

City of Columbia

701 East Broadway, Columbia, Missouri 65201



Agenda Item Number: REP 18-15
Department Source: City Manager
To: City Council
From: City Manager & Staff
Council Meeting Date: 1/20/2015
Re: Missouri Economic Development Models

Documents Included With This Agenda Item

Council memo

Supporting documentation includes: None

Executive Summary

In response to a November 17, 2014 council request, the following report summarizes the various types of economic development models found in Missouri, which include municipal directed economic development departments, Chambers of Commerce and not-for-profit, public-private development organizations. While Chambers exist in nearly all municipalities, smaller cities rely on in-house economic development and larger metropolitan areas utilize regional, public-private economic development models. However, smaller communities also generally take part in some form of a regional public-private partnership, as communities surveyed in this report expressed that the larger workforce, resources and private funds offered by regional public-private partnerships are integral to the success of economic development.

In addition, the report summarizes the Columbia Regional Economic Development Inc.'s (REDI) new policy of neutrality, developed, in part, as a result of council unease expressed at the November 17th Council Meeting over a letter of concern the REDI Board submitted in relation to the November, 2014 Proposition 2 Ballot Initiative.

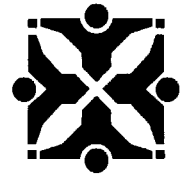
Discussion

I. Missouri's Economic Development Models

Currently, there are more than 280 economic development organizations in the state of Missouri. Approximately 33% of these entities are under the purview of individual municipalities or counties; Chambers of Commerce represent roughly 47%; and the remaining 20% are public-private partnerships.¹ There is a Chamber of Commerce in nearly every municipality in the state, and most of the cities and/or counties with populations less than 100,000 have an in-house economic development office. However, with the exception of Springfield, which does employ economic development staff that work through a formal partnership with many outside organizations, the larger

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Missouri metropolitan areas do not have strictly city-run economic development offices. The economic development interests of Kansas City (KC) and St. Louis are represented by chambers and various public-private not-for-profit development organizations.¹ Similarly, Columbia's REDI serves not only the economic development interests of the city, but also represents Ashland, Centralia, Hallsville, local businesses and all of Boone County.²

Kansas City has a contractual agreement with the Economic Development Corporation of Kansas City (EDCKC) to perform economic development services for the city. EDCKC also performs contractual services for the Kansas City Area Development Council, the Civic Council of Greater Kansas City, the Downtown Council of Kansas City, the Industrial Development Authority, the Planned Industrial Expansion Authority, the KC Port Authority and the KCMO Community Development organization.³ Additionally, KC's economic needs are served by the Kansas City Area Development Council (KCADC). KCADC is a not-for-profit charged with representing the economic interests of the entire two-state, 18-county region of Greater Kansas City. A number of area businesses, as well as public entities, including KC, North KC, Liberty and surrounding communities, serve as investor partners in KCADC. Investor partners do not have contractual agreements with the organization, but a number of them serve on KCADC's board, including KC Mayor Sly James.⁴

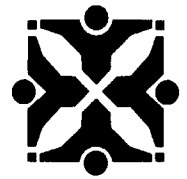
Similarly, two broad based public-private partnerships serve the economic development needs of the St. Louis area. The St. Louis Economic Development Partnership (SLEDP) is part public entity and part private sector that constitutes an established collaboration between the economic development agencies of St. Louis City and County;⁵ whereas the St. Louis Development Corporation (SLDC), is an umbrella, not-for-profit corporation that represents numerous St. Louis economic and community groups, comparable to those represented by EDCKC.⁶ Amongst these organizations, Columbia's REDI is unique in that it is staffed by both city and REDI employees. However, the city's REDI staff performs roles similar to staff members of EDCKC, KCADC, SLEDP and SLDC, and like these other organizations, REDI is a non-profit public-private partnership.

Comparatively, Springfield's economic development interests are represented by the Springfield Partnership for Economic Development (SPED), which is comprised of the Springfield Area Chamber of Commerce, Springfield Business Development Corporation, City Utilities, Greene County and Springfield's Economic Development staff. The city employs six economic development specialists, who are housed in the Planning and Development Department; their Economic Development Director reports to their Planning Director. Similar to Columbia, Springfield's Economic Development Director also serves on the City's Leadership Team (the only non-department head to sit on that team) and works very closely with the City Manager. The city, through its formal partnership with SPED, has developed two industrial parks and collaborates on business attraction, retention and expansion.⁷ In addition, the Springfield Chamber of Commerce operates the Springfield Regional Economic Partnership (SREP) that represents the 10 county area including and surrounding Springfield; SREP also includes the SPED partners.⁸

Discussions with the aforementioned organizations, as well as feedback from other public-private development groups, including the Taney County Business Development Partnership⁹ and the Platte County Economic Development Council¹⁰, reveal a number of reasons for community decisions to

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focus on collaborative regional economic development efforts, versus singular municipal economic development. Representatives from these organizations value the workforce that regional economic development offers; regions comprise a larger and more diverse labor pool than an individual city, and therefore provide more resources for businesses to relocate or expand into an area. A varied, regional workforce also serves as an impetus for capital investment and job creation in general. In addition, these practitioners expressed the need for private investment dollars that go into private-public not-for-profit development organizations, which are funds that municipalities cannot access on their own. For these reasons, most of the smaller cities and townships that do have economic development staff also participate in larger, collaborative regional economic development boards.¹

II. Columbia's Regional Economic Development Inc. Neutrality Policy

In light of recent discussions regarding REDI's Board of Directors taking positions on local issues, it has implemented a policy of neutrality. The policy states: *It shall be the policy of Regional Economic Development Inc. (REDI) Board of Directors to not endorse or oppose any local ballot issues and/or initiatives.* This neutrality policy was voted on and approved by REDI's Board on January 14, 2015.

¹ Missouri Department of Economic Development. Economic Development Partners. <http://www.ded.mo.gov/partners.aspx>

² Columbia Regional Economic Development Corporation. <http://www.columbiaredi.com/about-redi>

³ Economic Development Corporation of Kansas City. Partners. <http://edckc.com/about-edc/partners/>

⁴ Kansas City Area Development Council. <http://www.thinkkc.com/AboutKCADC/AboutKCADC.php>

⁵ St. Louis Economic Development Partnership. <https://main.stlpartnership.com/about-sleec.html>

⁶ St. Louis Development Corporation. <https://www.stlouis-mo.gov/sldc/>

⁷ City of Springfield Business and Development. <http://www.springfieldmo.gov/31/Business-Development>

⁸ Springfield Economic Development. <http://www.springfieldregion.com/>

⁹ Taney County Partnership. <http://www.taneycountypartnership.com/>

¹⁰ Platte County Economic Development Council. <http://plattecountyedc.com/>

Fiscal Impact

Short-Term Impact: N/A

Long-Term Impact: N/A

Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Economic Development

Strategic Plan Impact: Economic Development

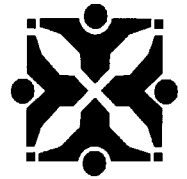
Comprehensive Plan Impact: Economic Development

Suggested Council Action

N/A

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Legislative History

At the November 17, 2014 Council Meeting, Mr. Skala requested a report on municipal economic development models and the potential to change Columbia's current economic development model by moving it to the purview of the City Manager. This request was made in relation to a letter of concern the REDI Board submitted about the November, 2014 Proposition 2 Ballot Initiative. Ms. Hoppe also added on to include information on other comparable cities, as to whether they had a separate economic development department.

Leek Christian

Department Approved

Milly Matt

City Manager Approved