

# Economic Development Issues

“What we’re doing and why”

# Session Goals

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- What is economic development?
- What is our vision?
- How is Columbia/Boone County organized?
- Strategy and Roles
- To Do's

# What do we mean by local economic development?

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- Defined as increasing the local economy's capacity to create wealth for local residents
  - Shifting labor and land to more productive uses

# Goals of ED policies

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- Public fiscal benefits
  - New jobs add more tax revenue than expenditures to local economy
- Private employment benefits
  - New jobs created for unemployed and underemployed
- Increase exports
  - Exports refer to goods/services sold to customers outside of local economy, bringing resources into economy
- Substitute Imports
  - Imports refer to outside goods/services sold to customers inside economy, sending resources out of economy
- Policies that boost sales of firms that neither increase exports nor decrease imports simply reduce sales of other firms in local economy

# Why are exports and imports important?

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- Increasing jobs in export-based firms and import-substituting firms create multiplier effects
  - Assisting these firms expands sales of other firms in form of more sales for local suppliers
  - Assisting these firms increases local worker income, which is spent on retailers, who then expand, etc.
- Multiplier effects are larger when:
  - Local jurisdiction is large, allowing demand to be met within economy
  - Stronger local supplier links exist
  - Workers in assisted firms make higher wages, spending more on retailers than would lower wage workers
- Multipliers not likely to be greater than 2.5
  - 1.5 supplier/retailer jobs can be created by each new job

# Paradigm Shift

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- “New Economy” has changed the dynamics of employment growth
  - Over 80% of local job growth now generated by existing businesses
  - Most everyone agrees that there are three key components of any serious economic development program:
    - Existing business retention and expansion
    - Entrepreneurship and small business development
    - Recruitment
    - Bill’s fourth – Tourism
  - Fewer and fewer “big fish” to lure via recruitment
    - And more and more competition for top projects – ratio of 10,000 communities for every 1 announced relocation

# Business retention

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- Manufacturing decisions can have huge effects
  - 3/5 of jobs created come from expansions > 25%
  - 2/3 of jobs destroyed come from contractions > 25%
  - In a typical year, 1 out of 10 manufacturing jobs destroyed by contractions or closings
    - Same rate for openings (15%) and expansions (85%)
- Retaining existing firm produces more benefits than attracting new firm (with equal output increase)
  - Multiplier effects from tighter local supplier connection and lower in-migration of workers

# New business development

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- Entrepreneurship may be good in own right, but encouraging new firms may come at cost of existing ones
  - Unless focused on export-based or import-substituting

# Foundation – Site Selection Factors

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- 1. Highway accessibility
- 2. Labor costs
- 3. Energy availability and costs
- 4. Availability of skilled labor
- 5. Occupancy or construction costs
- 6. Available land
- 7. Corporate tax rate
- 8. State & local incentives
- 9. Environmental regulations
- 10. Tax exemptions
- 11. Proximity to major markets
- 12. Availability of advanced ICT services
- 13. Low union profile
  - Source: 22 Annual Corporate Survey, Area Development, 2008

# Foundation – Site Selection Factors

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- 14. Availability of buildings
  - 15. Right-to-work state
  - 16. Proximity to suppliers
  - 17. Expedited or “fast-track” permitting
  - 18. Availability of unskilled labor
  - 19. Availability of long-term financing
  - 20. Raw materials availability
  - 21. Training Programs
  - 22. Accessibility to major airport
  - 23. Railroad services
  - 24. Proximity to technical university
  - 25. Waterway or ocean port accessibility
- Source: 22<sup>nd</sup> Annual Corporate Survey, Area Development, 2008

# Foundation – Quality of Life Factors

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- 1. Low crime rate
- 2. Ratings of public schools
- 3. Housing availability
- 4. Housing costs
- 5. Health facilities
- 6. Climate
- 7. Cultural opportunities
- 8. Colleges and universities in the area
- 9. Recreational opportunities
  - Source: 22<sup>nd</sup> Annual Corporate Survey, Area Development, 2008

# Our Vision

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- **Vision Statement:** Columbia will attract, retain, and encourage the growth of new businesses by establishing a business-friendly climate, enhancing regional economic partnerships, and fostering a digital future (Bill's interpretation – remain technologically competitive)

# Strategies

## From: Imagine Columbia's Future

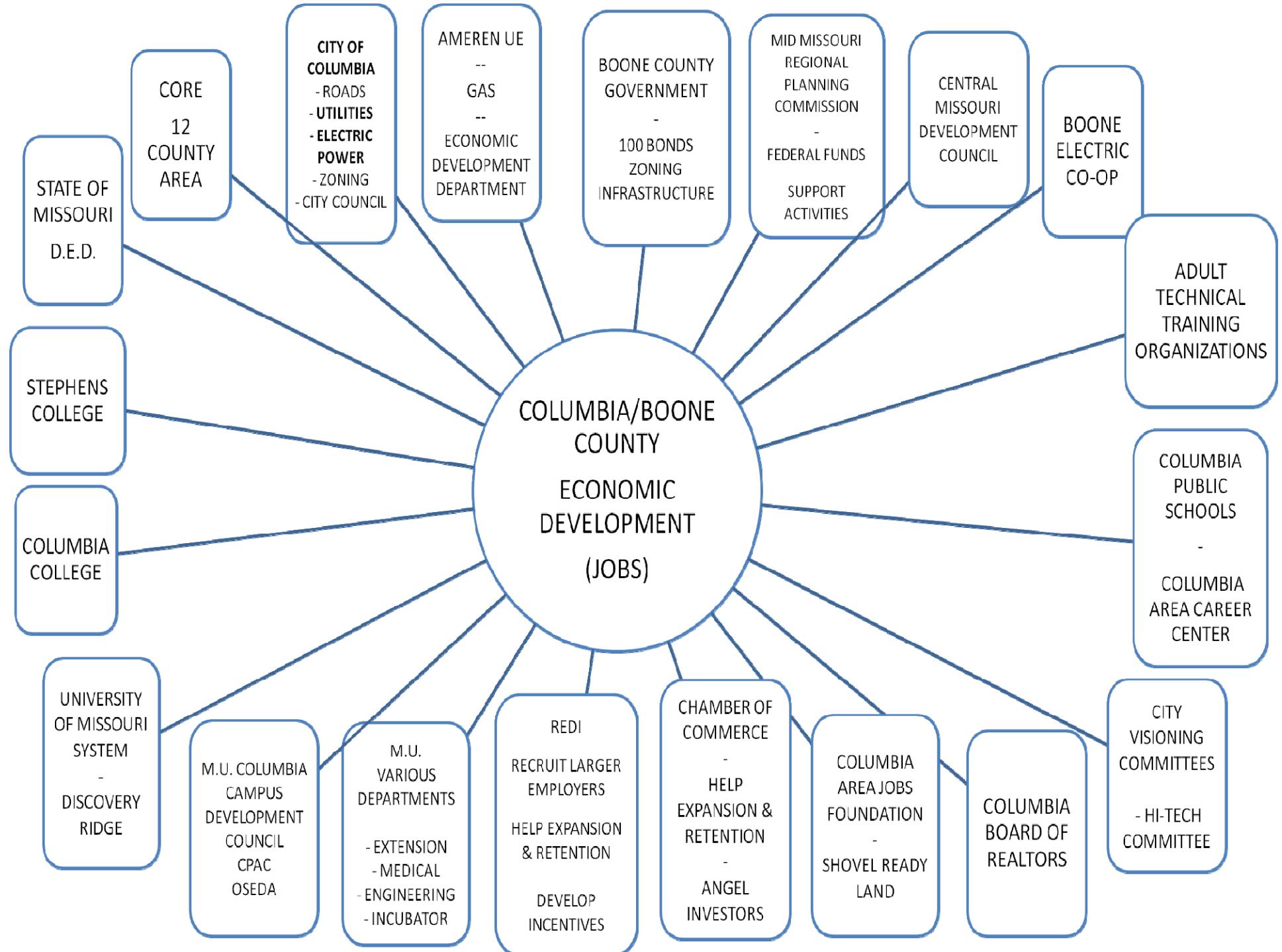
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- Promote positive attitudes towards Economic Development
- Leverage Columbia's natural advantages
- Promote entrepreneurialism
- Airport
  - 1. Improve appearance and functionality
  - 2. Increase connectivity
  - 3. Regional authority/name
- Jobs and Job training (trained and qualified to work in a variety of industries - Both today and tomorrow)
- Science and technology
  - 1. Create regional science and technology network
  - 2. Develop necessary infrastructure
  - 3. Attract research and venture capital
  - 4. **(Bill's suggested addition) – Diverse employment opportunities.**

# Implementation: 2010 - 2011

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- 3 shovel ready sites
- 5 new tech start ups-2010
- Ombudsman – goals
- Analyze SIC codes of business licenses
- Seek \$300,000 in grants for economic development



# Strategy and Roles

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- 1. Maintain and build on existing business
- 2. Concentrate attraction efforts on
  - 1. Businesses that need to be here; or,
  - 2. Where we have a competitive advantage
  - 3. Export/import (bring new dollars into community)
- 3. Build Columbia's perception as a good place to live and do business, both locally and nationally/internationally
- 4. Provide required and appropriate locations (land and buildings) and infrastructure
- 5. Fits within the community vision
- 6. Insure a labor force trained for tomorrow's jobs

# To Do's

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