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BENCHMARKING U.S. REGIONAL CITIES: A STUDY AND GUIDE FOR TRANSFORMATION

Full Report
10.24.14

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This document is one of a series of tools, commissioned by the IEDC, to assist Indiana's regional cities in contemplating and defining their future. Companion pieces to this document include:

- A process mapping that can guide Indiana's regional cities in an assessment of their readiness and steps to take for regional transformation.
- A Quality of Place indicator tool to allow comparison between the profiled regional cities and Indiana's regional cities
- A directory of firms that can assist regional cities in their planning and action strategy development*

The views expressed in this document are entirely those of the author, Fourth Economy Consulting. Fourth Economy Consulting is a nationally recognized economic development planning and strategy firm based in Pittsburgh, PA.

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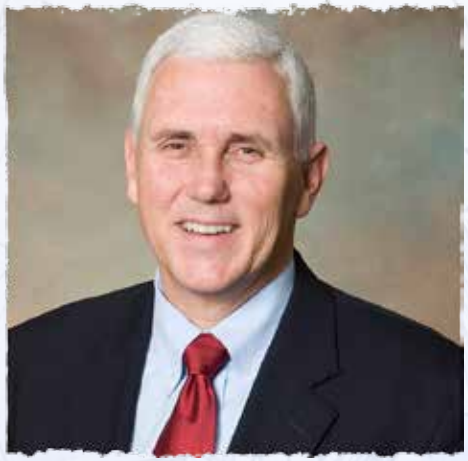


Dear Friend:

Indiana has a long and proud history of growing and making things. We have a diverse economy with strong roots in manufacturing, agriculture, life sciences, logistics, and new technologies. Throughout the 20th century, our cities have been hubs of job growth with thriving industries and a skilled labor force that has made the American Dream possible, right here in Indiana, for millions of people.

Our cities have been an indispensable source of economic growth and serve as an anchor to a lot of economic activity in our state. For example, our eight largest cities account for more than two-thirds of our state's GDP. That said, we cannot rest on our laurels and expect that the future will be like the past. In order to remain economically competitive in the future, we have to take the economic vitality of our cities seriously. We must ask ourselves what we can do to help our regional cities compete with dynamic, growing regional cities across the country, make them attractive places to locate new enterprises, and make them appealing for talented workers looking for a place to make a living and raise a family.

This past spring I signed House Enrolled Act 1035 which tasked the Indiana Economic Development Corporation (IEDC) with conducting an in-depth study of how our regional centers of population can better attract and retain talent and investment. The report in the following pages is the product of this study, and it is the first step towards dramatically increasing the vitality of our cities.

This study evaluates 11 regional cities across the United States that have transformed their economies and have experienced substantial growth in talent and investment. By better understanding evidence-based drivers of regional economic growth elsewhere, it is our hope that our own regional cities in Indiana will have the necessary tools to develop an actionable, long-term plan to attract the next generation of talent and investment.

We look forward to working with local leaders across our state to determine which solutions are best for their communities. Working together, I am confident that we can increase economic opportunity in our regional cities and make Indiana the best place in America to find a job, start a business, and raise a family.

Sincerely,

Michael R. Pence
Governor of Indiana

INTRODUCTION

A recent headline in the *Durham Herald Sun* proclaimed "Downtown boom about to ripple". The Idaho Statesman read "Startup sales keep Boise on tech map," while the Austin Business Journal is reporting on "Austin's untouchable economic growth". How did these places, facing economic stagnation and population loss, transform themselves into national success stories?

The answer is simultaneously simple and complex. Regional transformation is not dictated; rather it is inspired by a vision of a bigger and brighter future. This vision is formed either as a reaction to significant economic loss or sometimes as a response to a critical assessment of the current quality of place in a community. In the regional cities profiled in this study, leadership recognized that there was an opportunity to attract increased investment, grow population, and transform the area. They also identified the need to create a unique place that was more attractive to both the current and future residents (i.e. their customers). They identified locational advantages and disadvantages and made bold and often brave plans to raise and attract investment.

These civic leaders have dedicated their time, money and reputation as they continued to focus on the goal in sight: a healthy, vibrant regional city. The full dividends of their efforts may not yet be known, but this research has illustrated that in these regional cities the vision is being realized and their community is achieving growth above their peers throughout the country.

IMPACTS OF REGIONAL CITY TRANSFORMATION

- With just under 100 downtown housing units in 1993, Durham, NC has seen nearly 2,600 units built in its downtown since then and has attracted over $7 billion investment. 1,800 more housing units are coming on board.
- Once a sleepy government town, Austin went from a metro population of only 160,980 in 1950 to 1.71 million in 2010, over twice the average growth rate than the other top performing metros in that time period.
- Provo, UT's employment has grown by over 30% in the past decade, while the U.S. only grew at an average of 4.8%.
- Despite a historical focus on agriculture and natural resources, 72% of Boise's employment growth from 1998–2012 took place in these leading knowledge economy categories: Information; Professional, Scientific, and Technical Services; Management of Companies and Enterprises; Educational Services; Health Care and Social Assistance.
- Denver is expected to add over 1 million additional residents in the next decade—that equates to 273 per day.
- Manhattan, KS has attracted $200 million in new investment for downtown development in the past ten years.
- In the Research Triangle Park between Raleigh and Durham, the new park center development is expected to create over 2.5 million square feet of development and attract $2.5 million in private investment

This growth has increased each community's financial capacity and facilitated continued enhancements in their quality of place. **What is truly impressive is that in each of the transformed regional cities the civic leaders are not letting up as they celebrate success. Rather, they are continually evaluating and adding to their efforts.** What these regional cities demonstrate is that you can never stop investing in your community, and if you haven't yet started, now is the time.

BACKGROUND OF THE REGIONAL CITIES INITIATIVE

The Regional Cities Initiative began on March 24th, 2014 when Governor Pence signed House Bill 1035 into law, making official his desire to grow the state's economy through strategic regional city economic development. The highest-level goal associated with House Enrolled Act 1035 is the development and success of widespread, sustainable regional economic growth across Indiana.

To foster this goal, the Indiana Economic Development Corporation (IEDC) was tasked with creating tools and guidance for Indiana's regional cities to plan for their future. The IEDC conducted a national study of comparative regions and their core cities that have transformed their economies over the last twenty years to increase talent attraction and investment.

Regional Cities Drivers and Issues

The State of Indiana hopes to enhance the strengths of its regional economies through a discussion of economic concerns and ways other cities have tackled similar issues to intentionally build for their future. Below are a few of the trends Indiana's regional economies are already facing as the knowledge economy grows globally.

Population Trends

Indiana, like so many communities in the Midwest and Northeast, faces one of the biggest threats to economic development, population stagnation. Fortunately there has been some population growth, as the state grew from 6 million to 6.4 million residents over the past decade. However, approximately 80% of this growth has been as a result of greater births than deaths, rather than people choosing to move to Indiana, i.e. in-migration. Furthermore, the percentage of the population that is of prime working age (25 – 44) is declining. Indiana is not attracting an adequate level of new talent, a primary indicator of future economic and wage growth that Indiana desires. In particular, the state needs to attract talent (and investment) from knowledge-based companies.

Urbanization

Where people live has drastically changed over the past century. In 1910, 54% of the U.S. population lived in rural communities and 46% lived in cities. By 2010, 20% of the population lived in rural communities and 80% lived in cities, due largely to the changes in technology, transportation infrastructure and worker choices. As this change has occurred, it has bolstered the positive impacts that core cities have throughout their region and the need for future investment in these economic centers.

Quality of Place

Knowledge-based companies are increasingly factoring quality of place attributes into their location decisions, and research has shown that, in addition to tax and regulatory climate, community attributes have a strong connection to economic and population growth. Unfortunately, as people's interest in urban living increases, they are not choosing Indiana's cities. Outside of the Indianapolis MSA, none of Indiana's cities are consistently ranked in the top 200 of places to live in America, a key reason for the State's lack of in-migration.

Implications

According to the U.S. Census Bureau, aside from being in the Armed Services, age is the highest indicator of a person's likelihood of moving to a different state. From 2005 – 2010, over 65% of all 25 – 29 year olds moved, and over 11% of them moved to a different state. This generation of 25 – 29 year olds is also more diverse than it's ever been, and according to the Census, people of different races and ethnicities move at roughly the same rate. The second largest characteristic of those who moved to a different state in that time was that they had either a bachelor's or graduate degree.

There are real implications for this information. If Indiana communities want to grow, they need to create communities that are attractive to a young, diverse and educated population (though certainly not to the detriment of their existing residents). Site selectors cite the increasing importance of community image and reputation, especially relative to their ability to attract talent, and of course talent is always at or near the top of what companies are looking for.

In recognition of these realities and opportunities, the State of Indiana wishes to encourage its regions and their primary economic hubs to anticipate and plan for how they can improve their cities to attract talented people and the companies that want to hire them well into the future.

DEFINING TRANSFORMATION

Representatives from the IEDC and the Indiana Governor's office selected and worked with Fourth Economy Consulting in the development of the findings presented here. This report is the Regional Cities Benchmark study called for in HEA 1035 and is intended to serve as a key resource for Indiana communities as they chart their course of future growth and prosperity.

Fourth Economy Consulting developed and executed a process to identify regional cities around the country that have transformed since 1990. Three sizes of regional cities (MSA) were used to create profiles of regional cities that have similar population to those in Indiana. For the purposes of this study, regional cities have been equated with metropolitan or micropolitan statistical areas (MSAs) as these measures represent a high degree of integration with the core city, generally defined by commuting flows. The sizes are:

Small: Less than 99,999 in population
Medium: 100,000 to 999,999
Large: 1,000,000 and greater

The selection process then involved two phases to identify the comparative regional cities that would be used for case study development. In the context of this study transformation includes demonstrated growth and turnaround based on the indicators described in Phase 1 and 2 below.

Phase 1

The first phase included identification of regional cities that have shown positive trends in a number of key indicators including, but not limited to:

- Overall population growth 1990–2013
- Population turnaround (i.e. a distinct change in direction from 1972–1992 versus 1992–2012)
- Gross domestic product growth 2001–2012
- Employment growth 1990–2012

The resulting list of over two dozen regional cities was further refined through a review of each community's industry strengths and assets, as well as a review of credible national ranking sources. An advisory group of Indiana civic and community leaders as well as a survey of individuals helped to vet the resulting list to ensure that they would be considered comparative regional cities to those in Indiana.

Phase 2

To further refine the list and identify the best comparative regional cities to profile, the consulting team collected additional data on each regional city including, but not limited to:

- Change in Diversity Population 1990–2012
- Change in Foreign Population 1990–2012
- Change in Vacancy Rate 1990–2012
- Per Capita Income Growth 1990–2012

As a result of this data collection and analysis the following eleven regional cities were approved for case study development. For a regional city to be selected it needed to rank competitively across the above criteria compared to other cities of like size, as well as beat the national averages for growth in most if not all measurement categories. A further review of the cities and their data on a broad spectrum of quality of place indicators was used to validate the recommendations. In total, 74 indicators were considered.

The regional cities studied include:

Large Regional Cities
Austin, Texas*
Raleigh, North Carolina*
Denver, Colorado*
Nashville, Tennessee*

Medium Regional Cities
Durham, North Carolina*
Fayetteville, Arkansas*
Provo, Utah
Boise, Idaho
Waterloo – Cedar Falls, Iowa

Small Regional Cities
Manhattan, Kansas*
Brookings, South Dakota

*visited by the consulting team and representatives from the IEDC and the Governor's Office


700
500
1000

THEMES AND ACTIONS OF TRANSFORMED REGIONAL CITIES

This study is meant to be a ready resource for Indiana communities to consider what successful regional cities have accomplished and the tools they utilized to transform their communities. The overview that follows provides summary highlights of the case study information grouped around themes and actions that were demonstrated in a majority of the regional cities. The themes include:

- ★ A Bold Vision, Tenacious Leadership, and a Broad Civic Infrastructure
- ★ A Region Rallies Around Its City
- ★ Engage and Strengthen Industry in a Whole New Way
- ★ Regional Investment Supports Quality of Place
- ★ Plans Must be Visionary, Market-based, and Action-oriented to Guide Regional Transformation
- ★ Private Sector Investment Responds to Business Climate and Talent Base
- ★ Financing Regional Transformation Requires a Multi-Faceted Approach
- ★ Long-term Partnership Requires Non-Partisan Thinking
- ★ Higher Education Partners are Critical for Regional Transformation

A Bold Vision, Tenacious Leadership, and a Broad Civic Infrastructure

In the development of this study, the consulting team looked at eleven regional cities that have demonstrated exceptional growth since 1990. The research and interviews sought to identify the motivations, actions and tools employed in these communities. What became clear is that while the process by which each community began to focus on regional transformation varied, the following three ingredients were required.

A COMPELLING VISION FOR A BETTER COMMUNITY THAT IS DEFINED BY A CIVIC LEADER(S)

The vision in each of the regional cities went beyond "A great place to live, work, play, and raise a family." Rather, civic and industry leaders recognized their unique assets and articulated their starting point for economic growth; and they recognized their unique challenges and articulated what the region could be in the future. Civic and industry leaders saw possibility and hope where others saw little to none. From that vision, they created an identity for their region, and the authenticity and uniqueness of that identity has served to attract attention from companies and talent.

PUBLIC AND PRIVATE LEADERSHIP CHAMPION AND STAY TRUE TO THE VISION

These are not your every day leaders, though they're not superhuman. These leaders are regular men and women who were able to find a middle ground between altruism and self-interest. They stay true to their vision, while understanding the realities of their regions and being open to new ideas and change. They've heeded the modern mantra of embracing failure if it means there's an opportunity for growth and innovation on the other end. They are risk takers, for sure, and some suffered setbacks because of it, but at the end of the day, their willingness to take a well-calculated risk has left the legacy of a truly transformed region.

CIVIC INFRASTRUCTURE IS ENGAGED TO DEVELOP AND IMPLEMENT A PLAN

Once a vision was established and leaders stepped forward, in these regions, the civic infrastructure came together to carry that vision forward and support that leadership. In many cases a key component of the civic infrastructure was between a regional economic development intermediary and the elected leadership of the center city. These entities served as the operational vehicle to accomplish the goals of the plan. In some cases the existing intermediary needed to be restructured or have additional capacity in order to carry out the strategy.

BENCHMARK EXAMPLES

A compelling vision for a better community that is defined by a civic leader(s)

Raleigh, NC: Raleigh Mayor Charles Meeker was elected to five terms (2001-2011) to carry forward his vision that began during his service on city council in the mid 80's through mid 90's. Meeker created a focus on downtown development including a new $220 million convention center and development of an urban main street. In total, $2.5 billion has been invested in downtown developments.

Public and private leadership champion and stay true to the vision

Denver, CO: Mayor Federico Pena (1983-1991) believed that a new airport would be a world-class asset and catalyst for economic transformation. His vision led to the development of a $4.0 billion plan that progressed over the next twenty years, resulting in the development of Denver International Airport. The airport has seen an increase from 38 million passengers when it opened in 1995 to 52 million today, with the capacity for 100 million. As the airline market changes and larger airplanes allow flights from Asia to skip over the west coast, Denver is poised for significant growth in international flights, having recently added a direct flight to Tokyo after over 10 years of developing relationships and building a case. The airport development and support from four mayors and countless other public and private officials over such a long time is a true model of leadership staying true to a vision.

Civic infrastructure is engaged to develop and implement a plan

Durham, NC: In 1993 Downtown Durham, Inc. (DDI) was formed following the recommendations from a 1989 downtown redevelopment plan. Private-sector leaders raised $50,000 to start the organization, which was matched by $50,000 from the city. Bill Kalkhof, the inaugural president of DDI saw the development of a new stadium as an opportunity to jumpstart the redevelopment plan for Durham. The Chamber, City of Durham, and Duke University all coalesced around DDI to continue implementation of the plan, including the redevelopment of American Tobacco. Given the complexity of that deal, there were many times when it could have fallen apart, but the civic infrastructure represented by DDI ensured that the vision came to fruition. Today, economic development leaders credit the DDI with the success of Durham's redevelopment. Including 2.3 million square feet of development and an increase from 3,000 to more than 16,000 workers downtown.

Manhattan, Kansas

"Our downtown redevelopment started with a grand vision – they wanted to put Manhattan on the map. Of course there was push back at first, but as development started to occur, people could see the whole vision. The city has found ways to promote community ownership, which has resonated with people who were initially opposed. Most important, our deep roots and integrity that stem from our farm culture has been incorporated into our vision for the future."

Susan Hancock / AIB International, Manhattan, KS

A Region Rallies Around Its City

In each of the regional cities, leaders readily speak to how the region and center city collaborate to leverage regional assets and grow the overall economy. The data analyzed for this study demonstrated that each of the regions profiled has benefited significantly from the growth of the core city. The concentration of regional cultural, athletic, and recreational amenities in a core city provides a critical mass of activity and visibility that supports regional growth. Likewise, the communities outside of the core city provide critical support in terms of housing and commercial real estate options that core cities typically cannot offer.

THE PRIVATE SECTOR SEES NO BOUNDARIES

Private businesses draw labor from across a region. They have customers that span municipal lines, and they require infrastructure that is regional in nature. Because the private sector is often the biggest advocate for a regional approach, in many cases a regional business intermediary (e.g. a chamber or private economic development organization) served as the conduit that allowed for collaboration beyond political boundaries. The leadership of the private sector in encouraging a regional solution made it easier for public and civic leaders to collaborate.

BIG VISIONS REQUIRE REGIONAL SOLUTIONS

Issues of housing, transportation and civic amenities were universal regardless of a regional city's particular vision. A lack of housing, effective transportation, and civic amenities in a center city affect a suburban business's ability to grow and attract talent. In the best cases, leaders recognized the integral connections between the three and created coordinated approaches to growth.

CENTER CITY GROWTH GROWS THE REGION

Suburban stakeholders interviewed as part of this study agreed that the growth of the center city positively affected growth in their communities. Certainly many suburban communities were doing well before their regional city was transformed, but they always did better after. As businesses grow in the core, neighboring communities increase in population, tax base and, as a result, increased quality of place amenities and infrastructure are funded locally, further increasing quality of place for all residents. Again, it is critical to note that businesses are seeking talent while talent is seeking dense, walkable cities. Therefore, proximity to a young, educated labor pool has been a key driver for business growth and relocation throughout the region.

BENCHMARK EXAMPLES

The private sector sees no boundaries

Austin, TX: Opportunity Austin defined the region's assets and future focus through extensive communication with regional stakeholders in its original plan. It then became the regional economic development recruitment strategy and was delivered by the Austin Chamber, with support from regional chambers and private sector companies and organizations. Spearheaded by Gary Farmer, the Chairman of the Chamber at that time, and Mike Rollins, new President and CEO of the Chamber, Opportunity Austin depended on the buy-in of the private sector. With the set plan to diversify and transform Austin's growth, **Opportunity Austin raised over $14 million from private investment.** Surrounding communities have seen significant population and business growth as a result of Opportunity Austin. They, in turn, have developed their own visionary plans and improved quality of place amenities to suit the increasing population, including increased access to health care, minor league stadiums, outdoor recreational amenities and education reform.

Big visions require regional solutions

Provo, UT: Through the leadership of the Utah Valley Chamber of Commerce (UVCC), the region has been able to do away with bounded approaches to development and increase its regional visioning and action. The UVCC is the result of a merger that took place between the Provo and Orem chambers of commerce, at the behest of area policy and business leaders who recognized the need for more regional efforts. Their regional scope has positioned them to support regionalized economic development strategy, as well as partnership facilitation and coalition building.

Center city growth grows the region

Manhattan, KS: Analysis shows that growth of the core city, Manhattan, has also driven regional population and economic growth throughout the MSA. Some of this can be attributed to the expansion of Ft. Riley, but, removing the military factor, data demonstrates that the entire region is growing. Over 15,000 new people have moved into the region just in the past five years. This trend is expected to continue as the city now looks at diversifying its industry base, which will directly benefit communities outside the core city.

Fayetteville, Arkansas

"If we prove we have a true region and are driving the economic development of the entire region, it is easier to win support for key projects. Many of our satellite cities have doubled their population; everything happened because of Fayetteville, whose growth has been driven by thought leaders who understand regionalism."

Justin Tennent / Fayetteville City Council Member

Engage and Strengthen Industry in a Whole New Way

Many regional visions were spurred by economic downturn. Communities needed to understand what industries existed in their region that could be strengthened and where they needed to diversify their economy to withstand future downturns. Answering that question required a depth of analysis and modeling to provide a thorough assessment of the existing conditions and a plan for future development. Each community identified a different weighting of where investment was needed based on the results of the strengths and weaknesses analysis. While these focus areas are not exclusive, they do provide an opportunity to target resources. Each of the regional cities has evolved their strategy to respond to changing market conditions and the relative success and failure they experience in their actions. Here are the three primary models used in transformed regional cities.

BUILD YOUR SUPPLY CHAIN

Some communities decided to turn a few strong businesses into many. Often times, this approach was spurred by those businesses themselves working with their suppliers to relocate or encouraging new business creation to meet their supply chain needs. But without the support of public and civic leaders to understand the needs of those new businesses, their private sector partners' efforts would not have spurred the same level of growth.

LEVERAGE YOUR EXISTING KNOWLEDGE AND INDUSTRY BASE

Sometimes the industry is already there, it's just not being leveraged for transformational growth. Creating meaningful avenues for existing business to collaborate and innovate together can have a real impact, both on their bottom line and on the success of the regional city. This also extends to leveraging talent and university research to build on an existing industry base, as several regional cities attracted new businesses based on specialized R&D or degree programs that complemented their needs.

DIVERSIFY BASED ON MARKET OPPORTUNITIES

When alignment existed between existing sectors, supporting infrastructure, and market trends, the opportunity to grow new industries was identified. This is no easy undertaking and requires long-term thinking, patience and consistent effort – again, private and public leaders created big visions, based on real needs and hard data, and put skin in the game to make that vision a reality.

BENCHMARK EXAMPLES

Build your supply chain

Nashville, TN: Civic leaders recognized through their planning efforts that they should focus on the core industry already present in their community – music and the healthcare industry, in particular the private health-sector management. This focus began with Hospital Corporation of America (HCA), which itself has spun out over 160 new companies. In order to support the efforts of HCA and other private businesses, a public-private partnership led by the Nashville Area Chamber of Commerce (Partnership 2000 was created in 1990 to guide the following 10 years), created the Nashville Health Care Council in 1995. Nashville is now home to more than 500 healthcare companies, which contribute $30 billion to the Nashville economy.

Leverage your existing industry base

Cedar Falls, IA: Cedar Falls owns the largest municipal utility in the state. Early in its development, the utility realized the importance of broadband and focused on this component, making the utility even more essential to the city's economic viability. Currently, the utility delivers gigabit service to any address within the city. This focus on developing ways to better support their existing industry has been a key to their success. As a measure of this success, the Cedar Falls Industrial Park has grown exponentially since the 1990s. From 1990 to 2007, it grew from 27 companies to 155 companies, and from 750 employees to 5,000 employees. Economic development leaders have cited broadband access as a key driver of this growth.

Diversify based on market opportunities

Manhattan, KS: As the civic leaders in Manhattan looked to diversify their industry base and create enhanced quality of place they recognized that the community was losing retail expenditures. Only $0.70 on the dollar of retail expenditure was being captured in the community, and they also lacked cultural amenities that would draw in visitors from outside the region. Through a strategy that has led to the development of over $200 million in retail and cultural amenities, they now capture over $1.30 of their retail expenditure potential – meaning they are importing retail dollars spent from outside the region.

Nashville, Tennessee

"Our philosophy has been to build on strength, rather than build something out of nothing... Putting energy and money into the entrepreneurial sector is a talent attractor. We created a focal point with the Entrepreneurship Center and based it around our strong sectors. It's created new energy in town and coalesced our entrepreneurial ecosystem. Having risk takers in your economy is a good thing."

Janet Miller / former Executive Director of the Nashville Metro Chamber of Commerce

Regional Investment Supports Quality of Place

In every regional city, the types of place-based investments that they made varied, but they were inevitably driven by the same motivation in response to these questions:

- Does the regional city have the right infrastructure (e.g. transportation, education) to support the growth and attraction of the types of industry and talent that it desires?
- Does the region have a quality of place (e.g. cultural and recreational amenities, housing) that fits with the expectations of the labor force that will be employed by the industry?

Each regional city could point to an instance where these critical questions were asked and analyzed, and then a plan was made to leverage the opportunity for improvement in order to attract new residents, investment, and companies. Leaders in those communities truly demonstrated an understanding of the following concepts.

PLACE MATTERS TO THE YOUNGER GENERATIONS

It's been said many times before, but it's worth repeating. Educated, younger workers are increasingly seeking places to live and then finding or creating a job for themselves. They're making the decision about where to live based on many variables, but among the top are certainly recreation amenities in the form of trails, bicycle paths and water access, and arts and culture in the form of theatres, museums, music venues, and downtown entertainment districts. Investing in place-based development has the further benefit of being attractive to families and retirees, who are also part of a larger national trend towards urban living.

TRADITIONAL INFRASTRUCTURE MUST BE BOLDY LEVERAGED TO SPUR GROWTH

Most communities have a Metropolitan Planning Organization, an airport authority, a transit authority, an urban redevelopment authority, and any other number of organizations that have their own plans for the development of traditional infrastructure. Regional cities that have transformed have engaged all of these organizations to make collective decisions about infrastructure improvements based on the needs of the private sector and the opportunity to spur growth. They have not concerned themselves with incremental improvements to their infrastructure; rather they have envisioned large-scale investments that would guide land use and investment decisions for years to come.

QUALITY OF PLACE IMPROVEMENTS ARE KEY AREAS FOR LOCAL PUBLIC INVESTMENT

In regional cities where the market drivers were not clear, the local public sector stepped forward to be the first dollar in on large-scale investments in quality of place. By doing this, they signal to the private sector where growth should be occurring, and that they are a willing and active partner in spurring growth. This local public sector leadership in the lack of clear private sector leadership has been seen time and again to be a successful impetus for private investment.

BENCHMARK EXAMPLES

Place matters to the younger generations

Denver, CO: The redevelopment of Denver's Lower Downtown (LoDo) area is a classic example of the power of place, especially as it relates to attracting the Millennial generation. Redevelopment efforts began in the late 80s and can arguably said to have peaked just this year with the redevelopment of Union Station (which cost $500 million, largely using federal transportation loans and a TIF). In between, the city issued a $280 million, voter-approved general obligation bond to support infrastructure development. These investments have spurred over $1 billion in private investment in the surrounding area, largely housing for Millennials. From 2000–2013, Denver was #7 in the country for attraction of Millennials.

Traditional infrastructure must be boldly leveraged to spur growth

Fayetteville, AR: Fayetteville's economy is centered around the presence of Wal-Mart, J.B. Hunt, and Tyson Chicken. However, as those companies started to grow in the late 80s and early 90s, they could have easily left the region to find a location that would better support their vast infrastructure needs. Instead, they formed the Northwest Arkansas Council to prioritize regional investments in infrastructure and educate elected representatives on the need to support these investments to advance economic development. They identified capacity issues with the airport and highway systems and were able to successfully work with public leaders to create enhanced infrastructure, which has allowed for diversified and sustained growth in the community. The current regional growth rate is 944 new residents per month.

Quality of place improvements are key areas for public investment

Denver, CO: Denver Mayor Wellington Webb (1991–2003) led the development of several quality of place improvements including housing, parks and neighborhood development during his tenure. In 1991 Denver had 2,700 people living downtown and by 2003 that number jumped to 9,000, spurred by targeted investments in infrastructure and work with the development community. In 1993 the administration focused on park system development, which led to the creation of several parks including the $10 million Commons Park. This park was built in a section of downtown that had no housing within 10 blocks at the time of construction, but its development spurred the creation of 2,000 new units next door. Finally, in 1998 the administration declared the Year of the Neighborhood and worked with residents to invest $98 million in quality of place amenities. This series of investments has provided the base for ongoing development of housing, retail and office space in Denver.

Denver, Colorado

"People become part of a community faster if they understand the history, and the buildings tell the history."

Dana Crawford / visionary Denver real estate developer, on the importance of historic preservation

Plans Must be Visionary, Market-based, and Action-oriented to Guide Regional Transformation

Every community has a plan for economic and community development—likely many. However, regional cities that were able to transform themselves did not make a plan to put on the shelf; through civic champions they were able to articulate a plan that was visionary yet based in market realities. The plans they developed were also action focused and defined specific expectations in terms of capital needs and expected benefits. In general they made plans that had the following three qualities.

PLANS REFLECT VISION

Once their vision was identified and their leadership and partners were mobilized, nearly every community created some sort of plan around that vision. These plans were based in the reality of their region and the planning process allowed for an opportunity to further understand and vet that perceived reality through data. Industry strengths and weaknesses were analyzed, quality of place assets were inventoried, and national economic trends were researched. Based on this assessment, big goals were set. They reflected their long-term vision but were comprised of short-term actions that allowed the community to raise resources to carry them out and to track progress.

MARKET-DRIVEN

Industry leaders often played a critical role in the development of these plans. They help public and civic leaders understand the market needs and opportunities and what they could do to help capture those opportunities. Leadership of a civic intermediary and the commitment from the public sector to create an actionable plan around a market-based vision has been key to getting industry to the table.

ACTIONABLE & ACCOUNTABILITY-DRIVEN

These plans had real metrics associated with them, were regularly updated, and were relentlessly pursued. Both the private and public sector ensured true accountability; the former demanded success for ongoing funding, and the latter required practitioners to report publicly on their results. As a result, many of them exceeded expectations. As their regional economy evolved and national markets changed, plans were revisited to ensure that their efforts continued to be relevant and impactful.

BENCHMARK EXAMPLES

Plans reflect vision

Austin, TX: Around 2003 Austin lost approximately 36,000 jobs in 36 months. This rapid decline catalyzed development of a private sector led plan called Opportunity Austin, focused on industry diversification, as well as a Mayor's Task Force on Economic Development that produced recommendations for the city. Opportunity Austin has been widely successful and has evolved with new five-year strategies that continue today, each planned specifically to target industry subsectors and related talent. The City created organizational departments, that still exist today, to focus on the elements of its plan and accomplishment of its qualify of place vision.

Market-driven

Manhattan, KS: After previous failed attempts as downtown redevelopment, civic leaders in Manhattan recognized the need to make sure that their efforts were market driven. In their 2000 Downtown Tomorrow plan, they noted: "The previous Redevelopment Project has led to significant physical improvements in the downtown area. Unfortunately the "Field of Dreams Approach", which centers on the belief that a community only needs to undertake physical improvements for customers and investors to flock to the area, has been proven to be a myth. Physical improvements, made in isolation, do not result in renewed vitality. Physical improvements must be undertaken in conjunction with economic improvements for the revitalization efforts to succeed. Enhancement efforts must be market-driven rather than physically driven."

Actionable & Accountability-Driven

Durham, NC: Former director of Downtown Durham, Inc., which was formed to carry out their 1989 downtown redevelopment plan, Bill Kalkof, laid out "non-negotiable" criteria to guide the implementation of that plan. All projects had to be consistent with the plan. Public and private leaders had to show that projects were a good deal for the taxpayers and that developers actually needed the public incentives and financing. Finally, the City would not fully provide the funding until after projects were completed.

Austin, Texas

"The community recognized that we were missing growth in the medical sector and decided to pass a substantial county property tax increase (5%) to build a new medical school. This will have a massive effect on economic development in the next 10 years, especially due to the commercialization potential."

Mike Rollins / President, Greater Austin Chamber of Commerce

Private Sector Investment Responds to Business Climate and Talent Base

Over the last two decades, many states have greatly enhanced their economic development competitiveness by overhauling their tax and regulatory structures, thus creating a pool of business-friendly states. It is worth noting that several of the states that are home to these regional cities are consistently ranked among the most business-friendly tax and regulatory climates. However, one point made clear by each of the regional cities is that companies are increasingly focused on the costs associated with the existing pool of talent and future ability to attract a suitable workforce to the community.

TALENT DEVELOPMENT COSTS MAKE A DIFFERENCE

As companies consider whether to stay in or relocate to a community, having a ready and educated workforce can make a big difference. Site selectors and industry representatives closely review the existing skills in a community's labor force. They also consider the capacity of the existing education system to supply a ready workforce, which includes a focus on the K-12 education system.

ECONOMIC DEVELOPMENT PLANS ANALYZE RESULTS AND CAPACITY OF THE TALENT SYSTEM

In transformed regional cities, the economic development community has recognized the importance of talent and is active in facilitating collaboration between higher education and their existing businesses. In several cases new talent programs were developed to allow for a focus on the industry sectors defined in their plans.

ENTREPRENEURSHIP AND INNOVATION ARE A KEY COMPONENT OF THE TALENT PIPELINE

Not every community can be Silicon Valley; in fact, no one else can be Silicon Valley. Even better, these transformed regional cities are creating an entrepreneurial ecosystem that is unique to their culture and economy. They are creating hubs of entrepreneurship by investing in modern workspaces and forging meaningful partnerships. In doing so, they are enabling their highly mobile, educated workers to stay and create businesses, and attracting the young and educated from other parts of the country to do the same. What's more, the region's existing businesses are harnessing the energy and creativity of their entrepreneurs to support their own growth and innovation.

BENCHMARK EXAMPLES

Talent development costs make a difference

Boise, ID: Industry partners in Boise have made education and training the bedrock of their growth model. HP and Micron invested in Boise State to establish a school of engineering and to improve the business school. Furthermore, Micron, the Albertson Foundation, Simplot, Datatel, and local banks, banded together to finance and launch the College of Western Idaho in 2009, the first community college in the area.

Economic development plans analyze results and capacity of the talent system

Nashville, TN: Public, private, and higher education partners have all played a part in analyzing and improving the region's talent system. Since 1993, the Nashville Metro Chamber has annually convened a diverse group of business and community representatives to evaluate the progress of Nashville's public school system, examine academic performance data, and prepare a written report to present findings and recommendations for improvement to the city, including the school board, the director of schools and the mayor. Further up the talent pipeline, local software developers have taken it upon themselves to create the Nashville Software School, which provides 6-month intensive apprenticeships to prepare workers for entry-level software jobs.

Entrepreneurship and innovation are a key component of the talent pipeline

Durham, NC: The American Underground, started in 2010 and housed in the historic American Tobacco Campus, is a space for entrepreneurs, startups, innovators and investors to work collaboratively in a high-resource environment featuring a premier accelerator and incubator programs, a tech-training academy, and 10-15 person startups. Well-known tenants include iContact, which sold in 2012 for $180 million, Triangle Startup Factory, Groundwork Labs, Idea Fund Partners, NC Idea and the Council for Entrepreneurial Development. Founding partners include Google for Entrepreneurs, Duke University, Greater Durham Chamber of Commerce, NCIdea and The Research Triangle Park. This entrepreneurial hub brings in new talent to the region, but also serves as a way for young entrepreneurs to stay and continue to build upon the growth accelerating the region.

Boise, Idaho

"Our city has a huge economic development department, and it's mostly devoted to creating a sense of place. We recognize that companies and people want to live in an urban atmosphere. So we consider ourselves a patron for artists, creating a city that is attractive to people. We're using the culture as an asset to strengthen our economic development base."

Marc Ott / Austin City Manager

Financing Regional Transformation Requires a Multi-Faceted Approach

The level of investment that has occurred in each of the regional cities varies between hundreds of millions and billions of dollars. Each community addressed regional transformation needs by seeking a mix of private, public and philanthropic funding. In some cases, state and federal investments were used to support projects. A key point is that initial local public investment in the urban core consistently spurred follow-on investment from the private sector, more so than had been seen by investments outside of the core. Where needed, initial, primarily local, public investment often constituted roughly 50% of total investment, within a few years the public share shrunk to roughly 20 – 30%. Three general models have been utilized.

PRIVATE INVESTMENT SUPPORTS PLANNING AND IMPLEMENTATION

Transformed regional cities have successfully rallied private stakeholders to invest in the planning and implementation of their vision. To do this, many of the communities created large, targeted fundraising campaigns, which were managed by a civic intermediary. This approach creates an opportunity for broad vision and buy-in from community stakeholders. Private philanthropic investments are more often made in quality of place amenities that are identified in the planning process.

VOTER APPROVED LOCAL TAX INSTRUMENTS CAN PRODUCE POLITICAL AND FINANCIAL SUPPORT

A 'Penny tax" is an added local sales tax of between ½% and 1% that can be used for economic development. Almost all communities profiled have some version of this tax that was created via a voter referendum. Most of the communities that used this approach did so following the adoption of an economic development growth strategy. These communities made a business case to voters in order to secure their support. This approach offered voters a specific opportunity to invest in their future, rather than asking them for their faith that their taxes would be put to good use.

TRADITIONAL FINANCING TOOLS CAN BE USED TO SUPPORT INFRASTRUCTURE AND QUALITY OF PLACE INVESTMENTS

Every community has utilized a bonding- or secured debt-approach to support economic and quality of place investments, such as infrastructure (e.g. water, sewer, roads) and amenities (e.g. recreational and cultural). In some cases this approach already existed to support these investments, and, in others, it was developed as a result of the planning process. Local regions have also used existing tax supported budgeting capacity to invest in community and economic development efforts. These approaches often create multi-year commitments. As a result they require a well articulated plan and demonstrated return on investment to gain approval by voters and other elected officials.

BENCHMARK EXAMPLES

Private investment supports planning and implementation

Brookings, SD: In 2005, a partnership formed between Brookings Economic Development Corporation, the Brookings Area Chamber of Commerce and Downtown Brookings to discuss common approaches to accomplishing the region's economic goals. They concluded that there was enormous importance in leveraging private investment to accompany and enhance the financial and programmatic investments that their non-profits, governments, and chambers were already doing. This resulted in the establishment of the Vision Brookings Coalition. Later that year, they completed Vision Brookings 2010, a community and economic development fundraising program focused on several goals. Over the following 5 years, the campaign raised $4.1 million, which was used to leverage additional public and private funds investment.

Voter approved local tax instruments can produce political and financial support

Denver, CO and Manhattan, KS: These regional cities provide some of the best examples of utilizing the ballot to define the economic and quality of place need and allowing voters to contemplate the costs and benefits. Denver's approach allowed civic leaders to define the economic impact of efforts including the $4 billion airport development and create a long-term public support base. Manhattan utilized the voter referendum to gain support for both a 1% sales tax and a series of bonds to support quality of place amenities.

Traditional financing tools can be used to support infrastructure and quality of place investments

Austin, TX: The City of Austin's economic development department, supported with tax funding from a variety of sources, is unique in the breadth of economic development and quality of life programs that are supported. The city utilizes a portion of their hotel tax ($7.6 million) to support over 200 arts and cultural organizations. They also support economic development activities including Opportunity Austin and the Austin Technology Incubator. These organizations go before council in a session that is broadcast on public television to discuss the results of the investment by the city.

Denver, Colorado

"In the mid- to late-80s, [transformation] seemed impossible. In the 70s we could drag race downtown. What fundamentally changed was the consistent and sustained pursuit of a single, coherent plan."

John Huggins / former economic development director for Denver Mayors Webb and Hickenlooper

Long-term Partnership Requires Non-Partisan Thinking

Regardless of the political beliefs of city leaders, focus on quality of place versus strictly business growth through attraction and cost incentives were employed in all of the regional cities. During the interview process civic leaders demonstrated a level of collaboration and singular commitment (regardless of political affiliation) to achieve their goals.

FOCUS EFFORTS ON BIG ISSUES THAT EVERYONE CAN GET BEHIND

Most of the regional cities profiled have identified a grand challenge that is so compelling that it inherently pulls support from across a diverse array of stakeholders. Certainly there have been battles when hashing out the details of how that vision gets implemented, but ultimately, the vision itself is maintained because it was a rallying cry for the entire community, based in market-realities, and with a true desire to improve the quality of life and economy for the region.

PRIVATE LEADERS GIVE CREDIBILITY AND COVER

Private partners gave credibility to the efforts by investing real dollars. Often times, the private leaders of the effort were so influential in the region that public leaders followed regardless of their political leanings. Because private sector leaders are not subject to election cycles, their stable presence in the community also helped to ensure the longevity of the partnership.

ENGAGE CITIZENS TO ENSURE CONSISTENCY OF VISION

Ultimately though, nothing is more important to a public leader than the support of his or her constituents. Many regional cities efforts, led by private or public sector, used massive public engagement and/or ballot referendums to ensure that residents were vested in the vision. This meant that future public leaders felt more compelled to continue that vision, even if it was initiated under an opposing party's administration.

BENCHMARK EXAMPLES

Focus efforts on big issues that everyone can get behind

Denver, CO: Bill Mosher, a private and civic leader in Denver, articulated well the ethos of large-scale redevelopment in the Denver region. Speaking of the light rail development, he said "the key was the civic infrastructure; every mayor came out in support of it. It' wasn't a republican or democratic thing. It is really important to have infrastructure be about place, and not be political". Many cite the fact that the light rail is building for the 100-year future and not today's population. The Denver community has benefited from nonpartisan long-term thinking.

Private leaders give credibility and cover

Fayetteville, AR: The Northwest Arkansas Council, in its role coalescing regional infrastructure investment needs, provides a basis for local and national elected officials to prioritize funding commitments. Without such a process individual requests would be submitted, creating a more politically driven and less impactful result. The success of their efforts can be directly tied to their coordinated, privately-supported project requests.

Engage citizens to ensure consistency of vision

Cedar Falls, IA: Starting in 1990, the University of Northern Iowa has completed 10-year strategic planning efforts for the region. The plan is updated every five years, with a 10-year window to complete the goals. The process includes recruiting individuals from education, economic development, university, retirement community, high school students, city, and business (both commercial and industrial). They begin by reviewing the overall goals and priorities from the previous five years and then break out into strategic groups. These groups meet and work for a period of six to seven months. They have speakers come in from the university and major business leaders to talk about what they see as strategic issues. The final result is a 10 Year Strategic Plan for the city, chamber, development entities, university, citizens and business to follow.

Denver, Colorado

"The key to light rail was the civic infrastructure; every mayor came out in support of it. It wasn't a republican or democratic thing. It is really important to have infrastructure be about place, and not be political."

Bill Mosher / Trammel Crow, Denver

Higher Education Partners are Critical for Regional Transformation

Transformed regional cities are home to transformed institutions of higher education. Though still their raison d'etre, bestowing degrees and performing research is no longer enough for their colleges and universities. Instead, they are key partners in creating entrepreneurial ecosystems, building civic amenities, and producing world-class talent in direct response to industry needs. This industry responsiveness in particular is key to retaining business.

PARTNERSHIPS MAKE HIGHER EDUCATION EFFECTIVE IN CREATING AND RETAINING AN EDUCATED WORKFORCE

Most regional cities have a college or university to train and educate their youth and workers. However, that the results meet industry needs and that graduates want to stay and work for local industry is not guaranteed. Transformation requires a talented workforce that resides in or is attracted to a regional city and forms a dependable resource for employers. In order to make that happen, higher education and industry must partner to ensure the relevancy of the curriculum and to place students in internships and jobs. The direct correlation between advanced education and earnings potential also indicates that higher salaries will be present and can support a region's quality of place amenities.

QUALITY OF PLACE AMENITIES ARE SUPPORTED BY HIGHER EDUCATION

In addition to providing a steady pipeline of talent, higher education institutions can also provide cultural and infrastructure amenities for the broader community. From theatre and recreational facilities, to neighborhood redevelopment, higher education can play a multifaceted role in regional success. However, in order to do so, those amenities must be integrated with the larger community instead of siloed within a campus. That is not to say that they necessarily have to be in the center city; on the contrary, some of the regional cities had large colleges or universities located in the surrounding communities. The point is that they were truly integrated into the corporate and civic realms. For those surrounding communities within a regional city, leveraging the college or university has also been key to retaining young talent.

REGIONAL CITIES AND THEIR HIGHER EDUCATION PARTNERS PLAN TOGETHER

Communication is the key to any relationship. That's especially true when the two parties are large, diverse, and often bureaucratic in nature. Each transformed regional city did especially well at fostering communication and active engagement between their higher education and economic development stakeholders. They describe a collaborative process by which an open discussion regarding priorities for both the higher education institution and the community was conducted. The result is a complementary understanding and development of action agendas that support enhanced quality of place and economic impact.

BENCHMARK EXAMPLES

Partnerships make higher education effective in creating and retaining an educated workforce

Nashville, TN: Middle Tennessee State University is a key partner in the region's overall economic development strategy, as a partner in Partnership 2020. In order to better serve the business community, the new dean of their business school has visited with 440 companies in the past 15 months. They have recently created a new Mechatronics program in partnership with the technical college and the community college in direct response to industry needs. They also work closely with the Metro Chamber on business expansion and attraction. They will be supplying the new UBS Bank with 20% of their workforce. Overall, the University retains 75% of their graduates in the region.

Quality of place amenities are supported by higher education

Durham, NC: The Durham Performing Arts Center is a true public-private partnership that has contributed to Durham's quality of life and created an $11 million economic impact in its first year alone (exceeding the original estimates of $7 million). Located in the heart of the community, the theatre was financed using over $33 million in debt service and a $7.5 million contribution from Duke University, who uses the space to host events through Duke Performances. The DPAC has been credited with benefiting the restaurant business in downtown Durham; many downtown restaurants have opened in proximity to the theater since its opening in 2008, significantly supported by pre- and post-show seating.

Regional cities and their higher education partners plan together

Manhattan, KS: The city of Manhattan and Kansas State have an agreement that allows campus generated taxes of approximately $300,000 per year (e.g. concessions related taxes) to be placed in a dedicated account and the proceeds are invested through a joint city and university planning process. In recent years this funding has included neighborhood lighting, sidewalk and bicycle lane improvements, tree planting and other investments in quality of place activities.

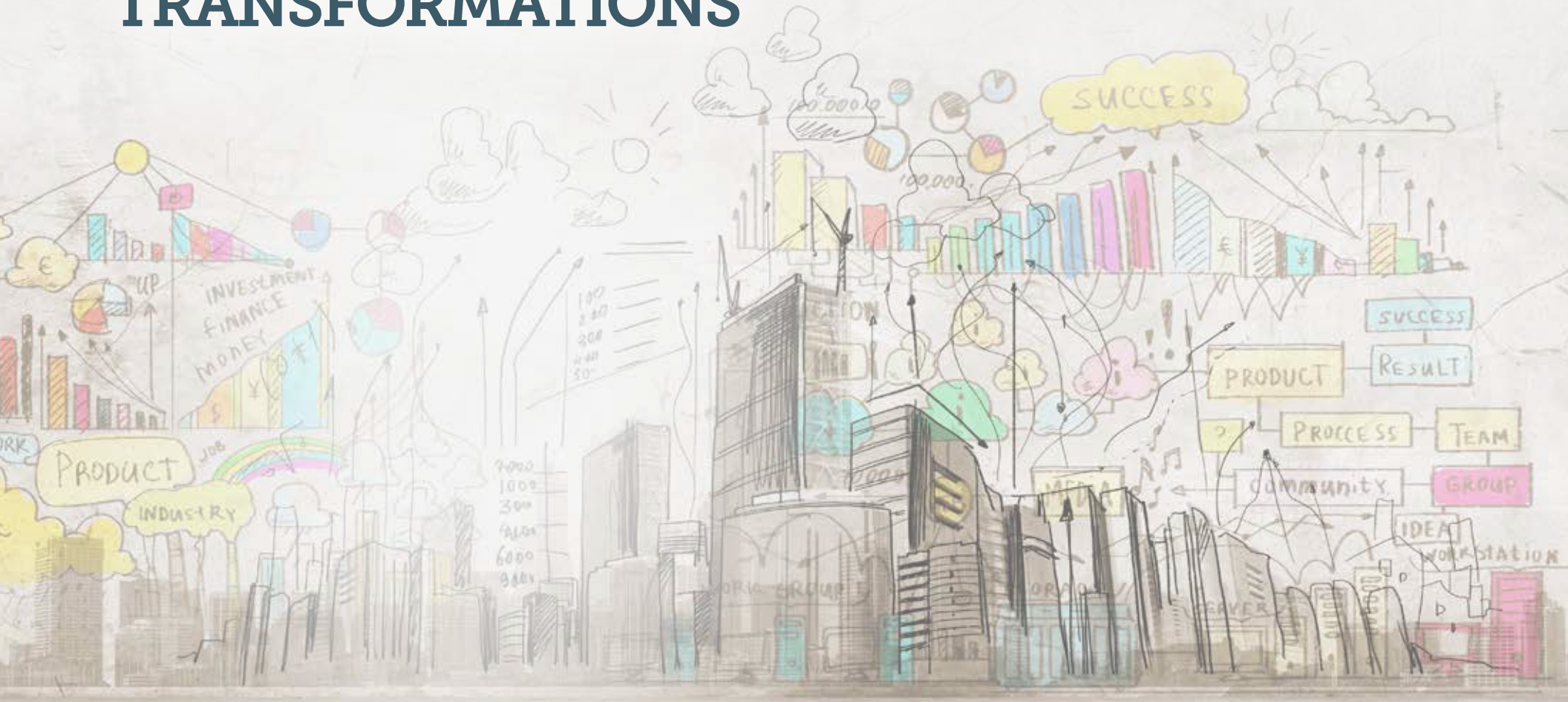
Durham, North Carolina

"Duke wanted to redefine its relationship with the community. Historically, universities were built outside of cities, but Duke wanted to refocus on collaboration with the city, county, and region. Part of that was committing to be an anchor tenant in the American Tobacco redevelopment."

Sam Miglarese / Director of Community Engagement, Duke University, Durham, NC

KEY TAKE-AWAYS FROM REGIONAL CITY TRANSFORMATIONS

The ability for regional communities to transform themselves is an often studied and possibly never perfected concept. The breadth and depth of factors that precede regional transformation ranges from industrial forces, to population migration, to economic catastrophes. However, **some communities are just sparked by the desire to grow and become better places to live and work**. Whatever the cause, it is clear that regions can and do transform. When they do so in the pursuit of growth it is a purposeful and collective effort with the following elements being core to every one:



A SENSE OF URGENCY

Many of the regional cities noted that the call to action came during a time of weakness and their efforts were therefore not as impactful as they could have been if planned during a time of strength. While this reality has supported their ongoing refreshing of plans to remain ahead of issues it is recommended that Indiana not wait until an economic catastrophe occurs.

Indiana communities must assess their level of readiness to attract and retain investment. Indiana communities have demonstrated slow population growth or decline and varying degrees of competitive economic performance. These trends do not show any sign of reversing without some form of action. If that holds true, Indiana will see increased local tax revenue issues, fewer jobs and less talent, which will all create a negative drain on the region and state's ability to attract investment. While the most severe of these impacts may be a few years off, the time to act is now while the state's regional cities are in a relative position of strength.

VISIONARY LEADERSHIP

Civic leaders, both patient and opportunistic, are the ultimate driver of regional transformation. In each of the benchmark communities, a group of individuals from the private, public or academic sector saw their community as one of potential. They came together to begin a process of sketching out the path to harness that potential. Sometimes those leaders are not evident – they are busy running their own organization or business.

Creating a platform to meaningfully engage the community can help draw out and identify those with energy and bold ideas, who could be further empowered to take a leadership role in transformation.

BRAVE ACTORS

Civic leaders must stand their ground despite political consequences. In many of the regional cities there have been times when plans and projects were viewed unfavorably by taxpayers or elected officials, but were needed in order to advance the overall transformation. These leaders stood strong on their beliefs and continued to seek support through increased analysis and information sharing. Some local public officials lost their elected offices as a result of these battles but now are recognized as the people who led the path to regional transformation.

DIVERSE PARTNERSHIPS

Partnerships should be able to exist through economic cycles and downturns. Each community had its cycles that often were in sync with the national economy but each found a way to strengthen their economy as a result.

The regional cities that have transformed all demonstrate partnerships between civic, private, academic and government individuals and organizations. The diversity of backgrounds and perspectives of these partners means that the definition of roles is critical. The level of financial support and specific roles varies from community to community but each serve a key purpose in planning and executing regional transformation. These partnerships have all demonstrated staying power that has allowed the group to advance despite setbacks. These partnerships should include:

- Committed locally owned businesses that are willing to invest time and money in the process of planning and execution
- Public officials that are able to think strategically and don't allow 'politics' to shape decisions (i.e. principle over politics)
- College and university officials or other anchor institution leadership that understands the potential impact their organization could have on the region's quality of life and economy
- Community leaders or other individuals who have a voice in the community and represent diverse populations including racial, cultural and religious subsectors

STRATEGIC PLAN EXECUTION

The visionary sketch begun by the community leaders was refined through a planning process that in most cases involved a wide range of stakeholders, and crafted strategies based on strong data and information. The majority of the regions had a planning effort that identified assets and weaknesses in each city and region. These included a review of industry sectors, infrastructure and quality of place amenities. In most cases plans targeted investments in both the city and region. The regional cities did not let the existing set of programs and financing tools dictate the strategy, rather several of them developed new tools to support their goals. They also did not allow for a "Field of Dreams" approach, rather the priorities identified were based on a solid set of data and analysis of their opportunity and vision.

COMMITTED DEALMAKERS

In each of the regional cities individuals were identified who were able to use the plan as a platform to identify development opportunities. The visionary and patient leaders are often complimented by individuals who are able to structure deals that support the vision. These dealmakers are able to accept greater risk due to their faith in the long-term returns that the visions and opportunity present.

Summary

These key take-aways remind us that in all cases of transformation it has been civic leaders stepping forward that have made the difference. As you will see in the regional city case studies that follow, the tools and techniques used by these civic leaders varied, but all have contributed greatly to their communities. The case studies are meant to serve as illustrations of the range of actions that can be taken and the profiles of organizations and individuals who have led the way. We extend our gratitude to the leaders in these communities who so generously contributed their time during the development of this report.

CASE STUDIES

The information that follows is a collection of case studies that profile regional transformation in eleven of the United States' growing regions. These case studies seek to inform, illustrate, and hopefully inspire other communities to act based on the results that these regional cities have demonstrated. In most cases the efforts profiled on the following pages demonstrate a potent mixture of vision, perseverance, and in some cases, luck. In all cases they illustrate that a community can rally to fix economic and quality of life issues, can attract the attention of businesses and individuals around the globe, and can transform their community for the better.

To develop these case studies, civic leaders in each of the regional cities were interviewed, additional data was analyzed, and a literature review was conducted. Interviews included seven site visits by the consulting team and representatives from the IEDC. It should be noted that some discussion was entertained regarding the use of both Raleigh and Durham as separate cities due to their collaboration through the Research Triangle Partnership. While they do demonstrate some of the strongest regional collaboration, these regional cities also demonstrate two distinct paths to their most recent transformation, and therefore, are profiled separately.

CASE STUDY: Austin-Round Rock, TX MSA

FAST FACTS

- State Capital and university town
- Transformed from a cattle town to a technology center
- Cultural hub for the region

TOP INDUSTRIES

- Higher education and research
- Health and medical research
- Information technology
- Corporate HQ and regional offices
- Renewable energy and technology

KEY INDICATORS

- Population grew by 1,031,153 from 1990 – 2013 (123%)
- An additional 475,200 jobs added from 1990 – 2013 (122%)
- $36 billion or 64.9% growth in GDP from 2001 – 2012

THE TRANSFORMATION

- The MSA went from a population of only 160,980 in 1950 to 1.7 million in 2010, over twice the average growth rate than even the other top performing metros in that time period.
- The energy crisis of the 1970s, followed by the boom and bust of the oil and gas sector in the 1980s helped to attract support for technology-based alternatives.
- Opportunity Austin was an integral planning effort by the business community in early-mid 2000s, which led to more focused city planning.

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- Strong leadership from Mayor's office, Chamber of Commerce and private sector
- Diversification of sectors
- Strong quality of place factors, including downtown redevelopment and culture
- Importance of planning effort and ongoing refinement in Opportunity Austin

ABOUT THE AUSTIN REGION

Once a quiet state capital, the city and metropolitan region of Austin, TX is recognized as one of the most prosperous and successful areas of the country. Austin has seen its share of economic peaks and valleys throughout the last three decades; however, over the past twelve years, leaders have supported a coordinated focus on planning and investing in projects that have had significant impacts on the region, solidifying its strengths and addressing its untapped opportunities.

Business, Economics, and Growth

The Austin region is continually ranked at the top of numerous lists, including growth, business, talent attraction, and livability. Rankings highlighting their business and economic climate:

- Bloomberg News put them at #1 in their "Top 12 American Boomtowns" (2013)
- Business Insider placed them #9 in "Most Innovative Cities" (2013)
- Forbes recognized them in their annual "Fastest Growing Cities" as the #1 most rapidly expanding as well as #1 on their 2013 "Best Cities for Job Growth"

Next Generation Workforce

On measures relevant to talent attraction and young professionals, Austin is considered hip, "weird," and economically attractive:

- Forbes ranked them as #10 in "Best Cities for Young Professionals" (2010)
- Kiplinger's Personal Finance put it the #1 "Best Place to Start a Career" (2011) and #1 "Best City to Live in for the Next Decade" (2011)
- K-12 and college reviews and rankings group Niche.com put them at #2 of 25 for metros with the "Best Cities and Neighborhoods for Millennials" based on concentrations of 25-34-year-olds, median income, educational attainment, and racial diversity

Quality of Place

On livability, Austin was noted as:

- #1 "Most Livable City" by Kiplinger's (2010)
- Parenting put them #2 in "Best Places to Raise Kids" (2011)

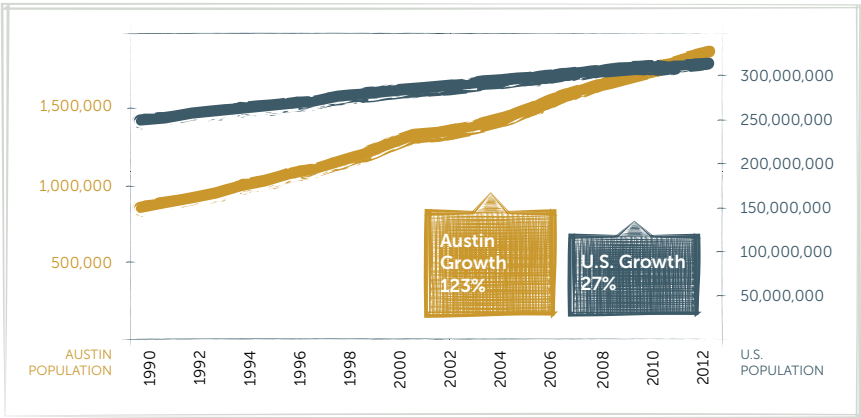
Austin and the broader Austin-Round Rock metro region have also demonstrated significant population growth. The population increases are complemented by steady growth in Gross Domestic Product (GDP), and employment between 1990 and 2011.

As Austin's business leaders developed their regional transformation plan, called Opportunity Austin, they sought a civic intermediary that would be able to execute on the vision and defined actions. They looked to the Austin Chamber, recognized that capacity enhancements were needed, and they committed to doing so to support an effective intermediary. They were able to raise $14.3 million from private and local public sources around the region to implement Opportunity Austin 1.0 and have continued to revise the plan and execute a capital campaign every five years.

POPULATION

- In 2010, the City of Austin's population of 790,000 represented a 17.5% increase from the population of 650,000 in 2000
- The Austin-Round Rock MSA has grown to 1.8 million people in 2013, a growth of 49% from 1.26 million in 2000
- The Austin Metro area has consistently grown well above the national average growth rate

Figure 1: Population Austin, TX MSA vs. United States



ECONOMY AND GROWTH

- After a decade of uninterrupted growth from 1990 to 2000, Austin experienced two short employment declines since 2000
- From 1990 to 2011, the Austin-Round Rock region ranked highest among metropolitan regions with populations larger than one million in regards to GDP, employment growth, and productivity growth
- Regional GDP was $90.8 billion in 2012, a 65% increase from its 2001 figure of $55.1 billion

Figure 2: Employment Austin, TX MSA vs. United States

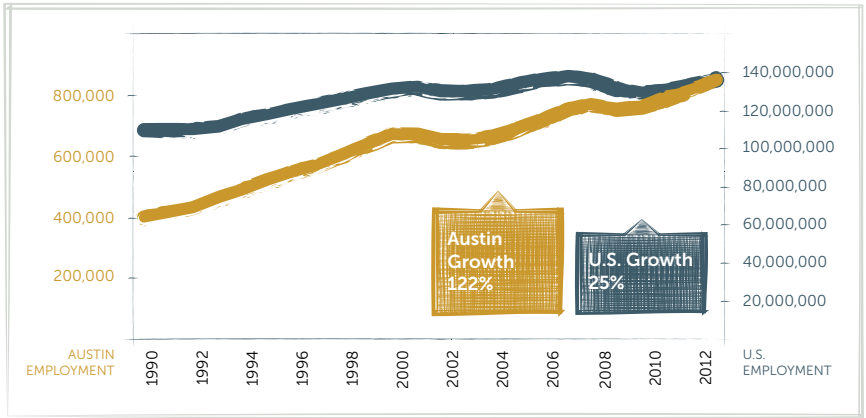
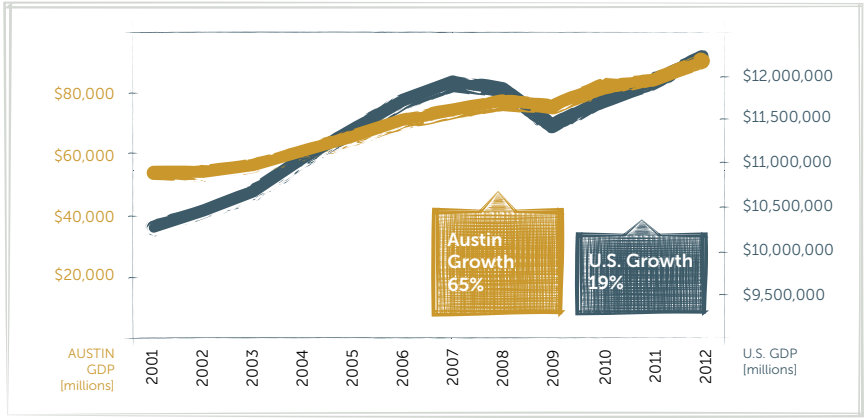


Figure 3: GDP Austin, TX MSA vs. United States



THE NEED FOR ECONOMIC TRANSFORMATION

Though current rankings paint an extremely successful picture of Austin, this has not always been the case. Austin was once an unassuming state capital town. Even with a successful strategy to promote technology early on, the oil and gas industry remained a strong influence on the regional and state economies. The lingering effects of the 1970s energy crisis, the post-crisis "oil glut" bust in the 1980s and the resulting recession, as well as the savings and loan crisis, all provided challenges for the overall Texas and regional economies.

Austin's economy in the 1990s, especially from 1995 to 1999, was exceptionally strong. Despite setbacks in the preceding decade, the region had developed a competitive and growing technology sector. The acceleration of globalization, as well as the shift toward automation, served as distinct drivers. The tech boom also helped Austin more than double its economy and employment. However, beginning around 2000, Austin's economy, and in particular the tech and energy sectors, started to shed jobs at an alarming rate, due largely to changes in the global economy and lack of industry diversity.

Altogether, the effects of the 1960s through 1980s influenced developers, business leaders, university leaders, and government officials to take a regional approach to economic development. The success in building a technology cluster resulted from a coordinated effort among a number of leading stakeholder groups. However, the shock of the recession in the early 2000s made Austin leaders recognize the need for more strategic planning. The City and the Austin Chamber undertook separate but complementary efforts to identify specific strategies to grow their creative industries and diversify their economy.

Greater Austin Chamber of Commerce

Downtown Austin Skyline Before

Brian Barnes

Downtown Austin Skyline After

LEADERSHIP TO TRANSFORM

Austin has benefited from visionary leadership during two cycles over the past 40 years. Initiatlly, Austin found a champion in a University of Texas at Austin Dean to grow its technology sector. When the time came to diversify their economy, Austin's public, private, and civic sectors came together to lay out a strategy.

Initial Leadership Towards Transformation

Dr. George Kozmetsky is recognized as a visionary leader that came to Austin as an accomplished businessman and saw an opportunity to help transform the community. In the 2008 article, "The Godfathers: Characteristics and Roles of Central Individuals in the Transformation of Techno-Regions", Dr. Kozmetsky is cited as one of the world's great visionaries by being able to catalyze the entire Austin community's focus on a new economic foundation. Dr. Kozmetsky served as the Dean of the College and Graduate School of Business of The University of Texas at Austin from 1966 to 1981. In 1977 he launched the iC2 Institute to serve as an organization that would commercialize technology and create a community of start-ups in Austin. Dr. Kozmetsky himself created more than 100 companies and served on the boards of several others.

In 1983, Dr. Kozmetsky and IC2 spearheaded a collaborative effort to convince Microelectronics and Computer Technology Corporation (MCC) that it should move its headquarters to Austin. At Kozmetsky's urging, the city focused its efforts around convincing MCC of what the city would become, rather than its current state. A similar approach was used to attract 3M in 1984 and Sematech in 1988. AMD, Motorola, Samsung, and many others followed. As the Austin community began to see the benefits and companies started to garner national attention, the Austin technology economy prospered, yet it was not immune to global economic expansions and contractions.

City and Chamber Leadership in the 2000s

In 2003, civic leaders in Austin realized the city was in trouble. With the Austin economy losing more than 36,000 jobs in the 36 months prior and the city government laying off more than 800 people due to a narrow economic base, Austin was held hostage by global changes in the technology sector and successive energy sector issues. The leadership, in response to these challenges, came from three main individuals:

- William Patrick Wynn, Austin Mayor 2003 to 2009
- Gary Farmer, President, Heritage Title Company of Austin and board member of several of Austin's key organizations
- Mike Rollins, President and CEO of the Greater Austin Chamber of Commerce, December 2002 to current

Mayor Wynn came into office with two decades of real estate experience and a focus on environmental sustainability. Wynn acted quickly to improve the city government's role and support of economic transformation. The Mayor's Task Force on the Economy was formed and developed dozens of recommendations that focused on business growth and quality of place. The city also adopted a new approach to the way it considered its investments and created several new programs that focused on quality of place investments: nurturing and supporting Austin's creative class, particularly in live music, film and technology; reducing the bureaucratic burden on small business, primarily by reforming the land development code; and creating a standardized, transparent and predictable incentives program for attracting major employers.

Gary Farmer was a business leader who had previously served on the Chamber board, but had not been as active in the years preceding the 2003 recession. As Chairman, he was now stepping into an organization that was almost bankrupt and had just recruited a new staff leader, Mike Rollins.

Mike Rollins came to Austin as President and CEO of the Greater Austin Chamber of Commerce in December 2002, following eight years of serving the same role in Nashville, TN. Farmer met with Rollins as part of his decision making process to take on the Chamber Chairmanship. The two agreed on a plan to transform the role of the Chamber and to create an economic development strategy for Austin.

Opportunity Austin defined the region's assets and future focus through extensive communication with regional stakeholders. It then became the regional economic development recruitment strategy and was delivered by the Austin Chamber, with support from regional chambers, private sector companies and organizations. Spearheaded by Gary Farmer, the Chairman of the Chamber at that time, and Mike Rollins, new President and CEO of the Chamber, Opportunity Austin depended on the buy-in of the private sector. With the set plan to diversify and transform Austin's growth, Opportunity Austin raised over $14 million from private investment. Surrounding communities have seen significant population and business growth as a result of Opportunity Austin. They, in turn, have developed their own visionary plans and improved quality of place amenities to suit the increasing population, including increased access to health care, minor league stadiums, outdoor recreational amenities and education reform.

PLANNING AND EXECUTION OF TRANSFORMATION

Many contributing factors have led to Austin's success, from building a national reputation as a creative capital and music industry center to its centralized location.

Austin benefited greatly from Kozmetsky's vision and the execution of this early transformation strategy. The institutions created through this process fostered a more entrepreneurial culture and economy that led to immense economic and community growth. This early vision was less of a clearly articulated plan than it was a series of actions (development of events/meeting spaces, recruitment of angel investors, etc.) that supported this change. However, by the late 1990s into early 2000s, the economic forces around Austin would end this laissez-faire approach and call for a more structured strategy.

Planning has been central to the economic and population growth success that Austin has experienced since 2003. In that year, Mayor Wynn led the development of a new city budget investment model focused on economic and community development, while the business community rallied around the plan that Farmer, the business community, and the Chamber laid out.

Mayor's Task Force on the Economy

Beginning in 2003, Mayor Wynn was convening stakeholders in an effort to transform how the city engaged in economic development. A Task Force and Subcommittees were formed by the mayor's office that focused on:

- Traditional Industry Recruitment and Retention
- Small Business and Entrepreneurship
- Cultural Vitality and the Creative Economy

Through the Task Force effort, 44 specific recommendations were developed that ranged from changing the way the city conducted business to making strategic investments. One of the key changes was the adoption of a "Shared Investment Policy" that governed the city's role in supporting corporate retention, expansion and relocation projects. The program guidelines state, "The primary consideration when evaluating whether or not to offer a given firm a package for relocation/expansion should be the potential economic and fiscal impact on Austin. At the same time, the "goodness of fit" of the firm with Austin should be reviewed, along with consideration of the potential impact on infrastructure and the environment."

Specifics from the recommendations include:

Traditional Industry Recruitment and Retention

- Evaluate the industries targeted for their long-term potential, their ability to leverage Austin's specific regional assets, and their consistency with local values and economic vision.
- Consider a "shared investment" by the city based on a project's overall economic and fiscal impact; its ability to create good jobs for Austinites and good opportunities for other local businesses; and the employer's record of corporate citizenship, support for culture, and environmental sensitivity.
- Avoid front-loaded city incentives that aren't tied to performance; explore nonfinancial incentives and limit financial incentives to incremental ones based on growth that don't cost the city tax money.

Small Business and Entrepreneurship

- Develop a more user-friendly code-and-permitting process for small business, including a specialized small-business development review team.
- Support programs that provide access to capital, training, and opportunities for collaboration.
- Provide better information and support network, including a small business resource Internet site, an ombudsman within City Hall, a marketing campaign, and an annual summit.
- Make it easier for small businesses to do business with the city.
- Develop a small-business cluster that provides opportunities for mutual support (for example, small-business incubators).

Cultural Vitality and Creative Economy

- Create a "cultural impact" review process to evaluate city policy decisions.
- Use culture as a criteria for reviewing city incentives and investments (as also recommended by the traditional-industries committee).
- Provide umbrella insurance policies for artists who are doing business with the city.
- Expand the city's cultural arts program to incorporate marketing, fundraising, and technical assistance for artists and arts organizations.
- Streamline permitting for creative-arts industries.
- Expand the music loan program to include other arts and cultural endeavors.
- Inventory city-owned space to find places arts groups could use.
- Create a public-private multidisciplinary arts incubator.
- Create a Texas Culture Festival as an annual Austin event.

In addition, Austin created a new, broader model for economic development focus, including:

- The plan would be developed with goals, objectives, and metrics
- The process would be completely transparent
- The Chamber and its partners would be accountable to investors
- The plan would be regional in scope - covering the complete labor shed
- Fundraising would be done in a peer-to-peer fashion

Today the Economic Development Department is focused on a long-term (50 years or more) vision for the Austin region with tactical investments being made through their ongoing budget process. They've implemented many of the Task Force recommendations around quality of life and business development. For example, the city developed an incentive program in 2003 that allowed them to support business growth and relocation. Austin's incentive program is performance based and last 10 years. Each year, a company that accepts incentives must meet specific job numbers, average salary rates, and provide investment in local taxable property. Twenty-one companies have accepted incentive packages, with two completing the full program. The program is very selective and relatively strict.

The Austin Chamber and Opportunity Austin

As Mayor Wynn and the city strategized about a better future city and economy, Farmer and Rollins set a clear agenda to remake the Chamber's economic development program and established some basic goals to govern the approach:

- Develop a plan with goals, objectives and metrics
- Completely transparent process
- Accountable to investors
- Regional in scope – covering the complete labor shed
- Peer-to-Peer Fundraising

Farmer and Rollins agreed on an approach to develop the plan and recognized that they needed help from a consulting group, settling on Market Street Services out of Atlanta and their principal, Mac Holliday. They were ready to hire but didn't have the budget to do so. They approached the Real Estate Council of Austin who recognized the opportunity and provided $125,000 to get the planning started. A 7-month long "big tent approach" planning effort was conducted with business and government leaders from throughout the Austin 5-county area.

Table 1: Opportunity Austin: Reported Results

	10-Year Results	10-Year Goal	Difference
New Jobs	226,800	189,000	+36,800
Payroll Increase	$11.5 billion	$13.7 billion	-$2.2 billion
Corporate relocation announcements	330	225	+82
Out-of-Region Visits	2,348	1,100	+1,188
Prospect Visits	1,409	500	+823
Regional Retention Visits	6,185	2,275	+3,534

Through the work of Market Street and Farmer's promotion of the need and vision of the regional plan, Opportunity Austin 1.0 was created in 2004 and provided an action strategy for the next five years of investments that were necessary to start diversifying and transforming the Austin region. The plan included a line-by-line budget that showed where investments were going to be utilized and the expected impacts. Every individual who was approached for funding was provided these materials, as the Chamber board and staff sought to raise $11.5 million to support the newly created Economic Development Corporation and its initial 5-year period. By late 2004, $14.3 million had been raised and the Opportunity Austin 1.0 effort was well on its way. Over 225 corporate and individual investors from throughout the region contributed to the plan.

The plan focused on the goals shown in the Summary of Results table, which include a mix of job creation, payroll increases and attraction activities. The plan was widely covered by media outlets and the Chamber board provided annual progress updates. Opportunity Austin 1.0 was more focused on improving the economic diversity of the community through investments in business attraction and retention of the resident talent base. It also focused on large-scale quality of place and talent attraction mechanisms such as developing an academic medical center at UT Austin, which is scheduled to admit its first class in 2016.

Since then, Opportunity Austin 2.0 (2009-2014) and Opportunity Austin 3.0 (2014-2018) have been developed through a similar engagement, goal setting, targeted investment identification and community fundraising effort. From 2004 to 2013 Opportunity Austin raised over $31 million from a majority of private and some public investors to support the core activities. These funds have been invested in Economic Diversification (41%), Education and Talent Development (31%), Business Retention and Expansion (15%), and other (13%). As the credibility of the Chamber grew, the EDC was never staffed; rather, the investors put their confidence in the Chamber to carry out the plan.

AUSTIN TODAY AND KEY TAKEAWAYS

Austin benefited from two waves of visionary and strategic leadership. Early on, Kozmetsky laid the groundwork for Austin's transformation from a government and agricultural hub. Today, the tech sector is still a strong part of Austin's economy, but the dot-com bust drove the need for diversification. The public-private partnership represented by Opportunity Austin and the unique economic development focus of city government have been the key drivers of Austin's growth since the early 2000s. This holistic economic development plan has been updated every five years to reflect the region's changing needs and respond to national trends. This vision, planning, and long-term dedication to execution have led to an impressive growth in population, jobs, and economic output.

CASE STUDY: Denver-Aurora-Lakewood, CO MSA

FAST FACTS

- The Denver Metro is home to 27 million people and is the largest city within a 600-mile radius
- The energy industry fueled Denver's growth until the oil-bust of the 1980s
- Today, quality of life amenities are a major draw for young, educated talent

TOP INDUSTRIES

- Aerospace and aviation
- Financial services
- Clean-technology/energy

KEY INDICATORS

- The Denver Region's population increased by 1,039,452 people between 1990 and 2013 (63%)
- The Denver Region added 438,300 employed workers to their population between 1990 and 2013 (51%)
- The Denver Region GDP grew by over $25 billion between 2001 and 2012 (20%)

THE TRANSFORMATION

- Downtown Denver was transformed from a ghost town in the 1980s to one of the top downtowns in the country today, with over $1 billion in investment over the past two years alone
- Beginning in the late 1980s, private sector leaders coalesced throughout the region to support revitalization – today, the Denver region could arguably be said to have the strongest dedication to regional planning and development in the country
- Created in 1997 by the regional council of governments, the Metro Vision 2020 plan laid the groundwork for transformation

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- A succession of visionary, driven, and non-partisan mayors
- Key investments in light rail and the Denver International Airport took decades and were hard-won, but ultimately drove growth
- Development of downtown cultural amenities and stadiums were regionally supported and financed through special tax districts

ABOUT THE DENVER REGION

Denver is Colorado's "Mile-High City." With its growing expansion of suburbs, Denver has become a vibrant and dynamic metro cluster. A region rich in natural beauty and close proximity to the great outdoors, Denver leaders from all sectors have spent the past two decades leveraging their geographic location and environmental appeal, coupled with visionary place-based economic development strategies, to promote a thriving economy.

Denver's strengths and competitive attributes are consistently recognized in national rankings by popular information outlets, business publications, and research reports that analyze and rank regions based on their business, labor, and quality of place climates.

Business, Economics, and Growth

- Forbes has recognized Denver as one "America's 10 Comeback Cities" (2012), and placed the city among the "Fastest Growing U.S. Cities" (2014)
- Forbes also rated them at #4 for "Best Places for Business and Careers" (2013)
- The Miliken Institute included the Denver Metro in its "Best Performing Cities" annual report as #15 overall (2013)
- fDintelligence placed Denver metro at #5 in the subcategory "Top 10 Large Cities – Business Friendliness" (2011–2012)

Next Generation Workforce

- Kiplinger's Personal Finance ranked Denver as 5th overall in "Best Places in the U.S. for Young Adults to Live" (2012)
- The Brookings Institute ranked Denver as the #1 "Top City for Young Adults to Relocate To" (2012)
- The Fiscal Times echoes many of these rankings by recognizing the Denver Metro as the #9 "Best Locations for Today's Graduates" (2014)

Quality of Place

- Businessweek ranked Denver #6 in their "America's Best Cities" (2013)
- The Trust for Public Land's annual "ParkScore" rated Denver's plentiful and well-funded park system as #7 among 60 metros studied (2014)
- Sperling's Best Places ranked Denver #4 in "U.S. Cities Poised for Greatness," a combined study of examined sports, arts, music, culture, LEED certifications and population growth.
- Forbes ranked Denver as #5 among "America's Top 20 Healthiest Cities"

Figure 4: Population Denver, CO MSA vs. United States

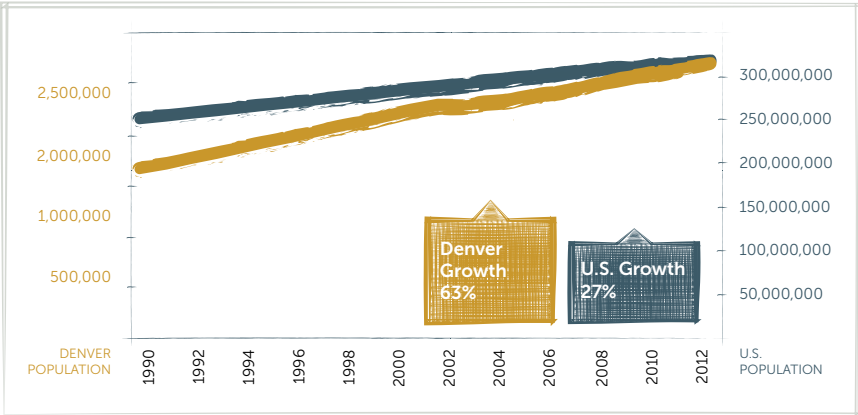
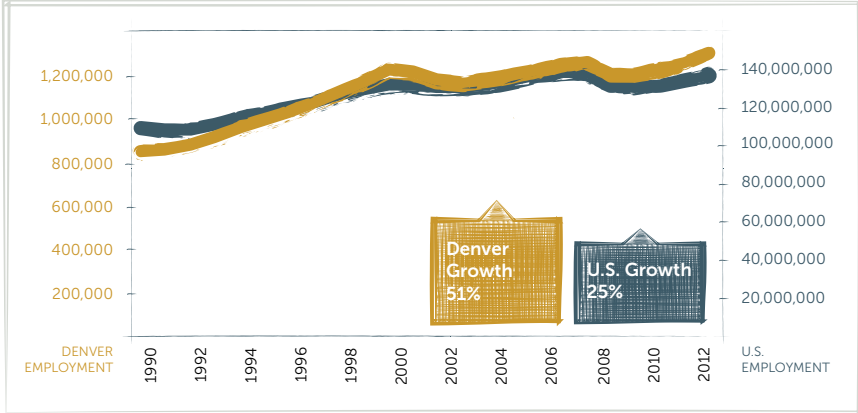


Figure 5: Employment Denver, CO MSA vs. United States



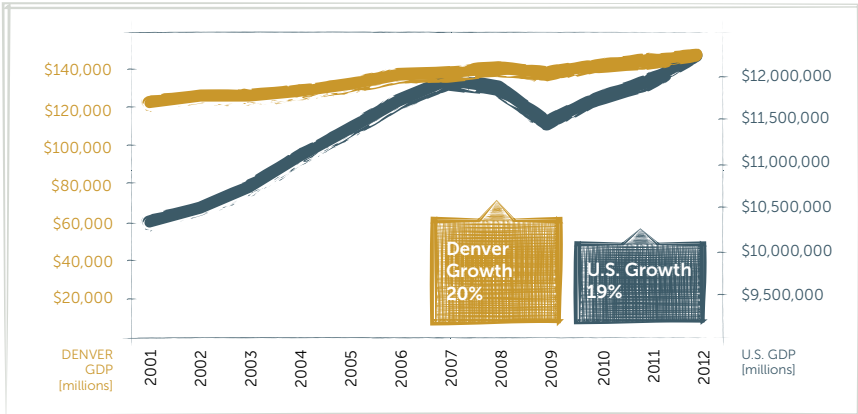
POPULATION

- Through the 1990s, there would be an important inflection point in the development of their economy, climbing to 2.2 million people by the 2000 Census. This leap represented a 31% increase over the span of ten years, making Denver the 12th fastest growing MSA of the decade.
- Between 2000 and 2010 Denver's growth slowed to 18%, doubtless a partial result of the economic recession, yet the metro population grew to nearly 2.6 million.
- As of the 2013 estimate, the population was growing more slowly than in prior decades but it was approaching $2.7 million.

ECONOMY AND GROWTH

- The total labor force in 2013 was 1.43 million, representing a 2.4% increase since 2008 and an 11.4% increase since 2003; the latter outpaces the U.S. average by approximately 2 – 2.5 times.
- Denver does well in educational attainment, with 39% of the population having a Bachelor's degree, compared to the national average of 28% (2012).
- In terms of total production and economic productivity, the region posted a total gross domestic product (GDP) of approximately $123 billion in 2001, and by 2012 it had grown to nearly $148 billion, which made it the 18th largest economic producing metro region in the country.

Figure 6: GDP Denver, CO MSA vs. United States



The region hosts a diverse mix of advanced industrial and commercial sectors with substantial concentrations in research and development, design, and manufacturing. There is a strong cluster in broadcasting, telecoms, and software/IT. The information technology-software industry alone employs over 43,000 workers, and the broadcasting and telecommunications cluster employs nearly 40,000 people. Additionally, they boast the second largest aerospace industry sector in the country, with over 400 firms and 19,600 employees. Of that growing cluster, Denver has developed a particular niche in the satellite-based services segment, housing firms such as DISH Network and sister company EchoStar Corporation. Regional universities such as the University of Colorado – Boulder, the Colorado School of Mines, and the University of Denver have all become engaged in private industry activities aimed at innovation, research, and commercialization.

THE NEED FOR ECONOMIC TRANSFORMATION

During most of the 1980s, Colorado's population growth was in the doldrums. Forty percent of downtown office space was vacant, reflecting the disappearance of 28,000 energy-related jobs due to the withdrawal of federal price supports for western oil shale development. In 1987, a coalition of business and community leaders recognized that the area was suffering because communities within the region were competing against each other and siphoning growth opportunities from one another. This recognition fostered an initiative to promote the region first through a codified "culture of collaboration," which ultimately led to the development of the Metro Denver Economic Development Corporation.

Though today many people think of Denver and imagine their success to be purely attributable to their proximity to the Rocky Mountains, a driver of tourism and talent attraction, in reality, this asset had little to do their transformation. Rather, public and private leaders focused on a combination of physical downtown development and infrastructure improvements, and economic diversification in an attempt to attract businesses and talent to their region. The key amenities, which they developed, are those that most communities have and could better leverage for business growth, including cultural attractions and transportation infrastructure.

Union Station Development Before

Union Station Development After

LEADERSHIP TO TRANSFORM

The Denver region has a history of political leadership that is dedicated to creating a welcoming atmosphere for residents and businesses. After World War II, Governor Carr welcomed Japanese Americans who had been housed in interment camps to stay and make their lives in Colorado. In the 1960s and 1970s, Mayor McNichols was very focused on integration and creating opportunities for African Americans to thrive in the Denver region. Since then, both public and private leaders have been fostering economic vitality in the region.

Metro Denver EDC and Non-Competition

The Metro Denver Economic Development Corporation (Metro Denver EDC) was founded in 1987 by a coalition of business and community leaders who recognized that the region was suffering from inner competition. The Metro Denver EDC, an affiliate of the Denver Metro Chamber of Commerce, is a unique partnership of over 70 cities, counties and regional economic development entities that collaborate to promote regional economic development opportunities. Metro Denver EDC members present potential opportunities, and an investor board of directors dictates final development decisions. Furthermore, there are ramifications for members found to be acting outside of the collaborative agreement or in direct competition with other regional stakeholders.

As demonstrated by its "anti-poaching" policies, Denver's economic development community has always taken a unique approach. One example of this is their leadership in addressing air quality. In 1985, Denver was the 2nd most polluted city in the U.S. behind Los Angeles. The Chamber made a concerted effort to partner with environmentalists to change the citizens' perception of air quality from an environmental problem to an economic problem. In 1989 the Regional Air Quality Council was formed, and by the early 1990s Denver was receiving national accolades for its commitment to air quality. For the past 15 years the region has not received any violations for air pollution.

Another notable regional collaboration formed during the 1980s is the Scientific and Cultural Facilities District. During the recession, major cultural facilities found their revenues plummeting. Rather than engage in more aggressive individual fundraising to make up for the shortfall, the major institutions banded together to place an initiative on the ballot that would establish a special taxing district throughout the seven county Metro area. The largest organization would share in a significant portion of the revenue stream, but the remainder would go to smaller organizations. The willingness of the residents outside of Denver to support Denver-based institutions was a testament to the region's recognition that a) cultural amenities were integral to being a world-class region and b) the downtown should be the heart of that region. Today, the Scientific and Cultural Facilities District is the first and one of only two such regional taxing districts in the United States. This model was used again in the 90s for both their baseball and football stadiums.

Metro Mayors Caucus

In 1993, the Metro Mayors Caucus, another U.S. first, was established as a regional leadership forum to provide a non-partisan vehicle for regional cooperation on issues affecting the entire metropolitan region. The Metro Mayors Caucus is a voluntary collaboration of 40 mayors in the Denver metropolitan region. With the exception of the work done by the Denver Regional Council of Governments, prior to the founding of the Caucus the metro area lacked a forum to address regional problems that could not be effectively dealt with on a jurisdictional basis. Since its inception, the Caucus has served as a vehicle for the cooperative development of a coordinated response to complex challenges such as drought, youth violence, transportation, growth management, affordable housing, air quality, energy conservation, and wellness. The Metro Mayors Caucus continues to meet every month at the Metro Denver EDC, allowing the region's mayors to talk in a more informal manner amongst themselves and with their partners at the EDC. For instance, currently the group is working together to solve problems related to the lack of condominium development in the region.

Denver Regional COG and State Influence

The level of regional collaboration in the Denver region has continued to grow and evolve. When Colorado rebounded from its recession in the early 1990s, building construction increased substantially. Newly urbanizing areas were being developed at a third of the density of the regional average. During this time, Denver Regional COG (DRCOG) was developing its Metro Vision 2020 plan, completed in 1997. Initial public participation was low, and the process was largely staff driven. Two things occurred to change this. First, the Metro Mayors Caucus decided to make managing growth, and especially curbing sprawl, a priority issue. A new, broadly representative 40-member task force was established and charged with examining alternative growth scenarios. The second development was the re-election of Roy Romer as Governor of Colorado for a third term. During his campaign, Romer made smart growth an element of his platform. Within two months of the election, Romer hosted a meeting with 1,000 attendees, half of them from the Denver metro area. Although Romer's efforts ultimately yielded no specific legislative proposals, they had the effect of giving further visibility to DRCOG's Metro Vision 2020.

Mile High Compact and the Metro Vision Plan

In August 2000, five counties and 25 municipalities attracted national attention to the Denver region by voluntarily coming together to sign the Mile High Compact. The Compact is an intergovernmental agreement to manage growth by adhering to the ideals in the Metro Vision plan. The binding agreement commits communities to:

- Adopt a comprehensive land use plan that includes a common set of elements;
- Use growth management tools such as zoning regulations, urban growth boundaries and development codes;
- Link the comprehensive plans to Metro Vision, which outlines regional growth management; and
- Work collaboratively to guide growth and ensure planning consistency.

More communities have signed on to the Compact in the years since the original signing event, with 45 communities representing nearly 90% of the region's population currently participating.

Today, the Metro Denver EDC has a written policy of being the first money in on any project that will move the region's economy forward and proactively address threats to the region's success.

This approach makes them a formidable force and creates consistency in how the business community reacts to projects that are civically positive or economically detrimental. Especially concerning ballot referendums, the EDC is one of the main organizations in the community doing the research to assist the public and the business community make an informed decision. When something is then done in a regional way, the EDC makes sure to recognize and promote that approach through writing op-eds, giving an award, or publicly recognizing elected officials.

PLANNING AND EXECUTION OF TRANSFORMATION

Several visionary mayors and economic development leaders, spurred by key infrastructure and downtown developments, have guided the transformation of Denver.

Infrastructure Improvements

Mayor Federico Peña served as Denver Mayor from 1983 to 1991 and was a key factor in the culture of collaboration and the pace of development that occurred during this time. Mayor Peña staffed senior city positions with people who were highly skilled at negotiations and consensus building. In September 1989, under Mayor Peña's leadership, federal officials authorized the outlay of the first $60 million for the construction of Denver International Airport (DIA). The DIA failed once before winning public support, but with a consistent effort by a nonpartisan civic infrastructure, the project finally received approval in 1989. Denver Mayor Wellington Webb (1991–2003) dedicated nearly his entire first term to the project by securing financing and airline commitments.

Mayor Federico Peña (1983-1991) believed that a new airport would be a world-class asset and catalyst for economic transformation. His vision led to the development of a $4 billion plan that progressed over the next twenty years, resulting in the development of Denver International Airport. The airport has seen an increase from 38 million passengers when it opened in 1995 to 52 million today, with the capacity for 100 million. As the airline market changes and larger airplanes allow flights from Asia to skip over the west coast, Denver is poised for significant growth in international flights, having recently added a direct flight to Tokyo after two decades of developing relationships and building a case. The airport development and support from four mayors and countless other public and private officials over such a long time is a true model of leadership staying true to a vision.

Planning for the DIA was visionary from the start. When first built, it had 38 million users, and today it has 53 million, with capacity to serve over 100 million. There are currently six runways, with room for 12 total. In 2016, the light rail will connect to the airport. There are 9,000 acres of DIA land available for non-aviation uses, such as the pending 519-room Westin Hotel, which will assist in making the DIA's $800 million budget more self-sustaining (the DIA is a city agency, requiring the approval of the mayor and city council) and allow them to keep airport gate fees low. Today, the DIA has the third largest domestic network, flying non-stop to 160 U.S. cities. They have also worked closely with the Metro Denver EDC to add direct international flights, such as Frankfurt, Panama, and Tokyo (inside of which is 2/3 of the world's gross domestic product). The direct Tokyo flight took 27 years to achieve, including flying there every year and working with the Chambers, the Urban Land Institute, and community representatives in both cities. Again, the relentless optimism of Denver's leaders paid off. Beginning with Mayor Peña's bold vision and continuous work to win the support of neighboring counties and Denver voters (even holding an elective vote in the city to ensure support), and continuing that vision through three mayors, today the DIA is the largest driver of the region's economy.

During his tenure, Denver Mayor Wellington Webb (1991–2003) led the development of several quality of place improvements including housing, parks and neighborhood development. In 1991 Denver had 2,700 people living downtown and by 2003 that number jumped to 9,000, spurred by targeted investments in infrastructure and work with the development community. In 1993 the administration focused on park system development, which led to the creation of several parks including the $10 million Commons Park. This park was built in a section of downtown that had no housing within 10 blocks at the time of construction, but its development spurred the creation of 2,000 new units next door. Finally, in 1998 the administration declared the "Year of the Neighborhood" and worked with residents to invest $98 million in quality of place amenities. This series of investments has provided the base for ongoing development of housing, retail and office space in Denver.

Another of Mayor Webb's undertakings was the planning for a regional light rail system, FasTracks. The FasTracks effort emerged from the realization that the region's labor shed was split in half by the interstate and the area's cluster development would not be realized unless employers and the talent pool were effectively connected. In 2004, after having failed at the ballot box twice before, voters passed the FasTracks initiative and approved one of the most ambitious investments in bus and rail service in the U.S. (based on a half-cent sales tax). Light rail had been articulated in regional plans for years prior to FasTracks, which made it easier for the community to rally around it once this opportunity presented itself. In all, the initiative envisioned 112 miles of new light and commuter rail, 18 miles of Bus Rapid Transit and 57 new transit stations including enhanced connections to stations and rail options. According to Denver Regional Transportation District, from 2005 through 2012, the FasTracks expansion injected $2.2 billion into the regional economy and has generated nearly 10,000 full-time jobs.

The development of FrasTracks was carried out largely under Mayor John Hickenlooper (2003 – 2011). The key throughout the development of Denver's light rail system has been a strong civic infrastructure and an apolitical approach. The Metro Mayors Caucus and Mayor Hickenlooper formed a strong partnership, and mayors and city councils throughout the region supported the effort, regardless of their political party. The Metro Denver EDC also played a strong role in advocating for a full-system approach, versus funding one line at a time and risking waning public support. Ultimately, civic support was easier gained when light rail was positioned as a framework for land use, and how and where the region wanted to grow. This proactive approach (balanced with large public investments in open space, e.g. county acquisition taxes and lottery proceeds), allowed for a positive, solutions-oriented public dialogue versus fighting about suburban sprawl.

The development of Denver's light rail system continues today. On Tuesday, July 15, 2014, the Regional Transportation District Board of Directors voted to move forward with a $207 million extension of the existing Southeast Light Rail Line in Douglas County. This was a key vote that allows the project to move forward to the final phase of the federal grant process.

Another factor that led to the strong political support for FasTracks was the public vote for it's financing. In 1994, Colorado voters approved a Taxpayer Bill of Rights (TABOR). This legislation has had a great influence on Denver's ability to maintain political support for visions and plans laid out decades before. Per TABOR, voters must approve all taxes and debt. The implication of this is that voters must essentially approve all large development projects, so future elected officials know that the voters have supported it and are far less likely to change course. The downside of TABOR has been that it requires unspent tax dollars to be returned to the public, which leads to large expenditures in good economic times and a lack of "rainy day funds." However, TABOR is universally recognized as a key driver of public engagement in the region's transformation.

The redevelopment of Denver's Lower Downtown (LoDo) area is a classic example of the power of place, especially as it relates to attracting the Millennial generation. Redevelopment efforts began in the late 1980s and can arguably be said to have peaked just this year with the redevelopment of Union Station (which cost $500 million, largely using federal transportation loans and a TIF). In between, the city issued a $280 million, voter-approved general obligation bond to support infrastructure development. These investments have spurred over $1 billion in private investment in the surrounding area, largely housing for Millennials. From 2000–2013, Denver was #7 in the country for attraction of Millennials.

Downtown Development

The Denver region has experienced a tremendous amount of growth over the past two decades, much of which has been successful due to the area's unique topography. Because Denver is located in the plains, it is flat and has no natural barriers on either side. This has allowed the region to develop in a concentric fashion, making downtown central to all surrounding communities. Furthermore, Interstates 70 and 35 run through downtown, making it very accessible to the entire region.

Most of the development in downtown Denver was spurred by public investment partnering with local private investment. Only today is Denver beginning to see interest from international developers. The city concentrated on assisting private development and in the early stages of redevelopment was providing around 50% of the investment, which fell after five to 10 years to roughly 25%.

The city also provided the critical infrastructure necessary to support private investment. One example of this is 16th Street, which was an early improvement under Mayor Peña. The bus- and pedestrian-only street connects downtown's major developments. Another example is the work that Mayor Webb did to daylight the river and invested $10 million into Commons Park to help support the housing and office development in Lower Downtown.

Lower Downtown represents the heart of the redevelopment, which has spanned decades. The Lower Downtown Historic District (LoDo) was formed by an act of City Council in March 1988, with the intention of encouraging the preservation and vitality of an area that is significant because of its architectural, historical, and economic value. The historic status granted protection to the community's historic resources and to 127 contributing historic structures that remained (approximately 20% of Lower Downtown's buildings were demolished in the 1960s and 1970s) by enactment of a zoning ordinance that includes building height limitations and encourages mixed-use development as well as providing strict design guidelines for rehabilitation and new construction. A key part of the resulting redevelopment was the removal of railroad viaducts and the consolidating of railroad tracks to free up land and create surface connections. The public supported a $280 million general obligations bond that helped to pay for the infrastructure developments in LoDo and behind the Union Station development.

Dana Crawford, an independent developer, was a pioneer in the redevelopment of LoDo. She strategically created a vision using photographs and models, attracted investors, leveraged federal historic preservation tax credits, bought neighboring buildings, and coordinated letter-writing campaigns to national retailors to redevelop Larimer Square. The project spanned 22 years, but her vision and determination put LoDo on the map. After attracting residents to downtown, restaurants and retail soon followed.

The Union Station and Coors Field are two of the centerpieces of the LoDo redevelopment. Coors Field was built from 1993 to 1995. Though the owner of the team wanted it located near the highway, public leaders insisted that it be built downtown. Nearby, the historic Union Station is now a bustling mixed-use, transit-oriented hub in the LoDo district. The FasTracks light rail station opened in 2011. Now complete, the newly renovated and modernized station is helping public transit make a comeback in a big way, as the nearly $500 million, 90,000-square-foot commuter rail station is expected to service more than 100,000 commuters each day. Following the completion of the station, the building was renovated to include the Crawford Hotel and various shops and restaurants.

DENVER TODAY AND KEY TAKEAWAYS

The planning and overall infrastructure development Denver undertook make it the nationwide powerhouse we see today. Leaders in the Denver region have consistently and, at times, despite set backs, persistently pursued regional approaches to economic development and the region is benefiting from the results. The Denver area is of a scale and advanced phase in its approach to regionalism that it illustrates many, if not all, of the themes and actions of transformed regional cities identified in the Executive Summary of this report. A couple of themes that standout for the Denver area are regional politicians' commitment to long-term non-partisan thinking and the city and area communities' commitment to investing in quality of place, even in dire economic times. It was also noted that in interviews with civic leaders that Denver is not satisfied and continues to look at their efforts as compared with other top tier cities. They see a future where an additional 1 million people will move to Denver in the next 10 years.

CASE STUDY: Nashville-Davidson-Murfreesboro, TN MSA

FAST FACTS

- The Nashville City-County Metro region is home to roughly 634,000 of the 14-county region's 1.76 million residents
- 18 colleges and universities are located in the region
- 70% of the country's investor-owned hospitals are managed out of the Nashville region

TOP INDUSTRIES

- Healthcare
- Music and entertainment
- Education
- Manufacturing
- Technology

KEY INDICATORS

- The Nashville region increased employment by 281,500 (53%) between 1990 and 2013
- The Nashville region increased GDP by $21.6 (35%) billion between 2001 and 2012
- The Nashville region added more 709,000 (68%) people between 1990 and 2013

THE TRANSFORMATION

- Partnership 2000 (formed in 1990) is the key public-private partnership for comprehensive, regional economic development
- A series of risky public-private civic developments in the 1990s (incl. hockey arena, baseball stadium, and performing arts center) spurred downtown redevelopment

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- A concerted effort to embrace its unique strengths in music and healthcare
- Reputation has driven talent attraction
- Leaders were business-friendly, while always keeping the public's bottom-line in mind (e.g. performance based contracts, not abating school taxes, etc.)
- Nashville believes it's a city whose best days are still ahead of it – investment in its entrepreneurial ecosystem will continue to drive growth

ABOUT THE NASHVILLE REGION

The Greater Nashville metropolitan area is regarded for its contributions to American history and culture, and well known for its heritage as an American music industry enclave. But the Greater Nashville region, with its many communities and characteristics, is much more than the music industry. Nashville has experienced significant growth and development in the past two decades placing it front and center in the resurgence of many great American cities.

Through the efforts described in this case, Nashville has rebounded from a stagnating economy and blighted downtown. News, industry commentary, and even pop culture critics have agreed that Nashville has provided the country with a live-action regional city transformation. Out of its growth and advancements, Nashville has come to be recognized as a modern-day boomtown.

Business, Economics, and Growth

- Of 379 total MSAs, Area Development ranked Nashville #14 in their annual "Leading Locations" listing, and placed them #5 in the economic strength sub-ranking (2014)
- In their 16th annual "Best Places for Business and Careers," Forbes ranked Greater Nashville at #10 (2014)
- Garner Economics noted Nashville as a top city for manufacturing job growth due to their strength from Q2 2010-2014 (2014)
- Business Facilities placed Nashville's International Airport (BNA) as the 4th fastest growing, and also ranked the state of Tennessee as #4 on their best business climates rankings (2014)

Next Generation Workforce

- Newegeography.com recognized Nashville #9 among their "Baby Boomtowns: U.S. Cities Attracting Young Families" for their attraction of rapidly forming families (2014)
- NerdWallet.com placed Nashville on their annual "Best Cities for Recent College Grads" (2014)

Quality of Place

- MSNMoney noted Nashville as one of the top 10 locations for "Budget Minded Retirements," citing the low cost of living but high ROI for quality of life (2014)
- Top 10 in Travel + Leisure's "America's Best Cities" (2014)
- Businessweek recognized the Nashville Metro as #13 in "America's 50 Best Cities," where they looked at leisure attributes such as the number of restaurants, bars, libraries, museums, etc.; educational attributes like public school performance and the rate of graduate-degree holders; economic factors such as income and unemployment; as well as crime and real estate values (2013)

There are also important and basic demographic and economic indicators that underline the national accolades they've received.

Figure 7: Population Nashville, TN MSA vs. United States

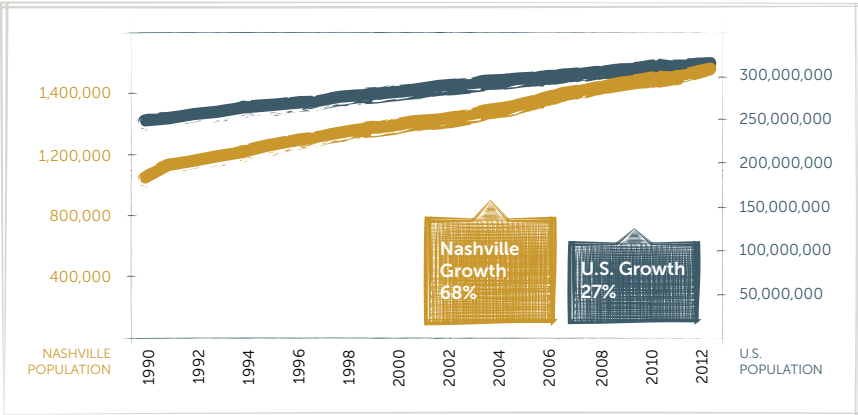
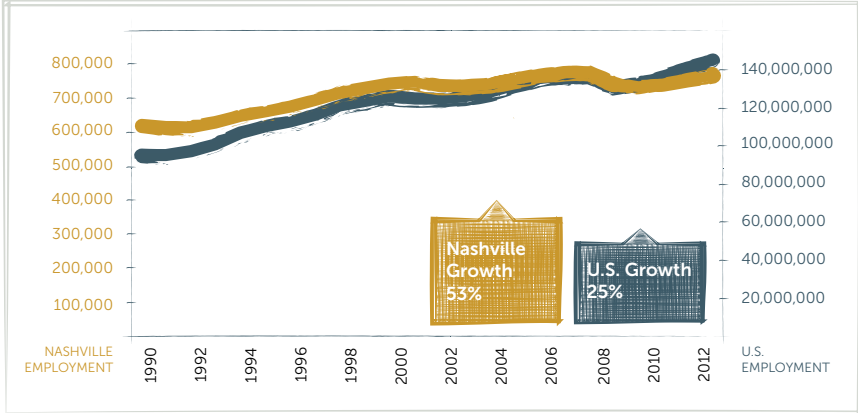


Figure 8: Employment Nashville, TN MSA vs. United States



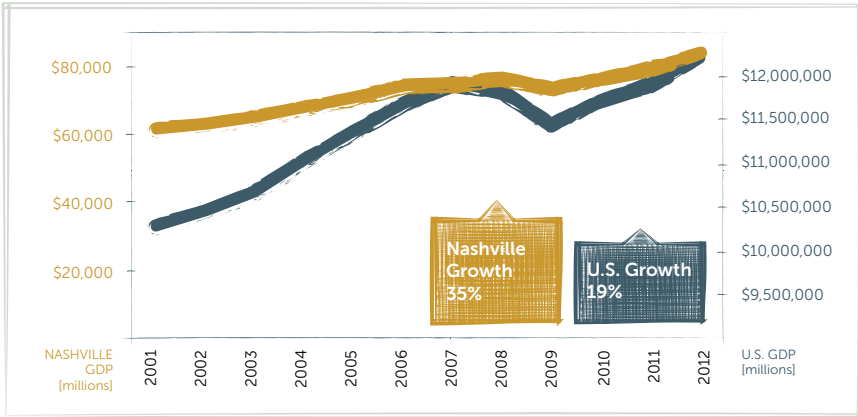
POPULATION

- Population growth didn't stop, but picked up speed into the 2000s, going from 1 million in 1990 to 1.4 million in 2000, and then 1.7 million in 2010.
- Nashville boasts an ethnically and religiously diverse population; for example, they have the largest Kurdish population outside of Iraq.

ECONOMY AND GROWTH

- Nashville metro's 30-year adjusted percent change in per capita income has increased 75% (1982-2012), a rate which has outpaced that U.S. per capita income growth over the same period by over 20%
- Nashville metro's per capita income grew by 33.1% from 2000-2011, placing it first over this period, ahead of Memphis, Louisville, Indianapolis, Austin, Charlotte, Atlanta, and Raleigh
- Overall, these increases in overall productivity place them amongst the top ten in total productivity growth for 1991-2011 amongst metro areas of similar size
- The music industry, arts, and entertainment cluster has a regional economic output value of $9.7 billion, with $5.5 billion going directly into the local economy, and just over $3 billion flowing through income for more than nearly 60,000 music, arts and entertainment employees

Figure 9: GDP Nashville, TN MSA vs. United States



THE NEED FOR ECONOMIC TRANSFORMATION

Like many mid-size American cities, Nashville's downtown deteriorated during the 1960s and 1970s. In 1989, a Wall Street Journal article describing "cities of the future" brushed off Nashville as a mediocre city. During this time, Nashville's government was in difficult shape as changes to the real estate tax code and poor political leadership had left the city's economy struggling. The region was losing investment opportunities to other southern communities including Charlotte, Raleigh, Atlanta and Austin.

Fortunately this negative message and reality were taken to heart and business leaders came together to rally for change. Change for the better began in the mid-1980s, though it took nearly 10 years for momentum to build. In 1991, Phil Bredesen, founder of HealthAmerica Corporation, was elected mayor of Nashville and quickly started to change the direction and reputation of the city government. During that time there were conscious decisions made to channel specific development efforts to the downtown area, with recognition that it was a critical piece in becoming a national economic development player.

The centerpiece to their transformation was Partnership 2000, launched in 1990. Partnership 2000 was modeled after similar efforts in Charlotte and Austin to be a public-private economic development initiative. The first strategy was a 10-year strategy for the region, and then in 2000 the Partnership began to create 5-year plans. The plans are regional in nature, encapsulating the 10-county region, which makes up their economic market. This regional focus has been cited as a key reason for their success.

Arial view of Nashville Before

Arial view of Nashville After

LEADERSHIP TO TRANSFORM

Mayor Bredesen brought a managerial and entrepreneurial approach to the mayor's office, which set the city on a different path. Bredesen was responsible for bringing the Titans to Nashville, ensuring that their contract stipulated that if they moved within 30 years they would be responsible for paying off the bond debt. He also was responsible for bringing Dell to Nashville, but again with the best interest of the tax-payer in mind. Instead of using public contractors to do infrastructure improvements, he paid Dell to use their own contractors, which led to them being done on time and under budget. Bredesen also led the property acquisition for Shelby Bottoms and Beaman Park and oversaw the construction of the downtown library during his later years in office. In addition to important cultural and place-based developments, Bredesen spurred new approaches to economic development, encouraging a focus on core strengths. Those efforts were largely led by Partnership 2000, discussed in more detail below.

Nashville Area Chamber of Commerce

Over the years, Nashville Area Chamber of Commerce strategies have focused on growing a diverse range of industries, and they have been successful in growing 10 broad sectors of employment (only three of which have grown nationally). All along though, they have had a consistent message of focusing on the music and entertainment industry, healthcare, and the education sector.

Partnership 2020 (as it's known today) is 90% privately funded. Investors meet quarterly to discuss goals and activities. Every year they track employment growth, population growth, per capita income, GDP, number of jobs, and capital investment, which helps to keep the Partnership accountable to their private investors. Private investors are also critical in engaging in local elections to maintain support from mayors and elected officials. The Partnership is currently supported by more than 280 business and community investors. They engage cross-sector partnerships across the region to address economic diversity, talent development, place and livability, and regionalism.

A Focus on Healthcare

As mentioned above, healthcare has been the major driver of Nashville's economic growth. The healthcare industry has a $30 billion annual impact (compared to a $10 billion impact from the music industry), with over 250 healthcare companies headquartered in Nashville, responsible for $70 billion in revenue and nearly 400,000 jobs. However, the growth of this industry was not accidental. Early on, leaders in the healthcare industry, particularly Jack Massey and Thomas Frist of Healthcare Corporation of America, recognized the value in promoting collaboration and innovation to grow the industry as a whole. Individual companies encouraged their employees to create their own ventures. In 1995, the Nashville Health Care Council was born out of the Partnership 2000 given the strong commitment from the business community to support the industry. Today, many healthcare companies mandate that their employees participate in the Council's talent development initiatives, which also contributes to inter-company collaboration.

Role of Higher Education

The Nashville region is home to 18 colleges and universities, with 10,000 more students than Austin. The higher education sector has been a dominant player in regional workforce development efforts and an active participant in Partnership 2020. Colleges and universities are often engaged as part of expansion and attraction deals. Recently, the Middle Tennessee Regional Workforce Alliance was created as a public-private partnership of businesses, the public workforce system and postsecondary educational institutions collaborating to improve the skills of workers in strategic industry sectors.

Nashville leaders view the retention of their student population as the first building block for economic growth, and recognize the value of colleges and universities in creating "buzz" and an image as a destination for educated people. Therefore, support for and engagement of higher education has always been important to economic development leaders.

PLANNING AND EXECUTION OF TRANSFORMATION

Metro Government Spurs Regional Planning

Nashville's path to transformation began like many of the other benchmark cities, with the creation of a metro government in 1963. Nashville became the national pioneer in Metropolitan organization. Although other cities had partial consolidation, Nashville was the first city in the country to achieve true consolidation. Metropolitan government is a consolidation of two governments rather than the county taking over the city or the city taking over the county government. It is, in reality, a third form of local government with a range of options and flexibility to provide for population shifts to the suburbs.

The Metro Government creates a single commonality among all of the municipalities and public entities within the 503 square miles of the county. The mayor is the county's executive, and the city's legislature is the Metro Council. A single administration and legislative body presides over two tax districts. The Metro Government eliminates traditional concerns of dealing with multiple school boards, law enforcement jurisdictions, and tax rates. The transition to a Metro Government meant that the City of Nashville didn't lose the tax revenue that they would have when wealthier residents moved outside the city limits. Along the way, the services provided in the urban services district have been pushed outward.

This also reduces competition between cities for the location of businesses, and in fact, it's a calling card for the county when doing business attraction. Local business officials, particularly the Nashville Area Chamber of Commerce, have cited consolidated government as a prime reason the region has added population and jobs since the merger. In recent years, the magazine Site Selection has ranked the Nashville area among the top choices, both for corporate locations and investment, and site consultants often cite the consolidated government for why Nashville makes the cut.

Role of Government and Politics

Like the other benchmark communities, Nashville touts their moderate government as a key factor in their success. The city's previous three mayors have demonstrated strong business acumen and avoided more "political" maneuvering. There is a high degree of collaboration amongst public entities in the region, which allows for a more coordinated approach. Today, the Nashville mayor meets monthly with regional mayors, a significant change in the culture compared to a decade ago. In general, the public sector has taken a "market first" approach, allowing for residents and the private sector to articulate their vision, and then supporting investment with the last dollar in. Most mayors have truly understood the value of private-public partnerships, though and have been very intentional in rallying leaders around such partnerships. Mayor Anderson, of Franklin (Williamson County), articulates a similar approach to that of Bredesen in negotiating with private industry; he always thinks about the county's bottom-line and the taxpayers. For instance, they never offer abatements on school taxes as an incentive and always use performance-based contracts instead of clawbacks.

Historic Preservation

The recently restored Ryman Auditorium served as the home of the Grand Ole Opry radio show from 1943 to 1974. After an $8.5 million renovation, the building reopened in 1994 as a live music venue. Many local residents and merchants credit the Ryman restoration with helping fuel the downtown revitalization. When the Opry left downtown Nashville in 1974, so did most of the businesses, but after the reopening of the Ryman business downtown nearly tripled. The new Opryland spurred the rebirth of Second Avenue as a tourist hot spot in the 1990s. Encouraged by the reopening of the Ryman, when the fates of the Customs House and Union Station were in question, their restoration was accomplished by a close collaboration between preservationists and city officials. In 1997 Second Avenue received a historic zoning overlay.

Historic preservation has been integral to Nashville's surrounding communities as well. Williamson County considers the historic downtown of Franklin its "soul" and brings all business attraction clients and investors downtown. The Factory at Franklin was a key turning point in the historic preservation of their city, which was developed by Calvin Lehew, whom Franklin Mayor Anderson characterized as someone of vision who knew that downtown didn't need to be sacrificed for a mall.

Transportation Planning Spurs the Creation of the Design Center and Cumberland Region Tomorrow

In 1995 Metro's planning and public works departments announced plans to tear down the 1909 Shelby Bridge and replace it with a new bridge as part of a six-lane high-speed corridor south of Broadway linking two interstates. Public outcry erupted over demolishing the city's only remaining historic bridge and the possible disruption to all of the downtown rejuvenation that was just beginning. During the long but ultimately successful effort to turn this corridor into an urban avenue, the south of Broadway corridor became known as SoBro.

The Nashville Urban Design Forum was established to bring public debate to the development of the city. The SoBro Charrette was held to create a positive vision for the area as an alternative to Metro's corridor approach, and published the results as The Plan for SoBro. The Forum eventually led to the founding of the nonprofit Nashville Civic Design Center as a watchdog for the built environment. In 2002 the Design Center began work on the Plan of Nashville, a fifty-year vision for the city.

The understanding of the interconnectedness of transportation and land use had its counterpart at the regional level with the with the debate over the placement of State Route 840 relative to downtown Nashville. Plans by the Tennessee Department of Transportation (TDOT) to encircle Nashville with a ring road through the surrounding counties at a distance of thirty-five to fifty miles from the city center initially engendered no opposition and construction on the southeast quadrant began in 1991. But when the route for the right-of-way through southwest Williamson County was announced, critics charged that the limited-access highway would lead to sprawl that would negatively impact the natural environment and downtown Nashville.

Again, Mayor Bredesen was a key figure. Mayor Bredesen and a new TDOT commissioner, Gerald Nicely, agreed to the design of the southwest segment of State Route 840 in a more environmentally friendly manner and suspended planning and construction of the northern half of the road entirely. The Commissioner also mandated more citizen involvement in future TDOT projects, and instituted a long-range planning process with the goal of a more balanced transportation system. The nonprofit Cumberland Region Tomorrow was developed as a result of the controversy as a regional counterpart to the Nashville Civic Design Center.

Revitalization in Downtown Nashville

The South Central Bell Building, completed in 1994, provided an early boost of confidence in downtown Nashville for new development. As Tennessee's tallest skyscraper, the 28-story, $94 million project occupies nearly a full city block on the edge of the historic district. The South Central Bell Telephone Company considered 17 other sites before deciding on downtown Nashville.

The construction of the Bridgestone Arena (formerly Gaylord Entertainment Center), home to the Nashville Predators NHL team was another early development. Begun in 1994 and finished in 1996, the building of the arena and subsequent attraction of a hockey team to Nashville was a large gamble on the part of Mayor Bredesen. However, given the large in-migration of residents from the north, the arena is often at capacity.

Soon after the Arena opened, Nashville broke ground on the Coliseum (now LP Field). Another public-private partnership spearheaded by Mayor Bredesen, the stadium opened in 1999 as home to the Titans (previously the Houston Oilers). Bredesen was adamant that the stadium be built downtown, which has contributed to the continued growth of the area.

The transformation of the Broadway Post Office into the Frist Center for the Visual Arts was another significant project that contributed to Nashville's revitalization. The Frist Center was a public-private venture between the foundation, the U.S. Postal Service, and the City of Nashville. In 1999 Nashville acquired the building from the U.S. Postal Service, paying $4.4 million. The city contributed $15 million toward renovation of the building, and the Frist Foundation and Frist family contributed $25 million for the renovation and to start an endowment for the art museum. The city owns the building, but granted the Frist Center a 99-year lease for $1 per year. A renovated post office branch was opened in the basement in 1999.

The building of the downtown library, the relocation of the Country Music Hall of Fame (a $37 million project), and the creation of the new convention center, Music City Center, have all followed to truly mark the revitalization of downtown Nashville.

Downtown Residential Development and The Gulch

Residential uses were not allowed in downtown Nashville until a zoning change in 1996. Today there are approximately 4,600 units and 8,000 residents downtown. Though impressive, there is still a high demand for additional downtown housing. Out-of-town investors are demonstrating incredible interest and out-of-town developers are being engaged to develop high-end high rises. Rents are skyrocketing, especially in near-downtown neighborhoods such as the Gulch.

The Gulch is an old rail yard, which once had over three dozen tracks, bordered by the historic Union Station. In 1956, the railroads discontinued their commuter service; passenger rail ceased entirely in 1979. In the 1980s, Union Station was renovated as a hotel and Cummins Station, the vast warehouse on the edge of the Gulch just to the south, became an office and retail complex in the 1990s. The National Landmark train shed was demolished in 2001 and the site became surface parking; the warehouses in the Gulch fell into increasing disuse and disrepair. In 1999, a group of investors and developers led by philanthropist Steve Turner formed Nashville Urban Ventures and purchased the 25 acres south of the Broadway viaduct to redevelop as an urban neighborhood. An initial $25 million dollar tax-increment financing (TIF) by the Metropolitan Development and Housing Agency (MDHA) was a key incentive for development, but in 2005, the MDHA indicated that the market was strong enough not to warrant using the remaining $7.6 million available. Up to that point, seven projects had received the TIF.

Today, the Gulch is the only neighborhood in Nashville governed by a privately-controlled land use Master Plan. MarketStreet Enterprises is a privately held real estate investment and development company, which evolved out of Nashville Urban Ventures. MarketStreet was designated the Master Developer of The Gulch by the City of Nashville in 2001, the only such designation in the city's history. MarketStreet maintains and updates the Gulch Master Plan, which serves as a governing document guiding the future development patterns in the neighborhood. The most recent update envisions greater density than ever before, encompassing over 4,500 residential units, over 1.5 million square feet of commercial office space, and over a half million square feet of retail and restaurants.

Entrepreneurial Infrastructure

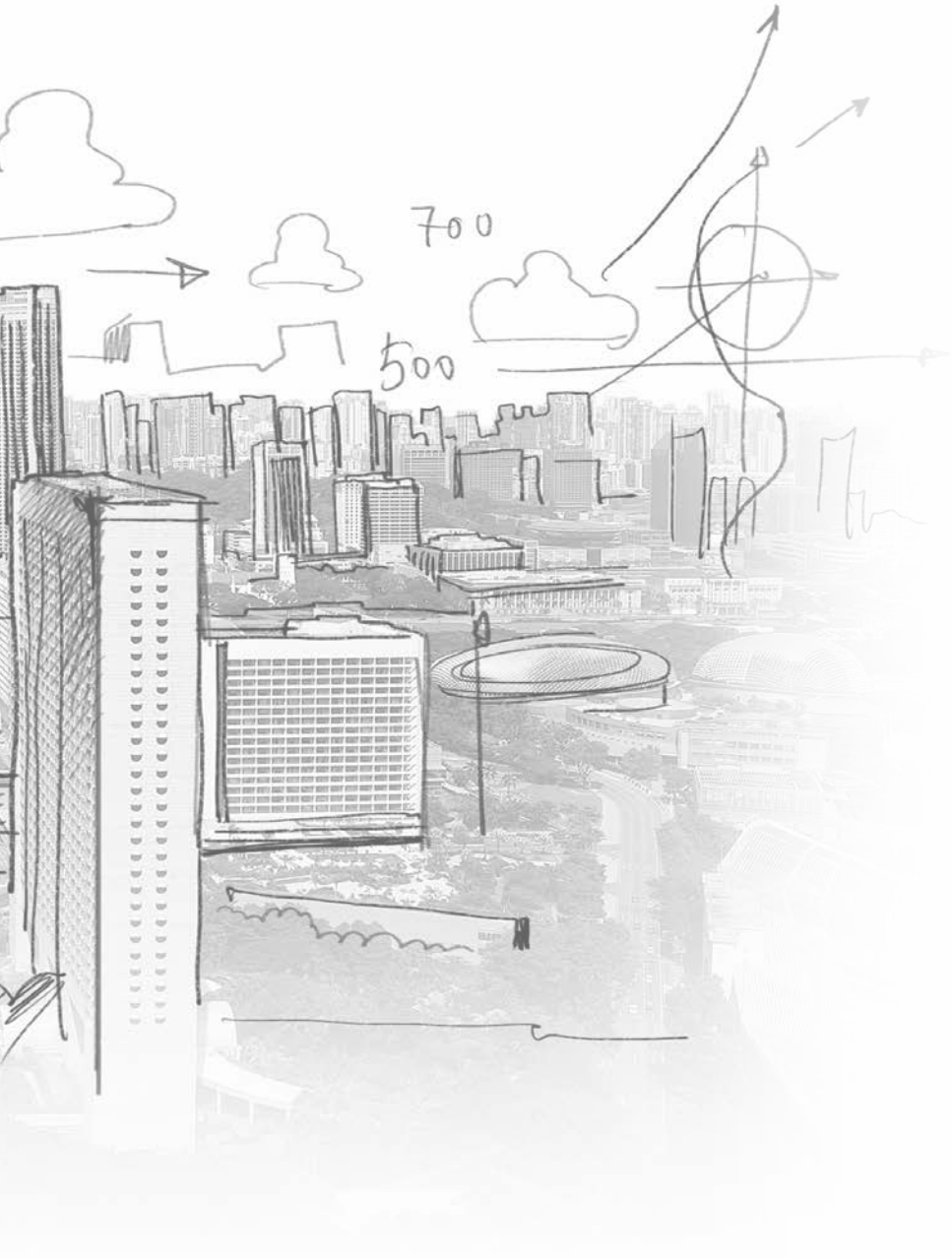
Recently, Nashville's Jumpstart Foundry, a business accelerator program, was named one of the country's "Top 15" business accelerators. The recent success of Nashville's entrepreneurial ecosystem can be traced back to a 2005 Market Street Services report saying that Nashville needed to improve on its ability to launch, fund and build high-growth, innovative companies. That led to the creation in 2007 of a 75-member task force (put together as part of Partnership 2010) focused on aggregating and growing the region's entrepreneurial resources. That group's recommendations included drawing more capital to the region, creating the Nashville Entrepreneur Center, as well as the pooling of experienced advisors and improving networking and educational opportunities.

The area's entrepreneurial community has since been lifted by a surge in available capital, some of it backed by government initiatives, and a concerted effort to attract and grow a pool of technology talent. In 2009, the State of Tennesse launched the TNInvestco program, which eventually chose 10 firms to manage investment pools created by the sale of tax credits. Combined, the chosen firms raised $140 million. By the end of 2012, the TNInvestco funds had put to work more than $91 million of that amount. The companies in which they invested also had raised another $188 million of follow-up capital and created almost 600 jobs after receiving their capital.

TNInvestco also served to spur the growth of funds such as Solidus, The Nashville Capital Network and Clayton Associates, all of whom have made a concerted effort to grow the availability of angel capital, investing smaller amounts to get founders past the proof-of-concept stage. Alongside their efforts, other angel groups also have coalesced to help build a broader base that can fund very young ventures.

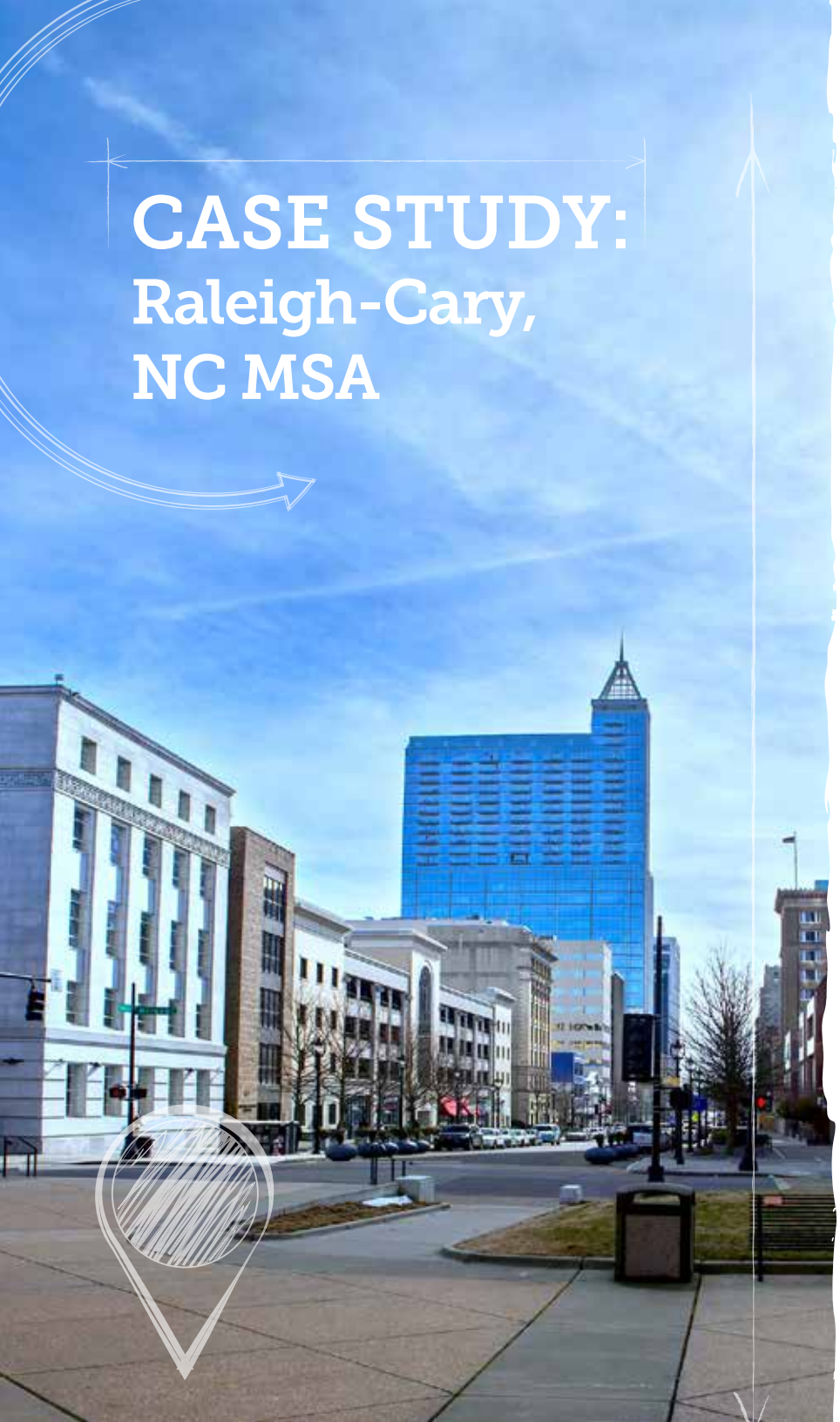
Today, the Entrepreneur Center (EC) stands as the hub of the region's entrepreneurial ecosystem, working with 50 other organizations and firms to connect entrepreneurs with resources. Built in restored trolley car buildings with $6 million (including a $2.5 million EDA grant), the EC has created new energy and "helped to cement Nashville's reputation among Millennial, ambitious, bright risk-takers," according to Metro Chamber veteran Janet Miller. According to Miller, the city sees its investment into the entrepreneurial sector as a talent attractor. In addition to providing funding for the EC, it also partners with them to advance public innovation. Private companies are also utilizing the EC for "innovation retreats" or as a "corporate accelerator" as they shift away from their traditional research and development models. For example, JumpWorks is a partnership between JumpStart and the Hospital Corporation of America.

However, Nashville continues to struggle with growing and attracting tech talent. Unfilled technology jobs regularly number more than 1,000. Several local, regional, and state efforts are trying to address the gap. For instance, a number of local developers and tech executives have banded together to grow their talent locally by training and re-training workers. Most notable among those efforts is the Nashville Software School.



NASHVILLE TODAY AND KEY TAKEAWAYS

The story of Nashville is one of resurgence as opposed most of the other regions profiled here, which have been likened to modern day "boomtowns." The growth of the private healthcare management industry in the region provided a unique base of growth that continues to pay dividends. Recognizing the need for economic diversity, the region's leaders have continued to evolve their economic strategy while relying on their strengths in the healthcare, music, manufacturing and technology industry. Recent efforts to support their entrepreneurial ecosystem are being met with national recognition but the region's civic leaders are not satisfied and are continuing to look ahead. The Nashville region has a long and mostly positive history, and its political, civic, and corporate leadership took a long-term non-partisan approach to investing in quality of place and fostering the growth of small and large businesses. Through monthly meetings of the region's mayors, they've managed to foster a culture of collaboration among civic leaders.



CASE STUDY: Raleigh-Cary, NC MSA

FAST FACTS

- Home to North Carolina State University
- Part of the Raleigh-Durham-Chapel Hill Research Triangle Region
- State capital

TOP INDUSTRIES

- Life sciences and biotechnology
- Information technology and software
- Telecommunications

KEY INDICATORS

- Raleigh added nearly 665,600 people from 1990 to 2013, nearly 29,000 people per year (123%)
- Raleigh's employment grew from less than 293,000 in 1990 to more than 541,000 in 2013, an increase of 248,500 jobs (85%)
- GDP in Raleigh grew by $14.4 billion, from less than $39 billion in 2001 to more than $53 billion in 2012 (37%)

THE TRANSFORMATION

- Development of NC State's Centennial Campus began in the late 1980s and took off in the early 90s as a mixed-use development and home to public-private research and commercialization partnerships
- Mayor Meeker (2001 – 2011) was a true visionary and partnered with the private sector to redevelop downtown Fayetteville Street ($10 million public investment) and build the Convention Center, which led to private investment in retail, condos, and restaurants
- The 2001 Clusters of Innovation report spurred the creation of a 5-year regional strategy to diversify the economy, increase collaboration, and add 100,000 jobs

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- Visionary leadership set the tone
- Public-private partnerships drove investment
- A focused, data-driven strategy took the region from strong to transformed
- Regional collaboration was key to implementation

ABOUT THE RALEIGH REGION

The Raleigh-Cary metro is home to large concentrations of knowledge workers and outstanding job growth. This impressive capitol city metro has many of the components of a diversified economy necessary to prosper in all markets. Beginning in the early 1990s, the strengths and assets of the Raleigh metro became increasingly clear throughout the country and among the business community.

Showing no signs of slowing down through the 90s, Raleigh and its surrounding areas continued to grow as they entered the 2000s, outranking countless peer-metros on important qualitative and quantitative measures.

Business, Economics, and Growth

- Bloomberg rated it #3 among "Top 12 American Boomtowns" (2013)
- Forbes ranked Raleigh #1 on their "Fastest-Growing Cities In The U.S." (2013)
- The Milken Institute's well-known annual "Best-Performing Cities" research report has ranked Raleigh in the top 15 every year since Miliken began releasing the reports in 2008
- Raleigh-Cary was also noted as the #2 "Best Places for Business and Careers" by Forbes (2012)
- The tax, audit, and advisory firm KPMG, LLC has recognized them as #3 in their "Cost Competitive North American Cities" and #2 in the "Cheapest Midsized Market to Do Business" rankings (2010)

Next Generation Workforce

- The American Institute for Economic Research ranked Raleigh-Cary #5 among "Top Five Mid-Size Metros in the 2013-2014 College Destination Index for Mid-Size Metro Areas" (2013)
- Raleigh-Cary was ranked as #7 among "Cities with the Most College-Educated Residents" by The New York Times (2010)
- Forbes recognized them as #5 in their "Best Cities for Raising a Family" (2012)

Quality of Place

- On governance, Raleigh and Wake County were noted as #7 among "Best Run Cities in America by 24/7 Wall Street (2013)
- Concerning the commuter constituency, Texas A&M's Transportation Institute ranked them among the "Easiest urban area in which to get around in the U.S." in their annual "Urban Mobility Report" (2012)
- The region received a #1 in "Best Quality of Life" by Business Facilities Magazine (2012)
- Raleigh-Cary ranked #2 among "Top Medical Cities" by MedCity News (2011)
- Forbes ranked them #3 in "America's Cleanest Cities" (2011)

The strengths of the region, coupled with the assets, have provided a strong environment for government, developers, and business, resulting in a regional magnet for quality employers, high-paying jobs, skilled labor, and all around job growth. This growth has helped to generate an energetic community of innovation and entrepreneurialism, strong sectors in retail and general service, and thriving insurance and financial markets. On all of these components, the evidence of Raleigh-Cary's flourishing economic marketplace is revealed amongst popular measures of regional metropolitan attraction and performance.

Figure 10: Population Raleigh, NC MSA vs. United States

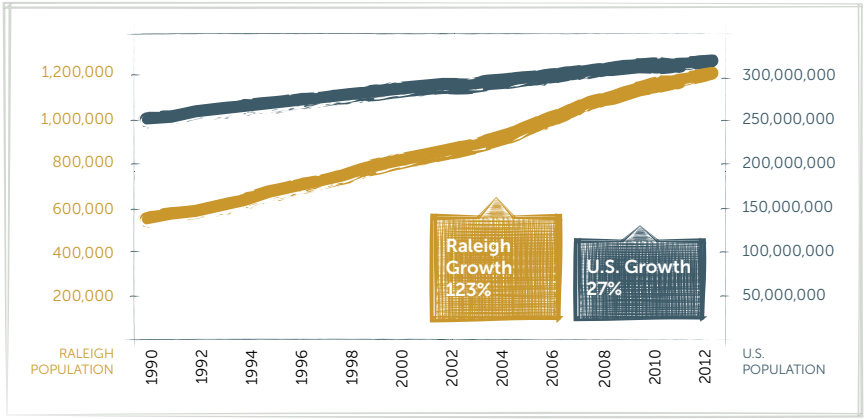
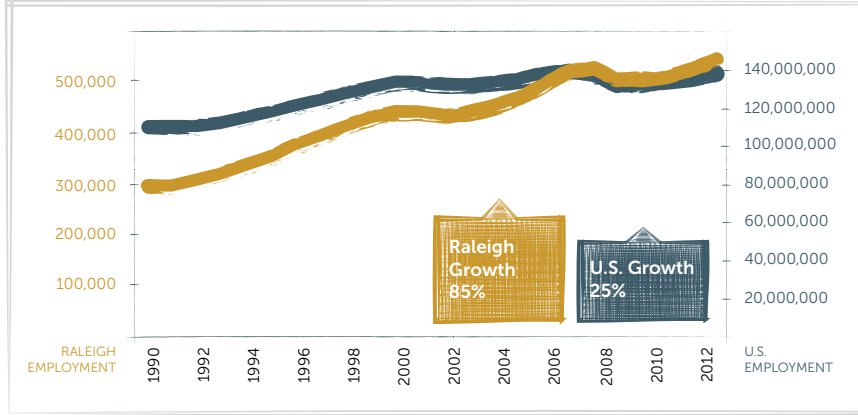


Figure 11: Employment Raleigh, NC MSA vs. United States



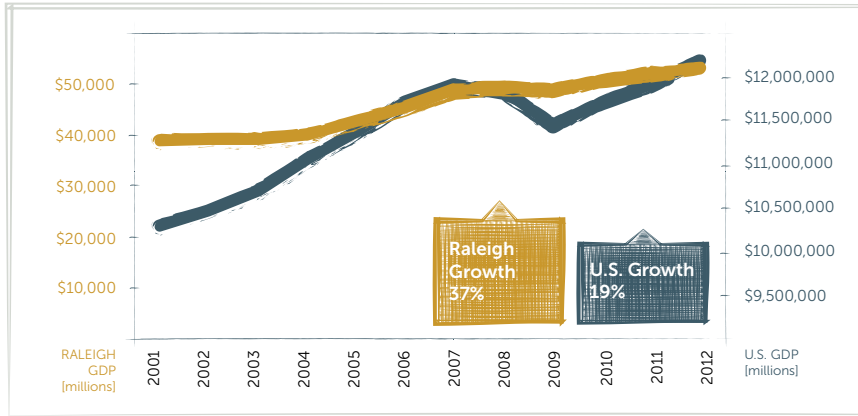
POPULATION

- A common measure of growth trends, the population in the three-county Raleigh-Cary region has seen tremendous growth in the last 25 years.
- In 1990, the Raleigh-Cary area had a modest metro population of roughly 549,000.
- By 2000, this number had risen to more than 800,000.
- In 2007 they crossed the million-mark and by 2013, the region had 1.2 million people.
- Their 2030 population is projected to be 1.48 million.
- Raleigh added nearly 665,600 people from 1990 to 2013, an overall increase of 123% or nearly 29,000 people each year.

ECONOMY AND GROWTH

- Raleigh's employment grew from less than 293,000 in 1990 to more than 541,000 in 2013, an increase of 248,500 jobs (85%).
- GDP in Raleigh grew by $14.4 billion, from less than $39 billion in 2001 to more than $53 billion in 2012, an overall increase of 37%.

Figure 12: GDP Raleigh, NC MSA vs. United States



Much like Durham-Chapel Hill, some very important academic and business institutions anchor the Raleigh-Cary metro. For starters, the City of Raleigh is home to North Carolina State University (NC State). With a fall 2013 enrollment of 34,000 students, it holds the status of being the largest public institution within the University of North Carolina system. As a prominent land, sea, and space grant university, it also is responsible for a significant economic impact on the region through attracting investments and producing valuable resources for the area. As an employer, they possess a workforce of over 8,000 people total, making it the 5th largest employer in the region. Moreover, the institution brings in between $300-400 million a year in research grants which, in 2012, resulted in more than 770 patents, 800 licensing agreements, 240 new products, 90 spinoff firms, and approximately $1.5 billion in venture capital.

Table 2: Education Levels in Raleigh

Indicator	Raleigh, NC	United States
BA+ Population (25yrs and over) 1990	30%	20%
BA+ Population (25yrs and over) 2012	42%	28%
Percent Change in Talent (BA+) Population	12%	9%
Associates Degrees (25 years +) 1990	8%	6%
Associates Degrees (25 years +) 2012	9%	8%
Graduate Degrees (25 years +) 1990	9%	7%
Graduate Degrees (25 years +) 2012	14%	11%

THE NEED FOR ECONOMIC TRANSFORMATION

If not for the powerhouse of the Research Triangle Park (RTP), Raleigh would be a much slower-paced version of itself. Raleigh is landlocked, without a waterway, and other than North Carolina State University and being the state capital, did not have a strong pull for workers or businesses. Raleigh had always been middle class, without large dips or peaks in booms and busts. Because of Raleigh's lack of industrial infrastructure it never endured the type of industrial loss that Durham saw. The growth of Research Triangle Park in the 1960s did not immediately catalyze Raleigh though. Downtown Raleigh suffered a similar path as many urban downtowns, including high vacancy and blight. Though the economy was stable, it lacked diversification and connection to regional assets, and therefore was not experiencing transformational growth.

City of Raleigh Museum

Fayetteville Street, Downtown Raleigh Before

City of Raleigh Museum

Fayetteville Street, Downtown Raleigh After

LEADERSHIP TO TRANSFORM

Charles Meeker was a key visionary in the development of Raleigh. Meeker served on the City Council from 1985 to 1989, and then again from 1991 to 1995; from 2001 to 2011 he served five terms as mayor, a true testament to the public's support for his push to develop downtown. Even more impressive was that Meeker was able to achieve what he did as a part-time mayor.

Mayor Meeker Spurs Revitalization with Fayetteville Street

In 2005, Forbes magazine declared downtown Raleigh, "Deadville." But as can be seen in the accolades above, downtown Raleigh made a quick and impressive turnaround under Mayor Meeker's leadership. Fayetteville Street was perhaps one of his most notable, and riskiest, developments. Fayetteville Street was once a bustling downtown, but after World War II it was unsuccessfully turned into a pedestrian mall as an attempt to keep it alive. Meeker, however, recognized the national trends toward downtown living, and rallied city leaders around the benefits of investing in downtown public infrastructure. The city spent nearly $10 million to restore the blacktop to Fayetteville Street, add sidewalks, civic amenities, and public art; and private developers followed with residential, office, and retail. In 2006, Fayetteville Street was reopened to vehicular traffic.

The redevelopment of Fayetteville Street was complemented by the development of the Convention Center and Marriott Hotel, which opened in 2008. The opening of the Convention Center increased the untapped market potential for retail in downtown Raleigh from $32 million to $125 million, spurring an effort by the City of Raleigh and the Downtown Raleigh Alliance to focus on bringing ground-floor retail back to downtown. As part of that effort, Raleigh's City Planning department decided to front-load their comprehensive planning effort on downtown development so that they could more quickly decide on new zoning, density requirements, etc. to support downtown retail, and not have to wait for the entire comprehensive plan to be updated. For its part, the Downtown Raleigh Alliance managed the plaza associated with the new RBC tower on Fayetteville Street (another key development, which opened in 2008, immediately selling all 139 condos), hosting regular events, managing maintenance, and engaging downtown merchants.

The redevelopment of Fayetteville Street was a strong impetus for development in other areas of downtown as well. Hillsborough Street, which connects Fayetteville with the city's entertainment district on Glenwood Avenue, quickly became a major development corridor. What once was a row of vacant lots and derelict buildings was by 2007 being targeted for high-rise offices and condos.

Partnerships for Revitalization

For the most part, downtown development was done in true public-private collaboration. The city led the development of the downtown master plan, developed the Convention Center, and implemented other key pieces of public infrastructure, such as parking garages and streetscaping. Furthermore, similar to what has been seen in other benchmark cities, Meeker's leadership represented a non-partisanship approach; his motto was to "lead from the middle."

Also similar to other benchmark cities, Raleigh struck a balance between buildings and greenspace. Under Mayor Meeker's leadership, in 2003 and again in 2007, Raleigh voters approved bonds ($49 million and $86 million respectively) for parks and greenways projects, including everything from neighborhood parks, to community centers, to 20-mile greenways throughout the region. House Creek Greenway was just a small part of what was ultimately implemented as a result of the bonds but is a good example of the partnerships that were critical in the creation of Raleigh's greenway system – House Creek was a partnership between North Carolina Museum of Art, North Carolina State University's College of Natural Resource, and the City of Raleigh.

Governor Hunt and Rural Revitalization

During this time, revitalization efforts did not only focus on Raleigh and Wake County. Governor James B. Hunt returned to office in 1993 and focused on economic development and continuing efforts to increase skill levels and wages through economic transformation. Through a focus on rural development, he instituted a regional network of economic development partnerships that has continued in a different capacity today. His goal was to engage all stakeholders in the economic growth of the region, including government, nonprofits, education and business. Everyone knew that the main focuses of the region (tobacco, textiles and furniture) could not sustain future economic development, and that the region needed to band together to ensure competitiveness in the coming decades. Using a combination of state and federal dollars, Hunt also extended the reach of North Carolina State University's Manufacturing Extension Service east and west to serve the state's rural manufacturers.

PLANNING AND EXECUTION OF TRANSFORMATION

The Raleigh market is fundamentally successful because of brainpower located there and in the region. Raleigh is among the most highly educated populations. The development of Centennial Campus was a key driver of transformation and Raleigh's ability to attract talent and build off of the success of Research Triangle Park.

Centennial Campus Development

In 1984, NC State was reaching capacity and received a second land-grant deriving from a bi-partisan effort to reallocate sections of land (totaling 780 acres) in west Raleigh. Transfers of land happened under the administrations of Governors James B. Hunt and James G. Martin. Hunt said, when reflecting in 2004 on the experience, "I'd been [thinking] so much about how to compete with the world, how we transform our economy, knowing that universities have to be the key to that, and in particular North Carolina State University. So I decided, 'Listen, we ought to have a place where we can have business and universities and the best thinkers all working together, working alongside each other, parking in the same parking lots, having lunch together.'"

A University Planning Committee was formed to collect proposals from all areas of the university on the best use for the land. Many ideas focused on the concept of NC State building a "technopolis" where a combination of the university, corporations, and government agencies worked together. These included the following:

- Graduate research centers which would explore topics such as biotechnology or public policy
- Academic support facilities such as libraries, computational centers or video classrooms
- Faculty/staff/student support facilities
- Public access uses that could include a visitors' center or a center for the performing arts
- Natural and recreational projects like parks or athletic fields

These concepts were reflected in the Master Plan, which began in 1985. The Plan articulated four basic principles around which the Campus would be developed: that it be mission-driven, promote environmental stewardship, exemplify high design standards (it won a design award from the North Carolina chapter of the American Society of Landscape Architects in 1987), and be economically self-sustaining.

Claude E. McKinney was selected to serve as a liaison between the new Centennial Campus and NC State administration and the public at large. McKinney remained at the university until his retirement from the university in 2000. McKinney, more perhaps than any other individual associated with the Centennial Campus project, provided a vision of the future of education in the United States. He once wrote,

> I have felt for many years that 'the university' was an underutilized resource, which American corporations and government have never engaged in a proper way. This is not only due to the reticence of the corporate and governmental reservations about how unresponsive universities might [choose] to be, it is the faculty in the universities who have been unwilling to allow themselves to apply their substantial intellectual talent to the needs of society. Perhaps this university's greatest opportunity will be in science and technology as we attempt to build a stronger position in international competition. We are clearly doing something different from any other university in this nation; that is, seeking to create an environment in which scientists from university, industry, and government can work together in close proximity; multi-disciplinary research, workforce partnership, and service are the benefits of such interaction.

Centennial Campus was designed to be different from and complementary to Research Triangle Park. Whereas RTP was designed to cater primarily to the needs of individual, corporate and governmental entities, the Centennial Campus sought to build a mixed-use, urban environment to facilitate collaboration between university researchers and corporate/ governmental scientists. McKinney envisioned collaboration between RTP and Centennial, for example that corporate research centers at the Park would send scientific teams to work at Centennial with faculty, staff, and students.

However, due to the recession of the late 1980s, recruitment of tenants was slow. The developers urged NC State to take a more aggressive approach to marketing and public relations, and as such, the Campus focused on a four-pronged strategy of research partnerships, workforce partnerships, training partnerships, and technology environments. Research programs included advanced materials, biotechnology, veterinary medicine, advanced communications technologies, environmental technologies, and manufacturing process engineering.

Finally, in the early 1990s, Centennial Campus started to show signs of taking off. The College of Textiles moved from the main campus to Centennial land and the Engineering Graduate Research Center was established. The College was important to NC State because it showed that academic institutions could play a role in helping industry in North Carolina compete with cheaper, foreign imports. The National Weather Service moved to the Campus as part of a national modernization of the organization emphasizing new equipment and techniques. The United State Department of Agriculture selected Centennial as the site for its new APHIS Center for Plant Health Science and Technology.

In 1991-1992, Centennial Campus also secured its first corporate tenant, ABB Power T&D Co. Asea Brown Boveri is a multinational firm based in Zurich, Switzerland. Their Transmission Technology Institute opened at Centennial in Research Building I. The NC State Endowment Fund exchanged approximately two acres of land (70 acres had been purchased by the Endowment from the original allocation to Centennial) with the university's state owned land. This allowed NC State to use the NC State Research Corporation (a private group within the university) to take out a loan to build the ABB facility. The growth in the Campus attracted national attention, including from tenants of RTP, such as Cisco, which established a satellite operation in the Campus in 1994.

Today, Centennial Campus is home to 63 corporate, government or nonprofit partners and more than 75 NC State research centers, institutes, laboratories and department units. There are seven categories of land use associated with Centennial Campus. Some of these categories have already been built and are being used as R&D facilities, multi-tenant and special-use offices, retail establishments, and incubator facilities. Others such as residences and the hotel and executive conference center remain underdeveloped or have not yet been built. The administrators and staff of Centennial Campus have made a conscious effort to limit the number of large corporations that reside at NC State. Unlike RTP, which sells its land, Centennial Campus deals in long and short-term leases. The Campus maintains that this turnover and evolution of businesses provides a dynamic environment that can reflect the changing research agenda of the university. Unlike RTP, Centennial Campus is a very urban and compact campus, which is appropriate for a university in the heart of the city and right beside downtown. The success of Centennial Campus was a key driver for the growth of Raleigh. By August of 1994, it was ranked as the #1 place to live by Money Magazine and growth skyrocketed.

With both downtown revitalization and Centennial Campus strongly underway, leaders in Raleigh began to turn their attention to leveraging the Research Triangle and planning for economic growth. Three key plans laid the groundwork for, and subsequently refined, their strategy for collaboration.

2001 Clusters of Innovation

The Clusters of Innovation report, produced by the Council on Competitiveness and Dr. Michael Porter, examined the composition and performance of the Research Triangle regional economy, how industry clusters developed and innovation arose, how clusters affected the region's economic future, and how the region could establish a strategy and action program to grow their clusters and economy. The report acknowledged the region's assets, including a strong workforce training infrastructure, high levels of state R&D investments, and of course the specialized research centers associated with the region's universities and Research Triangle Park. However, it also noted the region's challenges, which were similar to many of the other benchmarks profiled in this study, including a lagging K-12 system, dependence on a few clusters, and weak collaboration among communities and within clusters. The report called on regional leaders to create a coordinated strategy for the region to increase collaboration and broaden the array of clusters.

2004 Research Triangle Region Staying on Top

Staying on Top: Winning Job Wars of the Future, was the region's response to the challenges laid out in Clusters of Innovation. A 37-member task force convened to develop 30 specific actions to increase collaboration, diversify the economy, spark creation of more homegrown businesses, identify necessary investments, extend economic success throughout the region, and develop the capacity to act. Staying on Top was designed as a five-year, $5 million strategy to generate 100,000 new jobs and increase employment in all 13 counties in the region.

The report identified ten industry clusters on which to focus for job growth and industry expansion, including pharmaceuticals, biological agents and infectious diseases, agricultural biotechnology, pervasive computing, advanced medical care, analytical instrumentation, nanoscale technologies, informatics, vehicle component parts, and logistics and distribution. These areas were chosen based on data, existing regional strengths and assets, and public – private funding trends. While Raleigh did not have the capacity to cultivate all of these industry clusters, they identified the ones in which they already had a presence and/or have a support base provided by the city's universities.

Raleigh's 2008 Comprehensive Plan built upon the recommendations of the Clusters of Innovation and Staying on Top plans, laying out land use, infrastructure, and economic and workforce development system recommendations that would support the cluster strategy. The economic development section of the plan states, "Continued economic vitality, however, is not automatic. Increased cost of living, traffic congestion, and/or a failure to maintain a high quality of place can undermine the Triangle's economic strength. Extending the region's prosperity and economic stability to all of its residents also is not automatic. Raleigh needs targeted action and investment to address these issues in collaboration with the business community."

Research Triangle Region: The Shape of Things to Come 2009 – 2014

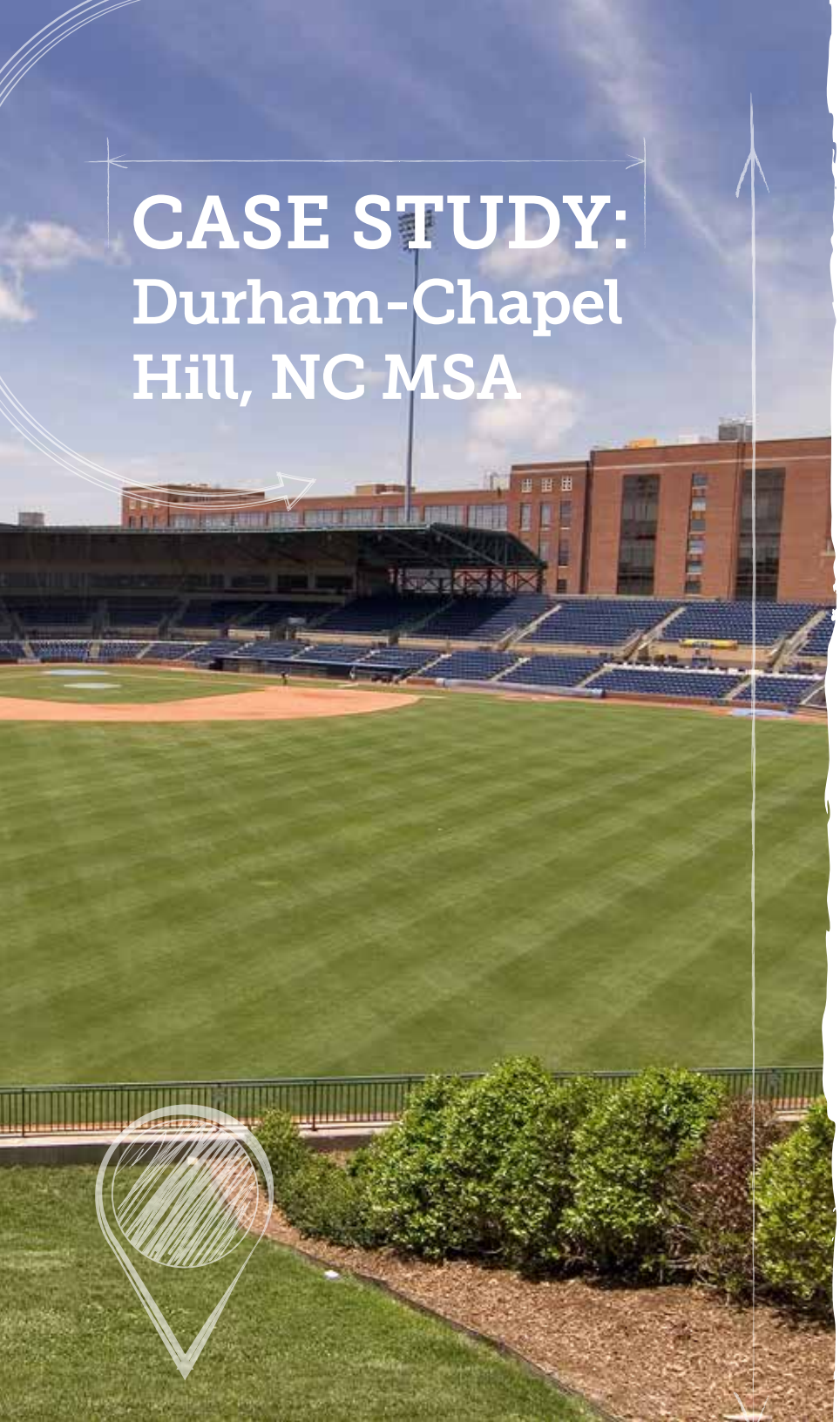
Staying on Top was a success. A new infrastructure had been created to support collaboration and implementation of the plan (the former marketing organization, Raleigh-Durham Association, broadened its scope to the 13 county region and changed its name to the Research Triangle Regional Partnership), all 30 action items were implemented by over 90 regional organizations, and they met their goal of 100,000 new jobs. The Shape of Things to Come was the follow-on strategy to guide the next five years. A 56-member steering committee of regional business and higher education leaders again came together to examine best practices, engage stakeholders, use data to create models, and prioritize opportunities and threats. Three key strategies created a framework for the plan:

- Expand their world-leading life sciences and technology clusters and selected new, emerging clusters
- Enhance and preserve the superior quality of life and competitive business climate that enables the region to attract the talent and investment needed to continue to be successful
- Engage regional leaders and partner organizations in ensuring economic competitiveness

The Research Triangle Regional Partnership reports annually on the "State of the Region." In March 2014, they were well on their way to again achieving their goal of 100,000 new jobs, with over 83,000 created.

RALEIGH-CARY TODAY AND KEY TAKEAWAYS

Similar to other benchmark regions, the Raleigh region's balanced approach to community and economic development, focusing both on industry growth and diversification and downtown development, has proven to be a successful recipe. Their engagement of a broad stakeholder base in the development of strategies has allowed for broad based support of their recommendations. Furthermore, the long-term vision and dedication to the development of Centennial Campus was key to allowing the city to capitalize on its proximity to the Research Triangle Park. The approach and results demonstrated by Raleigh and NC State underscore the power of higher education as an economic and quality of place driver. Without the planning and investment by public and private leaders over the past few decades, the region certainly would not be enjoying the growth of population, employment, and GDP that it is today.



CASE STUDY: Durham-Chapel Hill, NC MSA

FAST FACTS

- The Durham-Chapel Hill MSA population grew from less than 347,000 in 1990 to 534,578 in 2013
- Notable concentration of higher education and young professionals
- Central location for R&D in technology and information
- Successful shift from tobacco and textiles to health, medical, biomedical, and technology

TOP INDUSTRIES

- Life sciences
- Electronics
- Higher education
- IT/Informatics
- Environmental products

KEY INDICATORS

- Durham added nearly 188,000 people from 1990 to 2013 (55%)
- Durham's GDP increased nearly $14 billion from $22.4 billion in 2001 to $36.3 billion in 2012 (62%)
- Employment increased by nearly 68,000 (31%) from 1990 to 2013
- Durham has been one of the most diverse metro areas with its minority population growing from 32% to 42% of the population from 1990 to 2012, an increase of more than 108,000
- The foreign born population also increased significantly from only 3% in 1990 to 12% in 2012, an increase of nearly 50,000 people

THE TRANSFORMATION

- Development of Research Triangle Park (RTP) began in the 1960s as a response to the state's declining tobacco and agriculture sector
- Revitalization of Durham proper began in the 1990s as a response to blight and the loss of businesses in previous decades
- Construction of Durham Bulls stadium catalyzed broader reinvestment in the downtown
- From 2004 – 2014, $7.6 billion in capital investment has been attracted to Durham

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- Regional collaboration without losing identity and individual path to success
- Investment in quality of place
- Strong leadership in the private sector catalyzed enormous growth

ABOUT THE DURHAM REGION MSA

The Durham-Chapel Hill MSA is successful on both qualitative and quantitative measures of regional prosperity and has been recognized for its strengths and positive growth in business climate, pro-entrepreneurship and innovation culture, excellence in government, a fantastic location for workers, and a most livable region.

These accolades are only a portion of the attention they've received in the past decade, serving as recognition of their strong position. In particular, a deeper dive into regional data on population, business, industry, real estate, and finance illustrates the breadth and depth of their strengths.

Business, Economics, and Growth

- Forbes recognized them as #10 in their "Best Places for Business and Careers" (2013)
- Business Insider placed them #8 in "Recession-Proof Cities" ranking (2013)
- Forbes part of "10 Up and Coming Cities for Entrepreneurs" (2013)
- The Washington Post named 6th out of "America's Top 10 Cities for Small Business" (2013)
- fDi American Cities elevated them to the international level when they recognized them as the #2 among their "Top 10 Small American Regions of the Future" (2013)
- Kiplinger ranked it as the #2 "Best City for Mid-Career Professionals" (2012)

Next Generation Workforce

- America's Promise Alliance noted them as a "Top 100 Best Communities for Young People" (2011)
- Ranked #9 on the nation's top midsized cities for young professionals by Next Generation Consulting" (2009)
- Business Insider recognized DCH as #7 on a list of "The 13 Best Cities for Brand-New College Grads" (2014)

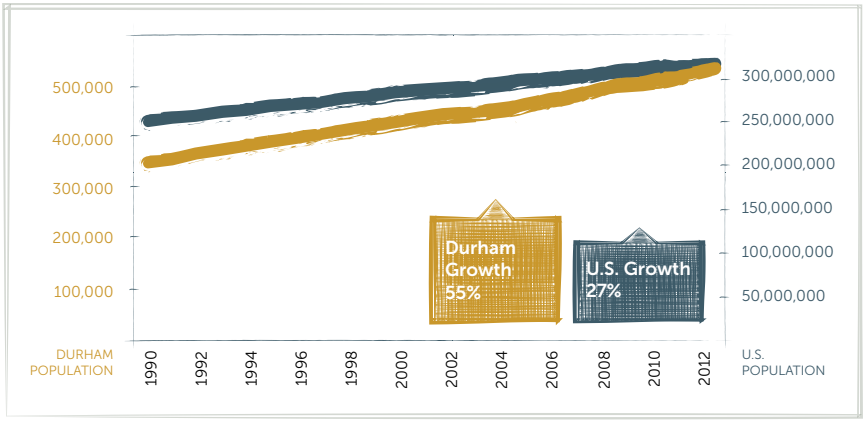
Quality of Place

- #5 in Relocate-America's "Top 100 Places to Live" (2009)
- U.S. News & World Report ranked them among the "10 Best Places to Live in the Nation" (2009)
- Livability.com ranked them #4 among the "Top 100 Places to Live" (2013)

POPULATION

- The region's population sat at roughly 426,000 in 2000, rising to nearly 506,000 at the end of the decade, representing a 19% overall growth
- The 2013 estimate for the region is 534,000 and increasing still, giving it an overall 55% increase since 1990

Figure 13: Population Durham, NC MSA vs. United States



ECONOMY AND GROWTH

- Employment increased by nearly 68,000 (31%) from 1990 to 2013
- Job growth has averaged 1.2% annually, or nearly 3,000 jobs added each year
- Durham's GDP increased nearly $14 billion from $22.4 billion in 2001 to $36.3 billion in 2012 (62%)
- The growth in GDP has average 4.6% annually, nearly three times the U.S. annual average

Figure 14: Employment Durham, NC MSA vs. United States

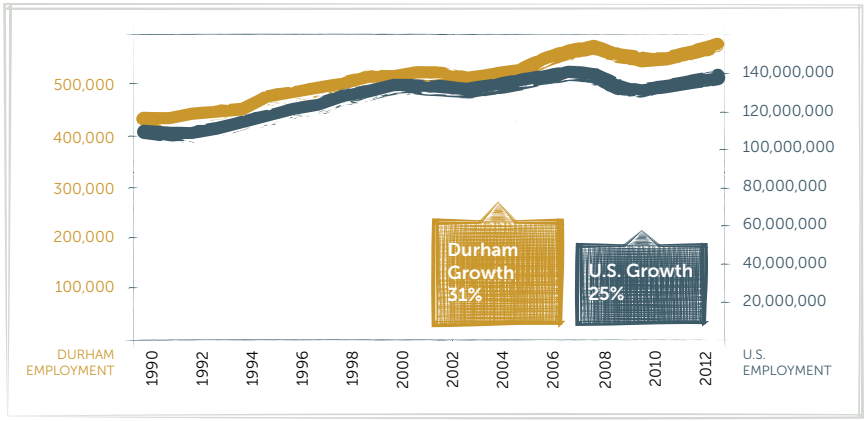
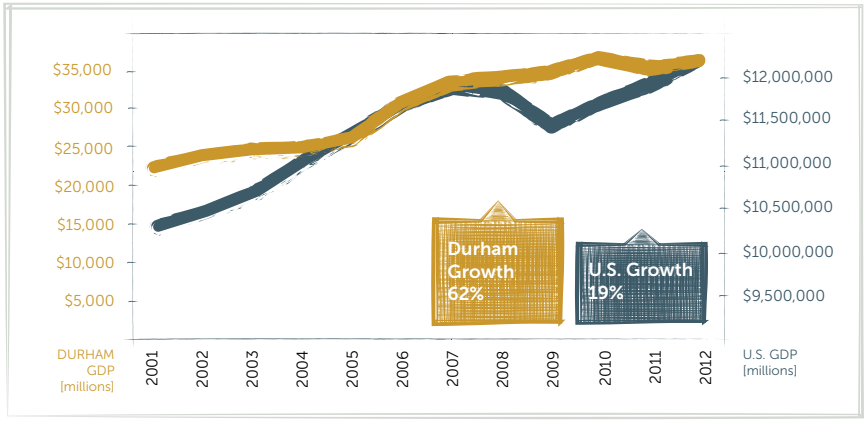


Figure 15: GDP Durham, NC MSA vs. United States



THE NEED FOR ECONOMIC TRANSFORMATION

Beginning in the mid-1900s, Durham's manufacturing base in tobacco and textiles began to falter as textile mills closed and competition from other tobacco companies, as well as the development of anti-smoking campaigns in the 1960s, began to significantly reduce revenues. By the 1980s and 1990s, Durham suffered from blight, abandonment of the shrinking industries leaving behind large infrastructure, and business districts that were difficult to navigate. Downtown had been developed in a piecemeal fashion so it lacked a structured plan from the 1930s to 1960s. A series of coincidental events catalyzed a move to change that dynamic and created an opportunity for city transformation.

In 1991, Jim Goodmon, a media company owner, decided to buy the Durham Bulls and move the team from Durham to become an anchor tenant at a development that he planned closer to the airport. Goodmon is described as a regionalist, and at the time his vision was that a regional sports and recreation facility would be a strong compliment to other regional business activities. The political leaders in Durham sought to block this action by offering to build a new stadium in Durham; however, a ballot referendum to do so at the taxpayers' expense was defeated.

In 1993, Downtown Durham, Inc. was formed following the recommendations from a 1989 downtown redevelopment plan. Bill Kalkhof, the inaugural president of Downtown Durham, Inc. saw the development of a new stadium as an opportunity to jumpstart the redevelopment plan for Durham. The stadium cost, $18.5 million, was financed through the use of city bonds that did not require a voter referendum. This action cost several political leaders their posts, but the project proceeded.

Durham Bulls Athletic Park was completed in 1995, and the Goodmon family recognized that having a blighted tobacco factory next door would limit the potential draw for visitors. The Goodmon family then began to tackle the development of real estate around the park, starting with buying and renovating American Tobacco as the key element in making the stadium a successful anchor.

The city's Downtown master plan, spearheaded by Downtown Durham, Inc. in 2000, set the stage for the next decade of work, emphasizing historic preservation, mixed-use redevelopment, and integrated transportation adjustments that would create new linkages to the surrounding areas in all directions.

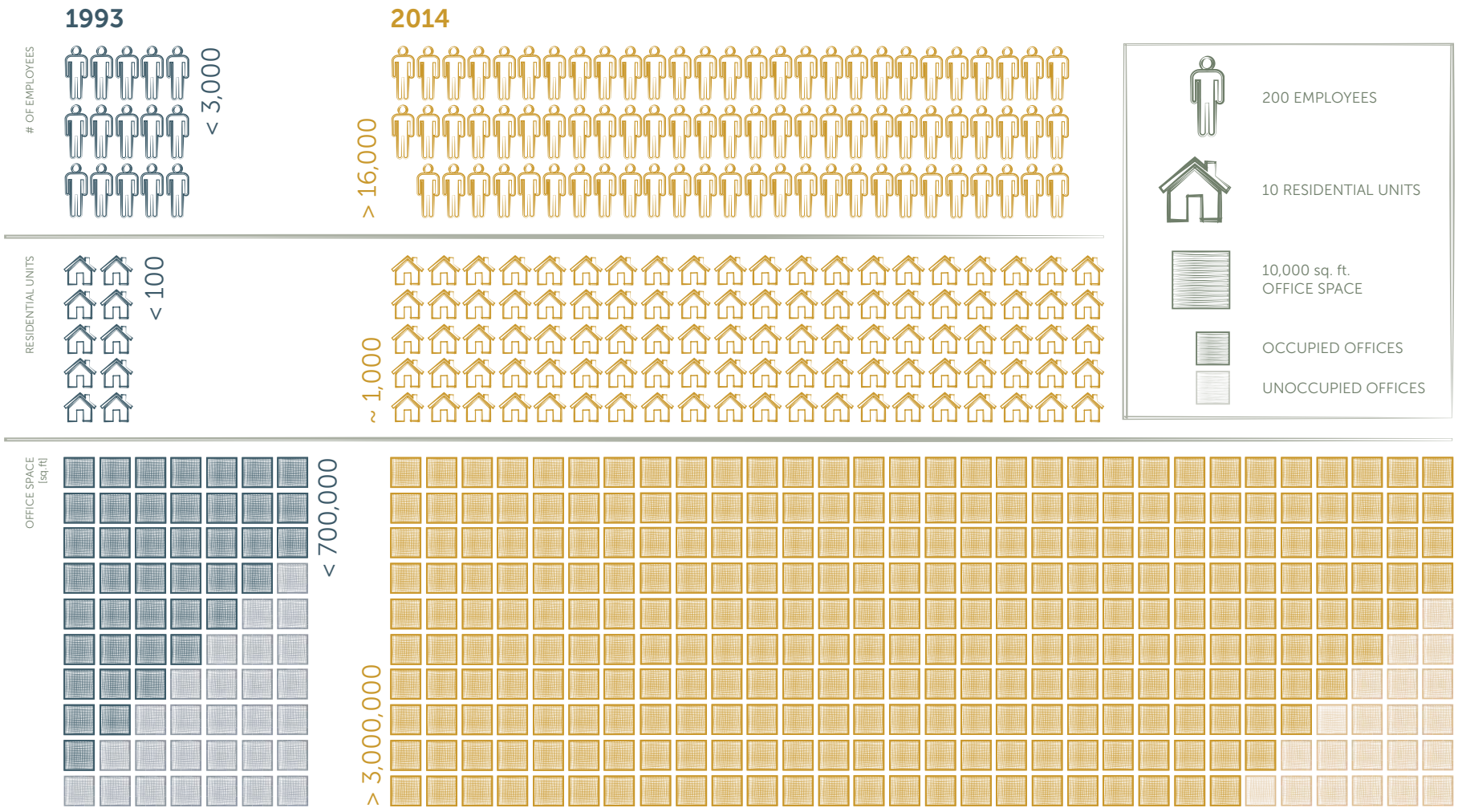
Durham County Library

American Tobacco Campus Before

Durham County Library

American Tobacco Campus After

Figure 16: Downtown Durham Then & Now



Source: http://www.dukechronicle.com/articles/2014/07/01/building-bull-city

LEADERSHIP TO TRANSFORM

The Goodmon Family, Downtown Development, Inc. (DDI) and other community leaders were thrust into their leadership positions in Durham because of the convergence of actions described above. Jim Goodmon has jokingly stated in interviews that he is only in Durham because of his initial failure to move the Bulls to his desired location. Goodmon's purchasing of the Durham Bulls, and the company's sincere motto that a company's success is directly tied to the success of the community around it, pushed the further development of the areas around the stadium and the emergence of Durham as a redeveloped community. Since then, the success these partners have demonstrated has continued to spur additional transformation plans and investments. If the Goodmon Family and DDI had not partnered on these quality of place improvements, it is likely that the Durham Bulls would have moved out of downtown and further increased blight in the area.

Greater Durham Chamber of Commerce: A New Approach

A recognized transformative leader is the Greater Durham Chamber of Commerce. The Chamber describes itself as unconventional, stating on their website, "This is not your father's chamber of commerce," and has operated as such since Casey Steinbacher, President and CEO, took the helm in 2007. They are entrepreneurially focused and have continued to evolve very successful programming. They seek to set a creative atmosphere and have led efforts including:

- Bull City Stampede – an open call to entrepreneurs to come to Durham free for 60 days to take advantage of local programs. Three rounds have attracted applications from 362 cities and 42 countries. Thirty-six companies have been invited and came to Durham with 28 staying to build their companies.
- Durham Story Studio – a partnership with the Goodmon's media company to utilize a free promotional opportunity for their company, as well as Durham.

Former director of Downtown Durham, Inc., Bill Kalkof, laid out "non-negotiable" criteria to guide the implementation of their 1989 downtown redevelopment plan. All projects had to be consistent with the plan. Public and private leaders had to show that projects were a good deal for the taxpayers and that developers actually needed the public incentives and financing. Finally, the city would not fully provide the funding until after projects were completed.

University Leadership

Duke University and the University of North Carolina at Chapel Hill (UNC) are hallmark institutions that have been historically important in bringing the region to its current position and have been instrumental in driving their continued success. Duke and its affiliated Duke University Health System collectively employ over 40,000 in the area, and their total annual economic impact has been estimated at roughly $3.4 billion in Durham County alone.[1] The University is also a major repository for research investment, bringing in over $600 million annually.

Down the road in Chapel Hill, UNC is also a potent fuel for growth. The oldest state university in the country, UNC brings in a great number of research dollars, posting $778 million in 2013 and an average economic impact of approximately $1.04 billion. With a total enrollment of nearly 30,000, the university is responsible for attracting roughly 22,000 young people from outside Orange County, increasing their population by approximately 16% during the academic calendar, many of whom will remain in the area after graduation.

[1] http://publicaffairs.duke.edu/sites/publicaffairs.duke.edu/files/economicimpact_0607.pdf.

The American Underground, started in 2010 and housed in the historic American Tobacco Campus, is a space for entrepreneurs, start-ups, innovators and investors to work collaboratively in a high-resource environment featuring a premier accelerator and incubator programs, a tech-training academy, and 10 to 15 person start-ups. Well-known tenants include iContact, which sold in 2012 for $180 million, Triangle Start-up Factory, Groundwork Labs, Idea Fund Partners, NC IDEA and the Council for Entrepreneurial Development. Founding partners include Google for Entrepreneurs, Duke University, Greater Durham Chamber of Commerce, NC IDEA and The Research Triangle Park. This entrepreneurial hub brings in new talent to the region, but also serves as a way for young entrepreneurs to stay and continue to build upon the growth accelerating the region.

Diversity as a Strength

Durham has a long history of being a diverse, entrepreneurial community, and home to a strong Southern culture. For some time, it was recognized as the 'Black Wall Street' of the United States and until recently was home to the two most successful African American owned businesses in the country. Many community stakeholders and leaders will say that that there is no racial minority in Durham, rather that is it equally comprised of Caucasian, African American, and Hispanic residents. Though these numbers are not absolutely correct, it is telling that the community sees itself in this way. The numbers show that Durham is more diverse than Raleigh, with 7% more of the Durham population identifying as Black or African American and about 1% more of the Durham population identifying as mixed (two or more races). All of the other races are found in equal proportions in Durham and Raleigh. Durham's diversity is most strongly seen in its cultural and arts scene. Landmarks, organizations and events like Black Wall Street, Duke Homestead, American Dance Festival, the Durham Performing Arts Center (#3 most visited performing arts venue in the world) and the Carolina Theatre make Durham a diverse, cultural bastion.

Most notably, the Self-Help Credit Union combines several organizations that provide financing, technical support, consumer financial services and advocacy for individuals many times left out of economic mainstream. Since Self-Help's founding in 1980, the organization has reached out particularly to female, low-income, low-wealth, rural, and minority communities across North Carolina.

PLANNING AND EXECUTION OF TRANSFORMATION

There are a number of civic intermediaries and activities that have catalyzed the transformation of the Durham region.

Downtown Durham Inc. and Revitalization Efforts

Downtown Durham, Inc. was formed in 1993 through a public-private partnership and focused solely on downtown Durham. Private-sector leaders raised $50,000, which was matched by an additional $50,000 from the City of Durham to start the organization. DDI was a key partner in the redevelopment of the American Tobacco Factory. They were supported by the corporate and academic community (including Duke University, GlaxoSmithKline, McKinney, City of Durham and the Durham Bulls), who committed to significant leases in the development.

Through its efforts to bring together the city, county and company leaders, DDI also developed the Downtown Durham Master Plan in 2000, setting a plan in motion for place-based planning. Below are specific metrics and results achieved between 2000 and 2007.

- Downtown's tax revenues grew by 16%
- Over $1 billion was invested by public and private sectors
- A new entertainment district was added to the American Tobacco Campus
- Construction began on the Durham Performing Arts Center
- Parrish Street was revitalized
- Over $1.5 million square feet of office space was added in downtown

The efforts of DDI have led to a culture of revitalization in Durham. Some additional examples of downtown redevelopment include the Golden Belt District, the Warehouse District, Brightleaf Square, Durham Central Park and Ninth Street and Duke.

Durham 2.0 – Chamber of Commerce

The Chamber's economic development plan, Durham 2.0, continues to build on the successes of Durham's initial redevelopment. Their goals focus on more system level economic and social improvements that complement the physical and quality of place investments of Downtown Durham, Inc.'s 2000 plan. The goals of Durham 2.0 include:

- Building a healthy mix of vibrant, large, mid and small companies in complementary industry cluster
- Linking a connected system to develop, retain and recruit Durham's workforce
- Growing a welcoming community that attracts and retains high-quality companies and individuals

Financing Models

Durham has pursued a number of innovative financing models in their redevelopment:

- As the Goodmon family created a public-private partnership to allow the city to build parking structures at the American Tobacco Factory, which the Goodmon family leases back for their use. The stadium cost of $18.5 million was financed through the use of city bonds that did not require a voter referendum.
- The city and county joined forces to build the Durham Performing Arts Center and hired two private firms to manage it – one for the talent acquisition and one for facility management. Duke University also contributed, providing $5 million to the Center. The venue is rated by Pollstar as one of the top five ticketed sales venues in the country.
- Duke has partnered with a private developer to bring 250,000 square feet of office and wet lab space online downtown.
- Historic Mill Tax Credits play a large role in projects that need additional funding, in combination with federal Rehabilitation Tax Credit programs for income-producing properties. Golden Belt, formerly the location of Golden Belt Manufacturing Company, was transformed into a LEED certified Live-Work-Play space with live/work residential lofts, artist studios, a gallery, live music venue, event space, boutique retail stores, restaurants and office space.

New Market Tax Credit Impacts: A Case Study in Durham, NC

Wong and Wolff, Self-Help Credit Union/Center for Self Help Ventures

The development of American Tobacco, and the significant development following, helped dramatically alter the downtown landscape. Increased development has largely been in commercial and mixed-use projects, leading to a more stable and competitive commercial real estate market, and also to increased downtown employment, more business formation and marked increase in the downtown tax base. Beyond the catalytic impact of American Tobacco, Durham benefited from 19 New Markets Tax Credits (NMTC) investments made by eight different financial institutions. These investments totaled more than $140 million between 2003 and 2006. Downtown alone received more than 90% of this investment, or $127 million. NMTC program liquidity supported a range of borrowers critical to equitable revitalization, from small nonprofits impacting individual families to large for profit real estate developers rehabilitating historic structures.

DURHAM TODAY AND KEY TAKEAWAYS

Durham's transformation has taken it from a blighted former mill town to one that receives top national accolades for being a best place to live. The redevelopment of the American Tobacco Factory represents the importance of choosing a key project to generate community excitement and catalyze additional private investment. The vision and tenacity of the city's elected officials to make key investments regardless of the consequences to their political careers demonstrates how transformation often requires brave leaders. In addition to personal sacrifice for greater community gain, transformation also requires a level of trust that comes through actions. According to statistics provided by the Durham Chamber of Commerce, from 2004 to 2014 an estimated $7.6 billion has been invested in capital investment projects, expanding square foot development by nearly 20 million square feet and creating nearly 33,000 jobs. This transformation can be squarely attributed to the intentional, strategic partnerships developed between the region's public and private leaders.

CASE STUDY: Fayetteville-Springdale-Rogers, AR-MO MSA

FAST FACTS

- Located in the foothills of the Ozarks in northwestern Arkansas
- Home to four billion dollar enterprises – Wal-Mart, Tyson Foods, J.B. Hunt Transportation Services, and the University of Arkansas-Fayetteville
- MSA population grew from 241,000 in 1990 to nearly 492,000 in 2013

TOP INDUSTRIES

- Higher Education
- Retail manufacturing
- Corporate offices and headquarter; shared service centers
- Industrial agriculture
- Business and professional services
- Transportation and logistics
- Freight and warehousing

KEY INDICATORS

- The Fayetteville region added more than 250,000 people between 1990 and 2013 (105%)
- The Fayetteville region increased employment by nearly 108,000 between 1990 and 2013 (101%)
- The Fayetteville region GDP increased by $5.5 billion between 2001 and 2012 (46%)

THE TRANSFORMATION

- Development of regional economic development organization pushed by private sector
- Investment in several major infrastructure projects, including the airport, highway improvements and connections and a $45 million water system for the Benton-Washington Regional Public Water Authority

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- Complementary planning efforts by the state (Accelerate Arkansas), region (Northwest Arkansas Council), city (Fayetteville Forward), and civic partners (e.g. the Walton Foundation)
- Private sector powerhouses pushed the NWA economy to grow

ABOUT THE FAYETTEVILLE REGION

Located in the Ozarks of northwestern Arkansas is the active economic region of Fayetteville-Springdale-Rogers, AR-MO MSA, also known as the Northwest Arkansas region (NWA). The Greater Fayetteville area is one of the most steadily expanding metro areas in the country on nearly all measures of economic and community growth. Located near the tri-state borders of northwest Arkansas, northeast Oklahoma and southwest Missouri, the Fayetteville region has many of the strong suites as that of well-equipped urban economic powerhouses, while maintaining the qualities of small town.

In light of their economic successes and exponential growth, the NWA metro has become a regular listing in annual rankings. Forbes, the Milken Institute, Entrepreneur Magazine and Livability.com are only a few of the sources that have recognized the growth and prosperity of the NWA region. Highlights of the regional accolades are presented below:

Business, Economics, and Growth

- The Milken Institute NWA #2 in "Best-Performing Cities" (2013), and previously they recognized their growth and economic strength by placing the region #43 of 100 total "Best Performing Cities" (2010)
- Forbes ranked Northwest Arkansas #5 among "Best Mid-Sized Cities for Job-Growth" (2011)
- Forbes also ranked Northwest Arkansas #2 on its "Best Place in the United States for Recession Recovery" (2012)
- Business Insider recognized Bentonville as #10 on its list of "15 Hottest American Cities of the Future" (2012)

Next Generation Workforce

- Entrepreneur Magazine NWA as one of the nine U.S. regions that are "Best Hubs for Tech Start-ups" (2012)
- Urban affairs website Newgeography.com placed them among the Top 10 "Best Medium-Sized Cities for Job Growth" (2013), annual listing of regions where the number of employed residents is comparatively high, and posts consistent growth

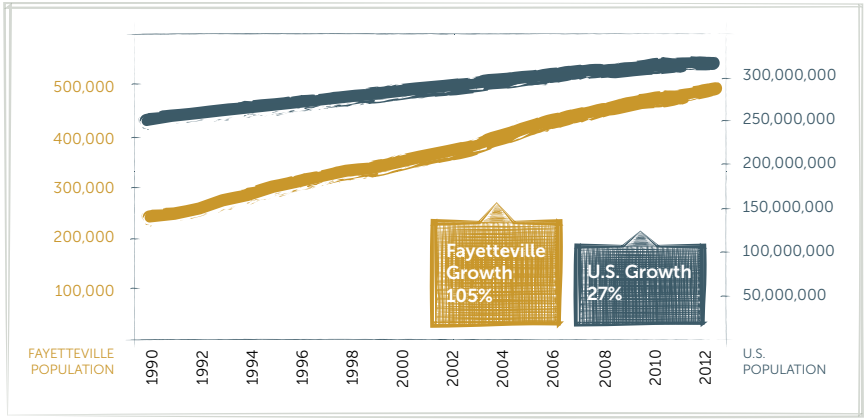
Quality of Place

- CNN MONEY ranked Rogers #10 on its "Best Places to Live" for Small Cities (2010 and 2011)
- Fayetteville ranked #64 in Livability.com's "Top 100 Best Places to Live" (2013) noting small-town charm, a thriving business climate, great outdoor recreation, and a vibrant local entertainment scene
- Fayetteville also ranked #15 in a list of "Best Places to Retire" by CNNMoney (2010), recognizing their access to natural beauty and outdoors activities
- Smithsonian Magazine selected Siloam Springs for their "20 Best Small Towns in America" (2012)

POPULATION

- The region has seen increases in residents, both skilled workforce for information, management, and research positions, as well as manufacturing, transportation, and warehousing labor.
- The NWA area is one of the regions which rebounded from population losses from 1972-1992 with strong population gains from 1992-2012.
- The MSA had nearly 242,000 people in 1990 and by 2000 added more than 108,000 for a total population of nearly 350,000. Another 116,000 were added through the decade ending in 2010. Its current 2013 estimate is nearly 492,000, and still climbing.

Figure 17: Population Fayetteville, AR MSA vs. United States



ECONOMY AND GROWTH

- The region's GDP grew by 46%, going from $12 billion to $17.5 billion from 2001 to 2012.
- The metro went from roughly 107,000 employed residents, to nearly 215,000 by 2013. Overall employment doubled from 1990 to 2013.

Figure 18: Employment Fayetteville, AR MSA vs. United States

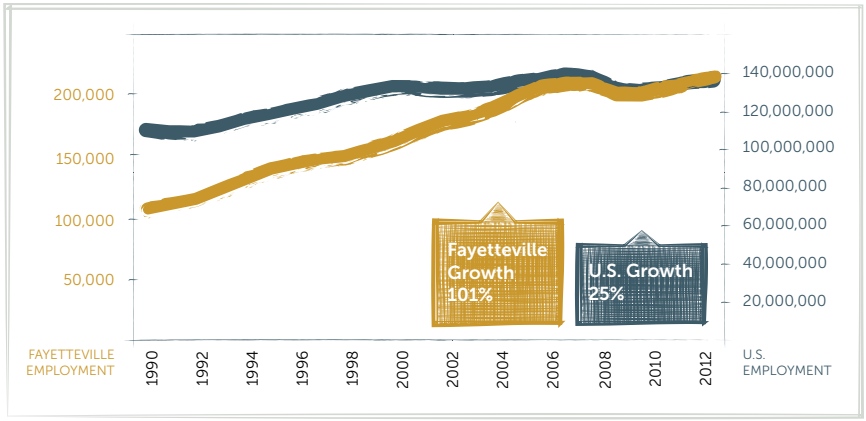
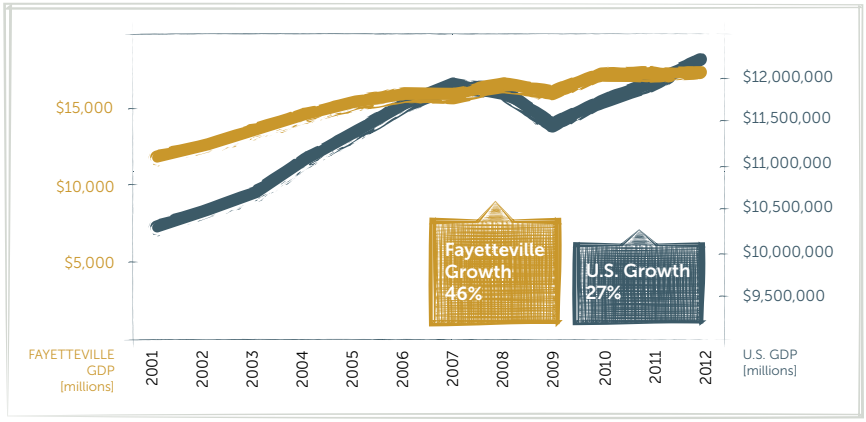


Figure 19: GDP Fayetteville, AR MSA vs. United States



THE NEED FOR ECONOMIC TRANSFORMATION

Fayetteville's success is unique relative to other cases because transformation occurred out of a desire rather than need. This vision was defined by three private companies, Tyson Foods, Inc., J.B. Hunt Transportation Services, Inc., and Wal-Mart Stores, Inc., which sought to make their mark not just on the regional economy but globally.

Regional leaders, however, recognized the need to be proactive, initially in investing in economic development basics to retain those companies and then as their presence was cemented, in pursuing a comprehensive, 21st Century strategy. The initial needs – a regional airport, better highways, and a regional water system – spurred the creation of the Northwest Arkansas Council in 1990. Over time, the need to create a quality of place that would attract and retain talent began to emerge. Efforts in the 2000s focused on improving the education system, creating an international culture, and place-based improvements, such as trails and museums.

Fayetteville Public Library

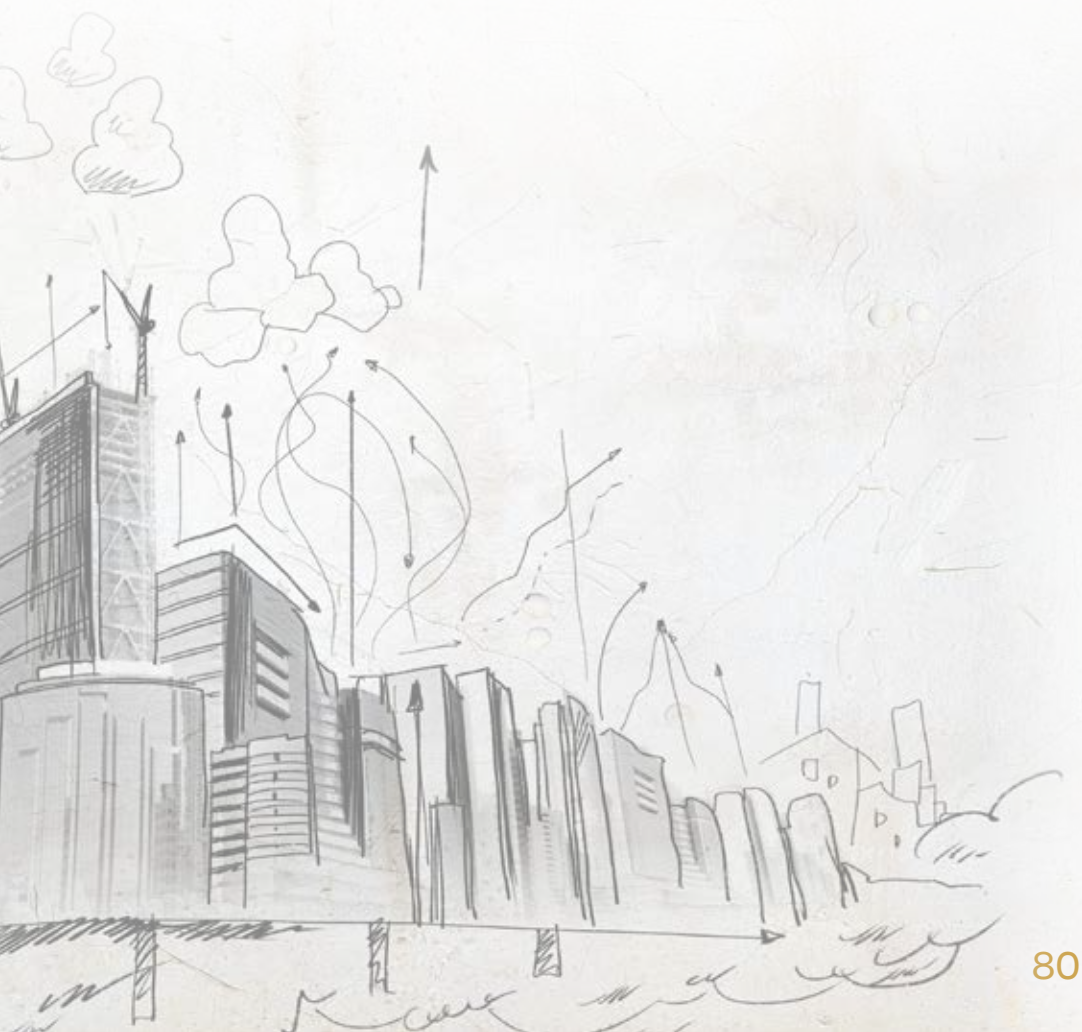
Fayetteville Skyline After

Fayetteville's economy is centered around the presence of Wal-Mart, J.B. Hunt, and Tyson Foods. However, as those companies started to grow in the late 1980s and early 1990s, they could have easily left the region to find a location that would better support their vast infrastructure needs. Instead, they formed the Northwest Arkansas Council to prioritize regional investments in infrastructure and educate elected representatives on the need to support these investments to advance economic development. They identified capacity issues with the airport and highway systems and were able to successfully work with public leaders to create enhanced infrastructure, which has allowed for diversified and sustained growth in the community. The current regional growth rate is 944 new residents per month.

LEADERSHIP TO TRANSFORM

Influence of Wal-Mart, J.B. Hunt and Tyson Foods

These three corporations have worked collaboratively during a time of increasing automation and globalization to interlock their corporate strategies, yielding enormous benefits for the region. With the agricultural base in Tyson, the intelligence and capacity in freight and transportation by Hunt, and the innovative supply chain business model used by Wal-Mart, these three firms provided an important root system for what would eventually become an ecosystem of supplier networks, entrepreneurship, and innovation in consumer retail.



As these three corporations grew in size and strength through the 1970s and 1980s, they cultivated the development of a second ring of suppliers. For example, early entrants that assumed a second ring of suppliers, including Proctor & Gamble, Unilever, PepsiCo, and Nestle. These corporations established corporate presences and supply chain nodes in the Fayetteville region, attracted by the promise of direct access to Wal-Mart's consumer base. The growth continued even further to the building a third ring in the supplier network. This outermost collection of producer-suppliers works in conjunction with second ring suppliers who not only supply products to Wal-Mart.

Currently, there is a tremendous commercial grid of firms. Northwest Arkansas is home to both multinationals and small businesses catering to niche supplier needs, as well as entrepreneurs trying to break into the vast consumer marketplace. The region is now home to over 300 Fortune 500 companies' corporate satellites and manufacturing operations. The location of a number of large firms in consumer retail has positioned the landlocked region as a global gateway into the U.S. consumer market.

Strong City Leadership Focused on Economic Development and Regional Strength

This historical leadership of Tyson, Hunt and Walton cannot be overstated, but in the past 10 years there has been significant leadership within Fayetteville separating it from its fellow Northwest Arkansas communities. Mayor Lioneld Jordan became mayor in 2008 just when the national economic bubble broke.

Mayor Jordan came to city government with a plan in mind, focused specifically on regionalization and partnership development. He describes the basics of the plan as a triangle, with the legs being economy and environment and the base being social. Columns within the triangle include partnerships and regional planning.

Mayor Jordan contracted with the Fayetteville Chamber of Commerce to serve as the economic development arm for the city. Prior to 2008, the mayor of Fayetteville did not have a strong relationship with the regional mayors. This change was realized under the leadership of Mayor Jordan and his focus on regional cooperation. Every two years the mayors and economic development heads of each Northwest Arkansas town go to Washington D.C. as a coordinated lobbying bloc for their region. Priorities are determined and agreed upon in advance so the regional group of mayors and economic development managers submit one project from the region that they jointly pursue.

Company Foundations and the Regional Airport

Family and company foundations also play a role in the current transformation of NWA. This can most significantly be seen by the building and opening of the Crystal Bridges Art Museum in Bentonville. Crystal Bridges was founded by Alice Walton of the Walton Family Foundation. Wal-Mart has also heavily invested in making the museum free for all residents. This incredible investment for both the Museum and general management runs into the billions for the art museum alone and helps to enhance the livability of the region in a very tangible way. The museum has garnered national attention for the region as it is the first major art museum to open in the U.S. since 1974.

In 1990, Alice Walton became the first chairperson of the Northwest Arkansas Council (NAC), a regional development nonprofit whose original membership included Walton, Tyson, and Hunt (discussed in more detail in the Planning section below). The NAC was instrumental in the creation of several major Northwest Arkansas infrastructure projects, including the Northwest Arkansas Regional Airport, highway improvements and connections, and a $45 million water system for the Benton-Washington Regional Public Water Authority. The NAC has been funded completely by private funds since its inception.

An Example of Leadership: The Northwest Arkansas Regional Airport

Though efforts began in the 1950s, the final attempt to build the Northwest Arkansas Regional Airport began with a telephone call from Sam Walton to then-Congressman John Paul Hammerschmidt. Walton and Hammerschmidt discussed what would need to happen in order for an airport to be constructed. In 1990, the NAC was formed and Alice Walton was elected as its first chairperson. Under her leadership, the Council led the effort to create the airport. Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale, along with Benton and Washington Counties, created the Airport Authority as a separate public entity to investigate the feasibility of building a new regional airport. In 1992, voters of all seven governmental entities voted in favor of continuing their representation in the airport project and over the next few years, studies concluded that a new airport was economically feasible and environmentally possible. In 1994, a federal grant was awarded by the Federal Aviation Administration to purchase the land, and construction began in 1995. The XNA Regional Airport opened in 1998, further connecting the region to valuable outside resources and serving to assist the growth of the companies already located within the region.

University of Arkansas

In addition to the strong private corporations, the region is also home to the University of Arkansas at Fayetteville. The University's Center for Business and Economic Research estimates that the school brings nearly $1 billion annually to the state. From 1990 to 2010, attendance at the university has nearly doubled and is now over 26,000. According to a 2010 university report, these students are calculated to spend $173.7 million annually in the NWA metro, $6.9 million of this was in collected in sales tax. The university employs a combined 3,900 faculty and staff, which had a total 2009 payroll of $246.5 million. Without a doubt, UA-Fayetteville is an essential driver of the local economy and remains an important element to their current and future success. Essentially the university represents the fourth billion-dollar enterprise in this region of less than 500,000 people.

Fayetteville's largest knowledge asset is the University of Arkansas and the thousands of graduates it produces each year. With its growing student population and strong partnership with the businesses surrounding Fayetteville, the University has made the important decision to focus efforts on training its students for local jobs. For instance, the University has developed Centers around Retailing Excellence and Poultry Science.

PLANNING AND EXECUTION OF TRANSFORMATION

Regional success and sustained growth came about from a number of drivers in Fayetteville. A significant portion of the region's success and growth comes from the large, powerful institutions with deep roots and strong networks. These institutions have been significant growth drivers and generated a substantial collection of resources for the region that can sustain growth in the future. Even still, business and government leaders saw that NWA's strengths were not enough to stand on their own. On both the state and regional levels, business and government stakeholders recognized key influential factors related to the social, economic, market, and historic character of the region and the state that needed to be addressed. The path to economic transformation for NWA is therefore a result of two coexisting efforts on the regional and state levels.

Fayetteville's growth is directly tied to some of the local-powerhouse companies that originated in the region. Tyson, Hunt and Walton all had become regionally and nationally successful, but they also knew that achieving global status would require coordinated, regional development across Northwest Arkansas to meet the demands of growing companies with an international outlook. This is where the story of growth differs in Fayetteville than other smaller cities. Instead of leaving the region, the corporate leadership invested in the infrastructure necessary to keep their companies based in Northwest Arkansas and insisted that the communities kept up the pace. By leveraging their strengths, Tyson, Hunt and Walton started the Northwest Arkansas Council in 1990 (NAC) in response to a desire by these business leaders to create a regional airport. The NAC assisted the companies in their efforts towards growth and as a group, successfully built a connecting interstate highway, regional airport, and other infrastructure that accommodated the growth of these companies. Without this regional approach, Fayetteville would be a very different city today.

Wal-Mart's growth has specifically had a significant impact on the direction of Fayetteville's, and Arkansas' overall growth. Wal-Mart was an early adopter of computer utilization in inventory management in the mid-1960s, leading to continued growth of advanced supply chain logistics. The suppliers who popped up around Wal-Mart brought more jobs and technical infrastructure jobs, leading to a skilled workforce ahead of its time. NWA, which had been an area with generally low per capita income, in mostly manufacturing and agriculture, transformed into a region with a more knowledge-driven workforce and economy.

Fayetteville Forward Focuses on Citizen Engagement

The first Fayetteville Economic Summit was held in 2009 by Mayor Jordan. It developed 39 recommendations that they are still pursuing today under the umbrella of Fayetteville Forward, a voluntary public-private partnership. The focus of this effort includes quality of place factors such as the environment and award winning trail systems, as well as partnership development, target industry development, and historic preservation. Action Groups, comprised of individual citizens and civic and industry leaders, were formed and to this day collaborate to create strategies and new investments.

Despite varied thoughts on Fayetteville's development strategies from citizens and local government officials, the city is able to create and maintain funding sources that specifically benefit the quality of place factors that are so important for Fayetteville. As an example, the Advertising and Promotion Division of the City of Fayetteville enacted a one cent tax on every hotel, restaurant, and other tourism businesses. Funding is allocated twice a year for a cultural grant program that supports local festivals and other cultural programs.

Northwest Arkansas Council Planning

The Northwest Arkansas Council's Regional Development Strategy, developed by Market Street Services, was formulated in 2011 with the recognition that they could not continue to ride the coattails of retail success forever and must capitalize on their assets to diversify their economy and maintain prosperity. The strategy provides a detailed analysis and establishes objectives regarding the growth of NWA. It was developed by a steering committee of nearly 30 regional business and civic leaders, and they received feedback from thousands of Northwest Arkansas residents. The resulting strategy outlined four key strategic areas:

- Invest in physical infrastructure that will enable sustainable, long-term growth and improve competitiveness
- Develop a comprehensive, regional approach to proactive economic development in Northwest Arkansas
- Ensure that Northwest Arkansas remains a vibrant and attractive community for business, residents, families, and retirees for decades to come
- Elevate educational attainment and workforce skills so that Northwest Arkansas can more effectively compete for 21st Century jobs

Other reports commissioned as part of that process included a competitive analysis and a target cluster analysis, including Wal-Mart and suppliers, food processing and transportation and warehousing. These three clusters were expected to remain strong and it was decided that they would be best supported through aggressive business retention and expansion services. In its current report, the NAC has identified specific target markets to continue the region's growth and further diversify the market; corporate services/IT, food-related industries, healthcare, sustainable technologies and transportation/logistics.

The Walton Foundation, in conjunction with city officials, tailored their efforts to complement those of the Commission and is pursuing a sense of place strategy that includes the following goals:

- Increase nature trails and use of natural amenities
- Boosting public green space
- Downtown revitalization
- Coordinating infrastructure and transportation networks
- Improvements to water quality
- Increasing the urban planning knowledge base of local leaders

The State's Role in Growth and Accelerate Arkansas

The growth and success of NWA has occurred within a state with serious social and economic challenges. The growth of NWA, and other regions throughout the Arkansas such as Little Rock, happened despite statewide issues with low income, low education, enclaves of rural poverty, and declining legacy industries based on manufacturing and agriculture.

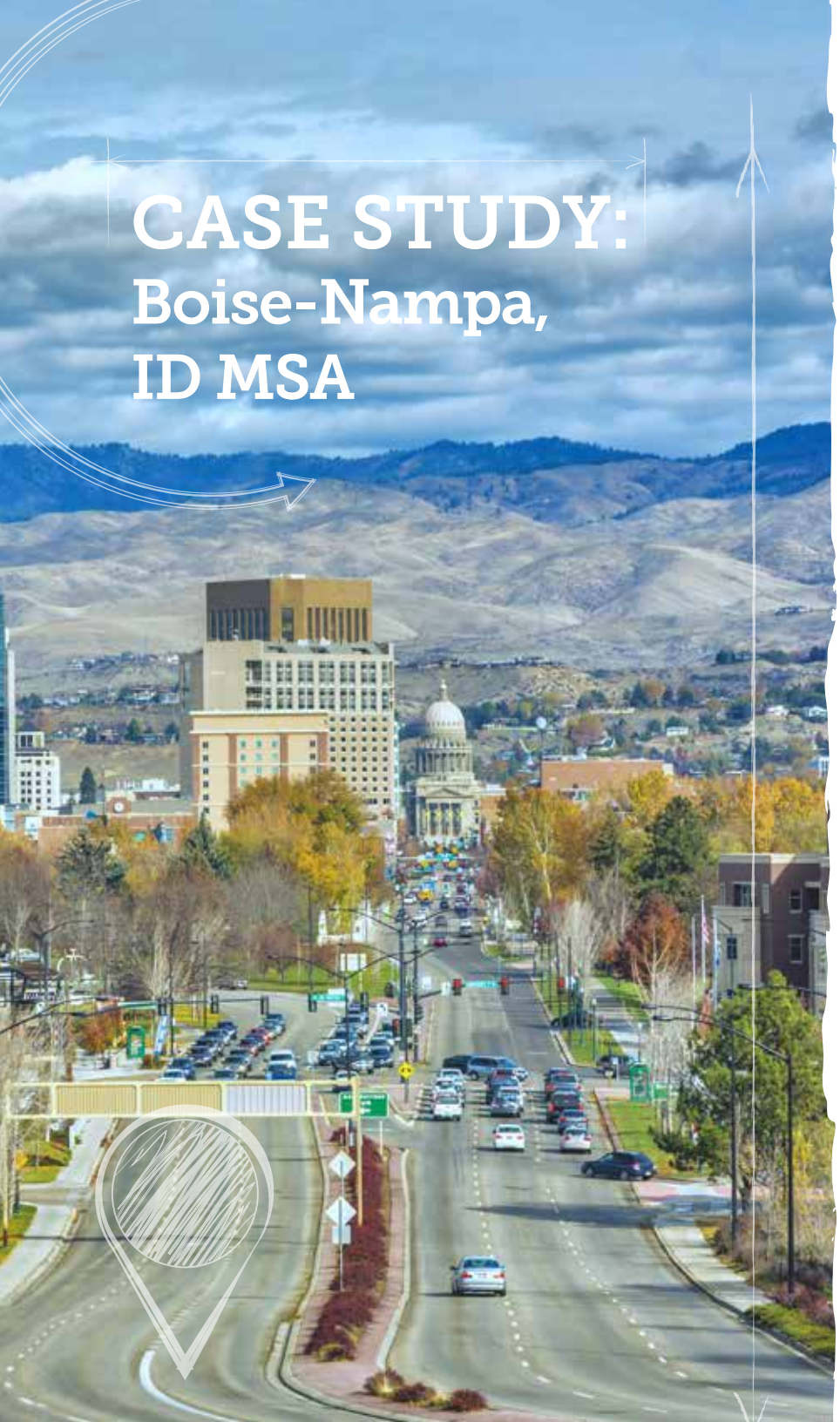
In 2004, the Milken Institute released its "Arkansas' Position in the Knowledge-based Economy," commissioned by Accelerate Arkansas, and became a turning point for NWA and the state. Accelerate Arkansas is a statewide group of business and education leaders committed to building a competitive, knowledge-based economy in Arkansas with the goal of achieving per capita income parity with the U.S. average by 2020. The Milken report was a first of its kind for Arkansas in inventorying their current assets, and offering recommendations for a strategy toward a knowledge economy. It included analysis and recommendations on research and development, risk capital and infrastructure, human capital investment, technology and science workforce and technology concentration and dynamism. This became a blueprint for Arkansas' focus on talent development and the region's focus continues to build on this foundation.

As a result of the Milken Study, and pushed by Accelerate Arkansas, several key issues were addressed during the 2005 legislative session for the state's fiscal benefit.

- Eliminate two-year waiting period for investment tax credit (Act 1232)
- Research appropriation (Act 2092)
- Targeted Business R&D (Act 1232)
- Extend R&D carry forward (Act 1232)
- Increase cap on tech development projects (Act 1232)
- Expand eligibility of bond guaranty (Act 1232)
- Ease tuition reimbursement tax credit (Act 1232)
- Expand technical careers student loan forgiveness (Act 1232)

FAYETTEVILLE TODAY AND KEY TAKEAWAYS

Observers may credit the growth of the Northwest Arkansas region simply to the fortunes of three globally recognized companies but to do so would ignore the collaboration and vision that has been exhibited in the region. The complementary planning efforts from the state, region, and city demonstrate the desire for leadership to continue to support growth and diversification of Fayetteville's economic base. As mentioned previously, the strong private leadership in NWA's economic growth is serendipitous to the region, but the regional strategy for growth by these the cities, economic development organizations, and the University of Arkansas, with the overarching assistance of strong private companies, has made Fayetteville and the NWA region the economic driver we see today.



CASE STUDY: Boise-Nampa, ID MSA

FAST FACTS

- Part of a larger economic and geographic region known as the "Intermountain West"
- Idaho's state capital
- Home to Boise State University, ID's largest public college, and recently-established College of Western Idaho
- Small-town mindset, low crime, and natural amenities promote built-in quality of place attraction

TOP INDUSTRIES

- Traditional agriculture and agro-industry
- Natural resources: forestry, paper/pulping, and mining
- High-technology and IT: semiconductors, consumer electronics, printing, start-up network
- Outdoors and recreation

KEY INDICATORS

- The Boise region saw population growth of 327,972 people between 1990 and 2013 (103%)
- The Boise region saw an increase in employment of 134,700 between 1990 and 2013 (96%)
- The Boise region GDP increased by $7.3 billion from 2001 to 2012 (41%)

THE TRANSFORMATION

- The success of the LaserJet printer, and the growth of the technologies marketplace, drove economic growth at Hewlett-Packard and Micron Technologies.
- Boise State University received private support from HP, Micron, and other technology firms to establish a school of engineering in 1996 and other investment since that time.
- Partnership engaged regional businesses in investing in the region's ability to attract and retain talent

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- Strength in regional economic development organizations/fundraising campaigns
- Strong public-private partnerships led to projects like the opening of a new community college
- Boise State University's focus on research investments for regional focus

ABOUT THE BOISE REGION

Boise offers a unique case for modern economic development and placemaking factors. Nicknamed the "Treasure Valley" by a former regional chamber director for its vast resources and assets, the Boise, ID metropolitan area is a five-county metro region in the southwest portion of the state of Idaho. Collectively, the five county region contains 40% of the state's population and nearly 50% of its GDP. In the larger Pacific Northwest region of the U.S. – an area that consists of Oregon, Washington, and Idaho – Boise is the third largest in the region, and third-highest contributor to northwest U.S. employment and economic growth.

Through its position within the state, and the western continental U.S., Boise benefits from a strong economy and labor market. Popular rankings and research organizations have taken notice of its regional performance, and have reported on it repeatedly in the past decade. The attention has been a boon for a region that was once a predominantly rural residential area surrounding a quiet state capital.

Business, Economics, and Growth

- Forbes has ranked them among the "Fastest Growing Cities in America" (2014)
- In Time's recurring "Solutions for America" series, they ranked Boise #1 among nine "Cities Getting it Right." They summarized their selection by lauding them for being a state capital in a rural state that became a "techy boomtown with a thriving cultural scene" (2014)
- In the Kauffman Foundation Small Business Friendliness Survey, Boise was the #1 easiest place to start a business (2014)
- Professional services firm KPMG ranked Boise #1 "Lowest Cost of Doing Business in the Pacific U.S." in its annual "Competitiveness Alternatives" (2014)
- Forbes has noted them as a top-rated location for job growth and careers (2012, 2011, 2009, 2008)

Next Generation Workforce

- Forbes recognized the region as #10 in their "Best Places to Invest in Housing" (2014)
- They were also recognized by Forbes as #7 in "Best Places to Raise a Family" (2014)
- Again, Forbes recognized Boise as #6 in their recent report entitled "America's 15 Best Places For Young Professionals" (2014)
- Urban focus website Newgeography.com's recent analysis placed Boise #8 in their "Best Regions For Job Growth – Medium Size" (2014)

Quality of Place

- Outside Magazine ranked them among their "Top 10 Best Big Cities for Active Families" (2014)
- Boise was recognized by Business Insider as #7 among their "Safest Cities in America," using crime statistics
- fDi placed Meridian #2 for "Quality of Life" among micro-cities (2011)

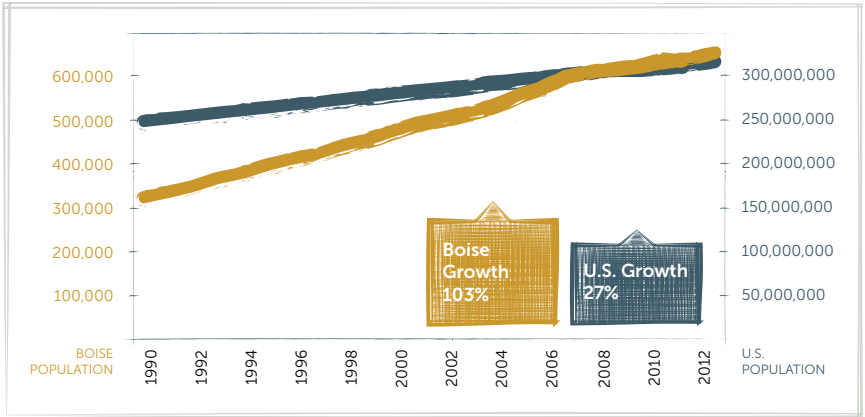
Boise has always had a small-town feel despite its population. This has begun to change as the economy has grown and attracted significant increases in residential population over the past two decades.

Despite a historical focus on agriculture and natural resources, 72% of Boise's employment growth from 1998 to 2012 took place in these leading knowledge economy categories: Information; Professional, Scientific, and Technical Services; Management of Companies and Enterprises; Educational Services; Health Care and Social Assistance.

POPULATION

- The region had an average 3% annual growth rate from 1990-2013, an average increase of more than 14,000 people each year.

Figure 20: Population Boise, ID MSA vs. United States



ECONOMY AND GROWTH

- From 2001 – 2012, the Boise metro GDP grew from $18 billion to $25 billion, amounting to a 41% increase in overall output.
- From 2003 – 2013, Boise has posted jobs gains of more than 39,900, giving them an overall 10-year increase of 17%, which is nearly four times that of the U.S. 10-year average of 4.6% over the same period.

Figure 21: Employment Boise, ID MSA vs. United States

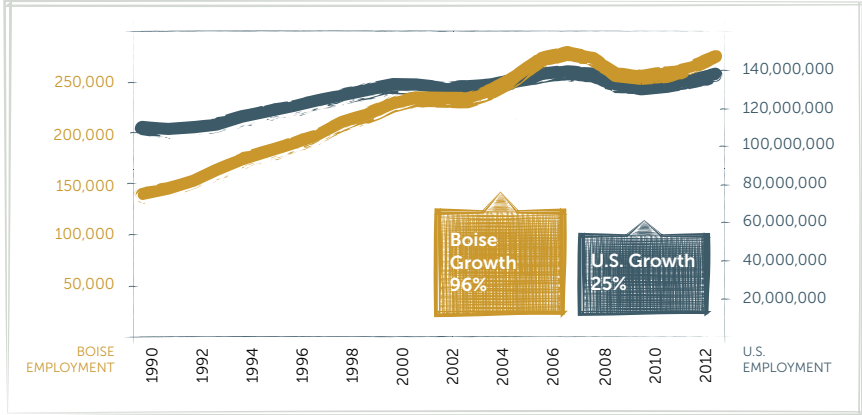
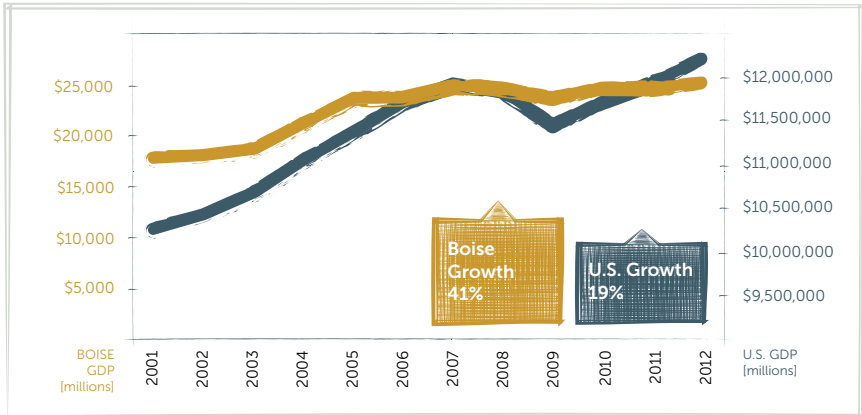


Figure 22: GDP Boise, ID MSA vs. United States



THE NEED FOR ECONOMIC TRANSFORMATION

Early economic strength was cultivated through a handful of firms in agriculture and energy, sectors with which the region has historically been associated. Boise remained concentrated on the agricultural, energy, and natural resources sectors and did not diversify until Hewlett-Packard (HP) chose Boise for their manufacturing operation in 1973. When choosing a location, HP's administrative team was looking for locations that included affordable housing, diversity of religious and ethnic groups, comparatively low crime, and various other quality of life characteristics. The operations initially employed 300 workers and brought in many skilled engineers and technology professionals. The meteoric rise of the LaserJet would also send HP's Boise location into serious growth, adding thousands of employees over two decades. The second firm that played an important role in Boise's technology growth was Micron Technology. Micron was founded in 1978, and focused on semiconductor memory design consulting, with start-up funding coming from local agricultural magnates. Since its inception, Micron expanded exponentially and continues to add incredible resources to the Boise region, employing as many as 12,000 by the late 1990s, and currently employing roughly 5,000.

Although the technology industry chose Boise in the form of HP and Micron, Boise's research and education climate was not ready to support this when they arrived. Unlike many other metros, Boise was not outfitted with a university to foster or drive growth from the start. Boise State University (Boise State) had only gained university status in 1974, and granted its first doctoral degree in 1992. When HP, and later Micron, arrived in the 1970s, they were remiss to find an engineering program supplying the region with research activity, knowledge transfer, or a trained workforce. Despite the success of HP and Micron, the Boise region continued to struggle with attracting young professionals, who could have better job security in more developed tech markets. Their need to grow their tech sector, diversify, and attract talent drove their need for transformation.

Downtown Boise Association

8th Looking North Before

Downtown Boise Association

8th Looking North After

LEADERSHIP TO TRANSFORM

Early leadership was provided in the mid-1990s by the private technology firms. Seeing the need for stronger workforce programs in their sector, they stepped up to address this gap by supporting Boise State in the establishment of a College of Engineering in late 1996. The College now hosts seven departments, training students in civil engineering, computer science, construction management, electrical/computer engineering, organizational performance and workplace learning, materials science, and mechanical/biomedical. The College of Engineering opened the way for university collaborations with the Division of Research and Economic Development's Office of Technology Transfer, the College of Business and Economics (CBE), the CBE's Center for Entrepreneurship and Center for Creativity and Innovation, CBE's Business Research and Economic Development Center, and the various programs, projects, and events. This coalescing of engineering, research and development, and business and entrepreneurship fostered a collaborative environment that maximizes the academic and external engagement potential of the university.

Regional Economic Development Organizations

In 2005, the Boise Valley Economic Partnership (BVEP) was formed as the regional economic development organization for the Boise Valley, representing the southwestern Idaho counties of Ada, Boise, Canyon, Gem and Owyhee. With a long-term mission of creating jobs, attracting new businesses to the region, and encouraging investment in the community, BVEP is actively involved in the economic vitality of the region. BVEP was established as a separately funded division of the Boise Metro Chamber of Commerce (BMCC) to administer their "Valley Initiative for Prosperity" Campaign (VIP), a capital investment and business development program aimed at improving Boise's capacity to attract and retain good jobs. BVEP focuses on partnerships with communities, institutions, chamber organizations, and businesses. Most of the recent planning activities regarding economic development, including cluster analysis, regional overviews, and marketing come from the BVEP. The Boise Metro Chamber itself is very focused on talent recruitment and programs to facilitate growth in the tech sector, though the more visible arm of the organization is the BVEP. Public-private partnerships are strong among regional stakeholders, but not entirely formalized around a common strategy. Lacking MOUs, there is no formal partnership between Boise State, the Chamber, the city, or the BVEP. However, no organization in that framework could get very far without consulting the group, as their partnership is described as informal, but strong.

The Idaho Technology Council (ITC) was formed in 2010 and is an industry advocacy group that focuses on preserving talent in the "Treasure Valley." The Boise Chamber is represented on the ITC Board and ITC is a member of the Chamber. Their work focuses on helping technology companies establish, grow, and thrive by promoting business and professional development as well as connecting leaders across sectors. ITC rallies industry, higher education, research, investment and government stakeholders in the interest of growing Idaho's high-tech ecosystem.

Individuals in the private sphere that have also spearheaded significant growth and shown leadership include Bill Whitaker at Simplot, Micron CEO Mark Durkin, and Dennis Johnson of United Heritage. The accessibility of these entrepreneurs and business leaders throughout the region has been described as "amazing." There is a strong mentor network that helps to add to the entrepreneurial atmosphere of Boise. These private sector leaders have been, and continue to be, fully committed to cooperation and sharing resources available to assist in the growth of a relatively isolated city.

Boise State University

Boise State University is another public asset that contributes tremendously to the regional economy. With nearly 4,500 total employees at main campus, it is one of the top four employers in the area. It also attracts some 19,000 students annually, a cohort that spends nearly $200 million a year in incidental expenses beyond tuition. An estimated 25-30% of these students are not from Idaho, creating a pool of graduates with a strong potential to be retained as new residents. Boise State is also a major economic driver for the region and the entire state at-large. In a 2010 study performed by the University's Division of Research, analysts reported that the university's induced and indirect economic output contributes an estimated $325 million to the Boise region annually. For a state and region that is largely rural, it attracts research investments that address regional concerns and research topics. This strategic resource supports the region's reputation and growth. The 2009 total of $37 million was a 32% increase from their prior annual averages as a result of extensive efforts to enhance the University's research focus.

Industry partners in Boise have made education and training the bedrock of their growth model. HP and Micron invested in Boise State to establish a school of engineering and to improve the business school. Furthermore, Micron, the Albertson Foundation, Simplot, Datatel, and local banks, banded together to finance and launch the College of Western Idaho in 2009, the first community college in the area.

Furthermore, Boise State has increasingly played an important role in engaging private industry and addressing private sector interests. The development of the technology cluster and accompanying ancillary business activities helped to elevate the importance of the university to support the region's business community with research and to promote regional economic growth. Beginning in 2011, the university's leadership increased attention to regional engagement with private industries, commercialization and innovation activities, as well as research on key economic development priorities. This culminated in the joining of two formerly autonomous administrative offices – the Division of Research and the Office of Economic Development – to become the Division of Research and Economic Development (DRED) in 2011.

The activities carried out by DRED have promoted the development of technological improvements, successful private spinoffs, and business services that have assisted area firms in retaining over 2,000 private sector jobs in the region. Boise State's concerted efforts have culminated in recognition by the Carnegie Foundation by attaining their "Community Engagement Classification," an elective achievement for institutions that maintain ongoing collaboration with community stakeholders and go beyond their duties in curricular engagement, outreach, and external partnerships.

PLANNING AND EXECUTION OF TRANSFORMATION

Strategic planning for economic development is a relatively new concept in the Boise area. The connectivity of the sectors and partnerships have allowed this lapse in previous planning to bolster their growth nonetheless, mostly driven by personal conviction and the cultural uniformity of the region. The Boise Valley Economic Partnership has taken up the planning effort, especially regarding workforce attraction strategies.

The BVEP was created by the Chamber in 2005 in order to combat the issues driving the region's difficulty retaining firms and skilled talent. General consensus over the causes of these issues led to a shared belief that the region needed to diversify in a more structured way to combat the loss of future companies. With a funding ratio of 85% from private sources and 15% from public sources, BVEP began with a focus on recruitment as part of the BMCC's Valley Initiative for Prosperity (VIP). VIP was a five-year, $5 million marketing campaign to address firm and workforce losses by aiming investments at priorities that generate jobs, attract capital investment, and retain existing businesses.

The VIP began with the help of Howard Benson, founder and CEO of National Community Development Services out of Atlanta. Benson interviewed 72 local leaders in an effort to determine what the Boise region had been doing to promote the region, how they believed these efforts were going, and what they believed were needed improvements. The result of Benson's investigations resulted in a campaign plan with explicit, well-defined goals:

- Attract 25 new companies in the "best fit" target profile
- Create 5,000 primary jobs that pay 30% above the Idaho average annual income
- Generate 7,500 secondary jobs resulting from primary job growth
- Bring $650 million in new capital investment in new plants, equipment, and facilities

The "best fit" target profile was defined as jobs in sectors that included computers and electronics, recreation equipment manufacturing, health care, bio- and nano- technology, finance, arts and entertainment, and building materials. These were based on existing industry strengths in the Boise region. BVEP acts as the sales and marketing arm, strategizing how to be competitive with regions like Charlotte and Salt Lake, taking raised funds and implementing coordinated promotion and attraction activities. They succeeded in lobbying the state for the development of a deal closing fund called the Idaho Opportunity Fund, providing $3 million annually for use in business attraction, development, retention, or expansion related to property and facilities.

Less than 18 months after launching the Valley Initiative for Prosperity, the global recession hit, causing widespread economic losses of economic activity and employment. Declines were particularly brutal among the traditional sectors of agriculture and natural resources, as well as the still-developing technology manufacturing sector and construction. Under the leadership of BMCC President and CEO Bill Connors and BVEP Executive Director Clark Krause, the organization pursued the same approach for post-recession times. Called the Competitive Edge Initiative (CEI), BVEP embarked on a five-year focused initiative targeting business recruitment, advocacy, as well as business retention and expansion efforts in 2011. Similar to the VIP, the goals of the CEI are to create 3,000 economic-based jobs by targeting industries that will succeed in the area, and recruit companies in those industries to expand or relocate to the Boise Valley.

Furthermore, in 2007 voters approved the funding and opening of the College of Western Idaho (CWI), the first community college in the area. Seeing that education and training are the bedrock to the Boise model succeeding in the long-run, private businesses and individuals, including Micron, Albertson, Simplot, Datatel, and local banks, banded together to finance and launch the institution. As of 2013, the College now serves a total of 19,861 students annually, making it one of the fastest growing community colleges in the U.S. Of these 19,861 students, over 9,000 are students working towards credit and, of the non-credit students at CWI, nearly 2,500 are in adult basic education and over 8,000 are in business partnership workforce development programs sponsored by firms like those who helped fund CWI from the beginning.

BOISE TODAY AND KEY TAKEAWAYS

While Boise's success is somewhat serendipitous due to companies that grew their operations in the region, Boise could not have succeeded in cementing a position as a true tech cluster without centralized economic acceleration. Regional leaders have had to cultivate a number of programs and initiatives to nurture their current assets. These have included the fundraising initiatives by the BVEP, development and networking activities at the BMCC, initiatives and research combining engineering, business and economic development at Boise State, among others.

These targeted efforts have underscored the role of economic growth through retention, which is an often overlooked economic development strategy. Such efforts underscore the need for a vibrant ecosystem to support entrepreneurial activity. There are currently more than 40 technology companies established as new firms, spinoffs, or subsidiaries by current and former employees of HP and Micron Technologies or Micron Computers. With the founding and growth of HP and Micron, Boise experienced fast-paced economic diversification, growing as a young high-tech hub alongside its former mainstays in agriculture and natural resources. Today's Boise metro economy is a tight-knit community of engineers, developers, and technologists.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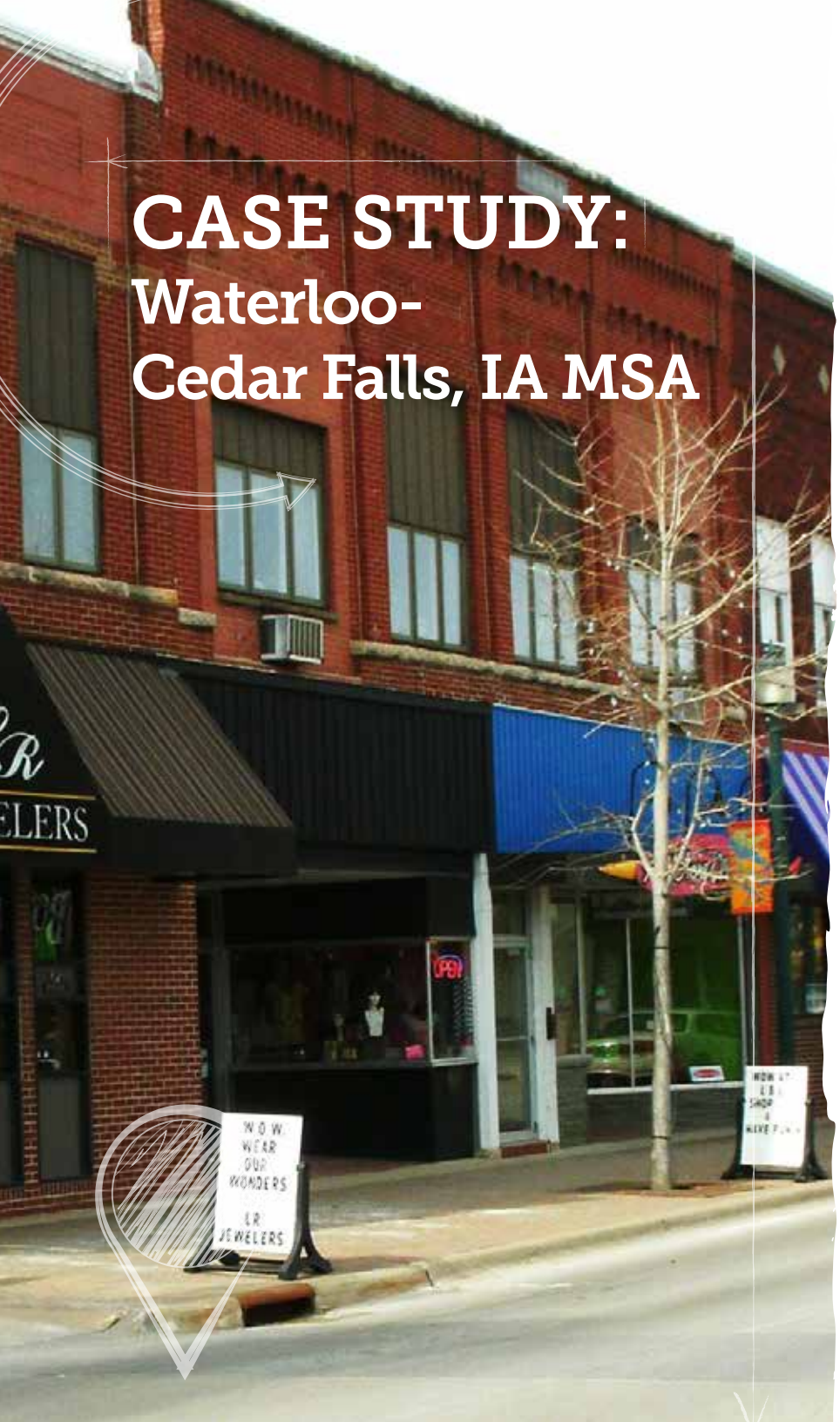


CASE STUDY: Waterloo-Cedar Falls, IA MSA

FAST FACTS

- Midwestern region with concentrations of both agriculture and manufacturing
- Located in northeastern portion of Iowa, in the Cedar Valley
- Home to University of Northern Iowa
- Manufacturing cluster is driven by the location of a major John Deere production facility in Waterloo

TOP INDUSTRIES

- Manufacturing
- Agriculture
- Food processing
- Higher education

KEY INDICATORS

- Despite losses in prior decades, the region bounces back from periods of decline; turning population losses from 1972-1992 into gains from 1992-2012
- Population grew by 10,669 between 1990 to 2013 Added 24,000 (25%) jobs between 1990 to 2013 (7%)
- GDP grew by $1.4 Billion from 2001 to 2012 (25%)

THE TRANSFORMATION

- After a decade of employment declines, John Deere began increasing their employment at their Waterloo facility
- Local chambers of commerce merged to become the Greater Cedar Valley Alliance, offering a regionalized force that could coordinate efforts on a broader scale
- Major push driven by regional chamber to broaden and leverage the region's connectivity with greater Midwestern economic arteries and networks
- University increased its role in the visioning and leadership of community and economic development through the Institute for Decision Making, the Regional Business Center, and research and development centers focused on metals and manufacturing materials

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- The creation of a city technology park, the UNI Business Center, and CedarValley TechWorks helped spur the technology economy
- Regional focus on diversification, attraction efforts, chamber operations and economic development strategy

ABOUT THE WATERLOO-CEDAR FALLS REGION

The Cities of Waterloo and Cedar Falls are the principal urban cores of the Waterloo-Cedar Falls metropolitan area. The metro area consists of Bremer, Grundy, and Black Hawk Counties, with a population of nearly 170,000 people. Waterloo-Cedar Falls is part of the Cedar Valley region, an eight-county segment of northeastern Iowa. The total population exceeds 210,000, is home to some of the nation's most influential companies, and includes an important public university.

The Waterloo-Cedar Falls metro has cultivated a measure of economic vitality, a regional sense of identity, and coordinated efforts that drive growth based on existing assets. The results of their efforts have brought increased attention and recognition from a variety of reputable sources.

Business, Economics, and Growth

- Forbes ranked Waterloo #22 in 2013 and #13 in 2010 among the "Best Small Cities for Business and Careers"
- CNNMoney ranked Waterloo #17 for "Best Places to Launch a Small Business" among small metros (2009)
- Iowa ranks 4th best in the nation and #1 for low costs of doing business announced by CNBC's 2009 "Top States for Business"
- Area Development's annual "Leading Locations" report recognized Waterloo-Cedar Falls in the Top 100 locations based on business climate, costs of doing business, and labor pool (2014)
- The Milliken Institute's annual "Best Performing Cities" analysis reported the Waterloo-Cedar Falls area to be #35 of 179 small metros analyzed
- The Cedar Valley also ranked #10 on Forbes "Best Small Places to do Business and Live" (2011)

Next Generation Workforce

- The American Institute of Economic Research placed the region many times in their 2013-2014 "College Destinations Index," including #19 overall of 20, #2 of 20 for cost of living, #1 in entrepreneurial activity, and #2 for "brain drain or gain" where the better the ranking the higher the BA retention
- This same AIER study also placed Waterloo-Cedar Falls high in young adult quality of life measures for college communities, placing them at #5 for arts and leisure

Quality of Place

- The region ranked #4 overall out of the largest 100 metros in MSN Real Estate's "Most Livable Bargain Markets" (2011), based upon unemployment below the national average, short commutes, and plentiful cultural outlets
- Sperling's Best Places ranked Waterloo-Cedar Falls among the Top 100 safest communities
- In Bert Sperling's 2007 "Cities Ranked & Rated," Waterloo-Cedar Falls wound among the best 150 metros of 400 studied, driven primarily by a comparatively low cost of living and a variety of outdoor and recreational amenities

For a region of modest size, the Waterloo-Cedar Falls area has been successful in cultivating prosperity and economic strength. The evidence is reflected not only in the accolades of popular information sources, but also in its demographic and economic conditions data.

Figure 23: Population Cedar Falls, IA MSA vs. United States

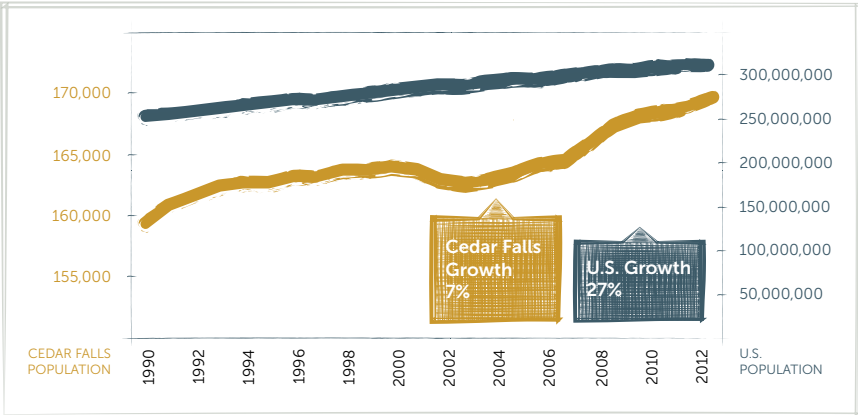
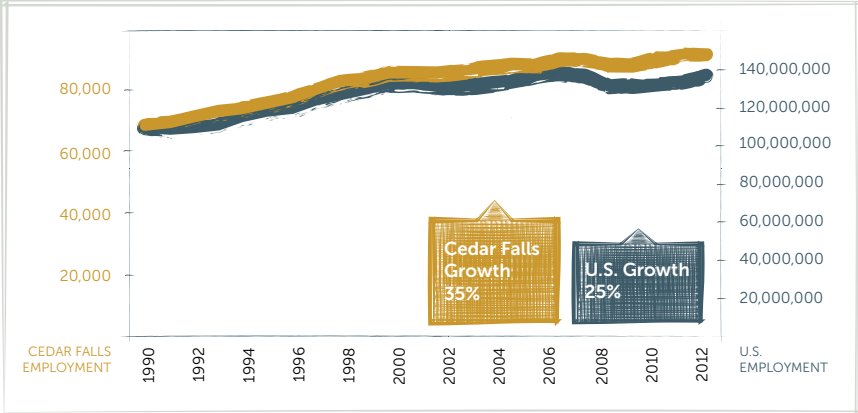


Figure 24: Employment Cedar Falls, IA MSA vs. United States



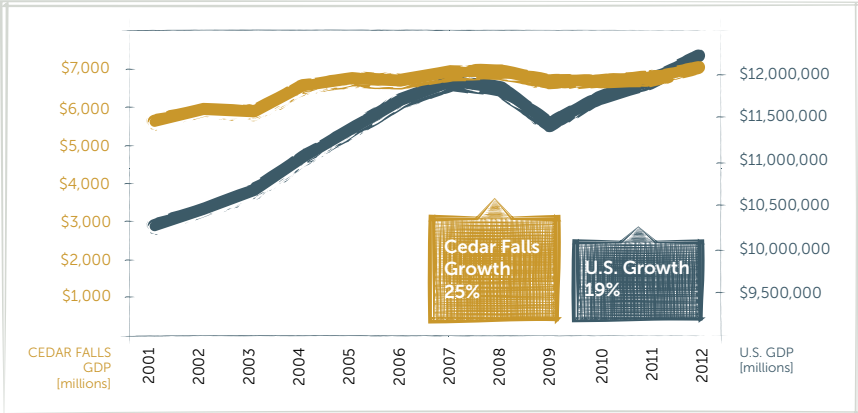
POPULATION

- Though the region suffered from modest population decline as a result of industrial globalization, the region rebounded through the 1990s, and has now nearly made up for its losses from the 1980s.
- By 2013 the population was estimated at just less than 170,000.
- Waterloo-Cedar Falls has demonstrated resilience through a pattern of population turnarounds where former losses are rebuffed. The region ranks among the top 10 metros for its population growth rebound from 1992 to 2012.

ECONOMY AND GROWTH

- The overall unemployment rate of the region is well below the national average at 4.5%.
- Over the last four years, the region's labor force grew at 1.6% compared to 0.7% for the U.S. and a decline of .3% for Iowa.
- In terms of total production and economic productivity, the region posted a total gross domestic product (GDP) of approximately $5.6 billion in 2001; by 2013 this number had increased two-thirds to nearly $7 billion.

Figure 25: GDP Cedar Falls, IA MSA vs. United States



THE NEED FOR ECONOMIC TRANSFORMATION

Cedar Falls' growth has been slow but steady since the agricultural crisis in the 1980s. That decade brought immense layoffs that targeted the agriculture and manufacturing sectors in the Cedar Falls region, specifically with John Deere laying off 1,200 employees and the loss of a 3,000 employee meat packing facility. All told, the region lost 15,000 jobs at once, due primarily to the region's narrow focus on manufacturing.

This narrow emphasis on agriculture and manufacturing, and adversarial economic development and business attraction activities amongst neighboring communities, were true barriers to a turnaround for the Waterloo-Cedar Falls region. In addressing these issues, groups such as the University of Northern Idaho Business and Community Services division, the Greater Cedar Valley Alliance and Chamber, Black Hawk Economic Development, and Cedar Valley TechWorks have all pursued a more regionalized approach to development and incorporating technology and innovation into the regional economic future. Furthermore, leaders recognized the need to pursue attraction and development tactics that explored how existing clusters in manufacturing, advanced machining, and agricultural technology could be aligned to attract parallel business lines. Last, they have sought unwavering investment and support for the University of Northern Iowa (UNI), seeing it as a resource for sustainable growth.

Greater Cedar Valley Alliance & Chamber

Cedar Falls Industrial Park Before

Greater Cedar Valley Alliance & Chamber

Cedar Falls Industrial Park After

LEADERSHIP TO TRANSFORM

The relationship between the two principal cities of Waterloo and Cedar Falls was primarily contentious and adversarial. Waterloo has most of the blue-collar jobs and industry activity, while Cedar Falls is more residential, maintains a quaint main street business district, and attracts thousands of students to the University of Northern Idaho (UNI). Especially during economic difficulties, these two communities have been at odds over many different issues.

Regional Leadership

The leadership to transform the region emerged at the division between the two communities. When the Rath Packing plant and John Deere facility were shedding hundreds of jobs and cutting back, then-Waterloo Mayor Leo Rooff called on regional business, community, and institutional leaders to join forces. They developed the first co-operative organization for economic development called the Black Hawk County Economic Development Organization, which was started in an effort to lure a proposed Saturn assembly plant during the period of the layoffs.

The Black Hawk County EDO was only one of many economic development organizations in the region, however. By 2003, former UNI President Bob Koop, former GM of John Deere's Waterloo Works facility Barry Schaffter, and real estate developer Ken Lockard encouraged all of the regional organizations to join together. They were adamant about the importance of providing regional business communities with a small range of organizations, broad economic incentives, and wide-reaching development strategies. By the end of the year, there was an agreement in-hand and 14 organizations would begin operating together as the Greater Cedar Valley Alliance and Chamber.

The Greater Cedar Valley Alliance & Chamber (GCVAC) is now a private, nonprofit corporation representing and advocating for the interests of business, industry and institutions operating in the Cedar Valley. The Alliance coordinates resources allocated to economic development in the region, and provides a platform for shared services and action wherever possible. GCVAC programming includes Business Growth and Recruitment, Workforce & Talent Recruitment and Development–Downtowns–Districts–Tourism. Their work is coordinated through the 14 organizations that signed the agreement, and in partnership with many others whose purposes are to encourage economic growth.

Each and every member organization has stayed under the coalition agreement, and most of them have increased their level of investment and involvement. Within each member organization, the GCVAC can point to pivotal regional wins that would have otherwise been much more difficult, if not impossible, without the leadership and collective approach of the Alliance.

For example, at various points in their history, the Waterloo-Cedar Falls region had been in discussions to establish a regional airport between the two communities. Waterloo has maintained the only commercial airport in the area since the late 1940s, and the benefits of a regional airport for both the communities were widely agreed upon. However, the divisions and competitiveness between the communities served to defeat any efforts. Through the work of the Alliance there has been a renewed effort to expand the airport's reach and regional character. The Waterloo Regional Airport, although still owned and managed by the City of Waterloo, now invites Cedar Falls government and business leaders to be on their planning team and oversight board. There have also been recent discussions regarding the making of a regional airport authority.

While the GCVAC focuses on economic development and growth partnerships among the Cedar Valley area, the Cedar Valley Regional Partnership (CVRP) offers a similar model, but with a focus on outreach and attraction. The CVRP is a seven-county economic development marketing partnership focused on attracting business investments to Black Hawk, Bremer, Buchanan, Butler, Chickasaw and Grundy counties in Iowa. The majority of their efforts focuses outside the region and is designed to cultivate interest.

University of Northern Iowa

A further source of prosperity and attraction is the University of Northern Iowa (UNI). Their regional employment impact amounts to approximately 2,000 through faculty and staff and attracts anywhere from 11,000-13,000 students each academic year. They also have a substantial impact on the State of Iowa, maintaining another 5,000 jobs statewide, and an in-state alumni network of roughly 60,000. According to university reports, UNI attracts roughly $180 million in government grants and private funding for development and research activities.

Through the business department's Division of Business and Community Services, UNI has been serving as a resource for the public and private sectors by supporting and developing Iowa businesses and developing programs aimed at local and regional economic development since 1985. By 1987, they had begun expanding their offerings to include the Institute for Decision Making, a source for planning, strategy, technical assistance, research, and training on community and economic development policy and practice. For private industry during the early 1990s, the division expanded its offerings for regional development and economic growth by establishing the Metal Casting Center. Recognizing the strength of their regional cluster in metals manufacturing centered around John Deere, program directors focused their energies on establishing a strong presence for foundry research, applied advance technologies, and business development; the Metal Casting Center is now recognized as one of the most important to the industry. Later in that same decade, UNI received one of four John Pappajohn Entrepreneurial Institutes to improve entrepreneurial support. In 1996, Iowa philanthropist John Pappajohn donated $4.5 million to five Iowa colleges to educate students in the business of entrepreneurship and assist aspiring or existing entrepreneurs in starting and managing businesses. By 2000, 3,248 program participants had gone through the program, and more than 450 new businesses had been launched.

The UNI Regional Business Center (RBC) includes two business incubators on the campus. The Innovation Incubator and Purple Cat CoWork are housed within the university's RBC. The campus community provides a comprehensive array of market research services, business assistance and training, student support, and educational/networking opportunities for both students and community members. The Incubator focuses on small business support. The University also runs programs designed for waste manufacturing and waste reduction, directly tied to directives coming from many of the manufacturing companies. The University has stated its focus on graduating students who will create jobs, not just fill them. Towards that end, they have created a Certificate in Entrepreneurship.

Community Connections

Cedar Valley leadership has placed significant importance on inclusion and engagement with the community. In keeping with its strategic goal of providing the workforce for current and future jobs in the region, the Alliance solicited survey responses from the University of Northern Iowa student body, most of whom are from Iowa but not locals. The survey asked what it would take for those students to stay in the area. According to the GCVAC, the number one response was "a decent job." This direct solicitation of their stakeholders to better understand challenges in their community demonstrated their sincerity to finding a solution.

PLANNING AND EXECUTION OF TRANSFORMATION

Smart economic planning has been at the center of Cedar Falls economic growth. As it rebounded from the 1980s, the region began to consciously attract companies and grow businesses. In the last 10 years, the region has been strong in IT, and technical programs have expanded at the local colleges and university. Homegrown companies are also expanding, and Cedar Falls and Waterloo offer consultative assistance in local expansion, keeping these companies from moving out of the region.

Strategic Planning Efforts for the Region

Since 1990, the University of Northern Iowa has completed 10-year strategic planning efforts for the region. The plan is updated every five years, with a 10-year window to complete the goals. Currently, they are starting the process for the 2025 session. The process includes recruiting people from education, economic development, university, retirement community, high school students, city, and business (both commercial and industrial). Led by the Institute of Decision Making at the University, they begin by reviewing the overall goals and priorities from the previous five years and then break out into strategic groups. These groups meet and work for a period of six to seven months. Have speakers come in from university and major business leaders and talk about what they see as strategic issues and their planning issues.

Regionally, the Iowa Northland Regional Council of Governments (INRCG) spearheads regional comprehensive economic development planning. A member of the GCVAC, the INRCG plays an important role in bringing area developers and planners together, and facilitating a regional conversation. For example, they host monthly meetings with developers and planners from a six-county region where attendees discuss their organizations' strategy and goals, future plans, and opportunities for partnerships. Though each city sometimes focuses on strategic goals and priorities for their own communities, the INRCG plays an important role in rationalizing and regionalizing their collective visioning. In 2004, Lockwood Green undertook a targeted industry analysis that has guided much of the development work over the past decade and Battelle is currently completing an updated development strategy for the State of Iowa.

Strength and Purpose of the Public Utility

Cedar Falls has succeeded in industrial and technology development, which can be attributed to strategic factors including utility strength, regional location and a local university. Cedar Falls owns the largest municipal utility in the state, which generates the community's electricity. Early in its development, the utility realized how important broadband was going to be and focused on this component, making the utility even more essential to the city's economic viability. The utility has been energetic in its efforts to describe the benefits of a public utility to the region. They have an explicit role in economic development, and are actively engaged with local residents and the business community, seeking to offer the most affordable and state-of-the-art communications and electricity capacities.

In an effort to support the attraction and development of regional businesses, the Cedar Falls utilities department donated 40 acres to the city's economic development office. Using the available land left behind by a decommissioned manufacturing facility, the city's developers opened an industrial park on the site in the late 1960s. The development was a tremendous success, posting growth from three to 15 companies from 1970-1980, to 27 companies with approximately 750 employees between 1980-1990, and then to 155 companies and 5,000 employees between 1990-2007.

Growth of the Technology Sector

As the economy continued to move towards high-tech innovation, developers recognized the importance of making way for technology firms. In 1996, the city's economic development office developed a 75-acre plot into a Technology Park for corporate office sites. In its current state, the Technology Park consists of more than 850 acres with complete infrastructure and over 5.1 million square feet of completed buildings. Significant employers in the Park include a Target Regional Distribution Center, Ag Services of America, Inc, the Principal Financial Group, Iowa Laser Technology and the Standard Golf Company. The Park currently has over 3.8 million square feet of developed building space, with both developed and undeveloped sites available from 1.3 acres to 20 acres.

State's Efforts

Waterloo-Cedar Falls is a primary target for many of the state's programs to increase development opportunities, focusing on agriculturally-based life sciences, advanced manufacturing, and IT. Efforts to grow development in the region include the Cedar Valley TechWorks facility, which serves as a center of activity and learning for farmers, researchers, investors, and business owners whose work is impacted by technology. This initiative complements John Deere's $127 million redevelopment project, and includes the TechWorks Technology Center, TechWorks Manufacturing Cluster, and the Ag Exhibit Center. The project was developed by the Iowa Department of Economic Development, MidAmerican Energy, the Cedar Valley Economic Development Corporation, John Deere, and the University of Northern Iowa.

WATERLOO-CEDAR FALLS TODAY AND KEY TAKEAWAYS

A significant portion of the Waterloo-Cedar Falls region's development results from its social and economic anchors especially higher education. The region has a significant concentration in agricultural technology and equipment. This is accompanied by regional livestock processing facilities and agricultural equipment suppliers that are part of a supply chain network with larger organizations, like John Deere.

The leadership of the region's chambers in working together on business growth and attraction, and of the university in supporting those efforts, was key to the region's ability to diversify and grow the economy. Waterloo-Cedar Falls provides one of the best examples of higher education and the private sector working towards shared goals and augmenting each others strengths for community benefit. The region has been able to grow the jobs and GDP by 25% in recent decades. The Waterloo-Cedar Falls profile illustrates the challenges of navigating vying communities' interests in pursuit of regionalism and the positive impact of a region rallying around its city. It also demonstrates how communities that have historically been overlooked by migration patterns are starting to attract people looking for a combination of a job and a strong quality of life and place.

CASE STUDY: Provo-Orem, UT MSA

FAST FACTS

- Bedroom community turned knowledge center and tech hub
- Southern portion of the Wasatch Front Region in north central Utah
- Home of Brigham Young University
- Second largest software concentration, third largest high-tech concentration in U.S.

TOP INDUSTRIES

- Higher education and research
- Software and IT
- Biotechnology
- Corporate HQ, satellite offices, and shared service centers

KEY INDICATORS

- The Provo region added nearly 292,000 people between 1990 and 2013 (109%)
- The Provo region increased employment by more than 105,000 workers between 1990 and 2013 (107%)
- The Provo region increased GDP by $5.2 billion between 2001 and 2012 (54%)

THE TRANSFORMATION

- Early 1970s focus on supporting contract research spawned Novell (1979), WordPerfect (1979), and Dynix (1983), three early software pioneers that would become industry leaders
- The Provo Redevelopment Agency, from 2001-2012, commissioned several market analyses and feasibility studies, hosted the community's first-ever charette, and led the creation of the plan overseeing the city's redevelopment and future growth
- Downtown is at historically high levels of occupancy

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- The creation of a contract research organization at BYU kick-started the region's tech industry.
- The 1995 Envision Utah effort led to an increased focus on regional transportation planning.

ABOUT THE PROVO REGION

Provo and Orem are two of America's fastest growing communities and are leading economic contributors to northern Utah's information technology cluster, as well as America's international technology marketplace. Provo and Orem are located within a geographic region known as the Wasatch Front ("the Front"), a stretch of cities running north-to-south along the Wasatch Range of the Rocky Mountains and the Utah Interstate 15 corridor.

In the past decade, leading information sources known for publishing annual research on regional performance, quality of life, and city rankings have recognized their successes and developments.

Business, Economics, and Growth

- Forbes recognized them as a Top 10 "Fastest Growing Cities" (2014)
- The Atlantic Cities placed Provo-Orem at #5 in "Top 25 High-Tech Metros" (2013)
- Forbes has also placed them at #7 in "Cost of Doing Business" (2014) and #3 in "Best Places for Business and Careers" (2014)
- The Miliken Institute recognized them in the Top 10 for their annual "Best Performing Cities" report (2013)
- Area Development placed them #6 in their annual "Leading Locations" (2013 and 2014)

Next Generation Workforce

- Forbes ranked them #2 in "Best Midsize Cities for Jobs" (2013)
- Business Insider placed them at #1 "Best Cities for Job Seekers" (2013)
- Forbes has also recognized the area as #2 in "Best College Towns for Job Growth" (2013)
- U.S. News & World Report ranked them on their Top 10 best labor markets for creative (2014)

Quality of Place

- MSN placed them among the Top 10 for "Best Cities for Raising a Family" (2012)
- Forbes recognized them for the same, placing them #3 in "Best Cities for Raising a Family" (2014)
- Provo-Orem placed #1 overall in Gallup-Heathway's Well-Being Index, beating out even sunny, tropical Honolulu (2010 and 2014)
- For their access to trails, rivers, mountains, and lakes, healthy eating, bike lanes, and green space, Outside Magazine ranked them #2 in "Greatest Places to Live in America" (2014)
- Kiplinger's Personal Finance ranked them among the "10 Great Places to Live, Work and Play" (2008)

The area of the Front occupied by Provo-Orem is known as the Utah Valley and is regionally known as "Happy Valley." Taken solely on its own, Happy Valley accounts for a fifth of the state's population.

Provo's Culture

The strength and influence of the Mormon faith in Provo-Orem is a uniting and compelling force. Among the country's largest concentrations of Mormons, it has an impact on both the social and economic character of the region. This cultural context has led many within the business community to share when they would otherwise remain entirely protectionist and competitive. This penchant for sharing their successes and resources with one another has been documented, especially as it occurs within the metro's software and IT cluster. For example, when early software pioneer Dynix was in its initial start-up phase, it received advice from industry leader, Novell. Similarly, Dynix recommend Novell's software to clients, and WordPerfect, another local pioneer, uses and sells smaller operations' applications.

Figure 26: Population Provo, UT MSA vs. United States

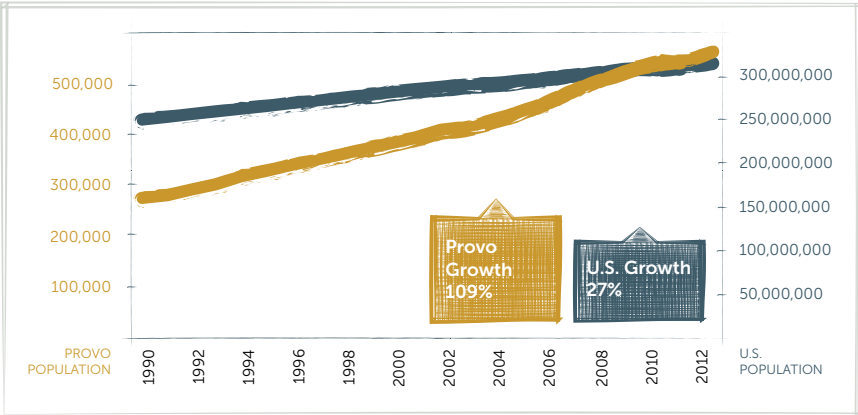
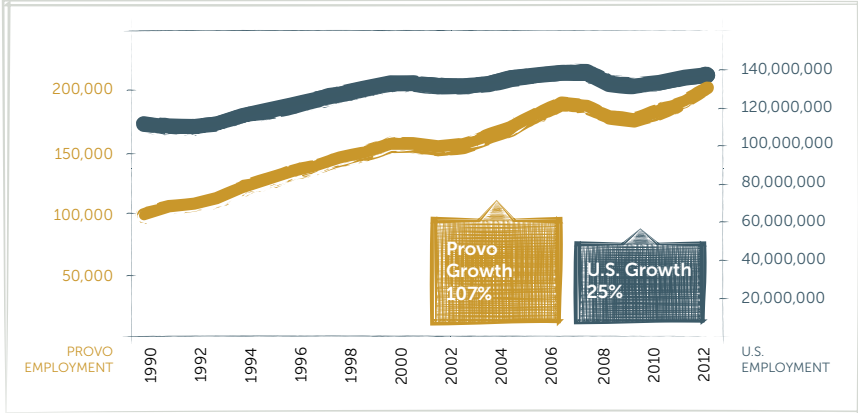


Figure 27: Employment Provo, UT MSA vs. United States



POPULATION

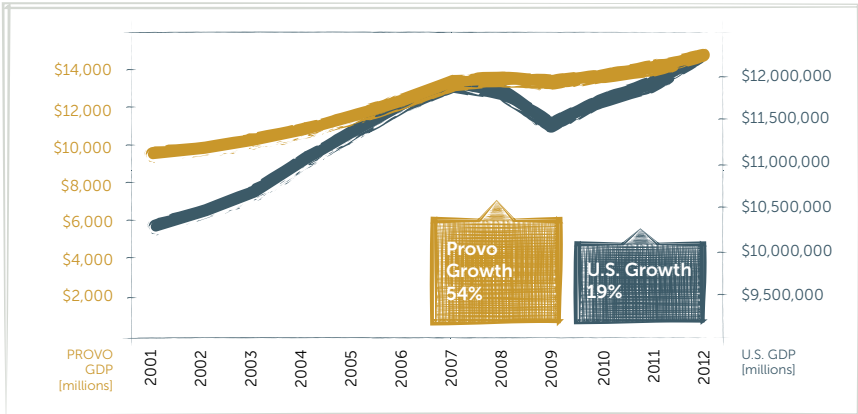
- Before the 1990s, the region's population grew slowly, with approximately 270,700 people by 1990.
- By 2000, the growth of technology and PC/software firms had benefited the region, which was by then home to over 380,000 people.
- As of the 2013 Census population estimate, Provo-Orem could boast a total population in excess of 562,000.
- Stamford Innovation Center-based Pitney Bowes' "Metro Magnets Index" projects that Provo-Orem will rank among the Top three metros in the country for growth, estimating that they will add nearly 11,000 households by 2017; this places them among Austin-Round Rock and the Killeen-Temple-Fort Hood, TX MSA for the highest increase from 2012-2017.

ECONOMY AND GROWTH

The region is set up for success based upon the key economic drivers of the late 20th and early 21st centuries. The collection of key industry concentrations they now possess, and the support of these clusters from social and intellectual institutions in the region, have come together to provide the fertile economic conditions for continuing and sustained advancements.

- Provo increased employment by more than 105,000 (107%) workers between 1990 and 2013.
- Provo increased GDP by $5.2 billion (54%) between 2001 and 2012.

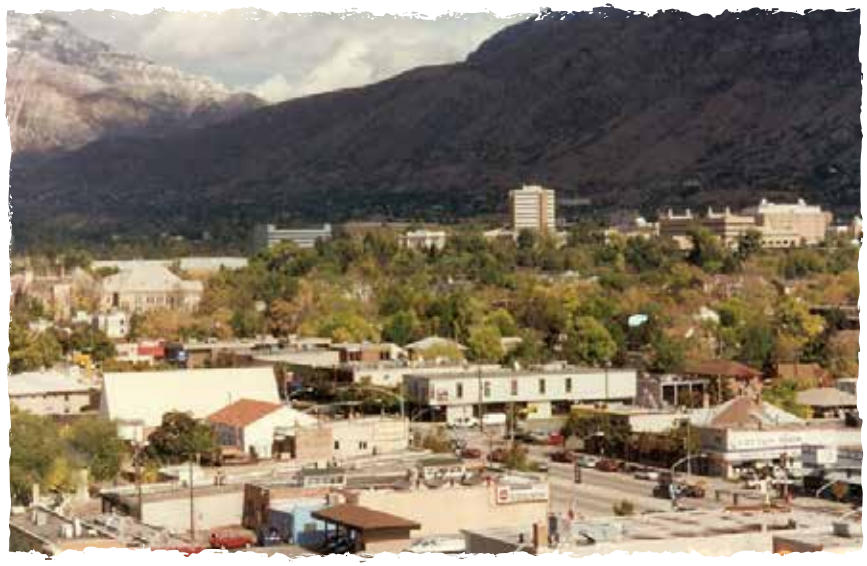
Figure 28: GDP Provo, UT MSA vs. United States



THE NEED FOR ECONOMIC TRANSFORMATION

The Provo region's early economic growth was spurred by the creation of several software and IT companies, namely Novell (an early LAN pioneer) and WordPerfect. Although their experience through the 1980s and into the early 1990s left the companies feeling confident about the future, there were some obstacles in the 1990s that would test the strength of the fledgling cluster. In particular, a series of economic speed bumps and market shifts would lead to some industry departure, and statewide asset shortcomings would leave behind holes in economic and workforce capacity. WordPerfect was acquired and moved to Canada. Iomega, another local firm, would eventually move to San Diego for an improved network and regional capacity. Both Intel and Micron made plans for expansion in various areas in Utah, but none materialized, citing market limits and targeted workforce shortages. Finally, Novell, though still in Provo, would eventually move their headquarters to Massachusetts and restructure. Their move and subsequent restructuring would result in a number of layoffs with observable regional effects. Later setbacks throughout the decade would be a series of mergers and acquisitions, as well as early signs of the dot-com bubble bursting. These led to the loss of both firms and employees to the more stable tech economies on the East and West Coasts.

Discussing the region's successes and failures in establishing and cultivating a fruitful technology economy, then-Governor Mike Leavitt commented on this very difficulty: "While we have a rich history of innovation, let's be honest about it: Though the number of jobs created out of Utah technologies are in the tens of millions, too few of them have been created or retained here." With each painful decision by tech firms, the strength and promise of the Provo-Orem metro's technology and innovation economy started looking more like a flash in the pan if leaders couldn't effectively address the above factors that were leading to industry weakness, instability, and departure.



Aerial Downtown Provo Before

Aerial Downtown Provo After

Provo City - Economic Development

LEADERSHIP TO TRANSFORM

The transformation seen in Provo-Orem involved leadership from a number of state and regional organizations throughout the past three decades. Though the region had enjoyed the fruits of a budding software and IT market, leadership to drive transformation was needed to develop the environment necessary to cultivate and maintain this growth.

Brigham Young University, ERI and Spin-offs Change the Future of Provo

Brigham Young University (BYU) is the largest private undergraduate college in the country, boasting over 30,000 students and attracting the most research investment dollars of any intermountain region university. The total full-time employment of the university amounts to nearly 4,500, making it one of the largest employers in both the region and the entire state. Their presence also promotes a tremendous economic impact – estimated at $380 million in 2002 – and is an essential force for attracting highly skilled knowledge workers and young talent.

One of the single most important establishments in the history of Provo-Orem's transformation was the Eyring Research Institute (ERI). The Institute was founded in 1972 by consumer materials chemical engineer Carlyle Harmon, and was led by Ronald Hansen. The establishment of ERI followed years of growing concern over BYU's difficulty in maintaining research funding despite its growth, leadership, and the increasing expansion of university-driven R&D. Beginning in 1971, then-President Dallin Oaks and Dean of the College of Engineering and Technology Dr. Armin Hill approached Harmon to assist in the development of a patent policy. Though he did develop a patent policy, he also convinced the leadership that a further beneficial development would be a contract research nonprofit; they were persuaded by its ability to address research funding and activity concerns, while also spurring economic development in the region.

ERI would eventually give rise to two very important start-ups in the region. The first was Novell in 1979. Novell would drive innovation in the development of local-area network (LAN) and become the industry's leader in business computing for two decades. The second firm is WordPerfect, an early personal computing word processer developed primarily for use in business settings. Founded in 1980 by two University of Utah graduates, WordPerfect was also developed under contract with BYU through ERI, and would be a popular software application throughout the 1980s and into the 1990s, becoming Microsoft's primary competition for their Works and Office Suites. The establishment of these two companies provided the initial economic injections into the region, developing the path to economic transformation through the tech revolution of the 1990s and 2000s.

The strength of Novell and WordPerfect would come to drive regional development, contributing in substantial ways to strong economic conditions throughout Provo-Orem region and the state. Utah has been the location for roughly 3,400 high-tech companies employing over 60,000 skilled workers. This number does not account for the roughly 130,000 workers employed by the service industry revolving around the technology sector. Of the high-tech companies in Utah through 2010, 50% are professional, scientific and technical service organizations, 26% provide IT and professional services to the business community, and 9% is retail trade.

BYU's economic development impacts come primarily from their attraction of young professionals, and their scientific research. The leadership of President Oaks, Dean Hill, and Carlyle Harmon moved the university to utilize institutional strengths in research and development to harness the interests of industry. Through contract research the university was able to engage in technological research that would eventually spawn profitable ventures that developed the region's current clusters. Continued activities have cultivated a system of spin-offs and commercialization for the region's economy. Maintaining proper industry linkages have been, and continue to be one of their highest priorities, in an effort to promote successful employment for their graduates but also to promote the region's economic vitals.

Regional Economic Development Organization

Through the leadership of the Utah Valley Chamber of Commerce (UVCC), the region has broken away from siloed approaches to development and increased its regional visioning and action.

UVCC is the result of a merger between the Provo and Orem Chambers of Commerce. The merger took place at the behest of area policy and business leaders recognizing the need for more regional efforts. They changed their name to the Utah Valley Chamber of Commerce in 2009 to expand their scope and incorporate the counties in and around the Greater Provo-Orem area. In justifying this move, they referenced changing attitudes among business leaders and a wider cultural shift in the business community, which had been leading to an increasing focus on the capacities of the entire region and not just individual municipalities.

UVCC now focuses on the traditional activities of business attraction and development, policy advocacy, and professional development. Their organization has also increased activities and initiatives pertaining to a regionalized economic development strategy, as well as partnership facilitation and coalition building.

Through the leadership of the Utah Valley Chamber of Commerce (UVCC), the region has been able to do away with bounded approaches to development and increase its regional visioning and action. The UVCC is the result of a merger that took place between the Provo and Orem Chambers of Commerce, at the behest of area policy and business leaders who recognized the need for more regional efforts. Their regional scope has positioned them to support regionalized economic development strategy, as well as partnership facilitation and coalition building.

The Church of Jesus Christ of Latter Day Saints and Tech Investment

The Mormon Church remains one of the longest-standing community leaders in the Provo-Orem area. They have invested considerable amount of money into BYU and the downtown Provo areas, and have been active in supporting the development of the business community since the 1970s.

Other sources of investment come from regional business leaders and venture capital. The tech boom created many local entrepreneurs over the first two decades, leaders who desire to share their wealth for the benefit of the region's economy. There is a large amount of angel investment available to companies, with the Utah Valley Angel Network being the largest, and national and international venture sources pouring in money for the chance to get at a piece of a substantial American technology cluster.

Change to Leaders in Regional Planning

Fast-paced growth throughout the region brought increased demand for infrastructure and real estate. In Provo-Orem, Salt Lake City and Ogden, increasing pressure was placed on communities and leaders, as land-use planning became an important topic. Beginning in 1987, The Coalition for Utah's Future (CUF) recognized the importance of persuading the energy of the moment to persuade local governments and residents to transcend existing divisions and high levels of distrust outside of their own municipalities. The CUF made the case that the size and atmosphere of the Wasatch Front would continue to change in coming decades, and the change would be of a primarily regional quality. If local residents and government leaders wanted to influence a majority of the outcomes they would need to engage in a regional conversation that would guide development.

The CUF began with the establishment of the Envision Utah initiative in 1995. This initiative represented a growth in their coalition to include more regional institutions and planning organizations, such as the Mountainland Association of Governments and the Wasatch Front Regional Council. Envision Utah was a multi-year consensus-driven approach to govern regional and community growth. Their leadership assisted the region in thinking long-term about their growth and assisted in promoting a wider regional mindset that elevated thinking beyond the entrenched perspectives of long-standing residents.

PLANNING AND EXECUTION OF TRANSFORMATION

The current approach to economic development of the state, county, and local officials is more coordinated than in previous years. Utah Valley organizations have a serious commitment to regional cooperation and are outspoken in their belief in the interdependent character of the Provo-Orem region's economy and business community.

Transportation and Infrastructure Planning

CUF's Envision Utah and state investments assisted in the planning and development of an improved regional transportation network for Provo and Orem by adding a connecting bus rapid-transit system, and is on track to be the southern end of a longer light rail system that connects the entire Wasatch Front region. This approach to regional transit provides another important example of planning and execution in widespread growth. With ballooning populations on the Wasatch Front, transit has remained a critical issue and has spawned serious planning efforts. These regional transportation improvements are part of the larger plans developed by the CUF, Wasatch Front Regional Council, Utah Department of Transportation, the Utah Transit Authority called the "Regional Transportation Plan: 2007 – 2030."

The focus on physical and digital connectivity is a valuable infrastructure development in the region. High speed internet connection is available in all areas in the county with Provo's and Orem's high speed fiber-optic networks – recently purchased by Google for its Google Fiber activities – connecting all homes and businesses, municipal buildings, schools, power stations, and retail operations throughout the city.

Downtown Development

The redevelopment of downtown Provo was an enormous undertaking that required multiple stakeholders to plan and deliver. Over a period of 20 years in the 1970s and 1980s, historic storefronts and streetscapes were replaced by malls and shopping strips. When these centers either waned or fell out of favor, downtown Provo was left with gaps in retail and large vacant properties.

Provo's City Commission and Mayor Vern Dixon spearheaded the development of the Provo Redevelopment Authority (PRA) in 1972 to take advantage of national funding for redevelopment. The first signs of parking constraints and real estate declines prompted desire for increased federal dollars through the U.S. Department of Housing and Urban Development. The PRA would eventually become one of the most important planning organizations in the revitalization of downtown Provo to its currently acclaimed status today.

During the late 1980s and early 1990s, Provo's mayor and city manager recognized that Provo and Orem's continued growth meant that they were no longer going to be a suburb of Salt Lake, but would eventually be the center of their own regional metro. With this recognition they immediately felt it was important to invest in making downtown Provo an attractive location for businesses to maintain a presence, and for area residents to visit, work, and even consider living. They pushed for an increased role from the PRA in long-range planning and redevelopment efforts for downtown. This resulted in some of the city's first downtown master plans, assigning districts throughout downtown and designating them for development focuses, as well as a central business revitalization plan.

As the economy within the Provo-Orem region continued to grow and develop a more contained regional economy, Brigham Young University and start-ups became increasingly interested in downtown space. The space, however, was not entirely habitable and the redevelopment efforts of the preceding decade had not yielded a critical mass of quality space and revitalized corridors to attract these stakeholders. The PRA stepped up again and commissioned a series of market analyses and feasibility studies that culminated in the influential "Center Focus" plan for downtown. This provided both a vision and a strategy of action for systematic revitalization of the entire downtown and its surrounding districts.

Early investments came from the Provo and Utah Counties, as well as state and federal funding to improve streetscapes, address troubled pockets of

neglected housing, and begin the process of property redevelopment in the business districts. Increased attention and the improvements that had been accomplished finally reached a point where private investors were increasingly interested. Capital investments from institutional partners helped with the conversion of the Tabernacle into a regional Temple, redevelopment of historic properties, and the development of new residential properties in the form of condos and apartment high-rises. This investment also provided the land and facilities capacity to accommodate BYU's reach further into the heart of the community and make closer ties to residents and businesses. Lastly, it produced capacity and justified demand for the attraction of a large-scale, state-of-the-art convention center and hotel, which opened in 2012 after a three-year $44 million development. These types of improvements continue to bring people into the historic downtown, where Provo's young music scene, entrepreneurial culture, and other service industry firms such as restaurants, bars, and banks all want to be.

Education and Partnerships

Education is Provo's strongest tool for transformation, as its future growth is directly tied to the education level of its current population, as well as the strength of its retraining programs. Public school programs are facing a difficult battle, as Utah ranks relatively low in dollar amount invested per pupil, due to the cultural affinity for large families. In order to combat this lack in education funding, 66% of Provo's property taxes go to education. Most development efforts take place through the city, with limited services coming from the county and most social services being a mixture of federal and privately funded. Provo's municipal tax structure, and that of the entire state, are both lower than other competing metros and states, which has provided an important factor in the race for promoting an attractive business climate. However, the community has made significant self-taxing choices, including quality of place investments like a new library and community center.

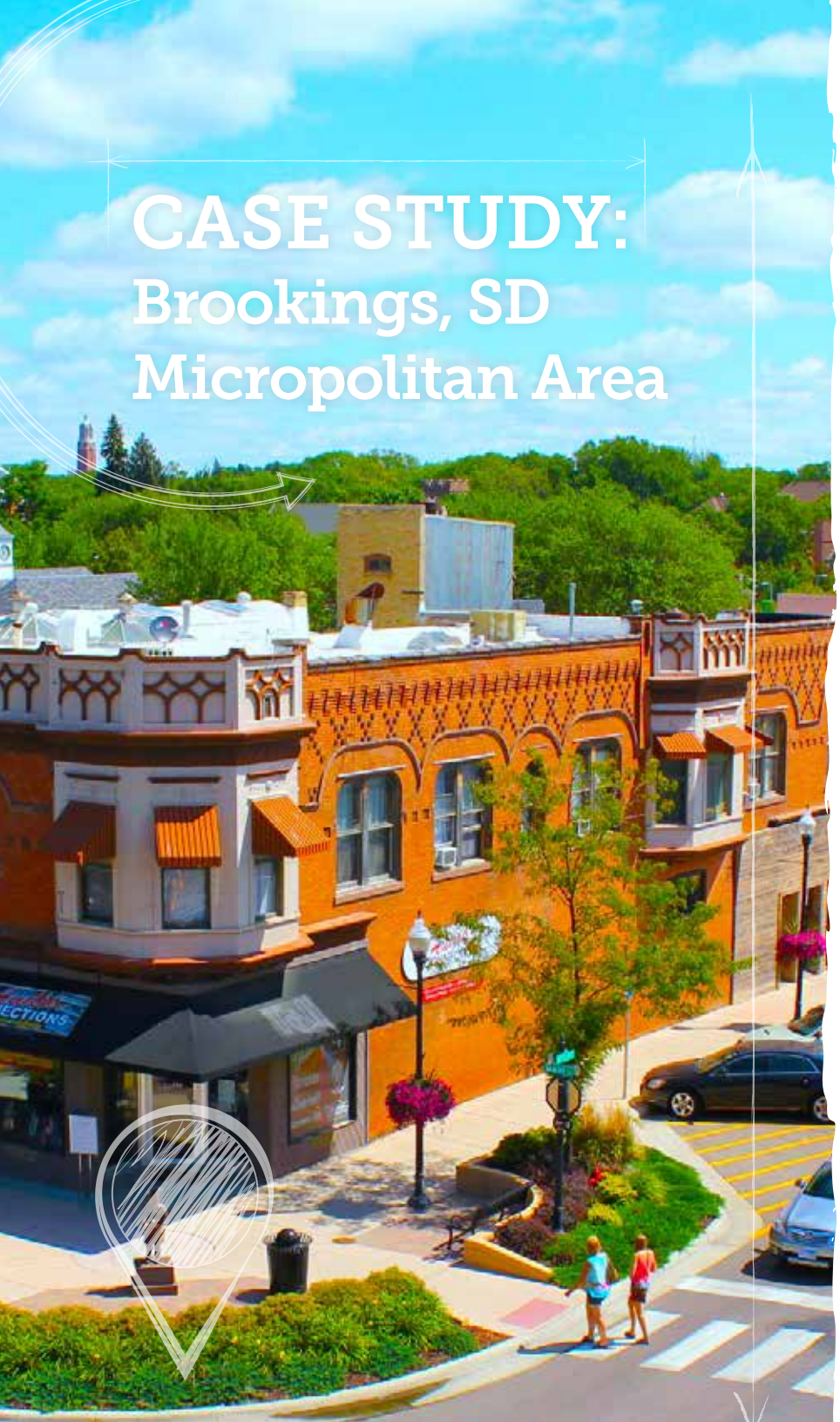
The partnerships developed with BYU and Utah Valley University are also intrinsically linked to issues surrounding workforce development and maintenance. Being the second-largest private university in the U.S., BYU is a global institution with far-reaching networks and research capacities. Most of the students from BYU are still leaving the region after graduation, but they have done tremendous work to to increase the number of graduates. Utah Valley University in Orem used to be a technical college, but is now growing, filling a large portion of education workforce needs not addressed by BYU given their emphasis on technology and the sciences.

PROVO-OREM TODAY AND KEY TAKEAWAYS

What's unique about the Provo-Orem region is that it offers an insightful case study in economic development growth that falls outside traditional assumptions about community requirements. It is generally assumed that for a particular metro area to thrive and grow in the ways Provo-Orem has, they require a large urban core on which they will rely for their most fundamental economic assets. The Provo-Orem region's growth over the past 30 years, however, has been largely homegrown.

The nature of the Provo-Orem region's development is similar to the Boise region. That is, a little bit of luck launched these regions into lucrative tech-oriented economies and local political, civic, and corporate leaders recognized the opportunity and are responding in strategic and collaborative ways. In Provo-Orem municipal government, chamber, educational institutions and other organizations recognized the role of planning and investing in educating and attracting a qualified workforce to grow their economy.

In the last two decades, Provo-Orem has experienced unprecedented growth due to a number of key assets and a series of important investments being made by regional leaders. Their success has secured important investments, national and international interest, and commercial activity through start-ups and growing companies alike. These groups are attracted to or retained because they are seeking a talented workforce pool trained for knowledge economy work, as well as a fertile business climate; they find both in the region. This is evidenced by a strong draw for venture capital to the region, placing them among the top 20 for total annual venture attraction. The strength of the concentration has also attracted major high-tech players such as Google for launching and testing their beta Google Fiber.



CASE STUDY: Brookings, SD Micropolitan Area

FAST FACTS

- Fourth largest community in the South Dakota
- Home to South Dakota State University

TOP INDUSTRIES

- Agriculture and Agricultural Technology
- Advanced Technology Manufacturing
- Education – South Dakota State University
- Animal and Human Health
- Renewable Energy
- Engineered Technologies

KEY INDICATORS

- Brookings added 7,681 (30%) people between 1990 and 2013
- Brookings increased employment by 1,929 (13%) jobs between 2001 and 2013
- Brookings saw 35% growth in output from 2001 to 2012[2]

THE TRANSFORMATION

- Slow and steady growth with no strong downward trend
- Focused planning effort based off the foresight and strength of three organizations – Brookings Economic Development Corporation, Downtown Brookings, Brookings Area Chamber of Commerce
- Strategic and inclusive city planning effort

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- Strong leadership and investment from private sector through the Vision Brookings planning and fundraising process. A key result of Vision Brookings I was the creation of a start-up incubator
- Proactive and engaged University focused on responding to industry and spinning out new technologies and companies
- Importance of planning effort and ongoing refinement

[2] The BEA does not estimate GDP for micropolitan areas, but an equivalent proxy was used for this estimate.

ABOUT THE BROOKINGS REGION

The Brookings, South Dakota micropolitan area lies along the South Dakota-Minnesota border in the southeastern portion of the state. This active economic micro region falls entirely within Brookings County, an area covering just over 800 square miles of SD territory and home to nearly 33,000 people. The City of Brookings is the principal city in the region, the county seat, and the fourth largest community in the state.

Brookings has cracked a number of the "Best of" lists, but sometimes in conjunction with the state as a whole.

Business, Economics, and Growth

- CNBC recognized the state as being #1 for "Cost of Doing Business" (2013)
- The Small Business & Entrepreneurship Council placed the state #1 overall for entrepreneurs
- Both Forbes and the Pacific Research Institute noted Brookings for their low overall tax burdens
- The entire state is noted by the Miliken Institute as being having lowest cost of doing business in the country

Quality of Place

- Referring to it as an "iconic prairie town," Livability.com ranked them #5 in their
- "Best Small Towns in America" (2013) WSJ's MarketWatch.com places Brookings prominently among best places to retire for its tax climate, low crime rate, access to health care, and a low cost of living (2013)
- Using similar metrics, Bankrate.com made the same conclusion, ranking the state #3 best states to retire to (2013)
- In Gallup's "Well-Being Index," South Dakota was ranked #2 among states of similar size

The collection of recognitions provided by researchers and journalistic institutions began to accumulate within the past five years. The fresh attention is a result of positive regional growth trends that have only recently begun gaining attention. These trends are reflected in both the growth of their overall population as well as the economic and employment base.

In 2005, a partnership formed between Brookings Economic Development Corporation, the Brookings Area Chamber of Commerce and Downtown Brookings to discuss common approaches to accomplishing the region's economic goals. They concluded that there was enormous importance in leveraging private investment to accompany and enhance the financial and programmatic investments that their nonprofits, governments, and chambers were already doing. This resulted in the establishment of the Vision Brookings Coalition. Later that year, they completed Vision Brookings 2010, a community and economic development fundraising program focused on several goals. Over the following four years, the campaign raised $4.1 million, which was used to leverage additional public and private funds investment.

Figure 29: Population Brookings, SD MSA vs. United States

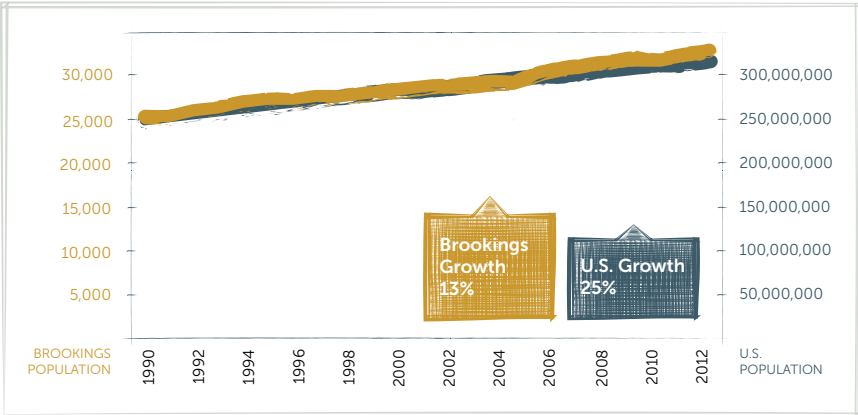
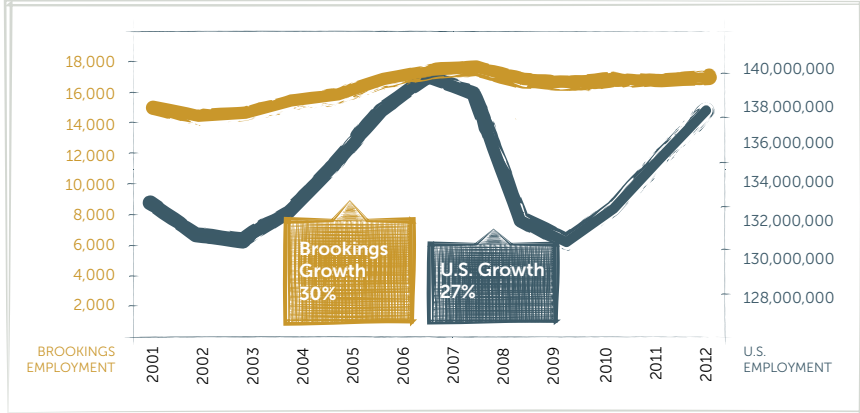


Figure 30: Employment Brookings, SD MSA vs. United States



POPULATION

- Beginning in 1990, Brookings had a population of slightly more than 25,000, which grew by nearly 12% by the end of the decade to 28,342 in 2000.
- Averaging a growth rate of 1.2% over the next 13 years, Brookings has grown to currently almost 33,000 people by 2013.
- Its most substantial gains since 2000 occurred during the recession years of 2008-2010.
- From 2000-2010, their growth outpaced the national average at 13% versus 10% for the nation.
- Population trend projections estimate Brookings will reach 38,500 people by 2020.

ECONOMY AND GROWTH

- Overall, the growth in employment from 1990-2013 has been 54%.
- Regional GDP also continues to grow, with Brookings posting a 35% growth in overall estimated output from 2001-2012, outpacing the national average of 18.7% by almost two times.[3]

The larger Sioux Falls MSA is a four-county area that stretches northward and ends with one county of separation before reaching Brookings, which is a key characteristic of Brookings' advantageous position. Brookings' proximity to Sioux Falls is advantageous for access to air service as well as distance to U.S. Interstate 90, which is an essential artery for the flow of goods and people. In other situations, such as retail recruitment, Brookings' proximity is a detriment, as retail chains chose not to over saturate the market by opening another store in Brookings. This results in retail leakage and loss of sales tax revenue to the community.

[3] GDP estimates from the Bureau of Economic Analysis are not available for micropolitan areas, but Fourth Economy developed a proxy estimate (total regional income) for the overall growth of the Brookings economy. This data is not comparable to the data used in the other case studies.

THE NEED FOR ECONOMIC TRANSFORMATION

Though Brookings has always benefited from a relatively strong economy, they have struggled to attract and retain a robust workforce. With an unemployment rate of 3.5%, workforce availability has been an issue that has led Brookings to approach growth more strategically. Prior to the recession, many of the companies, including plants and manufacturing facilities, in Brookings expanded out to other regions because of a tight labor market. Through leadership of the Brookings Economic Development Corporation, the goal has since been to keep these companies from expanding elsewhere, and instead supplying the needed workforce within the region. Specific incentives are covered in the following sections, but Brookings has a general policy to protect the industry they have, grow new companies out of their own backyard, and create jobs for the workforce residing in the community, as well as future residents. The city and regional economic development organizations highly prize the businesses that reinvest in the community and support the quality of place factors that their workers want.

Brookings Economic Development Corporation

Bel Brands Plant Before

Brookings Economic Development Corporation

Bel Brands Plant After

LEADERSHIP TO TRANSFORM

A number of important regional players have contributed to the region's success.

South Dakota State University

One of the most important among them is South Dakota State University (SDSU). SDSU brings roughly 12,500 students to the region every academic year, injecting more than $67 million into the area and the state. As the state's largest public university, the land-grant school directly and indirectly employs some 5,700 people, roughly 2,285 of them being direct and bringing $135.5 million in salaries and benefits. As the largest public university in the state, SDSU is an important leader in research and development, as well as economic development leadership for the region and South Dakota. SDSU conducts $56.9 million in federal and private grants or contracts for research, development, and projects in an average year. The university's primary strengths are in agriculture, pharmaceutical sciences, biosciences, and environmental sciences. Overall, the direct and induced economic impact of SDSU has been estimated to be $1.97 billion annually.

SDSU also maintains an active economic development role in the region and the state. For example, it has been an active catalyst for technological innovation and commercialization in the state. This has coincided with the state's efforts to develop knowledge workers and drive regional entrepreneurial growth. SDSU formed the state's first Technology Transfer Office in 2008, which has collaborated with early-stage venture capital firms to invest in science- and technology-based innovations. SDSU's tech transfer activities have led to 42 licenses for research-derived technologies, 18 of which formed the basis for South Dakota based start-ups. Brookings has less than 858 nonfarm private business establishments in 2012, so this amounts to a 2% increase.

The Brookings community has a history of supporting SDSU spin-off businesses and commercialization of technology. Brookings developed the first business incubator in the state in 1982. The city and a private investor constructed two additional incubation facilities in 1996 and 2007, respectively. Brookings Economic Development Corporation recently constructed a $2 million dollar tech-commercialization center to spinout SDSU research and has purchased nearly $500,000 in laboratory equipment for lease by start-up bioscience companies. The 125-acre Research Park at South Dakota State University, with fully developed infrastructure, was created by a private nonprofit partnership, the Growth Partnership, representing SDSU, Brookings Economic Development Corporation, SDSU Foundation and the City and County of Brookings.

The Research Park provides a central location where the university can assist in helping solve industry issues and solidifies the university's role in technology-based economic development. The Park offers shovel-ready sites including utilities, telecommunications and infrastructure amenities. The Park provides lab space at both the Seed Tech Lab, a 30,000 SF spec building that can be fit-out to suit the needs of companies; and office and engineering lab space at the Innovation Center, a 44,000 SF start-up incubator for early-stage technology and science research firms. Other partners in the Brookings innovation process include the Small Business Development Center (SBDC), Enterprise Institute, SDSU Tech Transfer Office and SD Innovation Partners.

South Dakota Innovation Partners (SDIP) works with researchers and entrepreneurs who are interested in launching new products and services. As an early stage venture capital firm, Innovation Partners provides investment capital to fund market and technology validation and other activities in exchange for equity. Innovation Partners provides business development support to complement research partners' scientific knowledge and de-risk investments to create above-market returns. Innovation Partners works with all South Dakota universities and throughout the Interstate 29 corridor to commercialize research, focusing on proof of concept. Since its inception in 2007, SDIP has created six start-up companies based upon SDSU research in the areas agriculture, life sciences and engineered technologies.

Since 2000, SDSU has added over 4,600 students. This expansion has been matched with large amounts of investment over the last seven years, including the addition of nearly 800 new dorm rooms, new architecture and engineering buildings, new football stadium, and a $20 million addition to the chemistry department.

Ten years ago SDSU became a Division I sports program and has been incredibly successful in this transition. SDSU basketball and football have created significant national buzz, assisting with growth of the student population and bringing additional economic growth to the community. Athletic investments at the university have since then increased, including a new football stadium to be constructed in 2015 that will increase capacity from 11,000 to 19,300 seats.

Strength of Manufacturing Industry

The region's industry sectors include animal and human health, agricultural technology and science, renewable energy, and manufacturing, which all contribute substantially to the region's employment and economic growth. Through university collaborations and regional resources, there are a number of important companies such as Medgene Labs, the Alltech Biotechnology Center, and Prairie AquaTech that develop technologies and innovations in livestock feed, safety, and health. In renewables, SDSU has led the charge in gaining access to research and development funding that has led to their selection as a Sun Grant Center, leading to the development of a small but active cluster in renewable technologies.

The most substantial and influential cluster has been advanced technologies manufacturing. Brookings is the second largest manufacturing community in the state. Leading employers include Daktronics, the largest design, build, and servicing organization for large video displays, billboards, and sound systems. They are headquartered in Brookings, maintain key relationships with the region's chamber and economic development organizations, employ 1,500 in their corporate headquarters, and employ nearly 1,000 in satellite manufacturing facilities. Additionally, 3M maintains an important manufacturing location in the Brookings region that employs more than 900. Residential storm door manufacturer Larson Manufacturing is also headquartered in Brookings and employs nearly 1,500, including 540 in Brookings and 900 at satellite facilities.

Regional Economic Development Organizations

The academic and corporate assets of the region have not cultivated positive growth in isolation and without effort. Local leaders across sectors have collaborated on strategic investments and coordinated partnerships to align their resources and promote the conditions necessary for future growth.

The Brookings Economic Development Corporation (BEDC) serves as an advocate for the business community by "building relationships with companies that allow them to succeed by taking advantage of the area's unique and progressive business environment."[4] BEDC operating funds include contributions from local utilities, area communities, the county, SDSU and the local hospital. Similarly to other benchmark regions, project money for the BEDC comes from Vision Brookings, a 5-year community and economic development initiative (described in more detail below).

The Downtown Brookings Main Street program has revived the sense of place in historic downtown Brookings and combines promotion, organization, design and economic enhancement. Throughout the year, the Committees based on these four points work to develop, research, implement and evaluate projects and activities that help strengthen the history, culture and commerce of historic downtown Brookings.

[4] http://www.brookingsedc.com/brookingsedc.html.

PLANNING AND EXECUTION OF TRANSFORMATION

Vision Brookings & Vision Brookings II

Though Brookings is a small region, they've experienced 20.1% growth since 2003. Public-private and multi-stakeholder partnerships have been vital to accomplishing regional goals.

In 2005, a partnership formed between Brookings Economic Development Corporation the Brookings Area Chamber of Commerce and Downtown Brookings to work together to advance the region's economy. They also confirmed the necessity of leveraging private investment to accompany and enhance the financial and programmatic investments that the nonprofits, governments, and local Chambers were already doing. One result was the establishment of the Vision Brookings Coalition.

Later in 2005, they completed Vision Brookings 2010, a community and economic development fundraising program focused on several goals, including supporting local workforce and entrepreneurial needs and creating collective wealth as a community. Over the following four years, the campaign raised $4.1 million, which leveraged additional public and private funds. Vision Brookings was a success, and in 2006 provided $1.5 million in seed capital to leverage local, state and federal funding for the construction of the Innovation Center, a 44,000 SF business incubator and the initial infrastructure for the Research Park at the South Dakota State University. The campaign invested $369,150 of support for new business start-ups in the county, and $100,165 in workforce development training programs. According to the Vision Brookings Coalition, the short-term direct and indirect impacts of these investments include more than 1,500 net new jobs created from 2006 to 2009, 25 new retail establishments, construction of the Innovation Center; and construction of more than 700 new housing units.

The group initiated a second fundraising campaign in 2011, Vision Brookings IIwhich aligned with the community's Comprehensive Economic Development Strategy. The community undertook a visioning process to inform that Strategy, engaging students, seniors, industry, elected officials, public bodies, and the university. The economic development goals articulated in that Strategy include: Building on manufacturing and technology; Commercializing public and private research; and Creating an Active Adult Retirement Community.

Vision Brookings II's goal of $2.5 million in private donations was reached providing funding to key initiatives that include $1 million for business expansion and for recruitment, $500,000 for expansion of the Innovation Center, $250,000 for workforce development, $500,000 for entrepreneurship support and $250,000 for management and communication. Vision Brooking II is providing a commitment of $250,000, out of $3 million in public-private investment to support development of the Agriculture Technology Center for Rural Enterprise, a business incubator that will provide technology and research opportunities to develop new inventions and products in the agricultural sector.[5] Finally, to support the plan's vision for advancing community and leadership collaboration, Vision Brookings II is investing $10,000 to market and recruit prospective businesses to the Research Park at South Dakota State University.

Ongoing Community Engagement

When Al Heuton became head of the BEDC in 2005, he instituted a series of community surveys to identify the community objectives related to economic development. The survey determined that 80% of the population approved of downtown, urban growth. Unlike many other towns of similar size, the Brookings community understands that planned urban development can be a catalyst for increased economic growth. Downtown development in Brookings is supported in part by diverse revenue streams from several entities operated by the city. These include the electrical utility, phone and fiber-optic company, liquor store and hospital.

With increased desire for infrastructure development downtown, Brookings has also focused on strong quality of place factors. Quality of place factors instill a sense of pride and ownership in a community. Many of the individuals who started and grew their companies in Brookings continue to stay and give back to the community. Larson Manufacturing and Daktronics both made significant contributions to projects like the Performing Arts Center, Children's Museum and other assets. The civic leaders interviewed for this study all cited the generous behavior of these corporate leaders.

[5] http://www.brookingsedc.com/technology-center-for-rural-enterprise.html

Transformative Incentives

For making incentive decisions, the Brookings Economic Development Corporation utilizes a scorecard system to rate the economic return for companies interested in 1) moving into the community and 2) seeking incentives. The system analyzes wage scales expected to be implemented by the company, if they are able to form a partnership with the university, and if the company fits with the general economic plan of the region, focusing on animal and human health, agricultural technology, renewable energy and engineered technologies. The BEDC describes its process as relatively selective regarding incentives, and focuses its efforts only on the companies that will bring the greatest impact to the region.

Bel Brands is a recent example (plant opened in 2014) of the success these incentives have provided in garnering a large food manufacturing operation to the region. Previous to Bel Brands, Brookings did not have a large sector in non-durable goods manufacturing, but the addition of Bel Brands has significantly bolstered that portion of the economy. The Bel Brands incentive process was the first time the city has used per-job incentives, in order to be more competitive in the selection process. South Dakota charges sales tax on equipment. To make up for this tax, incentives to Bel Brands included sales tax rebates and a $2,500 grant per job created. All incentives offered by the city are in rebate form, meaning the industry must create jobs or pay tax dollars prior to receiving the benefit. In addition, a "clawback" system is used to ensure that jobs are retained for a specified number of years. The city also provides incentives in the form of discounted cost for industrial land and utilizes the BEDC as the conduit for land transfers from the city to the company. The City of Brookings also built a new wastewater pre-treatment anaerobic digestion processor as part of the infrastructure enhancement process for Bel Brands. Brookings has used TIF financing in the past, but the community does not rely on that type of funding often. Other factors that influenced Bel Brands included SDSU's strong program in dairy, the availability of workforce coming out of SDSU, and the involvement during the recruitment process of top officials from Daktronics, Larson and 3M to discuss talent pipelines and industry environment.

Twenty years ago, Brookings voted to add a 1-penny increase in sales tax to fund infrastructure improvements in the community. Through the years this has culminated in a new ice arena, improvements to the library, a Performing Arts Center on campus and a multi-use center in the city.

BROOKINGS TODAY AND KEY TAKEAWAYS

South Dakota is a business-friendly state (#2 in the 2014 Tax Foundation report[6]), with no corporate or personal income tax. Even with low taxes, the city and region have been able to maintain their quality of place elements. The population is self-taxing, raising funds through ballot measures, and understands the importance of investing for further growth and development. Brookings has also adapted a range of methods – from fundraising, to taxes, and venture capital – to finance its economic development initiatives. This balance helps Brookings to insulate and grow traditional sectors and assist their adaption to changes in technology and markets. The addition of Bel Brands (best known as the maker of Laughing Cow cheese) to Brookings was an incredible boon to the regional economy.

Brookings continues to stress the importance of the region's agricultural industry, SDSU's land-grant university stature, and agricultural research programs as a base for future technological advancement and economic growth. Agriculture, manufacturing, South Dakota State University and the many partnerships between industrial sectors and SDSU have been critical factors in the growth of the Brookings region. In a small community like Brookings the role of higher education partners in workforce training, technology transfer and business incubation, and planning shines through. SDSU has been at the forefront of developing the area's sense of place and its economy.

[6] http://taxfoundation.org/article/2014-state-business-tax-climate-index.

CASE STUDY: Manhattan, KS MSA

FAST FACTS

- A university town that demonstrates close collaboration between the campus and community
- Strong focus on quality of place amenities to encourage population attraction
- Continuity of leadership and vision

TOP INDUSTRIES

- Agriculture
- Education
- Federal- U.S. Military
- Retail

KEY INDICATORS

- Manhattan added 14,742 (18%) people between 1990 and 2013
- Manhattan increased employment by 15,300 workers between 1990 and 2013 (37%)
- Manhattan increased GDP by $605 million between 2001 and 2012 (30%)

THE TRANSFORMATION

- Manhattan, KS has attracted $200 million in new investment for downtown development in the past ten years.
- Competition and challenges in the agriculture industry in the 1980s energized state and university leaders to focus on diversifying and modernizing the Kansas economy.
- The 2005 BRAC report presented an opportunity for growth at Fort Riley, which required mobilized and coordinated regional action.

KEY FOCUSED EFFORTS / KEY TAKEAWAYS

- Manhattan has been able to leverage state resources to "punch above its weight class" when it succeeded in attracting the National Bio and Agro-Defense Facility (NBAF).
- As the regional economy began to change and grow, the city also focused on residential and commercial development through a series of planning and development efforts that started with the 1999 Downtown Tomorrow plan.
- The region has leveraged identified assets (Kansas State University and Fort Riley) for continued success by engaging them in planning for the community's future.

ABOUT THE MANHATTAN, KS MSA

The Manhattan metropolitan region – affectionately nicknamed by residents as "The Little Apple" – sits in the northeast corner of Manhattan, Kansas.

Agriculture and livestock, particularly cattle, the U.S. military, and higher education characterize the Flint Hills' regional economy, with a significant amount of intra-regional commuting throughout the area. The region has been relatively stable over the past three decades, with a definitive turn in fortunes between the late 1990s and through the 2000s. The growth and successes of the private sector, supported by collaborations and partnerships across industries and sectors, led to a number of important recognitions over the past 15 years.

Business, Economics, and Growth

- Forbes rated Manhattan in the Top 5 for "Best Small Communities for a Business and Career" for four years (2010-2013)
- Out of 365 total MSAs, the Manhattan, KS MSA is in the top 5% for economic & job growth according to Area Development (2012)
- Ranked #2 for "Metro For Economic Growth Potential" by Business Facilities (2010)
- Manhattan Area Chamber – "20 Most Military Friendly Chamber List" (Entrepreneur Magazine - for military veterans who own a business), (2012)
- # 5 "High Tech Hub" Metro by Business Facilities (2011)
- "Top Ten Best Small Cities for Job Growth" on Newgeography.com (2011)

Next Generation Workforce

- The region ranked well in Princeton Review's "Top 10 Happiest College Communities" (referring to Kansas State University), based upon their "Quality of Student Life" and "Best Town - Gown Relations" measures (2013)
- Manhattan, KS was in the "Top Ten Best Cities for Job Growth" in 2011 according to newgeography.com
- Greater Manhattan is in the top 1% nationally for fastest personal income growth according to Bureau of Economic Analysis data (2010)
- Manhattan ranks #16 on the list of "20 Best College Towns in the U.S." by Business Insider (2013-14)

Quality of Place

- Manhattan was ranked #6 in "Most Exciting Small Towns in the U.S." (2013) and, #8 in "10 Best Small Cities For Education In America" (2014), both by the real estate brokerage and research site Movoto.com
- CNN Money ranked Manhattan among the "Top 10 Places to Retire Young" (2007)
- Manhattan High School – named to The Washington Post "High School Challenge List " five years running (2012)
- The region was also recognized as #1 on "Shortest Commute Times" by CNN Money, where commute time refers to the median travel time to work
- "Riley County -- Healthiest County in the State of Kansas" (County Health Rankings, University of Wisconsin / R.W. Johnson Foundation, 2012)

In receiving these recognitions, the region has successfully positioned itself as a great place for businesses, researchers, and mobile knowledge workers to locate.

POPULATION

- The two metropolitan counties collectively contain roughly 98,000 residents; Riley takes the lead with over 75,000.
- By 2000 the region's population stood at 81,500, below their 1990 population of 83,300, but began a slow but steady climb, boosted by an enhancement of Fort Riley, a local military installment. They finished the decade at nearly 93,000, an increase of 14%.
- Manhattan was recognized as Micropolitain Statistical Area in 2000, and then evelated to a Metropolitain Statistical Area for the 2010 Census.

ECONOMY AND GROWTH

- Beginning in 1982, the region's per capita income was roughly $24,000, approximately 16% below the state and national averages of $28,723 and $28,396, consecutively.
- By 2012 the region's per capita income reached $42,464, nearly closing the gap with the state and national income levels of $43,015 for the state and $43,735 nationally.

Figure 32: Employment Manhattan, KS MSA vs. United States

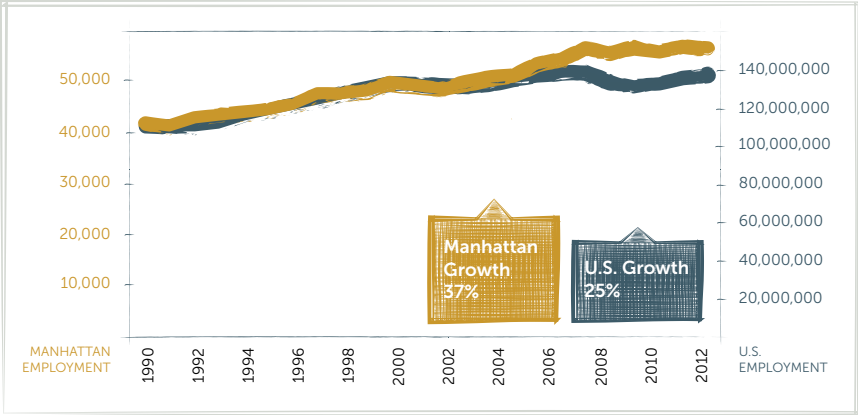


Figure 31: Population Manhattan, KS MSA vs. United States

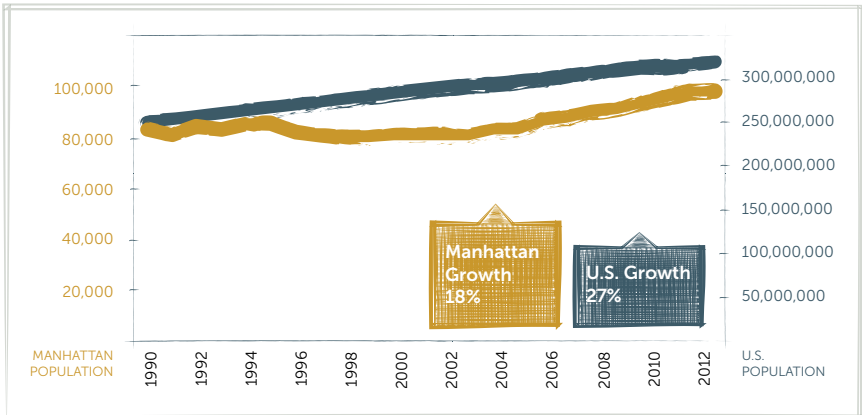
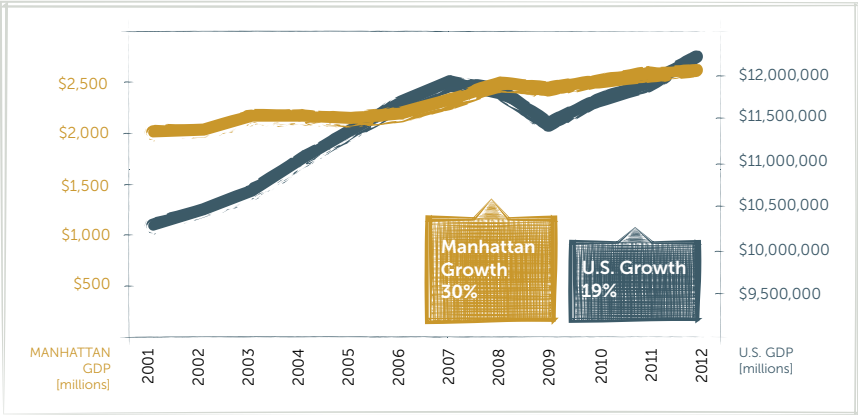


Figure 33: GDP Manhattan, KS MSA vs. United States



THE NEED FOR ECONOMIC TRANSFORMATION

There were a number of important moments beginning in the 1980s that prompted concern for the state's economy and ultimately the regional economy in Manhattan. Leaders on every level of government, the regional business community, and officials within the higher education community started recognizing the need to assess their competitiveness and their effectiveness in engaging regional assets.

Kansas' economy of the 1980s was weak and faced numerous challenges. The U.S. agricultural industry had boomed in the 1970s, and the belief was that the growth would continue into the 1980s when U.S. agricultural exports peaked at $96 billion in 1980. Shortly thereafter, however, a culmination of forces would severely damage the U.S. agricultural markets throughout the majority of the decade and would have accompanying collateral damage for the Kansas economy as well. A weak global economy, global issues in multi-national finance, variations in exchange values and, most notably, the Russian grain embargo all contributed to the bottoming of U.S. exports in 1986 at $47 billion.

At the same time, the state was having an increasingly difficult time attracting corporate relocations. The state lacked economic diversity and had gaps in the skilled workforce and talent needed for potential relocations or expansions. Kansas' economic drivers also lacked the network and infrastructure to cultivate substantial and lasting activity around new growth sectors such as technology and life sciences. In an effort to address these concerns and develop a strategy for diversifying the state's economy, the legislature requested an analysis by two researchers at the University of Kansas (KU) that would take full stock of the state's economy, target industries to concentrate on developing, and produce a series of recommendations to drive Kansas towards an economy equipped for the 21st century.

Though this began on the state level, the conversation trickled down to regional and local leaders. People in the university system were also listening and seeing how their institutions could contribute to the modernization of the Kansas economy. This generated opportunities for the Manhattan region as Kansas State University (K-State) has always been a vital asset to the agricultural economy. For the better half of the 20th century, K-State was an important center for research and innovation around animal and plant sciences, but there was no coordinated effort to scale these activities for broader economic impact.

Leaders throughout the Manhattan area also came to see the important role that Fort Riley played in their region when a 2005 Base Realignment and Closure (BRAC) report approved Fort Riley's realignment, which would have added 4,000-5,000 employees, with more over the following decades. One obstacle for this realignment was the lack of a regional planning organization responsible for carrying out regional economic strategies, long-term growth plans, and long-term regional transportation and infrastructure planning.

Manhattan, KS CVB

Flint Hills Discovery Center

LEADERSHIP TO TRANSFORM

At the forefront of the region's recent successes and growth are key organizations and institutions that have been driving the regional economy and offering positive spillovers. Behind these institutions are sectors and industries resilient to economic shifts and recessions that provide the foundation for the region's future economy.

Influence of Kansas State University

One of the first and most historically impactful is Kansas State University, established in 1862 as a land-grant institution. Located in Manhattan, K-State attracts as many as 24,000 students to the area every academic year, putting them only a few hundred behind the University of Kansas, the state's largest college. K-State employs 6,028 personnel, making them the largest single employer in the area. K-State also serves a vital role as a leader in the state and a contributor regionally to research and development in some of the most important sectors within the state and surrounding areas. In particular, the university receives an estimated $150 million in annual research investments and grants.

K-State leadership during the 1990s made a push to solidify the institution's position. Then-President John Wefald (1986-2009) focused K-State's growth strategy on finding their niche in 21st century research and commercialization activities, and increasing their engagement with external stakeholders throughout the region and beyond for local and regional promotion of economic growth. One of his most notable achievements was an increase to the university's average annual research funding from $18 million to roughly $110 million. During the latter half of the 1990s, under Wefald's leadership and his administration, the institution increased the R&D focus on biosciences.

K-State offers significant contributions to biosciences, focusing particularly upon agricultural, livestock, food safety, and biosecurity research. The Kansas workforce and economy is at the heart of American agricultural production and supply. Approximately 88% of the state's land is being used in agricultural production, which accounts for more than 15% of the nation's wheat supply, nearly 10.8% of commercially produced red meat products come from Kansas cattle, and 19% of all U.S. beef cattle come from Kansas slaughterhouses.

As a land-grant university, K-State has played an important role in supporting the state and the region in its agricultural economy. In particular, the university maintains a position as one of the best veterinary schools in the country, consistently ranked in the top 20 by U.S. News and World Report; their research programs in agricultural sciences (food science and plant science) place them among the top 10; and their Department of Agricultural Economics is placed within the top 5.

These rankings reflect an important concentration of assets in knowledge, talent, and research strength – strengths that they have leveraged to draw in private and public sector support to deepen it. In 2002 they developed the National Agricultural Biosecurity Center to compliment their biosecurity concentration efforts. By 2003 they gained funding for the development of a Biosecurity Research Institute (BRI), which was completed in 2007. Two short years later, they won a site selection campaign led by the Department of Homeland Security to build their eventual National Bio and Agro-Defense Facility (NBAF) in Manhattan, and connected to the BRI.

After previous failed attempts as downtown redevelopment, civic leaders in Manhattan recognized the need to make sure that their efforts were market driven. In their 2000 Downtown Tomorrow plan, they noted: "The previous Redevelopment Project has led to significant physical improvements in the downtown area. Unfortunately the "Field of Dreams Approach", which centers on the belief that a community only needs to undertake physical improvements for customers and investors to flock to the area, has been proven to be a myth. Physical improvements, made in isolation, do not result in renewed vitality. Physical improvements must be undertaken in conjunction with economic improvements for the revitalization efforts to succeed. Enhancement efforts must be market-driven rather than physically driven."

The NBAF will serve as the replacement of the U.S. government's Plum Island Animal Disease Center and be the nation's leading research and prevention facility on diseases affected agricultural supplies and the U.S. livestock industry. The selection of Manhattan for NBAF has also attracted a number of other complimentary federal research partner facilities centers that include the U.S. Department of Agriculture's Agriculture Research Service (USDA-ARS) and Animal Plant Health Inspection Service, Veterinary Services (USDA-APHIS-VS).

Military as an Economic Driver

A second important contributor to the regional economy is Fort Riley in Riley and Geary Counties. Also known as the "Kaw," Fort Riley has been in continual use since 1853 and has been cultural staple for the region. The Kaw employs 7,100 civilians, but it has a total daily population of approximately 53,000 people, of which 46,000 are military and family members. Its total payroll in FY2013 was $1.77 billion with an estimated regional economic impact of approximately $3.9 billion.

Ft. Riley's impact has been both a positive force and at times due to retractions a motivator to seek economic diversification. In 1995 the 1st Infantry division headquarters was moved from Ft. Riley to Germany. This meant an immediate departure of over 9,000 people from the community. The community rallied to seek a solution to this loss. Fortunately, additional brigades grew at the base and then in 2006 the 1st Infantry division returned from Germany.

These retraction and expansions has underscored the need for planning and economic diversification in the community. They have also reinforced to community leaders that they must work closely with base commanders to understand the needs of the military community to ensure that the Manhattan, KS region remains a desired military community.

PLANNING AND EXECUTION OF TRANSFORMATION

Manhattan, Kansas illustrates an interesting example of the focus the community put on planning to enhance the economy and quality of place. More recent planning activity began in 1999 with the development of Downtown Tomorrow. This study and a subsequent market study (2002) identified development areas on the south and north ends of the downtown area.

Retail and Economic Development Planning

The community identified a lack of retail establishments, with residents traveling outside the community for many purchases. The financial drain was estimated at approximately $.30 of every $1 of retail expenditure capacity leaving the area. To counter this the city developed a strategy to prepare a location for the recruitment of new retail. Simultaneously, the city and county sought the development of a renewed funding stream to support economic development. The result was a countywide ½ cent sales tax levy that was directed to support roads and economic development activities in the county. This sales tax was approved via a ballot referendum in 2002 and the first round of funds started to be available in 2003. A citizen advisory group was formed to provide oversight of the resulting fund.

The stated purposes of this fund are documented in the city's annual economic development report.

"In 2002, the City Commission confirmed the economic development goals for Manhattan as follows:

- Create quality jobs with corresponding wages, benefits, and working conditions
- Diversify the property tax base in Manhattan
- Decrease reliance on federal, state, and local government for jobs
- Maintain, stabilize, and build on the existing strengths of the community
- Invest public funds in ways that create self-sustaining economic development activities
- Use public funds to leverage private investment in economic development"[7]

The retail development strategy was very successful in recruiting national developers to invest and has allowed Manhattan to become a net importer of retail expenditures.

[7] http://www.ci.manhattan.ks.U.S./DocumentCenter/Home/View/3504

Advantage Manhattan

About the same time in 2002, the Manhattan Area Chamber of Commerce began to develop its economic development campaign called Advantage Manhattan and began interviewing developers about their support for downtown redevelopment. Advantage Manhattan included a private fundraising campaign to support efforts by the Chamber to protect and expand Fort Riley, recruit new private employers, attract retirees, draw regional shoppers, and train the future workforce.

The redevelopment planning was conducted in partnership with the city and resulted in securing an out-of-region development team to support their planning activities. In 2003, the Dial Companies of Omaha, Bowman, Bowman, Novick Inc. of Manhattan, and RTKL Architects of Dallas were hired by the City Commission to develop a master plan for redevelopment of the downtown areas.[8] Additional activity followed including:

- 2004: Master Plan completed
- 2005: Redevelopment district created pursuant to TIF law – allowed for use of eminent domain and use of tax proceeds
- 2006: Final development agreement for North-end agreed to by city and Dial Companies; city to use TIF revenue to support public infrastructure but there is recognition that bond markets are not supportive of speculative projects so Dial buys the bonds in order to finance the infrastructure and then they can market the bonds later.
- 2007: As a result of proposed changes in eminent domain law the city decides to accelerate South-end development plan
- 2008: Projects continue to move forward as city uses TIF bonds and agreements with Dial to proceed

The Advantage Manhattan plan and resulting fundraising campaign were met with support from the business community with more than $2 million raised to support the activities defined above. Advantage Manhattan has been updated twice and the corresponding fundraising campaigns have been met with equal success. The most recent plan included a component that focused on existing businesses. The financial support received for the plan has allowed the Chamber to hire a business calling staff person who is working with local companies to assist them with growth needs and to eliminate barriers.

[8] http://www.cityofmhk.com/DocumentCenter/View/6124
[9] http://www.cityofmhk.com/index.aspx?NID=265
[10] http://www.kansascommerce.com/DocumentCenter/Home/View/75

The development of the initial plan took more than 18 months and included input from a wide group of community stakeholders. As the plan has been implemented there are continuous updates that are provided to city council. An annual report of the results of the economic development program was also produced and tracks the results of each of the projects supported.[9]

Community Involvement and Other Funders

Manhattan, Kansas is not unique in its demonstrated use of public funds for site preparation, infrastructure and a targeted amount of funding for economic development incentives. What does seem to be unique is the ability that the community has demonstrated in planning, packaging and executing deals that will produce economic and community benefit. From the ½ cent sales tax to use of an innovative state program called STAR bonds[10], the Manhattan MSA has been able to provide a continuous investment pool that has attracted both out of region investors and provided new opportunities for community-based investors and developers.

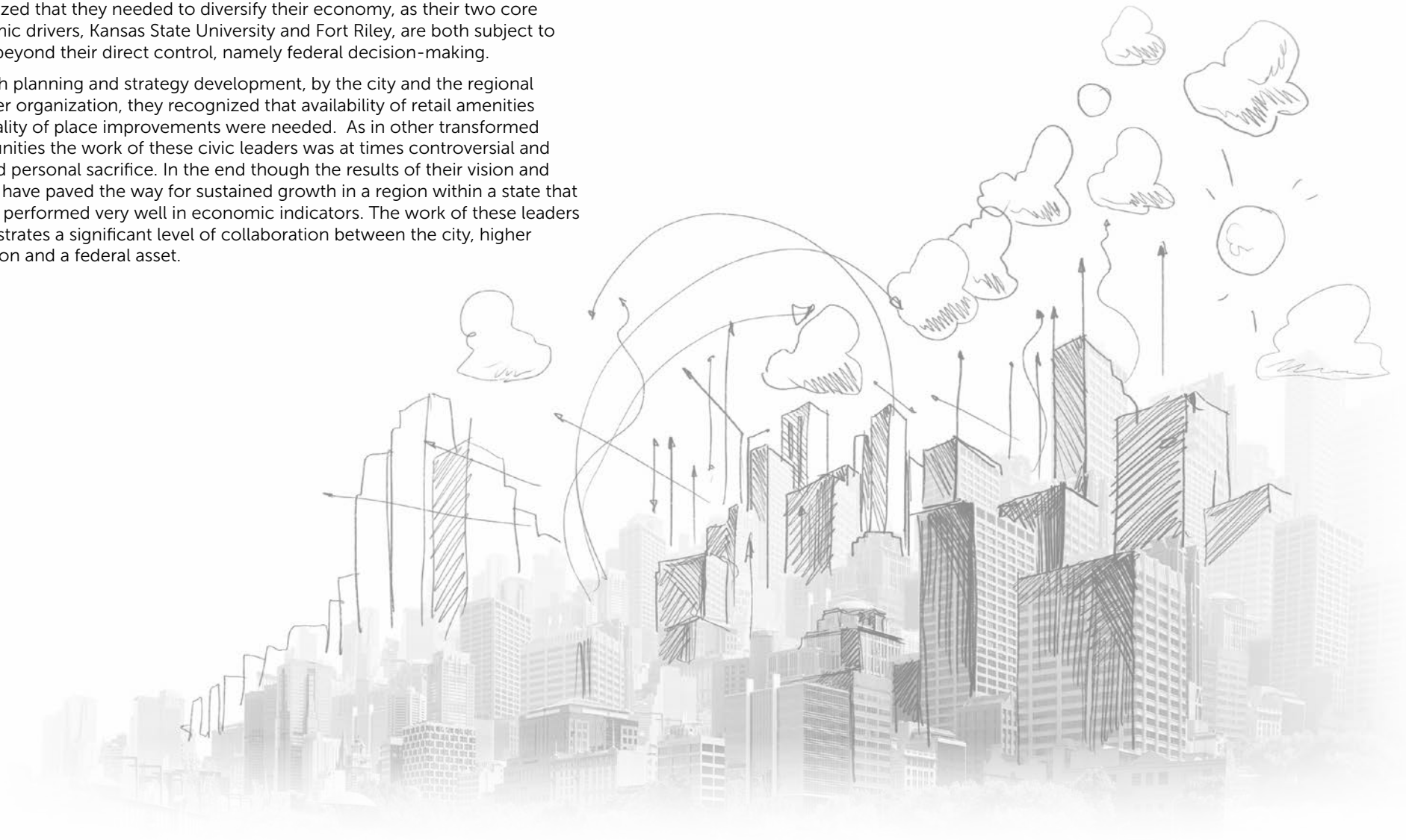
The State of Kansas has supported Manhattan development projects with up to $50 million in sales-tax revenue bonds (STAR bonds) allowing the state to dedicate the sales tax it collects to local projects that attract outside capital. Manhattan utilized these funds to support the development of the Discover Center, a regional museum attraction. While there is no comprehensive accounting on the sources of development funding over the past decade or more, interviews with local stakeholders suggests an estimated split of 30% public and 70% private funds.

Analysis shows that growth of the core city, Manhattan, KS has also driven regional population and economic growth throughout the MSA. Some of this can be attributed to the expansion of Ft. Riley, but, removing the military factor, data demonstrates that the entire region is growing. Over 15,000 new people have moved into the region just in the past five years. This trend is expected to continue as the city now looks at diversifying its industry base, which will directly benefit communities outside the core city.

MANHATTAN TODAY AND KEY TAKEAWAYS

Tenacious leadership and a diverse array of financing tools are two hallmarks of Manhattan, Kansas's transformation. Civic leaders in the community recognized that they needed to diversify their economy, as their two core economic drivers, Kansas State University and Fort Riley, are both subject to forces beyond their direct control, namely federal decision-making.

Through planning and strategy development, by the city and the regional chamber organization, they recognized that availability of retail amenities and quality of place improvements were needed. As in other transformed communities the work of these civic leaders was at times controversial and required personal sacrifice. In the end though the results of their vision and actions have paved the way for sustained growth in a region within a state that has not performed very well in economic indicators. The work of these leaders demonstrates a significant level of collaboration between the city, higher education and a federal asset.



CONCLUSION

Regional city transformation is possible for Indiana and other communities throughout the Midwest and Northeastern U.S. In most cases these communities have an asset or opportunity base that is not unlike those that existed in the regional cities profiled in this study. What this study demonstrates is that these communities saw a future that was better then the present, and they rallied. This study does not suggest a one size fits all approach to regional transformation, but it does suggest that there is a process that all communities can begin to define and act in support of their future and quality of place.

Making Vision a Reality

The following two pages provide a tool for Indiana's regional cities to use as they look to turn a vision of a stronger and vibrant regional city into a reality. The four steps and series of actions are assembled as a best practice summary of what was learned from the regional city case studies. Additional resources for communities are available on the Indiana Regional Cities website at: www.indianaregionalcities.com

MAKING VISON A REALITY

All of the regional city transformational processes began with either one or a small group of committed and visionary leaders who are vested in the community. They recognized a community need or challenge that, without being addressed through a collective and tactical strategy, would significantly impede the long-term economic and social health of the community while limiting new market opportunities.

1 RECOGNIZING VISIONARY LEADERSHIP

possible actions (not limited to)

- ☐ Articulate the urgent or growing need for transformation in the community along a path:
  - → Improve conditions – a sense that the region can do better and grow jobs and population
  - → Respond to issues – decreases in employment base, risks over industry decline, quality of place barriers that limit a community's attractiveness
- ☐ Empower a convener and civic intermediary to begin the process of planning to achieve the vision.
- ☐ Secure a consultant that can assist the civic intermediary in advancing the process
- ☐ Broadly define the challenges and the identify the opportunities of the region
- ☐ Identify, encourage and convene key leader(s) to engage
- ☐ Ensure diversity of stakeholder-base and how each can engage in the plan development process (Page 29 of "Benchmarking US Cities" report)

Each transformation strategy was built upon and leveraged the unique assets, resources, and market drivers at play in each regional city. The first step in the development of that strategy is to holistically identify assets including talent-base, infrastructure, business climate, quality of place amenities and more. While the definition of these assets is unique to each regional city, their use as the foundation for a plan was demonstrated in all of the regional cities profiled.

2 IDENTIFY UNIQUE ASSETS / VALUE PROPOSITION

possible actions (not limited to)

- ☐ Define the region (map) that you are profiling
  - → Utilize commuting patterns and retail flows/ leakage information
- ☐ Execute a process that allows stakeholders to define what sets your community apart and what can be improved
- ☐ Identify and assess your region's core assets for attracting investment and talent
  - → Use a broad definition of assets to include: talent, cost of living, natural assets, proximity to other regional drivers and more
- ☐ Conduct an industry assessment that identifies the sectors where your community has strength
  - → Utilize a data driven process to get beyond common perceptions
  - → Utilize market projection data to identify industry trends and opportunities that will impact regional industry
- ☐ Create awareness in the community of global trends that may affect the region and determine how its assets and challenges can align to take advantage of future trends
- ☐ Define a vision for the future of your region based on the analysis and unique strengths and opportunities available for your future

It is important that the vision, challenges and assets are codified – becoming part of a formal action agenda. This process and the agenda itself must be more than just a list of objectives with timelines and resources required. Depending on the challenge(s) and vision for transformation, this process should encourage critical thought to how existing assets will be leveraged for change, projects will align with the goals and identity for the region and how to ensure projects are executed over time.

3 DEVELOP AN ACTION AGENDA

possible actions (not limited to)

- ☐ Brainstorm, then prioritize projects and programs to achieve the region's goals and desired identity
- ☐ Balance short-term and long-term actions to create a steady pipeline of success
- ☐ Identify the people and civic intermediaries responsible for the execution of the projects and plans
  - → Define their specific roles
  - → Source funding for projects
- ☐ Focus on opportunities and barriers related to a region's infrastructure including but limited to:
  - → Transportation: roads, air, mass transit, logistics
  - → Education: K-12, higher education, life long learning
  - → Real Estate: housing for key constituencies (senior/student/young professional)
- ☐ Analyze programs that exist to support economic and community development priorities
- ☐ Identify issues that are restricting the community's livability or quality of place around the following topics:
  - Recreational resources
  - Cultural amenities
  - Health related factors – air and water quality
  - Housing Quality-Availability
  - Mixed-use options (entertainment)
  - Abandoned Buildings

The plan to address the challenges and seize the opportunities should be catalytic and realistic. It should be an active document that encourages collaboration among key stakeholders, supports a singular regional message and allows for ongoing dialogue as the region evolves. The plan should be shared publically to allow for broader awareness and leveraging of other actions underway in the region.

4 ACT ON THE PLAN AND DEMONSTRATE IMPACT

possible actions (not limited to)

- ☐ Develop the capacity of a civic leadership intermediary that can support follow through on the actions and priorities
  - → Create a fundraising strategy to financially grow capacity to support execution of the actions
- ☐ Launch, execute and complete the projects in the plan
- ☐ Develop performance scorecard that includes metrics unique to each individual project or program (return on investment) while also demonstrating, through measurement, broader economic, social and community-based impact
- ☐ Develop a process for ongoing review of actions and for allowing for modification and additions of needed actions (optional)
  - → Failures must be an opportunity to learn rather than pull back
- ☐ Engage the public stakeholder base through public relations and marketing of the plan region-wide
- ☐ Ensure transparency and inclusiveness in the planning and evaluation process
- ☐ Recognize and applaud success; include the contributions of diverse stakeholders