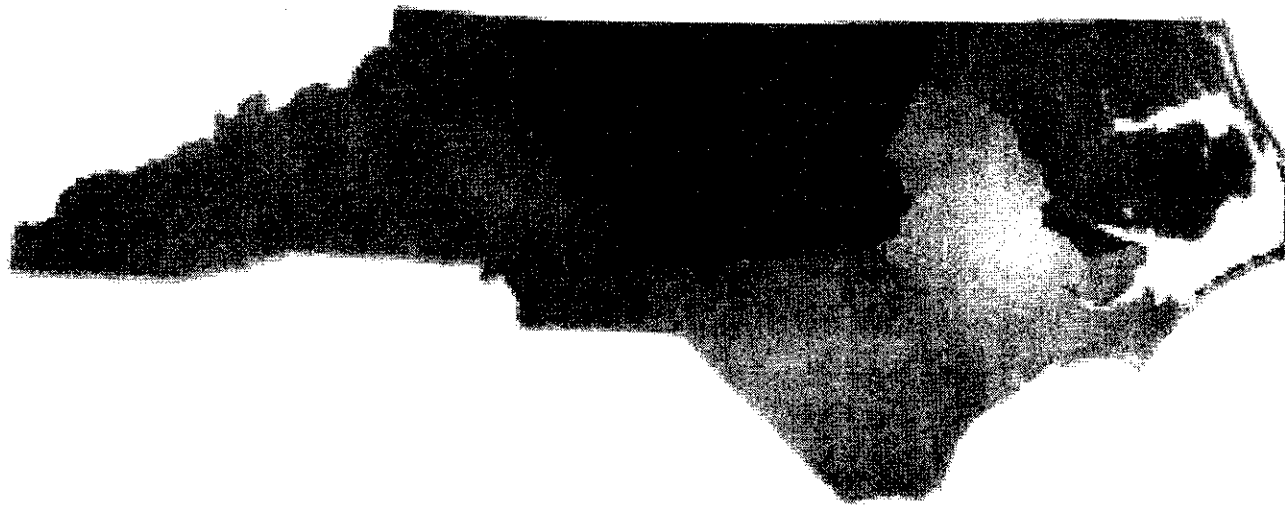


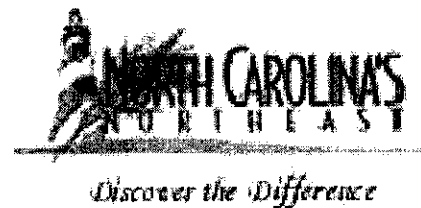
# NORTH CAROLINA'S

## REGIONAL ECONOMIC DEVELOPMENT PARTNERSHIPS



**Building a Globally Competitive State**  
**Through Broad Regional Prosperity**

# North Carolina's Seven Economic Development Regions





## **What the Regions Do for N.C.**

- **Market all of North Carolina for new jobs**
  - >700 sales calls, other outreach in 2009-2010
- **Leverage resources and coordinate with:**
  - Workforce development professionals
  - Private industry, entrepreneurs
  - Government infrastructure planners
  - City and county economic developers

# Return on Investment 2009-2010

- Domestic and international sales calls: 655+
- Outreach missions and trade shows: 97
- Jobs created:
  - Direct involvement: 4,003
  - Indirect involvement: 8,453
- Economic development project value:
  - Direct involvement: \$437M
  - Indirect involvement: \$3.53B

# Why Regions are Necessary

- **Every job counts.** The partnerships coordinate economic development efforts and carry the load on most small and mid-size projects, those too big for towns but too small for the Commerce Department.
- **Every county matters.** North Carolina's rural counties – the vast majority – are too small, with too few resources, to compete effectively alone. They also have the greatest need for employment growth.

# What Is at Stake?

- NC's ability to recruit businesses and create jobs across all 100 counties is very much at stake.
- If the partnerships are defunded, the three urban Piedmont partnerships probably would shrink. Their few core counties could survive, but diminished. Outlying counties, however, likely would be cast off.
- The four rural partnerships probably would collapse. Dozens of the state's most vulnerable small towns and cities and 85 to 90 rural counties would lack strong, focused, unified economic development.
- Job growth would falter across the state.

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# Why We're a Good Value

- **Strong public-private partnerships.** In each region, private-sector leaders contribute their time, energy, and money.
- **Financial leverage.** For every dollar the state invests in our efforts, we raise another dollar in private funds to match it.
- **Job creation.** We maximize the benefits of public and private dollars to recruit jobs.

# Our Proven Effectiveness

In 2008, your Program Evaluation Division said:

- ***“Economic development relies on regional vision and industry cluster identification.”***
- ***“The seven regions focus their economic development efforts on local needs – an approach that is vital for North Carolina, especially in rural areas of the state.”***
- ***“Recurring funding is recommended for the regions so they can leverage investment from other sources.”***

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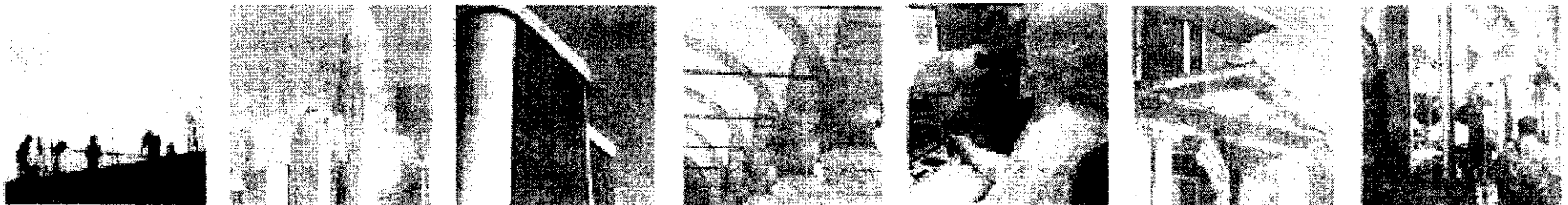


# Uniform Operating Standards

***2008: New uniform standards approved by N.C. Department of Commerce and adopted by the 7 regional partnerships.***

## ***The standards covered:***

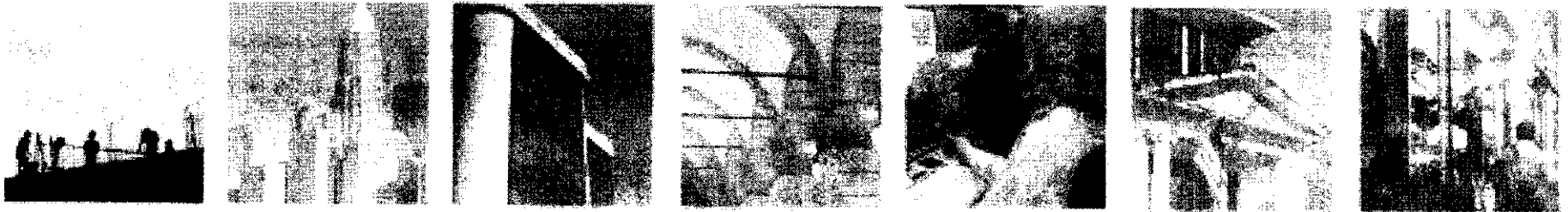
Finance and accounting  
Procurement and contracting  
Human resources practices  
Board governance and ethics



# Value of Regional Approach

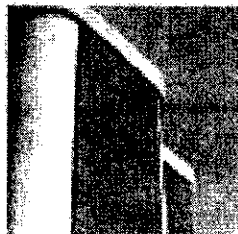
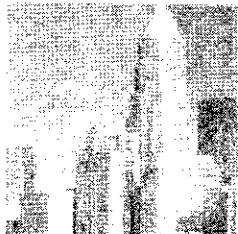
***“Regional economies are the building blocks of U.S. competitiveness. The nation’s ability to produce high-value products and services depends on the creation and strengthening of regional clusters of industries that become hubs of innovation.”***

Duane Ackerman, Chairman & CEO, BellSouth Corporation, and Dr. Michael E. Porter, Harvard Business School, in their foreword to *Clusters of Innovation; Regional Foundations of U. S. Competitiveness*

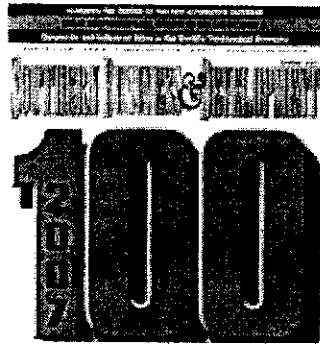


# Key Regionalism Proponents

- N.C. Department of Commerce
- U.S. Department of Commerce
- Office of Economic Development, Kenan Institute of Private Enterprise, University of North Carolina
- Harvard Business School
- Southern Growth Policies Board
- U.S. Department of Labor
- Many other nations and U.S. states



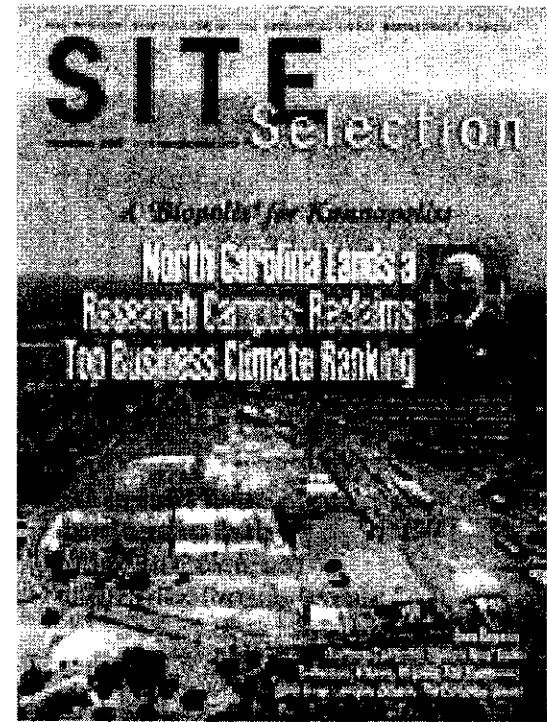
# Results for N.C.: National Recognition



**FORTUNE**



**Forbes®**





**Vincent Misciagna**

Vice President of Business Development  
Structures & Systems

February 11, 2011

John D. Chaffee  
President & CEO  
North Carolina's Eastern Region  
3802 NC Highway 58 North  
Kinston, NC 28504

Subject: Letter of Appreciation

I am pleased to write this letter of behalf of AAR corp. recognizing the outstanding support you and your team provided in the relocation of our cargo systems business from Livonia Michigan to Goldsboro North Carolina. As the general manager responsible for moving the business, I can say from first hand experience that there are several areas and initiatives undertaken by NCER, in support of Wayne County Development Alliance, which add value to our business and smoothed the overall transition process.

We are grateful for the personal attention you provided our employees. Having you and your team travel to Livonia and present an overview of the region that addressed such areas as cost of living, quality of life in Goldsboro and the surrounding areas, as well as educational and economic opportunities for families left a lasting and positive impression. And throughout the process you helped us manage the transition and helped address the unique challenges and opportunities that we faced.

We are very pleased with your efforts to support workforce development in the region through the Workforce Innovation Project. Working with Wayne Community College we were able to complete job profiles for all of our manufacturing jobs in the plant. We also were able to take full advantage of the testing that is offered, and as a result, were able to qualify our entire workforce. The fact that high school students and adults are tested for career readiness certificates allows us to maximize employment opportunities for the local workforce, and at the same time simplifies the recruiting process and makes it easier to find qualified employees.

AAR has also seen benefits from the defense aerospace advisory committee which you formed in order to develop strategies that serve the aerospace & defense industry and foster growth in the region. Of particular note is the strategy this group is promoting to develop the supply chain by providing financial assistance to potential suppliers so they can pursue an AS9100-certified quality system. This is a prerequisite today for providing manufacturing and services to the aerospace industry. We are also pleased that this committee is fostering cross-company dialog including the sharing of best practices which further encourages the success of this critical industry.

Again, on behalf of AAR, I would like to express our gratitude for the assistance and support you provided throughout these past three years. NCER has been a true business partner. Your support has helped us to compete and grow while contributing to the economic success of the region.

A handwritten signature in dark ink, appearing to read "Vincent J. Misciagna", is written over a light blue horizontal line.

Vincent J. Misciagna

# COUNTY OF WASHINGTON

## BOARD OF COMMISSIONERS

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BUSTER MANNING, VICE-CHAIR  
JEAN D. ALEXANDER  
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POST OFFICE BOX 1007  
PLYMOUTH, NORTH CAROLINA 27962  
OFFICE (252) 793-5823 FAX (252) 793-1183

ADMINISTRATION STAFF:  
DAVID L. PEOPLES  
COUNTY MANAGER

JULIE J. BENNETT  
CLERK TO THE BOARD  
jbennett@washconc.org

CHERYL R. YOUNG  
ASSISTANT COUNTY MANAGER  
COUNTY ATTORNEY

February 14, 2011

North Carolina General Assembly  
Legislative Building  
16 West Jones Street  
Raleigh, North Carolina 27601

Dear Members of the North Carolina General Assembly:

I serve as the Washington County Manager, and as the Chairman of North Carolina's Northeast Economic Development Commission's (NCNEDC) County Manager Committee. The purpose of this letter is to share with you the extraordinary valuable services and assistance that the NCNEDC provides related to increasing jobs and economic wealth to the 16 counties in the northeast region of North Carolina.

Washington County is a socio-economically challenged, rural Tier 1 county that is unfortunately suffering consistent loss of population, jobs, and a stagnate and/or declining tax base. Our county unemployment rate currently exceeds 11 percent, over 25 percent of our population lives in poverty, and approximately 82 percent of the children that are in our school system are participants in free or subsidized lunch programs. A number of the other counties in the northeast are also suffering from many of these same challenges. Washington County does not possess the financial or human resources to:

- employ an economic development director
- fund recruitment or business solicitation activities
- provide advertising /marketing dollars
- fund attendance at national or international trade missions
- provide analysis and expertise related to various incentive and grant programs to aid in recruiting businesses to the county
- provide due diligence assistance in evaluating potential businesses that may have an interest in locating to the county or our region
- provide marketing dollars to advertise our county and region in various travel and tourism campaigns
- assist our county in its economic development branding efforts

Page 2  
February 14, 2011

- assist our county in strategic planning for economic development infrastructure improvements such as development of an industrial park and construction of a light manufacturing facility

The resources noted above, that the NCNEDC provides, would require Washington County to fund over \$100,000 in annual recurring funds which the county does not have.

If the NCNEDC did not exist, Washington County, and many of the other counties in our region, simply would not have adequate capabilities to grow and prosper.

Job creation and increasing our tax base (wealth) is the only means that counties like Washington County have to overcome its socio-economic challenges. I respectfully implore each of you to ensure that adequate funding on a recurring basis is provided to the NCNEDC to collectively assist all of our counties to achieve economic prosperity.

Please contact me by telephone at (252) 793-5823 or email at [dpeoples@washconc.org](mailto:dpeoples@washconc.org) if you have questions or need additional information. Thank you for your consideration of this extremely important request.

With warmest regards,



David L. Peoples  
County Manager



County of Ashe  
150 Government Circle, Suite 2500  
Jefferson N. C. 28640

DEPARTMENT OF  
ECONOMIC DEVELOPMENT  
Phone: 336-846-5502  
Fax: 336-846-5516

February 9, 2011

Senator Phil Berger  
President Pro Tempore  
NC State Senate  
and  
Representative Thom Tillis  
Speaker of the House  
NC House of Representatives

RE: Regional Economic Development Partnerships

Dear Senator Berger and Representative Tillis:

As a local economic developer within the AdvantageWest region, I would like to comment on the value I find in working with and through a regional economic development partnership. My remarks are primarily specific to AdvantageWest, but as a member of the NCEDA Board of Directors I hear of like value in other Partnership regions across the state.

My economic development organization in Ashe County is a county department of one. While I do work with an Economic Development Commission (EDC), it serves only as an advisory committee to the local Board of Commissioners. The EDC does not do lead generation or other economic development activities—that essentially means there is one individual in Ashe County to perform all economic development activity. I benefit from the services provided by my regional economic development Partnership, i.e. AdvantageWest.

I've worked with AdvantageWest for the past six years and for the last two years, I have served as Chair of the Local Developer's Advisory Council (LDAC). There are a number of ways AdvantageWest serves the 23 western counties, e.g. lead generation, access and face-time with national site consultants, marketing our communities/region. In 2010, Ashe had the opportunity to respond to 18 projects generated through AdvantageWest; opportunity to participate in various national site consultant activities as well as what we call "the Raleigh trip" that gives us access to legislators and state developers. These activities are ones that would not generally be accessible for Ashe due to limited resources and our jurisdictional size and organization. While Ashe also works with the Department of Commerce (DOC), these organizations are not duplicative in meeting Ashe's needs.



I strongly believe that the collaboration of local developers, regional Partnerships, and the Department of Commerce is the best way to serve our localities and our regions. Without AdvantageWest, and the services they offer to communities such as Ashe, considerable economic development activity will not take place. That is especially true in small rural communities.

As a developer in the western region and the state of North Carolina, I urge you to continue funding the regional Partnerships so that all communities can benefit in economic development activity. Please do not hesitate to contact me if I can provide additional information.

Sincerely,

A handwritten signature in cursive script that reads "Pat Mitchell".

Dr. Patricia Mitchell  
Director of Economic Development  
County of Ashe



JUTE Networks, LLC  
www.jutenetworks.com  
828.545.9539

To Sen. Berger, Rep. Tillis, and whomever else it may concern:

I'm proud to be a founder of a "tech startup" that utilizes our own R&D as well as other emerging technologies to make value out of the increasing amounts of data available on social networks. We were hailed as a model of NC tech startups by Governor Perdue at the Institute for Emerging Ideas in 2010, something else I'm proud of.

My company raised startup capital in both NC and SC, employed 8 people in the region and won the NC IDEA grant, which was valuable both for the cash and the validation of our business. Today, I'm largely focused on selling my company to a Fortune 500 which will bring more capital for R&D and the ability to expand and fulfill our initial vision for the technology and the company.

None of this would be possible if it were not for the support and resources of Advantage West.

Let me re-state that, because it's so important: my award-winning, job-creating, pioneering tech startup -- that successfully raised angel investments from two other states and spent them in NC -- would not exist without Advantage West (AW).

(Let me also add, the same can be said for the impact Pam Lewis at AW has had on the company.)

Why? Trying to start a startup in Western North Carolina is very difficult. Capital is not available for the most part, and the few investors that are there have little domain knowledge in the world of bleeding-edge web software. The "Advantage Opportunity Loan" that we received to start the company, thanks to AW, made it possible for us to build the company in WNC. Very truly, we came home from a competition we got into at Stanford, meeting with Venture Capitalists in Palo Alto, CA and we had to choose between Silicon Valley and Western North Carolina. The only reason we stayed in WNC was the availability of that startup loan.

In addition, AW provided a great deal of support, exposure and introductions; and has stuck by the company and remained supportive in good times and in very tough times.

My final message is simple: if you want to see more tech startups like my company JUTE, as the Governor said is the future of the NC economy, keep AW alive and well-funded. The startup ecosystem will take decades longer to take hold in the state if we don't utilize their programs, skills and experience. NC can't afford that.

Please feel free to share this letter with whomever you think is relevant, publish it or ask questions. You can find me on Facebook ([www.facebook.com/seanmcdonald](http://www.facebook.com/seanmcdonald)) or Twitter (@sean\_mcdonald) if you want to connect.

Thanks!

Sean McDonald

email: [smcdonald@jutenetworks.com](mailto:smcdonald@jutenetworks.com)  
cell: 828.545.9539

We see the world..connected.



February 2, 2011

Representative Thom Tillis  
Speaker of the House  
NC House of Representatives  
Legislative Building  
Raleigh, NC 27601

Honorable Representative Tillis,

First of all, thank you for your service to our great state of North Carolina. I was raised in the mountains of North Carolina, educated at NC State University and chose to start a software company, DigitalChalk, four years ago in Asheville, North Carolina. We provide a cloud computing based platform for delivering high quality education around the world.

I am writing to express and relay my appreciation for the services that AdvantageWest has provided my company as we have grown. I could have easily chosen to fly out to California and the Silicon Valley to start the company where the hub of activity in my industry is centered, but I love the mountains and wanted to start own my family here. Four years ago, it was very uncommon for a software startup in North Carolina to be found in the western part of the state. It would have been more natural to see us start in the Research Triangle Park area. AdvantageWest has helped us with some unbelievable exposure and has really encouraged the growth and success of our company. It is truly amazing to look back four years later and to have Google, Apple and Facebook planting data centers right here in this part of the state. AdvantageWest is a big part of that and is a true advocate for the new technology companies that will carry us into the next technology age.

Two shining stars at AdvantageWest are Scott Hamilton and Pam Lewis. They know no challenge that cannot be met and no problem that cannot be solved. Pam has been able to connect us with conferences, events and people that we would not have attended or met without her prodding or introduction. We have partnered with AdvantageWest and Google on a project called Juicy Ideas which encourages technology innovation and entrepreneurship in students. This was a huge success for DigitalChalk, Google and AdvantageWest. We had students from other states express their interest in North Carolina and their appreciation for the opportunity to participate in the competition.

DigitalChalk seen unprecedented growth this past year even with the slow economy. We are grateful for the partnership and help from AdvantageWest and look forward to working together more in the future. We truly view our relationship with AdvantageWest as a partnership and it excites us to be able to work to grow the technology economy in western North Carolina.

Sincerely yours,

Troy Tolle

Co-Founder & CTO

cc: Scott Hamilton, Pam Lewis

ES9

Senator Phil Berger  
President Pro Tempore  
NC State Senate

Representative Thom Tillis  
Speaker of the House  
NC House of Representatives

Legislative Building  
Raleigh, NC 27601

Gentlemen:

You and your colleagues must understand and appreciate that Advantage West is the most effective economic development team that I have worked with over the past 10 years in North Carolina and in the 40 years prior to coming to this area.

There are two greatest cost-efficient methods of building permanent jobs: existing small business and new entrepreneurs. Without giving away the store in enticements and inducements, these two methods create and expand opportunity more cost effectively and more steadily than any other segment. Advantage West effectively serves them both - and more.

Reducing the AW base of resources is contrary to the best interests of the State and the Region. Here is why.

Advantage West is both a thought leader, an action leader and a change agent in every economic development area.

- They have led with revitalizing the advanced manufacturing base and the certification of industrial sites - both crucial assets for recruiting larger companies.
- They have led with the Blue Ridge Entrepreneurial Council, CarolinaConnect, the Blue Ridge Food Ventures and the Advantage Opportunity Fund for growing new businesses and companies.
- And, they are leading with their Certified Entrepreneurial Communities program for expanding the base and strength of existing small businesses across the region.

For eight years, it has been my personal and professional privilege to partner with and sponsor Advantage West. In that time, we have worked together on more than a dozen projects that have brought new businesses to life, strengthened existing businesses to expand and thrive, and developed the business infrastructure..

Western North Carolina growth and Advantage West's leadership role can only thrive if the AW base resource - their high quality leadership and staff - is strong enough to do the hard and continuing work to develop and build powerful programs that positively impact the region and the State.

**Enterprise Solutions International LLC**

101 Trumpet Lane Asheville, NC 28803  
Tel: 828-654-8134 Fax: 828-681-1854  
Web Site: [www.ESIAdvisors.com](http://www.ESIAdvisors.com) E-Mail: [RMDunn@ESIAdvisors.com](mailto:RMDunn@ESIAdvisors.com)

ESI

Please protect this vital State and Regional asset.

Contact me as you may wish on cell: 828-275-4026 or by e-mail: [rmdunn@esiadvisors.com](mailto:rmdunn@esiadvisors.com)

Best regards,



Robert M. ("Bob") Dunn

Owner, Enterprise Solutions International LLC  
President, ESI Advisors ([www.esiadvisors.com](http://www.esiadvisors.com))  
Director of Consulting, Mountain BizWorks ([www.mountainbizworks.org](http://www.mountainbizworks.org))  
Board Member, Handmade in America ([www.handmadeinamerica.org](http://www.handmadeinamerica.org))  
Founder & Director, The Catalyst Group ([www.it-catalyst.com](http://www.it-catalyst.com))  
Program Manager, Blue Ridge Sustainability Institute ([www.blueridgesustainability.org](http://www.blueridgesustainability.org))  
Director, Annie's Bakery ([www.anniesnaturallybakery.com](http://www.anniesnaturallybakery.com))  
Director, Galaxy Digital ([www.galaxydigital.com](http://www.galaxydigital.com))

**Enterprise Solutions International LLC**

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Web Site: [www.ESIAdvisors.com](http://www.ESIAdvisors.com) E-Mail: [RMDunn@ESIAdvisors.com](mailto:RMDunn@ESIAdvisors.com)



February 2, 2011

David Kinney, Editor-in-Chief  
*BUSINESS NORTH CAROLINA*  
5605 77 Center Dr., Suite 101  
Charlotte, North Carolina 28217

Dear Mr. Kinney:

Edward Martin's critique of North Carolina's regional economic development delivery system included several inaccuracies, omissions and misinterpretations. For example:

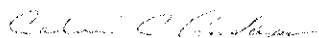
- Neither the North Carolina Partnership for Economic Development (NCPED) nor any of the regional partnerships can be faulted for the fact that our cities and counties are unable to extend property tax abatements in the manner of our South Carolina counterparts. The differences are rooted in restrictions mandated under North Carolina's constitution and by state statute.
- Partnerships engage in global marketing of the assets and amenities unique to their regional economic landscapes, while also providing leadership in strategic planning, infrastructure development, workforce readiness efforts and small-business support. They do not set or execute state, county or municipal incentive policies, which rest rightly in the hands of elected officials and government leaders.
- Since 2008, the partnerships have worked closely with Commerce to implement uniform performance metrics and accountability standards along the lines of those suggested in the Program Evaluation Division's exhaustive 2008 study. The Division's report spoke supportively of the regional partnerships, noting, for instance, the concerns of many rural communities that without participation in partnership marketing programs they would be without an effective presence in the site-selection process. Also mentioned was the high degree of satisfaction regional partnerships enjoy among users of economic development services (i.e., North Carolina businesses) – uniformly strong feedback from the entities actually creating jobs and investing in the state. Further, the Division recommended recurring state funding for the regional partnerships. We would encourage you to examine the Division's complete report at [www.ncga.state.nc.us/PED/Reports/documents/RED/Reg\\_Econ\\_Dev\\_Report.pdf](http://www.ncga.state.nc.us/PED/Reports/documents/RED/Reg_Econ_Dev_Report.pdf)
- The N.C. Department of Commerce re-joined NCPED in October of last year in response to an invitation by the regional partnerships, which share a commitment

to improving coordination, communication and collaboration within North Carolina's economic development community.

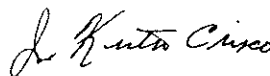
- NCPED was established in 1997 by the leaders of the N.C. Department of Commerce and the seven partnerships, not legislators.
- Since their establishment in the 1990s, the state's regional development partnerships have evolved as the emergence of a global marketplace has spurred dramatic changes in regional economies. As small organizations leveraging a broad array of public and private resources, the partnerships (whose permanent staffs average fewer than eight) meet the ever-changing needs of business through sound, flexible services and solutions delivered quickly and affordably.
- In his excursion across outlying communities in Western North Carolina and the Piedmont Triad, Mr. Martin eloquently reminds us of the rich economic and geographic diversity that exists in North Carolina. Clearly, no one size fits all when it comes to job creation and business development, be the strategy statewide or regional. Competitive local economic development programs complementing Commerce and regional partnership efforts are equally critical to North Carolina's overall success.
- Ronnie Bryant, president of the Charlotte Regional Partnership, is among the nation's true pioneers in regional economic development, and North Carolina is fortunate to have him. But he is not the only source capable of providing perspective about partnership operations. It is unfortunate that Mr. Martin declined to interview other partnership presidents – several of whom eagerly volunteered to provide insight on their respective programs, strategies and results. Nor is it altogether clear to us why a business publication would undertake no effort to gather input from any of the hundreds of North Carolina companies that have utilized partnership services through the years or, as significant, the executives and business-owners who have volunteered their time and expertise on partnership boards of directors.

Modern economics is rarely "nice and neat." It is, thus, no surprise that efforts to attract and keep quality businesses and jobs sometimes miss their mark. But NCPED leaders remain committed to improving how the state and its seven regions address economic challenges and opportunities in a manner that is successful, efficient and accountable. Doing so requires an accurate, unbiased and comprehensive look at what we've accomplished and where we go from here.

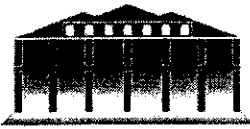
Yours sincerely,



Calvin C. Anderson, Co-Chairman  
(Chairman, N.C. Eastern Region)  
Whitakers, N.C.



J. Keith Crisco, Co-Chairman  
(N.C. Secretary of Commerce)  
Raleigh, N.C.



## PROGRAM EVALUATION DIVISION

### NORTH CAROLINA GENERAL ASSEMBLY

May 2008

Report No. 2008-05-2

# Improving Regional Economic Development through Structural Changes and Performance Measurement Incentives

## Summary

The NC General Assembly directed the Program Evaluation Division to evaluate the structure and funding of the seven regional economic development organizations. The regions focus their efforts on local needs—an approach that is vital for North Carolina, especially in rural areas of the state.

However, the inconsistent structure, governance, and statutory authority of regional entities impede coordination of local efforts to improve North Carolina's economy. The NC Economic Development Board is not including contributions of the regional organizations in the board's statewide strategic plan.

Although the General Assembly's appropriation of recurring state funds to regional entities has provided regions leverage for attracting non-state funds, the General Assembly has not required regional entities to demonstrate performance and return on investment. There are no requirements for regions to maintain standardized performance measures for gauging regional services as well as results attributable to those services—client satisfaction, more and better jobs, and increased personal income.

The General Assembly should consider legislation to:

- provide statutory consistency for the three regional economic development commissions that are state agencies by making them all non-profit 501(c)3 organizations as a condition for receiving state funds;
- make statutory responsibilities identical for the commissions and partnerships;
- provide the Economic Development Board statutory authority to oversee regional entities and to develop a standardized and uniform performance measurement system for regions;
- give equal representation of regions on the Economic Development Board; and
- allocate recurring funding for the seven regions, with 15% of the existing state appropriation directed to performance-based funding and receipt conditional on certification of willingness to participate in the performance measurement system developed by the Economic Development Board. Future regional shares of performance funding would be conditional on complete and accurate performance reporting to the General Assembly.



## **Improving Regional Economic Development Through Structural Changes and Performance Measurement Incentives**

**A presentation to the Joint Legislative  
Program Evaluation Oversight Committee**

**May 8, 2008**

**Michelle Beck, Senior Program Evaluator**

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Program Evaluation Division North Carolina General Assembly

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## **Regional Economic Development: Project Team**

**Michelle Beck, Senior Program Evaluator**

**Abby Parcell, Research Assistant**

**Pamela Taylor, Program Evaluation Statistician**

**Barbara Baldwin, Former Senior Program Evaluator**

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Program Evaluation Division North Carolina General Assembly

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## Regional Economic Development: Evaluation Scope

### S.L. 2007-323, Section 13.7(f)

- Study the structure and funding of the seven regional economic development commissions.
- The Division shall consider the availability and utilization of non-State funding sources and shall make recommendations concerning the commissions' funding, including whether State funding should be recurring or nonrecurring.

## Regional Economic Development: Overview

1. The regions' structure, governance, and statutory responsibilities are inconsistent.
1. Regional organizations contribute to economic development and need more involvement in statewide planning.
1. There are no standardized performance measures.



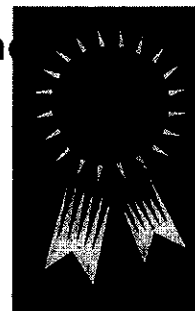
## **Regional Economic Development: Overview**

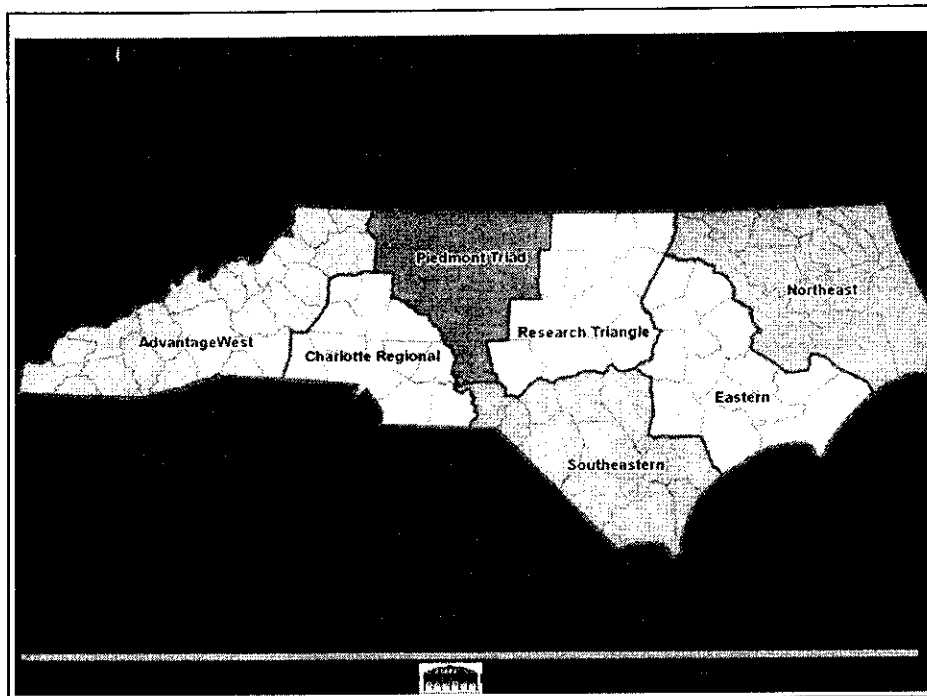
### **Legislative Recommendations:**

- **Increase consistency among regions by requiring non-profit tax-exempt status, provide for region representation on the Economic Development Board, and require performance measurement and reporting**
- **Recurring funding with 15% of appropriation dependent upon performance**

## **Background of Economic Development in North Carolina**

- **North Carolina has been ranked first in the US in business development by *Site Selection* magazine for 6 of the past 7 years**
- **Research supports sub-state regionalism – it provides relevant boundaries of interest**
- **Economic development relies on regional vision and industry cluster identification**

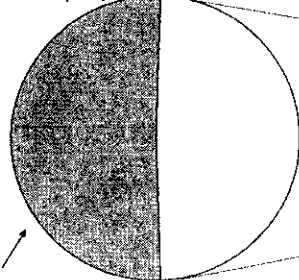




### <sup>03</sup> FY2002 through 2006- 07 State and Leveraged Funds

#### Five Year Total Funding for Regions

\$69,991,997



State Appropriations  
\$35,705,926  
51%

#### Other Sources

\$34,286,071 State Grant

49% \$3,789,292 5% Federal \$4,130,242, 6%

Local \$5,069,488, 7%

Private \$13,136,289, 19%

Income Generated

\$6,005,711, 9%

Other \$2,155,049, 3%

See report pp 4-5, Exhibits 1 & 2

## **Regional Activities**

- **Marketing agency for economic development in their region.**
- **Most serve as regional catalyst for a variety of regional issues such as collaborating with:**
  - Workforce development professionals**
  - Researchers**
  - Private industry**
  - Farmers and Entrepreneurs**
  - Infrastructure and Environmental entities**
  - Local county and city economic developers**

*See report p.7, Exhibit 3*

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## **Finding 1**

### **a. Inconsistent Structure**

#### **Structure**

- **3 original partnerships are non-profit**
- **Statutorily created regions**
  - 2 commissions (state agency)**
  - 1 operating as a non-profit**
  - 1 municipality**

*See report p.8*

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## **Finding 1**

### **b Inconsistent Governance and Statutory Responsibilities**

- **15 to 88 members on the Boards**

**Statutorily created commissions have state-level appointments and Eastern has county representatives**

**The original partnerships have county and city representatives, private investors, economic developers, and only Charlotte has state-level appointments**

*See report p.9, Exhibit 4*

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## **Finding 2**

### **a. Regions Have Limited Inclusion in Statewide Planning**

- **Economic Development Board Strategic Plan updated in 2004, 2006 and 2007**
- **One regional president is a member, but no formal representation for the organizations**
- **There would be a benefit in their involvement to assure clarity in roles and alignment with economic development efforts**

*See report p.10*

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## Finding 2

### b. Regions Play an Important Role in Economic Development

#### Program Evaluation Economic Development Client Survey Found Regions:

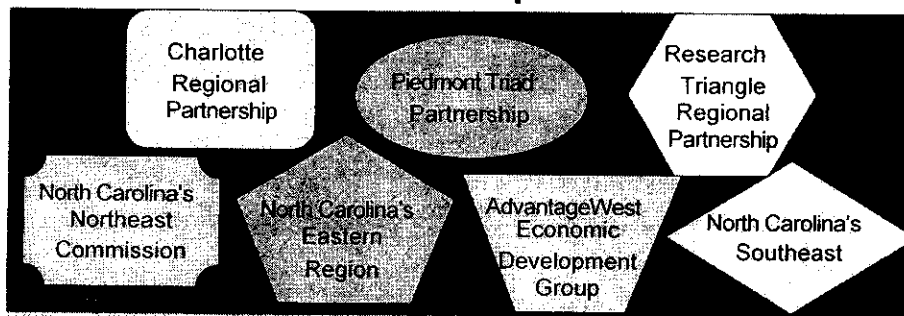
- Identified and connected clients with key players
- Identified properties to meet their needs
- Provided research and information
- Participated in client visit

See report p.11

## Finding 3

### a. No Standardized Performance Measures

Each region has a plan, but they were created  
through different processes with no consistent  
measurement of performance



### **Finding 3**

#### **b No Way to Determine Return on Investment**

- **Need outputs (activities such as meetings held, trade shows, and client contacts made)**
- **Need outcomes (results or consequences such as client satisfaction survey, projects created, sustainable jobs, and personal income growth)**

*See report p.12*

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### **Finding 3**

#### **b Client Satisfaction Survey**

- **78% worked with a local agency and/or Department of Commerce along with the region**
- **Clients reported high levels of satisfaction with all agencies**
- **Clients reported regions performed more work on their behalf, followed by local agencies and then Department of Commerce**

*See report pp12-13, Exhibit 5*

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### **Finding 3**

#### **c. No Entity to Consider the Collective Efforts of the Regions**

- **The Economic Development Board is statutorily charged to provide a comprehensive, statewide economic development plan**
- **There is no specific guidance for the partnerships and commissions**

*See report p.13*

### **Recommendation 1**

#### **a. Provide Uniform Non-Profit Status for Commissions and Involve Them in Statewide Strategic Planning**

- **Require non-profit tax-exempt status for:**  
**AdvantageWest**  
**North Carolina's Northeast**  
**North Carolina's Southeast**  
**Note: The 3 original partnerships are already non-profits and Eastern is a municipality.**
- **Include regional representation on Economic Development Board**

*See report pp 14-15*

## **Recommendation 1**

### **b Performance Reporting**

- **Require a comprehensive and consistent performance measurement and reporting system as developed by the Economic Development Board**
- **Board should use existing resources and web-based off-the-shelf technology for measurement and reporting**
- **Regions should set their own performance targets**

*See report pp 15-16*

## **Recommendation 1**

### **c Performance Measures Should be Standardized and Comprehensive**

- **Performance measurements must measure**
  - **outputs (e.g. number of client services);**
  - **immediate outcomes (e.g. client satisfaction survey);**
  - **intermediate outcomes (e.g. new jobs), and**
  - **long-term outcomes (e.g. sustained jobs for 1 and 3 years)**

*See report p.16*

## **Recommendation 2**

### **a. Provide Recurring Funds**

- **State appropriations are necessary for leveraging funds from other sources**
- **Provide basis of region operational budget**

*See report p.17*

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## **Recommendation 2**

### **b Set Aside 15% of Funding Contingent Upon Performance Measurement**

- **Regions eligible for 15% incentive funding in the same proportion as share of the overall appropriation for regional partnerships and commissions**

**2008-09 – Receipt contingent upon certification of intent to participate in the Economic Development Board's performance measurement system**

**2009-10 – Receipt upon complete and accurate performance reporting**

**2010-11 and forward – Economic Development Board approval of annual reports from the regions**

*See report pp 17-18, Exhibit 6*

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## **Summary**

- **Recommend more consistent structure of the commissions, assure representation on the Economic Development Board, and develop reporting system for standardized performance measures.**
- **Recommend recurring funding with 15% of existing appropriation directed toward performance monitoring.**