CALED
Economic Development Leadership Since 1980
August 14, 2019

California Association for Local Economic Development
• Founded in 1980
• Over 700 Members – 75% cities & counties
• Dedicated to Economic Development – helping businesses thrive and create vibrant economies

Cultivating Economic Development Through Connection + Community
• Defining Economic Development & Your Role
• Programs and Examples
• Partners and Resources
• Where to Begin
• Measuring & Communicating Success
• Questions

What is Economic Development?
Economic Development is the creation of wealth through which community benefits are realized

What Does This Look Like in Practice?
Creating a positive business climate with:
• Long Term Goals & Vision within the Community
• Business Community Support
• Skilled Workforce
• Clear Regulations
• Public/Private Collaboration

From a public perspective, local economic development involves the allocation of limited resources – land, labor, capital and entrepreneurship in a way that has positive effect on the level of business activity, employment, income distribution patterns, and fiscal solvency.
Benefits of Economic Development

Increased Revenue Base
Additional revenue to support, maintain, and improve local services such as roads, parks, libraries, and emergency medical services.

Job Development
To provide better wages, benefits, and opportunities for advancement.

Business Retention
Businesses that feel appreciated by the community, and in turn feel as if they are contributing to the economy, will stay in town.

Economic Diversification
Helps expand the economy and reduces a community’s vulnerability to a single business sector.

Self-sufficiency
Public services would be less dependent on intergovernmental transfers that change with each election.

Productive Use of Property
Property used for its “highest and best use” maximizes the productivity of that property.

Business Case for Economic Development

Rising Costs for Municipal Services
- Population Growth
- Rising Employee Costs
  - Pension Costs
  - Salaries and Benefits
  - Health Care Insurance
  - Workers Compensation

Rising Expectations for Municipal Services
- Quality of Life Issues
- Public Safety

Negative Impact of State Budget Actions

Quality of Life

More local tax dollars and jobs raise the economic tide for the community, which generally increases the overall standard of living of the residents.

Three Forms of Economic Development (Programs)

1. Retain & Expand Existing Business
2. Create Business
3. Attract New Business
Existing Business – 80% net new job growth

- Regulatory Issues
- Backward Linkages
- Sources of Capital
- Workforce Training

Appreciate those that have already invested in your Community

To ensure a good business climate, local governments should establish and maintain efficient, timely, transparent, and objective entitlement and permit processes.

Permit Streamlining Tips

- Early consultation meetings
- Interdepartmental ‘red teams’
- Customer service
- Permit ombudsperson & expediter
- Publish process, documents, timeline, etc.
- Update zoning and permitting
- Appropriate use of CEQA and NEPA
- Track permits through entire process

Start Up of New Business

Grow Your Own by Providing Exceptional Business Assistance

- Business Training – SBDCs, SCORE
- Venture Capital – Crowd funding, Local Crowd
- Home-Based businesses
- Incubators – have a graduation plan

Attraction of New Business

- Know your competitive advantages and disadvantages — you are unique!
- Have data — Targeted Industry Study
- Marketing Strategy — Local, Regional, State
- Community Profiles
- Vacant Industrial Site & Facilities Inventory
- Business Familiarization Tours

Attracting Retail

- What is your value proposition? Do you have data to support it? Know who you are
- What is your...
  - Population in 7-min. drive time radius (not city boundary)?
  - Population by income level?
  - Community preferences?
  - Do you have shovel-ready real estate already in place?
What’s unique about your community? Your region?

Where To Begin

What do you already have?
- plan, strategy, element, resolutions
Who is on your team?
- staff, county, EDC, chamber, business council
What industries are already thriving?
- WDBs, Community Colleges, EDCs
What industries/retail can you support?

Public Sector Role

To create certainty and foster a business-friendly environment to influence business investment and location decisions through:

- Taxes
- Spending
- Investment
- Regulations

- Incentives
- Marketing
- Quality Service
- Adding Value to Community Assets

Where To Begin

- Where does your revenue come from?
  - Think long-term
- Ask the right budget questions
  - Are you cutting revenue generators?
- Connect with businesses have significant impact in your community—Thank Them.

Top 10 City Economic Development Activities (2008 Survey)
Projects/Transactions

- Revitalizing the downtown – BIDs/PBIDs
- Providing infrastructure to a new area
- Working with private partners to complete commercial or residential projects (New Market Tax Credits)
- Creating TIF districts (EIFD, CRIA, etc.)
- Developing industrial parks, buildings, retail, etc.
- EB-5
- PACE financing
- Brownfield financing and remediation
- Private Activity Bonds
- Public asset inventory
- Zoning for highest/best use

Measuring Success

- Monitor the metrics of your economic development programs — tracking your investment
- Economic development is an investment in your community. It is more than a "Jobs Program"

SMART

A simple device to remember the characteristics of an effective performance measure

Specific: performance measures need to be as specific as possible
Measurable: a performance measurement is only useful if you can actually measure it
Achievable: do not set goals that are impossible to achieve
Relevant: performance measurements need to be relevant to the organization’s mission and the program’s strategic objectives
Time-based: make sure that performance measures are achieved within a specific period

Metrics Beyond Jobs

Community Development

- Percent of organizations that have adopted sustainable development goals
- Government subsidies as percent of gross income
- Annual capital dollars invested in municipal infrastructure
- Percent of sustainable development compatible legislation
- Number % of projects meeting objectives
- Number of communities aided
- Number aided water/wastewater systems achieving goals
- Number of communities improving their telecommunications connectivity

Real Estate

- Industrial space used
- Office vacancy rate
- Number of building permits issued
- Value of industrial and commercial property
- Percent of new residential lots
Metrics Beyond Jobs

Labor & Workforce

- Total wage and salary jobs per employed resident
- Number of jobs in value-added manufacturing
- Net job growth
- Percent of jobs created/retained above county average wage
- Average Salaries
- Manufacturing wage and salary jobs as a percent of total jobs
- Wages/benefits as compared to state levels or area with similar industry mix
- Number of job candidates with certifiable skills or college degrees

Economic Measures

- Capital investments per job
- Commercial investment
- Amount/percent of tax collected by industry
- Number and value of business loans
- Per capita debt
- Dollars spent in locally-owned businesses
- Retail sales per capita
- Tourism/tax revenues
- Retail sales as a percent of personal income
- Amount of private sector investment in EDA projects as a result of grants
- Amount of state and local funds committed for EDA projects

Business Measures

- Business participation in school and civic events
- Percent of companies developing new products or services
- New business started/New business licenses
- Number of environmental services, products, and technologies exported
- Percent of GDP from secondary production and business services
- Number of business establishments
- Value of goods exported internationally
- Farm Acreage
- Values of key natural resources
- Value added in hotel and lodging industry
- Number of clusters identified
- Growth in number of clusters identified in comparison to previous year
- Growth of clusters compared to state growth of same cluster
- Amount of freight transported by air, water, and land

Economic Development is not a one size fits all proposition

Be true to your community & do not be led astray

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