

BUILDING INFRASTRUCTURE FOR ECONOMIC DEVELOPMENT

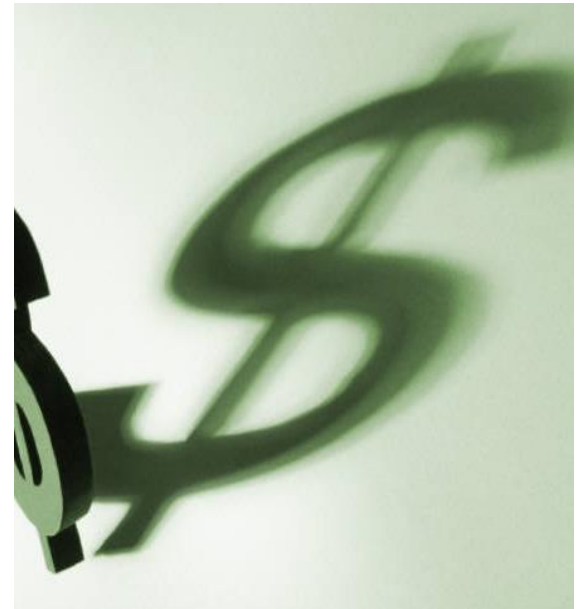


GOVERNMENT & ECONOMIC
DEVELOPMENT INSTITUTE

Joe A. Sumners, Ph.D.
Executive Director

WHAT IS ECONOMIC DEVELOPMENT?

“Economic development is a process by which a community *creates, retains and reinvests* wealth and *improves the quality of life.*”



- David Dodson, MDC Inc., Chapel Hill, NC



“Some see private enterprise as a predatory target to be shot, others as a cow to be milked, but few are those who see it as a sturdy horse pulling the wagon.”

- Winston Churchill

CORE ECONOMIC DEVELOPMENT ACTIVITIES

- ❑ Business recruitment and attraction
- ❑ Business retention & expansion
- ❑ Entrepreneurship & small business development
- ❑ Commercial & retail development
- ❑ Tourism & retiree attraction
- ❑ Community development



- Economic development is found at the intersection of the public and private sectors.
 - ✓ Involves government efforts to facilitate increased private sector growth and investment.
- A strong private sector economy depends on effective government investment and decision-making (education, infrastructure, incentives, and agency support).

BUSINESS RECRUITMENT:

□ THE PROCESS

□ WHAT COMPANIES ARE LOOKING FOR

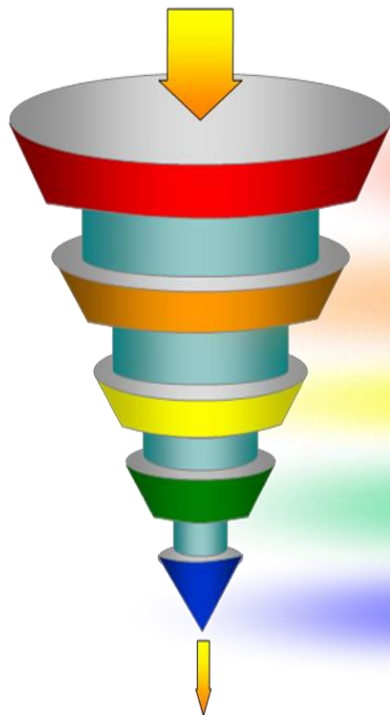


http://www

- How the site selection (elimination) process works
 - ✓ Role of Internet research in site selection.
 - ✓ Site visits now occur after 80% of the decision is already made, and communities never know if they are under consideration for a project.
 - ✓ The process is extremely competitive.
- Realistic vision and strategies
 - ✓ All communities are not created equal.
 - ✓ Understand your strengths and limitations.

THE SITE SELECTION PROCESS

Candidate Locations



Site Decision

Competitive Site Selection Screening Process

← → Define Search Region

← - - - → Regional Screening based on Project Criteria

← - - - - - → RFP & Proposal Screening

← - - - - - - - - → Site Visits / Comparative Assessment

← - - - - - - - - - - → Cost Modeling / Incentives

← - - - - - - - - - - → Risk Analysis

BUSINESS SITE SELECTION (ELIMINATION)



- ❑ Clients/consultants seek to *eliminate* sites & buildings based on project requirements
- ❑ Ultimately, projects locate based upon an optimum, risk adverse, *business decision!*

SITE SELECTION FACTORS

Area Development Magazine (2014 Corporate Executive Survey)

1. Highway Accessibility	98.6
2. Availability of Skilled Labor	97.3
3. Labor Costs	97.3
4. Expedited or "Fast-Track" Permitting	97.2
5. Available Land	95.8
6. State and Local Incentives	95.8
7. Energy Availability and Costs	91.6
8. Proximity to Major Markets	91.5
9. Occupancy or Construction Costs	90.2
10. Tax Exemptions	90.2
11. Available Buildings	88.8
12. Corporate Tax Rate	86.1
13. Accessibility to Major Airport	86.1
14. Proximity to Suppliers	85.9
15. Training Programs	83.3
16. Low Union Profile	82.2
17. Environmental Regulations	78.9
18. Inbound/Outbound Shipping Costs	77.4
19. Right-to-Work State	74.0
20. Railroad Service	69.0

Site Selection Factors – Physical Infrastructure

1. Highway Accessibility	98.6
2. Availability of Skilled Labor	97.3
3. Labor Costs	97.3
4. Expedited or “Fast-Track” Permitting	97.2
5. Available Land	95.8
6. State and Local Incentives	95.8
7. Energy Availability and Costs	91.6
8. Proximity to Major Markets	91.5
9. Occupancy or Construction Costs	90.2
10. Tax Exemptions	90.2
11. Available Buildings	88.8
12. Corporate Tax Rate	86.1
13. Accessibility to Major Airport	86.1
14. Proximity to Suppliers	85.9
15. Training Programs	83.3
16. Low Union Profile	82.2
17. Environmental Regulations	78.9
18. Inbound/Outbound Shipping Costs	77.4
19. Right-to-Work State	74.0
20. Railroad Service	69.0

Site Selection Factors – Human Infrastructure

1. Highway Accessibility	98.6
2. Availability of Skilled Labor	97.3
3. Labor Costs	97.3
4. Expedited or “Fast-Track” Permitting	97.2
5. Available Land	95.8
6. State and Local Incentives	95.8
7. Energy Availability and Costs	91.6
8. Proximity to Major Markets	91.5
9. Occupancy or Construction Costs	90.2
10. Tax Exemptions	90.2
11. Available Buildings	88.8
12. Corporate Tax Rate	86.1
13. Accessibility to Major Airport	86.1
14. Proximity to Suppliers	85.9
15. Training Programs	83.3
16. Low Union Profile	82.2
17. Environmental Regulations	78.9
18. Inbound/Outbound Shipping Costs	77.4
19. Right-to-Work State	74.0
20. Railroad Service	69.0

Site Selection Factors – Incentives and Finance

1. Highway Accessibility	98.6
2. Availability of Skilled Labor	97.3
3. Labor Costs	97.3
4. Expedited or “Fast-Track” Permitting	97.2
5. Available Land	95.8
6. State and Local Incentives	95.8
7. Energy Availability and Costs	91.6
8. Proximity to Major Markets	91.5
9. Occupancy or Construction Costs	90.2
10. Tax Exemptions	90.2
11. Available Buildings	88.8
12. Corporate Tax Rate	86.1
13. Accessibility to Major Airport	86.1
14. Proximity to Suppliers	85.9
15. Training Programs	83.3
16. Low Union Profile	82.2
17. Environmental Regulations	78.9
18. Inbound/Outbound Shipping Costs	77.4
19. Right-to-Work State	74.0
20. Railroad Service	69.0

ESSENTIAL TO HAVE:

**STRONG COMMUNITY
INFRASTRUCTURE**

STRONG LOCAL ECONOMIES ARE BUILT UPON STRONG COMMUNITIES.

Economic development requires
a foundation upon which to build.



- ❑ ***Physical Infrastructure:*** Roads, water, gas, electricity, sewers, and telecommunications.
- ❑ ***Human Infrastructure:*** An educated and skilled workforce.
- ❑ ***Civic Infrastructure:*** Strong local leadership, vital community institutions, public involvement, and a community mindset of pride and optimism.

Industrial Recruitment

Existing Business

Entrepreneurship

Retail & Commercial

Tourism

Physical Infrastructure

Human Infrastructure

Civic Infrastructure

**Economic
Development
Strategies**

**Community
Development**

ALABAMA RURAL ROUNDTABLE

June 16, 2006, Auburn University

“Priorities for Strengthening the Future of Rural Alabama”

1. Leadership & Citizen Participation
(civic infrastructure)
2. Workforce Development & Education
(human infrastructure)
3. Infrastructure & Communications
Technology
(physical infrastructure)

PHYSICAL INFRASTRUCTURE

physical infrastructure

- ❑ “Product” - developed, or developable, buildings and sites.
- ❑ Roads, water, gas, electricity, sewers, and telecommunications are necessary for economic growth.
- ❑ Broadband – has become a core infrastructure for the New Economy.



TELECOMMUNICATIONS INFRASTRUCTURE: LIKE ELECTRICITY IN THE 20TH CENTURY . . .

“...Broadband is a foundation for economic growth, job creation, global competitiveness and a better way of life...It is changing how we educate children; deliver health care; ensure public safety; engage government; and access, organize and disseminate knowledge.”

– *Connecting America: The National Broadband Plan*



“... broadband has become as essential to individual and community economic prosperity as electricity and roads.”

– speedmatters.org

HUMAN INFRASTRUCTURE



WORKFORCE DEVELOPMENT

- ❑ The number one issue in economic development today is the quality of a community's workforce.
- ❑ Companies will not choose to expand or locate in the community if they do not feel they can find the workers they need.
- ❑ Strengthening the workforce development system through the business community, public school systems, and community colleges must be of the highest priority for local economic development.
- ❑ "Human Infrastructure"

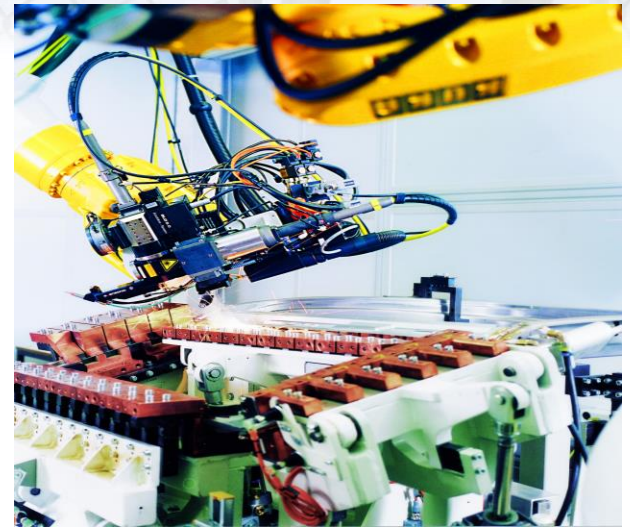
MEGA-TRENDS IMPACTING THE ECONOMY AND WORKFORCE

1. Globalization

2. Technology

“National recovery won’t bring jobs back to the rural South. Production has moved to other countries with lower wages, or plants have substituted technologically advanced machines for people. Tens of thousands of jobs are not coming back.”

“The State of the South 2002: Shadows in the Sunbelt Revisited” (MDC, Inc.)

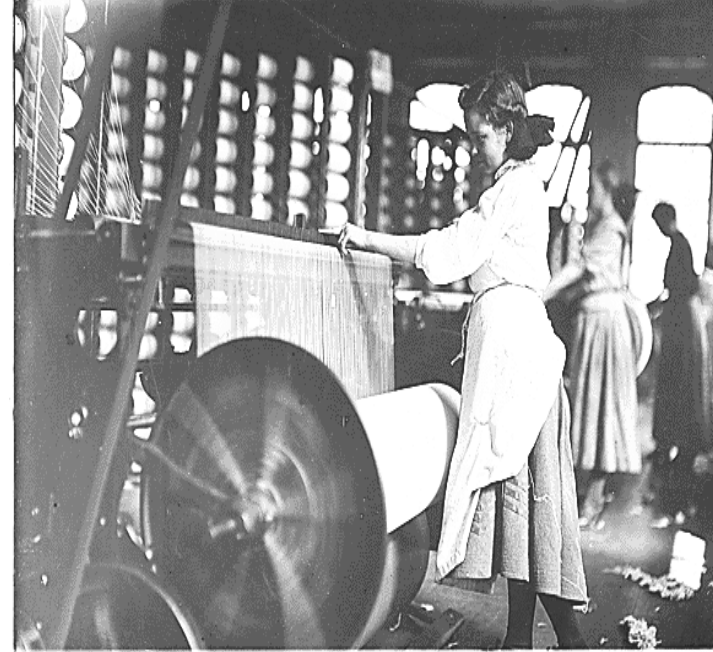


GOODBYE OLD ECONOMY JOBS

Projected fastest declining occupations by 2018:

(Alabama Department of Industrial Relations)

- ❑ Sewing machine operators
- ❑ Textile machine setters, operators & tenders
- ❑ File clerks
- ❑ Order clerks
- ❑ Computer operators
- ❑ Mail clerks & mail machine operators



ALABAMA'S NEW ECONOMY

Projected fast-growing occupations by 2018:

(Alabama Department of Industrial Relations)

- ❑ Pharmacists
- ❑ Physical Therapists
- ❑ Registered Nurses
- ❑ Computer software engineers
- ❑ Network systems and data communications analysts
- ❑ Physician assistants
- ❑ Home health aides
- ❑ Aircraft assemblers, mechanics and service technicians
- ❑ Welders



GROWING NEED FOR A SKILLED WORKFORCE

	Professional	Skilled	Unskilled
1950	20%	20%	60%
1990	20%	45%	35%
2000	20%	65%	15%

Source: U.S Bureau of Labor Statistics

Globalization and Technology: Implications for Workforce



1. Need fewer people to be productive (more capital-intensive, less labor-intensive)
2. Fewer low-skilled jobs (outsourced)
3. Talent bar is much higher
 - Need for higher skilled, educated workers
 - Critical need for improved K-12 education and workforce training system

CIVIC INFRASTRUCTURE

**Citizen Engagement
Collaborative Leadership**



“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.”

- Margaret Mead



“What stands out in the high-achieving community is not so much the characteristics of the leaders as their number . . . The high-achieving community had ten times more people providing leadership than communities of comparable size. . . And its leaders function, not as gatekeepers, but as door-openers, bent on widening participation.”

- Dr. David Mathews, president of the Kettering Foundation³¹

CONNECTING STAKEHOLDERS



- ❑ Prosperous communities recognize the value of local and regional cooperation and collaboration.
- ❑ County and city governments, chambers of commerce, schools, civic organizations, and private sector groups **WORK TOGETHER!**
- ❑ Public-private partnerships and collaborations, communication, cooperation, and planning are essential if the community is to ensure a strong economy, quality schools, and superior quality of life.

It is of critical importance to take care of, and involve, local business leaders.

□ Importance of BRE (where the jobs are)

✓ Understand and address the needs of
business

□ Local business can be your best
recruiters (or worst)



ESSENTIAL TO HAVE:

**PROFESSIONAL LEADERSHIP,
STRUCTURE, AND PLANNING**

STRUCTURED AND PROFESSIONAL ECONOMIC DEVELOPMENT PROGRAM ENSURES THAT:

- ❑ Current and relevant information is maintained and used to make decisions
- ❑ Action plans are developed and implemented
- ❑ Information is shared with external and local audiences
- ❑ Local sites are marketed and sold
- ❑ Actors in the local economic development system are working together

INFORMATION!!!!!!



- ❑ You have to know your product before you can sell your product.
- ❑ Information is the currency of 21st century economic development.
 - ✓ With the Internet, site selectors can develop short lists without leaving their desk or picking up the phone.
- ❑ Maintaining relevant information and making it available is a key economic development role.

DIVERSE STRATEGIES



- ❑ There is no “one size fits all” approach to economic development.
- ❑ The key is to match particular strategies with the assets of the community.
- ❑ The approach might include business retention and expansion, tourism, commercial and retail development, technology parks, agribusiness, retiree attraction, entrepreneurial support, or other kinds of development.
- ❑ Ideally, development will involve a diverse combination of strategies, which helps to achieve a more robust economy with multiple avenues for job growth.

ECONOMIC DEVELOPMENT: ESSENTIALS



1. A strong community infrastructure

- ✓ Physical
- ✓ Human
- ✓ Civic

2. Professional leadership, structure, and planning



AUBURN

UNIVERSITY OUTREACH

GOVERNMENT & ECONOMIC DEVELOPMENT INSTITUTE

Joe A. Sumners, Ph.D.
Executive Director

334-844-4704

sumneja@auburn.edu

214 Extension Hall

Auburn University, AL 36849

