

# ***PLANNING FOR REGIONAL COMPETITIVENESS***

**A REPORT PREPARED BY  
NARC AND MZ STRATEGIES, LLC FOR  
REGIONAL ECONOMIC PARTNERS IN THE  
MINNEAPOLIS-SAINT PAUL METROPOLITAN AREA**



**NARC**

*Building Regional Communities*

*National Association of Regional Councils*



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## The Project Team

The National Association of Regional Councils (NARC) is a 501(c)(3) membership organization of regional councils composed of multiple local governments that work together to serve communities. NARC's agenda includes, but is not limited to, transportation; economic and community development; environment; homeland security; and public safety and regional preparedness. NARC serves as the national voice for regionalism by advocating for regional cooperation as the most effective way to address cross-jurisdictional community planning and development opportunities and issues. NARC's member regional planning organizations – large, small, urban and rural – reach more than 97 percent of the counties and 99 percent of the population in the U.S.

NARC provides valuable information and research on best practices, key national policy issues and federal program developments. The organization conducts research, training sessions, conferences, workshops and webinars for its members: regional councils, regional planning and development agencies, metropolitan planning organizations and other regional planning organizations.

For this project, NARC subcontracted with Mariia Zimmerman of MZ Strategies, LLC. A woman-owned disadvantaged business enterprise, MZ Strategies, LLC provides consulting services on planning and policy development and is involved with several complementary efforts in the Twin Cities to assist the region in developing and leveraging its regional planning, transit-oriented development and transportation financing goals.

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# Executive Summary

Several efforts are emerging in the greater Minneapolis-Saint Paul, MN (MSP) region (also referred to as the Twin Cities) to support more strategic partnerships and align investment decisions to support regional economic competitiveness. The Twin Cities region is known for its regional governance and collaboration on a range of issues including transportation, revenue sharing and waste water infrastructure. The region is also home to more Fortune 500 companies per capita than any other metro region and a population that is, on average, relatively well educated and financially stable. Concerns have arisen over the last decade that economic and racial disparities are increasing, and that economic growth including business start-ups and wage rates are not keeping pace with regional expectations. In response, the Metropolitan Council (Met Council) and the newly created Greater MSP Partnership, among other regional economic stakeholders, are refining their efforts to advance equitable economic competitiveness for the Twin Cities region.

Through funding from the McKnight Foundation, the National Association of Regional Councils (NARC) and MZ Strategies, LLC (the Project Team) partnered to survey a subset of regional planning agencies and examine efforts in Denver, Kansas City and Seattle metropolitan areas to highlight different approaches to economic competitiveness. The study provides a snapshot of regional economic innovation and collaboration necessary to achieve equitable economic growth in the greater Minneapolis-Saint Paul metropolitan area.

The survey was distributed by NARC to directors and/or lead economic development staff at 30 pre-identified regional agencies based on similarities and appropriateness to serve as a model for the Minneapolis-Saint Paul region. Overall, 16 of 30 regions responded – a response rate of 53 percent.<sup>A</sup>

## Key Findings from Survey of Regional Planning Organizations

- A large majority of those who responded are doing some type of direct engagement on regional economic performance, but there is wide variation in terms of direct implementation, authority tools, and level of engagement and committed leadership by the private sector.
- Industry clusters provide a manageable and focused strategy for coordination between sectors and jurisdictions on workforce development, infrastructure, and business marketing, expansion and retention needs.
- The Met Council has the largest operating budget of those surveyed, reflecting its unique role as a transit and water/sewer provider in addition to its regional planning role, yet was the only respondent to not have a regional economic development strategy or be formally in the process of creating one.
- Of the surveyed regions, 75 percent track metrics to evaluate and inform regional economic performance, however only 50 percent use metrics to prioritize investments.
- Overall, the regions that are administering economic development programs are doing so either via federal requirements or a committee structure comprised of local elected officials, business leaders and planning professionals.
- Committed leadership and involvement by the private sector is essential, but can be challenging during the implementation phase unless a clear regional vision and action plan is established that clarifies roles and responsibilities.
- Only eight regions report that social equity goals are included in their economic planning efforts. These regions are receiving U.S. Department of Housing and Urban Development grants, so experience in applying metrics or informing their investments is limited.

### <sup>A</sup>Survey respondents:

- Southeast Michigan Council of Governments
- Wasatch Front Regional Council
- Triangle J Council of Governments
- New Orleans Regional Planning Commission
- Maricopa Association of Governments
- Capital Area Council of Governments
- Alamo Area Council of Governments,
- Mid-America Regional Council
- Houston-Galveston Area Council
- South Florida Regional Planning Council,
- Denver Regional Council of Governments,
- Centralina Council of Governments
- Delaware Valley Regional Planning Commission
- Metropolitan Council

## Key Recommendations to Enhance Regional Economic Performance

The following five recommendations include strategies that could be employed by the Met Council, and other private and public sector regional partners, to advance economic competitiveness goals of the greater MSP region. Some build off current elements already underway in the region, but the Project Team believes the experiences in other regions underscore their validity and the importance of accelerating adoption.

- 1. Establish Ownership and Clarify Roles around a Single Economic Strategy:** Determine who in the region has the authority to lead the development and manage the implementation of a single regional economic strategy. This entity plays a key coordination role in partnership with others. Greater MSP or the Metropolitan Council could potentially play this role, and each would be strengthened by close coordination with the other. Regardless of who leads, the region needs to get behind one regional vision with defined strategies, specific action steps, and clarity around roles and responsibilities of different public and private stakeholders.
- 2. Define and Monitor Performance of Regional Goals for Equitable Economic Growth:** The regional economic strategy should be informed by social and economic metrics that contribute to equitable regional growth and competitiveness, including strategies to address regional disparities. Continued monitoring and refinement of performance metrics should be shared regularly with regional partners. The Minnesota Department of Employment and Economic Development and the Met Council currently maintain many of the key variables that could be developed into an equitable economic development dashboard.
- 3. Market Regionally and Coordinate Locally to Successfully Compete in Global Marketplace:** As financial capital and the labor force have become more mobile and global, the nature of competition has changed. Regions cannot afford to compete internally for jobs, but rather must reframe their understanding of economic and workforce gaps and assets against national and international metropolitan competitors of core industry clusters. The Twin Cities is known for its regional collaboration but needs to exhibit this more strongly on economic and workforce development matters to help attract, retain and grow jobs.
- 4. Focus Economic and Workforce Development around Core Industry Clusters:** The region should build upon the substantial research that has been done to identify core industry clusters in the greater Twin Cities metropolitan area. Greater MSP has identified a set of core industry clusters for business attraction, retention and growth which could serve as a foundation for creating its regional economic strategy and partnerships. This would include looking at the complete range of workforce and employer needs across the industry cluster including training, infrastructure, quality of life, research, and innovation and business start-up, and expansion needs. Investment priorities could be informed by this analysis to ensure that regional equitable development needs associated with core industries are being well served in allocating scarce public resources.
- 5. Prioritize Public Investments in Infrastructure, Education and Quality of Life:** Maintaining a high quality of life is necessary to be competitive for attracting and retaining workers and businesses. Regional investments in education, information technology, transit and freight corridors by the state, counties, Metropolitan Council and local governments should all align strongly with the regional economic strategy.

### Case Study Key Findings

#### Unique Regional Dynamics

##### Metro Denver Area

- ✓ DRCOG's governance structure prevents them from playing leadership role; Private leaders emerged to fill leadership vacuum
- ✓ Culture of Collaboration puts region 1<sup>st</sup>.
- ✓ TOD is catalyst for comprehensive economic development planning efforts.

##### Kansas City Region

- ✓ MARC playing leadership role on economic and workforce development using "real-time" metrics to guide strategy
- ✓ Regional equity profile used to guide local community planning and identify strategies to integrate equity into development plans and place-based work.

##### Seattle-Tacoma Metro Area

- ✓ PSRC-lead multi-sector partnership plays leadership role focused on integrating economic + transportation + land use plans and investments
- ✓ Industry cluster focus is catalyst for strategic cross-jurisdiction partnerships on economic and workforce development

#### Common Regional Threads

- ✓ No one model for success or regional leadership.
- ✓ Don't be limited by who has formal authority, but agree on ownership and roles.
- ✓ Market regionally, collaborate locally.
- ✓ Data-driven economic strategies guide policies and **prioritize** investment decisions.
- ✓ Industry cluster analysis as framework for organizing regional economic strategies
- ✓ Address rural and disadvantaged areas in addition to high-growth areas.
- ✓ Increased mobility of jobs, workers and capital are elevating quality of life and workforce development investments.
- ✓ Coordination among local partners is key challenge.

# Context for Examining Regional Economic Performance

America's metropolitan regions are increasingly recognizing the need for strategic coordination and a focused approach to ensure their own regional economic competitiveness. While some regions, such as Houston, TX or Research Triangle, NC, have regional planning councils designated by the federal Economic Development Administration to play a formal economic development coordination role, other metropolitan areas such as Denver, CO and Cincinnati, OH are crafting strong business-led regional partnerships to develop and implement regional economic strategies.

The Great Recession of the past eight years is a motivating factor in moving forward a comprehensive regional economic development strategy. However, experts point to a deeper set of trends that require regions to get smarter in their approach to economic resiliency and competitiveness. First and foremost is the fact that jobs, workers and capital are highly mobile. To compete, a clearly articulated regional economic strategy and a defined set of responsibilities that cut across sectors and jurisdictions have become prerequisites for economic performance. Jurisdictional squabbling and poaching can undercut future economic growth. Poorly coordinated strategies waste resources and may fail to achieve desired outcomes.

Widening income inequality and racial disparities also motivate regional collaboration across sectors and jurisdictions creating new partnerships between government, philanthropy, non-profits, and business and civic leaders. Many of the fastest growing regional economies share concern that prosperity is not shared evenly among all cities or benefitting lower-income households.<sup>1</sup> This uneven growth threatens long-term regional prosperity, social equity and labor force quality.<sup>2</sup>

A final factor influencing regional economic performance is the growing importance of regional quality of life to attracting and retaining employees and businesses. Human capital, the knowledge and skills of the labor force, is a primary driver of today's economy.<sup>3</sup> Regions that focus on strategies to support human capital development have a competitive edge. Perceptions of a region's quality of life, which includes access to high quality education, transportation, natural resources, urbanism and affordability, are highly valued by business leaders and the workforce they are hoping to attract. Regional bodies such as metropolitan planning organizations (MPOs), regional councils, and councils of government are increasingly supporting investments and plans that enhance quality of life.<sup>4</sup>

Recognizing these trends, the Obama administration has also devoted unprecedented federal resources to support improved regional coordination. Examples include the *Regional Sustainable Communities* grant program at the U.S. Housing and Urban Development (HUD) which has been recast around economic resilience in the FY2014 HUD Budget proposal, and federal funding criteria that prioritize regional coordination and cross-sector partnerships. The recent changes to the federal *New Starts* policy now mean that transit projects seeking federal funding will be rated based on their alignment with economic development policies.<sup>5</sup>

The Economic Development Administration (EDA) also places strong emphasis on coordinated regional economic strategies. EDA formally designates Economic Development Districts (EDD) and requires a Comprehensive Economic Development Strategy (CEDS) as a condition for investment assistance under EDA's *Public Works* or *Economic Adjustment Assistance Programs*. The CEDS provides an economic roadmap for private and public sector investment. EDA provides funding to EDD's to develop a CEDS and has a formal, regulated process detailing how a regional CEDS should be established, including a formal committee structure and a CEDS Plan of Action.<sup>6</sup> EDA also has discretion to recognize non-EDA funded CEDS including HUD-funded *Regional Sustainable Communities* plans if the plan can demonstrate that it has met all CEDS requirements.



# Study Purpose and Structure

To assist the Twin Cities region in charting a future course for integrating economic development with existing regional planning activities and policies, this project was designed to increase understanding of the current state of practice by regional planning organizations across the country regarding how they are engaged directly or in partnership with others on designing and implementing regional economic strategies. This project was funded by the McKnight Foundation, conducted over six months from November 2012 to April 2013, and included the following components:

- A Local Advisory Group was established to inform the study structure, survey development, select case study regions and vet final recommendations. The members of the local advisory group include representatives from the McKnight Foundation, the Metropolitan Council, Greater MSP, the Regional Council of Mayors, Minnesota Department of Employment and Economic Development, Minnesota Housing Finance Agency, Hennepin County, Corridors of Opportunity and the Minneapolis Chamber of Commerce.
- During December and January, the Project Team administered a targeted email survey to executive directors and/or lead economic development staff at 30 pre-identified regional agencies, based on their similarities and appropriateness to serve as a model for the Twin Cities. Survey results were compiled and analyzed for key findings and to identify potential case study regions.
- During February and March, research and interviews were conducted with key economic development partners in Denver, Kansas City, and Seattle to identify strategies used to develop, implement and evaluate for regional economic performance and various approaches to foster equitable development.
- The Project Team compiled, analyzed and synthesized all information gathered through this project into this final report vetted in April with the Local Advisory Group, and other regional stakeholders and political leaders.

## Background on the Twin Cities Metropolitan Region

The Twin Cities region is the 16th largest metropolitan area in the country and ranks high on many national indicators for economic performance. A number of recent studies, including work by the Urban Land Institute (ULI), the Brookings Institution, and the Institute for a Competitive Inner City, have engaged business and civic leaders to identify regional economic challenges and opportunities.

Regional population for the 13-county MSP metropolitan statistical area (MSA) was over 3.3 million in 2010 and an additional 1 million are projected for 2030.<sup>7</sup> The region is home to 19 Fortune 500 companies, more per capita than any other metro region, and includes brands such as General Mills, United Health Group, Target Corporation, 3M and Medtronic. The business community brings a legacy of civic engagement as demonstrated by efforts such as the *Itasca Project*, an employer-led civic alliance working to address regional issues that influence the Twin Cities' economic competitiveness and quality of life.<sup>8</sup>

Median household income was \$62,352 in 2010 for the Minneapolis-Saint Paul MSA compared to \$50,046 for the national average.<sup>9</sup> However, significant disparities exist among racial groups within the region. While median household income is among the highest in the nation, household income for the region's African American population is among

the lowest. Technology, educational attainment, income levels and workforce participation gaps are particularly felt by inner city minority populations and the region's Native America population.<sup>10</sup> Regional efforts are underway to bridge these gaps.<sup>11</sup>



View of Downtown St. Paul, Minnesota  
(Photo Credit: The Metropolitan Council)

The Greater MSP Partnership was established in 2011 to “set a strategic vision for integrated regional economic development, brand and market the region and help to attract and grow businesses; and increased attention to developing human capital especially among the growing minority and low-income populations and developing stronger support for innovation and entrepreneurship.”<sup>12</sup> The Regional Council of Mayors, coordinated by ULI-Minnesota, has also stepped forward as an important platform to discuss and coordinate



on regional economic matters. Increased regional coordination around workforce development issues is happening, including collaborative efforts by the Twin Cities Workforce Innovation Network, the Greater Minneapolis-Saint Paul Workforce Council and the *Itasca Project's* work on Higher Education Partnerships for Prosperity. State economic development planning is performed by the Minnesota Department of Employment and Economic Development (DEED).

The primary responsibility for regional planning, rests with the Met Council, which is required under Minnesota law to develop a 30-year, long-range plan every ten years that addresses transportation, sewer and water infrastructure, housing, regional parks, and trails. The Metropolitan Land Planning Act requires that 189 metro-area communities adopt comprehensive plans that the Metropolitan Council reviews every ten years for consistency, conformance, and compatibility with regional infrastructure investments, plans and policies. The Met Council serves as the metropolitan planning organization (MPO), regional transit authority and provides wastewater services. The 17 members of the Metropolitan Council are appointed by and serve at the pleasure of the governor.<sup>13</sup> Each of these factors makes the Twin Cities Met Council unique when compared to its national peers.

The Met Council has not traditionally played a strong role in regional economic development or workforce matters. Its statutory authority to develop systems plans to guide land use, transportation, and wastewater investments, and its role as a service provider, regional convener, and data collector enable it with several potential levers to influence regional economic planning and performance. The current leadership, under Chair Susan Haigh, has committed to see the Met Council play a more strategic role in supporting regional economic goals, including efforts to infuse economic competitiveness into the upcoming 30-year planning effort dubbed *Thrive MSP 2040*.<sup>14</sup> Specifically, the Met Council is looking at opportunities to advance regional economic competitiveness through its community development investments and policies.

The Met Council is also managing the \$5 million HUD *Sustainable Communities Regional Planning* grant awarded to the Twin Cities region aimed at integrating housing, transportation and economic development planning. The grant leveraged additional funding from the Living Cities Integration Initiative and supports the Corridors of Opportunity regional partnership, a 26-member policy board made up of top leadership from government, philanthropy, non-profit and private-sector interests. The Met Council and the McKnight Foundation co-chair and staff the Policy Board. It has facilitated substantial regional collaboration and grant funding to support inclusive economic development strategies along the region's emerging transit corridors.<sup>15</sup>

Despite various efforts and steady economic performance, the region does not have a clear economic strategy or clearly articulated roles and responsibilities among its many players. The region is not an EDA-designated Economic Development District (however, Hennepin and Carver Counties, MN are EDA recipients) nor does it have a regional CEDS. Minnesota DEED is an important partner, but must balance its resources with the needs of Greater Minnesota. The Saint Paul Port Authority and MSP airport authority are critical players providing important domestic and international connectivity, and have also undertaken their own economic studies.<sup>16</sup> The region benefits from strong civic leadership, however, multiple organizations represent the business community and each jurisdiction maintains its own Chamber of Commerce. Greater MSP was created in 2011 to step into this vacuum and is working to establish its leadership role in the region. Given the opportunity that currently exists to help influence these emerging regional efforts, this study provides a snapshot of how other regions are approaching cross-sector collaboration; the role of regional planning councils specific to economic performance and planning; and offers recommendations on strategies to improve regional competitiveness.



Photo Credit: <http://traveltips.usatoday.com/cheap-hotels-minneapolis-st-paul-38914.html>

## Over the past two years, regional partners have come together in new and exciting ways

NOT EXHAUSTIVE



Source: Regional Economic Allies, 2011 Minneapolis-St. Paul Business Plan

# Survey Overview

The Project Team conducted the first national assessment of region-based economic planning strategies to identify and inform best practices and gaps in regional economic development planning. Questions were identified by the Project Team and reviewed and approved by the Local Advisory Group. The survey was distributed to executive directors and/or lead economic development staff at 30 pre-identified target regional agencies based on similarities and appropriateness to serve as a model for the MSP region. The survey was distributed on December 3, 2012 and closed on January 31, 2013. Overall, 16 of 30 regions responded – a response rate of 53 percent.<sup>17</sup> [The list of invited and participating regions is included in Appendix A.]

Survey questions evaluated regional council demographics and governance; economic development activity and involvement; regional economic performance and evaluation metrics; regional partnership status; regional resiliency and sustainability planning; and social equity strategies. [Specific survey questions are provided in Appendix A.]

## Key Findings from Survey of Regional Planning Organizations

1. A large majority of those who responded are doing some type of direct engagement on regional economic performance, but wide variation exists in terms of direct implementation authority tools and in the level of engagement and committed leadership by the private sector.
2. Three-fourths of those surveyed have a CEDS in place, and one (Salt Lake City region) is in the process of becoming an EDA-designated region.
3. Industry clusters provide a manageable and focused strategy for coordination between sectors and jurisdictions on workforce development; infrastructure; and business marketing, expansion and retention needs.
4. The Met Council has the largest operating budget of those surveyed, reflecting its unique role as a transit and water/sewer provider in addition to its regional planning role, yet was the only respondent to not have a regional economic development strategy.
5. Of the surveyed regions, 75 percent track metrics to evaluate and inform regional economic performance, but only 50 percent use metrics to prioritize investments.
6. Overall, the regions that are administering economic development programs are doing so either via a federally-required CEDS structure or other committee structure comprised of local elected officials, business leaders and planning professionals.
7. Committed leadership and private-sector involvement is essential, but can be challenging during the implementation phase unless a clear regional vision and action plan is established that clarifies roles and responsibilities.
8. Those who report that they are integrating across transportation, economic development and housing are also recipients of a HUD *Regional Sustainable Communities* grant; this work provided a catalyst of funding for integrating this planning, though was not the only motivating factor.
9. Only eight regions report social equity goals are included in their economic planning, and these are regions receiving HUD *Regional Sustainable Communities* grants, so experience in applying metrics or informing investments is limited.

## Analysis of Topic-Specific Responses from Regional Planning Organizations

Overall, there are a variety of regional strategies around economic development, economic performance evaluation, partner and industry cluster collaboration, and comprehensive planning. [Full survey responses are available in Appendix B.]

### ***How are regional planning councils engaging on economic development?***

There is wide variation, but common among most is that they are supported by EDA through designation as serving the formal EDD role to establish a comprehensive economic strategy for the region. EDD designation brings with it additional funding to support CEDS plan development, and a mandate to collaborate with private and public stakeholders to develop the plan. However, regions are developing comprehensive strategies apart from the formal CEDS process, so federal designation is not a requirement. The CEDS and EDD designations do provide additional implementation funding, which some regional planning organizations are using to support public investments that directly support economic development and workforce programs. Revolving loan funds are also a key component

*Regions are developing comprehensive strategies apart from the formal CEDS process, so federal designation is not a requirement.*

of economic development activities for several regions. For instance, South Florida Regional Planning Council provide loans to support small business development. Most formal economic development strategies are tied to regional industry clusters and these clusters typically drive investment decisions. Additionally, many regions are focusing investments on areas of high-growth or economically distressed neighborhoods. Nine regions are currently planning for economic resilience and stability, and seven have or are developing integrated plans for transportation, housing and economic development.

*The overall response was that metrics came from local chambers of commerce and other area organizations, reflecting the possibility that a concise, accurate and recognizable set of regional performance metrics is not readily available.*

#### ***What are common regional partnerships?***

Regional planning organizations are not acting alone, but rather in partnership with other key economic stakeholders. There is a wide variation in how partnerships are structured and leadership roles among partner organizations. Engagement with the philanthropic community is increasingly important, particularly to advancing regional equity considerations. The business community is a key partner though its role varies in different regions. Almost all regions report business partnerships in shaping economic strategies, often through local or regional chambers of commerce. Some regions have business leaders and major employers who are actively involved to help prioritize actions. The private sector may also play an implementation role to track performance, market the region, or support research and collaboration. Overall, 12 regions indicated formal partnerships with area chambers of commerce and eight incorporate major employers in their economic development planning. Seven cited area foundations and non-profits in economic planning and eight have specific partnerships around social equity planning and goals. Partnerships usually involve committee membership and shared leadership for regional process and on-going information sharing.

#### ***What are common evaluation strategies and performance metrics?***

Responses reflect the emergence of performance tracking tied to regional priority setting and funding decisions. All regions said this piece is important to making the vision tangible and transparent. Thirteen regions track metrics to evaluate regional economic performance and six are evaluating small and minority owned business performance. Of the 13 regions, nine are using metrics to guide economic development strategy. The overall response was that metrics came from local chambers of commerce and other area organizations, reflecting the possibility that a concise, accurate and recognizable set of regional performance metrics is not readily available. Performance tracking and analysis is locally and partnership based.

#### ***How do regional planning activities promote social equity?***

Eight regions identified social equity goals or programs connected with regional planning efforts, of these most are part of longer-term plans for sustainable development in the region. Four of the eight responded that the social equity goals were part of their economic development plans. Nine regions have a role in advancing opportunity for individuals who are economically disadvantaged. Several respondents mentioned use of place- based strategies such as use of federal *Community Development Block Grant* funds to support economic development efforts in distressed urban neighborhoods. Non-profit partnerships were commonly cited as strategies and catalysts to advance social equity goals. Specific infrastructure investment aimed at increasing access to transit and transportation options was a common theme in social equity planning and investments.

# Regional Case Studies

Denver, Kansas City and Seattle metropolitan areas were selected as case study regions given their comparable population size; similar geographic and economic characteristics; diversity of roles played by regional planning agencies and their partners; and the perceived best practices that each illustrates. The Local Advisory Group was also interested in the experience of the Chicago Metropolitan Agency for Planning (CMAP), who is viewed as an important Midwestern peer region. They requested research on Chicago's approach to regional economic planning, particularly given the strong focus this topic receives in its recently adopted long-range plan, *Go to 2040*. Each region takes a different approach to regional economic competitiveness planning and each regional council also has a different role to play in the planning process. The public, private and philanthropic communities all make an important contribution to regional efforts, and various agencies take the lead. However, there are similarities among the regions that are important factors in building or assessing separate regional strategies. The included charts provide a summary of the unique and similar dynamics in the selected case study regions and a summary of the separate strategies and responsible planning agencies. [Full case-study narratives are available in Appendix C.]

## Key Findings from Denver, Kansas City and Seattle Regional Case Studies

- There is no one model for success in how a region should approach economic planning, nor does any single region feel it is successfully implementing all aspects of their regional economic strategy.
- Developing a comprehensive economic strategy does not require an EDA-designation. EDA-funding is beneficial to plan development and to supporting certain implementation elements, but a region without this designation can create the necessary leadership and cross-sector partnerships. However, administering EDA programs may allow regional planning organizations to provide valuable services to and connections with smaller, rural members.
- Data-driven performance measures are essential to plan development, and to tracking and conveying progress towards regional economic goals. These measures should reflect the full range of socio-economic variables and be communicated in a way that is easy for the public and business community to track. Many of these metrics may not be monitored by public agencies, but rather by chambers of commerce so their involvement is critical.
- Industry cluster analysis is emerging as a central framework for organizing comprehensive regional economic strategies and for prioritizing actions to implement plans and create cross-jurisdictional and cross-sector partnerships.
- A regional economic strategy should encompass rural and disadvantaged areas of the region, not just those locations where jobs are clustered or business activity and workers are centralized. Identifying ways to reduce the administrative burden for smaller and more rural jurisdictions within the region can allow their staff greater engagement to implement economic strategies.
- Reframing economic competitiveness within the realities of the global marketplace can uncover new priorities, gaps and areas of partnership.



**Table 1. Important Regional Dynamics of Case Studies**

Unique Regional Dynamics	Common Regional Trends
<b>Metro Denver Area - Denver Regional Council of Governments (DROCG)</b> <ul style="list-style-type: none"> <li>Governance structure prevents agency from assuming strong leadership role; Private leaders emerged to fill leadership vacuum</li> <li>Culture of Collaboration puts region first</li> <li>Transit-Oriented Development (TOD) is catalyst for comprehensive economic development planning efforts</li> </ul>	<ul style="list-style-type: none"> <li>No one model for success or regional leadership.</li> <li>Don't be limited by who has formal authority, but agree on ownership and roles.</li> <li>Market regionally, collaborate locally.</li> <li>Data-driven economic strategies guide policies and <b>prioritize</b> investment decisions.</li> <li>Industry cluster analysis as framework for organizing regional economic strategies.</li> <li>Address rural and disadvantaged areas in addition to high-growth areas.</li> <li>Increased mobility of jobs, workers and capital are elevating quality of life and workforce development investments.</li> <li>Coordination among local partners is key challenge.</li> </ul>
<b>Kansas City Region - Mid-America Regional Council (MARC)</b> <ul style="list-style-type: none"> <li>MARC playing leadership role on economic and workforce development using “real-time” metrics to guide strategy</li> <li>Regional equity profile used to guide local community planning and identify strategies to integrate equity into development plans and place-based work</li> </ul>	
<b>Seattle-Tacoma Metro Region - Puget Sound Regional Council (PSRC)</b> <ul style="list-style-type: none"> <li>PSRC-led multi-sector partnership plays leadership role focused on integrating economic + transportation + land use plans and <b>investments</b></li> <li>Industry cluster focus is catalyst for strategic cross-jurisdiction partnerships on economic and workforce development</li> </ul>	



Denver, CO



Kansas City, MO



Minneapolis, MN

**Table 2. Case Study Summary**

Lead ED Organization	Role of MPO	Economic Planning Activities	Strengths	Challenges	Implications for MSP
<p><b>Metro Denver EDC</b></p> <p>Collaborative of over 70 area ED organizations and business community members who have committed to advancing regional economic development first</p>	<p>Federally designated MPO</p> <p>Sustainable Communities Initiative - Lead Organization</p> <p>Programs include: Transportation Land-use Aging Environmental Member services Data center</p>	<p>Economic strategy organized around industry clusters</p> <p>Focus on business retention, expansion</p> <p>Place-based business development model</p> <p>TOD emerging as opportunity to create shared regional economic vision</p> <p>Rely on non-profit and philanthropic community to lead economic equity efforts</p>	<p>Strong, focused, cluster-based business economy</p> <p>Collaborative Community among ED agencies, community leaders and business community – Metro EDC leads</p> <p>Historic opportunity to reshape economic landscape of region around transit development</p> <p>DRCOG becoming engaged in ED planning through HUD SCI initiative</p> <p>Very strong philanthropic and business community partnerships pushing social equity planning through transit development and HUD SCI efforts</p>	<p>DRCOG may not have political capital to become a key player in economic development efforts</p> <p>DRCOG does not have statutory authority to require membership to follow plans</p> <p>Transit build-out experiencing delays, budget concerns that could hinder TOD projects and overall support</p>	<p>Provides a good example of how other regional organizations can take the lead on ED</p> <p>Demonstrates the importance of focusing on advancing social equity through TOD</p> <p>Demonstrates that Metro Denver EDC and affiliates have substantive strategy for place-based business development and strong retention and expansion goals</p>

**Table 3. Roles and Responsibilities in Regional Economic Development**

Economic Development Strategy	Responsible Agency
Economic Development Planning	<i>Metro Denver EDC</i> - regionally <i>Local EDA's</i> - locally
Employer Attraction	Metro Denver EDC: "Member agencies who want to pursue a business development opportunity must apply for and gain approval from Metro Denver EDC." Localities that pursue options without support or who "poach" from other EDC members are subject to face penalization and possible dismissal from the organization.
Business Retention and Expansion	Local EDA's with support from the Metro Denver EDC: "Focus is on building a strong Downtown Denver as the regional 'hub'."
Social and Economic Inclusion/Equity	<p>Philanthropic/Business Community Partnerships</p> <ul style="list-style-type: none"> <li>• Denver TOD Fund</li> <li>• Mile High Connects</li> </ul> <p>DRCOG: Exploring this role through HUD SCI and efforts to focus planning investments on projects that foster community and economic development. Have not used federal funds to promote social equity. Also looking at how DRCOG can play a leadership role in the community and economic planning."</p>



**Table 4. Case Study Summary**

Lead ED Organization	Role of MPO	Economic Planning Activities	Strengths	Challenges	Implications for MSP
<p><b>Mid-America Regional Council</b> (planning and analysis)</p> <p><b>Kansas City Area Development Association</b> (business development and marketing)</p>	<p>Federally designated MPO, and EDD</p> <p>Executes CEDS plan</p> <p>Lead on HUD SCI projects</p> <p>Programs include: Transportation</p> <p>Land-use</p> <p>Community Development</p> <p>Aging</p> <p>Emergency Services</p> <p>Head Start</p> <p>Environmental</p> <p>Member services</p> <p>Data center</p> <p>Sewer/Wastewater</p> <p>Emerging Programs: Workforce</p> <p>Housing</p> <p>Equity Center</p>	<p>Carry out the CEDS planning for smaller, rural members</p> <p>Working through HUD SCI to create a regional economic vision</p> <p>Combining current planning efforts, local planning efforts to create long-term sustainability plan</p> <p>History of directing investment according to previously adopted sustainability and land-use plan</p>	<p>Clear leadership role for MARC around planning, investment and data analysis</p> <p>Strong, historic commitment to achieving social equity and prioritizing investment accordingly</p> <p>Mandate and aggressive efforts to expand capacity around workforce development, housing affordability and equity goals</p> <p>Regional convener of area partners</p> <p>Recent traction on fostering innovative and entrepreneurial activities in the region – specifically in IT</p>	<p>Significant challenges around intra-regional and inter-state competition for business and jobs</p> <p>Area business development activities are heavily focused around providing incentives instead of building the KC brand</p> <p>Ensuring that the workforce aligns with growing business sectors – MARC launched collaborative regional workforce initiative to advance these goals</p>	<p>Demonstrates how effective targeted investments around workforce, building equity and advancing quality of life can be</p> <p>Demonstrates the benefits of being the primary source of regional economic data and the recognized convener</p> <p>Shows that previous regional plans across numerous sectors can be effectively consolidated to develop a common, shared, recognized regional economic vision</p>

**Table 5. Roles and Responsibilities in Regional Economic Development**

Economic Development Strategy	Responsible Agency
Economic Development Planning	MARC - regional planning and infrastructure investment KCADC and local EDAs - business development
Employer Attraction	KCADC and local EDAs: While Kansas City (KC) is home to a number of notable corporate headquarters, the city has established and focused industry clusters that drive economic and workforce planning; and is successfully building a burgeoning IT sector; there is significant intra-regional and inter-state competition for employers and jobs, which is costly to area taxpayers.
Business Retention and Expansion	Local EDAs with support from KCADC.
Social and Economic Inclusion/Equity	MARC is in the process of integrating existing plans to create a shared vision for regional economic competitiveness and expanding activities around workforce, housing and social equity. The catalyst for these efforts was HUD's SCI project. Plans include: Regional Land Use Vision Plan (2010); Creating Quality Places (1999); Transportation Outlook 2040; Smart Moves Transit Plan; Clean Air Action Plan; Metro Green; Solid Waste Management District Plan; Regional Energy Efficiency and Conservation Strategy; and CEDS.

**Table 6. Case Study Summary**

Lead ED Organization	Role of MPO	Economic Planning Activities	Strengths	Challenges	Implications for MSP
<p>Puget Sound Regional Council through its Economic Development District</p> <p>Manages central coordination and development of regional economic strategy</p>	<p>Federally designated MPO and EDD</p> <p>Lead on HUD SCI projects</p> <p>Programs include: Economic Development</p> <p>Transportation</p> <p>Land-use and Growth Management</p> <p>Regional Food Policy Council</p> <p>Growing Transit Communities</p> <p>Housing and Industrial Lands Programs</p>	<p>Leads the “Prosperity Partnership” – collaboration of 300 civic, business and community members establishing and monitoring regional economic performance</p> <p>Executes CEDS plan and long-range transportation plan</p>	<p>Coordinated, shared regional vision for equitable economic success</p> <p>Focus on building and retaining jobs through workforce and quality of life</p> <p>Focus on supporting innovation and entrepreneurialism in core industry clusters</p> <p>Relies on strong regional business allies and partnerships</p> <p>Regular analysis and evaluation drives annual action steps</p> <p>Focus on building a globally competitive region</p>	<p>Coordinating the strategy at a local level</p> <p>Coordinating the strategy with land-use and transportation decisions</p> <p>Key performance metrics private v. public sector leadership</p> <p>Coordinating with Workforce Investment Board and Education Partners</p>	<p>Demonstrates an integral regional council leadership role the regional economic strategy</p> <p>Demonstrates the role of a multi-sector collaborative in establishing and implementing the economic strategy</p> <p>Establishes the importance of aligning industry clusters and workforce needs into regional economic strategy</p> <p>Leads with social equity</p> <p>Underscores the importance of data-driven metrics to inform the strategy</p>

**Table 7. Roles and Responsibilities in Regional Economic Development**

Economic Development Strategy	Responsible Agency
Economic Development Planning	<p>PSRC - regional planning, growth management and infrastructure investment</p> <p>PSRC through Prosperity Partnership - economic visioning and public-private sector coalition leading</p> <p>Greater Seattle Metropolitan Chamber of Commerce - business development</p>
Employer Attraction	Prosperity Partnership, County Partners (i.e. King County Aerospace Alliance)
Business Retention and Expansion	The EDC of Seattle and King County authorized by the state to work in coordination with the Workforce Development Council of Seattle and King Council.
Social and Economic Inclusion/Equity	<ul style="list-style-type: none"> <li>King County Social Equity and Environmental Justice Ordinance</li> <li>Performance Metrics within County, City and Regional Plans. MPO includes criteria in regional transportation allocation process for economic development, transit, growth management and social equity objectives.</li> <li>Participating as STAR Community pilots (King County and Seattle)</li> </ul>

# Report Recommendations

While no region can claim that it has fully solved the economic competitiveness puzzle, and the approaches being developed are as unique as the regions themselves, many are working to refine their strategies, strengthen their partnerships and develop more rigorous metrics for measuring success. The experiences of other regions surveyed in this project and described in the case studies, together with an emerging body of literature on economic competitiveness, equitable development, and business leadership inform the following set of recommendations identified by NARC and MZ Strategies, LLC for leaders in the Twin Cities to consider in moving forward to coordinate around regional economic performance.

These five recommendations are also informed by recent studies prepared to inform the Twin Cities regional economic efforts, such as the *2011 Minneapolis-Saint Paul Business Plan*, the *Saint Paul Industrial Plan*, the *Itasca Project* and on-going research by the Urban Land Institute - Minnesota, Greater-MSP, the Corridors of Opportunity Policy Board and the Met Council. Progress is already underway on some of these and we hope that the findings from this study underscore the importance for the region to accelerate their adoption.

## Recommendations for the Twin Cities to Enhance Regional Economic Performance

1. Establish Ownership and Clarify Roles Around a Single Economic Strategy
2. Define and Monitor Performance of Regional Goals for Equitable Economic Growth
3. Create a Culture of Collaboration to Compete in Global Marketplace
4. Focus Economic and Workforce Development Strategy around Industry Clusters
5. Prioritize Public Investments in Infrastructure, Education and Quality of Life

### Recommendation One

#### Establish Ownership and Clarify Roles Around a Single Economic Strategy.

Economic competitiveness at the regional level requires a regional lead organization to staff and coordinate the plan development and its implementation. This entity should not have sole responsibility, but rather be designated to convene key public and private stakeholders; publish and maintain the documents that communicate the economic vision; and ensure collaboration across regional players. It also needs to be appropriately staffed. In some regions, this is the EDA-designated Economic Development District; however, many regions such as Chicago and Denver have developed aggressive and comprehensive plans without an EDA mandate. Neither Seattle nor Kansas City, where the regional planning agency is the EDD, felt the federal CEDS requirement was the driver behind their regional visions. Rather, EDA resources were useful to help fund the plan development and implement certain pieces. As such, we do not feel that specific statutory or federal designation is required to establish authority, but having a clear lead organization is necessary to establishing a clear and unified vision, and monitoring implementation.

It is unclear who in the Twin Cities currently has this responsibility. Many potential leaders exist but none appear recognized as having the legitimacy to drive consensus around a single economic strategy. Greater MSP was created, in part, to play this role and is undertaking a strategic planning effort with key public and private sector partners to chart its future course. The emerging efforts of Greater MSP and the MSP business plan is a good start. The region has convened the broad group of key stakeholders to be involved with this effort, yet there is insufficient evidence of broad ownership or deep influence in the region. Without a clear leader, the region risks sailing a rudderless course and making inefficient investments. A number of regions from Pittsburgh to Cincinnati and Phoenix provide examples of strong, business-led civic leadership to lead regional economic planning.<sup>18</sup> The Metro Denver Economic Development Corporation may be a model for the Twin Cities to consider and could provide a framework for Greater MSP to take the lead. Here the business community and civic organizations stepped forward and created a partnership with the cities and counties.

Another candidate to play this leadership role is the Metropolitan Council. The Council, through its authority as the regional planning agency to establish policy and system plans for transportation, housing, land use, sewer and water and regional parks and trails is responsible for many of the elements necessary for a comprehensive economic strategy, and already plays a convening role to establish the 30-year regional growth plan. CMAP used its broad authority as the regional MPO and planning agency to create and monitor its shared regional economic strategy, *Go to 2040*.<sup>19</sup> One limitation for the Met Council in this role is its political nature. With leadership politically-appointed there are challenges

to ensure long-term consistency of policy directives and priorities. It may be preferable for the Met Council to play a strong partnership role with Greater MSP or other entity to ensure the coordination of data, policies, and infrastructure investments with regional economic performance goals.

Regardless of who leads, they should not act alone. Cities and counties play a key implementation role through their existing local economic development and workforce development programs. The state is also a critical ally. All need to remain active and invested partners. The business community through local chambers and major regional employers need to be at the table to help set priorities and articulate real-time needs such training to maintain a skilled labor force or infrastructure priorities to enhance regional accessibility of employees and goods.

As noted by one respondent,  
“We are a global economic region today. Are we going to stay that way or not? Dozens of other regions want to take our place. How do we keep and expand our global reach? That sets the stage for our involvement.”

The Twin Cities needs to establish a single regional economic vision that is broadly supported and data-driven. Planning itself is a prerequisite for regional economic competitiveness but is not itself sufficient. Specific and clear action plans need to be developed and monitored, with implementation roles and responsibilities clarified.<sup>20</sup> The Puget Sound Region’s Prosperity Partnership has developed a good action plan model that it updates annually.<sup>21</sup> At the same time, none of the interviewed regions could claim that sufficient coordination was happening on the implementation side. This reflects the complexity of issues, and the challenge in acting regionally. Some of the successes mentioned were those that focused on sub-regional actions and collaboration, or under control of the regional planning council or local economic development and workforce departments.

## **Recommendation Two**

### **Define and Monitor Performance of Regional Goals for Equitable Economic Growth.**

The regional economic strategy is an important opportunity to define goals and identify actions to reduce regional disparities. If left unchecked major social disparities may create drains on the regional economy and dampen the long-term ability to maintain a skilled workforce. All three case study regions are in the process of improving their economic strategies to give greater emphasis to social equity including supporting minority-owned businesses, targeting workforce and economic development efforts in distressed communities, and in the case of King County, Washington including social equity and environmental justice criteria for prioritizing investments. MARC is also performing an equity profile of the Kansas City region and is creating a permanent equity center in the region.

Critical questions to guide economic performance measurement include: What is essential to track? Who are you measuring yourself against? How is this information being conveyed? What changes as a result? Performance measures should identify key economic variables tracked by business and economic development interests, as well as social and quality-of-life indicators, which have emerged as global indicators of economic competitiveness. A number of national efforts funded by the federal Partnership for Sustainable Communities provide best practices and identify national data sets that could be used to develop equitable development measures; however some of these are not appropriate for the regional scale.<sup>22</sup>

This is also an area for partnership with the private sector as demonstrated in Denver and Seattle – especially where public-private consortiums have come together to create economic dashboards that include measures of human capital and comparison against international competitors across a range of factors. MARC in Kansas City plays a strong role in regional economic analysis and performance metrics and is currently developing a suite of economic indicators that will heavily drive investments and track achievement towards regional socio-economic goals.

## **Recommendation Three**

### **Define Your Competition and Create a Culture of Collaboration to Compete in Global Marketplace.**

Competition among local jurisdictions can undermine the overall region’s ability to successfully compete and leverage its resources. The reality of today’s global economy and market specialization means regions are competing on a global stage for corporate and branch offices; laboratories and manufacturers; venture capital; skilled employees and managers; and trade partners. As noted by one respondent, “We are a global economic region today. Are we going to stay that way or not? Dozens of other regions want to take our place. How do we keep and expand our global reach? That sets the stage for our involvement.” An objective analysis of how the Met Council ranks against its core industry cluster competitors may crystallize regional economic priorities, similar to the experience in Denver where a culture of collaboration has been formalized.



Strengthen recent regional collaboration efforts such as those being brought together through Greater MSP, the Regional Council of Mayors, and the Corridors of Opportunity Policy Board to emphasize the cross-cutting priorities, values and strength of the greater Twin Cities metropolitan area. The global marketplace and increased mobility of human and financial capital fundamentally changed the debate on what is required to maintain regional competitiveness and who you are competing against. For the Twin Cities, which enjoys a diversified economy, defining the competition and assessing regional strengths and gaps can inform the regional strategy and action plans, clarifying those areas where different partners can take the lead. This is an approach that is being used increasingly in other regions across the country.

#### Recommendation Four

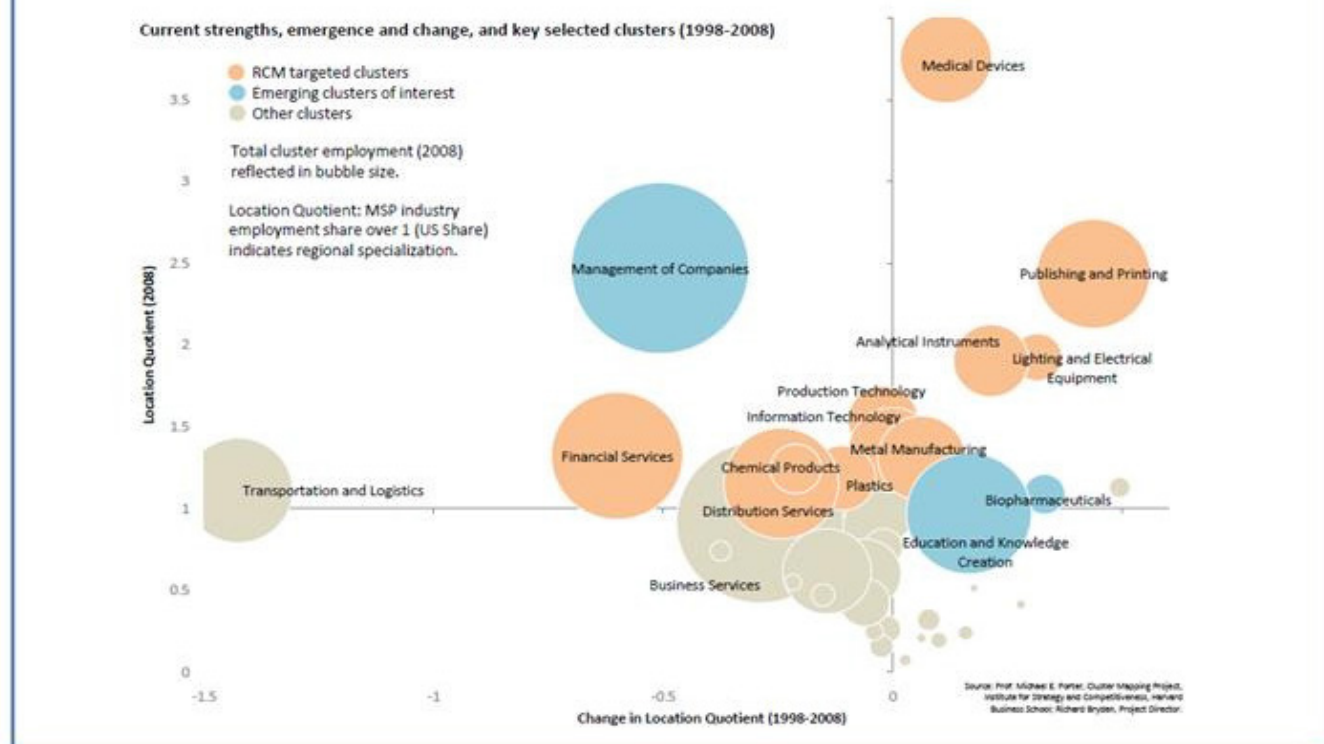
##### Focus Economic and Workforce Development Strategy Around Industry Clusters.

The Twin Cities was an early pioneer in regional industry clusters, though a project, *Twin Cities Industry Cluster Study*, (July 1995) jointly launched by the Met Council and the University of Minnesota. Additionally, a number of recent studies have examined the region's core industry clusters including work by the Minnesota Department of Employment and Economic Development; the University of Minnesota; the Regional Council of Mayors; the Met Council; the Brookings Institution; and the BioBusiness Alliance.<sup>23</sup> Greater MSP is currently focusing their work around these industry clusters.<sup>24</sup> This could be expanded to include workforce and economic development initiatives to support the full "value chain" of each cluster including workforce development, production, delivery and transportation. Similarly, it could be powerful for the region to analyze transportation and other infrastructure investments by prioritizing those that support the region's core industry clusters.

This provides a tremendous body of data-driven, objective analysis that could be used to inform a regional economic strategy for the Twin Cities, and is included as one of the top recommendations of the *2011 Minneapolis-Saint Paul Regional Business Plan*. As noted in the figure, Greater MSP and the Regional Council of Mayors have already targeted a set of core industry clusters.<sup>25</sup>

Industry clusters are being used by other regions as the basis of their regional economic strategy to inform workforce development; elevate the importance of entrepreneurship and growing local businesses; and to organize implementation partnerships. In Denver, the emphasis is on growing and maintaining existing businesses and attracting new businesses within the core industry clusters. Seattle is taking a similar approach and informing their strategies through direct and on-going meetings with major employers to identify skill gaps and training needs; reorient workforce development programs; and identify regional accessibility challenges for employees in different sectors to access these jobs and prioritize transit expansion and freight corridors to move goods in and out of the

### Industry Clusters in the MSP Region: A dynamic Ecosystem



region. In essence, the entire value chain of a core industry cluster needs to be incorporated into the strategy from the needs of the workers and employers to future growth of local entrepreneurs. As mentioned in the Seattle case study, sub-regional partnerships have formed between cities and counties around the aerospace industry creating a platform for collaboration and leveraging of resources to increase their impact and attract new employers.

Increasingly, regional economic strategies are putting workforce development and human capital needs on equal or higher footing with traditional economic development strategies such as business attraction incentives. Several survey respondents report playing a direct role in regional workforce development, including Houston-Galveston Area Council (Houston, TX) and Centralina Council of Governments (Charlotte, NC). The Mid-America Regional Council in Kansas City has begun a Workforce Intelligence Network to track workforce trends with a focus on strategic based partnerships. Workforce development efforts are underway in the Twin Cities metro area that should be strengthened and closely aligned with a regional economic plan considering the labor force needs of current core industry employers, and training opportunities with the region's many educational partners.<sup>26</sup> The Central Corridor Funders Collaborative may be one model to demonstrate how intentional alignment of workforce and economic development strategies and evaluation can yield benefits to the community and economy.

Workforce development efforts are underway in the Twin Cities metro area that should be strengthened and closely aligned with a regional economic plan considering the labor force needs of current core industry employers, and training opportunities with the region's many educational partners.<sup>26</sup>

Included in this recommendation is the need to support increased entrepreneurial activity, especially for minority-owned business opportunities in the central cities and suburbs. As increased numbers of immigrants have moved to the Twin Cities over the past 20 years, many have started businesses. In 1990, there were 1,500 immigrant business owners operating locally; today there are 6,700 representing 11 percent of the region's total small business owners.<sup>27</sup> Partners have provided grants to help support small business development along existing and proposed transit corridors. Recent changes to federal transit rating criteria also underscore the importance of aligning business development priorities along transit corridors to ensure the region is competitive for scarce transit funds.<sup>28</sup>

#### **Recommendation Five**

##### **Prioritize Public Investments in Infrastructure, Education and Quality of Life.**

Last, but by no means least, is the increasingly important relationship between infrastructure, education and quality of life investments to regional economic competitiveness. Those regions that can offer workers and employers a high quality of life, housing affordable to a range of incomes, vibrant urban neighborhoods and community amenities, such as easy access to parks and natural recreation areas, have a competitive advantage. Richard Florida introduced this concept with his work on the "Creative Class," but it has gained traction across the country with places as diverse as Roanoke, VA, Indianapolis, IN and Portland, OR, among many others. All are putting a greater emphasis on public investments that support a higher quality of life among other benefits such as improved mobility, safety or other factors. This increased coordination of place-based investments to support equitable economic development and quality of life is embodied in how the federal government has evolved in their work on sustainable communities.<sup>29</sup>

Beyond planning, regions are looking at ways to revise funding policies to support regional economic goals and beginning to establish criteria within their funding programs that give extra consideration for investments that support the regional economic strategy. For the Twin Cities, this could be achieved through "bonus points" for transportation, housing, or economic development projects located along identified transit way corridors in how regional transportation or economic development funds are allocated. This type of prioritization can advance regional economic goals, increase return on the transit investment, and improve job accessibility for workers, including low-income workers who are often dependent upon transit.<sup>30</sup>

Freight is an equally important piece. It should be approached not only in terms of infrastructure needs but also in looking at the types of skills that are required in the logistics industry sector and strategies to improve workforce training and connect low-income workers to the range of jobs in this growing sector. The region may also benefit from creating a database to identify key parcels for redevelopment along existing or proposed transportation corridors and water infrastructure. These sites could be prioritized for new or existing businesses looking to expand or locate in the region.



## Conclusion

This study provides a snapshot of the current state of practice for how other high-performing regions are approaching regional partnership around economic performance, and offers recommendations for MSP regional leaders to consider as they advance strategies for regional innovation and collaboration on equitable economic development. There are several important efforts already underway in the Twin Cities that we believe create a foundation to accelerate and formalize cross-sector and cross-jurisdictional partnership on these issues. Previous research and business plans provide a starting point that is consistent with our recommendations.

The emerging leadership by the private sector, most notably through Greater MSP, creates a platform to advance this work and formalize regional partnerships and strategies. The emerging interest by the Met Council to play a more active and intentional role in regional economic planning creates additional opportunity, and underscores the need for consensus and clarity around the roles and responsibilities of private and public-sector partners.

*Based on our research, we believe the most important short-term action needed in the region is to establish greater clarity around ownership of who drives the process, and clarity around roles and responsibility of those who are at the table to help establish the regional economic vision and strategy, and task those who will help to implement it.*

The Twin Cities metropolitan area is not facing an economic crisis similar to other regions studied where the loss of a major regional employer or industry created the impetus to collaborate, prioritize and focus more intentionally on a comprehensive economic strategy. This is a blessing, but also a challenge in that there is no crisis moment to force the leadership to question or create an impetus for doing things differently. Despite this, business leaders and public-sector agencies clearly recognize that regional competitiveness will decline without a shared equitable economic vision; more intentional partnerships; and a strategic set of actions to grow core industry clusters, improve workforce development, address regional disparities, and enhance the region's quality of life. All of which are essential for the greater MSP metropolitan area to continue to thrive.

# Appendix A: Survey Details

## Survey Questions Distributed to Peer Regions

### *Organizational Information:*

1. Name of organization
2. Contact name
3. Contact title
4. Contact email
5. Identify Your type of agency (public, private, quasi-independent)
6. What is the population of your region?
7. What is the number of counties served by your organization?
8. What is the number of cities served by your organization?
9. How many "Other" Localities are served by your region (Unincorporated, Townships, etc.)?
10. How many full time employees (FTE) staff your organization?
11. What is the operating budget of your organization?
12. Please describe the make-up of your Board.
13. How many Board members does your organization have?
14. Does your agency have any subsidiaries or incorporated entities?
15. Are there other similar regional planning organizations in your region?
16. Identify the Programs Your Organizations Administers. (Select from Aging, Economic Development, Health Services, Housing, Safety and Homeland Security, Sewer, Transit service, Transportation / MPO and "other")

### *Economic Development Activities:*

1. What type of economic development programs does your organization administer?
2. Please list budget(s) of the programs identified above.
3. Is there an identified comprehensive economic development strategy in your region?
4. If yes, is the comprehensive economic development strategy in your region tied to the CEDS promoted and funded through the EDA?
5. What are the leading economic clusters in your region?
6. Can you identify that current clusters coincide with those identified in your regional economic development strategy?

### *Performance Evaluation Strategies:*

1. Does your organization track metrics to evaluate and inform regional economic performance?
2. Does your organization have metrics to monitor economic performance by small businesses, minority owned businesses, low-income workers or other similar metrics?
3. Are economic performance metrics aligned with investment and planning decisions by your organization?
4. Are these metrics used in prioritizing investments?
5. Do you formally or informally share this information with other public, private and non-profit partners in the region?
6. What other metrics are being used by public or private sector partners in your region to track economic performance?

### *Partnership Activities:*

1. Please identify what organization(s) administer economic development programs in your region.
2. What is your relationship with these organizations?
3. Does your regional planning organization interface with chambers of commerce or business organizations to plan economic development or other planning efforts? If yes, is your interface formal or informal?
4. Does your regional planning organization interface with major employers to plan economic development or other planning efforts? If yes, is your interface formal or informal?
5. Does your regional planning organization interface with Foundations to plan economic development or other planning efforts? If yes, is your interface formal or informal?

### Social Equity Planning:

1. Is your organization planning for economic resiliency and sustainability?
2. Does your organization give priority consideration to areas of focused growth in making investment decisions?
3. Does your organization have an integrated plan for housing, transportation and economic development?
4. Does your organization have social equity goals or programs in place connected with your regional planning efforts?
5. Are your social equity goals or programs part of your region's economic development strategies?
6. Does your organization have a role in advancing economic opportunity among lower-income populations? If yes, is this role formal or informal?
7. Are strategies in place in your region to increase economic participation among low-income groups?
8. Does your organization partner with other public agencies, non-profit, or private sector partners to advance regional social equity?

### Regions Who Received the Survey

The regional planning organizations, who represent the following cities, were asked to participate in the survey.

- |                      |                              |
|----------------------|------------------------------|
| 1. Atlanta, GA       | 16. Louisville, KY           |
| 2. Austin, TX        | 17. Miami, FL                |
| 3. Boston, MA        | 18. Minneapolis/St. Paul, MN |
| 4. Charlotte, NC     | 19. New Orleans, LA          |
| 5. Chicago, IL       | 20. Orlando, FL              |
| 6. Cincinnati, OH    | 21. Philadelphia, PA         |
| 7. Cleveland, OH     | 22. Phoenix, AZ              |
| 8. Dallas, TX        | 23. Pittsburgh, PA           |
| 9. Denver, CO        | 24. Raleigh, NC              |
| 10. Detroit, MI      | 25. Salt Lake City, UT       |
| 11. Hartford, CT     | 26. San Antonio, TX          |
| 12. Houston, TX      | 27. San Diego, CA            |
| 13. Indianapolis, IN | 28. Seattle, WA              |
| 14. Jacksonville, FL | 29. Tampa, FL                |
| 15. Kansas City, MO  | 30. Washington, DC           |

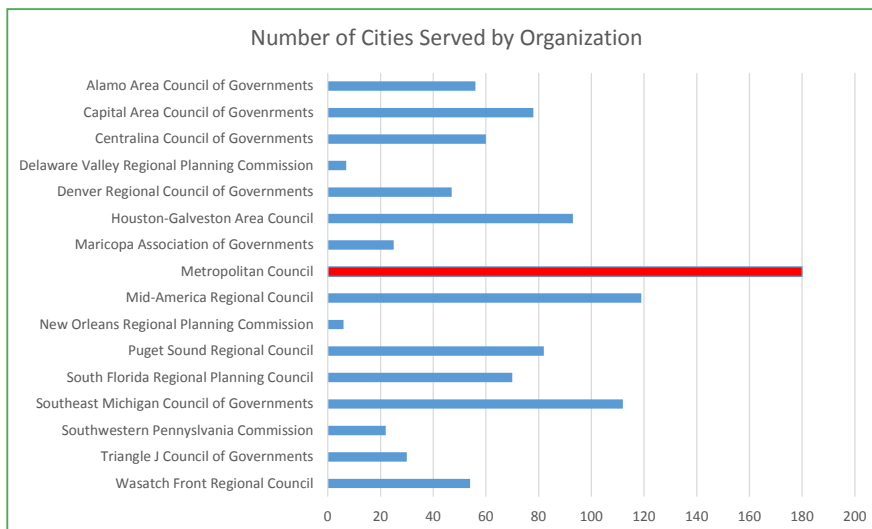
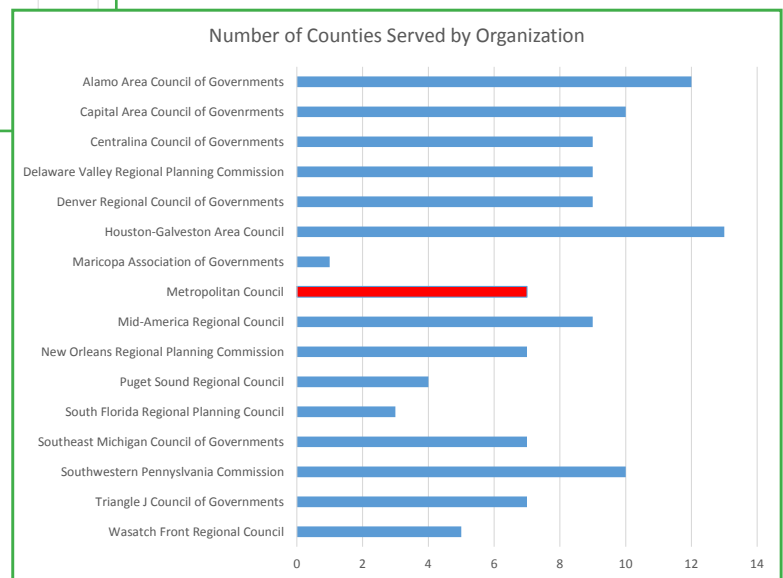
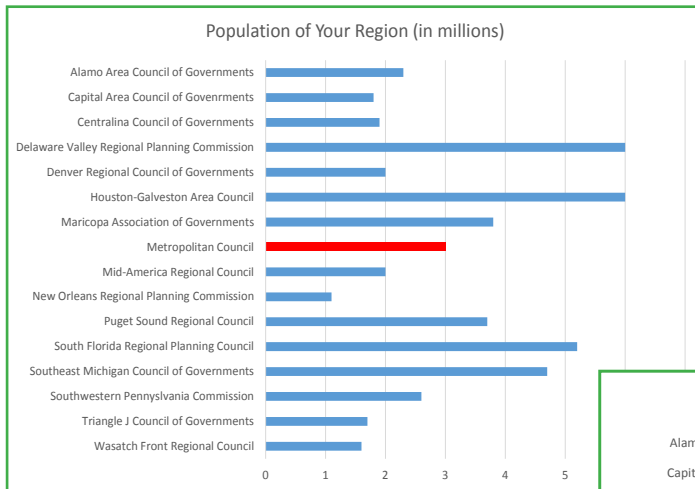
### Regions Responding to the Survey

The regional planning organizations who responded to the survey are listed below.

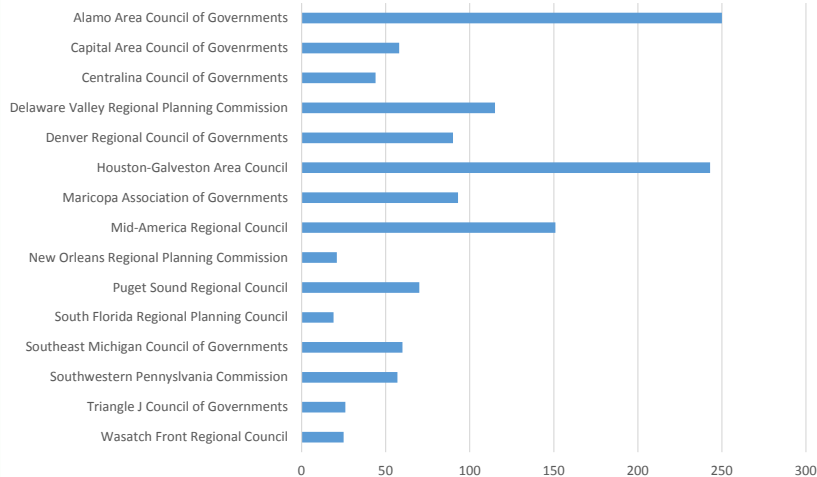
1. Austin, TX - Capital Area Council of Governments
2. Charlotte, NC - Centralia Council of Governments
3. Denver, CO - Denver Regional Council of Governments
4. Detroit, MI - Southeast Michigan Council of Governments
5. Houston, TX - Houston-Galveston Area Council
6. Kansas City, MO - Mid-America Regional Council
7. Miami, FL - South Florida Regional Planning Council
8. Minneapolis/St. Paul, MN - Metropolitan Council
9. New Orleans, LA - New Orleans Regional Planning Commission (Regional Planning Commission for Jefferson, Orleans, Plaquemines, St. Bernard and St. Tammy Parishes)
10. Philadelphia, PA - Delaware Valley Regional Planning Commission
11. Phoenix, AZ - Maricopa Association of Governments
12. Raleigh, NC - Triangle J Council of Governments
13. Saint Paul, MN - Saint Paul Chamber of Commerce
14. Salt Lake City, UT - Wasatch Front Regional Council
15. San Antonio, TX - Alamo Area Council of Governments
16. Seattle, WA - Puget Sound Regional Council

## Appendix B: Matrices

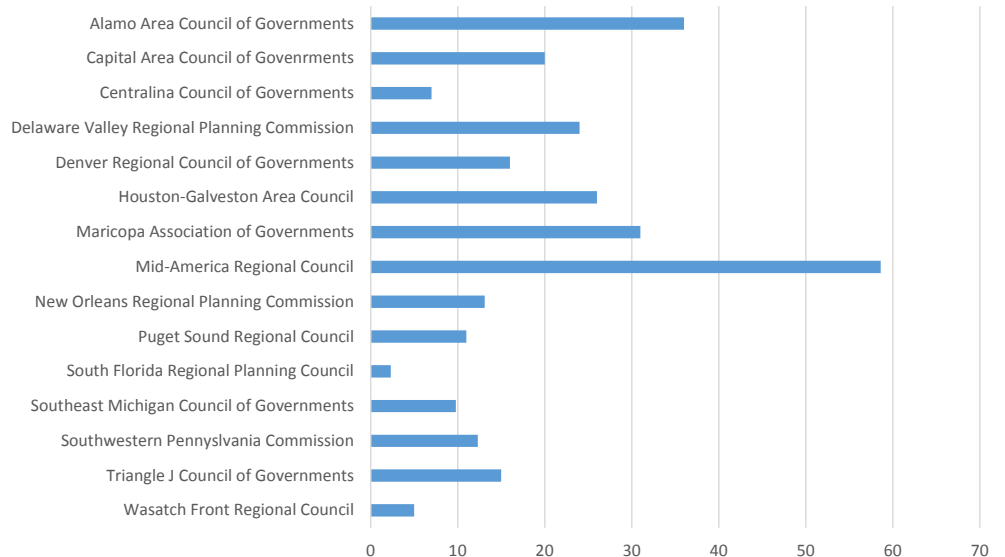
The matrices offer a sample of information, gathered through the survey, about how specifically the Metropolitan Council varies in size and make-up, to the other regions who responded. While not an exhaustive comparison, the matrices do offer a glimpse of where the Met Council ranks amongst its peers across various data points. In the bar charts, the Met Council is identified by a red bar. (Because of the Met Council's unique role as a transit and water district provider, we've removed them as a comparison for both the operating budget and size of staff - as these numbers skew the graph.) All of the responding organizations are public entities, with the exception of one, the Delaware Valley Regional Planning Commission, which is a quasi-independent agency.



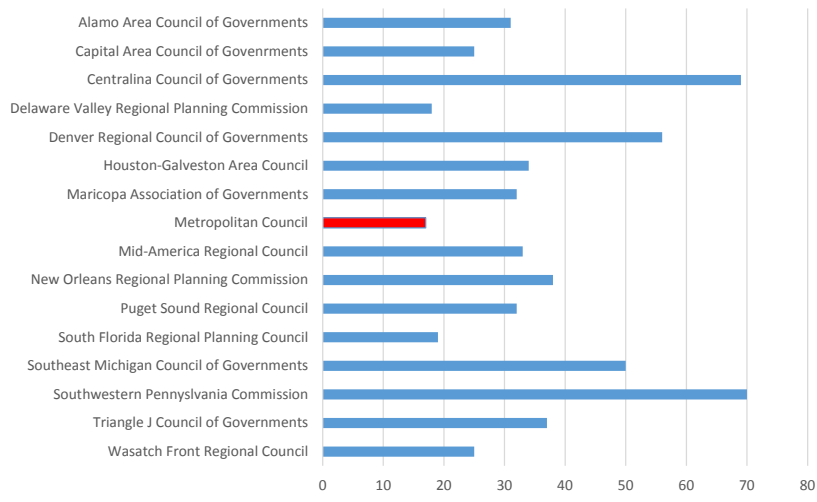
Number of Staff of Your Organization



Operating Budget of Your Organization (in millions)



How many Board members does your organization have?

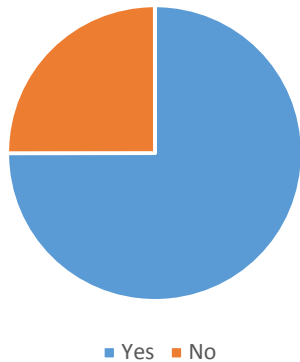


Name of Organization	Board Details
Alamo Area Council of Governments	Elected officials, Public Ed, hospital boards, utilities
Capital Area Council of Governments	City and county elected officials and three state legislators
Centralina Council of Governments	Elected officials appointed by their governing boards; one from each member city and county
Delaware Valley Regional Planning Commission	18 voting members with 9 from Pennsylvania and 9 from New Jersey. Each state has 3 state representatives, 4 county representatives, and 2 city representatives. City and county reps are elected officials, state reps are agency or appointees.
Denver Regional Council of Governments	Elected officials from each member government and three ex-officio members appointed by the Governor.
Houston-Galveston Area Council	Comprised entirely of elected officials, one from each county, each city over 25,000 population, as well as slots representing Home Rule and General Law Cities and Independent School Districts
Maricopa Association of Governments	Elected officials from each jurisdiction in Maricopa County, three Native American Indian Communities and Maricopa County. The Arizona Department of Transportation and Citizens Transportation Oversight Committee serve as ex-officio member for transportation related issues.
<i>Metropolitan Council</i>	<i>Appointed by Governor - one chair, 16 representing regional subareas of equal population</i>
Mid-America Regional Council	Elected officials (typically mayors, council members, commissioners) appointed by their respective jurisdictions, or by mutual agreement among smaller jurisdictions, according to a formula that afford larger jurisdictions somewhat higher but not directly proportional members
New Orleans Regional Planning Commission	15 seats for elected officials, including: 4 Parish Presidents and Mayor of the City of New Orleans; 10 Council at Large members (2 seats per parish); and 10 appointed citizen members (2 appointments per parish); and the Secretary of Louisiana Department of Transportation and Development
Puget Sound Regional Council	General Assembly composed of all member jurisdictions; most all elected except state DOT officials and state Transportation Commission members
South Florida Regional Planning Council	2/3 county and Municipal representative; 1/3 appointed by the Governor
Southeast Michigan Council of Governments	170 votes total: all members one vote, plus additional votes for counties and Detroit
Southwestern Pennsylvania Commission	Five members from each county and the City of Pittsburgh
Triangle J Council of Governments	1 elected official per jurisdiction
Wasatch Front Regional Council	25 total: 18 elected officials that represent the jurisdictions, 2 legislators and 5 members of interested entities

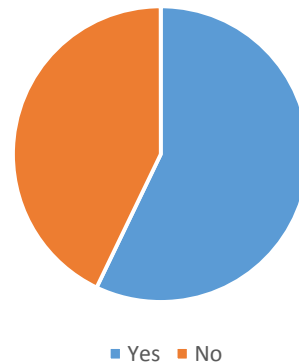


Name of Organization	Aging	Economic Development	Health Services	Housing	Safety / Homeland Security	Sewer	Transit service	MPO
Alamo Area Council of Governments								
Capital Area Council of Governments								
Centralina Council of Governments								
Delaware Valley Regional Planning Commission								
Denver Regional Council of Governments								
Houston-Galveston Area Council								
Maricopa Association of Governments								
Metropolitan Council								
Mid-America Regional Council								
New Orleans Regional Planning Commission								
Puget Sound Regional Council								
South Florida Regional Planning Council								
Southeast Michigan Council of Governments								
Southwestern Pennsylvania Commission								
Triangle J Council of Governments								
Wasatch Front Regional Council								

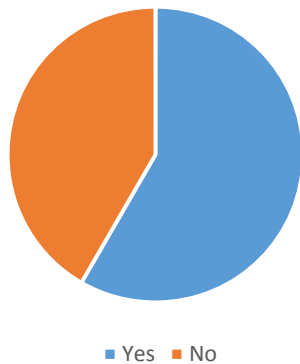
Is the comprehensive economic development strategy in your region tied to the CEDS promoted and funded through EDA?



Are economic performance metrics aligned with investment and planning decisions by your organization?



Does your regional planning organization interface with major employers to plan economic development or other planning efforts?



<b>Name of Organization</b>	<b>What are the leading economic clusters in your region?</b>
Alamo Area Council of Governments	Aerospace/Aviation, Bioscience/Healthcare, Energy, Financial Services, IT, Manufacturing
Centralina Council of Governments	Biomedical, Financial Services, Logistics, Energy, Aerospace, Automotive, Engineering, Adv Manufacturing, Information Tech
Delaware Valley Regional Planning Commission	Life Sciences, Tourism, Health Care, Higher Education, Finance and Investments, Business Services, Creative Industries, Information Technology, Alternative Energy, Chemicals, Communicals, Transportation and Logistics, Speciality Manufacturing, Food Processing
Denver Regional Council of Governments	Aerospace, Aviation, Bioscience, Broadcasting & Telecommunications, Energy, Financial Services, Healthcare & Wellness, Information Technology/Software
Houston-Galveston Area Council	Advanced Materials, Biomedical/Biotechnical, Business & Financial Services Cluster, Chemical & Chemical Based Products, Electrical Equipment, Appliance & Component Manufacturing, Energy Fabricated Metal Product Manufacturing, Machinery Manufacturing Transportation & Logistics
Mid-America Regional Council	Information Technology; Animal Health, Health Care, Freight/Logistics, Civil Engineering, and Cultural Arts
New Orleans Regional Planning Commission	Aerospace and Advanced Manufacturing Biotech & Lifesciences; Creative Media and Digital (includes film, arts, software, design related professions, music, etc.); International Trade and Logistics; Emerging Environmental (Clean Energy, Water, and Waste Plastics, Petrochemicals and Traditional Energy)
Puget Sound Regional Council	Aerospace, Business Services, Clean Tech, Information Technology, Life Sciences and Global Health, Military, Philanthropies, Maritime, Tourism and Visitors and Transportation and Logistics
South Florida Regional Planning Council	Logistics, Bio Medical Research, International Trade, Arts, Tourism
Southeast Michigan Council of Governments	Auto Manufacturing, Advanced Manufacturing, Defense, Healthcare, Logistics, Green Technologies
Southwestern Pennsylvania Commission	Mining, Health, Technology
Triangle J Council of Governments	Universities/Higher Education; Biotechnology; Biological Agents and Infectious Diseases; Cleantech; Defense Technologies; Informatics; Interactive Gaming and E-learning; Nanoscale Technologies; Pharmaceuticals
Wasatch Front Regional Council	Aerospace and Aviation, Defense and Homeland Security, Energy and Natural Resources, Financial Services, Life Sciences, Software Development, Information Technology, Outdoor Products and Recreation

# Appendix C: Regional Case Study Narratives

## Denver, Colorado

### Denver Regional Council of Governments

#### Creating Opportunity for Regional Council Leadership



#### Regional Overview

Colorado's Mile-High City and the surrounding suburbs creating the Denver Regional Council of Governments (DRCOG) footprint is a growing, vibrant, and dynamic cluster of communities comprised of nine counties and 47 cities. The region, rich in natural beauty, has over the last two decades, leveraged its environmental appeal with visionary economic development strategies to create the foundation for a thriving region. Approximately two million people reside in the city and surrounding counties, but the region is expecting to grow by one to 1.5 million people over the next decade.<sup>31</sup>

The Denver region has embraced a place-based economic development strategy in lieu of offering extensive financial incentives to current and prospective employers.<sup>32</sup> In order to accomplish this, the Metro Denver EDC has committed to building a strong downtown Denver, and the economic development strategy is focused around this "metro hub." However, by committing to creating a "cool" region in which to live, the Denver area is not only home to Fortune 500 companies, such as Wells Fargo, CenturyLink and DaVita, but has become a region where employees and employers want to relocate.

The regional economic development strategy has emphasized of a "culture of collaboration"<sup>33</sup> among the region's cities and towns, and includes a focus on investing in and growing a vibrant Downtown Denver. Consequently, employment in the Denver area is growing at its fastest pace since 2001<sup>34</sup> and the unemployment rate is below the national average at 7.4 percent as of January 2013.<sup>35</sup> The metro Denver region has gained nearly all jobs lost in the Great Recession, according to the most recent Metro Denver EDC Industry Cluster study.

Fueling this growth is an influx of businesses and employees. Denver is the number one city in the nation for attracting 25-34 year-olds. It ranks as the nation's healthiest and fittest city, and the region boasts the second most educated population by percentage of residents with a bachelor's degree or higher. Denver has also been ranked as the second best city to do business, and the third best city to start a business, highlighting a spirit of entrepreneurialism boosted by the U.S. Patent and Trademark Office identifying Denver as one of four locations to build satellite offices. Additionally, Denver ranks 10th for highest average salaries among metro regions.<sup>36</sup>

Denver International Airport is the country's fifth busiest airport, and the region scores high marks for sustainability, energy efficiency and recreation and outdoor access.<sup>37</sup> It is no surprise that both the economic and recreational opportunities coupled with a highly educated workforce, reflects a median household income in the Metro Denver of \$59,230 in 2011, compared to the national median income of \$50,056.

Overall, Denver's economic development picture reflects rare regional collaboration, philanthropic participation, unusual opportunity and visionary leadership.

#### Regional Economic Development Stakeholders and Strategy

It is impossible to evaluate the success of the region's economic development strategy without understanding that its trajectory is rooted in the desire to find innovative solutions to challenges facing the region nearly 30 years ago. 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 Metro Denver EDC.

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 first. 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.<sup>38</sup>

The Metro Denver EDC partnership drives the economic development strategy for the Metro Denver region. This collaborative identifies industry clusters to target for recruitment, expansion and retention. In Denver, these industry targets have been “chosen to meet varying community goals ranging from diversifying the economic base, to increasing the average wage, to utilizing natural and labor resources more fully... [and] focus on industries in which the community has clear competitive advantages.”<sup>39</sup>

The Denver region has committed to creating an attractive business community for high-growth startups and the entrepreneurial community. Metro EDC and its partners have also focused on making Denver a key location for national venture capital investment by creating partnerships with venture capital communities in Silicon Valley and Boston, as well as offering investors with Colorado ties prime opportunities in Denver.

Additionally, Metro Denver EDC, the Denver Office of Economic Development, and community and government partners have committed to prioritizing business retention and expansion. Business retention strategies include outreach to business executives acknowledging their regional contribution to the job base; soliciting executive engagement in developing economic strategies; targeting high-growth sectors for recognition; and maintaining a lease expiration database to focus on outreach to businesses whose leases are expiring. Additionally, the Denver Office of Economic Development (OED) outlined in its 2013 strategic plan a commitment to hosting an *Economic Development Summit* to engage area business leaders, connect industry trade groups with chambers of commerce, and forge stronger relationships between stakeholders in the commercial real estate industry.<sup>40</sup>

### **Transit-Oriented Development as Regional Economic Engine**

Ten years ago, the Metro Denver EDC partnerships focus on industry clusters fostered what would become a multi-billion dollar effort to dramatically expand commuter, light rail and bus rapid transit development around the Denver region. This *FasTracks* effort emerged from the realization that the region’s labor sheds were split in half by interstate and the area’s cluster development would not be realized unless employers and the talent pool were effectively connected.<sup>41</sup> In 2004, voters passed the *FasTracks* initiative and approved one of the most ambitious investments in bus and rail service in the U.S.<sup>42</sup> 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.<sup>43</sup> According to Denver Regional Transportation District (RTD), from 2005 through 2012, the *FasTracks* expansion injected \$2.2 billion into the regional economy and has generated nearly 10,000 full-time jobs.<sup>44</sup>

With this unique opportunity and rare expansion of a transit system still in its infancy, community, business and non-profit leaders wanted to ensure that *FasTracks* development went beyond right-of-way investments where communities had simply approved construction. In 2007, the Enterprise Foundation commissioned a study by the Center for Transit Oriented Development examining not only the benefits of an expanded transit system in the Denver region, but also – and more importantly – the potential threats and challenges that low-income populations in the area would face as a consequence of expanded transit.<sup>45</sup>

Understanding that risk, and recognizing the regionally historic chance to increase economic opportunity for many underserved individuals, two important collaborative efforts were created to promote and foster true transit-oriented development (TOD) that aimed to preserve access to opportunity for vulnerable populations.

First, the Urban Land Conservancy, Enterprise Community Partners and the City and County of Denver partnered with investors to create the nation’s first affordable housing TOD acquisition fund. The goal of the *Denver TOD Fund* is to capitalize over \$30 million in loan funding to purchase and hold sites for development along current or future transit corridors to support the creation or preservation of 1,000 affordable housing units. The *Denver TOD Fund* estimates that \$30 million in investment will generate over \$500 million in economic activity and control housing costs for low-income individuals in the Denver area<sup>46</sup> who on average spend 60 percent of their income on housing and transportation.<sup>47</sup>

Second, *Mile High Connects* emerged as a collaborative of non-profit and business organizations working together to ensure that the *FasTracks* investment would benefit the region’s low-income populations by providing access to affordable housing, good-paying jobs, essential services, educational opportunities and improved health care. With support from funders such as First Bank, Wells Fargo Bank, U.S. Bank and foundation stakeholders committed to promoting equitable and sustainable community development, *Mile High Connects* has been an important voice advocating for investment in transit development that goes beyond right-of-way site selection and instead fosters true economic development opportunities for residents across multiple economic sectors.



In order to highlight the benefits of and potential return on investment of a holistic TOD strategy, the *Mile High Connects* collaborative created a comprehensive *Equity Access* to provide a visual representation of investment gaps and to provide a baseline for measuring equitable outcomes as the transit network is developed.<sup>48</sup>

Additionally, the *Mile High Connects* collaborative has been proactive in assessing the real-time social equity outcomes of the light rail expansion efforts. In a recent study of Denver's Southeast Light Rail Line, the collaborative found that the economic and workforce impacts of the six-year-old line have been supplementary, rather than catalytic along the corridor. The report identified that while the infrastructure investment has spurred job and economic growth, it has not effectively connected middle and low-skill workers to economic opportunities through improved transit service. This missed opportunity is not because of the efficacy of increasing access to transportation options, but rather because there was little proactive, community-oriented and comprehensive planning done before the investment was made. The report identified that "market forces" and "private real estate" developers drove most new development and highlights the importance of prioritizing proactive land-use, workforce and economic development planning in future investments. The resulting recommendations, which could be relevant to the MSP transit corridor development efforts include:<sup>49</sup>

- Understand the corridors strengths and weaknesses;
- Incorporate economic development into station area and neighborhood plans;
- Conduct outreach to employers, workforce training providers and other supportive service providers about the benefits of transit;
- Improve last-mile connections;
- Engage community members in the planning discussion;
- Find local champions to sell the benefits of transit to other employers, developers and influential decision makers; and
- Think comprehensively about services-jobs, housing and work supportive services; they should be planned and strategically placed in proximity to each other to fully serve workers and residents.

#### **Role of Denver Regional Council of Governments (DRCOG) in Economic Development Activity**

DRCOG serves as the designated Transportation Planning Region (TPR) and MPO for the Denver region. DRCOG's historic responsibility as the MPO is to plan, program, and coordinate federal transportation funds and does so in partnership with the Colorado Department of Transportation (CDOT) and the Regional Transportation District (RTD). DRCOG is also the regional planning commission for the Denver region, and its long-range plans are guided through its *Metro Vision* process, which is the regional strategy dictating growth, transportation and environmental quality. Additionally, planning activities are guided by the Mile High Compact, developed in 2000, which is a voluntary growth-management agreement among the area's local governments. DRCOG also serves as the Area Agency on Aging and manages several shared services for local governments including regional data collection. However, DRCOG does not serve as an EDD and has not traditionally played a role in economic development planning in the Denver Region. Those responsibilities have historically gone to the local economic development corporation's and more broadly the Metro Denver EDC collaborative.

However, in 2011, DRCOG on behalf of the Denver region, was awarded a \$4.5 million regional planning grant through the HUD, U.S. Department of Transportation (DOT), EPA *Sustainable Communities Initiative*. This effort, which leveraged seed capital from the Mile High Connects, aims to enhance the Metro Vision strategy to "align investments, programs and policies to maximize the benefits that result from the region's investment in transit."<sup>50</sup> In particular, as part of the scope of work proposed, DRCOG would incorporate access to affordable housing and economic opportunity into the Metro Vision plan updates - areas that previously had not



View of Downtown Denver

Photo Credit: [http://www.calashows.com/images/DenverColorado\\_0.jpg](http://www.calashows.com/images/DenverColorado_0.jpg)



### **DRCOG Quick Guide**

**DRCOG snapshot:** A nine-county, region including Adams, Arapahoe, Boulder, City and County of Broomfield, City and County of Denver, Clear Creek Douglas, Jefferson and Gilpin counties plus 49 cities and towns in the Denver Region. The region is home to one of the country's largest airports and is one of the nation's fastest growing metropolitan areas.

**Annual budget:** \$16 million expenditures

**Approximate Staff Size:** 90 full-time staff

**Website:** [www.DRCOG.org](http://www.DRCOG.org)



**Figure 1.** Map of DRCOG counties.

**Governance:** Fifty-seven local government representatives serve on the DRCOG board plus three governor-appointed, non-voting representatives. Each participating local government designates an elected official to serve as its representative. Denver has two representatives because it is designated as both a city and county member.

**Economic Development Activities:** DRCOG does not formally participate in regional economic development planning, but is exploring additional avenues of involvement through the Sustainable Communities Initiative. As the federally designated MPO, DRCOG is leading a coalition of community stakeholders to assess how transportation investments in one of the country's most ambitious public transit initiatives, *FasTracks*, can be leveraged to spur economic activity.

been considered under the purview of the agency. As a result, within the past two years and in conjunction with area business, non-profit and philanthropic partnerships, DRCOG is currently assessing opportunities to more effectively focus transportation investment to drive economic development and promote social equity.<sup>51</sup>

Specifically, these efforts focus on three transit corridors currently under construction and include a series of catalytic, engagement and Outcomes Assessment and Knowledge Sharing projects.<sup>52</sup> A challenge for DRCOG is that the agency is not the EDD and does not administer federal housing investments. The agency is exploring how to play a role in both economic development and affordable housing planning and investment.<sup>53</sup>

As part of this effort and through updating the *Metro Vision* plan, DRCOG has embarked on a two-year initiative to develop *Metro Vision 2040*, which will look at emerging issues such as housing and economic development, that were not addressed in prior visioning documents. An initial step in assessing the expanded role that DRCOG could play in each of these areas was to conduct a regional "Listening Tour" to "help DRCOG identify key issues, begin to engage stakeholders and inform the overall scope of the *Metro Vision 2040* planning process." This listening tour included 21 in-depth interviews with regional leaders, 11 listening groups with nearly 200 participants and an online survey soliciting 1,177 stakeholder responses.<sup>54</sup>

Housing, economic development and the economy were three key issues listening tour participants identified, and they recognized that historically DRCOG has not engaged in these areas. Important process recommendations included:

- Assessing how transportation investments could impact the need of transit-dependent populations including low income residents and persons with disabilities;
- Suggesting that DRCOG lead an effort to develop a regional strategy for affordable housing financing;
- Explore how investments made in DRCOG's traditional framework of responsibility impact economic growth; and
- Consider other opportunities for regional planning activity to increase economic activity, such as regional food planning.

Overall, DRCOG was identified as a possible convener for regional stakeholders and decision-makers; and is "seen is the organization best positioned to facilitate a visionary strategic regional plan that incorporates transportation, economic

development, changing demographics, environment, water, housing and all other issues raised by participants.” While Metro Denver EDC plays a critical role in traditional economic development planning, identifying the regional planning organization as a key agency to develop a holistic regional vision would be a major shift for the region. Additionally, respondents identified the value of DRCOG as a regional knowledge base and networking resource among member governments.

However, participants realized that DRCOG has little authority over or leverage on local government decisions. Some suggested the agency explore changing the governance structure to allow for a more proactive and enforceable leadership role in implementing the *Metro Vision 2040* plan. Suggestions included empowering DRCOG with authorities to take a stronger leadership role to address fiscal policy, growth and other regional issues. Additional leadership roles envisioned for the organization included “providing a forum to facilitate regional cooperation on economic development; providing leadership on a region-wide affordable housing strategy, and continuing to lead the region in developing a strong regional vision for sustainability.”<sup>55</sup>

## Examples of Success

Regionally, Denver has a unique and important codified “culture of collaboration” that has allowed economic development stakeholders to engage around a regionally shared strategy for economic and business development opportunities. A focus on place-based business recruitment, cluster development, business retention and expansion, incentivizing entrepreneurialism, and fostering a vibrant, attractive metro core has served the entire region in advancing economic development. DRCOG, however, has not facilitated this strategy or engagement. The Metro Denver EDC is the primary agent of engagement and this membership community has led the efforts in identifying and executing the regional economic development strategies. It is important to note, however, that the governance structure of the Metro Denver EDC community has allowed area ED stakeholders to work collaboratively to promote a shared objective to sell the “region first” and effectively discouraged competition among agency members. This has allowed Denver to avoid jurisdictional squabbling and intra-regional poaching.

Subsequently, the collaborative, cluster-focused growth strategy allowed stakeholders to identify the need and opportunity for a return on investment around a multi-billion transportation infrastructure initiative. With buy-in from residents and commitment from area businesses, communities, philanthropic and non-profit leaders, the region approached this initiative not only as an opportunity to more effectively connect riders to transit options, but to foster sustainable, equitable and holistic community development. This is a critical time for the region to determine if investments in transit oriented development, affordable housing, healthcare and workforce opportunities will come to fruition.

## Conclusions

Economic planning and coordination in the Denver region appear to mirror efforts to date in the Twin Cities as until now the regional planning organization has not been intimately engaged in the economic development arena. The evolution of a strong chamber-led economic development partnership provides a good model of how non-governmental organizations can lead regional cooperation and economic planning. At DRCOG, investments and activities have been historically siloed and its governance structure makes it challenging for the agency to participate in economic development conversations. Additionally, DRCOG is the regional MPO, but it does not engage as the federal EDD.

Therefore, the opportunities that DRCOG is identifying through the Metro Vision 2040 planning process focused on creating and promoting equitable economic investment in TOD may serve as a useful framework for the Twin Cities. The Met Council is undertaking a similar process with its 30-year regional plan update. It may be useful for staff from both agencies to create opportunities to learn from one another as they each reshape how their role in regional economic development. DRCOG has a unique opportunity to drive transportation investments to those corridors and projects that would advance social equity, access to affordable housing and job opportunities. Additionally, the Denver business and philanthropic communities have already endorsed this approach by creating initiatives such as the *Denver TOD Fund* and *Mile High Connects*. Furthermore, regional stakeholders, through the *Listening Tour 2012* effort are identifying additional areas where DRCOG can more formally engage in promoting the regional economy and housing strategies. What’s left to be seen is whether investments in the transit initiative will fully embrace a commitment to equitable development and whether DRCOG as an agency will have the political capital and backing from its local members to play a key role in this outcome.



## Kansas City, Missouri Bi-State Region Mid-America Regional Council Learning from a History of Regional Economic Planning

### Regional Overview

MARC serves nine counties, 119 cities and 2 million people in America's heartland. Spanning the Missouri-Kansas border the regional council manages a wide array of regional programs including aging, emergency services, environmental, transportation, economic and workforce development, and research services. MARC plays a nominal role in traditional economic and business development for the region, but fosters economic development through infrastructure investments, land-use planning and economic analysis. The organization does serve as an on-call partner for the formal ED agencies, such as the Kansas City Area Development Association and area chambers of commerce.<sup>56</sup>

The region is the most geographically central metro in the country and sits astride the juncture of the Missouri and Kansas Rivers. It is also one of only five metropolitan areas in the country with three intersecting interstate highways and has historically been the nation's second largest freight rail hub, trumped only by Chicago, IL. Kansas City boasts a robust network of transportation infrastructure, which is a powerful economic engine. Distribution and transportation is a "significant pillar of growth,"<sup>57</sup> but regional leaders have invested decades in creating an attractive environment to build other industry clusters including Information Technology, Animal Health, Health Care, Civil Engineering and Cultural Arts. The region is home to a number of national companies, including AMC Entertainment, Commerce Bank, Great Plains Energy, H&R Block, Hallmark Cards and UMB Financial.

Technology giants, such as Sprint Nextel and Cerner Corporation, also call the region home, and after Google committed to invest in a high-speed fiber optic network, the heartland is becoming a homeland for a number of tech companies migrating inland from information technology hubs such as Silicon Valley, CA and Boston, MA.<sup>58</sup>

It is perhaps no surprise that "Silicon Prairie" has become an attractive place to begin and relocate business. Recently it was ranked the best place in the Midwest to grow a business and ranks in the top 20 percent nationally.<sup>59</sup> The average cost of living and cost of doing business both rank below the national average.<sup>60</sup> Additionally, the region has one of the nation's most affordable housing markets,<sup>61</sup> although low-income populations have an equal or higher housing cost burden than the national average.<sup>62</sup> Overall unemployment has returned to pre-recession levels at 6.4 percent.<sup>63</sup>

Roughly 30 percent of the region's residents hold a four-year degree or higher,<sup>64</sup> which is only slightly higher than Missouri and Kansas, but higher than the national average of 18 percent.<sup>65</sup> In 2010, inflation-adjusted per capita income for the region stood at \$26,273, which is also slightly higher than the national average of \$26,069.<sup>66</sup>

The region is expected to add nearly a half-million jobs by 2040, which reflects a 53 percent increase. Overall, the area expects a 40 percent population growth from 1.8 to 2.6 million. Service-sector positions will fuel the bulk of this expansion, but industries such as technology, health care and freight and logistics are also high-growth sectors.<sup>67</sup>

While business development in the region is primarily the purview of the economic development agencies, who have been touting the region as business friendly since the 1950's, MARC has taken a comprehensive approach to leading regional collaboration and planning. Of the survey respondents, MARC by far manages the broadest scope of regional programs and is most integrated into formal economic evaluation and planning strategies. For over 15 years, MARC has formally embraced the idea of sustainability, livability and transit-supportive development.<sup>68</sup> Additionally, MARC has formally targeted transportation and infrastructure investment to projects that promote sustainability.<sup>69</sup>

Regional economic development efforts in the Kansas City area involve compiling specific key regional plans embracing common goals and themes into a shared, holistic regional vision. As the regional council, MARC has led the recent visioning and planning effort, which builds on land-use and community development plans created over the past 15 years. MARC serves as the Kansas City MPO and has managed the regional CEDS through the Economic Development Administration. In these dual federally-designated roles, MARC is the regional leader and convener in regional economic development planning, investment and implementation strategies. These activities are informed by the 2010 Land Use Vision forecast and plan for metro growth and the 1999 Creating Quality Places effort that seeks to target investments that will increase regional quality of life. MARC is also the lead agency for the HUD *Sustainable Communities Regional Planning* grant, which the region received in 2010 to "advance the region's vision of achieving sustainability through creating vibrant, green and connected centers and corridors."<sup>70</sup>

The responsibility of leading regional visioning and planning efforts is a natural role for a regional planning organization that administers a spectrum of transportation, land-use, environmental and community programs. Additionally, MARC embarked on formal economic development planning efforts through its Small Cities initiative. The Small Cities program provides administrative, planning and other resources to dozens of MARC's smaller members. In the region, there are 90 cities with a population of less than 10,000, and these activities allow MARC to reduce the administrative burden and costs associated with individual implementation of EDA and other federal economic development programs. In assuming this formal role, MARC is more closely connected with its rural members, which contributes to collaboration and fosters a shared regional vision among MARC members and partners.<sup>71</sup>

### **Compiling Key Regional Plans to Create a Shared Economic Vision<sup>72</sup>**

MARC has long been engaged in establishing and setting visions for the region. Through numerous transportation, land-use, community development, education, workforce, environmental and other initiatives, the concept of targeting investment to enhance quality of life is not new. In 2010, after receiving a \$4.25 million planning grant from the U.S. HUD, MARC and a coalition of more than 60 regional partners embarked on an effort to compile and build upon already-existing regional plans to promote a shared vision collectively advancing the principles of economy, society and environment to create a sustainable region.

A Consortium Coordinating Committee comprised of local governments, private and non-profit leaders, area educational institutions, and equity and housing organizations oversees the project. This collective along with leading environmental committees and the MARC Board of Directors convene an annual Partner Congress to evaluate progress and provide feedback on the Creating Sustainable Places efforts. These community and governmental partnerships and regular forums soliciting feedback are critical to define objectives, guide efforts and ensure successful outcomes.<sup>73</sup>

MARC was in a position to compile and expand upon the completed and ongoing work of both the council and its member governments. Goals and direction were established in the 1999 Creating Quality Places program, which identified and implemented regional quality development principles, and the 2010 Land Use Vision, which forecasted metropolitan growth and identified investment opportunities within economic activity centers and major transportation corridors.

The strategy to achieve the visions established in Creating Quality Places and Land Use Vision forecasting involved compiling key regional and local plans. Components from the transportation and transit 30-year outlook, the CEDS, clean air, water and solid-waste management plans, and the Regional Energy Efficiency and Conservation Strategy were combined to create shared vision of economic prosperity and quality of life. Additionally, MARC committed to develop strategies to create a shared regional vision around affordable housing, social equity, workforce development and healthy living that were not specifically included in previous planning efforts.

In compiling and creating all of these strategies, MARC identified common themes and goals consistent among the plans covering a wide variety of issues. Collectively these efforts aimed to:

- Promote an innovative and competitive regional economy that would foster connectivity and focus investments among key activity corridors;
- Respect local autonomy, but enhance partnerships among local governments, the private sector, regional institutions and the public; and
- Engage citizens in the decision-making process through education and capacity building.



*Kansas City Skyline*



In order to achieve these outcomes, common goals also threaded through each of the individual plans. In embarking on a collaborative effort to build a shared vision, MARC identified that the plan should, upon implementation, accomplish the following:

- Support a competitive and innovative regional economy;
- Ensure access to housing, employment and transportation choices for all residents;
- Promote the development of vibrant communities and increase development in existing and emerging activity centers along key corridors;
- Preserve the region's natural resources; and
- Build the capacity of MARC and community partners to achieve the regional vision.

These strategies and the process depend on several tools to analyze and inform performance. MARC developed Metro Outlook, which evaluates regional economic performance and provides measures of progress against peer metro regions. Through a partnership with the Brookings Institution, MARC created a system to model how progress on individual regional goals could influence progress in other areas; measure regional economic indicators; survey residents to understand public perspective on quality of life issues, and influence policy recommendations to promote planning activities.

The economic indicators that Metro Outlook assesses include:

- Economic competitiveness and innovative capacity;
- Labor market engagement across sectors;
- Inherent attractiveness of places and amenities;
- Social cohesion;
- Strategic decision-making capacity; and
- Efficient use of resources.

### **MARC Quick Guide**

**MARC snapshot:** A nine-county, bi-state region including Cass, Clay, Jackson, Platte, and Ray counties in Missouri, and Leavenworth, Miami and Johnson counties in Kansas, plus 119 cities and towns in the Kansas City Metropolitan Area. The region is home to an international airport and is one of the biggest freight rail and trucking hubs in the country.

**Annual budget:** \$58.6 million expenditures

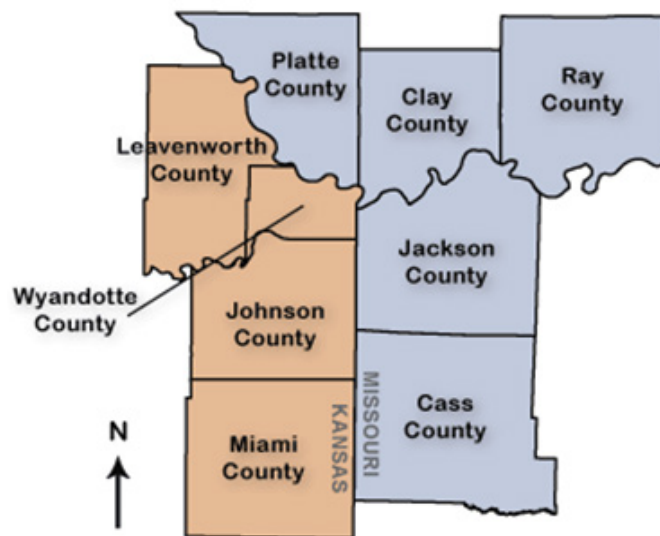
**Approximate Staff Size:** 151 full-time staff

**Website:** [www.MARC.org](http://www.MARC.org)

**Governance:** The Board includes 33 local elected officials (typically mayors, council members, commissioners) appointed by their respective

jurisdictions, or by mutual agreement among smaller jurisdictions, according to a formula that affords larger jurisdictions somewhat higher, but not directly proportional, members. Additionally, MARC has a 501(c)(3) non-profit subsidiary, the Mid-America Regional Council Community Services Corporation, to enable management of certain funds and transactions.

**Economic Development Activities:** MARC administers several economic development programs with a total estimated budget of \$1 million in 2013. These programs include the Regional CEDS; the Regional Workforce Accelerator program; the Workforce Intelligence Network tracking workforce trends and preparedness systems with a focus on strategic sector-based partnerships; and regional economic data analysis and forecasting.



**Figure 2.** Map of MARC counties.



### **A Focus on Workforce Development, Social Equity and Affordable Housing**

MARC is in the process of incorporating important status assessments, benchmarking and planning strategies into the Creating Sustainable Places project scope addressing workforce development activities, social equity efforts and affordable housing access. By working with area partners, this effort will allow the organization to increase activities and better inform investments to improve performance in all three sectors.

MARC convenes the regional Workforce Intelligence Network of Greater KC (RWIN) to share resources and discuss emerging workforce needs. RWIN is a collaboration of the area's Workforce Investment Boards, economic development agencies, chambers of commerce, employers, educational providers, and others focused on improving the workforce development system to better align talent and labor needs. Interestingly, this effort began within the past two years as part of the America Works initiative supported through the WalMart Foundation.

MARC is in a unique position to aid local workforce development stakeholders through identifying and fulfilling data needs that can inform and improve decisions regarding training and employment services. Through a two-pronged approach including research information services and fostering sector-based partnerships, this initiative hosts bi-monthly meetings to share information, best practices, and strategies to address economic and labor market changes.

As part of the collaborative and to guide workforce development discussions, MARC provides to the RWIN network semi-annual county reports; a monthly Workforce Indicators Newsletter; occupation profiles and career ladder information for in-demand careers; and industry, custom, and demographic reports. Through generating specific data around workforce activity in the region, MARC is also well-positioned to secure grants from major funders. In the last three years, MARC received a total of \$3.4 million to address regional workforce development activities.<sup>74</sup>

Additionally, in 2011, MARC completed a region-wide survey of employers to provide an overall understanding of workforce needs in the Kansas City area. MARC also participates in a Sector Partnership Task Force, which focuses on labor needs in the supply chain, manufacturing, bioscience and health care industry sectors.<sup>75</sup>

Through the Creating Sustainable Places initiative, MARC has convened local and national partners focused on promoting social equity. Through undertaking an equity profile of the region, MARC is focusing on developing strategies to develop equity into community plans and establishing an equity center and network in the region.<sup>76</sup> This effort, which entails applying the "equity lens," allows community planners to assess, on three separate levels, equity integration into development efforts. In addition to assessing social equity, the guiding principles developed by the Creating Sustainable Places Equity Partners address equity issues related to the environmental, economic and place-based development.<sup>77</sup> Information about this document is available at [www.MARC.org](http://www.MARC.org).

MARC has also used the SCI as an opportunity to create a coordinated and coherent affordable housing strategy. In partnership with local development and housing agencies, MARC is leading the discussion on how the region can better meet the demand for affordable housing; diversify housing supply; and meet the needs of a changing market and regional demographics. As the first step, MARC conducted a housing market analysis of the Kansas City region and has taken a number of steps to incorporate a data-driven, logistical discussion into addressing options for meeting the region's needs for affordable housing. Information about the SCI is available at [www.MARC.org](http://www.MARC.org).

### **Examples of Success**

While the regional planning organization has been a leader in regional planning, and because it administers a wide variety of regional programs, MARC has used the opportunity through the Sustainable Communities Initiative to consider, collaborate and consolidate ongoing efforts to promote economic, environmental and social sustainability in the region. A common theme and activity among all of these efforts is the ability to leverage current endeavors and expertise to advance the goal of a shared regional vision.

For example, MARC has been the primary convener of data across regional issues. Each effort –in particular each new effort as part of the SCI project – has first entailed a regional status assessment to better inform subsequent discussions and decisions. Additionally, MARC has historically used this data to direct investments in projects and initiatives that would foster overall community improvement.

The team at MARC also realizes that a change in vernacular does not necessarily mean a change in focus. The organization traditionally focused its efforts and activities around promoting social equity, sustainable communities and workforce development, even if these efforts were described differently. MARC's role in administering area aging programs, Head Start, urban core revitalization efforts, and transit programs means that the organization has always focused on equity and sustainability regardless of categorization.

MARC also realized the value of comprehensively and coherently evaluating and communicating its programs and outcomes. While indicators are constantly being developed and improved, MARC's focus on evaluating its work, analyzing outcomes and building community partnerships to help translate and talk about results has allowed the organization to be a consistent and key partner and leader in the regional planning spectrum, including economic development.

### **Economic Development and a Culture of Competition**

MARC has not traditionally engaged in business development and marketing activities in the Kansas City region. However, a notable and cautionary dynamic exists within the bi-state region, which has spurred controversy and competition among the area's major industries at the expense of its residents. There is a history of Missouri and Kansas using state incentives to lure major employers back and forth across the state line with little to no economic gain, erosion of the area's tax base and at high cost to regional taxpayers.<sup>78</sup> This activity ramped up in 2009 when Kansas approved legislation significantly boosting the amount of employee payroll taxes that relocating companies could retain for up to 10 years. The border-hopping became so contentious that in 2011, 17 major business executives appealed to the Missouri and Kansas governors to curb financial incentives enticing businesses to relocate or relocate frequently to reduce costs. The letter's signatories appealed, "Our Kansas City is unique in having a community equally divided between two states. Our community is interdependent. To compete we must cooperate."<sup>79</sup>

While the bi-state regional dynamic between Missouri and Kansas is unique, the lessons are not. An inter-state and intra-regional culture of competition fosters a contentious economic game with little economic gain other than to the companies who pocket taxpayer dollars in the form of relocation or retention incentives. In addition to Missouri and Kansas, regions and communities in Texas, New Jersey, Georgia, Tennessee, North Carolina and Rhode Island also actively participate in high-cost, low-return "job poaching" activities.<sup>80</sup>

### **Conclusions**

The Mid-America Regional Council has a broad base of community engagement because of the number of programs it administers in the Kansas City region. However, several key activities may serve as a model for the Twin Cities and other metropolitan areas to demonstrate the importance of leveraging expertise to play a central leadership role in developing, staffing and monitoring performance on a regional economic strategy.

First, MARC realized the value that being formally involved in EDA-supported programs would have for its smaller, rural members. Through providing this shared service, the organization not only streamlined member activities but became better connected to smaller members and their interests.

Second, MARC took a formal leadership role to integrate both organization plans and plans from local governments and other agencies in order to develop a shared regional vision through the SCI. Additionally, MARC used this opportunity to engage in areas where they were not historically involved such as social equity, workforce development and affordable housing. Planning activities moving forward will consider these elements and can serve as an example of how other regions may incorporate these important principles in planning investments.

Third, all of these efforts have been the product of a formal community collaborative. MARC has played a critical role in informing these discussions and contributing to the decision-making process because they are the recognized area leader on data collection and analysis, and have established a commitment to identifying and supporting development efforts around high-growth opportunities and corridors. The role of the regional planning organization as the information expert has served MARC and its partners well in planning and development activities.

### **Regional Overview**

Washington State's Puget Sound Region Council (PSRC), encompassing Seattle and Tacoma, is home to a diverse and dynamic regional economy that includes some of the world's largest companies, like Microsoft, Amazon, Boeing, to a burgeoning mix of small businesses and start-ups. The Ports of Seattle and Tacoma are among the nation's busiest and a core component of regional economic and freight activity. The region's natural resources and environmental dependency are central to its economy and quality of life.

Approximately 3.7 million people reside in the four counties and 82 cities that comprise Central Puget Sound, according to the 2010 Census, representing a steady growth in population and employment over the past decade. Nine federally-recognized Native American tribes also call the region home.

The Great Recession of the past eight years impacted the region with unemployment rates doubling between 2006 and 2010 from 4.5 percent to 9.6 percent, slightly below national averages.<sup>81</sup> By January 2013, the region's unemployment rate was at 6.7 percent (versus 7.9 percent national rate).<sup>82</sup>

Perhaps more important to the region's economic approach were earlier upheavals to its previous stable economy. When Boeing moved its headquarters to Chicago, the maritime industry restructured, and the computer science and health care industries exploded, not only in Puget Sound but also in a number of nationally and internationally competing regions. These shifts influenced the region's economic foundation and served as a wake-up call. Regional leaders realized they needed to quickly get much more strategic, aligned and coordinated between the multiple players that influence economic development, workforce development, and public investments in education and infrastructure that drive the region's economy.

Roughly one-third of the region's adult residents hold a four-year degree, compared with 20 percent for the state and 18 percent for the nation as a whole. Equally notable, only 31 percent of Puget Sound residents age 25 or older have only a high-school degree or less, compared with 43 percent for the nation.<sup>83</sup> In 2010, median household income for the region was \$85,600, versus \$50,046 for the nation.<sup>84</sup>

Four key sectors drive anticipated future job growth: business/financial, sales, healthcare practitioners and computer sciences. Each of these four groups is projected to add between 18,000 and 23,000 jobs in the four-county region over the next four years, representing nearly 40 percent of the region's anticipated workforce expansion over the coming decade.<sup>85</sup>

Most of the jobs in these fields require a skilled workforce. As a consequence, a critical component of the region's economic strategy is to link economic development with workforce development, education and skills training, and promote family-wage jobs.

### **Regional Approach to Coordination and Implementation on Economic Performance**

Regional economic development efforts in the Puget Sound involve numerous public and private-sector partners. PSRC manages central coordination and development of the regional economic strategy. PSRC is the regional planning council, serving as the Puget Sound MPO and Central Puget Sound EDD. In these dual federally-designated roles, PSRC plays a strategic role in coordinating the region's comprehensive economic development strategy and long-range transportation plan. Both plans are informed by the regional growth plan (*VISION 2040*), a state requirement under the Washington Growth Management Law and also coordinated by PSRC. PSRC is also the lead agency for the HUD Sustainable Communities Regional Planning grant the region received in 2010 to support further integration of housing, transportation, economic development and equity planning.<sup>86</sup> Through these collective efforts, the PSRC is also seeking to advance social equity goals through policies and investments decisions that are integrated across transportation and economic development.

PSRC assumed its regional economic leadership role ten years ago, in response to new awareness that a shared strategic vision and coordinated strategic plan was vital to competing in the global marketplace. Intra-regional competition was not serving the region well, and the loss of the Boeing corporate office was devastating to the region. In comparison to other states, Washington has limited business incentive tools, including tightly circumscribed



A View of Downtown Seattle (Photo Credit: PSRC)

use of tax increment financing. The region realized that in order to remain competitive with emerging regions in Asia, Europe and South America, and with domestic competitors it needed to significantly improve coordination between the various government agencies and partner more intentionally with the business community, chambers of commerce and educational institutions.<sup>87</sup> Previously, the regional EDD, responsible for the federally-required CEDS operated separately from PSRC. These efforts were integrated in 2003 through a Memorandum of Understanding which consolidated staff between the two agencies to increase government efficiency and strengthen coordination between economic development and transportation matters. The EDD and PSRC each retain their separate boards and mandated federal responsibilities, but this integration provides one clear regional coordinator.<sup>88</sup> In this capacity, the Prosperity Partnership was formed in 2004 and staffed

by PSRC to develop the first unified regional economic vision, convene partners from across the region including the four counties, ports, tribal nations, business leadership, chambers of commerce, higher education and local government, and implement the regional economic strategy.

With over 300 civic, business and community members the Prosperity Partnership has emerged as the central table for establishing and monitoring regional economic performance. The *2012 Regional Economic Strategy* includes a heavy focus on growing and retaining existing industries, with an eye towards attracting new businesses in key sectors.<sup>89</sup> The identified strategies include improving the quality of life, education and skills attainment of the workforce, and improving the business climate through more responsive and coordinated government programs.

#### Key Attributes of Regional Economic Development Strategy

In 2012, the Prosperity Partnership updated the *Regional Economic Strategy for the Central Puget Sound Region: STRATEGY*, which serves as one part of the federal CEDS requirement. The other volume that fulfills its CEDS requirement is the *Regional Economic Strategy for the Central Puget Sound Region: ECONOMY*. Together, these two documents provide the regional economic vision and provide detailed metrics on regional performance across a set of indicators primarily focused on economic data, but also tied to social data including demographics, educational attainment and workforce readiness, and infrastructure. PSRC, through EDD and the Prosperity Partnership, developed these through extensive public outreach. Implementation of the Strategy is achieved through investments made by the EDD, including EDA funds, but primarily through coordinated efforts by county and local entities through their own economic development and workforce development councils in partnership with the business community and other local partners.

“The Prosperity Partnership was needed before the current economic crisis and is needed even more now. Our goal is a robust economy and high quality of life that will attract and retain businesses and talented workers from all over the world.” - PSRC

The regional economic strategy is straightforward: “to promote a strong central Puget Sound economy that will produce jobs and economic opportunities for the people who live here, now and in the future.” It contains four core goals to improve the foundations of the region economy, with specific strategies attached to each foundation goal:

1. Ensuring residents have access to family wage jobs and employers have access to world class talent;
2. Fostering a regional business climate that supports high-quality investment and job creation;
3. Harnessing the entrepreneurship and technology innovation assets in the region; and
4. Ensuring a healthy and beautiful environment, vibrant and thriving communities, and a high quality of life for all the region’s residents.

The *Strategy* itself is data-driven, relying on metrics to inform and drive discussions with the multitude of regional stakeholders from public and private sectors engaged in extensive outreach to develop the plan and its 2012 update. The strategy relies heavily on retaining and building a skilled workforce to support the composition of the regional economy.



It is focused on ten industry clusters that are critical to the region's economic health and competitiveness, with an emphasis on the occupational and regional needs associated with each.<sup>90</sup> Additionally, the Strategy recognizes its connection to other regional plans and priorities. "Equally important is how economic development work is linked with the important land use, transportation, housing and environmental decisions that underpin the regional economy. The goal is to have a robust economy that works in harmony with the region's priorities."<sup>91</sup>

### Key Partners and How They Engage

A clear set of annual action steps are identified by the Prosperity Partnership to clarify priorities and responsibilities between implementation partners.<sup>92</sup> These include strategies to improve workforce development and development rights programs, establishing additional performance metrics, cross-sector convening on specific targeted industry needs, and increased transit and infrastructure investment, among other things. While PSRC and the Prosperity Partnership are identified as leading on some actions, particularly those requiring convening across sectors and jurisdictions, factions are also identified for specific county, city and other private-sector partners.



Boeing 737 engine work, Seattle

Each city and county has its own economic development plan and strategy, and multiple chambers of commerce exist. The EDC of Seattle and King County is a major player in the region authorized by the state to work in coordination with the Workforce Development Council of Seattle and King Council. The Workforce Development Council, works closely with existing core industries and educational partners to identify and serve existing business and workforce priorities.<sup>93</sup> Improved coordination of these individual implementation efforts is still needed, particularly to foster better interagency coordination and coordination across industry clusters that may have similar occupational needs. PSRC is in the process of integrating all its planning responsibilities through the regional long-range plan, *VISION 2040*, and it reorganized staff to support a new Director of Integrated Planning.<sup>94</sup>

Many in the region view the integration of PSRC and EDD as a significant achievement and credit it with establishing a shared regional vision and clear strategy that allows for deeper conversations and policy change on the key factors of workforce development and infrastructure needs. At the same time, most noted that the region still has room for improvement, particularly coordination at the local level and within PSRC to ensure that economic development priorities are given equal footing with land use and transportation decisions. In this regard, PSRC is in the process of updating its transportation prioritization process to create a stronger linkage to its *Transportation 2040* long-range regional plan, and its regional economic strategy. Points are given for projects that demonstrate support for the *Regional Economic Strategy* or one of its identified industry clusters. Revised prioritization criteria will be used to screen proposed transportation projects with nine measures and/or the regional growth strategy, but is still yet being developed.<sup>95</sup>

Further, the Partnership tracks and reports on performance towards advancing the regional strategy.<sup>96</sup> This includes the International Regions Benchmarking Consortium, launched in 2008 by the Prosperity Partnership and the Trade Development Alliance of Greater Seattle through generous support from Microsoft and Boeing. The Consortium is a global network of innovative knowledge regions including Barcelona, Dajon, Dublin, Fukuoka, Helsinki, Melbourne, Munich, Seattle, Stockholm, and Vancouver that find it mutually beneficial to compare and learn from each other on issues of common interest.<sup>97</sup> This effort is notable in reframing the economic discussion within a global context in terms of strengths, weaknesses and strategies. In short, you need to know who you are competing with before you can develop a strategy and vision.<sup>98</sup>

The Seattle Metropolitan Chamber of Commerce plays an active role as a member of the Prosperity Partnership and through its own initiatives to support business needs. They are embarking on a benchmarking effort together with the Washington Council on International Trade and the Trade Development Alliance. Funded by JP Morgan and in coordination with the Brookings Institution, this effort will identify the four to five key measures of economic viability and sustainability, and track performance against national and international competitors.<sup>99</sup>



Similar to other regions, transportation is a focus of the regional economic strategy, both in terms of the many jobs associated with the industry, but also in its importance to quality of life and freight mobility. Transit funding relies primarily on the sales tax, and was significantly impacted by the Great Recession. Regional stakeholders are engaging the state legislature to restore the transit funding shortfall, which is viewed as a serious impediment to the region's ability to serve existing workers and business. PSRC's Growing Transit Communities is another forum for working across sectors to advocate for some limited TIF-like authority to support transit-oriented development within the region.

## PSRC Quick Guide

*Annual budget:* Approximately \$11 million

*Approximate Staff Size:* 80 full-time staff

Website: [www.PSRC.org](http://www.PSRC.org)

**Economic Development Activities:** The Prosperity Partnership is a coalition of more than 300 government, business, labor, and community organizations dedicated to improving long-term economic prosperity for the central Puget Sound region. PSRC through its Economic Development Board staffs the Partnership, and is the ED developing comprehensive economic strategy.

National Association of Regional Councils' *Economic Development Planning to Promote Regional Competitiveness*

## Examples of Success

Because the *Regional Economic Strategy* focuses on four foundational goals and 10 core industry sectors, much of the implementation across sectors and geographies that is occurring is because of a specific industry cluster focus. The Regional Economic Strategy identifies these clusters and their associated workforce and business needs. The *Prosperity Partnership's 2013 Action Plan* includes a number of strategies targeting the need for industry-specific coordination, particularly to identify education and workforce development needs of local businesses. Sub-regional partners are aligning to focus efforts and resources on key clusters within their jurisdictions. Given the dominance of the two ports and SeaTac airport, logistics and freight movement are critical components of the region's economy and were given significant attention in the regional economic strategy. Maritime and aeronautics have also been the focus of several successful cross-sector collaborations to retain, grow, and expand businesses in these industries and ensure a skilled labor force.

The King County Aerospace Alliance is referenced by many as the region's most successful effort to become more proactive and coordinated on economic and workforce development strategies.<sup>102</sup> King County is the largest center for aerospace activity in the country with over 45,000 employees and more than 400 aerospace companies. The Alliance unites public sector groups, local governments and business leaders to identify and target strategies to ensure that existing business remain and grow, while also working to recruit new suppliers to the industry and ensure adequate workforce development and job training of existing and potential workers. This type of strategic, multi-partner collaboration between public and private partners was instrumental to attracting new aerospace contracts for the regional industry. Building on this regional success, the Washington Aerospace Partnership was created to coordinate public and private resources.<sup>103</sup> This effort is partially funding by the State with staff located in the Governor's office, but also partially funded by private contributions and fundraising reinforcing the need for collaboration between public and private interests.<sup>104</sup> Similar industry-specific collaboration is beginning to emerge around maritime and biotech and life sciences clusters that are identified in the *Regional Economic Strategy*.

## Conclusions

Economic planning and coordination in the Puget Sound Region may serve as a model for the Twin Cities and other metropolitan areas to demonstrate a hybrid approach where the regional planning organization can play a central leadership role in developing, staffing and monitoring performance on a regional economic strategy. While the EDD is an EDA-recognized agency responsible for developing a comprehensive economic strategy, this requirement alone was not sufficient for the region to craft a shared vision or coordinated approaches to implementing the plan.

The formal integration of the MPO and EDD within the regional planning organization created a catalyst for undertaking a more comprehensive approach to economic development, land use and transportation. Further, the creation of a multi-sector Prosperity Partnership, co-chaired by public and private sector leaders, ensured that the regional economic strategy was established by a diverse set of economic stakeholders from public and private sectors, rather than being the domain of any one individual public or private agency.

The emphasis in the *Regional Economic Strategy* on workforce development, and core industry clusters further creates a framework for local jurisdictions, economic development and workforce development partners, education providers, and business leaders to leverage their respective programs across geographies and throughout the industry value chain. Finally, the heavy focus on data-driven metrics to inform the *Strategy* and guide implementation efforts is notable. The Puget Sound Regional Council recognizes that changing global markets, environmental sustainability, and social equity goals are all critical factors to reflect in how it measures and compares its efforts against international and domestic competitor regions.

## Appendix D: Endnotes

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### **About The National Association of Regional Councils**

The National Association of Regional Councils (NARC), representing local elected officials and their regional planning organizations, serves as a national voice for regionalism by advocating for regional cooperation as the most effective way to address a variety of topics including transportation, economic and community development, environment and homeland security. NARC's member organizations are composed of multiple local governments that work together to serve American communities - large and small, urban and rural. For additional information, please visit [www.NARC.org](http://www.NARC.org).

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