

Taking the Mystery out of Best Places Rankings
*13 Rankings That Matter Most and the Methods and
Madness behind Them*

Innovative Land Swap Proves Economic
Catalyst for Uptown Charlotte
*Years in the Making, This Strategic Vision for Underutilized
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Are Economic Developers Asking Universities
to Participate in the Development of Their
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Building a 21st Century Workforce
The Alamo Academies

The New Economy and the Future
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William C. Sproull, FM
IEDC Chair

dear colleague

It has been a tremendous honor to serve as the Chairman of the Board of the International Economic Development Council over these 12 incredible months. I would like to thank the Board of Directors, the Governance Committee, the IEDC staff, and our amazing members for their support and for making IEDC the world-class, forward-thinking organization it is today. I am pleased to welcome our incoming Board Chair, JoAnn Cray, CEcD, in whom I have every confidence of her leadership in 2015.

When I was elected Chairman, I selected four strategic initiatives that I wanted to direct our efforts toward in 2014. These were: increasing our international presence, workforce development, entrepreneurship, and developing young professionals. I am delighted with the progress we made on all of these initiatives.

We were pleased to award 47 scholarships to young professionals to attend our Annual Conference, which featured several networking and mentoring sessions with experienced practitioners as well as special career building programs. The feedback was overwhelmingly positive. Our young professional delegation came out of the conference with new contacts and a better understanding of our profession. The YP Task Force that we initiated this year will be made into a standing advisory committee in 2015, so that we may continue engaging with the next generation.

Over this past year, IEDC has further strengthened our relationships with our international partners. Through our memorandum of understanding with the Economic Developers Association of Canada (EDAC), the Certified Economic Developer (CEcD) designation is now available to Canadian professionals. We now hold our professional development courses throughout Canada. We license our content in South Africa and will be training new professionals in Bosnia. I represented and made presentations on behalf of IEDC at meetings of the European Association of Development Agencies in Brussels and the World Association of Investment Promotion Agencies in Istanbul. Additionally, over 100 foreign nationals came to our Annual Conference.

We continued our focus on workforce development and entrepreneurship. Our 3rd White House Forum on Economic Development brought together SelectUSA and the Economic Development Administration, among others, to directly engage with federal officials for a discussion of the importance of encouraging entrepreneurship and keeping the U.S. workforce competitive on a global scale. The Forum was followed up with "Workforce Development through the Lens of Economic Development," a policy roundtable we hosted in Washington, DC at Gallup's world headquarters. We continue to work with the Lowe Foundation on entrepreneurship and are seeking other such partnerships to enhance programs and education for the profession on entrepreneurship.

It has been a great thrill to serve as IEDC Chair this year, and I look forward to continuing my relationship with the organization and increasing the profile of the economic development profession for years to come.

Sincerely,

A handwritten signature in black ink that reads "Bill Sproull". The signature is fluid and cursive, with the first name "Bill" and last name "Sproull" clearly distinguishable.

William C. Sproull, FM
IEDC Chair

The IEDC Economic Development Journal

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As university efforts to elevate business engagement for research, placing graduates, philanthropy, and other desired outcomes escalate, so, too, are universities creating the opportunity to present to those businesses how a closer proximate relationship could benefit both parties. It is that opportunity for a new proximate relationship that economic developers should not only be very interested in, but can help facilitate.



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Creating a skilled and educated workforce is the vision of the Alamo Academies, a nonprofit based in San Antonio, TX, which offers tuition-free career tracks for high-demand STEM occupations. The Alamo Academies program received the 2014 IEDC Gold Award in the Human Capital category.

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INTERNATIONAL
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taking the mystery out of

BEST PLACES RANKINGS

By Dariel Y. Curren

during the past decade, the number of city and state rankings has multiplied dramatically. Forbes, CNBC and a handful of economic development magazines once dominated the “best places for business” rankings, but today dozens of media outlets, think tanks, and polling organizations issue verdicts on which locations have the most hospitable business climates.

Do these rankings matter? The simple answer is yes. In the “Winning Strategies in Economic Development Marketing” survey conducted by Development Counsellors International (DCI) every three years, rankings and surveys have consistently registered in the top five choices of corporate executives and site selection consultants when asked to select the sources of information that influence their perceptions of a community’s business climate. Rankings/surveys ranked #5 of 13 choices in the 2014 survey, down from its #3 ranking in 2011.

While some people may say they don’t care and others may take it all with a grain of salt, rankings are often “lightning rod” material in communities. When a place ranks well on the pro-business scale, economic development organizations and chambers of commerce herald the accolade in their local media, on their websites, and in their marketing efforts. Conversely, when a city or state fares poorly, it is not uncommon for mayors or governors to take the heat.

Rankings and surveys also make for classic water cooler and social media material. In our 2.0 world, rankings are easy to tweet, post and forward by e-mail. They are catchy and viral and play to human inclination to take short bits of information and draw sweeping conclusions.

13 RANKINGS THAT MATTER MOST AND THE METHODS AND MADNESS BEHIND THEM

With the dramatic rise in number of city and state rankings over the past decade, it has become increasingly clear that there is no one way to define, measure or interpret “best” when it comes to an area’s business climate. The proliferation of these rankings – and their corresponding rise in influence over people’s perceptions – has left many economic developers scratching their heads, trying to understand the differences between rankings, their methodology, their nuances, and what exactly they mean. Here, we aim to demystify the business of place rankings with an in-depth look at what we consider to be the 13 most robust and influential measures of a successful business climate.



In DCI’s “Winning Strategies in Economic Development Marketing,” rankings and surveys have consistently ranked in the top five choices of corporate executives and site selection consultants when asked to select the sources of information that influence their perceptions of a community’s business climate. This year, rankings/surveyed ranked #5.

The proliferation of rankings – and their corresponding rise in influence – has left many economic developers scratching their heads, trying to understand the differences between the rankings, their methodology, their nuances, and what they mean. In a series of webinars, blogs, and presentations over the course of the last two years, DCI has attempted to take the mystery out of best places rankings through independent research and by talking directly to the people who spearhead the rankings about the factors they measure, the methods they use, and their sources for data.

Although new rankings and surveys crop up every day, particularly in content-hungry online me-

Dariel Y. Curren, senior vice president of Development Counsellors International (DCI), has worked in economic development marketing for more than two decades. (dariel.curren@aboutdci.com)

Her DCI colleagues, Steve Duncan and Patience Fairbrother, contributed to this article.

dia like Business Insider, Thumbtack, New Geography, and Nerd Wallet, DCI selected the following 13 rankings that we believe to be the most influential in economic development. The selection was based partly on the results of the 2014 “Winning Strategies” survey, which asked the respondents which rankings and surveys they pay the most attention to, and partly on an informal survey of economic development marketers about the rankings their organizations care most about.

TOP 13 PLACE RANKINGS DEMYSTIFIED

1) Forbes: Best States for Business – Ranked #1 by corporate executives and their location advisors in terms of the rankings/surveys that matter most to them, Forbes “Best States for Business” is considered the “granddaddy” of rankings. According to Kurt Badenhausen, the senior editor at Forbes who spearheads the annual ranking, the “Best States for Business” launched in 1996 to rank the 50 states across about three dozen metrics. A companion survey, “Best Places for Business and Careers,” launched three years later, and the magazine now also compiles an annual “Best Countries for Business” among many other rankings.

Forbes is highly transparent on its website about the data-driven methodology used to produce all three rankings, so this article will focus on its “Best States for Business” ranking, which is typically released in the autumn. According to the magazine, the ranking measures six vital categories for businesses: costs, labor supply, regulatory environment, current economic climate, growth prospects, and quality of life. In all, 37 points of data are factored in to determine the ranks in the six main areas. Below is the current breakdown of each category, as detailed by *Forbes*:

- **Business Costs** - Business costs incorporate Moody's Analytics cost of doing business index, which includes labor, energy, and taxes. Moody's weighs labor the most heavily in its index. *Forbes* also included a new state tax index from the Tax Foundation that looks at the tax burden on business in each state across different industries. Business costs are the most heavily weighted component in the *Forbes* Best States for Business ranking.
- **Labor Supply** - Labor supply measures college and high school attainment based on figures from the Census Bureau. *Forbes* also considers net migration over the past five years and the projected population growth over the next five years. Interestingly, this metric also factors in the percentage of the workforce that is represented by a union.
- **Regulatory Environment** - Regulatory environment includes metrics influenced by the government. *Forbes* factors in an index from Pollina Corporate Real Estate that measures tax incentives and the economic development efforts of each state. Other metrics include the Tort Liability Index from Pacific Research Foundation, as well as the regulatory component of PRI's U.S. Economic Freedom Index. Additional factors include Moody's bond rating on the

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Utah, which ranked #1 in Forbes' Best States for Business for three straight years from 2010 to 2012, returned to the top spot this year ahead of North Dakota, North Carolina, Virginia and Colorado.

state's general obligation debt and the transportation infrastructure including air, highway, and rail. *Forbes* also gives credit to those states that are right-to-work states.

- **Economic Climate** - The economic climate category measures job, income and gross state product growth, as well as unemployment during the past five years. Other metrics include the 2011 unemployment rate and the number of big public and private companies headquartered in the state.
- **Growth Prospects** - The growth prospects category measures job, income and gross state product growth forecasts over the next five years from Moody's Analytics. Other factors include business opening and closing statistics in each state from the Small Business Administration. *Forbes* also measures venture capital investments per PricewaterhouseCoopers and the National Venture Capital Association.
- **Quality of Life** - Quality of life takes in to account poverty rates per the Bureau of Economic Analysis; crime rates from the FBI; cost of living from Moody's; school test performance from the Department of Education; and the health of the people in the state per the United Health Foundation. In addition, *Forbes* considers the culture and recreation opportunities in the state per an index created by Bert Sperling. The state's mean temperature is factored in as a proxy for the weather. Lastly, this metric includes the number of top-ranked four-year colleges in the state from *Forbes'* annual college rankings.

2) CNBC: America's Top States for Business – The annual CNBC study ranks 50 states on 56 measures of competitiveness, developed using input from business groups, economic development experts, companies, and the states themselves. States receive points based on their rankings in each metric. CNBC then separates those metrics into 10 broad categories, weighting the categories based on how frequently they are cited in state economic



CNBC's "America's Top States for Business" weights categories based on how frequently they are cited in state economic development materials. This year, Georgia took the lead thanks to #1 rankings in workforce and infrastructure, both of which are heavily weighted with 300 and 350 points, respectively.

development marketing materials. In that way, it is important to note that the study ranks the states based on the criteria they use to sell themselves.

In a presentation at the IEDC Annual Conference in 2013, CNBC senior correspondent Scott Cohen, who manages the annual ranking, explained the cable network's "secret sauce," noting that the 10 categories and weighting are as follows:

- **Cost of Doing Business (450 points):** CNBC looks at the state and local tax burden in each state, including individual income and property taxes, as well as business taxes and gasoline taxes. Utility costs and the cost of wages, as well as rental costs for office, commercial, and industrial space, are also factored into this category. Rental-cost information is furnished by the CoStar Group.
- **Economy (375 points):** To gauge the economy, CNBC looks at economic growth, job creation, and the health of the residential real estate market. Each state's fiscal health is measured by looking at its credit ratings and outlook, as well as state revenues as compared to budget projections. CNBC also gives credit to states based on the number of major corporations headquartered there.
- **Infrastructure and Transportation (350 points):** CNBC measures the "vitality" of each state's transportation system by the value of goods shipped by air, waterways, roads, and rail. It looks at the availability of air travel in each state, the quality of the roads and bridges, the time it takes to commute to work, and the supply of safe drinking water.
- **Workforce (300 points):** CNBC rates states based on the education level of their workforce, as well as the numbers of available workers. It also considers union membership and the states' right-to-work law. Also factored in is the relative success of each state's worker-training programs in placing their participants in jobs.

- **Quality of Life (300 points):** CNBC scores the states on several factors, including crime rate and health care and the percent of the population with health insurance. It also evaluates local attractions, parks and recreation, as well as environmental quality.
- **Technology and Innovation (300 points):** CNBC evaluates the states on their support for innovation, the number of patents issued to their residents, and the record of high-tech business formation. Federal health, science, and agricultural research grants to the states are also considered.
- **Business Friendliness (200 points):** CNBC grades the states on the freedom their regulatory frameworks provide, as well as the perceived friendliness of their legal and tort liability systems.
- **Education (150 points):** The news organization analyzes traditional measures of K–12 education, including test scores, class size, and spending. It also considers the number of higher-education institutions in each state, as well as long-term trends for funding higher education.
- **Cost of Living (50 points):** CNBC reveals little information about this data point.
- **Access to Capital (25 points):** Contending that "companies go where the money is, and capital flows to some states more than others," CNBC looks at venture capital investments by state, as well as small-business lending on a relative basis.

3) Site Selection: Top US Business Climates, Governor's Cup and Top 10 Competitive States – Site Selection magazine has been compiling rankings since it was first published in 1954 under the name *Industrial Development*. According to Editor Mark Arend, the issues with rankings are among the publication's most popular, and in DCI's 2014 "Winning Strategies in Economic Development Marketing," *Site Selection* rankings were #2 on the list of national rankings/surveys that corporate executives and their location advisors cited as the most influential.

The publication's highly coveted "Governor's Cup," which is typically published in *Site Selection*'s March issue, is purely a projects-per-capita contest. In other words, the state with the most new and expanded cor-



In *Site Selection*'s 2013 Governor's Cup, Texas Governor Rick Perry won out for total number of qualifying projects, while Nebraska's Governor Dave Heineman earned bragging rights for most projects per capita.

Photo Credit: Site Selection Online: <http://www.siteselection.com/issues/2014/mar/cover.cfm>

porate projects per capita wins. Qualifying projects must meet one or more of these criteria: a minimum capital commercial investment of \$1 million, 20,000 square feet or more of new construction or creation of 50 or more new jobs.

Site Selection uses its publisher, Conway Data, as its primary resource for compiling its “Top 10 Competitive States.” The organization gets its data “via state, country, industry and trend reports, project profiles and a series of widely referenced economic development rankings.” The ranking takes the following criteria into account:

- Total new and expanded facilities
- Total new and expanded facilities per 1 million population
- Total capital investment in new and expanded facilities
- Total capital investment in new and expanded facilities per 1 million population
- Total new jobs created
- Total new jobs created per 1 million population
- Rank in the corporate real estate executive portion of the *Site Selection* Business Climate Ranking
- State tax climate as ranked by the Tax Foundation
- Performance in the Beacon Hill Institute’s State Competitiveness Index (Business Incubator Index)
- Number of National Career Readiness Certificates per 1,000 residents aged 18-64, according to ACT – Workforce Development Division, administrator of the ACT Certified Work Ready Communities initiative

Site Selection has its own research and editorial staff, which populates the Conway Data New Plant Database on a regular basis with qualifying projects to help determine the top states in its various rankings of business expansion activity. Projects include new and expanded facilities, significant renovations, and industrial leases. In addition, *Site Selection* regularly invites local, regional, and state economic development agencies to submit projects for inclusion in New Plant Database analyses. Most economic developers understand the importance of submitting their project data to *Site Selection* so that their areas’ capital investment activity gets the credit it deserves in the publication’s measures of new and expanding facilities.

4) Area Development: Top States for Doing Business, Gold and Silver Shovel Awards, and Leading Locations – Each year, *Area Development* publishes three major rankings that involve economic development organizations on both a state and city level:

- **Top States for Doing Business** – This report ranks the states based on their number of mentions in a site consultants’ survey conducted by the magazine. The three overall categories are Business Environment, Labor Climate, and Infrastructure and Global Access, which are split into 18 subcategories.

ONE WAY TO HANDLE A POOR RANKING: FIGHT BACK!

What can economic development organizations do when their city or state does not fare well in a national ranking? One option is to fight back. Sometimes the adversity thrust upon a community presents nothing more than an opportunity to stand out and make a statement. In fact, the national media love comeback stories, so a poor showing simply opens a door; it doesn’t shut it. Consider the following three instances in which cities or states took it on the chin, but punched back:

- **Rockford, Illinois:** Named by Forbes as the third “most miserable city” in the U.S. for its high unemployment, declining manufacturing base, and high property taxes, Rockford decided it wasn’t going to let the ranking get them down. Instead, the city’s Convention & Visitors Bureau developed an ad campaign with the theme, “Misery Loves Company.” The goal was to turn misery on its head, showcasing how “misery never smelled this fresh,” and “misery never made so many friends,” all the while highlighting the local farmers’ market and vibrant bar scene, to name a few examples. The ranking merely provided a platform for the city to promote creatively its finest assets.
- **Grand Rapids, Michigan:** Newsweek proclaimed 10 U.S. cities as “dying” back in 2011, with Grand Rapids earning the No. 10 spot. Rather than sulk, local leaders revived the community’s image with a 10-minute-long lip dub of Don McLean’s American Pie, with 5,000 people participating as the camera rolled through Grand Rapids’ fun-looking downtown. What has happened since then is remarkable – being named by Forbes as the No. 1 “Best Place to Raise a Family,” No. 4 “Best City for Finding Employment,” and No. 7 “Happiest City to Work in Right Now.”
- **North Dakota:** When the state of North Dakota inexplicably ranked poorly on Pollina’s Top 10 Pro-Business States, the Department of Commerce politely asked for a meeting to discuss the metrics that were being used to determine the ranking. The meeting revealed that one of the data sets didn’t include

accurate data for North Dakota. The state was able to suggest a different highly credible data source so Pollina could compare “apples to apples” across all 50 states. North Dakota fared much better in subsequent years.



Fight Back in Style: Rockford, Illinois turned a poor Forbes’ ranking on its head with the clever “Misery Loves Company” campaign.

- **Gold and Silver Shovel Awards** – For these awards, the magazine collects information from all 50 states about their top -10 job-creation and investment projects initiated during the year. Only those projects that actually had capital invested, broke ground, began an expansion or started new hiring, etc. were considered. Based on a combination of weighted factors – including the number of new jobs to be created in relation to the state's population, the combined dollar amount of the investments, the number of new facilities, the diversity of industry represented – five states achieving the highest weighted overall scores are awarded Gold Shovels in five population categories: 15+ million, 8+ to 15 million, 5+ to 8 million, 3+ to 5 million, and fewer than 3 million. Runners up in each of these population categories are awarded Silver Shovels.
- **Leading Locations** – *Area Development* ranks 379 MSAs across 21 economic and workforce indicators. These 21 indicators are pulled from seven data sets originating from four sources: the Bureau of Labor Statistics, Bureau of Economic Analysis, U.S. Census American Community Survey, and Moody's Analytics.

5) Tax Foundation: State Business Tax Climate Index – This index is a hierarchical structure built from five components: Individual Income Tax, Sales Tax, Corporate Income Tax, Property Tax, and Unemployment Insurance Tax. Each state is scored on a scale of zero (worst) to 10 (best). Each component is devoted to a major area of state taxation and includes numerous variables. Overall, there are over 100 variables measured in this report.

Each component is weighted based on the variability of the 50 states' scores from the mean. The standard deviation of each component is calculated and a weight for each component is created from that measure. The result is a heavier weight of those components with greater variability. The weighting of each of the five major components in:

- Individual Income Tax – 32.4%
- Sales Tax – 21.5%

- Corporate Tax – 20.2%
- Property Tax – 14.4%
- Unemployment Insurance Tax – 11.5%

This Tax Foundation index is used as a resource in several state business climate rankings, including Forbes' "Best States for Business" and Site Selection's "Top 10 Competitive States."

6) Pollina Corporate Real Estate: Top 10 Pro-Business States – According to Chicago-based Pollina Corporate Real Estate, its annual 50-state ranking indicates how well each state "has or has not positioned itself to retain and create jobs as well as sustain America's middle class." The study examines 32 factors relative to state efforts to be pro-business and takes a comprehensive two-stage approach:

- **Stage I: Labor, Taxes, and Other Factors** – This stage is based on 19 factors, including taxes, human resources, right-to-work legislation, energy costs, infrastructure spending, worker compensation legislation, and jobs lost or gained.
- **Stage II: Incentives and State Economic Development Agency Factors Evaluation** – This stage examines 13 additional state government-controlled factors, including state financial incentive programs and state economic development department evaluations.

Forbes uses Stage II data from this Pollina study in its "Best States for Business" ranking process.

A lot of questions we get about rankings are driven by heat from the local press. For less flattering rankings, consider looking at them from a different perspective instead of straight numbers.

COMMON DATA RESOURCES FOR RANKINGS

- Kauffman Foundation
- Bureau of Labor Statistics
- Moody's Analytics
- Tax Foundation
- Census Bureau
- Tort Liability Index (Pacific Research Institute)
- PRI's U.S. Economic Freedom Index
- Small Business Administration
- National Venture Capital Association
- PricewaterhouseCoopers
- Bureau of Economic Analysis
- FBI Crime Rates
- Department of Education
- United Health Foundation
- Forbes' College Rankings
- CoStar Group
- Beacon Hill Institute's State Competitiveness Index (Business Incubator Index)
- ACT – Workforce Development Division

7) Chief Executive: Best & Worst States for Business – *Chief Executive*, a bimonthly magazine that has a print circulation of more than 43,000, surveys 500 random CEOs from among its readership across the U.S. The survey asks the executives to rank states with which they were familiar on measures including tax and regulatory regime, the quality of the workforce, and the quality of the living environment. Unlike many of the other national rankings, which are data-driven, this ranking is based purely on the perceptions of those surveyed. This can prove frustrating to states where perceptions may be lagging reality.

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8) Sperlings' Best Places – Research, data, and number crunching by Oregon-based Bert Sperling has been the basis of numerous “Best Places” studies since 1985. He created Money magazine’s original “Best Places to Live” list and his website, Sperling’s Best Places (www.bestplaces.net) provides content to other sites such as Yahoo!, MSN, eBay, and *The Wall Street Journal*. Among his recent studies are: “Best Places to Retire” (MSN), “Best Cities for Women” (*Ladies’ Home Journal*), “Great College Towns” (*Newsweek*) and “America’s Best City to Live” and “Most Energetic City” (*USA Weekend*). Sperling partnered with *Forbes* in 2014 to identify “Top 97 Opportunity Cities” with the most opportunity for growth.

For the Bestplaces.net website, as well as the rankings in his books and media studies, Sperling uses a wide variety of data sources. Most of this data is public domain and compiled by government organizations, providing objectivity and third-party accountability. Sources include the U.S. Census Bureau, the FBI, the Centers for Disease Control and Prevention, the Bureau of Labor Statistics, the National Oceanic and Atmospheric Administration, and the U.S. Department of Health and Human Services, among others.

9) fDi Intelligence Unit: The fDi Report – For the first time in 2014, the fDi Report focused on the capital investment announced by foreign investors rather than the number of foreign direct investment (FDI) projects. The report draws on data from the fDi Markets database which tracks greenfield investment projects. It does not include mergers and acquisitions or other equity-based or non-equity investments. Only new investment projects and significant expansions of existing projects are included. The data include estimates for capital invest-

ment and job creation derived from algorithms when a company does not release the information.

10) Bloomberg Businessweek/A.T. Kearney: Global Cities Index – Bloomberg ranks global cities based on the A.T. Kearney Global Cities Index score. According to the global management consulting firm, cities are scored on a scale of zero to 100 according to 26 metrics in five dimensions:

- **Business activity** is measured by the number of headquarters of major global corporations, the number of locations of top business services firms, the value of a city’s capital markets, the number of international conferences held in the city, and the flow of goods through ports and airports (weighting: 30%).
- **Human capital** is measured by a city’s ability to attract talent based on the size of the foreign-born population, quality of universities, number of international schools, international student population, and number of residents with university degrees (weighting: 30%).
- **Information exchange** is measured by how well news and information circulate within and outside the city based on accessibility to major television news channels, Internet presence, including the robustness of results when searching for the city name in major languages, the number of international news bureaus, freedom of expression, and the broadband subscriber rate (weighting: 15%).
- **Cultural experience** is measured by the number of diverse attractions in the city, including the number of major sporting events a city hosts, the number of museums, performing-arts venues and culinary establishments, the number of international travelers, and the number of sister-city relationships (weighting: 15%).
- **Political engagement** is measured by how a city influences global policy dialogue based on the number of embassies and consulates, major think tanks, international organizations and local institutions with international reach that reside in the city, as well as the number of political conferences a city hosts (weighting: 10%).

11) Gallup: State of the States – Gallup, the nation’s top polling organization, tracks data on each state in a number of different categories:

- **Politics** (how they lean Democrat vs. Republican; Conservative vs. Liberal, etc.)
- **Religion** (Protestant vs. Catholic; Religious vs. Non-Religious)
- **Economy** (Economic confidence index, job creation index, hiring/firing, payroll to population, underemployment, government workers)
- **Well Being** (everything from percentage of obesity and diabetes to the percentage of people who eat produce frequently to a “city optimism”)

Most rankings still fall under the data-driven category. Want results? Changing policies at the legislative level is still the most effective way to increase a community's standing.

12) Brookings Institute: The Metro Monitor – This think tank and independent research organization tracks the performance of the 100 largest U.S. metropolitan areas on four indicators: jobs, unemployment, output (gross product), and house prices. The analysis of these indicators is focused on change during three time periods: the recession, the recovery, and the combination of the two (recession and recovery). The determination of each time period is place- and indicator-specific, with the recession for a given indicator being defined by the period from its metro-specific “peak” to its “trough” and the recovery being defined by the period from its “trough” to the first quarter of 2014.

For each time period and indicator, rankings are presented out of the 100 largest U.S. metro areas (1 indicates the best performance, 100 the worst). In addition, an “overall” ranking is presented that reflects metro area performance across the four indicators.

13) Business Facilities: Business Facilities Rankings Report – *Business Facilities* evaluates states on the basis of 50 factors, measured using U.S. databases and other resources. The report lists rankings for 25 categories, which are subcategories of the overall “Best Business Climate”:

- Education
- Best Infrastructure
- Economic Growth Potential
- Biotechnology Strength (Drugs/Pharma, Medical Devices)
- Automotive Manufacturing Strength
- Aerospace/Defense Industry Leaders
- Biofuel Leaders (Ethanol, Cellulosic Ethanol)
- Credit Quality
- Export Leaders
- Biotechnology Growth Potential
- Lowest Industrial Electricity Rates
- Employment Leaders
- Employment Recovery Leader
- Natural Gas Production Leaders
- Renewable Energy Leaders (Power Generation)
- Installed Wind Power Capacity Leaders
- Automotive Jobs Leaders
- Wind Power (percentage of overall energy)
- Workforce Training Leaders
- Lowest Cost of Labor
- Per Capita Income
- Best Business Tax Climate

- Data Center Leaders
- Installed Solar Power Capacity

Although *Business Facilities* primarily uses available databases and resources rather than data from states themselves, the magazine does take the “Deal of the Year Award” into account, for which any state organization can be considered through nomination. Submissions are judged by a panel of independent experts from the corporate relocation field.

FOUR TAKEAWAYS FOR ECONOMIC DEVELOPMENT ORGANIZATIONS

The list of rankings goes on and on. *Inc.* magazine tallies the Inc. 5000 fastest growing private companies in America and ranks the top 20 states with the greatest number of those companies in its “Top Cities for Fast-Growth Companies.” Thumbtack reports on a survey of 12,000 small business owners who rank the business friendliness of their own locale as “United States Small Business Friendliness.” There are rankings for the “Most Enterprising States” (U.S. Chamber of Commerce); “The Best Places to Live” (MONEY Magazine); and *Fast Company* ranks how the states stack up for innovation in the magazine’s annual “The United States of Innovation.” You name it and there’s a ranking for it.

Rankings clearly play a role in shaping perceptions that can be critical for attracting talent and businesses, so understanding them is important. Here are four takeaways from our research that could benefit economic development organizations struggling to understand the complexity of rankings:

- **A Tale of Two Rankings:** Rankings generally fall within two categories – data-driven or perception-based. The latter presents a stronger opportunity for marketing influence. One choice we like is using a dynamic personality to change the discussion. Business Leaders of Michigan has done a masterful job of this by using CEOs and other big wigs, including Bill Ford, Chairman of Ford Motor Company.
- **Don’t Forget that Policy Matters:** Most rankings still fall under the data-driven category. Want results? Changing policies at the legislative level is still the most effective way to increase a community’s standing. Case in point: Michigan overhauled its state tax system through a series of reforms, reducing the burden on companies by as much as 86%. This was reflected in the National Tax Foundation’s annual rankings, with Michigan advancing from 29th to 17th between 2008 and 2010.

Rankings generally fall within two categories – data-driven or perception-based. The latter presents a stronger opportunity for marketing influence. One choice we like is using a dynamic personality to change the discussion.

- **Are You Who You Are?:** A Golden Rule in marketing is to be authentic. That's hard to stomach if you're No. 256 in the latest Cool Cities ranking. But consider this – California and New York have been consistently ranked among the worst states for business for the past decade. But companies still have to, and want to, do business there. Conversely, South Dakota is almost always in the Top 5 for best state tax environments, but gets poor marks on venture capital flow.
- **Dealing with the Local Press:** A lot of questions we get about rankings are driven by heat from the local press. For less flattering rankings, consider looking at them from a different perspective instead of straight numbers. Perhaps your state is still ranked in the 30s, but have you moved up in the last five years more than any other state? Or if a collection of rankings shows a mixed bag – such as both Top 10 and Bottom 10 finishes – statements should be framed to show that rankings should be taken as a whole. 🌐

While some people may say they don't care and others may take it all with a grain of salt, rankings are often "lightning rod" material in communities. When a place ranks well on the pro-business scale, economic development organizations and chambers of commerce herald the accolade in their local media, on their websites, and in their marketing efforts. Conversely, when a city or state fares poorly, it is not uncommon for mayors or governors to take the heat.

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innovative land swap

PROVES ECONOMIC CATALYST FOR UPTOWN CHARLOTTE

By Lelia King



Panorama of 3rd Ward with 2 cranes in the air, projects under construction and completed projects surrounding Romare Bearden Park and BB&T Ballpark. From October 2014.

In 2005, Charlotte Center City Partners began preliminary work with public and private sector partners to facilitate a strategic land swap to redevelop two of Charlotte's downtown neighborhoods, Second Ward and Third Ward. The agency, which manages four of Charlotte's business improvement districts, facilitated the process and creation of the Land Swap plan as part of implementing several key recommendations of the city's downtown master plan, the Center City 2010 Vision Plan, adopted in 2000. Charlotte Center City Partners (CCCP) orchestrated the Land Swap under the leadership of President & CEO Michael Smith.

The concept of a land swap involves convincing owners of parcels of land to actually swap parcels

(and, for some, cash) in order for the parcels to be developed in a strategic way that fits within a larger vision for a certain area. For Uptown Charlotte, a vision for a ballpark neighborhood and adjoining park would not have come to fruition were it not for the vision and willingness of parcel owners.

The project included private and public sector involvement in an effort to transform large tracts

Lelia King is director of communications for Charlotte Center City Partners. (lking@charlottecenter-city.org)

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YEARS IN THE MAKING, THIS STRATEGIC VISION FOR UNDERUTILIZED PARCELS IS ON THE ROAD TO SUCCESS

The Uptown Charlotte Land Swap was recently named a recipient of the IEDC Gold Award for Public-Private Partnerships. This strategic and innovative idea to swap parcels of underutilized land has already resulted in the successful launch of a new minor league baseball stadium and new urban park in the heart of Uptown Charlotte, and more development is on the way. In this article, Charlotte Center City Partners offers a behind-the-scenes look at how implementing this big idea took a strong vision and strong partnerships.

of underutilized and underperforming land into new tax-generating development with well-designed, appropriately located new public parks and facilities. The project resulted in the construction of both Romare Bearden Park and the BB&T AAA Ballpark, and catalyzed redevelopment in the surrounding areas.

“The Land Swap has helped to write a new chapter for our city with a focus on creating affordable housing, inexpensive family-friendly entertainment, economic development, generating infill development on under-utilized blocks and creating first class urban green spaces,” Smith said. “We are grateful to the IEDC for recognizing that this type of strategic thinking and execution is happening in Charlotte. The results are incredible.”

Charlotte Center City Partners is the downtown development organization focused on facilitating and promoting the economic and cultural development of the urban core. The organization is a 501(c)4, operating under the leadership of a Board of Directors, with a unique vision of Charlotte’s Center City as a viable, livable, memorable, and sustainable Center City with modern infrastructure, a tapestry of great urban neighborhoods, and a diversity of thriving businesses. CCCP’s focus areas include Planning & Development, Business Recruitment and Retention, Marketing & Communications, Programming & Events, Research, Transportation, Sustainability, and Neighborhood Support & Development.

The Uptown Charlotte Land Swap has proven an overwhelming success. The Third Ward neighborhood, once a desert of unused industrial buildings and crumbling parking lots, is now bus-

ling with activity – The Charlotte Knights just completed their first season in the neighborhood’s new BB&T Ballpark, having played more than 70 home games. The new ballpark propelled the Knights from last in attendance for the 14-team International League to the top box-office draw this season among all minor-league clubs. Charlotte finished with 687,715 fans attending home games at the 10,000-capacity ballpark. The team ended the season with a celebration complete with local craft beers and a concert by Blues Traveler. Next door, Romare Bearden Park has become a magnet for residents and visitors alike with its gardens, interactive musical playground, and colorful waterfall against the shining Charlotte skyline.

When the ballpark opened in April 2014, more than 1,000 units of residential and commercial space were either planned or under construction in the area around the stadium and park. Restaurants, bars, and retail stores are following closely behind. Though the extent of the vision for the Land Swap has not been fully met yet, early results point to a long-term success for the Queen City.



BB&T Ballpark

BB&T BALLPARK

BB&T Ballpark, home of the Charlotte Knights, brought baseball back to Uptown Charlotte in 2014. More than 25 years ago, AAA minor league franchise Charlotte Knights moved to a regional facility in Fort Mill, SC. After years of planning, the decision to design and build a new stadium in Uptown Charlotte garnered support from Charlotte Center City Partners, the city of Charlotte, Mecklenburg County, and many other private and public partners.

The site is an 8.5-acre parcel in the Third Ward neighborhood of Uptown Charlotte, adjacent to Romare Bearden Park. In fact, the main entrance plaza is located directly across

from the park, creating synergy between the two parks and enhancing the urban connection to the facility.

The stadium has a capacity for 10,000 and includes concession areas, full team and media facilities, a team store, a natural-grass field, and 22 private, luxury suites. The interior stadium areas total 101,414 heated square feet, and the exterior, unheated areas encompass 136,730 square feet.

The stadium seating bowl is intentionally depressed below the surrounding street level to eliminate views of back-stadium structures and to open the stadium to inviting views from the street and sidewalk. BB&T

Ballpark was oriented to provide a stunning view of the Charlotte skyline from nearly every vantage point, particularly home plate. The view has become a favorite for taking photos at games. BB&T Ballpark also features the widest HD videoboard in any Minor League stadium, at 30 x 80 feet.

The project achieved LEED certification, incorporating locally sourced materials, low-e and SHGC glazing, energy-efficient building envelope and HVAC systems which resulted in a 32 percent energy cost savings. More than 95 percent of construction waste was diverted from landfills.

THE PROCESS

Because a majority of the land in question was publicly-owned, the process involved proving to the County Commission and City Council that an intricate land swap strategy was a viable and optimal way to benefit the community and achieve the 2010 Plan recommendations. Achieving this trust was not easy – it involved individual conversations, small and large meetings, presentations, and phone calls. Private land owners also needed to be convinced to put key parcels in play to achieve the community's goals above their company's interests. Developing individual relationships with each land owner proved key to the success of the Land Swap plan.



Element under construction, recently completed, overlooks Romare Bearden Park and BB&T Ballpark.

The concept for redevelopment of the two neighborhoods would be instigated and catalyzed by three key projects: a new 11-acre mixed-use development in Second Ward; and, a new 5.4-acre park as well as a 10,000-seat baseball stadium in Third Ward.

The Land Swap had been preceded by extensive, quality planning and visioning that determined our goals and objectives:

- 1) Bring baseball back to downtown & provide affordable family fun – Baseball had been the fabric of Charlotte life from 1901- 1988 until the team was purchased and moved to Fort Mill, SC.
- 2) Create a new downtown park – the 2010 Center City plan called for the creation of a major urban downtown park, which has finally been realized.

- 3) Build new affordable and market rate downtown housing – make the neighborhood accessible for people from all walks of life to benefit from and enjoy the amenities of urban living.
- 4) Expand the municipal tax base and create jobs – redevelop strategically located, publicly-owned land into privately owned revenue-generating assets; create new jobs.

These objectives were outlined in the Center City 2010 Vision Plan, which was created as a collaborative effort between Charlotte Center City Partners, the city of Charlotte, and Mecklenburg County. The plan was adopted by City Council and the Mecklenburg County Board of Commissioners in 2000. Charlotte has created downtown master plans each decade since the 1960s as a collective effort of Charlotte residents, government staff, developers, landowners, public officials, and national planning experts. The goal of the plans is to guide Center City's future on several levels – on a global scale, as an economic center, and as a series of neighborhoods for people to live, work, learn, and visit.

The concept for redevelopment of the two neighborhoods would be instigated and catalyzed by three key projects: a new 11-acre mixed-use development in Second Ward; and, a new 5.4-acre park as well as a 10,000-seat baseball stadium in Third Ward.

THE PARTNERSHIPS

CCCP's role in facilitating and fostering partnerships was key to the success of the Land Swap. Major partners in the project in addition to CCCP included:

City of Charlotte – public land owner provided funding for infrastructure improvements

Mecklenburg County – public land owner leased land to Knights for \$1/year to make ballpark development feasible; funded construction of infrastructure for ballpark and park

Charlotte Knights AAA Baseball Club – privately developed the BB&T Ballpark

Mass Mutual, Wells Fargo, Spectrum Properties – private land owners and prospective developers of Second Ward Brooklyn Village

Third Ward Neighborhood Association – created the Third Ward neighborhood plan that proposed development of an uptown park and ballpark neighborhood

Charlotte-Mecklenburg Planning Department – created the plan that proposed a new urban neighborhood called Brooklyn Village in 2nd Ward

Mecklenburg County Parks & Recreation Department – developed Romare Bearden Park

LandDesign & Neighboring Concepts – designed Romare Bearden Park

Odell & Associates – designed BB&T Ballpark

Charlotte-Mecklenburg Schools – owned parcel of land

Facilitating the Land Swap was tedious and sensitive. CCCP's major task was to bring each party to the table to discuss and work toward common goals. By establishing strong connections and partnerships, CCCP was able to carefully facilitate these complicated relationships and legal transactions so that all parties involved, and ultimately the city as a whole, benefitted.

In order to share the vision and begin initial conversation around the Uptown Charlotte Land Swap, CCCP President & CEO Michael Smith contacted each entity that had been identified as a major partner. Each partner, listed above, had to get behind the idea in order for it to work. Smith and the CCCP team started with one-on-one meetings with individual partners. Once each partner signed on to the idea, they kept the ball moving with weekly meetings with all key partners – private and public.

Though it was uncertain how long it would take to see the idea come to fruition, the team continued to meet on a weekly basis to ensure continuity despite obstacles and setbacks. Those setbacks included an economic recession and multiple legal battles. One private developer sought to put a stop to the realization of the community's vision in an effort to push his own idea of bringing major league baseball to Charlotte in lieu of minor league.



The Catalyst apartments with ground floor retail, as built adjacent to Romare Bearden Park.



Romare Bearden Park as built in 2013.

ROMARE BEARDEN PARK

When Romare Bearden Park opened in Uptown in 2013, it became an instant icon for Charlotte. The 5.4-acre park has been an integral chapter in an unprecedented story about the transformation of Uptown's Third Ward into a ballpark neighborhood; and about how Charlotte's citizens and leaders accomplish great things...together.

The park, which stretches between Church Street, Third Street, Mint Street, and MLK Jr. Boulevard, is a long-awaited tribute to artist Romare Bearden, who was born in 1911 in his great-grandparents' house at the corner of Second (now MLK Jr. Boulevard) and Graham Street in Uptown. Bearden included memories of Charlotte and Mecklenburg County in his later work.

Romare Bearden Park, produced by LandDesign and artist Norie Sato, is based on Bearden's collages and paintings and features beautiful, intentionally-planned plants and flowers, a creative music "playground," and a colorful waterfall that has become a popular photo backdrop for Uptown Charlotte. The open space has become a place for yoga classes, impromptu concerts, workday lunch breaks, romantic strolls, snowball fights, and inspiration.

Hundreds of individuals with dozens of organizations played a role in ensuring Romare Bearden Park was a success and a source of pride for our community. Mecklenburg County, Mecklenburg County Park & Recreation, the city of Charlotte, Wells Fargo, Spectrum Properties, Mass Mutual, the Arts and Science Council, and Charlotte Center City Partners represent some of those key players who had the vision to bring the park to life.

The partners pulled together and weathered a seven-year storm of seven law suits by this individual in order to execute the goals that the community's collective planning process had clearly defined. Despite these challenges, the partners clung to their vision. The recession meant that a few pieces of the puzzle would have to change (primarily with financing – the deal ended up needing some support from the city) but the overall vision and plan remained intact.

In the end, the vision for the Land Swap prevailed as a collaborative community effort, in part because of the strong relationships and partnerships that had been formed.

As the vision for Third Ward begins to take shape, the next phase of the development plans made possible by the Land Swap will take place in Second Ward with the creation of a new Brooklyn Village, neighborhood park and school.



Rendering of The Mint apartments with retail, currently under construction adjacent to BB&T Ballpark.

THE IMPACT

CCCCP's key role in the Land Swap was to facilitate a process that transformed large tracts of publicly-owned land, which were not generating tax revenue, into new tax-generating developments with well-designed, appropriately located new public parks and facilities for affordable family fun.

Prior to the land swap, annual property tax paid to the county on the future sites of the park and ballpark equaled \$152,000. Now, having been completed, the ballpark should generate \$500,000 to \$830,000 in new tax revenue and 490 jobs.

After the swap, private developments that were catalyzed by the park and ballpark will produce an estimated tax of \$2.8 MM to the county and an estimated construction value of \$250 MM in residential product and \$65 MM in office. Including the ballpark, an estimated total of more than \$350 MM in construction has been generated adjacent to the park and ballpark. Speculative projects in planning stages could generate another estimated \$1.5 MM in taxes within the next three years.

With a new park and ballpark in the heart of Uptown Charlotte, the city has enjoyed several festivals and events in these public spaces. On a daily basis, patrons can be seen in the park enjoying lunch from a local food truck, doing yoga or simply stopping to watch other people. Romare Bearden Park does what great public spaces should - create opportunities for casual interactions, for community to happen. The park's location adjacent to the ballpark only further energizes the blocks. With new multi-family, LEED buildings and mixed-use projects coming out of the ground, residents and workers are increasing in number, which complements the daily population of visitors in Uptown. The area around these two great projects, instigated by the Land Swap, is truly becoming a well-rounded, sustainable urban neighborhood.

WHAT'S NEXT

As the vision for Third Ward begins to take shape, the next phase of the development plans made possible by the Land Swap will take place in Second Ward with the creation of a new Brooklyn Village, neighborhood park and school. Prior to the recession, Spectrum Properties had master planned a new 11-acre neighborhood village called Brooklyn Village. The goal of the community is to create a true live/work/play resilient urban neighborhood that is accessible to a wide demographic. An RFQ for master developer is currently being generated.



The Ally Building LEED office with ground floor retail was catalyzed by the approval of Romare Bearden Park plans.

Leveraging publicly-owned land, the Land Swap has created unique opportunities to build a more sustainable Charlotte of tomorrow by executing the goals of a community vision. Already, the project has helped to write a new chapter for the city with a focus on creating affordable housing, inexpensive family-friendly entertainment, economic development, generating infill development on under-utilized blocks and creating first class urban green spaces.

INNOVATION & REPLICATION

The process and strategy that was used for this project is scalable, replicable, and transferable for other cities and projects. The concept behind the Land Swap was to respond to the planning and visioning work that had been done and to execute the vision by unlocking re-development opportunities through facilitating partnerships. Like what was accomplished in Charlotte's Land Swap, other communities could use their local knowledge, vision plans, and partnership-building to achieve results with similar impact and magnitude, yet builds on their relationships and reflects the indigenous character and goals.

The process and strategy that was used for this project is scalable, replicable, and transferable for other cities and projects. The concept behind the Land Swap was to respond to the planning and visioning work that had been done and to execute the vision by unlocking re-development opportunities through facilitating partnerships.

By establishing wonderful connections and partnerships, CCCP was able to carefully facilitate complicated relationships and legal transactions so that all parties involved, and ultimately the city as a whole, benefitted. 🌐



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ASKING UNIVERSITIES TO PARTICIPATE IN THE DEVELOPMENT OF THEIR STATE'S ECONOMIES?

By Joel “Rick” Duke, CEcD, EDFP

One of the most insightful reports on the need and responsibility for university involvement in state economic development was written by a group of participants in the 1986 Class of Leadership Mississippi. At the time, none in the group was an economic developer nor employed in higher education.

This adult leadership group presented their findings in a report entitled, “University Expertise and Economic Development: Where Do They Meet?” Fundamentally, they explored the extent to which Mississippi universities had an active commitment to **public service** or **community engagement** in addition to providing “an education.” They concluded that “there is no doubt the potential for utilizing universities to intentionally generate jobs, invent new products, improve manufacturing processes and market Mississippi resources is far greater than the very limited accomplishments our (Mississippi) universities have made in the past.”

As some of the early thought-leaders for what is now called **technology or knowledge-led economic development**, these leaders acknowledged that universities are “hotbeds of expertise and brain power—the most fundamental building blocks for economic development.”

Others including Shaffer and Wright (see below), the Association of Public and Land-Grant Universities, the International Economic Development Council, the Southern Technology Council with *Innovation U.*, and Tornatzky & Rideout in *Innovation U. 2.0* have highlighted technology or

At its most central focus, economic development is about engaging, developing relationships with, and growing businesses, as well as developing communities. Each university, if we look across the campus, likely has numerous business engagements and various community relationships, which would be of interest to economic developers.

knowledge-led economic development and some exceptional universities. The Louisiana Economic Development agency even developed a “Higher Education Economic Development Playbook” demonstrating the ways their colleges and universities can contribute to economic development success.

At its most central focus, economic development is about engaging, developing relationships with, and growing businesses, as well as developing communities. Each university, if we look across the campus, likely has numerous business engagements and various community relationships, which would be of interest to economic developers.

There are two significant opportunities presented by this common interest in communities and private sector businesses. First, a university can create a coordinated strategy for robust community and business engagement among what are now likely disparate efforts across their campus. Next, economic developers can leverage a university's depth of knowledge of and relationships with businesses and communities toward their own desired outcomes.

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SELECT SOUTHEAST U.S. UNIVERSITIES ARE DEMONSTRATING WHY THEY SHOULD

Each university likely has numerous business engagement relationships, which would be of interest to economic developers. There are two big opportunities presented by this common interest in private sector businesses. One, a university can create a coordinated strategy for robust business engagement among what are now likely disparate efforts across their campus. Next, economic developers can leverage a university's relationships with businesses toward their own desired outcomes. There are some excellent examples of universities around the country taking strategic steps to engage the business community. As universities elevate efforts to engage businesses they create opportunities to present to those businesses how a closer proximate relationship could benefit both parties.

ENGAGED UNIVERSITIES

Shaffer and Wright in their March 2010 report, “A New Paradigm for Economic Development: How Higher Education Institutions Are Working to Revitalize Their Regional and State Economies,” noted that “**engagement** is the watchword for creating a ‘new kind of university,’ but it is also an animating mission with deep historical threads for public universities. These include the traditions of ‘cooperative extension’ arising from applied knowledge delivered by land grant colleges to the agricultural sector, as well as more recent emphasis on service learning to round out and ground the educational experiences of college students and civic service efforts to produce an effective citizenry.”

The land grant universities certainly view public service and engagement as central to their mission, but other universities have a long history of the same. Shaffer and Wright highlighted universities in both categories in their report, including the following Southeastern universities: North Carolina State, Georgia Tech, the University of Georgia, the University of Missouri-St. Louis plus local partners, Virginia Commonwealth University and the University of Memphis.

The authors conclude, “although the examples described in this report offer an extraordinary range of potential models for universities and university systems to draw upon, the process of thinking through the goals and how they can be met in specific circumstances appears to be the key to creating strong and mutually useful relations among states, academic institutions, local economies, and communities.”

APLU AND THE ECONOMIC DEVELOPMENT ROLE OF UNIVERSITIES

Also in 2010, the Association of Public and Land-Grant Universities’ (APLU) Commission on Innovation, Competitiveness and Economic Prosperity (CICEP) launched their “Institutional Self Assessment Tool to Enhance Regional Innovation and Prosperity.” The tool is contained in a report called “Assessment Tools for Examining the Role of Universities in Economic Development” and can be accessed via the APLU website under the Commission’s menu option.

According to APLU, “the tool was developed through extensive consultation by and among university personnel from a broad range of perspectives - including economic development, technology transfer, research, engagement and outreach, academic affairs, continuing education - pilot testing, feedback sessions at CICEP summer meetings, and program sessions at an APLU Annual Meeting.

In July 2014, APLU recognized the second class of universities, which achieved the *Innovation & Economic Prosperity University* designations. From the Southeast, Georgia Tech, North Carolina State, Texas Tech University, and the University of Houston were among the class of 14 recognized institutions. From the first class of 16 in

2013, the University of Central Florida, the University of Georgia, the University of Memphis, and the University of Missouri were recognized.

A UNIVERSITY PRESIDENT’S VISION

Mary Sue Coleman, president of the University of Michigan, emphasized that universities like hers should aim to be more entrepreneurial in a changing economy. “It’s time for higher education to be the innovators we are teaching our students to be,” she stated to members of the Detroit Economic Club, according to Matthew Buccelli’s April 2014 article for the International Economic Development Council (IEDC).

Buccelli suggested that Coleman may be urging a broader strategic shift in the higher education mindset to one of more relevance and even greater impact. He also suggests there is more economic developers can do to work with universities to encourage these strategic partners and their own organizations to be more innovative. He recognizes opportunities from both perspectives. Each can make an even more concerted effort to explore just how complementary their common community development and private sector business interests really are.

AN EARLY VIEW

Innovation U.: New University Roles in a Knowledge Economy was authored by Tornatzky, Waugaman, and Gray and published in March 2002 by the Southern Technology Council and Southern Growth Policies Board. The book’s Forward discusses an engagement model in existence for several years prior to 2002.

Walter Plosila, Ph. D., with the Battelle Memorial Institute in Cleveland, wrote the book’s Forward. Dr. Plosila wrote, “The American university has set a world-class standard for fundamental basic research.” Not as well known is in the past 10 to 15 years (prior to 2002), a new model for the American university as a partner in its regional and state economy has also emerged. “Business-higher education partnerships have emerged from the ‘grass roots’ and have demonstrated a very pluralistic and individually tailored approach to the evolution of their practice of partnering.”

The authors state two objectives for the book. They wanted to describe how a small group of research universities use their technical strengths to engage industry (business) and other external partners as well as to highlight approaches to external partnering which can enhance regional, state-focused economic development.

Among the 12 universities profiled in the 2002 book, the Southeast region included Georgia Tech, North Carolina State University, Texas A&M University, and Virginia Tech. In the most recent version, *Innovation U. 2.0: Reinventing University Roles in a Knowledge Economy* by Tornatzky and Rideout, universities that were highlighted included Clemson University, the University of Florida, Georgia Tech, and North Carolina State University from the Southeast. Georgia Tech and North Carolina State University made both lists.

HOW UNIVERSITIES ORGANIZE FOR INNOVATION

For *Innovation U. 2.0*, the authors focused on a new “set of key problems or opportunities related to major organizational subsystems that universities need to address in order to be more effective in technological innovation.” They were:

- University Culture: Goals and Aspirations
- Leadership
- Boundary-spanning Entrepreneurship (i.e., **campus groups working together** and with external stakeholders)
- Boundary-spanning Industry and Community Partnering
- Boundary-spanning Technology Transfer

An important concept to reinforce for universities and economic developers is the emphasis on collaboration across disciplines and functions on a campus. Every faculty member and researcher can be thought of as an “entrepreneur” and every campus center or institute is focused on their sponsors and missions. To date, there have not been many incentives for collaboration across disciplines. *Innovation U. 2.0* highlights campuses, which have used innovative approaches to encourage such collaboration internally and externally with economic developers.

The Playbook provides a roadmap for developing the organizational structures necessary to enhance industry and economic development relationships and for conducting industry needs assessments to determine how to provide value to industry. **It is through the demonstration of value that relationships with industry are developed and maintained.**

HIGHER EDUCATION-BUSINESS ENGAGEMENT BEST PRACTICE

An excellent example of “boundary-spanning” can be seen in the Louisiana Economic Development “Higher Education Economic Development Playbook.” From the Executive Summary, “the Higher Education Economic Development Playbook is intended to convey the role of post-secondary education in economic development.

The Playbook provides a roadmap for developing the organizational structures necessary to enhance industry and economic development relationships and for conducting industry needs assessments to determine how to provide value to industry. **It is through the demonstra-**

tion of value that relationships with industry are developed and maintained.

While this process is institution driven, the resulting relationships should benefit institutions, students, AND industry. The playbook is designed to be a guide for institutional leaders in developing economic development strategic plans for their organizations. The best plans will encompass a regional perspective with input from economic development leaders, workforce development professionals, industry, and surrounding institutions.”

The Playbook cites several “big business recruitment wins for Louisiana and institutions.” Among the list for this state’s universities are:

- Louisiana Tech and CenturyLink
- Louisiana State University (LSU) and EA Sports
- University of New Orleans and GE Capital
- LSU Agricultural Center and ConAgra Foods
- LSU and IBM

With recognition of the benefits to both universities and economic development, the Playbook states, “developing and maintaining relationships with industry is done through the demonstration of value, whether that be through the provision of skilled employees meeting a company’s needs, innovations that lead to process improvements thus increased profits, or services to support small business development. However, this is not a one-way street, it is a mutually beneficial relationship.” The mutual benefits are:

- Those employees are graduates that now have jobs, are earning money, and contributing to their communities.
- The university that develops a process improvement is likely to have an ongoing relationship with the company that benefitted from the improvement, which could result in future sponsored research or the development of professional-in-residence programs, among other relationships.
- The successful start-up company that began operations in a university business incubator and received services from a Small Business Development Center associated with the university may employ future graduates, provide support for up-and-coming companies, or even donate to the institution.

The Playbook is meant to help post-secondary institutions create internal structures that support these activities.

THREE SOUTHERN UNIVERSITIES MOST RECOGNIZED

From these various sources, several universities in the Southeast have been recognized. Three universities, **the University of Georgia, North Carolina State, and Georgia Tech**, have appeared most frequently. In addition to looking at the totality of the programs, there is also benefit to be gained from best practices at other universities in this region.

HOW TO FIND UNIVERSITY BEST PRACTICES

Using a simple methodology of keyword searches from university websites reveals best practices worthy of highlighting and emulation. The following keywords are suggested:

- Strategic plan
- Economic development
- Corporate engagement

The search using “economic development” will likely be very revealing not only in terms of economic development programs but also in terms of “leadership” (*Innovation U. 2.0*) or who at each university has a title, which contains “economic development.” For example, “Vice President for Research & Economic Development” is not uncommon.

The keyword search using “strategic plan” will likely reveal the most current plan usually created early in a new administration with a look five years or more out. Contained in the plan will be clues to the value the administration and the campus places on economic development, public service, community engagement, corporate relations, etc. The plan is a strong indication of “University Culture: Goals and Aspirations” (*Innovation U. 2.0*).

For the Southeast U.S. region focus of this article, using the methodology described above reveals best practices in university corporate engagement. Items below were extracted directly from the respective university websites. The best practices are:

- The University of Florida’s College of Engineering’s Office of Research & Facilities has a robust corporate engagement function. This College conducted \$7 million of sponsored research last year. The contact is the Director of Industry Programs. (www.eng.ufl.edu/industryprograms/)
- The University of Georgia’s Corporate Connect has a one-person staff and a mission to engage the Atlanta corporate community, offering access to university knowledge and facilities as well as encouraging corporate philanthropy to the university. (www.research.uga.edu/corporateconnect/)
- Within the Office of University Relations, the Office of Corporate Partnerships is the front door to the University of Kentucky. (www.uky.edu/universityrelations/departments/corporate-partnerships)
- The University of South Carolina in 2013 created an Office of Economic Engagement. (<http://engageusc.com>)
- The University of Tennessee, Corporate and Foundation Relations connects and fosters faculty relationships with private foundations and corporations for the University of Tennessee, Office of Research & Engagement. (<http://research.utk.edu/corporate-foundation-relations/>)
- The University of Alabama Center for Economic

Development serves as a gateway to the university in providing economic development resources. (<http://www.uaced.ua.edu>)

- The Auburn Research & Technology Foundation has entered into a partnership with Auburn University, the Auburn Industrial Development Board, and the city of Auburn to facilitate knowledge-based economic development. (<http://www.auburnrtf.com>)
- Division of Economic Development is located in the Louisiana State University (LSU) College of Business and their Stephenson Entrepreneurship Institute promotes and fosters entrepreneurial practices through education, outreach, and research. (<http://business.lsu.edu/Economic-Development/Pages/Division-Economic-Development.aspx>)
- Mississippi State University recently created a position called, “Associate Vice President for Corporate Engagement and Economic Development.” (<http://www.msstate.edu/web/media/detail.php?id=6654>)
- The University of North Carolina at Charlotte has a significant focus on university-industry-community engagement. Examples include the Charlotte Research Institute, the Charlotte Urban Institute, a new facility to house PORTAL (Partnership, Outreach and Research to Accelerate Learning) and an array of entrepreneurship-related facilities and programs in the new PORTAL building. (<http://cri.uncc.edu/business-partners/portal>)

The keyword search using “strategic plan” will likely reveal the most current plan usually created early in a new administration with a look five years or more out.

Contained in the plan will be clues to the value the administration and the campus places on economic development, public service, community engagement, corporate relations, etc. The plan is a strong indication of “University Culture: Goals and Aspirations” (*Innovation U. 2.0*).

BEST PRACTICES AROUND THE COUNTRY

Though outside the Southeast region, two other universities’ “boundary-spanning” initiatives are worthy of recognition. **Kansas State University** has recently created an Office of Corporate Engagement as the culmination of efforts dating back to at least 2010. Their Task Force Report uses terms like “holistic” and “single portal approach” in their recommendations for what has become this new Office of Corporate Engagement. In addition, The **University of Oklahoma** established a Corporate Engagement Office (CEO). CEO is a comprehensive program from economic development relationships to strategic corporate relations to research campus tenant relations.

HOW TO FIND STATE ECONOMIC DEVELOPMENT BEST PRACTICES

Also important is a keyword search of the state economic development organization's website using the name of the specific university of interest to attempt to determine the degree of recent collaboration. A look at some Southeast U.S. state economic development agency websites reveals these examples of collaborations with universities:

- The Enterprise Florida website specifically mentions two University of Florida (UF)-related collaboratives—the Innovation Hub at UF under the life sciences section, Shands at UF and several life sciences companies in the Gainesville area. In addition, the Florida Energy Systems Consortium is mentioned in the Cleantech section. (<http://www.enterpriseflorida.com>)
- The Georgia Department of Economic Development's site mentions the University of Georgia's Director of Economic Development position appointed in July 2013 and co-located with the Department. (<http://www.georgia.org>)
- The South Carolina Department of Commerce site has a link to "Research & Innovation" under the SC Advantage menu. Particular emphasis has been given to each of the three research universities, which are Clemson, the University of South Carolina, and The Medical University of South Carolina. (<http://sccommerce.com>)
- The Louisiana Economic Development site highlights the university-new company locations noted in the "Economic Development Playbook" section above. (<http://www.opportunitylouisiana.com>)
- The Texas Economic Development & Tourism website highlights their Biotechnology & Life Sciences target industry and information on each university involved is available. For example, Texas A&M's Center for Innovation in Advanced Development & Manufacturing is profiled. (<https://texaswideopenforbusiness.com>)

The relative lack of university-specific content on Southeastern state economic development agency websites represents a yet missed, but significant opportunity to promote and collaborate from both the university and state perspectives.

SEIZE ENGAGEMENT PARTNERSHIPS

In conclusion, there is still a gap between what economic developers are asking from their universities in the Southeast region, but the gap seen by the Leadership Mississippi group in 1986 is certainly showing signs of narrowing. There are some excellent examples of Southeast universities and others around the country, taking strategic and "boundary-spanning" steps to engage the business community, though those steps are, at this point, university-focused and not necessarily recognized as potentially serving broader economic development goals.

As university efforts to elevate business engagement for research, placing graduates, philanthropy, and other desired outcomes escalate, so, too, are universities creating the opportunity to present to those businesses how a closer proximate relationship could benefit both parties. It is that opportunity for a new proximate relationship that economic developers should not only be very interested in, but can help facilitate. 🌐



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NEWS FROM IEDC

2014 SALARY & DEMOGRAPHIC SURVEY

The 2014 Salary & Demographic Survey can now be purchased on IEDC's website at www.iedconline.org. IEDC conducts the survey to collect salary, education, and other demographic information related to the economic development profession for our members' benefit, as well as a resource for ongoing research and technical assistance projects. Readex Research conducted the survey in August, with report findings and table tabulations reviewed and formulated in collaboration with IEDC staff.

The survey effort is undertaken every two years and involves outreach to nearly 40,000 professionals in the U.S., Canada, and throughout the world. It is a collaborative effort involving our partners at the state, provincial, and regional levels.

EDRP RELEASES REPORT ON WORKFORCE DEVELOPMENT

A skilled workforce is one of the most important factors impacting a community's competitiveness. To address this issue, IEDC's in-house think tank, the Economic Development Research Partners (EDRP), focused their latest paper on new policies in workforce development and how economic developers can take a lead role in creating talent pipelines.

The paper provides an overview of the players in workforce development, a survey of economic developers' approach to the issue, and recommendations for how to best influence workforce development on a regional, state, and local scale. The report will be free for IEDC members to download on iedconline.org and will be available in printed format at a cost of \$60 for non-members.



2015 FEDERAL ECONOMIC DEVELOPMENT FORUM

The 2015 Federal Economic Development Forum is taking place March 29-31 in Arlington, VA. The Forum is the only conference held annually that is focused exclusively on federal programs and legislation impacting economic development. It will feature a broad range of topics for economic developers in communities large and small, from the East coast to the West Coast. Topics include manufacturing, workforce development, energy, public-private partnerships, surface transportation, and water infrastructure.

The Forum provides an excellent opportunity to network with federal officials and colleagues who are also working with federal programs in support of local and regional economic development. Mark your calendars and visit www.iedconline.org to register for the conference.

FREE WEBINAR SERIES ON ECONOMIC RESILIENCY & RECOVERY

IEDC has launched its 2015 Economic Resiliency and Recovery webinar series program, made possible by an Economic Development Administration grant. This free series provides essential information on key topics in preparedness and economic recovery for economic development organizations and chambers of commerce.

Each webinar features practitioners with real world experience and leadership in the subject matter. Also, each webinar will feature efforts made in impacted communities as examples that can be replicated across the U.S. The 2015 topics range from energy, workforce, entrepreneurship for resiliency, and economic recovery priorities. To register, visit <http://restoreyoureconomy.org/resources/learn/>

AEDO PROGRAM WELCOMES 43RD MEMBER, REACCREDITS TWO MORE

IEDC is proud to announce the accreditation of its 43rd AEDO member: the Metro Orlando Economic Development Commission. Located in Orlando, FL, the EDC has been led by President and CEO Rick Weddle, FM, HLM, since March 2011. The organization becomes the third AEDO in Florida. In addition, IEDC recently reaccruited two AEDOs: the Lake Superior Community Partnership (Marquette, MI) and the Hampton Roads Economic Development Alliance (Hampton Roads, VA).



These organizations represent the high quality and dedication to excellence that the Accredited Economic Development Organization (AEDO) program demands. Earning accreditation is an effective way for economic development entities to increase their visibility in the community and gain independent feedback on their organizational operations. For more information, contact Program Manager Tye Libby at tlibby@iedconline.org.



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



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

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

CONFERENCES

2015 Leadership Summit

January 25-27
Palm Beach County, FL

2015 Federal Forum

March 29-31
Arlington, VA

2015 Economic Future Forum

June 7-9
Madison, WI

2015 Annual Conference

October 4-7
Anchorage, AK

2015 TRAINING COURSES

Real Estate Development & Reuse

January 22-23
Palm Beach County, FL

Business Retention & Expansion

February 5-6
Phoenix, AZ

Managing Economic Development Organizations

February 26-27
Baltimore, MD

Economic Development Marketing & Attraction

March 12-13
Denver, CO

Technology-Led Economic Development

March 26-27
Washington, D.C. Metro Area

Entrepreneurial & Small Business Development Strategies

April 9-10
Atlanta, GA

Economic Development Credit Analysis

April 15-17
Indianapolis, IN

Economic Development Marketing & Attraction

April 29-30
Vancouver, BC

Real Estate Development & Reuse

May 7-8
Ottawa, ON

Economic Development Credit Analysis

May 13-15
Baltimore, MD

Business Retention & Expansion

May 21-22
New Orleans, LA

Economic Development Strategic Planning

June 4-5
Madison, WI

Economic Development Finance Programs

June 10-12
Atlanta, GA

Real Estate Development & Reuse

July 16-17
Philadelphia, PA

Workforce Development Strategies

August 6-7
Indianapolis, IN

Economic Development Marketing & Attraction

August 13-14
Atlanta, GA

Business Retention & Expansion

August 20-21
Denver, CO

Entrepreneurial & Small Business Development Strategies

September 10-11
Minneapolis, MN

Neighborhood Development Strategies

September 24-25
Baltimore, MD

Workforce Development Strategies

October 1-2
Anchorage, AK

Real Estate Development & Reuse

October 29-30
Chapel Hill, NC

Entrepreneurial & Small Business Development Strategies

November 5-6
Toronto, ON

Managing Economic Development Organizations

November 12-13
Columbus, OH

Economic Development Credit Analysis

December 2-4
Atlanta, GA

2015 CERTIFIED ECONOMIC DEVELOPER EXAMS

March 28-29

Arlington, VA (Appl. Deadline: January 27)

June 6-7

Madison, WI (Appl. Deadline: April 7)

October 3-4

Anchorage, AK (Appl. Deadline: August 4)

2015 WEB SEMINARS

January 21

Transforming Your Elected Officials into Champions for Economic Development

May 5

(Free) Ethics & Economic Development

Disaster Preparedness & Economic Recovery (Free Webinar Series)

January: Keeping the Lights On: Energy Planning & Recovery Tools

February: Diversifying Your Economy Post-Disaster – Identifying Emerging Industries

April: Bolstering Workforce – Adapting to Changing Economic Landscapes

June: Strategies to Retain Businesses after a Crisis

August: Developing an Entrepreneurship Ecosystem for Resiliency

October: Identifying Economic Recovery Priorities

building a 21st century

WORKFORCE

By Gene Bowman

training the next-generation workforce to meet the demands of an increasing science- and technology-based economy is the vision of the Alamo Academies. The national award-winning STEM (Science, Technology, Engineering and Mathematics) based instructional model has been operated by the Alamo Area Academies Inc. since 2001. The San Antonio-based non-profit entity in partnership with industry, Alamo Colleges (a community college system serving the San Antonio, TX, metropolitan area), high schools, and the municipalities of San Antonio, New Braunfels and Seguin offers tuition-free career tracks for high-demand STEM occupations.

The Alamo Academies is lauded as a highly successful model of “Higher Education Career Academies” focusing on four key industries in San Antonio: Advanced Manufacturing, Aerospace, Information Technology, and Health Care. The program provides a college pathway for high school juniors and seniors to attain industry and academic certificates that further their higher education and the opportunity for high-wage jobs. The Alamo Academies consists of six full-time staffers who oversee the entire program. Numerous professors and instructors teach the courses at the Alamo Colleges campus. Additionally, a board of directors aids in advising the staff.

The Alamo Academies history dates back to 1995, at which time the Base Realignment and Closure (BRAC) Commission closed Kelly Air Force Base. Some of the workload was outsourced or privatized by the Clinton administration to defense contractor companies such as Lockheed Martin and Boeing. The Alamo Academies supported the region’s ability to meet challenges generated from



Alamo Academies graduate Adam Arroyo (l) and U.S. Secretary of Labor Thomas Perez (r) in a roundtable session during the Secretary’s July 10th, 2014, visit to the Alamo Colleges and the Alamo Academies.

the BRAC decision, helped solve its critical need for college educated high-tech employees, and supported the industries’ ability to compete globally.

Today, the Alamo Academies is addressing the emerging Oil and Gas industry and the demand for heavy equipment technicians via a new academy. In the fall of 2014, HOLT CAT and nearly 20 other heavy construction equipment businesses partnered with Alamo Academies for a fifth Academy in the Oil and Gas industry.

Gene Bowman is executive director of Alamo Academies. (obowman@alamo.edu)

A LEADING WORKFORCE INNOVATION

A report released in 2014 by the Texas Comptroller of Public Accounts states Texas ranked No. 2 in employment in the national technology sector, and outlined the challenges of meeting the increasing demand for a highly skilled labor force. The Alamo Academies is one of the first in the nation to address a region’s lack of high-tech, high-skilled labor or “skills gap” by developing a pipeline of college educated, skilled technicians to staff new

THE ALAMO ACADEMIES

Creating a skilled and educated workforce is the vision of the Alamo Academies, a nonprofit based in San Antonio, TX, aimed at offering tuition-free career tracks for high-demand STEM occupations. The Alamo Academies program was the recipient of the 2014 IEDC Gold Award in the Human Capital category for its outstanding accomplishments in building a strong, educated workforce for its community.

jobs and replace an aging workforce in Aerospace, Information Technology (IT), Advanced Manufacturing, and Health Career sectors.

The National Journal cited the Alamo Academies as one of the top workforce innovations in the country. The model was recognized and commended by the U.S. Department of Labor, Manufacturing Skill Standards Council, Texas Higher Education Coordinating Board, Texas Governor's Office, the Manufacturing Institute, and the Federal Reserve Bank of Dallas.

A COLLABORATIVE PROCESS, A UNIVERSAL PROGRAM



Alamo Academies 2008 graduate Ruby Vega installs final components on a USAF C-5 aircraft engine. She represented the Alamo Academies and Lockheed Martin as a panelist at the Bill & Melinda Gates Foundation Supporting Student Success in Seattle, WA, and also participated at a national press conference by President Obama at Northern Virginia Community College in Washington, D.C.

The Alamo Academies is a Demand-Based Education Model. The process is triggered by industry engagement and sets target enrollment levels based on projected and quantifiable workforce demand. This is followed by a collaborative process identifying the curriculum, recruitment, matriculation, and support systems utilizing a dual credit career academy model that allows students to complete high school and college graduation requirements in one of the high demand occupations (Aerospace, Advanced Manufacturing, IT, Nursing, and Energy).

Students are bussed daily from their local high schools to the Alamo Colleges campus where they engage in 2.5 hours of instruction needed to complete a one-year technical college program of studies, as part of the Associate of Applied Science (AAS) degree path. During the two-year program, students earn 31-34 college credits at no cost to the student, allowing them to receive both a college degree and high school diploma. Students may earn AAS, Bachelor of Arts (BA) or Master of Arts (MA)

degrees at no cost, through industry tuition reimbursement or scholarships.

A strong cornerstone of the Alamo Academies program is the paid summer internship offered to high school students between their junior and senior years. The eight-week internship is a full-time position that pays participants almost \$3,000. It allows students to "learn by doing," offering a glimpse of the working world and a future career. During this time the student may job shadow, participate in on-the-job training or work with a mentor. It is a unique hands-on experience where students apply what they have learned at school in a real-life job setting.

For employers, the internship is an opportunity to demonstrate the traits of successful employees and familiarize them with their company and the corporate culture. Industry partners who have sponsored internships with the Alamo Academies include AT&T, Boeing, Toyota, Broadway Bank, Chromalloy, StandardAero, Cox Manufacturing, H-E-B, ITM, Karta, Kinetic Concepts, KLN Steel, Lockheed Martin, Pratt & Whitney, Rack-space, Valero, 24th Air Force, CPS Energy, Denim Group, Digital Defense, Hexcel Corp., and the University of Texas Health Science Center at San Antonio. These firms represent multiple industry sectors, including aerospace, aviation, healthcare, technology, financial services, IT/cybersecurity, and manufacturing.

The Alamo Academies program is universal, meaning that it is open to all students who meet uniform standards. To be eligible, students are required to be in good standing, demonstrate they are college ready, and have a desire to participate in targeted occupational pathways. To enrich their high school experience and build teamwork skills, students retain University Interscholastic League (UIL) eligibility and many participate in extra-curricular athletic or academic activities. Upon graduation, students can either obtain a high-wage/high-skill career in a high demand occupation or continue with their higher education pathway and degree studies.



After two-and-one-half years as a jet engine mechanic and successfully earning two associate degrees, 2009 graduate Lily Ibarra was promoted to a contract negotiator for Lockheed Martin.

KEY PARTNERSHIPS DELIVER CRITICAL RESOURCES

The participating partners with the Alamo Academies education system are the key to achieving strong economic growth. The successful model includes student participants from more than 25 local public and private school systems and community stakeholders. The Academies participating partners include:

- Alamo Colleges
- More than 25 Independent School Districts (ISDs), private and charter schools in the academies service area
- More than 100 regional employers in the Aerospace, Advanced Manufacturing, IT, Health and Energy sectors, including Lockheed Martin, Boeing, Toyota, Rackspace, HOLT CAT, and Valero
- Municipalities
- Economic development entities, manufacturing associations, Chambers of Commerce, and organizations such as Port San Antonio and Workforce Solutions Alamo.

Partners contribute more than \$2 million to support operating costs. The Alamo Colleges provide facilities, equipment, and instruction; ISDs provide textbooks and round trip transportation; employers pay their interns' salaries; and municipalities fund the operating costs.

A testament to community support is the City of San Antonio-Alamo Colleges Interlocal Agreement that provides funds annually for Academies operations. The City Council ordinance notes that "The Academies represent a cost-effective economic development investment for the City and also reinforces the stated goals of the City's Strategic Plan for Enhanced Economic Development."

In 2012, Alamo Colleges purchased a \$5.2 million, 40,000-square-foot, state-of-the-art facility and 30 acres from Port San Antonio to house the Academies, however no cash was exchanged. The purchase price is being paid from credits Alamo Colleges earn by the academies' graduation of students during the 20-year life of the loan



U.S. Secretary of Labor Thomas Perez tours the Toyota Advanced Manufacturing Technician Program at Alamo Colleges escorted by Sarah Escobar, an Alamo Academies 2012 graduate.

and meeting the needs of aerospace employers – \$10,000 for Academies new hires; \$2,500 for certifications and 20 percent for grants generated.

This sale/exchange was recognized as the "Commercial Land Deal of the Year" by the *San Antonio Business Journal*.

MEASURING SUCCESS

Courses offered through Alamo Academies align with the targeted industries that have been identified by the San Antonio Economic Development Foundation (a private, nonprofit organization that assists business and industry in locating and expanding into the San Antonio area), city of San Antonio, Bexar County, and other economic development partners, as areas of focus.

More than 1,000 graduates have received training in high-wage demand occupations during their junior and senior high school years since the academies' inception. The Alamo Academies has a 13-year proven track record of graduates earning a tuition-free, one year Level I Cer-

PARTNERSHIPS

ALAMO ACADEMIES: An industry Driven, Higher Education Program of Studies, Workforce and Economic Development Partnership: Solving the School-to-Careers Pipeline!

- The Alamo Colleges
- The Municipalities:
 - San Antonio, New Braunfels, Seguin
- School Districts:
 - All greater San Antonio area school districts
 - Many private and charter schools
- Bexar County
- Port San Antonio
- Workforce Solutions Alamo
- Aerospace Companies
- Information Technology firms
- Advanced Technology and Manufacturing Companies
 - The San Antonio Manufacturers Association
 - The New Braunfels Manufacturers Association
 - The Seguin Economic Development Council
- Health Care Industry and Local Hospitals
- Heavy Equipment Companies
- Chambers of Commerce
 - The San Antonio Chamber of Commerce
 - San Antonio Hispanic Chamber of Commerce
 - New Braunfels Chamber of Commerce
 - Seguin Area Chamber of Commerce

TOTAL GRADUATES 2003-2014

Academies Totals (Year of Founding in Parenthesis)	1003
Aerospace (2001)	390
Information Technology & Security (2004)	375
Advanced Technology/Manufacturing (2006)	206
Health Professions (2009)	32
Heavy Equipment Academy (Starting Fall 2014)	TBD

tificate of Completion and industry credentials; receiving work experience through industry paid internships; and helping 95 percent of graduates transition into higher education or well-paid careers in Aerospace, Advanced Manufacturing, IT, Nursing, and now Heavy Equipment.

Over 60 percent of Alamo Academies graduates continue in higher education by moving on to a community college or a four-year institution. Twenty-seven percent of graduates obtain jobs in targeted industry careers with aerospace, advanced technology, manufacturing or IT companies. Other graduates continue their career path by joining the military.

PLACEMENT: 2003-2014

Targeted Industry Careers	Higher Education	Military	Other/Moved
27%	63%	5%	5%

Recently, the Manufacturing Skills Standards Council recognized the Alamo Academies, citing the success rate and increased availability of skilled workers. The Alamo Academies class of 2014 earned over \$1.73 million in scholarships. Graduates of the Academies receive a starting annual salary of approximately **\$30,500** plus benefits.

The Alamo Academies model is replicable in other communities, states, and countries addressing similar challenges and a lack of a skilled/trained workforce. Other entities could benefit from implementing the Alamo Academies model to create their own skilled workforce pipeline in industries that are vital in their particular community. Community leaders from the Dominican Republic, Colombia, and Brazil visited the Academies to learn how to replicate this outstanding and successful program in their countries.

LOOKING AHEAD

The Alamo Academies is building on its success with the addition of the new Heavy Equipment Academy which started Fall 2014. The new program provides a college pathway for high school juniors and seniors to attain skills in the heavy equipment industry. The program already has a number of local industry groups supporting and participating in efforts to make it successful. Industry support includes HOLT CAT, ASCO (Case), ROMCO (Volvo), RDO (John Deere), Cooper Equipment, Zachry Construction, Dean Word Co., Martin Marietta, and other heavy equipment dealers and construction businesses.



A 2006 Alamo Academies graduate, Adam Arroyo performs final inspections on a commercial aircraft engine before Test Cell run and delivery to a customer. He earned two associate degrees and his undergraduate degree and is now a contract negotiator for Lockheed Martin.

PROFILE IN SUCCESS

Alamo Academies graduate Adam Arroyo, 24, is employed at Lockheed Martin Aeronautics in San Antonio. In June 2014, he completed his Bachelor of Arts degree in Business from Texas A&M University-San Antonio and was promoted to contract negotiator with the company. Previously, Arroyo had been the youngest test cell supervisor for Lockheed Martin, testing, troubleshooting, and ensuring that jet engines are airworthy and safe to install in airplanes.

His path here dates to 2006, when Arroyo graduated from San Antonio's Earl Warren High School and at the same time, earned a Level One Certificate of Completion for Aircraft Turbine Mechanic through the Alamo Aerospace Academy and St. Philip's College.

He learned about the Academies program from his brother, also an Alamo Academies graduate. However, for Arroyo, it was the experience of getting to know the Academies program teachers and his co-workers that captured his interest and set him on a career path in aerospace, he said. He recalls how well this dynamic work environment tempered the shock of having to be on the job by 6:45 a.m. for his first paid internship, which was also his first experience in the working world.

School and work proved to be a winning combination for Arroyo. After graduating high school, he was hired to work as an apprentice in the Lockheed Martin apprenticeship program. This U.S. Department of Labor registered apprenticeship is an 18-month program from which he graduated in 2008. In addition to his Certificate of Completion in Apprenticeship for Powerplant Mechanic, he also earned an Associate of Applied Science degree in Aircraft Mechanic Powerplant at St. Philip's College in 2008.

Arroyo is thriving in his job with Lockheed Martin and sees his future in aviation possibly expanding into the area of workforce development or law.

The Heavy Equipment Academy curriculum is extremely detailed and includes an introduction to the basic principles of diesel engines and systems; fundamentals of hydraulics including components and related systems; an overview of computer information systems; an introduction to the basic principles of electrical systems for diesel powered equipment; advanced study of hydraulic systems and components, to name a few. The program will expand in 2015 to include courses in the operation and maintenance of heavy equipment and machinery.

The idea to develop a new academy came into fruition during the San Antonio Chamber of Commerce's Education and Workforce Council meetings in 2013. The idea was presented to the Alamo Colleges trustees, who approved the new program in December 2013. The new program began in Fall 2014 with a full complement of students (capacity is 40 students annually) who will graduate with one year's worth of college credit toward a two-year associate degree. Workers in this industry can earn \$30,000 to \$90,000 a year, accompanied by benefits such as retirement savings plans and college tuition reimbursements.

Numerous industries continue to face worker shortages during this period of economic recovery. The Alamo Academies hopes to address this issue by providing a program that can assist industries that are having difficulty filling positions, particularly as we are experiencing with the Eagle Ford Shale boom. Because of the Eagle Ford, plenty of job openings exist for heavy equipment technicians, both in the field and in shops. San Antonio's Holt Cat alone has about 400 heavy-equipment units rented in the Eagle Ford Shale region at any one time.

The Manufacturing Industry sector in San Antonio is one of the largest in the country. According to the 2011 Texas Manufacturers Register, San Antonio ranked the fourth-largest manufacturing market in Texas, with 51,177 jobs. A 2011 impact study conducted by San

Antonio-based Trinity University indicated that San Antonio's manufacturing industry had an economic impact of \$22.5 billion and paid 11 percent above the average annual salary for all workers in San Antonio.

The addition of the Heavy Equipment Academy brings the Alamo Academies closer to its goal of continually providing skilled workers for booming industry sectors, employing the next generation of science, engineering, and technology workers.

A MODEL PROGRAM, LESSONS LEARNED

The Alamo Academies model is replicable as evidenced by the replication of additional pathways. While the first program in 2001 focused on Aerospace, the model has added or replicated four additional pathways: IT (2002); Advanced Manufacturing (2004); Health Professions (2009); and Energy [Heavy Equipment Technicians] (2014).

Articulated pathways can be created between public schools and community colleges that connect students to industry demand occupations. Successful models must be sustainable and supported by all aspects of the community (education, industry, and government).

The model can be replicated with adult populations. The "Just in Time" program based on the Academies model is in place at Alamo Colleges to train veterans to complete in-demand industry certifications. The program is also transferable to other communities, states and even internationally. "The city of Seattle is looking to the Alamo Academies program to strengthen their competitiveness in the aerospace industry," Jim Perschbach, Boeing attorney, said and observed that Toyota built a new manufacturing plant in San Antonio in part due to the proven pipeline the Academies model generates. Recently, community leaders from the Dominican Republic and Brazil visited the Academies to learn how to replicate this outstanding program in their countries. 🌐

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the new economy

AND THE FUTURE OF COMPETITIVENESS AND INNOVATION

By Rob Atkinson and Adams Nager

INTRODUCTION

The conventional view of state economies is as static entities which change principally in size (growing in normal times and contracting during recessions). But in fact, state economies are constantly evolving, complex ecosystems. Indeed, U.S. state economies of 2014 are not just larger but different than the state economies of past generations.

On any given day this year, each state will on average be home to businesses that receive 12 patents, release nine new products, and introduce nine new production processes, while about 32 firms will go out of business and another 32 will be launched. Firms in some industries will get bigger (the average number of workers in non-store retailers – e.g., the Amazon.coms of the world – grew 0.03 percent every day in 2013) while some will get smaller (the average size of data processing, hosting, and related services shrank 0.07 percent every day in 2013, despite the emergence of cloud computing). Understanding that we are dealing with evolving, rather than static, economies has significant implications for economic development policy.

So how exactly does economic evolution occur? Economist Joseph Schumpeter provides some answers. In his classic 1942 book *Capitalism, Socialism and Democracy* he wrote:

The opening up of new markets, foreign or domestic, and the organizational development from the craft shop and factory to such concerns as U.S. Steel illustrate the same process of industrial mutation – if I may use that biological term – that incessantly revolutionizes the

If U.S. economic developers want to stay abreast of best practices, they would be well advised to track what their competitors are doing abroad, especially regarding technology-based economic development (TBED). Tracking TBED policies allows U.S. economic developers to pick from best-in-class policies and programs to institute at home, often with appropriate customization to fit local conditions and policy frameworks, and to maximize economic evolution and ensure that U.S. exporters are not being disadvantaged.

economic structure from within, incessantly destroying the old one, incessantly creating the new one.ⁱ

In other words, two factors drive evolution: geographic changes in production and markets and technological changes.

GEOGRAPHICAL AND TECHNOLOGICAL CHANGES IN THE U.S. ECONOMY

Prior to the 1980s the spatial relocation of economic activities, based largely on differential levels of production sophistication, occurred largely within America's borders. Higher income areas, mostly in the Northeast, the Midwest, and California, served as "seedbeds" for the development of new innovations, firms, and industries. However,

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POLICY IDEAS FOR AN EVOLVING ECONOMY

Economies are not static entities, but continually evolving, complex ecosystems driven by technological innovation and geographic changes in production. Around the world, countries are implementing policies in areas such as economic development analysis and practice, financial incentives for innovation, education reform for innovation, and start-up support to aid the evolutionary process. These policies seek not only to accelerate the rate of innovation and technology adoption, but also to encourage producers of advanced, tradable goods and services to locate in their country. To remain competitive, the U.S. should monitor and at times imitate policies from foreign competitors.

once new product and process innovations matured and became more stable they were able to move away from these regions without any significant loss of economic viability, relocating to lower cost regions, often in the U.S. South and West.

So while for 30 to 40 years after WWII the U.S. economy was evolving spatially with innovation bubbling up in core regions and later diffusing to low-cost regions as it matured, this evolutionary spatial dynamic was largely a domestic one.ⁱⁱ Companies might be born in Boston or Chicago, but once their technology and/or production systems matured that production would be moved to a place like South Carolina, not South China.

By the late 1970s the process began to change, slowly at first and then much more rapidly as globalization took hold. As technology enabled more globally integrated trade and production systems, this evolutionary process of migration evolved into one where standardized production systems could now locate in a much larger array of places, most of them outside low-cost U.S. areas such as the South, which, in comparison to the new overseas alternatives, were not all that low cost anymore. These offshore locations were made all the more attractive by the lack of unions, generous investment incentives provided by governments desperate to attract foreign investment, and a relatively strong U.S. dollar which made offshore production cost less.

In part because of this, U.S. manufacturing jobs peaked in 1979, with production jobs hemorrhaging particularly in the 2000s when the United States lost one-third of its manufacturing jobs, with over 60 percent of losses stemming from loss of global competitivenessⁱⁱⁱ Rural U.S. manufacturing was hit as hard as urban, and the South hit as hard as the North. During the 1970s, rural factory jobs increased three times faster than urban factory job growth as high-cost urban manufacturing migrated to low cost rural areas.^{iv}

But in the 2000s, rural and urban areas lost factory jobs at the same rate since they were now both part of the higher cost core region (the United States). Of the top ten states in terms of the share of manufacturing job loss in the 2000s, four (North Carolina, Tennessee, Mississippi, and South Carolina) were in the South, all of which lost more than 37 percent of their manufacturing jobs.^v

There is one other major change in the spatial environment that was critical to the evolution of the U.S. economy. For much of the 20th century, especially after WWII, the U.S. economy played the role of global “rain forest” for “species” evolution. In other words, America was the technological leader, with a large share of the new industries and new firms being developed and nurtured in America. In some industries, such as electronics and aerospace, America was the undisputed leader. In others, such as pharmaceuticals, chemicals, automobiles, machine tools, and steel, it had some competitors, but not so strong as to threaten U.S. leadership.

But that lead, while enormous, was not insurmountable. Indeed, competitor nations like Germany and Japan began to challenge the U.S. lead by the early 1980s. In the 1990s the Asian “tigers” of Hong Kong, Singapore, South Korea, and Taiwan emerged as strong competitors. And more recently in the 2000s, India and China have emerged.

Many nations realized – as the United States still has not – that they were in intense evolutionary competition with other nations. As such, the pace of competitive response dramatically ratcheted up in many nations, as they cut corporate taxes,^{vi} increased R&D tax incentives,^{vii} expanded funding for R&D,^{viii} and established sophisticated national innovation policies. In the United States, however, the focus on the global “war on terror,” the general belief that America’s position as the innovation leader was unassailable, and the dominance of neoclassical economics that decried national innovation strategies as unwarranted distortions of optimized price mediated markets, meant that the U.S. federal government has been mainly on the sidelines in efforts to spur the nation’s evolutionary response to changes in global market competition.

But that lead, while enormous, was not insurmountable. Indeed, competitor nations like Germany and Japan began to challenge the U.S. lead by the early 1980s. In the 1990s the Asian “tigers” of Hong Kong, Singapore, South Korea, and Taiwan emerged as strong competitors. And more recently in the 2000s, India and China have emerged.

In essence, the evolutionary environment went from one where the United States was dominant in generating new industries to replace the ones that were moving first to low-wage regions in the United States and then to low wage nations, to one where the competition for leading-edge evolutionary “replacement species” became much stiffer. As a result, it has become more challenging for America to develop new industries, products and services to replace the more mature ones lost at a more rapid pace to low-cost nations.

TRACKING COMPETITORS AROUND THE WORLD

This is all to suggest that not only is the U.S. economy in a continuous process of evolutionary change, but so too are state economies. Some firms go out of business, while others grow. Some states gain competitive advantage, while others lose advantage. Some technologies emerge that support economic development in particular states (e.g., shale gas technology in states like Ohio and Pennsylvania). So the challenge for state economic development is to encourage evolution. This means helping the states’ traded sector companies, the firms competing directly with foreign producers, to both win in advanced

technology sectors and to slow the loss of more mature industries to lower cost locations.

Not only is the economy different today, so too is the practice of economic development. For many years, state and local economic development officials could be content to learn from each other when assessing best practices in technology-based economic development. But over the last two decades, many nations and sub-national governments around the world have embraced sophisticated economic development strategies.

If U.S. economic developers want to stay abreast of best practices, they would be well advised to track what their competitors are doing abroad, especially regarding technology-based economic development (TBED). Tracking TBED policies allows U.S. economic developers to pick from best-in-class policies and programs to institute at home, often with appropriate customization to fit local conditions and policy frameworks, and to maximize economic evolution and ensure that U.S. exporters are not being disadvantaged. This article looks at four areas of practice: economic development analysis and practice, financial incentives for innovation, education reform for innovation, and start-up support.

ECONOMIC DEVELOPMENT ANALYSIS AND STRATEGY

A core component of any effective economic development strategy is analysis and insight gathering. Many nations have undertaken a comprehensive analysis of their competitiveness and benchmarked it against other nations at both broad economic and major industry levels. Among other things, they assess their business climate for the competitiveness of their traded sectors and how their science and technology education and training policies affect competitiveness at the sector level.

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These nations further identify critical emerging technology areas, chart research road maps needed to keep their companies at the cutting edge of these emerging technologies, look to identify gaps or shortfalls in investments or technology competencies, and attempt to bridge those gaps. The innovation strategies of many countries also support the coordination of technology development within industry across a vertically fragmented ecosystem in order to align with larger commercial, societal, or security goals.

For example, Germany's High-Tech Strategy for Germany, released in 2006, identified 17 advanced, cross-cutting technologies (ranging from biotechnology, to microsystems technology to information and communications technologies) that are critical to the ability of German industries and its broader economy to compete. For each technology, the strategy undertakes a SWOT (strengths, weaknesses, opportunities, and threats) assessment of where Germany's enterprises, universities, and research institutions stand with regard to the development and deployment. The strategy helps to identify gaps and to coordinate the limited resources of Germany's government, enterprises, and universities toward charting technology road maps (and making the requisite investments) to ensure German leadership in these technologies.^{ix}

Ensuring that knowledge is effectively transferred to enterprises is also a central goal of many regions' innovation strategies. This involves not only providing financial support to research universities but also creating new knowledge about innovation processes, methods, techniques, measurements, and how best to diffuse innovation throughout an economy.

For example, through its Technology Review series, Finland's innovation funding agency, Tekes, has a long history of funding research that seeks to create new knowledge about innovation. The Tekes Technology Review 205, "Seizing the White Space: Innovative Service Concepts in the United States," surveyed innovative business models in U.S. financial services, professional services, logistics, and retail trade industries and explained how Finnish small and medium-sized enterprises could adapt those models.^x

FINANCIAL INCENTIVES FOR INNOVATION

A number of nations and regions are using novel incentives to spur research and innovation. For example, some countries – including Denmark, the Netherlands, and Norway – have extended R&D tax credits to cover R&D activities focusing on new production processes, effectively extending the R&D tax credit to include service industries as well as goods. Other nations have more generous credits for companies co-funding research at national laboratories or universities. For example, in France, companies funding research at national laboratories and universities receive a 60 percent credit on every dollar invested. Denmark, Hungary, Japan, Norway, Spain, and the United Kingdom provide firms more generous tax incentives for collaborative R&D undertaken

with public research institutions than for R&D activity undertaken independently.^{xi}

In addition, a number of countries have implemented innovative tax policies offering preferential tax treatment to small businesses, especially those engaged in innovative activities. For example, France's Jeunes Entreprises Innovantes (JEI) program targets young companies that are less than eight years old, have fewer than 250 employees and less than approximately \$63 million in turnover, devote at least 15 percent of their expenditures to R&D, and are independent and not listed on a stock exchange. Another innovative tax technique France uses to support entrepreneurs is giving wealthy individuals the opportunity to invest in startups in lieu of paying a wealth tax.^{xii}

Australia, Canada, France, Norway, and the United Kingdom also offer young innovative firms refundable R&D tax credits in lieu of using carry-forward or carry-backward provisions on business losses. Within the EU, governments can give extra incentives to firms less than six years old that invest more than 15 percent of their total revenues on R&D across all regions and sectors without breaking EU state aid rules.^{xiii}

Many countries rightly see educational institutions as having a key role to play in supporting innovation-based growth and are therefore adopting innovation policy measures to match educational curriculums and research efforts with the needs of businesses competing in the New Economy.

Several countries, including Austria, Belgium, Canada, Denmark, Germany, the Netherlands, Ireland, and Sweden, have begun using Innovation Vouchers to support small and medium sized enterprises (SMEs). These vouchers, usually ranging in value from \$5,000 to \$30,000, enable SMEs to "buy" expertise from universities, national laboratories, or public research institutes.^{xiv} The intent is to provide incentives for research institutes to be responsive to the needs of SMEs and to stimulate knowledge transfer, whether assisting SMEs with particular technical research challenges or helping them implement improved innovation systems.

Holland's innovation agency, Senter Novem, has found that their voucher program substantially stimulates innovation – eight out of ten vouchers issued resulted in an innovation that otherwise would not have come to fruition and 80 percent of new R&D jobs created in Holland since 2005 are attributable to the vouchers.^{xv} Likewise, a 2011 review of the Austrian Innovationsscheck program found it to be "a very useful program" that engendered positive networking effects between SMEs and research institutions and through which approximately 500 SMEs had started an R&D effort.^{xvi}

EDUCATION REFORM FOR INNOVATION

Many countries rightly see educational institutions as having a key role to play in supporting innovation-based growth and are therefore adopting innovation policy measures to match educational curriculums and research efforts with the needs of businesses competing in the New Economy.

Several countries have taken initiatives to match industry demand with educational focus. For example, Finland's Oivallus (Insight) project interviews individuals at corporations worldwide to understand what skills will be required by businesses in the years 2020 to 2030, and has combined several universities to provide students comprehensive training programs in business, technology, and design.^{xvii xviii}

Germany's Fraunhofer Institutes and Austria's Kompetenzzentren provide a compelling model for performing applied research of direct utility to industry by helping to translate research into marketable products.^{xix} Organized around specific advanced sectors and technology platforms, these programs unite public and private pre-competitive research agendas and funding for bilateral applied research with individual firms, prototype manufacturing, and pre-production and cooperative technology transfer arrangements with companies.^{xx}

Frequently, university research is too abstract to be applied in corporate settings. Companies, on the other hand, often fail to take advantage of strategic knowledge and research. Many countries have attempted to bridge that divide.

Denmark's Industrial Ph.D. Program combines the academic rigor of a traditional doctorate with a research project for a private company with direct industry applications. The program is funded by both the Danish Agency for Science, Technology and Innovation and private companies, and allows students to earn a wage while still in school. The program has led to higher patent applications, increased gross profit, increased overall employment, and increased total factor productivity for the participating companies.

Likewise, multiple German states facilitate the transfer of new knowledge from universities to SMEs by co-financing the placement of recent Ph.D. graduates with SME manufacturers. Other countries have adopted similar efforts.

The UK's Designing Demand program helps SMEs gain a deeper understanding of design processes and how to specify demand projects and issue design tenders. Canada's Industrial Research Assistance Program provides direct financial support for Youth Employment in Canadian SMEs, funding up to \$30,500 in salary for six to 12 months for recent college or university graduates employed by SMEs. Australian businesses selected to receive a Researchers in Business grant receive funding for up to 50 percent of salary costs, to a maximum of \$53,000, for each placement between two and 12 months.^{xxi}

Korea's Small and Medium Business Administration encourages the linkage of enterprises with technical high schools and junior colleges that produce graduates especially suited to SME requirements. Ontario's Design Industry Advisory Committee provides businesses with a "design audit" to identify areas of potential improvement and then supports a one-week design project that introduces the SME to the strategic design process and tactics for leveraging design opportunities.^{xxii}

By improving educational alignment with industrial needs, states can improve the employability of high school and college graduates and ensure that state supported research ultimately helps produce new technologies, products, and industry sectors.

Many regions around the world are focusing on establishing better support systems for high growth entrepreneurs. One core step is to simply make it easier to register a new business with the government. Some countries have streamlined their new business registration procedures, often with dramatic results.

STARTUP SUPPORT

Many regions around the world are focusing on establishing better support systems for high growth entrepreneurs. One core step is to simply make it easier to register a new business with the government. Some countries have streamlined their new business registration procedures, often with dramatic results. Portugal's "On the Spot Firm" initiative enables new businesses to register with the government in just 45 minutes online, which replaced 20 different forms which took up to 80 days to process. The program has been so successful that 60,000 new firms have formed in just two years.

Countries are also establishing programs to help their high-growth entrepreneurs improve networking opportunities. For example, the Chilean Economic Development Organization has created a program for Chilean SMEs where selected enterprises will reside in Austin, Texas, in order to accelerate their business in international markets.

Israel has also established "8200 workshop," a program sponsored by alumni of an elite Israeli military unit (akin to the U.S. NSA) in cooperation with major high-tech law firms, Tel-Aviv University, and investors.

Every year, 20 entrepreneurs (usually pre-seed stage with an idea and a full-time team) are selected to attend a 12-day workshop (one full day twice a month) ending with a demo day that lets participants present their ideas to the investment community.

Some regions have established sophisticated entrepreneurial support networks. For example, the Ontario Network of Entrepreneurs (ONE) was launched in May 2013 by integrating its Small Business Enterprise Centres and local business advisory services with its 14 Regional Innovation Centres.^{xxiii} ONE offers a broad array of resources, including:

- Educational programs to enhance entrepreneurial skills and talent development
- Advisory services to provide clients with coaching and mentorship opportunities
- Industry-academic programs to encourage knowledge exchange and resource sharing
- Customer development opportunities to provide clients the opportunity to engage with users
- Financing programs and opportunities with potential investors from the private sector as well as from municipal and federal sources.^{xxiv}

Furthermore, entrepreneurs and technology-based companies working with ONE have access to over 400 "commercialization experts" located across the province who can provide them with the assistance necessary for launching and growing their businesses.

CONCLUSION

The process of innovation has globalized and U.S. states face much tougher competition for good jobs and fast growing industries. But the competition is also from other nations and sub-national regions that have put in place well-funded and innovative innovation policies for economic development. U.S. economic developers need to track not just what their counterparts in other states are doing, but what their counterparts in other parts of the world are doing as well. Imitating policies from around the world could accelerate the rate of U.S. innovation, make the United States a more competitive production location, and strengthen the U.S. evolutionary ecosystem. ④

U.S. economic developers need to track not just what their counterparts in other states are doing, but what their counterparts in other parts of the world are doing as well. Imitating policies from around the world could accelerate the rate of U.S. innovation, make the United States a more competitive production location, and strengthen the U.S. evolutionary ecosystem.

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walking

By Kaizer Rangwala, AICP, CECd, CNU-A

It is difficult to imagine children playing today in the streets or even people walking in the streets. Today, children play in the safety of parks or rear yards, away from the dangers that may lurk in the streets. Walking in the streets has been marginalized to sidewalks and crossings. People walking in the streets are condemned as “jaywalkers.” Yet, less than a century ago, the street was a shared public space used for movement primarily by foot, horse, trams, and bikes. Streets were also used for many essential trade activities and a variety of civic, social, and recreational activities.

What happened? Why did we stop walking? What did we gain and at what cost? Why should economic developers be concerned about streets and walking? This article attempts to answer these questions by exploring the lesser known history of streets and the many advantages of walking, including economic benefits related to recent demographic shifts. It also offers a few strategies to improve walkability.

WHY DID WE STOP WALKING?

In just two decades from the 1910s to 1930s, American cities went through a physical and social transformation. In the 1910s, cars were still a novelty item primarily affordable for the wealthy. Cars offered speed and speed killed. Many of those killed were children. Peter Norton in his book “Fighting Traffic: The Dawn of the Motor Age in the American City” notes the broad anti-automobile campaign that reviled motorists as “road hogs” or “speed demons” and cars as “juggernauts” or “death cars.”

A PATH TO PROSPERITY, HEALTH, AND SOCIAL CAPITAL

We used to design cities for people. Human comfort, interest, and safety were guiding principles in the design of streets, buildings, and open spaces. Most daily needs were within a five-minute walk or a transit ride. For the last half a century, we have designed our cities and suburbs around the automobile. In the wake of recent demographic and market shifts and the looming public health crisis resulting from a sedentary lifestyle, cities are rediscovering the many and lasting financial, health, social, and environmental benefits of walkable places. This article explores the economic and other advantages of walking to create vibrant and successful places. It offers suggestions on what economic developers can do to improve walkability of an area.



Photo Credit: Lara Swimmer Photography

Vulcan Inc. developed pedestrian-friendly pocket parks in Seattle's South Lake Union area to create a vibrant landscape.

In Cincinnati, there was a strong campaign in 1923 to require cars to have “governors,” which would not allow a car to be driven over 25 mph.¹ The parents of victims and pedestrians campaigned against motorists on moral grounds, fighting for “justice.”

Cities and downtown businesses tried to regulate traffic in the name of “efficiency.” This involved removing curb parking; optimizing traffic signals; and educating the “jay” pedestrian (a term synonymous with a naive person out of touch with urban living) to keep out of the way of speeding cars.

The fatal blow was struck when the automotive interest groups, referred to as Motordom by Norton, came together to support a new tax on gasoline on one condition: every dollar from the tax would go to increasing street capacity. Streets and high-

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ways built by gas money legitimized Motordom's claim to the streets. Highways free from intersection traffic and pedestrian safety conflicts were framed as an American act of freedom and progress.

Decades of dominance by automobiles and highways have led to congestion, sprawl, and addiction to fossil fuels. However, the romantic notion of freedom to get on a highway with a car and go anywhere is being reconsidered now as the result of a shift in demographics and market. Due to this shift, people are walking and biking on streets in record numbers.

Gen Ys are driving less, want to live in urban environments, and prefer walkable areas.

Photo Credit: Vulcan Inc.



South Lake Union enhances the pedestrian experience by incorporating pocket parks, wide sidewalks, and public art.

DEMOGRAPHICS AND MARKET SHIFT

The composition of the U.S. population is going through a big shift. The dominant segments of the population are the boomers and Millennials. The boomers, aged 49 to 67, are the biggest population wave of retirees and empty nesters. The Millennials also known as Gen Ys, particularly those aged 21-31, are the first wave of boomer children becoming adult independent households.

Gen Ys are driving less, want to live in urban environments, and prefer walkable areas. Boomers, having passed their child rearing days, have no desire to maintain their houses' large backyards and empty rooms. The suburban homes are also socially isolating, particularly for aging residents who cannot drive anymore. They prefer flexible independent living in walkable areas.

The National Association of Realtors' 2013 Community Preference Survey found 60 percent of residents favor a walkable neighborhood over neighborhoods that require more driving between home, work, and recreation.

TALENT AND BUSINESSES PREFER WALKABLE AREAS

Corporations are following talent to walkable areas. Across the country, venture capital and start-ups are choosing walkable urban centers over suburban office parks. In a 2014 report, Christopher Leinberger and Patrick Lynch ranked the walkability of the 30 largest metropolitan areas and found that office and retail space in walkable areas had 38 percent higher per capita GDPs and higher percentages of residents with bachelors' degrees. The report also found office rents in walkable areas are at a 74 percent higher premium per square foot over drivable suburban areas.²

Following are three examples of walkability.

South Lake Union

"We have made walkability a priority in our development strategy for South Lake Union," says Ada Healey, vice president of real estate for Vulcan Inc., a Paul G. Allen company that has been recognized nationally for its investment in downtown Seattle's South Lake Union neighborhood, which has become a magnet for a variety of tenants. Vulcan has attracted numerous companies to the area, most notable of which is Amazon.com, whose headquarters campus is centered in South Lake Union.

Since 2004, Vulcan has delivered over 5 million square feet in 24 new offices, life sciences, residential and mixed-use projects. Its five apartment communities are fully occupied and as many as 40 percent of the residents are within a five-minute walking distance of their jobs.

Mercer Village

Mercer Village is the College Hill Corridor's retail and restaurant destination located across from Mercer University in the center of Macon, GA. This corridor was reimagined as a walking environment with enhancements that increased pedestrian safety by slowing down traffic, improved lighting, and increased the opportunity to walk.

Besides the local residents who walk or bike to local establishments, the walkable area also caters to those who travel by car and find the streets and parking safer to use. "The risk we took in moving to Mercer Village has paid off – our customer count and sales have more than doubled," says Carl Fambro, owner of Francar's Buffalo Wings, an independent restaurant in Macon.

Uptown City Center

Butte, MT, once a prosperous mining town, is redefining its economy around the historic Uptown city center. Butte is using tax increment financing to fund a walkability plan to revitalize the Uptown area.

"Walkability, Quality of Life, and Economic Development all go together, especially when seeking to revitalize the city core – the more inviting, safe, accessible, and interesting a street and its edges are to pedestrians on foot, bike or other means, the more people will come, stay, and invest in the Uptown area," notes Karen Brynes, director of community development/Urban Revitalization Agency.

Parking once and walking to many destinations reduces parking demand, thereby reducing the cost of providing parking – a huge economic incentive considering each space can cost about \$5,000 in surface parking and up to \$30,000 for structured parking.



Before and after photos of the Mercer Village area. The parking lots and once vacant, dilapidated buildings have been transformed into a retail and restaurant destination, which is now home to eight businesses, 200 new residents, as well as the Center for Collaborative Journalism, which combines the local Macon Telegraph newspaper, National Public Radio station, and Mercer University Journalism School.

Photo Credits for both: Nadia Osman

WALKING – A PREREQUISITE TO DELIGHTFUL PLACES

Think about a delightful place and chances are it is a walkable place. We experience places with all our senses, although the most critical assessment of a place is based on what we see and what we hear. These two senses plus the sense of touch, smell, and taste are heightened when we are walking through an area.

Places designed as drive-by experiences fail to engage our senses. In stark contrast, places designed as walkable places engage all our senses. The attention to human scale details such as open and active building frontages makes the places safe, comfortable, and interesting.

ECONOMIC BENEFITS OF WALKABILITY

Not having to drive saves money on gas and auto maintenance and allows more money to spend in the local economy – thereby providing a stable and resilient economy. Walkable places with access to services, jobs, destinations, transit, and density have lower household transportation costs.

As miles driven increases, particularly in congested commutes, stress increases and productivity decreases. Safe walkable areas tend to have fewer accidents, which reduce costs for drivers, emergency responders, and lost productivity. If the walk to schools, parks, and other local destinations is safe and comfortable, parents save time not having to drive the children for shorter trips.

Joe Minicozzi of Urban3, a real estate development company, has compared fiscal impacts of walkable areas to comparable acreage of sprawl and concludes that walkable areas produce more property and sales revenues for cities than drivable suburbia.

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A study by the Robert Wood Johnson Foundation found retail businesses in walkable areas doing better and attracting patronage beyond the immediate trade area more than their suburban driving oriented counterpart. The study found rents in walkable areas 27 percent to 54



percent higher than non-walkable areas. The key difference is the “place dividend” found in walkable areas.³

Walkability also helps attract and retain employees. DOWL HKM is a multi-discipline engineering firm that employs nearly 200 Alaskans. “The people that are attracted to our company are hard working, hearty individuals that want to remain fit and active, so they want a trail and park system that affords them immediate access to trails and green spaces, not just on the weekend or during the 2 week vacation, but also during lunch and after work – a key reason for us to be in Anchorage is the easy access to wilderness and outdoor activities for our employees,” notes Osgood Stewart, president of DOWL HKM.

OTHER BENEFITS

Walking is the most convenient way to incorporate exercise into our daily routine, providing a number of physical and mental health benefits. An active community saves on healthcare costs. Hippocrates, a Greek physician, said “walking is man’s best medicine.”

Walking, including walking to transit, provides access to jobs, services, and goods. Poor walking conditions lead to social exclusion of people who do not drive, including the elderly, those with disabilities, and low income individuals.

Walking promotes awareness and sense of community. Children walking to school learn more about their local environment and who their neighbors are, making friends as they chat with each other on the way to school. More people walking create a sense of community as it provides greater opportunities for social interaction. Walkable places build social capital – resources that

people can access through their connections to people they know.

Walking promotes safety. High volumes of pedestrians help to create a safer environment.

STEPS TO IMPROVE WALKABILITY

We must change our approach to street design that accommodates the pedestrian while providing effective and safer outcomes for drivers.

Our walking environment is shaped by the public and private realm. The public realm includes the streetspace and open space. The streetspace is the space enclosed by the private buildings on either side, which includes travel lanes, and accommodates transit, on-street parking, and sidewalks with amenities and landscaping. The design of the private realm involves the location, massing, and scale of the building in relation to its context and the design and uses at street-level. Collectively, the design of the public and private realm can create a safe, comfortable, and memorable walking experience.

The public and private realm details can be aligned in a walkability plan that involves three basic steps: 1) take stock of where we are, 2) collectively decide where we want to be, and 3) then figure out how to get there. The walkability plan can be prepared for different scales: from city or community scale to a specific neighborhood or project.

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WALKING AUDITS

Walking audits are a powerful workshop tool for redesign and visioning. Popularized more than 10 years ago by Dan Burden of Walkable Communities, Inc. these 45- to 90-minute teaching events are fun, healthy, democratic, and inspirational. The media loves to cover these events. Basics of walking audits include:

1. Select routes that include type of change needed in the neighborhood, town center, school, corridor or waterfront. Generally a distance of 1/2 mile to a mile is enough. Use a bus if a number of distinct sites will be visited. Limit stops if a large number of people are in the workshop.
2. For a large downtown, it is possible to conduct up to four walking audits over two days (one quadrant a day).
3. Groups of 10 to 20 are common, but larger groups work. Use cameras, measuring tapes and

wheels and discuss key issues of redevelopment.

4. Stop frequently and discuss things that work or fail to work for the last 200-400 feet. Multi-disciplinary groups come up with the best balance of ideas.

Role Playing. Some walking audits include role playing.



During the walking audit in Avondale Estates, GA, participants were asked to take notes on a dry-erase board, documenting their vision for a specific place along the walking route or an overall ideal/feeling generated from the walk. The most common response was the desire to focus on place-making, and streets as places



Birds-eye view of walking audit in downtown Chicago

The police officer is pretending to be 8 years old, while the fire chief is pretending to be 80 years old. At stops, role players explain what works or does not work for them.

Stakeholders are the experts. Although a key facilitator conducts the walk, stakeholders with specific insights on landscaping, conservation, and placemaking help teach one another about preservation or development opportunities.

Experts discover new answers. Many times on walks, specialists, such as fire chiefs, discover how a new tool such as a curb extension helps them gain access to roadways.

Wheelchairs are brought out on some walks so that all participants can learn the challenges of existing street conditions.



A walking audit in Kona, HI. A wheelchair on the walks allows everyone to experience the accessibility of the area. The photo shows the director of Public Works for the County of Hawaii.

Groups stop frequently each time there are new teaching points on how to repair a corridor, create a crossing or make some other improvement.

Create solutions on the spot. Workshop members may pause in quiet locations to design a curb extension, mini-circle or other feature.

Source: Dan Burden, director of Innovation and Inspiration, Blue Zones

Photo Credits: Samantha Thomas, Built Environment Manager, Blue Zones

The context for walkability projects ranges from retrofitting downtown areas to redeveloping defunct suburban strip corridors and regional malls. Not all areas are going to be walkable – many areas will continue to be automobile dominated. Cities should identify the geography of existing and potential future walkable place types such as urban neighborhoods, corridors, and districts. The political capital and limited financial resources can be directed strategically to these walkable places that desire change and hold the greatest potential for that change.

The walkability plan process starts with a walkability audit of the built environment. The audit brings together local businesses and residents including children and the disabled, elected officials, planners, health care professionals, urban designers, and engineers to identify concerns related to pedestrian safety, comfort, and convenience. A key advantage of the audit is the dialogue that takes place among the various disciplines involved in shaping the built environment – disciplines that rarely speak to each other. “When people walk together, they are not only in step with one another, they discover, dream, achieve together,” notes Dan Burden, director of Innovation and Inspiration, Blue Zones.

The next step is to generate alternatives to address the concerns from the audit. A preferred alternative is selected. Strategies are formulated; funding and responsible people to carry out the tasks are identified. The walkability plan is periodically evaluated and monitored; adjustments are made to keep the plan relevant.

When the Brunswick Naval Air Station closed in 2011, the town of Brunswick, ME, turned to invest in its core asset: the downtown area. The town developed a Master Plan and a subsequent Federal Highway Administration grant allowed for a consulting team to develop a Downtown Walkability Plan. “The Town recognized

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that to improve local commerce and reinforce the unique downtown place, which is better enjoyed walking, while still accommodating cars, Maine Street would need to be redesigned,” notes Margo Knight, chair of the Downtown Master Plan Implementation Committee.

The Maine Street redesign recommendations include:

- Reduced number of travel lanes from two lanes in each direction to one lane in each direction with a median or turning lane;
- Reduced width of travel lanes from 12 feet to 10 feet;
- Curb extensions at intersections to create a visual narrowing of the street, which typically results in reduced vehicle speeds; and
- Change head-in on-street parking to the safer option of head-out parking where you can better see on-coming traffic when pulling out of a parking space.

WHAT CAN ECONOMIC DEVELOPERS DO?

Most of the post-war growth and development has been focused in suburbia. We have a huge oversupply of drivable suburban options. The demographic change in preference has created a strong demand for walkable places.

Providing walkable environments involves many players. Economic developers, both in the public and private sectors, are in a unique leadership position to influence change.

Economic developers could promote walkable development as a workforce and business attraction and retention strategy. Besides promoting walkable development, the more difficult task is to say no to deals that appear to produce short-term gains but compromise lasting prosperity.

Walkability increases property values, attracts and retains businesses and talent, increases retail sales, and supports tourism, while reducing health related costs, energy consumption, and pollution from cars.

For example, a large-scale retail store or regional mall surrounded by acres of parking may produce short-term gains but fails to create a place that connects with people. The same retail store or mall when carefully integrated within the urban fabric of a walkable place will produce more and lasting economic benefits.

“An emphasis on mixed-used development means shopping, restaurants, clubs, theaters, and other uses located amidst offices, hotels, and residential buildings, generating an urban energy and a walkable environment – a place where people want to be,” says Cynthia Richmond, acting director, Arlington Economic Development.

CONCLUSION

People walking, shopping or socializing on the street are the bellwether of a community's wealth, health, and happiness. Bring back the pedestrians and the businesses and retailers will follow. Walkability is a sound investment that produces increasing and lasting dividends. Walkability increases property values, attracts and retains businesses and talent, increases retail sales, and supports tourism, while reducing health related costs, energy consumption, and pollution from cars.

Cities with time-tested walkable areas have proven to be resilient to cyclical real estate markets and are well positioned now and in the future. ④

ENDNOTES

- ¹ New York is considering similar technology through the Vision Zero program intended to stop traffic related deaths and injury.
- ² Christopher Leinberger and Patrick Lynch, *Foot Traffic Ahead, Ranking Walkable Urbanism in America's Largest Metros*, George Washington University School of Business, 2014.
- ³ Gary Hack, PhD, *Business Performance in Walkable Shopping Areas*, Robert Wood Johnson Foundation, November 2013.



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