

ECONOMIC DEVELOPMENT - AN OVERVIEW

Kasey Jolly
Regional Economic Analyst
Center for Economic Development and Business Research
W. Frank Barton School of Business
Wichita State University

DEFINITION OF ECONOMIC DEVELOPMENT

- Process that influences growth and restructuring of an economy to enhance the economic well being of a community. The desired result is creation of wealth for a region.
- Development organizations should bridge the gap between the public and private sectors to facilitate, even create, projects that are desirable to both sectors.

ECONOMIC DEVELOPMENT ORGANIZATIONS SHOULD:

- Have common objectives
 - Increase jobs
 - Increase per capita income
 - Increase taxable investment
 - Enhance the quality of life
- Provide access to capital and package other financial assistance for desirable projects
- Assemble and improve tracts of land suitable for industrial business parks
- Market the community as a business location
- Sponsor technical assistance for existing business

ECONOMIC DEVELOPMENT ORGANIZATIONS SHOULD:

- ◉ Develop long-range strategies for community's economic development
- ◉ Marshal the community's resources to produce a unified VISION for the economy
- ◉ Work with K-16 education systems

TYPES OF ECONOMIC DEVELOPMENT ORGANIZATIONS

- ◉ An organization within a government chain -
City, County or State
- ◉ Part of a Chamber of Commerce
- ◉ Public-Private Partnership

ECONOMIC DEVELOPMENT PARTNERS

- ❑ Elected officials
- ❑ Governmental staff (city, county and state)
- ❑ Economic development organizations
- ❑ Utilities
- ❑ Chambers of commerce
- ❑ Neighborhood associations
- ❑ Commercial real estate professionals
- ❑ Developers
- ❑ Educational institutions
- ❑ Financial community
- ❑ Citizens

ECONOMIC DEVELOPMENT INFRASTRUCTURE

❑ Human Infrastructure

- ❑ Professional staff
- ❑ Partners

❑ Local Product

- ❑ Land
- ❑ Available buildings
- ❑ Zoning
- ❑ Physical infrastructure (i.e. water, sewer, gas, electric, roads, telecommunications, etc.)
- ❑ Business climate
- ❑ Workforce

UNDERSTANDING THE BASE ECONOMY

BASE VS. SUPPORT INDUSTRY

- We have two types of industry:
 - Base - brings outside dollars in
 - Support - reshuffles existing dollars
- Base industries and support industries may look very different from one community to the next.

MULTIPLIER IMPACTS

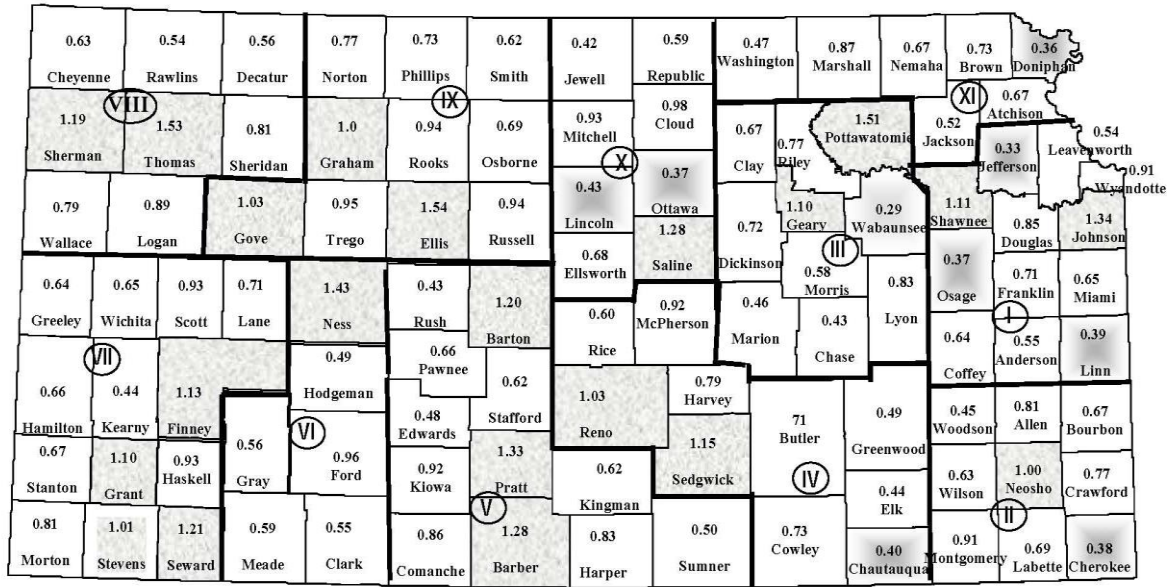
- Quantifies the ripple from the change in a base industry.
 - Direct
 - Indirect
 - Induced
 - Total
- Base industry has a larger multiplier than a support industry

PULL FACTORS

- Places with larger populations, and therefore more amenities, typically have larger pull factors
- Positive >1
- Negative <1

PULL FACTORS - KSDOR

**Map 1. County Trade Pull Factors
By Kansas Economic Reporting Regions
Fiscal Year 2008**



21 counties with CTPF greater than 1.0

10 counties with CTPF of 0.40 or less

RETENTION, EXPANSION, RECRUITMENT

RECRUITMENT

□ Site Selection Overview

- Process of elimination
- Risk aversion
- Confidentiality
- More than 15,000 local development groups competing for 100-200 major projects annually nationwide
- Site selectors use the Web
 - 86% to familiarize themselves with community
 - 85% gather preliminary location data
 - 63% to find local contact information
- Most new locations are in the same region

STEPS IN RECRUITMENT

- Stage 1 - Lead Generation
- Stage 2 - Response
- Stage 3 - Monitoring and Follow Up
- Stage 4 - Prospect Visit
- Stage 5 - Financial Packaging and Incentives
- Stage 6 - Negotiation and Decision

INCENTIVES

- ◉ High Performance Incentive Program
- ◉ Kansas Economic Opportunity Initiatives Fund
- ◉ Kansas Enterprise Zone
- ◉ Kansas Partnership Fund
- ◉ Promoting Employment Across Kansas
- ◉ Private Activity Bonds
- ◉ Recovery Zone Bonds
- ◉ Property Tax Abatement
- ◉ STAR Bonds

BUSINESS RETENTION AND EXPANSION

- ❑ 60%-80% of growth is due to local existing business expansion
- ❑ Existing business visits
 - ❑ Meet with executives to learn about their products and processes
 - ❑ Build relationships
 - ❑ Identify expansion opportunities or companies at risk
 - ❑ Learn about issues that keep executives “up at night”
 - ❑ Provide resources

BUSINESS RETENTION AND EXPANSION

- ❑ Local business expansion
 - ❑ Focus on community specific project
 - ❑ Can be brick and mortar, employment growth, equipment investment
 - ❑ Work as team to identify opportunities and resources
 - ❑ Provide pertinent information to influence company decision
 - ❑ May be exploring several avenues within a corporate structure

2009 Report

XYZ ECONOMIC
DEVELOPMENT CORP.

COMMUNITY/ORGANIZATION PROFILE

- ◉ Population 12,000 +/-
- ◉ Located outside metropolitan Kansas community
- ◉ County seat
- ◉ Home to community college
- ◉ Economic development organization in 21st year
- ◉ Public/private partnership with the XYZ City
- ◉ Annual operating budget including CVB \$300,000 +/-
- ◉ Board of directors -30- Full board meets every other month
- ◉ 5 designated committees - meet as needed
- ◉ Staff 3 FTE
- ◉ Membership 179

BOARD MEMBERS 2010-2012

◎ Renewed positions

- Owner 500+ employee construction company
- President Community College
- HR Director, Largest Manufacturing employer 650+ jobs
- Real Estate Broker
- General Manager, 2nd Largest Manufacturing employer

◎ New Directors

- General Manager, Largest Manufacturing employer 650+ jobs
- General Contractor-Commercial and Residential
- (to fill remaining 2010-2011 opening) General Manager- Local manufacturing facility- Owned by S&P 300 company

BOARD

- President this year Architect
- Past President-Regional Bank President
- Vice President-Financial Advisor
- Secretary-Professional Engineer
- Treasurer-Real Estate Broker

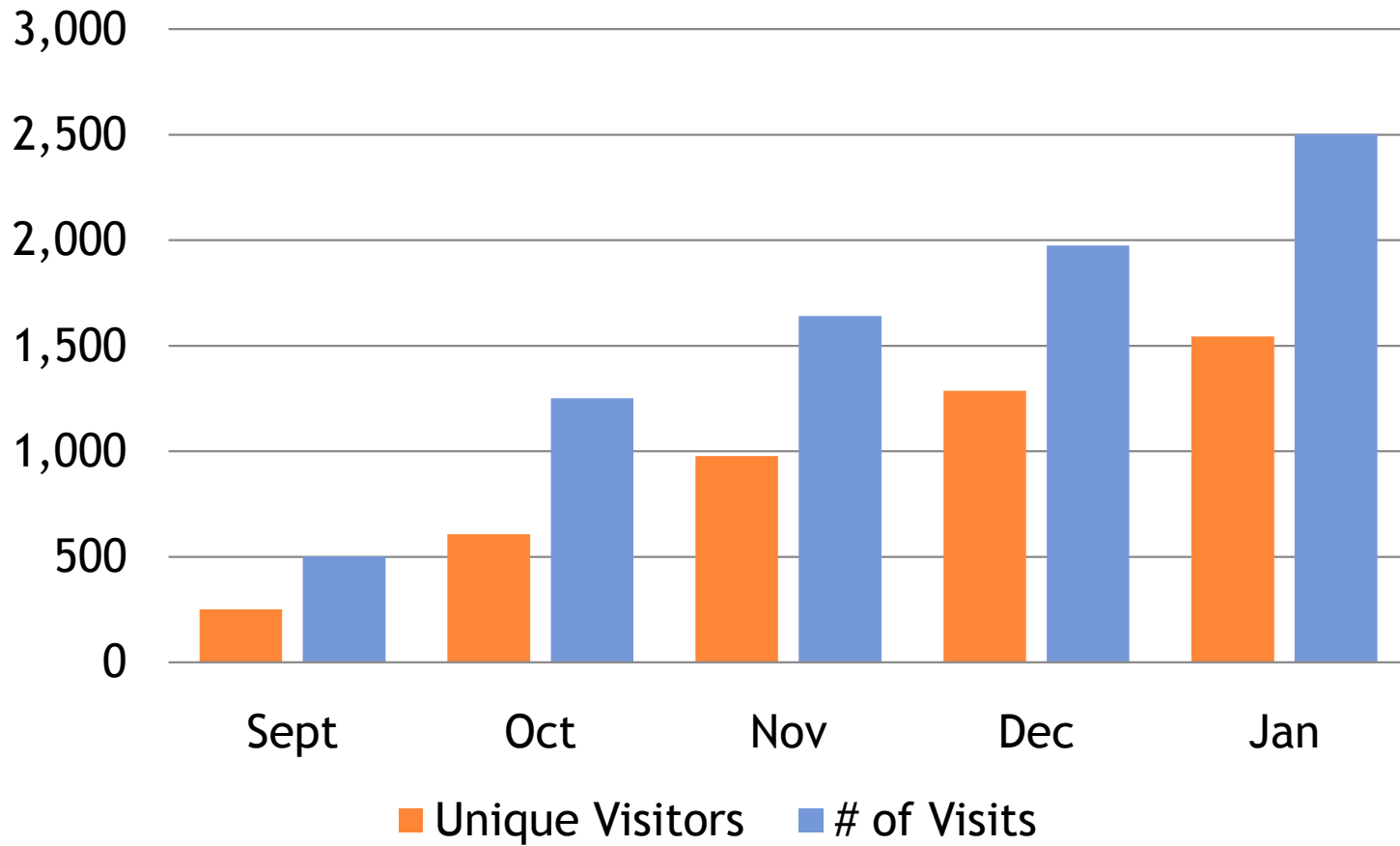
2009/2010 COMMITTEES

- ◉ Marketing
- ◉ Existing Business & Industry
- ◉ Housing
- ◉ Membership/Finance
- ◉ Advisory

MARKETING EFFORTS IN 2009

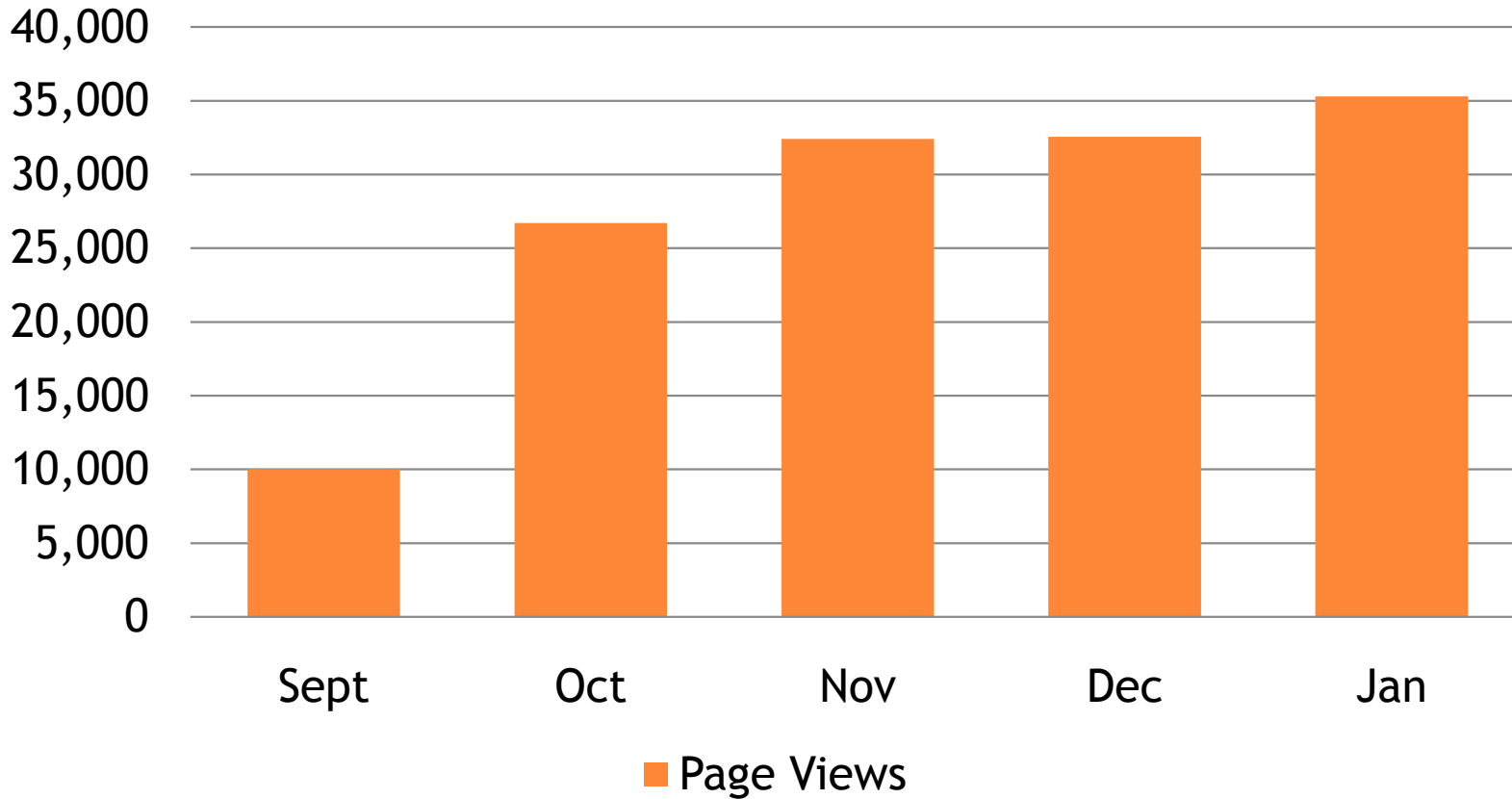
- ◉ XYZ Today-Quarterly 4 page print publication
- ◉ MSA Home Show
- ◉ MSA Women's Fair
- ◉ www.xyz.com website
- ◉ Economic Development Informer (electronic newsletter)
- ◉ LKM Booth Space (Oct 2009)
- ◉ Housing Guide
- ◉ Relocation Packets
- ◉ Prospect packets
- ◉ Warm Welcome Bags to New Residents
- ◉ Kansas Commerce Recruitment Program
- ◉ Kansas Commerce Recruitment Magazine
- ◉ Launched 360xyz.com marketing initiative

360 XYZ WEB TRACKING/LAUNCHED SEPTEMBER 2009



360 XYZ PAGE VIEWS

Page Views



EXISTING BUSINESS & INDUSTRY COMMITTEE

- ◉ Job Fair in April 2009
- ◉ Job Assistant (monthly electronic newsletter to job seekers)
- ◉ Created a list of employers
 - ◉ >50 employees-17 businesses
 - ◉ Visited 11 in 2009
 - ◉ < 50 employees-31 businesses
 - ◉ Visited 14 in 2009

HOUSING COMMITTEE

- ◉ Committee has prepared a draft of the housing report & recommendations
 - ◉ February 2010
 - ◉ Special meeting with XYZ Board of Directors to review and seek approval
 - ◉ March 2010
 - ◉ Present final report to City Commission

MEMBERSHIP/FINANCE COMMITTEE

- Membership drive in 2009
 - 36 new members
 - 2 increased memberships
 - 2010 began with 179 members
- Hosted four membership networking opportunities
 - M12 Open House--March
 - XYZ Bank--July
 - BSA Groundbreaking--August
 - X-Tech--September

2009 NETWORKING BY EXECUTIVE DIRECTOR

- ◉ Workforce Executive Board
- ◉ Workforce Board of Directors
- ◉ Local Workforce Advisory Committee
- ◉ Vision 20/20
- ◉ XXXXX Board of Directors
- ◉ XXXXX Micro Loan Committee
- ◉ Citizen Advisory Panel
- ◉ XXXXX Outlook Conference and XXXXX Outlook Team
- ◉ XXXXX Partners (regional)
- ◉ Kansas Chamber of Commerce Annual Banquet
- ◉ Kansas Economic Development Association (KEDA)
- ◉ Kansas Department of Commerce Recruitment Events
- ◉ Kansas Cavalry
- ◉ Economic Development Administration

ADVISORY COMMITTEE

- Scheduled weekly meetings
 - Provide administrative oversight
 - Review current projects

2009 MAJOR PROJECTS

2009 CAPITAL SPENDING/JOBS

◎ Capital Spending

■ XYZ-1*	\$ 5,000,000**
■ XYZ-2*	\$ 150,000
■ XYZ-3*	\$ 4,267,000
■ XYZ-4*	\$ 573,000
■ XYZ-5	\$ 2,175,000
Total	\$12,165,000

◎ Jobs

■ XYZ-1*	48 retained
■ XYZ-2 *	20 new
■ XYZ-3*	6 retained
■ XYZ-4*	0 job impact
■ XYZ-5	77 retained/2 new
Total	131 retained/22 new

*Denotes projects assisted by XYZ, Inc.

**Denotes projects given tax abatement

POTENTIAL FUTURE SPENDING/JOBS

◎ Capital Spending

■ XYZ-6*	\$ 205,000
■ Prospect*	\$ 550,000
■ Prospect*	\$ 493,000
■ XYZ-2*	\$32,000,000
■ XYZ-3*	<u>\$10,000,000</u>
Total	\$43,248,000

◎ Jobs

■ XYZ-6*	3 new
■ Prospect*	12 new/30 in 3 yrs.
■ Prospect*	3 new
■ XYZ-2*	60 new
■ XYZ-3*	<u>25 new</u>
Total	103 new

* Denotes projects assisted by XYZ, Inc.

2009 GRANT ASSISTANCE

- Community Development Block Grant
XYZ-2 \$ 750,000
- EDA - XYZ Industrial Park
Infrastructure Improvements \$1,000,000

WHAT WE CAN MEASURE....

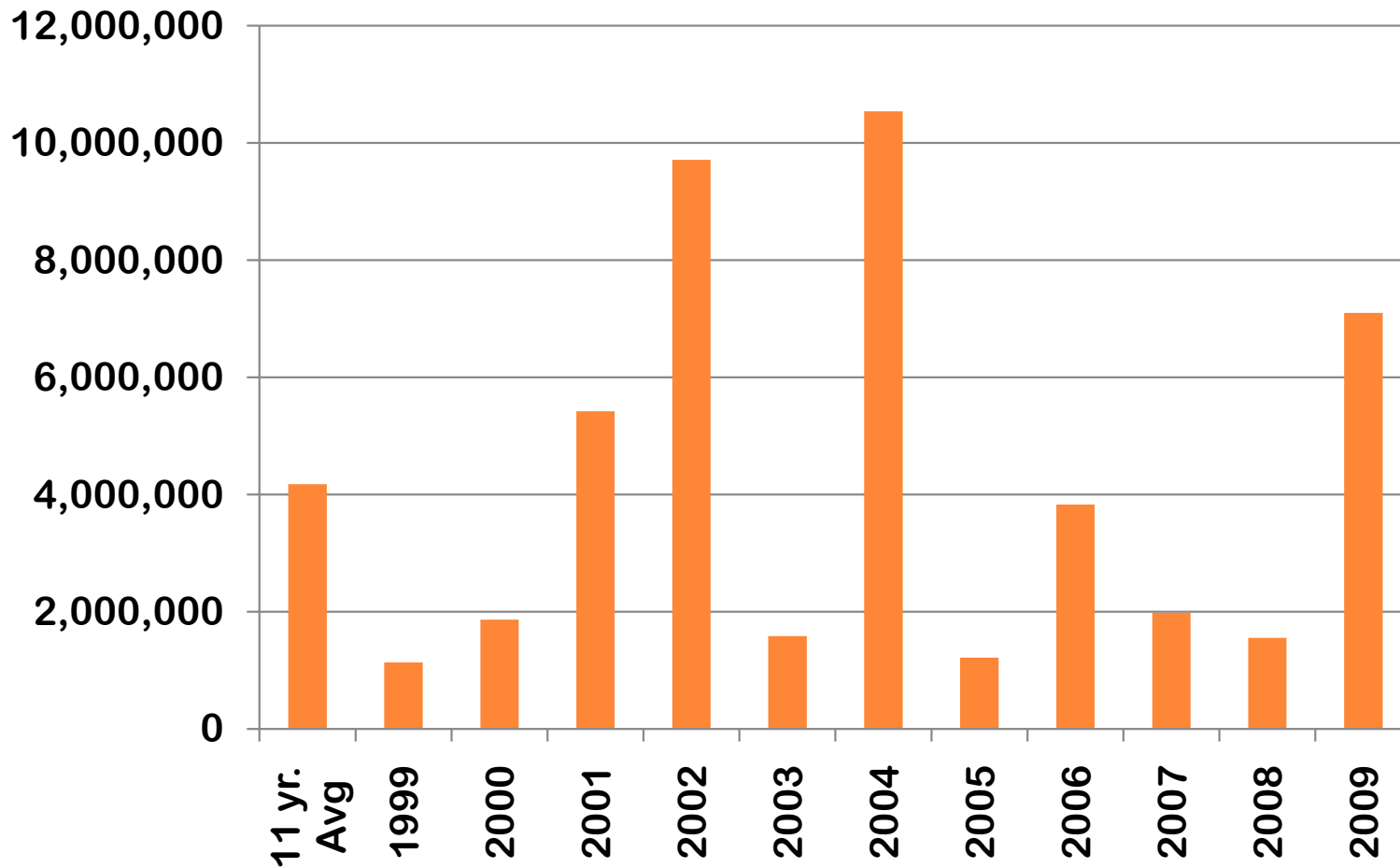
- Sales Tax

- 2007-\$2,288,553
- 2008-\$2,516,579
- 2009-\$2,348,254

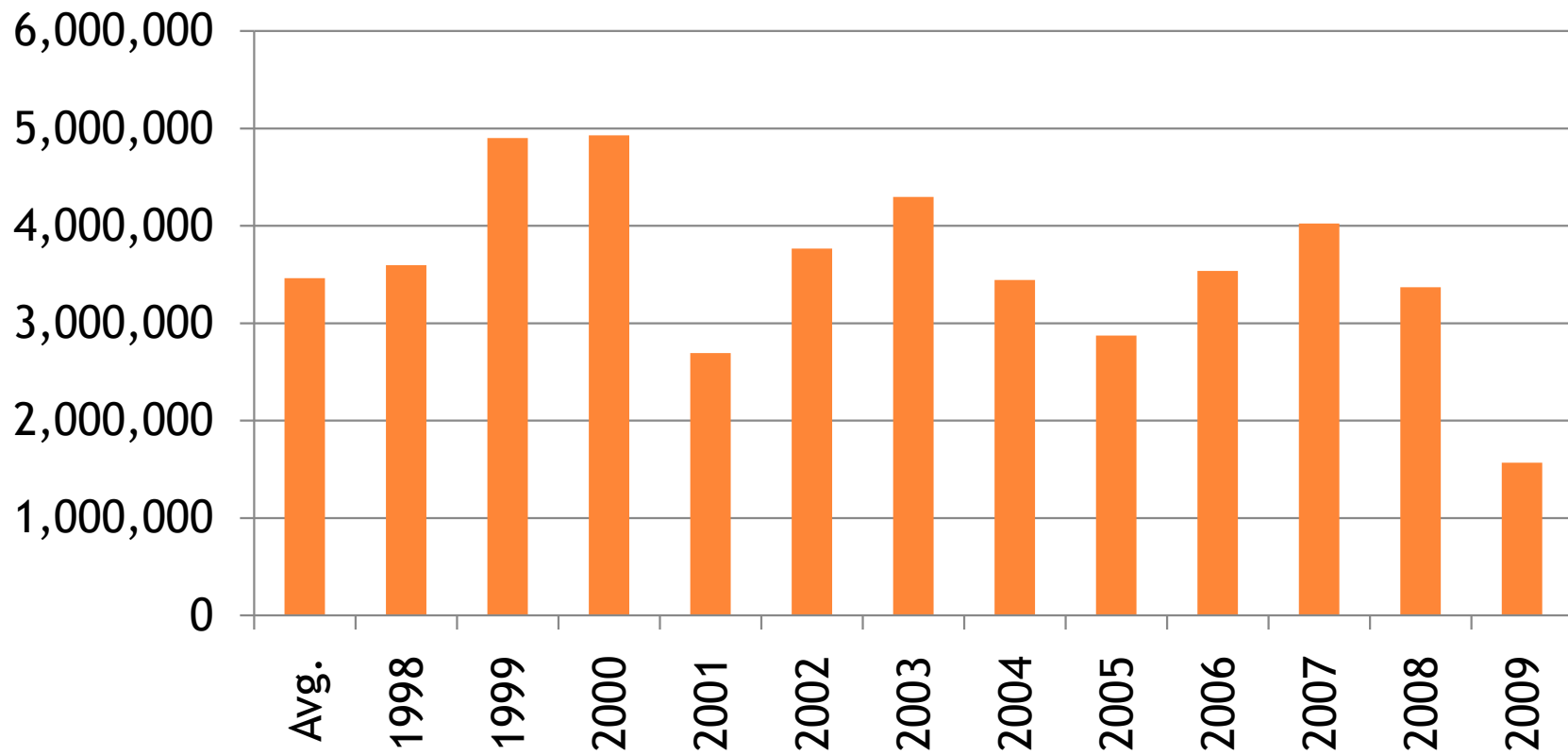
- Bed Tax

- 2007-\$116,390
- 2008-\$181,716
- 2009-\$165,125

COMMERCIAL (NEW) BUILDING PERMITS



RESIDENTIAL (NEW) BUILDING PERMITS



FORECLOSURES

◎ 2009

- 69 filings with XYZ address
- Foreclosed amount \$5,402,521.31

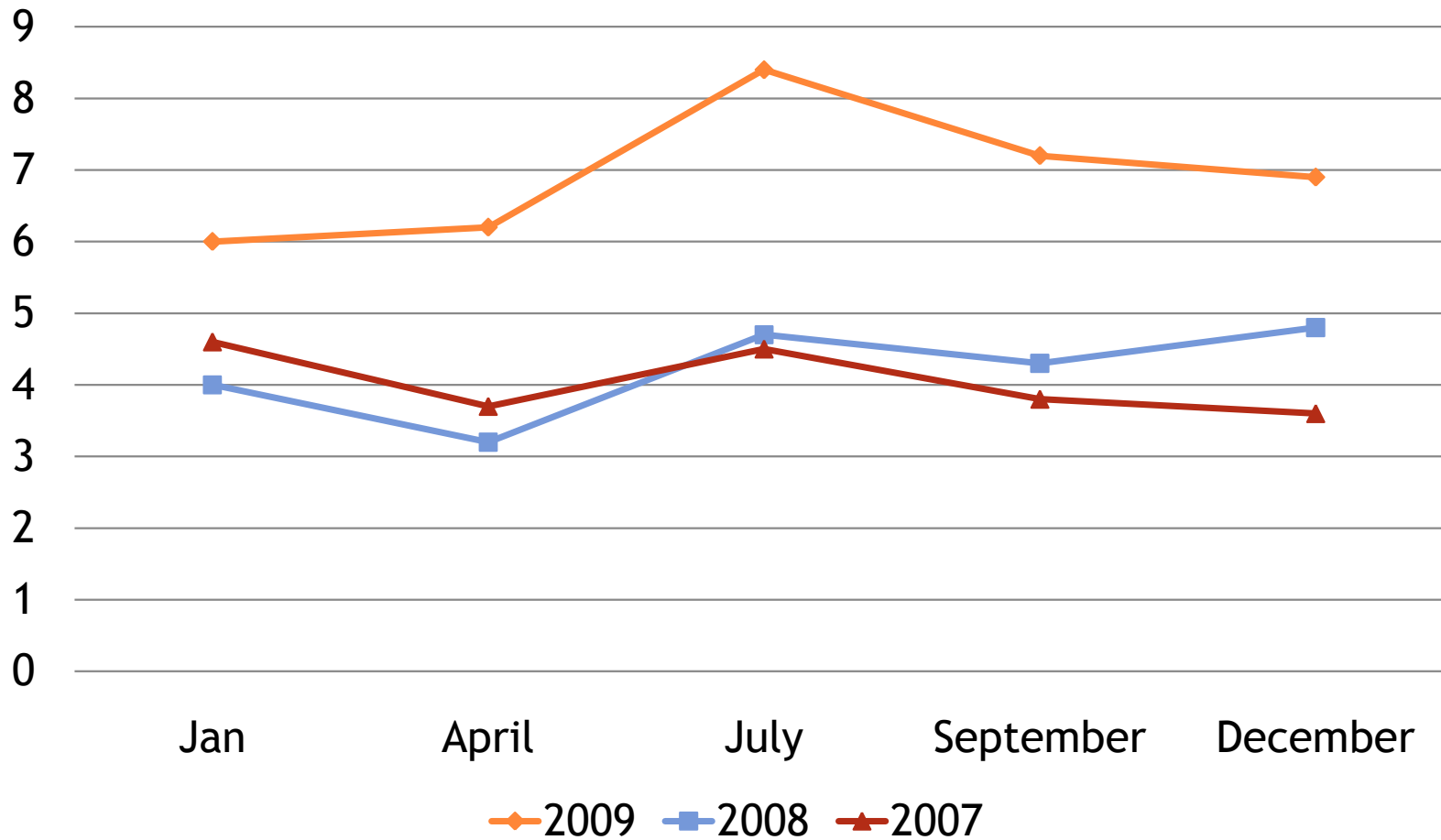
◎ 2008

- 71 filings with XYZ address
- Foreclosed amount \$5,106,556.07

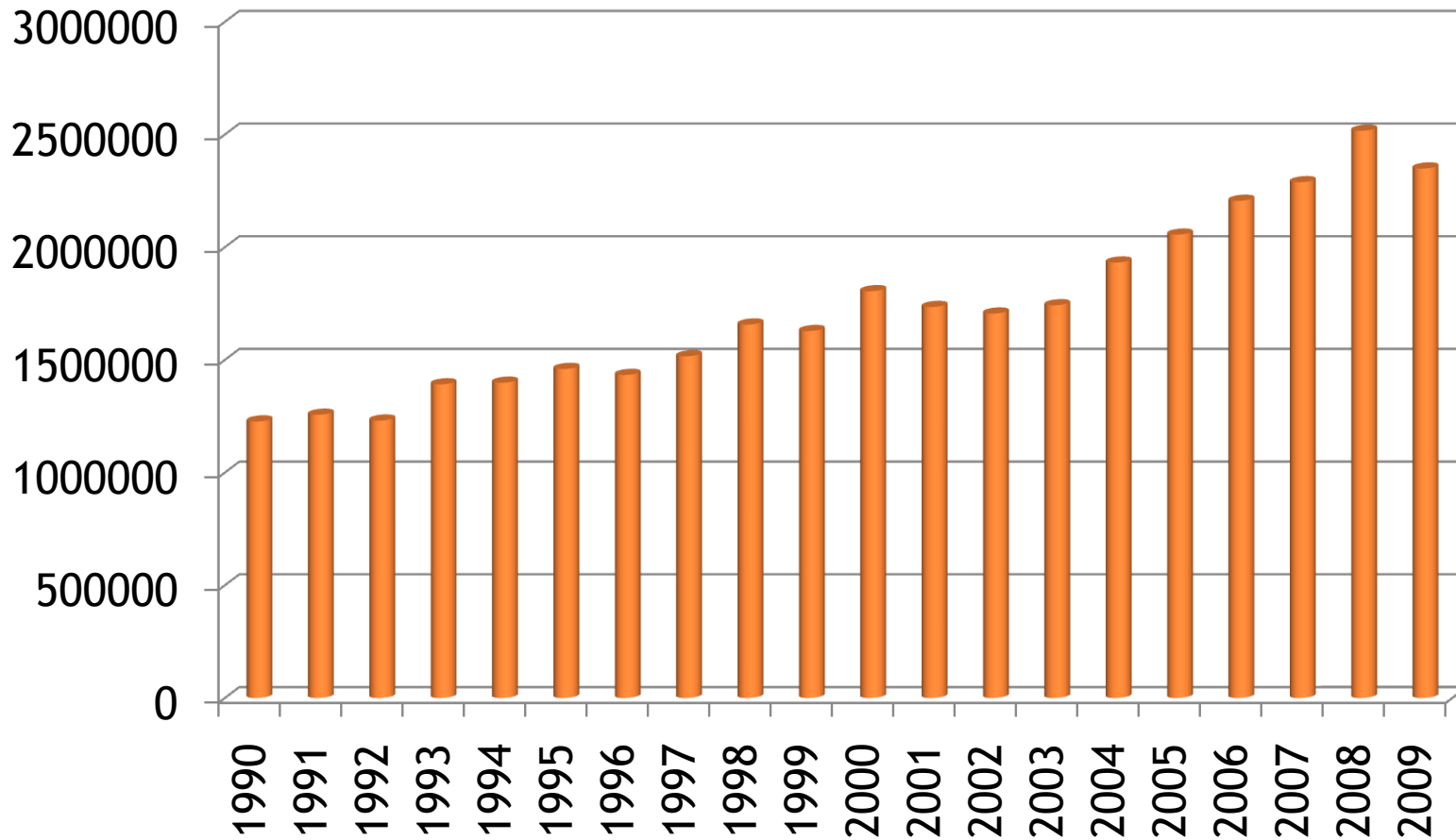
◎ 20 Sheriff's deeds have been filed on XYZ properties from November 2008 to January 2010

◎ Note: Some homes have been filed on more than once

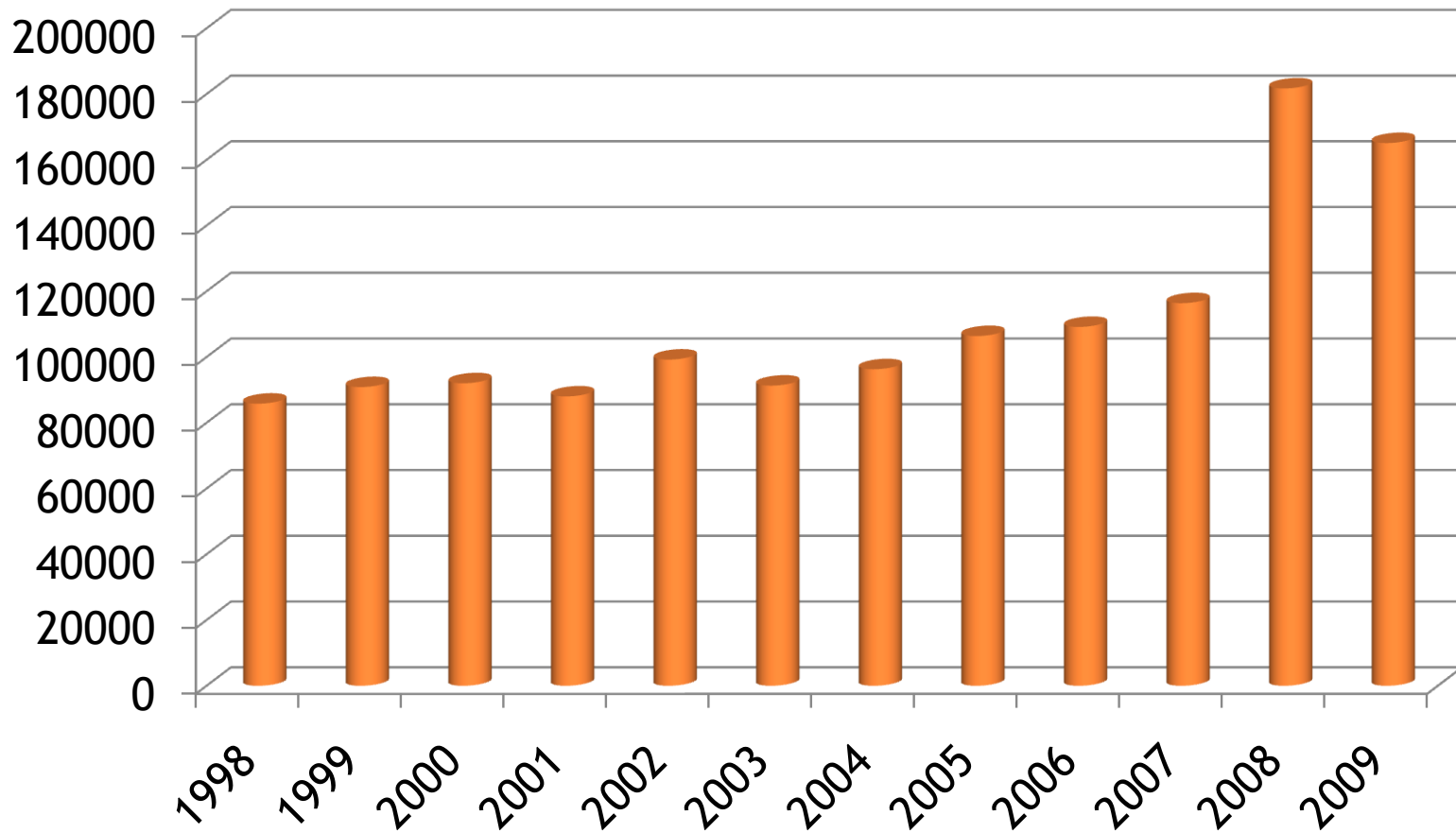
UNEMPLOYMENT



SALES TAX HISTORY



98% BED TAX REVENUE



WSU IMPACT MODEL

- We evaluate every request for local bed tax dollars with the impact model created for us by WSUCEDBR. It helps us to measure the actual impact an event will have on our community!
- Provide list of local and other events receiving assistance from bed tax including assistance granted, sales tax, bed tax impacts and number of visitors from outside XYZ county and number of local residents served.

UNITS OF SERVICE

Visitor Guides distributed: 6,805/10,000

Accommodations & Dining Guides distributed: 2,046/2,500

- Visitor packets
- AAA publication leads
- Sport Boat & Travel Show
- Lodging providers
- Turnpike Service Center
- Statewide brochure racks
- Conferences
- Local venues
- Relocation packets

CVB MARKETING

- Press releases
- xyz.com (website)
- Electronic newsletter (Insider Edition)
- Print publications
 - XYZ Resource Guide
 - XYZ Lake Guide
 - AAA Journeys
 - Go MSA Visitors Guide
 - Symphony in the Flint Hills Weekend Guide
 - Tour XZY

CVB SOCIAL MEDIA DEBUT



Facebook Page

Fans - 579

- 91 posts
- 11 notes (press release format)
- 9 photo albums



Twitter

Followers - 221

Linked to Facebook page on 9.04.09, so every Facebook post from that day on was also registered on Twitter.
(Prior to link, 26 Twitter posts.)



You Tube

5 videos loaded