MAXIMIZING YOUR LOCAL ASSETS FOR ECONOMIC DEVELOPMENT

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Georgia Planning Association Spring Conference
Macon, GA    March 25-26, 2010
Outline

- Understanding How Local Economies Work
- Defining the Anchors and Actors of your local economy
- How does Economic Development impact your community’s bottom line?
- Positioning your community for economic development
- Organizing for Action/Aligning With your Objectives
- Leveraging Your Economic Development Assets
Goal of Session

- Help you understand the vital role the health of your local economy plays in enhancing your community’s quality of life.
- Help you maximize your community’s economic development assets to succeed in an increasingly global marketplace.
### Basic verses Non-Basic Businesses

<table>
<thead>
<tr>
<th>Basic Businesses</th>
<th>Non-Basic Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Raw Materials, Extraction</td>
<td>- Retailing</td>
</tr>
<tr>
<td>- Manufacturing</td>
<td>- Hospitality</td>
</tr>
<tr>
<td>- Warehouse &amp; Distribution</td>
<td>- Local suppliers</td>
</tr>
<tr>
<td>- Corporate Headquarters</td>
<td>- Local services—personal, business, medical</td>
</tr>
<tr>
<td>- Regional Medical Centers (?)</td>
<td>- Financial, insurance, real estate</td>
</tr>
<tr>
<td>- Regional Retailing (?)</td>
<td>- Local government</td>
</tr>
<tr>
<td>- Tourism (?)</td>
<td></td>
</tr>
<tr>
<td>- Colleges and Universities (?)</td>
<td></td>
</tr>
</tbody>
</table>

The ability to import new dollars into the local economy determines whether a business is basic or non-basic---a local doctor’s office (non-basic) vs. a regional hospital (basic).
Three Major Community Types in Economic Development

- **Employment Center**
  - Strong presence of Basic and Non-Basic Businesses
  - Low to moderate residential presence

- **Balanced Community**
  - Significant presence of Basic and/or Non-Basic Businesses
  - Significant residential presence

- **Bedroom Community**
  - Low presence of Basic, low to moderate presence of Non-Basic Businesses
  - Substantial residential presence
Exercise: The Top 3 Basic and Non-Basic Businesses in Your Community

- What are the top 3 **Basic Businesses** (new dollars) in your community?

- What are the top 3 **Non-Basic Businesses** (sticky dollars) in your community?
How Local Economies Work

Basic Businesses
(Income generating — grow economy)

Non-Basic Businesses
(recirculates income in the economy)

Local Economy

Exports

Leakage out of economy

Local Government

Sales

Exports

Leakage out of economy

Leakage out of economy
Components of the Economy

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>% of Businesses</th>
<th>% of Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Newton</td>
<td>Georgia</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Mining</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Construction</td>
<td>22%</td>
<td>10%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Transportation/utilities</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Services</td>
<td>36%</td>
<td>43%</td>
</tr>
<tr>
<td>Federal, State Local Government</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>total</td>
<td>1513</td>
<td>261,437</td>
</tr>
</tbody>
</table>

**Newton County:** Manufacturing for 24% of jobs, Services 29%, Government 21%
Newton’s wages lag state averages.

**In Georgia** Manufacturing is only 11% of jobs, Services 39% and Government 16%..
Key Components of Your Local Economy

- Local Businesses
- Real Estate Market
- Physical Infrastructure
- Local Government
- Educational Institutions
- Tourism
- Workforce
- Residents
Understanding the Relationship between your Laborforce and Workforce

**Newton Resident**
- Labor force (45,000)
- 69% work outside County

**Newton Business**
- Work force (31,300)
- 55% Live/Work outside County

31% Live/work in County

Newton County, Georgia
# Jobs/Resident Balance in Select Georgia Counties

<table>
<thead>
<tr>
<th>County</th>
<th>% Residents work there</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarke</td>
<td>60.5%</td>
</tr>
<tr>
<td>Fulton</td>
<td>55.9%</td>
</tr>
<tr>
<td>Greene</td>
<td>47.0%</td>
</tr>
<tr>
<td>Gwinnett</td>
<td>41.4%</td>
</tr>
<tr>
<td>Cobb</td>
<td>40.0%</td>
</tr>
<tr>
<td>Newton</td>
<td>31.5%</td>
</tr>
<tr>
<td>DeKalb</td>
<td>30.6%</td>
</tr>
<tr>
<td>Cherokee</td>
<td>22.3%</td>
</tr>
<tr>
<td>Madison</td>
<td>19.1%</td>
</tr>
<tr>
<td>Paulding</td>
<td>16.3%</td>
</tr>
</tbody>
</table>
Key Local Actors in Economic Development

- Local Government
  - City Manager
  - Economic Development Manager
  - Community Development/Planning
  - Elected Officials
- Chamber of Commerce
- Local Utility
- Business Community/Major employers
- Banks
- Real Estate Sector—brokers and developers
- Downtown Development Authority
- School Board
Key **Regional** Actors in Economic Development

- Georgia Department of Economic Development (GDEcD)
- Georgia Department of Community Affairs
- Georgia Power
- Georgia Chamber of Commerce
- Regional Chambers (Metro Atlanta, Greater Columbus, etc.)
- Universities, Colleges and Technical Colleges
Defining Anchors and Actors in the Local Economy

<table>
<thead>
<tr>
<th>Industrial Sector</th>
<th>Establishments</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Mining</td>
<td>96</td>
<td>316</td>
</tr>
<tr>
<td>Construction</td>
<td>329</td>
<td>2,113</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>124</td>
<td>5,217</td>
</tr>
<tr>
<td>Transportation, Communications, Utilities</td>
<td>111</td>
<td>870</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>102</td>
<td>1,322</td>
</tr>
<tr>
<td>Retail</td>
<td>520</td>
<td>5,189</td>
</tr>
<tr>
<td>Finance</td>
<td>229</td>
<td>1,387</td>
</tr>
<tr>
<td>Services</td>
<td>1,077</td>
<td>9,284</td>
</tr>
<tr>
<td>Government, Non-Profit</td>
<td>96</td>
<td>2,026</td>
</tr>
<tr>
<td>Total Establishments/Jobs</td>
<td>2,684</td>
<td>27,724</td>
</tr>
</tbody>
</table>

In terms of employment, Newton County’s economy is dominated by Services, Manufacturing and Retail.
Retail Inflows/Outflows

- Community Residents’ Retail Expenditures
  - Catalogs, TV
  - Internet
  - On Way To/From Work
  - Vacation/Travel
  - Other Markets

- Daytime Workers/Businesses
  - Regional Shoppers
  - Visitors

- Other Markets
  - Regional Shoppers
  - Visitors

- Retail Sales of Community Retailers
  - Daytime Workers/Businesses

- Internet
  - $
Snapshot of Newton’s Economy

Retail “Leakage”

<table>
<thead>
<tr>
<th>Category</th>
<th>Retail Sales</th>
<th>Consumer Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle and Parts Dealers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Merchandise Stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Material, Garden Equip Stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Store Retailers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing and Clothing Accessories Stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and Personal Care Stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foodservice and Drinking Places</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food and Beverage Stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Store Retailers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and Home Furnishings Stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronics and Appliance Stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sporting Goods, Hobby, Book, Music Stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gasoline Stations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: $195,794,855
How the Economic Development Effects Local Government
Newton County relies heavily on Property Tax, Sales Taxes and fees for services to fund its governmental services.

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for Services</td>
<td>$ 8,994</td>
<td>13%</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$ 32,065</td>
<td>47%</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>$ 18,261</td>
<td>27%</td>
</tr>
<tr>
<td>Franchise &amp; Business Tax</td>
<td>$ 3,264</td>
<td>5%</td>
</tr>
<tr>
<td>Other Tax</td>
<td>$ 1,040</td>
<td>2%</td>
</tr>
<tr>
<td>Intergov. Revenue</td>
<td>$ 915</td>
<td>1%</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>$ 2,719</td>
<td>4%</td>
</tr>
<tr>
<td>Joint Venture Equity</td>
<td>$ 258</td>
<td>0%</td>
</tr>
<tr>
<td>Miscellaneous/other</td>
<td>$ 1,145</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 68,661</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Newton County Comprehensive Financial Report
Trends in Property Tax Valuation

Newton County Property Tax Digest, 1999-2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Residential (Billions)</th>
<th>Commercial (Billions)</th>
<th>Industrial (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2000</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>2001</td>
<td>-</td>
<td>-</td>
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<td>2002</td>
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<td>2003</td>
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<td>2004</td>
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<td>2005</td>
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<tr>
<td>2006</td>
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<tr>
<td>2007</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2008</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Three key Strategies for Local Economic Development

- Attract
- Expand
- Create
Positioning the Community for Economic Development

Apply the S.W.O.T Approach:

- **Strengths**
- **Weaknesses**
- **Opportunities**
- **Threats**
Results from a S.W.O.T Analysis

**Strengths**
- High traffic volumes (in excess of 63,000 Vehicles per day)
- Strong retail presence (3 Mili SF, 12 Major Centers)
- Good organizational structure in place (CID)
- Well-educated population
- Strong middle-class presence
- Organized and motivated business community
- Major transportation & infrastructure improvements underway
- CID’s history of funding and implementing projects
- Stone Mountain is regional tourist destination
- Residents identify strongly with area
- Entrepreneurial spirit & network of small, locally-owned businesses
- Hwy 78 provides connection between Central Atlanta/DeKalb and Eastern Metro area
- Strong automobile dealer presence
- Evermore TAD process underway

**Weaknesses**
- Land use pattern: linear strip commercial development
- Lack of sense of place and distinct activity centers
- Employment predominantly concentrated in retail
- Limited “daytime” population to generate demand for goods and services
- Slowing population growth
- Lack of diversity in housing options: executive, rental, condo, senior, townhouse...
- Overlapping political jurisdictions
- Traffic congestion (currently being mitigated)
- Limited Regional Access: Distance to Interstates, airport, & public transportation
- Poor pedestrian experience & facilities
- Unattractive presence: signage, overhead utilities, & aging building stock
- Difficult topography and soil conditions in certain areas
- Lack of institutional “anchors” (e.g. gov't offices, colleges, major hospitals)
- High commercial vacancies and modest lease rates
Results from a S.W.O.T Analysis

Opportunities
- Many potential redevelopment opportunities/sites
- Leverage proximity to Stone Mountain Park
- High ground with attractive views
- Yellow River & Lake Lucerne as scenic amenities
- Tax Allocation District (TAD) on path to approval
- Creating Supportive Regulatory & Incentive structure
- Highway 78 LCI & Park Place Plans
- Evermore Economic Development Plan
- Walton Ct. LCI Intersection
- Planned transportation and infrastructure improvements
- Landscaping, sidewalks & streetscaping projects underway
- Yellow River Bike Path
- Potential re-use of Stone Mountain Tennis Center site
- Software & gaming industry presence in Corridor
- Beginning of a medical and office presence in Corridor
- Continued expansion of sewer, water & communications infrastructure to promote & accommodate growth

Threats
- Aging population
- Limited appeal to younger generation ("millennial")
- Few activities & housing options to appeal to younger residents
- Competition from nearby newer retail corridors, especially Hwy 124
- Rising foreclosure rates nationwide
- Evidence of commercial disinvestment in Corridor
- Comparatively high commercial vacancy rates
- Improved regional transportation network (Hwy 124, 316, Reagan Pkwy) reducing regional relevance of Hwy. 78 as a regional connector
- Potential for escalating crime
- Auto industry experiencing transformational change
- Economic downturn adversely impacting retail demand
- High land costs limit redevelopment
- Prolonged global recession & real-estate downturn
Positioning the Community for Economic Development

Concentrate limited ED resources where they can have the greatest impact

**Strengths**
- Reinforce and promote your strengths

**Weaknesses**
- Concentrate on those that are fixable

**Opportunities**
- What trends hold promise for your community?

**Threats**
- Develop strategies to mitigate threats
Defining Your “Brand”
Defining Your “Brand”

- Increasing global competition
- Defining a Brand--What are the characteristics that define and differentiate your community?
  - Physical character/ a sense of place
  - Proximity to markets
  - Community institutions
  - History and heritage
  - Quality of life, labor
  - Educational institutions
  - Cost advantage
Aligning your Assets with your Economic Vision

- Comprehensive Plan
- Capital Improvements Budget
- Zoning and Land Use Policies
- DDA and Redevelopment Plans, LCI planning
- Community facilities, green space, amenities
- Incentive Strategy
- Infrastructure and facilities
Aligning your Assets with your Economic Vision

Does the Comp Plan support your economic development vision?
- Key employment-related land uses at strategic locations
- Jobs-housing balance
- Allowing for non-basic businesses to re-circulate dollars
- Infrastructure to support key economic initiatives
- Creating the quality of life compatible with your economic vision
Defining Your Economic Development Assets

- Basic Businesses
- Non-basic Businesses
- Business & Industrial Parks
- Buildings, & Development Sites
- Access & Transportation
- Major Retail Areas
- Educational Institutions
- Tourist & Cultural Institutions
- Executive Housing
- Medical Facilities
Defining Your Economic Development Assets

- What are YOUR community’s top 5 Economic Development Assets?

1.
2.
3.
4.
5.
Key Elements of Local Economic Strategy

1. Status of Local Economy
   - Basic businesses
   - Non-basic businesses
   - Retail leakage
   - Budgetary analysis

2. Regional/State/National Trends Impacting Future

3. Competitive Assessment (S.W.O.T)

4. Economic Strategy and Vision

5. Action Plan/Implement
Key Elements of Local Economic Strategy

Newton County Economic Development Strategies

Expansion of Technical/Business Sector
- Retain/Expand Existing Businesses
- Stanton Springs
- Airport
- Additional Industrial along 1-20
- Future sites/character of Office Development

Retail Expansion/Downtown Development
- Retail Potential Study
- LCI Plan linking 278/Downtown
- Stimulate Village Centers/Crossroads
- Civic Center Project
- Retail Recruitment/Incentive Plan
- Mission for downtown retail

Small Town/Agriculture
Green/Sustainable
- Preserve the small town environment
- Adopt “green” as a key component of all things
- Look for opportunities for local
- Agriculture/organics

Center of Life Long Learning
Integrate county educational resources:
- Colleges
- Newton County Schools
- Technical training
- Arts and Enrichment
- Seminars
- Internet based system for residents
- Civic center as focal point

Overall Newton Economic Strategy
Key Elements of An Economic Action Plan

- **Organization** — who is in charge of specific tasks — accountability

- **Staffing** — Committing the personnel needed to implement the strategy — can be in the local government or chamber but has to be committed

- **Funding** — adequate funding for staff, operations and project management

- **Incentive Plan** — what level and type of incentives does the community’s strategic plan to provide? Are they in place?

- **Monitoring/Feedback** — periodic monitoring of progress keeps up momentum and allows for mid-course corrections
Key Elements of An Economic Action Plan

Accountability

☐ Who is responsible for economic development in your community?

☐ Who participates in economic development decisions?
Leveraging Your Assets for Economic Development

- Get to know your major employers
- Establishment of a recruitment team
- Leverage your business park/industrial park assets
- Identifying ways to reduce retail leakage
- Leverage your general aviation airport
- Linking educational resources to major employers
- Align zoning and infrastructure investments to support major job creation
- Expose your brand/vision to regional E.D. Professionals
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