
SOUTH CENTRAL ASSEMBLY FOR EFFECTIVE GOVERNANCE

SUMMIT V PROCEEDINGS

Economic Development and Community
Planning: Bridging the Gap

Presentation of Speakers and Breakout Sessions at the Fifth
Annual Summit of the South Central Assembly



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1 Director's Message

In 1996, more than 350 of the region's leaders in government, business and academics met at the Harrisburg Area Community College to discuss the rapidly changing landscape in South Central Pennsylvania. We were witnessing the rapid increase of trucking and shipping in our region, along with the development of immense warehouses and distribution centers. Traditional agricultural communities were losing their economic base of farming which had sustained them for centuries. Sprawling residential and commercial developments were further encroaching on valued open space and prime agricultural lands. Our environment and our social system were in flux.

From that first Summit, a series of resolutions were adopted which acknowledged that the challenges could be best confronted in an organized manner, which ensured inter-governmental cooperation in a previously unprecedented way. Moreover, academia and business needed to be part of the discussion, the process, and the solutions.

The Assembly, incorporated in 1997, has grown through the years to be home for 15 program committees that enjoy support from 315 volunteers who care deeply about the future of our region. We now meet together to work on issues as wide ranging as Agricultural Land Preservation, Brownfield redevelopment through our administration of the Keystone Opportunity Zone Program, Transportation, Growth Management, Municipal Services, especially regional policing, Health and Human Services, Housing and Community Development, and Historic, Heritage and Cultural Affairs to name a few.

We are very pleased that you have committed to be here today, to focus on our regional community and to become part of that process—a process towards improvement. We encourage you to consider membership in the Assembly!

Finally, there are many people who deserve recognition and thanks for planning and holding this event. Special appreciation and thanks are due to the conference planners: Vladimir Beaufils, Tim Collins, Cathy Cresswell, Robin Klock, Felicia Dell, Harriet Faren, Barbara Groce, Russ Montgomery, Brady Stroh and our PR guru, Barb Kauffman. The sponsors and partners of this event really made it happen and without their foresight and leadership, events such as this would not occur. Other volunteers did extra duty and they also deserve note here: Betty Eiceman, Anne Flowers, Roger Karsnitz and Ceil Treiss. Finally, special thanks are extended to our hosts, the administration and faculty at Lebanon Valley College.

We hope that you find this day valuable and thought provoking! We would love to hear your thoughts and responses from this event and look forward to your participation in future Assembly activities.

W. Craig Zumbrun
Executive Director

2 Welcome & Overview

Cumberland County Commissioner Nancy Besch

Good morning and welcome. I am Nancy Besch, Vice-Chair of the South Central Assembly for Effective Governance and Commissioner for Cumberland County. Welcome to you all.

Thank you for coming to the fifth annual summit of the South Central Assembly. Today we will attempt to bridge the gap between the economic development and community planning worlds in the region. We are excited about the list of speakers and agenda for today. We have brought together national experts, regional experts and experts from our own back yard. I know you will find the speakers and breakout sessions to be informative and timely. At the same time, be sure to use the breaks to network with your peers and those from the other side of the bridge, and visit the exhibitor area to greet the fine companies and organizations that have helped to make this event happen.

Thank you, and enjoy the day!

Lebanon County Commissioner Rose Marie Swanger

Good morning. Welcome to Summit V: Economic Development & Community Planning: Bridging the Gap.

The purpose of today is simple: to bring together municipalities, other local government officials and economic developers for the purpose of open discussion and exchanging of ideas! It is a Summit that has been months in the making, and I would like to thank the Committee who made it all possible.

First—the two chairs for this event—two well-known and respected names in economic development and in the region: Catherine A. Cresswell, President of the Adams County Economic Development Corporation, and Barbara Y. Groce, Vice President for Community Relations for the Harrisburg Regional Chamber and Executive Director of ENVISION Capital Region.

These two women used their expertise, knowledge and influence to help us obtain the noted speakers that will inform and educate you today on key issues faced by every municipality, township, city and county in our eight-county region.

These women—did not work alone. They were assisted by: Assembly Board member and President of the Lebanon Valley Chamber of Commerce Harriet Faren; Brady Stroh, Director of the Center for Survey Research & Geographic Information Systems at Penn State Harrisburg; Robin Klock, Executive Director of the South Central Team PA; Vladimir Beaufils, South Central Workforce

Investment Board; Roger Karsnitz, Board member of the South Central Assembly; the Assembly staff Craig Zumbrun, Gwenn Miller and Kari Reagan.

And, as Lebanon County Commissioner I would also like to thank those Lebanon County volunteers who made this day a success...from Dave Pollick, President of LVC, and other committee members that Harriet Faren will introduce soon!

The Summit committee has planned an exciting day.

Donovan Rypkema, principal of Place Economics, a Washington, D.C. real estate and economic development-consulting firm that specializes in downtown revitalization and the reuse of historic structures, Dan Gunderson, Deputy Director, Maryland Department of Business and Economic Development, will discuss attracting business to Maryland, and Jim Nieboer, Pella Doors and Windows: talks of their search of 121 sites and 72 communities on the East Coast before selecting Gettysburg.

The breakout topics will bring discussions together including Transportation/RAD, Visibility/Marketing, Employment/Education/Public Investment, Agriculture, Land Use/Site Location, 21st Century Tech: Hi-Tech /Bio-Tech and Broad Band.

The day also could not have come together without some very special businesses and corporations—the Summit V Partners and Sponsors who donated time, information, and money to make Summit V a success. The partners and sponsors are listed in your Summit packet and on the tables at lunch—so when you see someone with a logo or name you recognize, tell them thank you for their support to the well being of our Region's environment, infrastructure and future.

And thank you for coming today and having your voice heard as well.

Lebanon Valley Chamber of Commerce President Harriet Farren

Welcome to a beautiful Autumn Day in the Lebanon Valley.

On behalf of the Lebanon Valley Chamber of Commerce and our Lebanon County Partners—the Lebanon Valley Economic Development Corporation and President- Bob McNary; Lebanon 2000 and its Executive Director Marsha DiBonaventuro; Lebanon Valley College and President Dave Pollick and Lebanon County Commissioner, and Assembly Board Member, Rose Marie Swanger—WELCOME!

We are excited that the Assembly has selected Lebanon County to hold this Summit! For Lebanon, this is a great opportunity to put our best foot forward and display the beauty that is our community—the rich quality of life that you saw as you drove here, the educational opportunities. Just look around at this wonderful campus...and the many businesses that have selected our county for its people, work ethic, and access to the markets! Lebanon County is truly the Keystone of

the Keystone State! The Assembly has become a keystone for Economic Development with a track record of accomplishments.

The Demographic Reports For Retailers—a sales tool to attract larger chains to local cities; Cost of Services For Local Governments—a fiscal impact to consider the fiscal contribution of farm, forest and recreational lands important to rural economies; The Development Guidelines Report—a two-year effort to review the status of ordinances, staff capacity, and budgets for all 318 local governments in the region and counties; and the Keystone Opportunity Zone (KOZ) and Keystone Opportunity Expansion Zone (KOEZ), Pennsylvania's award-winning program to stimulate job creation and renewal in some of most-challenged communities, and where Lebanon has 245 acres available!

In Lebanon County, the Assembly has been active. Yes with the 245 acres of KOZ and with Marsha DiBonaventuro, of Lebanon 2000, Inc., a downtown revitalization organization in the city of Lebanon is looking forward to utilizing the Demographic Report. With South Londonderry Township Manager Rose Mary Kays, who is interested in the Cost of Services Study and has met with Assembly officials. Also, Lebanon County Planning Director Bill Kurtz joined his counterparts from other counties when the Assembly unveiled its first Regional Comprehensive Plan.

All of these programs are fodder for the discussions that will occur today—discussions that by virtue of your coming here demonstrate your support in the well being of our Region's environment, infrastructure and future.

So welcome to an special event, Summit V: Economic Development and Community Planning: Bridging the Gap-- And thank you for bringing your voice to be heard to make OUR community a better place for the eight counties and 1.7 million residents who live and work here. We welcome you!

4 Plenary Speakers

Adams County Economic Development Corp. President Cathy Cresswell

Being a co-chair of this event along with Barbara Groce, I was able to influence the task force on the selection of speakers. It was exciting to develop the program to ensure that we were really going to “bridge the gap”, working on what kind of conversations we would have here today.

We want the day to be informative and useful. It should help you in your chosen careers. We have many people here today representing quite different walks of life. I hope the day will be one of sharing experiences.

I am here to introduce Jim Neibor from Pella Doors and Windows headquartered in Pella, Iowa. I was encouraging the Planning Task Force to bring in a speaker who could describe from the corporate side their somewhat unique approach to site selection. I have known Jim since he first appeared in my office in January of 2001 with seemingly thousands of questions. Several months later, we completed a very satisfactory land development deal. Jim is the Pella Corporation's Environmental, Safety and Facilities Engineering Manager. He has been involved in all of Pella's site selection projects since 1977. Jim is a graduate of the University of Iowa.

Jim Nieboer, Pella Doors and Windows' Site Location Process

Pella reviewed 121 sites and 72 communities on the east coast before selecting Adams County

Thank you and good afternoon. I'd like to talk today about the Pella Corporation including Pella's site selection process, the critical role played by the Governor's Action Team, the critical community information that assisted Pella in making

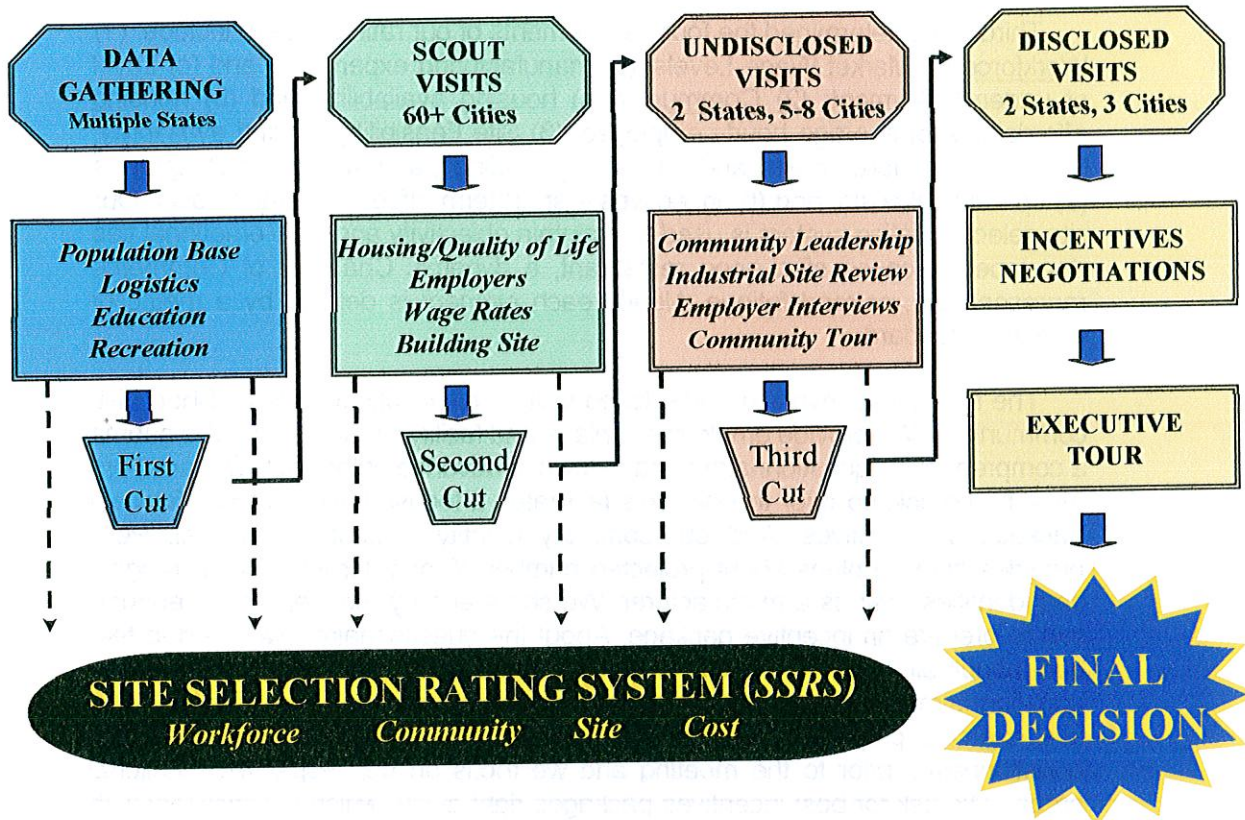
Typical Pella Site Location

- Town size: 4,000 – 10,000
- One of the larger employers
 - 400 – 600 employees
 - Enhances teamwork
- Rural work force
- Stress community involvement
 - Student scholarships and teacher recognition
 - Encourage recreation league coaching
 - Teamed with local chambers of commerce

its decision, challenges and rewards we experienced throughout the process.

Because Pella realized successful growth in market share and our Iowa locations were at full capacity, while understanding the need to be closer to the customer, we sent a facility planning team to evaluate expansion options.

We reviewed where our customers were and identified a logistical center of market to help us assess logistics costs of one site relative to another. We decided to limit our search area east of Interstate 95.



During the first phase, data-gathering, the initial criteria included an airport with 5000 feet, a runway within 30 minutes, access to 4-year college, a town size of 5,000 – 25,000, and access to interstate highways that serves northeast markets. We hired a division of Deloitte & Touch to search a database and consolidate information. Note the change—we took the risk of considering a big city with a population of up to 25,000.

We narrowed our search to finalist candidates within a 25-mile radius buffer. This narrowed the list of candidate cities to about 130. With additional Internet research we were able to sort and eliminate about 25 to get to a manageable list for the next phase of the process.

Scout visits were the second step. We sent in teams of three people looking for (1) real estate values, (2) employers and wages, (3) daily routines of residents, (4) potential divisive issues, (5) evidence of unifying events, (6) evidence of

progressiveness. All findings were reported back to the full team especially including assets and drawbacks of towns. We used our proprietary rating tool to rate each community. This is a real adventure! We learned of divisive issues by reading local papers. We eavesdropped on conversations at coffee shops. We asked people on the street what they like about living here. We looked at schools for the drive to excellence. We did this from Monday through Thursday and reported to a full team meeting on Friday. Reports back are full of war stories and humorous moments. Once in a spirited debate about the flexibility of one community's workforce, one of our team members said vehemently, "Yeah, but what evidence do we have that the Amish won't change!"

Thirdly, we determined the four key elements of our rating system include: (1) Workforce (a) Market Wage Levels, (b) manufacturing experience, and (c) Level of underemployment; (2) Community (a) housing availability, and (b) housing affordability for average hourly employee; (3) Site Feasibility (a) land availability, (b) local construction costs, and (c) existing buildings; and (4) Cost of Operations (a) operational costs, and (b) incentives – short term offset for startup costs. Our site selection rating system is used to maintain objectivity and curb emotional ties developed because of a good restaurant, a dynamic Chamber of Commerce representative, or road fatigue. Nearly each element is defined by a metric or objective standard.

The fourth step involved undisclosed visits. This involved visits to 'Short List' communities. We provide employment plans and facility requirements. We submit a comprehensive questionnaire to each town in advance of the visit. The answers must be completed prior to visit. This facilitates a focused visit. We ask for best package of incentives. And our company identity is kept confidential. Pella provides detailed plans about projected number of jobs, targeted wage ranges, and identifies itself as a manufacturer. We share energy requirements – enough info to prepare an incentive package. About the questionnaire... we used to feel bad about all the work required by communities to get all answers to the questionnaire, but the feedback from communities has been very positive. And this exercise prepares communities for the next project. The team reviews questionnaires prior to the meeting and we focus on our respective functional areas. We ask for best incentives packages right away, which is consistent with our manufacturing philosophy of doing it right the first time. Remaining confidential requires a lot of discipline on our part because we are very proud of our company and we have to restrain ourselves.

Let me talk about the importance of confidentiality. Consistent with our values of teamwork, we strongly believe our Pella team members should hear the news first. Breaking confidentiality leads to all sorts of non-value added activity. Politicians have called our CEO; I have received calls from every type of service provider from every electrician, machine builder, or other types of subcontractors, vending machines and telephone service. Pella prefers not to have states get into public bidding wars like what you see with large automotive sector. Pella is driving the market and our competitors are very systematically trying to discover what Pella is doing, so we have to be concerned about corporate espionage.

The fifth step involves a disclosed visit. We insist on confidentiality through all steps of the process. Our focus is on the long-term. Incentives are an important

tiebreaker between competing communities or states. Also, we work on the details of incentives. We verify wage information and benefits in the local market, and try to gauge the manufacturing experience of local labor market. We analyze all costs including construction, start-up and ongoing costs.

The final steps include a tour with executives, recommendation of site selection, ratification by our Board, announcement to Pella employees, and announcement to the public.

Jim Nieboer
Pella Doors and Windows
2000 ProLine Place
Gettysburg, Pennsylvania

David Black, President and CEO of CREDC

It is my pleasure to introduce Dan Gundersen who is a graduate of the University of Pennsylvania with a Masters in Governmental Administration and Public Finance from the Wharton School, with a bachelor's degree from Hope College in Michigan. Prior to his joining Maryland's Department of Business and Economic Development, I worked with Dan when he was with the City of Philadelphia under then-mayor Ed Rendell on their federal Empowerment Zone Program and later on the Keystone Opportunity Zone program.

Dan was called away from Philadelphia by the State of Maryland to become the Assistant Secretary of his department charged with attracting and retaining businesses in Maryland. He has over 60 employees and a \$10 million annual budget. He manages international business development as well as marketing, sales, and development. Dan should be able to give us a broader perspective to our region. When Governor Ridge was still here, he talked about Pennsylvania being "a leader among states and a competitor among nations". Competition is very real among states. Please welcome Dan Gundersen.

Dan Gundersen, Commonwealth of Maryland Economic Development Corporation Deputy Director

Maryland's relatively less complex system of governance provides some facility to economic developers.

David Black asked me to come talk about why Maryland is kicking Pennsylvania's butt. I was recruited by the State of Maryland through a series of meetings with corporate leaders, which is a very different approach to selecting state government officials. I was impressed.

Maryland is different from Pennsylvania ...perhaps more southern. We compete along with other Mid-Atlantic States. We don't necessarily compete head to head with places like California. Maryland is familiar to most Pennsylvanians: the inner harbor, the D.C.-Baltimore corridor, and the eastern seaboard. Maryland does have distressed counties such as Garret in the west, which lost its old industries like PPG. Similarly, the eastern shore struggles with the lack of economic diversity, depending upon poultry production and related agricultural enterprises. We are a small state: 5 million people. We run well below the national average in unemployment; yet most jobs are in the Baltimore-D.C. corridor.

The structure of governance is key. Small is an advantage. We can easily pull all 23 counties and the City of Baltimore together for policy meetings 3 times per year. In Maryland, the counties rule. There are 157 municipalities but only 120 are incorporated and less than half fully use their incorporated statuses. Maryland has the strongest form of governorship in the nation. The legislature

can only subtract from the budget; it can't add anything. The state collects and then distributes all taxes...whereas in Pennsylvania we pay school taxes, local taxes, county and state taxes. In Maryland there are only 24 economic development directors and they county system is very stable. States can mandate that counties produce solid strategic plans or counties can risk losing state money.

My Gundersen produced a chart showing the relative competitiveness of eastern states:

State	Counties	Municipalities	Population (Millions)	Labor Force	Unemployment Rate
Virginia	95	41	7	3.815	4.1%
West Virginia	55	234	1.8	.809	5.9%
Ohio	88	Many	11	5.892	5.5%
New York	62	62 cities 932 townships 554 villages	19	9.102	5.7%
New Jersey	21	500	8.5	4.250	5.3%
Delaware	3	38	.780	.400	3.8%
Pennsylvania	67	3000+	12.3	6.128	5.3%

There are only 7,500 taxing authorities in the entire USA and Pennsylvania has over half of them! Businesses hate government and Maryland uses that fact against Pennsylvania every day. How does Maryland compare to Pennsylvania in taxes?

	Maryland	Pennsylvania
Corporate taxes	7	9.9%
Sales and Use	5%	6.0%
Unemployment	\$153.00	\$280.00
New Employment Rate	1.8	3.5
Wage base	8.500	8.000

Labor costs are the key determinate for businesses. Harrisburg and Baltimore MSA statistics for labor costs are nearly identical. Other factors including energy and labor pool are also similar.

A location's overall economic image is also very important. Businesses look at ten-year trends. Maryland went from the 45th ranked state in 1990 to a top 10 state in 2000. Other factors businesses consider are the relative similarity of related businesses in the prospective area, the size of the student population, available qualified staff, cultural, and climactic conditions.

Maryland has organized around industry sectors rather than around geographic approaches. Maryland has some of the best know corporations in the world...10 of the top11 defense industries. In biotech firms, Maryland is only second to Massachusetts. The USA gets more than half of its economic growth from companies that barely existed ten years ago.

Increasingly, Maryland firms have key decision makers located overseas. Recent meetings in Tokyo and Scandinavia netted computer and biotech businesses respectively. Maryland hires key professionals to work directly with business leaders. Staff includes 5 PhDs, 3 JD, 2 CPA, and 3 CED. Training and education are highly encourages. Last year every employee realized an average of 44 hours of professional development.

Mr. Gunderson noted large corporation developments in Maryland last year: Toyota Financial services: 440 jobs, Garden State Tanning: 200 jobs, Closet Maid: 700 jobs. Maryland will continue to pursue leads for linked businesses.

Daniel C. Gunderson
Deputy Director
Maryland Economic Development Corp.
36 South Charles Street
Suite 2410
Baltimore MD 21201

3 Keynote Speaker

Place Economics Principal Donovan Rypkema

What does design have to do with sustainable economic development? How well do we understand our community's economic aesthetics?

The Competitive Community in the 21st Century

Thank you and good afternoon. The widely admired American author Eudora Welty in her collection of essays entitled *The Eye of the Story* wrote, "it is our describable outside that defines us, willy-nilly, to others, that may save us, or destroy us, in the world; it may be our shield against chaos, our mask against exposure; but whatever it is, the move we make in the place we live has to signify our intent and meaning."

The efforts over the last several years by many in this room well represent the "moves you are making in the place you live to signify your intent and meaning." Over the years I have been in many of your communities, and that intent and meaning is not difficult for even a casual visitor to grasp – exceptional communities, proud of their past, preparing for their future, and doing everything possible to make sure you have a place of high quality of life for your citizens today.

The competitive place will begin to understand that economic growth and population growth are not inherently one-in-the-same.

--Donovan Rypkema

I want to begin with a recollection of history and a real estate cliché. Think about how nearly all cities began – they were founded and grew because of their dependence on a fixed location. They were located on a seaport, or near raw materials, at a transportation crossroads, or close to a water source, or at a point that was appropriate as a military defensive outpost. They were location dependent cities. Now think about that old cliché that the three most important things in real estate are location, location, location. And for a long time that has been true. But we are in the midst of changes that will move cities from being driven by location economics to be driven by place economics. What is the distinction between a place and a mere location? I've struggled with that over the past few years. For the moment I have settled on landscape artist Allan Gussow's definition of place as "a piece of the whole environment that has been claimed by feelings." So place is not a synonym for "location." A location is a point on the globe; an intersection of longitude and latitude. Certainly every "place" has to have a location but I do not believe every location meets the test of being a "place."

Without question in my mind, south central Pennsylvania is filled with places not mere locations. I suspect that many of your communities represent a piece of the whole environment that has been claimed by feelings, and your presence here today is evidence of that.

Before we go further I want to make another definitional distinction. The vastly overused word "community" is not, in my judgment, a synonym for "municipality". I've searched for an appropriate definition of "community" and here is the one I think is most useful. "A community is a place in which people know and care for one another--the kind of place in which people do not merely ask 'How are you?' as a formality but care about the answer."

There are today, throughout America hundreds of groups advocating for "community" and hundreds more advocating for "place." What virtually none of them has recognized is that the two concepts - community and place - are inseparable." Place" is the vessel within which the "spirit" of community is stored; "Community" is the catalyst that imbues a location with a "sense" of place. The two are not divisible. You cannot have community without place; and a place without community is only a location.

I also feel the obligation of making a confession to you: I have, by far, the best job in America. Every year I get to visit a hundred or so communities of every size – from villages of 450 people in the middle of Nebraska to Detroit, Chicago, Los Angeles and every size in between. In the last eight weeks I've been in Virginia, Michigan, Wisconsin, Massachusetts, Oklahoma, New Hampshire, Washington State, Illinois, Georgia, Ohio, Arizona, and Vermont. I go in, pretend I know what I'm talking about, and leave – no follow through, no implementation, no responsibility. I don't actually have to do anything. Which is probably just as well because I really don't have that many skills. But I do have one. I am a very good note taker. I see what lots of people in lots of places are trying: what is being successful; what is not. And then I take those notes and make lists. That is what I really am – a list maker.

We are now in the 23rd month of the 21st century. And since the beginning of this new millennium, but particularly since September 11th of last year, I have spent a lot of time reading, and listening, and thinking about places – thinking about what they are going to have to do to be competitive in this century. And what did I do with this reading and listening and thinking? Make a list, of course, a list I'm calling Qualities of the Competitive Place in the 21st Century.

You should know that this list is a work in progress. I absolutely reserve the right to add, subtract, correct and amend as we all move forward into this new century. Forums such as this have given me the opportunity to put this list on paper and offer it to you as a way to judge for yourselves if your efforts in your communities will aid in making them a competitive place in the 21st century. I have twenty or so items on this list, so I'll be brief on most of them. And they are not in any particular order. But, for what it's worth, is my list.

The definition of what “economic development” means needs to be a local one. It needs to be specific and measurable. Many local economic development yardsticks in the 21st Century will be qualitative rather than quantitative. Localization will always necessitate identifying local assets (human, natural, physical, locational, functional, cultural) that can be utilized to respond to globalization. Writing in his book *Post-Capitalist Society*, business guru Peter Drucker writes, “Tomorrow’s educated person will have to be prepared for life in a global world. He or she must become a “citizen of the world” – in vision, horizon, information. But he or she will also have to draw nourishment from their local roots and, in turn, enrich and nourish their own local culture.”

The competitive place will be an active participant in economic globalization. It is not my intention here to argue the merits of economic globalization aside from the following: 1) economic globalization is inevitable in the 21st century; 2) there are 1.2 billion people in the world living in poverty – most of them people of color – and the industrial world will never tax itself enough to end that hunger; 3) the only escape from poverty is the ability to sell goods and services around the world; and, 4) while there will be some places that choose to opt out of the world economy for reasons of provincial ideology, protectionist isolationism, or political I.O.U.s, the citizens of those places will be the losers. Your economic competitors will not be Bowie, Maryland but Bilboa, Spain; not Scranton, Pennsylvania but Samara, Russia; not Laurel, Delaware but Lijiang, China.

The competitive place will, however, make a conscious effort to avoid cultural globalization. To be lost in a sea of international undifferentiated sameness, to be just a spot in the road that also has a McDonald’s, a Toys-R-Us, and Super 8 Motel will convert a someplace into an anyplace. And the distance from anyplace to noplace is short indeed. Perhaps the most articulate advocate for globalization in America is *New York Times* columnist Thomas Friedman, author of *The Lexus and the Olive Tree*. But listen to what he says. “There are two ways to make people homeless: One is to take away their home, and the other is to make their home look like everybody else’s home.”

The competitive place will forge formal ties to educational institutions at every level – colleges and universities, community colleges, high schools, trade schools, private schools. And the competitive city will provide ample opportunities for ongoing learning opportunities throughout one’s life. I don’t care what field you are in or how good you are at your profession – if you haven’t been in a classroom in the last 24 months you are falling behind.

The competitive place will begin to understand that economic growth and population growth are not inherently one-in-the-same. This will be a tough one, because for at least 200 years in this country we have assumed population growth was essential for economic growth. But I would suggest that is no longer necessarily true. How can there be economic growth without population growth? Well, there are at least six ways: a better educated existing workforce; increased productivity; expanded markets; technological innovation; internet transactions; and telecommuting.

Now don't get me wrong. I am not remotely suggesting that some cities might not want population growth or that population growth can't create economic growth. What I am saying is that we need to step back and ask the question, "Can we have economic growth without population growth?" and I think we can.

Let me digress from the list for a moment. I'm in the business of economic development. When I go into a town the people I typically see are like many of you in this room – bankers, elected officials, city staff, property owners, business owners, professionals. And I often ask them, "Why are you involved in this economic development stuff?" And, of course, what they immediately say is, "We need to increase the tax base; build loan demand and generate deposits for the bank, increase household income, attract higher paying jobs." But you know what, those are never the real reasons. When you talk long enough, and ask the question enough times the real reason emerges and it is this: "I want my kid to have the chance to stay here and work if she chooses to." That's why we're really involved in economic development – so our child can have the opportunity to live and work where they grew up. And if we can create opportunities for them to do that, that too is economic growth, without population growth. But there's one more issue here – Why would a child want to come back if the place they grew up in is indistinguishable from anywhere else?

The competitive place will be a sustainable place. Sustainability has for sometime been recognized by the resource industries – the necessity to pace extraction or renew resources so that the local economy is sustainable over the long term. A broadened principle of sustainability recognizes the importance of the functional sustainability of public infrastructure, the fiscal sustainability of a local government, the economic sustainability of the local economy the physical sustainability of the built environment, and the cultural sustainability of local traditions, customs, and skills. You might think of the notion of sustainability as an environmental concept, but the English words "ecology" and "economy" come from the same root, the Greek word *oikos*, which means "house". Economic development analysts – based on the models of the ecologists – have discovered that what is necessary to keep our economic house in order is the same as it takes to keep our ecological house in order and that, in part, is sustainability.

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--Donovan Rypkema

Another word from the ecological world is diversity. Biologists were the first to understand the importance of diversity to a healthy ecological system but it is true of an economic system as well. That's why smart economic development specialists strive to avoid having their community dependent on a single employer, a single industry, or even a single industry focus.

But the competitive place won't just focus on industrial diversity but perhaps even more importantly on human diversity. Now dealing with diversity is never easy. For 40 years we have struggled in this country – often painfully – over our racial and cultural and ethnic and gender diversity. Those struggles have not been easy nor are they over. But as part of that struggle we have learned as an economy how not only to overcome the challenges of diversity but to utilize alternative perspectives to make money in the marketplace. We live in a world where there are far more Brown, Yellow, and Black people than White; where there are more Hindus, more Buddhists, and more Muslims, than non-Hispanic Christians. The percentage of the world's population made up of people who look and in many cases think like most of the people in this room is falling every day. Our having confronted and worked through diversity issues at home will maintain a competitive edge for American business in the global marketplace. Our main economic competitors in the next two decades will be Brazil and South Africa. Why? Because those are two countries that are systematically beginning to recognize their diversity as an economic asset, not a sociological liability. What is a white middle-aged heterosexual Republican-type male doing up here talking about diversity? Because communities are going to have to learn to figure out ways to operate in this context of diversity not for sociological, political, ethical, or moral reasons, but for economic survival. A city that is diverse can be a competitive city if it is smart enough to capitalize on and utilize that diversity.

So these concepts of sustainability and diversity emerged from the environmental sciences but I don't want to leave the subject of the environment quite yet. You know we all diligently recycle our Coke cans. It's a pain in the neck, but we do it because it's good for the environment. Now even though a quarter of everything dumped at the landfill is from construction debris, we don't often think about the environment in relation to the demolition of historic buildings. But let me put it in context for you. Let's say that today we tear down one small building like this in your downtown. We have now wiped out the environmental benefit from the last 1,344,000 aluminum cans that were recycled. We've not only wasted an historic building, we've wasted months of diligent recycling by the good people of your community. Now why doesn't every environmentalist have a bumper sticker saying "Recycle your aluminum cans AND your historic buildings." Either that or let us off the hook from having to sort those Coke cans every week.

The competitive place will be a differentiated place. Four hundred years ago the Italian philosopher Giordano Bruno recognized that "Where there is no differentiation, there is no distinction of quality." And today a competitive place must be a quality place.

The competitive place will make sure there is affordable housing for workers. Let me give you a real estate fact of life – you can't build new and rent cheap, it can't be done, unless you have deep public subsidies or you build crap. A major economic reason to stabilize and preserve older neighborhoods – even if you think they are of nominal architectural or historic value – is so you preserve an inventory of affordable housing. Every time you see that old house being razed just realize that you've lost one more unit of affordable housing, and it will be very expensive to replace it. Why do we care? Over the next ten years around 20 million net new jobs are going to be

created in America. And that's great. But nearly seven million of those jobs – 34 percent of the total, are going to pay less than \$20,000 per year. Now I suppose that has all kinds of political, social, and philosophical issues involved. But I have just one question – Where are those people going to live?

Some cities have a hot shot economic director who says, "Well, I understand how other places are going to have to worry about this affordable housing for workers business, but our town is going to be part of the new economy, the high tech economy, the cutting edge economy. And those are all high paid jobs so we don't have to worry about the affordable housing issue."

Well, Mr. "we're the new economy" economic development director, let me 'splain you something. In the next ten years for every new job for a computer programmer we'll need 7 clerical workers; for every chemist we'll need 43 cashiers; for every operations research analyst we'll need 73 janitors.

Furthermore the so-called new economy workers are driven by quality of life issues on where they want to live. Well quality of life means good childcare, and childcare workers make less than \$11,000 a year. Quality of life means nice restaurants – and waiters and waitresses, and we'll need 300,000 more of them over the next ten years, make \$12,730. Quality of life means clean and safe buildings, which require janitors and guards and they make less than \$16,000 a year. So high tech, high pay, new economy cities – good for you...but you're going to have to have a whole bunch of workers who don't get paid like you do. Those workers are going to need a place to live. So you better be insisting that older neighborhoods be protected and enhanced if for no other reason than to make sure your kid's nanny has a place she can afford to live.

The competitive place will have arts and cultural activities not as a luxury but as a core component of economic development, of public life, of education. The ballet will be every bit as important as the bandwidth; the interactive art exhibit every bit as important as the internet access.

The competitive place will be a city of partnerships. The South Central Assembly is a splendid example. Not the public sector, not the private sector, not the non-profit sector has all the answers; but each has value to add to the process.

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The competitive place will be a city of partnerships. The South Central Assembly is a splendid example. Not the public sector, not the private sector, not the non-profit sector has all the answers; but each has value to add to the process. More and more issues will be addressed locally through partnerships.

The competitive place will also have a vision. It will be a vision that stirs the imagination but remains in the category of achievable. It will be a vision that is advanced one step at a time. It will be a vision that evolves over time. It will be a vision that is embraced to the people of the competitive community.

The competitive place will have a long-term perspective. Elected officials will think more about the next generation than the next election. Business leaders will think about the next quarter century instead of the next quarterly dividend. How