

Small City and Town Economic Policy.

Prosperity Through Economic Development.

Power.

Local governments may not realize they have the power and obligation to have an economic policy for their town. Economic development and public finance programs managed with purpose and creativity can create local jobs and family incomes while also generating taxes and fees for the public coffers.

Purpose.

Economic development in small cities and towns fostering the preservation and growth of small businesses is critical. Job creation is the purpose of the city's economic policy; jobs with good wages. Methods and means to preserve jobs in local economies require support for local businesses and creative finance by municipalities to utilize available grants, to economize on non-salary expenses and to utilize special districts to create new flows of revenue.

The Vision.

Town character leads to jobs; and jobs become part of the town's character. Having a job heartens the spirit of everyone needing to work. Full employment builds personal and community character like no other activity. Residents and business owners in a character town envision their community as a prosperous place to live for everyone.

Strategy: A Plan for Prosperity.

The fundamental strategy of the city is to aggressively pursue the jobs and family incomes that come with economic development, to be good stewards of the city's financial resources, and to coordinate public and private economic activities with a comprehensive long-range view of the future.

The city's strategic plan works along the vision-strategy-action continuum by articulating a community-based vision for the economy, constructing a vision-driven strategy, and then implementing the strategy-directed economic development and finance plans. The underlying concept is to leverage the town's physical and social assets to enhance its economic well-being.

The visible connection of vision, strategy and action provides purpose to every business recruitment effort, every business retention incentive package, every workforce training program and every annual and capital budget program of the city.

The City's Operating Principles.

Every successful small city and town incorporates its community-based principles, spoken or unspoken, into its decision-making, such as:

- Vision-driven plans and programs,
- Effective public engagement activities
- Collaboration and partnering,
- Comprehensive long-range thinking,
- Competency and transparency,
- Fiscal responsibility,
- Continuous program evaluation.



The City's Co-Dependent Economic Development and Finance Plans.

Two inextricably related tasks are required to work in harmony: the town's economic development plan and its budget. The main reason for the interaction and internal consistency of these two elements is that the city's budget, operating and capital, can be used to retain and recruit vision-consistent employers. Additionally, the economic development plan can inform the budget staff about taxes and fees that can reasonably be expected in the coming years.

The Economic Development Plan focuses on private jobs and family incomes and is led by the private sector. It is the vehicle for growing the private economy of the city which typically constitutes about 85% of all jobs in the community. The city's plan supports vision-consistent private sector efforts to grow and be profitable. The private sector, in its own best interests, is responsible for the economic development organization and provides it with business leadership and funding. Coordination with the city's comprehensive long-range finance plan is important.

A collaborative economic development plan marshals all the assets of the community and leverages their strengths to support uses and activities that are not financially self-sustaining. Educational programs, cultural events and wellness programs often suffer from financial short-falls. Schools, hospitals and businesses have advantages well beyond their economic value; they employ large numbers of people who can constitute a cadre of volunteers for community organizations, and they have the resources to assist many community activities with money, facilities and connections.

The Comprehensive Long-Range Finance Plan is not a document or process generally practiced by cities and towns. It requires a long view that examines the sources and uses of financial funds; some of which are dependable over time and some of which will predictably decline. Declining sources need replacement. This planning process provides the vehicle for anticipating shortfalls and providing stabilization of a town's revenue picture.

The city's *Comprehensive Long-Range Finance Plan* embodies the public sector's responsibility to understand and plan for the long-term sources and uses of public funds. The municipalities' focus on revenues and expenditures strengthens the city's business model and its ability to support city operations and economic development over the long term. The city is the responsible agent for providing infrastructure and regulations. They raise and spend taxes and fees, and they impose regulations for the public good. Their active support of the private sector is important.

Hence, the private sectors' **Economic Development Plan** and the public sectors' **Comprehensive Long-Range Finance Plan** are really two parts of an inter-dependent system. The *Economic Development Plan* provides the path for growing private jobs and incomes. The *Finance Plan* provides for city operations to grow the tax and fee base to build and maintain the infrastructure necessary for the success of the city's economy.

Actions.

While efficiency is a standard expectation, efficiency based on job reduction for the sole purpose of improving the "bottom line" misses the point of society; it's a pyrrhic victory...the creation of sustainable well-paying jobs and the economic wellbeing of citizens is the prize.

Cities have the opportunity to:

1. Support small businesses with tax and rent payment extensions when necessary.
2. Buy local products and services.
3. Seek grants that create jobs through infrastructure and construction projects.
4. Provide and partner with others to secure the "safety network" needed by low income and unemployed citizens.
5. Work with banks, hospitals and others to speed the distribution of federal and state financial and health care resources.

The Economic Development Plan.

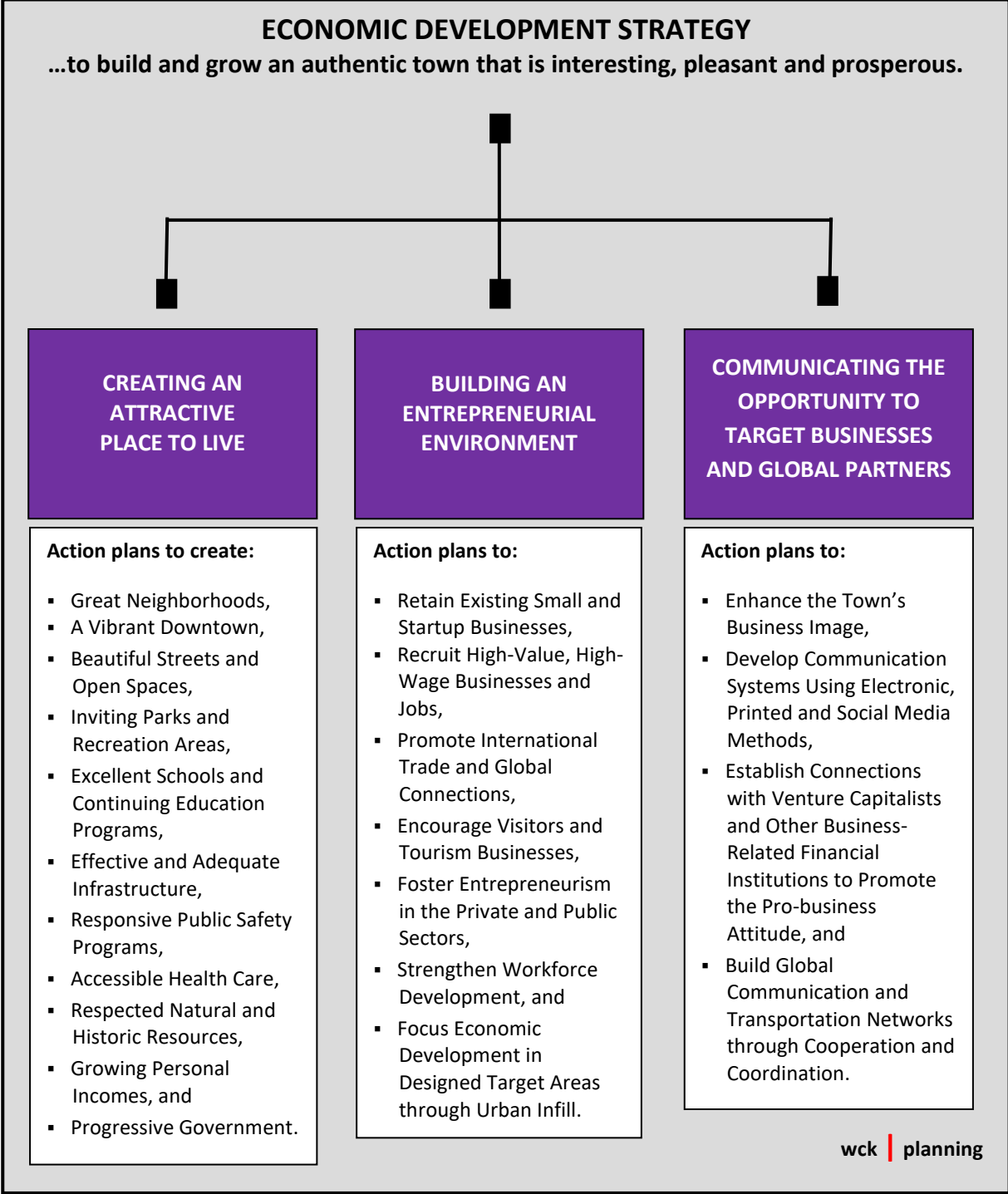
The Economic Development Plan identifies the city's path to increased wealth and income for the town's residents and businesses. The prize is the retention, expansion and recruitment of increasingly profitable businesses with jobs that pay above-average wages.

The Fundamental Ideas underlying the economics of the city are:

- 1. The success of the community depends on sustainable flow of money through the private sector.** As the community builds its capital foundation it secures a stream of business income that supports the lifestyle of residents, businesses and governments. The city's economic base consists of: the businesses that provide jobs and incomes for residents; the economic base that generates taxes and fees required for public goods and services; and the education system that trains the workforce for businesses and organizations, private and public.
- 2. Retaining and recruiting employees depends on the city's quality of life.** Job descriptions, personal growth potentials and salaries are primary factors in an employee's mind when deciding to stay in a current job or take another opportunity. In addition, the employee assesses the quality of life in the town. The quality of the neighborhoods, the transportation system, public safety resources, schools, parks and shopping areas are important in the decision making. Taking or staying in a good job in a bad town is a tough decision to ask of people; better to offer a good job in a nice town.
- 3. Blighted areas must be improved.** Blighted neighborhoods and sections of town are perhaps the major beneficiaries of an economic development plan. Jobs and incomes are foundational to future success of blighted communities. Plans are useful when they focus the sources and uses of funds in blighted neighborhoods for physical and social infrastructure, identify training tied to job opportunities and foster communication within the city.
- 4. Business plans for private and institutional enterprises depend on a reliable City Finance Plan.** Enterprises, large and small, have plans for their future success. Some are elaborate, some are intuitive, but every enterprise has an idea about its role in the economy and what it must do to survive and prosper. Private businesses rely on information about the market for their goods or services, the infrastructure provided by the public sector and their projected tax and fee expenses.
- 5. The city can leverage its social and physical assets to enhance the local economy.** A business-friendly atmosphere in an attractive and well served city helps retain and recruit businesses.
- 6. The city's existing business leaders are a tremendous asset.** The economic development program to retain and recruit employers and talent is strengthened when the city's business leaders engage.

The Strategic Concept.

The strategy for *The Economic Development Plan* is for a city to realize its vision of being a sustainably pleasant and prosperous place. Three strategic objectives in the graphic below have action plans underpinning each:



Contents of the Economic Development Plan.

1. A Strong Data Base.

The city and other public agencies collect and track development data, building permits, utility connections, wage data by industry and occupation, and other information that reflects the existing growth and prosperity of the city. This is useful to the private sector, but it is also essential to the city as it prepares budgets and bond documents.

2. A Livability Enhancement Plan.

Create an attractive place for people to live since people with choices will choose to live in nice places; places where they find comfort for their families and their businesses.

- Richard Florida's work, *The Rise of the Creative Class*, best describes the community qualities sought by people with high-value skills that can locate anywhere.
- Since employers are perpetually searching for skilled employees, businesses are locating in places that appeal to their necessary "talent".
- The national media designations of the "best places to live" are serious matters to business location experts. Find ways to be designated the "best" of something.

3. A Business Retention and Recruiting Plan.

The retention and recruiting program of a character town is essential to keeping and expanding a strong business base. Adding jobs to existing businesses and adding new businesses through start-ups and relocations enables community growth and prosperity.

4. A Workforce Development Plan.

Developing a trained workforce is the second part of a strong local business environment. Trained workforces are critical to retaining and attracting businesses.

- Special organizations, colleges, high schools, incubators, mentoring programs and apprentice jobs help develop the skills and knowledge required by local economic base industries.
- They are components of the city plan that require studies to determine current and projected skills by occupation. Once determined, this plan can be incorporated into other city, school system and private sector plans for employer recruiting and retention.
- Job training programs tailored specifically for local employers are a great way to keep other towns from poaching local businesses.

5. A Business Opportunity Communication Plan.

Since recruiting new businesses is a fundamental activity of every community, the Communication Plan must work full-time to present the opportunities in the local economy to out-of-town businesses considering relocations and expansions.

Conclusions.

- 1. Integrate business and city plans.** Fully inter-connect the business community's *Economic Development Plan* with the city's *Finance Plan*. Use public capital improvements and public finance tools to support private economic development objectives.
- 2. Leverage everything.** Use all city physical improvements and social infrastructure plans to support the economic development plan to create private jobs and incomes, taxes and fees. Cross-leverage every civic and private asset at every opportunity.
- 3. Be vision driven.** Connect every economic and financial action of the city to its vision and strategy.
- 4. Think and act comprehensively and long-term.** Embrace the full range of the city's reach and think about issues and opportunities over decades, not just years.
- 5. Find meaningful roles for all players.**
The identification of roles for every local organization with an economic development function is critical. The responsible party for specific tasks may be the chamber of commerce, the economic development office, the airport authority or a department of the city. Collaboration and multi-party participation is critical; and appealing to relocation prospects. Periodically evaluating the performance of each player is important.
- 6. Partner.** Consider every vision-consistent opportunity to partner and collaborate with others to advance the city's strategic objectives.
- 7. Be transparent and accountable.** Establish and maintain a system of accountability to ensure that public efforts to support private activities are fully understood, well-founded and effective.