

## **Establishing a Bay Area Economic Development District**

### **A Public Private Collaborative to Improve Economic Resilience and Prosperity**

Most of the Bay Area is outpacing the state in employment growth, while eight of the region's nine counties have March 2016 unemployment rates below the statewide level of 5.6 percent, indeed well below "full employment." Yet the long term volatility of the region's employment base, and struggling geographies and population groups and sectors even in periods of plenty, point to ongoing needs for attention to economic resilience. The Bay Area has a wealth of active, strong, experienced economic and workforce development organizations that address segments of these concerns, focusing on particular economic resources (business advocacy or workforce training for example), geographic areas (such as the East Bay), or populations in need. The US Economic Development Administration offers a framework for enhancing this work through addressing economic and workforce development concerns at a multijurisdictional level through establishing an Economic Development District (EDD) with a Comprehensive Economic Development Strategy (CEDS). By considering needs, resources, and programs at multiple levels across the region, the Bay Area can create a more complete set of resources and strategies to maintain a resilient economy and expand opportunity in the region.

#### ***Background***

For nearly half a century, the Association of Bay Area Governments has produced regional economic and demographic forecasts, analysis and policy approaches for the region. As the Council of Governments for the Bay Area's nine counties and 101 cities and towns, ABAG facilitates communication among jurisdictions, organizations, and other stakeholders, and enables collaboration and understanding on regional economic, housing, environmental and resilience issues.

The Bay Area's first *Sustainable Communities Strategy*, Plan Bay Area, was adopted in 2013 by ABAG and the Metropolitan Transportation Commission (MTC), coordinating long range plans for land use with transportation investments. Business groups, local jurisdictions and other stakeholders have emphasized the need to better address the region's economy in Plan Bay Area. A few areas of concern include:

- ensuring greater business input to strengthen the competitiveness and resilience of the regional economy;
- reducing regional economic and workforce disparities;
- enhancing existing business districts and job centers, including those near transit;
- improving the connection between the region's job centers and impoverished communities by expanding transportation access;
- improving the region's resources for workforce development, and;
- expanding and retaining goods movement, advanced manufacturing, and industrial businesses.

In response to these concerns and based on consultations and collaboration with federal, state, regional and local stakeholders including the EBEDA, BAC, the Bay Area Community College Consortium and Workforce Development Boards, ABAG is preparing a *Comprehensive Economic Development Strategy*

(CEDS) report to establish a regional Economic Development District (EDD), as defined by the US Economic Development Administration (EDA). The CEDS report and regional EDD will address the concerns raised by the business community, and serve as a platform to coordinate and elevate the multiple subregional economic and workforce initiatives and provide additional resources to the region. For more information, see <http://www.eda.gov/ceds/>

### **Overview**

#### What is an Economic Development District?

**An Economic Development District (EDD) is a county, or ideally a region, designated by EDA to receive economic and workforce development related technical assistance and grant funding.** A number of cities, counties and organizations in the region are exploring or have taken initial steps towards defining Economic Development Districts within their areas of concentration. A Regional Economic Development District would make the Bay Area more competitive for federal economic and workforce development funding and could support sub-regional economic development efforts that address needs of the region's diverse communities and workforce. A regional EDD would also support the integrated regional plan for growth and economic prosperity envisioned by Plan Bay Area and more recent studies and the new Workforce Innovation and Opportunity Act (WIOA) requirement for greater state and regional collaboration.<sup>1</sup> Emerging regional economic and workforce development efforts could benefit from this strategic focus on economic development.

#### What is required?

**The completion of a Comprehensive Economic Development Strategy report, or CEDS, is necessary to establish a regional Economic Development District (EDD).** The Boards of Supervisors from at least five of the nine Bay Area counties must approve establishing a region-wide EDD. Once adopted, regions must produce an Annual Performance Report and update the CEDS report at least every five years to qualify for EDA assistance. The CEDS report has four required sections, much of which has been completed or addressed through various reports including ABAGs *State of the Region*, the Bay Area Council Economic Institutes *Roadmap for Economic Resilience*, the East Bay Economic Development Alliances *Building on our Assets*, and the *Economic Prosperity Strategy* that focused on economic opportunity for low – and moderate-wage workers:

1. *Summary Background*: a summary background of the economic conditions of the region;
2. *SWOT Analysis*: an analysis of regional strengths, weaknesses, opportunities and threats;
3. *Strategic Direction/Action Plan*: this is the core of the document, which builds on the findings from the SWOT analysis and incorporates relevant elements from other regional plans (e.g., Plan Bay Area, the Roadmap for Economic Resilience, Building on our Assets Economic Development and Job Creation in the East Bay, Silicon Valley Leadership Group Work Plan, North Bay

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<sup>1</sup> WIOA, signed into law on July 22, 2014, supersedes the Workforce Investment Act and is the first legislative reform in 15 years of the public workforce system. WIOA seeks to enhance coordination among federal, state, regional and local employment and training services. Every state is required to submit a four year strategy for preparing an educated and skilled workforce that meets the needs of employers, while promoting regional collaboration and service alignment of workforce programs with regional economic development strategies to meet the needs of local and regional employers. The WIOA state unified and local plans take effect July 1, 2016.

Leadership Council’s Top Priorities, the Economic Prosperity Plan, Cascading Failures Threats to Transportation and Utilities), as well as putting efforts within the region that focus on specific subregions, issues or goals into regional context. The action plan also identifies the stakeholders responsible for implementation, schedule, and potential opportunities for the integrated use of other local, state, federal and private funds;

4. *Evaluation Framework*: performance measures used to evaluate the implementation of the CEDS action plan and impact on the regional economy.

**In addition, the CEDS report must incorporate the concept of “comprehensive economic resilience.”** In the Bay Area, this means the ability to avoid, withstand, recover from and adapt to economic shifts, natural disasters, and the impacts of climate change. For example, a major seismic event would affect not only our transportation, energy, and water infrastructure, crippling business supply chains, but potentially displace a significant portion of our workforce, substantially delaying the ability of firms to resume business. Incorporating economic resilience throughout the CEDS is the most effective approach to ensure that policies and programs align within the region.

**Establishing a broadly representative Strategy Committee is also necessary to guide the development of the CEDS.** The Strategy Committee is the principal facilitator of the CEDS process and responsible for guiding the strategy development. This includes identifying the specific steps and implementation agents necessary to build on our existing assets and address critical barriers to continued economic prosperity in the region. The Strategy Committee should broadly represent the main economic interests of the region including business organizations (e.g. economic organizations and chambers of commerce), workforce interests (e.g. Workforce Development Boards), educational institutions (e.g. Community College Districts), and equity and minority representatives (e.g. non-profits, CBOs).

#### Benefits of a Bay Area Economic Development District (EDD)

A regional EDD would support economic and workforce development through *grants, technical assistance and partnerships* with the EDA and other public and private entities (e.g. foundations). Completing a regional CEDS report would leverage and directly support the ability of jurisdictions and other public and private organizations to obtain grants or other assistance from a variety of public and private sources. For example, many federal agencies including the Department of Labor, Agriculture, and the USDA specifically look for a multi-jurisdiction CEDS or equivalent plan when deciding to offer grants and other assistance. To obtain federal dollars, many agencies now require that applicants work with an economic development collaborative. Other benefits of a regional EDD and CEDS report include:

- Identification of the region’s challenges and specific priority actions necessary to address them
- Assistance to identified priority industry sectors and clusters
- Infrastructure funding for cities including increasing broadband capacity
- ABAG is working to increase the number of communities with integrated hazard mitigation and climate adaptation plans. Communities with such plans are eligible for pre-disaster technical and funding assistance to implement resilience actions through federal agencies and departments.
- Benefits from other public as well as private sources include leveraging available funds and technical assistance for economic and workforce development, and support for sub-regional groups to develop collaborative proposals and plans

### Approach

**ABAG, based on its role as the Council of Governments (COG) for the region and its strengths in convening stakeholders, economic analysis and forecasting, will prepare the CEDS report to establish an EDD.** *ABAG will facilitate the process to establish and maintain a regional EDD, but no single entity can “own” a region-wide EDD. It requires broad-based collaboration and support from a diverse range of stakeholders. This process of collaboration is being led by a Strategy Committee, which includes the Economic Prosperity Sub-Committee of ABAG’s Regional Planning Committee as well as additional Subregional Representatives.*

A majority of the Bay Area’s nine counties need to approve a regional EDD via their Boards of Supervisors. The Strategy Committee will include members of the Regional Planning Committee as well as additional participants to ensure appropriate subregional representation by population size (e.g. East Bay, South Bay, West Bay, North Bay). Federal EDA guidelines also require representation of the following groups:

- 1) Business and Economic Support Organizations (e.g. Economic Organizations, Chambers of Commerce)
- 2) Workforce (e.g. Workforce Investment Boards and Labor)
- 3) Educational Institutions (e.g. Community College Districts, Adult Education, K-12 School Districts)
- 4) Equity and Minority Representatives (e.g. non-profits, CBOs)
- 5) Specified Regional Representatives (e.g. MTC, BAAQMD, Regional Water Quality Control)