



ED 101: TRAINING FOR NEWLY ELECTED OFFICIALS & BOARD MEMBERS

WORKBOOK



Next Move Group
We Are Jobs

“What You Will Learn” (00:00:28)

- As an Elected Official or New Board Member, what SHOULD you do to help drive development in your community?
- As an Elected Official or New Board Member, what should you NOT do to help drive development in your community?
- Economic Development vs Economic Activity
- Why Economic Development is so Hard

Confidentiality is ABSOLUTELY important! (00:3:44)

- Reasons to uphold confidentiality:
 - They do not want their competitors to know they are expanding
 - Control the communication to their own facilities. They do not need word of this site search getting to employees at these facilities prematurely
 - Prevent themselves from being bombarded by potential suppliers and service providers
 - Avoidance of public pressure or media scrutiny
- "Confidentiality is the essence of being trusted" – Billy Graham
- The site selection process is likely your communities first interaction with a company. Your ability to maintain confidentiality throughout the process is ultimately an opportunity to establish and build trust. And trust, they say, is everything.

Why does economic development matter? (00:7:21)

- The healthier the business revenue in a community, the more government revenue is being generated translating into funding for programs and services for the community
- The more property tax, payroll tax, inventory tax, income tax, etc. created by businesses and the property and payroll taxes paid by their employees fund 100% of schools, fire, police, roads, and all other government functions
- Whether you are for a private or public sector, it all comes together in the end. The tax revenue from these businesses are going to fund schools, fire, police, etc.
- “All we should focus on is business retention not attraction.” Reasons to disagree:
 - 80% of jobs come from existing business
 - 100% of layoffs comes from existing businesses
- Some of your businesses will close over time, it's a guarantee.
 - Constantly making new recruits and inquiries keep the taxed going so there are no budget falls and you add to your budget

Why is economic development so difficult? (00:10:27)

Why it's hard #1: Attempting to marry the public and private sectors:

- Trying to use public policy to spur private investment is difficult
- Alignment between the two sectors will increase your tax revenue – great! But how?

Why it's hard #2: An economic developer must know a little bit about everything:

- Tax rights
 - How taxes are evaluated
 - Real estate
 - Transportation
 - Education system
 - Electric/ power
 - Water lines
 - Waste water and where its being discharged and the environmental effects
 - Internet fiber optics
 - State tax incentives
 - Local tax incentives
 - Politics
- As an economic board member, you can help the developer understand some things and provide support.

***Why it's so hard #3: Annual turnover of board chairman:
(00:14:24)***

- Most companies turn over the board chairman
ANNUALLY
 - No business thinks turnover is a good thing
 - Businesses do not run well when the person calling the shots changes to often
- New chairman may not agree with the way the prior chairman and economic developer were doing business, causing turmoil and time trying to realign the ultimate goal
- If turmoil cannot be resolved it can cost the community more than just money
- Once you find your successful team, keep continuity

Why it's so hard #4: All the people a good economic developer has to deal with on a daily basis: (00:18:50)

Typical Partners in the process:

- Utility companies
- City/County Government
- Local Industrial Development Boards
- State Government
- State Economic Development Association
- State Department of Environmental Management

- State Workforce Training
- Regional Planning/Development Districts (good at getting funds)
- Technical/Community College
- Transportation Infrastructure (Ports, Railroads, Rarely but sometimes Airports)

What we most often hear from economic development board members & elected officials **(00:24:55)**

- Within a day's drive of half the population, why isn't this done?
 - Is your competitor in the next county? You still have to beat your competitors in cost and quality of life.
- Economic developer doesn't tell us enough
 - Confidentiality
 - Share as much as you can. If it's confidential notify the board. Being honest builds trust in business and will be received well.
- City and county don't get along
 - They can't make them get along
- The rich people in our town don't want us to grow
 - You're not alone in hearing this. It's generally not true.
- The existing industries in town don't want to compete for labor
 - Generally untrue but at times it is.
 - If true, dive into the problem and see what can be done. Do you need to recruit more people? Maybe more housing or transportation?

Difference in economic development vs. economic activity (leaky bucket) (00:28:37)

- New money: (development)
 - New jobs, new businesses
 - Outside investments
 - All creating new revenue
- Existing money: (economic activity)
 - Retailers
 - Local sales and services
 - You want new people (tourists) spending their money in your town
- Failing money:
 - Business closures/job layoffs
 - Goods and services being bought by local residents outside the region

Primary jobs multiplier effects: (00:31:22)

- Trying to create “primary jobs”
- Attract the manufacturer to bring in jobs across the board
- Manufacturers are constantly bringing in revenue and possibly create more labor

More than just business recruitment: (00:33:33)

- Business retention & expansion
 - Existing industry problem solver
- An economic developer solving one business owners problem can generate positive word of mouth bringing new businesses into your town
- Utility infrastructure

- Transportation infrastructure
- Product development
 - Building sites
- Housing
 - As workforce becomes an issue workers will need proper, reasonably priced housing. If housing is not available you will not attract new workers. It's the economic developers job to ensure there's planning in effect.
- Education
 - Most prospects want information on education. Marrying private sector with education.
- Workforce training
- Tax policy
 - Economic developers will not recruit businesses to your town if taxes are higher than those around you. Inventory taxes will prevent industries from developing in your town
- Incentives
 - Make you competitive no matter the taxes
- Quality of life
- Crime
 - Guarantee police and fire protection when needed
- Young professionals
 - Bringing revenue from outside

Typical Economic Development Project Process:

(00:40:52)

- Local community receives RFI from state, utility or consultant directly
 - Typically has two weeks to complete
 - Consultant scores your community and ranks it versus other communities (approximately 1 month)
 - As a board member you have to consider the following
 - How can I make our town more appealing to industries?
 - What makes us more appealing than surrounding towns?
- Prospect visits your location (usually takes place about 3 months after you submit)
- After visiting, prospect runs detailed labor analysis on your area (usually in month 4)
 - Want to see growth in your area
 - And how much that labor costs
- Prospect runs operating cost pro forma on your location (usually in month 5-6)
 - Operating costs
 - Incentive
 - Property taxes
 - Rent/lease payments
 - Comparing you with other communities

- What can you do to get them into your community?
- Prospect runs risk analysis (usually in month 6-7)
 - Not bringing in competitors
 - How to reduce risk within your community
- Select site (usually between months 13-36)
 - This is common

Roles & responsibilities of board vs elected officials vs. staff: (00:47:13)

Board Responsibilities:

- Ensure adequate funding/ invest
- Ensure community buy-in
- Membership/fundraising development
- Set growth plan- helps economic developer sell prospects
- Short term goals & long term goals
- Understand difference in economic development vs economic activity
- Participate in strategic planning
- Determine metrics of success
- Manage expectations
- Hire/fire CEO/ executive director
- Financial oversight
- Help economic developer build sales team
- Product development with elected officials
- Schools
- Ensure collaboration
- Determine economic developers' salary

Elected Officials **Responsibilities:**

- Create an environment in which people/companies want to invest
 - Tax code
 - Crime (low)
 - Quality of life
 - Incentives
- Infrastructure (grow infrastructure– grow economy)
- Housing
- Offensive line
- Product development with board
- Utilities
- Workforce
- Schools
- Attractive community

Economic Developer's **Responsibilities:**

- Sticking to the budget (give some leeway with spending WITHIN REASON)
- Managing support staff (let the developer manage as they see fit and trust they know what they're doing)
- Implementing strategic plan
- Responding to RFIs
- Meeting with elected officials
- Managing relationships with key partners such as the state
- Marketing
- Showing prospects
- Negotiating deals
- Creating and managing a "sales team"
- Business retention & expansion



The difference between a prepared industrial site and a field being promoted as an industrial site: (00:59:59)

A good industrial parks needs the following:

- Multiple road access point (industries need 2 access points in & out)
- 10" sewer line
- 12" water line with 500,000-gallon water tank in air
- 10 MW of power
- 4" high pressure gas line
- Redundant fiber
- Fixed price (if privately owned property, an agreement on price may be needed)

Board members should constantly promote the area to your customers/suppliers or audience: (01:01:15)

Boast about what you have to offer!

Attend meetings so you have a quorum: (01:01:55)

If you agree to serve on a board BE THERE. Economic developers need the support.

The need for economic developers to constantly attend training event: (01:02:43)

"Greatness does not come without training." – Grant Cardone
Things are continuously changing – training is NECESSARY.

The fine line on personal interests: (01:04:00)

Be careful investing in something you have a personal interest in. Involvement is important but be cautious, your personal interest is not always best in the long run.

How does using tax dollars as incentives for private developments make more tax dollars? (01:05:35)

According to Marcum LLP 50% of tax incentives go unclaimed... every year.

Most companies do not take advantage or utilize all the incentives.

Taxes a typical manufacturer pays:

- Real property taxes
- Machinery property taxes
- School taxes
- Inventory taxes
- Tax on utilities
- Transportation fuel tax
- State corporate income tax
- Federal corporate income tax
- Workers comp
- Unemployment insurance
- Business license fee
- Payroll taxes
- PLUS PERSONAL INCOME TAX PAID BY THEIR EMPLOYEES OFF THEIR REVENUE

Understanding that giving tax incentives to manufacturers will spur more development. In the long run, tax incentives bring in more revenue.

Sampling of Incentives from across America: (01:08:25)

- TIF
- Property tax abatements
- Payroll tax rebates
- Real estate incentives
- New market tax credits (federal money, difficult to come by, but worth the effort)
- State corporate income tax credits
- Workforce training funds
- Electric rate discounts
- Cash

The hard work that comes after you win: (01:11:39)

The hard work is just beginning after you win.

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