

Chatham County Economic Development Strategic Action Agenda 2015-2020

Purpose

- To develop a 5-year strategic action agenda to guide the work of the Chatham County Economic Development Corporation
- To identify realistic actions for the EDC and others in the County that will improve the County's economic competitiveness and meet the County's economic and other goals.
- Align with County Commissioner goals (see appendix)



Process

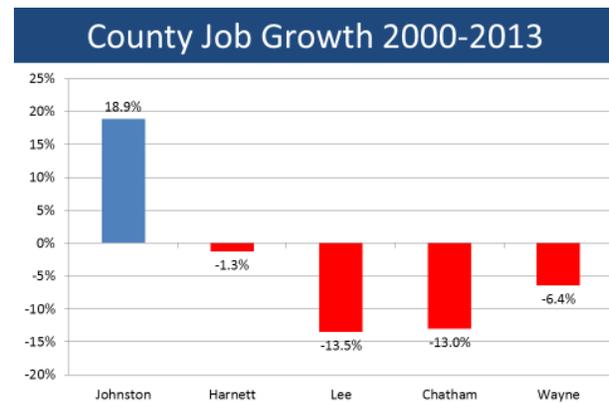
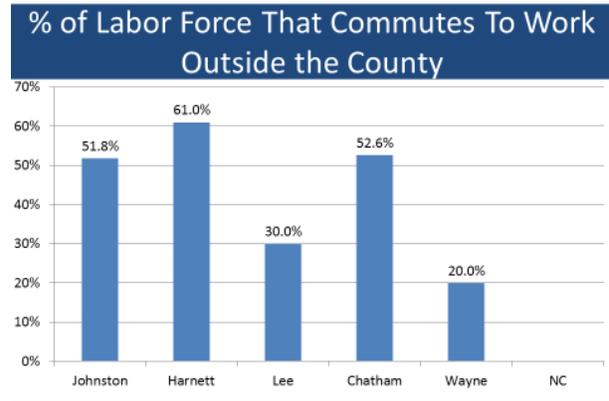
- 1) First, establish Chatham County's current economic reality
- 2) Then, determine future economic desire
- 3) Finally, identify realistic actions to contribute to Chatham County's future desires
 - Comprehensive review of existing strategies including land use
 - Economic and demographic review
 - Relevant trends assessments
 - Three EDC board retreats
 - EDC board survey
 - Three community focus groups (small businesses, manufacturers, elected officials)
 - Extensive staff input
 - Draft strategic actions for EDC Board review



Chatham County's Current Economic Reality

Economic

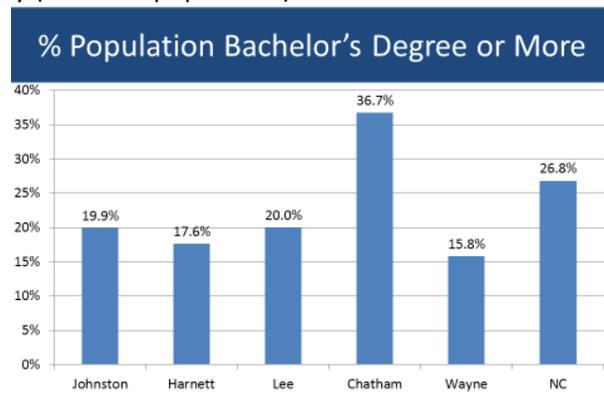
- Entering 2014 in-county jobs totaled less than half of the civilian labor force for the County- requiring significant (55%) out-commuting for work
- The County's tax base is 7.5 % commercial and less than 2% industrial
- Retail sales tax leakage exceeds local sales tax collections (\$0.63 of every dollar spent outside of the county)
- Job losses totaling over 10% since 2000
- Between the 2nd quarter of 2013 and the 2nd quarter of 2014 (latest available data) jobs in the county grew by less than 1%, with job losses in manufacturing, construction, retail sales, professional services, health services and educational services
- Low unemployment rates
- Jordan Lake attracts over one million visits each year
- Over 1,000 farms in the county, almost 60% generate under \$10,000 in income
- Contiguous to highly competitive, fast growing urban center



Source: NCEC.Com, July 2014

Demographic

- Older population than NC or surrounding counties, with a lower percentage of under 18-year-olds (21%) and a significantly higher percentage of over 65-year-olds (21.6%)
- Less diverse population than NC surrounding counties with over 70% white
- Hispanic population concentrated in Siler City (49.8% of population)
- More educated population than non-core counties; over 36% of adults with a bachelor's degree or higher
- Wealthier population than non-core counties; lower poverty rate and higher household incomes. Wealth and poverty rates are uneven across different parts of the county.
- Faster growing population than NC and some surrounding regional non-core counties



Land and Buildings

- Residential to commercial tax base is 10 to 1
- Over 50% of the land in the County is not zoned
- The availability of shovel ready (full infrastructure) sites and appropriate buildings is very limited
- Neighboring jurisdictions' land use policies impact Chatham, some positively some negatively
- Emerging opportunities with Chatham Park (7,200+ acres), Chatham-Siler City Advanced Manufacturing Site (1,800+ acres), Moncure Super Park (1,400+ acres); each has infrastructure challenges



Economic Development Corporation

- Public-private partnership
- Active board of directors
- \$500,000-\$600,000 operating budget
- Very small marketing budget (\$60,000)
- Existing industries
 - Agriculture (NAICS 11)
 - Manufacturing (NAICS 31)
 - Wholesale & retail trade (NAICS 42 & 44)
 - Construction and real estate (NAICS 23 & 53)
 - Health Care and Social assistance (NAICS 62)
 - Professional and technical services (NAICS 54)
- Regional marketing and client generation partnership (RTRP)
- New state privatized client generation partnership (EDPNC)

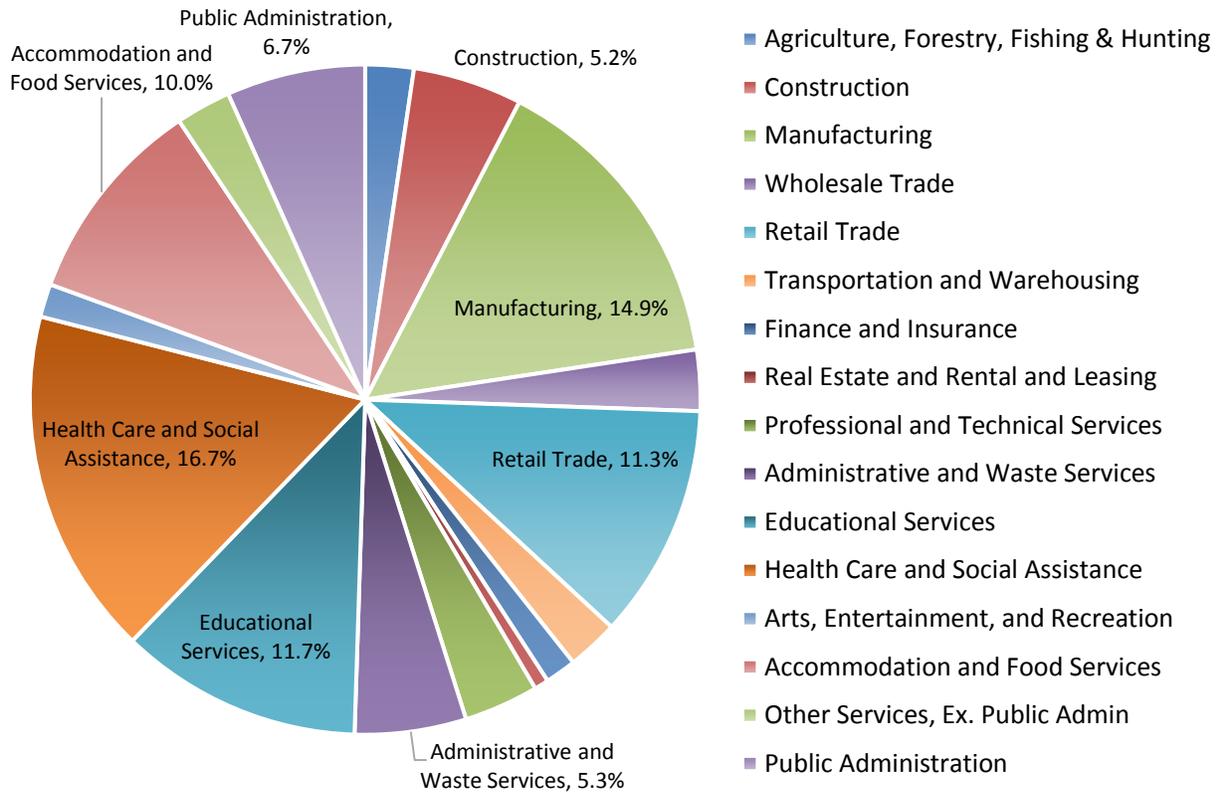
Global Trends Impacts

- Urbanization - driving more educated young people to dense urban cores
- Globalization - intense competition and new opportunities for existing businesses
- Rising workforce requirements - downward wage pressure for lesser skilled, greater rewards for higher skilled, limited job creation for middle skilled, changing work skill requirements
- Technology and automation - advanced information infrastructure imperative, job churn inevitable
- Freelance economy - opportunities for more in-county live-work businesses
- Public austerity - economic and political realities suggest more limited federal and state assistance to counties in the near future

State and Regional Economy Impacts

- Highly competitive Research Triangle Region (Top 10 nationally) foretells strong population and job growth to the north and east
- Orange County rural buffer, Durham County watershed, and I-540 and improved 64 will create on-going growth pressure for the eastern part of the County
- Limited growth in the Triad will negatively impact the western portion of the County
- Huge urban competition for jobs, retail sales and entertainment options
- State motivation to spread opportunity to more distressed counties

Chatham County Jobs 2nd quarter 2014



Chatham County Competitive Strengths and Weakness

Strengths

Proximity to strong growth, central statewide location, educated population, disposable income, emerging product (land) options, community college training capacity, quality of life to attract highly educated/highly skilled residents

Weaknesses

Infrastructure, financial options for investments or incentives, current site and building options, appropriately skilled employees for existing employers, EDC capacity to address opportunities, geographic disparity in economic results and opportunity



Desired Economic Future

Ten Community Goals and Priorities for the Future

- 1) Generate more in-county jobs to create opportunity and reduce out-commuting
- 2) Retain County's rural character
- 3) Strengthen vitality of downtowns
- 4) Diversify the tax base and reduce the dependence on residential property taxes
- 5) Increase retail sales tax revenues and reduce retail leakage
- 6) Improve citizen education credentials and skills for local employment
- 7) Promote and support small businesses and entrepreneurship
- 8) Promote local agriculture and arts businesses
- 9) Expand county revenue from tourism
- 10) Create economic opportunity in all parts of the County

Five Economic Development Corporation Goals for the Future

- 1) Diversify and increase organizational funding
- 2) Maintain strong board and private sector input
- 3) Maintain county-wide support and engagement
- 4) Position EDC as the economic thought leader for Chatham County
- 5) Maintain and distribute metrics



Strategic Recommendations to Achieve Goals

Improve Chatham County Physical Product

Without high quality shovel-ready sites and appropriate buildings ready for client occupancy, no significant job growth is plausible. According to site selection consultants, almost all businesses considering investment today expect a mix of locational advantages. (See figure above). In addition to other requirements, to be competitive sites need all infrastructures in place.

- Support the development of "Shovel-Ready" and certified sites for business growth (at locations consistent with current land use planning)
- Prioritize infrastructure availability for Chatham Park, the Moncure Super Park and the Chatham-Siler City Advanced Manufacturing Site
- Promote county-wide planning for long-term infrastructure capacity and service
- Maintain an up-to-date searchable on-line data base of available buildings and sites

Increase Existing Business Support

Most new jobs are created by expansions of existing businesses or new business formation. The EDC should triage business inquiries and refer to appropriate resources. The EDC should actively promote all support resources to County businesses. The EDC should position itself as the conduit between the County's business community and the public sector.

- Conduct annual business climate study to identify business concern or competitive advantages regarding regulation, permitting processes, infrastructure, workforce and other issues
- Continue aggressive business visitation program
- Continue to partner with Central Carolina Community College
- Maintain a small business resource portal on the EDC website
- Develop an annual business tour for elected officials
- Begin a business recognition and awards program
- Develop a small business engagement program for the EDC and elected and appointed officials



Maximize Synergies to Generate New Clients

Given the Chatham EDC's limited marketing budget, expect RTRP and the EDPNC to be the primary lead generators. Work with each closely to ensure product knowledge. Use the limited funding to initiate direct contact with the real estate community in the two adjacent metros and with targeted businesses that may need to expand.

- Maximize the client activity from RTRP and the EDPNC
- Target county-funded recruitment toward businesses and the real estate community in the Research Triangle and Piedmont Triad
- Reevaluate County incentive policies to ensure competitiveness
- Refresh the EDC website to promote new product opportunities
- Create informational content on the EDC website about business activity

RTRP Target Industries (Current)

- 1) Advanced Medical Care
- 2) **Agriculture Biotechnology**
- 3) Analytical Instrumentation
- 4) Biological Agents & Infectious Diseases
- 5) Cleantech
- 6) **Defense Technologies**
- 7) Informatics
- 8) Interactive Gaming & E-Learning
- 9) Nanoscale Technologies
- 10) Pervasive Computing
- 11) **Pharmaceuticals**



Lead Transition to a Demand -Driven Workforce Approach

Chatham County businesses are struggling to find workers with the skills that they need to keep their businesses competitive. At the same time many citizens struggle to find a job. Across the country communities have recognized the need to solve this mismatch.

Employers report that they have difficulties finding employees with job-specific skills, general work skills like teamwork, critical thinking, and communication and life skills (sometimes called soft skills). The availability of skilled labor remains the top issue for companies looking to invest.

- Position EDC as the information source and business conduit for a transition to a demand-driven workforce approach.
- Provide the collaborative capacity for linkages between employers and the education and training community, anticipate the skills that the company desired will require and aggressively promote workforce development activities to the companies.
- Annually survey businesses on workforce issues and share the results broadly
- Develop and disseminate labor market information to businesses, educators, parents and students to ensure a "ready labor force" for companies looking to invest.
- Partner with the Triangle South Workforce Development Board to ensure employers are aware of the services that are available

According to Dr. Michael Porter of Harvard a demand-driven system is characterized by:

- A formal education system that produces graduates with knowledge and skills relevant to market demand;
- Diverse opportunities for lifelong learning by youth and adults with different needs outside the formal education system in workplaces, adult literacy, apprenticeship, vocational training, youth development, technology-enabled learning, community service and other "alternative" programs;
- Strategic linkages among employers, unions, educators, government, non-governmental organizations, and individual citizens in the labor market to promote system responsiveness to economic needs, continuous improvement and results-based accountability;
- Labor market information, job placement, employment retention and work support services that increase access to employment and meet the needs of workers and employers-the system's dual customers; and
- Strategies for certifying knowledge and skills gained outside the formal education system that are recognized by employers and build pathways for continued learning in the informal and formal learning systems.

Expand the EDC Capacity

The EDC should serve as: a deliverer of specific services, a collaborator with the capacity to align and promote other organizational services, and a resource for leaders making economic decisions.

- Develop informational content for Chatham County leaders on global, state and regional economic trends
- Continue an annual "State of the County" event to share economic progress
- Maintain and promote an economic dashboard with longitudinal and comparative information
- Increase EDC capacity for workforce coordination and regional recruitment by expanding the EDC resources
- Continue to diversify EDC funding
- Strengthen the business representation on the board of the EDC



Metrics of Success - 5-Year goals

To ensure maximum transparency the EDC should report regularly to its board of directors and annually to the public funding bodies and private contributors' progress on the plan's goals.

To successfully implement the activities of this plan and achieve the following metrics, the EDC is dependent on the support and collaboration of many organizations. The County Commissioners and town councils, the educational institutions, tourism authority, and many other groups will need to believe in and invest in various components of this agenda.

- 20% growth in in-county jobs
- 15% growth in average in-county job wages
- 20% growth in Chatham County residents employed
- 20% growth in non-residential tax base
- 20% growth in retail sales
- 15% growth in tourism indices (as documented by the Pittsboro-Siler City CVB)
- 15% increase in Chatham County businesses receiving small business services
- Ready 2,400 acres of shovel-ready commercial land
- Significant improvement in business survey responses to "available skilled labor"
- 25% growth in EDC revenue