

ARC-LEAP

Local Economic Assessment Package



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Meeting*



Presentation

1. **Purpose and Design of LEAP**
Local Economic Self-Assessment and Prioritizing
2. **Details of LEAP Requirements and Results**
Community Strengths, Weaknesses, Opportunities
3. **Potential LEAP Applications for LDDs**
Enhancing Economic Development Efforts

Regional Economic Needs

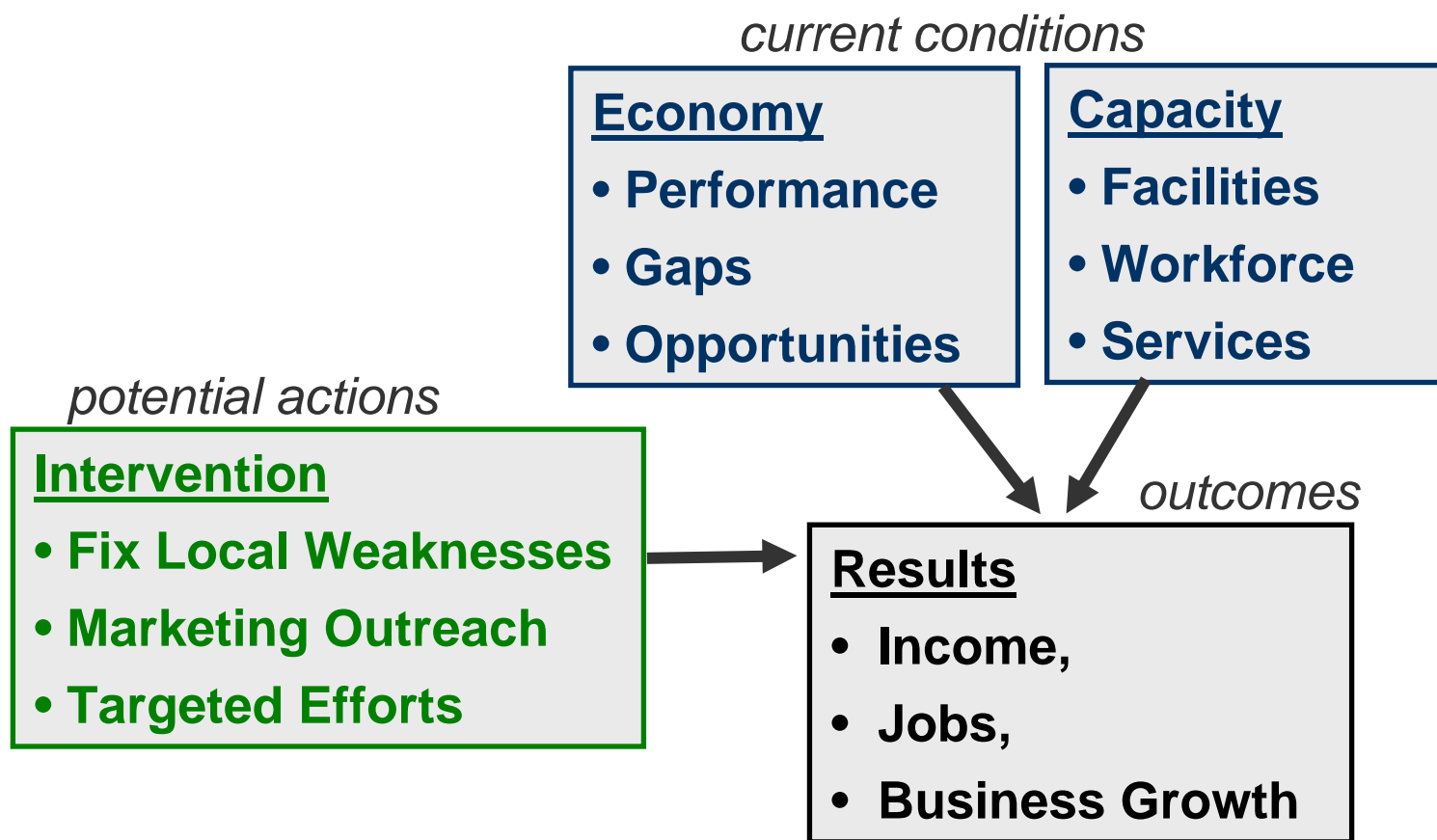
- To identify regional economic development strengths/weaknesses and appropriate targets.
- To ascertain critical factors holding back regional economic growth.
- To develop priorities and action plans to maximize success in achieving economic growth.

ARC – LEAP Product

Funded by Appalachian Regional Commission

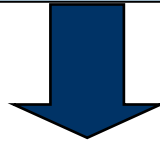
- **HANDBOOK** – *model evaluation process.*
- **EVALUATION TOOL** – *to assess your region's economic performance.*
- **POLICY ANALYSIS SYSTEM** – *to aid business targeting by identifying priorities for improvement.*

Covering a Full “Program Logic”



ARC-LEAP Software: 3 Elements

(1) ECONOMIC ASSESSMENT –
performance and trends



(2) TARGETING DIAGNOSTICS –
strengths, weaknesses, prospects



(3) POLICY ANALYSIS -
consequences of public initiatives

(1) Economic Assessment

71 industry categories

1. Profile business mix, past trends, future expectations.
2. Choose comparison area(s).
3. Identify performance gaps
(in terms of mix and trends)



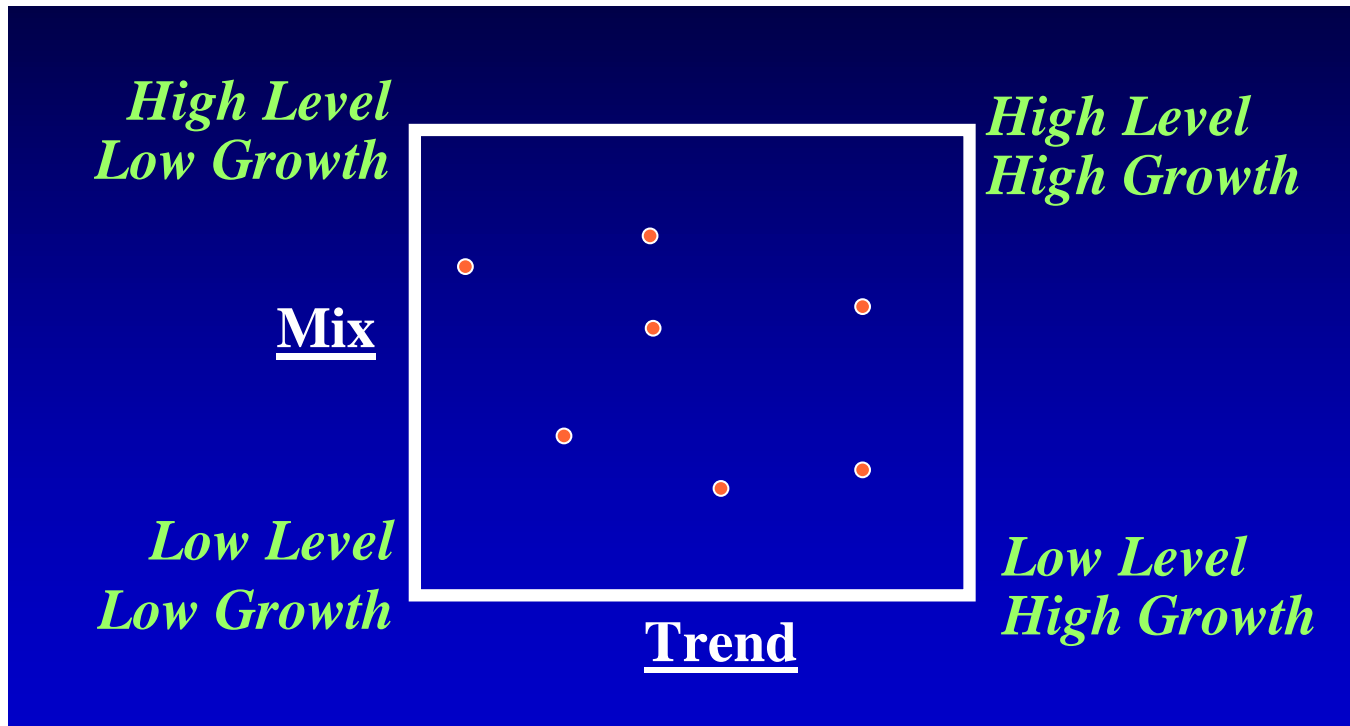
Profile Mix, Trends, Comparison Area

Current Employment in Thousands

SIC	LABEL	Study Area			Comparison Area		United States	
		1990	2000	GROWTH	1990	2000	1990	2000
		First Tenn Dist., TN &			Asheville, MSA, NC		United States	
7	Agricultural services	458	1,052	9%	232	709	1,023,235	1,627,894
15	General contractors	2,389	7,617	12%	1,329	6,345	2,346,977	2,510,830
16	Heavy construction	838	4,016	17%	885	2,513	1,392,998	1,582,896
17	Special trade contractors	3,447	8,029	9%	2,696	4,711	5,517,385	7,383,129
20	Food and kindred products	1,023	546	-6%	700	405	1,680,356	1,729,830
21	Tobacco products	0	0	0%	0	0	51,513	35,700
22	Textile mill products	2,840	2,127	-3%	2,982	1,375	704,612	541,985
23	Apparel & other textile products	2,573	851	-10%	2,387	1,320	1,087,109	686,854
24	Lumber and wood products	1,016	1,414	3%	731	390	851,146	928,933
25	Furniture and fixtures	1,013	949	-1%	375	33	527,447	594,525
26	Paper and allied products	2,159	1,029	-7%	60	311	696,796	657,947
27	Printing and publishing	4,715	4,811	0%	1,071	1,478	1,717,285	1,655,504
28	Chemicals and allied products	21,923	10,973	-7%	1,750	606	1,088,859	1,046,136
29	Petroleum and coal products	10	10	1%	10	2	150,295	122,496
30	Rubber and misc. plastics products	724	1,877	10%	718	1,758	893,728	1,016,983
31	Leather and leather products	60	29	-7%	10	53	139,298	73,400
32	Stone, Clay, and glass products	2,169	2,745	2%	733	350	625,239	604,773
33	Primary metal industries	1,879	1,902	0%	69	11	751,356	702,399
34	Fabricated metal products	1,949	2,501	3%	750	756	1,437,409	1,589,920
35	Industrial machinery and equipment	2,864	4,181	4%	2,204	2,815	2,141,291	2,138,467

Local Economic Performance Rating

Relative Industry Mix and Trends



Local Economic Performance Rating

- HIGH Concentration**
1. Key local industry is strong
 2. Key local industry is threatened, may need attention
 3. Key local industry in national decline, must diversity
- MEDIUM Concentration**
4. Local strength, should be supported
 5. Possible opportunity for more growth
 6. Unstable industry, focus efforts elsewhere
- LOW Concentration**
7. New emerging local industry, should be nurtured
 8. Weak local sector, may be growth opportunity
 9. Weak local sector in national decline, focus elsewhere

(2) Targeting Diagnostics

1. Rate current strengths/weaknesses of area resources.
2. Identify those area resources that are key factors affecting local attractiveness for each industry.
3. Assess relative competitiveness of area for each industry, given ratings of those key factors.

Rating Strengths/Weaknesses

<u>Area Characteristics</u>	Study Area	Comparison Area
1. COST CATEGORIES	<i>First Tenn Dist.</i>	<i>Asheville, MSA</i>
Labor Cost (\$ / hr in Mfg)	18.93	15.51
Energy Cost (\$/M Btu) or Electricity Cost (c/kwh)	5.06	4.62
Overall Tax per Person	0.345	0.867
Housing Costs	130,985	100,758
Rental Costs	900.00	536.35
2. OTHER CATEGORIES		
Population	462,524	225,965
Population Density (persons/square mile)	162.12	204.41
Skilled Workers	12.00	30.00
Labor Force Participation Rate	60.00	68.00
Travel Time to Airport (minutes)	27	18
Travel Time to River/Seaport (minutes)	101	294
Travel Time to Rail Access (minutes)	27	126
Average MPH OR Highway Congestion (1 through 10)	20	21
Broadband Access (1 through 10)	3	3
3. DEVELOPMENT CONSTRAINTS / FACTORS		
Availability of Highway-Related Commercial Land	4	5
Availability of Industrial Park Sites with Full Infrastructure	3	5
Availability of Office/Commercial Development Sites	3	5

Examples of Measurable Data

Relative Access to Markets

Size of Customer Population Market (45 min.)

Size of Relevant Labor Market (45 min.)

Size of Business Supplier (Parts) Market (3 hrs)

Size of Regional Tourism Market (2 hrs)



Pass-by Traffic Volume

Access to Commercial Airports

Access to River / Sea Ports

Access to Rail Loading Facilities

Example of Qualitative Data

Physical Facilities

Industrial Parks

Industrial Buildings

Commercial Land



BASIC

Vacant Land

Paved Access

Building Capacity

Loading Facilities

Electricity, Gas Available

ADVANTAGE

Broadband Access

Rail Spur

Sewer / Septic

Business Incubator

Local Economic Performance / Targeting

SIC	Sector	10-YEAR BASELINE GROWTH RANGE	AVERAGE 10- YEAR GROWTH ESTIMATE	ADDITIONAL GROWTH POTENTIAL	POTENTIAL ADD'L GROWTH (# OF JOBS)	INDUSTRIAL TREND RATING	POTENTIAL FOR NEW GROWTH	POTENTIAL FOR BUILDING ON RECENT GROWTH
7	Agricultural services	622 - 1,364	993	YES	91	1	STRONG	STRONG
10	Metal mining	NA	0	NO	0	7		
12	Coal mining	0 - 0	0	NO	0	6		
13	Oil and gas extraction	0 - 0	0	NO	0	6		
14	Nonmetallic minerals	NA	0	NO	0	7		
21	Tobacco products	NA	0	NO	0	7		
22	Textile mill products	0 - 0	0	YES	90	7		
23	Apparel and other textile	0 - 0	0	YES	1,277	6		
35	Industrial machinery	0 - 1,923	962	YES	357	3		
36	Electronic/electric equipm	110 - 2,725	1,418	YES	4,724	1	STRONG	
37	Transportation equipment	0 - 0	0	NO	0	6		
38	Instruments	0 - 0	0	NO	0	6		
39	Misc. manufacturing	38 - 291	165	NO	0	1		STRONG

Factors Holding Back Each Industry

(1 = CRITICAL DISADVANTAGE; 2 = IMPORTANT DISADVANTAGE)

Sector	DEFICIENCY (# OF JOBS)	TOTAL PRODUCTIO N COSTS	Factor Costs				Labor Market		Transportation			
			LABOR COSTS	LAND COSTS	ENERGY COSTS	TAXES	WORKER BASE	SKILLED WORKER S	WATER TRANS	AIR TRANS	RAIL TRANS	HIGHWAY TRANS
Agricultural services	91	1	1				1			1		
Fishing	0	2										
General contractors	2,612											
Heavy construction	35											
Food products	507	2			2							
Textile mill products	90	2			2							
Apparel and other textile	1,277	2								2		
Furniture and fixtures	192	1								2		
Rubber and plastics	957	1										
Leather products	56									1		
Industrial machinery	357	1						2		2		
Electronic/electric equipme	4,724	2						2		1		
Trucking & warehousing	610	1		1						1		
Transportation by air	236	1	2		2		2	2		1		
Transportation services	184	1	2		2		2					
Communications	1,798							2				
Electric, gas services	321							1				
Wholesale - durables	110	1	2				2	2		1		
Wholesale - nondurables	627	1	2				2					

Industries Held Back by Given Factors

FACTOR ASSESSMENT	Factor Costs				Labor Market		Transportation				Other
	LABOR COSTS	LAND COSTS	ENERGY COSTS	TAXES	WORKER BASE	SKILL BASE	WATER	AIR	RAIL	HIGHWAY	BROADBAND
CRITICAL	SIC 7 (15)	SIC 42 (99)			SIC 7 (37)	SIC 49 (8)		SIC 7 (7)			
	SIC 62 (10)	SIC 52 (26)			SIC 62 (13)	SIC 62 (20)		SIC 31 (0)			
	SIC 64 (45)	SIC 70 (12)			SIC 64 (52)	SIC 81 (108)		SIC 36 (21)			
	SIC 80 (711)	SIC 78 (5)			SIC 80 (1,243)			SIC 42 (27)			
	SIC 82 (28)	SIC 79 (17)			SIC 82 (73)			SIC 45 (20)			
	SIC 83 (31)	SIC 82 (46)			SIC 83 (58)			SIC 50 (2)			
								SIC 70 (3)			
								SIC 73 (23)			
								SIC 75 (3)			

Targeting Prospects for Growth

SIC	Sector	DEFICIENCY (# OF JOBS)	POTENTIALLY ACHIEVABLE GAP REDUCTION (A)	BASELINE GROWTH FOR NEXT TEN YEARS (B)	TOTAL POTENTIAL DIRECT GROWTH (A + B)
7	Agricultural services	91	76	993	1,069
9	Fishing	0	0	1	1
15	General contractors	2,612	273	8,603	8,876
16	Heavy construction	35	35	7,889	7,924
20	Food products	507	14	8	22
22	Textile mill products	90	77	0	77
23	Apparel and other textile	1,277	32	0	32
25	Furniture and fixtures	192	51	61	112
30	Rubber and plastics	957	100	1,626	1,726
31	Leather products	56	1	0	1
35	Industrial machinery	357	357	962	1,319
36	Electronic/electric equipment	4,724	559	1,418	1,977
42	Trucking & warehousing	610	360	2,867	3,227
45	Transportation by air	236	113	455	568
47	Transportation services	184	17	199	216
48	Communications	1,798	160	245	405
49	Electric, gas services	321	22	0	22

(3) Policy Analysis

1. Select local factors (resources / features) to adjust.
2. Choose alternative values for those factors.
3. Forecast difference in business growth/ attraction levels, and compare to current situation.

Surgeon General's Warning: This is guidance for prioritizing efforts; there is no guarantee of automatic business attraction !

Policy Analysis Example

	PRE-POLICY	POST-POLICY	EMPLOYMENT IMPACT
1. Technology and Education			
Advanced Skills Training	3	8	614
Labor Market Participation	5	5	0
Broadband Access	3	5	0
2. Development Constraints and Incentives			
Availability of Highway-Related Commercial Land	4	5	248
Availability of Industrial Park Sites with Full Infrastructure	3	5	417
Availability of Office/Commercial Development Sites	3	5	618
3. Transportation Initiatives			
Access to Airports (travel time in minutes)	27	27	0
Access to River or Sea Ports (travel time in minutes)	101	101	0
Access to Rail Intermodal (travel time in minutes)	27	27	0
Minor Improvements in Highway Flow	20	20	0
Major Improvements in Highway Flow (1)	203,623	250,000	648
Major Improvements in Highway Flow (2)	1,618,754	1,618,754	0

Applicable Situations

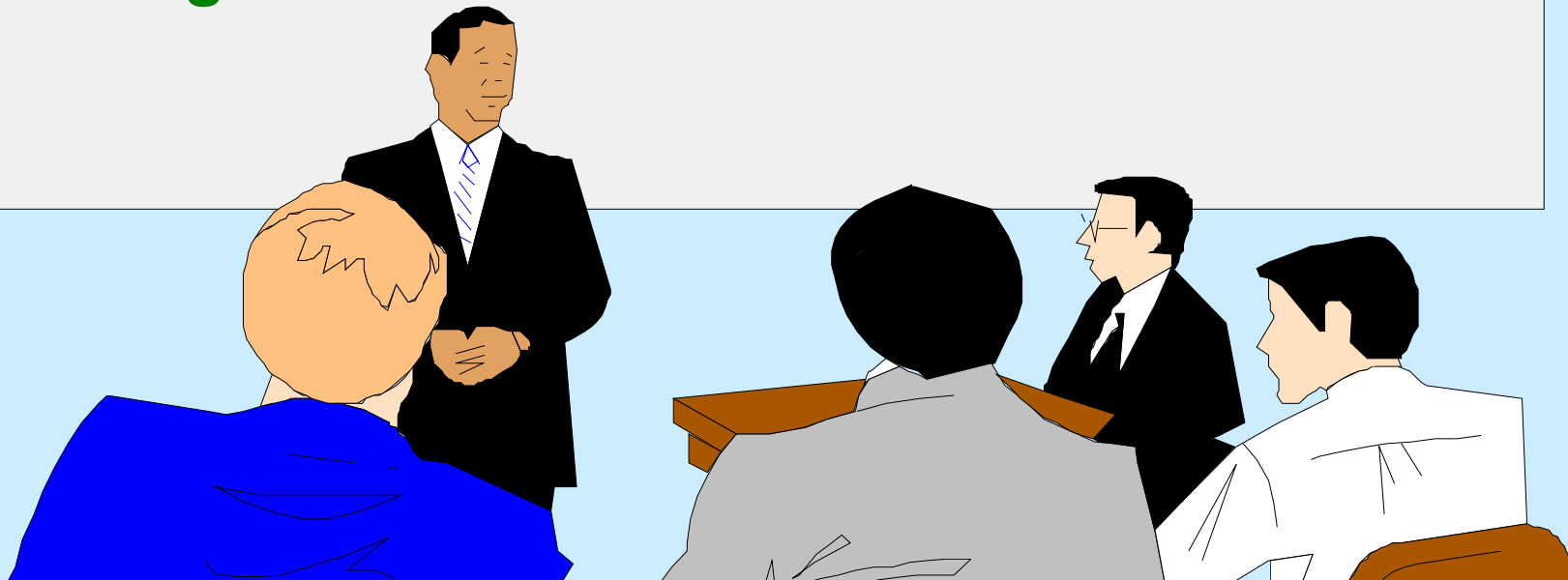
- High unemployment and low wages due to issues of limited labor skills, limited supporting infrastructure.
- Seasonal fluctuations in jobs due to narrow economic base, over-reliance on tourism or resource industries.
- Isolation and lack of opportunities due to small population base and lack of access to markets.
- Over-dependence on a single industry, facing downturn due to outside competition.
- High competition with other locations raising concern about sustaining future economic position.

Limitations

- Basis for Comparison – critical for establishing reasonable expectations.
- Self-Assessment – requires objectivity in rating local sites, facilities and support resources.
- Viewing Business Sales vs. Job Trends –focus on jobs does not recognize industries with “jobless growth”.
- Interpretation of Targets – intended to help select priorities, not to expect automatic results.

What Would You Like ?

- *Ways to improve the system – ease of use, data requirements, graphing*
- *Possible future enhancements –industry clusters, technology coverage, policy testing*



For more information...

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