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MINNESOTA DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT

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1 copy

OFFICE OF THE COMMISSIONER

May 15, 1984

Star City Participants

Dear Participants:

Welcome to the fourth annual Minnesota Star City training conference. The program since its inception has proven to be a beneficial one not only to the cities who have been designated, but also those which have completed a portion of the requirements. Communities participating in the program have developed a local capacity to improve their economic base by creating a strategy which will assist in the creation of new jobs. Your attendance at this conference is an important step in demonstrating your community's interest in participating and creating new development opportunities.

Economic development cannot be just a State activity; your attendance emphasizes the importance of the new partnerships being established which should encourage greater success in the future. I would like to thank the following utilities for sponsoring the reception on Tuesday: Northern States Power, Northwestern Bell, Centel, Continental Telephone, Minnesota Power, and United Telephone. Their support and the support of the other Star City Conference sponsors not only assist in the presentation of this conference, but also establish the public-private linkages necessary for success.

On behalf of the staff of the Economic Development Division, I welcome your participation at the conference. Good luck and let's work together diversifying the state's economic base and creating new jobs in Minnesota.

With best regards.

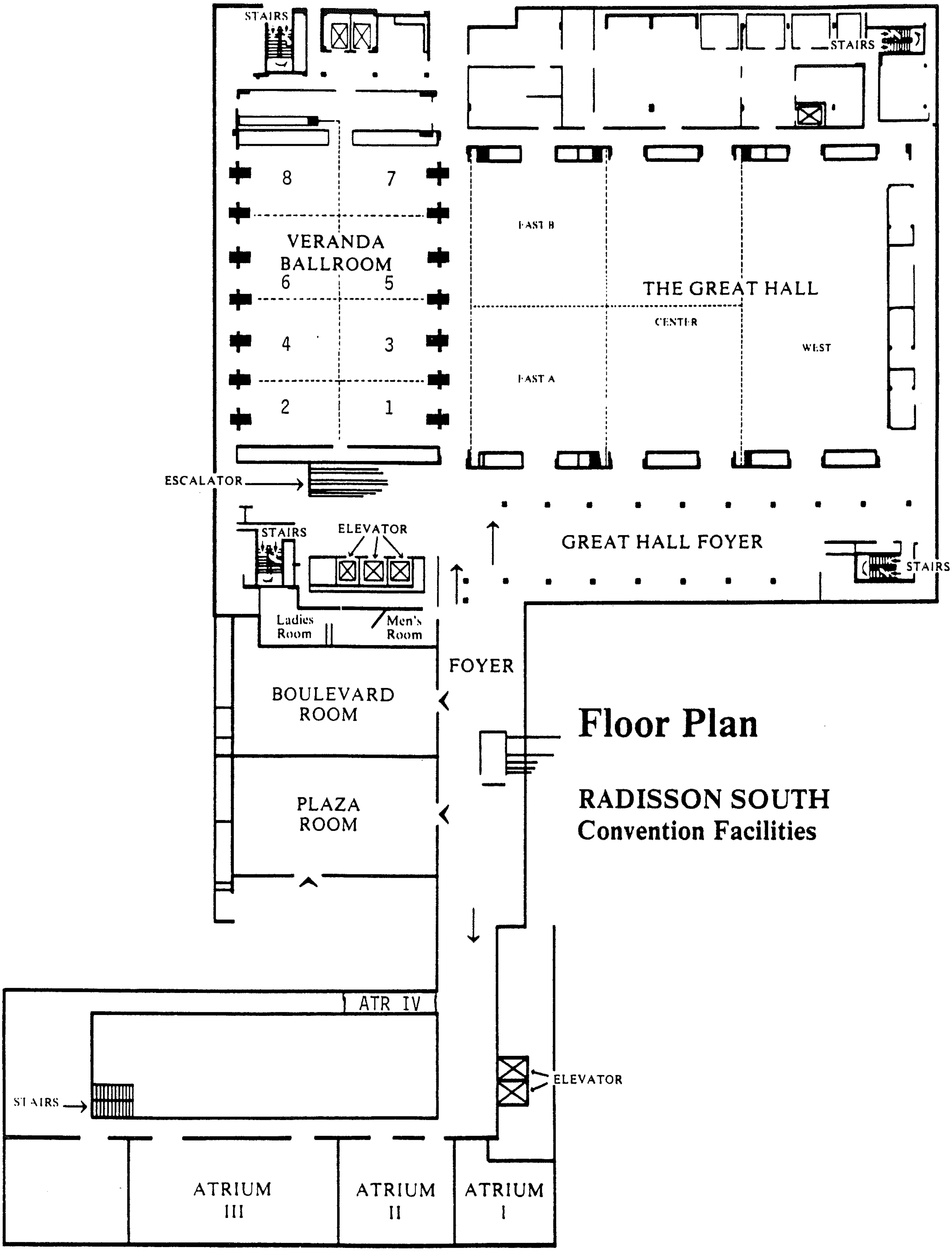
Sincerely,

Mark Dayton

Mark B. Dayton
Commissioner

MBK:ck

AN EQUAL OPPORTUNITY EMPLOYER



Floor Plan

RADISSON SOUTH
Convention Facilities

CASE STUDY: HOW A COMPANY SELECTS A SITE

MARTY DAVIS

Marty Davis heads the Division of Personnel Management in Barber-Colman's Motors Division in Crystal Lake, Illinois. He has a B.S. in Business Administration and earned his M.B.A. at Northern Illinois University. Davis was previously with the Singer and McGraw-Edison Companies. This case study concerns his first experience with industrial site location.

Barber-Colman Company, a diversified, industrial manufacturing company headquartered in Rockford, Illinois, announced in February, 1984, the relocation of its Loves Park, Illinois D.C. Motors assembly operations to Darlington, Wisconsin. With the assistance of Development Counselors, Inc., Barber-Colman had previously visited eight different communities. Reasons for selecting Darlington included the availability of a suitable existing building; the city's location between two other company plant sites; and a favorable DCI survey of the local labor pool.

James Rowe is founder and President of Development Counselors, Inc. (DCI), Jock Robertson is Executive Vice President and co-owner. Both earned an M.A. in Planning and Development and each have over 15 years experience in the field.

DCI covers the upper midwest with an intensive advertising and industry call program for over 20 client communities. An experienced professional staff brings industry representatives to client communities meeting the industry's requirements. Using this method, they have successfully located 12 new industrial plants in the last five years.

Wednesday, May 16, 1984 8:30 a.m.

STRATEGY FOR A SUCCESSFUL ECONOMIC DEVELOPMENT PROGRAM

JACK TALLEY

John W. (Jack) Talley, Jr., is Vice President of the Economic Development-Organization of the Georgia Power Company. Jack is a native of Atlanta, Georgia and received his B. A. in Economics from the University of the South in Sewanee, Tennessee. He spent three and one-half years with the General Electric Company in Schenectady, New York; Philadelphia, Pennsylvania; and Chicago, Illinois. Jack joined the Georgia Power Company in 1961 and worked in Athens and Brunswick as Area Development Representative and Assistant District Manager. He was made Vice President in charge of Industrial Development in 1973 and Vice President of the Area Development Organization in 1977. The name of the organization was changed in December, 1983 to the Economic Development Organization and encompasses Industrial Development, both domestic and international; Community Development; and Agribusiness Development.

Jack is Secretary of the Economic Developers Roundtable and is past Chairman of the Industrial Development Council of the Georgia State Chamber of Commerce. Jack served as Chairman of the Chamber's 1979 Red Carpet Tour of Georgia and is a past Chairman of the Board of Trustees of Leadership Georgia, a State Chamber of Commerce program. He is past President and Chairman of the Board of the Georgia Business Development Corporation and serves as a Director and member of the Executive Committee. He has served as President of the Georgia Industrial Developers Association and is a past member of the Governor's Economic Development Council of Georgia and the Governor's Georgia Clean and Beautiful Citizens Advisory Committee.

Jack has served on the Georgia State University Foundation's Board of Trustees and is a past member of Emory University's Board of Visitors.

MINNESOTA'S PLACE IN THE NATIONAL MARKET

ROBERT M. ADY

Robert M. Ady is Executive Vice President of the Fantus Company, the oldest and largest facility location consulting firm in the world. Mr. Ady has been with Fantus for over 20 years and is the director of its Chicago office. He has personally conducted hundreds of facility location studies since joining Fantus. Clients he has served include such firms as General Mills, Honeywell, Pratt and Whitney Aircraft, Sumitomo Electric, Cincinnati Milacron, Mobile Oil, Amana, and Rockwell International.

Mr. Ady has written articles on various topics relating to strategic planning, facility location analysis, and economic growth. He has lectured in special seminars and appeared as a guest speaker at numerous conferences including the White House Staff Conference on Industrial Development, Management Institute Hohenstein, and the National Association of State Development Agencies. Mr. Ady is a recognized authority on strategic issues and trends relating to facility network planning.

SPEAKERS FOR STAR CITY CONFERENCE

May 15-17, 1984

Honorable James Lindau
Mayor of Bloomington
2215 West Old Shakopee Road
Bloomington, MN 55431
612/881-5811
(Welcoming Participants)

Marty Davis, Director
Division of Personnel Management
Colman OEM, Inc.
7510 Virginia Road
Crystal Lake, IL 60014
815/459-7204
(Case Study)

Ken Ashpole
Superintendent of Schools
901 East Ferry Street
Le Sueur, MN 56058
612/665-3305
(Establishing a Star City
Community Organization)

Dave Mocol, Director
MN Energy and Economic
Development Authority
900 American Center Building
St. Paul, MN 55101
612/297-1170
(Packaging Minnesota Finance Tools)
(Defining Credit Risks)
(Coordinating Grant & Loan Programs)

Harry Rosefelt, Director
Economic Development Division
MN Department of Energy and
Economic Development
900 American Center Building
St. Paul, MN 55101
612/296-5010
(Completing the Recertification Process)
(Labor Market Analysis)
(Labor Market Survey)

Patrick R. Connoy
Business Finance Specialist
MN Department of Energy and
Economic Development
900 American Center Building
St. Paul, MN 55101
612/297-1304
(Completing the Recertification
Process)
(Labor Market Analysis)
(Labor Market Survey)

Dave Gontarek
Economic Development Specialist
Business Revitalization
City of St. Paul Department
of Planning and Development
25 West 4th Street, 10th floor
St. Paul, MN 55102
612/292-1577, Ext. 281
(Local Development Corporation)

John W. Talley, Jr., Vice President
Economic Development
Georgia Power Company
260 Peachtree Street, P. O. Box 4545
Atlanta, GA 30303
404/526-2201
(Strategy for a Successful
Economic Development Program)

Tom Mullins, Executive Director
Itasca Development Corp.
220 N. W. First Avenue
Grand Rapids, MN 55477
218/326-9411
(Economic Development
Strategy and Action Plan

Linda Tomaselli
Senior Community Assistance Planner
Metropolitan Council
300 Metro Square Building
St. Paul, MN 55101
612/291-6517
(Preparing A Capital
Improvement Program)

Robert J. Stern
Star City Coordinator
MN Department of Energy
and Economic Development
900 American Center Building
St. Paul, MN 55101
612/296-5010
(Annual Business Survey)

Larry Dowell, Executive Director
Montevideo Area Chamber of Commerce
Artigas Plaza
Montevideo, MN 56265
612/269-5527
(Establishing A Marketing Team)

Robert M. Ady
Executive Vice President
The Fantus Company
Prudential Building
Chicago, IL 60601
312/346-1940
(Minnesota's Place In The National Market)

Thomas Bartikoski
Padilla and Spear
224 West Franklin
Minneapolis, MN 55404
612/871-8900
(Developing an Advertising Program)

John Morse
Main Street Coordinator
State Planning Agency
101 Capitol Square Building
St. Paul, MN 55101
612/296-2532
(Developing a Downtown Revitalization Strategy)

Mike Auger
Community Development Specialist
Community Development Division
MN Department of Energy and
Economic Development
900 American Center Building
St. Paul, MN 55101
612/296-2394
(Coordinating Grant and Loan Programs)

Charles A. Schaffer, Director
Program of Business Information
MN Department of Energy and
Economic Development
900 American Center Building
St. Paul, MN 55101
612/296-0617
(One-Stop Small Business Start-up Assistance)

Lois Mann
Department of Rural Sociology
University of Minnesota
1994 Buford, Classroom Office Building
St. Paul, MN 55108
(The Minnesota Community Improvement Program)

Robert Geurs
St. Paul Department of Planning
and Economic Development
1200 City Hall Annex
25 West 4th Street
St. Paul, MN 55102
612/292-1577, Ext. 240
(Computerized Financial Analysis)

Jerome F. Miller, Supervisor
Audio-Visual Services
Northern States Power Company
414 Nicollet Mall
Minneapolis, MN 55401
612/330-6038
(Audio-Visual Concepts)

SPEAKERS FOR STAR CITY CONFERENCE, May 15-1 3 1984 - Continued

Richard Wright, Manager
Economic Development
Northern States Power Company
414 Nicollet Mall
Minneapolis, MN 55401
612/330-6724
(How to Implement a Business
Retention Program in Your City)

Peter Seed
Head of Public Finance
Briggs and Morgan
2200 First National Bank Building
St. Paul, MN 55101
612/291-1215
(Industrial Revenue Bond Update)

MINNESOTA
STAR CITIES CONFERENCE

MAY 15 - 17, 1984

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LAKE CITY MN 55041
612/345-5383

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507/836-8589

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CITY HALL
PINE CITY MN 55063
612/629-2988

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Minnesota Star City Program

An Economic Development Strategy for Your Community

Training Manual

TECHNICAL ASSISTANCE PROJECT
ECONOMIC DEVELOPMENT ADMINISTRATION • U.S. DEPARTMENT OF COMMERCE

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Organizing for Economic Development

OVERVIEW

This section explores ways your community can reach economic development objectives by organizing. It outlines reasons for organizing and provides practical ways to establish an organizational structure. Key steps in the process include: assessing community strengths and development constraints; identifying leadership and selecting members; creating a common purpose, focal point and community theme, and creating an organizational structure best suited to your community.

WHY ORGANIZE

There are three primary reasons why communities are willing to organize for economic development: benefits; combined force; and common purpose.

Benefits

Most members of a community benefit from increased economic development, usually linked to the area's growth, and the accompanying increase in:

- Retail sales
- Bank transactions
- Expenditures
- Jobs
- Tax revenues

The increase in jobs and economic factors often translate into additional:

- Households
- Population
- School age children and school enrollments
- Retail establishments
- Personal and community income

Combined Force of Community

Organizing creates a collective force of all the members, enabling the organization to better respond to various economic development needs. By combining forces, your organization will have more:

- Ideas and alternatives – more members generate more ideas and a greater variety of alternatives.
- Resources – the organized input of time, talent and financial resources results in greater likelihood of achieving goals.

Common Purpose

Members of your organization will be more willing to participate if they perceive a common and ongoing purpose and theme to the economic development effort. In some cases, the common purpose is directly related to current benefits, but it can also relate to an individual's expectation to satisfy a vested interest. Benefits and expectations are not always tied to monetary rewards; however, personal satisfaction and community pride can often become the strongest motivating factors.

HOW TO ORGANIZE

There is no single way to organize for economic development, but there are some basic guidelines you can use to create an organization best suited to your community. The first steps in organizing include analyzing community attributes, identifying leadership and creating a focal point.

Assessing Community Factors

The primary factors that should be considered include:

- Legal – The organizational form will be affected by the available legal authority or restrictions. Commissions, departments and advisory boards can be initiated within city government. There are restrictions on city governments, however, that preclude them from entering into certain types of transactions and organizational arrangements.
- Economic – The economic environment plays a crucial role. The general state of the economy determines, in large part, the thrust of the organization. For example, such activities as economic expansion, revitalization, economic recovery, commercial and industrial development, or small business development might be emphasized. The economic environment also dictates what financial resources might be available for development activities.
- Physical – Analyzing the physical factors includes looking at where the organization will be housed, whom it will serve, with whom it will interact and its need for mobility.
- Political – This factor takes into account the need to analyze the potential for developing coalitions. Issues that precipitate coalitions include:
  - Retention vs. expansion
  - Big business vs. small business
  - Downtown retail vs. shopping centers
  - Government subsidies vs. no subsidies
  - Manufacturing vs. residential
  - New construction vs. historical preservation

Coalitions are often formed on the basis of issues or on the basis of ethnic and fraternal bonds. An effective organization must be cognizant of the political factors.

Identifying Leadership

Sometimes it is easier to organize around existing leadership rather than to recruit effective leadership for a newly formed organization. The first step is to identify the leader who is most involved in economic development. It may be the mayor, a city councilperson, a city staff member, the chamber of commerce executive, the director of a local development corporation or a perennial civic booster.

When identifying a leader, it is well to remember that certain types of leaders are suited to specific organizations. The type of authority should be compatible with the structure of the organization.

For example, consider the following leadership types and organizational implications:

Type of authority	*Implication*
Power of Personality	This type of authority has charisma. Others follow or perform as a result of the strength of the leader's personality. This type of leader performs well in organizations that are dependent on volunteers, such as commissions, advisory groups or unincorporated business clubs and associations.
Precedent or Tradition	This type of authority is derived from precedent or tradition. For example, the mayor's office might not have statutory or charter responsibilities for economic development, but the tradition dictates that the office serves as an advocate for commercial and industrial growth. Members

of service groups or civic groups have no contractual requirement to carry out the directives of the organization's president, but there is considerable precedent to do so.

Legal	In some situations, the authority for leadership is legal (or contractual in the case of employer and employee relationship). Legal authority is usually associated with governmental organizations and those organizations in which people are receiving compensation for their services.
Expertise	This type of authority is based on recognized knowledge and competence in a particular area, usually technical areas. This person is regarded as the leader because of their ability to accomplish complex objectives and to teach others how to perform certain kinds of tasks.

During the process of identifying leaders, keep in mind that leadership is needed at both the policy and the administrative levels. Policy level positions include:

- City council members
- Development commission members
- Directors
- Advisory committee members

Administrative level positions include:

- Director
- Department head
- Commissioner
- Development officer

Some communities will lack the resources to have full-time, paid staff positions. In those communities, the functions can be performed by volunteers, loaned executives or staff sharing arrangements.

If the search for leadership turns up weak or non-existent leaders at one or both levels, a recruitment process may be necessary.

Sources of part-time staff or organizational assistance may be found locally, through advertisements, requests for bidding service process or contracts with local planning or development organizations.

Creating a Focal Point

An important element in the organizational process is the creation of a focal point for economic development. In many cases, this will be a logical extension of identifying the leadership. Typical focal points include:

- City government
- Governmental agency, department or bureau
- Commission
- Local development corporation
- Community development corporation
- Ad hoc group or committee
- Chamber of commerce
- Business clubs of associations
- Service clubs

By concentrating economic development activities at one focal point, your community can promote economy and efficiency by pooling and sharing resources, and establishing central coordination.

STAGES OF GROWTH

Economic development is already occurring in many communities. In some cases the development is haphazard or occurs by chance while in others it is the direct result of an organized effort. It is important, therefore, to recognize the organizational stage of development of your community. Organizations are either new, young or mature. The questions and issues faced by an organization vary depending on the stage of development. The following examples illustrate this point.

Stage of development	Issues faced
Newly formed	Analyzing needs Acquiring resources and members Ensuring survival
Young and growing	Achieving stability Clarifying purpose Evaluating effectiveness Perpetuating leadership
Mature and stable	Maintaining productivity Developing strategies for change Achieving unique identity

Often, the person best suited for policy leadership and administrative management will vary, depending on the organization's stage of development.

ORGANIZATION VARIABLES

Several variables affect the type of organization that develops and the ability of the organization to achieve objectives. By definition, several factors can be varied to establish an organization tailored to your community. This section identifies five major variables and presents common issues concerning each variable.

Size

What is the right size for a policy board? That largely depends on factors such as the organization's location, number of interest groups to be represented and the resources available. A large policy body has the advantage of a broad base of support, an adequate sounding board of community opinion and the ability to accommodate all special interest groups. A smaller body usually has the advantage of being effective in making decisions and being able to act on short notice.

Experience indicates that a smaller group of 7-12 members with an effective decision-making process is better suited to economic development programs. However, if a broader base of support is desired, it can be achieved through membership categories, advisory boards and committees. If precedent or existing circumstances warrant a larger group, your organization should make provisions for an executive committee with certain powers delegated to it.

Administrative Component

The size of the administrative staff may vary, but there are some basic guidelines to follow:

Personnel policies

- Develop written job descriptions and specifications
- Base hiring on training and experience
- Avoid nepotism (hiring relatives) and favoritism (hiring the friend of a friend)
- Provide staff training/development programs
- Link pay levels to performance
- Review performance yearly

Business practices

- Your organization should be administered in a business-like manner
- The operating facilities (office space) should be in a convenient location
- Facilities need not be lavish, but they should be attractive, neat and well maintained
- Office operations (handling communications, correspondence, and meetings) should convey an image of efficiency (prompt response to inquiries)
- Finances should be handled in a responsible manner including adoption of an operating budget, development of monthly financial statement and prompt payment of bills

In many communities, the size of the administrative component may be limited to:

- Full-time director/administrator
- Administrative assistant
- Administrative support staff on a shared basis
- Volunteer support for specific tasks or activities

Complexity

The complexity of your organization will depend on its established goals, the extent of involvement by interest groups and the amount of effort that is needed to coordinate with other groups. While the examples cited are not intended to be all-encompassing, they do represent a range of activities.

Development activity	*Degree of complexity*
Commercial Rehabilitation (Clean-up/fix-up)	Time frame is usually short; dollar investment is relatively small; requires some coordination, but can be handled on a volunteer or ad hoc basis.
Debt Financing (loan programs)	Requires coordination with lenders or guarantor agencies; may span several years; requires application process and loan servicing.
Business/Technical Service (loan packaging, engineering; site selection)	Requires staff or resource with special training and skills; interaction with variety of participants; coordination and communication are critical.
Commercial District or Industrial Park Development	Broader range of skills; need for financial resources; planning; real estate; marketing; recruitment; team selling; may span several years and multitude of participants in process.

Formality

The degree of formality in your organization depends on the range of activities and the normal business practices of the community. There is a minimum degree of formality; however, that should be observed. For example:

- Separation of identity
  The affairs and the identity of the economic development organization should be completely separate from the individual members and sponsoring organizations.
- Policies and procedures
  Your community should develop formal policies and procedures because they serve a number of useful purposes by:
  - Facilitating the delegation of routine tasks
  - Standardizing business practices

- Enabling organizations to benefit from past experience through documentation of lessons learned

- Organization chart
  A formal organization chart should be prepared indicating:
  - Position in the organization
  - Lines of reporting
  - Lines of communication
  - Relationships to related organizations

Control

By creating a hierarchy of positions in your organization, there will be control. Control can be personal (direct supervision) or impersonal (based on rules and procedures). In large, integrated organizations, control issues might be addressed in the following areas:

- Levels of hierarchy
  The number of levels in the hierarchy determines the assignment of authority and the need for reporting. (Chairperson, vice-chairperson, subcommittee chairpersons)
- Number of positions
  The number of positions and type (managerial, technical, clerical) determines limits on direct supervisory control.
- Centralization
  The organization's structure determines the concentration of authority and the types of communication required.

Economic development in some communities is a joint endeavor of several organizations rather than of a single integrated organization. For example, a city department, a commission, a local development corporation and a business club may all be working together on a single project. Achieving control in this environment becomes more difficult. Common techniques to control and coordinate the actions of separate organizations include:

- Entering into joint powers agreements
- Recruiting key members of one organization to serve on the board of another organization
- Regulating the activities of the organizations (if such authority exists)
- Providing joint staffing or facilities

STRUCTURING THE ORGANIZATION

The process of structuring an organization is similar for both large and small organizations and includes the following steps:

- Identify objectives
  The organization's overall purpose is to promote economic development, but specific objectives or projects should be identified. These objectives might be obvious and generally understood in some communities. Other communities will develop objectives as a result of an extensive strategic planning exercise.
- Identify needs and activities
  Resources will have to be acquired and tasks will have to be identified in order to meet objectives. In many cases, objectives can only be reached through coordination of a series of activities.
- Determine functional groupings
  The next step is to organize the activities and related resources needed into functional groups and work tasks, such as subcommittees with specific responsibilities.

- Assign responsibility
  The final step in structuring the organization is to assign responsibility for completing each set of functional activities and delegate the necessary authority to accomplish successful completion. This should become a part of the one year work plan.

EVALUATING ORGANIZATION EFFECTIVENESS

As a practical guide, the effectiveness of any organization can be related to four basic criteria. These include stability, adaptability, reputation and achievement.

Stability

An effective organization is a stable one, characterized by the following:

- A lack of complaints and conflicts among members
- Clear, well-understood purposes and objectives
- Effective communications with minimal error, omission or distortion of key information
- Little turnover caused by poor performance

Adaptability

While an organization must have stability, it also has to demonstrate adaptability to a dynamic business environment. The organization effectively reacts to changing conditions by:

- Recognizing that a significant change has occurred
- Analyzing the element of the organization that is affected
- Preparing a reactive strategy for internal change
- Implementing the internal change
- Returning to a condition of stability after the change

Reputation

The evaluation of outsiders has a bearing on an organization's effectiveness. Reputation is a subjective criterion, but it can be determined in part by:

- Willingness of other groups to work with the organization
- Ease of filling vacancies with qualified personnel or enthusiastic volunteers
- Ease of acquiring resources and generating community support

Achievement

The ultimate test of effectiveness is whether or not the organization achieves its stated objectives. An achievement-oriented organization emphasizes product and performance rather than procedures and protocol.

WHO SHOULD PARTICIPATE

Selection of the right groups and individuals to participate in the economic development process is an important component. Candidates include members from the government, civic and private sectors.

Government Sector

The candidates for participation from the government sector include:

- Federal Agencies
  There are a number of Federal agencies that play a role in economic development. The more important ones and their areas include:

Agency	*Activity*
Economic Development Administration (EDA)	Technical assistance, loan programs, and grants.
Farmers Home Administration (FmHa)	Business and industrial loans.

Small Business Administration (SBA)	Business and industrial loans.
Housing and Urban Development (HUD)	Community development block grants; urban development action grants and housing programs.
Department of Labor (DOL)	Job training programs and labor market information.
Department of Transportation (DOT)	Transportation-related programs such as highways, railroads and rapid transit.

Other agencies can assist with environment, energy and education-related issues that are linked to economic development activities. The programs – and related funding and assistance available – are constantly changing. Obtaining specific information regarding Federal participation should be an on-going activity to the economic development organization. Responsibility can be assigned to an administrative staff member or a committee.

- State Agencies
  State agencies concerned with economic development within the State of Minnesota are the Business Development Division, Department of Energy and Economic Development, and the Department of Economic Security, Job Service and Job Training Partnership Act Offices.
- Local Government
  The economic development focus at the local level is usually the city and the county. Other entities that may become involved in some facet of development and should not be overlooked. Examples include:

Entity	*Possible Area of Involvement*
Regional Development Commissions	Planning, technical assistance, and community profile data.
County	Roads, bridges, rail right-of-ways, land drainage, and solid waste.
Sanitary districts	Waste water treatment and sewer construction.
School districts	Educational facilities, recreational facilities, and cultural activities.
Housing and Redevelopment Authority (HRA)	An HRA has powers in the Authority (HRA) area of land transfer that relate to economic develop ment.

Civic Groups

Civic group candidates for participation include:

- Chamber of commerce;
- Citizens league;
- Service organizations;
  — Kiwanis,
  — Lions, and
  — Jaycees;
- Tourist bureau;
- Taxpayers association;
- Foundations;
- Local development corporations;

- Professional associations;
  - Lawyers,
  - Medical/Health, and
  - Accountants; and
- Area business clubs.
- Private Organizations
- Women Jaycees/Jaycees
- Professional Womens' Organizations

Private Sector

Private sector candidates include those private businesses and individuals that have an interest in economic development.

- Bankers
- Realtors
- Developers
- Retail corporations
- Industrial corporations
- Utilities
- Transportation companies
  - Railroad
  - Trucking
  - Barge/shipping
  - Pipeline
- Service corporation
  - Computer processing
  - Insurance
  - Hotel/motel
  - Restaurants
- Communications companies
- News media
- Clergy

In addition, there may be some special candidates in a particular community, such as a private college hospital or other institution.

STRUCTURING POLICY BOARD MEMBERSHIP

After your organization identifies target groups, you can assemble a list of individual candidates. This process can be either on a recruitment or volunteer basis. If there is a general call for volunteers, there should also be a mechanism to screen volunteers. The following volunteer process might be used:

- Develop criteria for screening volunteers, identifying such factors as:
  - Current positions
  - Past experience
  - Past accomplishments
  - Demonstrated abilities
  - Relevant education or training
- Announce the need for volunteers
- Screen the responses
- Appoint the board

A similar methodology could be used in a recruitment process.

The following illustrates how a typical board might be structured, though actual board make-up will vary depending on the community.

Public Sector	*Representatives of Civic Groups*	*Private Sector*
Mayor	Chamber of commerce	Realtor/developer
City Council member	Jaycees	Attorney
School administrator	Citizen's league	Banker
	Clergy	

Selecting Individuals

The advice on selecting individuals is simple: Get the best. This means seeking the highest-level person. Examples of "Dos" and "Don'ts" include:

Do	Don't
Get the mayor or chief administrator	Accept a second-tier designee.
Get the most respected, nonpartisan council member.	Accept the elected official with the most free time and the most political axes to grind.
Make sure the civic leaders selected are well respected and have appropriate skills or experience.	Accept civic leaders who have been associated with controversial projects or negative issues.
Recruit the top person from the private sector: bank president, senior law firm partner, etc.	Accept the assistant vice president or the individual who is simply trying to build a resume.

EXAMPLE COMMITTEE STRUCTURE

The following is an example of the committee structure that might be utilized in an economic development organization and typical duties that might be assigned to each committee.

Committee	*Duties (Example)*
Executive	Provide leadership Supervise inventory of strengths and weaknesses Set priorities Maintain contacts with state officials Provide liaison with other groups Oversee other committee activities Evaluate performance of other committees
Membership/fundraising	Develop lists of prospective members Initiate prospective member contact program Provide new member orientation Publish a membership directory Gather financial resources Plan and conduct fundraising events

Budget/accounting	Prepare an annual budget for board approval Monitor budget Prepare monthly/quarterly financial statements Prepare and distribute annual financial statements Make arrangements for annual audit of financial records
Publicity/promotion	Develop internal communications (newsletter, quarterly or annual report) Develop relations with local, regional and national (if applicable) news (broadcast and print) media sources Issue news releases on key events Coordinate efforts to achieve community prepared ness Conduct forums, seminars and public information meetings Develop and publish "sales" brochure Develop and produce community slide show Develop and produce community fact book
Revitalization	Develop programs to strengthen existing business Identify areas for clean-up/fix-up activities Develop strategies to alleviate "red tape" barriers to revitalization Act as a clearing house for ideas and campaigns to promote business revitalization
Industrial development	Identify potential industrial sites Make sites available (options, lease or purchase) Develop sites by providing roads, sewers, util ities Make sites presentable
Financing incentives	Identify financial resources Develop financial plan Assemble information on availability of financing Assemble information on local, state and Federal incentives.

The structuring of duties for other committees would be done in the same manner. The number of committees and extent of duties is dependent on many factors such as the size of community and its economic development goals.

After structuring the committees, the economic development organization is ready to commence the strategic planning process.

CHAPTER 2

DEVELOPMENT CORPORATION

CHAPTER 2

DEVELOPMENT CORPORATION

The economic development organization does not have to be a legal entity. If a legal entity is considered advantageous, however, there is a provision in Minnesota State Statutes, Chapter 301 for forming a local development corporation (LDC). Specific information and assistance regarding incorporation is best provided by an attorney.

This summary information has been adapted from the statutes and is provided as a general guideline. The laws and regulations governing corporations do change over time. Legal advice on incorporating should be obtained from an attorney.

Incorporators

Three or more natural persons who are residents of the state may form a development corporation.

Corporate Certificate

The corporate certificate contains:

- The name, the general nature of corporate business, the principal place of transacting its business and should contain the words "Development Corporation";
- The period of its duration, which may be limited or perpetual;
- The name and residence of each incorporator;
- The names and addresses of those composing the board until the first election; and
- The highest amount of indebtedness or liability to which the corporation shall be subject.

There is a legal requirement for filing the corporate certificate with the secretary of state and publishing in a prescribed manner.

Purpose

In general, the intended purpose of development corporations is to:

- Develop and advance business prosperity;
- Encourage and assist in the location of new business;
- Rehabilitate (revitalize) existing business and industry;
- Stimulate business expansion;
- Cooperate with other organizations to promote industrial, commercial, agricultural and recreational development; and
- Furnish money and credit to approved and deserving applicants, thereby establishing a source of credit not otherwise readily available.

General Powers

Development corporations have the same general powers as other corporations including the power to:

- Have succession by its corporate name for the time stated in its certificate of incorporation;
- Sue and be sued in any court;
- Have and use a common seal and alter the same at pleasure;
- Acquire, improve, lease, encumber, and convey all real and personal property necessary to the purposes of its organization;
- Elect or appoint all necessary or proper officers, boards, and committees, to fix their compensation, and to define their powers and duties;
- Make and amend bylaws providing for the management of its affairs; and
- Wind up and liquidate its business in the manner provided by law.

Additional Powers

In addition to the general powers, development corporations may:

- Borrow money and otherwise incur indebtedness for any of the purposes of the corporation;
- Lend money to, and guarantee, endorse, or act as surety on the bonds, notes, contracts or other obligations of, or otherwise assist financially, any person, firm, corporation or association;
- Purchase, receive, hold, lease, or otherwise acquire, and sell, convey, mortgage, lease, pledge, or otherwise dispose of, upon such terms and conditions as the board of directors may deem advisable, real and personal property;
- Acquire, by purchase or otherwise, the goodwill, business, rights, real and personal property and other assets of such persons, corporations, associations or trusts as may be in furtherance of the corporate purposes, and acquire improved or unimproved real estate for the purpose of constructing industrial plants or other business establishments;
- Acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the stock, shares, bonds, debentures, notes or other securities; and
- Cooperate with and avail itself of the facilities of state economic development officials; and cooperate with and assist local organizations in the various communities of the state to promote, assist, and develop the business prosperity and economic welfare of such communities and of the state.

Directors

There are legal requirements that prescribe the minimum number of directors, residency requirements, method of election and method of filling vacancies. Again, legal advice on current requirements should be obtained from an attorney.

Bylaws

It is a responsibility of the development corporation directors to adopt bylaws that remain effective until amended or repealed by action of a subsequent board.

Advantages and Disadvantages of Incorporating

The principal advantage of incorporating is to make available corporate powers that might not be otherwise available. The corporate ability to raise capital, buy and sell real property, lend money, and acquire various types of investments are powers that facilitate economic development.

The principal disadvantage is the complexity of maintaining a legal entity. Corporations have certain legal requirements and obligations. Administering a corporation requires technical, legal and financial resources as well as time. Some smaller communities may find that resources are better utilized in a less formal organizational structure.

ARTICLES OF INCORPORATION
OF
LOCAL IMPROVEMENT ASSOCIATION

We the undersigned, in order to form a corporation under and pursuant to the provisions of Chapter 550, Laws of Minnesota, 1951, as amended, known as the Minnesota Nonprofit Corporation Act, for the purposes hereinafter set forth, do hereby associate ourselves as a body corporate and adopt the following Articles of Incorporation.

I

This corporation shall be named:
LOCAL IMPROVEMENT ASSOCIATION

II

The purposes for which this corporation is organized are exclusively for the promotion of civic purposes, community welfare, general welfare, and social welfare, and shall include but not be limited to the following:

To increase employment and alleviate unemployment in and around Local, Minnesota, by encouraging the location of business entities in that area which will employ local residents.

To cooperate with and aid other corporations, societies, and associations organized and operated for the promotion of civic purposes, community welfare, general welfare, and social welfare by increasing employment opportunity and alleviating unemployment in and around Local, Minnesota, and by any other means whatsoever.

In general, to do all things and perform all activities necessary, incidental, or convenient to accomplish, carry out and promote the aforesaid purposes.

III

This corporation shall not afford pecuniary gain, incidentally or otherwise, to its members, and no part of the net income or net earnings of this corporation shall inure to the benefit of any member, private stockholder, or individual and no substantial part of its activities shall consist of carrying on propaganda, or otherwise attempting to influence legislation. This corporation shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office. Amounts shall not be accumulated out of income of this corporation which are unreasonable in amount or duration in order to carry out its purposes and functions.

IV

This corporation may be dissolved in accordance with the laws of the State of Minnesota. Upon dissolution of this corporation any surplus property remaining after the payment of its debts shall be disposed of by transfer to one or more corporations, associations, institutions, trusts, community chests, funds, or foundations organized and operated exclusively for one or more of the purposes of this corporation in such proportions as the Board of Directors of this corporation (or if there is then no such board, as the majority of the Justices of the Supreme Court of the State of Minnesota) shall determine.

V

The period of duration of this corporation shall be perpetual.

VI

The registered office of this corporation shall be located in the community of Local, State of Minnesota.

VII

The name and address of each of the incorporators are as follows:

Name	*Address*

VIII

The members of this corporation shall be the members of the Board of Directors thereof and, in addition, any individual to whom this corporation issues its debenture shall be a member of this corporation for such period of time as he or she shall be registered as the owner of this corporation's debenture upon this corporation's books, but a person shall not become a member of this corporation unless such debenture is issued to him by this corporation. Each member of this corporation shall be entitled to one vote on all matters on which the members of this corporation are entitled to vote regardless of the number of face amount of debentures of this corporation owed by such members.

IX

The affairs of this corporation shall be managed and governed by a Board of Directors which shall consist of not less than three (3) nor more than seven (7) individuals. The number of directors constituting the first Board of Directors shall be three (3) and the tenure in the office of each member of the first Board of Directors shall be until the next annual meeting of the members of this corporation and until his successor has been elected and qualified. The Board of Directors of this corporation, with the exception of the first Board of Directors thereof, shall be elected at the annual meeting of the members of this corporation each year.

The name and address of each member of this first Board of Directors of this corporation are:

	Local, Minnesota
	Local, Minnesota
	Local, Minnesota

The annual meeting of the members of this corporation shall be held each year during the month of March at such time and place as may be designated by the bylaws of this corporation or by its Board of Directors.

X

No member of this corporation shall be personally liable for any obligation or liability of this corporation of any nature whatsoever, nor shall any of the property of any of the members be subject to the payment of the obligations or liabilities of this corporation to any extent whatsoever.

XI

This corporation shall have no capital stock.

XII

The officers of this corporation shall be a President, one or more Vice Presidents, a Treasurer, one or more Assistant Treasurers, a Secretary, and one or more Assistant Secretaries. All of such officers shall be elected by the Board of Directors of this corporation at its annual meeting immediately following the annual meeting of the members of this corporation and shall hold their offices until their successors are elected and qualified. The Board of Directors may appoint such other officers as it deems advisable. The officers of this corporation shall have such powers and duties as may be fixed by the bylaws of this corporation. Any two of said officers, except any two of the following, may be held by the same person: President, Vice President, Secretary or Assistant Secretary.

XIII

The within Articles of Incorporation may be amended from time to time in the manner specified by the applicable statutes of the State of Minnesota.

IN WITNESS WHEREOF, we have executed these Articles of Incorporation on this ________ day of___________.

____
(TYPED NAME)

____
(TYPED NAME)

____
(TYPED NAME)

STATE OF MINNESOTA)
)Ss.
COUNTY OF HENNEPIN)

On this__th day of September, 19__, personally appeared before me, a notary in and for said county, __________, ______________, and ____________, to me known to be the persons described in and who executed the foregoing Articles of Incorporation, and each acknowledged that he was a person of full age and that he executed the same for the uses and purposes therein expressed.

CHAPTER 3

COMMUNITY PROFILE

CHAPTER 3

COMMUNITY PROFILE

The community profile is a data summary document that can be produced as a by-product of the community analysis. In the interest of providing uniform profile information, the State has assembled a standard profile form that can be used by all cities and filed with the State. The profiles are made available to business entities considering expansion or location in Minnesota. The following sections describe major components of the profile and provide suggestions on how to obtain the information required.

Location

MINNESOTA
Department of Energy
and Economic Development

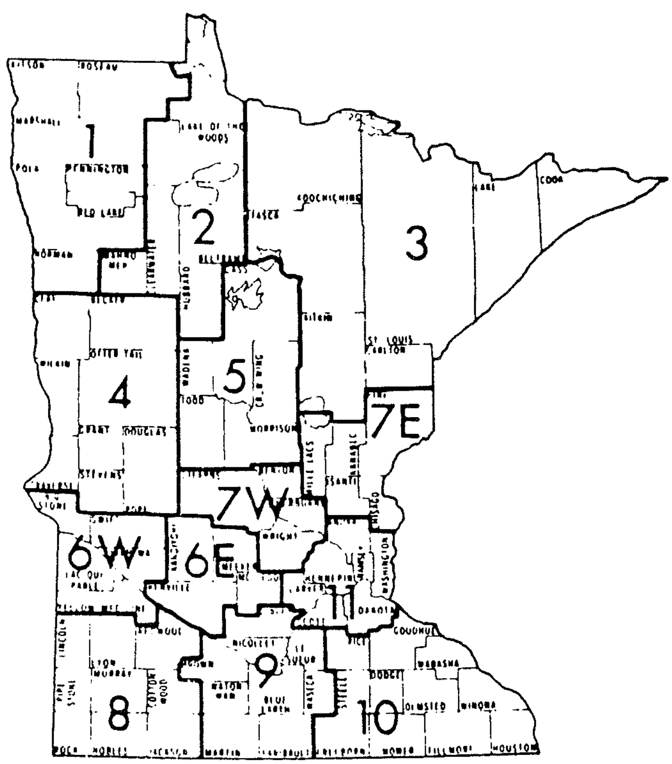
900 American Center
150 East Kellogg Boulevard
St. Paul, Minnesota 55101

Community Profile

TOWN ____________ COUNTY ____________ REGION ______

Distance and Direction from Minneapolis/St. Paul ____________ Duluth ____________

The locational information can be obtained from a standard road map. Each community is also located in one of thirteen regional development areas shown on the map.



Population

POPULATION	City	County	SMSA
1950 Census			
1960 Census			
1970 Census			
1980 Census			

Population information can be obtained directly from Bureau of the Census publications or from the Minnesota Census Data Center. The Data Center is a cooperative effort of 58 Minnesota agencies and the U.S. Bureau of the Census. Planning and services are coordinated by three lead agencies: the State Demography Unit (in the Minnesota Department of Energy, Planning, and Development); the Minnesota Analysis and Planning System (MAPS–University of Minnesota Agricultural Extension Service); and the Office of Public Libraries and Interlibrary Cooperation (POLIC) in the Minnesota Department of Education. Fifty-five other agencies, including councils of government, libraries, development commissions, and universities from around the state assist a wide range of people in locating and using census data.

The following page lists the location and telephone listing for census information.

The Bureau of the Census has an excellent publication entitled Guide to County Census Data for Planning Economic Development (U.S. Government Printing Office publication number: 1979-281-0491/1102). This guide gives information on using county-level census information to study the economic base, population and local government. For many Minnesota communities, county data would be directly relevant to the development area. The publication also provides guidance on other Census Bureau information and other Federal reference sources.

Industry

INDUSTRY

Major employers in area:

Firm	Product/Service	No. employees	Union (Give Initials)	% of Emp. In Union

Identification of major employers can be accomplished in the following ways:

- One of the business clubs could survey area employers as a service project.
- A committee of the economic development organization could be assigned the survey task.
- The major employers are usually the largest taxpayers. The tax rolls can be scanned to determine the largest taxpayers and they in turn can be surveyed by telephone to determine employment information.
- Information may already exist as part of an official statement for city, school district or county bond offerings.

Employment

EMPLOYMENT

Labor survey date ____________________

	Number of Employees		
Manufacturing	________	Unemployment rate	________
Non-manufacturing	________	Number in labor force available	________
Total labor force	________		

Manufacturing Occupations In Area
(Production and Clerical)

Occupation or Job Title	Median Wage
____________________	$ ________ /hr.
____________________	$ ________ /hr.
____________________	$ ________ /hr.
____________________	$ ________ /hr.
____________________	$ ________ /hr.
____________________	$ ________ /hr.
____________________	$ ________ /hr.

Obtaining current and reasonably accurate employment information is one of the more difficult data-gathering tasks. A separate section of this guide describes the labor market analysis in greater detail.

The basic sources for employment data are the Bureau of the Census and the Minnesota Department of Economic Security. Each of these sources has a major disadvantage in obtaining information for a particular community. The Census data are not available on a timely basis and do not contain sufficient detail for individual cities. The Department of Economic Security has a data bank with information on the labor force covered by unemployment insurance, but it takes special processing to retrieve selected information. The most common way of obtaining information is by survey. Surveys can be conducted by paid staff, volunteers or independent consultants. The disadvantage with surveys is that they are either quite costly (dollars and time) or they suffer from lack of accuracy because of poor survey design.

Transportation

TRANSPORTATION

Rail Lines (companies) ____________________

Frequency of Service ____________________

Reciprocal Switching ________ Distance to Main Line Switching ________

Piggy-back Service ________ Passenger ________

Truck Lines (companies) ____________________

____________________ No. of terminals ________

Airport ________ Nearest ________

Commercial: ( ) Yes ( ) No   Charter Service: ( ) Yes ( ) No   Jet Service: ( ) Yes ( ) No

Airlines ____________________

Navigation Aids ____________________

Runway length, surface ________ Distance to CBD ________

Bus — Inter City ________ Intra City ________ United Parcel ________

Highway route numbers, Interstate/Distance ____________________

Federal ________ State ________

Load Limits ________ Navigable water ________ Depth ________

Transportation information is relatively easy to obtain. Governmental agencies are a major source. The State Department of Transportation can provide information on highway and rail transportation. An airport commission can provide information on airport facilities. The best sources of some information regarding other services are the transportation companies that operate in the community including:

- Railroads;
- Bus lines;
- Truck lines;
- Parcel service;
- Airlines; and
- Charter services.

Usually these companies are willing to contribute time and energy in the interest of economic development.

Taxes Payable

COMMERCIAL/INDUSTRIAL TAXES PAYABLE

Municipal rate $________/$1000/assessed valuation

County $________/$1000/assessed valuation

School rate $________/$1000/assessed valuation

Total rate $________/$1000/assessed valuation

METHOD OF ASSESSMENT FOR COMMERCIAL/INDUSTRIAL PROPERTIES

Minnesota real estate taxes are based on market value. Market value is construed to be the price that a willing buyer would pay to a willing seller in a free market. A two-step formula is used for determining property taxes for commercial/industrial properties.

1. The first $50,000 of market value times 40% plus the remaining market value times 43% equals assessed valuation.
2. Assessed valuation times the total mill rate equals property taxes payable.

Tax information is generally available from the county auditor's Office.

Government

GOVERNMENT

Organization: ( ) mayor council ( ) limited mayor ( ) manager council ( ) commission ( ) other ________

Refuse service: ( ) public ( ) private ( ) none

Police Force, regular ________ part time ________ Fire dept., regular ________ volunteer ________

Annual budget $________ Master Plan: ( ) yes ( ) no

Industrial plans must be approved by ________

Insurance rating in community: class 1 2 3 4 5 6 7 8 9 10 (circle)

Information on government structure and property services is available from local government administrators (finance officer, city manager, clerk, treasurer, etc.). The insurance rating in the community can be obtained from a local insurance agency or the State Department of Insurance.

Utilities

UTILITIES

WATER

Municipal water source: ( ) stream ( ) lake ( ) wells Storage capacity ______ gals.

Pumping capacity ______ gal./min. Avg. demand ______ G/D Peak demand ______ G/D

Industrial water rate ______

______ Total hardness tapwater ______ ppm

SEWER

Capacity sewage treatment plant ______ G/D; Peak demand ______ G/D; Avg. demand ______ G/D

Sewer use charge ______

ELECTRICITY

Electric service: By ______

For rate data, contact ______

GAS

Gas service: By ______

For rate data, contact ______

TELEPHONE

Telephone company serving area ______

Water and sewer services are provided by city government in most communities. Information can be obtained from city offices. Electricity, gas and telephone services are usually provided by private companies. In most cases, these companies are willing to cooperate in numerous ways to further the goal of economic development.

Community Services

COMMUNITY SERVICES

Number of hotels ______ total rms. ______ Number of motels ______ total units ______

Hospital beds ______ Nursing Home Beds ______ ______ Doctors ______ Dentists ______

Nearest hospital, if not in town ______

Number churches: Protestant ______ Catholic ______ Jewish ______ Other ______

Main cultural attraction, festivals ______

______

______

Parks & Playgrounds: municipal ______ State ______ private ______

Golf courses: municipal ______ private ______ Tennis courts ______ Swimming pools ______

Sports: college ( ) yes ( ) no professional ______

News Media: papers: daily ______ weekly ______ radio stations: AM ______ FM ______ Cable TV: ( ) yes ( ) no

Meeting facilities: no. of ______ Capacity of largest three ______ ______ ______

Retail sales (county) $ ______ Per capita income (county) $ ______

Names of banks/S&L/deposits for each ______

______

______

______

Public libraries: ( ) local ( ) county ( ) regional ( ) bookmobile Post office: ______ class

Service organizations ______ total membership ______

Information on community services comes from a variety of sources and can usually be obtained by telephone survey. County retail sales information and per capita income can be obtained from census data. It may be necessary to make estimates between census years or for particular communities. The task of obtaining community services information is a good committee project. Usually there are business clubs (restaurant/lodging) or professional associations (medical and clergy) that are pleased to help.

Education

EDUCATION

No. elementary schools ________ total enrollment ________ grades included ________

No. junior high schools ________ total enrollment ________ grades included ________

No. high schools ________ total enrollment ________ grades included ________

Cost per pupil unit $________ Pupil to teacher ratio: elementary ________ high school ________

No. parochial schools ________ total enrollment ________ grades included ________

No. private schools ________ total enrollment ________ grades included ________

Nearest area vocational-training school ________ Distance ________

Nearest community college ________ Distance ________

Nearest college or university ________ Distance ________

Liberal Arts ________ Distance ________

Engineering ________ Distance ________

Business Administration ________ Distance ________

Graduate Schools ________ Distance ________

Information on educational institutions is fairly easy to obtain. School board members, parent-teacher associations and professional associations of educators are logical resources.

Climate

CLIMATE

Coldest Month ________ Mean Daily Max. ________ °F Mean Daily Min. ________ F No. days over 90 degrees ________

Hottest Month ________ Mean Daily Max. ________ °F Mean Daily Min. ________ F No. days between killing frosts ________

Average annual precipitation ________ inches Snow ________ inches

Information on climate can be obtained from the U.S. Weather Bureau or, in many cases, local utility companies. Local newspapers and libraries also have copies of reference books on climatic factors.

Industrial Sites

INDUSTRIAL SITES

Name or number of site: ________	Name or number of site: ________
Total available acreage in site: ________ acres	Total available acreage in site: ________ acres
Owner of site is: ________	Owner of site is: ________
Option held by local industrial development group: ________	Option held by local industrial development group: ________
Site is zoned: ( ) yes ( ) no In city limts: ( ) yes ( ) no	Site is zoned: ( ) yes ( ) no In city limits: ( ) yes ( ) no
If not in city, miles from city limits: ________	If not in city, miles from city limits: ________
Services available at site: ( ) rail ( ) electricity ( ) gas	Services available at site: ( ) rail ( ) electricity ( ) gas
( ) treated water ( ) sanitary sewer ( ) storm sewer	( ) treated water ( ) sanitary sewer ( ) storm sewer
( ) curb and gutter ( ) paved roads	( ) curb and gutter ( ) paved roads

Information on local industrial sites is dependent on the local community effort. It is a responsibility of the economic development organization to develop site information.

Location Services

LOCATION SERVICES
Name of local development corporation ______________________________
Full time chamber of commerce manager (   ) yes (   ) no
Community contacts:

By the time a profile is compiled the community should already be organized for economic development. This means that contacts have been identified and the community is ready to respond to inquiries from prospects.

CHAPTER 4

FIVE YEAR PLAN

CHAPTER 4

FIVE YEAR PLAN

OVERVIEW

It has been frequently said that local economies do not take care of themselves. There are exceptions, however, where it appears that the local economy is growing and people are prospering although no one is quite sure why. Then something happens, energy becomes scarce causing the automobile industry and other related industries to decline. New technology in steel production causes older production methods to become obsolete, leaving older plants unproductive and people unemployed. Shopping malls with lots of free parking, central management, and scheduled events draw shoppers away from downtown shops causing decline, decay, and abandonment. Certain laws or regulations suddenly impact a business to the degree it can no longer operate profitably. All of these changes, and many others, impact local economies. Frequently, one community's loss is another community's gain.

Some people make things happen...
Some people watch things happen...
Some people wonder what happened!

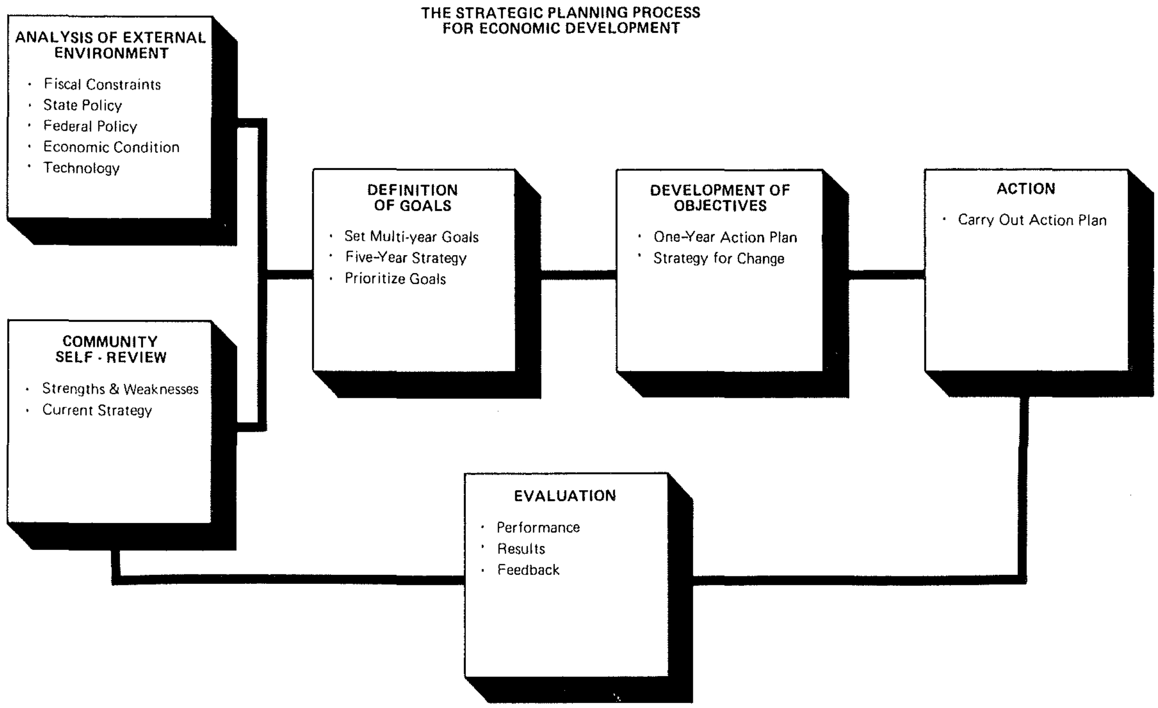
In a community with little or no planning, things frequently just happen while people watch and wonder. At times, things go along quite well; at other times, they fall apart at the seams. Crisis management and reaction to events are both risky ways to operate an economic development program. They can prove to be both costly and unsuccessful, especially if the community is experiencing increasing unemployment and slow or no growth by its business community.

For community leaders who want to make things happen, planning is essential. Planning provides a framework for economic decisionmaking. There is data to gather and information to be analyzed. There are policy choices to consider, especially how much subsidy to provide, how to maintain control over sites, and how to provide certain elements of the infrastructure. There is evaluation of existing programs to be done. There are resource requirements and fiscal constraints to be addressed. Then there is implementation to be accomplished. These things take the combined wisdom, energy, and resources of a

Therefore, in order to allow the economic development organization and the local government to initiate, rather than to react, and to step beyond crisis intervention, a planning process and its successful implementation is essential.

THE PLANNING PROCESS

The economic development planning process should be individually tailored to fit each local community. It can be a simple, low-cost planning process conducted by a small committee or a far-reaching, bottom-to-top approach, involving a large number of task forces and a tremendous data collection effort. The most important thing is that it be a strategic thinking process carried out by a representive group of people based on sound, objective analysis of the community. **Keep in mind that the five year plan should be developed in conjunction with the five year capital improvements plan discussed in Chapter 8.**



Adapted from Peat Marwick/*Management Focus*/May - June 1982

The steps in the planning process are illustrated in the strategic planning process chart and described in the sections below.

- Analysis of the external environment, the challenges and opportunities beyond the control of the particular community or its local government. These could include Federal and state laws and policies, weather, interstate freeways, locational criteria and demand for services of a particular industry, technology, economic conditions, and the like. A community determines what is possible given certain opportunities and constraints.
- Community self-review, an analysis of its strengths and weaknesses and its current economic development strategy. This is a look at current local economic, physical and living characteristics of the population and work force, and local government laws, regulations, and tax structure and analyzing the data in relation to what businesses generally desire and what other communities are likely to offer. This task requires the assistance of both public and private sector people.
- Definition of goals, the ends the community wishes to achieve. This is planning for the long run, a five-year plan and strategy to sort out the major direction, whether that be the pursuit of specific new industries, an emphasis on downtown commercial development, or a focus on business retention activities. The community must decide how to take advantage of its strengths and which weaknesses it must invest resources to correct. The goal-setting process also includes establishing a capital improvements plan. It will articulate what should be accomplished. The objective is to select realistic goals that fit the community and the local capacity to accomplish the goals.
- Development of objectives, the specific tactics the community will use. This is the One-Year Action Plan and includes objectives that are clearly stated and quantified, and assigned responsibilities for completion by specific dates. This is the road map for the community group and local government to follow for the year. It requires setting priorities and deciding how to allocate resources among specific programs.

- Action, getting the job done. This requires each task force or subcommittee to accomplish its task and the local government to fund the capital improvements plan. This involves contacting prospects and carrying out the retention program; identifying financial assistance tools for specific projects; attracting foreign investment or assisting local businesses to export their products; training unskilled workers and putting unemployed people to work; raising money from local businesses to acquire a site; and printing the brochure and developing the slide show. Carrying out the plan is essential to a successful economic development program.
- Evaluation, analyzing the results of the Action Plan. Evaluation creates momentum. Feedback and evalution can maintain the process as a dynamic one. Changes in direction or assignment of tasks, or increased emphasis on certain actions may be necessary in order to accomplish the goals. It is important to retain flexibility and to be able to take advantage of opportunities that unexpectedly present themselves, to admit that certain things are not working, and to change direction to a more practical course of action.

Data Resources

Much of the information that the community needs in order to prepare its economic development plan and strategy must come from the local community itself. This is one of the important reasons for having a variety of persons involved in the planning process. Frequently, businesspersons have access to local, regional, and national data that will be valuable to the planning effort. The business community, financial institutions, educational institutions, government and civic groups should all be represented and available to tap for resources.

Civic groups may lend manpower to conduct telephone and personal surveys to obtain specific kinds of information. Teams of businesspersons may visit certain businesses in data collection and business retention efforts.

The key point is that an organization must have accurate data and information about the local community, and the data must be analyzed before goals are set and economic development strategies are formulated. The community analysis, community profile and labor market survey are discussed in the next section of the guide.

Except for the data that can be obtained locally, a community is likely to depend principally on census data and those reports on labor that can be obtained from the state. The following are some sources of data that may be needed by a community:

- Bureau of Census
  - — 1980 Census
  - — County Business Patterns lists annual data on the numbers of establishments by size of employment and total employment by county by SIC codes
  - — Business and agricultural census data collected every five years.
- Bureau of Labor Statistics
- Utilities
- Banks
- Business associations like the chamber of commerce
- Dun and Bradstreet

Staff Needs

Strategic planning requires the investment of a substantial amount of time (and possibly money), even if a community decides to limit data collection and analysis and the length and depth of the final planning document. The economic planning organization and, perhaps, the local government must be prepared to invest that time and money in the economic development strategic planning effort.

Obviously, those organizations that have full-time or part-time staff will have an easier time. It is important that there be consistent coordination of the planning effort. Whether or not paid staff is available, there are certainly other resources to be tapped in any community. These include:

- Loaned executives from businesses;
- Volunteers from civic organizations;
- Resources from colleges and vocational schools;
- City staff; and
- Paid consultants for specific tasks.

ANALYSIS AND SELF-REVIEW

The first phase of the planning process requires an analytical review. This review can be divided into an external component and an internal component. The community has little control over the external factors. An analysis of these factors is performed so that a community can develop a realistic set of goals. The internal component includes factors that the community can control. An understanding of community strengths and weaknesses can be developed from completing a self-review and preparing a community profile.

COMMUNITY ANALYSIS

As the first step in the strategic planning for economic development, the community group must perform an analysis of both the external and internal environment of the community. Volume I provides many of the locational factors that both commercial and industrial businesses consider. These should be helpful in understanding some of the external factors over which a community has little control and the internal factors that a community may wish to improve.

This section deals with performing a community analysis, and preparing a community profile and labor market survey. These are important elements in the community self-review in which the community analyzes its strengths and weaknesses for economic development.

Identifying Assets and Liabilities

Locating or expanding in a community is, in many cases, an economic decision. It is logical, therefore, to look at the following economic factors:

- <u>Economic Activity</u>
  Economic activity can be measured in a variety of ways, including the volume of:
  — Retail sales;
  — Service industry receipts;
  — Wholesale sales;
  — Value of manufacturing shipments;
  — Bank/financial institution deposits;
  — Hotel/motel occupancy rates; and
  — New construction.
  It may not be possible to aggregate such information in some communities because of limited public data. Representative information can be obtained, however, by telephone survey on a sample basis from leading establishments in each key industry. If possible, trends for a five-to-ten-year period should be developed.
- <u>Income Levels</u>
  Family and per capita information is considered essential for some types of commercial prospects. A representative survey is the usual way of obtaining this information. Census data are available on a county basis and for some of the larger cities.

- Reinvestment in Community
  Total reinvestment is a combination of public and private expenditures. Public expenditures for repair, replacement and maintenance of infrastructure items can be obtained from local government finance documents. Private expenditures can be estimated from such information as bank loans, lumber sales, hardware sales and survey information.
- Employment
  Basic employment statistics should be developed including percent employed, types of employment and labor costs. A separate section of this guide describes labor market analysis in more detail.
- Taxes
  Information on taxes should be developed and linked to the services provided. Any business enterprise is going to be interested in the costs of doing business and taxes are considered a business cost. While the taxes may appear to be a liability, the services they provide are an asset.

Factors other than those relating directly to economic issues should also be included in the community analysis. Such factors include:

- Housing
  The housing analysis should include information on:
  - The type and price range of housing available for upper-level, moderate- and low-income households; and
  - The availability of housing for purchase and rental.

  Other data elements might include:
  - Number of single-family units;
  - Age of housing stock (20-year increments);
  - Number of condominium, cooperative and townhouse units;
  - Numbers and occupancy of apartment units;
  - Condition of housing;
  - Extent of home improvement activity;
  - Amount of new construction; and
  - Information on public housing assistance.
- Physical Environment
  The analysis of physical environment factors can be built around the following categories and classifications:
  - Land use
    - Residential
    - Commercial
    - Industrial
    - Social or cultural
    - Transportation
    - Streets and alleys
    - Utilities
    - Vacant
    - Water
    - Other
  - Environmental quality
    - Air pollution
    - Water pollution
    - Noise pollution
  - Water quality
  - Heritage preservation

  Information on the above topics can usually be assembled by local government departments or agencies.

- Health and Safety
  This section of the community analysis should focus on those factors that relate to the health and safety of citizens. It may include such health related items as:
  — Vital statistics (birth and death rates);
  — Immunization programs;
  — Incidence of infectious disease;
  — Maternal and infant health programs; and
  — Availability of health services.
  Information on public safety may include information on crime statistics (homicides, assault, robbery, residential burglary, vandalism, arson, etc.).
  Statistics on fire losses, number and location of stations, and response times may be included. Emergency services should be described.
- Transportation
  The analysis of the transportation systems should include information about:
  — Freeway systems;
  — Local street systems;
  — Traffic volumes;
  — Mass transit;
  — Railroads;
  — Truck transportation; and
  — Air transportation.
- Utilities
  Information on utilities should be gathered from both public and private sources. Services such as gas, electric, water, solid waste and waste water treatment, and associated rate structures should be covered in the analysis.
- Community Services
  The community services analysis should include data on:
  — Hospitals (number and location, size, staff and services);
  — Nursing homes;
  — Churches;
  — Cultural activities;
  — Parks;
  — Recreational facilities;
  — Entertainment;
  — Libraries; and
  — Service organizations.
- Education
  Both public and nonpublic education data should be included. Specific information elements include:
  — Number and location of schools;
  — Enrollment history/projections;
  — Tuition costs for nonpublic; and
  — Distance and type of postsecondary institutions available.
- Climate
  Typical information on climate includes:
  — Average annual precipitation;
  — Mean daily maximum/minimum temperature;
  — Average number of days over/under specific temperature; and
  — Average number of days between killing frosts.
- Industrial/Commercial Site Information
  Available sites for industrial/commercial expansion or relocation should be identified, described and analyzed.

The self-analysis is intended to be objective and include constructive criticism or identification of problems. The community strengths will become "selling points" for marketing the community. The weaknesses become the focal points for community improvement plans.

This partial checklist illustrates how a single area of analysis can be assessed for potential (asset), as well as problems (liability).

ASSESSMENT OF CENTRAL BUSINESS DISTRICT
(Partial Checklist)

POTENTIAL

General appearance

–a. Interesting skyline if clutter eliminated.
–b. Open spaces could be landscaped.
–c. Vistas could be created to certain major buildings.
–d. Unifying design concept possible among buildings.
–e. Unnecessary poles, signs and wires could easily be removed.

Buildings

–a. Buildings with interesting architectural details.
–b. Buildings of historical value.
–c. Rear entrances could be improved.
–d. Vacancies allow space for expansion.
–e. Most buildings in sound structural condition.

Signs

–a. Obsolete signs easily removed.
–b. Interesting old signs to restore.
–c. Sign panels harmonizing with building possible.
–d. Flush mounted wall signs could be easily viewed.
–e. Uniform "under-canopy" signs could be used.

Streets and alleys

–a. Wide main street right-of-way.
–b. Pavement width could be reduced.
–c. Traffic markings and signs easily replaced.
–d. Regular street clean-up program could be initiated.
–e. Street resurfacing could be programmed.

Parking

–a. Some on-street spaces could be eliminated.
–b. Locations available for more off-street parking.
–c. Existing parking lot design and layout could be improved.
–d. Space available for landscaping and screening.
–e. Employees could park in other locations than customer spaces.

PROBLEM

General appearance

–a. Cluttered, unattractive entrances to central business district.
–b. Lack of landscape plantings and green spaces.
–c. Dirty, littered streets, sidewalks and alleys.
–d. Visual chaos of poles, signs and wires.
–e. Lack of design harmony among buildings.
–f. Lack of views, vistas, and visual focal points.

Buildings

–a. Poorly maintained exterior appearance.
–b. Drab, uninteresting interiors.
–c. Functionally obsolete size and shape.
–d. Vacant upper stories.
–e. Dirty, cluttered rear entrances.
–f. Inharmonious remodeling.
–g. Absentee ownerships.

Signs

–a. Excessively large.
–b. Overhang public right-of-way.
–c. Poorly maintained.
–d. Gaudy, garish and ugly.
–e. Difficult to read.
–f. Poorly designed.
–g. Inharmonious with building architecture.

Streets and alleys

–a. Too narrow for traffic and parking needs.
–b. Poor surface condition.
–c. Inadequate storm drainage.
–d. Lack proper markings and directional signs.
–e. Rough railroad crossings.
–f. Dirty and littered.

Parking

–a. Insufficient number of spaces.
–b. On-street spaces conflict with traffic.
–c. Unattractive, poorly designed lots.
–d. Inconvenient location.
–e. Dirty, muddy or rough surface.
–f. Poorly lighted.
–g. Slow turn-over.
–h. Employees use prime customer spaces.
–i. Spaces too small, difficult to use.
–j. Obsolete fee structure.

SOURCE: Adapted from South Carolina Great Cities Program.

DEFINITION OF GOALS

The community that has collected appropriate data about itself and the environment in which it operates, and has analyzed the data and completed a community analysis and profile and a labor market survey is ready to formulate its Five-Year Plan and Strategy. This means setting realistic long term goals for the community's economic development program, setting short term objectives in the form of a One-Year Action Plan, and establishing strategies for achieving those goals and objectives. With input from the economic development organization, the local government should develop a corollary long-range capital improvement plan (CIP). These planning steps are covered in the following section.

DEVELOPING A FIVE-YEAR PLAN AND STRATEGY

The local economic development organization should prepare an economic development plan that focuses on economic development goals and strategies. That plan should record the results of certain data collection and analysis activity, serve to guide the continuing planning efforts, and be the road map for community economic development action.

A typical Five-Year Plan might contain the following:

I. Organization, a description of the economic development organization, its structure, duties, committees, and funding sources.

II. Community and Its Economy, a profile of community strengths and weaknesses. This is the result of the environmental analysis and community self-review.

III. Potentials for Economic Development, an honest assessment of likely industry sectors and specific industries that might be attracted, commercial development possibilities, and retention program needs. These are the basic, realistic goals for the community economic development program. This is based on matching the labor market survey and locational factors used by industries with the community strengths, weaknesses and desires.

IV. Strategies for Implementation, a refinement of the goals, a prioritizing of where to begin, an identification of what resources will be used, and a determination of who will carry out each objective. It is a One-Year Action Plan that outlines those activities that will be done during the first year of the program. It is the process for deciding how to capitalize on the community's strengths and which strengths are most important. It also contains strategies for correcting certain liabilities.

Because the ultimate goal is to persuade private sector investors and businesses to invest money in the community, it is wise to understand the various factors that influence business location decisions. Lists of these are found in Volume I of the guide.

It is also wise to understand the role that local government plays in certain factors that influence business location decisions. That role usually involves the following:

- Zoning and building codes;
- Tax policies;
- Regulations and licenses;
- Public facilities;
- Public service levels; and
- Certain financial incentives made possible by Federal grants, tax-free bond sales or other means.

These are also discussed in more detail in Volume I of the guide.

While most of the data necessary for setting goals will have been collected during the external and internal community analysis phase of the planning process, additional information may be necessary. Much of the information collected above will be general in nature and not related to specific industry sector needs and trends. It is at this stage in the planning process that the economic development organization and local government must decide whether its data are sufficient, what additional staff and fiscal resources can and should be used in additional analysis, and how detailed the community plan needs to be.[1]

ADDITIONAL SURVEY AND ANALYSIS TECHNIQUES

Should the community development organization decide it needs additional information that is not available from traditional sources, it may decide to obtain this information through one or more surveys.[2] To get the best results from a survey, one must carefully define the information needed and who can best supply it.

Surveys

Surveys can provide information on a wide variety of topics, including such things as:

- Problems of doing business in the community;
- Municipal service deficiencies;
- Labor force characteristics;
- Adequacy of job training and education;
- Shopper preferences; and
- Trends in business growth or decline.

Surveys are a useful tool but can be costly and time-consuming if a large sample is needed for accuracy. Great care must be taken to ensure that survey results are reliable. Surveys can be particularly useful in identifying local trends and issues of concern to local businesspersons. Also, they are especially useful in identifying appropriate retention activities.

Once data have been collected, there are a number of analysis techniques that can be used. Two specific techniques will be discussed below.

- Economic base analysis
- Shift-share analysis

Economic Base Analysis

Economic base analysis can be used to determine the level of diversity in the local economy, to pinpoint weaknesses, and to project future growth or decline in the economy.

An economic base analysis focuses on businesses that export goods and services beyond the local area. They are called basic or export businesses. They are the businesses that bring new dollars into the community that are spent in the nonbasic or support businesses. Basic businesses have what is called a "multiplier effect" on the local economy. The assumption is that a local economy's health depends upon the health of its basic or export businesses.

Examples of basic businesses usually include:

- Tourism;
- Agriculture;
- Manufacturing;
- Mining; and
- Corporate headquarters.

Nonbasic businesses might be defined to include:

- Financial institutions;
- Retail shopping;
- Real estate;
- Consumer services;
- Utilities; and
- Construction companies.

An economic base analysis is useful to gauge how a development program might affect the local economy. The addition of each new job in a basic business is multiplied into the nonbasic businesses. Dividing the community's total employment by the employment in basic industries gives an approximation of the "export employment multiplier." This statistic predicts the total number of jobs that will result from the addition of one job in a basic business.

Obviously, data must be collected to determine which businesses export goods and services outside the community. An estimate of the level of export employment must then be made. The most difficult component of an economic base analysis study is obtaining information on what portion of employment in each business is export-related.

Shift-Share Analysis

Shift-share analysis is a fairly simple technique that uses employment data to determine whether a local business is performing better, worse, or the same compared to the same type of business nationwide. If a local business is growing locally at a much smaller percentage rate than similar businesses nationally, there may well be local factors responsible for the slower growth.

Shift-share analysis also provides information on how the local mix of industries or businesses is growing compared to the entire nation's mix of industries. It allows a community to identify certain national growth industries to target in its attraction program and the level of emphasis to place on retention of certain nongrowth industries or businesses. If the development organization finds its local community has a high concentration of slow-growth businesses, it may wish to target certain high-growth businesses in its attraction strategy.

Shift-share analysis requires lttle staff expertise and few resources. It is useful in determining which industries need attention, though its usefulness may be limited. Some of the limits noted by the Council for Urban Economic Development (CUED) are:

- The source and quality of the data and choice of time period over which the change is measured influence results.
- The use of employment as a unit of measure results in a systematic understatement of growth in industries undergoing rapid labor-productivity gains.
- It shows trends based on past employment only but these trends may not continue into the future.

Both economic base analysis and shift-share analysis can pinpoint weaknesses in the local economy, but neither can explain the causes of the weaknesses. Both techniques examine only the demand side of the economy and ignore effects of the supply side–land, labor, and capital.

DETERMINING CAUSES OF GROWTH OR DECLINE

There appear to be several important factors that encourage or discourage economic growth in a community. According to CUED, some of the important factors are:

- Quality and cost of labor;
- Availability of land at a reasonable cost;
- Business climate;
- Quality and quantity of amenities;
- Municipal tax policies; and
- Availability and cost of capital.

When a community understands the factors that encourage economic growth, it can test itself in terms of strengths and weaknesses in this regard. This is an important step prior to setting goals. A community needs to determine which weaknesses it can and will correct in order to compete for economic development.

In looking at the above factors, it is easy to see how some communities will decide to take certain actions to respond to specifically identified local problems. For example:

- Quality of labor may be improved in a certain community by additional vocational courses needed to train workers for a specific industry;
- Availability of land might be addressed by the LDC acquiring certain parcels, clearing the land, and offering the improved sites for industrial development;
- Business climate might be improved by the local government establishing a one-stop permit center;
- Amenities might be improved if a civic club renovates a city park;
- Taxes might be lowered if a community employs certain user fees; and
- Cost of capital might be reduced by a local government depositing a specific amount of Community Development Block Grant funds in a local bank and foregoing interest in return for the bank lending money for certain specific economic development activities at 2-3% below prevailing interest rates.

According to a report by the Urban Institute, it appears that some locational factors such as proximity to raw materials and transportation costs have decined in importance, while factors such as markets, quality of labor supply, availability and price of land, business climate, taxes, and amenities are increasing in importance.[3] A community will want to know how each targeted industry views locational factors.

Neither the local government nor the community will be able to correct all of a community's weaknesses. Some disadvantages are caused by Federal and state laws and policies. The local community needs to address those weaknesses it can correct in order to attract and retain the businesses it decides to target in its strategy.

SETTING GOALS

To set realistic economic development goals, a community will want to articulate a combination of what it needs in order to improve its local economy and what is possible (the potentials) given the community's particular strengths and weaknesses. It does not matter if one calls these statements goals, strategies or missions as long as they reflect the analysis of strengths and weaknesses and the factors businesses are looking for in a location decision. The goal statements should be those targets that, over a five-year period, the community would like to work toward achieving.

Goals

Goals serve several important functions in the planning process; for example, they serve to:

- Educate both local people and development prospects;
- Inspire participants in the planning process;
- Describe the direction and intent of the economic development effort;
- Act as as a guide to additional surveys and data needed; and
- Act as reference points in deciding among alternative solutions.[4]

A goal statement is sometimes defined as a fundamental nonspecific statement that is future-oriented and stresses ends without specifying the means to achieve the ends. It usually means deciding what/which, while an objective focuses on means deciding how/how much/when. Objectives will be discussed in the section on developing a one-year strategy.

Strategies

A strategy is generally defined as a plan, method, or series of maneuvers for obtaining a specific goal or result. Strategic planning is not forecasting; it is a planning process and a series of techniques to get the job done. Thus, the local economic development organization will want to set goals and develop a five-year strategy to get the job done. The questions to guide the group are:

- What should we be doing?
- What do we need to do the job successfully?
- What will happen if we make no changes?

Problem Identification

This process of identifying problems, and describing and understanding those problems, gives rise to potential solutions. The problem may not have a solution within the present environment; therefore, the community may design a strategy that calls for developing a new industrial park, building a new road, employing additional police officers, or offering a package of financial incentives to target industries. Often the strategy may require time and financial contributions from the private and public sector, require changing a law, or obtaining a Federal grant.

A community should consider various alternatives before the preferred alternative is selected as the goal or strategy. Again, practicality and priority are the watch words. One must understand under what conditions one's goals are feasible; then a determination can be made about which conditions a community might reasonably expect to change. It is not easy to develop strategies that cause the private sector to invest money in the community.

Those persons and groups needed to assist in making changes should be brought into the planning process early. They will have ideas; also their resistance to the plan will likely be reduced by their early involvement in the planning process. Frequently, groups that provide resistance to a program are the same people who might have identified a more creative, feasible solution to the problem.

Timing

In strategic planning, organizations need to be concerned about timing and about certain changes or improvements that will make a certain strategy feasible or possible. The proper point in time to initiate or conclude an action is sometimes called an "opportunity window." Being prepared for such an opportunity requires an awareness of place, politics, economics and technology. Flexibility is certainly required in economic development planning. In spite of an active prospect program, sometimes a business will literally knock on a community's door and that opportunity will pass unless the community is prepared to respond quickly and correctly.

For example, in spite of a sound capital improvement plan that contains a schedule for construction of a highway, should the state offer to assist in that construction earlier, the community must be flexible enough to shift priorities. Another example might be a waste water treatment grant becoming available if the community will match the grant in a timely manner. Also, if a local industry threatens to relocate outside the community, the local community will want to respond quickly with incentives for the industry to remain. Opportunities should not be missed because they were not part of the strategy. Indeed, the strategy should be designed in such a way for the community to take advantage of a "window of opportunity."

There could well be "windows of vulnerability" for communities, also. Care should be taken to judge the timing of projects and programs, especially public works programs and public improvements requiring additional tax dollars, dislocations, and major changes in the community environment. Again, involvement in the planning process by a cross section of citizens and leaders will assist in identifying "windows of vulnerability" and in avoiding or overcoming them.

There is always the necessity of carefully balancing the need for additional business investments that may require certain infrastructure changes with preserving the quality of life of community residents. Goals should be tested in the context of their effect on natural, historical, economic, and human resources.

The Structure of the Goals Program

Goals and strategies can be set in a number of ways. A series of task forces can deal with specific topics, reporting to an overall goals committee that sets the goals. Another method might involve an overall goals committee formulating a set of draft goals. A workshop of community leaders representing a cross section of the community could then be convened to discuss the draft goals and set priorities. The governing groups would consider these recommendations, finalize and adopt goals for the community economic development programs.

In lieu of a workshop, the goals committee might hold a series of informal meetings with civic groups to receive input to the process. The important thing is for each community to tailor a goals program that works for its community.

Regardless of the process used to establish goals, the final step would be adoption by the governing body of the local government and/or the economic development organization. The group that accepts responsibility for seeing that the goals are accomplished should formally adopt the goals.

In order to reach some goals, it will be necessary to make certain capital improvements in the community. The community and its local government will need a long-range capital improvements plan to supplement its strategic plan. Capital improvements planning is discussed in the following section.

CHAPTER 5

ONE YEAR WORK PLAN

CHAPTER 5

ONE YEAR WORK PLAN

Much of the information in this section was adapted from National Council Urban Economic Development, **An Introduction To The Economic Development Planning Process,** Washington, D.C., U.S. Department of Commerce, EDA, 1980.

Once your community has developed its five-year plan, has set goals, and determined its basic strategies, it can develop a one-year action plan. First, your community must select the actions with the greatest potential benefit and the most feasible project opportunities. Then, map out strategies and work tasks to accomplish these actions. This becomes the community economic development investment plan and strategy.

HOW TO USE THE ACTION PLAN

As with any strategic planning process, the idea is to create one's own future, rather than to simply react to opportunities and problems as they occur. The Action Plan should be designed to explain the community's priorities for the year and to identify resources to be invested, tasks to be accomplished, and target dates for completion.

The plan can be used by a number of groups and individuals. It should be the road map for the local government, local community economic development organization, local development corporation, chamber of commerce, and civic, religious, and neighborhood organizations that wish to cooperate in implementing the strategies in the plan. It can be used by investors, developers, and businesspersons, along with the Five-Year Plan and Strategy, to explore the community's potential for and commitment to economic development investments. It can also be used by Federal agencies in making funding decisions for Federal assistance to the community.

STEPS IN THE ACTION PLAN

The Action Plan should be specifically tailored to meet the needs of each local community. The detail of the plan and the number of tasks will depend upon the size of the community and the resources committed to implementation of the plan. The following steps are recommended in preparing a One-Year Action Plan:

- Establish economic development objectives;
- Select specific projects to begin or complete;
- Select specific programs to initiate;
- Establish priorities for the year;
- Assign work tasks to specific individuals or task forces;
- Assign a completion date for each task;
- Budget resources for each task, project or program; and
- Recognize interrelationships of certain program elements and integrate the program under an overall chairperson.

Objectives

The Action Plan should contain a list of one-year objectives, the completion of which will contribute to the accomplishment of the five-year goals. There may be several objectives relating to each goal. Each objective will describe how much work will be done during the year on a particular goal.

An objective is sometimes defined as a statement that describes the desired outcome in specific, quantifiable terms, with specific dates, and assigned responsibilities. While a goal relates to deciding what and which, an objective defines how much and when.

Target Projects and Programs

Every community wants clean, high technology industry that pays high wages and a clean environment with a high quality of life. Unfortunately, there are not enough of these industries to go around. Nor is every community prepared with enough of the highly skilled, well-educated workers these industries desire. Also, some communities have a high unemployment rate among entry-level workers and need manufacturing jobs. Some communities have deteriorating commercial areas or existing industries considering leaving the area and need to address these problems.

In order to select the most practical approach to economic development and the one with the greatest potential for success, community leaders must be realistic. The community assessment that was done previously should be used once again to decide how to target resources and talents to get the greatest return of desired results.

A realistic assessment means making some trade-offs. Though a community wishes to retain agricultural land, it may need to sacrifice a certain tract in order to assemble industrial land. A community must constantly be prepared to recognize changes in its economic environment and make plans to adjust its Action Plan.

The focus of the Action Plan should be on a limited number of very high-priority issues and programs. A careful assessment of monetary and people resources should be made to ensure that there are sufficient resources to implement the Action Plan.

A community must decide whether its One-Year Action Plan will encompass a number of small interrelated tasks as a comprehensive approach to solve a multifaceted problem or if all efforts will be dedicated to a single program of attracting an industry from a specific industry sector. A community will want to decide where to focus its actions for the year. Some target areas could include:

- Downtown revitalization or redevelopment;
- Industrial or commercial retention program;
- Small business retention and expansion program;
- Foreign export programs for local businesses;
- Neighborhood commercial redevelopment;
- Attracting foreign investments;
- Industrial park creation; and
- Shopping mall development.

The following are some program areas communities have used to address their economic development needs and goals:

- Financing programs for private businesses
  - — Direct loans
  - — Loan guarantees
  - — Interest subsidies
- Technical and management assistance programs
- Business ombudsman programs
- Manpower programs
- Public improvements programs
- Quality of life/image improvement programs
- Marketing program[5]

In its consideration of various implementation strategies, the community will want to consider a variety of programs and/or projects. The number and complexity of the projects will depend on the size of the community, its needs, and its resources. Some other types of projects the community might consider include:

- A "flagship" development to stimulate interest and lead the way. Nicollet Mall in Minneapolis is a good example of a "flagship" development;
- Commercial redevelopment;
- Industrial space reuse;
- Development of an industrial park;
- Foreign investment attraction strategies; and
- Entrepreneurial incubators that offer incentives and opportunities to newly formed enterprises with the community expecting these businesses to grow, expand and provide additional jobs in the future.

If a community elects to spread its resources among several efforts, it will want to select those projects and programs that relate to other selected programs in the strategy and make certain the objectives for the year are very specific, practical, and fundable. A community must use caution in its Action Plan not to attempt more than its resources will permit.

A community might start a commercial retention program to complement both downtown redevelopment and shopping mall development. In such a program, assistance to those retail stores wishing a mall environment could be offered while developing a program to redevelop downtown as a financial, service, tourist, and specialty retail center. Again, the number of target activities selected will depend upon need and the availability of resources.

Evaluating Options

There are a number of issues that might be considered in evaluating the various options a community might have before it. The most important points to keep in mind are the potential for <u>benefit</u> and the potential for <u>success</u>.

Some of the issues that should be considered are:

- Political support for the project or program. This is especially important if there must be public investment for a road, water or sewer infrastructure, other land improvements, or use of powers of eminent domain.
- People resources to carry out the program. If the community wants a business retention program and local government has inadequate staff resources, will the business community provide the necessary manpower?
- Financial resources to fund the project or program. Sources may include Federal or state funding, private donations, local government funding, debt financing commitments from financial institutions, debt guarantee programs, or other services.
- Availability of data to support decisions and avoid unreasonable risks. Some data are not available unless purchased and not usable unless analyzed by trained staff.
- Market conditions in local community: will they support specific desired goals, projects, or strategies? Marketplace forces must be recognized as a development constraint in certain places for certain strategies. Testing market feasibility is the challenge.
- Management capacity of the local community. Some strategies require specialized personnel, consultants, and equipment.[6]

Analyzing Programs and Projects

While the community will have gathered a great deal of data from numerous sources and engaged in analysis of much of these data, the analysis continues. Much of the previous data and analysis will be useful as the community begins to select specific programs and projects to pursue. Often the community will want to conduct additional studies to ensure that its resource investments offer the greatest potential for both benefit and success.

For additional (project-specific) analysis, a community might use one of the following study methods:

- Job impact analysis measures the net number of jobs created and retained by a project;
- Fiscal impact analysis measures the net impact a project has on a local government's revenues;
- Feasibility studies show whether or not a project can be successfully accomplished; and
- Cost-benefit analysis is used to evaluate whether a program or project's benefits are worth the cost incurred.[7]

Some considerations in evaluating projects relate to potential benefits versus costs. Some of the potential benefits might be:

- Number of jobs created;
- Types of jobs and wage levels provided;
- Tax revenues generated;
- Positive influences in the community or immediate area;
- Positive influences on overall economy; and
- Nontax revenues created.

Costs could include:

- Amount of subsidy;
- Increased costs to city for services;
- Negative influences on neighborhood; and
- Negative influences on physical and social environment.

The Workplan

The final product of the One-Year Action Plan is the workplan. This is the most important document in the entire economic development planning process. The workplan lays out constructive solutions to problems in the form of tasks. The responsible organization develops tasks to meet each objective for the year. Each task is assigned to a specific person to complete or to lead the effort to completion. Each task is assigned a completion date. The work program gives the community organization and the local government a tool to evaluate the program's success and forms the basis for development of the second-year action program.

WORK PROGRAM

WORK TASKS	ASSIGNMENT	COMPLETION DATE	STATUS
Prepare community fact book and brochure.	S.M. Smith, Chair	March 1, 1984	C
Maintain up-to-date industrial site survey.	M. Murphy	June 30, 1984	I C
Make semiannual retention visits to each manufacturer, annual visits to major retailers.	B. Olson	December 31, 1984	I I I
Make mail contact with 300 suspects.	R.J. Jones	September 30, 1984	1/3 2/3 C
Telephone 25 prospects.	R.J. Jones	December 31, 1984	I 1/2 3/4
Prepare marketing budget.	R.J. Jones	January 15, 1984	C
Prepare for site visit by Campus, Inc.	A.M. Adams	May 8, 1984	I I

Assignments of work tasks might be made to subcommittees or task force chairpersons of the community economic development organization. When the work task involves a local government action or expenditure, the specific task force would work directly with the local government in an advisory or supportive role. Some communities might wish to assign certain tasks to local government staff, the local development corporation or civic groups. It is usually wise for the group responsible for development of the strategy and workplan to take a major leadership role in its implementation.

The community will have in its total investment strategy the following.

- Community profile of assets and liabilities
- Labor market information
- Statistical data about potential businesses whose characteristics and locational preferences appear to fit the community
- Five-Year Plan and Strategy that include goals and a capital improvements plan
- One-Year Action Plan that includes:
  - Objectives
  - Specific programs
  - Specific target business sectors
  - Specific target community location sectors
  - Specific projects
  - Community investment priorities

An Action Plan should include:

- A description of individual objectives, programs or projects;
- Lists of participants and a definition of the role and responsibility of each;
- A project work plan including a subtask summary and detailed work program;
- Identification of individual subtasks and the time requirements;
- Identification of the persons responsible for completing subtasks; and
- Identification of completion dates.

ACTION

Implementation is the most important aspect of the Action Plan. Implementation requires a commitment of people and resources along with the knowledge of what to do and when to do it. The plan will not produce results unless it is carried out by the community.

CHAPTER 6

SLIDE PRESENTATION

CHAPTER 6

SLIDE PRESENTATION

AUDIO-VISUAL TOOLS

Adapted from:
The Slide/Tape Presentation as a Tool in Industrial Development in Non-Metropolitan Communities, by Del. W. Redetzke, 1978, AIDC Journal, Vol XIII, No. 1

An audio-visual presentation should be used as a door opener in the broader process of "selling" your community to a prospective business, because it provides a vast amount of well-organized information in an easily absorbed format.

More and more often, manufacturers are looking for local economic data and evaluating community attitudes toward industry. The very existence of your local development corporation and an audio-visual presentation signifies your receptive attitude.

Most companies go through a paring down process, eliminating all but a few communities and then studying those in depth. According to the Minnesota Department of Energy and Economic Development, the average industrial prospect spends about 1½ hours in each community during the initial multi-community tour. Your community may have only one chance and not much time to interest and convince a prospect. In the hands of a good selling team, an audio-visual presentation can catch the eye and interest of a prospect, increasing the chances that your community will make the "final cut."

Because the most affordable audio-visual tool is the slide presentation, this section deals only with the preparation of slides. However, the basic approach described can be used with other audio-visual mediums as well.

Five basic steps in preparing a slide presentation are:

- Collecting data
- Organizing data
- Planning slide content
- Writing the script
- Producing the slide presentation

Collecting Data

Your community needs to take an inventory of its assets and liabilities, evaluate economic development strategies and prepare a community fact book (see Chapter 9) in order to prepare an effective presentation.

Slide presentations should be organized to tell the community's story in 12-15 minutes, highlighting information of greatest interest to prospects. The key word for the slide presentation is brief.

Remember the presentation is only one tool the selling team will use. Some information can be better presented "live" by the selling team before or after the slide/tape presentation.

The size of a community affects the scope of a slide presentation. Larger metropolitan communities have too much information for one presentation, so they usually have several specialized ones, each dealing with a single area such as tourism or industrial development. Businesses considering larger communities are primarily interested in specialized industry information, since they are relatively sure that community support services in a metropolitan area are adequate. Businesses are not sure of support services in smaller and medium-sized communities, so one general presentation is more effective for these communities because it can address a company's concerns about support services and specialized industry factors.

A good way to start constructing the presentation is to sort information into the following two categories that correspond with two segments of the presentation.

• General Community

This segment of the presentation should show the community as a progressive and an attractive home for the company and relocated personnel. Information about population, government, retail trade, elementary/secondary education and other quality of life factors should be included. The format for a typical community inventory is shown below:

SLIDE PRESENTATION

The format for a typical community inventory is shown below.

COMMUNITY INVENTORY CHECKLIST

A. Population Characteristics
   1. Demographic data
   2. Population trends
   3. Income and cost of living
   4. Home & durable goods ownership

B. Cultural and Recreational
   1. Attractions
   2. Libraries
   3. Civic & professional organizations

C. Retail Trade Services
   1. Impact area
   2. State or regional prominence
   3. Variety of services

D. Housing
   1. Cost of new construction
   2. Sale or rental adequacy
   3. Rental costs
   4. Condition of neighborhoods

E. Accommodations Availability
   1. For corporate traffic
   2. For group meetings

F. News Media
   1. Newspapers and shoppers
   2. TV and radio
   3. Extent of coverage

G. Religious Facilities
   1. Number of Churches and denominations

H. Postal Services
   1. Type & frequency of service

I. Medical Facilities
   1. Availability of doctors, dentists & hospital beds
   2. Laboratory services
   3. Cost of medical care

J. Government
   1. Form
   2. Assessment policies and types and rates of taxes
   3. Zoning ordinances
   4. Codes and regulations

K. Municipal Services
   1. Fire protection and insurance rating
   2. Police protection & crime rate trends
   3. Refuse removal

L. Elementary/Secondary Education
   1. Number of schools & capacities
   2. Pupil-teacher ratios
   3. Accreditation
   4. Enrollment & annual graduates

• Direct Business Support

This segment of the presentation should show why it would be feasible and profitable to locate a business in the community. Information on labor, transportation, utilities, available sites, local business and the like should be included.

M. Higher Education
   1. Vocational schools/universities
      a. Number & location
      b. Training & curriculum
      c. Industry support programs

N. Utilities
   1. Electrical power-availability and rates
   2. Gas-availability and rates
   3. Telephone-type & rates
   4. Water-availability, source, usage & rates
   5. Sewer-adequacy, regulations & rates

O. Transportation
   1. Types – freight & passenger
   2. Adequacy of facilities
   3. Record of performance
   4. Cost and rates
   5. Regulations or tariffs
   6. Transit privileges

P. Financial Services
   1. Banking services
      a. Loan policies
      b. Asset structure
      c. Degree of interest in financing new ventures
   2. Local investors
   3. State, federal or local sources of financing

Q. Local Industries
   1. Cooperation of business leaders
   2. Supply and service firms
   3. Types of industries
   4. Testimonials from local industry

R. Labor
   1. Labor profile (education, age, skills, etc.)
   2. Availability of labor (types, location, full-time, seasonal)
   3. Union activity
   4. Transportation & commuters
   5. Wage scales
   6. Turnover rate – absenteeism
   7. Unemployed
   8. Labor relations history
   9. Labor practices (benefits)
   10. Labor legislation
   11. State & local taxes applied to labor

S. Available Industrial Property
   1. Industrial parks
   2. Industrially zoned land
   3. Available industrial buildings
   4. Acquisition and development costs and/or lease terms for the above

Organizing the Data

Once you have gathered the community data, you can begin organizing the slide presentation into two broad categories. Ideally, the first half of the script content should be devoted to the general community data. This portion of the presentation should show your community as progressive, and an attractive home for the prospect company and its relocated personnel.

The second half of the script should deal with the direct business support data you have gathered. This is the most important part of the presentation since the data must show the feasibility and profitability of any proposed business.

Once the general sequence of the information categories has been determined, planning cards and a board with slots or a table top can aid outlining the actual presentation. Each planning card (a 3 x 5 or 4 x 6 index card) represents a slide and should contain:

- A rough sketch of the intended picture
- A summary of narration while the picture is on the screen
- Information about taking the picture – background, lettering style
- A notation about the concept or information being emphasized

Planning cards are valuable because they:

- Are easily prepared and shuffled as ideas and visuals are rearranged, added or deleted
- Help eliminate waste in the picture-taking stage
- Allow the whole program to be evaluated before production

Selling team members should help organize the presentation because it is a tool for their use. They can make it a better tool and become familiar with it.

Planning Slide Content

The content of each slide should be planned to save cost in production, and more important, to take full advantage of the power of pictures. People communicate with words but they understand and remember more effectively if ideas are presented visually. The following guidelines can be used to plan slide content:

- Don't present too much detail in one slide. Use two or more slides instead. It is easy to make this error in the discussion of a long or complex topic and in reproducing tables, charts and drawings.
- Use enough slides to maintain a good visual pace. Don't leave one slide on too long. The display length of a slide presentation averages, eight seconds, meaning a 12-15 minute presentation should contain 90-130 slides. Generally, a slide should not be shown for longer than 30 seconds.
- Use close-ups – they help present key details clearly.
- Use graphs rather than tables to present data. Data in graphs are more quickly understood.
- Include titles, but use them to supplement, not duplicate, information on other slides.
- Remember that the real story of your community lies in the people. The slide presentation must sell your community and its people. So include pictures of people shopping, working and relaxing. Avoid shots of plant or building exteriors or vacant stores.

The preceding rules emphasize the need for multiple slides in presenting one topic or category of information. There are several ways to group slides for this purpose:

- Series group – photographs of several things in one class, one after another (retail facilities)
- Sequence – succession of related pictures that develop a single topic (labor section)
- Question and answer – one slide states the question, the next provides the answer
- Progressive disclosure – the addition of one item at a time until the visual is complete (lines of text in a list). This technique helps the audience absorb one thought at a time and keeps it from anticipating the speaker

Writing the Script

The script is a blueprint for picture-taking and art work. The suggested format is two columns. In the left column list pictures and camera positions; in the right column list narrations or captions opposite each picture or series of pictures. (See the sample script at the end of this chapter.)

Producing the Slide Presentation

The proper production of a slide presentation requires professional skills, knowledge of subject and audience and ability to interpret the subject visually using photography and graphic arts.

Tasks can be divided into three areas, which can be assigned to individuals or teams.

- Subject Specialist – The development sales team is probably the most knowledgeable about your community
- Communications Specialist – The development sales team also may be able to fill this bill, though some outside help from local media or educational institutions could augment the preparation of the presentation
- Audio-Visual Specialist – Top-quality technical assistance usually can be obtained from local high schools, vocational technical institutes, colleges and universities, public libraries and education media centers

The production process includes:

- Preparing Copywork
  - Copywork is printed materials such as title slides, art work, maps, graphs and pictures that must be prepared in advance for photographing. The quality of the copywork makes a vast difference in the overall appearance of your presentation, so obtain the proper expertise.
  - Prepare copywork on large boards for photography. Make sure that letters, charts and graphs will be clearly legible in the slide. Remember that facts can be grasped more easily in a graph rather than in a tabular form.
- Scheduling Photography
  - Schedule photography after grouping the desired photos by location and similarities within location.
  - Indicate to the photographer whether you want a long shot, medium shot, or closeup and the desired angle for the photograph.
  - Make sure the photographer has the necessary equipment to provide the photos you seek.
- Editing
  - Once you have the slides and script in hand, you are ready to begin editing. The two must be edited together since they appear together.
  - Sequence pictures and make choices among the slides for each location or subject.
  - Make duplicates of slides that will be shown more than once during the presentation.
  - When drafting the script to correspond with chosen photographs, remember that words are secondary to the pictures and one slide should not stay on the screen for more than 30 seconds. Use more than one slide to illustrate difficult categories.
  - Time restrictions will limit what you have to say and necessitate the establishment of priorities for script content.
- Recording Narration
  - Narration should be recorded to ensure consistent, spontaneous quality and precise timing. Also, recording allows musical background to be used.
  - An electronic mixer and reel-to-reel tape recorder are basic equipment for recording narration and music background.
  - Professional candidates for the narration can be found in area radio and TV stations and educational institutions.
  - Choose one or more persons who speak clearly and who read the script in a conversational tone while still communicating with proper feeling and expression.
  - The script should have markings indicating where points are to be emphasized. You should verify pronunciation of proper names, special terms, and indicate it in the script.
- Duplicating Copies
  - Make at least one duplicate of the presentation for safety and flexibility.

Showing the Presentation

For maximum impact, the slide presentation must be shown in adequate physical surroundings and the selling team must have rehearsed the presentation format. Before the presentation, allow necessary equipment to be arranged, set up and operating properly. Material should be in proper sequence and position, in space that is physically comfortable for the audience size.

The sales team must practice using the audio-visual presentation to present a professional appearance and avoid errors. After presenting the program once, make revisions in the presentation to fine tune it for the next time.

An automatic slide projector/tape recorder combination unit is recommended for recording and subsequent showing of the slide presentation.

Provide for distribution of hand-out materials, if appropriate, and arrange the materials in proper sequence and in the proper position.

After presentation, discuss the materials and, if possible, provide related activities.

SLIDE PRESENTATION

A portion of a rather simple script, intended to illustrate the recommended format, is shown below.

SCRIPT – OUR WATER SUPPLY

Visual	*Narration Idea*
1. Main Title: OUR WATER SUPPLY	Background music.
2. Credit Title: Prepared by ninth grade photographers Lois Jones, Bill Rice, and Tom Stout. Supervisor Mrs. Helen Hill.	Music.
3. Credit Title: With the Cooperation of the East Bay Municipal Utility District.	Music fades out.
4. CU Hand turning water faucet and filling glass of water.	The water we take for granted – where does it come from? How is it purified?
5. LS Snow-covered mountains.	It starts in the Sierra Nevada mountains.
6. LS Mokelumne River.	The Mokelumne carries it west.
7. LS Upper reservoir.	It is held in the reservoir.
8. MS Entrance to the water-treatment plant.	It is purified in our treatment plant.
9. MS Aeration tank.	The first step is to spray the water in the air.
10. CU Spraying water.	This is aeration: air is mixed with the water.

CHAPTER 7

LABOR SURVEY

CHAPTER 7

LABOR SURVEY

LABOR MARKET ANALYSIS

OVERVIEW

This chapter will provide you with knowledge on how to gather, interpret and use labor market information to advance your community's development program. Developing an accurate labor force description will help prove to a prospective employer that it will be able to attract the labor force it needs at wages it can afford. In fact, the first question a company may ask a community is whether or not the area has the labor force to support new industry.

There are three data-gathering phases in this labor market analysis process. The size of your community determines which phase(s) you will use to gather labor market data. Communities under 4,000 population are required to complete Phase I and Phase II of the labor market analysis, while larger communities and county seats also must complete Phase III, the labor market survey portion of the Analysis. All communities are required to gather: the appropriate 1980 census material from the state data center; the wage and labor force participation data from the Labor Market Information Centers and from local employers; and to present this information in a clear manner, as demonstrated in the accompanying tables.

PHASE I

GATHERING SECONDARY LABOR MARKET DATA

The type of information gathered in this phase is referred to as "secondary data" because it is already collected, ready to use, and serves as a basic "picture" of the labor market in a given area.

A labor market can be loosely defined as a geographical area from which a prospective employer expects to draw employees. The geographical area varies by type of employer and by classification of employee. An employer that pays high wages for specialized skills may draw from a much larger area than an employer that pays minimum wage to unskilled workers.

Note that any company thinking of relocating to an area will likely conduct a certain amount of independent labor market research.

The following pages will define frequently used labor market terminology, cite examples of labor market data your community will gather, and identify information resources that will aid you in the research process.

LABOR MARKET TERMINOLOGY

While gathering labor market information, you may encounter the following terms:

Affirmative Action Program
This is a planned program designed to ensure Equal Employment Opportunity without regard to a person's race, creed, color, national origin, religion, age, reliance on public assistance, physical disability, marital status or sex, unless sex is a bonafide occupational qualification.

Covered Employment
A count of employed persons whose employment is covered by the Minnesota Employment Services Law. Excluded from coverage in the State of Minnesota are: (a) the self-employed; (b) farms with less than four employees in 20 weeks; (c) all railroad transportation employment; (d) insurance and real estate salesmen who work only on a commission basis; (e) those employed by a church for religious work; (f) minor children, spouse and parents working for the owner of a business; (g) elected public officials at the Federal, State, or Local levels of government; and (h) the Red Lake Chippewa Tribe.

Current Population Survey (CPS)
This is a national sample survey of selected households conducted each month by the Bureau of the Census to develop a comprehensive measure of the labor force and personal and economic characteristics of the population and the labor force. The information is collected by trained interviewers from a sample of about 55,000 households throughout the country, and is based on the activity of household members for the calendar week including the 12th of the month.

Development Regions
The Minnesota Regional Development Act of 1969 provided for the creation of regions to facilitate intergovernmental cooperation and to ensure the orderly and harmonious coordination and development of programs on a regional basis. The boundaries of any region transcend the boundary lines of local government units containing multi-county areas. The Act also provided for the establishment of Regional Development Commissions to be responsible for socio-economic planning and development in their respective regions.

Dictionary of Occupational Titles (DOT)
It is a classification structure of jobs that exist in the American economy, using a standard method of grouping jobs which have the same basic occupation, industrial, or worker characteristics and skill requirements to help the user discern relationships among occupations. The occupational classifications are identifiable by category, division, or minor details recognized as 3 digits, 4 digits, and so on up to a nine-digit occupational classification.

Employment
An estimate of number of persons of all those, who, during the calendar week including the 12th day of each month, did any work at all as paid employees or in their own business, profession, or on their own farm, or who worked 15 hours or more as unpaid workers in a family-operated enterprise. This estimate also includes all those who did not work, but had jobs or businesses from which they were temporarily absent due to illness, bad weather, vacation, labor-management dispute or various personal reasons.

Job Opening
A single job for which the Area Office of the Employment Service has on file a request to select and refer an applicant or applicants.

Civilian Labor Force
The civilian labor force comprises all civilians not in institutions, 16 years of age and over who are classified as employed or unemployed by place of residence.

Labor Market Area
Geographic area consists of a central city or cities and the surrounding territory within commuting distance which usually includes one or more entire counties. It is an economically integrated geographical unit within which workers may readily change jobs without changing their place of residence. A major labor market area denotes a geographical unit consisting of at least one central city with a population of 50,000 or more, coinciding in most instances with an SMSA as determined by the Office of Management and Budget.

Labor Market Information (LMI)
That body of information that deals with the functioning of labor markets and the determination of the demand for and supply of labor. It includes, but is not limited to, such key factors as changes in the level and/or composition of economic activity, the population, employment and unemployment, income and earnings, and wage rates and fringe benefits.

Additionally, it concerns itself with the effects that changes in technology and production processes have on the labor and which education, mobility, the work ethic, and income from work and nonwork have on the supply of labor.

Labor Turnover
An estimate of workers into and out of employed status which relates to a calendar month. Labor

turnover consists of two broad types: Accession (new hires and rehires) and separations (terminations of employment initiated by either employer or employee). For reporting purposes, each type of action is cumulated for a calendar month and expressed as a rate per 100 employees. The data relate to all employees, whether full or part-time, permanent or temporary, including executive, office, sales, other salaried personnel, and production workers.

Per Capita Personal Income
Per Capita Personal Income is the ratio of the measure of the residence-adjusted personal income to population estimates. It is an arithmetic mean of personal income usually expressed in dollars per person.

Personal Income
The money income received by persons from all souces; that is, from participation in production, from transfer payments from government and business, and from government interest, which is treated like a transfer payment. Proprietors' income is treated in its entirety as received by individuals. Life insurance carriers and private noninsured pension funds are not counted as persons, but their savings are credited to persons. Personal income is the sum of wage and salary disbursement, other labor income, proprietors' income, rental income of person, dividends, personal interest income, and transfer payments, less personal contributions for social insurance.

Unemployment
Unemployed persons include those who did not work at all during the reference week of the 12th, but were looking for work, *and* were available for work during the reference week except for temporary illness. Those who had made specific efforts to find work within the preceding four week period, such as registering at a public or private employment agency, writing letters of application, canvassing for work, etc. are considered to be looking for work. This estimate also includes those who did not work at all during the reference week, were available for work, and were waiting to be called back to a job from which they had been laid off or were waiting to report to a new wage or salary job scheduled to start within the following 30 days.

Work Force
Sum total of counts of persons unemployed by place of residence and the number of jobs in employing establishments by place of work. Place-of-work figures tend to overestimate the unemployment rate for most suburban areas that experience heavy commuting out of the area, and understate the rate for areas of heavy unemployment concentration (central cities) where there is a large amount of commuting into the area. The basic difference between the work force and labor force concepts is that work force employment is by place of work and a count of jobs whereas labor force employment is by place of residence and an unduplicated count of individuals.

DATA NEEDED

The minimum data your community should gather is an estimate of labor market potential. The table below shows the components of this information. Note that you may be collecting information for your community and county.

Labor market potential (example data)

Annual average unemployment	1,534
High school graduates expected to enter labor force	1,061
Residents planning to enter the labor force	830
Total labor potential	3,425

The components for average unemployment and high school graduates planning to enter the labor force are the two easiest components to obtain. The number of workers planning to enter the labor force is more difficult to determine. An estimate of persons not included in labor market statistics can be derived by obtaining census data on the working age population, which is generally defined as ages 16 to 65. A community may also have some unique labor market characteristics related to seasonal employment that could be included in the basic data. Other factors that affect the labor market potential include immigration, out-migration and retirements.

Another data format possibility includes determining the total labor force and the percent unemployed.

Total labor force	15,286
Employment	13,752
Unemployment	1,534
Percent unemployed	10%

The following is an example of labor force characteristics that are sometimes requested by companies.

Labor Force Characteristics By Age, Race and Sex

	White		Nonwhite	
Age	*Male*	*Female*	*Male*	*Female*
18-20				
20-24				
25-29				
30-34				
35-39				
40-49				
50-64				
65 and over				
Total				

The above table may be further refined by adding employment and unemployment percentages and level of education attainment.

Employment distribution statistics provide information on the degree of diversity and training of labor force as follows:

Occupational Distribution

Classification	*Total Labor Force*	*Employed*	*Unemployed*
Professional/ Technical			
Managers/ Administrators			
Sales			
Clerical			
Production/ Maintenance			
Service			
Farms			
Total			

LABOR MARKET DATA RESOURCES

The following chart outlines resources for your community's labor market analysis.

LABOR SURVEY INFORMATION:

TYPE OF DATA / SOURCE	State Data Centers and Affiliates (See List #1)	State Labor Market Information Centers (See List #2)	Minnesota Department of Labor and Industry
POPULATION:			
• Summary of Social Characteristics Census Table 56	X		
• Summary of Economic Characteristics Census Table 57	X		
• General Characteristics for Counties Census Table 171	X		
LABOR FORCE CHARACTERISTICS:			
• Labor force characteristics for places 10,000-50,000 Census Table 158	X		
• Occupation of Employed Persons for places 10,000-50,000 Census Table 159	X		
• Industry of Employed Persons and labor force status in 1979 for places 10,000-50,000 Census Table 160	X		
• Labor force characteristics for places 2,500-10,000 Census Table 167	X		
• Geographical Mobility and Commuting for Counties Census Table 174	X		
• Educational Characteristics for Counties Census Table 175	X		
• Labor force characteristics for Counties Census Table 176	X		
• Occupation of employed persons for Counties Census Table 177	X		
• Industry of Employed Person for Counties Census Table 178	X		
Unemployment Rates	X		
• 1980 Census			
• State, County, regional unemployment rates, labor force, employed, and unemployed numbers		X	
COST OF LABOR:			
• Earnings (Total and average weekly and hourly earnings of production workers)		X	
• Total quarterly wages in covered employment		X	
• Salaries by occupation and size of firm		X	
• Salaries by occupation and industry including those in hospitals and nursing homes		X	
• Fringe benefits		X	
APPLICANTS/OPENINGS:			
• Job Applicant Supply Count of active job seekers registered with the Employment Service		X	
• Current and Unfilled Openings Count of job openings listed with the Employment Service by industry for broad occupational categories		X	

LABOR SURVEY INFORMATION:

TYPE OF DATA / SOURCE	State Data Centers and Affiliates (See List #1)	State Labor Market Information Centers (See List #2)	Minnesota Department of Labor and Industry
COVERED EMPLOYMENT:			
• Number of firms by detailed and less detailed industry category, total wages, and taxable wages (State)		X	
• Number of births and terminations of firms by less detailed industry category (State)		X	
• Average Annual employment by broad industry category (Region)		X	
• Number of firms by detailed and less detailed industry category, total wages and taxable wages (County)		X	
INSURED UNEMPLOYED:			
• Characteristics of claimants by sex, age, and industry and occupational attachment. Also data on duration by sex and age (State)		X	
• Characteristics of claimants, by industry attachment, sex and current duration (Region)		X	
• Characteristics of claimants. County of claimants by industry, occupation, sex, age, educational attainment level and Veteran status (County)		X	
• Unduplicated county of claimants by those with and those without earnings by claim category (Community 5,000 population or more)		X	
• Unduplicated count of claimants receiving final payment by those with and without earnings by claim category and program.		X	
LABOR REGULATIONS:			
• Labor Standards (612) 296-2282			X
• Prevailing Wage (612) 296-6452			X
• Occupational Safety and Health (612) 296-2116			X

Census of Population

1980 U.S. Census of Population
U.S. Department of Commerce
Bureau of the Census
Vol. 1, Characteristics of the Population
PC80-1-C25
Chapter C: General Social and Economic Characteristics Minnesota

Pertinent Data Source Tables

Table	Title	Page No.
56	Summary of Social Characteristics	11
57	Summary of Economic Characteristics	16
158	Labor Force Characteristics for places 10,000-50,000	266
159	Occupation of Employed Persons for places 10,000-50,000	272
160	Industry of Employed Persons and Labor Force status in 1979 for places 10,000-15,000	278
167	Labor Force Characteristics for places of 2,500 to 10,000	303
171	General Characteristics for Counties	328
174	Geographical Mobility and Commuting for Counties	352
175	Education Characteristics for Counties	360
176	Labor Force Characteristics for Counties	368
177	Occupation of Employed Persons for Counties	376
178	Industry of Employed Persons for Counties	384

STATE DATA CENTERS AND AFFILIATES
(List #1)

Core Agencies

State Demographer
101 Capital Square Building
St. Paul, MN 55101
(612) 296-2557

Interagency Resource & Information Ctr.
Department of Education
501 Capital Square Building
St. Paul, MN 55101
(612) 296-6684

Minnesota Analysis and Planning System
University of Minnesota, Agricultural
Extension Service
475 Coffey Hall
St. Paul, MN 55108
(612) 376-7003

The agencies serve the entire state and can respond to telephone, mail, or in person data requests.

Affiliates

These agencies provide users direct access to census information and may be physically closer to the user than the core agencies.

Upper MN Valley Regional Dev. Comm.
323 West Schlieman Avenue
Appleton, MN 56208
(612) 289-1981

Headwaters Regional Dev. Comm.
P.O. Box 586
Bemidji, MN 56601
(218) 751-3108

Dakota County Library System
1340 Wescott Road
Eagan, MN 55123
(612) 452-9600

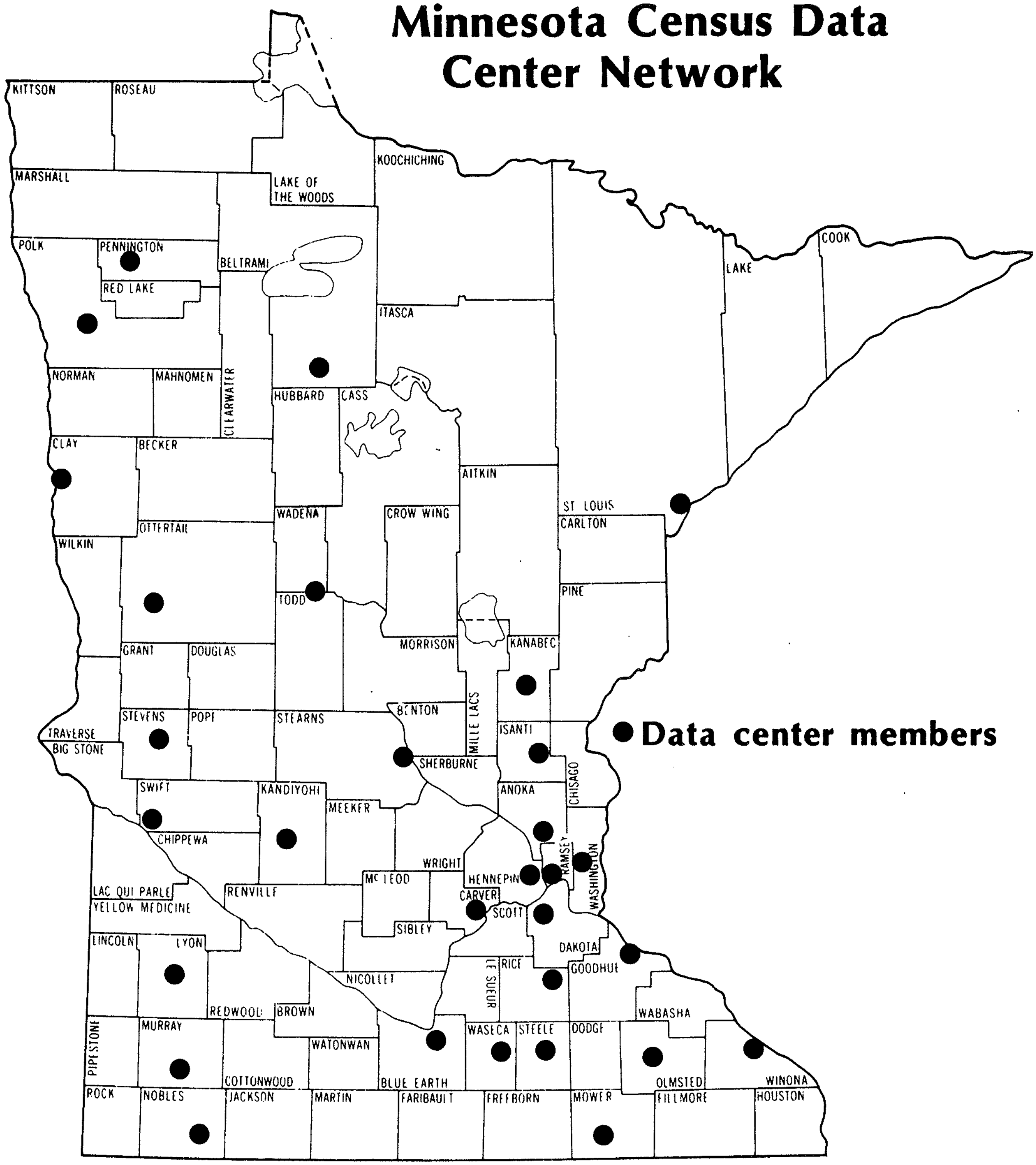
Public Library
125 North Union
Fergus Falls, MN 56537
(218) 739-9387

Page 7-8 is missing from the original document.

Labor Market Analysts and Locations of Regional Labor Market Information Centers (LMI)

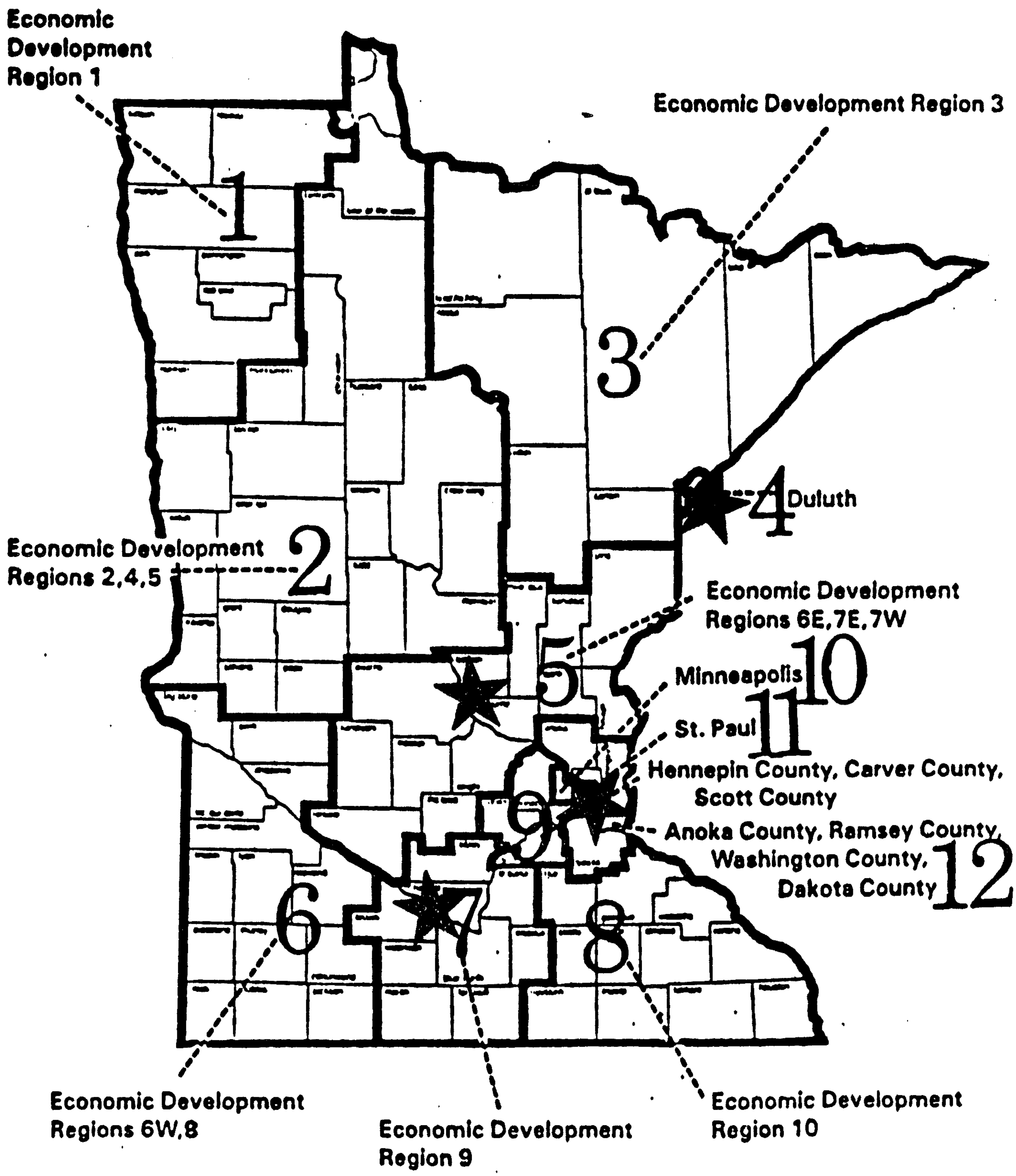
Address	Analyst	SDA's Served	Telephone No.
Twin Cities LMI Center Research Office 390 North Robert St. St. Paul, MN 55101	Bruce Steuernagel Don Hilber	9 10 11 12	(612) 296-8716 (612) 296-3324
Northeastern Minnesota Regional LMI Center Room 205, 320 W. Second St. Duluth, MN 55802	Peter Oppel	3 4	(218) 723-4768
Central Minnesota Regional LMI Center Room 101, 2700 First St., N. St. Cloud, MN 56301	Harry Marso Ron Grimm	1 2 5	(612) 255-2044 (612) 255-2074
Southern Minnesota Regional LMI Center 1200 South Broadway New Ulm, MN 55073	Mike Casey Lance Bujold	6 7 8	(507) 359-4521 (507) 359-4521

Minnesota Census Data Center Network



NOTE: Several counties have more than one member of the Data Center network. Please consult complete listing for name and phone number of organization closest to you. It may be wise to check on hours and provision of service before visiting.

MINNESOTA'S SERVICE DELIVERY AREAS
Federal Job Training Partnership Act
1983



PHASE II: LOCAL EMPLOYER INFORMATION

This phase requires that all communities interview their existing employers to obtain an accurate representation of the area's labor force from the employer's perspective.

Wages paid in an area are of particular relevance in studying the economic feasibility of a business location. Interviews with local employers can help you determine the wage rates and wage ranges for various occupations in your labor area. The following illustrates a common format for presenting such information.

Occupation	Average Hourly Wage	Range
Computer Operator	$ 7.25	5.50-11.25
Electrician	11.45	7.00-13.10
Electronics assembler	5.25	3.90-8.00
Electronics technician	9.90	6.20-13.70
Forklift operator	7.45	4.00-11.00
Key entry operator	6.05	4.35-7.10
Mechanic	10.60	7.20-13.00
Secretary	7.40	5.75-8.45
Typist	5.85	4.25-7.75
Welder	7.25	4.60-10.15

The occupational listing will vary per community based on the key production occupations in your community.

The following is an example of a format that can be used to collect wage information.

EXAMPLE WAGE SURVEY FORM

March, 1984

Number of Plants Reporting: 36 - 54%

Occupation Number	Job Title and Description	Number of Employees	Average Wage	NUMBER OF WORKERS AT HOURLY WAGE OF:									
				$2.95 thru $3.09	$3.10 thru $3.50	$3.51 thru $3.75	$3.76 thru $4.27	$4.28 thru $4.79	$4.80 thru $5.31	$5.32 thru $5.83	$5.84 thru $6.35	$6.36 thru $6.87	$6.88 thru $7.39
135001	Assembler (Metal Products)	341	5.20			25	54	15	6	204	30		
136001	Assembler Electric Components	112	3.96				112						
136003	Assembler Electronic Components	21	3.63		21								

Shift-Practices of local employers is important information and includes:

a) pay differential ranges between shifts;
b) timing of shifts;
c) number of shifts;
d) companies operations two or more shifts; and
e) occupational differences between shifts.

Holiday pay patterns in the community include a listing of paid holidays, average number of paid holidays, and which employees have paid holidays.

Vacation plans in the local area include the number of days per years of service and which time periods are designated holiday periods by which companies.

Insurance plans in operation in the area.

Fringe benefits costs as percent of payroll in the area.

Workmen's Compensation Insurance rates for different occupational groups by company in the area (optional).

This information should be presented in chart form and narrative form so that it is easily read and understood by a perspective employer.

PHASE III
GATHERING PRIMARY DATA

Labor Market Survey

While secondary data is helpful in analyzing your community's labor market, an accurate description requires you to collect "primary" data about your community.

To accomplish this, you must:

- Define the labor area – usually a 10-25 mile radius of the community
- Identify the number of households in that area
- Use a random process to select a sample of households to question

MAILOUT:

When planning the random mailing process, keep in mind that:

1. A random sample should equal between 20 and 50 percent of the households in the survey area.
2. The sample should include representatives of all households in the survey area.
3. You should aim to achieve a high response rate. (Response rate = number returned/number mailed out.) If you mail to 10-20 percent of all households, your response rate should be 60-70 percent. If you mail to 40-50 percent of all households, your response rate should be 20-30 percent.
4. To increase community awareness of the questionnaire, release articles about the importance of the survey to the community newespaper. Explain the reason for the survey and stress the importance of completing and returning the questionnaire. Once returns start coming back, release articles thanking those who responded already and encourage remainder to return the completed questionnaire by the due date.

When designing your questionnaire, keep in mind:

1. Your questionnaire should provide answers to prospective industry's questions and provide information you wish to know about your area's work force. The information you gather can be used in your fact book and in the audio-visual presentation. Some information you will need to display about your labor force is:

- Sex
- Work status
- Education
- Willingness to commute
- Willingness to train
- Age
- Availability
- Occupation
- Pay requirements

Most businesses would like to have at least four applicants for every job opening. If you can show that this ratio exists in the local labor force, that workers are available, have the skills needed, are willing to work for wages the company can pay, then you have taken a giant step on the road to industrial development.

2. Examine the sample questionnaire in this section. It has been used successfully by several Minnesota communities. It has been reviewed and approved by corporate site selection specialists, and is set up for computer data analysis.

The mailout package should contain:

1. A letter of introduction stating the reason for the survey, why the respondent's help is required, and a return date (see sample). The letter of introduction also should contain the following elements:
   - An appeal to the respondents interest in the community.
   - That they were randomly selected to participate in the study
   - That employment opportunities cannot be promised or guaranteed by participating in the survey
   - That they should answer the entire questionnaire
   - That confidentiality is assured
   - That any incentive included (see below) is theirs to keep
2. Two copies of the questionnaire, including occupational coding sheets.
3. A stamped, addressed envelope for respondent to return questionnaire (unless it is a self-mailer questionnaire).
4. If the sample is small and the community can afford the expenditure, include a financial incentive – no more than 25 cents.

IN PERSON INTERVIEW:

You can use the same questionnaire to conduct an in person interview. Select households via a random process. Use reliable, discreet and courteous persons to conduct interviews at the selected home, and use the same analysis procedures as the mailout questionnaire.

LETTER OF INTRODUCTION TO RESPONDENTS

We hope that you will agree to participate in the labor survey. Your name has been selected at random from the telephone book. We need your help if we are to increase employment opportunities for you and your family.

All we ask is that all persons in your household over the age of sixteen fill out one of the enclosed questionnaires and return them in the stamped, addressed envelope provided for your convenience. It will take but a few minutes and your cooperation will make it possible for us to attract new jobs into this area. The information we collect will be used to show businesses that it will be worthwhile locating a business here. You will note that there is no place for you to write your name. We have no way of knowing who you are when your questionnaire arrives. This way, you may be sure that the information you give us will be strictly confidential.

Please return the questionnaires by ____/____/____.

Thank you for helping us to provide more job opportunities for you, your family, and your neighbors.

Area Star City Committee

AREA LABOR MARKET SURVEY

This survey will be tabulated by computer. All answers to questions have a number. Place the number inside the box that is next to each question.

1. Please fill your zip code. ☐ ☐ ☐ ☐ ☐

☐ **2. SEX:** 1-Male 2-Female

☐ **3. AGE:**

1. 15 or under	5. 35-44
2. 16-17	6. 45-54
3. 18-24	7. 55-64
4. 25-34	8. 65 plus

4. **PRESENT WORK STATUS:**
1. I am working and *not* available for a different job.
2. I am working and would be available for a different job.
3. I am not working and do not wish to work or cannot work.
4. I am not working and would be available to work.
5. I am attending school but want a local job after graduation.

5. **EDUCATION:** (Choose the number which indicates the last year of schooling completed.)

Elementary School	**High School**	**Vocational School**	**College**
10. 8 years or less	11. 1 Year	15. 1 Year	18. 1 Year
	12. 2 Years	16. 2 Years	19. 2 Years
	13. 3 Years	17. 3 Years	20. 3 Years
	14. Graduated		21. 4 Years
			22. Post Graduate

6. **IF YOU ARE NOT WORKING NOW, WHEN DID YOU LAST WORK?**
(If you are working, go to question 8a.)
1. 1 week - 3 months ago
2. 4 - 6 months ago
3. 7 - 9 months ago
4. 10 - 12 months ago
5. over 1 year ago

7a. **IF YOU ARE *NOT* WORKING NOW, SELECT FROM THE LIST TO THE RIGHT YOUR LAST OCCUPATION AND PLACE THAT NUMBER IN BOX 7a.**

b. **IF YOU ARE *NOT* WORKING, SELECT FROM THE LIST TO THE RIGHT YOUR OCCUPATION BEFORE YOUR LAST JOB AND PLACE THAT NUMBER IN BOX 7b.**

8a. **IN BOX 8a, PLACE THE NUMBER FROM THE LIST TO THE RIGHT WHICH IS YOUR PRIMARY OCCUPATION. IN THE REMAINING BOXES (b-e). LIST THE OTHER OCCUPATIONAL SKILLS IN WHICH YOU ARE TRAINED OR EXPERIENCED. (Up to 4.)**

b.

c.

d.

e.

10. Administration
11. Accountant
12. Analyst
13. Assembly
14. Clerical
15. Computer Prog.
16. Construction Trades
17. Engineer
18. Farming
19. Food Service
20. Hair Stylist
21. Health Care
22. Heavy Equip. Opr.
23. Homemaker
24. Laborer
25. Machine Stop
26. Managment
27. Mechanic
28. Sales
29. Scientist
30. Secretarial
31. Teaching
32. Technician
33. Truck Driving
34. Welding
35. Other - specify ______________

9. **IF YOU ARE AVAILABLE FOR EMPLOYMENT IN STARVILLE, ARE YOU AVAILABLE FOR:**

a. **1. Full-Time 2. Part-time 3. No preference**

b. **1. Days only 2. Nights only 3. No preference**

c. **1. Year around 2. Seasonal 3. No preference**

10. **WHAT IS THE MAXIMUM DISTANCE YOU WOULD BE WILLING TO COMMUTE *ONE WAY* TO WORK IN STARVILLE?**

1. Under 1 mile	4. 7 - 9 miles	7. 30 - 39 miles
2. 1 - 3 miles	5. 10 - 19 miles	8. 40 miles or more
3. 4 - 6 miles	6. 20 - 29 miles	9. Not willing to commute

11. **WHAT IS THE LOWEST PAY YOU WOULD ACCEPT TO WORK FOR A BUSINESS OR INDUSTRY IN STARVILLE?** (Place in the box *either* the hourly or annual salary code number.)

Hourly Salary	Annual Salary
20. $3.34 or less per hour	27. $12,000 - 14,999 per year
21. 3.35 - 3.64/hour	28. 15,000 - 17,900/year
22. 3.65 - 4.64/hour	29. 18,000 - 20,999/year
23. 4.65 - 5.64/hour	30. 21,000 - 23,999/year
24. 5.65 - 6.64/hour	31. 24,000 - 26,999/year
25. 6.65 - 7.64/hour	32. 27,000 - 29,999/year
26. 7.65 or more/hour	33. 30,000 or more/year

12. **DO YOU HAVE THE SKILLS TO PERFORM A BETTER JOB, BUT CANNOT FIND EMPLOYMENT AT THE LEVEL FOR WHICH YOU FEEL QUALIFIED?**
1. Yes 2. No

13. **WOULD YOU BE WILLING TO BE TRAINED FOR EMPLOYMENT BY A BUSINESS IN**
1. Yes 2. No

14. **IF YOU ARE PRESENTLY UNEMPLOYED, ARE YOU ACTIVELY SEEKING EMPLOYMENT IN**
1. Yes 2. No

ANALYSIS OF DATA

The statistical techniques used to examine and evaluate questionnaire responses are simple and straightforward. All returns are calculated as percentages. Applying a percentage figure to the number of people 16 years of age or older translates the percentage figure into numbers of people.

Two basic kinds of analyses are used: frequency distributions and crosstabs. These programs are usually "canned" or readily available with most statistical packages used with computers.

A frequency distribution shows the percentage breakdown of the population by characteristic. For example, it can determine what proportion of the over-16 population is male and what proportion is female. Age distributions can be determined. This characteristic is important to a potential employer because the prime working age group is those people between 25 and 54 years of age. The proportion of respondents who are working and who are available, the breakdown by percentage of educational levels of area residents, the proportion of people in each pay range, the proportion of people willing to commute long distances to work, etc., are all items of interest and are pieces of information provided by a frequency distribution package.

In addition, knowing the proportion of area residents who feel they have the skills to do better allows the analyst to draw inferences regarding existing worker discontent. A significant undercurrent of dissatisfaction among area workers will make it relatively easy for a new firm to attract workers.

TABLE I

Educational Attainment in Years of Schooling

Years of Schooling	*Percent of Population*
8	10.0
9	0.5
10	6.1
11	3.7
12 (high school graduates)	37.3
13	15.9
14	8.5
15	3.9
16	9.7
17	1.4
18	1.7
19	0.8
over 19	0.6

TABLE II

Education by Sex

Years of Schooling	*Males Percent*	*Females Percent*
8	12.6	7.1
9	1.0	0.0
10	5.8	6.5
11	3.7	3.7
12	32.0	42.9
13	15.0	16.7
14	10.2	6.8
15	4.8	3.1
16	9.2	10.2
17	1.0	1.7
18	3.4	0.0
19	1.4	0.3
over 19	0.6	0.0

TABLE III

Work Status–Total & by Sex

	Total Population Percent	*Men Percent*	*Women Percent*
Working	68.5	81.0	55.4
Not Working	31.5	19.0	44.6

TABLE IV

Sex Distribution of the Working Population

Percent of working Labor Force who are men:	60.0
Percent of working Labor Force who are women:	40.0

TABLE V

Work Status by Age

Age Group	*Working Percent*	*Not Working Percent*
16 - 24	53.3	46.7
25 - 34	81.5	18.5
35 - 44	80.5	19.5
45 - 54	79.8	20.2
55 - 64	69.9	30.1

TABLE VI

Work Status by Education

Years of Schooling	*Working Percent*	*Not Working Percent*
8	65.5	34.5
9	33.3	66.7
10	69.4	30.6
11	27.3	72.7
12	68.9	31.1
13	66.3	33.7
14	73.5	26.5
15	60.9	39.1
16	77.2	22.8
17	87.5	12.5
18	70.0	30.0
over 18	100.0	0.0

The heart of the manpower analysis, however, is the two-way crosstab program. A two-way crosstab is a table that analyzes one population characteristic broken down according to another characteristic. For example, a crosstab would give age distributions broken down by sex, availability by occupation, pay requirements by years of education and the like. To illustrate, consider Table 1. The information contained there is derived from a frequency distribution. Table 2, on the other hand, is the result of a two-way crosstab. It shows pay requirements broken down by occupation. It takes people's occupations and, for each one, gives the pay requirements of its practitioners.

Crosstabs allow one to draw more meaningful insights from the frequency distributions.

TABLE VII

Minimum Salary Requirements of Area Residents

Minimum Pay Required to Work for a New Employer	*Percent of Population*
$ 400 a month or less	21.5*
401 to 500	11.1
501 to 600	20.1
601 to 700	4.7
701 to 800	10.0
801 to 900	10.8
901 to 1,000	3.9
1,001 to 1,100	5.1
1,101 to 1,200	1.5
1,201 to 1,400	4.7
1,401 to 1,600	2.3
1,601 to 1,800	2.5
Over 1,800 a month	2.3

*This figure includes those people who wish to work only part-time.

TABLE IX

Median Salary Requirements for Practitioners of Each Occupation

Occupation	*Median of the Minimum Pay Required to Work for a New Employer in Dollars per Month*
Management/Administration	$1,100
Teaching	877
Typing	503
Shorthand	560
Bookkeeping	586
Selling	592
Beautician	570
Mechanic	763
Machine Shop Trades	652
Heavy Equipment Operator	854
Assembly Work	627
Sewing	501
Electrical/Electronics	1,032
Construction Work	819
Welding	754
Truck Driver	646
Carpentry/Cabinet Making	865
Health Care and Nursing	544
Labor	646
Waiter/Waitress	470
Other	602
Median for all occupations	631

CHAPTER 8

CAPITAL IMPROVEMENT PLAN

CHAPTER 8

CAPITAL IMPROVEMENT PLAN

The goal-setting process includes developing a five-year capital improvement plan (which should be developed in conjunction with the five-year plan discussed in Chapter 4). Capital improvements result from expenditures made for the purpose of acquiring long-lived assets and includes such things as:

- Land acquisition;
- Site development;
- Renovation;
- Road construction; and
- Utility construction or acquisition.

Capital improvements usually require large amounts of financial resources and the expenditures for a single project may span several years. The large investment and long time span make planning essential. Sound capital improvement management requires:

- A plan for capital improvements;
- A program of scheduled expenditures; and
- A plan for funding sources.

The plan is a guide to needed improvements that are based on community goals, objectives and strategies resulting from the overall community planning effort. The program is a detailed document that indicates the individual project, estimated cost and source of funding. The program should cover a five-year period with one-year installments. It also serves as the basis for adopting an annual capital improvement budget.

Things to remember about capital improvement plans and programs include:

- Coordinating the capital improvement plan for economic development with the total community plan (city, school district and county);
- Developing plans for sources of funding along with plans for expenditures; and
- Maintaining an administrative process that permits flexibility in response to changing conditions.

The purpose of the plan and the program is to provide a long-term capital improvement overview and a short-term perspective on needed resources.

CAPITAL IMPROVEMENT PLANNING

The planning process for capital improvements parallels the general planning process. Basic building blocks for planning have been previously described, but they are presented again with specific comments directed to the capital improvements issue.

Analysis of the External Environment

A major focus of this analysis should be on the market conditions that affect the cost and timing of capital improvements. Such things as land values, construction costs, debt financing costs, availability of equity financing, environmental regulations and energy costs are important elements of this analysis.

Self-Review

Steps in the self-review process include the following:

- Develop an administrative process
  - This step includes such things as forming a task force or committee and establishing a calendar of activities (see exhibit 1). Included in the process is looking at what groups and individuals might need to approve the capital improvement program before it is implemented. (See Exhibit 1.1 for a schematic chart showing the steps that might be followed in a small community with a limited staff.)

CAPITAL IMPROVEMENT PROGRAM APPROVAL STEPS

EXHIBIT 1.1

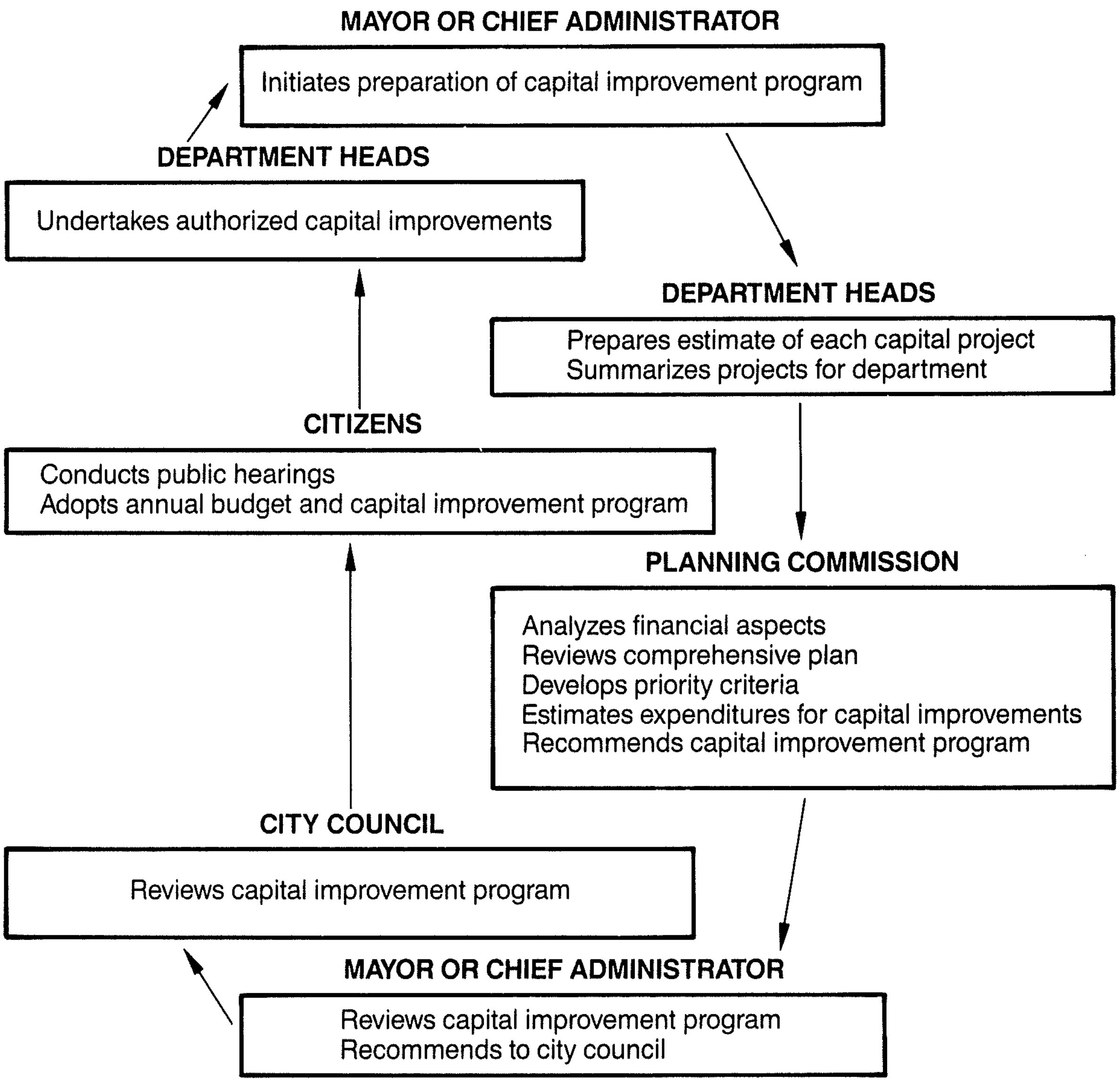


EXHIBIT 1

SAMPLE CALENDAR OF ACTIVITIES

Six-Month Schedule

MONTH	ACTIVITY
1	Task force prepares inventory of current facilities.
2	Projects are identified. Status of previous projects is reviewed.
3	Capital improvement plans are evaluated for compatibility with community plans. Financial analysis is prepared.
4	Schedule of expenditures for 5 years is prepared. Decisions are made on financing alternatives. Capital program is prepared.
5	Capital program is reviewed. Priorities are finalized.
6	Program is adopted. Acquisition and development plans are prepared.

- <u>Complete a Financial Analysis</u>
  The financial analysis includes evaluating various financing strategies. The following table identifies typical strategies and implications:

Financing Strategy	*Implication*
Pay-as-you-go	Does the organization have revenues from investments, previous projects, contributions or membership fees sufficient to finance capital improvements?
Bonded debt	Does the organization have the ability to issue debt or cause debt to be issued via a governmental entity?
Borrowings	Does the organization have any borrowing capacity by pledging assets or obtaining guarantees?
Joint financing	Can the organization leverage sufficient financing by joint venture with the private or public sector?
Leasing-purchase	Can buildings, equipment or other capital improvements be financed via lease-purchase agreements?
Government entities	Are there possibilities for financing by municipal general obligation bonds, special assessment bonds, reserve fund expenditures, industrial revenue bonds, tax increment districts, state aid or Federal aid?

The financing possibilities change constantly and must be continually reassessed.

- <u>Inventory/Status of Projects</u>
  An inventory of major facilities (Exhibit 2) and a status report of previously approved projects (Exhibit 3) should be completed or updated.

EXHIBIT 2

Sample Capital Facilities Inventory

Facility	**Year Built or Acquired**	**Latest Major Improvement**	**Condition**	**Extent of Use**	**Target Date: Rebuilding Expansion**
Industrial Park	1952	-	Fair	Heavy (90%)	19X1
Fire Station	1952	-	Fair	Moderate	19X1
Airport	1971	1974	Excellent	Light	19X3
Northside Park	1965	-	Good	Heavy	19X5
Rail Spur	1967	-	Excellent	Heavy	19X2
Treatment Lagoons	1969	-	Fair	Heavy	19X1
Landfill	1973	-	Excellent	Heavy	19X4
Water Wells	1954	1964	Excellent	Moderate	19X6
Streets (itemize)	1965	-	Good	Moderate	19X2

SOURCE: Adapted from <u>A Capital Improvement Programming Handbook</u>, Municipal Finance Officers Association.

EXHIBIT 3

Status of Approved Projects

Completed Projects

Project Number	Project Title	Balance
905-203	Airport Road	$ 730
205	Property Acquisition - West "C" Street	-0-
301	Civic Center Park, 7th Street	12,067
309	Acquisition & Rehabilitation - Smith Building	-0-
801	Water Main	92,465

These projects should be closed out when all obligations and payments have been cleared.

Projects for Which Financing Should Continue

905-001	Public Safety Building	$1,330,429

No status reports received, however, site location has been approved and acquisition is underway. Monitoring of this project will commence this fiscal year.

306	Development Project, White Boulevard	490,363

No reports were received on this project.

401	Gas Vapor Return System	19,800

Requirements changed in April which caused some delays in the project.

403	Civic Center Remodeling	-0-

$15,679 is held in encombranced work, no estimated date of completion reported. Other planned remodeling held up until building acquisition program completed.

Projects to be Cancelled

905-204	Rehabilitate Old Depot Building	$115,393

$40,000 of the balance shown here is a HUD grant which has been cancelled because it was not used in the time required. This project will be replaced by project 905-504.

SOURCE: Adaped from A Capital Improvement Programming Handbook, Municipal Finance Officers Association.

Define Goals

Capital improvement goals should be established as part of the overall framework for development. The following are examples of goals:

- Acquire and develop an industrial park.
- Prepare west side mini-mall commercial site for development by extending water/sewer lines to site.
- Limit debt financing to $2 million.
- Limit annual expenditures to $750,000.
- Limit investment in undeveloped land to 20% of investments.

Individual project objectives can be developed in a manner that is consistent with goals.

Develop Objectives

Specific objectives can be developed by using capital project request forms (see Exhibit 4).

EXHIBIT 4

Capital Project Request for Construction and/or Land Acquisition

Activity ________________ Date Prepared ________________
Contact Person ________________ Phone Number ________________

1. Project Title and Reference No.

2. Status of Project (check appropriate)

( ) preliminary estimate
( ) survey in progress
( ) survey completed
( ) sketches or preliminary
( ) plans completed
( ) plans and specifications in preparation
( ) plans and specifications completed
( ) construction underway

3. Amount of Land
(# acres/front ft./sq. ft.)

4. Status of Land (check appropriate)
________ not yet acquired
________ acquired

5. Land Costs (if any)
$ ________ per acre/front ft./sq. ft.
$ ________ total

6. Building Construction Costs (if any)
____ total sq. ft./cu. ft.
$____ per sq. ft./cu. ft.
$____ total
Air Conditioning ____yes ____no

7. Public Works Construction	Total Linear Feet	$ Per Linear Foot	Total Cost	Additional Comments
Highway				
Sanitary sewer				
Storm sewer				
Water main				
Sidewalk				
Other (identify)				

8. Project Summary	Amount*	Fiscal Year	Recommended Sources of Funds	Methods Estimating
Total				
engineering/arch./legal				
land acquisition				
site preparation				
construction				
landscaping				
equipment & furniture				
other (specify)				
allowance for				
contingencies (%)				

*Does not include interest cost unless indicated.

9. Submitting Authority
Submitted by ________________ Date ________
(signature)
Position ________________

10. Reserved

Action

The action step involves performing the individual tasks needed to complete the project or objective. An action workplan should be developed.

Capital Improvement Project Monthly Report

DATE: 8/77

(1) Project Title and Number: M Street Storm Drain
(2) Project Manager: Michael White

Project Progress:	(2a) Start Date	(2b) Percent Complete	(2c) Estimated Completion
A. Site Acquisition*	1/77 (Actual)	90%	10/77
B. Planning*	1/77 (Actual)	100%	6/77 (Actual)
C. Contracting*	10/77 (Estimate)	0%	12/77
D. Construction*	12/77 (Estimate)	0%	8/78

(3) Project Budget (Completed by Finance Officer):

	(3a) Total	(3b) This Month	(3c) Prior Month
Budget	$100,000	NA	NA
Expended	$ 24,000	$6,000	- 0 -
Encumbered	$ 2,000	- 0 -	$3,000
Funds Remaining	$ 74,000	NA	NA

(4) Comments:
Two parcels of land remain to be acquired.
Difficulties in negotiating price have slowed acquisition.

* Tasks in project completion defined as follows:

A. Site Acquisition - This will include the decision process in determining the appropriate size of parcels or rights-of-way, as well as appraisal, negotiation, and other related activities.

B. Planning - The preparation of preliminary and final plans and specifications.

C. Contracting - The formal bid process, including the execution of necessary contract documents.

D. Construction - From notice to proceed to completion of project.

Capital Improvement Project Progress Summary

Project Number and Title: 104 M Street Storm Drain
Project Budget: $100,000

Project Tasks

(1) Dates Year	Month	(2) Site Acquisition	(3) Planning	(4) Contracting	(5) Construction	(6) Remaining
77	1	OS 0%	OS 0%			$100,000
	2	10%	20%			96,000
	3	20%	20%			93,000
	4	50%	50%			85,000
	5	80%	90%			82,000
	6	80%	OC100%			80,000
	7	OC80%		OS		80,000
	8	90%				74,000
	9			OC	OS	
	10	C		S		
	11					
	12			C	S	
78	1					
	2					
	3					
	4				OC	
	5					
	6					
	7					
	8				C	

Symbols Key
OS = Original Target Start Date
OC = Original Target Completion Date
S = Revised Start Date
C = Revised Completion Date
% = % Complete

Evaluation

The evaluation and monitoring of individual projects can be facilitated by using monthly and summary project reports (see Exhibit 5). The cumulative monitoring of all projects can be used in the overall evaluation of the capital improvement planning process.

CAPITAL IMPROVEMENT PROGRAMMING

The capital improvements program provides a summary of proposed projects and project funding. There are various ways to organize the program depending on the stage of economic development in the community. A community may wish to include categories such as:

- Buildings;
- Land acquisition;
- Site development;
- Public works; and
- Commercial development.

The program should also identify the sources of funding such as:

- Funds on hand;
- Equity contributions;
- Bonds;
- Special assessments;
- Tax increment bonds;
- Revenue bonds;
- Donations;
- Governmental sources; and
- Other.

Exhibit 6 illustrates the type of schedules which might be prepared.

EXHIBIT 6

SUMMARY OF PROPOSED PROJECTS
By Major Category
19X1 - 19X5, Inclusive

BUILDINGS/IMPROVEMENTS	
Trade Mart Remodeling	$1,600,000
Garage and Warehouse Facilities	$1,900,000
Pond House Restoration	$ 125,000
City Center Parking Lot	$ 29,000
Creekside Parking Lot (1981)	$ 80,000
TOTAL MUNICIPAL BUILDINGS	$2,734,000
SITE DEVELOPMENT	
Drainage	$1,059,000
R.R. Track Removal	$1,200,000
Grading	$ 500,000
Demolition	$2,000,000
Underground Power Lines	$1,000,000
TOTAL SITE DEVELOPMENT	$6,059,000
PUBLIC WORKS	
Major City Streets	$ 6,766,000
Other Streets	$ 7,810,000
Sewer & Water	$10,003,000
County and Federal	$ 5,740,000
Other Improvements	$ 1,262,000
TOTAL PUBLIC WORKS	$31,581,000
LAND ACQUISITION (VARIOUS)	$ 1,740,000
COMMERCIAL DEVELOPMENT	
City Plaza	$16,000,000
TOTAL ALL CATEGORIES	$58,114,000

SUMMARY OF PROJECT FUNDING
19X1 - 19X5

SOURCE OF FUNDING	BUILDINGS/ IMPROVEMENTS	LAND ACQUISITION	SITE DEVELOPMENT	PUBLIC WORKS	COMMERCIAL DEVELOPMENT	TOTAL
Approximate Funds on Hand 1/1/X1	$ 179,000	$977,000	$ 541,000	$ 1,263,000	–	$ 2,960,000
Equity Contribution (5 yrs. @ $250,000+)	1,250,000	–	–	–	–	$ 1,250,000
Voted Bonds:						
Authorized (Unsold)	1,130,000	320,000	450,000	–	–	770,000
New Referendum	1,130,000	–	3,162,000	–	–	4,292,000
Special Assessments	–	–	–	22,403,000	–	22,403,000
Tax Increment Bonds	–	–	–	–	$16,000,000	16,000,000
Revenue Bonds	–	–	500,000	1,615,000	–	2,115,000
Donations	–	–	243,000	–	–	243,000
Governmental Sources:						
State Gas Tax						
Annual Allotments	–	–	–	3,200,000	–	3,200,000
Bonding	–	–	–	3,000,000	–	3,000,000
Block Grant	125,000	150,000	483,000	100,000	–	858,000
Federal Revenue Sharing	–	–	–	–	–	
Other Grants – Foundations	–	293,000	680,000	–	–	973,000
Other	50,000	–	–	–	–	50,000
TOTALS	$2,734,000	$1,740,000	$6,059,000	$31,581,000	$16,000,000	$58,114,000

Source: Adapted from City of Bloomington, Minnesota, 1980 Comprehensive Plan.

A summary of annual expenditures for each year in the five-year period along with the source of funding should be prepared for each individual project. The following is an example of schedule headings:

Category/Project	*Funding Source (in thousands)*	*Annual Expenditures (in thousands)*				
		1981	*1982*	*1983*	*1984*	*1985*
Buildings/Improvements		50	100	200	100	150
Trade Mart Remodeling	$600 Equity Contribution					

A completed capital program will provide the necessary road map to acquire the capital improvements needed to make the economic development plan a reality.

CHAPTER 9

FACT BOOKLET

CHAPTER 9

FACT BOOKLET

Two marketing tools described in this section are the community fact book and the community brochure. These tools should describe the strengths of the community to potential investors and businesses. Both tools may offer the prospect a first and lasting impression of your community. Attached as a Fact Booklet example is the City of Mora's "A City For The 80's" booklet.

Community Fact Book

Every community needs a detailed, factual inventory of data on the community. Compiling a fact book gives the community the information it should know for planning and marketing and gives business information it will want before it invests in your community.

First and foremost, the community fact book must be factual, which means it must also be current. The fact book should be a clear, concise presentation of unvarnished facts. The presentation should emphasize the community's strong points but be detailed and specific, not a glossy, picture-filled collection of promotional blurbs.

For effective marketing the community should prepare a summary of key information that can be used for general mailing. The summary which is less costly to produce and mail, should be directed at getting the reader in terested in the community, but should still present a balanced, factual picture of the community. If a business feels it has been mislead upon receiving more complete information the summary will not have served its purpose—attracting business to the area.

It is preferable to have the comprehensive fact book in a looseleaf form. This allows single pages to be removed or replaced with more current information. It also allows the fact book to be personalized for a particular prospect. The complete fact book is too costly, bulky, and factual for general mailings. It is best used for the prospect that has responded to a general mailing, one who visits the community, or on whom a personal call is made.

The month and year information was obtained should be noted on individual pages along with the source or contact. This indicates information is current and allows the prospect to assess the reliability of the source or contact the source for more information. A table of contents and tabs may be included to make specific information easy to reference.

Pictures, maps, charts and other visual aids can be used to enhance or clarify the presentation. Maps are particularly helpful in describing location and distance statistics, so important in evaluating transportation facilities and specific sites. Testimonials from respected authorities such as business publications, bankers, or management consultants can help add credibility or emphasis.

The information which the fact book should include is described under locational factors in the chapters on industrial and commercial development. In alphabetical order that includes information on:

- Banking
- Churches
- City services
- Climate
- Crime
- Cultural activities
- Educational facilities
- Environmental regulations
- Financing
- Government
- Hospital and medical facilities
- Hotels and motels
- Housing
- Labor
- Local industries
- Location
- Markets
- Media
- Mileage to other cities
- Population
- Recreation and sports
- Raw materials
- Retail information and outlets
- Size of city
- Sites and buildings available
- Taxes
- Transportation
- Utilities

Community Brochure

A community brochure is often used as a supplement to a community fact book. A very good way to provide industrial prospects with information is an up-to-date brochure that will demonstrate to the company that the community wants and welcomes new business and industry. The brochure should tell the prospect whether the community meets its basic locational requirements. If the brochure is well structured, this question will be answered quickly.

The industrially oriented brochure is different from other types of brochures in that it will contain information to answer the industrial prospect's basic questions. These questions deal with essential and desirable locational requirements.

The information needed generally falls in two categories, cost and livability.

- Cost factors relate to the availability and costs of both the construction and operation phases. Obviously, they are extremely important to the industry.
  These include: taxes, sites, fire protection, police protection, water information, sewer information, technical training, construction, fuels, transportation, utilities rates, local industries, and financial assistance.
- Livability factors are important because key technical and management people will generally be moved into the community to run the new facility. Photographs can be used to illustrate these factors.
  Included in this category are housing, recreation, education, communication, churches, population, medical services, hotel and motels, and cultural activities.

When this information is gathered and pictures are taken, it is time to sit down with a printer who can give advice on sizes, colors and costs. When deciding on the format, the following factors should be considered:

1. Does the brochure give an adequate representation of the community?
2. Does it look professional?
3. Will it fit a standard size mailing envelope?
4. Is it factual and straightforward?
5. Does the brochure contain information that will go out of date quickly?

The main point is that the prospect needs to be able to look at the brochure and determine if basic criteria are met. If it is factual and well structured, this can be easily accomplished. If it is necessary to wade through a lot of unnecessary words, the brochure will have limited utility. Above all remember–this brochure may well be the first impression a prospect gets of the community. It could determine whether the community will get a second chance for more thorough consideration.

CHAPTER 10

INDUSTRY VISITATION

CHAPTER 10

INDUSTRY VISITATION

BUSINESS RETENTION ACTIVITIES

For a number of reasons, many communities are making major efforts to retain their present industries and commercial businesses. This frequently means making a choice between allocating resources to retention activities or efforts to attract new businesses.

Business retention is an important part of economic development for many communities. It has been estimated that 70 to 80 percent of industrial growth occurs because of local expansion by existing firms.[2] The potential could be high for additional jobs and increased tax base to result from expansion by businesses presently located within a community. Local businesses are a prime source of community economic growth.

Local businesses have already made a substantial investment in the community. That investment is certainly a monetary one, but it may also mean that management and workers are an integral part of the community and would like to remain.

When a business leaves a community, it generally leaves behind unemployed people. These jobs must be replaced as well as the buying power those wages afforded and the taxes paid to the various governments for services.

Economic development includes all actions that help promote improvement of a local economy. Retention strategies include assisting existing businesses to expand, and assisting businesses that are having difficulty remaining profitable.

Some communities use crisis management in their economic development programs that relate to business retention activities. All too frequently local communities attempt to respond <u>after</u> a business has decided to depart the community. In most cases, it is too late to reverse a decision offering incentives or removing barriers necessary to retain the business in the community. Jobs and that portion of the tax base that have been made by association with that business are then lost to the community.

It is frequently easier and more economical to assist local businesses to expand or to help them solve their infrastructure or site acquisition problems than it is to attempt to attract businesses away from other cities, states, and regions. This is especially true as the number of mobile firms decreases and the number of communities with active business-attracting programs increases. An additional argument for having a business retention program is that an effective advertisement for business attraction is a successful and satisfied business community.

Reasons Why Businesses Leave

Businesses, whether commercial or industrial, leave communities for a number of reasons. Basically, it is a question of profitability. The reasons can be viewed as falling into two categories, those over which the local government has no control and those that local actions might correct or assist to overcome.

Some of the major areas of concern that lead a business to leave a community are shown in the following table.

REASONS FOR POTENTIAL EXIT

RELATIONSHIP	MAJOR AREA	PROBLEM ELEMENT
INDIVIDUAL COMPANY	• **FINANCIAL AND OPERATIONAL CONSIDERATIONS**	• Uneconomic operating cost structure - Facility, utility costs, taxes, insurance, transportation, other.
		• Bankruptcy
		• Poor management
		• Inability to obtain required financing.
		• Opportunities to improve cost structure in new area.
	• **GROWTH**	• Inability to find required resources: Including: Facilities, skilled personnel, capital, or suppliers.
	• **ENVIRONMENTAL PROBLEMS**	• Pollution requirements and regulations.
		• Crime and employee safety requirements.
	• **COMPETITION**	• Excessive competition for same markets in present area.
		• Excessive competition for resources in present market.
		• Excessive foreign competition.
INDUSTRY RELATED CONSIDERATIONS	• **CHANGE IN CUSTOMER MARKETS**	• Shifts of demand in intermediate markets to new geographic areas.
		• Change of transporation or energy costs.
	• **CHANGE IN SUPPLY MARKETS**	• Shifts in labor, facility, raw materials, land cost factors.
		• Influx of new industries competing for supply resources.
	• **TECHNOLOGICAL CHANGE AND EVOLUTION**	• Outmoding of traditional industries.
	• **OTHER**	• Government regulations and environmental change.
		• Foreign competition
		• Cyclical impacts in industry.

There are certain barriers to expansion and business retention that can be addressed by local governments and community leaders. Examples of barriers include taxes that increase the costs of doing business in a community; excessive regulations and red tape in a community's permit system; the need for infrastructure improvements; quality of government services; and problems relating to expanding or modernizing a facility. The local government and community development organization can work together to remove many of the barriers.

Some basic concerns that local business may have include:

- Financing new investments in plant expansion, machinery, and equipment;
- Rezoning or acquiring additional sites for expansion facilities;
- Training employees;
- Solving transportation problems such as parking, traffic congestion, and bus service; and
- Reducing costs related to crime problems.[3]

Maintaining lines of communication to identify barriers and business concerns is critically important in any business retention program.

Objectives of a Retention Strategy

A local strategy to retain businesses is essentially a strategy to reduce barriers. The barriers are those that inhibit growth or profitability of the business. According to Roger Vaughn, a retention program is limited to either increasing demand for locally produced goods and services, or reducing the cost factors of production or providing the service.[4]

A business retention program should be an integral component of an overall economic development program. The retention program and the strategy to make it successful should be based on the analysis of the community and sound data collected about the community and target businesses.

Objectives of a retention program might include:

- Early identification of potential "exit" candidates;
- Identification of potential reasons for exit;
- Programs to respond to specific reasons for potential exit;
- Designation of a business ombudsman in local government; and
- Continuing contact with businesses that are potential "exit" candidates.

A successful retention program requires strong leadership from both the public and private sectors and regular contact between the private sector and government officials.

Organization

The business retention program can be placed within an agency of local government or a committee of the economic development organization. In either case, it is essential to involve the business community and to select people to operate the program who have entrepreneurial skills and understanding. It should be an ongoing, permanent group that can develop personal contacts, establish an atmosphere of trust, gather data, and develop additional skills needed to solve business problems.

Data

The important task in a retention program is to identify certain businesses, industries, or industry sectors that are likely to grow. Also, each community will need to identify businesses with problems that can be addressed locally. Much of this data will come from the community assessment and data gathered for the comprehensive economic development strategy.

Data on specific industry sectors can be obtained from the Census Bureau, Department of Labor, and private firms such as Dun and Bradstreet. A community can use this data to match information about certain businesses with the community's strengths and weaknesses.

There are three general types of data that are useful:

- Published secondary data from standard sources, such as the Economic Census, annual County Business Patterns reports of the Census Bureau, and state labor reports;
- Primary data from local government administrative records or direct surveys of businesspersons. These can be conducted in person, by mail, and by telephone;
- Informal data obtained from private and public sector development people. These might include investment houses, bankers, lawyers, financial advisors, realtors, and management of various businesses.[5]

Target Businesses

A community must decide how much effort to place on commercial versus industrial retention. Also, except for small communities with few industries, a community must decide which businesses to target for retention efforts. A community may choose to deal only with those businesses that threaten to leave or it may design a strategy to target certain growth sectors that seem to offer the best opportunity for expansion. Certain communities will decide to assist troubled local businesses in order for them to regain their fiscal health and, thus, save jobs and tax base. Communities with declining downtowns may decide to target commercial and service business activity for assistance.

Some criteria that could be used to decide which businesses to target are:

- Number of jobs;
- Potential for growth;
- Wage and salary levels;
- Tax contribution; and
- Relative concentration of that industry sector or related industries.[6]

A community with a concentration of low skilled workers might target an industry employing entry level wages, while a community with industries producing certain products that depend on other local industries for parts would likely target those related industries. Generally, a community will wish to target growth industries that are compatible with the community's goals and offer the most jobs. All retention activities should be responsive to changing economic conditions.

In summary, each community must identify businesses that are particularly important to it and then tailor the retention program to those businesses.

Activities

An important element of a retention campaign is the creation of a perception in the minds of businesspersons that the community supports existing business. This can be accomplished by such activities as:

- Designating a business ombudsman or business advocate in local government to cut red tape and assist businesspersons;
- Creating a one-stop permit center and plan review process;
- Reviewing all laws and regulations that might have a negative impact on businesses targeted for retention;
- Improving public safety services if crime is perceived to be a problem;
- Funding certain infrastructure improvements that are cited as problems to target businesses;
- Establishing regular schedules for plant visitations;
- Designating an industry appreciation day to recognize the economic contribution of businesses in the community;
- Sponsoring education programs for businesspersons in a variety of business-related topics that could be conducted by colleges or other business organizations;
- Advertising the community's local industries or commercial establishments; and
- Encouraging "shop at home" procurement policies for government entities in the community.

Some communities have a highly successful business visitation program conducted by the economic development organization. Small teams visit businesses at least once a year. These teams provide a communication link with local government, become aware of the business problems, and promote existing businesses in the community.

There are times when state or Federal laws and regulations cause businesses to leave an area. Communicating these concerns to the Governor, state legislature or appropriate Federal agency could be an important part of a community's retention program.

Early Warning System

Some communities, especially very large cities, are establishing an early warning system to help identify targets for retention activities. Generally, these systems seek to identify businesses with either:

- Unusual employment growth that seems likely to expand; or
- Unusual employment losses indicating potential problems.

Employment data from the State Department of Economic Security can be used to develop an early warning system. In smaller communities employment data can be obtained directly from the major employers.

Business Ombudsman

Designation of a business ombudsman is another way to demonstrate an interest in concerns of existing businesses.

The business ombudsman is an advocate or red-tape-cutter for business. Services the person can perform include making it easier for businesspersons to deal with city codes, inspection requirements, permits, zoning issues, and taxes; and initiating a "one-stop" center for all permits and licenses.

The business ombudsman can wait for a businessperson to contact the office for assistance or perform an outreach function by calling on certain target businesses. Some local governments even operate telephone hotlines for businesspersons.

The ombudsman should become involved in the business life of the community by attending meetings of the chamber of commerce and other civic associations that are development-related. These groups will frequently be a good source of referrals for contact and business retention activities.

CHAPTER 11

PRESENTATION

CHAPTER 11

PRESENTATION

IDENTIFYING PROSPECTS

In order to successfully market a community, the development group must formulate a strategy for identifying the prospects it wishes to attract by[1]:

- Preparing a realistic assessment of industries and businesses offering the greatest potential for locating in the community;
- Evaluating certain regions or areas for targeting efforts; and
- Developing a strategy for attracting and identifying certain firms.

Because of the expense involved in advertising and in contacting large numbers of prospects, it is wise to use a highly targeted, selective approach. The selective approach requires more preparation but usually produces the best results with a smaller investment of time and money.

The process begins by determining categories of industries and specific companies within the target industry sector that are likely to have the best economic fit with the community. The assets of the community must be matched with needs of a particular business. This requires the marketing team to know the assets and liabilities of the community as well as the needs of the businesses targeted as prospects.

INCENTIVES

The use of incentives is one element of a community marketing strategy. There are a variety of incentives a local community might offer, depending upon its location, the type of business it is seeking, its goals, its ability to make financial commitments, and its strengths and weaknesses.

A community will want to use a businesslike approach in selling the community. This is especially true in discussing and negotiating incentives with a prospect.

The first group of incentives relates to community strengths identified in the strategic planning process. The committee responsible for selling the community must clearly understand the competitive advantages the community offers to certain target businesses. These might include:

- Proximity to markets;
- Proximity to supplies or related industries;
- Trained, dependable labor supply;
- Amenities and good quality of life;
- Variety of transportation;
- Good housing;
- Low crime rate;
- Adequate municipal services; and
- Climate.

Another group of incentives relates to availability of sites. The community has powerful incentives for certain businesses if it can offer:

- Commercial or industrial sites (ownership, options, leased);
- Speculative buildings;
- Sites with transportation, water, and sewer;
- Public improvements for commercial activities; and
- Adaptable vacant buildings on controlled sites.

A more complete discussion of commercial and industrial locational factors is found in Volume I of the guide. An understanding of these factors assists a community in identifying incentives it has to offer businesses.

A final group of incentives involves the financing tools an industry or commercial business might need to locate or expand in a community. The community or development group might make available, or assist in obtaining, the following:

- Federal grants such as Urban Development Action Grant (UDAG), Economic Development Administration (EDA), Community Development Block Grants (CDBG);
- Direct subsidies, such as land write-downs or tax abatements;
- Loans and loan guarantees in cooperation with local lenders or Federal agencies such as EDA and Small Business Administration (SBA);
- Industrial revenue bonds; and
- Tax increment financing.

A local group that is skilled in packaging business deals or that has access to skilled financial consultants, has the edge in marketing its community to businesses.

The facing page depicts examples from an incentive program developed by the City of St. Paul Department of Planning and Economic Development.

COMMERCIAL DEVELOPMENT STRATEGIES

Commercial development, along with locational factors, was described in Chapter 1. The specific strategies that might be used to achieve commercial development are discussed below.

Developing a Comprehensive Strategy

The overall strategy for commercial development should be comprehensive in nature and include identifying key participants, recognizing barriers and preparing a workplan.

Identifying Key Participants

In a commercial development strategy it is important to identify the key participants in an area and bring them into the planning process early. They usually consist of the following:

- Owners and users of buildings;
- Potential investors;
- Market facilitators, such as realtors, developers, mortgage bankers;
- Local government leaders; and
- Citizens who have an interest in the particular area under consideration.

Recognizing Barriers

There may be cost and risk barriers to commercial redevelopment or revitalization that need to be analyzed. Some of the things to consider include:

- Present regulatory constraints, including zoning and code restrictions;
- Costs of public infrastructure improvements;
- Costs of public services needed in the area;
- Uncertain availability and cost of capital;
- Limited local entrepreneurial capacity; and
- Uncertainty about future development patterns.

These potential barriers must be removed or minimized if the community expects to attract private investors.

SELLING THE PROSPECT

The task of attracting new business of any type is essentially a marketing assignment. One must first analyze the product, which in this case is the community, in order to position it in the competitive marketplace. A realistic and systematic appraisal of a community's comparative attractiveness to businesses prepares the community to sell itself to certain types of businesses. It also gives the community an understanding of weaknesses or liabilities that can be corrected. A program to correct weaknesses is generally impressive to businesses seeking new locations.

The primary selling task for the community is to persuade the management of a specific company to make a calculated decision to invest its money in the community and in its future economic growth. The word persuade indicates the community must engage in selling and marketing its product. The management of the company is the prospect who must be persuaded. In making that calculated decision, the prospect management will consider what the community has to offer the company as a place to live and to do business. The decision to invest money implies a long-term commitment of mutual benefit between the prospect and the community. Assets will be weighed against liabilities before the company actually decides to join the community.

All the strategic planning, the best goalsetting process, and mountains of data and analysis are useless unless the community understands how to sell itself to specific prospects thereby attracting the businesses and jobs that are anticipated for in its plan.

Selecting the Team

The community economic development organization should appoint a group of people to be the "selling" or development team for the community. That team should consist of approximately six persons with six alternates to be used in the absence of regular team members. This should be a permanent team that is committed to learning about the community and about the types of businesses the community plan indicates the community is seeking.

Great care should be taken in selecting team members. The team members should be salesminded, positive, visionary, friendly, articulate, and enthusiastic individuals. They must have poise, tact, and the ability to speak clearly. This is not a committee for shy or negative people. Team members will be expected to work hard and should understand that before accepting the task. They must be public-spirited leaders in the community. They must also understand business if they are to sell the community to business people.

Team members must accept the responsibility of learning various facts about the community. They must be able to communicate these facts to prospects. Members of the team must be able to speak authoritatively on government, utilities, sites, transportation, training, education, construction costs, taxes and other locational factors or community benefits.

The team should be a balanced and compatible group that can function well together. Each team member and alternate could be assigned responsibility for knowing certain categories of information for which he/she is responsible. These assignments could include:

- Industrial sites, construction issues, and utilities;
- Human resources and training;
- Transportation and marketing resources;
- Liveability and amenities;
- Taxes;
- Finance; and
- Government structure.

Obviously, it is preferable to match the background, training, and vocation of the individual to the assignment. Often the mayor or an elected official is a good choice to address government and tax issues.

As part of its preparation, the sales team may wish to visit some of its major competition to observe that community, see what it has to offer, and how it sells its community.

Identifying the Prospect

Using the data, the analysis of the data, the goals and strategies in the plan, and the One-Year Action Plan, the development team will have an understanding of the industry sectors and certain specific businesses to target as prospects to locate in the community.

Those companies that have the basic characteristics matching those of the community and its goals, whose locational criteria generally match the community, but that do not know the community are often called "suspects." Suspects are those companies the team will target for cold calls and hope to interest company management in the community. They may or may not have indicated a desire to relocate or expand. They are generally growth companies or are in growth industries.

From work with suspects, the team will develop a list of actual prospects. These are companies that are more likely to actually come to the community. They may be actively looking for relocation or expansion sites or may have responded positively to initial contacts and/or advertising by the community. More emphasis, time, energy, and resources will be invested in prospects than in suspects. Specific techniques on identifying prospects were discussed in a previous section of this chapter.

Steps in the Sales Strategy

There are a number of ways to design a sales strategy. Each community must tailor its strategy to meet its local needs, resources, and talent. Teams must remain flexible and use good judgment in designing the sales strategy to meet the needs of the individual prospect. The following are some basic steps that are generally followed:

- Make an original contact with a suspect. This means obtaining the name of the decisionmaker. The contact can be a short letter explaining basic facts about the community's strengths and desire for business location in a particular industry sector. The community brochure or fact sheet might be included.
- If a response is received or any interest shown, follow up with a telephone contact. Ask what additional information the company might need about the community or specific site possibilities.
- Often at this point, given further interest by the company, a couple of team members may visit the company to provide additional information. The information might include more extensive facts in a loose-leaf notebook on the community, its facilities, available sites, etc. Always ask what specific information the company wants from the team.
- Now is the time to invite the prospect to the community. Careful preparations should be made for the visit. These preparations will be discussed below.
- Follow up with letter or telephone call, as appropriate. Be patient but maintain regular contact as the prospect makes a decision. Be friendly, be discreet, maintain confidentiality, and build trust with the prospect.
- Close the deal and assist the prospect with packaging any incentives offered by the community.
- Welcome the management of the business and get it involved in the life of the community. Use it to sell to other business prospects. It can explain why it selected the community.

The Site Visit

The development team must prepare carefully for the visit by the representative(s) of the prospect company. This must be a carefully orchestrated event. The impressions made during this visit are critically important to remaining under consideration.

If the team is responsible for overnight lodging it should inspect the room, and see that appropriate, comfortable arrangements are made and communicated to the prospect. An individualized format for each visit should be planned.

An agenda that meets the requirements, desires, and timetable of the prospect should be planned. The team decides who says what, for how long, and communicates this to the spokespersons. A list of hosts, titles, and addresses should be furnished to the prospect during the visit.

The host group should remain as small as possible. It should include someone from local government, a businessperson to describe doing business in the community, and the sales team to provide the information requested by the prospect. Again, be prepared to maintain confidentiality if requested.

Some communities host a small reception and/or dinner. If appropriate, this might be hosted by a community leader in his/her home. Again, tailor all events to meet the prospect's needs and personality.

The physical appearance of the community reflects the attitude of the people toward it. Residents often overlook many eyesores that visitors notice at once. A good community spirit must be developed to enhance the appearance of the community before the arrival of prospects.

Both the slide show and a tour of highlighting those areas that will interest the prospect should be a part of the agenda. A visit to an industrial plant may be appropriate. Visits to available sites and buildings should be a part of the agenda. The team should make certain the sites are available and that prospects are not misled. The community will want to maintain certain information on available buildings, such as:

- 8x10 glossy black and white prints of the exterior;
- Area map showing the location of highways and other transportation linkages; and
- Description of the property.

Also, sites should be, at least, minimally maintained. They should be free of litter and have grounds maintained.

The team must be able to answer questions normally asked by prospects or be prepared to provide information quickly as a follow-up activity. Knowing the factors generally considered important to the specific industry sector to which the prospect belongs will assist the team to anticipate questions and tailor the visit to emphasize community strengths that match location factors important to the prospect.

Importance of Follow-up

Once a business has decided to expand or relocate in the community, the team will want to be actively involved or monitor the packaging of the deal. If the community group or local government has offered incentives, the team will want to make certain these are provided in a timely manner.

The team will want to maintain contact with the prospect to determine if any assistance is required. Typical follow-up areas include reviewing regulatory issues with the local government, providing introductions to bankers and financial advisors, or monitoring the completion of infrastructure improvements.

The team will want to introduce business managers to the civic community and get the newcomers involved. This involvement should be slowly initiated so as not to overwhelm the newcomers. The new businesspersons may become excellent sources of referrals or support for additional economic development.

SUMMARY AND CONCLUSION

The various sections of this guide have outlined a process and possible strategies for communities to follow as they develop the economy of their local area. The process starts with understanding the nature of economic development and the various factors that influence business decisions to expand or relocate. These factors vary depending on types of development and types of industry. Successful communities attempt to match their locational advantages with the needs of industry targets.

Economic development cannot occur in a vacuum. There is a need for organizations and leadership. The participants of effective organizations work together toward common goals and objectives. A strategic planning process is used to develop and prioritize the community goals and objectives. This process also produces an Action Plan that can be used to implement strategies and evaluate results.