

## WHITE PAPER ON ECONOMIC DEVELOPMENT

The ultimate goal of economic development is to improve the economic well-being of our island-city.

Today, due to years of economic uncertainty, it has become incumbent upon municipal leaders to be concerned about the absence of residential growth and its resulting affect on our municipally-delivered essential services and resulting quality of life. While the Bainbridge Island City Council has been a relative late-comer to the need for emphasis on job creation via private business sector expansion, it's a discussion that is welcomed by the Chamber.

In recent years, the field of economic development has become increasingly concerned with building and improving the underlying assets that contribute to a region's economic strength, focusing on the economic engines, those "traded" clusters (a geographic concentration of interconnected businesses, suppliers, and associated institutions) that sell their goods and services to external markets. Through exporting goods and services outside of a region, traded clusters import income into the region that is then circulated throughout the regional economy. This, in turn, creates the resources needed to support the "non-traded" industries — those parts of the economy whose market is primarily local. While non-traded activity also creates significant job opportunities for residents, the long-term vitality of this component of the regional economy depends upon strong regional economic engines.

### **Consensus Already Achieved**

Approved in 2004, the Economic Element of the City of Bainbridge Island's Comprehensive Plan describes an

***"...economic future which includes diverse enterprises by type and scale, reinforces Bainbridge Island's character, offers a variety of kinds of employment options, is not dependent on the external economy, will not lead to high-rise corporate office towers, and is open to all income and skill level groups."***

When you continue to read the plan's policies, it is clear that the authors of the strategy were concerned about sustainable, long-term prosperity - not willing to undertake initiatives that deplete important natural resources for the sake of short term profits. Similarly, the plan does not embrace the pursuit of large, non-locally owned companies dependent on fluctuating national and international markets, willing to move on a whim whenever conditions are more favorable elsewhere.

Should we do a public survey today, we doubt that one would find a large swing in public opinion.

Until the Comprehensive Plan is amended, then, it would seem that the island-community has built a consensus on development goals and on strategies for achieving them.

Source: [http://www.ci.bainbridge-isl.wa.us/documents/CompPlan2004\\_Economic\\_2005\\_24.pdf](http://www.ci.bainbridge-isl.wa.us/documents/CompPlan2004_Economic_2005_24.pdf)

## **Economic Engines – Traded Industries**

### **Traded Sector Cluster Development Strategy**

This strategy supports the competitiveness and growth of interrelated firms in economic clusters that are central to an area's economy, that have strong growth prospects, and/or that provide good quality jobs or jobs for a target population.

Activities include: (a) developing cluster organizations; (b) creating specialized cluster services around finance, job training, and research and development; (c) marketing and gaining recognition of the cluster for policy and business attraction purposes; and (d) advocating for supportive regulatory and public policies.

There is no doubt a community “brand” for Bainbridge Island that has been percolating in local, regional, state and international circles. That brand is un-mistakenly “progressively green”. The presence of **Yes!** Magazine's founders and publishers and its annual 600,000 readers and 1.7 million web visitors is an indication of its strength and reach. To-date, together with the educational successes of **Bainbridge Graduate Institute** and its 500+ alumni, as well as **IslandWood's** (in coordination with the University of Washington) 100+ alumni, the efforts are consistent and far-reaching. Current and future job-creating businesses could benefit from associations with these well-regarded leaders in the ‘green’ industry. Many of those entrepreneurs and change agents will have been introduced to Bainbridge Island by attending functions or enrolled as students.

### **Resident Work Force**

Utilizing the 2010 Census Bureau's **On the Map** Application, it can be shown that of the 5,470 employed persons who work on Bainbridge Island, 60% of them (or 3,265 workers) come from off-island residences. Those that live and work on Bainbridge Island constitute the counterculture at 2,205 or 27% of those employed on-island. The other whopping 5,843 workers (73% of employed island residents) leave the island each day to work somewhere else, primarily across Puget Sound. This is of no surprise to anyone who rides the commuter ferries each morning. A full 32% of those commuting off-island are commuting to services related to Professional, Scientific, Technical, Educational and Health-Related jobs – the employees having the most courtiers – but also of value to future island-employers.

40% of the employed workforce residing on Bainbridge has a Bachelor's degree or better and 58% are currently earning over \$40,000 per year.

### **Not Selling Out**

The attempt to convince outside companies and their employees to move to Bainbridge Island, rather than to one of the thousands of other communities which are courting them, can worsen our population pressures. Such campaigns are also expensive to run, and often involve further community expense in the form of concessions or giveaways to the prospective outside company, that could degrade the community's public resources -- in our case our greatest asset.

These resources serve businesses directly to some extent, but also serve all of the citizens of the area, and are largely responsible for why people want to live here. Included in this category are the schools, transportation systems, electricity, water and sewer systems, police and fire services, libraries, parks, and recreational facilities, as well as clean air, natural beauty, freedom from congestion and blight, security from crime, friendly neighborhoods, and the richness of cultural activities.

The importance of these public resources to the economic well-being of the community is sometimes overlooked. As well as their direct relevance to productivity, they are the quality of life factors that business owners and CEOs seek when they decide where to take up residence.

Thus, the most fruitful and cost-effective approach to local job creation for economic growth is to invest our development efforts in strengthening our primary economic assets, namely our public resources and our local services. By doing so, we are attracting business CEOs and decision makers, their spouses and children. If the chief executive wants to live here for quality of experience reasons, the campaign is won before it has begun. At the same time, we are protecting and enhancing our quality of life, which is the essential reason most of us live here. Such an approach directly enriches us all.

In addition, quality factors undoubtedly attract others such as retirees, who are free to live where they wish, and whose expenditures and investments have a large impact on the community they choose to settle in. Forty to fifty percent of all personal income flowing into communities is money other than wages, salaries, or profits, and includes income on investments, pensions, and transfer payments.

### **Local Markets – Non-traded Industries**

You have heard it quoted by the President that the majority of jobs created nationwide in the last 20 years have been by small, local businesses, including farms. Small, local businesses not only create most jobs, they also have greater allegiance to the local community. In addition, their diversity contributes to a stable economy.

Recognized strategies for improvement have included:

### **Commercial District Strengthening and Revitalization.**

This strategy seeks to expand neighborhood business and employment opportunities as well as improve the image, amenities, and quality of life in neighborhoods by creating revitalized and strong commercial districts. Activities include: (a) efforts to coordinate and manage neighborhood service centers; (b) public safety initiatives to address real and perceived crime; (c) facade, cleanliness, and physical improvements to make the area more attractive and improve its image; (d) events and marketing plans to improve the area's image and strengthen its role as a community center; and (e) real estate development and business recruitment to reuse vacant properties, bring new businesses to the area, address key retail/service gaps, and strengthen existing business niches.

For more information on the Main Street Program <http://www.dahp.wa.gov/programs/mainstreet-program>

### **Development Finance/Community Development Finance Institutions.**

This strategy seeks to expand the supply of capital and address capital market gaps to finance business start-ups, expansions, real estate development, and community facilities. Activities include: (a) offering revolving loan funds and business finance programs; (b) creating a community development financial institution or separate quasi-public agency that can raise and manage capital to address an area's financing needs; (c) organizing and advocacy for bank services and lending for economic and community development.

For more information on Community Sourced Capital: <http://bealocalist.org/driving-investment>

### **Business Retention/Business Competitiveness.**

Business retention involves providing a range of services to existing employers to help them remain more competitive and retain employment in the community. A range of tools has been utilized to reach out to local employers to identify challenges that they are facing and to provide support services to address these challenges. In addition, technology transfer programs have sought to utilize the resources of universities to solve business problems.

### **Strong Regional Economic Engines**

While some communities have supported the ability to invest in very risky, large-scale, high visibility, “brick and mortar” projects, it has not been suggested for the Bainbridge Island government. These are so-called “silver bullet projects” like casinos, convention centers, stadiums, and large downtown commercial projects. Such projects, while highly visible and usually able to garner political support, do not address fundamental quality problems. (Curiously, the types of long-term investments that are needed for more sustainable economic development activity often do not attract the necessary political support.)

Regardless, investing in regional facilities that have already shown success may serve to deepen the local service industries and their support networks.

As an example, many advocates agree that regional economies benefit from hosting youth sports tournaments. With investment returns as high as 50-1, youth and amateur sports tournaments are fairly low-investment opportunities that small communities can explore with large returns for the resources that are already present. Examples that may have regional appeal include youth soccer, youth lacrosse, sailing regattas and bicycle races.

For more information see: **Game On!, The Impact of Youth Sports on a Regional Economy, 9/18/12** by Traverse City Area Chamber of Commerce <http://tcchamber.org/wp-content/uploads/2012/10/YouthSportsReport.pdf>

Sports Destination Management Magazine <http://www.sportsdestinations.com>

## **Chamber’s Role**

Most successful Chambers are organized around several core competencies. Each has a role in economic development, whether direct or indirect:

### **Helping businesses network and build business relationships**

From recent surveys, the top reason for joining Chambers is also cited as the most important benefit of Chamber membership. Members see value in networking with other business leaders to share ideas, stay informed, or for advocacy as well as facilitating immediate business leads.

### **Representing the interests of business with government**

Chambers regularly provide a valuable role of giving business a voice with local government. Some Chambers have improved their ability to advocate for business interests by forming alliances with other regional Chambers or Economic Development Alliances to strengthen that voice. Also included in this role is disseminating invaluable information from their governments on regulatory and legislative issues.

See also: Kitsap Economic Development Alliance <http://www.kitsapeda.org/>

## **Promoting the Community**

The Chamber provides tourist/visitor information like local maps and business references, as well as taking advantage of social networking websites like Facebook and Twitter. Websites and regular email communication are also cost-effective, along with printed communications, to showcase the community assets.

## **Promoting Sustainable Business Practices**

There's no denying the fact that we're operating in an eco-aware economy. These are all impacting the bottom lines of large and small companies whether through rules and regulations, new standards, or through customer perceptions that impact loyalty. It's about relationship building: today's community issues are usually much larger than any one entity. A key ingredient in sustainability is the connectivity with other community stakeholders to leverage and maximize resources. This provides opportunities to form strategic alliances that the Chamber may lead, participate, or spin-off.

## **Conclusion**

To support and renew our economy and to protect its stability and our high quality of life, we need a commitment by all elements of the community. The Chamber has always been and is steadfastly committed to participation in and cooperation toward a community economic development plan.

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