



HOW EDDS CAN UTILIZE THE CEDS TO INCREASE REGIONAL COMPETITIVENESS THROUGH BUSINESS LOCATION DECISIONS

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Economic Development Districts (EDDs) serve a vital role across the United States to plan, encourage, and implement growth strategies designed to increase the well-being and prosperity of their communities and their regions. Many EDDs are key local partners in community development and economic development efforts. They also have a long history of adding value to local and regional efforts to attract new investment into their communities—whether from the infusion of state and federal funding awards or the attraction of new private investment.

The impact of their effort is often charted through the development of the Comprehensive Economic Development Strategy (CEDS), which identifies priorities, objectives, and strategies to address local and regional needs and priorities. A regional CEDS is a powerful tool to bring partners together to coalesce around key initiatives and has proven its value to attract public investment into regions.

But how can the CEDS be better leveraged to attract new private investment into America's regions? More specifically, how can the CEDS be used to support and encourage new business attraction and business growth opportunities? This brief will help the reader better understand what influences business location decisions and how to increase a region's business growth and attraction competitiveness.

WHAT DRIVES BUSINESS LOCATION DECISIONS?

Location decisions are far more than a real estate solution or a glossy incentive package. In today's rapidly changing, highly competitive, and increasingly complex business environment, companies must constantly explore effective ways to leverage resources. Business leaders who see location and the ability to strategically configure their facility network as a competitive advantage can significantly impact the short- and long-term success of their business. Location decisions also affect the ability to recruit and retain the right talent, improve delivery times to customers and from key suppliers, manage risk due to natural disasters, and even create synergies with industry partners. Location evaluation factors vary among companies and industry

sectors. For instance, a water bottling plant may find it difficult to sustain and grow a production facility in an arid region, or a high-tech manufacturing enterprise with high energy demands may prioritize the cost of utilities to be paramount to their location decision.

Other examples of input factors for location decisions may include:

- Cost of real estate
- Development costs
- Construction costs
- Energy availability
- Energy costs
- Transportation costs
- Insurance costs
- Raw materials
- Proximity to vendors
- Proximity to customers
- Labor availability
- Labor capability
- Labor costs
- Tax burden
- Operational costs
- Community support
- Community acceptance
- Quality of place
- Incentives

During the site evaluation and selection process, decision makers will prioritize and weigh the factors that are most important to them so they can evaluate each location through a financial impact model. Financial models are often proprietary and held in confidence by site selection consultants, but many are customized to meet the specific needs of a company or project. In recent years the availability and cost of labor is often a priority concern. Capital costs for site development and operational costs that include utilities, transportation, and tax burden are common priority measures. Companies will often use site selection consultants to collect this critical data from state, regional, and local economic development organizations.

HOW EDDS AND THE CEDS CAN INFLUENCE LOCATION DECISIONS TO BENEFIT THE REGION

Collecting and analyzing intelligence and promoting infrastructure are two important ways for Economic Development Districts to support business growth and impact attraction decisions. Both of these activities are areas of expertise for most EDDs, making their inclusion in the CEDS and other regional strategies a natural fit.



Intelligence

EDDs should be an information resource for local and regional economic development teams that support and encourage business growth and attraction in their regions. Many EDDs often serve a broader region than local economic development organizations and should coordinate efforts with all economic development teams within the region. EDDs are in a unique position to view and query information on a regional level to support economic development efforts because economies and labor sheds are regional.

EDDs should use their CEDS to capture and document key datasets that are vital to economic development efforts. These datasets become intelligence used by decision makers to guide location decisions. EDDs should be an integral part of the site selection process to present regional intelligence, represent the region's development plans, and to stay abreast of factors that influence location decisions and can impact development trends.

A key data element that EDDs can provide is labor analytics. Knowing the availability, capability, and affordability of labor in the region is highly sought-after information. In today's post-pandemic environment, the constraints of the labor pool are newspaper headlines material. However, labor challenges were emerging prior to 2020, according to economist Dr. Chris Kuehl, Managing Director of [Armada Corporate Intelligence](#), who wrote in July 2021:

"The number of people in the workforce is now at the lowest point seen since the 1970s. The current level of workforce participation is at 61.6% and while that is up from the 60.2% that was registered in April 2020 it is a far cry from 66.6% in 2001. Even in the depths of the 2008 recession the rate was between 64.5% and 66.1%. The decline in workforce participation has been steep and consistent through the last two decades. There are a variety of reasons for the rate to decline – the most important has been the fact that Boomers are retiring at a rate of almost 10,000 per day. That is over 3.5 million experienced and educated workers leaving the workforce every year. Many jobs available require skills, education, and experience that the majority of potential applicants lack. Jobs in construction and manufacturing sectors have become highly technological and advanced. There has been more adoption of technology, automation, and robotics in manufacturing than in any other sector other than the medical community."

Communities, especially rural ones, must embrace the technology evolution and develop talent pipelines capable of meeting this need. The CEDS is an ideal instrument to develop and implement programs that can support the new workforce. It was once assumed that anybody with a willingness to work would be able to land a job at a factory or construction project and subsequently learn on the job. Those days are largely over as businesses now need people with the appropriate skills and background before they can start to train them. These sectors need a pipeline. Meeting the needs of the industrial community

will require extensive cooperation between employers and educational establishments (from primary through secondary to university and trade school). This presents a perfect role for EDDs to embrace and to guide the development of their region's future workforce.

Other examples of critical intelligence that EDDs are well-positioned to contribute to business location decision models can include:

- **Local and regional development constraints such as flood hazard areas, wetlands, karst topography, sensitive habitats, protected shorelines, and impacted or endangered and protected species.** These constraints are critical pieces of intelligence for business location decisions and their early identification can expose potential fatal flaws and save businesses lost time and money.
- **Knowledge of land use plans, zoning regulations, and development opportunities.** EDDs often have expertise in these areas because many are helping their regions identify and implement land utilization strategies to create sustainable communities.
- **Familiarity with local, regional, state, and federal resources to help advance workforce housing initiatives.** Housing opportunities for a growing workforce is a factor that can influence the availability of qualified workers for new business expansion opportunities. EDDs can speak with a deep understanding of a region's housing composition and provide the latest data and trends.
- **Livability standards and quality of place.** These attributes have taken on additional importance in a tight labor market where intangibles like livable communities, work-life balance, and community amenities may make the difference in the confidence of a business to attract the talent needed to find success in your community. EDDs work tirelessly with their local partners to create and improve these community attributes and should be at the table showcasing their efforts to create quality communities where residents and businesses can prosper.
- **Utility capacity, diversity, reliability, availability, and affordability.** These are often key financial inputs into a local decision model. EDDs routinely work with their utility partners and can be a key resource for businesses wanting to gain a deeper understanding of the utilities available to support their enterprise.

While those proficient in gathering and correctly interpreting applicable data points can significantly narrow a search area with a "desktop review," there will come a point when more is needed. Engaging strategic partners, such as EDDs, to provide actionable intelligence from key datasets allows the site selection team to learn the story behind the data, address or validate areas of concern, and potentially identify creative solutions to challenges. The rising level of national, state, and local competition for job-creating projects is not only evidenced by growing incentive offerings, but also in the increasing



sophistication of economic development organizations. An EDD's resources, contacts, influence, and information can expedite the site selection process and lead to greater results.

Infrastructure

The availability, reliability, and affordability of public infrastructure is often a heavily weighted factor in the site evaluation process. The quality and availability of water and sewer utilities, access to materials and markets through all modes of transportation, and energy availability, reliability, and affordability are elements that will drive or deter private investment in communities.

Economic Development Districts have a long history of working with local communities and partners to build out infrastructure to support their communities and economies. Many EDDs serve as strategic partners to their respective Departments of Transportation, identifying and planning transportation systems designed to increase access to new markets and opportunities. EDDs can play a key role in impacting business location decisions by driving investment in priority transportation projects to support business growth and expansion.

EDDs are also well known for their ability to secure funding for the planning and construction of vital public services, such as water, sewer, and high-speed broadband. Public water and wastewater systems often shape how communities and regions grow. Water and wastewater availability and affordability are large input factors in businesses location decisions. The availability and reliability, or lack thereof, of water and wastewater systems can impact a community's ability to grow. In addition, broadband and fiber technology availability is becoming commonplace in location evaluation. As electrification of rural communities enabled rural communities to grow in the twentieth century, so too will the availability of high-speed broadband in the years ahead. EDDs should continue to inventory, plan, and secure funding for these essential utilities and services in their communities.

Energy costs are often a significant input into the location decision financial model and EDDs should exercise their voice regarding the future of energy composition and how it impacts communities and future growth and development. Cost is not the only energy consideration these days; the emphasis on renewable energy and green energy has a large impact on communities and businesses. EDDs are often a key partner assisting with the efforts to transition from fossil fuel energy production facilities to renewable sources, identifying locations for renewable energy, and building out infrastructure to support alternative fuels and vehicles. Creating the space for conversation on how to shape

the region's energy profile is a key role for Economic Development Districts that will provide critical support for growing communities and economies.

INCENTIVES & FUNDING

Any discussion of economic development would be incomplete without some mention of incentives and the role they play in the business attraction and site selection process. Like everything else considered in the site selection input model, incentives should have a proper weighting of their importance. Incentives are attractive, and it is helpful to have a chest of incentive tools, but no incentive can make a bad location good. A well-structured incentive program can make a good location even more attractive and sustainable but is not enough to make up for a location that doesn't deliver what the business is looking for.

Economic Development Districts can play an important role in business location decisions because they can use the knowledge of their region (supported by data) and their understanding of the development potential of their region (supported by the CEDS) to help businesses use their location to gain a competitive advantage. They can also leverage the increase in employment and injection of private investments to attract additional funding to invest in critical infrastructure to support ongoing development efforts.

CONCLUSION

In summary, here are a few keys ideas for how EDDs can use their CEDS process to increase the competitiveness of their region and win site selection projects:

- Be the author, keeper, and maintainer of critical intelligence that will support economic development efforts and location decisions
- Inventory industry clusters, key resources, transportation assets, and utility infrastructure to demonstrate regional capacity
- Monitor the evolution and development of the region's workforce to align with industry needs and expectations through ongoing labor analysis

Remember, the CEDS should be more than just a planning document. Among other things, it can be a call to action that will support business location decisions to create opportunities and prosperity for the region. By leveraging its expertise, resources, and partnerships, EDDs are well-positioned to support in this ongoing process.



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