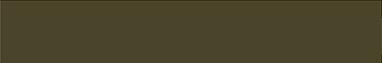


Comprehensive Economic Development Strategy 2011-2015



Central Savannah River Area Economic Development District

Updated August 2011



Prepared by:

CSRA Regional Commission

For:

Economic Development Administration

August 2011

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This report was prepared consistent with the *EDA Comprehensive Economic Development Strategies Summary Requirements (2011)* <http://www.eda.gov/PDF/CEDSFlyer081706.pdf>, *EDA Comprehensive Economic Development Strategy Guidelines (2002)*, http://www.eda.gov/PDF/Final_CEDSGuidelines.pdf, and the *Public Works and Economic Development Act of 1965 (as amended by comprehensive amendments made by the reauthorization act, 2004)*, <http://www.eda.gov/PDF/200508PWEDAasAmended.Final.pdf>

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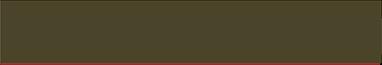
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Vision Statement

The CSRA will sustain a strong and diversified economy, with economic prosperity extending to all parts of the region. Job creation and retention will be the core focus, driven by the region's intellectual capital, infrastructure development, workforce, and economic development organizations. The region will capitalize on its existing resources to grow its economic base, and ensure its residents have access to quality jobs and wages.

1.0 INTRODUCTION

The CSRA Comprehensive Economic Development Strategy (CEDS) represents the Central Savannah River Area's (CSRA) economic development plan. The CEDS analyzes local conditions, identifies problems and opportunities, defines the vision and goals of the community, designs the strategies to accomplish these goals, and coordinates activities to implement these strategies. A successful CEDS process results in a program that creates higher-wage jobs, raises income levels, and grows and diversifies the economy. The process includes a logical approach to long-range development while identifying and implementing short-term problem solutions to achieve early results.

The CEDS document will be readily accessible to economic development stakeholders in the region. There will be a continuing program of communication and outreach that encourages broad-based public engagement, participation, and commitment of partners. The general public, government decision makers, and area businesses will use it as a guide to understand the regional economy and to take actions to improve it.

The CEDS contains four main elements: analysis, vision, action plan, and evaluation. The analysis will assess the state of the regional economy, the opportunities and threats posed by external trends and forces, and the availability of partners and resources for economic development. The CSRA's vision and goals, together with an appraisal of the region's competitive advantage, will set the strategic direction for the action plan. The action plan establishes program priorities for implementation. Finally, the CEDS establishes criteria and performance measures to evaluate the process and for periodic updates to the document.

1.1 IMPORTANCE OF ECONOMIC DEVELOPMENT PLANNING

A healthy economy plays a central role in maintaining vitality and quality of life within the CSRA. It provides employment opportunities to residents through the creation of jobs and business opportunities, and creates a municipal tax base that provides schools, community facilities, services, and other amenities.

At one time, economic planning was principally the responsibility of the private sector, including banks, railroads, and business organizations. It was associated with distressed or underdeveloped areas in the nation. In more recent years, economic development planning has become a critical function of local government and specialized agencies such as development authorities and chambers of commerce.

Economic development is rooted in evolving economic policy. The national recession of the 1980s caused many local leaders to reexamine their historical economic development policies. The accompanying financial stress significantly increased competition among states and communities to attract jobs. This was combined with several significant transformations in the structure of the nation's economy, from the production of goods to the delivery of services, from a national to a global system of trade, and from labor-intensive to technology-intensive manufacturing.

Throughout the CSRA, there are many communities with small economic bases, and these communities are extremely vulnerable to economic fluctuations and non-economic influences. The loss of jobs and income in these areas' export sectors inevitably spreads to local retail businesses and financial institutions through multiplier effects. Individual communities have little control over the

events that trigger their economic distress, and rarely have the means to mitigate the severity of the economic losses sustained by their residents.

1.2 WHY IS A CEDS NEEDED?

Beyond the need for comprehensive economic development planning noted above, a CEDS is required to qualify for Economic Development Administration (EDA) assistance under its public works, economic adjustment, and most planning programs, and is a prerequisite for designation by EDA as an economic development district (EDD):

- **Public works and economic adjustment grants.** Among other eligibility requirements for assistance under the public works or economic adjustment programs, applicants must submit the application with a CEDS acceptable to EDA. The proposed project should be consistent with the CEDS.
- **EDD designation.** As a prerequisite for designation, a proposed EDD must prepare a CEDS that is approved by EDA, as well as meet all other requirements for designation.
- **Planning organizations.** To receive EDA ongoing planning grants, EDDs must develop and maintain a CEDS process. The initial CEDS document, subsequent annual reports and revised CEDS, must be submitted for review and approval by the appropriate EDA regional office.

1.3 CEDS REQUIREMENTS

The CEDS must be the result of a continuing economic development planning process, developed with broad-based and diverse community participation, and contain the following:

- An analysis of economic and community development problems and opportunities including incorporation of any relevant material or suggestions from other government sponsored or supported plans;
- Background and history of the economic development situation of the area covered, with a discussion of the economy, including as appropriate, geography, population, labor force, resources, and the environment;
- A discussion of community participation in the planning efforts;
- A section setting forth goals and objectives for taking advantage of the opportunities and solving the economic development problems of the area serviced;
- A plan of action, including suggested projects to implement objectives and goals set forth in the strategy; and
- Performance measures that will be used to evaluate whether and to what extent goals and objectives have been or are being met.

1.4 CEDS ANNUAL REPORT

An annual report is required following the CEDS' completion. The annual report documents the progress achieved on economic development activities and reports on changing economic conditions. The annual report is used to keep track of the CEDS and its implementation, and includes the following four components:

- **Adjust** the CEDS as needed. Adjustments to the strategy may be necessary during the course of the year to take advantage of unforeseen opportunities or address unexpected problems. These adjustments should be consistent with the overall strategy and must be documented in the next annual report. Any changes in the structure or composition of the Strategy Committee or staff should also be described in the annual report.
- **Report** on the previous year's economic development activities and any significant changes in the region's economic conditions. A report of economic development activities undertaken in the previous year is related to the needs identified in the strategy. Doing so will assist EDA and other federal agencies in reporting the benefits resulting from the use of federal funds.
- **Evaluate** effectiveness in meeting goals. The report contains an evaluation that measures effectiveness in meeting the goals of the strategy. Performance measures are identified to evaluate the progress of activities. EDA funded planning grantees conduct annual evaluations of the performance of the CEDS process and include the results in the annual report submitted to EDA.
- **Schedule** achievable goals for the coming year. A program of activities is set out in a format similar to the action plan contained in the CEDS document. The details in the schedule of activities are as definitive as possible and set the baseline for reporting performance in the next annual report. The program of activities is also, as appropriate, incorporated into the work program of EDA funded planning grants.

1.5 HOW TO USE THIS PLAN

The CEDS Plan is intended to serve as a reference point for potential users. A number of companion planning documents should be used in conjunction with the CEDS. These include:

- CSRA Regional Plan
- Augusta Area Diversification Initiative
- County Comprehensive Plans
- Special Economic Development Plans & Studies

1.6 METHODOLOGY

The CEDS is an action document. The aim is to assess various aspects of the regional economy and propose specific economic development implementation strategies. Various data sets were compiled to measure the current and future economies. The report provides an assessment of the major economic, business, and demographic trends likely to influence the future performance of the CSRA's economy.

The CEDS is divided into four sections:

Part I: Provides a regional demographic and environmental summary profile of the CSRA.

Part II: Examines and evaluates the CSRA's economic base, including employment patterns, current and projected trends. The characterization of these issues serves as a basis for subsequent plan sections.

Part III: Assesses and evaluates of the region's economic development potential, including strengths, weaknesses, opportunities, and threats.

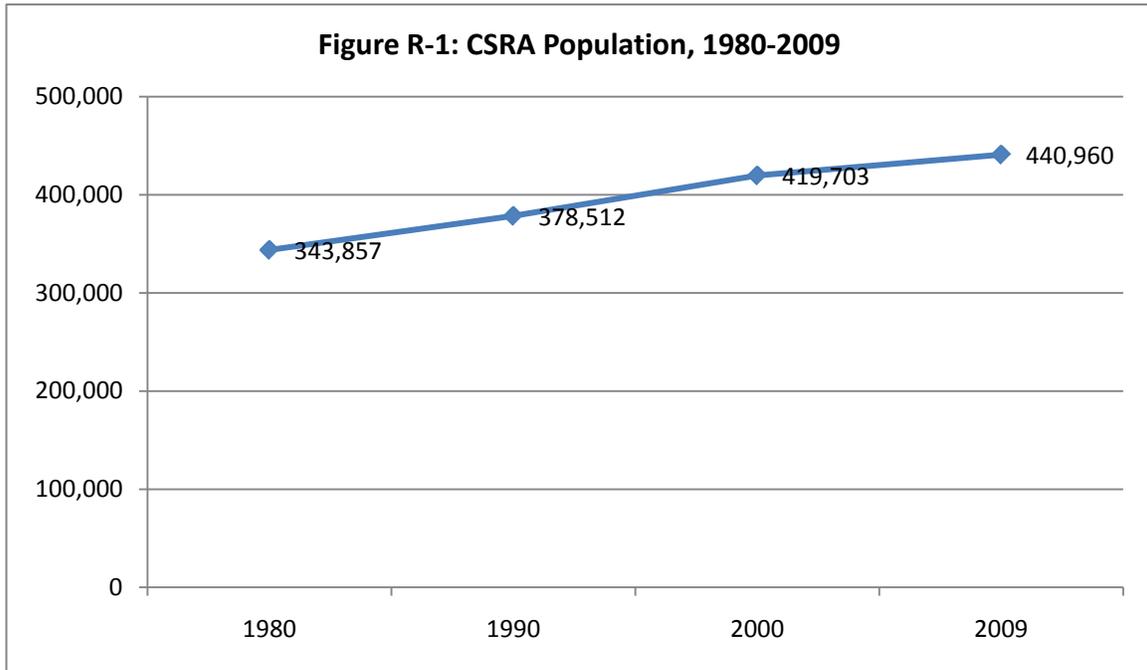
Part IV: Formulates policies and action strategies, and performance measures, resulting in a framework to implement economic development goals and objectives.

1.7 COMMUNITY AND PRIVATE SECTOR PARTICIPATION

Goals and action strategies were developed through the CSRA RC's working relationship with public and private entities who are interested in the region's economic future. Specifically, a working committee, comprised of both private and public sector members, collaborated to create the CEDS Plan. A list of committee members is located following the title page of the CEDS Plan.

2.1 POPULATION

The CSRA's population is 440,960. Since 1980, the region has enjoyed steady population growth, increasing by 28.3% (Figure R-1). Anchored by the Augusta-Richmond County core area, new residents have been attracted by jobs and affordable housing costs.



Source: U.S. Bureau of the Census

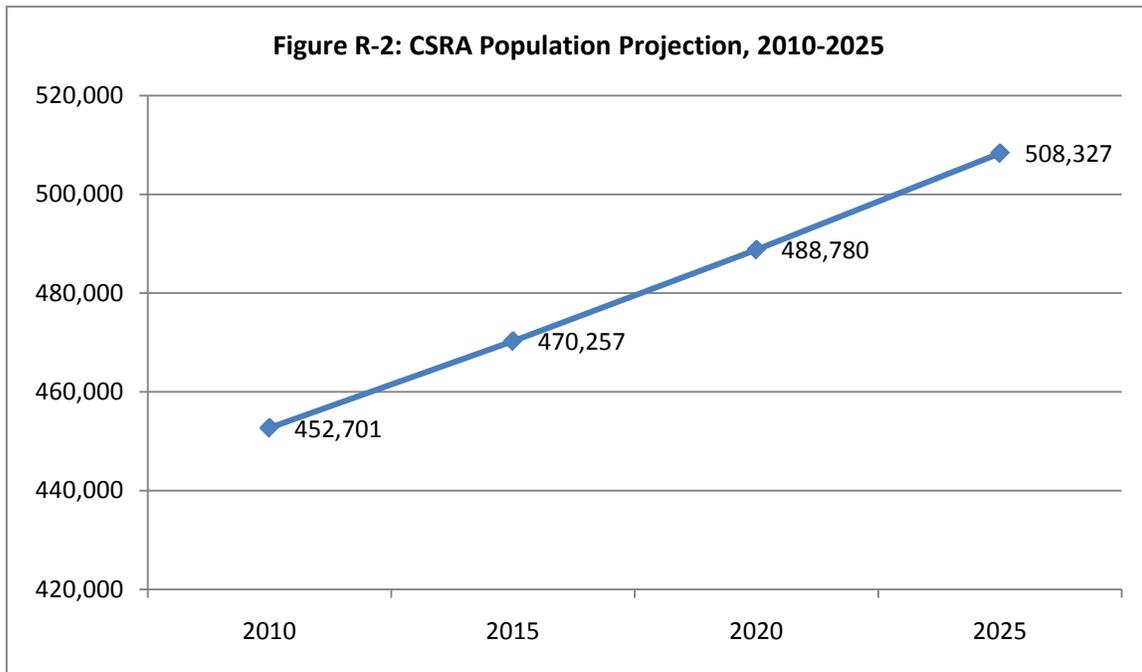


Population growth has not been evenly distributed throughout the region. Six of thirteen CSRA counties have lost population since 1980. Warren County has had the highest rate of population decline (12.6%), followed closely by Taliaferro County (10.8%) and Jefferson County (10.5%) (Table R-1). The region's highest growth rate occurred in Columbia County, with its population close to tripling its 1980 rate. Richmond County, the most populous county in the CSRA, has kept adding to its population, albeit at a slower rate than the regional average. Overall, the region's population growth rate (28.3%) lags the state average (79.9%)

	1980	1990	2000	2009	1980-2009 % change
Burke County	19,349	20,579	22,276	22,797	17.8
Columbia County	40,118	66,031	89,288	112,958	181.6
Glascock County	2,382	2,357	2,557	2,801	17.6
Hancock County	9,466	8,908	10,069	9,219	-2.6
Jefferson County	18,403	17,408	17,260	16,478	-10.5
Jenkins County	8,841	8,247	8,604	8,450	-4.4
Lincoln County	6,716	7,442	8,362	7,913	17.8
McDuffie County	18,546	20,119	21,231	21,862	17.9
Richmond County	181,629	189,719	199,775	199,768	10.0
Taliaferro County	2,032	1,915	2,081	1,812	-10.8
Warren County	6,583	6,078	6,313	5,755	-12.6
Washington County	18,842	19,112	21,201	20,879	10.8
Wilkes County	10,951	10,597	10,686	10,268	-6.2
CSRA Average	343,857	378,512	419,703	440,960	28.3
Georgia	5,463,105	6,478,216	8,186,453	9,829,211	79.9

Source: U.S. Bureau of the Census

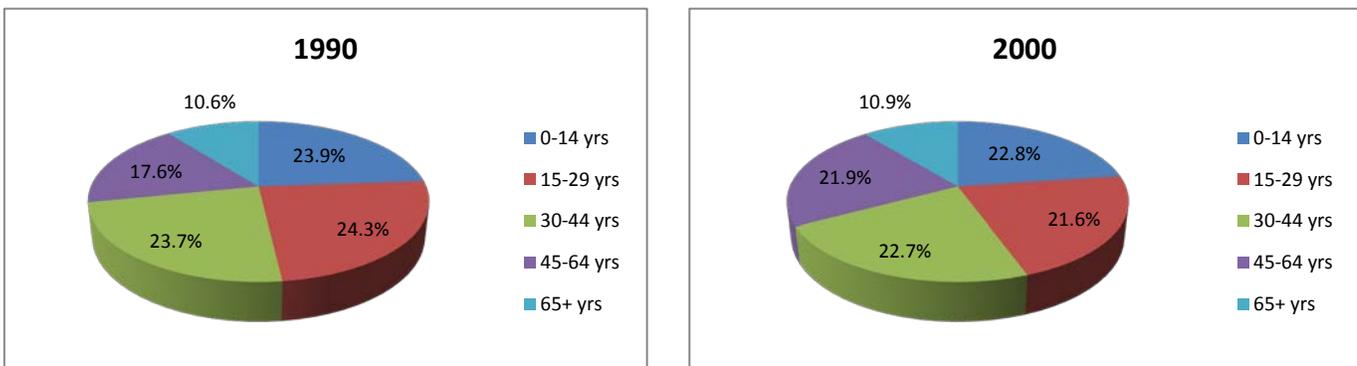
The CSRA population is projected to increase to 508,327, or 12.3% by 2025 (R-2).



Source: CSRA Regional Plan (2005)

The CSRA contains a diverse age distribution and has changed little since 1990 (Figure R-3). The CSRA is buckling state and national trends where the proportion of residents aged 65 yrs or older is rising much faster than the overall population.

Figure R-3: CSRA Age Distribution, 1990-2000



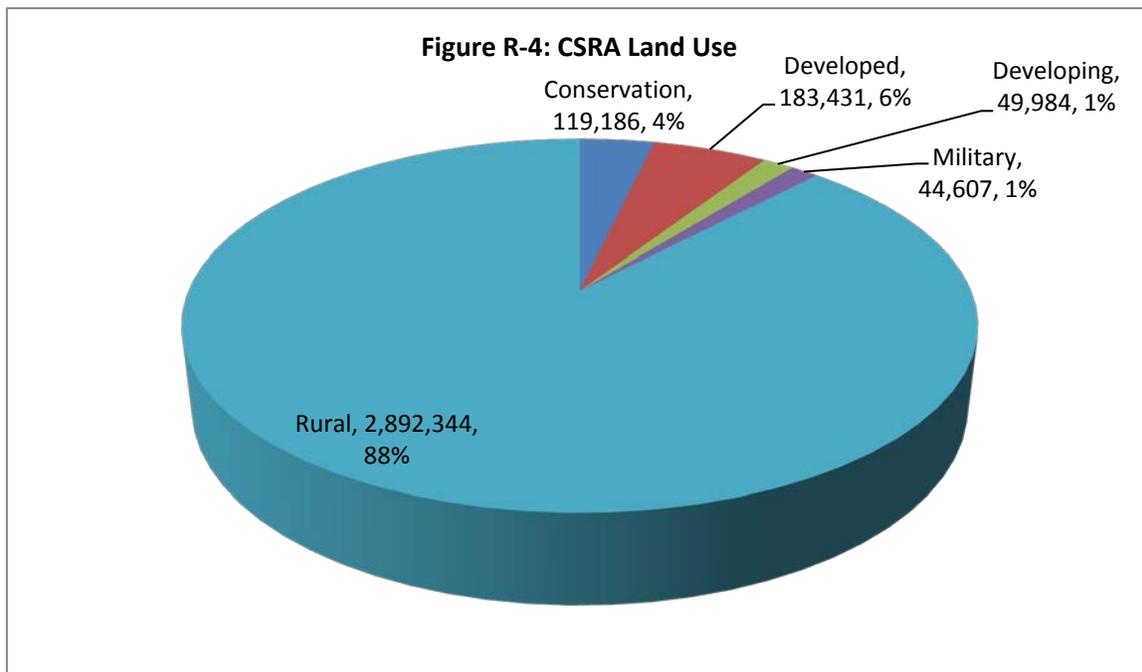
Household income has increased significantly in the CSRA since 1990. Most pronounced is a decline in the number of households earning less than \$25,000, a threshold that it is either in or near the poverty level. In 1990, 49.4% of the region's households were in this income range. By 2000, this rate declined to 35.8% (Table R-2). Higher household income brackets have all increased since 1990.

Table R-2: CSRA Household Income, 1990-2000				
	1990		2000	
	Number	%	Number	%
< \$15,000	41,320	30.8	32,673	21.4
\$15,000 - \$24,999	24,938	18.6	22,010	14.4
\$25,000 - \$34,999	21,425	16	20,786	13.6
\$35,000 - \$49,999	22,501	16.8	25,665	16.8
\$50,000 - \$74,999	16,190	12.1	27,160	17.7
\$75,000 - \$99,999	4,501	3.4	12,646	8.3
\$100,000 - \$149,999	2,159	1.6	7,909	5.2
\$150,000+	1,197	0.9	4,180	2.7
Total	134,231	100	153,029	100

Source: U.S. Bureau of the Census; Calculations by CSRA RC

2.2 LAND USE

From the early trading post along the Savannah River to the growing cotton and kaolin industry and the expanding medical and science research center, changes in population and economic development have led to changing land use patterns in the CSRA. The Savannah River Site, the Fort Gordon Military Reservation, and the opening of the 1-20 transportation corridor have led to growth in developed and developing land uses, particularly in the Augusta metropolitan area. Yet the CSRA region is largely rural, reflected in that 88% of total land use falls in this category (Figure R-4).



Source: CSRA Regional Plan (2005)

The primarily rural land uses of the CSRA are also evident when examining the region's population density. Statewide, there are 141.4 people per square mile. Only Columbia and Richmond Counties among the thirteen jurisdictions of the CSRA exceed the state rate. The region-wide average is 87.5 people per square mile, significantly below the state average (Table R-3).

Table R-3: CSRA Population Density, 2009			
	Population	Land Area (acres)	Population Density
Burke County	22,797	830	27.5
Columbia County	112,958	290	389.5
Glascocock County	2,801	473	5.9
Hancock County	9,219	144	64
Jefferson County	16,478	528	31.2
Jenkins County	8,450	350	24.1
Lincoln County	7,913	211	37.5
McDuffie County	21,862	260	84.1
Richmond County	199,768	324	616.6
Taliaferro County	1,812	195	9.3
Warren County	5,755	286	20.1
Washington County	20,879	680	30.7
Wilkes County	10,268	471	21.8
CSRA Average	440,960	5,042	87.5
<i>Source: G</i>			

2.2 ENVIRONMENTAL

Natural and environmental resources provide social, economic, cultural, and environmental benefits. Economic benefits include the use of natural resources, such as kaolin, in the manufacturing process of consumer goods. This means jobs for local residents. Social, environmental and cultural benefits include a valuable quality of life by providing scenic landscapes and opportunities for outdoor recreation and enjoyment.

2.2.1 Regionally Important Resources

A Regionally Important Resource (RIR) is a natural or historic resource that is of sufficient size or importance to warrant special consideration by the local governments having jurisdiction over that resource. The Georgia Planning Act of 1989 (the same law that requires comprehensive planning by local governments) authorizes the Department of Community Affairs (DCA) to identify RIRs statewide and to coordinate the preparation of a regional resource plan for each RIR. Once

designated as an RIR, activities sponsored by a local government (such as issuing a permit, building a public facility, etc.) that may have an impact on the resource will be subject to intergovernmental review for consistency with the plan for that RIR.

The Augusta Canal was authorized as a National Heritage Area on November 12, 1996. The first level of the Canal (from the head gates in Columbia County to 13th Street near downtown Augusta) is approximately 8.5 miles. The second and third levels add approximately 3 miles but are not navigable. The corridor follows the full length of the best preserved canal of its kind remaining in the southern United States. The canal transformed Augusta into an important regional industrial area on the eve of the Civil War, and was instrumental in the post-Civil War relocation of much of the nation's textile industry to the south. The Augusta Canal is considered to be a Regionally Important Resource and was designated as such in 1996.

Over the past 10 years, Augusta Canal Authority has supported several major administrative milestones and capital improvements totaling nearly \$34 million dollars in public and private investments:

- Designating the Augusta Canal as a National Heritage Park: Accomplished 1996
- Creating a Multi-use park of regional and statewide importance: Improvements began in 1999 and continue to the present
- Developing the canal corridor as an accessible educational resource: \$3.3 million Canal Interpretive Center opened 2003. Tour boats launched 2003 and 2004
- Facilitating Economic Development at edge of Downtown: \$17 million Enterprise Mill revitalization 1998. Third Level Canal reclamation began 2003.

2.2.2 Land Area and Soils

The CSRA Region is comprised of three major land area types, the Southern Piedmont-Mountain Province, the Carolina & Georgia Sandhills and the Southern Coastal Plain. Through a variety of natural processes each of these areas have differing mineral composition, structure, texture, drainage, and fertility and construction constraints. General characteristics of the land resources in the CSRA Region are as follows:

The Southern Piedmont is characterized by steep to gently rolling thin, well drained red soils with sandy loam surface layers over sandy clay to clay sub-soils. Much of the original topsoil has been eroded by past agricultural abuses, leaving red clay sub-soils exposed in some areas. Soybeans and forages are grown in remaining topsoil. Small grains and pastures are better adapted where topsoil is gone. Suitability for building foundations is fair to good; septic tank suitability is fair to poor.

The Carolina and Georgia Sand Hills, consists of a belt of gently sloping to steep, well drained and sandy soils originally derived from marine sands, loams, and clays deposited on the crystalline and metamorphic bedrock of adjacent uplands. Soils in this region are generally infertile and dry. The land area is largely covered with sparse forest of scrub oak and pines. This area offers poor to good suitability for residences and industry. The sand hills comprise a rather narrow strip less than 10 miles wide with very irregular boundaries.

Southern Coastal Plain is characterized by gently sloping, well-drained sandy loam to sandy soils over friable sandy clay loam to clay sub-soils that are sticky when wet. When fertilized and limed soils produce high yields of corn, peanuts, tobacco, small grains and soybeans. This province provides a fair to good suitability for residential and industrial foundations.

2.2.3 Timber Resources

Timber is a very important resource in the CSRA, whose 2,898,849- timber land acres account for 12% of Georgia's total timberland acreage. Timber is the most extensive natural resource in the CSRA with 67.7% of all CSRA land acres classified as timberland. All CSRA forest has the potential for timber industry usage.

2.2.4 Aquifer Recharge Areas

Water resources vary within the CSRA because of the differing soil types and aquifers within the region. The Coastal Plain is underlain by five major aquifers, including the Principal artisan aquifer, which may be the world's largest, covering a third of Georgia, most of Florida and parts of Alabama and South Carolina. There are three major aquifers underlying the CSRA region, the Crystalline Rock aquifer in the North above the fall line; the Cretaceous aquifer system in the Center of the region; and the Floridian aquifer system in the southern CSRA. The Cretaceous Aquifer is a system of sand and gravel. The Floridian aquifer is made of confined limestone, dolostone and calcareous sand. It supplies approximately 50% of the states groundwater.

2.2.5 River Basins and Major Lakes

Georgia's surface hydrology is unique in that no major rivers flow into Georgia from outside its borders. Rather, runoff from the state's northern mountains and upper Piedmont forms the headwaters of most of the 2,000 miles of streams and rivers flowing through the state. The main rivers in the CSRA region include the Savannah, the Little, the Ogeechee and the Ochoopee Rivers with a combined shoreline of 1,140 miles.

The northern CSRA, which falls in the Southern Piedmont landform has two hydropower projects, notably the Clarks Hill Dam and Reservoir with a surface area of 78,500 acres. The Clarks Hill Dam creates a great multipurpose storage reservoir for flood control and hydroelectric power and in conjunction with the Sevens Creek Dam below it has almost complete control over the flow to provide a relatively uniform flow for navigation in the Coastal Plain below Augusta. Practically all of the flow from the area above Clarks Hill Dam is used for hydroelectric power. Other downstream uses include navigation, irrigation and industry. The northern border of the Georgia/Carolina Sand Hills region is commonly the head of navigation for large rivers and the site of water power dams. The flow of larger streams is relatively uniform with high yields due to groundwater inflow. Larger streams are sluggish, flowing in deep meandering low banked, tree choked channels. River water is used for steam power plants and some manufacturing, but artisan wells supply most towns and many industries in this region. The cretaceous aquifer underlying the Fall Line for a distance of 30-60 miles, consists mostly of sand and gravel.

3.0 INTRODUCTION

The CSRA region includes a diverse economy that spans thirteen urban and rural counties. The region contains economic clusters that range from highly concentrated medical industries at the core of the Augusta area to an industrial/manufacturing beltway that extends throughout the rural counties of Central Georgia.

The last three decades were a period of sustained economic growth throughout the CSRA. Economic and employment growth emerged from the addition of new service-providing firms and expansion of existing industries. While the region’s competitive strengths and location of new industries have supported the growth of the 1980s, 1990s and the early part of the 2000s, growth has slowed and even declined in some counties during the past five years. The manufacturing sector has been especially hard hit, with a number of major plant shutdowns in the region.

The data presented in this section captures the changing trends of the CSRA economy. Primary data includes the U.S. Bureau of Economic Analysis, the U.S. Department of Labor, and the Georgia Department of Labor. Due to the different methods used by these agencies in counting employment data, some discrepancies in employment totals may occur.

3.1 OCCUPATIONAL PROFILE

The occupational profile of the CSRA reflects the work performed by the region’s residents, whether they work in the CSRA or another region.

Table E-1 presents the occupational profile of CSRA residents. The workforce is well diversified with Management/Professional occupations (30.9%) accounting for the highest share, followed by Sales, Office & Administrative Support (23.7%) and Service Workers (16%). This reflects strong employment orientation in service and government sectors. The smallest shares of occupations are found in Farming, Fishing & Forestry (0.7%) and Construction, Extraction & Maintenance (10.6%), reflecting the decline of agricultural and natural resource-based industries.

Table E-1: Occupational Profile of CSRA Residents, 2000		
	Number	%
Management/Professional	52,996	30.9
Services	27,402	16
Sales, Office & Admin Support	40,585	23.7
Farming/Fishing/Forestry	1,173	0.7
Construction/Extraction/Maintenance	18,236	10.6
Production/Transportation/Material Moving	30,870	18
Total	171,262	100
<i>Source: U.S. Bureau of the Census, SF3 P49; ESRI Business Analyst (Census 2000 Summary Profile)</i>		

Industry employment trends are detailed in Table E-2. Educational, Health & Social Services (24.4%) and Manufacturing (15.6%) are the top industries for the CSRA residents' employment. Other important industries include Retail Trade (11.7%) and tourism-based industries such as Arts, Entertainment & Accommodations (7.1%).

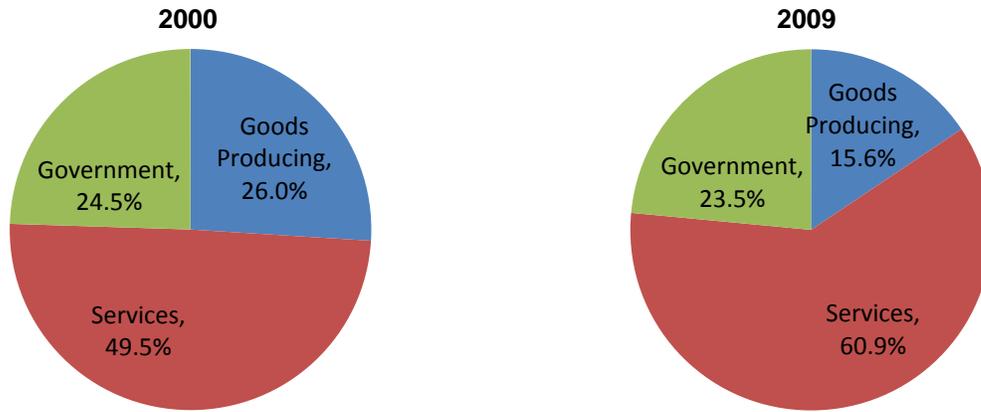
Table E-2: CSRA Residents Employment by Industry, 2000		
	Number	%
Agriculture/Forestry/Fishing/Hunting/Mining	3,372	2
Construction	11,668	6.8
Manufacturing	26,711	15.6
Wholesale Trade	4,719	2.8
Retail Trade	20,108	11.7
Transportation/Warehousing/Utilities	10,774	6.3
Information	3,624	2.1
Finance/Insurance/Real Estate/Rental/Leasing	7,352	4.3
Professional/Scientific/Mgmt/Admin/Waste Mgmt Services	11,502	6.7
Educational/Health/Social Services	41,785	24.4
Arts/Entertainment/Recreation/Accommodation/Food Services	12,237	7.1
Other Services	7,503	4.4
Public Administration	9,907	5.8
Total	171,262	100
<i>Source: U.S. Bureau of the Census, SF3 P49; ESRI Business Analyst (Census 2000 Summary Profile)</i>		

3.2 SECTOR AND INDUSTRY TRENDS

Sector and industry trends reflect the work within the CSRA region, including out-of-region residents. The CSRA's employment base is largely a mix of small businesses across a variety of sectors. There are 17,097 businesses in the region, employing 233,147 people. The majority of businesses employ ten or fewer people. The small business sector of the economy is supplemented by major employers such as manufacturers, education institutions, and government agencies.

Figure E-1 displays the CSRA's industry mix in 2000 and 2009. The majority of jobs in the region are in service-producing industries, which has increased by over 10% since 2000. Over 60% of the CSRA's jobs are in this sector, followed by Government (27.4%) and Goods Producing (12.2%). These data highlight the shift from manufacturing to service industries that has occurred in the past twenty years.

Figure E-1: CSRA Industry Mix, 2000-2009



Source: Georgia Department of Labor – Local Area Profile

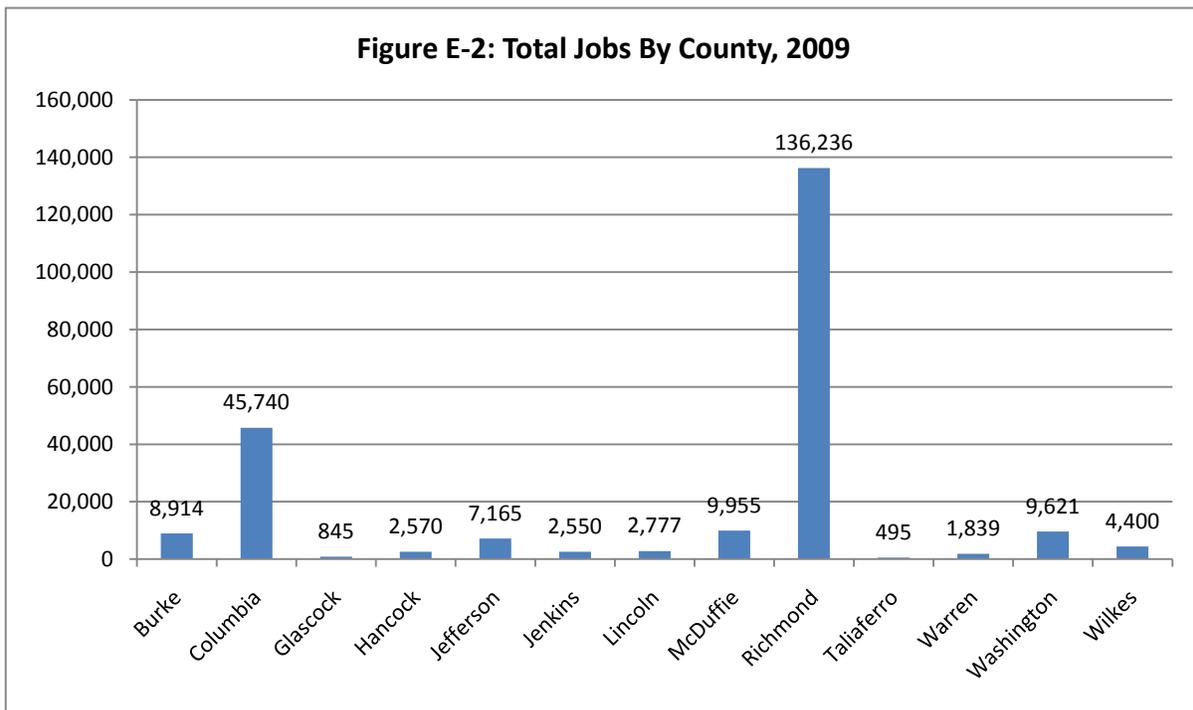
Table E-3 presents a detailed breakdown of employment sectors in the CSRA. Services (37.4%) and Government & Government Enterprises (23.5%) account for the highest share of employment. Other important job concentrations include Retail Trade (10.1%) and Finance, Insurance & Real Estate (5.8%).

	1990		2000		2009	
	Number	%	Number	%	Number	%
Farm	4,674	2.3	4,305	1.9	3,567	1.5
Agriculture, Forest & Fishing	1,313	0.7	2,061	0.9	2,694	1.2
Mining	2,331	1.2	2,472	1.1	1,075	0.5
Construction	13,722	6.9	13,279	5.9	12,606	5.4
Manufacturing	29,780	14.9	27,673	12.4	16,322	7
Trans. & Utilities	7,063	3.5	9,615	4.3	12,943	5.6
Wholesale Trade	6,334	3.2	5,413	2.4	4,777	2
Retail Trade	32,461	16.3	38,001	17	23,614	10.1
Finance, Insurance & Real Estate	9,029	4.5	10,190	4.6	13,443	5.8
Services	43,891	22	57,868	25.9	87,251	37.4
Government and Govt. Enterprises	48,757	24.5	52,631	23.5	54,855	23.5
Total	199,355	100	223,508	100	233,147	100

Source: U.S. Bureau of the Economic Analysis, CA 25 and CA 25N; Georgia Department of Labor Local Area Profiles (2009); Calculations by CSRA RC

Between 1990 and 2009, the number of jobs in the CSRA increased from 199,355 to 233,147, or 17%. Major shifts have occurred both in the total number of jobs within sectors and their relative value to the economic base. Sectors such as Manufacturing, Farm, and Retail Trade have declined in both total and proportional terms while Services, and Finance, Insurance & Real Estate have increased since 1990. Some sectors, such as Government & Government Enterprises, have remained stable in employment levels.

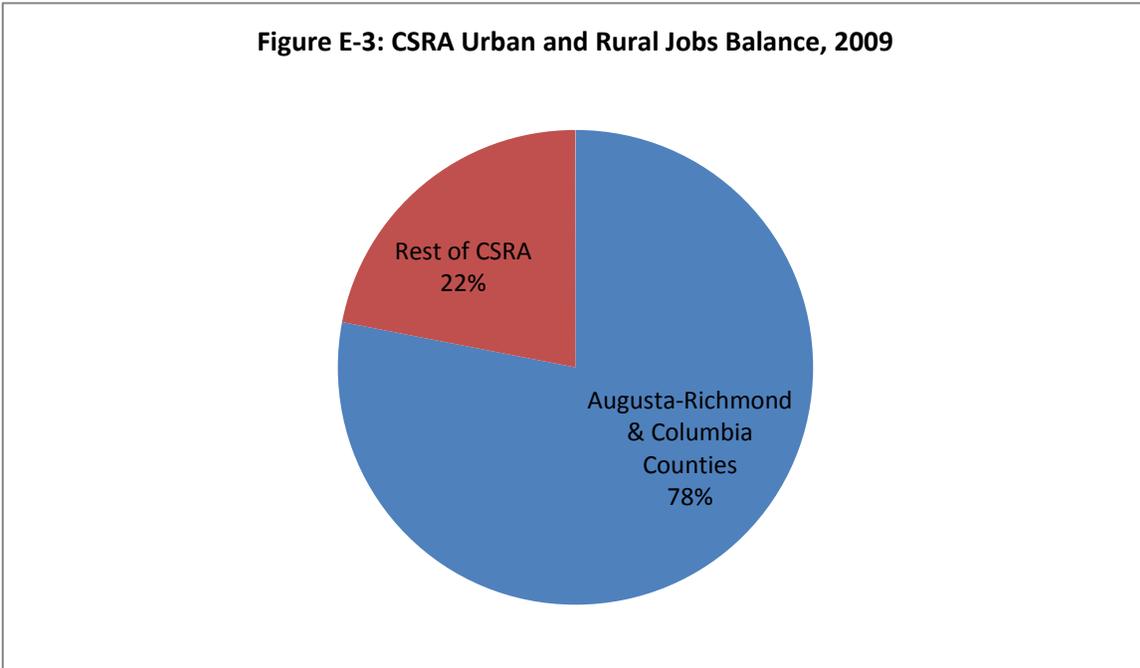
Figure E-2 displays total jobs by county. The majority of the CSRA's jobs are in the urbanized area (Augusta-Richmond County and Columbia County). Together, these two counties account for over 78% of jobs within the region (Figure E-3).



Source: U.S. Bureau of Economic Analysis (CA 25N)



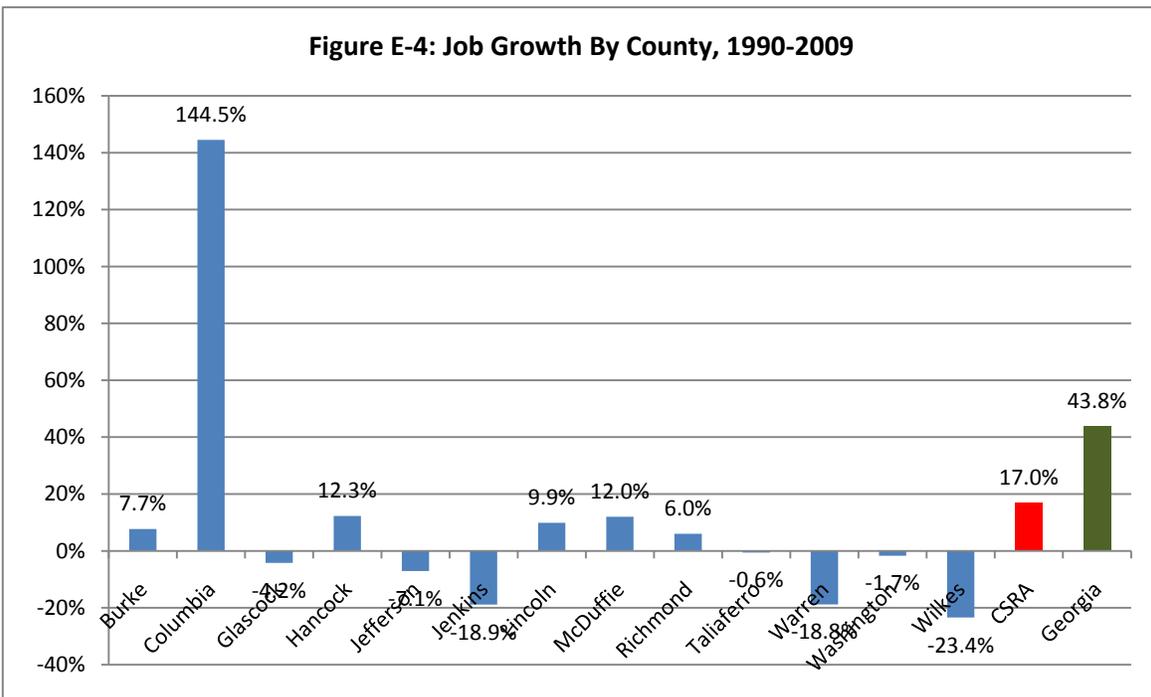
Figure E-3: CSRA Urban and Rural Jobs Balance, 2009



Source: U.S. Bureau of Economic Analysis (CA 25N); Calculations by CSRA RC

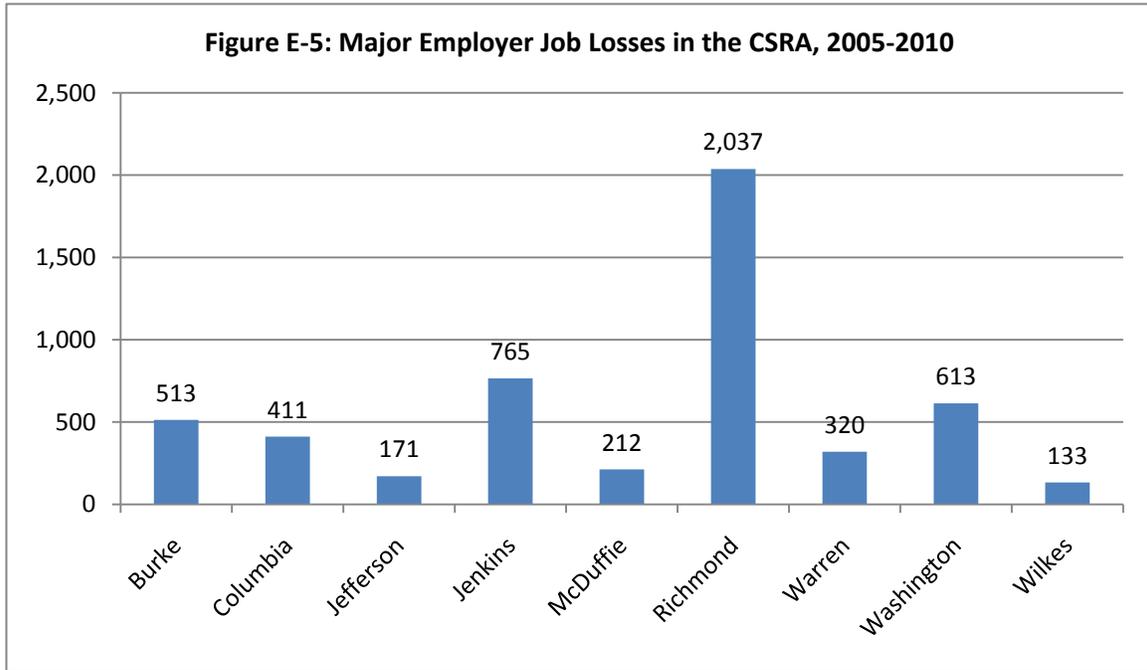
Examining job growth rates by county between 1990 and 2009, only Columbia County has grown at rates comparable to the CSRA and state averages (Figure E-4). Seven of thirteen counties have fewer jobs in 2009 than in 1990. This is the result of declines in the manufacturing sector, which has hit hard rural CSRA counties of Jefferson, Jenkins, Warren and Wilkes. By contrast, job gains in Richmond and Columbia Counties were 34,687 during that same period. Without the creation of service sector jobs, the economic base of rural CSRA counties would be much worse.

Figure E-4: Job Growth By County, 1990-2009



Source: Bureau of Economic Analysis, CA-25 and CA-25N

Major employer loses are reported to the Georgia Department of Labor (GDOL) for listing in the Business Layoff & Closure listing directory. Since 2005, there have been 5,175 job losses reported to GDOL (Figure E-5). It is important to note that these represent only major employers which are required to report closures by federal labor law requirements. It does not include employers that are not required to report, or jobs impacted by major employer closures, such as suppliers.



Source: GDOL Business Layoff & Closure Listing http://www.dol.state.ga.us/em/layoff_closure_listing.htm

Table E-4 provides a sample of major employer losses by county.

Company Name	County	Jobs Losses	Year
Cummins Filtration	Burke	329	2007
Kennametal	Columbia	153	2009
Mestek, Inc.	Jefferson	91	2009
MI Windows & Doors	Jenkins	200	2007
Thomson Oak Flooring Company	McDuffie	83	2005
Castleberry's	Richmond	426	2008
TRW	Warren	215	2009
Imerys Clay	Washington	181	2008
Hexcel	Wilkes	104	2006

Source: Georgia Department of Labor Business Layoff & Closure Listing

3.3 SUBSECTORS

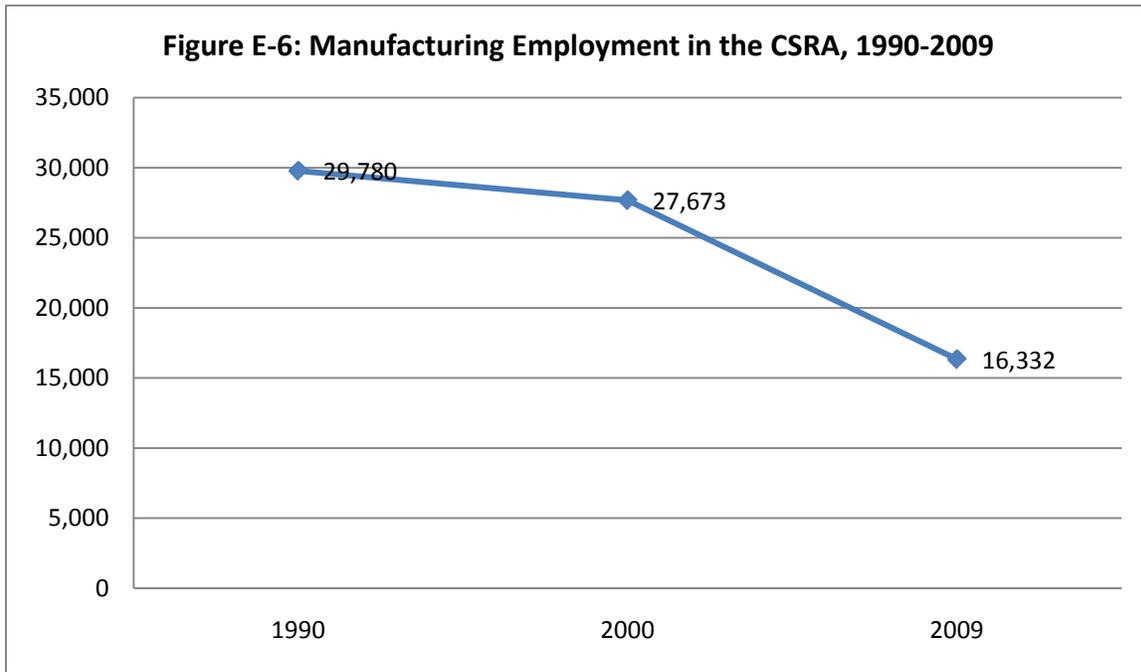
3.3.1 Manufacturing

The manufacturing sector in the CSRA is characterized by diverse production sectors. Collectively, manufacturers encompass 362 businesses employing over 16,000 people. Fabricated metal products (17.7%) account for the highest share of manufacturing employers, followed by wood products (12.2%) and furniture (9.7%) (Table E-5).

	Number	%
Apparel	7	1.9
Beverage & Tobacco	5	1.4
Chemical	27	7.5
Electrical Equipment & Appliances	7	1.9
Fabricated Metal Products	64	17.7
Food	23	6.4
Furniture & Related	35	9.7
Machinery	20	5.5
Miscellaneous	26	7.2
Nonmetallic Mineral Products	21	5.8
Paper	14	3.9
Printing & Related	25	6.9
Textile Mills	13	3.6
Textile Product Mills	12	3.3
Transportation Equipment	17	4.7
Wood Products	46	12.7
Total	362	100
<i>Source: Georgia Department of Labor Local Area Profiles (2009); Calculations by CSRA RC</i>		

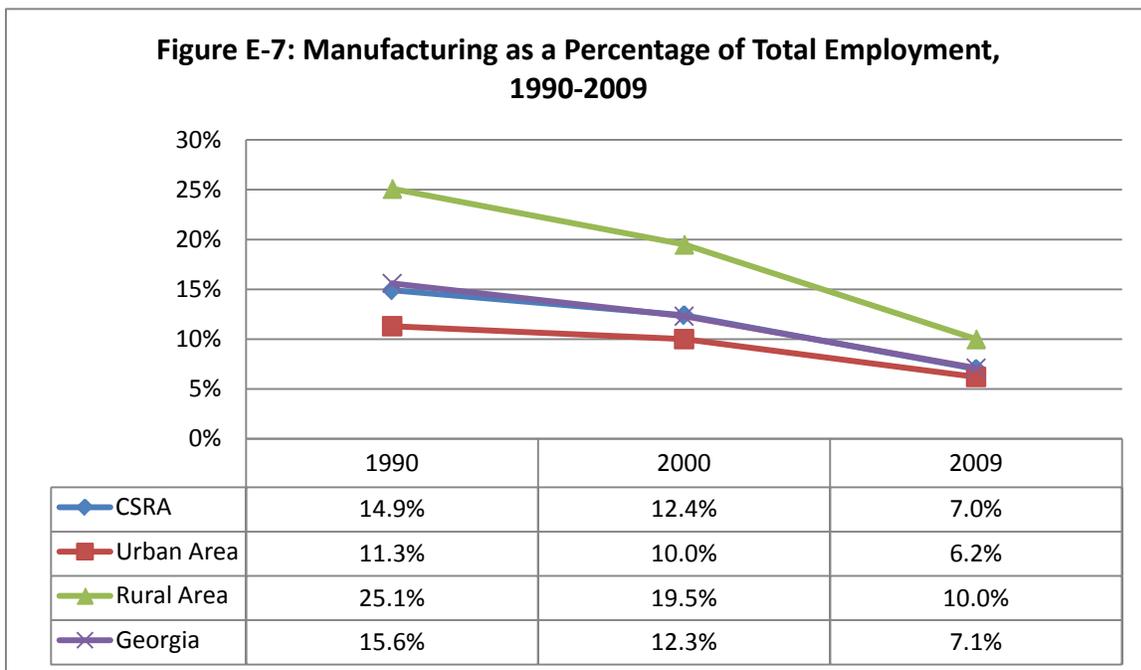
Consistent with trends in the state and national economies, CSRA counties made a gradual structural shift away from their traditional manufacturing and industrial base toward a more service-based economy during the past two decades. Region-wide, the number of manufacturing jobs between 1990 and 2009 has declined from 29,780 to 16,332, or 45.2% (Figure E-6).

With the exception of Columbia County, all CSRA jurisdictions have lost manufacturing employment. In absolute terms, Richmond County has lost the most, with its sector declining from 14,011 in 1990 to 8,028 in 2009. In proportional terms, Jenkins County had the highest rate of manufacturing job losses. In 2000, the county had 1,532 manufacturing jobs. By 2009, this had declined to 121. All of the county's major manufacturing employers have closed.



Source: U.S. Bureau of Economic Analysis, CA 25 and 25N; Calculations by CSRA RC

These manufacturing job losses are reflected in the sector’s impact on the overall economy. Manufacturing in the CSRA accounted for 14.9% of total employment in 1990. By 2009, this number fell to 7% (Figure E-7).



Source: U.S. Bureau of Economic Analysis, CA 25 and 25N; Calculations by CSRA RC

The decline of manufacturing jobs is a growing national issue, affecting all U.S. regions. There are a number of causes to this decline:

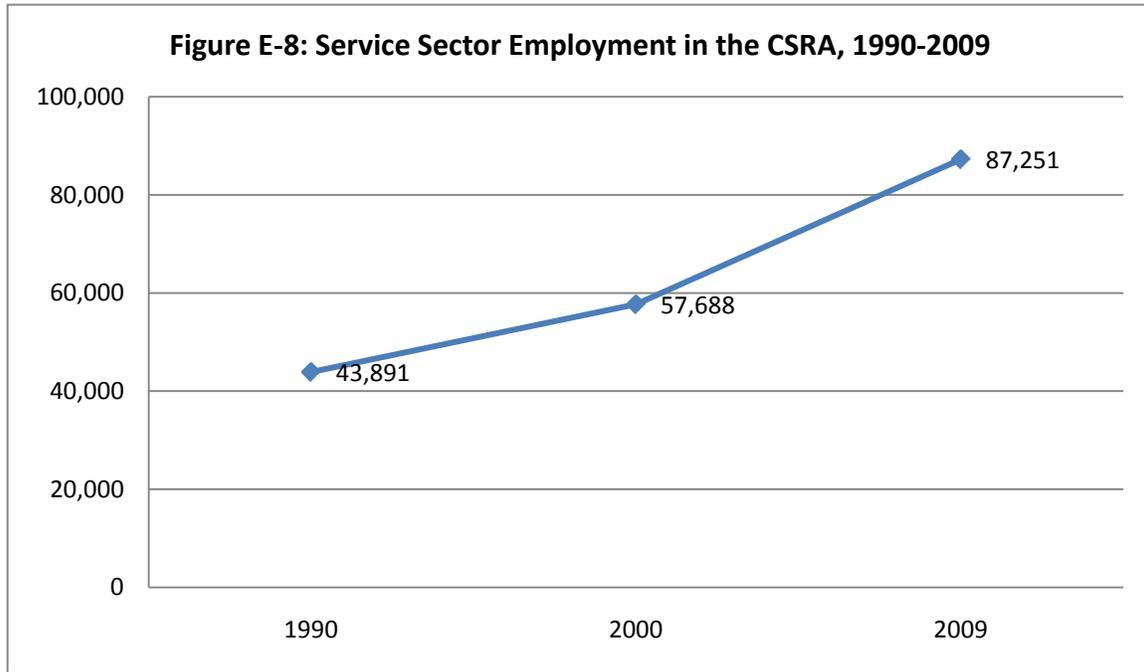
- 1) ***The Recession of 2001:*** Much of the decline in manufacturing employment since 2000 reflects the recession that began in 2001 and the relatively weak recovery in demand that followed. The recession drastically reduced demand for goods in both the United States and the rest of the world. Those cyclical losses in the sector have persisted ever since.
- 2) ***Manufacturing Productivity:*** Over recent decades, U.S. manufacturers have continually invested in better capital goods and manufacturing techniques in order to remain competitive. There has been a significant increase in manufacturing productivity due to technology, capital investment, and entrepreneurialism. Those changes have enabled manufacturers to raise their output and keep pace with overall economic growth without a corresponding increase in the number of workers that they employ.
- 3) ***Changing Consumption Patterns:*** The share of consumer spending devoted to manufactured goods has declined over time both in the United States and in other industrialized nations, even though demand for manufactured goods has increased in absolute terms. As consumers' income has risen, they have increased their purchases of goods but boosted their spending on services even more.
- 4) ***Competition from Foreign Producers:*** A portion of the long-term decline in employment in some manufacturing industries can be linked to the expansion of trade. The U.S. trade problems in manufacturing are caused by longer-run shifts in comparative advantage that favor lower-cost overseas production. The gains from trade arise as nations specialize in the goods and services that they can produce efficiently relative to other countries. Thus, the expansion of trade necessarily involves changes in the mix of products. The United States has specialized in products requiring a highly skilled labor force even as lesser jobs have shifted to countries where labor is less skilled. In the apparel sector, for example, the number of jobs in the United States has declined from over 900,000 in 1990 to less than 300,000 today.
- 5) ***Changes in the Structure of Manufacturing:*** Finally, manufacturing employers increasingly have met short-term fluctuations in demand not by adding permanent staff but by hiring temporary workers through agencies and by contracting with outside firms to provide certain non-core support functions - for example, cafeteria, janitorial, and payroll-processing services - which traditionally had been performed in-house and therefore had been counted as manufacturing jobs.

A more detailed assessment of the decline of manufacturing is presented in Appendix A.

3.3.2 Service Sector

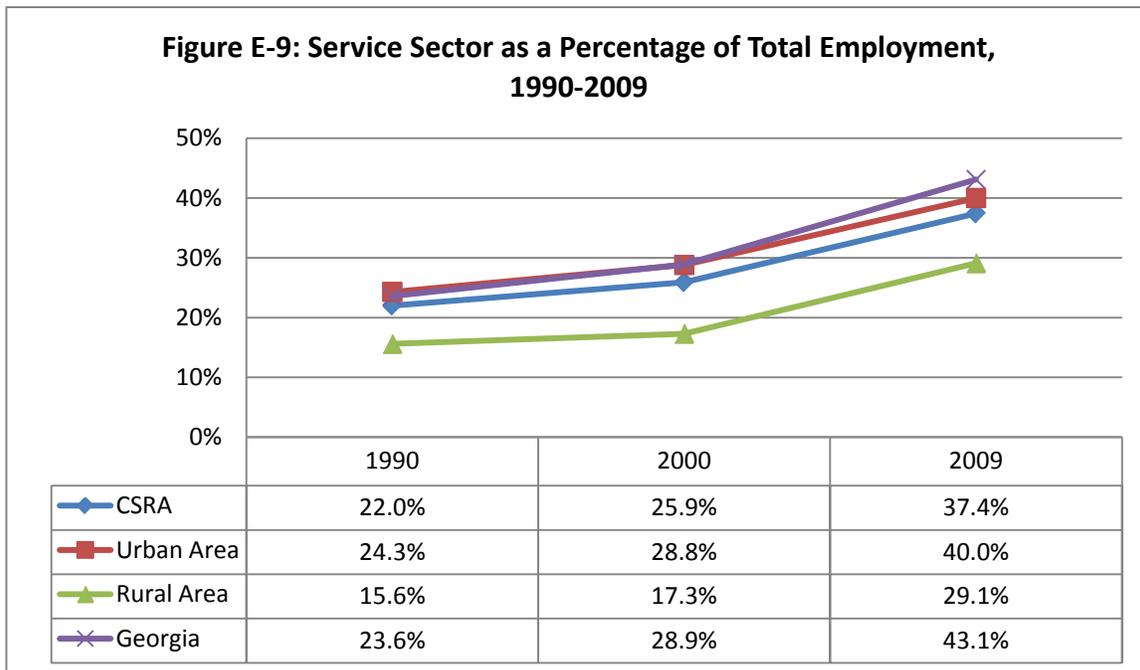
The service sector is an aggregate of several service industries ranging from Accommodation & Food services to highly Professional services. The sector's distribution also reflects an area's economic base. For example, localities with high numbers of service sector jobs in Arts & Entertainment and Accommodation & Food services tend to be tourism-oriented while areas with significant Management, Professional & Technical services tend to have stronger commercial and industrial bases.

Consistent with state and national trends, the service sector in the CSRA has been responsible for most of the job growth in the past decade. Collectively, this sector employs 87,080 people (Figure E-8), nearly double employment levels in 1990. It is the largest of all employment sectors in the CSRA.



Source: U.S. Bureau of Economic Analysis, CA 25 and 25N; Calculations by CSRA RC

The growth of the service sector is also reflected in its share of employment (Figure E-9). In 2009, the sector accounted for 37.4% of total employment, compared to 22% in 1990.



Source: U.S. Bureau of Economic Analysis, CA 25 and 25N; Calculations by CSRA RC

There are 7,378 service sector firms in the CSRA (Table E-6). The sector is primarily driven by Health Care & Social Assistance (22.4%), Retail Trade (19.5%) and Accommodation & Food Services (16.5%). Other significant subsectors include Administrative Services (9.5%) and FIRE (6.4%).

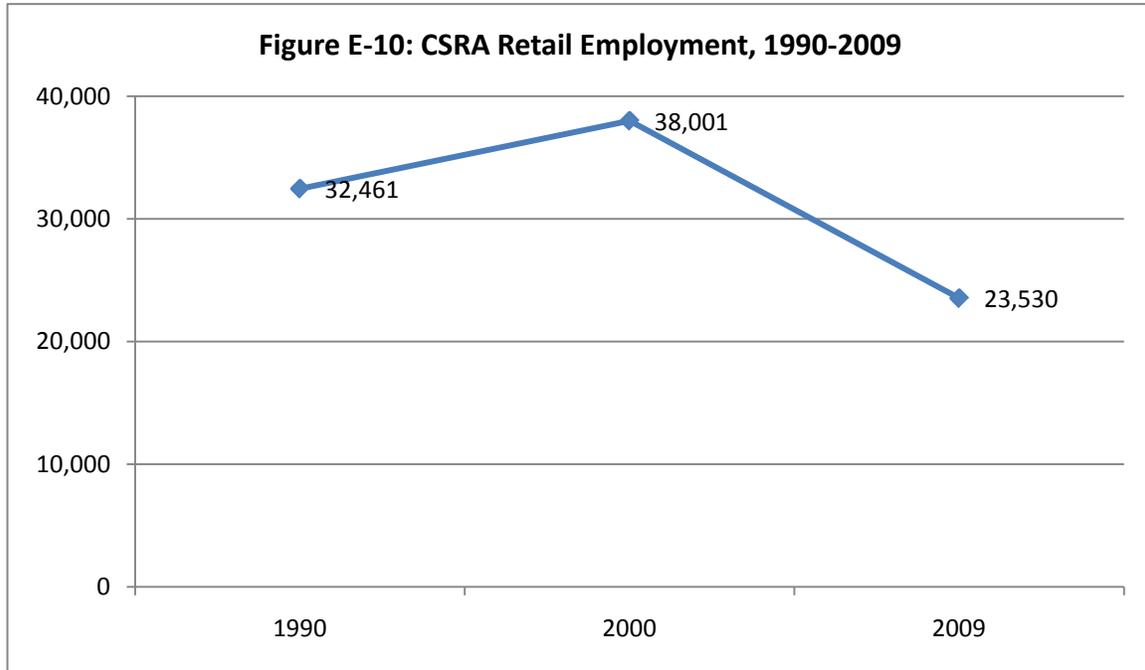
Table E-6: CSRA Services Sub Sector, 2009			
	Number of Firms	Number Employed	Percent Employed
Utilities	30	365	0.4
Wholesale Trade	398	3,901	4.5
Retail Trade	1,588	16,997	19.5
Transportation & Warehousing	257	3,015	3.5
Information	133	2,156	2.5
Finance & Insurance	546	4,119	4.7
Real Estate and Rental and Leasing	352	1,482	1.7
Professional, Scientific, and Technical Services	791	5,236	6
Management of Companies & Enterprises	41	795	0.9
Administrative and Support and Waste Management and Remediation Services	495	8,258	9.5
Educational Services	82	1,422	1.6
Health Care and Social Assistance	1,010	19,571	22.4
Arts, Entertainment, and Recreation	90	1,785	2
Accommodation and Food Services	753	14,386	16.5
Other Services (except Public Administration)	812	3,817	4.4
Total	7,378	87,251	100%

Source: Georgia Department of Labor Area Labor Profiles (2009) Adapted for Consistency with BEA data; Calculations by CSRA RC

3.3.3 Retail

Retail is an important economic sector in the CSRA, with 3,623 retail establishments employing 23,530 people (Figure E-10). Since 2000, however, retail employment in the CSRA has declined by 38%.





Source: U.S. Bureau of Economic Analysis, CA 25 and 25N

The sector's employment loss is reflected in its relative value to total employment (Figure E-11). In 1990, the sector accounted for 16.3% of total employment. By 2009, it declined to 10.1%. The decline in this sector is difficult to explain. Retail employment typically mirrors population growth. One explanation is the BEA jobs reclassification in 2001 resulted in many jobs formerly classified as retail trade now classified as service jobs.



Source: U.S. Bureau of Economic Analysis, CA 25 and 25N; Calculations by CSRA RC

The largest components of the CSRA’s retail sector are Auto Dealers, Parts & Gas Stations and Eating & Drinking Places, which combine for 49% of retail employment (Table E-7). Other important subsectors include Food Stores (11.5%) and General Merchandise Stores (10.9%).

Table E-7: CSRA Retail Subsector, 2009				
	Businesses		Employees	
	Number	%	Number	%
Home Improvement	236	6.5	2,164	5.9
General Merchandise Stores	157	4.3	4,009	10.9
Food Stores	405	11.2	4,250	11.5
Auto Dealers, Parts & Gas Stations	508	14	5,558	15.1
Apparel & Accessory Stores	247	6.8	1,335	3.6
Furniture & Home Furnishings	285	7.9	1,764	4.8
Eating & Drinking Places	908	25.1	12,498	33.9
Miscellaneous Retail	877	24.2	5,266	14.3
Total	3,623	100	36,844	100

Source: ESRI Business Analyst, Business Summary (2009); Calculations by CSRA RC

Retail Pull Factors

Retail pull factors are a metric used to examine the relatively strength and economic competitiveness of an area. The pull factor is calculated by dividing an area’s per capita sales by the state average, and adjusting for income differences. If the community’s income-adjusted per capita sales are greater than the state average, then the pull factor is greater than one. This means that a given area is pulling in more retail sales than its residents are spending outside the area.

Table E-8 lists overall retail pull factors for the CSRA. Only three counties (McDuffie, Richmond, and Washington) have retail sales pull factors above 1, indicating that ten of thirteen counties have retail sales losses to other counties. This is reflected in the region-wide sales pull factor of 0.76



Table E-8: Retail Sales and Pull Factors, 2008		
	Retail Sales (\$000) 2008	Retail Sales Pull Factor
Burke County	\$185,033	0.72
Columbia County	\$2,150,749	0.94
Glascocock County	\$6,733	0.21
Hancock County	\$27,262	0.30
Jefferson County	\$158,605	0.89
Jenkins County	\$67,942	0.79
Lincoln County	\$70,225	0.69
McDuffie County	\$313,236	1.12
Richmond County	\$3,039,095	1.24
Taliaferro County	\$16,995	0.86
Warren County	\$29,171	0.44
Washington County	\$248,036	1.01
Wilkes County	\$84,308	0.74
CSRA Average	\$492,107	0.76
Georgia	\$152,968,024	1

Source: Georgia County Guide (2009); Calculations by CSRA RC

3.3.4 Farm Sector

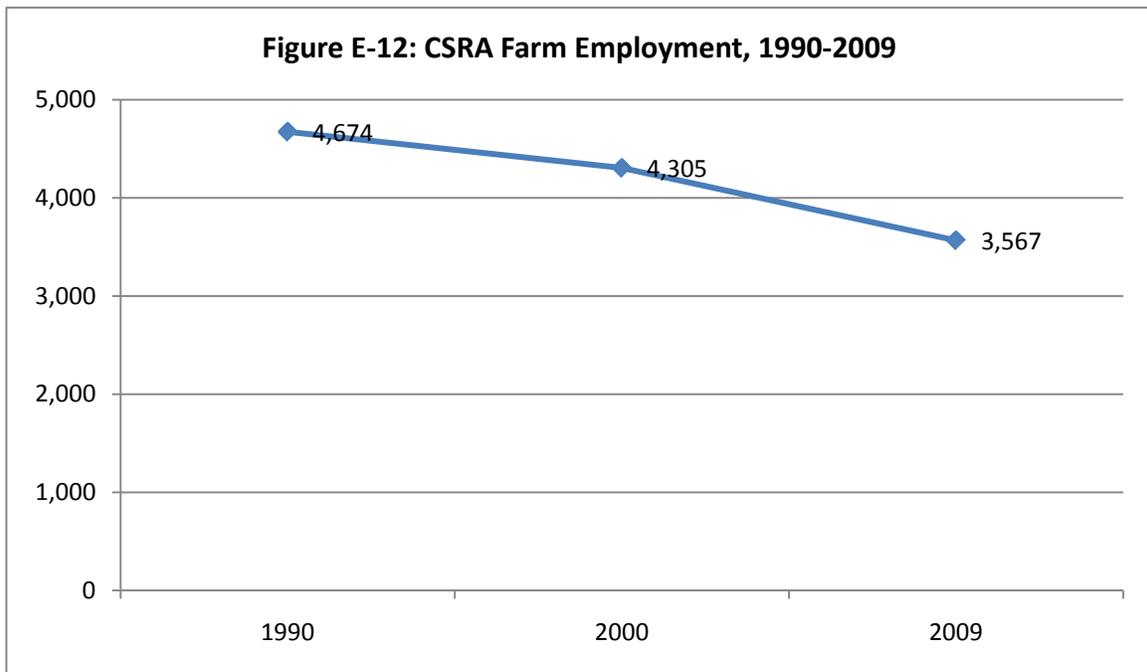
In rural CSRA counties, the Farm Sector plays an important role in employment. There are over 3,000 farms in the CSRA, accounting for over a million acres of land. Approximately one-third of all lands in the rural CSRA are occupied by farming production.

Table E-9 displays farm cash receipts for the CSRA. Over \$330,000,000 were reported in 2008. Burke, Jefferson, McDuffie and Wilkes Counties have the largest farming sectors, collectively accounting for over two-thirds of the CSRA's total farm cash receipts.

Table E-9: Farm Cash Receipts for Selected Jurisdictions, 2008	
	Total Cash Receipts (in \$000)
Burke County	\$90,978
Columbia County	\$6,059
Glascocock County	\$3,455
Hancock County	\$8,181

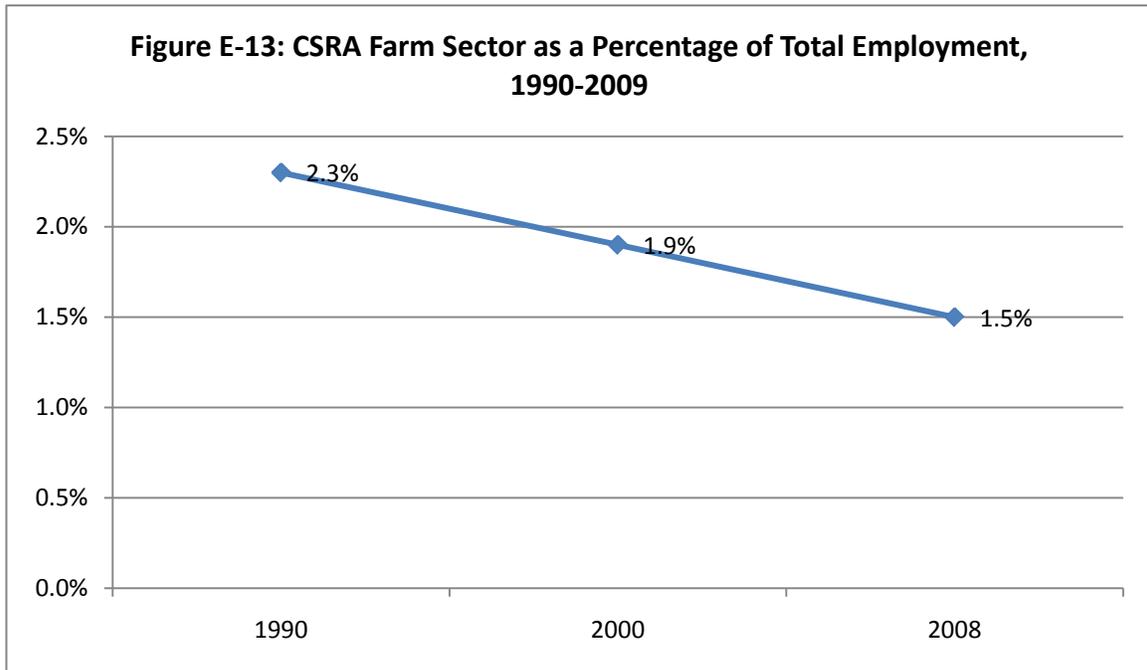
Table E-9: Farm Cash Receipts for Selected Jurisdictions, 2008	
	Total Cash Receipts (in \$000)
Jefferson County	\$57,314
Jenkins County	\$32,620
Lincoln County	\$3,518
McDuffie County	\$41,622
Richmond County	\$2,749
Taliaferro County	\$7,467
Warren County	\$7,598
Washington County	\$27,553
Wilkes County	\$41,602
Total	\$330,716
<i>Source: Georgia County Guide (2009)</i>	

The Farm sector accounts for 3,567 jobs in the CSRA (Figure E-12). Since 1990, the sector has declined from 4,674 jobs. Employment in the Farm sector has undergone gradual decline in the CSRA, mirroring state and national trends (Figure E-13).



Source: U.S. Bureau of Economic Analysis, CA 25 and 25N

In proportional terms, the Farm sector has declined by approximately 0.8% in relation to overall employment (Figure E-13).



Source: U.S. Bureau of Economic Analysis, CA 25 and 25N; Calculations by CSRA RC

3.3.5 Forestry

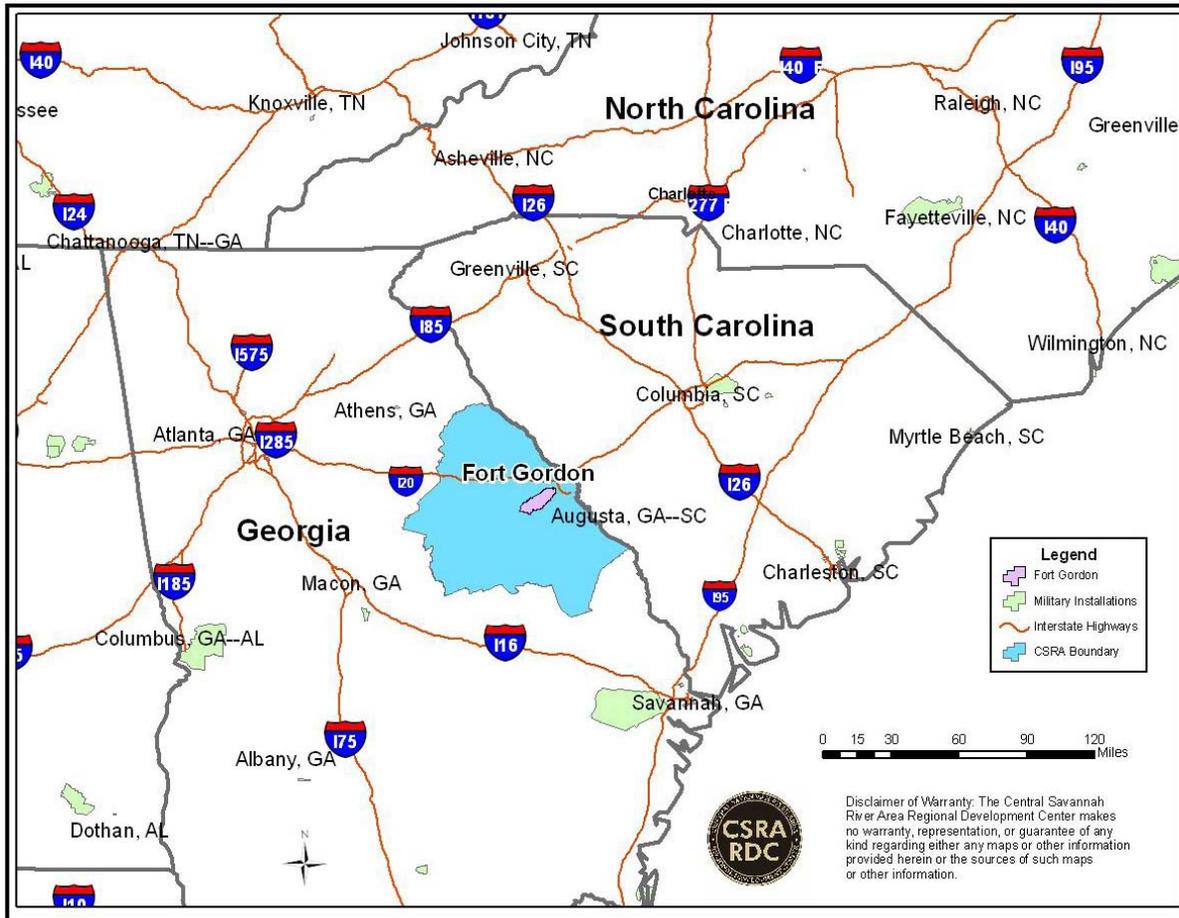
Timber is a very important resource in the CSRA, whose 2,898,849- timber land acres account for 12% of Georgia's total timberland acreage. Timber is the most extensive natural resource in the CSRA with 67.7% of all the region's land acres classified as timberland. All of the CSRA forests have the potential for timber industry usage.

3.3.6 Military Sector

The U.S military is a major employer in the CSRA, particularly in Richmond and Columbia Counties. Fort Gordon occupies approximately 55,600 acres in four counties. The majority of the installation and the entire cantonment area lie within Richmond County, with small portions of the training areas in Jefferson, Columbia, and McDuffie Counties (Figure E-14).

Fort Gordon is the largest communications training facility in the Armed Forces and is the focal point for the development of tactical communications and information systems. The Leader College of Information Technology is the Army's premiere site for all automation training and home to the Regimental NCO Academy. The installation is also home to the U.S. Army Garrison, 116th Military Intelligence Group, the Southeast Region Medical Command, the Southeast Region Dental Command, the Southeast Region Veterinary Command, Eisenhower Army Medical Center, 249th General Hospital, Regional Training Site-Medical, the National Science Center-Army, and two deployable brigades: the 93rd Signal Brigade and the 513th Military Intelligence Brigade.

Figure E-14: Location of Fort Gordon

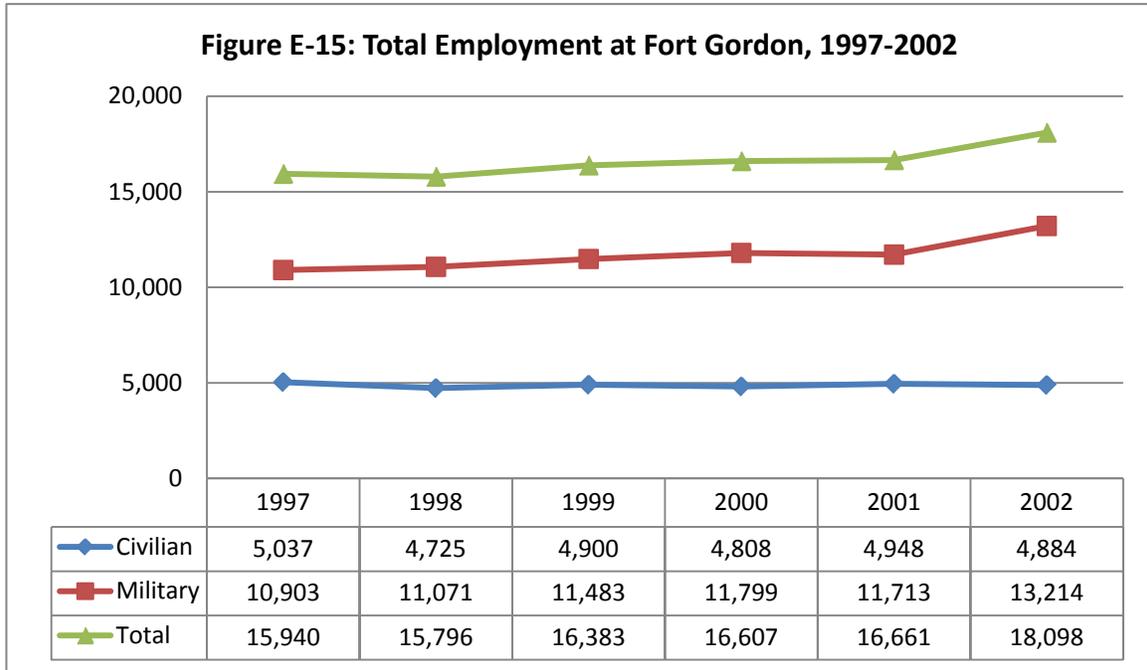


Source: Augusta Area Diversification Initiative (2006)

Fort Gordon is the Augusta area’s largest employer and drives the regional economy. According to the *Economic Impact of Fort Gordon on Columbia and Richmond Counties, Georgia* (2003) study commissioned by the Alliance for Fort Gordon, Fort Gordon accounts for over 18,000 civilian and military jobs and generates \$1.2 billion dollars in economic activity and tax revenue annually. The Fort provides direct and indirect employment to 27.7% of working individuals in Augusta and 14% in Columbia County. According to the study, the loss of Fort Gordon would result in a decline of approximately 24.5% of the Richmond County and 12.6% of the Columbia County tax base.

The contracting needs of Fort Gordon are substantial and vital to the local economy. With an annual budget of approximately \$900 million, Fort Gordon procures a large amount of contract work from the private sector for maintenance, supplies, construction, manufacturing, equipment and materials, transportation, communications, and health & food services. Many local contractors have intentionally located in proximity to Fort Gordon to benefit from contract work.

Total employment at Fort Gordon is approximately 18,098, of which an estimated 73% are military and 27% civilian (Figure E-15). Since 1997, total employment at Fort Gordon has increased by 2,158 or 13.5%. The number of military personnel has increased by 2,311 or 21.1% since 1997, while the number of civilian workers had declined by 153, or 3%.



Source: Augusta Area Diversification Initiative (2006)

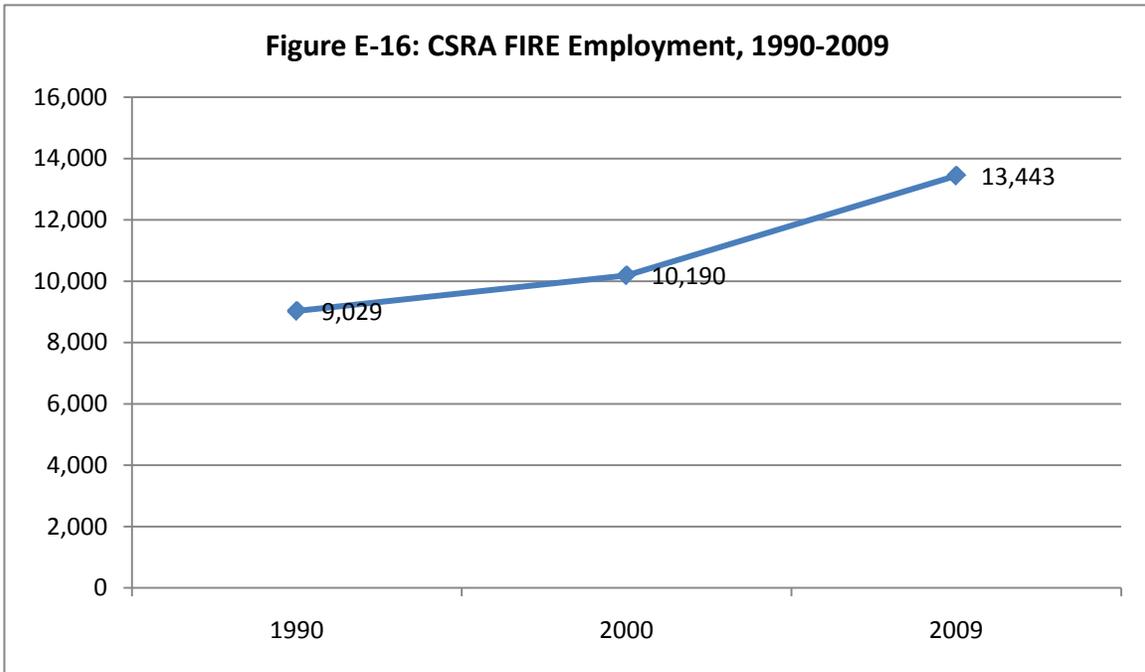
3.3.7 Medical/Healthcare

Health Care is a primary resource for the CSRA region and a major employer. Located in Richmond County, there are seven major facilities (Medical College of Georgia, University Hospital, Veteran's Administration Hospital, Dwight D. Eisenhower Hospital, Gracewood State School and Hospital, Doctor's Hospital, and St. Joseph Hospital), that employ 18,960 people. In addition to basic medical services, this sector provides highly technical research, medical advice through telecommunications to isolated areas of the region, and a highly educated work force.

3.3.8 Finance, Insurance & Real Estate Sector

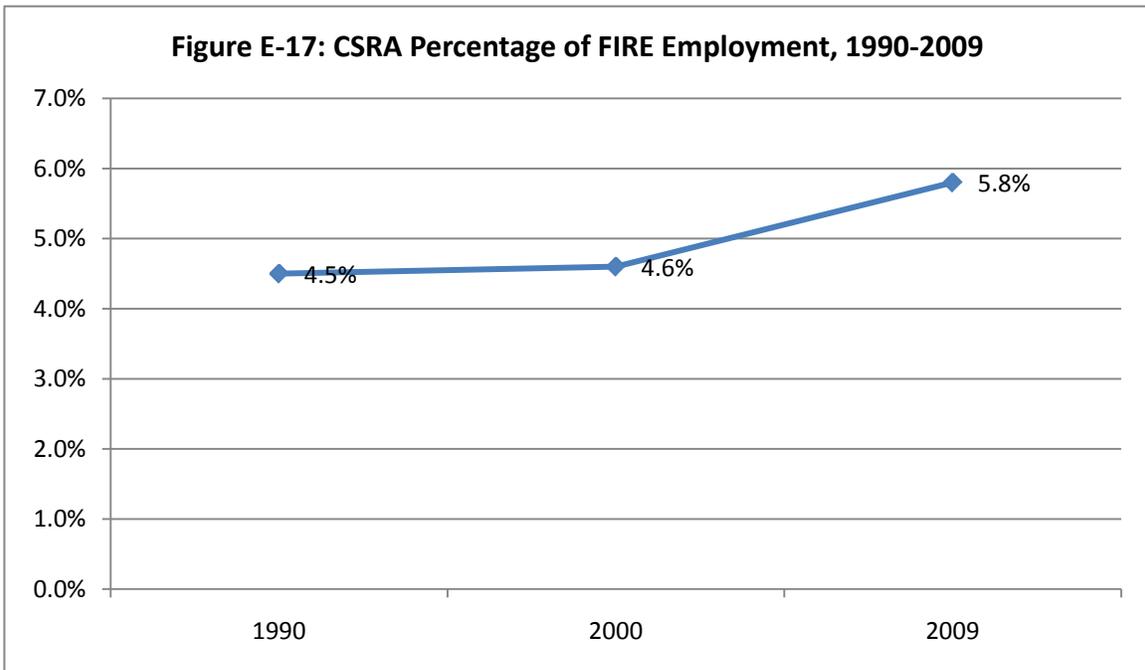
The FIRE sector has enjoyed tremendous growth throughout the CSRA. Encompassing service products ranging from banking to real estate, it has been one of the main drivers of the region's employment growth. The CSRA's FIRE jobs increased from 9,029 in 1990 to 13,443 in 2009, or 48.9% (Figure E-16).





Source: U.S. Bureau of Economic Analysis, CA 25 and 25N

The relative of value of the FIRE sector to total employment base is displayed in Figure E-17. Consistent with the total jobs increase in the sector, the proportional rate has increased by 2%.



Source: U.S. Bureau of Economic Analysis, CA 25 and 25N; Calculations by CSRA RC

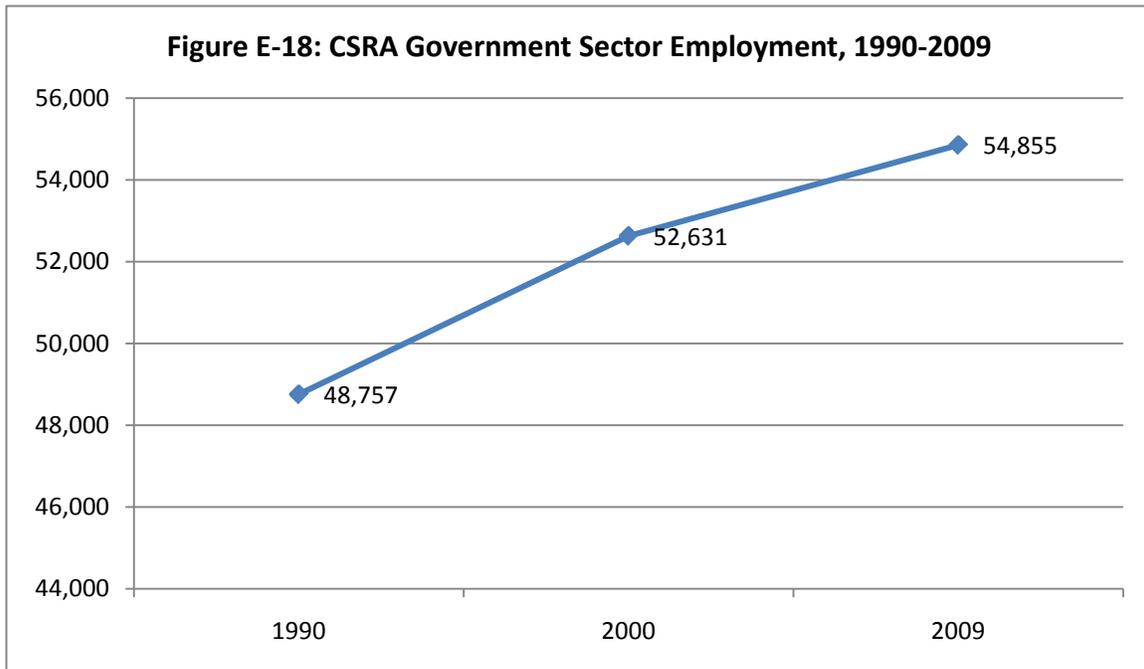
Table E-10 provides a breakdown of the CSRA’s FIRE subsectors. The Banks, Savings & Lending Institutions subsector accounts for a majority of employees within the sector (44.3%).

Table E-10: CSRA FIRE Subsector, 2009				
	Businesses		Employees	
	Number	%	Number	%
Banks, Savings & Lending Institutions	348	23.9	3,349	44.3
Securities Brokers	109	7.5	2,481	32.8
Insurance Carriers & Agents	308	21.2	565	7.5
Real Estate, Holding & Other Investment Offices	690	47.4	1,160	15.4
Total	1,455	100	7,555	100

Source: ESRI Business Analyst, Business Summary (2009); Calculations by CSRA RC

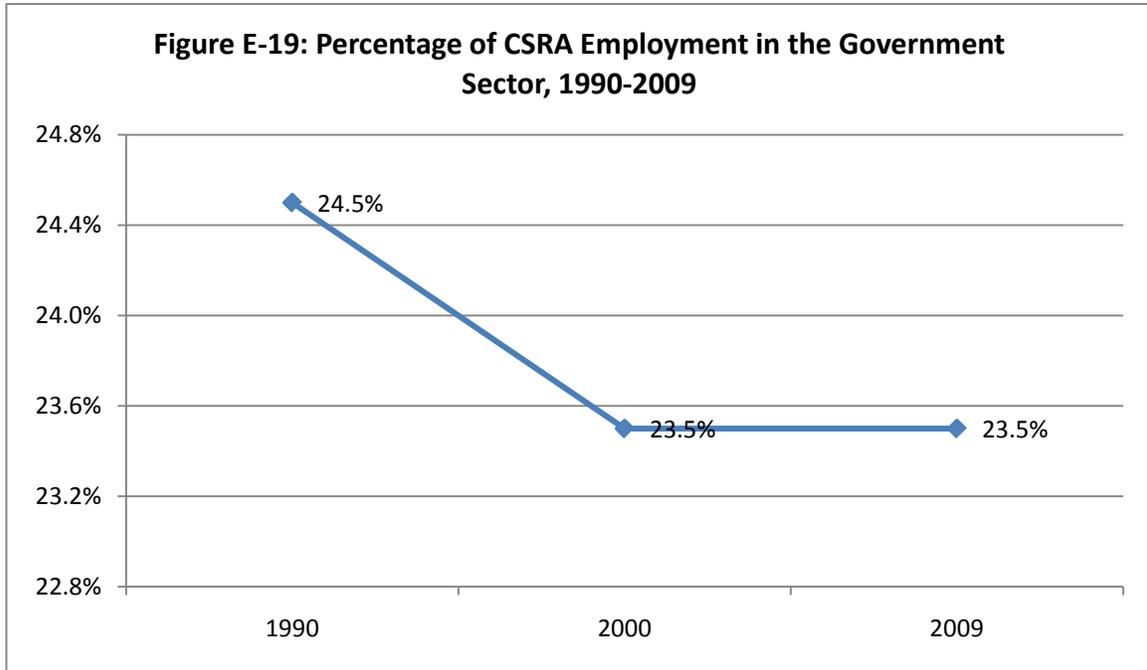
3.3.9 Government and Government Enterprises Subsector

The Government sector has long been the most stable of all employment sectors. While changes in production and services are common, government work remain relatively steady and grows in proportion to population growth. Between 1990 and 2009, employment in Government & Government Enterprises increased from 48,757 to 54,855, or 12.5% (Figure E-18).



Source: U.S. Bureau of Economic Analysis, CA 25 and 25N

As a percentage of total jobs, the Government sector has not changed significantly in the past two decades, declining by less than 1% (Figure E-19).



Source: U.S. Bureau of Economic Analysis, CA 25 and 25N; Calculations by CSRA RC

Table E-11 provides a breakdown of the Government subsectors. A majority of Government employment is in the local government sector (51.8%), with most of those in local schools and municipal government offices.

	Number of Firms	Number Employed	Percent of Employed
Federal Government	155	7,411	17.9
State Government	211	12,512	30.3
Local Government	253	21,419	51.8
Total	619	41,342	100

Source: Georgia Department of Labor Area Labor Profiles (2009); Calculations by CSRA RC

3.4 REGIONALLY SIGNIFICANT INDUSTRIES

Identifying regionally significant industries is important in considering the strengths, weaknesses, opportunities and threats of the regional economy, as well as measuring potential for growth.

The analysis presented below is based on U.S. Department of Labor ‘super sectors’, an aggregate of all industries falling under broad sectors. These super sectors are used because the U.S. Bureau of Economic Analysis employment numbers contain too many “Not Disclosed” sectors, rendering the data difficult to use in this type of analysis.

3.4.1 Location Quotients

Location quotients are analytical tools used to determine which industries are concentrated in a region by comparing each industry’s share of employment to the same measure for a state or the nation as a whole. Thus, the CSRA’s location quotient for a particular industry (i.e. manufacturing) is the ratio of the manufacturing share of total employment in the region to the manufacturing share of total employment in the United States. If the ratio is greater than 1, the industry is of more importance in the region than the U.S. as a whole and is, therefore, likely to be an exporting industry.

Table E-12 presents location quotients for the CSRA and the nation. The CSRA’s strong export sectors, according to the location quotient, are: Natural Resources & Mining (4.70) and Manufacturing (1.73). These sectors account for approximately 15% of the region’s job base. The relatively low location quotient in Information (0.57), Financial Activities (0.67), and Professional & Business Services (0.48) suggests that the region has not achieved its full export potential, particularly in the services sector.

Table E-12: Location Quotient, CSRA and the United States, 1990-2009					
	CSRA		United States		Location Quotient
	Jobs	%	Jobs	%	
Natural Resources & Mining	1,917	1.6	1,783,558	1.7%	4.70
Construction	7,142	6.0	5,948,837	5.6%	1.13
Manufacturing	15,569	13.0	11,810,371	11%	1.73
Trade, Transportation & Utilities	27,080	22.6	24,651,647	23%	1.09
Information	2,337	2.0	2,807,721	2.6%	0.57
Financial Activities	5,635	4.7	7,589,821	7.1%	0.67
Professional & Business Services	15,750	13.2	16,488,835	15.4%	0.48
Education & Health Services	22,852	19.1	18,321,635	17.1%	0.99
Leisure & Hospitality	16,891	14.1	13,001,028	12.1%	0.88
Other Services	3,974	3.3	4,369,780	4.1%	1.27
Unclassified	124	0.1	173,872	0.2%	0.43
Total	119,749	100	106,947,104	100	1

Source: U.S. Bureau of Labor Statistics Location Quotient Calculator (Based on 2009 Quarterly Census of Employment and Wages); Omits jobs classified as non-disclosed.

3.4.2 Shift Share Analysis

Shift-share analysis is an analytical technique that is used to compare regional growth rates over time with national growth rates by disaggregating growth into three components:

- Employment change due to national growth - i.e. the increase in employment that would be expected if an industry grew in a local area at the same rate as the national economy.
- Employment change due to the proportional shift - i.e. the change in employment that would be expected if an industry expanded or contracted at the same rate above or below the national growth rate locally as nationally.
- Growth due to the regional factors that cause a local industry to outpace or grow slower than the national industry. This value is referred to as the differential shift. The differential shift can be interpreted as the extent to which an area has a competitive advantage for that sector. A positive differential shift implies the area has a competitive advantage.

The number of jobs in the CSRA is a primary indicator of local economic health and vitality. That is why it is important for the region to understand employment conditions. The employment data presented in this analysis were obtained from a sample of the U.S. Bureau of Labor Statistics' Census of Employment and Wages.

Shift-Share Results for the CSRA

The Industrial Mix Component

The industrial mix component is found by calculating the percent growth rate for an economic sector at the national level and subtracting from it the national growth component. Thus, the industrial mix component measures how well an industry has grown, net of effects from the business cycle.

Table E-13 lists these components for each sector. The highest industrial mix component was 38.2 percent in the Professional & Business Services sector. If the CSRA's employment was concentrated in sectors with higher industrial mix components, then the region could expect more employment growth. After adding up across all eleven sectors, it appears that the industrial mix component was responsible for decreasing the region's employment by -527 jobs. This indicates that the CSRA has a concentration of employment in industries that are not increasing nation-wide, in terms of employment.

The Competitive Share

Another component of shift-share analysis is the competitive share. It is the remaining employment change that is left over after accounting for the national and industrial mix components. If a sector's competitive share is positive, then the sector has a local advantage in promoting employment growth.

For example, the Educational & Health Services sector, employment grew by 5.9%. Of this -18.4% was due to the national growth component and 34.9% was due to the industrial mix. This leaves a remainder of 16.5% that is attributable to the local conditions facing this economic sector. For the sector, this share translated into 1,696 jobs.

The top three sectors in competitive share were Information (14.2), Leisure & Hospitality (9.7), and Education & Health Services (5.9). Across all sectors in total, the competitive share component is negative. This indicates that the CSRA can be more competitive in securing additional employment. A positive competitive share component would indicate that a productive advantage. This advantage could be due to local firms having superior technology, management, or market access, or the local labor force having higher productivity.

Table E-13: Shift Share Analysis, CSRA and the United States, 1990-2009

Sector	National Growth %	National Growth Jobs	Industrial Mix %	Industrial Mix Jobs	Competitive Share %	Competitive Share Jobs
Education and Health Services	18.4	5,317	34.9	10,067	5.9	1,696
Leisure and Hospitality	18.4	2,134	20.9	2,428	9.7	1,120
Information	18.4	371	-16.5	-332	14.2	287
Other Services	18.4	654	7.5	265	-14.1	-501
Financial Activities	18.4	1,024	-7.2	-403	-9.8	-545
Natural Resources & Mining	18.4	480	-16.5	-429	-28.4	-739
Manufacturing	18.4	4,574	-52.2	-12,975	-3.5	-866
Public Administration	18.4	957	-1.1	-58	-17.1	-887
Professional & Business Services	18.4	1,984	38.2	4,112	-9.6	-1,036
Trade, Transportation, and Utilities	18.4	5,301	-9.6	-2,768	-11.6	-3,346
Construction	18.4	1,781	-4.5	-434	-40.1	-3,876
		24,577		-527		-8,693

Source: University of Georgia GeorgiaStats Shift Share Model; Calculations by CSRA RC

3.5 BUSINESS CLUSTERS

The development of cluster networks facilitates the interaction and sharing of information among businesses and institutions. More cost effective solutions to common problems may be achieved, such as training programs, collective purchasing, and shared marketing. The following clusters were identified in the region:

Retail Clusters

The Main Streets of incorporated areas in all thirteen counties are home to many retail stores. These are high traffic areas that attract a significant number of shoppers.

Tourism & Hospitality Cluster

The cultural and historic assets of Main Streets provide attractions to support tourism. Significant investments in support of this cluster have been made in recent years, such as the enhancement of

walkable areas and the restoration of many historic assets. By promoting a planned, coordinated tourism effort, the region may use its unique assets to bring dollars from visitors into its economy.

Manufacturing Clusters

The manufacturing sector in the region encompasses a variety of industries and is concentrated along major arteries such as U.S 25 and U.S 1.

Military Clusters

The areas adjacent to Fort Gordon include significant contractor activity that includes small manufacturers of specialized electronic equipment.

Education & Medical Clusters

Education and medical clusters are located within the City of Augusta and encompass over a dozen major colleges and hospitals.

3.6 INCOME AND WAGES

Incomes rates throughout the CSRA have historically been lower than the state average. With the exception of Columbia County, average CSRA per capita income is over 20% below the state average (Table E-14). However, income levels in eleven of thirteen CSRA counties have increased at a faster rate than the state average in the past two decades. Most of the CSRA has seen income rates more than double since 1990.

Table E-14: Per Capita Personal Income for Selected Jurisdictions, 1990-2009				
	1990	2000	2009	1990-2000 % Change
Burke County	\$11,888	\$17,739	\$25,666	115.9
Columbia County	\$19,571	\$30,532	\$41,943	114.3
Glascocock County	\$13,455	\$20,035	\$24,230	80.1
Hancock County	\$10,808	\$13,796	\$21,208	96.2
Jefferson County	\$12,153	\$18,694	\$25,429	109.2
Jenkins County	\$11,411	\$18,042	\$23,332	104.5
Lincoln County	\$13,131	\$19,738	\$27,980	113.1
McDuffie County	\$14,178	\$22,797	\$31,499	122.2
Richmond County	\$16,827	\$22,437	\$29,907	77.7
Taliaferro County	\$12,342	\$16,030	\$26,037	111.0
Warren County	\$11,286	\$17,972	\$26,107	131.3
Washington County	\$14,750	\$20,821	\$28,745	94.9
Wilkes County	\$14,687	\$20,863	\$28,142	91.6
CSRA Average	\$13,576	\$19,961	\$27,709	104.1
Georgia Average	\$17,563	\$28,531	\$34,129	94.3

Source: U.S. Bureau of Economic Analysis, CA 1-3; Calculations by CSRA RC

Wages constitute the largest component of income. At \$30,706, the average wage per job in the CSRA is significantly below the state average (\$43,961) (Table E-15). Since 1990, the average wage per job statewide has increased at a faster rate (100.7%) than in the CSRA (95.7%). Within the region, wages are highest in Richmond County (\$41,285) and lowest in Glascock County (\$23,233).

Table E-15: Average Wage per Job for Selected Jurisdictions, 1990-2009				
	1990	2000	2009	1990-2000 % Change
Burke County	\$20,211	\$28,679	\$40,483	100.3
Columbia County	\$17,051	\$24,889	\$34,010	99.5
Glascock County	\$14,813	\$24,207	\$23,233	56.8
Hancock County	\$13,231	\$20,427	\$27,708	109.4
Jefferson County	\$15,643	\$25,046	\$32,503	107.8
Jenkins County	\$13,311	\$20,764	\$27,256	104.8
Lincoln County	\$13,208	\$20,775	\$27,583	108.8
McDuffie County	\$15,530	\$23,774	\$31,118	100.4
Richmond County	\$20,766	\$29,180	\$41,285	98.8
Taliaferro County	\$11,221	\$17,252	\$24,217	115.8
Warren County	\$13,653	\$25,428	\$28,662	109.9
Washington County	\$19,730	\$29,617	\$32,708	65.8
Wilkes County	\$15,564	\$22,629	\$28,411	82.5
CSRA Average	\$15,687	\$24,051	\$30,706	95.7
Georgia Average	\$21,899	\$34,318	\$43,961	100.7

Source: U.S. Bureau of Economic Analysis, CA 34; Calculations by CSRA RC



Table E-16 presents average weekly wages by industry. Like the other income and wage indicators noted above, weekly wages are generally below the state average.

Table E-16: Weekly Wage Rates for Selected Industries, Q4 2010			
	CSRA	Georgia	Region vs. State Difference
Agriculture, Forestry, Fishing and Hunting	\$815	\$583	28.5
Construction	\$836	\$969	-15.9
Manufacturing	\$1,019	\$1,066	-4.6
Wholesale Trade	\$944	\$1,380	-46.2
Retail Trade	\$477	\$520	-9
Transportation & Warehousing	\$788	\$995	-26.3
Information	\$917	\$1,445	-57.6
Finance and Insurance	\$972	\$1,393	-43.3
Healthcare & Social Assistance	\$944	\$920	2.5
Accommodation & Food Services	\$269	\$328	-21.9
Public Administration	\$747	\$947	-26.8
All Industries	\$759	\$906	-19.4

Source: Georgia Department of Labor - 4th Qtr. 2010 (October, November, December) Quarterly Census of Employment and Wages, Sector (2 digit) data for SDR 3, Aggregate of all types.

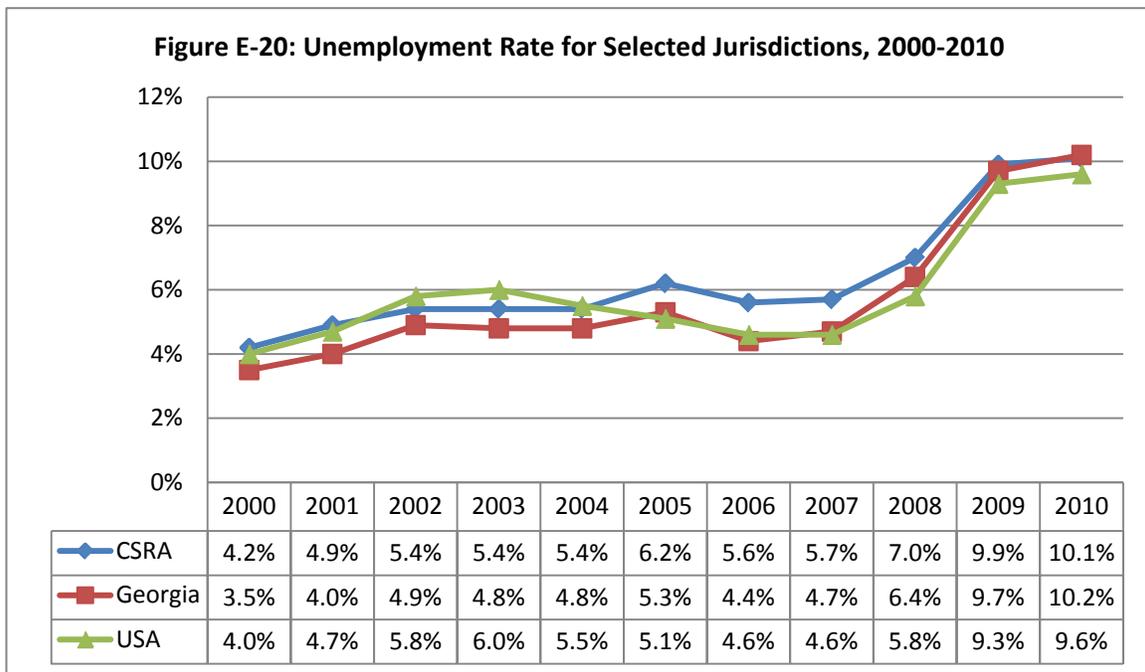
3.7 LABOR FORCE ESTIMATES

Labor force estimates are presented in Table E-17. The CSRA's unemployment rate lies at the statewide average (10.1%). The region's unemployment rate has traditionally been slightly above the state and national averages (Figure E-20). During the recessions of 1991 and 2001, the region experienced spikes in the overall unemployment rate as did the state and nation. Throughout the 1990s, textile plant closures kept the CSRA's unemployment rate higher than the state or nation, but regional focus on job creation helped the area to reduce its unemployment rate to a more reasonable level.



Table E-17: Labor Force Estimates for Selected Jurisdictions, 2010		
	CSRA	Georgia
Civilian Labor Force	204,325	4,693,711
Employed	183,656	4,213,719
Unemployed	20,669	479,992
Unemployment Rate	10.1%	10.1%

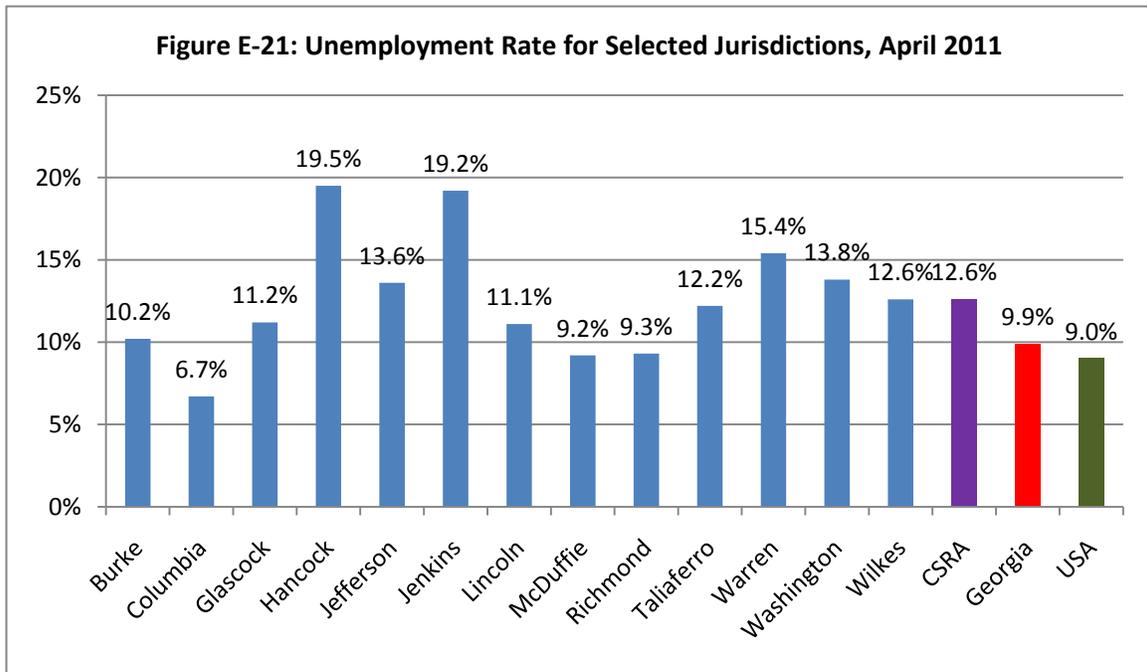
Source: Georgia Department of Labor - 2010 Labor Force Estimates



Source: Georgia Department of Labor; U.S Department of Labor

Examining unemployment rates by county with the most recent available U.S. Department of Labor data (April 2011), it becomes clear that most rural parts of the CSRA are suffering from unemployment rates that are significantly above the state and national averages (Figure E-21). Hancock, Jenkins and Warren Counties have been particularly hard hit with plant closures, reflected in unemployment rates that are double the state and national averages.

As of February 2011, 8,302 residents of the CSRA had active unemployment insurance claims (Table E-18). The unemployment claims were broadly dispersed among the various employment categories.



Source: Georgia Department of Labor; U.S. Department of Labor

Table E-18: Active Unemployment Insurance Applicants by CSRA County, February 2011

	Professional, Technical & Managerial	Clerical & Sales	Services	Agriculture Forestry & Fishing	Processing	Machine Trades	Bench-work	Structural Work	Misc.
Burke	36	107	70	7	17	47	87	62	78
Columbia	156	202	125	9	14	40	24	115	68
Glascock	3	7	6	1	1	2	5	8	9
Hancock	17	42	52	4	11	27	61	25	58
Jefferson	21	73	49	9	5	29	52	51	81
Jenkins	7	21	22	0	15	17	23	16	20
Lincoln	10	27	13	2	9	13	5	19	21
McDuffie	31	136	163	21	26	36	35	66	99
Richmond	465	1,075	1,210	47	135	244	196	565	627
Taliaferro	5	7	7	1	3	4	1	3	13
Warren	13	44	51	5	19	26	12	22	61
Washington	17	69	85	5	20	25	48	51	82
Wilkes	20	39	24	4	15	22	14	14	41
Total	801	1,849	1,877	115	290	532	563	1,017	1,258

Source: Georgia Department of Labor - Local Area Profile

3.8 PROJECTED JOB GROWTH

The CSRA economy was built on traditional industries such as manufacturing, which remains a critical sector. Changes in the regional economy have made growth industries such as health care, social services as well as finance and information technology, the areas in which job creation will occur. These industries will play an increasing role in the area’s employment picture over the next decade.

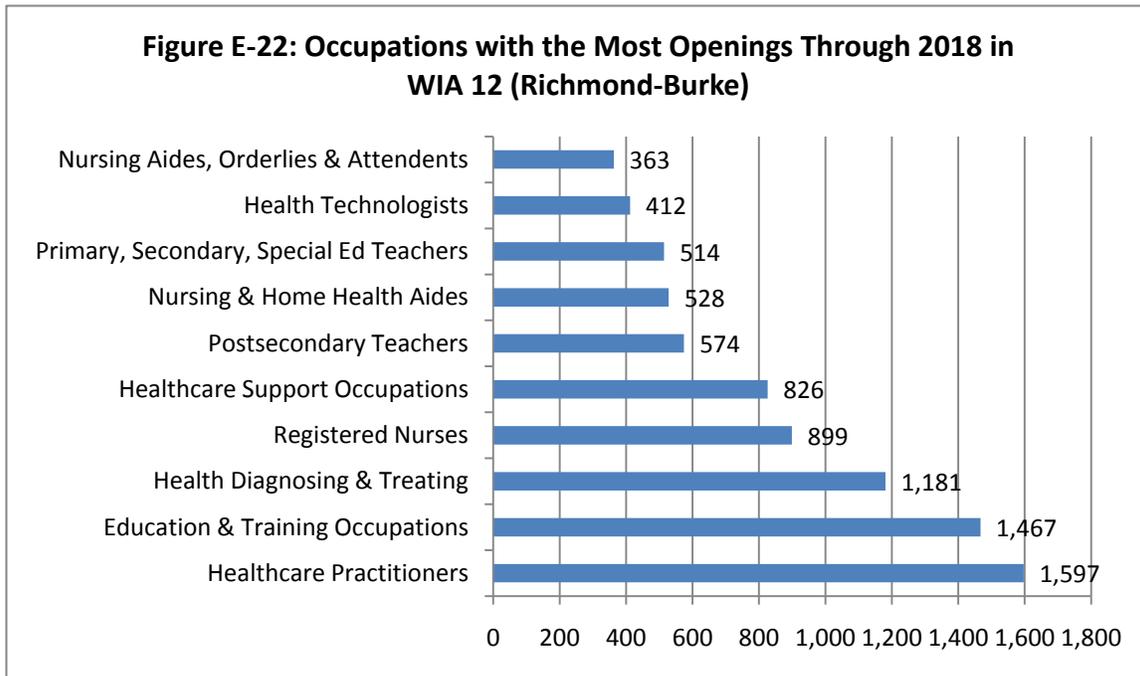
This following analysis of projected job growth is based on the *Georgia Area Workforce Trends: Projections to 2018*. The analysis is at the Workforce Investment Area (WIA) as defined by the Georgia Department of Labor. WIA #12 includes Richmond and Burke Counties. WIA #13 encompasses 12 counties in east central Georgia: Columbia, Glascock, Hancock, Jefferson, Jenkins, Lincoln, McDuffie, Taliaferro, Warren, Washington and Wilkes. For analysis purposes, the two WIAs must be examined separately because WIA #13 includes Screven County, which is not part of the CSRA.

The Georgia Department of Labor projects approximately 20,000 new jobs in the region through 2018.

3.8.1 WIA Area #12 – Richmond & Burke Counties

Fastest Growing Occupations

The fast-growing occupations will have better employment prospects than occupations with slow or declining employment. Most of the annual job openings will result from both the need to replace workers who change jobs and new job creation. The majority of new job openings in WIA #12 will be in the service and government sectors (Figure E-22).



Source: Georgia Department of Labor Area Workforce Trends: Projections to 2018

Total Industry Growth

Top industry growth is detailed in Table E-19. The Health Care & Social Assistance and Educational Services sectors will account for the vast majority of industry growth rates. Combined, these two sectors will contribute 5,571 new jobs through 2018.

Table E-19: Top Industry Growth Sectors through 2018 in WIA 12 Richmond-Burke				
	2008 Estimated Employment	2018 Project Employment	Total 2008- 2018 Employment Change	2008-2018 % Change
Health Care & Social Assistance	18,515	21,805	3,290	17.8
Educational Services	13,780	16,061	2,281	16.6
Transportation & Warehousing	2,648	3,223	575	21.7
Professional & Technical Services	3,921	4,474	553	14.1
Utilities	1,149	1,342	193	16.8
Other Services (Except Government)	4,538	4,727	189	4.2
Local Government	3,501	3,549	48	1.4
Management of Companies/Enterprises	252	269	17	6.7
Arts, Entertainment & Recreation	1,133	1,142	9	0.8

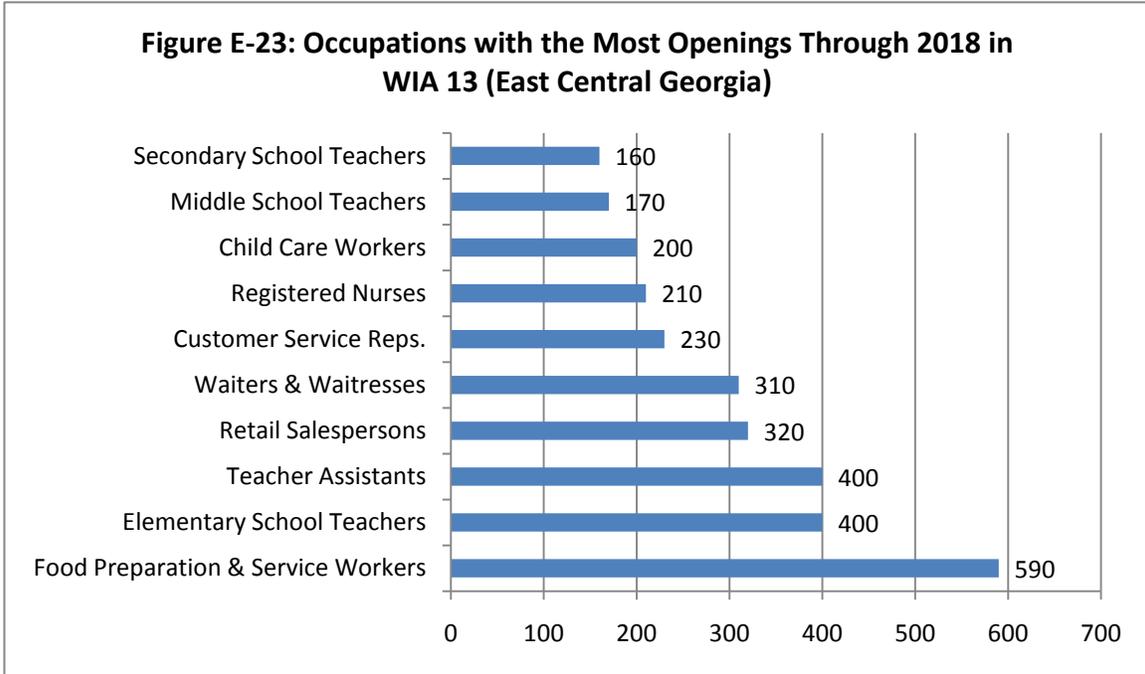
Source: Georgia Department of Labor Area Workforce Trends: Projections to 2018

3.8.2 WIA Area #13 – East Central Georgia

Fastest Growing Occupations

The fastest growing occupations in WIA #13 are diverse and associated with various industry sectors (Figure E-23). Most of these occupations will require formal education beyond high school and pay above-average wages.





Source: Georgia Department of Labor Area Workforce Trends: Projections to 2018

Total Industry Growth

Total employment in WIA Area #13 is expected to grow from almost 74,000 jobs in 2006 to more than 83,000 by the year 2018, which equates to almost 1,000 new jobs added each year. The top ten industries in this area with the most job growth are listed in Table E-20. Similar to WIA #12, the Educational Services and Health Care & Social Assistance sectors will lead growth sectors, accounting for almost half the projected job growth through 2018.

Table E-20: Top Industry Growth Sectors through 2018 in WIA 13 East-Central Georgia				
	2008 Estimated Employment	2018 Project Employment	Total 2008- 2018 Employment Change	2008-2018 % Change
Educational Services	8,214	10,479	2,265	27.6%
Health Care & Social Assistance	6,061	7,819	1,758	29%
Accommodation & Food Services	5,145	6,439	1,294	25.2%
Professional & Technical Services	1,770	2,316	546	30.8%
Other Services (Except Government)	2,778	3,233	455	16.4%
Arts, Entertainment & Recreation	627	986	359	57.3%
Retail Trade	8,357	8,683	326	3.9%
Government	6,193	6,493	300	4.8%
Transportation & Warehousing	1,610	1,896	286	17.8%
Waste Management & Admin. Support	3,185	3,422	237	7.4%

Source: Georgia Department of Labor Area Workforce Trends: Projections to 2018

3.8.3 Declining Industries

Also included in the Georgia Department of Labor's job projections are industries that are in decline. Job losses are projected in various sectors, led by Retail Trade (-1,098), Manufacturing (-787), and Government (-553) (Table E-21).

	2008 Estimated Employment	2018 Project Employment	Total 2008- 2018 Employment Change	2008-2018 % Change
Retail Trade	11,442	10,344	-1,098	-9.6
Manufacturing	8,647	7,860	-787	-9.1
Government	11,889	11,336	-553	-4.7
Construction	4,469	3,955	-514	-11.5
Federal Government	5,745	5,322	-423	-7.4
Finance & Insurance	2,858	2,478	-380	-13.3
Accommodation & Food Services	9,902	9,678	-224	-2.3
Agriculture, Forestry & Fishing	681	476	-205	-30.1
Wholesale Trade	2,947	2,762	-185	-6.3
State Government	2,128	2,039	-89	-4.2

Source: Georgia Department of Labor - Long Term Industry Projections: 2008-2018

Projected job declines in WIA #13 are primarily in good-producing sectors (Table E-22), reflecting the strong manufacturing and resource extraction-orientation of the rural CSRA economy. Manufacturing (-1,124) and Mining (-282) will account for the bulk of declining employment through 2018.

	2008 Estimated Employment	2018 Project Employment	Total 2008- 2018 Employment Change	2008-2018 % Change
Manufacturing	9,637	8,513	-1,124	-11.7
Mining	907	625	-282	-31.1
Agriculture, Forestry & Fishing	2,742	2,580	-162	-5.9
Construction	4,210	4,115	-95	-2.3
Wholesale Trade	1,184	1,135	-49	-4.1
Finance & Insurance	1,716	1,667	-49	-2.9
Real Estate, Rental & Leasing	535	510	-25	-4.7

Source: Georgia Department of Labor - Long Term Industry Projections: 2008-2018

3.8.4 Planned Job Creating Projects

The Georgia Department of Corrections will be building a new \$57 million prison in Jenkins County. The site will be located southeast of Millen just outside the city limits and will include space for 1,150 male inmates. It is expected to create 250 to 300 jobs for area residents. The prison is to be constructed and administered by Corrections Corporation of America with construction planned for early next year and completed in early 2012.

Southern Nuclear has begun partial construction on two new reactors at the Plant Vogtle site in Burke County. Already employing 1,300, Plant Vogtle's \$14.5 billion project would increase the workforce to 3,500 during the construction phase, and result in 800 additional permanent jobs when construction is completed in 2016 or 2017.

The Jefferson County Development Authority recently initiated a project to construct the Kings Mill Commerce Park near Wrens, Georgia. This industrial park boasts 664 acres of developable property and is located within 25 miles of Interstate 20. Rail, water, sewer, and natural gas are readily available at the site.

4.0 INTRODUCTION

Developing and maintaining a healthy economy requires an understanding of the underlying structures that contribute to individual sectors. It makes little sense to actively recruit very profit margin-sensitive industries if local and state taxes are substantially higher than other localities. It is also counter-productive to recruit major distribution centers if highway infrastructure is limited or in poor condition. Matching economic resources with the right recruiting strategy is vital to economic development efforts.

This section examines the CSRA's economic growth potential by assessing a range of variables businesses use to make location decisions. While determinants vary from industry to industry, most businesses examine the following issues during the site selection process:

- Infrastructure availability and quality
- Health of nearby major metropolitan areas
- Business friendly atmosphere
- Labor availability and costs
- Taxes

CSRA counties have active economic development programs and expend substantial resources providing assistance to their existing business base. Competition for new businesses is fierce, and local and state incentive packages continue to grow. Increasingly, only communities with substantial incentive packages to offer are successful in attracting major new employers.

The region's manufacturing sector has declined in recent years due to changing markets, corporate downsizing, and free trade. Many low-skill manufacturing jobs have left the CSRA for lower cost locations overseas. Decisions on facility closures or downsizing are generally not made locally and are outside of local control or influence. In most cases, local incentives cannot compete with national or international factors affecting the viability of local facilities.

From an industrial/commercial site selection standpoint, the CSRA remains a very attractive location. The availability of public infrastructure to support growth is already in place and has sufficient capacity. The region's challenges come from other similar communities throughout the southeast. These areas (for example, Savannah, GA, Charleston, SC, Memphis, TN) offer many of the same amenities available in the CSRA, and pursue new investment with the same vigor and focus. Competitors may even view CSRA businesses as potential relocation targets for their own efforts.

4.0.1 Strengths, Weaknesses, Opportunities and Threats (SWOT)

A SWOT (strengths, weaknesses, opportunities, and threats) analysis is a method used to systematically gather and analyze information and identify issues and options facing an area. The SWOT analysis provides information that is helpful in matching resources and capabilities to the competitive environment within which a region operates. This framework helps decision-makers focus activities and resources into areas where they can be most effective, and is a key step in crafting an economic diversification strategy.

Strengths

- Strong crossroads location between Atlanta, Savannah and Columbia, SC.
- Proximity to other major cities and ports.

- Continued strong growth of the metropolitan economy.
- Availability of adequate long term water supply.
- Affordable energy source (i.e. electricity, natural gas).
- Low cost of living.
- Affordable housing supply.
- Available workforce.
- Higher education opportunities – intellectual capital.
- International branding of Augusta (Master’s)
- Strong entrepreneurial spirit.
- Similarities in priorities and strategies among economic development organizations.
- Accessible industrial and commercial areas.
- Community very responsive to business needs.
- Favorable land use and zoning regulations.

Weaknesses

- High unemployment.
- Weak national economy.
- Weak population growth.
- School test scores.
- Unfinished infrastructure projects.
- Low broadband connectivity in rural areas.
- Lack of regional coordination on economic development issues (no strong regional economic development strategy).
- Lack of tech-oriented skilled workers, and brain drain of trained students to other areas.

Opportunities

- Strong area workforce.
- Energy sector growth (i.e. Plant Vogtle).
- Fort Gordon mission growth.
- Area recreational facilities.
- Biotech sector growth.
- Strong entrepreneurial local business community.
- Increased tourism.
- Stabilizing and growing national economy.
- Growing international markets need trading partners and increased foreign investment.

Threats

- Loss of jobs in rural counties.
- Reduction in state/federal funding.
- Uncertainty around state/federal programs.
- Declining local revenue base.
- Loss of anchor industries
- Lack of broadband infrastructure in rural counties.
- Future Base Realignment and Closure rounds.
- Too many economic development organizations and the potential of overlap.

- Too much regional competition (plentiful supply of well-located office space and land available in the southeast and, therefore, no compelling need for an employer to locate in the study area).
- Price competition from international markets.
- Outsourcing of skilled work, along with offices and plants to other countries.
- Fluctuating commodity prices, particularly in natural resources.

4.2 INSTITUTIONAL CAPACITY

A key component of economic development is understanding the needs of existing businesses. Existing businesses may need training or access to capital in order to finance an expansion. They may require assistance finding skilled employees or in resolving land use issues. They may require knowledge of how to tap into new markets for their products. Institutional capacity measures the extent to which area agencies have the knowledge and skills to provide these and other services to businesses.

In the economic development process, government plays several roles: policy maker, financial partner, and regulator. Local government policy makers are called upon by citizens to balance sometimes competing and conflicting community values and objectives.

4.2.1 Development Agencies

Table D-1 identifies various development organizations that support economic development initiatives in the CSRA.

	Number of Employees	Mission/Purpose	Services Offered
Augusta Metro Chamber of Commerce	5	Supporting and strengthening local businesses, and facilitating the location of new businesses	Data and information services, recruiting, property tours.
Burke County Chamber of Commerce	2	Promoting the health and general well being of Burke County	Data and information services, recruiting, property tours.
Burke County Development Authority	1	Promoting the health and general well being of Burke County	Data and information services, recruiting, property tours.
Columbia County Convention and Visitors Bureau	1	To recruit and support business location in Columbia County	Data and information services, recruiting, property tours.
Columbia County Development Authority	2	To enrich the quality of life within Columbia County through efforts which encourage new and expanding economic growth	Data and information services, recruiting, property tours.
Development Authority of Richmond County	3	Attract new business to the Augusta-Richmond County area	Data and information services, recruiting, property tours.
Development Authority of Washington County	1	Leading the economic development for the county	Data and information services, recruiting, property tours.
Forward McDuffie	3	Attract new business to McDuffie County	Data and information services, recruiting, property tours.
Jefferson County	1	Supporting and strengthening	Data and information services,

Table D-1: CSRA Economic Development Organizations

	Number of Employees	Mission/Purpose	Services Offered
Chamber of Commerce		local businesses, and facilitating the location of new businesses	recruiting, property tours.
Jefferson County Development Authority	2	Supporting and strengthening local businesses, and facilitating the location of new businesses	Data and information services, recruiting, property tours.
Jenkins County Chamber of Commerce	1	To recruit and support business location in Jenkins County	Data and information, existing business promotion.
Jenkins County Development Authority	1	To recruit and support business location in Jenkins County	Data and information services, recruiting, property tours.
Lincoln County Development Authority	1	Promote economic development in our county, to create jobs and enhance the quality of life for citizens	Data and information services, recruiting, property tours.
Lincolnton-Lincoln County Chamber of Commerce	1	Supporting and strengthening local businesses, and facilitating the location of new businesses	Data and information services, recruiting, property tours.
Millen Downtown Development Authority	1	Promoting downtown Millen for investments and business location	Data and information services, recruiting, property tours.
Warren County Chamber of Commerce	1	To play an active profitable role in the community	Data and information services, recruiting, property tours.
Warren County Development Authority	1	To assist existing industries, as well as prospective companies, with expansion or site location.	Data and information services, recruiting, property tours.
Washington County Chamber of Commerce	1	To provide the leadership necessary for the growth and development of all East Central Georgia	Data and information services, recruiting, property tours.
Washington-Wilkes County Chamber of Commerce	1	Promoting Washington-Wilkes County for investments and business location	Data and information services, recruiting, property tours.
CSRA Business Lending	3	To assist CSRA small business through partnerships with area banks	Loan processing, bank and Small Business Center referrals
CSRA Regional Commission	5	To provide planning, management and information services to members counties in a professional, ethical, cost effective and efficient manner; and to serve as a forum for addressing local government and its citizens' needs.	Data and information, project planning, grant writing.

Source: Augusta Metro Chamber of Commerce; Columbia County Convention and Visitors Bureau; Columbia County Development Authority; CSRA Business Lending; CSRA Regional Commission; Development Authority of Burke County; Development Authority of Jefferson County, Development Authority of Jenkins County Development Authority of Richmond County; Development Authority of Washington County; Burke County Chamber of Commerce, Jefferson County Chamber of Commerce, Jenkins County Chamber of Commerce, Forward McDuffie; Lincoln County Development Authority; Lincolnton-Lincoln County Chamber of Commerce; Warren County Chamber of Commerce; Warren County Development Authority; Washington County Chamber of Commerce; Washington-Wilkes County Chamber of Commerce.

The number of development groups reflects the region's emphasis on economic development. In the past decade, public and private sector interests in the CSRA have focused increasing attention on economic development – particularly on job growth. Gradual losses in traditional manufacturing industries and a declining population base have resulted in concern about the area's economic future. The decline in sectors such as manufacturing has also placed pressure on the region's tax base. As economic restructuring occurring on the national and international levels has reduced the number of good paying low-skilled jobs in the manufacturing sector, rural counties have experienced disproportionately higher rates of unemployment.

4.2.2 County and City Governments

There are a number of ways that municipalities support economic development efforts. First, one of the most significant direct actions municipalities can take is to provide the necessary infrastructure, including:

- Developing long term facility expansion plans.
- Designing specific systems and projects.
- Raising or borrowing local funds to finance the projects or act as a conduit for state and federal funds; and
- Forming public-private partnerships to jointly develop projects.

Second, municipalities can deliver high quality and cost effective urban services. These necessary services include police and fire protection, parks & recreation, and a well-run land use planning and regulatory process. In addition, municipalities can actively participate in public/private groups designed to help businesses and the development community as they work their way through state and federal regulatory processes.

Third, municipalities can directly impact economic development by conducting market research or by investing and developing properties. For example, municipalities could develop, maintain, and disseminate data and analysis on local development conditions and trends, as well as monitor important trends and assumptions upon which plans, programs, and strategies are based. In addition, municipalities can buy land, aggregate parcels, and make necessary improvement so that it is ready for new development or redevelopment. For some projects, municipalities (through the use of a development authority) can issue industrial revenue bonds or other tax-free municipal bonds. This also allows joint ventures with private sector partners for appropriate development.

Lastly, municipalities' public investment in urban facilities, such as city/county administrative offices, community centers, and cultural venues can be a factor in inducing further economic development. By targeting a sub-area for an infusion of redevelopment investment and daytime population, nearby businesses may see a greater captive market and also be encouraged to renovate and improve their establishments. Cultural and recreational facilities can have a wide range of economic impact, from simply attracting residents to a particular part of the city (e.g., downtown business district) more frequently to attracting visitors who will bring new revenue to the local economy through tourist expenditures.

4.2.3 Chambers of Commerce

CSRA counties all have active Chambers of Commerce, whose membership consist of hundreds of area businesses, and focused on business promotion, retention and expansion. Traditionally, the Chambers have provided advocacy support, marketing, services and information for their business

members, and resources for start-up and growing businesses. They are the first point of contact for all non-industrial development.

Marketing – particularly the dissemination of information on the area - is a major function of area Chambers of Commerce. Most counties have developed chamber websites to provide visitors and potential businesses with information on their respective counties and the support programs they offer.

Figure D-1 presents a screen shot of Burke County's Chamber of Commerce website. The chamber website is typical of other CSRA chamber websites, and includes information about the chamber, a directory of area businesses and calendar of events. Contact information is provided for potential businesses interested in locating in Burke County

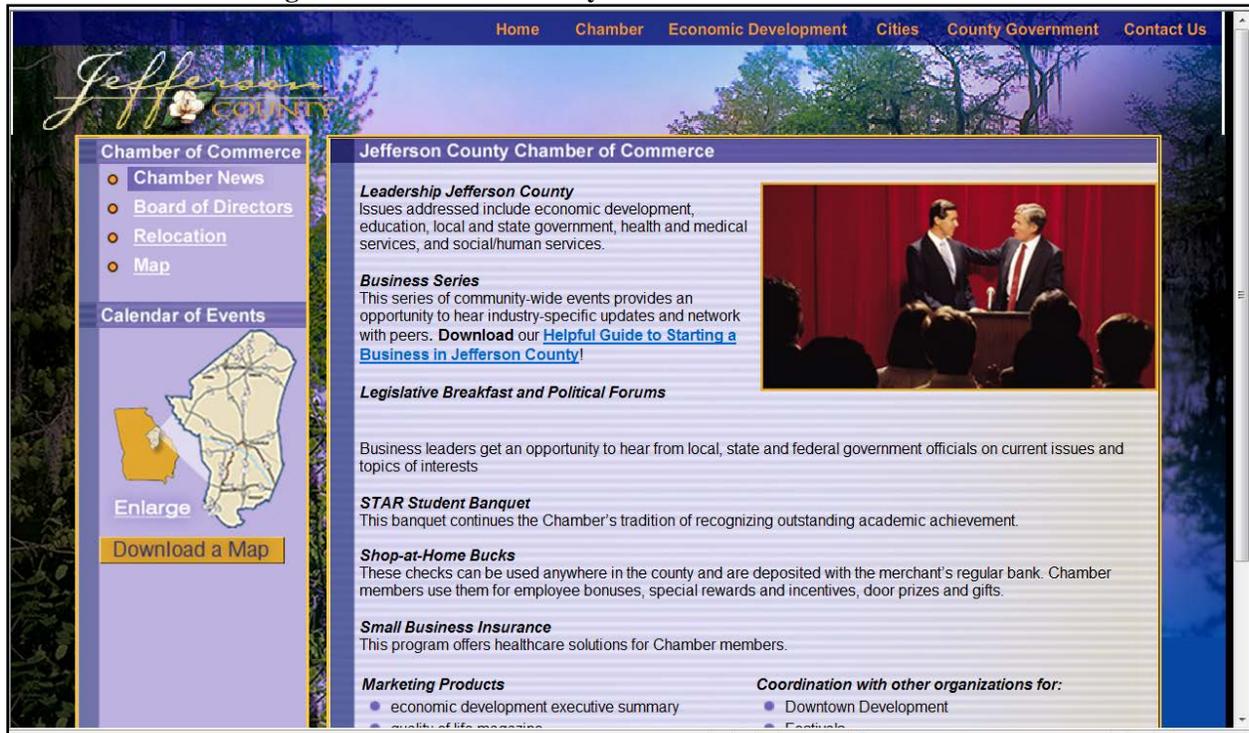
Figure D-1: Burke County Chamber of Commerce Website



Source: Burke County Chamber of Commerce <http://www.burkechamber.org/chamber-of-commerce/index.php>

Jefferson County's Chamber of Commerce website is presented in Figure D-2. This website is focused on giving visitors an overview of the business climate in the county. In addition to news on events for current chamber membership, the website includes a very detailed guide on starting a business in Jefferson County.

Figure D2: Jefferson County Chamber of Commerce Website



Source: Jefferson County Chamber of Commerce <http://www.jeffersoncounty.org/chamber.htm>

4.2.4 Development Authorities

There are a number of county Development Authorities in the CSRA. Development Authorities are non-profit industrial development organizations, supported by a broad-based board of directors and their respective local governments. Over the years, the Development Authorities have been instrumental in attracting quality businesses to their respective counties. They provide confidential services to prospective businesses, including technical assistance, employee recruitment and training information, site selection services, financial assistance information, community network assistance, business development information, and retention and expansion services.

The Development Authorities have administrative funding and staff resources at their disposal and are charged with overseeing and coordinating all industrial development activities within their jurisdictions. The Development Authorities work to create and maintain an inventory of quality industrial and commercial land and buildings sufficient to meet market demand. They also play a key role in advocating for economic development tools, help organize economic development stakeholders within their county, and serve as a liaison with regional and state agencies.

Development Authorities throughout the CSRA provide similar types of information on their websites: (1) background on their communities, (2) available industrial sites and buildings, (3) aerial and parcel of maps of available sites, (4) information on water and sewer availability, and (5) incentive programs offered by local and state government programs (see Figure D-3 for a sample of content).

Figure D-3: Richmond County Development Authority Website

Source: Development Authority of Richmond County, <http://www.augustaeda.com/>

Development Strategy

The CSRA's development authorities have active industrial retention strategies, based primarily on the development of industrial and business parks. They have cleared, prepared and developed tracts of underutilized and vacant land as sites for business location and expansion. These activities are financed by a combination of municipal general obligation bonds and state funds.

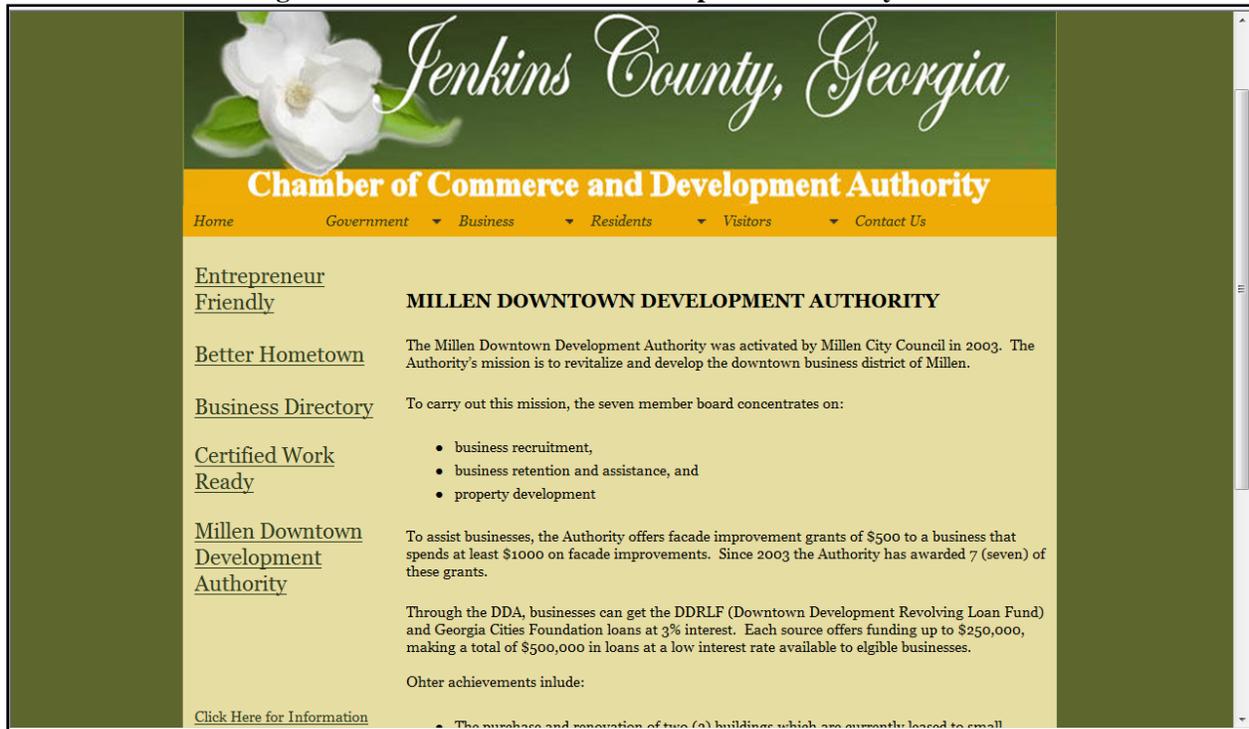
This focus is simple to understand. At least two-thirds of the new industrial jobs come from expansion of existing businesses. These businesses are already providing their communities with jobs and tax dollars, are more likely to be responsive to community needs, and retain profits in the community. Promoting and assisting existing businesses is essential to ensure the retention and expansion of these companies.

4.2.5 Downtown Development Authorities

Several CSRA cities, including Augusta (Richmond County), Millen (Jenkins County), Sandersville (Washington County), and Washington (Wilkes County) have active downtown development authorities (DDA). These were set up with the objective of revitalizing and enhancing distressed areas of their downtowns but over the years their mission has evolved to support economic development opportunities across a wide range of activities. As independent public units that are governed by a board of directors, DDAs work closely with local government and the private sector to strengthen the economic climate of their downtowns. The DDAs play a leading a coordinated strategy of economic development and civic design.

Marketing through the dissemination of information is relatively modest when compared to county chambers of commerce or development authority websites (see sample in Figure D-4).

Figure D-4: Millen Downtown Development Authority Website



Source: Downtown Millen Development Authority http://www.jenkinscountyga.com/business_dda.html

4.2.6 Regional Development Agencies

CSRA Regional Commission

The CSRA RC is an association of cities and counties, designated by federal and state law, to engage in regional planning. The agency serves as an economic development and policy coordinating body within the region, bringing economic development stakeholders together to articulate a regional voice for economic development policy direction. The CSRA RC also seeks funding for economic development projects within the region, including federal grants from the Economic Development Administration (EDA), and coordinates with other parties to find additional funding sources for regional projects. It does not duplicate the activities of local and state operating agencies, but supports their needs with complementary regional-level planning and advocacy, and serves as a data center that collects, analyzes, and disseminates information vital to the citizens and governments in the region.



CSRA Unified Development Authority

The CSRA Unified Development Authority (UDA) is a joint development authority encompassing all 13 CSRA counties. The CSRA UDA serves to promote the economic development of the CSRA, encourage cooperation among economic development organizations within the member counties, and exercise all the powers and privileges (including tax credits) granted to development

**CSRA
Unified
Development
Authority**



authorities pursuant to Georgia law.

CSRA Unified Development Council

The CSRA Unified Development Council (UDC) is a council of the Chambers of Commerce and other economic development organizations throughout the CSRA. The primary purpose of the UDC is to offer a forum of discussion and problem-solving for economic development professionals, who jointly pursue economic marketing, professional training and enrichment, and other special projects.



4.2.7 State Government

The Georgia Department of Economic Development (GDEcD) is focused on supporting business retention, expansion and recruitment through training, technical assistance, and loan programs. It has a strong focus on trade-related industries and oversees a host of other collaborative community efforts.

The Georgia Department of Transportation (GDOT) is a key infrastructure provider in the CSRA, and has significant impacts on the area economy. GDOT works with multiple public and private stakeholders on economic development related projects. The State levies a state gasoline tax, a portion of which is administered by GDOT, including an authorized grant program to fund local government transportation projects.

The numerous universities, community colleges, technical and vocational institutions, and the K-12 school system in the region lay the critical groundwork for a skilled workforce and a strong regional economy. Their major role in educating the current and future labor force and facilitating research initiatives linked to the private sector is a crucial component to economic vitality in the region.

Georgia Workforce Investment Board

The availability and quality of the labor force is a primary factor in economic development, particularly and business relocation and expansion. Workforce development, training and education grow residents' assets, promoting economic opportunity for all segments of the population, and fostering alignment between the workforce and the needs of industry. With the economy shifting toward the service sector, higher-paying jobs are requiring higher levels of education, training and skills. Workforce development is needed to assist lower-skill, lower-wage workers in moving up to higher-skill, higher-wage opportunities in their industries.



The Georgia Workforce Investment Board (GWIB) serves as the Workforce Investment Board (WIB) for the purposes of the federal Workforce Investment Act (1998). The Board works in partnership with business, labor, local workforce development offices and state operating agencies to create a comprehensive state workforce development system. Through local partnerships among education, economic development agencies, business, and labor, the GWIB serves as a one-stop delivery system for CSRA counties.

Area workforce investment service delivery offices are an additional resource for education and career advancement. These offices include a full service One-Stop workforce system that is employer-led, demand-driven, customer-friendly, and continuously improving.

Quick Start Program

Quick Start is an innovative economic development program designed to meet the needs of companies relocating and expanding in Georgia. Quick Start is nationally recognized for providing high-quality workforce training services at no cost to qualified companies. The program, administered by the Georgia Department of Technical and Adult Education (GDTAE), provides flexible, customized training through a network of technical colleges, satellite campuses and associated universities. Recognized by such publications as *Expansion Management* and *Fortune*, Quick Start has offered services ranging from company orientation and advanced manufacturing technology training to productivity enhancement. Since 1967, more than 3,700 companies and 390,000 Georgia workers have benefited from this no-cost program.

4.2.8 Federal Government

The Department of Housing and Urban Development provides access to community development block grants and economic development loan guarantees. The purpose of these programs is to help communities restore, renew, and create the economic base for future growth.

The Small Business Administration (SBA) provides long-term financial assistance, training services, and management counseling to small businesses and entrepreneurs. Small business incubators, technological transfer centers, and similar public-private partnerships use SBA resources to promote start-ups and nurture growth within the business community. SBA also provides an array of technical and business assistance through their Small Business Development Centers (SBDC).

The Department of Justice administers the Job Training Partnership Act (1994), which provides job training and employment assistance.

The Department of Commerce administers the Economic Development Administration, which assists distressed communities create jobs and spur economic growth and development programs. The Minority Business Development Assistance Agency helps minority groups enter the private market place or expand their business, and the International Trade Administration helps United States exporters compete more effectively in the world market.



The Department of Agriculture is the primary rural and small town federal economic development agency. Through its Rural Development Program, the department offers business and industrial loan guarantees, community facility loans, and water and waste disposal grants and guarantees.

The Department of Labor administers the Workforce Investment Act of 1998, which works to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs in the United States.

Assessment

CSRA Counties benefit from strong and substantial institutional capacity, with highly skilled and specialized economic development professionals. The primary organizations working to reinforce and strengthen study area economies (Development Authorities, Chamber of Commerce, downtown organizations) and their affiliates form a strategic alliance among themselves and state/federal agencies to advance economic development in the area.

The partnerships between these organizations and the CSRA RC results in local and regional economic development services needed to implement economic development strategies. Without such partnerships and coordination, individual counties would be forced to provide these functions in-house, requiring higher levels of expenditures to pay and support staff.

The region aggressively promote new development and improved public and private amenities for both existing and prospective businesses. They have invested in infrastructure, land acquisition, and have partnered with entrepreneurs, offering tax and other incentives to promote private investment.

The type of leadership required for the new services-based economy, partnering government, business and education, has been on-going during the last decade in the area. There are fairly strong linkages around economic development among public, private, education and nonprofit leaders and institutions. Such linkages will only strengthen the CSRA economy.

Institutional strengths are also evident at the state level. Georgia was one of the first on the policy scene with programs to support the transition from manufacturing to the service-based economy. Georgia's Small Business Development Centers are considered to be among the best in the nation and viewed favorably by businesses. The state's Quick Start program resulted in Georgia being ranked first in the nation for its workforce training programs by *Expansion Management* magazine in 2001. Georgia's long track record of small business assistance and workforce development programs has provided the CSRA with a strong competitive advantage.

The CSRA's jurisdictions generally have well established chamber of commerce and development authority websites that provide the necessary information new businesses need to make location decision. The various DDA's should include website additional content on available downtown properties and the types of industry they want to attract.

4.3 DEVELOPMENT TOOLS

The CSRA's Development Authorities have formal business incentive programs and evaluate each request for assistance on a case by case basis. Decisions on each request are made by the respective Development Authorities and local governments based on the availability of resources, and the cost-benefit of providing the incentives.

In Georgia, the direct actions that local governments can take to encourage economic development have historically been less limited than in other states. In the past two decades, several important tools have been made available to local communities to help encourage development and attract or retain jobs. These include:

- Community redevelopment financing (similar to tax increment financing)
- Tax abatement
- Community empowerment zone designation
- Community renewal programs

- Tax deferrals and exemptions for certain business investments
- Industrial revenue bonds

Table D-2 inventories local, state and federal development tools.

Table D-2: Economic Development Incentives		
Incentive	Provider	Explanation
Revenue Bonds	Local	Financing instruments issued through Development Authorities. Both taxable and tax-exempt revenue bond financing is available at competitive, below-prime interest rates. RBs provide financing for land, building and equipment acquisition for new and expanding manufacturing plants.
SPLOST Funds	Local	The Development Authorities also have SPLOST funds available for short-term loans.
CSRA Revolving Loan Fund	Local	CSRA Revolving Loan Fund – An internal revolving loan fund of CSRA Business Lending. Loans up to \$150,000 are available for most purposes.
One Georgia Edge Fund	State	Special financial assistance is provided to eligible applicants for locating economic development projects. Response to applications is quick due to the sensitive nature of projects and their tight timeframes. Eligible applicants include city/county governments, development authorities or other public entities.
One Georgia Equity Fund	State	The purpose of this fund is to provide a program of financial assistance that includes grants or loans and any other form of financial assistance to provide for infrastructure, services, facilities and improvements.
Georgia's Business Expansion and Support Act Job Tax Credit	State	Tax liability for any one-year may be reduced by a maximum of 100%. Eligible businesses include those involved in manufacturing, warehousing, distribution, processing, tourism and research and development. This credit may be carried forward up to ten years. For Augusta, a \$2,500 tax credit is available for the creation of 10 jobs
Georgia's Business Expansion and Support Act Investment Tax Credit	State	Available to manufacturers or telecommunications companies having a presence in Georgia for at least 5 years. The company must spend at least \$50,000 on an expansion project.
Optional Investment Credit	State	Larger credits can, depending on location, offset up to 90% of a manufacturer's increased income tax liability following a major expansion. These larger investment tax credits can be carried forward for 10 years but may not be taken in conjunction with the job or investment tax credits. For Augusta, a minimum investment of \$10 million results in an 8% tax credit.
Retraining Tax Credit	State	Firms providing retraining for employees may receive a tax credit of 25% of their costs, up to \$500 per participant, to a maximum of 50% of state income tax liability.
Corporate Headquarters Tax Credit	State	Companies establishing or relocating their headquarters to Georgia may be eligible for a tax credit if the headquarters is defined as the principal central administrative offices of a company. New jobs created at the new headquarters must be full-time and must pay above the average wage.
Ports Job Tax Credit	State	Companies that increase traffic shipped through Georgia ports by 10% or more in a year may be eligible for larger job tax credits. The amount of the bonus tax credit for qualifying firms is \$1,250 per job. Applicants must also be eligible for job tax credits under the B.E.S.T. legislation.

Incentive	Provider	Explanation
Research and Development Tax Credit	State	A tax credit is allowed for expenses of research conducted within Georgia for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism and research and development industries.
Sales Tax Exemptions	State	In certain circumstances, sales tax exemptions are available for manufacturing machinery, raw materials, purchase for resale, machinery purchased new and used directly in the manufacturing process, pollution control equipment, machinery components, computer equipment, primary material handling and electricity.
Small Company Business Growth Tax Credit	State	A tax credit is granted for any business or headquarters of any such business engaged in manufacturing, warehousing, and distribution, processing, telecommunications, tourism, and research & development industries having a state net taxable income which is 20% or more above that of the preceding year if its net taxable income in each of the two preceding years was also 20% or more.
SBA Loans	Federal	SBA 504 can be used for fixed assets, such as land, buildings, machinery and fixtures. SBA 7(a) and Low-Doc can be used for most purposes, including inventory, working capital, vehicles and business acquisitions. CSRA Business Lending administers the SBA 504 program. A bank is the lender on the 7(a) and Low-Doc programs, with the SBA guaranteeing the loans

Source: One Georgia Authority; Georgia Business Expansion and Support Act; SBA Loan Program; CSRA Business Lending

CSRA counties have historically participated in a variety of state and federal programs and services designed to foster and promote economic growth. Community Development Block Grants (CDBG), Georgia Department of Transportation (GDOT) industrial access funding, and the Governor's Discretionary Fund (GDF) have all been used to support local economic development initiatives.

State government also provides assistance through grants and loans to local governments under the One Georgia program for industrial infrastructure and other economic development support programs. During the last several years, infrastructure improvements for economic development have accelerated. Since 2002, One Georgia grants have been awarded to 62 CSRA projects totaling \$30,069,933 (Table D-3).

Recipient	Number of Awards	Awards Amount	Award Type	Major Projects
Burke County	4	\$3,020,000	BRIDGE, EDGE	Acquisition and rehabilitation of former Kwikset facility
Columbia County	2	\$227,968	BRIDGE, EDGE	Road improvements to support John Deere plant
Glascock County	2	\$750,000	EQUITY	Land acquisition to develop the

Table D-3: Awarded One Georgia Funds				
Recipient	Number of Awards	Awards Amount	Award Type	Major Projects
				county's first industrial park
Hancock County	4	\$2,915,000	EQUITY, EDGE	Construction of a 67,000 s.f facility
Jefferson County	4	\$1,539,954	EQUITY, EDGE, BRIDGE	Land acquisition and water infrastructure
Jenkins County	6	\$2,848,650	EQUITY, BRIDGE	Airport improvements, land acquisition, infrastructure improvements
Lincoln County	6	\$2,155,005	EQUITY, EDGE, BRIDGE	Building acquisition, sewer line extension
McDuffie County	6	\$2,362,000	EQUITY, BRIDGE	Airport improvements, rail spur, industrial park development
Richmond County	10	\$7,875,725	EQUITY, EDGE, BRIDGE	Facility construction, equipment acquisition of locating businesses
Taliaferro County	1	\$292,000	EQUITY	Water and sewer design study
Warren County	6	\$2,308,979	EQUITY, BRIDGE	Water and rail infrastructure improvements, land acquisition
Washington County	7	\$2,499,794	EQUITY, EDGE, BRIDGE	Airport improvements, site preparation, infrastructure improvements
Wilkes County	4	\$1,274,858	EQUITY, EDGE, BRIDGE	Land acquisition, building rehabilitation
Total	62	\$30,069,933		
<i>Source: One Georgia Authority, Project Database http://www.onegeorgia.org/awards-map/all-awards</i>				

The One Georgia EDGE Fund provides financial assistance to eligible applicants that are being considered as a relocation or expansion site and are competing with another state for location of a project; and, where the EDGE Fund is used when the health, welfare, safety and economic security of the citizens of the state are promoted through the development and/or retention of employment opportunities.

The One Georgia Equity Fund provides a program of financial assistance that includes grants, loans and any other forms of assistance authorized by (O.C.G.A.50-34-1 et seq.) to finance activities that will assist applicants in promoting the health, welfare, safety, and economic security of the citizens of the state through the development and retention of employment opportunities in areas of greater need as defined by the Georgia Business Expansion and Support Act (1994).

For businesses and individuals seeking long-term, low-interest rate financing for the construction or improvement of manufacturing facilities, single and multi-family housing projects, exempt financing is available both at the state and local level. The Georgia Department of Community Affairs is responsible for implementing a system for allocating the use of private-activity bonds, as permitted by federal law, in order to further the economic development of the state, to further the provision of safe, sanitary, and affordable housing, and otherwise to further the purposes of the laws of the state which provide for the issuance of such bonds.

Assessment

CSRA counties have significant track records in providing local incentives to support economic development projects. Because most economic development tools employ a combination of local, state and federal sources, it is difficult to compare local and state incentives to other communities.

CSRA counties use wide discretion in providing public funding to potential businesses. While the region cannot compete with very big metropolitan areas whose incentive packages can get much larger, they are not hampered by the state constitutional and regulatory limits on development incentives in other localities.

4.4 BUSINESS CAPACITY

Business capacity is an important indicator of a community's ability to diversify its economic base. While government action can facilitate private investment, individual businesses ultimately make the decision to invest. Access to capital and support services is critical to business investment decisions.

4.4.1 Access to Capital

Financial Capital

Financial capital refers to the availability and use of financial resources for new investment. Financial capital, including information and technical assistance, is particularly important to entrepreneurial development. Lack of access to capital can make it difficult or even impossible for investors to start their businesses and for existing businesses to expand and grow their enterprises. Conversely, regions with a full array of capital resources provide investors with the opportunity to start and grow their businesses in the same community.

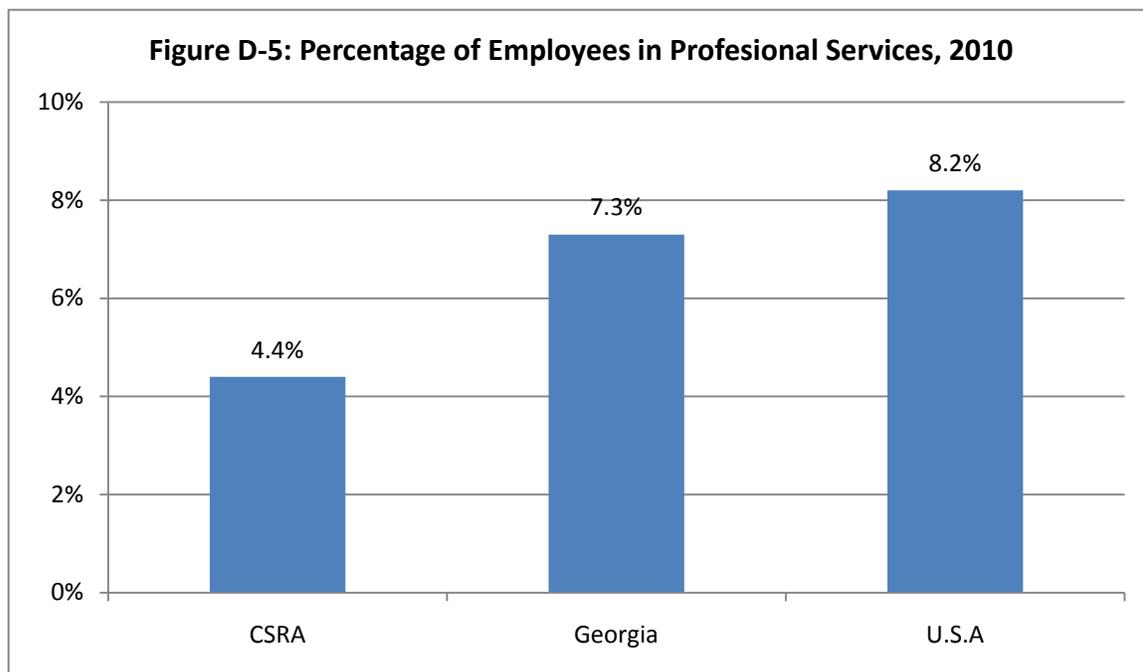
There are dozens of financial institutions that support business growth in the CSRA. These institutions range in size and scope from national banks such as Wells-Fargo to regional banks such as Southern Bank, to locally controlled banks such as the Bank of Burke County.

These banks and institutions render an adequate supply of debt capital in the CSRA. The structure of the banking industry in the region is supportive of capital availability. Typically, national and regional banks are more conservative lenders. The focus is on larger customers with less attention to the small business sector. In the CSRA, the reverse is true. Because of the relatively high number of small businesses, all banks cater to this clientele.

4.4.2 Commercial and Professional Support Services

The commercial and professional support infrastructure includes a number of services that assist entrepreneurs and existing businesses in their activities. This category includes locally available legal, accounting, marketing and other business services, but not banking and financial services (which are included in the previous section on financial capital). Potential investors need easy access to these services, and a one-stop shop with information about availability of services and provider expertise.

The CSRA includes dozens of businesses and 8,427 employees in commercial and professional support services. As a percentage of total employment, commercial and professional support services in the CSRA (4.4%) accounts for substantially less than the state (7.3%) and national (8.2%) averages (Figure D-5).



*Source: Calculations by CSRA RC based on ESRI Business Summary (2009)
(Includes finance, insurance & real estate, and legal services)*

The availability of legal and accounting services is a source of strength for the region. Both subsectors include a range of independent local firms. Many local accounting and law firms cooperate with partners from across the state, accessing expertise and resources that may not be available locally.

Local providers are capable of assisting most types of businesses either using internal or external resources. The University of Georgia Small Business Center also provides commercial and professional support services to entrepreneurs, assists with business plans, and provides entrepreneurs the opportunity to present their ideas to banking representatives. The mentoring and volunteer counseling program is a major and well known asset.



Cooperation with local universities provides another resource for area businesses. For example, the accounting program at Augusta State University places students in local businesses for internships. Both sides benefit from the program - students gain more hands-on experience, and entrepreneurs and small businesses receive needed assistance. In many cases, businesses later hire interns as regular employees.

Assessment

Overall, business capacity is fair in the CSRA. The availability of financial capital can assist in establishing and expanding small and mid-size businesses that contribute to the area economies. Interest in SBA loan programs (both by banks and non-profit financial organizations) has increased the area's institutional capacity, thereby contributing to the CSRA's competitive advantage. A significant entrepreneurial base has also been developed over time due to the availability of financial capital.

An issue for the CSRA is the weak existing commercial and professional support infrastructure, when compared to other areas and the state average. Both the number of firms and employees in this area will need to increase in numbers if the sector is to assist existing and new businesses.

Business linkages are well developed among development agencies and the local and networked expertise to help entrepreneurs identify a provider that meets their needs. Consequently, entrepreneurs have to spend less time and energy finding business services with the appropriate expertise and (with few exceptions) remain embedded within the local and regional provider network.

4.5 TAXES

State and local tax structures play an influential role in shaping the CSRA's economic climate. Tax revenues fund the provision of key public infrastructure and services like transportation, education, public safety, and social services that are needed to support business activity and sustain overall quality of life. Yet if the tax burden placed on businesses is prohibitively high, especially for small businesses and start-ups, it can hinder productivity, cause companies to relocate, and diminish the region's ability to attract and retain high value industries. The challenge is to balance the tax burden in a way that is equitable, generating sufficient revenues to fund essential government services, while providing a competitive tax environment for the private sector.

4.5.1 State Taxes

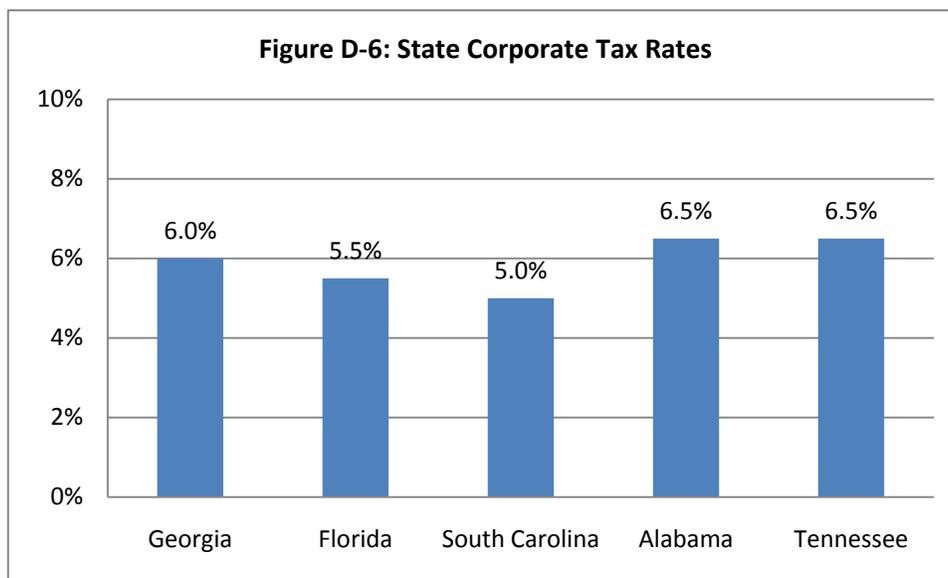
Georgia's corporate income tax rate (6 percent) has not changed since 1969. This tax applies only to the portion of income that is earned in Georgia. Its main components consist of state and local (a) retail sales and use tax, (b) business and occupation tax, and (c) property tax.

Georgia's license or occupation tax (annual tax based on capital stock and retained earnings commonly referred to as franchise or privilege tax in other states) is determined on a graduated scale with the maximum tax being \$5,000. Domestic corporations are taxed on 100% of net worth. Out-of state corporations are taxed only on net worth apportioned to Georgia.

A 4% statewide sales tax is paid by Georgia companies at the time of purchase. This applies to purchases (other than real estate) delivered or stored in Georgia to be used or consumed in the business. It includes natural gas, oil gasoline, telephone, artificial gas, steam, electricity, and rentals. An additional 2% county tax (Special-Purpose Local-Option Sales Tax) may be used for special local improvements.

There are no significant state tax differences among neighboring states. Taxes range from a low of 5% in South Carolina to a high of 6.5% in Alabama (Figure D-6). Similar to Georgia, all neighboring states have flat tax rates. Tax structures advantages tend to be mirrored regionally as the southeast has among the lowest tax rates in the nation.

There are no constitutional restrictions that limit local governments in recruiting businesses through the use of financial and tax incentives in Georgia.



Source: Federation of Tax Administrators (2010)

4.5.2 Local Taxes

CSRA counties and cities receive their tax revenue from two principal sources: property tax and sales tax. Property tax rates in all three counties are significantly below average (an average of some \$3 less per \$1,000 of property valuation than the national average), and among the most competitive in the nation.

As important as local taxes are taxes in adjacent metropolitan areas since many communities like the study area rely on a competitive economic environment in metropolitan areas to get new residents and the corresponding economic development opportunities that come with them. Table D-4 identifies the adjusted property tax rate for Augusta, Savannah and 15 other cities with similar population and regional characteristics included in the City of Savannah's *Comparable Cities Survey*. The survey was designed to evaluate Savannah's financial management goals through analysis of government expenditures and taxation. For validity purposes,



city budgets were adjusted as needed to compare service delivery differences among local governments.

According to the survey, Augusta and Savannah's adjusted property tax rates are ranked 13 and 14 respectively among the group of 16 cities, among the best performing in the group. Even among other Georgia metropolitan (i.e. Athens, Macon, Columbus), Augusta enjoys a competitive tax advantage.

Another measure of property taxes is the Per Person Cost of Government (PPCG) identified in the Savannah survey. To calculate the per person cost of government (PPCG), each city's adjusted Fiscal Year 2007 General Fund budget was divided by its population. According to the survey, Augusta has the best performing PPCG from all 16 surveyed cities (Table D-5).

Table D-4: Adjusted Property Taxes for Selected Jurisdictions		
Rank	City	Adjusted Property Taxes
1	Portsmouth, VA	\$1,243
2	Richmond, VA	\$686
3	Hampton, VA	\$608
4	Greensboro, NC	\$544
5	Durham, NC	\$508
6	Winston Salem, NC	\$470
7	St. Petersburg, FL	\$408
8	Hollywood, FL	\$402
9	Chesapeake, VA	\$398
10	Macon, GA	\$321
11	Fort Lauderdale, FL	\$301
12	Charleston, SC	\$288
13	Savannah, GA	\$280
14	Augusta, GA	\$270
15	Columbus, GA	\$230
16	Tallahassee, FL	\$147
	Average	\$444
<i>Source: City of Savannah Research and Budget (Comparable Cities Survey, 2007)</i>		

Rank	City	Adjusted Budget	Population	PPCG
1	Portsmouth, VA	\$158,054,617	100,565	\$1,572
2	Richmond, VA	\$296,592,324	197,790	\$1,500
3	Ft Lauderdale, FL	\$232,961,106	166,927	\$1,396
4	Hollywood, FL	\$1164,591,663	146,734	\$1,122
5	Savannah, GA	\$133,183,042	138,702	\$960
6	Charleston, SC	\$104,206,270	115,450	\$903
7	St Petersburg, FL	\$219,402,611	248,232	\$884
8	Hampton, VA	\$126,469,467	145,951	\$867
9	Tallahassee, FL	\$144,963,960	169,136	\$857
10	Greensboro, NC	\$205,685,772	240,955	\$854
11	Winston Salem, NC	\$144,098,916	193,973	\$743
12	Macon, GA	\$72,036,651	97,255	\$741
13	Chesapeake, VA	\$145,058,470	218,438	\$664
14	Durham, NC	\$124,812,624	207,697	\$601
15	Columbus, GA	\$92,418,366	185,781	\$497
16	Augusta, GA	\$79,485,246	195,182	\$407
	Average	\$152,751,319	173,048	\$911

Source: City of Savannah Research and Budget (Comparable Cities Survey, 2007)

Assessment

Taxation levels are difficult to evaluate because of the methods different localities and states use to calculate them, although it is well known that tax rates in the CSRA are significantly below the state and national averages. In existing surveys, such as the *Savannah Comparable Cities Survey*, Augusta's tax and PPCG ratings are better performing relative to other areas in the southeast. Lower levels of taxation have been credited with the boom in southeast economies. Within the southeast region, the CSRA region is among the most competitive.

4.6 LABOR FORCE

Labor is a critical factor in today's global markets. The labor force is defined as the pool of individuals who are 16 years of age and over, and are either employed or who are actively seeking employment. Enrolled students, retirees, stay-at-home parents and other persons not actively seeking employment are excluded from the labor force. It is important to understand the difference between total jobs (identified in the economic trends section) and labor force participation rates.

Total jobs are the total of all jobs available in a jurisdiction. The labor force participation rate is the total supply of workers within a jurisdiction (i.e. residents).

4.6.1 Distribution of Area Labor Supply

The study area has an abundance of labor within a one-hour commute. A labor supply of approximately 600,000 resides within a 30-mile radius of the study area central point and over 1,200,000 within a 60-mile radius.

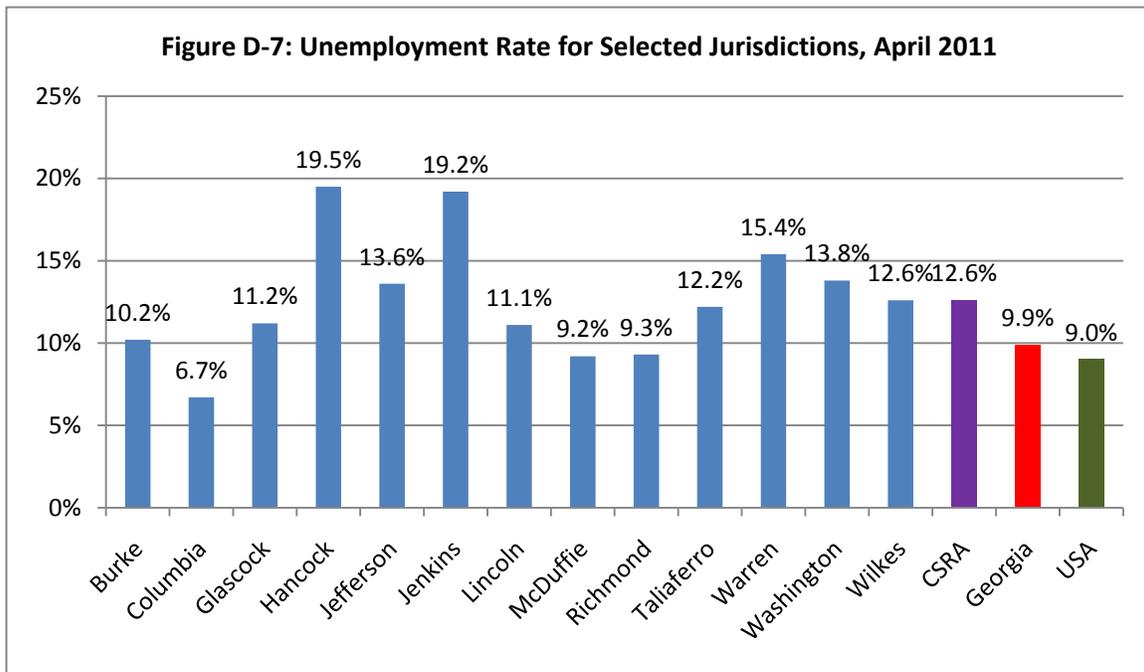
4.6.2 Labor Force Participation

The labor force participation rate in the CSRA Burke (61.5%) lies below the state (66.1%) and national (63.9%) averages (Table D-6). The relatively higher number of retired persons within those counties results in this substantial differential. Many military retirees settle in the region due to the proximity of the Fort Gordon Army Base.

Table D-6: Labor Force Participation Rates, 2000			
	CSRA	Georgia	U.S.A
Work-Eligible Population	316,744	6,250,687	217,168,077
In Labor Force	194,895	4,129,666	138,820,935
% in Labor Force	61.5%	66.1%	63.9%
<i>Source: U.S. Bureau of the Census (2000), SF 3 P43</i>			

4.6.3 Unemployment

Unemployment rates are another indicator of labor availability. Historically, rural CSRA counties have had unemployment rates significantly above the state average (2% or higher). That gap has widened considerably over the last two years and unemployment rate differentials with the state and national averages now range from 40% to 110% (Figure D-7).



Source: Georgia Department of Labor; U.S. Department of Labor

4.6.4 Education Attainment of the Workforce

Local workforce educational level is a major factor when companies examine potential locations for investment. Graduation rates and educational attainment are indicators of workforce quality.

The CSRA lies below the state and national averages in educational attainment. Approximately 25% of residents failed to complete high school, compared to 21.4% elsewhere in the state and 19.6% in the nation (Table D-7). There is also a significant gap in higher education. An average of 18.9% of residents earned a bachelor's degree or higher, compared to 24.3% elsewhere in the state and 24.4% in the nation.

Table D-7: Education Attainment for Population 25+ Yrs, 2000				
	CSRA Number	CSRA %	Georgia %	U.S.A %
Less than 9th Grade	22,801	8.7%	7.5%	7.5%
9th Grade – 12th Grade (no diploma)	40,723	15.5%	13.9%	12.1%
High School Graduate	80,823	30.8%	28.7%	28.6%
Some College (no Degree)	53,319	20.3%	20.4%	21%
Associate Degree	15,405	5.9%	5.2%	6.3%
Bachelor's Degree	31,684	12.1%	16%	15.5%
Graduate or Professional Degree	17,782	6.8%	8.3%	8.9%
Total	262,537	100%	100%	100%

Source: U.S. Bureau of the Census, 2000, SF3 P37

4.6.5 Labor Costs

For most industries, labor costs are the highest capital cost and regional differences in labor costs can result in winning or losing a business. Competitive labor costs in the southeast have resulted in new auto plants, distribution centers and other large-scale industrial operations where labor costs are a significant portion of expenditures.

Table D-8 presents average weekly wages by industry. Like the other income and wage indicators noted above, the general trend is for wages to be significantly below the state average. While some sectors like Agriculture, Forestry, and Fishing & Hunting have similar weekly wages, in other categories the state average is significantly higher, including in the areas where the most jobs projected to increase: Information, Finance & Insurance.

Table D-8: Weekly Wage Rates for Selected Industries, Q4 2010			
	CSRA	Georgia	Region vs. State Difference
Agriculture, Forestry, Fishing and Hunting	\$815	\$583	28.5
Construction	\$836	\$969	-15.9
Manufacturing	\$1,019	\$1,066	-4.6
Wholesale Trade	\$944	\$1,380	-46.2
Retail Trade	\$477	\$520	-9
Transportation & Warehousing	\$788	\$995	-26.3
Information	\$917	\$1,445	-57.6
Finance and Insurance	\$972	\$1,393	-43.3
Healthcare & Social Assistance	\$944	\$920	2.5
Accommodation & Food Services	\$269	\$328	-21.9
Public Administration	\$747	\$947	-26.8
All Industries	\$759	\$906	-19.4
<i>Source: Georgia Department of Labor - 4th Qtr. 2010 (October, November, December) Quarterly Census of Employment and Wages, Sector (2 digit) data for SDR 3, Aggregate of all types.</i>			

Assessment

The labor force presents challenges for the CSRA. Below average labor force participation rates present a challenge to economic development efforts. Since 1990, labor force growth in the region has been relatively flat. The more residents are able to participate in the economy, the higher the probability of attracting new businesses and retaining existing ones.

Education attainment is significantly below the state and national averages. The region's weaknesses lies both in high school completion rates end at the upper level of the educational

attainment scale, where the CSRA still lags in the percentage of residents holding bachelor, graduate and professional degrees. This challenge is especially important in attracting hi-tech and information technology jobs to the region. Despite the poor economy, some industries report a shortage of high-skill and high-tech workers. It may simply take time for the skills of the workforce to improve to the level needed by the region's higher-tech businesses. On the other hand, it will also take time for the CSRA's base of higher-tech businesses to reach a critical mass that can attract and keep skilled workers in the region. The challenge of balancing the needs of the region's employers, large and small, with the skills of the region's workforce will continue into the future.

The CSRA's low labor costs, as expressed in wage rates, provide it with a competitive advantage over other parts of the state and the nation. The region's low cost of living will continue to attract new residents and, by extension, increase the available labor supply available to existing and prospective businesses.

4.7 EDUCATION

4.7.1 Public School Systems

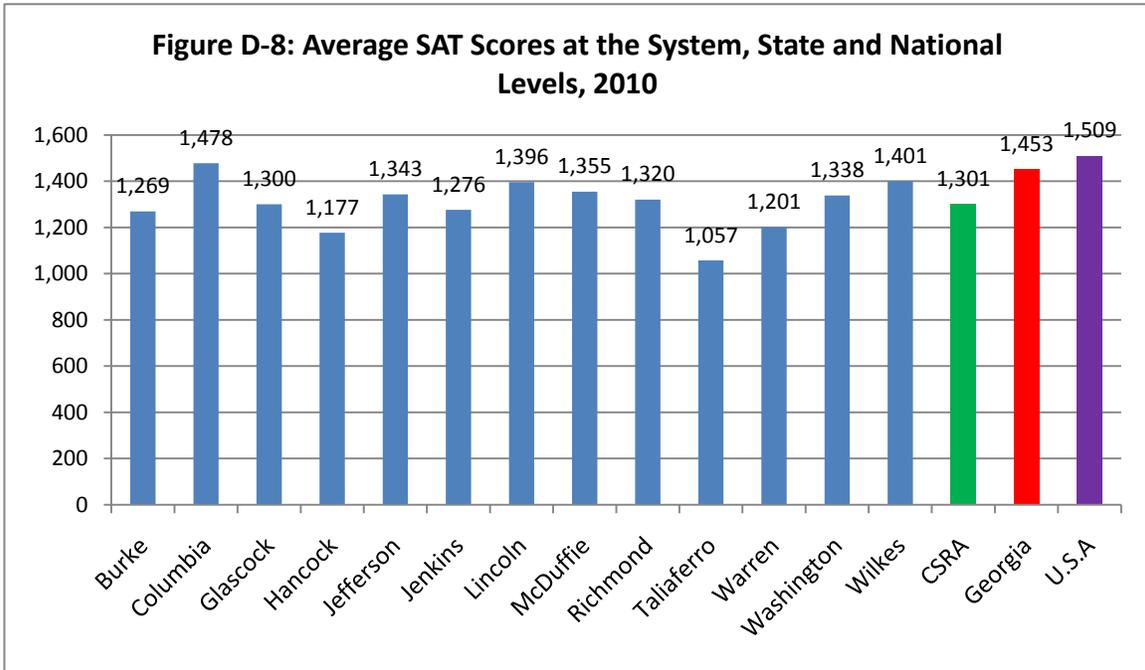
Public school systems are important for economic development in three ways. First, it is these schools that provide the education and skill foundation for future employees and business leaders in the study area. Secondly, school boards are among the largest employers of area residents. Increases or decreases in the level of employment by schools will impact the community's economic activity. Thirdly, the quality of public schools is a significant consideration to business leaders that are deciding where to locate their companies. Conversely, the quality of the public school system may be a key factor to skilled workers that are considering relocating to an area.

Any economy depends on an educated and healthy labor force. Labor is highly mobile, but the local systems and institutions that provide ways to support human resources are very important for community economic development. For example:

- Good schools attract families and are an important variable when firms decide where to locate.
- Availability of post-secondary training that can be tailored to a particular employer's or industry's needs is important for location decisions.

The CSRA counts hundreds of elementary, middle and high schools, and enroll tens of thousands of students. How these schools perform on state and national standardized tests will determine readiness for higher education and employment opportunities.

SAT Scores for the CSRA are presented in Figure D-8. At 1,301, SAT scores for the region are 11.7% below the state average and 16% below the national average. Columbia County is the only county in the CSRA with SAT scores above the state average.



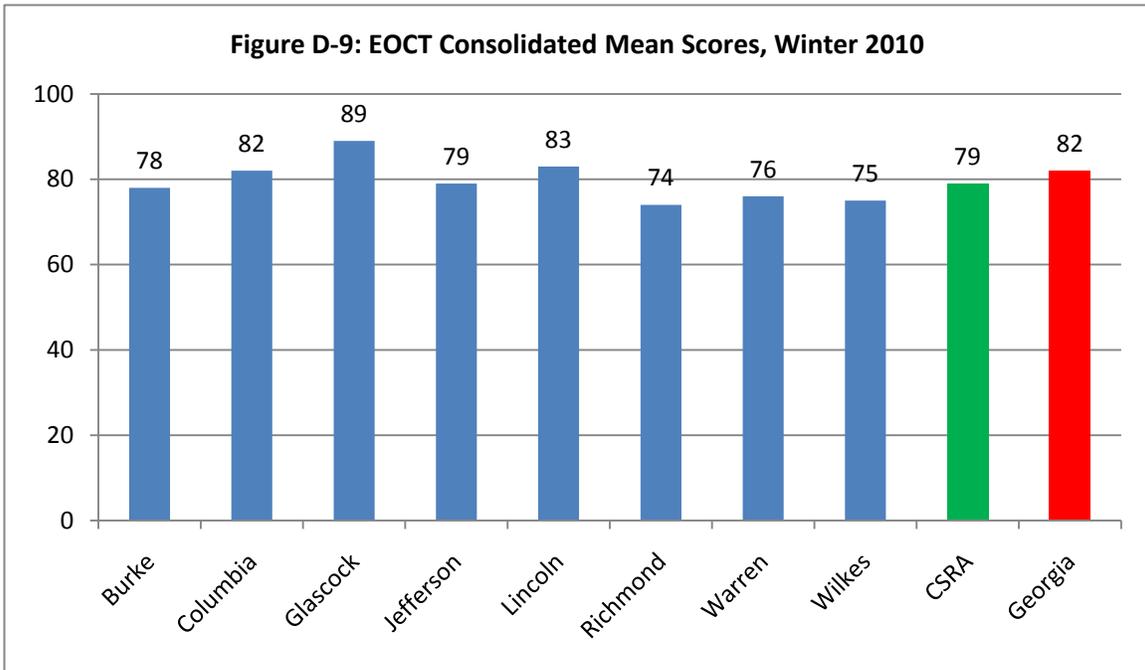
Source: Georgia Department of Education (2010); College Board

4.7.2 Georgia End-of-Course Assessments (EOCT)

The A+ Educational Reform Act of 2000, O.C.G.A. §20-2-281, mandates that the State Board of Education adopt end-of-course assessments in grades nine through twelve for core subjects in math, social studies, science, and English language arts. The assessments provide diagnostic information to help students identify strengths and areas of need in learning, therefore improving performance in all high school courses.

Figure D-9 presents EOCT test scores for CSRA counties. The mean consolidated index shows all three counties (Columbia, Glascock and Lincoln) are at or above the state average, with the rest falling slightly below.





Source: Georgia Department of Education (Winter 2010), End-of-Year Course Tests
 ** Data unavailable for Hancock, Jenkins, McDuffie, Taliaferro and Washington Counties

4.7.3 Georgia High School Graduation Tests (GHSGT)

All students seeking a Georgia high school diploma must pass the Georgia High School Graduation Tests (GHSGT) in four content areas as well as the Georgia High School Writing Assessment. These assessments ensure that students qualifying for a diploma have mastered essential core academic content and skills.

Table D-9 details the averaged results of GHSGT test scores for the region. The CSRA’s subjective wide pass rate of 84% is only slightly below the state average.

	CSRA	State Average
Languages Arts, & Reading	86%	91%
Math	84%	84%
Science	92%	93%
Social Science	75%	80%
Combined Average	84%	87%

Source: Georgia Department of Education (2010), Georgia High School Graduation Tests

4.7.4 Higher Education

Although many educational institutions have broad missions that include meeting the needs of a wide range of individuals and employers, it is primarily the local and regional two- and four- year institutions that are best able to focus on and respond to local economies. Technical colleges in particular have done an excellent job of responding to the needs of small and mid-sized businesses, and have demonstrated they can successfully juggle a variety of missions.

Table D-10 presents an inventory of area technical and comprehensive four-year colleges. Technical colleges graduate thousands of area students annually in over 100 diploma and certificate programs that include a wide variety of technical skills.

Four-year colleges and universities are important for businesses needing highly-skilled workers as they provide advanced educational opportunities for the CSRA's residents. They also serve as major employers, generating significant economic impacts. There are three major colleges in the CSRA area: Augusta State University, Medical College of Georgia, and Georgia Southern University. There region is also home to a number of smaller four-year colleges, including the Paine College and East Georgia College.

Table D-10: Area Technical and Comprehensive Colleges		
School	Enrolled Students	Program Areas
Augusta State University	7,061	Undergraduate degree, some graduate degree
Augusta Technical College	5,028	Certificates and diplomas in technical fields
East Georgia College	2,754	Liberal arts
Jefferson County Campus (Satellite of Sandersville Technical College)	**	Certificates and diplomas in technical fields
Georgia Southern University	19,086	Comprehensive undergraduate, graduate & professional
McDuffie Campus (Satellite of Augusta Technical College)	**	Certificates and diplomas in technical fields
Medical College of Georgia	2,515	Medicine, health sciences, doctoral
Ogeechee Technical College	1,921	Certificates and diplomas in technical fields
Paine College		Undergraduate degree
Sandersville Technical College	776	Certificates and diplomas in technical fields
Swainsboro Technical College	664	Certificates and diplomas in technical fields
University of Phoenix (Augusta Campus)	N/A	Undergraduate professional programs
Waynesboro/Burke County Campus (Satellite of Augusta Technical College)	**	Certificates and diplomas in technical fields

*Source: Collegeboard.com; ** included in flagship college numbers; N/A: Not Available*

Assessment

The K–12 education system in the CSRA is not as strong as it should be compared to elsewhere in the state. It may be an obstacle to the recruitment of new firms and residents. While SAT scores continue to climb in the past decade, performance on state achievement tests is still below the state average. Fortunately, the problem is recognized by leaders and strategies for improvement are being implemented. The success of these strategies will determine whether study area counties can turn this challenge into an asset, in support of existing and prospective businesses.

Area higher education institutions – technical colleges, comprehensive colleges as well as medical/doctoral institutions - are an asset to the CSRA's economic development efforts. The technical colleges are credited with rapid response to industry changes and developing a technically sophisticated workforce that enhances employment opportunities for residents. The area's four year colleges are supplying the region's industries with highly-skilled technology and financial service-sector workers that are crucial for the area economy. They are also an intricate component of institutional and business capacity.

4.8 INFRASTRUCTURE

The availability and quality of physical and communications infrastructure play an important role in economic development efforts. It is paramount to industrial and commercial development. While investment in infrastructure is not sufficient to guarantee success, it is often a necessary baseline.

Local governments play a major role in infrastructure. Beyond direct provisions of infrastructure such as roadways and utilities, they have the ability to influence infrastructure and investment decisions through their regulatory role. Market conditions establish lease rates, building and land availability, and construction costs. Individual counties can impact these costs through zoning regulations, utility costs, and tax rates. Each industry will have specific infrastructure needs that they account for in site suitability analyses. There are, however, general infrastructure issues that are common to most industries.

4.8.1 Broadband Infrastructure

Explosive growth in wireless and fiber-optic communication has provided many urban areas in Georgia with excellent broadband infrastructure. In many larger cities of the state, there are multiple providers who compete by offering lower prices and faster broadband speeds. However, not all the regions of the state have benefited from fiber-optic growth. Most areas of the CSRA outside of the urbanized parts of Columbia and Richmond Counties lag in both choice and quality of service. Most of these areas are not served by any land broadband service provider, making slower satellite internet service the only option. The CSRA RC considers broadband the region's top infrastructure priority and has been aggressively pursuing state and federal funding to remedy this deficiency by extending broadband infrastructure to areas of the region that currently lack it.

In today's hi-tech economy, telecommunications infrastructure is as vital to business development decisions as water, sewer and road systems. Telecommunications is critical in attracting and cultivating new employers as well as keeping existing businesses competitive. From small businesses to large manufacturers, telecommunications is a critical element in operating efficiency and access to the global marketplace.

4.8.2 Transportation Infrastructure

Air Service

The CSRA is served by two commercial services airports- one within the region and the other in proximity to the CSRA's southern counties. Augusta Regional Airport currently has 21 daily departures and 22 daily arrivals to three major hubs (Atlanta, Charlotte and Dallas) from three carriers (Delta, U.S. Air and American). In Calendar Year 2010, the annual passenger volume at the Augusta airport was 246,587, compared to 198,489 (24.2% increase) in Calendar Year 2009. The airport depends heavily on the large companies in the area and the Department of Defense as customers. Local companies provide passengers on commercial flights, but several of them also have corporate jets at the airport. These companies need their own jets, because their destinations (other company locations) are frequently in areas that do not have high quality air service.

Savannah/Hilton Head International Airport is served by 6 airlines (Delta, U.S. Air and American Eagle, Allegiant Air, United, and Continental), that provide 37 daily flights to/from Dallas-Fort Worth, Newark, New York, Miami, Atlanta, Detroit, Washington, Charlotte and Chicago. In Calendar Year 2010, the annual passenger volume at Savannah/Hilton Head was 798,194, compared to 799,066, (-0.11%) to Calendar Year 2009. The airport depends on the tourist traffic and the recession has resulted in decreased passenger volume.

Both airports lobby carriers to offer competitive prices for flights in and out of Augusta and Savannah. For many business customers, the convenience of a smaller airport (shorter checking and security check times) offsets higher prices. A direct flight to Atlanta or Charlotte which leaves early in the morning presents various connection options for business travelers.

Recently completed and planned improvements at both airports include terminal expansion, and associated runway and road improvements. These improvements could make the airports more attractive to business customers.

Surface Transportation

The CSRA includes several U.S. and State Highways, and numerous local streets and roads which serve regional linkages to other parts of Georgia and the southeast.

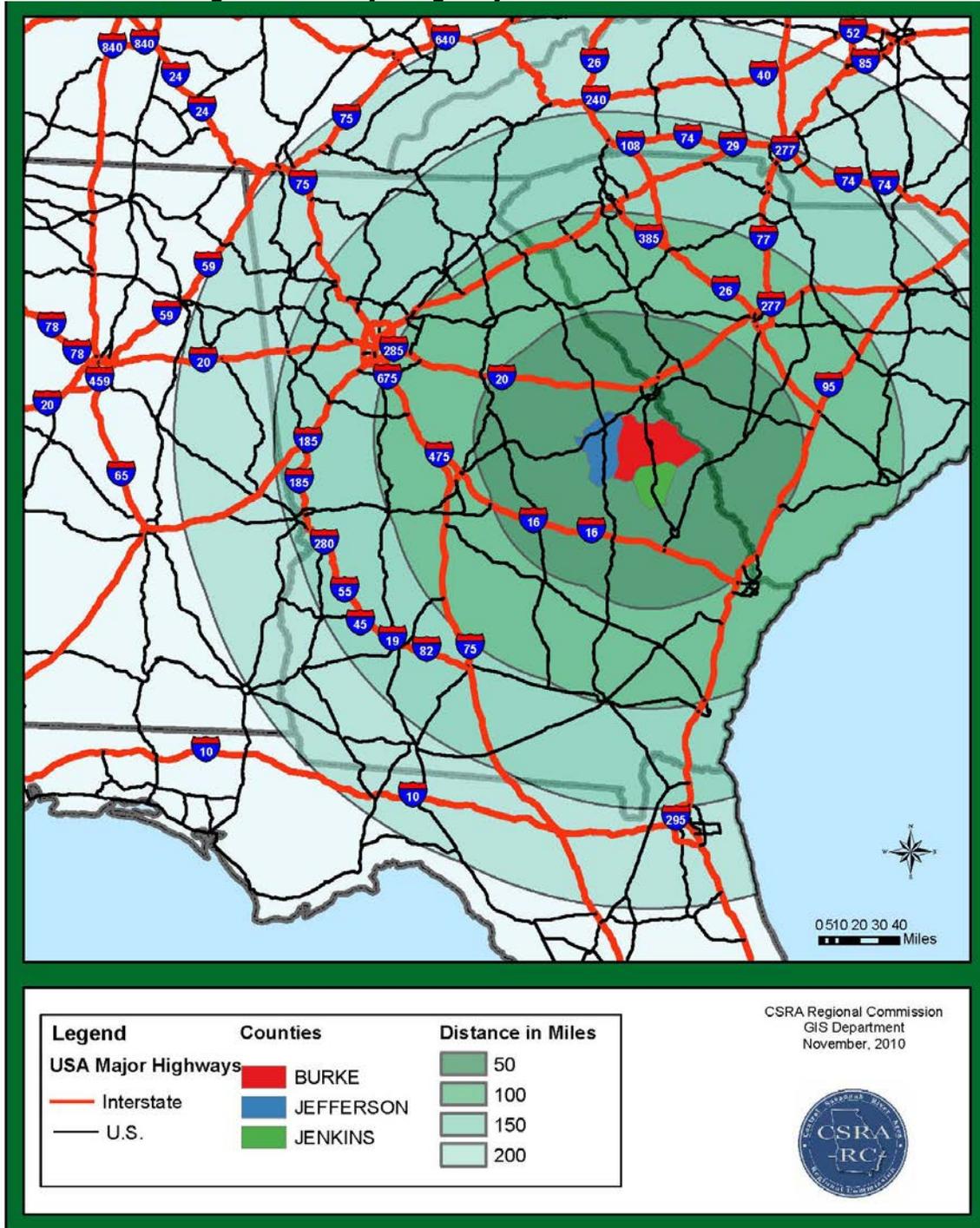
Interstates 20 and 520 are major east-west routes that connect the CSRA to South Carolina to the east and to the all of the nation's southeastern states to the west (Figure D-10). U.S. Routes 1 and 25 are the CSRA's major north-south highways that connect the region with Florida to the south and the Atlantic states to the north. Both these highways are part of the Governors Road Improvement Program (GRIP), which seeks to extend four-lane highways to all regions of Georgia. Both highways have been expanded to four lanes throughout the CSRA.

Table D-13 presents Levels of Service (LOS) for major roadway segments in the CSRA. LOS is a qualitative measure describing operational conditions of a roadway in terms of average speed, travel time, maneuverability, and traffic interruptions during peak travel periods. The measure contains six LOS categories, ranging from A to F, each describing the operating conditions associated with them: LOS A indicates free flow conditions while LOS F indicates excessive delays resulting in high levels of congestion. LOS is calculated by determining the ratio of traffic volume to roadway capacity for segments of individual roadways based on accumulated flow from collector roads within the traffic shed. The typical design level of a road represents an operational LOS C. This indicates that roads

are designed to adequately handle 65% of the traffic capacity while maintaining a stable flow of traffic.

The data contained in Table D-11 suggests that the CSRA is relatively free of peak-hour traffic congestion common in nearby metropolitan areas.

Figure D-10: Major Highways in and around the CSRA



Source: Burke/Jefferson/Jenkins Diversification Plan (2010)

Highway	Peak AADT	LOS Rating
I-520	78,519	C or better
I-20	52,160	C or better
U.S 1	31,270	C or better
U.S 25	29,980	C or better

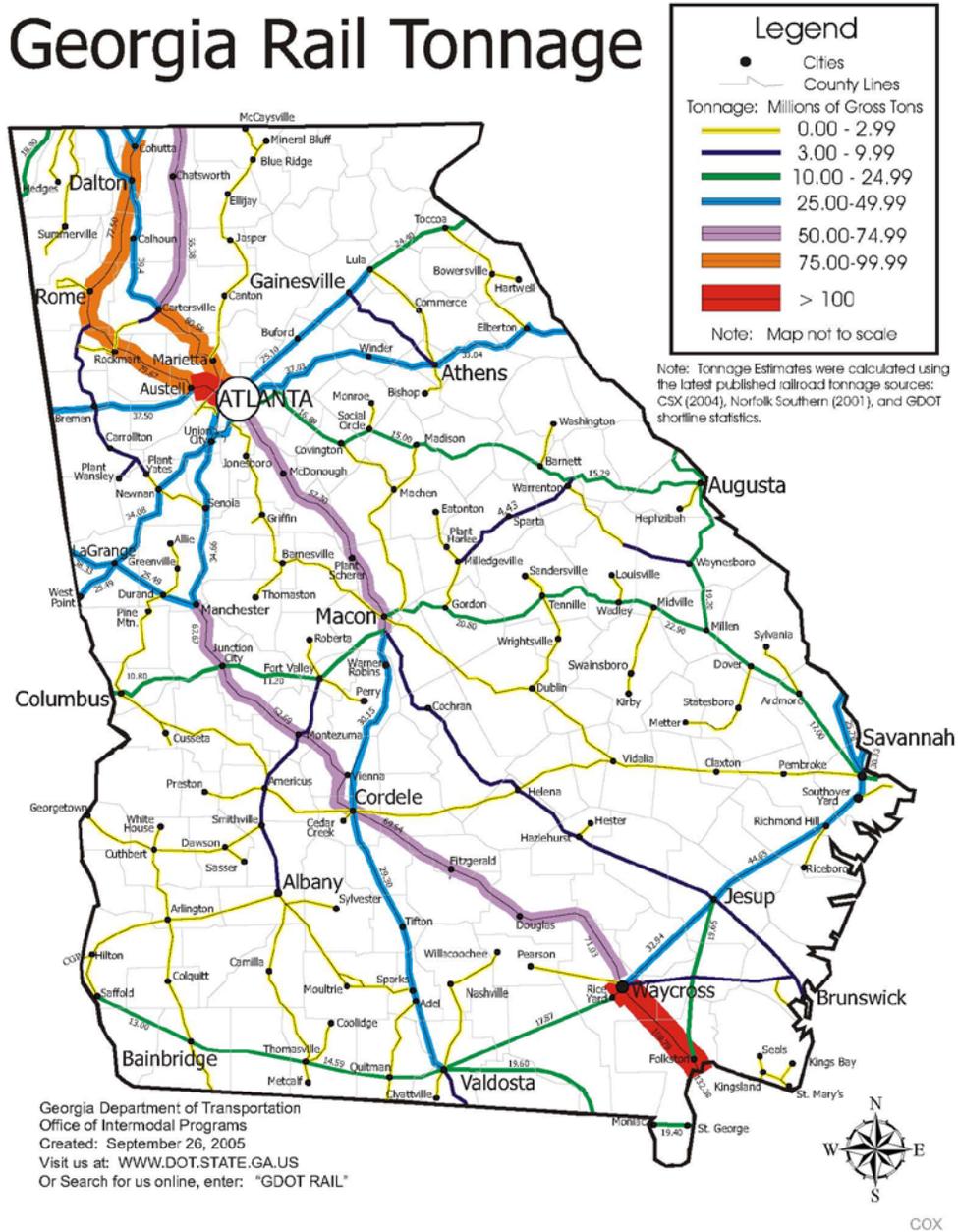
Source: Georgia Department of Transportation Annual Traffic Counts (2010); Levels of Service Estimates by CSRA RC

Freight Transportation

Rail services can be a critical recruitment tool. The CSRA supports a robust freight transportation system that makes it a nexus for the movement of goods. Similar to the highway network, the region is a crossroads of major rail lines. Rail lines include a north-south Norfolk Southern line linking Augusta with Savannah and east-west CSX line linking Augusta with Atlanta. These rail lines support freight transport with daily trips through the region carrying grain products, clay and cement, metal & paper products, and minerals, as well as other materials for various manufacturing processes. Both the Norfolk Southern and CSX lines carry between 10-24.9 million gross tons of rail freight (Figure D-11).



Figure D-11: Georgia Freight Rail Lines and Tonnage

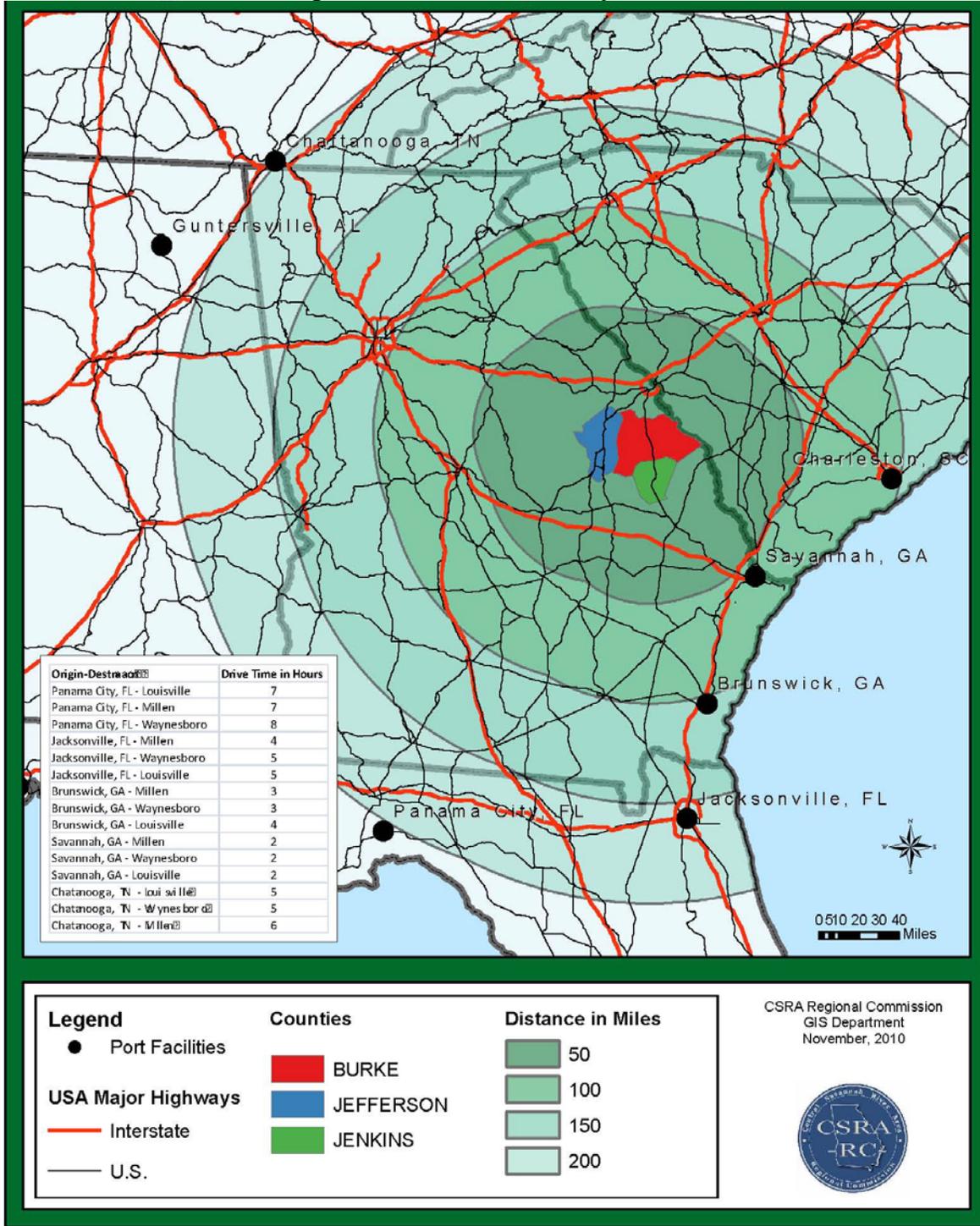


Ports

The CSRA is served by two major nearby ports (Figure D-12). The Port of Savannah is a major U.S. seaport. Its extensive facilities for oceangoing vessels line both sides of the Savannah River approximately 18 miles (29 km) from the Atlantic Ocean. Operated by the Georgia Ports Authority (GPA), the Port of Savannah competes primarily with the Port of Charleston in Charleston, South Carolina to the northeast, and the Port of Jacksonville in Jacksonville, Florida to the south. The GPA

operates one other Atlantic seaport in Georgia, the Port of Brunswick, located at Brunswick, Georgia, as well as two interior ports linked to the Gulf of Mexico, Port Bainbridge and Port Columbus.

Figure D-12: CSRA Proximity to Ports



Source: Burke/Jefferson/Jenkins Diversification Plan (2010)

Between 2000 and 2005 alone, the Port of Savannah was the fastest-growing seaport in the United States, with a compounded annual growth rate of 16.5 percent (the national average is 9.7 percent). On July 30, 2007, the GPA announced that the Port of Savannah had a record year in fiscal 2007, becoming the fourth-busiest and fastest-growing container terminal in the United States. The GPA handled more than 2.3 million Twenty-foot equivalent units (TEU) of container traffic during fiscal 2007 -- a 14.5 percent increase and a new record for containers handled at the Port of Savannah. In the past five years, the port's container traffic has jumped 55 percent from 1.5 million TEU handled in fiscal 2003 to 2.3 million TEU in fiscal 2007.

The Port of Charleston, owned and operated by the South Carolina Ports Authority, consists of five terminals. Two are in Charleston, on the Harbor. Two are on the Cooper River in the City of North Charleston and one is located on the Wando River in the Town of Mt. Pleasant. Charleston Harbor is home to the deepest channels in the region and regularly handles 8,400-TEU vessels drafting up to 48 feet. Short transit times to the marine terminals, each within two hours sailing time from the open ocean, help keep vessel schedule integrity intact and minimize the risk of canal penalties or missed berthing windows at other ports.

The Port of Charleston is growing its capacity. To prepare for coming years, Charleston is heavily investing in its new and existing terminals with a 10-year, \$1.3-billion capital plan. A new terminal that will boost total container capacity in the port by 50% is set to open in 2016.

Assessment

Adequate broadband infrastructure and services available in the CSRA are limited to small parts of the urban area. The land-based broadband network will need to be greatly expanded in all rural CSRA counties if these jurisdictions are to be competitive in economic development and growth initiatives.

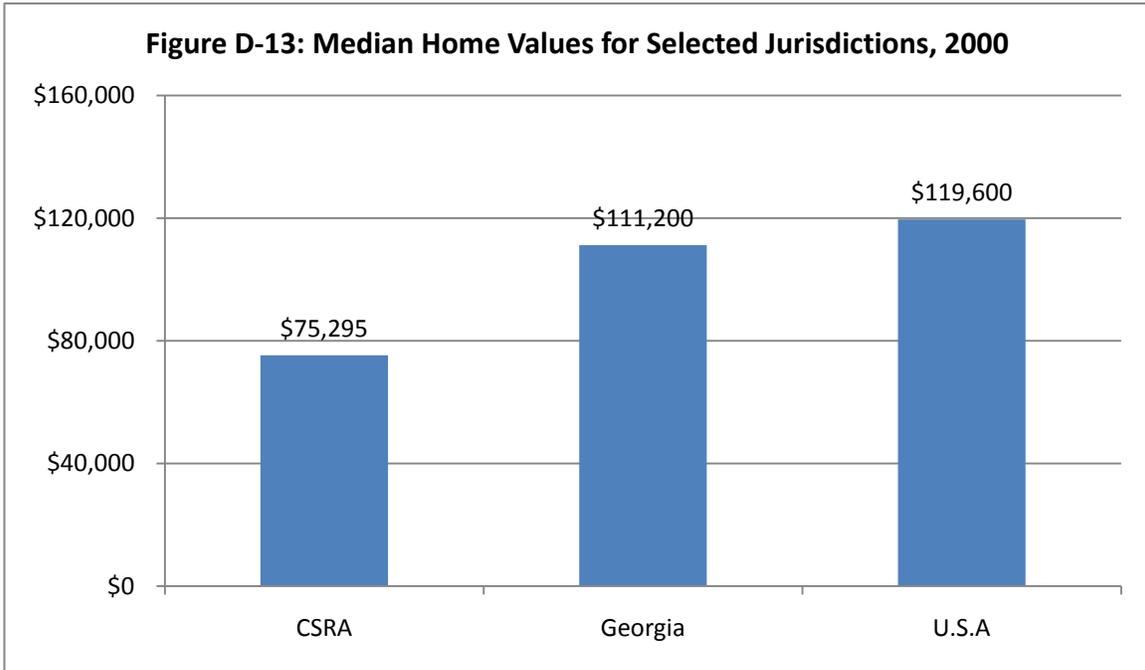
The CSRA contains a thorough and efficient surface transportation system, particularly its road network. Even during peak traffic periods, the LOS in most of the CSRA's more congested roadways does not exceed level C. This provides an important competitive advantage as more and more industrial site locaters select areas void of significant congestion problems.

Given the proximity to transloading facilities in the CSRA and neighboring regions, CSRA jurisdictions are benefiting from rail service. Existing lines have the capacity to provide expanded freight service to existing and new businesses desiring such service. The availability of TRANS-FLO terminal capability with 46 rail car load/unload capacity and projected redesign of an entire rail terminal area to meet increasing capacity as a result of new industrial tenants in Augusta highlights the importance of rail to the CSRA.

4.9 HOUSING

The availability of an affordable and adequate housing is critical for the growth of any area.

Median housing values in the CSRA is \$75,295, significantly below the state (\$111,220) and national (\$119,600) averages (Figure D-13). These values reflect the lower housing values commonly found in rural parts of Georgia.



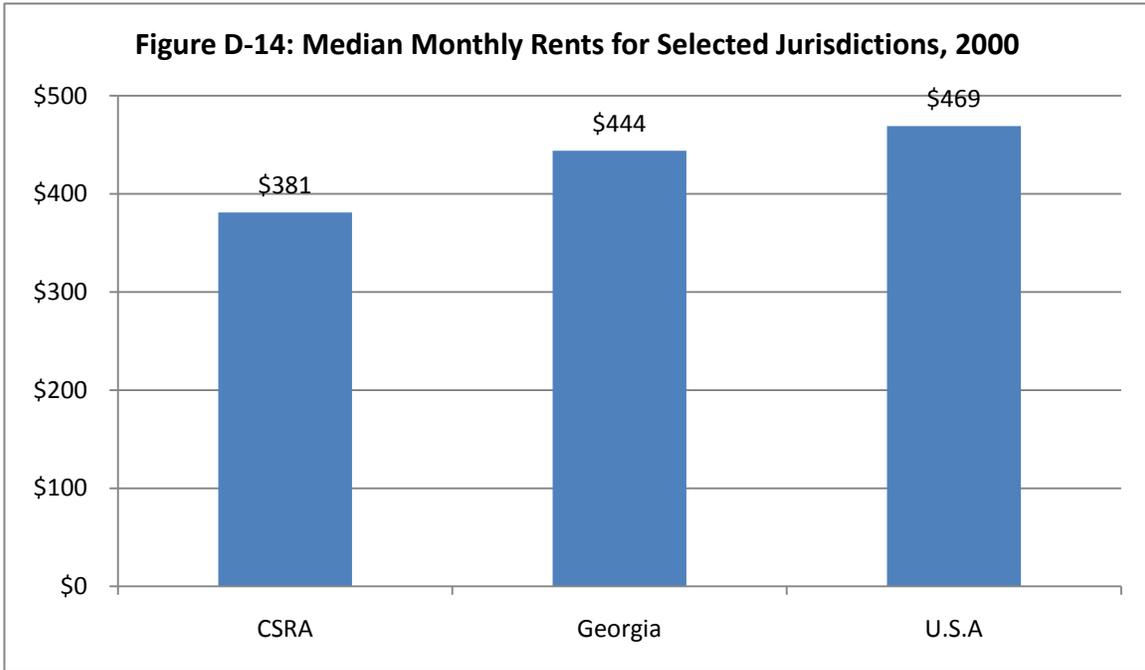
Source: U.S. Bureau of the Census (2000), SF3

The cost distribution of housing units demonstrates this value gap between the CSRA and state and national averages. Approximately 14.4% of the region’s housing units are values at \$150,000 or higher, compared to over 30.5% for the state and 36% of the nation’s housing supply (Table D-12). The affordable housing supply in the CSRA is a major benefit in economic development and growth initiatives.

	CSRA	Georgia	U.S.A
\$99,999 or less	43.1%	43.7%	40.3%
\$100,000-\$149,999	15.6%	25.8%	23.7%
\$150,000-\$199,999	7.5%	13.3%	14.6%
\$200,000-\$299,999	4.3%	10.2%	11.9%
\$300,000 or more	2.6%	7%	9.4%

Source: U.S. Bureau of the Census, 2000, SF3; Calculations by CSRA RC

Rents are similarly more affordable in the CSRA than elsewhere in the state and the nation. Median monthly rents average approximately \$381, significantly below the state (\$444) and national (\$469) averages (Figure D-14).



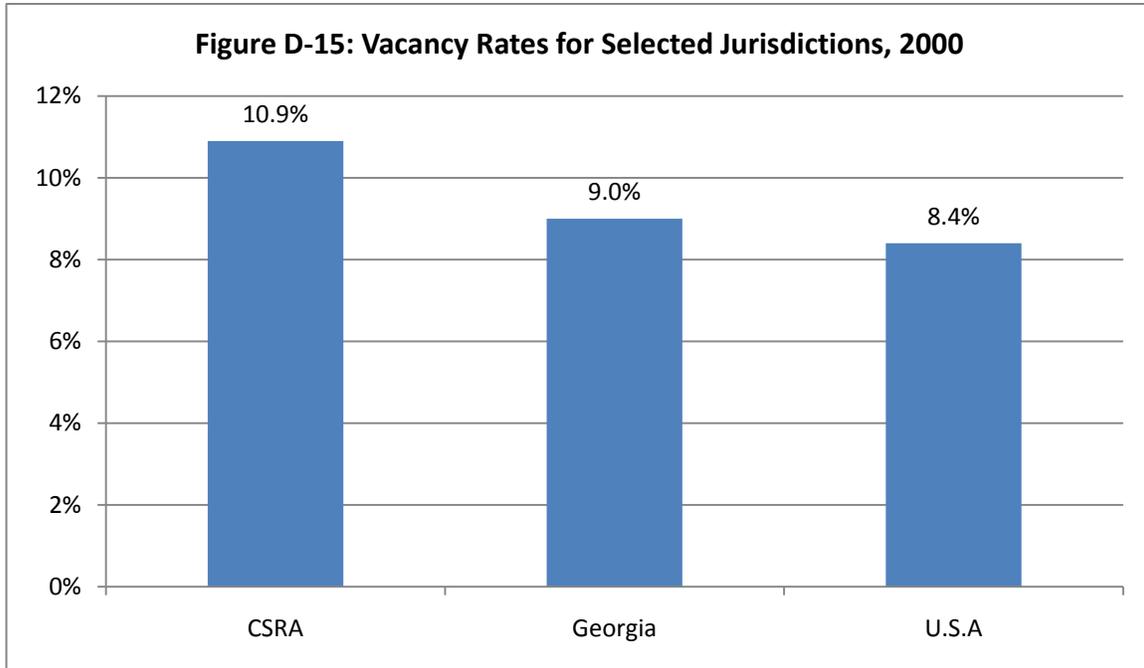
Source: U.S. Bureau of the Census (2000), SF3

The cost distribution of median monthly rents also points to a competitive advantage. Approximately 68.1% of rents in the CSRA are \$499 or less, compared to 46.3% for Georgia and 44.6% for the nation (Table D-13).

	CSRA	Georgia	U.S.A
\$499 or less	68.1%	46.3%	44.6%
\$500-\$749	19.9%	30.3%	30.2%
\$750-\$999	2.7%	12.7%	12.2%
\$1,000+	1.3%	4.6%	7.9%
No cash rent	8%	6.1%	5.2%

Source: U.S. Bureau of the Census, 1990 and 2000, SF3; Calculations by CSRA RC

The CSRA's vacancy rates average approximately 10.9%, significantly above the state (9%) and national (8.4%) averages (Figure D-15). Although this may reflect the availability of an adequate housing supply, the condition of these units is not known.



Source: U.S. Bureau of the Census (2000), SF3

4.10 EXISTING PLANS AND ECONOMIC DEVELOPMENT GOALS

4.10.1 County Comprehensive Plans

The purpose of a comprehensive plan is to offer guidance for the development of a county in the current and changing economy. Comprehensive plans are designed to analyze development trends, highlight potential problem areas, and provide possible strategies to the public and local government officials to use in their efforts to improve their county over the next five years. A review of all thirteen of the CSRA's comprehensive plans highlights the following cross-cutting economic development strategies:

- Infrastructure improvements are needed in order to help recruit new businesses.
- Build on major employers.
- Focus on retaining and expanding existing firms and industries.
- Actively support the chambers of commerce and development authorities.
- Make the necessary airport improvements.
- Focus on downtown commercial and residential development.
- Upgrade and expand existing industrial parks and develop new ones.
- Recruit small businesses and aggressively as major ones.
- Diversify local economies.

4.10.2 Augusta Area Diversification Initiative

Conceived as a proactive regional endeavor to develop a framework for sound decision-making in the years ahead, the purpose of the Augusta Area Diversification Initiative (AADI) is to facilitate the implementation of economic policies designed to avoid overdependence on defense expenditures.

The AADI represents an attempt to deal with short and long-range economic development issues. The overall plan goal is to foster a strong and diverse economy through a mix of industries that provide a healthy balance of goods-producing and service-producing jobs. Objectives and strategies to achieve this goal include:

- Target industrial recruitment which enhances economic diversification with a focus on value-added and niche manufacturing.
 - Target available financial resources to value-added and niche manufacturing.
 - Enhance labor force skills by guiding technical and occupational training in cooperation with technical schools and area colleges.
 - Survey hi-tech and niche manufacturers about skills needs.
 - Work as needed with individual companies on expansion plans.
 - Promote the Laney Walker Enterprise Zone for niche manufacturing.

- Encourage growth of warehousing and distribution industries within existing industrial parks and new locations along major highways and interstates.
 - Assemble large acre parcels to promote warehousing and distribution.
 - Adapt existing industrial parks to meet warehousing and distribution specifications.
 - Use federal transportation funds strategically to promote warehousing and distribution.

- Encourage the growth of business services and information technology.
 - Promote Augusta's low business costs to recruiters.
 - Encourage capital improvement planning to target office space-oriented infrastructure improvements.
 - Conduct thorough inventory of downtown office space.
 - Promote former military IT labor supply to potential recruits.
 - Develop matching and mining database to link former military labor with existing and recruited businesses.
 - Coordinate with technical and four-year colleges to respond to increase in business services and information technology employment.

- Encourage the growth of biomedical industries.
 - Recruit top-notch biomedical faculty.
 - Promote MCG success to encourage venture capital.
 - Ensure appropriate land use around MCG to permit biomedical industry growth.
 - Encourage growth of existing business incubators.

- Expand the Augusta area's tourism economy.
 - Support tourism-oriented projects such as a convention center and performing arts center.
 - Target funding to support the variety of arts programs and festivals which attract visitors to Augusta.
 - Coordinate with the Georgia Department of Economic Development to update the existing tourist survey.

- Encourage the growth of master planned communities.
 - Promote the Augusta area as a retirement destination.
 - Ensure sufficient land use for large retirement-scale communities.

- Develop downtown as a primary residential, office, tourist and retail destination.
 - Develop a downtown master plan.
 - Establish a Business Improvement District.
 - Locate future major tourist venues such as conference centers and performing arts centers in the downtown area.
 - Market city and state funding programs to small businesses.
 - Redevelop vacant properties with the use of grants and tax credits.
 - Expand existing downtown festivals and special events.

- Retain and expand existing businesses.
 - Focus business expansion and job retention programs on targeted sectors and industries.
 - Monitor trends, issues and opportunities involving key sectors and industries.
 - Assist with targeted sector and industry retention/expansion business plans.
 - Host regular meetings with major employers to discuss current operations and expansion plans.

- Develop and nurture industry clusters for targeted sectors and industries.
 - Promote business assistance programs that support the cluster approach.
 - Expand incubator facilities where entrepreneurs can grow their businesses and receive specialized assistance during the early phases of their operations.
 - Refine the locational and supportive requirements for each cluster.
 - Expand the technical and professional training capabilities of area colleges in those areas supporting targeted sectors and industries.

- Strengthen institutional capacity geared towards targeted sectors and industries.
 - Ensure that local policies, regulations, and decision-making processes consider impacts on economic diversification efforts.
 - Conduct training sessions for public officials and staff on economic development to educate individuals regarding private sector perspectives of land development.
 - Coordinate among economic development partners to efficiently and effectively address economic development issues and opportunities and minimize duplication of effort.
 - Develop partnering relationships with other regions throughout the nation to build economic development coalitions.

- Build upon the existing education and workforce training that focuses on targeted sectors and industries.
 - Support cooperative efforts to coordinate education and job training programs among the school boards, technical and four-year colleges, and state workforce programs.
 - Encourage linkages between area colleges and employers that feature quality employment opportunities to retain skilled graduates.
 - Conduct a survey of employers to determine what targeted sector and industry certification and programs they would support.
 - Work with area business schools to enhance entrepreneurial curriculum.
 - Periodically evaluate programs to be responsive to the changing job market.

- Provide an adequate supply of commercial and industrial sites to support new and expanding firms wishing to locate or expand in the Augusta area.
 - Develop an infrastructure plan with a focus on the needs of sectors and industries in target clusters.
 - Regularly benchmark local development review processes against competitor regions with similar target sectors and industries.
 - Participate in the capital improvement plan process to lobby for economic development projects.
 - Develop well-planned clustered employment centers in existing areas and downtown.
 - Prepare a market analysis of available infill sites.
 - Target financial incentives to encourage the revitalization and utilization of historic and older commercial and industrial districts for redevelopment.
 - Designate the necessary acreage of vacant prime industrial land for a 20-year planning period.
 - Update inventories of industrial lands at least every ten years to reestablish the 20- year supply of industrial lands.
 - Develop industrial land banking system for large sites to preserve large parcels at key locations for future industrial sites.

- Market and promote target sectors and industries.
 - Market the Augusta area's sizable skilled labor force as an economic development advantage for new and expanding businesses.
 - Centralize website information on development statistics, demographics, local trends, employment statistics, and other data meaningful to developers and site locators.
 - Communicate regularly with key stakeholders and the general public regarding economic development issues, progress and impact.

5.0 INTRODUCTION

The CSRA's economy underwent economic changes similar to other regions of the nation. For the urbanized area, this included the rapid rise of high technology jobs and the support services that sustain this industry. For rural CSRA areas, the changes resulted in declining manufacturing activity and the growth of the services sector. Industry growth is key in maintaining the CSRA's economic vitality and competitiveness over time. The loss of manufacturing jobs has hurt the region. These jobs require specific skill sets and are among better paying employment opportunities. In addition, the loss of manufacturing jobs creates negative ripple effects in related sectors.

As the CSRA's economic base shifted, the nature of the businesses also changed. The backbone of area economies has long been the presence of a number of very large employers – both in the productions and service sectors. However, in the last 15 years, the number of large employers has diminished and the importance of small businesses has grown.

In today's economy, economic development – particularly diversification - is a necessary and critical undertaking. A healthy and relative independence of sectors can ensure that a downturn in any area does not necessarily mean a downturn in the whole economy. Entering new markets and sectors is crucial for future growth and survival of any locality. The challenge of economic development is to distinguish between issues that can be improved and changed and issues which are outside the capability of local areas. Resources can then be focused on those areas within local capabilities and capacities. Therefore, the success of any long-term strategy is dependent on:

- Understanding the risks, capabilities and opportunities involved in a particular economic development strategy.
- Being able to promote and build on the strengths.
- Knowing when to overcome a weakness and when to live with it.
- Recognizing opportunities and embracing them.

5.1 ISSUES IN ECONOMIC DEVELOPMENT

5.1.1 National and Global Integration

Several ongoing trends have resulted in changes to the way economies function, both nationally and internationally. These include:

- *Increasingly Global Markets:* The world economy is becoming more integrated and the CSRA has become less immune from national and global economic events. Economic development policy must therefore consider national and international economic factors for many of the region's key employers.
- *Rapidly Advancing Technological Innovation:* Technological innovation is enhancing productivity and changing the way goods and services are produced. Encouraging continued growth in productivity (including new investment and a focus on work force preparedness) is key to study area economies ability to compete.

Combined, these trends, often referred to GCT (globalization, convergence and technology), are fundamentally reshaping the nature of local and regional economies. Relationships between businesses are changing – customers are now able to search worldwide for specialized products or services. Convergence is dissolving the boundaries that traditionally kept industries apart, and is

redefining many industries and markets. Knowledge and expertise are now as important as business, capital and plant assets.

5.1.2 Regional Economic Challenges

The CSRA faces several economic development challenges in the coming decades, including infrastructure needs, declining municipal revenues and needed downtown revitalization. Cities and counties throughout the region have experienced a decline in revenues due to changes in federal and state revenue distribution policies. Furthermore, more and more federal and state mandates are either under-funded or not funded at all, thereby increasing local government financial burdens. At the same time, residential development has consumed large amounts of municipal services and tax funds, much more than it contributed to the revenue stream. Commercial and industrial users, on the other hand, have paid more in taxes than they have consumed in county services.

Evolving federal economic development policy is also changing. Since the 1970s, the federal government has withdrawn much of its state and local funding for local economic development initiatives. Local governments are on their own to a much greater extent than they have been in the past and are forced to take active roles in sustaining and stimulating job creation in a complex and interdependent global economy. CSRA jurisdictions have tasked their respective development authorities and chambers of commerce with this workload. These agencies have strived to support and retain the economic base that they have and broaden economic activities to reduce the vulnerabilities to global influences that can occur in any one of their primary economic activities.

Compounding these regional issues is that metropolitan areas such as Augusta support localities far beyond the metropolitan areas. There are 13 counties (11 of them rural) in the CSRA that all depend on the well being of the Augusta economy. Historically, the rural CSRA localities pursued an undifferentiated, low-cost, commodity producing strategy instead of a value-added niche strategy. The rural CSRA is now faced with fierce global competition forcing companies to cut costs by substituting capital for labor to generate productivity improvements. Unskilled and semi-skilled labor has been hit hard by competition from low wage jurisdictions.

Rural CSRA communities have responded with their own industrial attraction programs but it is unclear whether the strategy will be successful. Industrial attraction efforts have been stymied by the downturn in the national economy, the increasing relocation of manufacturing overseas, and a decline in relocation activity among prospective firms. Companies that have relocated to Augusta are lured by the facilities and incentives available from their development authorities, which are beyond the means of rural communities. CSRA communities are not alone in this situation, as numerous localities in Georgia with newly constructed industrial parks have been unable to attract tenants.

5.2 GOALS AND ACTION STRATEGIES

The following CEDS Plan goals and action strategies were developed within the framework of specific sectors and industry areas, which include:

- Niche and value-added manufacturing
- Warehousing and distribution related industries
- Business services and information technology
- Tourism
- Retiree attraction
- Downtown development

5.2.1 Niche Manufacturing

The CSRA has a long, rich heritage in manufacturing, and continues to have a significant proportion of the work force employed in this sector, particularly when compared to the state and the national averages. Traditional industries in chemical products and precision manufacturing will continue to be an important part of the economy for years to come. Many CSRA manufacturing firms represent high-wage, high-skill, and high-output jobs—jobs that in many cases are better described as hi-tech as anything else. Advanced manufacturing processes, involving computer controlled processes, tight logistical planning, and specialized technical and engineering focus, is the hallmark of many study CSRA employers.

Although manufacturing is a primary employment sector, there have been plant closures, layoffs, and job losses by larger manufacturers. While CSRA manufacturers will continue to face challenges to maintain their position in the national and global economy, there are opportunities in niche market segments.

Many innovative communities and businesses are creating additional manufacturing jobs by using rather than exporting raw materials as intermediary inputs. This process, known as value-added manufacturing, is already occurring within the CSRA. Golf cart manufacturers, for example, use otherwise exportable aluminum and steel to develop golf carts. Existing firms have created both a skilled work force as well as network of suppliers and business relationships that will attract and foster the growth of these sub-sectors.

CSRA jurisdictions can further value added manufacturing by profiting from existing forestry products that are currently exported to other markets. Rural CSRA jurisdictions are among the highest forestry producing regions in the southeast but very few furniture manufacturers are located in the region. Manufacturing better products rather than more products, increasing the production of local by-products and improving the quality of products would generate more local jobs and spending, spur exports, and potentially reduce the need to import goods-producing materials from other areas.

Niche manufacturing is centered on developing customized products. Examples include windows with specific architectural standards, parts for limited edition autos, etc. The CSRA is ideally placed for this type of activity because of its accessible transportation system and proximity to major metropolitan areas in the southeast. In addition, these types of services provide positive spillovers because of their demand for supporting staff, specialized software applications, and strategic and business consulting services.

Niche manufacturing operations also tend to be smaller in scale and generally do not require significant land acreage. Existing vacant plants and properties could be improved and redeveloped in locations within the CSRA's cities and nearby unincorporated areas. This would help introduce new employment activities and help stabilize neighborhood conditions as well. Designated areas for this type of manufacturing would therefore include existing industrial parks and downtown area sites.

A focus on value-added and niche manufacturing is not easy for economies without the necessary skill level. However, there are other places to learn from that have managed to develop this manufacturing subsector. Atlanta, with relatively few business and technology-focused colleges for a city of its size two decades ago, underwent a dramatic transformation from a largely low-cost manufacturing economy to a service, pharmaceutical and information technology economy. Recruitment of highly-skilled manufacturing to the CSRA can be achieved by ensuring a quality workforce to fill industry needs. Area technical colleges, with substantial experience in preparing skilled graduates, and the Quick Start program are ideal for this activity.

Goal: Target industrial recruitment which enhances job creation with a focus on value-added and niche manufacturing.

Action 1: Pursue both mid-size and large regional industrial parks.

Action 2: Target financial resources to value-added and niche manufacturing.

Action 3: Enhance labor force skills by guiding technical and occupational training in cooperation with technical schools and area colleges.

Action 4: Survey hi-tech and niche manufacturers about skills needs.

Action 5: Promote designated areas in or near CSRA cities for niche and value added manufacturing.

Performance Measure 1: The number of new niche and value added jobs.

Performance Measure 2: The number of new niche manufacturers located in or in proximity to established employment clusters.

Performance Measure 3: Satisfaction rates of labor force by value-added and niche manufacturers.

5.2.2 Warehousing and Distribution Related Industries

Augusta is a recognized as a mid-regional center for distribution industries. Located in close proximity, rural CSRA jurisdictions are ideally placed to develop as transportation distribution hubs. Within a 240-mile radius, there is a market of over 25 million consumers. In addition, with major four-lane highways and low levels of congestion, rural CSRA areas are competitively placed to attract and sustain this industry.

Policy: Encourage growth of warehousing and distribution industries within existing industrial parks and new locations along major highways.

Action 1: Assemble large acre parcels to promote warehousing and distribution.

Action 2: Adapt existing industrial parks to meet warehousing and distribution specifications.

Action 3: Use federal and state transportation funds strategically to make improvements to support warehousing and distribution.

Performance Measure 1: The number of warehousing and distribution industry jobs.

Performance Measure 2: The number of warehousing and distribution industries benefiting from road and highway improvements.

5.2.3 Business Services and Information Technology

Industries such as health, business, and financial services currently provide a good share of the CSRA's employment and will continue to provide an increasing number of well paid jobs in the future. Hospitals and business service providers have shown steady employment growth in the past few years. Information technology will also play an increasingly important role as automation becomes an integral part of many jobs within these industries.

Because of the expansion of hi-tech and the higher paying jobs associated with the industry, advanced-technology firms can potentially create new jobs while increasing wealth. High-tech businesses are sources of ideas and innovations that increase the likelihood of new business start-ups. This should also make the CSRA a real competitor for small operations whose site requirements may not be as important as larger businesses.

Office uses will continue to serve a support role for the region's economies. The market for office uses in the CSRA will primarily be for small business and professional service firms. Current demand has been met mostly by storefront space in combination with retail/residential uses.

Goal: Encourage the growth of business services and information technology.

Action 1: Promote the CSRA's low business costs to recruiters.

Action 2: Conduct thorough inventory of available office space.

Action 3: Coordinate with technical and four-year colleges to respond to increase in business services and information technology employment.

Performance Measure 1: The number of business services and information technology jobs.

5.2.4 Tourism

Tourism is a major industry in Georgia but relatively small in the CSRA when compared to other historic southern communities. Tourism is an important sector because it is still underdeveloped with high growth potential. The CSRA has an established cultural tourism industry, with numerous events, visual performance arts and culture. The region's location – in between Atlanta and Charlotte - also provides great potential as a gateway community to travelers from the southeast and throughout the nation.

It is true that most tourism-related jobs are low paying jobs, but it is also true that these are the kinds of jobs that are appropriate for the skill level of some segments of the CSRA's labor force (including students and low-skilled residents). They are better alternatives than no jobs at all which very likely would be the case were it not for the area's tourism industry.

Goal: Expand the CSRA's tourism economy.

Action 1: Support tourism-oriented projects such as enhancement projects.

Action 2: Target funding to support programs and festivals which attract visitors.

Performance Measure 1: The number of visitors annually.

Performance Measure 2: Levels of grant funding for enhancement projects.

5.2.5 Downtown Development

Downtown districts throughout the CSRA are one of the region's most important assets. Their historic charm and pedestrian friendly design makes them desirable areas for economic development. The districts are also easily accessible and centrally located, serving as activity centers for the residents as well as visitors. These downtowns have great potential as centers for entertainment, culture, and office-based business development.

Master planning is needed for the CSRA's downtowns to focus on economic development. Setting aside land uses for the type of economic growth activities recommended on this Plan should go hand in hand with planning for public investments and institutional uses.

The presence of so many small businesses in the CSRA's downtowns illustrates their importance to the overall economic health of these communities. Considerable potential for small business growth exists in encouraging business start-ups and enabling them to expand. Businesses that employ local residents, use local materials, and sell local products are a key component of economic growth. CSRA jurisdictions should continue efforts to provide land use designations that provide small businesses opportunities to start and grow. Although local assistance to help finance private business start-ups and expansion is limited, several state and some federal financing programs (i.e. tax credits, SBA loans, etc.) are available.

Goal: Develop downtowns as a primary residential, office, tourist and retail destinations.

Action 1: Develop economical development-focused master plans as part of the comprehensive planning process.

Action 2: Explore Business Improvement Districts.

Action 3: Locate future tourist venues in or near the downtown areas.

Action 4: Market city and state funding programs to small businesses.

Action 5: Redevelop vacant properties with the use of grants and tax credits.

Action 6: Expand existing downtown festivals and special events.

Performance Measure 1: The number of new residents annually.

Performance Measure 2: The number of tourists annually.

Performance Measure 3: The amount of retail sales annually.

5.3 BUSINESS RETENTION AND EXPANSION

Providing support for existing businesses is an important component of sustaining jobs. Existing businesses provide over two-thirds of new jobs in the CSRA. Encouraging and nurturing these businesses is the key to a stable economic base and the long-term viability.

Goal: Retain and expand existing businesses.

Action 1: Focus business expansion and job retention programs on targeted sectors and industries.

Action 2: Monitor trends, issues and opportunities involving key sectors and industries.

Action 3: Assist with targeted sector and industry retention/expansion business plans.

Action 4: Host regular meetings with employers to discuss current operations and expansion plans.

Action 5: Preserve Fort Gordon's operating environment by implementing the Joint Land Use Plan and utilizing appropriate land use tools to present encroachment.

Performance Measure 1: The number of retained and expanded targeted businesses.

Performance Measure 2: The number of assisted industries with expansion plans.

Performance Measure 3: The number of meetings with major employers held annually.

5.4 THE CLUSTER APPROACH

There is a new emerging economy that is entrepreneurial, knowledge intensive and niche-based. The growth and development of significant industry clusters can serve as the basis to capitalize on the new emerging economy.

Business clusters center on a strategy that builds upon the natural economic linkages between sectors. Simultaneous development of sectors creates a more optimal outcome than if those sectors developed separately and without linked approaches. Focusing economic development on clusters can facilitate information exchange and build stronger ties among firms within clusters. By promoting stronger ties among businesses, companies can realize benefits such as lower operating costs, integrated products, shared transportation expenses, more efficient production, and increased access to a specialized workforce.

5.4.1 Designing and Implementing Cluster-based Approaches

In *Cluster-Based Economic Development: A Key to Regional Competitiveness (1997)*, the U.S. Economic Development Administration identifies five overall imperatives for any successful cluster-focused effort:

- 1) Recruit highly committed leadership.
- 2) Develop a strategy to ensure adequate resources throughout the process.
- 3) Choose the right geographic level of focus.
- 4) Find tools to sustain momentum between stages.
- 5) Engage potential implementing institutions from the earliest stages of the process.

Cluster implementation centers of four mutually reinforcing principles:

- 1) Proving collective service delivery (i.e., cluster-wide entrepreneurial support, one-stop shops, joint lobbying)
- 2) Targeting funding and investment to clusters (i.e. cluster-based infrastructure, multi-firm public funding options)
- 3) Coordinate networking among cluster businesses (i.e. workshops and conferences)
- 4) Adapt workforce to cluster environment (i.e. specialized skills centers, cluster-college training agreements)

A good example of the successful implementation of the cluster-based approach is in Augusta, where area workforce adaptation to business clusters is seen in the biomedical cluster. Here, some technical and four-college enrollment is driven by the cluster. Augusta Tech, Augusta State University and the Medical College of Georgia have adapted curricula collaboratively with cluster firms and allowed the demand and supply to be driven by businesses. Skills have become more specialized, resulting in high rates of employment for graduates. The curricula also emphasize industry-led instruction, resulting in colleges operating as continually learning knowledge networks.

Goal: Develop and nurture industry clusters for targeted sectors and industries.

Action 1: Promote business assistance programs that support the cluster approach.

Action 2: Develop small-scale incubator facilities where entrepreneurs can grow their businesses and receive specialized assistance during the early phases of their operations.

Action 3: Refine the locational and supportive requirements for each cluster.

Action 4: Tap into the technical and professional training capabilities of area colleges in those areas supporting targeted sectors and industries.

Performance Measure 1: Growth of business clusters firms and employees.

5.5 INSTITUTIONAL CAPACITY

Business support needs often fit into several broad categories: property selection and development, workforce procurement and training, infrastructure improvements, facility modernization, and financial support. Institutional capacity is a major determinant of successful job creation. Without the skill and knowledge base of economic development organizations, economic initiatives will not succeed.

5.5.1 Coordinated Approach

For institutional support, critical organizations are local governments, development authorities and chambers of commerce. These agencies have clearly delineate roles and responsibilities for various economic development functions (i.e., downtown revitalization, industrial park development, business retention, marketing, administration of grants/loans) that create focused, efficient and effective delivery of economic development services.

Economic development initiatives efforts depend, in large part, on the support of the local governments to carry out planning policies. Local governments play a key role in providing leadership to ensure that economic development plans and policies of other organizations working to strengthen the economy are coordinated, implemented, and monitored.

A coordinated and cooperative approach to economic development initiatives should be institutionalization in the planning process. It is important to use the skills and abilities of participating partners internally within economic development agencies and externally in the community. Local governments have numerous untapped resources, which for the most part are dissipated in many directions. The challenge is to harness this interest and energy, focus it in a common direction and use it to drive economic development initiatives.

5.5.2 Strategic Alliances

Most CSRA jurisdictions lack any formal strategic alliances with other regions throughout the state. These relationships would allow CSRA communities to tap into an economic development knowledge base that would assist in business recruitment and retention.

Goal: Strengthen institutional capacity geared towards targeted sectors and industries.

Action 1: Ensure that local policies, regulations, and decision-making processes consider impacts on economic development efforts.

Action 2: Conduct training sessions for public officials and staff on economic development to educate individuals regarding private sector perspectives of land development.

Action 3: Coordinate among economic development partners to efficiently and effectively address economic development issues and opportunities and minimize duplication of effort.

Action 4: Develop partnering relationships with other regions throughout the nation to build economic development coalitions.

Action 5: Provide training for local development authority board members.

Performance Measure 1: The number of training sessions conducted.

Performance Measure 2: The number of meetings among economic development officials.

Performance Measure 3: The number of economic development partnerships.

Performance Measure 4: The number of trainings offered to development authority board members.

5.6 EDUCATION AND WORKFORCE DEVELOPMENT

The development of job skills needed by the current and future workforce must be a constant priority for schools and businesses. As technology advances, business and industry continue to experience a shift in needed employee skills. The information age has produced a shift from production skills to information-processing and problem-solving skills. Most new jobs demand an ability to adjust to forces requiring continual changes in products, processes, and management structures. Schools and business colleges should examine their effectiveness in producing entrepreneurs and managers capable of competing in the global economy.

Sustained long-run economic growth requires technological transformation and structural change. The leading technology regions are investing heavily in programs to enable the workforce to learn and re-learn competencies and skills required in that dynamic economic world. In addition, an unprecedented requirement for adult retraining and continuous adult learning to keep pace with the changing needs of business and industry is now present. Low and semi-skilled workers can no longer command the wages they once did as a result of global competition and labor cost pressures. Given the number of manufacturing jobs lost in the last decade, workforce training is a necessary element to assist with worker transitions as well as offering a diverse labor pool for businesses.

Goal: Build upon the existing education and workforce training that focuses on targeted sectors.

Action 1: Support cooperative efforts to coordinate education and job training programs among the school boards, technical and comprehensive colleges, and state workforce programs.

Action 2: Encourage linkages between area colleges and employers that feature quality employment opportunities to retain skilled graduates.

Action 3: Conduct a survey of employers to determine what targeted sector and industry certification and programs they would support.

Action 4: Work with area business schools to enhance entrepreneurial curriculum.

Action 5: Periodically evaluate programs to be responsive to the changing job market.

Performance Measure 1: Educational attainment of resident population.

Performance Measure 2: Performance of K-12 systems.

Performance Measure 3: The number of entrepreneurial courses at business schools.

5.7 LAND USE AND INFRASTRUCTURE

Land is a basic requirement for commercial and industrial activity. CSRA jurisdictions encourage economic growth in locations suited for those uses based upon available public facilities, land capability and an orderly development pattern. Economic growth in the industrial sector is dependent on, among other factors, the availability of lands that are suitable for industrial use, served by required urban services, and of adequate size for business expansion or the location of new industries.

Traditionally, infrastructure for economic development was thought to revolve around water and sewer projects. Since industrial recruitment formed the core economic development strategy, this made sense. As the economy has shifted to a more service-based focus, infrastructure requirements have changed. Broadband internet is critical for the economic health of any community. Many CSRA communities lack the proper broadband capacity to be successful in attracting targeted sectors. While incorporated areas are often serviced by an ISP provider, there is usually a monopoly that

renders the service cost-prohibitive. In the unincorporated areas, there is very little broadband coverage.

5.7.1 Development Patterns

Redevelopment of abandoned or underutilized sites where infrastructure and services are readily available provides a wider range of opportunities for business location. Older commercial and industrial districts offer great potential as alternative venues to more suburban locations for economic growth. The downtown business districts are good examples of venues with such potential. By limiting new development through the extension of infrastructure, existing underdeveloped properties can be appropriately repaired and utilized.

Many of these locations are in the heart of impoverished neighborhoods that have many underutilized, older commercial and industrial buildings. Redevelopment provides the opportunity for nearby job-training and employment to those in the neediest areas, adds tax revenues to municipalities, and stimulate other revitalization efforts.

In addition to vacant and underutilized sites that are suitable for redevelopment, rehabilitation of historic or older buildings is another option for business location. The CSRA contains a significant number of unique historic structures that provide an ideal location for small businesses. Smaller spaces, lower costs, and central location all contribute to attracting and retaining small businesses. By maintaining an inventory of older buildings, cities and downtown development authorities can assist potential businesses to identify structures that meet their needs.

It is clear that existing revenue streams are not sufficient to keep up with demand for public services and facilities. In the past, CSRA jurisdictions dispersed their capital improvement expenditures throughout their areas strategically, thereby avoiding the problem of providing partial solutions to multiple areas. Given the limited resources available for infrastructure, local governments have to continue their adopted strategic approaches to investment of public funds.

The resurgence of compact, self-sufficient neighborhoods where people meet their lifestyle needs has created a renewed interest in mixed-use development. The economics of mixed-use derive from the notion that mutually supporting activities have a synergistic effect on each other. If housing and office uses are combined, for example, a market is created for shops and services that could not be supported by either alone. In addition, combining these activities in a more compact and focused growth environment, provides additional land for economic growth within an area.

Mixed-use development can fill an important market niche. At a smaller scale, mixed-use provides a way to introduce commercial and office use into residential areas. Within mixed-use centers, the possibility exists for business owners to occupy living space above their business establishments. The concept can be used as to support infill projects in existing areas and as magnet projects to stimulate neighborhood development.

Goal: Provide an adequate supply of commercial sites to support new and expanding firms wishing to locate or expand.

Action 1: Develop an infrastructure plan with a focus on the needs of target sectors.

Action 2: Participate in the capital improvement plan process to lobby for economic development projects.

Action 3: Promote enhanced infrastructure that is suitable for attracting industry.

Action 4: Educate community leaders on the need for suitable infrastructure for job creation.

Action 5: Apply for state and federal infrastructure grants – particularly for broadband, water & sewer projects.

Action 6: Support local revenue generating policies, such as SPLOST, to help fund infrastructure improvements.

Action 7: Encourage regional infrastructure sharing between counties.

Action 8: Develop well-planned clustered employment centers in existing areas and downtowns.

Action 9: Prepare a market analysis of available infill sites.

Action 10: Target financial incentives to encourage the revitalization and utilization of historic and older commercial and industrial districts for redevelopment.

Action 11: Designate the necessary acreage of vacant commercial land for a 20-year planning period.

Action 12: Update inventories of commercial lands and properties at least every ten years.

Action 13: Increase the number and quality of affordable housing units by developing action plans, and partnering with developers.

Action 14: Support the construction and expansion of roadways projects such as I-20, I-520, GA 17, Fall Line Freeway and the Savannah River Parkway.

Action 15: Support regional transportation funding.

Action 16: Expand capacity and runway lengths of CSRA airports.

Performance Measure 1: Funds targeted for revitalization efforts.

Performance Measure 2: Designated commercial acreage in future comprehensive plans.

Performance Measure 3: Amount of state and federal infrastructure funds obtained in the CSRA.

Performance Measure 4: Amount of local revenue generating funds targeted to economic development projects.

Performance Measure 5: The number of quality affordable housing units.

Performance Measure 6: Amount of regional transportation funding.

5.8 MARKETING AND PROMOTION

There are a number of techniques CSRA jurisdictions can use to market and promote targeted industries. These include:

Print Advertising

Print advertising typically has two objectives: (1) increase awareness as a business location, and (2) generate inquiries. Advertising in economic development magazines is the overwhelming favorite among economic developers. Targeting ads directly to new facility decision makers is important to avoid the message getting lost.

Trade Shows

Trade shows are a very cost-effective way of generating a high number of development leads. These are typically coordinated with state agencies. Economic development organizations can attend key trade shows. Trade shows provide an opportunity to contact a large concentration of prospects for target sectors and industries.

Business Missions or Prospecting Trips

These are trips outside the area, focusing on a source area for economic development leads. To keep travel costs down, missions are often held in conjunction with trade shows, or with the state development groups.

Events

Events are a way to communicate to a broad audience. They are most useful for retention purposes, but can also serve as effective attraction techniques. Events generally include new business receptions, awards for existing businesses, and executive tours for industrial prospects and key site consultants.

Public Relations

Many communities use public relations as a central component of their economic development strategy. Public relations include news releases, articles about CSRA economies, success stories in magazines, newspapers, and other media. Press coverage adds credibility and name-recognition, encouraging targeted industries to respond. Public service announcements are typically released for new company recruitment, funding, survey and study results, and accomplishments of agency staff.

Web Sites

Most communities have their own web site with clear links to data useful to corporate site selectors and their consultants. This means including community profiles in addition to in-depth facts such as economic profiles, data books, site and building inventories, infrastructure, business climate factors, and industry profiles. Including such data requires coordination among different stakeholders. This is particularly true for buildings and sites. The major area real estate companies maintain excellent databases of all existing inventory, trends in the market, costs and usually historical information on sites or buildings.

Presently, no website exists to provide centralized information for the entire region. The development authority and chamber of commerce websites are the most detailed but other economic development organizations maintain their own data and information.

Site Visits / Tours

Prospect visits are very important in the decision making process. They provide the opportunity to show firsthand what an area has to offer. Many prospects lack a perception of the areas they are considering. Site visits provide prospects a chance to evaluate a region's strengths, weaknesses and potential for its future. Site visits typically include meetings with economic development leaders, discussion of permitting process and general economic trends.

Goal: Market and promote target sectors and industries.

Action 1: Enhance the marketing capabilities of each CSRA county to attract new industry and employment opportunities.

Action 2: Market the CSRA's available labor force as an economic development advantage for new and expanding businesses.

Action 3: Centralize website information on development statistics, demographics, local trends, employment statistics, industrial lands and buildings inventories, and other data meaningful to developers and site locators.

Action 4: Communicate regularly with key stakeholders and the general public regarding economic development issues, progress and impact.

Action 5: Educate local companies about financial and business development resources available from government sources.

Performance Measure 1: The number of press articles, print advertisements, trade shows, direct mail, and business mission trips annually.

Performance Measure 2: The number of website hits annually.

Performance Measure 3: Number of information packets on available government financial and business resources.

5.9 IMPLEMENTATION

For economic development strategies to succeed, it is necessary to be realistic about the strengths, weaknesses, opportunities and threats. There is considerable energy in the CSRA to make things happen – smart people, unique economic specialty areas, counter-cyclical business activity that provides a stable base – and to sustain a vibrant, dynamic and diversified regional economy.

5.9.1 Collaborative Approach

It is not until all of the above-mentioned factors are combined and integrated that the CSRA will achieve its economic development vision. A focus on integrated education, entrepreneurship, and enhancement of existing sectors and industries, can drive the regional economy to success. For this strategy to succeed, each key entity involved in the implementation of the strategy must have clear accountabilities for implementing the strategy and the capacity to commit the resources required.

The primary form of implementation will be through an increased level of co-operation between the partners and relevant agencies. The objective is that a greater understanding of activities and areas of expertise can be learned and drawn upon to respond to situations as they arise. The form that these initiatives take will vary according to individual requirements, but specific projects, joint approaches for funding, and collaboration on recruiting are just a few of elements which come to the fore.

5.9.2 Performance Monitoring

Economic development stakeholders will monitor and ensure the implementation of the CEDS Plan, undertaking periodic reviews, identifying appropriate modifications required in the strategy content and/or implementation mechanisms, and reporting back to all interested parties. This enables stakeholders to monitor progress toward meeting economic development goals.

These actions will be carried out in recognition that the CEDS Plan must be flexible and that changes may have to be made for a variety of reasons, including:

- Responding to changes in the CSRA's economies.
- Responding to consultation with other organizations.
- The effectiveness of the partners' overall objectives and activities.

Benchmarks are a way to measure and evaluate progress toward economic development goals. The preceding section contains a list of performance measures that will be used to assess the success and progress of the economic development action strategies.

Table A-1 details an action plan work program detailing specific actions needed to meet the economic development vision.

Table A-1: Action Plan Work Program			
Activity		Implementation Timeline*	Responsible Party
TOPIC: TARGETED SECTORS (MANUFACTURING)			
Goal: Target business recruitment which enhances economic development with a focus on value-added and niche manufacturing.			
A.	Develop mid-size and large regional industrial parks	Ongoing	City/county governments; Development Authorities
B.	Target available financial resources to value-added and niche manufacturing.	Ongoing	City/county governments; Development Authorities
C.	Enhance labor force skills by guiding technical and occupational training in cooperation with technical schools and area colleges.	Ongoing	Development Authorities; area colleges
D.	Survey hi-tech and niche manufacturers about skills needs.	Ongoing	Development Authorities
E.	Promote designated areas in or near cities for niche and value added manufacturing.	Ongoing	Development Authorities
TOPIC: TARGETED SECTORS (WAREHOUSING AND DISTRIBUTION)			
Goal: Encourage growth of warehousing and distribution industries within existing industrial parks and new locations along major highways and interstates.			
A.	Assemble large acre parcels to promote warehousing and distribution.	Ongoing	City/county governments; Development Authorities
B.	Adapt existing industrial parks to meet warehousing and distribution specifications.	Ongoing	City/county governments; Development Authorities
C.	Use federal/state transportation funds strategically to promote warehousing and distribution.	Ongoing	CSRA RC; City/county governments; Development Authorities
TOPIC: TARGETED SECTORS (BUSINESS SERVICES / INFORMATION TECHNOLOGY)			
Goal: Encourage the growth of business services and information technology.			
A.	Promote low business costs to recruiters.	Ongoing	Development Authorities
B.	Conduct thorough inventory of available office space.	Short-Range	City/county governments; Development Authorities
C.	Coordinate with technical and four-year colleges to respond to increase in business services and information technology employment.	Ongoing	Development Authorities
TOPIC: TARGETED SECTORS (TOURISM)			
Goal: Expand the region's tourism economy			
A.	Support tourism-oriented projects such as enhancements projects.	Long-Range	Chambers of Commerce; downtown development authorities
B.	Target funding to support the variety of arts programs and festivals which attract visitors.	Ongoing	City/county governments; chamber of commerce; downtown development authorities
TOPIC: TARGETED SECTORS (DOWNTOWN DEVELOPMENT)			
Goal: Develop downtown as a primary residential, tourist and retail destination.			
A.	Develop economical development-focused master plans as part of the comprehensive planning process.	Short-Range	CSRA RC; City/county governments; chamber of

Table A-1: Action Plan Work Program			
Activity		Implementation Timeline*	Responsible Party
			commerce; development authorities; downtown development authorities
B.	Explore Business Improvement Districts.	Short-Range	Downtown Development Authorities
C.	Locate future major tourist venues in or near downtown areas.	Long-Range	Chambers of commerce, downtown development authorities
D.	Market city and state funding programs to small businesses.	Ongoing	City/county governments; chambers of commerce, downtown development authorities
E.	Redevelop vacant properties with the use of grants and tax credits.	Ongoing	CSRA RC; City/county governments; chambers of commerce, downtown development authorities
F.	Expand existing downtown festivals and special events.	Ongoing	City/county governments; chambers of commerce, downtown development authorities
TOPIC: BUSINESS RETENTION AND EXPANSION			
Goal: Retain and expand existing businesses.			
A.	Focus business expansion and job retention programs on targeted sectors and industries.	Ongoing	Development Authorities; chambers of commerce
B.	Monitor trends, issues and opportunities involving key sectors and industries.	Ongoing	Development Authorities; chambers of commerce
C.	Assist with targeted sector and industry retention/expansion business plans.	Ongoing	Development Authorities; chambers of commerce
D.	Host regular meetings with major employers to discuss current operations and expansion plans.	Ongoing	Development Authorities; chambers of commerce
E.	Preserve Fort Gordon's operating environment	Ongoing	CSRA RC; City and County Governments
TOPIC: BUSINESS CLUSTERS			
Goal: Develop and nurture industry clusters for targeted sectors and industries.			
A.	Promote business assistance programs that support the cluster approach.	Ongoing	Development Authorities; chambers of commerce
B.	Develop small-scale incubator facilities where entrepreneurs can grow their businesses and receive specialized assistance during the early phases of their operations.	Ongoing	Development Authorities; chambers of commerce
C.	Refine the location and supportive requirements for each cluster.	Ongoing	Development Authorities; chambers of commerce
D.	Tap into the technical and professional training capabilities of area colleges in those areas supporting targeted sectors and industries	Ongoing	Development Authorities; chambers of commerce
TOPIC: INSTITUTIONAL CAPACITY			
Goal: Strengthen institutional capacity geared towards targeted sectors and industries.			
A.	Ensure that local policies, regulations, and decision-making processes consider impacts on economic planning efforts.	Ongoing	Development Authorities; chambers of commerce
B.	Conduct training sessions for public officials and staff on economic development to educate individuals regarding private sector perspectives of land development.	Ongoing	CSRA RC; Development Authorities; chambers of commerce
C.	Coordinate among economic development partners to efficiently and effectively address economic development issues and opportunities and minimize duplication of effort.	Ongoing	CSRA RC; Development Authorities; chambers of commerce
D.	Develop partnering relationships with other regions throughout the nation to build economic development coalitions.	Ongoing	Development Authorities; chambers of commerce

Table A-1: Action Plan Work Program			
Activity		Implementation Timeline*	Responsible Party
E.	Provide training for local development authority board members	Ongoing	CSRA RC; Development Authorities
TOPIC: EDUCATION AND WORKFORCE DEVELOPMENT			
Goal: Build upon the existing education and workforce training that focuses on targeted sectors and industries.			
A.	Support cooperative efforts to coordinate education and job training programs among the school boards, technical and four-year colleges, and state workforce programs.	Ongoing	Development Authorities; chambers of commerce
B.	Encourage linkages between area colleges and employers that feature quality employment opportunities to retain skilled graduates.	Ongoing	Development Authorities; chambers of commerce
C.	Conduct a survey of employers to determine what targeted sector and industry certification and programs they would support.	Ongoing	Development Authorities; chambers of commerce
D.	Work with area business schools to enhance entrepreneurial curriculum.	Ongoing	Development Authorities; chambers of commerce
TOPIC: LAND USE AND INFRASTRUCTURE			
Goal: Provide an adequate supply of commercial and industrial sites to support new and expanding firms wishing to locate or expand in the CSRA area.			
A.	Develop an infrastructure plan with a focus on the needs of sectors and industries in target clusters.	Short-Term	Development Authorities; downtown development authorities; chambers of commerce
B.	Participate in the capital improvement plan process.	Ongoing	Development Authorities; downtown development authorities; chambers of commerce
C.	Promote enhanced infrastructure to attract industry	Ongoing	CSRA RC; Development Authorities; downtown development authorities; chambers of commerce
D.	Educate community leaders on suitable infrastructure for job creation	Ongoing	CSRA RC; Development Authorities; downtown development authorities; chambers of commerce
E.	Apply for state and federal infrastructure grants – especially for broadband, water, and sewer projects.	Ongoing	CSRA RC; Development Authorities; downtown development authorities; chambers of commerce
F.	Support local revenue generating policies	Ongoing	CSRA RC; Development Authorities; downtown development authorities; chambers of commerce
G.	Encourage regional infrastructure sharing between counties	Ongoing	CSRA RC; Development Authorities; downtown development authorities; chambers of commerce
H.	Develop well-planned clustered employment centers in or near existing downtowns.	Ongoing	Development Authorities; downtown development authorities; chambers of commerce
I.	Prepare a market analysis of available infill sites.	Short-Term	CSRA RC; Development Authorities; downtown development authorities; chambers of commerce
J.	Target financial incentives to encourage the revitalization and utilization of historic and older commercial districts for redevelopment.	Ongoing	Development Authorities; downtown development authorities; chambers of commerce

Table A-1: Action Plan Work Program			
Activity		Implementation Timeline*	Responsible Party
K.	Designate the necessary acreage of vacant commercial land for a 20-year planning period.	Ongoing	Development Authorities; downtown development authorities; chambers of commerce
L.	Update inventories of commercial lands and properties.	Ongoing	CSRA RC; Development Authorities; downtown development authorities; chambers of commerce
M.	Increase the number and quality of affordable housing units	Ongoing	CSRA RC; Cities and Counties
N.	Support the construction and expansion of major roadways projects in the region.	Ongoing	CSRA RC; Cities and Counties
O.	Support regional transportation funding	Ongoing	CSRA RC; Cities and Counties
P.	Expand the region's airports.	Ongoing	CSRA RC; Cities and Counties
TOPIC: MARKETING AND PROMOTION			
Goal: Market and promote target sectors and industries.			
A.	Enhance marketing capabilities of CSRA counties.	Ongoing	Development Authorities; downtown development authorities; chambers of commerce
B.	Market the CSRA's available labor force as an economic development advantage for new and expanding businesses.	Ongoing	Development Authorities; downtown development authorities; chambers of commerce
C.	Centralize website information on development statistics, demographics, local trends, employment statistics, and other data meaningful to developers and site locators.	Ongoing	CSRA RC; Development Authorities; downtown development authorities; chambers of commerce
D.	Communicate regularly with key stakeholders and the general public regarding economic development issues, progress and impact.	Ongoing	Development Authorities; downtown development authorities; chambers of commerce
E.	Educate local companies about financial and business development resources	Ongoing	Development Authorities; downtown development authorities; chambers of commerce

* Short-Range (5 year period) Long-Range (10 year period)

5.10 STRATEGIC PROJECTS

1. Rural Broadband Infrastructure

There is a lack of broadband availability and subscription rates throughout the rural CSRA, resulting in communities struggling to recruit new internet-dependent industries. In March, 2010, the CSRA Unified Development Authority created a non-profit entity, Fibernet, for the sole purpose of developing a regional middle mile network to increase broadband access to rural CSRA areas. Fibernet applied for federal ARRA funding through the Department of Commerce's BTOP program, but did not receive funding. The EDD is committed to working with local communities and diverse funding sources to implement this crucial project. It is the most critical economic development priority in the CSRA.

2. Regional Parks

The development of one to two regional parks is paramount to maximizing resources and promoting the CSRA area. A large tract of land has been identified and preliminary discussions have begun among UDA members. Additionally, the support and development of a mega-site industrial park is a regional priority. The EDD will work with individual counties, cities, the UDA to coordinate the development of these crucial regional parks as well as smaller multi-county endeavors.

3. Development of New Exit off 1-20

A new exit west of the City of Thompson presents an opportunity for new development in McDuffie County. Land is readily available at this site, but water and sewer are needed. The development of this exit will create another access point to McDuffie County as well as the area surrounding Clarks Hill Lake.

4. Brownfield Redevelopment

Abandoned Brownfield sites once provided economic vitality and jobs to communities and are now avoided by new industry, developers and lenders. Productively reusing Brownfield sites prevents sprawl, encourages revitalization and creates new jobs for the region. Cleaning up, reinvesting in and redeveloping these properties shifts development pressures away from undeveloped land and links economic vitality and jobs with environmental protection. The EDD will work with local governments to identify and seek out funding for potential redevelopment projects. This will include increasing the number of Brownfield Assessment and Cleanup projects and creating a regional revolving loan fund.

5. Maintain and create adequate roadway, water and sewer infrastructure throughout the region

One of the challenges of the region is keeping infrastructure current and maintaining the capacity needed for new businesses. The EDD supports infrastructure improvement projects throughout the region and considers each project essential to creating and retaining jobs. Particularly important are the CSRA's water and sewer projects and widening GA 17 from I-16 and I-85 in order to better serve companies that use the Port of Savannah.

6. Promote High Tech / Biotech Industry Clusters

Thousands of highly-skilled, signal-trained, soldiers end their military service at Ft. Gordon and leave the area in order to find work. National Science Center Foundation and Global Emergency Resources are hoping to draw from that resource by developing a high tech, science-oriented park adjacent to Fort Gordon. Additionally, the Georgia Medical Center Authority is developing and incubator for biotech and life science industries. The EDD considers both projects essential to the future economic health of the region. Additionally, the EDD will facilitate technology transfer from the Georgia Health Sciences University and the Georgia Medical Center Authority.

3.0 INTRODUCTION

The CSRA has lost a significant number of manufacturing jobs in the past decade. Nearly 13,500 manufacturing jobs have been lost since 1990. Many area manufacturers have cited decreasing demand for their goods as the reason for closing their operations. Others have consolidated operations with other plants to save on operating costs. In order to fully understand the plant closures and declining manufacturing jobs in their proper context, however, we need to examine sector trends at the national and global levels.

3.1 THE DECLINE OF MANUFACTURING EMPLOYMENT

The manufacturing sector of the U.S. economy has experienced gradual decline since the 1950s, and substantial job losses since 2000. During the recession of 2001 and its immediate aftermath, employment in the manufacturing sector fell by about 2.9 million jobs, or 17%¹. Even after overall employment began to improve in 2004, the decline in manufacturing employment persisted. By the end of 2007, with the slowing of economic growth, employment in the sector had edged down further, by half a million jobs. As of November 2008, employment in manufacturing had fallen yet again, by slightly more than 600,000 jobs².

The decline in manufacturing is a growing national issue, affecting all U.S. regions. Beyond the severe recession of 2001, overseas competition and improvements in productivity have accelerated manufacturing job losses. Estimates vary but approximately 300,000 jobs are lost each year due to globalization and the relocation of American manufacturing to international locations³.

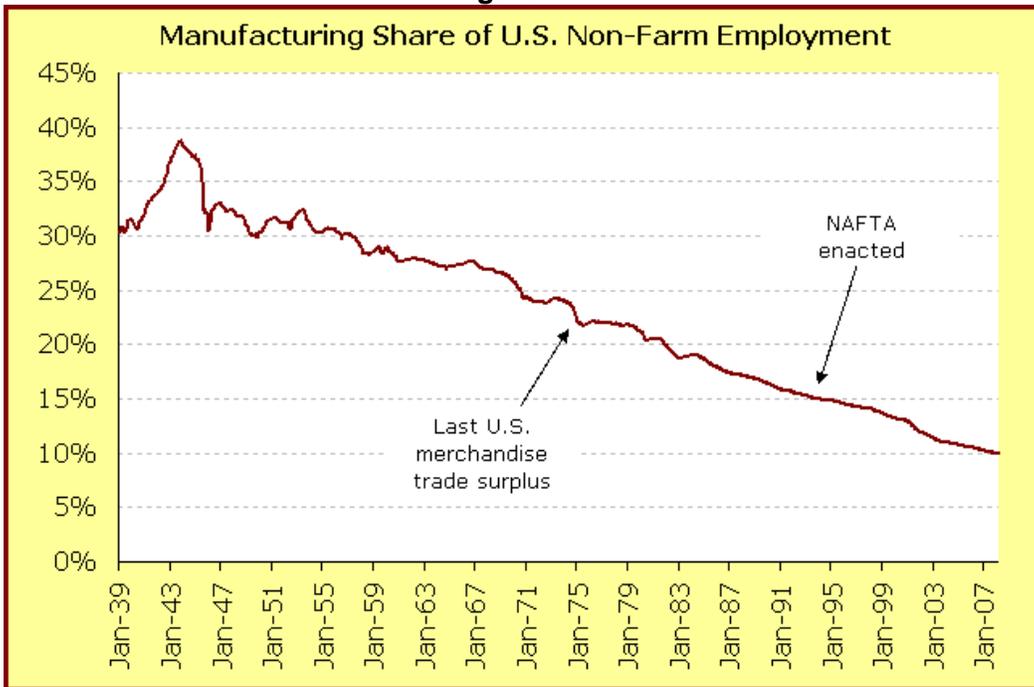
The U.S. continues to produce the largest share of world manufacturing output despite the fact that manufacturing employment as a share of overall employment has fallen steadily since the 1940s. Figure A-1 shows that manufacturing's share of employment peaked at 39% during the 1940s, and in February 2008, dipped below 10% for the first time in modern history.

¹ Congressional Budget Office, **Factors Underlining the Decline in Manufacturing Employment Since 2000**. Economic and Budget Issue Brief, December 23, 2008.

² Ibid,

³ American Institute for Economic Research, **The Decline of Manufacturing?**, April 24, 2008
<http://www.aier.org/research/briefs/206-the-decline-of-manufacturing>

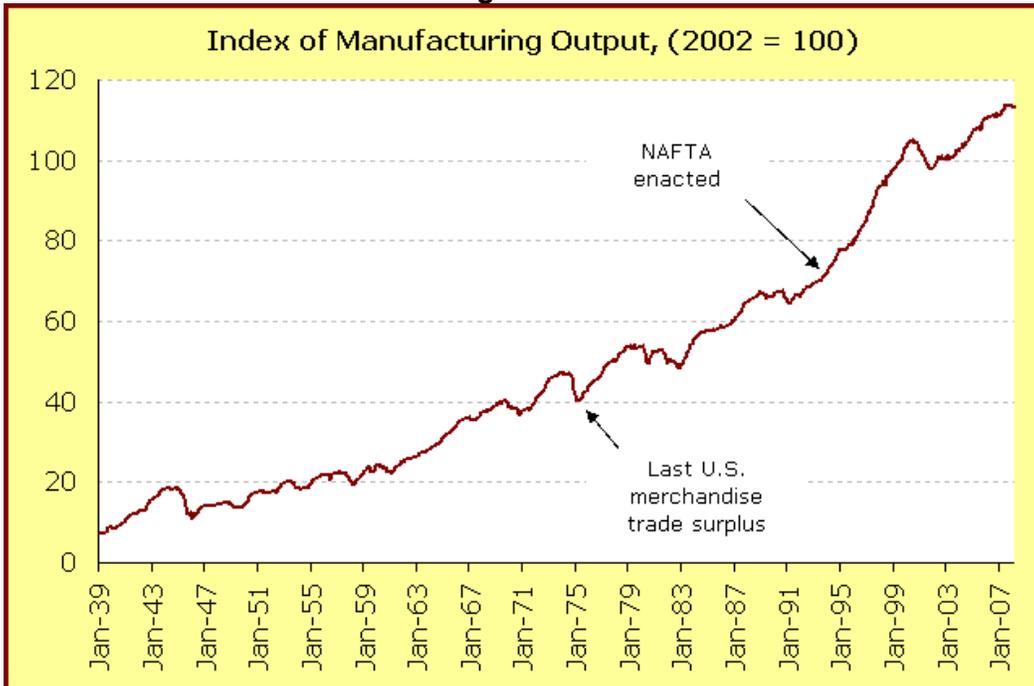
Figure A-1



Source: <http://www.aier.org/research/briefs/206-the-decline-of-manufacturing>

Figure A-2 shows that real manufacturing output has increased in lockstep with the decline in employment. During this time of manufacturing’s job decline, real per-capita income has increased four-fold. Both this escalation of living standards and the hollowing out of manufacturing employment began long before both the U.S. ran a trade surplus in 1975.

Figure A-2



Source: <http://www.aier.org/research/briefs/206-the-decline-of-manufacturing>

The decline of manufacturing employment is happening not only in the U.S. but across Western economies. A recent Organization for Economic Co-Operation and Development (OECD) report⁴ examines this trend, and possible causes. The study confirms that the share of the manufacturing sector in total economic activity continues to decline in OECD countries, and expects it is likely to do so in the future. It found that manufacturing production has become more and more integrated at the global level and that the distinction between high-technology and low-technology sectors is becoming less relevant, as certain components of high-technology production can also be carried out in non-OECD countries.

3.2 CAUSES OF MANUFACTURING JOB LOSSES

There are five broad causes – with corresponding trends - that have collectively contributed to the decline of manufacturing employment in the United States.

1) The Recession of 2001

Much of the decline in manufacturing employment since 2000 reflects the recession that began in 2001 and the relatively weak recovery in demand that followed. The recession was particularly hard on the manufacturing sector, as the demand for goods weakened in both the United States and the rest of the world. Those cyclical losses in manufacturing employment have persisted ever since.

The loss of jobs and slow recovery of the 2001 recession has been significantly worse than in a typical recession. The extent of the job losses was comparable to that during the more severe back-to-back recessions in 1980 and in 1981 and 1982. Since 2000, more than half of the losses have occurred in five industries: those producing computer and electronic products, transportation equipment, machinery, fabricated metals, and apparel. But in all 21 industries that constitute the manufacturing sector, employment has declined, and 17 of the 21 have seen losses exceeding 10% (Figure A-3).⁵

Between early 2004 and 2007, many industries continued to record job losses, albeit at a slower pace than was seen earlier in the decade. The decline since mid-2006 can be attributed largely to a weakened demand for housing - and for the durable goods (such as wood products and furniture) associated with that industry - and to ongoing restructuring in the auto industry.

Manufacturing workers were much more likely than other workers to have been displaced, and those who lost their jobs were both more likely than their counterparts from other industries to have remained jobless and more likely to have experienced significant losses of earnings even if they were reemployed (Figure A-4). The reemployment rate for displaced manufacturing workers (which includes reemployment in nonmanufacturing jobs) appears to have deteriorated significantly since 2000 - more so than for other displaced workers - and the incidence of earnings losses for those who were reemployed has also risen noticeably.

⁴ The Changing Nature of Manufacturing in OECD Economies (STI Working Paper 2006/9)

⁵ CBO (2008)

Figure A-3

	Change in Employment (Thousands of jobs)			Change in Employment (Percent)
	2000–2004 ^a	2004–2007 ^b	2007–2008 ^c	2000–2008 ^d
Manufacturing Sector				
Production workers	-2,314	-82	-304	-21.9
Nonproduction Workers	-599	-416	-60	-22.1
Total, manufacturing sector	-2,913	-498	-364	-22.0
Industry Classification				
Durable Goods	-2,002	-114	-269	-21.9
Wood products	-55	-33	-42	-21.7
Nonmetallic mineral products	-55	1	-25	-14.2
Primary metals	-151	-12	-8	-27.9
Fabricated metal products	-284	87	-35	-13.2
Machinery	-323	56	2	-18.2
Computer and electronic products	-541	-62	-12	-33.0
Electrical equipment and appliances	-141	-21	-6	-28.6
Transportation equipment	-263	-73	-96	-21.3
Motor vehicles and parts	-176	-146	-97	-32.4
Furniture and related products	-109	-47	-38	-28.3
Miscellaneous manufacturing	-81	-10	-10	-13.8
Nondurable Goods	-911	-384	-95	-22.0
Food manufacturing	-51	-18	-7	-4.9
Beverages and tobacco products	-15	0	-2	-8.0
Textile mills	-130	-77	-15	-59.6
Textile product mills	-44	-27	-8	-34.9
Apparel	-178	-80	-11	-58.0
Leather and allied products	-23	-9	1	-47.2
Paper and paper products	-101	-40	-7	-24.6
Printing and related support activities	-136	-46	-24	-25.6
Petroleum and coal products	-9	-1	2	-6.1
Chemicals	-87	-29	-6	-12.5
Plastics and rubber products	-138	-58	-19	-22.9
Memorandum:				
Private Employment (Excluding Manufacturing)	355	7,249	-548	7.5

Source: Department of Labor, Bureau of Labor Statistics.

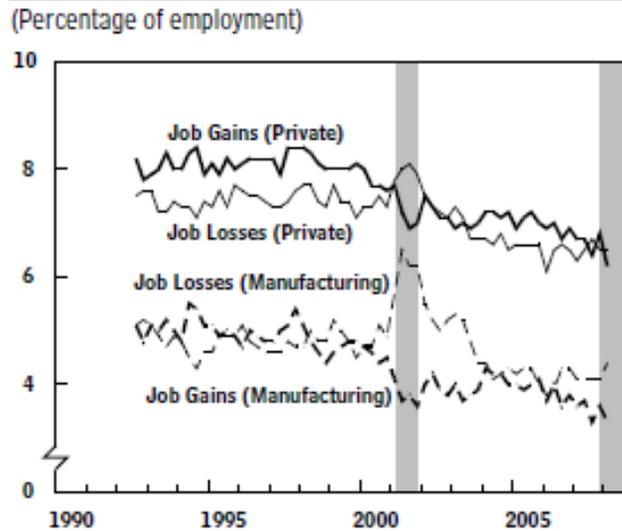
Note: The manufacturing sector comprises 21 subsectors, as identified by the North American Industry Classification System.

- From the fourth quarter of 2000 through the first quarter of 2004.
- From the first quarter of 2004 through the fourth quarter of 2007.
- From the fourth quarter of 2007 through the third quarter of 2008.
- From the fourth quarter of 2000 through the third quarter of 2008.

Source: <http://www.cbo.gov/ftpdocs/97xx/doc9749/12-23-Manufacturing.pdf>

This recession has caused fewer temporary layoffs and more permanent layoffs than is usually the case. This recession and recovery have thus far been accompanied by greater than usual structural shifts in employment across different industries.

Figure A-4
Job Creation and Destruction



Source: Congressional Budget Office based on data from Department of Labor, Bureau of Labor Statistics.

Notes: Data are quarterly and plotted through the first quarter of 2008. The vertical bars indicate periods of recession, as determined by the National Bureau of Economic Research.

Job creation refers to the net increase in jobs at establishments that opened or expanded over the course of a quarter, while job destruction refers to the net decrease in employment at establishments that closed or contracted during a given quarter.

The manufacturing sector comprises 21 subsectors, as identified by the North American Industry Classification System.

Source: <http://www.cbo.gov/ftpdocs/97xx/doc9749/12-23-Manufacturing.pdf>

2) Manufacturing Productivity

Over recent decades, U.S. manufacturers have continually invested in better capital goods and manufacturing techniques in order to remain competitive in world markets. There has been a remarkable increase in American productivity due to technology, capital investment, and entrepreneurialism. Those changes have enabled manufacturers to raise their output and keep pace with overall economic growth without a corresponding increase in the number of workers that they employ. Since 1979, the productivity (output per hour) of manufacturing workers has grown at an average annual rate of 3.3%, significantly faster than the 2% growth of labor productivity in the nonfarm business sector overall⁶. The gains in manufacturing productivity have continued recently, even through the downturn in 2001. Since the peak of the last business cycle in March 2001, labor productivity in manufacturing has risen at an average annual rate of 5.5%, faster than its average annual rate of growth during previous postwar recessions and the early part of the ensuing recoveries.

⁶ Ibid,

Improvements in productivity are economically beneficial, as they permit greater profits, higher real wages, and lower prices. But while the prices of manufactured goods have indeed fallen consistently relative to other prices, those lower prices have not led to increased sales: the share of gross domestic product (GDP) accounted for by manufacturing output has been roughly constant over the past half-century. Strong growth in productivity and a slower rate of growth in the demand for manufactured goods have necessarily entailed a decline in manufacturing's share of total employment. Today's manufacturing worker produces nearly 400% more output per hour than their counterpart 50 years ago, and manufacturing output has grown faster than overall output since then⁷.

Both in the short term (since 2000) and over the longer run (since about 1950), the rapid growth of productivity in manufacturing has accounted for a substantial fraction of the decline in manufacturing employment and hours, a factor that appears to be common to all industries in the sector. From 1973 to 1995, the average annual increase in productivity in manufacturing was 2.7%. During the late 1990s, productivity growth in the overall nonfarm business sector and in manufacturing accelerated the latter averaging 4.1% annually over the 1995–2007 periods.

3) CHANGING CONSUMPTION PATTERNS

Over the long term, productivity in manufacturing has increased at a consistently strong pace, so sales would have needed to expand even faster for employment to show any gains. But the growth in demand for manufactured goods has not kept pace with the growth in productivity, as consumers continue to devote more of their spending to services instead of goods.

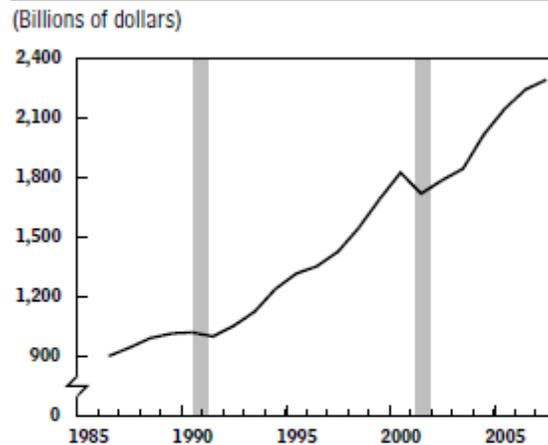
The share of consumer spending devoted to manufactured goods has declined over time both in the United States and in other industrialized nations, even through the domestic demand for manufactured goods has increased in absolute terms (Figure A-5). As consumers' income has risen, they have increased their purchases of goods but boosted their spending on services even more. In 2000, 42% of U.S. consumer spending was devoted to goods, down from 53% in 1979 and 67% in 1950. Likely factors contributing to that shift are an increase in the value of time resulting from rising real (inflation-adjusted) wages and married women's increased participation in the labor force, which has led households to substitute some purchased services for tasks formerly performed in the home.

This changing consumption can be seen in the decline of certain sectors. For example, the mass layoffs at Kodak in 2004 were caused by the growth in digital photography and home printing sectors, which decreased the demand for film processing – a core Kodak business.

⁷ Ibid,

Figure A-5

Domestic Demand for Manufactured Goods



Source: Congressional Budget Office based on data from Department of Labor, Bureau of Labor Statistics and Department of Commerce, Census Bureau.

Notes: Data are annual and plotted through 2007. The vertical bars indicate periods of recession, as determined by the National Bureau of Economic Research.

Domestic demand is the sum of "value added" (the value of manufactured output minus material inputs) plus imports minus exports.

Source: <http://www.cbo.gov/ftpdocs/97xx/doc9749/12-23-Manufacturing.pdf>

4) COMPETITION FROM FOREIGN PRODUCERS

A portion of the long-term decline in employment in some manufacturing industries can be linked to the expansion of trade (about one-fourth due to trade according to one estimate)⁸. The U.S. trade problems in manufacturing are caused primarily by longer-run shifts in comparative advantage that favor lower-cost overseas production.

The gains from trade arise as nations specialize in the goods and services that they can produce efficiently relative to other countries. Thus, the expansion of trade necessarily involves changes in the mix of products. The United States has specialized in products requiring a highly skilled labor force even as lesser jobs have shifted to countries where labor is less skilled. In the apparel sector, for example, the number of jobs in the United States has declined from over 900,000 in 1990 to less than 300,000 today⁹.

In recent years, the amount of competition from manufactured imports - especially from emerging economies - has increased considerably. The increase is attributable not only to the low wages typically earned by workers in emerging economies but also to the rapid growth in productivity overseas. Although exports of manufactured goods from the United States rose by \$334 billion (58%) between 1999 and 2007, imports grew by \$692 billion (78%) - doubling the nominal trade

⁸ AIER (2008)

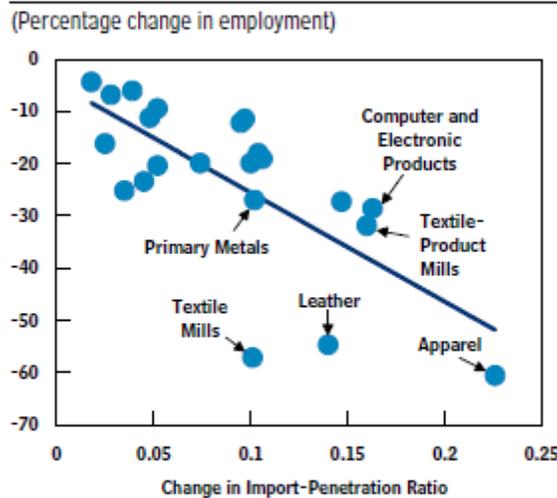
⁹ Ibid,

deficit during that period. To the extent that those imports substitute for goods produced domestically, both manufacturing output and employment in the United States are lower than they otherwise would have been.

The effect of trade on employment in manufacturing is highlighted by examining employment patterns in each industry within the sector. Increases in imports are associated with reductions in employment in competing domestic industries, while both increased exports and a growing demand for domestic goods tend to increase employment. Although many factors other than trade affect manufacturing employment, in recent years, the pattern of decline in employment across industries has been correlated with the rate of increase of import penetration—the ratio of imports to domestic demand—in those industries’ markets (Figure A-6). Conversely, downturns in employment have been smaller than average in several industries that are responsible for a significant share of the increase in U.S. manufacturing exports, including chemicals, machinery, and transportation equipment.

Figure A-6

Changes in the Import-Penetration Ratio and Employment, by Manufacturing Subsector, 1999 to 2007



Source: Congressional Budget Office based on data from Department of Labor, Bureau of Labor Statistics, and Department of Commerce, Census Bureau.

Notes: The manufacturing sector comprises 21 subsectors, as identified by the North American Industry Classification System. Key subsectors are highlighted here.

The import-penetration ratio is the ratio of imports to domestic demand.

Source: <http://www.cbo.gov/ftpdocs/97xx/doc9749/12-23-Manufacturing.pdf>

The apparel and textile industries – industries that were major employers in the CSRA - constitute the clearest case in which declines in employment appear to be associated with the growth of imports. The import penetration ratio in apparel, which was 50% in 1999, grew to 66% in 2003 and to

73% in 2007¹⁰. For manufacturing as a whole, the ratio rose from 21% in 1999 to 24% in 2003 and to 28% in 2007. The import-penetration ratio in textiles, although not especially high, is also rising rapidly. Moreover, domestic demand for textiles is down because of the contraction of the U.S. apparel industry.

Among those industries in the manufacturing sector that produce nondurable goods, the apparel and textile industries together account for more than 40% of the employment reductions that have occurred since 2000. In fact, employment in those industries has been trending strongly downward since the mid-1970s, and the rate of decline accelerated sharply during the mid-1990s. That decline has persisted and shows no sign of slowing. In the third quarter of 2008, the apparel industry employed 195,000 people, down from 464,000 at the end of 2000. Over the same period, employment in textile mills fell from 371,000 to 150,000, and in textile-product mills it declined from 227,000 to 148,000.

Another industry that has experienced weak employment growth that may be related to the growth of imports, especially since 2003, is that devoted to the forging, smelting, or refining of primary metals (such as iron and steel, aluminum, and copper). That industry experienced above-average losses in employment during the recession of 2001 and its immediate aftermath. Those losses were similar in magnitude to losses experienced in previous recessions and reflected generally weak demand for steel and other primary metals; imports were flat during that period. But between 2003 and 2007, the import-penetration ratio in primary metals jumped from 22% to 31%, and employment declined by an additional 3%. Had the rapid growth in imports not taken place, that industry probably would have seen a partial rebound in employment similar to that observed in other sectors, such as fabricated metal products and machinery, that are highly sensitive to cyclical fluctuations.

5) CHANGES IN THE STRUCTURE OF MANUFACTURING

Finally, manufacturing employers increasingly have met short-term fluctuations in demand not by adding permanent staff but by hiring temporary workers through agencies and by contracting with outside firms to provide certain non-core support functions - for example, cafeteria, janitorial, and payroll-processing services - which traditionally had been performed in-house and therefore had been counted as manufacturing jobs.

Although those structural shifts probably have little if any effect on manufacturing output, they do reduce the measured level of employment in manufacturing. The expansion of temporary employment accounted for between 0.5 million and 1 million of the 2.2 million reduction in manufacturing jobs between 1979 and 2000¹¹.

¹⁰ CBO (2008)

¹¹ Ibid,