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INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

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INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

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- Improved access to resources and information
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THE IEDC
Economic Development Journal

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F. Michael Langley, FM
IEDC Chair

dear colleague

It is a great honor to be IEDC's newly-elected Chair. I am excited to contribute to this wonderful organization and uphold its standards of excellence in this seminal year.

I have a great team of dedicated and skilled professionals at my side on the IEDC Governance Committee. Serving alongside me are: *Craig Richard, CEcD*, Vice Chair of the Board from Tampa, Florida; *Tracye McDaniel*, Secretary/Treasurer of the Board from Austin, Texas; *Kenny McDonald, CEcD*, Chair of External Member Relations from Columbus, Ohio; *Todd Greene, CEcD*, Chair of Performance Oversight Monitoring from Atlanta, Georgia; and *Tom Kucharski, CEcD*, Chair of Planning and Business Development from Buffalo, New York. I also welcome our board's newest members, all of whom I know will make outstanding, insightful contributions to our team.

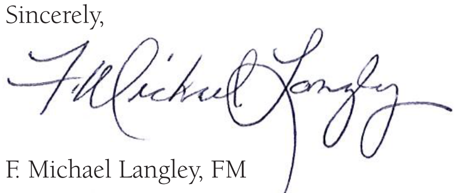
The year 2016 was a remarkable one for IEDC: we celebrated our 90^{th} anniversary, hosted our first Economic Development Week, and broke many records in terms of members and attendance at our conferences. As I look at 2017, I see it as the first year of our next 90 years and I want to "break the mold" in order to expand on our opportunities to raise the profile of the profession and to make a substantial and lasting difference in our communities. In order to achieve these goals, my two priorities as Chair will be to ensure that our elected officials understand and appreciate the contribution of economic developers and to persevere in our work to ensure that all our places and people, regardless of their circumstances, have the opportunity to achieve prosperity.

I encourage every economic developer to educate our communities and our elected officials on the impact and value of economic development in their communities. Central to our outreach efforts is this notion: when we are understood and empowered to succeed, the success of our communities is not far behind. There is a natural partnership between economic developers and public officials. I am proud to say that we will be celebrating Economic Development Week again in 2017 during the week of May 8. I encourage you all to think early and often about how your economic development organization can use this week to amplify your voices, and IEDC has fantastic resources to help you.

I also want to emphasize a continued focus on developing pathways to greater economic opportunity for all our citizens, regardless of where they were born, what color they are, and what their current challenges, urban and rural. Not one of us has all the answers or solutions to the problem of inequality, but there is strength in our diversity as a profession and collectively we can find and implement solutions, step by step.

I look forward to a fantastic year with you. Together, and with your help, we will continue to provide leadership and excellence in economic development for our communities, members, and partners.

Sincerely,



F. Michael Langley, FM
IEDC Chair

The IEDC
Economic Development Journal

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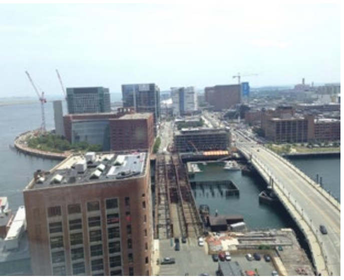

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INTERNATIONAL
ECONOMIC DEVELOPMENT
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strategic transportation

INVESTMENTS FOR ECONOMIC DEVELOPMENT

By Glen Weisbrod

A LONGSTANDING IDEA WITH NEW MEANING TODAY

The idea that transportation investments can be strategic steps required to enable economic development is an idea that has been around since ancient Roman times and earlier, and it was certainly recognized by leaders at the dawn of America's development as a country. From local actions such as a franchise for cross-harbor ferry service by Boston's leaders in 1630, and federal actions such as funding America's first national road in 1811, the movement of workers and freight was seen as the enabler of economic growth. And yet even in current times, government and business leaders still are working on how to best coordinate to effectively ensure that public infrastructure and service investments are being made to ensure our economic future. For this reason, it is worthwhile to consider the opportunities, risks, and examples of success in how we address the issue today.

Public leaders across the entire political spectrum widely speak of the importance of supporting local or regional economic competitiveness, and do recognize transportation infrastructure and services as being a relevant aspect of it.

FIGURE 1: EXAMPLES OF STATE DOT MISSION STATEMENTS

Public leaders across the entire political spectrum widely speak of the importance of supporting local or regional economic competitiveness, and do recognize transportation infrastructure and services as being a relevant aspect of it. We can see this phenomenon in the examples of state DOT mission statements, as shown in Figure 1. Of course, there can be a wide gap between noting the connection and doing something about it.

Regardless of the position taken by state leaders, it is quite evident from numerous site location surveys over the years that highway access has been a top factor in commercial and industrial business siting, along with skilled labor market access for industries that have high value products requiring specialized skills. Airport access is widely cited as important for many professional and financial services, and headquarters for globally traded industries. Rail access is particularly important for industries with major resource or commodity based inputs and products. The table shows an exam-

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MAKING THE CONNECTION WORK FOR YOU

TRANSPORTATION ROLES IN ECONOMIC DEVELOPMENT ARE SHIFTING. In a world of transformational changes in technology, trade and workforce requirements, business and economic development interests are interacting with transportation planners in new ways. Transportation investment impacts range from enabling just-in-time supply chains to supporting global gateways and high tech workforce growth. This article examines how new transit, rail, highway, and aviation investments are now being planned and implemented to leverage broader economic development. Even more importantly, it examines how private business organizations are joining with economic developers to coordinate and support public investments that can reinforce economic development strategies for communities and regions.

TABLE 1: SURVEY OF TOP BUSINESS SITE LOCATION FACTORS

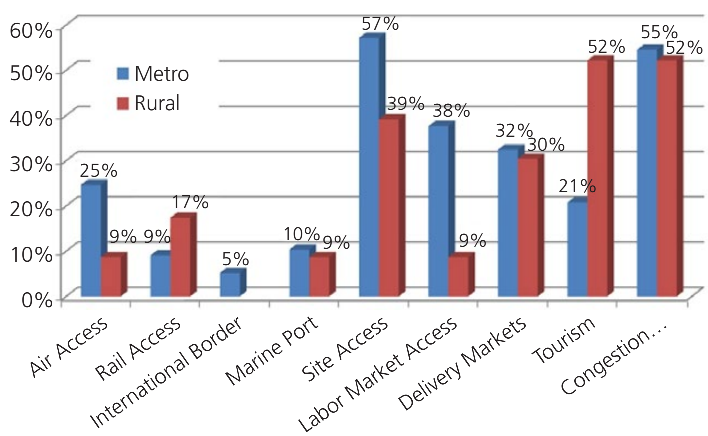
Business Site Location Factor	% Importance	Rank
Availability of Skilled Labor	93%	1
Highway Accessibility	88%	2
Proximity to Major Markets	76%	8
Inbound/Outbound Shipping Costs	65%	19
Proximity to Suppliers	64%	20
Accessibility to Major Airport	59%	21
Railroad service	32%	27
Waterway or ocean port accessibility	24%	28

Source: Area Development Magazine, Q1, 2016

ple of rankings from a widely recognized national site location survey. And yet, it is critical to note that these various access factors differ substantially in importance among industries – a fact that provides the basis for viewing transportation investments as support for strategically important target industries in a region.

These same factors also show up in the economic development motivation for major highway projects around the US. A national study, focusing on 100 case studies of highway focused projects, found that many highway projects are being motivated by a desire to enhance market access and/or reduce costs of congestion. The most dominant forms of market access motivating highway investments were: industry site access, labor market access; delivery market access; tourism; and connectivity to air, rail, and marine ports. These results are shown in Figure 2.

FIGURE 2: MOTIVATION FOR MAJOR HIGHWAY CAPITAL INVESTMENT PROJECTS



Source: Strategic Highway Research Project, Interactions Between Transportation Capacity, Economic Systems, and Land Use, 2014

STRATEGIC CONSEQUENCES TODAY

There are many ways that specific transportation investments can be linked to the growth of particular industries, regardless of whether that was the original intent. For instance, as I-81 emerged as a north-south truck route alternative to the crowded I-95 corridor in eastern states, there was a flurry of new business investment along the corridor. This included a concentration of new warehousing in eastern Pennsylvania, featuring regional logistics and distribution centers. These locations made it possible for central distribution facilities to more cost effectively serve the multiple markets – including the Washington, Philadelphia, and New York City regions. (See Figure 3.)

FIGURE 3: EMERGENCE OF LOGISTICS AND WAREHOUSING CENTERS ALONG I-81, IN PENNSYLVANIA

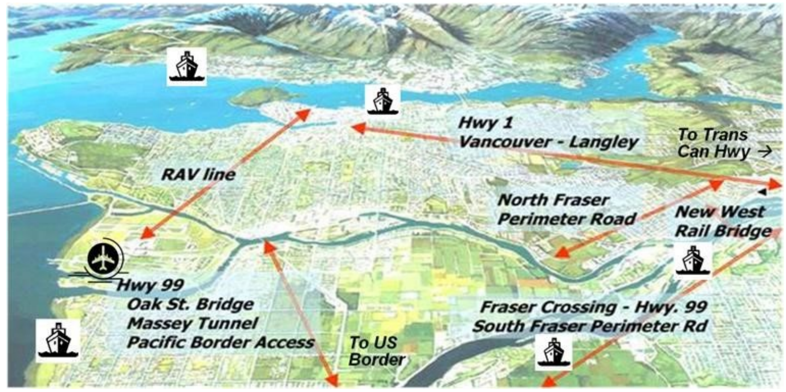
While new highway capacity can enable growth of economic activity, conversely traffic bottlenecks can threaten and hold back growth of economic activities that depend on regional trade. This was found by a study of the Oregon Business Council with Oregon DOT, which surveyed major businesses and found strong evidence of adverse manufacturer and distributor location decisions in cases where traffic bottlenecks were adding to scheduling and logistics costs. Of course, that same issue can apply anywhere regional distribution networks cross urban centers or tourism destination centers. However, the rising cost of congestion is most critical for firms in high growth industries, as they need to constantly reevaluate the competitiveness of their current locations in terms of the capacity and adequacy of those sites to meet further growth demands.

HIGH-TECH, GROWTH INDUSTRIES

The nation's industries with the highest growth rates include knowledge-based technology industries, such as biotech and software. High tech employment centers typically depend on access to a large market of workers with specialized skills. Consequently, they tend to locate at sites that are accessible to a broad regional labor market. For instance, the most well-known high tech, knowledge-based clusters in the Boston and the San Francisco Bay areas both started as computer hardware manufacturers located in highway oriented business

FIGURE 4: SILVER LINE STATION IN BOSTON SEAPORT DISTRICT

FIGURE 5: VANCOUVER GATEWAY MULTIMODAL TRANSPORTATION PLAN



parks in outlying fringe areas – Silicon Valley (California) and the Route 128 belt (Massachusetts). However, the newer software development centers in both of those markets have been moving to urban redevelopment areas that attract millennials with a more exciting urban lifestyle and public transit access – such as SoMa (South of Market) in San Francisco, and Kendall Square and the Seaport District in the Cambridge/Boston area. Other areas, such as Denver's Tech Center, have also grown with public transit access as an integral complement to highway access for workers. (See Figure 4.)

PARTNERSHIPS WITH ECONOMIC DEVELOPMENT ORGANIZATIONS

In general, economic development organizations tend to be focused on promoting business attraction, generation, and growth today, not 20 years from now. Yet the time frame for planning, building, and opening major new highway, rail and air infrastructure can total as much as two decades or sometimes even more. That creates a challenge for officials of economic development and transportation agencies to find common ground for planning. To fill that gap, a variety of civic organizations have emerged, frequently founded by business leaders with the intent to bring together business, government, and other stakeholders to do more strategic investment in promoting future economic development.

The Greater Vancouver Gateway Council in British Columbia was a pioneer group of this sort, which focused on multimodal surface transportation planning to support Vancouver's economic role as Canada's Pacific Gateway for air and sea travel affecting both cargo and visitor movements. The plan brought together passenger and freight planning – spanning rail, transit, and highway infrastructure – to support gateway access needs. A $3 billion plan of investments (Figure 5) has since been essentially completed. This plan provided new and enhanced links from the airport and marine port to downtown visitor sites as well as regional manufacturing areas, and regional truck and freight rail routes. Bob Wilds, formerly executive director of the Greater Vancouver Gateway Council, notes that "a major reason for the success of this plan was the fact that the council brought metro and provincial government leaders together with private industry leaders."

Many other civic partnerships have also examined and advocated for long range regional transportation plans as strategic investments. They include Chicago Metropolis Solutions (which has disbanded after generating significant interest in regional freight plans); the ITASCA Group that promoted regional transit to enhance job access and job growth in the Minneapolis-St. Paul region; and ABC (A Better City), a Boston-based civic group which has supported studies of the need for strategic transportation infrastructure investment to promote industry growth. Portland, Oregon, is also a case example where the local/regional and state government organizations joined with the Portland Business Alliance (Chamber of Commerce), Greater Portland (economic development organization), and Port of Portland to jointly cosponsor studies to document the need to address congestion and promote greater market access for traded industries.

The role of these types of economic development civic partnerships is described by Rick Dimino, executive director of ABC, as follows: "ABC represents the business and institutional communities in its role in shaping and influencing the built environment. Our organization is benefitted by the inclusion of these private parties, who see the benefit of their investment in ensuring both near term and long term global competitiveness for Greater Boston and the Commonwealth. High quality infrastructure is at the heart of a successful economy."

In general, economic development organizations tend to be focused on promoting business attraction, generation, and growth today, not 20 years from now. Yet the time frame for planning, building, and opening major new highway, rail and air infrastructure can total as much as two decades or sometimes even more.

EVOLVING NATURE OF TRANSPORTATION INTERVENTIONS

State and local transportation agencies across the US have a long history of initiating major new highway and bridge projects to leverage private investment in new manufacturing plants and distribution centers. There are several contemporary examples of this phenomenon. The state of Nevada accelerated funding for a new USA Parkway from I-80 to US 50 to facilitate development at the Tahoe Reno Industrial Park including the new Tesla battery factory. Ohio and Kentucky also coordinated to finance construction of two bridges on the Ohio River in the Louisville area in part to enable a new distribution center for Amazon.com which would then have a direct route to the UPS "WorldPort" freight hub at Louisville International Airport. In each case, the inflow of associated jobs and wages is expected to significantly exceed the cost of the transportation investments.

Today, the need to develop and implement multimodal transportation development strategies is receiving increased attention. These plans combine transit, highway, and fiber optic investments, with the aim of expanding workforce and business visitor access to high tech businesses. Massachusetts DOT and the city of Boston enabled development of the new "Seaport District" from what had been an old warehouse district, in part by extending I-90 to the area and connecting it with the airport, and completing the Silver Line bus rapid transit, a new bridge connector to the downtown financial district, and new underground utilities including fiber optic lines through the area. The concept of developing this area as an "innovation district" was the dream of the former mayor, Tom Menino. The city developed an areawide plan featuring further coordination with the state DOT, Massachusetts Port Authority, Convention Center Authority, and ABC (A Better City) – a business council organization that has been involved from the beginning. The dream is being realized and the area has since attracted the new headquarters for General Electric and Vertex Pharmaceuticals. (Figure 6)

Today, the need to develop and implement multimodal transportation development strategies is receiving increased attention. These plans combine transit, highway, and fiber optic investments, with the aim of expanding workforce and business visitor access to high tech businesses.

FIGURE 6: BOSTON'S EMERGING NEW SEAPORT DISTRICT

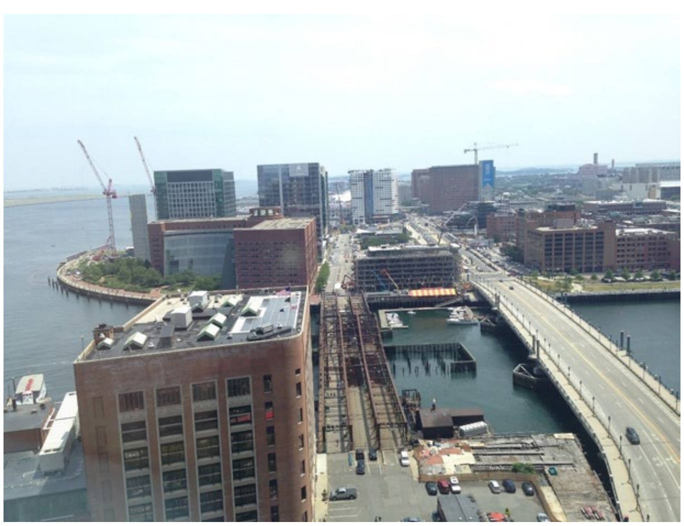


FIGURE 7: I-15 TECH CORRIDOR IN LEHI, UTAH

Another emerging case of planned, multimodal transportation is the I-15 technology corridor developing along I-15 south of Salt Lake City. (Figure 7) Utah DOT has been working with several Utah metropolitan planning organizations (MPOs) as well as the Salt Lake Chamber and other business organizations in a long-range planning effort intended to develop a vision and plan to accommodate unprecedented growth in the state during the next 40 years, including growth of high tech business in the area. The plan includes public investments in a new FrontRunner commuter rail line, extension of TRAX light rail to the area, completion of a new SR92 east-west expressway route, and expansion of frontage roads and connectors along the north-south interstate route. The projects also include public-private partnership financing, development of a prominent area that previously was home to a state penitentiary and are coordinated with new fiber optic lines placed along major transportation corridors. Utah DOT's executive director, Carlos Braceras, notes that the multimodal transportation investments are part of a broader vision and that "our role at Utah DOT isn't to build roads and bridges, it is to help build the communities of our dreams."

LEARNING FROM RECENT EXPERIENCE TO IMPROVE THE FUTURE

In each of these cases, a similar pattern has evolved, in which there is a vision for economic development, supported by a package of multi-modal transportation investments that is targeted to provide wide access for businesses, workers, and visitors to attract high growth industries. To generalize from these assorted cases, national transportation organizations have started to more systematically assemble collections of case studies. Known as "ex post" analysis, these are follow up efforts (after project completion) to document the value of infrastructure investment for economic development.

The American Public Transportation Association has funded a series of case studies of how transit investments have enabled high tech development (see http://www.apta.com/resources/reportsandpublications/Pages/default.aspx). The American Association of State Highway and Transportation Officials has coordinated with US DOT to offer a national database of highway and transit case studies that document transportation investments and their economic development consequences (see https://planningtools.transportation.org/223/case-study-search.html). These case studies also feature stories documenting the role of business and economic development organizations in working with local and state government agencies to plan and focus resources to achieve targeted economic development results.

There are some common lessons to be learned from the cases laid out here. The first is that transportation investment can be an important tool in enabling longer term economic development. It helps to start with a collective vision or dream for the area's future, though it must also be supported by realistic assessments of economic development opportunities and the roles that transportation improvements can play to enable them. To succeed, private and public investments must also be coordinated. Most importantly, all of this can only take place if there is ongoing conversation among the business community, state and metropolitan transportation agencies, and economic development organizations to enable coordinated action.

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open for business

By J. Vann Cunningham

Communities considering development of a new industrial or business park typically face a fundamental dilemma. How much investment is required to make a site competitive in the marketplace or to what extent should a site be developed before a prospect is identified? While this issue is complicated and no hard and fast rules exist, some insight may be gained by examining the industrial site selection context. In other words, how firms make location decisions and what kind of factors influence the outcome?

INDUSTRIAL SITE SELECTION CONTEXT

In contrast to the usual conception, the term "site selection" is to a great extent a misnomer. For the most part, locating a site for a new industrial facility is a process of elimination. Typically, site selection projects consist of a multi-phased, iterative search for "Fatal Flaws." Site selection, as an affirmative action, usually only occurs when location choices are narrowed to a small number of short-listed candidates (usually five or less) meeting all project site and location criteria. Successful sites are those that demonstrate site and other location criteria can be met in the absence of inducements. Contrary to popular opinion, incentives are rarely the overall determining factor. Only when the final short-listed sites are largely equal, do the soft or qualitative issues and incentive packages become potential tie breakers.

In order to successfully attract and locate new industrial facilities, communities must develop sites that meet the potential prospect's needs. As a rule, successful sites must satisfy three major sets of community and site location criteria, the firm's

1. Operational Requirements,
2. Financial Objectives, and
3. Business Risk Profile.

The degree of emphasis a particular firm may place on one or more of these criteria sets largely depends upon the individual firm's priorities and business model as well as the general requirements of the firm's industry group. Firms' specific criteria and the weight they place on an individual site location factor differ significantly between types of industry and may vary even among firms within the same industry group.

The degree of emphasis a particular firm may place on one or more of these criteria sets largely depends upon the individual firm's priorities and business model as well as the general requirements of the firm's industry group. Firms' specific criteria and the weight they place on an individual site location factor differ significantly between types of industry and may vary even among firms within the same industry group.

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J. Vann Cunningham is the former assistant vice president for economic development (Ret.) of the BNSF Railway Company, Fort Worth, TX. (j.vann.cunningham@gmail.com)

INDUSTRIAL SITE READINESS

Communities considering development of a new industrial or business park typically face a fundamental dilemma. How much investment is required to make a site competitive in the marketplace or to what extent should a site be developed before a prospect is identified? This article examines this issue, how it relates to the "shovel-ready" site concepts and site certification, and offers guidance and recommendations for effective approaches to site readiness and ensuring competitiveness in the marketplace.

In the arena of operational requirements, for example, the site location criteria needed to satisfy the operational requirements of a mini-steel mill are quite different from those of a typical food processing operation. A mini-steel mill requires a site located on a strong point in the electrical grid capable of delivering reliable high voltage service in an independent dual feed configuration usually in relative proximity to two major substations or a substation and a generating plant. A food processing plant on the other hand may be capable of taking electrical service at a much lower distribution voltage but, in contrast to the mini-mill, may require large amounts of high quality potable water as well as substantial wastewater treatment capacity.

Similarly, different industry groups and firms have differences in their financial objectives. Common financial business objectives include increasing revenue, increasing profit margins, retrenching in times of hardship, and earning an adequate return on investment. The way in which a firm views its financial objectives affects the weight a firm will place on a particular site location factor. For example, one prospect may see controlling labor costs as the key to success where as another may emphasize locating at a site that enhances access to markets and potential increased sales.

Business risk or uncertainty are important factors communities may often overlook. All firms seek to reduce business risk; however, just as their operational and financial requirements vary so do their business risk profiles. Factors, such as overall local and state business climate, political stability, labor availability and climate, and tax, environmental and other business regulatory policies have differential effects on firms' assessment of the risk of doing business at a particular location. To the extent that a community can reduce the degree of business risk and uncertainty associated with a specific site, they increase the competitiveness and improve the marketability of their location. Of particular concern in the site location process is the firm's assessment of the likelihood that the new facility can be constructed on time and within budget at the candidate site. Again, obviously anything a developer can do to increase the probability that a new facility can be delivered in a cost effective and timely fashion enhances the potential success of the park or site.

If a community does not have an available qualified suitable site, it is not in the site selection game regardless of what other desirable characteristics a location may possess. All too often communities fail to undertake adequate due diligence to assure that a site is under control (the community has the right to offer the property) and available for development under known conditions.

A farmer with a shovel in a cornfield does not equal shovel ready!

ECONOMIC DEVELOPMENT PRODUCT

In the context of industrial site selection, product means available Industrial Land, Buildings & Infrastructure that meet the "Prospect's Needs." In short:

DIRT FIRST – No Site = No Business

If a community does not have an available qualified suitable site, it is not in the site selection game regardless of what other desirable characteristics a location may possess. All too often communities fail to undertake adequate due diligence to assure that a site is under control (the community has the right to offer the property) and available for development under known conditions.

Almost every site selection consultant at one time or another has experienced being picked up in a 15 passenger van filled with local dignitaries, driven out into the country to a beautiful ranch or farm only to learn that the proposed "site" is not under control, land costs are unknown, zoned for agriculture, and no one knows exactly where the nearest utilities are located, and how much it will cost or how long it will take to extend them to the site. Assurances that Farmer Jones is ready to retire and will sell at the right price and "don't worry" we can get the utilities here are not sufficient. More likely, this scenario ends with an immediate drive back to the airport, no Chamber of Commerce visit or dinner with the mayor, and probably no future prospect visits to the community.

RECOGNIZING DEVELOPMENT INVESTMENT RISK

It is understandable that communities considering making a major capital investment in a new industrial site or park would be greatly concerned with making a sound investment decision. A community can easily invest millions of precious public dollars in preparing a site for development, and the consequences of making a poor decision can be devastating for the community and for the decision makers. This is true for developers in both the public and private sectors although the kinds of consequences for public versus private developers tend to be significantly different.

Developers in the private sector usually have a substantially different set of concerns. The private sector typically seeks development properties or sites exhibiting a significant competitive advantage yielding maximum profitability and achieving acceptable levels of return on investment while managing or minimizing business risk. Most private industrial park development projects are highly leveraged.

Public officials and other local leaders in the public sector tend to seek a Political Win. Most often a political win is defined as, first and foremost, creating new jobs and increasing wage and income levels in the community. Stimulating capital investment and increasing tax revenues may also be cited in the definition of a political win but usually only as a distant second. Most local public officials intuitively understand that large public capital investments in a development that fails to meet these objectives in a timely manner not only inflicts damage on the wellbeing of the community but is also likely to have severe adverse effects on the office holder's tenure in the next election.

Developers in the private sector usually have a substantially different set of concerns. The private sector typically seeks development properties or sites exhibiting a significant competitive advantage yielding maximum profitability and achieving acceptable levels of return on investment while managing or minimizing business risk. Most private industrial park development projects are highly leveraged. Thus, they are particularly exposed to economic risks associated with delays in development or with lower demand and slower sales than expected. The carrying costs impacts caused by delays and disruption in the development process or by an economic downturn in the industrial real estate market can easily force a developer into insolvency, bankruptcy or even into outright business failure. This was clearly evident in the recent Great Recession when many private developers and some of the largest industrial REITs (Real Estate Investment Trusts) in the world failed, with truly devastating consequences for the developers and investors alike.

The experience of the Great Recession revealed significant risks in relying solely on the purely private sector site development model for private industrial parks and sites to provide needed jobs and investment in the host communities. Several factors tended to limit the viability of private sector industrial site development in the face of economic pressures of the downturn:

- Ever present demands of creditors and investors to generate positive cash flow quickly,
- The potential opportunity costs associated with competing alternative land uses,
- Real estate's obsession with highest and best use,
- Comparatively high costs of industrial support infrastructure, and
- Potential opposition and permitting challenges (NIMBY) among others.

THE SHOVEL/PAD-READY SITE ENIGMA

Although it is true that an increasing number of companies are seeking relatively "risk free" sites with a higher degree of readiness and are not willing to wait for a community to find an appropriate site and determine its suitability for development, the emphasis on a shovel ready site is often overstated. Some level of investment in industrial site readiness is clearly needed. It is not clear, however, that a high level of upfront capital investment expenditures in infrastructure and site preparation is necessary to ensure that a site or park is competitive in the marketplace. Contrary to assertions by some site location and economic development consultants to the effect that a shovel or pad-ready site is an indispensable necessity for adequately responding to companies looking to make a rapid facility location decision, most companies are simply seeking sites capable of being developed within the parameters of their facility construction schedule and budget.

Furthermore, depending upon the prospect's facility requirements and the existing characteristics of a site, a community may find that a high level of upfront investment may not only be unnecessary overkill but in fact may result in putting in infrastructure that either limits site development flexibility or site suitability for a par-

SHOVEL/PAD READY SITE: THE ENGINEERS' DEFINITIONS

- **Civil/Environmental** .. *"A (site) that has the subgrade (fill) in place and at finish grade ready to excavate for plumbing and slab beams for slab placement."*
- **Structural** .... *"Hard to define...means different things in different places and different applications...it is what you define by contract."*
- **Geotechnical** .... *"Some reference to bearing capacity and subgrade support for industrial slabs on grade???"*
- **Civil/Environmental** .. *"Sounds more to me like approved plans, ready to go into rough grading"*
- **Geotechnical** .... *"A pad ready site has the fill in place and prepared for fine grading."*
- **Civil/Environmental** .. *"Rural development: Pad-Ready = site untouched but septic testing has been completed and deemed suitable for building. Mass Grading Development: Pad-Ready = fill placed, rough grading completed AND tested! Sewer & water hook-ups in place."*

Advertised Shovel/Pad Ready Sites

ticular type of industry. This is particularly so because no consensus exists regarding an accepted definition of a "shovel" or "pad ready" site or the agreed upon conditions that must be present to certify a site as "shovel ready." This lack of consensus and a common understanding is clearly demonstrated in the quotes taken from a recent survey of site designers and civil engineers regarding the meaning of the term, shovel ready.

If engineers and other site design professionals have this much difficulty defining a shovel ready site, it is hardly surprising that local economic developers experience some confusion concerning the appropriate course of action. The lack of a clear and consistent definition and the resulting confusion is further illustrated by the site and park photographs here. All these photos were taken from advertisements by state and local economic development organizations for shovel ready or pad ready sites. As the photographs show, site conditions ranged from greenfields to fully graded sites and everything in between.

THE RATIONALE FOR HIGHER LEVELS OF INVESTMENT IN SITE AND PARK READINESS

So, do the weaknesses in the shovel ready concept mean that a community should never make significant speculative investments in an industrial site and park? No, if a community has the available resources; fully understands its markets, target industries and their requirements; and has a track record of success and a tolerance for risk, then it may do well to move forward with a higher level of investment in site preparedness.

This is particularly true if providing industrial access or utility infrastructure to a site requires a long lead time. For example, providing rail access (turnouts, switches, and industrial lead track) often takes 18 to 24 months from the initial contact. Similar lead times may be required if a facility requires expansion of an existing electrical substation or the construction of a new substation. Preplanning, engineering and design, and prudent upfront capital investment can go a long way toward cutting lead times and reducing the risk of losing a prospect because service cannot be delivered in the prospect's timeframe.

Experience clearly shows that the presence of an available inventory of prepared sites offers a community a proven competitive advantage in seeking to attract new industry, jobs, and capital investment. If nothing else, available prepared sites are essential for many fast-track projects and offer the advantages of setting the bar for all competitors, demonstrating greater sophistication and readiness, and may serve as the tie-breaker among final candidate communities competing for a new business investment.

PARK AND SITE CERTIFICATION PROGRAMS

Whether a community decides to make major capital investments in site or industrial park preparation or chooses not to do so, site certification can yield significant benefits. In recent years, numerous states, major utilities, railroads, and economic development and site location consultants have established industrial and business park and site certification programs. As in the case for upfront investment discussed previously, certification programs are a response to a growing tendency for companies to shorten decision making time frames, thus favoring sites with a higher level of preparedness and lower levels of development risk and overall uncertainty. Site certification is a useful strategy for addressing companies' growing reluctance to wait for a community to find an appropriate site and determine its suitability for development.

While programs vary in the degree of independence and rigor and no universally accepted set of site certification criteria exists, most programs at a minimum address issues such as the following:

- Site ownership and control,
- Clear property title,
- Sufficient utilities and other infrastructure,
- Adequate transportation access,
- Appropriate zoning, and
- Environmental clearances for industrial use.

Whether a community decides to make major capital investments in site or industrial park preparation or chooses not to do so, site certification can yield significant benefits. In recent years, numerous states, major utilities, railroads, and economic development and site location consultants have established industrial and business park and site certification programs.

The intent is to reduce the prospect's risk and uncertainty by ensuring and documenting that the property is ready for development. In making the decision to seek site certification, communities should keep the following points in mind:

- ✓ States, utilities, and railroads offer certification programs often at low or no cost to the community;
- ✓ Several private consulting firms offer site certification services (May be highly costly.);
- ✓ Broad range of application criteria and requirements;
- ✓ As with shovel ready sites, no national standards and no guarantees exist; and
- ✓ Finally, certified sites and parks enhance marketability but are not a substitute for prospect due diligence.

➪ MINIMUM REQUIREMENTS FOR *QUALIFIED* INDUSTRIAL SITES:

1. Under control, actively on the market, transferable and developable in a timely manner. (Under control – the EDO or other party promoting the site owns, optioned, or has a first right of refusal on the site.)
2. Planned for industrial development…zoning, site design, land use, and environmental issues resolved, etc.
3. As a rule of thumb, minimum 10 Acre Parcels, 80-200 Acre Park Footprint (expandable in logical units). Cleared and Grubbed (excessive vegetation removed).
4. All infrastructure in place to the property boundary or engineered, approved, and readily available.

SUMMARY AND CONCLUSION

In conclusion, whether or not a community makes substantial investment in capital infrastructure and site preparation or seeks certification for its sites and parks, the demands of the industrial site marketplace clearly require some investment in prequalifying and readying a site for development. The table summarizes key issues that must be addressed in readying a site for development.

Large investments in site preparation and obtaining site certification are not critical for creating a competitive site. Failure, however, to make sufficient investments in industrial site readiness to satisfy these minimum requirements substantially reduces the likelihood of successfully establishing a competitive site or park in the industrial marketplace and may well constitute a *"fatal flaw"* for your site in the site selection process. To the extent that a community can reduce costs, the time required to develop a facility, and the degree of business risk and uncertainty associated with a specific site, they increase the competitiveness and improve the marketability of their location.

small business growth

By Kimberly Zeuli and Kathleen O'Shea

Image courtesy of Gensler

A rendering of GE's forthcoming Boston headquarters.

INTRODUCTION

Small businesses are increasingly recognized as the backbone of urban economies, especially since the Great Recession. Yet, too often city leaders and economic developers are not prioritizing small businesses in their economic growth plans, continuing to focus instead on the attraction and retention of large businesses. A new report by the Initiative for a Competitive Inner City (ICIC) may make economic development professionals consider shifting these priorities.[1] The report provides compelling evidence that small businesses rival, and often exceed, the impact of large businesses when it comes to providing critical jobs for local residents. ICIC is a national, nonprofit research and advisory organization founded in 1994. Its mission is to drive economic prosperity in America's inner cities through private sector investment.

Cities and states employ a variety of conventional strategies to attract and retain large businesses. The city of Boston and commonwealth of Massachusetts, for example, recently enticed General Electric Co. (GE) to relocate their headquarters from Fairfield, Connecticut, to Boston with a comprehensive package of incentives. The city of Boston offered up to $25 million in property tax breaks over a period of 20 years tied to hiring goals. The commonwealth offered up to $120 million in infrastructure and property improvements, including the cost of land that a state agency will own and lease back to GE. Non-monetary incentives included streamlined permitting processes, support of energy initiatives, and concierge relocation services.[2]

ICIC's report, *The Big Impact of Small Businesses on Urban Job Creation: Evidence from Five Cities*, suggests that if the same level of resources and targeted support were dedicated to growing urban small businesses, especially those located in distressed inner cities, a greater number of jobs could be created. But, small businesses require different strategies than the conventional financial incentives used to attract and retain large corporations. In this article, we summarize findings from ICIC's report, which provides a snapshot of the share of small business jobs in Chicago, Dallas, Detroit, Los Angeles, and Washington, D.C., and delve into ICIC's small business growth playbook for city leaders and economic development professionals that comprises five key strategies.

THE RELATIVE IMPORTANCE OF SMALL BUSINESS JOBS

In each of the five cities, we analyzed the share of jobs associated with small and large businesses, focusing on three business size categories: small businesses with one to four employees (micro-busi-

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A NEW PRIORITY FOR URBAN ECONOMIC DEVELOPERS

New research from the Initiative for a Competitive Inner City provides compelling evidence that small businesses rival, and often exceed, the impact of large businesses in terms of providing jobs for local residents. Yet, too often, city leaders and economic developers are not prioritizing small businesses in their economic growth plans. Moving beyond the attraction and retention of large businesses will require them to adopt new tools and develop a comprehensive small business plan. This article provides a snapshot of the share of small business jobs in five cities and outlines a small business growth playbook of five key strategies for city leaders and economic development professionals.

Image courtesy of Barracks Row Main Street

Barracks Row Main Street District, Washington, D.C.

nesses), small businesses with five to 249 employees, and large businesses (250 or more employees) (see Table 1).

In all five cities, the distribution of the number of small and large businesses is similar. Micro-businesses, which include the self-employed, the proverbial "mom and pop" shops, and most Main Street businesses, represent the majority (roughly 75 percent) of all businesses. Small businesses with five to 249 employees comprise about 25 percent of all businesses, while large businesses represent one percent or less of all businesses.

Not only do micro- and small businesses outnumber large businesses, but in four out of the five cities they also contribute more jobs – 53 percent in Detroit, 58 percent in Chicago, 62 percent in D.C., and 74 percent in Los Angeles. In Dallas, small businesses account for just under half (48 percent) of all jobs. Although there are nearly three times more micro-businesses than all other small businesses in all five cities, they don't account for more jobs. Businesses with five to 249 employees create more jobs than micro-businesses, ranging from 35 percent in Dallas to 50 percent in Los Angeles.

The difference in small business job shares across the five cities suggests that some cities, such as Los Angeles, have more medium-sized businesses (those closer to the 249 employee cutoff), while others, such as Dallas, have more businesses closer to the five employee mark. This may be due to differences in each city's small business environment or in programs that target the growth of small businesses, versus startups. The differential may also be due to the types of industries that make up the city's economy. Small businesses within certain industries, or in industries that are part of a city's strong clusters, may hire more employees and have greater growth opportunities than businesses in other industries.

SMALL BUSINESSES ARE CRITICAL FOR INNER CITY EMPLOYMENT

ICIC's report also finds that small businesses provide even more significant employment opportunities in distressed inner city neighborhoods, where poverty and unemployment are highly concentrated.

In four of the five cities studied, small businesses located in the inner city supported a greater share of jobs

TABLE 1. BUSINESS COMPOSITION OVERVIEW BY CITY

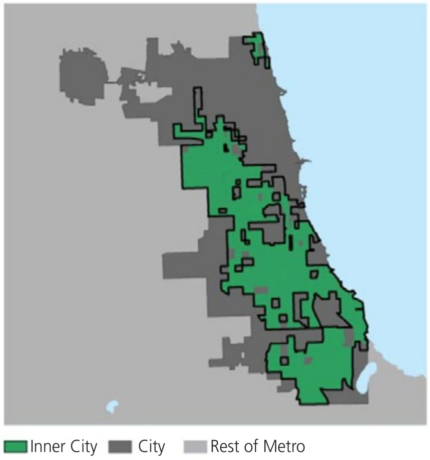
	Small Businesses			Large Businesses
	1 to 4 Employees	**5 to 249 Employees**	**1 to 249 Employees**	**250 or More Employees**
CHICAGO				
Total number of businesses	67,738	25,228	92,966	943
	72%	27%	99%	1%
Total aggregate jobs	135,881	438,953	574,834	419,360
	14%	44%	58%	42%
DALLAS				
Total number of businesses	60,898	18,342	79,240	734
	76%	23%	99%	1%
Total aggregate jobs	122,681	303,412	426,093	453,119
	14%	35%	48%	52%
DETROIT				
Total number of businesses	14,322	4,902	19,224	134
	74%	25%	99%	1%
Total aggregate jobs	28,261	80,204	108,465	96,413
	14%	39%	53%	47%
LOS ANGELES				
Total number of businesses	86,506	23,817	110,323	510
	78%	21%	100%	<1%
Total aggregate jobs	171,793	366,678	538,471	193,410
	23%	50%	74%	26%
WASHINGTON, D.C.				
Total number of businesses	27,390	9,364	36,754	256
	74%	25%	99%	1%
Total aggregate jobs	52,053	168,732	220,785	138,107
	15%	47%	62%	38%

Notes: Data estimates are for the entire city, including the inner city. Business numbers represent business establishments located in the city. An establishment is defined as a single physical location where business is conducted or services or industrial operations are performed. A company may consist of one or several establishments (a company with ten branches would be recorded as one company and ten establishments). Jobs are measured for business establishments located in the city (if a business has multiple establishments in multiple cities, we only count employment from establishments located in the city). **Source:** Dun and Bradstreet Hoover's Database (2016).

INNER CITY DEFINITION

ICIC defines an inner city as a set of contiguous census tracts in a city that have higher poverty and unemployment rates than the surrounding MSA and, in aggregate, represent at least five percent of a city's population. Each inner city census tract must meet either of two criteria: (1) an absolute poverty rate of at least 20 percent or (2) a relative poverty rate that is at least 150 percent or greater than that of the MSA, as long as the unemployment rate is at least 150 percent greater than that of the MSA and/or the median household income is 50 percent or less than that of the MSA. Map 1 shows the inner city in Chicago. Applying ICIC's inner city definition to 2011 American Community Survey data for all U.S. cities with populations greater than 75,000, ICIC identifies 328 inner cities.

MAP 1. THE INNER CITY IN CHICAGO



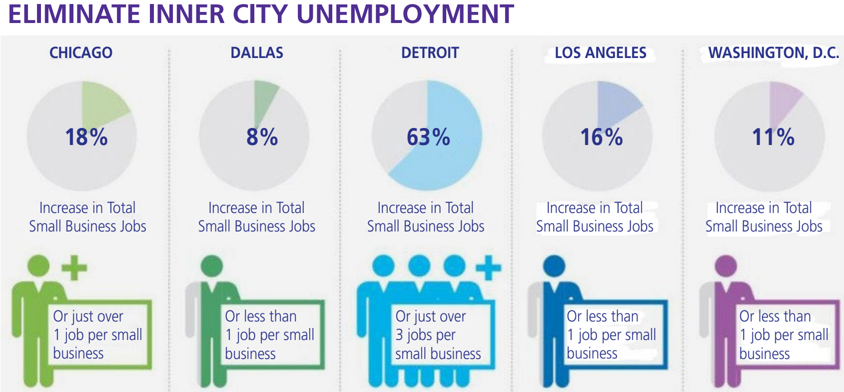
Notes: *Inner city boundary was defined using 2011 American Community Survey 5-Year Estimates and ICIC's inner city definition. Green shows census tracts within the 2011 inner city that qualify as inner city in 2014.* ***Source:*** *U.S. Census Bureau 2014 American Community Survey 5-Year Estimates.*

in those neighborhoods than in the city overall: 64 percent in Detroit, 70 percent in Chicago, 74 percent in D.C., and 77 percent in Los Angeles. Dallas is distinct in that large businesses create more inner city jobs than small businesses, which suggests that inner city job creation reflects and is not distinct from job creation in the surrounding city.

The report also provocatively argues that small businesses could be an important part of the unemployment solution for inner cities: A modest increase in small business jobs could create enough employment opportunities for all currently unemployed inner city residents. In four of the five cities, this equates to only about one additional employee per existing small business (Figure 1). Detroit would require slightly more aggressive small business growth, with each small business hiring just over three additional employees. This is not to suggest this growth is easy for small businesses, especially for those with fewer than five employees. In addition, these calculations assume that all jobs will be filled by inner city residents, regardless of where the small business is located, which is unrealistic. However, the simple analytical exercise highlights the significant impact small businesses can have on inner city unemployment and that the problem is not insurmountable. Targeted strategies to support small business growth in cities can move the needle.

The concept of helping small businesses hire one additional employee as a solution to unemployment has precedence (e.g., the National Association of Workforce Boards' Just Add One initiative and the Association for Enterprise Opportunity's One in Three Campaign). Recent research from the Center for an Urban Future also identifies scaling small businesses into larger businesses as one of New York City's greatest opportunities to drive employment growth and the creation of middle-class jobs.[3]

FIGURE 1. GROWTH IN SMALL BUSINESS JOBS REQUIRED TO ELIMINATE INNER CITY UNEMPLOYMENT



A PLAYBOOK TO SUPPORT URBAN SMALL BUSINESS GROWTH

The report presents five critical strategies to support the growth of small businesses, and offers best practices that city leaders and economic development professionals can draw upon to implement each strategy in their cities.

1. Create a comprehensive small business plan based on economic assets

Programs that support small businesses are frequently uncoordinated, targeted to start-ups, and often focused on educating small business owners rather than on improving the business environment. As ICIC's research shows, cities need to develop a comprehensive small business plan centered on businesses poised for growth and offering the greatest potential for job creation – those with five to 249 employees.

It is critical that small business plans are linked to a city's broader economic development initiatives and aligned with metropolitan and regional competitive, economic assets. Every metro area has assets that create unique competitive advantages for certain industries.

It is critical that small business plans are linked to a city's broader economic development initiatives and aligned with metropolitan and regional competitive, economic assets. Every metro area has assets that create unique competitive advantages for certain industries. For example, Houston is known for its significant oil and gas industry, which grew out of the area's natural oil reserves. The competitive advantages are reflected in the metro area's strong clusters – groups of inter-related industries that choose to co-locate in the area. Small businesses, especially those early in their life cycle, benefit from strong clusters that connect them to research, product development, new markets, and a skilled workforce.[4] Focusing small business development on strong clusters ensures that resources are directed to small businesses in industries with the greatest potential for growth. Recent research also demonstrates that employment, including in the inner city, is maximized when the same strong regional, city, and inner city clusters are connected.[5]

Although small business plans are not yet widespread, some cities are leading the way. Early last year, the city of Boston released a comprehensive small business plan with three goals: to make the small business economy thrive, enhance neighborhood vibrancy, and foster economic and social inclusion and equity. The plan highlights nine primary gaps in the small business ecosystem including, but not limited to: support for minority-, women-, and immigrant-owned businesses; awareness and navigation of resources; access to targeted technical assistance; and availability of capital. It sets forth 20 small business solutions or "initiatives" to strengthen the overall ecosystem, including establishing a Small Business Center with a physical presence to help small business owners better navigate resources and advocate for Boston's small businesses.[6]

In 2015, recognizing the importance of small businesses in creating jobs and strengthening neighborhoods, the city of Baltimore also established a comprehensive small business plan. The plan contains four key goals: increase resources for small businesses and entrepreneurs, cultivate the innovation economy, promote an inclusive economy, and make Baltimore more business-friendly. It outlines seven strategies for supporting small businesses to meet these goals, which include growing the capacity of the city's Small Business Resource Center, developing a partnership with SourceLink (an entrepreneurial ecosystem mapping tool), and streamlining minor permitting processes.[7]

An oversight in both Boston and Baltimore's plans is that neither explicitly aligns small business growth strategies with strong and emerging clusters. The strongest small business plans will outline goals related to small business growth in these clusters, which vary by region.

2. Expand contracting opportunities for small businesses

Contracting opportunities with government agencies and large corporations are a critical driver of growth for small businesses. They offer a guaranteed revenue stream and allow for better business planning and sustainable employment growth. Yet, procurement offices at these large organizations typically prefer contracting with large, established businesses, especially those that have a proven track record with the organization. The gains for small businesses in increasing contracting opportunities are well-documented: in Newark, New Jersey, a recent study found that a ten percent increase in anchor institution contracts with local, small businesses would result in an additional $33 million flowing annually to these businesses.[8]

Image courtesy of Motor City Brewing Works

Motor City Brewing Works, a local brewery in Detroit.

Image courtesy of Katie Witherspoon

2016 CASE Inaugural Conference, "Driving Collective Impact through Anchor Collaboratives."

Many cities already recognize the importance of expanding contracting opportunities for small businesses and have "buy-local" and small business preference initiatives in place. In Los Angeles County, for example, the Department of Consumer and Business Affairs (DCBA) administers the Local Small Business Enterprise (LSBE) Preference program, through which LSBE-certified businesses are eligible for a 15 percent bid price reduction so that they might compete with larger companies who can afford to submit lower bids. DCBA also operates the Los Angeles County Procurement Technical Assistance Center, which provides training on certification processes and counseling services related to securing procurement contracts.[9] Although programs like these make small businesses more competitive in contract bidding processes, receiving required certification can be unduly burdensome for small businesses and require submission of financial statements that they may not have or be willing to provide the government.

"Buy-local" initiatives often struggle with identifying local, small businesses that have the capacity to fill large contracts. One example of the type of program that is needed to support local purchasing is Chicago Anchors for a Strong Economy (CASE). Led by World Business Chicago, CASE includes 15 anchor institutions (universities, hospitals, government, large corporations, and cultural institutions). It seeks to increase local spending at these institutions by creating a small business supplier network and builds capacity among small businesses through workshops and training to better prepare them for contracts with the participating anchor institutions.[10]

Detroit Economic Growth Corporation operates a similar initiative, Detroit-to-Detroit (D2D), which works with a Buyer's Council comprising 18 anchor institutions to increase their local contracts and help them identify local, small businesses. D2D also works with small businesses to build their capacity and identify resources to respond to new growth opportunities.[11] In 2015, the Buyer's Council purchased $856 million in goods and services from Detroit-based companies.[12] D2D also partners with the business-to-business matchmaking tool Pure Michigan Business Connect.

As a potentially significant solution to urban unemployment, small businesses should be a key focus of workforce programs. Workforce organizations should be targeting and supporting small businesses with resources and programming to the same degree that they do with large businesses. Yet, limited resources often determine how workforce organizations are designing and implementing outreach to employers.

Innovative anchor partnerships like CASE and D2D can drive significant growth in local procurement and contracting opportunities for small businesses. Yet, a challenge of this strategy is that it can be difficult to establish and maintain consensus and enthusiasm among participating anchor institutions over time.

3. Design workforce programs for small businesses

As a potentially significant solution to urban unemployment, small businesses should be a key focus of workforce programs. Workforce organizations should be targeting and supporting small businesses with resources and programming to the same degree that they do with large businesses. Yet, limited resources often determine how workforce organizations are designing and implementing outreach to employers. As one workforce professional noted in ICIC's report, "With small businesses, it requires a longer engagement over time, and you see fewer big outcomes than say, connecting with Chipotle and placing 20 people." Workforce organizations need to ensure that they are meeting the needs of small businesses and that small businesses are fully aware of the resources available to them.

In a recent survey of small business owners, almost half of the respondents reported that hiring and retaining good employees is one of their top two growth challenges.[13] Unlike many large businesses, small businesses typically lack the internal resources to recruit and train new employees. This is especially true with respect to potential employees that lack foundational job skills.

Few federally-funded workforce organizations have targeted strategies for small businesses, although some cities are beginning to address this oversight. For example, the Chicago Cook Workforce Partnership, which implements federally-funded workforce programs in Chicago and Cook County, has streamlined the processes and paperwork required by small businesses looking to engage the Partnership's resources. Popular services for small businesses include: On-the-Job Training (a program reimbursing employers up to 50 percent for job training costs for employees hired through the public workforce program), creating job descriptions, assisting with applicant interviews, and pre-screening candidates. In addition to strategic relationships with local chambers of commerce and business associations, the Partnership is also exploring a strategic association with Small Business Majority, a national small business advocacy organization.[14]

Given the critical role small businesses play in the inner city, workforce organizations should be developing programs to specifically target the inner city labor force, where skill gaps may be larger and small businesses may have additional challenges attracting and retaining employees. Transitional job programs offer intensive skills training and support services, and may be an important resource for small business owners looking to hire those traditionally considered "hard to employ" (because of marginal job skills, incarceration, drug use, or homelessness).

The Los Angeles Regional Initiative for Social Enterprise (LA:RISE) is one such program. LA:RISE is funded by a grant from the Department of Labor's Workforce Innovation Fund and is an employer-driven workforce development program led by the Los Angeles Economic and Workforce Development Department. The program works with nonprofit and for-profit social enterprises to transition homeless, chronically unemployed, and formerly incarcerated individuals to full employment. Ultimately, LA:RISE hopes to transition at least 250 participants from transitional social enterprise jobs to permanent, unsubsidized jobs.[15]

Transitional employment programs like LA:RISE, however, are highly resource-intensive and can be difficult to scale. More research is needed to fully understand the most effective strategies for transitioning the "hard to employ" into full-time jobs, especially through programs that also support the growth of small businesses.

4. Coordinate resources and ease burdensome regulations

In most cities, there are dozens of public and private organizations working to support small businesses in a variety of capacities. City leaders need to take the lead in streamlining programs, eliminating redundancies, and filling in resource and programming gaps.

Mapping existing resources is a critical first step. One such effort by the Dallas Office of Economic Development is Dallas B.R.A.I.N. (Business Resource and Information

Image Courtesy of Sky San Agustin

A monthly event hosted by the Dallas B.R.A.I.N. and Launch DFW, "Dallas New Tech: Dallas Startup Week Edition."

Network), launched to provide centralized resources and information for Dallas small businesses, especially micro-businesses. Business owners answer a few key questions about their business needs, and the tool helps to match them with 127 small business assistance organizations in the Dallas area.[16] Dallas B.R.A.I.N. is maintained by SourceLink, which operates similar Resource Navigators in Baltimore and Kansas City, and statewide in Iowa, Kansas, Mississippi, Missouri, and Virginia.[17]

Detroit BizGrid is a similar online directory helping business owners and entrepreneurs navigate the support ecosystem, which includes 54 organizations.[18] Detroit Economic Growth Corporation is working to transition from the delivery of disparate programs to a more cohesive, integrated small business strategy by streamlining referral and tracking support and strengthening connectivity between small business partners.[19]

City leaders also need to recognize and work to minimize the disproportionate burden of regulations on small businesses. For example, hiring and contracting compliance can be especially challenging for small business owners. The city of Chicago is one example of a city that has prioritized business regulation reform and the streamlining of its small business services. The city has cut and consolidated business licenses, increased online resources, and more effectively trained staff on regulations. It also launched a Small Business Center as a "one stop shop" for business owners to access a wide variety of city services in one location. Rather than making multiple trips to different city departments, small business owners can now access services for zoning, health, fire, and licenses in one location. A report by the Harvard Kennedy School indicates the Small Business Center is a success – allowing 25 percent of walk-ins to be addressed in ten minutes or less and employing staff with regulatory expertise.[20]

5. Upgrade the inner city business environment

City leaders also need to prioritize making improvements to the overall business environment in distressed inner city neighborhoods. This includes upgrading infrastructure (e.g., buildings, technology, and transportation), reducing crime, and adding amenities such as restaurants and other retail services. The quality of inner city infrastructure is generally worse than that in the rest of the city and region.[21] Inner city neighborhoods may also have higher crime rates and lack amenities, making them less competitive places for businesses. Inner city business owners have cited crime, parking and traffic problems, and negative perceptions of their neighborhood as the main disadvantages of their location.[22] Making upgrades to this infrastructure will create a more supportive business environment, helping small businesses grow and attracting more businesses to inner city areas. As a starting point, city leaders need to identify the specific business environment improvements needed in their inner cities.

Image courtesy of Dallas GrowSouth

The DART Blue Line in Dallas, extended in South Dallas last year.

Image courtesy of Leanna Lin's Wonderland

A Small Business Saturday event in Los Angeles.

We are not aware of any city that has initiated a comprehensive plan for improving their inner city business environment. Typically, cities target certain neighborhoods as part of broader economic development plans. Dallas and Washington, D.C. are two examples of cities with specific plans for improving the business environment in their inner cities. Washington, D.C. has developed Small Area Plans for small neighborhoods or corridors in each of the city's eight wards. These plans outline opportunities for infrastructure and capital investments, including façade or streetscape improvements and commercial development projects.[23] The GrowSouth initiative in Dallas incorporates short- and long-term infrastructure and capital improvement projects to jumpstart the economic growth of the distressed neighborhoods in South Dallas. Included in the ten-point plan are goals related to rebranding and changing negative perceptions about South Dallas, encouraging development in key commercial corridors, and increasing connectivity to downtown, all of which could increase neighborhood amenities and improve the overall business environment. The city also spearheaded the creation of Impact Dallas Capital, a non-profit organization that will create a long-term, sustainable source of capital for neighborhood investment (primarily in real estate).[24]

CONCLUSION

Growing small businesses is too often overlooked as a strategy to support urban job growth and drive the transformation of distressed inner city neighborhoods. Moving beyond a traditional economic development perspective focused on large business attraction and retention will require city leaders and economic development professionals to adopt new strategies and develop a comprehensive small business plan. The strategies outlined in ICIC's playbook as summarized here provide an important foundation for this new approach.

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The 2017 Salary & Demographic Survey was conducted in November of 2016. The survey report was released in January of 2017 and is available for sale in IEDC's bookstore on our website. It is available in PDF in both a combined and Canada-only versions.

The report contains trended data from the previous surveys, including 2014, 2012, and 2010. The IEDC Salary & Demographic Survey is the only industry-specific survey of economic development professionals.

NEW EDRP REPORT ON REGIONAL ECONOMIC DEVELOPMENT

The Economic Development Research Partners (EDRP), IEDC's in-house think tank, recently published a report presenting research showing that a regional approach to economic development can foster economic growth. "Organizing for Success: Regional Economic Development" is a collection of research sourced through interviews between IEDC and representatives from regional economic development organizations across the U.S.

The report seeks to inform economic developers of the growing interest in forming regional partnerships, the benefits and challenges of achieving them, and the best practices exemplified by organizations cited as case studies.

The report is available for download by clicking the link: http://www.iedconline.org/book-store/edrp-reports/organizing-for-success-regional-economic-development/

PROFESSIONAL DEVELOPMENT TRAINING MANUAL UPDATES

The 2016 updates to ten of IEDC's professional development training manuals are now available. The following manuals were updated: "Business Retention and Expansion," "Real Estate Development and Reuse," "Economic Development Finance Programs," "Economic Development Marketing and Attraction," "Economic Development Strategic Planning," " Entrepreneurial and Small Business Development Strategies," " Managing Economic Development Organizations," "Neighborhood Development Strategies," "Technology-led Economic Development," and "Workforce Development."

The updates include new case studies highlighting current practices in economic development and recent winners of IEDC's Excellence in Economic Development Awards. New content on reshoring, foreign direct investment, and exporting is also included. The manuals can be purchased in IEDC's Bookstore.

IEDC HOSTS SUCCESSFUL LEADERSHIP SUMMIT IN JACKSONVILLE, FL

IEDC hosted another successful Leadership Summit in Jacksonville, FL. At 425 attendees, IEDC was one attendee shy of the record-breaking attendance at the 2016 Summit in New Orleans.

Keynote speaker highlights included Jacksonville-based thought leaders including Jim Stallings of PS27 Ventures. Attendees also enjoyed the educational tours, including the Mayo Clinic tour. Some of the highest rated concurrent sessions were on the topics of how the ocean provides economic development opportunity and the importance of continuous reading and discussion of economic development topics at the "book club" session.

Attendees also discussed trending topics in economic development, such as gentrification and inclusive economic development, creative industries, millennial entrepreneurs, generational differences in the workplace, and regional economic development.

AEDO PROGRAM ACCREDITS NEW MEMBER

The Accredited Economic Development Organization (AEDO) program accredited its 54th member: the City of Las Vegas Economic and Urban Development Department (EUD). EUD has been led by Director Bill Arent, CEcD, since 2009. The organization is the first in Nevada to earn accreditation.

In addition, the St. Louis Economic Development Partnership earned its second reaccreditation. Led by CEO Sheila Sweeney and President Rodney Crim, the organization has been an AEDO member since 2009.

Earning the AEDO accreditation is an effective way for economic development entities to increase their visibility in the community and gain independent feedback on their organizational operations. To learn more about becoming a member of the AEDO community, visit www.iedconline.org/AEDO or contact Program Manager Tye Libby at tlibby@iedconline.org.

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

CALENDAR OF EVENTS

RECERTIFICATION FOR CERTIFIED ECONOMIC DEVELOPERS

Fulfill a recertification requirement without tapping into your budget!

Earn two credits towards your next recertification by having an article published in the *Economic Development Journal*, IEDC's quarterly publication.

This is one of a number of ways that you can pursue recertification credits.

Submissions are accepted throughout the year. The Journal Editorial Board reviews all articles and determines which articles are accepted for publication.

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

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

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

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

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

CONFERENCES

2017 Federal Forum
April 9-11
Washington, D.C.

2017 Economic Future Forum
June 4-6
Little Rock, AR

2017 Annual Conference
September 17-20
Toronto, Canada

2017 TRAINING COURSES

Economic Development Strategic Planning
March 23-24
Denver, CO

Economic Development Marketing & Attraction
March 30-31
Lansing, MI

Technology-Led Economic Development
April 6-7
Washington, D.C.

Entrepreneurial & Small Business Development Strategies
April 20-21
Atlanta, GA

Economic Development Credit Analysis
April 26-28
Toronto, ON

Business Retention & Expansion
May 4-5
Albuquerque, NM

Economic Development Credit Analysis
May 17-19
Madison, WI

Workforce Development Strategies
June 1-2
Little Rock, AR

Economic Development Credit Analysis
June 14-16
Vancouver, BC

Neighborhood Development Strategies
June 15-16
Atlanta, GA

Real Estate Development & Reuse
June 22-23
Baltimore, MD

Workforce Development Strategies
July 20-21
Minneapolis, MN

Foreign Direct Investment & Exporting (Advanced Course)
August 17-18
Atlanta, GA

Entrepreneurial & Small Business Development Strategies
August 24-25
Omaha, NE

Economic Development Strategic Planning
September 14-15
Toronto, ON

Economic Development Finance Programs
September 27-29
Baltimore, MD

Economic Development Marketing & Attraction
October 12-13
Chapel Hill, NC

Real Estate Development & Reuse
October 19-20
Calgary, AB

Business Retention & Expansion
November 2-3
Atlanta, GA

Real Estate Development & Reuse
November 30-December 1
San Diego, CA

2017 CERTIFIED ECONOMIC DEVELOPER EXAMS

April 8-9
Washington, D.C.

June 3-4
Little Rock, AR
(Application Deadline: April 4)

September 16-17
Toronto, ON
(Application Deadline: July 18)

2017 WEBINARS

Economic Strategies for Rural West Virginia: Maximizing the Use of Federal and State Tools for Economic Development (Free)
March 23

Entrepreneurship Mini-Series 1: Crowdfunding-A Financial Alternative for Entrepreneurs
April 20

Entrepreneurship Mini-Series 2: Women in Entrepreneurship: How You Can Help Break Barriers to Entry
April 27

Ethics & Economic Development (Free)
May 10

Emerging Real Estate Trends for Economic Development
May 18

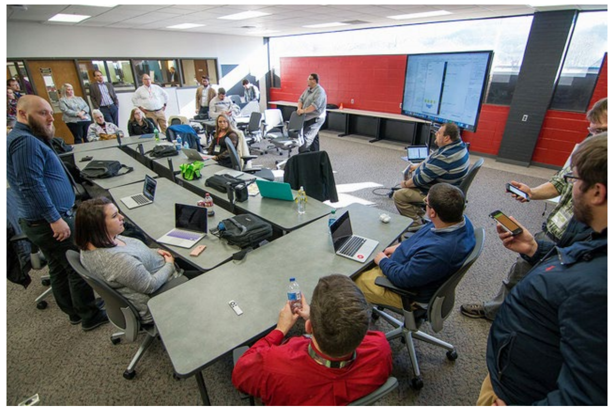
lessons from the

COAL INDUSTRY TRANSITION

By Erik R. Pages

Coal built America. Since the 1800s, coal has driven America's economic growth, sparking the Industrial Revolution, the growth of the steel and auto industries, and even fueling today's information technology economy. But, coal is no longer king. A variety of market and technological forces have combined to reduce the demand for coal, creating major challenges for communities long focused on mining, using, and transporting coal. The development of the coal industry has occurred over a period of more than 150 years. As such, recovery and rebirth are not occurring overnight. The economic transition has been and is painful. Yet rays of hope are also emerging. This article examines how these communities are faring. How are they dealing with the coal industry's downturn? How are affected workers and businesses responding?

This article covers several key areas. We first examine the extent of the coal downturn, focusing on its direct effects on coal mining while also assessing ripple effects in sectors like manufacturing and transportation. We then turn to a review of how regions are responding. What programs and initiatives seem to be working? Finally, we look forward to assess lessons learned from the coal transition. How can current efforts help inform economic adjustment efforts more broadly. What can coal communities teach other regions facing their own unique economic dislocations?



Source: Eastern Kentucky Concentrated Employment Program

Displaced coal miners train for new information technology jobs in Hazard, KY.

Coal communities face somewhat mixed economic circumstances. News stories from coal country paint a pretty bleak economic picture. However, if one digs deep into the numbers, some surprising facts jump out. In some ways, the economic impacts of the coal industry's collapse can and should be manageable.

THE COAL DOWNTURN

Coal communities face somewhat mixed economic circumstances. News stories from coal country paint a pretty bleak economic picture. However, if one digs deep into the numbers, some surprising facts jump out. In some ways, the economic impacts of the coal industry's collapse can and should be manageable. Let's take a look at Kentucky, often viewed as ground zero for the coal economy. According to *Kentucky Coal Facts*, the state's coal industry employed about 11,500

Erik R. Pages is president and founder of EntreWorks Consulting (www.entreworks.net), an economic development consulting and policy development firm focused on helping communities and organizations achieve their entrepreneurial potential. Since its founding, EntreWorks has worked with communities in more than 40 states, including extensive work in Appalachia and other coal-impacted regions.

He previously served as policy director for the National Commission on Entrepreneurship (NCOE). Dr. Pages has also held senior positions at the U.S. Department of Commerce's Economic Development Administration and on Capitol Hill. He can be reached at epages@entreworks.net.

REGIONAL ECONOMIC ADJUSTMENT IN THE 21ST CENTURY ECONOMY

Coal is in the news today, as concerns about the future of coal-dependent regions became an important issue in the 2016 Presidential campaign. Coal-dependent communities face major economic challenges. They must retrain displaced workers and develop new economic engines, while at the same time coping with a complex mix of other challenges related to health care, talent development, and environmental contamination. Economic developers and community leaders in Appalachia and in other coal-impacted regions are developing innovative new approaches that are relevant for any region in the midst of economic transformations. This experience also offers insights on how to improve the US's overall capacities to help workers retrain and retool, and to aid communities in responding to major economic shocks.

workers in 2014 – roughly 0.5 percent of total state employment.

Kentucky is not an outlier. Coal's direct employment footprint is relatively small and it has been shrinking for some time. In fact, the Appalachian coal industry has been shedding jobs since the 1990s – mainly due to mechanization and competition from other coal and energy resources. The more recent downturn is the most severe ever, but it is simply an acceleration of a 20-year trend.

Because this decline in the industry dates back several decades, it is unlikely that the new Trump Administration's embrace of the coal industry will reverse these trends. A slowdown in rate of job loss is likely, but many of the competitive market pressures facing coal, due to lower cost natural gas and tighter overseas environmental regulations, will still be in effect.

Given the relatively small size of the economic impacts, we would hope that the coal community transition would be a manageable challenge. However, a deeper and broader look suggests the challenges are quite serious. The numbers tell one story, but reality on the ground tells another. The coal transition challenge is occurring alongside a whole host of other social, environmental and economic challenges that greatly complicate our ability to help affected workers, businesses, and community. For many coal communities, especially in Appalachia, coal industry jobs were the last "good" local jobs. Nationally, the average annual wage for US coal miners is about $82,000. In West Virginia, average coal mining salaries are nearly $85,000, more than twice the statewide salary average of $39,519. So, when coal miners are displaced, their prospects of finding comparable work at comparable pay are miniscule.

Meanwhile, some coal communities face even bigger challenges – for 1/5 of all US opioid related deaths since 1999. These public health challenges are growing just as the region is facing a whole host of other economic shocks. Retraining or upskilling the local workforce is a challenge when residents are simultaneously dealing with drug issues and a host of other social problems.

Environmental contamination further complicates the economic transition. Various coal mining techniques, especially mountaintop removal, have generated grave environmental consequences for neighboring communities. These towns face problems with water and air pollution, as well as major contamination on abandoned mine lands. Efforts at economic recovery will need to begin with major investments in environmental remediation. The current Federal Abandoned Mine Lands (AML) fund contains a pool of about $2.8 billion and several Congressional proposals, like the Reclaim Act, seek to speed the release of these funds. This could help, but challenges will still remain. The US Office of Surface Mining Reclamation and Enforcement estimates that it has more than $4 billion worth of high-risk abandoned mine sites in its current inventory, and this figure is expected to grow in coming years.

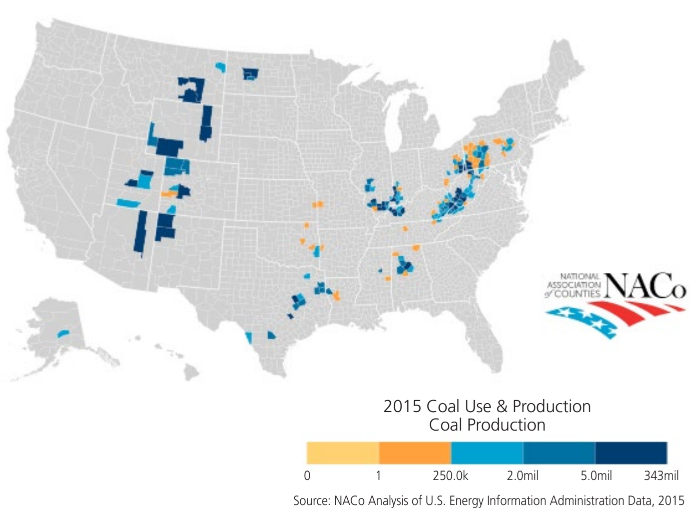
Thus, while the overall economic impacts of the coal transition may seem manageable at first glance, the reality is much more sobering. Coal regions must pursue economic recovery while also coping with an unprecedented mix of other public health, economic, and environmental challenges.

ECONOMIC RIPPLE EFFECTS

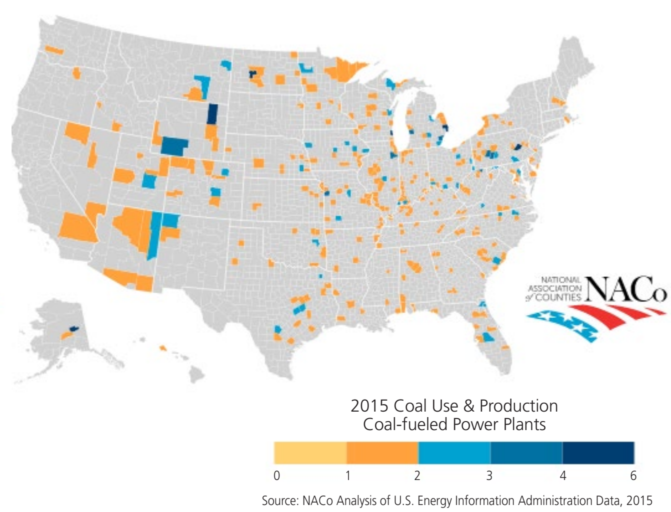
Because of all the problems cited above, most media reports have focused on how *coal mining* communities are faring. Yet, the coal industry means much more than mining. It also involves coal-powered utilities, transportation and logistics, and the many suppliers – especially manufacturers – who provide goods and services to the coal industry. The figure shows regions affected by downturns in either coal mining or coal-based power.

The economic ripple effects linked to coal's decline will be quite significant. After all, the primary use of coal is to drive power generation. Today, coal accounts for 33 percent of US electricity generation (down from 51.7

COAL PRODUCING COUNTIES



COAL POWER PLANT COUNTIES



percent in 2000), and this figure is dropping fast. Coal powered facilities accounted for 80 percent of power plant retirements in 2015. Experts have projected that as many as 379 coal-fired power plants will close between 2012 and 2020.

The shutdown of these power plants is already having big community impacts. Some of the plants are located in rural areas, but a large number are located in dense urban communities. In all locations, the plants provide good jobs and often serve as major taxpayers. Affected towns lose good jobs and a large chunk of revenues for schools and other public services. Cuts in coal production are already affecting many local and state budgets. For example, in 2016, West Virginia faced a $270 million budget shortfall due to major declines in coal severance tax revenues. Finally, most of these plants have generated environmental contamination, so extensive brownfields redevelopment will be required.

Redevelopment is moving slowly if at all. A recent Delta Institute study of closed plants found that the redevelopment process has taken an average of 27 years. As the pace of closures increases, that timeline has to change.

Power plant closures are not the only challenge related to the coal industry downturn. Transportation and logistics related sectors are also hurting, with railroads and port facilities among the hardest hit. For example, Norfolk Southern (-23 percent) and CSX (-19 percent) both reported major losses of coal revenue in 2015. Similarly, the port of Hampton Roads (VA) reported a 30 percent decline in coal exports for the first half of 2016. Coal transport accounts for a large share of rail revenue, so future projections remain gloomy as well.

HOW ARE REGIONS RESPONDING?

The coal industry transition is brutal. Many coal-dependent communities have relied on coal as an economic driver for more than a century. In many regions, coal is the primary provider of good high-paying jobs. The average coal miner can make as much as $75,000-$85,000 per year – nearly three times the average income. The loss of these livelihoods has serious economic, social, and cultural consequences.

New paths to prosperity are being created, but the process takes time. As they develop new strategies, coal-dependent regions must address three sets of issues at one time: 1) Helping coal miners and other workers retrain and find new careers, 2) Identifying and capturing new business and economic growth opportunities, and 3) Addressing larger structural challenges facing their communities. This is a tough juggling act, but, as we'll see below, some good news is emerging.


Source: Appalachian Regional Commission

Virginia Governor Terry McAuliffe and the Appalachian Regional Commission's Earl Gohl test Unmanned Aerial Vehicles (UAVs) at Mountain Empire Community College in Big Stone Gap, VA.

- **Retraining and Reskilling**

When mines and other facilities close, job one is to help miners and displaced workers retrain and find new gainful employment. In many ways, miners face retraining challenges similar to long-tenured manufacturing workers. They have extensive and specialized technical skills, but they may lack needed credentials or may have trouble transferring those skills to new industries.

Fortunately, miners have many skills that are in high demand if appropriate transition services are in place. A recent Virginia Tech study assessed relevant workforce skills in Southwest Virginia. This analysis found that many coal industry occupations, such as roof bolters and machine operators, require STEM-related skills and competencies that directly translate to high level production positions in growing manufacturing sectors.

Fortunately, miners have many skills that are in high demand if appropriate transition services are in place. A recent Virginia Tech study assessed relevant workforce skills in Southwest Virginia. This analysis found that many coal industry occupations, such as roof bolters and machine operators, require STEM-related skills and competencies that directly translate to high level production positions in growing manufacturing sectors.

Many successful programs help miners transfer these STEM skills to new sectors. Efforts to help miners move from "coal to code" have received loads of media attention. Pikeville, KY's Bit Source, a web development firm, has been the subject of more than a dozen national and global news stories. The success of these IT efforts is a reminder that, even though located in rural areas, many coal-impacted communities do have excellent broadband infrastructure in place.

In Southwest Virginia, regional leaders are hoping to position the area as a center for unmanned aerial vehicle (UAV) testing and research. In 2015, Wise, VA, was the site of the first ever remote drone delivery of pharmaceuticals and medical supplies. More recently, regional leaders have created the Fly Wisely Accelerator Corporation to serve as a regional advocate for UAV development. Finally, Mountain Empire Community College, based in Big Stone Gap, VA, has become the state's first provider of credit-based courses on UAV technologies.

Coal workers are also well-situated to obtain new employment in the growing solar industry. A recent study found that the solar industry could conceivably absorb nearly all of the workers projected to lose jobs in the coal sector. More importantly, the researchers found that technical workers could actually earn more in the solar sector. (In contrast, managerial level workers would earn less.)

• Identifying New Economic Engines

When it comes to community economic adjustment, it's always better to "hit for singles, not home runs." It is likely impossible to find a single replacement for the jobs and revenue provided by the coal industry. Moreover, it may not be a good strategy anyway as dependence on any one single industry is a risky proposition. A more promising approach involves a mix of strategies that nurture and support a diverse set of new economic drivers.

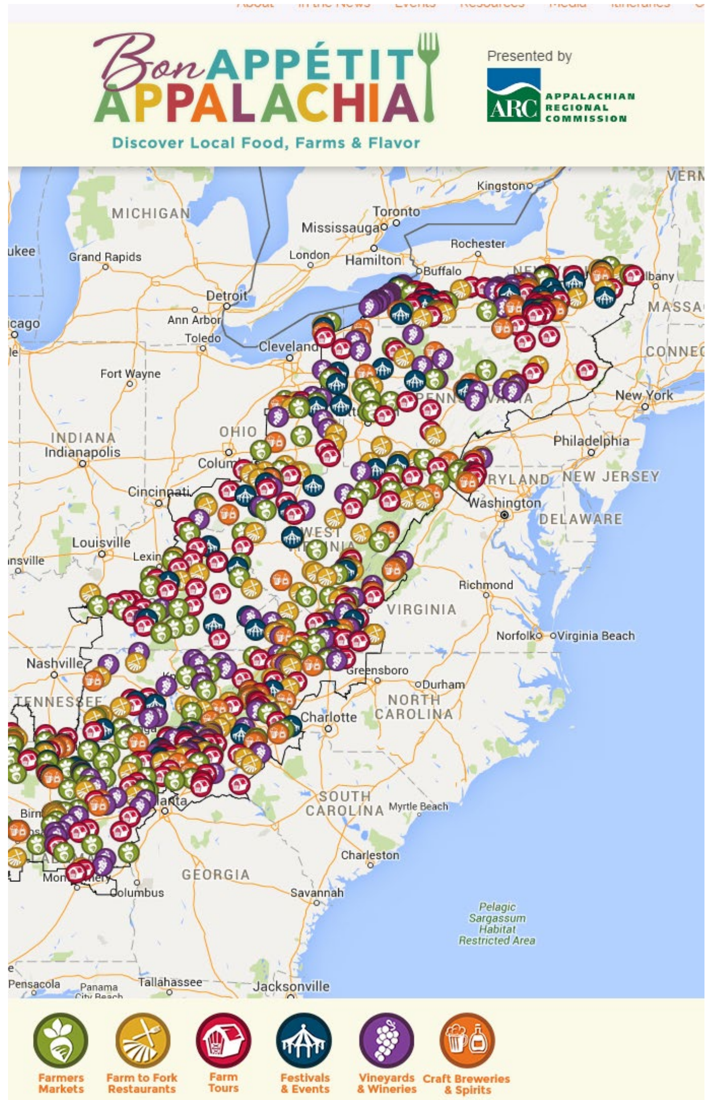
A number of communities are responding to the coal transition challenge by building up their own internal capacities. Many regions had made little or no historical investments in economic development because they had always been able to rely on revenue and jobs from coal. With the loss of these resources, they're now developing new visions for their economic futures. Moffat County in Northwest Colorado is a good example. This small community has a large share of its employment and tax base tied to a local mine and power plant—more than 500 workers in a community of only 9,000 people. The region is now embarking on its first effort to craft a countywide economic diversification strategy.

Each community and region will likely embrace a different mix of economic targets, but some promising ideas are already sprouting up. New approaches to tourism are especially promising, and some interesting models are emerging. Southwest Virginia's Crooked Road trail – following key locations tied to the birth of country music – is gaining lots of attention. Other strategies also seek to link multiple destinations and activities – all as part of an approach to encourage longer visits and create more local business opportunities. Examples include the Trail Towns program (linking Pennsylvania and Maryland towns along the Great Allegheny Passage) and the regional Bon Appetit Appalachia website promoting culinary tourism.

In addition to its work supporting UAVs, Southwest Virginia is also touting its potential as a center for information technology firms and data centers. The region has good broadband infrastructure, ample water, and a secure safe location. It is also home to the University of Virginia at Wise which operates Virginia's only undergraduate software engineering program. The university has also recently inked a partnership with the Mach 37 Cyber Accelerator program to create closer linkages to the technology community in Northern Virginia.

• Addressing Long-Term Challenges

It can be tough to retrain workers and identify new economic engines to replace lost coal jobs. But, that's not the only challenge facing coal dependent regions. Typically, they also face a difficult mix of more long-term structural challenges as well. At the top of the list is the need to develop a skilled and ready workforce. This effort has at least two components – addressing the health of current residents and increasing their skill base.



Bon Appetit Appalachia website, noting Farmers Markets, Farm to Fork Restaurants, Farm Tours, Festivals & Events, Vineyards & Wineries, and Craft Breweries & Spirits.

Many coal-dependent communities are in the midst of a health crisis. The opioid epidemic is centered in Appalachia, as Appalachian states rank at or near the top in terms of overdose deaths and other related health problems. And, more general health challenges of high obesity and diabetes rates and limited access to basic health services, also abound. There are lots of excellent local experiments underway, including a major effort by the Appalachian Funders Network to engage foundations in supporting a culture of health in the region. Other events, such as Somerset Kentucky's 2016 Health Hack-a-Thon, are trying to engage a wider audience of local residents, along with experts from MIT and other researchers, to brainstorm and develop action plans to address the region's drug epidemic and the challenges related to obesity and diabetes.

Workforce development is another core part of economic diversification efforts across America's coal-dependent regions. In nearly all cases, these efforts include investments to help coal miners and related workers find

The Obama Administration's Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative was first announced in March 2015 as "coordinated multi-agency effort to help workers and communities that have been adversely impacted by changes in the coal industry and power sector." Led by the White House, POWER engages several federal agencies, led by the EDA and the ARC, to make targeted investments to help coal-affected regions support economic diversification efforts. In 2015, these agencies invested $14.5 million in 36 different projects. In 2016, an additional $28 million was invested in 42 projects. POWER projects are a diverse lot and include efforts to promote new industries, such as tourism, UAV development, and agriculture; new infrastructure projects; and workforce training and retraining.

The future of the POWER Initiative under a Trump Administration remains highly uncertain. While the Trump team is likely to be quite supportive of the coal sector, few industry experts expect that this more friendly posture will reverse job losses or foster fundamental shifts in the economics of the coal industry. If this pessimistic prognosis is correct, we can expect some continued support for future investments in economic diversification efforts such as those supported by the POWER Initiative.

new jobs and careers. But, they can and should include a more long-term perspective that seeks to create better career options for all local residents. Many of these efforts have been funded via the Obama Administration's Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) initiative. Most of these POWER projects are just getting underway, but the status of this effort is uncertain under the Trump Administration.

New workforce development investments will help, but coal regions, like much of rural America, may need to think even bigger and consider what they can do to encourage more in-migration. These regions have faced decades of population loss, and a return to prosperity likely requires a reversal of this pattern. Attracting new residents can bring new talent, new skills, new perspectives, and economic growth. For example, recent research shows that immigration is a key factor in determining whether a rural region's economy grew over the past decade.

For this reason, coal-dependent communities should consider combining their ongoing diversification strategies with programs that encourage new residents. The actual policy mix will differ by community but nothing should be off the table. This could include encouraging local settlement of new immigrants, retiree attraction strategies, provision of subsidized housing (for artists or others), and the provision of free or subsidized land. These efforts to support "brain gain" have received a lot of attention in the Great Plains and the Midwest. They deserve similar attention in coal country.

America's coal regions face unique circumstances, but their economic adjustment challenge is quite similar to that facing other American regions such as New England's paper mill communities or regions facing lower revenues from the oil and gas industries. The challenge is not just about coal; it is about making it easier for working people to pursue new careers and economic options in the face of economic dislocations.

LOOKING AHEAD: LESSONS FOR ECONOMIC ADJUSTMENT

Coal communities face a tough transition, but, there is also great cause for hope and optimism. A series of interesting and inspiring experiments are now underway, and their potential for building stronger communities is enormous.

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We need to rethink how we help workers, businesses, and communities as they respond to economic shocks like the coal economy transition. First, we need to provide more generous financial support to help people retrain and pursue new career options.

We may also need to provide financial support, such as tax credits or related training and job search assistance, for relocation. While it may be preferable to help people obtain new jobs and careers close to home, that goal may not always be feasible. In some cases, the best strategy may involve relocating to a new region with better job prospects.

Winners of the 2015 My Southwest Virginia Opportunity Cup Business Plan Competition were recognized as some of the region's top entrepreneurs.

Lastly, we may have to consider some form of wage insurance for displaced workers. Many workers fail to take advantage of new training options because they cannot afford the time and expense required to pursue additional education. Short-term wage insurance would provide them with a more substantial basic income, perhaps allowing them to pursue more rigorous retraining options.

Many of these basic ideas already exist – albeit in limited form – in our current Trade Adjustment Assistance (TAA) programs. Yet, as numerous studies show, these programs are grossly underfunded – especially when compared to similar programs in other advanced economies. The economic adjustment challenges now facing the coal industry are not going away, and we can expect similar economic shocks for other sectors as well. If this is the "new normal," we need to prepare for regular economic adjustment in a more serious manner.

While this summary paints a somewhat bleak picture of the state of the coal industry transition, I'm actually heartened by what I've witnessed at the community level. People are coming together and developing new and interesting strategies to rebuild long-neglected communities. The process of change will not be easy, but the current transition offers tremendous opportunities to rebuild communities that have suffered from decades of neglect and disinvestment. These efforts can serve as future models for how to do economic adjustment right.

RESOURCES ON THE COAL TRANSITION

There is a huge amount of literature on the coal economy transition. Here are a few helpful resources:

Appalachian Coal Industry, Power Generation and Supply Chain: This Appalachian Regional Commission-backed study takes a deep look at the wider coal industry supply chain. http://www.arc.gov/assets/research_reports/CoalIndustryPowerGenerationandSupplyChainReport.pdf

Coal Reliant Communities Innovation Challenge: This project, sponsored by the National Association of Counties and the National Association of Development Organizations, provided technical assistance and coaching to 23 coal-reliant regions. The project also developed an excellent clearinghouse on economic diversification and you can also access a brief podcast on lessons learned from the project teams. http://www.naco.org/resources/programs-and-initiatives/coal-reliant-communities-innovation-challenge

Mountain Association for Community Economic Development: Based in Eastern Kentucky, MACED has been a major force in thinking about new directions for Appalachia's economy. Their work on the Appalachian Transition may be of particular interest. On that front, also check out the work of the Central Appalachian Network. http://www.maced.org/

Planning for Montana's Energy Transition: Coal is not just about Appalachia. Many Western states are also affected. This Headwaters Economics report examines the coal transition in Montana. http://headwaterseconomics.org/economic-development/local-studies/montanas-energy-transition

Transforming Coal Plants into Productive Community Assets: This 2014 Delta Institute report analyzes the challenges and opportunities around coal plant reuse. http://delta-institute.org/delta/wp-content/uploads/Coal-Plant-Overview-Report-10-21-14.pdf

building regional public-

PRIVATE PARTNERSHIPS FOR ECONOMIC GROWTH

By Ryan Stachelski

One of the trendiest buzzwords in the economic development realm may be "regional public-private partnerships," but most economic development professionals would agree that although these relationships are common, successful outcomes are not. In theory, these partnerships are ideal strategies for regional economic development projects and goals, but by no means are they off-the-shelf solutions.

Rather, as the Arvada Economic Development Association (AEDA) experienced firsthand, they are a labor of love and innovation, often taking years of painful trials to shape into effective models. One such model was necessary for the Arvada community, located in the northwest suburbs of Metro Denver, Colorado, to achieve the goal of retaining one of its most important businesses and primary employment generators, Wanco, Inc.

The Arvada Economic Development Association was founded in 1992 and is operationally funded by the city of Arvada. Four employees and a board of local business leaders run the organization. Its mission is to provide business and commercial development services to new and existing businesses so they can grow and expand to create additional jobs, increase revenues, and make capital investments. AEDA is committed to business by investing in the continual development of commercial, transportation, and economic products and services in the city of Arvada.

A Wanco staff member working at the expanded manufacturing facility located in Arvada, CO.

ABOUT WANCO

Wanco is a family-owned, private manufacturer of highway safety and traffic control products with an international customer base. It has operated in an industrial facility in east Arvada since 1998. When the 32-year-old company first relocated to this site, the land parcel was annexed into the city of Arvada, expanding the city's footprint.

As a major international exporter, the impact of Wanco as a primary employer in Arvada cannot be overstated. With its consolidated global headquarters, manufacturing and distribution operation, the company's 250 Arvada-based jobs accounted for 14 percent of the city's entire manufacturing employment base.[1] Furthermore, Wanco sources many components locally, including procuring sheet metal housing systems for its flagship products

Ryan Stachelski serves as the director of economic development for the city of Arvada and the executive director of the Arvada Economic Development Association (AEDA). (rstachelski@arvada.org)

He has served in various roles in economic development for over a decade in the Denver Metro area, central Illinois, and in West Africa as a Peace Corps volunteer.

HOW THE ARVADA ECONOMIC DEVELOPMENT ASSOCIATION RETAINED A LARGE PRIMARY EMPLOYER BY ASSISTING IN THE EXPANSION OF AN INDUSTRIAL FACILITY

The Arvada Economic Development Association (AEDA) realized a successful outcome for one of the city of Arvada's largest employers by building a regional public-private partnership so that Wanco, a private manufacturer of highway safety and traffic control products, could expand its operation to keep up with demand. Wanco came to AEDA for help negotiating a deal to purchase land adjacent to its existing facility from a separate regional district. By strategizing a solution that benefitted the various entities involved, AEDA was able to make the expansion a reality and retain this primary employer in Arvada. The Wanco Retention & Expansion Project won IEDC's Silver Award for Public-Private Partnerships.

from another Arvada manufacturer. A major disruption to the business would not only affect its immediate employment, but also impact local and regional jobs in the upstream supply chain.

A relocation of Wanco out of the region would have had a significant economic ripple effect, including an additional 263 indirect jobs lost in ancillary industries. The total loss of 513 direct and indirect jobs would have resulted in a net negative change in regional payroll earnings of nearly $30 million.[2]

AN ECONOMIC DEVELOPMENT DILEMMA

After 18 years in business in Arvada and with one small building addition completed in 2004, the firm desperately needed another expansion to keep up with explosive sales growth. In the past decade, the firm's revenues grew between 15-20 percent each year. "As the world's population is increasing by leaps and bounds, so is society's infrastructure," said Gene Baumgartner, operations manager for Wanco. "Roads are critical to any growing area, so our products are needed across the globe, year-round. We needed room to grow our operations to keep up with demand."

Since moving their operations to Arvada, Wanco's manufacturing facility abutted an 86-acre, vacant land parcel. Previously, a local resident privately owned the land and promised it to Wanco's founder through a "handshake deal." However, after the landowner's passing, his son instead sold it to the Hyland Hills Park and Recreation District (Hyland Hills), which is located in Adams County. To make matters more complicated, Hyland Hills paid for the land with funds obtained from the Adams County Open Space Fund and had already earmarked it for development into a future regional park site as part of the county's overall open space plan.

Now knowing the property was no longer available, Wanco instead considered relocating to an existing facility somewhere else in Arvada. After an exhaustive search, it was concluded that not only were there no viable sites in the city, but the region also lacked suitable industrial inventory to accommodate such an expansion. Additionally, there were no cost-effective, vacant properties that could be realistically considered for new development. It appeared that relocation out of the region could be the company's best option, unless, of course, the original

> To be successful, AEDA helped to create a true regional public-private partnership with four key entities: Adams County, the city of Arvada, Hyland Hills, and Wanco. By identifying and articulating each of these stakeholders' unique needs and expectations, AEDA was able to facilitate the formation of a unified vision, breathing life into an otherwise doomed proposal.

The site plan for the Wanco expansion in Arvada, CO.

proposed site could somehow be brought back into consideration.

Even if Wanco were to acquire the desired Hyland Hills property, there were still considerable cost challenges. Wanco determined that expanding the business on the Hyland Hills site, including land acquisition and constructing the new building from the ground up, would cost the company upwards of $8.5 million. With the extremely complicated dynamics of making the desired site successful, the company owners turned to AEDA for help.

AEDA'S ROLE IN THE EXPANSION

When Wanco approached AEDA about its expansion challenges, the economic development organization empathized with both sides of the issue: the economic impact to Arvada and Wanco's workforce, and the impact to local residents clamoring for open space. To be successful, AEDA helped to create a true regional public-private partnership with four key entities: Adams County, the city of Arvada, Hyland Hills, and Wanco. By identifying and articulating each of these stakeholders' unique needs and expectations, AEDA was able to facilitate the formation of a unified vision, breathing life into an otherwise doomed proposal.

After AEDA received initial buy-in from these entities toward a strategic solution, the organization began working on a successful outcome. To launch the complex partnership, AEDA created a memorandum of understanding between the city of Arvada, Hyland Hills, and Wanco. In it, the entities acknowledged that a cooperative relationship would not only be mutually beneficial to each partner, but also be in the best interest of parks, recreation, and economic development within both the city of Arvada and southwest Adams County.

The entities agreed that additional monetary support for development of a regional park was a high priority for the community. Also a priority was preserving 250 existing jobs and upward of 100 new jobs resulting from the 96,000-square-foot expansion of Wanco's existing facility.

Wanco staff working at the expanded manufacturing facility in Arvada, CO.

Hyland Hills required a large investment for the land parcel, which appraised at only $400,000. To raise the additional funds, AEDA negotiated in the agreement a $500,000 contribution from the city of Arvada to Hyland Hills. Wanco agreed to contribute an additional $350,000 to Hyland Hills above the $400,000 land value to be used for the park site. AEDA's Board of Directors helped Wanco bridge the gap by providing a $75,000 grant to help cover the overall $750,000 investment for the land purchase.

The land sale to Wanco was subject to approval by the Adams County Commissioners, which could have proved difficult given the land was meant for open space development for the county's Clear Creek Valley Regional Park project. Additionally, the partners would request Adams County's permission to Hyland Hills to utilize proceeds from the land sale to secure additional funding necessary for phase one of the park project. If approved, the decision would provide an early catalyst for park development and also honor the county's open space plan.

To move the request forward, the partners knew that asking the Adams County Commissioners for approval would require buy-in from a key group, the Adams County Open Space Board. The board members would need to give their support for both the project itself and the precedent set by the purchase, whereby a parcel of land bought with open space funds was sold for commercial use. Wanco partnered with Hyland Hills to hold a series of public meetings to ensure that Wanco's expansion and the park's site plan were well received by those most affected by the project: citizens of Arvada and Adams County residing near the project area.

Residents learned that this investment from Wanco and the city of Arvada would allow Hyland Hills to build the park now, rather than wait at least a decade in a scenario without immediate funding. Additionally, by partnering with the city of Arvada, Hyland Hills could access opportunities for matching funds via the recreation district's grant program. Once the Adams County Open Space Board and local residents understood how funds from the city of Arvada and Wanco would help Hyland Hills fast-track the regional park project, they offered their support.

According to Ryan Stachelski, director of economic development for AEDA, "Each entity was able to see that access to this money, and the drastically improved timeline for building the regional park, far outweighed the small portion of land sold by Hyland Hills to Wanco."

Adams County Commissioners unanimously approved the sale, including the caveat that proceeds from the sale be used for the park project, rather than being returned to the Adams County Open Space Fund.

"This partnership has been unique in the sense that multiple agencies were engaged in a project that benefits both the public's need for a regional park, while at the same time addressing the economic growth needs of a private, Arvada-based business," said Todd Leopold, county manager for Adams County. "The partnership ultimately allowed the city of Arvada to retain a top-quality manufacturing business and Adams County residents to enjoy

WANCO EXPANSION TIMELINE

1998 – Wanco moves its manufacturing facility to the current site in the city of Arvada

2004 – Wanco completes its first expansion at its Arvada-based facility

2009 – Wanco decides to expand again, but learns adjacent land was purchased by Hyland Hills Parks and Recreation District for use as a regional park

2011 – Wanco approaches AEDA to set up a meeting to discuss purchasing five acres of land from Hyland Hills for its facility expansion

2013 – AEDA officially launches a partnership among Adams County, the city of Arvada, Hyland Hills, and Wanco through a formal memorandum of understanding (MoU)

2014 –Wanco and Hyland Hills partner and hold several public meetings about the project to obtain community buy-in

2014 – Adams County Open Space Board and Adams County Commissioners approve the land sale to Wanco and allow Hyland Hills to use the proceeds for the first phase of the regional park project

2015 – Construction begins on the Wanco expansion and the Hyland Hills regional park

August 2016 – Wanco completes construction and receives its certificate of occupancy on the expansion

November 2016 – The new Hyland Hills regional park is 80 percent complete

Adams County and Hyland Hills realized one of their long-term open space goals. They began developing the land adjacent to Wanco with an 81-acre multi-use, destination park that when finished, will include a large community garden, exercise arena, agriculture-themed play areas, regional trails and pond fishing for residents of both Arvada and Adams County to enjoy.

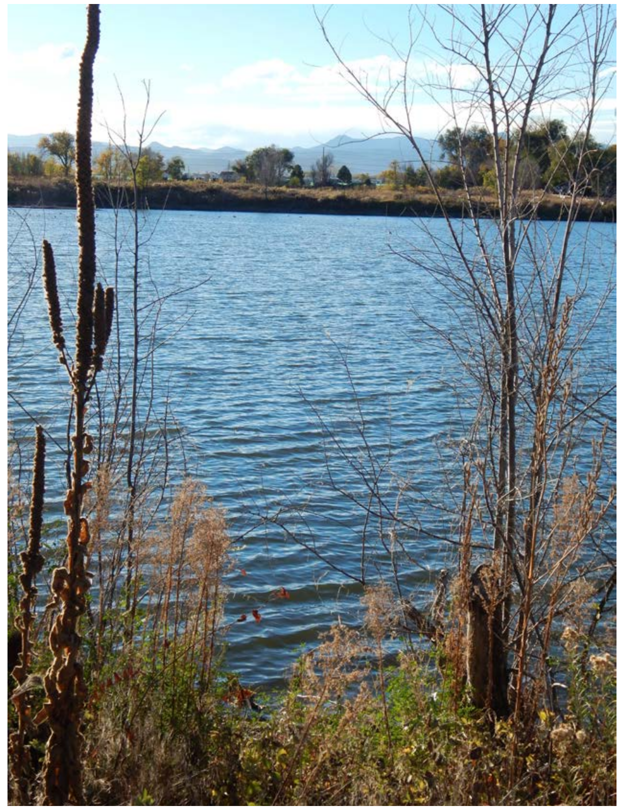
an excellent outdoor recreational park that wouldn't have been possible in the near-term without this additional funding."

Leopold also stressed the importance of community outreach prior to and throughout the project's construction stages. Hyland Hills and Wanco engaged residents in the area on the benefits to completing the park, while also addressing the manufacturer's expansion needs. "Anytime a partnership comes together such as this, the community needs to be informed and invested in the outcome to ensure its long-term success."

After receiving Adams County's approval, AEDA led efforts among the entities to negotiate and sign an intergovernmental agreement outlining the initial development of the park once Wanco acquired the property.

The land sale was completed in 2015, but moving forward with the actual expansion was not always smooth sailing. Annexation, zoning and planning approvals with the city of Arvada still had to take place. Once Wanco began the entitlement process for development, AEDA supported the business throughout the following planning and construction phases.

- **City Development Review Process:** Specifically, there were challenging design standards that needed to be negotiated between city staff and Wanco.
- **Access to Water Infrastructure:** The existing Wanco building was served by Arvada Water, but the new building was to be served by a separate water district, Berkley Water and Sanitation District. The two systems' infrastructure was different, creating significant confusion. AEDA helped to work through those issues with all parties.
- **Site Access:** The road accessing the new site was private and owned by several different entities. AEDA helped to facilitate a conversation that created clean jurisdictions, ownerships, and access easements.
- **Relationship Management:** AEDA had to cultivate a working partnership with the local Fire District.
- **Moral Support:** At times this project was overwhelming to Wanco, given the project's complexity, multiple parties, and conflicting priorities. Stachelski said, "AEDA's job was to help steady the ship and make sure it got to port."



A lake view from the Clear Creek Valley Park built by the Hyland Hills Park and Recreation District, which will be completed in 2017.

A WINNING OUTCOME

Once the land purchase and planning challenges were overcome, Wanco proceeded with construction of the facility expansion and received its certificate of occupancy in September 2016. They celebrated the project at an open house event held in November 2016.

"The magnitude of and public interest in this project was high given this part of the city has a rapidly growing population and a new commuter rail station coming in," said Baumgartner, Wanco's operations manager. "The project goes well beyond economic development in terms of the positive impact made to the surrounding community with additional jobs and a new park."

AEDA retained Wanco as a primary employer with 250 employees, ultimately creating upwards of 100 new direct jobs and an estimated additional 105 indirect jobs.[3] The facility expanded to a total of nearly 270,000 square feet of building, adding to both Arvada and Adams County's tax base. Wanco's Arvada-based suppliers avoided a loss and look forward to increased revenue. Finally, Wanco employees who live, work, and shop in Arvada will continue to add to Arvada's economic base.

Adams County and Hyland Hills realized one of their long-term open space goals. They began developing the land adjacent to Wanco with an 81-acre multi-use, destination park that when finished, will include a large community garden, exercise arena, agriculture-themed play areas, regional trails, and pond fishing for residents of

The community garden that is part of the Clear Creek Valley Park project.

both Arvada and Adams County to enjoy. Construction on Phase 1 of the park began in spring of 2015 and is more than 80 percent complete at the beginning of 2017.

"The land on which the park is being built and that Wanco acquired was farmland more than 100 years ago. It was of utmost importance to us that we honor that tradition," said Terry Barnhart, planner and project manager for Hyland Hills. "This partnership made it possible for us to honor the heritage of the land using sale proceeds towards our park project."

Wanco, AEDA, and the other partners have been honored with awards for the retention and expansion project. AEDA received a 2016 Bronze Award for Excellence in Economic Development for the project in the category of Business Retention and Expansion – Programs of three or more years from the International Economic Development Council. AEDA, Adams County, city of Arvada, and Hyland Hills, all of Colorado, received a 2016 Silver Award for Excellence in Economic Development for the project in the category of Public-Private Partnerships from IEDC. Wanco was named AEDA's Outstanding Large Business of the Year at its 22nd annual Business Appreciation Awards Breakfast.

HOW TO FORM REGIONAL PARTNERSHIPS THAT BENEFIT LOCAL ECONOMIC DEVELOPMENT

All too often, economic developers find it can be challenging to overcome political jurisdictions. In an ever-growing regional, state, and global economy, it is critical for municipal leaders to literally "think outside the box" of their local geography. Doing so requires thinking through each entity's goals, funding streams, and performance measures. Leaders must be prepared to make joint decisions that may impact their individual policies. To head off any potential deal-breaking conflict, it is important to take the following steps.

Strategize a Solution that Benefits the Greater Good

Since "good" is a matter of perspective, it is important to make sure that the project will benefit the overall community, rather than simply meeting the agendas of a handful of influential people. Performing community outreach before executing a large deal, and throughout the partnership, is absolutely critical to ensuring a lasting, positive outcome.

Identify Your Key Stakeholders

Who are the political, economic, and community audiences that may be affected by your initiative? Identifying these people upfront and bringing them into the conversation early on allows you to understand their motivations. Once you have a clear understanding of who to involve, work out a high-level solution that will benefit each party. This will lend itself to a collaborative work environment, which is particularly critical during initial conversations about how to move forward on a project.

Learn, Understand, and Respect Stakeholders' Perspectives

Once you have presented stakeholders with a proposed solution, work to understand their needs, risk factors, and desired outcomes. Each group will have different goals and expectations that depend on a number of factors, such as the local political climate, government policies, and budgetary guidelines. Uncovering potential roadblocks upfront, and strategizing thoughtful solutions to overcome them, will build a deeper level of trust and collaboration with each group. You should be able to answer the following questions for each stakeholder:

- Does this solution accomplish the necessary economic goals? How about community goals?
- Is the deal an efficient use of funds?
- Does the deal result in a positive return on investment (ROI)? Keep in mind that different stakeholders may consider ROI in a different manner.
- Is the deal feasible in terms of financing, government policy, and timing?

Identify Barriers to Success and Investment

Once you present a solution that meets the needs of each party and have established collaborative relationships with them, you will have a very good idea about how to structure a "winning" deal. Knowing that everyone is on board with the proposed solution eases the transition into negotiating the fine points of a more for-

SEVEN STEPS ECONOMIC DEVELOPERS SHOULD FOLLOW WHEN IMPLEMENTING A REGIONAL DEAL

1. Strategize a Solution That Benefits the Greater Good
2. Identify Your Key Stakeholders
3. Learn, Understand, and Respect Stakeholders' Perspectives
4. Identify Barriers to Success and Investment
5. Be Willing to Compromise
6. Be a Champion
7. Be Persevering

mal agreement with each party. Maintain a willingness to be flexible, so long as doing so will not affect the overall goals each party desires to accomplish.

Be Willing to Compromise

While it is critical to remain flexible, it is equally important to be transparent, honest, and open to input throughout the partnership. This will allow your organization and those involved to make compromises along the way in order to achieve the greater good. Especially in the case of complex partnerships that evolve over a long period of time, components are going to shift and change. Keeping the big picture in mind when making decisions will make it easier to shift priorities if needed to keep things on track.

Be a Champion

Like any long-term relationship, there are going to be bumps along the road. Make sure to periodically check in with your stakeholders to see how they feel about the progress being made. When there are competing priorities, barriers to success, and complex personalities at play, sometimes an economic developer's job is to simply act as a champion and keep everyone focused on the winning outcome. Do not be afraid to utilize your "soft skills" when you are acting as a sounding board.

Be Persevering

As with all complex projects and partnerships, there will come points in time when it may be tempting to give up, especially with those that take years to materialize. Additionally, various stakeholders and observers may criticize the project and/or strategy, or fail to envision its success, particularly when certain tactics have never been tried before or similar outcomes never realized before. Anticipate these challenges, but do not lose sight of the end project goal amid external doubt and naysaying. Instead, continue pushing forward optimistically, recognizing the difference between healthy criticism and harmful escalation of commitment.

LOOKING FORWARD

Economic developers willing to tap into regional networks will find benefits that go well beyond their local market. Even while communities are under pressure to maintain and preserve their own local "flavor," embracing regional collaborations will only lead to positive returns on investment, for both businesses and the community at large.

In fact, the Metro Denver Economic Development Corporation (MDEDC), which consists of 70 counties, cities, and economic groups including AEDA, operates under a code of ethics that emphasizes the region first and individual communities second. This arrangement brings together the interests of a broad range of public, private, and public/private groups to promote the area as a single entity. Because of the relationships created under the MDEDC model, AEDA already had positive experiences with the entities involved in the partnership.

"Individual communities often lack the resources to make the change needed on their own, given their individual economies of scale," said Stachelski. "Communities are not one size fits all; they can't live on an island and think they have all the tools they need to support the community. People and businesses don't look at borders like jurisdictions do, so it's important to think like the end-user (customer) and not limit outcomes by lines on a map."

ENDNOTES

1. City of Arvada Business License Database
2. EMSI 2016.4 Input/Output Data
3. EMSI 2016.4 Input/Output Data

main street movement

REVITALIZES ITS APPROACH

By Graham Copeland

When the National Trust for Historic Preservation created the renowned Main Street downtown revitalization program in 1980, the overall condition of towns and cities across America was very different than it is today. Now more than 35 years later, in an effort to stay relevant and current, the leaders at the National Main Street Center have turned their sights inward to self-evaluate their processes and revitalize their well-established *Main Street Four Point Approach®*.

The result is what the National Main Street Center (NMSC) calls a "refresh" of the existing formula, which retains the parts with proven success and refocuses efforts on new action-based strategies. The retooling also offers greater organizational flexibility and casts a wider net, reaching out to likeminded revitalization groups. The result will be Main Street programs' greater focus on creating economics-based improvements to downtowns, designed to stimulate positive changes that sustain the test of time.

Inspired by The National Historic Preservation Act of 1966, the Main Street founders developed a methodology for downtown revitalization with the preservation of existing buildings at its core. They also infused a focus on urban design and local cultural assets, and a community-based, volunteer-driven approach to planning and implementing revitalization initiatives in the participating downtowns.

Credit: Adrianne Blank, Building a Better Boyertown

Local talent performing live bluegrass music at the Pick Fest celebration in downtown Boyertown, PA.

THE ROOTS

The Main Street movement, today with about 1,100 participating communities across the country, was born as a response to the troubling nationwide trends of the 1950s and 1960s: large-scale disinvestment, blight, and population loss in many of America's downtown centers. Its founders at the National Trust for Historic Preservation also were reacting to the federal urban renewal programs of the era, controversial for their widespread demolition of older buildings and sometimes entire city neighborhoods.

Inspired by The National Historic Preservation Act of 1966, the Main Street founders developed a methodology for downtown revitalization with the preservation of existing buildings at its core. They also infused a focus on urban design and local cultural assets, and a community-based, volunteer-driven approach to planning and implementing revitalization initiatives in the participating downtowns.

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The photos in this article depict revitalization work in various downtowns. Some of these places have applied the Main Street approach – in Boyertown, West Chester, Easton, Lansdowne, and Carlisle, PA.

A NEW FOCUS ON ECONOMIC TRANSFORMATION IN OUR DOWNTOWNS

This article reveals the new changes by the National Main Street Center to its "Four Point Approach" to downtown revitalization. After 35 years of applying this formula in town centers across the country, the national leadership of this popular grass-roots program launched a "refresh" of the revitalization approach. The revised strategy calls for the creation of Community Transformation Strategies in downtowns, placing more emphasis on economic vitality and less on promotion and design. The article examines the history and impact of the Main Street movement, the reasons for this change, the essence of the revisions, and the demonstration projects that NMSC has launched in ten downtowns across the country.

The Four Point Approach was designed to be a holistic formula, to be adapted uniquely to each Main Street community. This approach was comprised of four broad categories of revitalization activities: Design, Economic Restructuring, Organization, and Promotion. Individual Main Street programs are usually organized with the committees and programming formed according to each of these four "points."

Examples of typical Main Street projects under the original Four Point Approach include:

Design	Improvements to streetscapes and other public spaces, commercial property façade grant programs, historic building rehabilitation
Economic Restructuring	Business attraction and retention, market research, business inventories, zoning and land use
Organization	Board development and governance, fundraising, finances, website development, communications
Promotion	Festivals and retail events, image development programs, cooperative advertising campaigns

To facilitate the distribution of resources and spread the Main Street gospel across the land, the National Trust established coordinating programs at the state, regional, and sometimes city levels. These coordinating programs are housed within government agencies and affiliated nonprofits. For their downstream local Main Street organizations, they conduct training and individual program designations, distribute funding when available, and provide technical support to prospective and existing downtown revitalization programs. In 2013, the National Trust formed the National Main Street Center as a separate subsidiary to better focus on its core mission.

TIME FOR AN UPDATE

Fortunately today, urban renewal has been replaced with New Urbanism; and suburban sprawl is being countered by Smart Growth. Reinvestment is surging in many of our cities and town centers, and people are moving back downtown. However, this progress has occurred unevenly across the country, and many of our urban places still face significant challenges.

Other major trends impacting the Main Street movement since its birth 35 years ago include: the dominance of big box stores and the emergence of online retailers, the growth of affordable housing markets, Americans' changing preferences in the ways they volunteer their time and donate their money, and the greater ability of people to collaborate on revitalization projects - enabled by technology and the internet.

Add to these external conditions the declining number of Main Street communities nationwide and a leadership change at NMSC with Patrice Frey appointed as the new president /CEO in May 2013. Frey had previously served at the National Trust as director of sustainability, where she managed the programs to promote revitalization and greening of older and historic buildings; so her appointment to lead the National Main Street Center was a natural progression, and the timing was right to reevaluate the program.

"We need to recreate the Main Street institution," says Mary Thompson, chair of NMSC's Four Point Refresh Task Force, which was formed in June 2014. "We thought the movement had drifted away from its primary purpose. The … Four Point Approach had not been reviewed in 35 years, and it needed to be updated. Were the assumptions still correct?"

One response to this question comes from Nick Kalogeresis, vice president of the Lakota Group, who previously as an NMSC staff "road warrior," conducted field assessments for 10 years. "It's a good methodology, especially for design and economic restructuring, to get people on the same page and encourage the reuse of historic buildings," he says.

"When all of the parts are working together, it binds the community together. When all of the parts are not working together, it's not as effective. The board, the Main Street manager, support from the municipality – need to all work. The city has to buy in." However, says Kalogeresis, "Cities don't provide enough support, resources, and training, and are not interested in capacity building, but rather, [they focus on] 'how do we facilitate the next real estate development?' "

THE RESEARCH

So in 2014 the NMSC board took to evaluating their Main Street methodology, its overall impacts, and the broader market perceptions of the model. For help, they turned to the CLUE Group, comprised of two National Main Street veterans, Kennedy Smith and Josh Bloom, to research the state of the movement and make recommendations for change. Smith and Bloom conducted focus groups and surveyed people from several hundred com-

Credit: Graham Copeland

Renovated public plaza on East Passyunk Avenue, a revitalized dining hub in Philadelphia.

Credit: Graham Copeland

Victorian storefront with beautifully restored façade in Carlisle, PA.

munities – "Main Streeters" - staffers, board members, other volunteers, and municipal officials – as well as non-participants.

"There are now fewer Main Street communities than there were a decade ago," says Smith, who served as director for the Main Street Center for 14 years. "Some have succeeded and have since disbanded," but that is the exception. "Others are no longer active. Competition for state funding has been an issue."

The economic downturn of 2007-2008 resulted in the reduction of state funding, with budgets slashed for Main Street coordinating programs and their downstream local revitalization groups. That made hiring experienced staffers difficult. On a positive note, Main Street budgets have been replenished in Minnesota, Colorado, Michigan, Montana, and Wyoming, over the past five to six years.

The biggest challenge for Main Street managers is fundraising, but the good news is that locals are becoming savvier on funding. Fifteen percent of those surveyed are using tax increment financing and business improvement districts as finance tools, compared to four to five percent 15 years ago. This represents a move in the right direction, but perhaps not enough. "The economic downturn has stopped BID formation in its tracks," says Thompson. "However, the NMSC board is very interested in this."

The research findings also confirmed that in general, Main Street programs were "top-heavy on promotion, to the detriment of economic development," according to Thompson. "Main Street programs became the promotion/event departments for the cities." Main Streeters are trained to gain quick wins – grabbing the "low-hanging fruit" – to build needed momentum for their fledgling revitalization efforts. Community events generate this immediate visibility. But that short-term focus can detract from working toward bigger, important issues, Thompson says. "Investors didn't think of Main Street programs seriously, seeing the organizations as not having capacity."

Additional research results showed that the prescribed organizational structures that grew out of the Four Point Approach were too rigid, leading to siloed behavior by the committees and a lack of accomplishment of the intended outcomes.

Further feedback from Main Street managers, according to Smith, was "They had mastered the four areas but were not sure how to get to the next level, to address more significant challenges. Strategy and organizational discipline were lacking, even with some of the mature organizations. The programs need to move past the organizational structure and towards economic transformation."

COMMUNITY TRANSFORMATION STRATEGIES

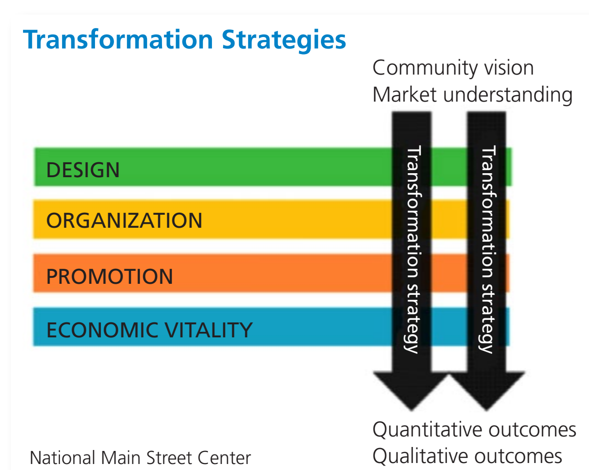
After evaluating the research data, NMSC's Four Point Refresh Task Force members and their consultants mulled changes to the approach. The group decided upon the refresh, rather than an abandonment of the proven model, applied in so many places, over so many years.

"This is not a wholesale change, but a refocusing," said Matt Wagner, vice president of Revitalization Programs at the National Main Street Center. "We want to ensure that the process is not overly prescriptive. Main Street programs are giving input into the overall approach to the refresh."

So the Task Force devised a plan for local Main Street programs to become more market-driven, identifying several strategic objectives based on their communities' economic realities. They now call for programs to concentrate on those few big issues by organizing their all-too-scarce resources around action-based agendas.

Replacing the traditional organization of people, projects, and budgets according to the Four Points, the new approach will encourage the Main Street programs to develop new Community Transformation Strategies, designed to bring about significant and sustained changes in the local communities.

According to Patrice Frey, NMSC's president, these transformational strategies are designed to guide the direction of downtown revitalization initiatives, to bring about the substantive transformation of local economies. The approach is designed to be "based on an understanding of the district's economic performance and opportunities, and reflective of the broader community" – in keeping with the grass-roots, inclusive tradition.



Existing Main Street organizations will be encouraged to create these new Community Transformation Strategies by re-evaluating their overall objectives via strategic planning and visioning, economic development goal-setting, and market research.

Transformation strategies will be implemented through all Four Points, coordinated to achieve common strategic outcomes.

One Main Street organization may, for example, focus on developing an arts district, based on its evaluation of opportunity and potential economic benefits. Another group may develop a Community Transformation Strategy to leverage its concentration of daytime employees located in their downtown district. Such a holistic, coordinated strategy could encompass the Four Points: e.g. – new convenience-driven retailers could be recruited to accommodate the local workforce (Economic Vitality – now replacing your grandfather's Economic Revitalization Committee); daytime events or happy hours could focus on the office workers (Promotion); bike to work and walk to work programming and infrastructure could be created (Design); and communications tools could be developed to better reach the office workers as a target audience (Organization).

Some examples of Transformation Strategies presented by Patrice Frey at a recent state downtown conference fall into two topical categories: customer-based and product-based:

Customer-based Strategies	**Product-based Strategies**
Downtown workers and/or residents	Arts
College students	Entertainment/nightlife
Tourists	Furniture/furnishings
Military installations	Professional services
Family-friendly, family serving	Health + wellness
Millennials	Sports + recreation
Elderly	Ethnic specialties
	Apparel
	Agriculture
	Education
	Green products
	Convenience
	Manufacturing
	Food

Credit: Easton Farmers Market

Opening day at the Farmers Market on Centre Square, Easton, PA.

ORGANIZATIONAL SHIFTS

Existing Main Street organizations will be encouraged to create these new Community Transformation Strategies by re-evaluating their overall objectives via strategic planning and visioning, economic development goal-setting, and market research. A renewed focus on the measurement of outcomes and a re-evaluation every two to five years at the local program level will be encouraged. Implementing such a shift may require training, new talent (volunteer or contracted), and/or refocusing of people and resources from the traditional committees.

For new Main Street groups or those existing but not-previously-designated, any committees and strategic initiatives would no longer need to fit into the previously-prescribed Four Point structure.

While some Main Street organizations have taken a disciplined approach to strategic planning over their lifespans, others will need to adopt new practices. Certain groups may need to do some "closet cleaning," according to Wagner, after creating their new strategy. Existing projects no longer considered strategic may be transitioned to other community partners, while others may need to be eliminated. Wagner referenced certain promotional events as an example. "People appreciate that the new focus is on economic impact that will give districts a competitive advantage."

However, Main Street groups will not be asked to abandon their current committee structures, if they are operating well. NMSC's website states: "How you structure your organization remains up to you. We do not recommend a strict four-committee structure, because in practice, we find that this often results in a "silo-ization" of work. But, if your committee structure works for your community, you do not need to change it . . ."

"If it works, stick with it," says Wagner. "The importance is being more comprehensive and moving the needle on economic development."

By promoting this new organizational flexibility, the NMSC hopes to create a broader appeal to other existing groups that are already involved in revitalization and placemaking. City agencies and community development corporations, for example, might be more interested now that the approach accommodates existing organizational structures, budgets, and staffing models.

IMPLEMENTING THE FOUR POINT REFRESH

NMSC staff, supported by the CLUE Group, is now finalizing demonstration projects in ten cities to further develop the new approach, with grant funding provided by the John S. and James L. Knight Foundation and the Colorado Department of Local Affairs. These participating programs were selected based on a competitive application process – seven are located in cities in which Knight Ridder's legacy media businesses had a presence, plus three are in Colorado downtown communities. The selected groups also represent a mix of urban and rural, older and newer Main Street programs plus non-participating organizations, municipalities, CDCs and other nonprofits.

<u>Refresh Demonstration Cities</u>

Biloxi, MS
Detroit, MI
Gary, IN
Lexington, KY
Miami, FL
Milledgeville, GA
Philadelphia, PA
Brush, Lake City, and Steamboat Springs, CO

In Philadelphia, Tacony Community Development Corporation was selected to participate, as a non-Main Street organization. Their Community Transformation Strategy consists of business recruitment to fill vacant retail properties in the Tacony neighborhood, based on market research that identified unmet local consumers' needs. The NMSC team and CLUE Group conducted a site visit on February 4 – 5, 2016 to meet with the board, conduct a quick assessment and provide market research data, identifying demographic changes and related gaps between local retail supply and demand.

Credit: Graham Copeland

Outdoor dining at ByWard Market in Ottawa, ON. This downtown district is managed by a Business Improvement Area, which is not a Main Street organization designated by NMSC.

Photo: Courtesy of Greater West Chester Chamber of Commerce

Downtown organizations celebrate local entrepreneurs with events and marketing assistance in downtown West Chester, PA.

The assessment team's research identified two clusters of business categories: neighborhood convenience and family-friendly. They conducted "market analysis lite" and created a playbook to help the group fill the market gaps. This will involve Tacony CDC building several new, related programs: working with existing businesses to help them cater to these consumer groups, recruiting new businesses in these targeted categories, and developing a district-wide promotional strategy with messaging designed to appeal to families.

"We will be able to present a more cohesive message, and the project will fit into a more cohesive strategy," said Alex Balloon, Tacony CDC's manager. This project implementation work is ongoing.

The ten demonstration project groups now are completing their beta stages – each has defined its Community Transformation Strategies, with implementation occurring through the work planning process. Beyond that, NMSC's nationwide rollout of the changes is happening over time. To support this transition, they provided seminar-based training at the "Main Street Now" national conference in Milwaukee, in May 2015, and are creating a series of online training materials, articles, and briefs. NMSC will soon release documents summarizing the demonstration projects, and Catalyst Transformation Strategies – descriptions of the several dozen strategies that work best and most often.

With this new approach, NMSC also recognizes that a number of organizations have already adapted their models to meet market realities. Jef Buehler, New Jersey state coordinator, says "change happens so fast in New Jersey, [real estate] development happens so fast, and we have to keep up to get our arms around it. We put economic value on top 15 years ago, with market-based solutions. Historic preservation is done with an end goal of creating economic value." For example, Main Street New Jersey's training program includes market-based workshops such

Credit: Debbie Brodeur, Lansdowne Economic Development Corp.

Growers and their goods at the farmers market in Lansdowne, PA, add vitality to the community.

as developing financial pro-formas to redevelop historic downtown buildings, and how to use economics of place to guide design.

Mary Thompson, the Task Force chair, understands that "innovation happens at the grassroots level. We needed to tap into that and share it at the national level… We're just catching up at NMSC."

FOR ECONOMIC DEVELOPMENT PROFESSIONALS

This new focus of the Main Street revitalization movement presents opportunities to economic development practitioners in several ways. First, for members of existing organizations such as municipal government agencies and CDCs that earlier had considered the Main Street model as too rigid, this may be the right time to take another look, based on the new organizational flexibility. Second, economic developers who operate in communities with existing Main Street organizations may want to consider aligning their efforts to achieve common goals. For example, lenders that see the value in the Community Transformation Strategies identified by Main Street groups in their markets can seek out and exploit the synergies of projects that align with the downtown revitalization strategy. And finally, the opportunity may exist to help craft such a strategy by joining the Economic Vitality Committee of a Main Street program in their favorite downtown. Hometown talent is always needed, and the timing is now propitious.

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Many Main Streeters and others interested in downtown revitalization across the country are watching these pivotal changes with great anticipation. A new Main Street program may be coming soon to a town near you.