ELECTED OFFICIALS ECONOMIC DEVELOPMENT TRAINING 101

WORKBOOK

Why is Confidentiality important? *(00:03:15)*

http://www.iamjohnlongshore.com/site-selection-the-importance-of-confidentiality/

- They do not want their competitors to know they are exploring
- Control the communication to their own facilities. Premature information can ruin moral
- Prevent themselves from being bombarded by potential suppliers and service providers
- Avoidance of public pressure or media scrutiny
- A building can be bought out from under them

Why Does Economic Development Matter? *(00:05:38)*

- The more healthy businesses/growing businesses/increased numbers of businesses a community has, the more government revenues are generated that translate 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
- Budget

What Can Elected Officials Do To Help Drive Economic Development? *(00:08:14)*

- First, understand people talk. Your business owners will talk about your community (good or bad) to businesspeople outside your community
- Focus on being a "Problem Solver" for your current business
    - Such as:
        - Fixing potholes
        - Adding public transportation, internet, stop lights, infrastructure, etc.
        - Consider adding a "Business Advisory Committee" where businesses can report issues, they have
        - If you do this well, businesses become testimonials for your community
            - Keep a portfolio of problems you have solved for businesses
        - Make a List of your top-10 sources of revenue and make sure you make them feel like your customer
        - Ensure City/County Staff and processes have an attitude of "Customer Service"
        - Processes
            - Online Portal for Development Permits
            - Clear Planning/Zoning Regulations Posted Online
            - Place Educational "How To" Workbooks Online

- People
    - City/County Manager
    - Building Inspection
    - Planning/Zoning
    - Utilities
    - Concierge to Go Between Different Departments?
- Ensure You Have Sound Infrastructure in Place & Always Look to Grow It
    - Wastewater
    - Water
    - Internet
    - Electric
    - Gas

Compare Your Prices to Communities Nearby to Make Sure Your Tap Fees & Usage Fees Are Not Priced Higher Than Your Competition.

Pasture or Industrial Park

- Multiple Road Access Points
- 10" Sewer Line
- 12" Water Line with 500,000 gallons
    - Surface water (lakes, streams, reservoirs, rivers, creeks, wetlands, etc.) is more preferred than drilled well water
- Electricity- 10 megawatts of capacity
- Internet- Redundancy is a must
- Gas- 4-6 inch- High Pressure Gas Line

- Take every opportunity to get funding to expand capacity in systems, so as you have success recruiting industries you do not put strains on the system for residents
- Think about placing projects at the end of your industrial parks to get grant money to extend capacity
- Spend time once a year planning how to add capacity to all your utility systems and seek grant money to help accomplish this
- Spur road infrastructure
    - Story of Minden, Louisiana's, bridge weight restrictions
    - www.perc.org
        - 10% increase in the length of the highway infrastructure in a city causes a weight increase of 5% of exports
        - Cities with more extensive highway networks have a higher share of people working in high paying industries
        - 10% increase in highway miles causes a 1.5% increase in employment over 20 years
    - Where can you run roads to spur more development, help your industries?
    - Industrial access roads
    - If you got bypassed water, sewer, gas, internet and electricity to the bypass
    - Have your engineers constantly update your road plan so you can constantly lobby your state and federal delegation for road dollars
- Understand your tax code and how you get revenue

- Property tax?
- Payroll tax?
- Sales tax?
- Inventory tax?

Build strategies to recruit companies which will generate the most taxes for your budget and use other types of taxes to incent those companies

- Be proactive in creating Tax Increment Financing (TIF) Districts
    - Use for industrial parks, downtown areas, and areas which need redevelopment or new investment

When done right (TIFs) create little to no risk to the city/county yet spurs development and generates a long-term return for the city/county

- Create a pipeline of talent from universities or colleges into your community. How?
    - Fund community, technical, 4-years campus
    - facilities
    - Create scholarship programs for kids in your community to get certificates, 2-year, or 4-year degrees
        - Examples:
            - Utility Roundup Program
            - Rotary Scholarship

- Quality of life vs. Quality of Place
    - Quality of Place
        - Public Education
        - Crime
        - Healthcare
        - Health/wellness
        - Housing
        - Environment: noise, smell, light
        - Aesthetics
        - Public transportation
- Investment Fund
- Create a plan to reach out to people who have ties to your area that have gained success, even of they don’t live in your area
- Ensure economic development is adequately funded
    - Compare your economic development fund to your jail fund

Prepare Industrial Sites
A Good Industrial Park Needs:

- Multiple Road Access Points
- 10″ Sewer Line
- 12″ water line with 500,000-gallon water tank in air
- 10MW of power
- 4″ High pressure gas line
- Redundant fiber
- Fixed price

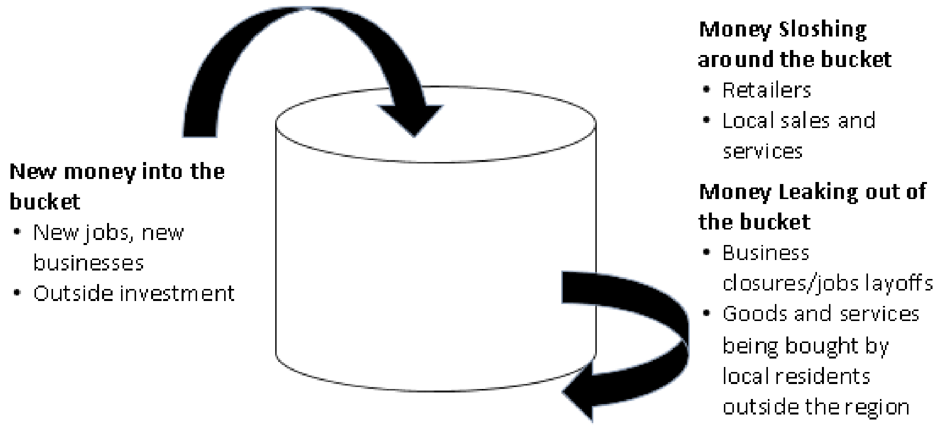
How Does Using Tax Dollars as Incentives for Private Developments Make More Tax Dollars? *(00:40:22)*

- Incentives are not a giveaway
    - How can spending money here create more money here?
- 50% of tax incentives go unclaimed every year

Taxes a Typical Manufacturer Pays:

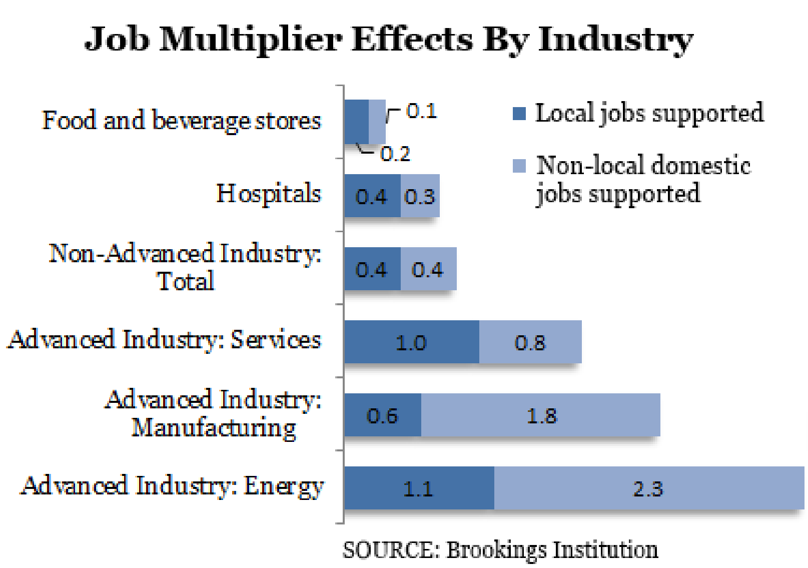
- Real Property Taxes
- Machinery Property Taxes
- School Taxes
- Inventory Taxes
- Tax on Utilities
- Transportation Fuel Tax
- State Corporate Income Tax
- Local Corporate Income Tax
- Federal Corporate Income Tax
- Workers Comp
- Unemployment Insurance
- Business License Fee
- Payroll Taxes
- PLUS, PERSONAL INCOME TAXES PAID BY THEIR EMPLOYEES OFF THEIR REVENUE

If a company is building in your town, they're expecting to be there 30-40 years, so even if you give a 10-year tax break, you're still making more money on the back end of it



Sampling of Incentives from Across America *(00:43:53)*

- TIF
- Property Tax Abatements
- Payroll Tax Rebates
- Real Estate Incentives
- New Market Tax Credits
- State Corporate Income Tax Credits
- Electric Rate Discounts
- Cash



Typical Partners in the Economic Development Process *(00:47:13)*

- 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
- Technical/Community College
- Transportation Infrastructure (Ports, Railroads, Rarely but sometimes Airports)

The Fine Line on Personal Interests *(00:48:10)*

- Put your personal interests aside for the benefit of the community

Roles & Responsibilities of Board vs. Staff *(00:48:56)*

The best economic development teams I have seen are structured like this:

- Economic Developer typically serves as the quarterback, wide receivers, and skilled positions
- Elected officials typically serve as the line blocking or tackling
- I see economic development programs go south when this gets turned around

- When the governor is in town, these roles get reversed
    - Let the elected officials take the photos with the governor, economic developers represent the public

Elected Officials:

- Create the Environment in Which People/Companies Want to Invest
- Tax Code
- Crime
- Quality of life
- Incentives
- Infrastructure
- Housing
- Product Development Utilities
- Workforce
- Schools
- Attractive community

Economic Development Board:

- Ensure adequate funding
- Ensure community buy-in
- Membership/fundraising development
- Set growth plan- it will help the economic developer sell prospects
- Short term goals &long term goals
- Understand the 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
- How opportunities fit into long term plan
- Ensure collaboration
- Invest
- Determine economic developer's salary

Economic Developer:

- Keeping within budget
- Managing other staff
- Implementing strategic plan
- Responding to RFIs
- Meeting with elected officials
- Managing relationships with key partners such as state
- Marketing
- Showing prospects
- Negotiating deals
- Creating and managing a "sales" teams
- Business retentions and expansion

Why is an Economic Developers Job So Hard?

- Why It's So Hard #1: Attempting to Marry the Public & Private Sectors
- Why It's So Hard #2: Must know a little about everything

- Why It's So Hard #3: Annual Turnover of Board Chairman
    - How much is turnover costing you?
- Why It's So Hard #4: All the people a good economic developer has to deal with on a daily basis
    - Economic Development Board Members
    - Funding Partners
    - Current Staff
    - City/County Commissions
    - State Economic Development Officials
    - Industrial Development Authority Board Members
    - State House and Senate Members
    - Federal Elected Officials Staff Members
    - Bankers
    - Industrial/Commercial Realtors
    - Major Property Owners
    - Engineers
    - Construction Companies
    - Local Plant Managers
    - Zoning Officials
    - Educational Directors (Superintendent of Public-School System, College, Training Providers, etc.)
    - City/County Engineers
    - Utility Directors, City/County Attorneys
    - Transportation Infrastructure Providers (such as railroads, ports, etc.)

Typical Economic Development Project Process *(00:54:28)*

- Local Community Receives RFI From State, Utility, or Consultant Directory
    - Typically Has 2 Weeks to Complete
    - Consultant Scores Your Community and Ranks It Versus Other Communities (Usually takes 1 month)

Project: Number 2 **Site:** Wichita, Kansas **Total Score:** 103.0 Site Name: Crossgate Building

	Scoring Criteria	Sub Wt Factor	Overall Wt Factor	Sub Score	Sub Wt Score	Average Score	Overall Wt Score	Comments
1.)	Business Costs (Recurring)		10			5.6	56.5	
	a. Lease Rates	10		5	50			
	b. Workers Comp Insurance Rate	10		6	60			
	c. Labor Cost Projections Per Hour	10		8	80			
	d. Unemployment Insurance Rates	10		5	50			
	e. Property Tax Rates	10		4	40			
	f. State Corporate Income Tax Rate	7		6	42			
2.)	Building		9			5.2	46.5	
	a. Cubicles in place	10		1	10			
	b. Redundant Fiber	10		4	40			
	c. Offset startup costs; install fees, permit fees, lease	10		9	90			
	d. Redundant Power	8		6	48			
	e. Lease Rate	10		6	60			
3.)	Workforce		9			4.1	36.8	
	a. underemployed labor in region	10		8	72			
	b. spanish speaking labor	10		8	72			
	c. colleges within 30 miles	9		4	36			
	d. competition for labor	6		5	45			

... AZ-01 | AZ-02 | AZ-03 | AZ-04 | CO-01 | KS-01 | KS-02 | KS-03 | KS-04 | UT-01 | UT-02 ...

Next Move Group
We Are Jobs

Project: Number 2 **Company:**

Sites	AZ-01	AZ-02	AZ-03	AZ-04	CO-01	KS-01	KS-02	KS-03	KS-04	UT-01	UT-02	UT-03
Cumualtive Score	196.2	177.6	153.4	164.8	174.3	191.6	191.3	167.6	177.9	193.0	173.6	178.8
Business Costs	56.5	49.7	48.8	41.2	40.8	56.5	54.8	51.8	45.5	48.3	47.6	46.1
Building	46.5	51.3	27.2	52.2	57.9	46.5	50.8	34.2	38.1	50.8	45.2	50.2
Workforce	36.8	38.9	32.1	27.7	29.1	36.8	34.4	27.1	42.9	49.0	36.1	35.0
Incentives	18.3	4.5	12.4	12.4	14.8	10.9	10.8	13.9	10.8	7.7	8.9	11.4
Geography	25.2	21.9	21.1	21.3	20.9	28.9	28.7	28.8	28.8	27.6	26.0	26.3
Transportation	12.9	11.3	11.8	10.0	10.8	12.0	11.8	11.8	11.8	9.6	9.8	9.8

- 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)

	NAICS	Description	2013 Jobs	2018 Jobs	2013 - 2018 Change	2013 - 2018 % Change	2018 Location Quotient	2018 Payrolled Business Locations	Avg. Earnings Per Job
1									
2	561422	Telemarketing Bureaus and Other Contact Centers	7,143	7,462	319	4%	1.13	150	$46,974
3	561431	Private Mail Centers	251	297	46	18%	0.75	44	$28,122
4	561439	Other Business Service Centers (including Copy Shops)	492	583	91	18%	0.80	64	$48,928
5	561440	Collection Agencies	3,897	2,881	(1,016)	(26%)	1.64	69	$44,942
6	561450	Credit Bureaus	123	34	(89)	(72%)	0.12	16	$90,837
7	561491	Repossession Services	175	216	41	23%	1.52	16	$41,208
8	561492	Court Reporting and Stenotype Services	376	316	(60)	(16%)	0.99	37	$37,327
9	561499	All Other Business Support Services	1,531	1,720	189	12%	1.34	131	$49,800
10	561510	Travel Agencies	662	869	207	31%	0.57	117	$55,166
11	561520	Tour Operators	132	126	(6)	(5%)	0.29	16	$38,577
12	561591	Convention and Visitors Bureaus	60	80	20	33%	0.57	12	$52,795
13	561599	All Other Travel Arrangement and Reservation Services	683	612	(71)	(10%)	0.49	46	$81,639
14	561611	Investigation Services	176	331	155	88%	0.57	52	$68,705
15	561612	Security Guards and Patrol Services	5,009	5,492	483	10%	0.56	120	$29,913
16	561613	Armored Car Services	304	329	25	8%	0.80	12	$46,817
17	561621	Security Systems Services (except Locksmiths)	2,222	2,449	227	10%	1.35	112	$55,286
18	561622	Locksmiths	281	312	31	11%	1.02	43	$49,476
19	561710	Exterminating and Pest Control Services	1,167	1,458	291	25%	0.85	201	$48,260
20	561720	Janitorial Services	14,048	14,410	362	3%	0.77	914	$23,476
21	561730	Landscaping Services	11,980	12,305	325	3%	0.77	1,365	$31,591
22	561740	Carpet and Upholstery Cleaning Services	698	721	23	3%	1.03	121	$30,226
23	561790	Other Services to Buildings and Dwellings	1,493	1,402	(91)	(6%)	0.77	175	$33,968

Cover Page | Parameters | Industries | Appendix A - Regions | Appendix B - Data Sources an...

- Prospect Runs Operating Cost Pro Forma on Your Location (Usually in month 5-6)
- Cheaper isn’t always better. There are many factors when making the final decision.
- Select Site (Usually between months 13-36)
- Prospect runs risk analysis (usually in month 6-7)

2	Project House Risk Analysis				
3	**Boulder, Colorado, USA**				
4					
5	% WEIGHT	CATEGORY	RISK	PROBABILITY	IMPACT
6	50%	Workforce	Proximity of large unionized plants within 30 miles including	Medium	9
7	40%	General Location & Business Climate	Community's aggressive incentives offerings may bring in other manufacturers to compete against for labor	Low	7
8	30%	Site	As this is the first building in the industrial park, the property's value will likely not increase until other industries locate nearby	Low	5

- Select site (usually 13-36 months)

The Need for Economic Developers to Constantly Attend Training Events *(00:57:37)*

- There's always more to learn to benefit your community
- Investing in training is investing in your community

The Hard Work That Comes After You Win *(00:58:04)*

Now you've got to follow through

Thank you Gift:

For all who purchase this video or access it via our monthly "Movement" membership program, we offer a 10% discount on all Next Move Group products and services.

Next Move Group
We Are Jobs