

ECONOMIC DEVELOPMENT

INTRODUCTION

Economic development has been defined as “efforts resulting in job growth and expansion of the tax base.” However, it is evident in reviewing results of the citizen survey and visioning workshop, as well as from meeting individually with small and large business owners that this broad definition of economic development will not suffice for Flatonia. The consensus in Flatonia is that economic development should result in growth of existing business, new business and tourism – while preserving the quality of life in the community. Promoting economic growth while preserving quality of life is difficult and requires clear and concise strategies for implementation.

One way to achieve this balance is by focusing on the expansion of existing businesses and tourism development. Economic development planning in rural areas should emphasize existing business growth since in the United States existing business growth makes up approximately 80% of total annual job growth. In addition, tourism is a clean business and can bring needed monies into the community without disturbing the rural lifestyle. Rural communities should also assess their ability to recruit businesses and the potential impact that new businesses would have on the rural character of the community, tourism and existing business base.

The Economic Development element of the Comprehensive Plan identifies business and community needs/issues as they pertain to job growth and the economy of Flatonia. This section also provides strategies that will help the City and community leaders in addressing these needs and issues while achieving the Vision for the community.

GOAL: Promote business opportunities and economic growth.

Objective 1.1: Support existing businesses by establishing the city and/or chamber as a resource for information on state and federal programs and funding opportunities.

Objective 1.2: Perform an economic analysis to determine where realistic opportunities for business investment or recruitment exist.

Objective 1.3: Preserve Historic Buildings

Objective 1.4: Promote Flatonia as a tourist destination

Objective 1.5: Maximize Flatonia's cultural heritage

Objective 1.6: Improve the local Motel (possibly through improved relations between owners and the city)

Objective 1.7: Develop Business Park (near the interstate?)

Objective 1.8: Develop local infrastructure

Objective 1.9: Develop downtown

METHODOLOGY

The following steps were taken in developing the economic development plan for Flatonia:

1. Assessment of the business climate and specific business needs by meeting with both large and small business people in Flatonia.
2. Review of the Goals and Objectives developed as part of the Visioning Workshop
3. Review of the existing Economic Development Plan developed by a partnership team (Chamber of Commerce, City officials and staff, school officials, and business leaders).

The first step in this three-step process of analysis involved assessing the existing business climate. Interviews were conducted with eight of the largest businesses in Flatonia and a focus group was held with twenty-five small to medium-sized business owners participating. Although the small and large business owners have different issues as they pertain to operation, they share the same concerns as they relate to the major goals listed below. The issues that grew from the interviews and the focus group are summarized below under the Competitive Assessment.

Every goal developed in the existing Economic Development Plan was also addressed in the Vision Workshop Goals and Objectives. This consistency brings further credence to the goals that exist in both plans. For purposes of the Economic Development Plan contained within this Comprehensive Plan, the goals will be:

1. Support Existing Business and Encourage Expansion
2. Increase Tourism
3. Improve Local Infrastructure
4. Enhance Quality of Life
5. Attract Appropriate New Business

COMPETITIVE ASSESSMENT - Issues/Needs of Existing Business

The issues and needs from both small and large business owners are categorized below. Following the issues/needs discussion is an implementation strategy that will lead the city and community leaders in improving their economy and maintaining their quality of life.

Labor and Industry:

- Labor force is tight. Labor that is in Flatonia is good, but there can be a high turnover in tight labor markets. With increased mechanization labor can be freed up for other existing or new business growth. However, if new businesses develop without mechanization then the labor market becomes even tighter.
- Some employees work more than one job and consequently get burned out quickly.
- With current labor market and good economy, some employees will leave their current job for another job in a different town that only pays \$0.50 more per hour and lose their existing benefits.
- Affordable housing would help to reduce total cost to employees (higher rents and/or commute costs)
- Examine how to help new business or existing business finance expansions or needed improvements

Infrastructure:

- Communication enhancements would enable enhanced productivity with a number of small and large businesses.
- Large businesses may need additional infrastructure such as electric enhancements. The City should check in regularly with businesses to see if there are other expansion issues.
- If there were more affordable housing in Flatonia, there would be a larger labor market from which to pull and employees may save money from their previous commuting costs.
- Housing is an obstacle for expansion.
- Update and then educate the public and employers about the utility rate structure.
- Develop a low-interest fund for business expansion.
- Improve existing signs and develop better ones on the interstate to attract tourists and potential business into Flatonia.

- City can acquire a radio station through a federal grant program that cars can tune into to get information on upcoming events in Flatonia.
- Natural gas may lower employer operation costs and would be safer than propane for both residences and commercial business.
- Develop an Industrial Park for new business development.

Quality of Life:

- Overwhelmingly, both small and large businesses do not want the quality of life to change in Flatonia, but want enhancements to parks, school, entertainment, and consumable good access.
- Businesses feel like the City can make its biggest impact in improving the economy by improving the quality of the city.
- Existing businesses do not want the frontage of I-10 changed to a neon look, and they want clean businesses (no smoke-stacks)
- Keep the feel of the small town but make it more prosperous while managing growth and developing more parks.

Business Climate:

Business owners feel like the small size of Flatonia provides for a great community in which to do business. Knowing your suppliers and some of your customers helps in customer relations and supplier issues.

- Strengths that were identified include: location, opportunities for small business, know people doing business with, charm of city (Mayberry), demographics, permitting is easy (unlike larger cities), and good place to raise kids,
- Weaknesses include: Flatonia does not have everything you need (groceries, hardware, clothing, entertainment); smell of agricultural processing facility can be awful.

Education and Training:

- New employees don't always have needed skills. This can be addressed through the ISD's Career Development Program.
- Business owners have difficulties in communicating with employees who do not speak or understand English very well

All of the issues presented above have been incorporated into the Implementation Strategy found on the next page. Prior to reviewing the Implementation Strategies, however, it is important to assess the following

two major areas (Marketing Strategy and Organizational Issues) of Economic Development Planning which will enhance current and future economic development results and the economy of Flatonia.

MARKETING STRATEGY

Flatonia must develop separate marketing strategies for tourism and new business development. The city should exploit strengths such as the quality of life, location, and transportation access for new business development. The City and Chamber of Commerce may want to enlist the expertise of a professional marketing firm to assist them in developing effective marketing plans and materials.

ORGANIZATIONAL ISSUES

As the following Implementation Strategy shows, the City and Chamber of Commerce have begun to clearly define their appropriate roles in economic development. The two organizations should continue to meet regularly to examine their respective effectiveness in their economic development roles and be prepared to reassign roles to be the most effective.

In addition, they must also assess their ability to develop an industrial park for new business development with one of the current organizations in the City or develop a new Industrial Development Corporation. Some cities utilize their Economic Development Corporation for such an endeavour while others may do this through the City Council or a newly formed Industrial Development Corporation. The City should meet with an economic development professional to discuss best strategies for this and business development promotion.

Identifying potential funding sources for economic development is one of the highest priorities for the City and Chamber to pursue. The City has the most amount of sales tax (one-and-a-half cents) that is allowed by the state. Other cities that have adopted half-cent sales tax for economic development, but this option is not available to Flatonia since they have no remaining sales tax to adopt. In addition, the hotel/motel tax has limited uses for economic development. One option is for the City to use General

Revenue Funds for economic development efforts. This would involve having a separate line item in the City Budget for Economic Development and may also involve adopting a budget amendment for appropriate funds to be decided by the City Manager.

Another critical issue for the City and Chamber is to identify the single point of contact for business prospects and develop a team of individuals who will receive these prospects. In discussing this issue with both organizations, it appears that the Chamber Executive Director will be this point person. Both the City and Chamber need to work diligently to centralize information for all economic development or business-related issues at the Chamber of Commerce.

IMPLEMENTATION

The implementation plan for Economic Development does not address all the issues listed above under "COMPETITIVE ASSESSMENT". Some issues will be addressed in other sections of this plan, such as the Housing Plan, Park Plan and Land Use Plan. Additionally, the Capital Improvements Plan will show the funding plan for all major projects within the city over the next ten years.

The following matrix offers guidelines for implementation and addresses the majority of the issues listed above. These goals and action steps are intended to jump-start the implementation of the Economic Development Plan and as the timeline shows, the implementation will involve both short-term and long-term actions to improve the economy of Flatonia.

Table 5-1 Flatonia Economic Development Plan

Implementation Guidelines

Table 5-1: Implementation Guidelines						
Goal	Objective	Action Step	Responsible		Time Frame	
			City	Chamber	From	To
Goal #1: Support Existing Business, Encourage Expansion, and Atract Appropriate New Business	1.01 Develop workforce skills enhancement program based on existing business needs					
				X	Nov-00	Jan-01
		Identify employer needs				
		Identify existing school programs				
		Meet with School to discuss employer needs				
		Educate employers/employees about school programs				
		Identify (through employee surveys) what training or education they would like (eg., English as second language, Financial Planning, etc..)				
		Develop funding and program for Adult Learning Program (tie into Employer Incentive Program to maintain attendance)				

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Goal	Objective	Action Step	Responsible		Time Frame	
			City	Chamber	From	To
	1.02 Increase labor pool for existing business expansion and new business needs		X		Nov-00	Jan-01
		Develop grant program to assist business with mechanization implementation which will free up labor				
		Develop housing opportunities in Flatonia (see Housing Plan)				
	1.03 Develop One-stop information "center" for existing business			X	Nov-00	Jan-01
		Develop appropriate programs for Flatonia citizens on financial planning				
		Designate point of contact for existing business questions/needs				
		Obtain appropriate information for existing business expansion/issues				
		Develop monthly/quarterly meeting seminars for existing business with information lectures/speakers and informal exchange of information				

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Goal	Objective	Action Step	Responsible		Time Frame	
			City	Chamber	From	To
	1.04 Develop loan program for local business expansion.		X		Jan-01	Feb-01
		Meet with local bank and/or regional lenders to assess financing program's effectiveness				
		I identify necessary local resources.				
		Develop program.				
		Educate businesses				
Goal #2: Increase Tourism						
	2.01 Develop Marketing Plan to promote Flatonia			X	Nov-00	Mar-01
		(Apply marketing plan from above here)				
	2.02 Improve profitability of major tourism efforts			X	Nov-00	Feb-01
		Assess profitability of major events in Flatonia				
		Make recommendations for improvements				
	2.03 Beautify City		X	X	ongoing	
		(See Quality of Life Below)				

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Goal	Objective	Action Step	Responsible		Time Frame		
			City	Chamber	From	To	
Goal #3: Improve Local Infrastructure	3.01 Obtain Natural Gas						
			X		Nov-00	Dec-01	
		Update existing feasibility plan					
		Determine long-term impact on Flatonia utility revenue					
		Develop financial plan for implementation					
			Obtain City Council approval (for Revenue Bonds)				
			Contract with Utility for implementation				
	3.02 Improve Telecommunication Infrastructure			X		Dec-00	Jun-01
			Assist school in obtaining TIF grant				
			I identify potential sources for improving Telecommunications				
		Develop partnership for organizations in Flatonia who will utilize telecommunications					
		I identify companies who can develop infrastructure in Flatonia					

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Goal	Objective	Action Step	Responsible		Time Frame	
			City	Chamber	From	To
		Obtain cost estimates and/or franchise fee revenue estimates from identified companies				
		Obtain Council buy-in				
		Develop RFPs for infrastructure improvements				
		Begin development and implementation				
		Obtain City Radio Station				
Goal #4: Enhance Quality of Life						
	4.01 Enhance appearance of City		X		Jan-01	Jun-01
		Develop criteria for potential beautification projects				
		I identify reasonable revenue sources for beautification projects and potential budget for such projects				
		I identify beautification projects				
		Develop cost estimates for each potential project				

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Goal	Objective	Action Step	Responsible		Time Frame	
			City	Chamber	From	To
		Develop Beautification Committee				
		Score/rank potential projects with selection committee				
	4.02 Improve existing parks and develop new parks		X		Jan-01	Mar-02
		(See Park Plan)				
		Obtain rail car for downtown park				
		Develop agreement with Bank to enhance location where existing city materials are located				
		Move Existing city facility				
		Engage community in park dedications and possibly in-kind service				
Goal 5: Attract Appropriate New Business						
	5.01 Develop an Incentive Policy		X			

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Goal	Objective	Action Step	Responsible		Time Frame	
			City	Chamber	From	To
		Review Other Incentive Programs			Aug-00	Sep-00
		Determine Available Funding, Abatements, and Fee Waivers that could be made available and under what circumstances			Aug-00	Sep-00
		Develop Draft Incentive Plan			Sep-00	Oct-00
		Present information to Council			Oct-00	Oct-00
		Develop an Incentive Policy and obtain Council approval			Oct-00	Nov-00
	5.02 Develop an Industrial or Business Park		X			
		Designate organization/coalition to be both funding and administrative agent for potential industrial park.				
		Develop site criteria (acreage, topography, costs, etc...)			Sep-00	Oct-00
		I identify qualifying sites within city or ETJ			Sep-00	Oct-00
		Develop financing mechanism (s) with City, Chamber, Bank, Private Companies, other			Sep-00	Dec-00

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Goal	Objective	Action Step	Responsible		Time Frame	
			City	Chamber	From	To
		Negotiate terms for land with owners			1-Jan	Mar-01
		Close on land			May-01	
		Arrange for architectural plans for prospective buildings (virtual building sites)			May-01	Jul-01
		Develop infrastructure			Sep-01	Aug-02
		Market site (in conjunction with Marketing Plan below)			Aug-02	??
	5.03 Market Flatonia for new business			X	Nov-00	Mar-01
		Identify available city/chamber funding for marketing				
		Identify complete marketing strategy (brochures, web page, potential markets, outsource, etc...)				
		Enlist marketing/design firm or organization for "professional" materials				
		Review other city marketing materials for new business development				
		Develop draft marketing materials				

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Goal	Objective	Action Step	Responsible		Time Frame	
			City	Chamber	From	To
		Perform a Target Industry Analysis for Direct Marketing				
		Begin Marketing campaign				
	5.04 Develop Readiness for New Business			X		
		Develop database of available properties and update regularly			Dec-00	Jan-01
		Establish primary point of contact for business prospects			Dec-00	Jan-01
		Develop a Business Recruitment Ready Team			Jan-01	Mar-01