HRA Workshop

Economic Development Strategy 2016-2018

Department of Planning and Economic Development

April 20, 2016

SAINT PAUL

The Most Livable City in America

Agenda

- Impetus
- Process
- Context and background
- Internal and external input
- Goals and principles
- Primary strategies
- Facilitated discussion

What is Economic Development?

- The main goal of economic development is improving the economic well-being of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life
- City policies can be created to meet broad economic goals (employment, tax base, etc.)
- Policies and programs that create a climate for growth and investment (roads, technology, utilities)
- Policies and programs directed at improving the business climate (financing, marketing, BRE, etc.)

Department of Planning and Economic Development

Planning

- Comp Plan
- Neighborhood Planning
- Transportation Planning
- Zoning

Housing

- Home loan fund
- Multifamily housing
- Inspiring communities
- Low Income tax credits

Economic Development

- Development
- Business financing tools
- Commercial vitality, 8-80
- STAR
- Parking ramps/lots
- TIF & revenue bond programs
- Small, women, MBE assistance

Why plan, why now?

- Previous economic development plan was about aligning external partners and focused on 2007-2009
- Opportunity to build on significant accomplishments, keep momentum continuing (CHS, LRT, downtown)
- Recognize substantial ingredients for economic development are beyond scope of PED – global economy, emerging technologies and industries, City-building activities that create a climate attractive to people and businesses
- Meant to guide Economic Development team within PED, recognizing planning, housing and outside partners all contribute to economic development success
- Tool to help PED's Economic Development team prioritize limited resources

Process

- Interviews and focus groups with 50+ stakeholders including Business Review Council, BOMA, brokers, economic development partners, CDCs, employers
- Interviews with City Councilmembers
- Survey of all PED staff
- Cross-discipline PED staff team guided planning

Context and Background

- National and global trends like shift to urban core by millenials, rise of local food movement creating demand for local production and restaurants, changing types of jobs being created
- Regional trends like aging of the workforce and demand for strategies and solutions to address racial disparities

MSP Regional Indicators Dashboard

EDUCATION

		Rank	Trend
Students achieving reading standards (This data is for 14-county area) – 3rd grade	57.8%		Same
Students achieving reading standards (This data is for 14-county area) – 10th grade	61.9%		Same
Students achieving math standards (This data is for 14-county area) – 8th grade	62.0%		Better
Students achieving math standards (This data is for 14-county area) – 11th grade	52.0%		
3-year graduation rate at 2-year institutions (This data is for Minnesota)	55.4%	1	Better
6-year graduation rate at 4-year institutions (This data is for Minnesota)	62.0%	6	Better

TALENT PIPELINE

		Rank	Trend
Percent of high school students graduating on time (white) (This data is for 14-county area)	81.1%		Better
Percent of high school students graduating on time (of color) (This data is for 14-county area)	68.0%		Better

ECONOMY

		Rank	Trend
Gross regional product per capita	$65,852	6	Same
Value of exports	$23.7B	5	Better
Employment gap white-of color (aged 16-64 yrs)	13.0 percentage points	12	Better
Percent of females aged 16-64 yrs working	74.6%	1	Same

JOB QUALITY

		Rank	Trend
Percent of jobs that are family sustaining[1]	66.6%	6	Better
Yearly percent change in jobs	1.8%	9	Same

INFRASTRUCTURE

		Rank	Trend
Percent of population that has access to advertised broadband speeds of 1GB or higher	5.3%	6	—
Number of direct routes out of MSP airport	133	5	Better
Percent of highway miles rated in good condition (This data is for 8-county area)	65.0%	—	Same
Percent of bridges structurally deficient or functionally obsolete (This data is for Minnesota)	12.3%	1	Worse
Roads congested during peak travel times	35.0%	2	Same

JOB ACCESS

		Rank	Trend
Average number of jobs reachable within 30 minutes by public transit or walking	17,651	7	—
Percent of population with commutes less than 30 minutes	64.8%	1	Worse

BUSINESS VITALITY

		Rank	Trend
Average weekly wage	$1,044	5	Better
Establishments surviving 5 years or more (This data is for Minnesota)	54.8%	4	Better
Patents issued per 1,000 workers	1.92	5	Better
Loans under $1M to businesses from lending institutions (This data is for Minnesota)	$3.8B	9	Better

INNOVATION CAPITAL

		Rank	Trend
Annual amount of venture capital (This data is for Minnesota)	$368M	10	Better
STTR/SBIR federal dollars[2]	$30M	6	Worse

ENVIRONMENT

		Rank	Trend
Per capita water usage	127 gal/day	4	Same
Number of days that air quality was "unhealthy for sensitive groups"	2 days/year	2	Better
Energy related carbon dioxide emissions per capita (This data is for Minnesota)	17.1 metric tons	7	Better

ENERGY COMPETITIVENESS

		Rank	Trend
Energy cost[4]	8.7 cents/ kWh	6	Worse
Percent of electricity that is non-carbon[4]	45.1%	1	Better

TALENT

		Rank	Trend
Net migration of 25-34 year olds	+2,150 people	8	Worse
Percent of population employed in advanced industries[3]	9.2%	8	Same
Number of H1-B visas requested per 1000 workers	2.4	7	—
Percent of foreign-born population aged 16-64 working	72.0%	5	Better

TALENT AVAILABILITY

		Rank	Trend
Population 25+ with associate's degree or higher	47.0%	3	Better
Population 25+ with a bachelor's degree or higher	37.0%	6	Better

LIVABILITY

		Rank	Trend
Percent of population that is obese	23.9%	5	Same
Number of violent crimes per 100K residents	274	3	Better
Percent of population 16+ who volunteered past year (This data is for 13-county area)	34.8%	1	Worse
Average percentage of household income spent on housing plus transportation[5]	49.0%	4	—

SHARED PROSPERITY

		Rank	Trend
Poverty rate (white)	6.0%	1	Same
Poverty rate (people of color)	24.0%	10	Same

1. Annual wage > $31,000, or 130% of poverty for a household of 4, as per USDA's requirements for SNAP benefits.
2. Small Business Technology Transfer (STTR) The Small Business Innovation Research (SBIR)
3. As defined by Brookings, industries are advanced if a greater share of their workforce is STEM oriented than the U.S. average (21 percent) and their R&D spending is at least $450 per worker.
4. This data is for each metro's largest electric utility
5. HUD model based on median household income

Context

Employment by Industry for Saint Paul

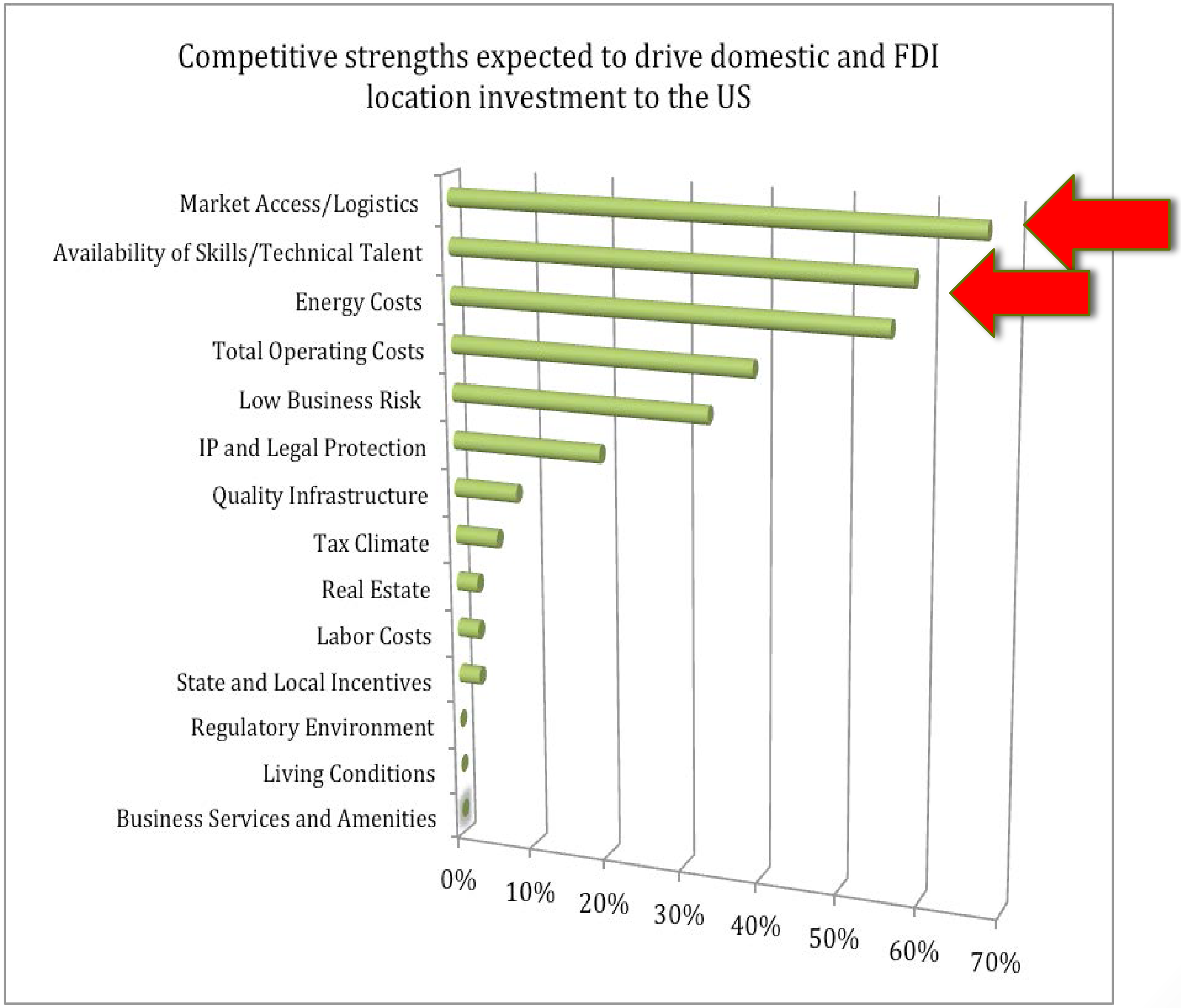
Industry Title	Employment	Percent of Total Employment	Establishments	Average Annual Wage
Total, All Industries	**177,010**	**100.0%**	**6,892**	**$53,924**
Health Care and Social Assistance	41,318	23.3%	971	$48,100
Public Administration	22,888	12.9%	382	$65,208
Educational Services	18,022	10.2%	273	$56,056
Finance and Insurance	12,348	7.0%	284	$81,692
Accommodation and Food Services	11,237	6.3%	565	$18,148
Retail Trade	9,609	5.4%	728	$27,144
Administrative and Support and Waste Management and Remediation Services	8,666	4.9%	276	$25,948

Context

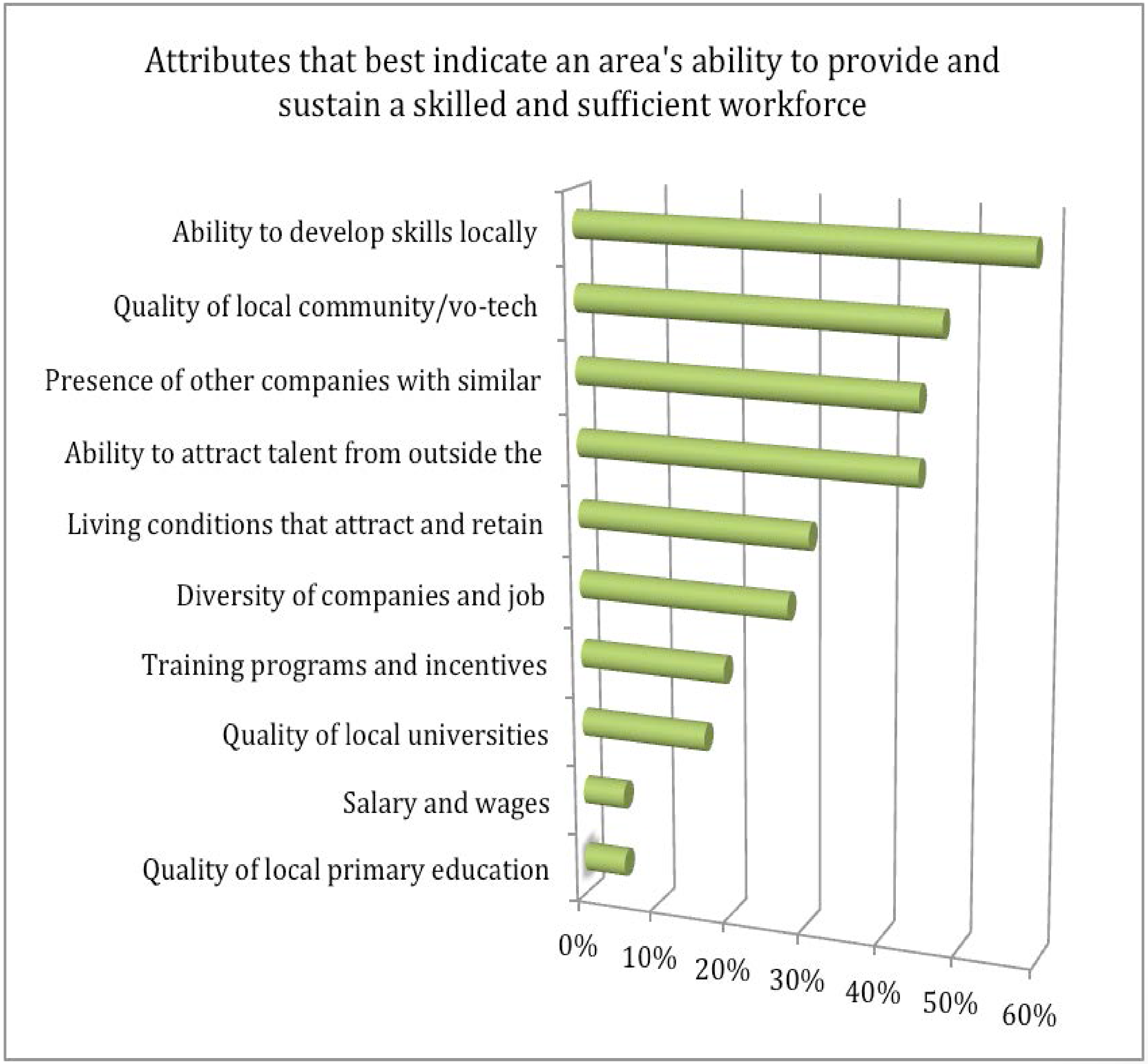
Employment by Industry for Saint Paul

Industry Title	Employment	Percent of Total Employment	Establishments	Average Annual Wage
Total, All Industries	**177,010**	**100.0%**	**6,892**	**$53,924**
Manufacturing	7,837	4.4%	255	$67,964
Other Services	6,717	3.8%	922	$39,104
Construction	5,267	3.0%	329	$74,516
Information	5,236	3.0%	129	$65,572
Wholesale Trade	5,144	2.9%	309	$60,528
Management of Companies	4,091	2.3%	56	$99,632
Arts, Entertainment, and Recreation	4,063	2.3%	129	$36,660
Source: DEED Quarterly Census of Employment and Wages (QCEW)				

What Site Selectors Looks For



What Companies Look For



Stakeholder Input

- Matt Kramer, President, Saint Paul Area Chamber of Commerce
- Cecile Bedor, Executive Vice President, Greater MSP
- Louis Jambois, President and CEO (retired), Saint Paul Port Authority
- Joe Spartz, President, Saint Paul Building Owners and Managers (BOMA)
- Saint Paul BOMA Board and Key Members
- City of Saint Paul Business Review Council
- Midway Chamber of Commerce Focus Group
- Commercial Real Estate Brokers Active in Saint
- High Growth Tech Firms
- Rick Beeson, Senior Vice President, Sunrise Bank
- Colleen Carey, CEO, Cornerstone Group
- Jim Hannigan, President and CEO, J&J Distribution
- Mike LaFave, CFO, Neighborhood Development Center
- Reid Lutter, President and CEO, Podiumwear
- Va-Megn Thoj, Executive Director, Asian Economic Development Association
- Howard Paster, CEO, Paster Enterprises
- Chuck Repke, Northeast Neighborhoods Development Corporation
- Kris Taylor, Vice President, Community Relations, Ecolab
- Heather Worthington, Deputy County Manager, Economic Growth and Community Investment, Ramsey County

What we heard…

- High marks for customer service from businesses that have contact with PED
- Perception that Saint Paul is “easier” to deal with than Minneapolis
- Ramp up business retention and expansion visits – greatest value PED can provide
- Market our assets: availability of talent in East Metro; strong quality of life; more competitive lease rates; better transportation
- Coordinate and align/layer existing programs and resources for greater impact (geographic and programmatic)

What we heard…

- Create places people want to be because jobs follow
- Increase PED's visibility so the market knows Saint Paul wants to keep and attract businesses
- Focus limited resources by identifying firms with growth potential, firms with high visibility in the region, major employers, and those at risk of leaving
- Balance need for planning and action – too often perception is plans trump opportunity
- Saint Paul advantage: smaller size & relationships – get PED staff out in the field

Draft Economic Development Goals

Increase number of jobs in Saint Paul and improve access to jobs for residents

Increase commercial/industrial, residential, and sales-tax revenue

Decrease unemployment rate for low-income residents and people of color

Principles

- Less planning, more action – seize opportunities
- Build on strengths – location, infrastructure, buzz
- Resources are limited: focus on specific geographies and sectors
- City should continue to work on big systems that support a positive business climate – transportation, workforce, safety, amenities

Economic Development Strategies

1. Expand Business Retention & Expansion Program
2. Support Innovative Entrepreneurship and Small Business Development
3. Build and Market the Saint Paul Brand
4. Identify, Create and Market Places for Business and Investment
5. Invest in Downtown
6. Align Resources Around Pivot Point Neighborhoods

Expand Business Retention and Expansion Program

- Use data to define targets by sector, growth trajectory, lease expiration, and geography
- Touch more businesses
- Track and use the information learned

Support Entrepreneurship and Small Business

- Be visible, available and proactively engage with high-growth firms in the region
- Market and staff the Business Resource Center and Concierge programs
- Work with neighborhood businesses and expand referrals with CDCs and business-support intermediaries

Build and Market the Saint Paul Brand

- Identify unique value proposition of locating in Saint Paul and develop marketing to support it
- Market “deal ready” sites
- Publish and update data/information on the Saint Paul advantage

Identify, Create and Market Places

- Expand inventory of Development Opportunity Sites focusing on properties and buildings in high demand (creative space), that are highly visible and can be catalytic
- Work with property owners to get sites ready and marketed for redevelopment

Invest in Downtown

- Continue to make key investments to further catalyze economic activity in downtown
- Focus on the pedestrian experience, improve safety and amenities at street level
- Fill vacant space in the core – especially as Ecolab transitions to former Travelers campus – through intensive marketing and business retention and attraction

Align Resources in Pivot Point Neighborhoods

- Concentrate resources in Dayton's Bluff/Payne Phalen, North End/Rice Street, Frogtown
- Designate staff for each neighborhood
- Work with neighborhood partners on developing neighborhood-level economic development plans (business development, property development, marketing)

Discussion Questions

- Overall reaction? What’s most important?
- What’s missing?
- What should goals address – overall job growth or what PED influenced? How to measure “success?”
- What else?

Economic Development Goals

- External factors beyond the scope of PED’s activities contribute to the outcomes of more jobs, more tax base, and lower unemployment
- PED’s work over the next three years is focused on impacting these goals directly
- Below is a working draft of goal statements and methodologies that will be further refined based on the most current data points and further exploration of best practices
- Our approach to goal setting is to start with specific current data, and then look at historic trends to analyze and estimate change that would occur in the normal course of time without intervention by PED
- The goal would be to exceed that natural change by an agreed-upon amount

Economic Development Goals

Jobs	Increase the number of jobs in Saint Paul and improve access to jobs for Saint Paul residents, especially low income residents and people of color.
Base Measure	176,341 jobs in Saint Paul (Quarterly Census of Employment and Wages October 2015)
Goal	Increase number of jobs in Saint Paul by 3,000 over three years beyond the estimated 1.8% annual job growth occurring in the region. *Rationale: 1.8% organic growth or 9,300 new jobs over 3 years. PED's goal is to increase that by an additional 3,000 jobs*

Economic Development Goals

Tax Base	Increase commercial/industrial, residential and sales tax revenue. A strong tax base is the foundation for city services, amenities and infrastructure.
Base Measure	$18,536,994,500 Saint Paul Taxable Market Value 2015 *(City of Saint Paul City General Fund Revenue 2015)* $238,454,421 Saint Paul Sales and Use Tax Revenue *(2013 Minnesota Department of Revenue).*
Goal	Increase Taxable Market Value by 10% over 3 years Increase Sales/Use Tax Revenue by 10% over 3 years Leverage City investment by minimum of 2:1 annually *Rationale: If present pace of taxable market value and sales/use tax increases continue, a 10% increase is reasonable.*

Economic Development Goals

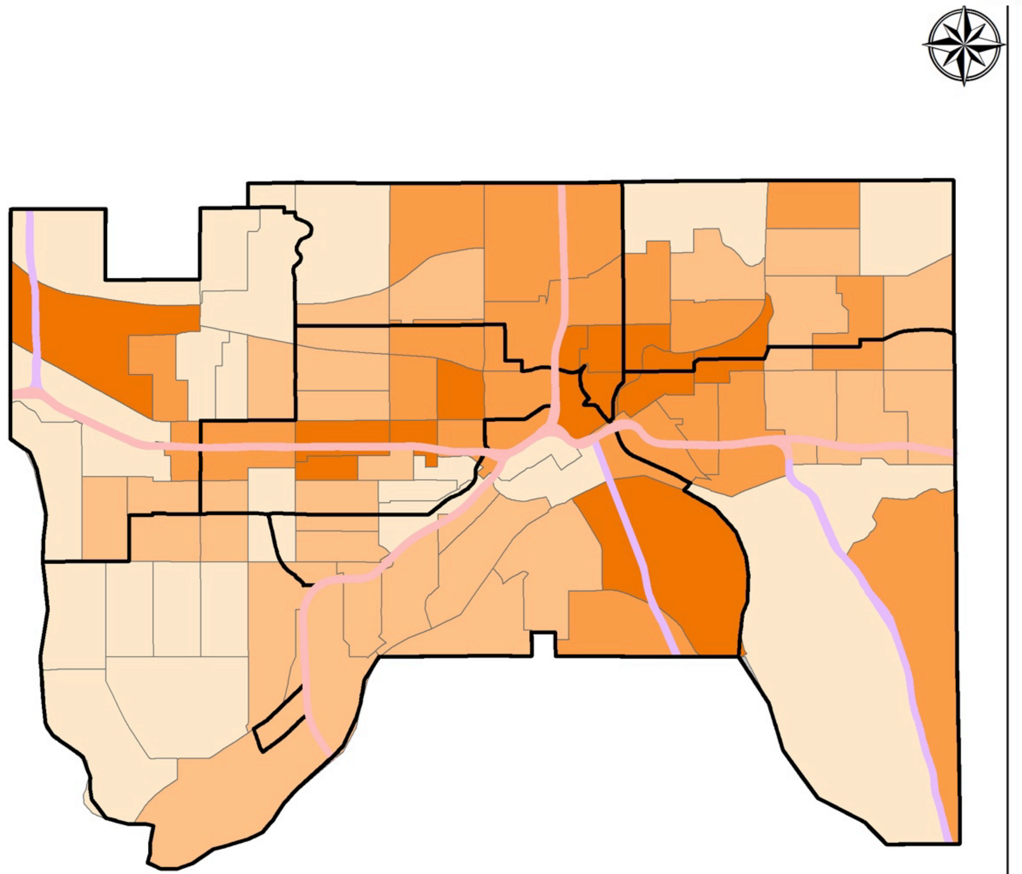
Unemploy-ment	Reduce unemployment for low income residents and people of color. Closing the racial unemployment gap is critical to future economic health.
Base Measure	3.9% unemployment rate Saint Paul residents employed: 148,810 out of 154,891 *(MN Deed Local Area Unemployment Statistics 2nd Q 2015)*
Goal	Maintain unemployment rate of 3.9% or less city-wide Reduce unemployment in high poverty neighborhoods by 10% over 3 years Increase number of residents employed by 1% over three years (1400) *Rationale: based on trend analysis in employment and labor force participation, and Wilder Compass data profiles*

Unemployment Rate

Explanation

The recorded overall unemployment rate for the Minneapolis-Saint Paul metropolitan area was 4.0 percent in the spring of 2014, which is included in the reporting period for the 2010 to 2014 5-year ACS dataset. This map depicts the unemployment rate for the entire population as of April 1, 2014.

The unemployment rate is calculated by dividing the total number of people who stated they were unemployed by the total civilian population over age 16.



Legend

Unemployment Rate

- 4 percent or less
- Greater than 4 percent and less than 8 percent
- Greater than 8 percent and less than 12 percent
- Greater than 12 percent and less than 15 percent
- No data
- Interstates
- Highways
- Water

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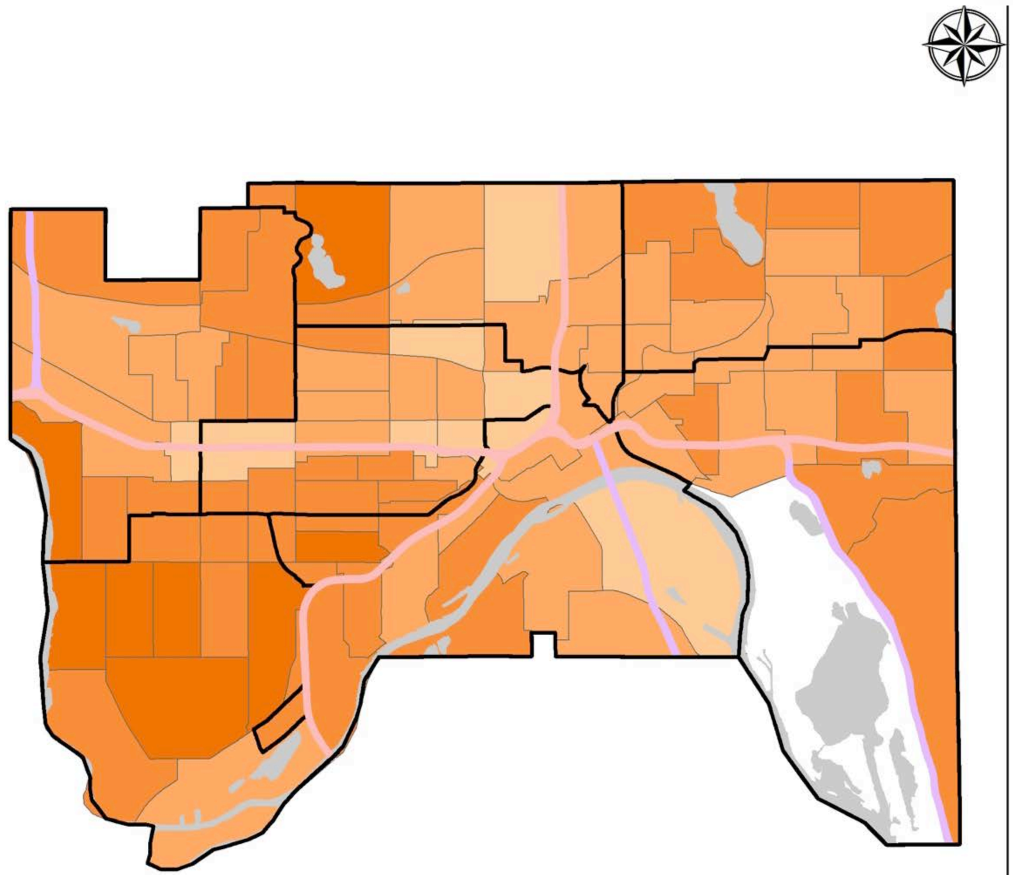
Median Income

Explanation

This map displays median income, by Census Tract, for residents in Saint Paul.

The break point of $11,671 represents the poverty threshold for a single person in Saint Paul in 2014.The break point of $26,268 represents the citywide per capita income.The break point of $46,305 represents the median income for all households in Saint Paul in 2014.



Legend

Median Income

- Less than $11,671
- $11,672 to $26,268
- $26,269 to $46,305
- $46,306 to $72,573
- $72,574 to under $100,000
- No data
- Interstates
- Highways
- Water

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