full time staff.

Originally, the Army had planned to lease the commissary and PX from the FHRA until a time when the Army was prepared to dispose of those properties, which are located on 56th Street, the main east and west road that leads into Fort Harrison from the west and central Indianapolis. FHRA planners realized early on that if 56th Street was realigned, widened, and extended further to the east, it would make 56th Street into an attractive east/west corridor connecting upper class northeastern suburbs to Interstate 465, the beltway around Indianapolis.

Looking back toward the west on 56th Street. This image shows economic development, both new and redeveloped properties, as a result of the widening and extension of 56th Street. These sites are immediately west of the former commissary site, which is now cleared and ready for new development.

Among the powers granted the FHRA in the Indiana Code, the Authority can issue tax free bonds with revenues collected in a Tax Increment Finance (TIF) district to finance investment activities that benefited the TIF district. In this case, the TIF district is the 650-acre Fort Harrison economic development area. FHRA planners had the foresight to establish the TIF district boundaries almost as soon as the FHRA started working. This meant that the base year of the increment is the assessed value of the area when it was an Army base, which because it was federal property in the base year, meant that the base year assessed value of the Fort Harrison TIF district was 0 (zero). Ultimately, this has provided incredible leverage in the Fort Harrison story, because the FHRA collects the entire property tax levy in the Fort Harrison reuse area, all 650 acres.

This ability to generate revenue allowed the Authority to finance $12.3 million in partnership with the city of Indianapolis and the Indiana Department of Transportation to realign and widen 56th Street from two to four lanes. More importantly, 56th Street now connects I-465 to Pendleton Pike and by October 2005 was generating 25,000 daily trips.

In short order, Fort Harrison became a viable market for commercial and residential development. Aided by favorable interest rates and a strong economy, Fort Harrison experienced great interest and reinvestment in the former base. Soon, new development and the rehabilitation of historic properties began to change the perception of the commissary and PX operations that continued to exist along 56th Street. Through the improved access created by 56th Street and marketing, the Authority had successfully influenced the direction of private investment and property values. It was not long after that Fort Harrison planners realized they had to address the existing commissary and PX if they were to continue to capitalize on the real estate development boom of the turn of the century. With the momentum created by 56th Street, the FHRA had to take advantage of the property that represented its greatest asset.

BROKERING A DEAL

FHRA planners realized that the highest and best use of the commissary and PX parcels on 56th Street needed to be revisited. As the south side of 56th saw national franchises take off, the Army-owned properties were showing their age. Becoming more aware of the situation, FHRA leadership also acknowledged that the existing commissary and PX were prohibiting investment interest in the adjacent properties to the north. Commercial investors liked Fort Harrison in total but were initially interested in changing the 56th Street gateway before investing in more difficult, interior parcels. Something had to be done or the Authority would fall short in its total redevelopment of Fort Harrison. The FHRA knew that in order to fulfill its mission, it needed to acquire the 12 acres of land where the commissary and PX are located.

The Authority had another issue that needed to be resolved in addition to its redevelopment obligations. As part of the conveyance of the 650 acres from the Army to the FHRA, the Authority agreed to pay the Army $6 million for the land. Beginning in 1996, as the Authority sold land for private development, it would make incremental payments to the Army for the acquisition. By 1999, the FHRA still owed the Army $3 million in principal and interest.

In 1999, former FHRA Executive Director J. Lynn Boese initiated a conversation with the Army, posing two questions: 1.) How could the FHRA acquire the commissary and PX property, while continuing to serve and meet the needs of Indiana's active duty military personnel, retirees, and their families? and 2.) How could the FHRA resolve its outstanding debt obligations to the Army and produce a win/win for the military in a way that allowed for the remaining redevelopment of Fort Harrison?

Boese appealed to the Army on a couple of points, the first being that Fort Harrison had been decommissioned for almost three years and the Army needed to complete its conveyance of Fort Harrison and get the commissary and PX property off of the Defense Department's inventory. The Department of Defense's urgency to dispose of property in an expeditious manner was due to increased attention by Congress for more responsive implementation of the BRAC law. Additionally, the FHRA still had approximately $3 million in debt to the Army that was tied to the original Fort Harrison Economic Development Conveyance (EDC). An EDC is when the Department of Defense conveys military property to an entity for the purposes of economic development. The third point that Boese made to the Army was that the community wanted to continue to support the troops but that the location of the commissary and PX belonged on military property, not in a public, community setting.

Boese and the Army brokered a deal. If the Authority was willing to construct a new facility to relocate the existing commissary and PX onto nearby military property, then the Army would convey, in exchange for this new facility, the land and buildings of the existing commissary and PX to the FHRA. Anticipating construction costs, Boese asked if the Army would be willing to forgive the outstanding $3 million in debt from the Authority to the Army for the original Fort Harrison acquisition. To the FHRA's surprise, the Army agreed. It was apparent from the beginning that the Army was willing to work on this matter, but it was clear that they were not willing to commit any actual cash, viewing the forgiveness of the debt as contribution enough.

The FHRA then reached out to the Defense Commissary Agency (DeCA) and the Army Air Force Exchange Service (AAFES). DeCA is the federal agency responsible for the operation, maintenance, and development of all the US military commissaries in the world. AAFES is the quasi-federal organization charged with the operation, maintenance, and development of all the US military PXs in the world. The two questions put to these two agencies were: Are they interested in new facilities at Fort Harrison? And what are they able to invest into the effort?

GLOSSARY OF ACRONYMS

AAFES – *Army Air Force Exchange Service:* Quasi-federal agency responsible for the operation, maintenance, and development of PXs around the world.

BRAC – *Base Realignment and Closure:* Federal law that periodically defines military assets to be reduced or disposed of.

DeCA – *Defense Commissary Agency:* Federal agency responsible for the operation, maintenance, and development of commissaries around the world.

DOD – *Department of Defense*

EDC – *Economic Development Conveyance:* Transfer of federal property to local entities for the purpose of economic development.

FHRA – *Fort Harrison Reuse Authority:* Quasi governmental entity charged with the redevelopment of former Fort Benjamin Harrison Army Base.

OEA – *Office of Economic Adjustment:* Office in the Department of Defense that oversees and provides technical assistance to communities and military bases identified for realignment and closure in the base realignment and closure law.

PX – *Post Exchange:* Name of military department stores operated by the Army Air Force Exchange Service.

TIF – *Tax Increment Finance:* Economic development tool that captures incremental growth in property taxes in a defined jurisdiction, with the proceeds used for investment that adds value to the jurisdiction.

TABLE 1

Agency	Army	AAFES	DeCA	FHRA
Gain	Dispose of surplus property	New PX	New Commissary	12 acres of land and title to buildings
	Close outstanding receivable			Forgiveness of $3 million debt
	Offer new Commissary/ PX to soldiers			
Contribution	Swap land for new building	Flexibility in design	Flexibility in design	Construct New Commissary/PX
	Forgive debt for new building			

The answer to the first question was "yes." Once Fort Harrison was put on the BRAC list in 1991, investment and maintenance on the properties diminished considerably. While the operations continued to serve the entire State of Indiana, they did not have the expectation for maintenance that is placed on a commissary or PX located on an active military base. The answer to the second question, regarding the ability to invest in relocating the commissary and PX, was not as positive due to budget constraints for both agencies. The answer for financing the relocation of the commissary and PX would require the FHRA to take the lead and be innovative.

By late 2000, the framework of a deal was brokered. (Table 1 illustrates the outcomes of the agreement by party.)

A. The commissary and PX would remain operational, without interruption, until the construction of new facilities is complete.

B. The FHRA will construct, at its expense, a new commissary and PX located at the Fort Harrison Army Reserve Center, adjacently located to the west of the Fort Harrison Reuse Authority jurisdiction.
- This puts the commissary and PX on military property.
- The site for the new commissary and PX requires the demolition of the old Army hospital, also at the expense of the FHRA.

C. Design of the commissary and PX will be done by the FHRA but must meet DeCA and AAFES standards and specifications.
- Signing the agreement requires DeCA and AAFES review and approval of the construction documents.
- Construction phases require the approval of DeCA and AAFES.

D. In exchange for the completed commissary and PX on Army Reserve property, the US Army will swap title to the property of the current commissary and PX and forgive the $3 million of debt owed by the FHRA for the original Economic Development Conveyance.

TECHNICALITIES OF THE NEGOTIATIONS

Once these general issues were resolved, the technicalities of the negotiations ensued. The author would like to suggest that these discussions were always positive, immediately fruitful, and resolved in a matter of weeks, but that would not be true. Coordinating the effort of so many agencies takes time. This was a complicated deal and discussions about the legal documents and construction drawings had their occasional bumps, not the least of which were the attacks on September 11th which changed federal funding priorities and building requirements. In addition, political changes in Indianapolis changed the appointments to the FHRA board and subsequently its executive director. Even the impacts of hurricane Katrina would eventually impact construction pricing once the project got underway.

One of the compromises of the arrangement called for the commissary and the PX to be combined into one physical structure. While the FHRA was willing to finance the construction of the project, building a structure with two separate entities under one roof is expensive. In Central Indiana, the average 70,000-square-foot grocery store can be built and finished for about $3.5 million, not including land costs. Estimates for the commissary and PX project ranged from $12.5 to $14.5 million. One of the reasons for the high cost of construction was that the project, with exception to the roof and a common wall, had to have two of everything. This was the result of there being no acceptable way to DeCA and AAFES to share expenses. DeCA has a federally appropriated budget from the Congress and AAFES has a non appropriated budget – neither could share any

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of the building systems because there was no way to separate the bills and share funding of common expenses (i.e., lights, heat, water, etc.). When you add two of everything to a building's systems, the price increases. The FHRA needed to locally justify the investment.

The first thing available to the FHRA for funding was that now it would not have to pay the Army $3 million. The FHRA immediately deferred this anticipated expenditure into the building budget. Second, the value of the land that the FHRA would receive was appraised at $2.7 million. The sale revenue of the property would be directed to construction costs. While the FHRA could afford to finance the difference, it decided to seek additional federal assistance. In spring 2004, with assistance from members of the Indiana Congressional Delegation, a $2 million appropriation via the Office of Economic Adjustment in the Department of Defense was wrangled.

Despite having the general terms of an agreement and financial picture resolved, the negotiation of the legal and construction documents had never been complete. DeCA and AAFES needed to have their design needs met, and the technicalities of the deal required massaging. Due to leadership changes at the FHRA, attention to this process had fallen dormant between June 2004 and February 2005.

The federal appropriation for the project was essential to completing the deal. The appropriation had an expiration date of September 30, 2005. If the parties involved wanted to accomplish this goal, the final details needed to be resolved by this date in order to keep the appropriation. Local leaders were not going to let $2 million leave the community.

MEMORANDUM OF AGREEMENT

On September 14, 2005, a memorandum of agreement was signed at a ceremony held at Fort Harrison. Planners, architects, engineers, and lawyers had been working and meeting every week since February 2005 to pull together the final components of the deal. With an agreement in place, the Authority set out to finalize financing $11.5 million in construction costs. While the sale of the old commissary and PX would eventually help pay for construction, the Authority needed cash on hand to complete the project and decided to issue bonds for this financing. The FHRA took some risk at this phase because it had worked all along under the premise that it would find the money to complete the project. It was not until October 2006, more than a year after the agreement was signed, that the FHRA officially secured all of the funding necessary to complete the project – a rather important detail left until the end.

On April 20, 2006, with demolition of the former Army hospital near complete, the FHRA hosted a ground breaking ceremony for the New Commissary/Exchange at Historic Fort Harrison. On June 20, 2007, several hundred community leaders, veterans, and military personnel celebrated the grand opening of the New Commissary and PX. When complete, the project finished on time and $500,000 under budget. In retrospect, the volume of design reviews and discussions aided the construction process. Change orders requested by DeCA or AAFES after September 14, 2005, would have to be funded by those agencies. Since neither had a budget for construction, change requests were few and far between.

One of the components that allowed for the success of the process was also the government's use of what was called the Government Representative. Because there were four federal agencies involved in the process (DeCA, AAFES, Army and Army Reserve), the FHRA wanted to have a single point of contact authorized to represent those four agencies. Had this step not been taken, the contractor would have been constantly bombarded by questions and situations of four different entities from four individuals, perhaps more. The Government Rep gave the FHRA cover and allowed for only the important matters to come through. The leverage held by the Government Rep was that payment requests from the contractor could not be funded without his signature on the request for payment. This insured that the government's review of work in process was thorough.

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This photo looks from the east, from the former PX site, at the pad ready site created from the demolition of the former commissary. This site is anticipated to be multi-story mixed used with first floor retail, office and residential above, on street parking, and walkable streets.

CONCLUSION

The end results were exactly what were anticipated when the idea was hatched. The military community in Indiana will continue to receive the Commissary and Post Exchange benefit in a state-of-the-art facility, located in Indiana's largest and most central population center. The Fort Harrison Reuse Authority has taken title to property located at the southern gateway of the final redevelopment phase of the former Fort Benjamin Harrison Army Base. The US Army has completed the Economic Development Conveyance for Fort Harrison, initiated in 1991 through the disposal of approximately 12 acres of land and buildings. And the US Army has released the mortgage outstanding from the original acquisition of Fort Harrison.

If the Authority was to go through this process again, the author would try to do two things differently. One would be to build the new facility on empty land. The final construction site required the environmental abatement and demolition of an old hospital. This requirement added five months to the construction process and more than $900,000 to the total project budget. There were other sites in the Army Reserve enclave that could have been developed that did not require building demolition.

Another lesson learned in the process, but difficult to overcome, is in design. DeCA and AAFES have very specific design criteria. These agencies have their own engineering divisions and build commissaries and post exchanges on military bases around the world. This control was difficult for DeCA and AAFES to relinquish. However, the author believes that cost savings could have been derived, if given the opportunity to be innovative in the combination of building systems and implementation of state-of-the-art building and energy practices used in the commercial sector today.

In the end, Fort Harrison has achieved a true win-win-win. The military personnel and their families are able to enjoy the commissary and PX benefits for years to come. This is important as Indiana has the 6th largest National Guard deployment in the country. From the stand point of the Army, they can officially close out Fort Harrison closure issues and focus attention and energy on other communities facing the difficult circumstance of base closure today. Fort Harrison is taking a giant leap forward in the ongoing redevelopment of this national success story.

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