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## Inter-state Economic Development – Powered by Utilities

*By John R. Lombard, PhD., CEcD, Associate Professor, Department of Urban Studies and Public Administration, Old Dominion University*

In 2000, a group of state business recruiters from New England joined to promote New England to corporate real estate and site selection consultants at IDRC's<sup>1</sup> World Congress in New York City. At roughly the same time, the two metropolitan areas of Hartford, Conn., and Springfield, Mass., formed the Hartford-Springfield Economic Partnership (HSEP). These informal ventures that cross state borders represent coalitions of business, academic, political and policy leaders working together to foster the combined regions' economic well-being.

While interstate cooperation is not new, what is remarkable is that six New England states are cooperating in the area of business attraction, a practice of economic development that has been and continues to be fiercely competitive at all levels of government. Furthermore, two metropolitan regions, divided by a common state border, are voluntarily combining resources to facilitate business attraction as well as other economic development activities.

Northeast Utilities (NU),<sup>2</sup> a gas and electric utility servicing three of the New England states, has been instrumental in the development, funding and evolution of these interstate cooperatives. NU's economic development staff convened both HSEP and the multi-state initiative dubbed "Team New England."

How is it that a group of states that pride themselves on independence and self-reliance joined together to attract business investment? How did sub-state local and regional economic development organizations (EDOs) overcome long-fostered competitiveness to develop a common economic development agenda? What role did NU play in orchestrating these remarkable ventures? This case study seeks to answer these questions and draw lessons to inform other interstate cooperative efforts.

### The Hartford-Springfield Economic Partnership

In February 1999, staff from NU's economic development office<sup>3</sup> convened a meeting of the Connecticut Capitol Region Growth Council and the Economic Development Council of Western Massachusetts, two regional development organizations representing the greater

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<sup>1</sup> IDRC later merged with NACORE to form what is now CoreNet Global.

<sup>2</sup> NU is the parent company of four distribution operating companies: Connecticut Light & Power, Yankee Gas Services, Western Massachusetts Electric Co. and Public Service Co. of New Hampshire that together serve more than 2 million customers.

<sup>3</sup> NU's interstate economic development team is led by Douglas G. Fisher, who, with David C. Driver, coordinates the Team New England and HSEP efforts detailed here.

metropolitan areas of Hartford, Conn. and Springfield, Mass. Dialogue centered on the need for more cross-border cooperation on economic development issues, consistent with the area's shared labor market and its growing airport. Agreement emerged to gauge the interest of other key groups.

A few months later, NU convened a larger group that included the aforementioned EDOs as well as the respective regional chambers of commerce, planning commissions, the Bradley Airport Commission and the area's convention and visitors bureaus. Economic development representatives from three higher education institutions – the University of Massachusetts, University of Connecticut and the University of Hartford – joined the group shortly thereafter. Today, some 16 organizations work toward the stated goal “to position and advance the economic progress of the combined regions.” In September 2000, the governors of both states formally announced the collaborative effort.

HSEP is governed by a volunteer steering committee whose purpose is to: 1) more effectively leverage the region's higher education assets; 2) create a brand identity for the cross-border effort; 3) compile and distribute collateral material to define the region's demographic and economic strengths; 4) expand upon existing tourism promotion; 5) advocate regional transportation initiatives; 6) promote international investment and trade; and 7) support business retention, expansion, relocation and workforce development. The steering committee exists without a formal charter and is supported by NU staff and a part-time, paid coordinator.

*Impact: Geography and size matter.* “New England's Knowledge Corridor,” as the Hartford-Springfield region is branded, is focused on the I-91 transportation corridor, which includes Bradley airport, the historic Connecticut River and many large corporate entities. Together, Hartford and Springfield represent New England's second largest population center behind metropolitan Boston. This metro-area partnership confers a size advantage which anecdotal evidence suggests makes the region more attractive to mobile investment. Moreover, from a marketing perspective, the joining of these two regions provides fodder for launching public relations and advertising campaigns that tout the availability of a wider range of business amenities.

*Leadership and facilitation.* NU provided resources to HSEP to undertake a study of the interstate economy and helped underwrite the costs of industry cluster studies for medical devices and plastics. The utility also helps represent the “Knowledge Corridor” at marketing venues in conjunction with its efforts on behalf of Team New England.

In addition to traditional business attraction activity, HSEP has brought together the workforce development boards to form a strategic alliance; worked with Bradley Airport to recruit new, daily nonstop service to Amsterdam via Northwest Airlines; and established InternHere.com, a web-based internship service that connects students with businesses in Connecticut and western Massachusetts as a way to help stem the outflow of young workers.

## Team New England

The formation of Team New England was another brainchild of NU economic development staff. Several factors contributed to the evolution of the initiative. First, the broader manufacturing economy of the northeast had long suffered from changing industry dynamics and increased global competition. Second, from its own national interactions with other states and utilities, it was clear to NU staff that the New England states were not active participants economic development marketing. This lack of promotion stemmed from recurrent state budget crises where modest economic development marketing dollars were easily eliminated. The states also had long-standing, negative connotations associated with state “boosterism” efforts.

*Impact: Facilitating promotion.* Since 1990, Team New England, which markets under the moniker “Discover New England for Business,” has maintained a visible presence at business recruitment events. A main activity of this coalition is to promote the region to the corporate real estate and site selection consulting industry, which, on behalf of its clients, often makes time-consuming and resource-intensive demands for data, site visits and access to senior government officials. Because many communities and even some states lack the staff, resources or skills to effectively deal with consultant requests, NU economic development staff maintains the rapid response capabilities to service these consultant inquiries.

What is the motivation for underwriting Team New England, when only three of the six New England states are served by NU operating companies? In short:

- From an international and national marketing perspective, New England is its own, largely positive brand. Tourism interests have jointly marketed New England for more than a decade. The team at Northeast Utilities recognized that this natural branding was underutilized in the region.
- NU understands that growing the number of prospects considering the region generally would ultimately benefit each state (and by extension, the utility) specifically.
- NU knew from experience that much duplication existed among state and local marketing messages and activities. By creating Team New England, the utility could help better coordinate disparate marketing efforts.
- State economic development staff often transition with state gubernatorial election cycles. Team New England provides a non-partisan, stable marketing platform that minimizes the downtime of training staff and professionalizes the marketing effort.
- NU economic development staff is in an ideal position to share best practices in economic development marketing among the states.

## What makes it work

How is it, then, that the New England states have banded together in such a competitive area of economic development as business recruitment? First, it is important to differentiate

between developing a proposal to attract a business and developing leads through marketing. What allows the HSEP and Team New England initiatives to work is their focus on cooperative activity geared toward active lead generation through trade shows and networking at corporate real estate conferences and with site selection consultants. There still remains the very sticky issue of lead sharing; NU staff acknowledges that there is limited lead-sharing across states.

Second, many of the events attended by NU on behalf of New England or Hartford-Springfield are specifically geared to economic development place promotion and follow specific guidelines and protocols for participation. The cost of exhibiting at venues such as CoreNet Global can be exorbitant, and typically, only well-funded state economic organizations can afford to do so. By pooling resources, the New England states are able to afford a presence at these venues for very little cost. NU provides the resources for planning, execution and processing of leads developed from these marketing venues.

Third, business attraction cooperative activities also take place via familiarization tours. Once again, NU provides turnkey services for these initiatives. Finally, an important organizational aspect is that these coordinating partnerships represent informal coalitions that build upon existing organizations and relationships along the lines of so called “ad hoc” regional alliances. Therefore, turf issues are blunted.

## Conclusions

The cross-state border initiatives examined here reflect the pre-conditions and success factors found in previous literature examining intrastate government collaboration. A disaster occurrence or fiscal or perceived stress (in the form of dramatic manufacturing industry decline and depopulation) is evident in both the bi-state Connecticut-Massachusetts region and New England generally. Broad-based political constituency was evident in both instances of partnership as well. Both initiatives had general support from key organizations, though neither was awarded substantive financial resources. Lastly, Northeast Utilities economic development played the role of neutral convener and key policy entrepreneur. NU’s staff time, talent, commitment and resources are the main contributing factors to the emergence of these initiatives.

Past research has identified characteristics of effective ad hoc regional organizations as having a neutral convener and facilitator; no preordained mission, power structure or rules; voluntary participation; inclusion of key decision-makers; decisions by consensus; and starting small and building upon successes. In both initiatives, Northeast Utilities’ economic development staff took on the role of neutral convener, built trust amongst competitor operations and facilitated nearly all the activities.

Successful cross-state collaboration in economic development is possible, but it should be noted that the apparent success of these initiatives did not occur overnight. They have grown over the last six to seven years through the ongoing commitment and leadership of NU

economic development staff. Moreover, these initiatives share a common boundary, culture, and regional identity fostered through hundreds of years of shared traditions.

*This article is based on a chapter forthcoming in Building the Local Economy: Cases in Economic Development. Co-edited by Douglas J. Watson and John C. Morris. Carl Vinson Institute of Government, University of Georgia. Submitted September 2007.*

## Federal Update

### Budget Update

The Senate passed the Commerce-Justice-Science bill early last week, the sixth funding measure the chamber completed for fiscal 2008. On Wednesday, senators began debate on the Labor-HHS-Education bill, the biggest domestic spending bill of the 12 appropriations measures. Both bills, in addition to Transportation-HUD, are likely candidates to be the first spending bills to reach President Bush's desk, according to *CQ Today*. Bush has threatened to veto all three.

Commerce-Justice-Science highlights include:

- An amendment that would redirect \$7.8 million from the Commerce Department's Advanced Technology Program (ATP) to the enforcement of a Department of Justice sex predator program. ATP helps industry invest in long-term, high-risk research by sharing cost with companies and accelerating the development of innovative technologies.
- \$110 million for the Manufacturing Extension Partnership (MEP) program. President Bush proposed funding MEP at \$46 million, slashing funding by more than half. The MEP program funds consulting services for small businesses through approximately 350 service centers across the United States. Senate appropriators touted the 53,219 jobs created and retained through the MEP program, according to *CQ Budget Tracker*. The House version calls for \$108.7 million for the program.

### House Passes Regional Development Bill

The House advanced a bill to increase federal economic development assistance by authorizing \$1.25 billion through 2012 for five economic development commissions, modeled after the Appalachian Regional Commission. It would reauthorize the Northern Great Plains Regional Commission and the Delta Regional Commission, and create three new commissions in the Southeast, the Southwest and New England, according to *CQ Today*. The White House issued a veto threat in anticipation of the bill's passage, on grounds that the bill would duplicate existing programs.

## Economic Development News

### Analysis & Impacts

#### [What?! The world is not flat??](#)

Harvard Business School, Oct. 15

Quoting Thomas Friedman is virtually *de rigueur* in any article on economic development and globalization these days. But the world is *not* flat, argues Harvard Business School professor Pankaj Ghemawat; he sees important realities for business that discussions of globalization tend to overlook. Learn more about his view in this interview.

#### [N.J.'s population loss harms the state's economy](#)

The Star-Ledger, Oct. 10

Out-migration from New Jersey has increased so much that it could lead to an overall drop in the state's population as soon as next year. Last year alone, the loss of people cost the state economy roughly \$10 billion in income and \$680 million in state budget revenue. Possibly policy solutions include reduction in property taxes; more investments in infrastructure, science and technology; and new policies to restore business confidence.

#### [What's the secret to Boise's success?](#)

The Seattle Post-Intelligencer, Oct. 8 (opinion)

Boise has low unemployment and a vibrant, prosperous feel to it. Among a number of contributing factors, this columnist points to Boise's concentration of regionally and nationally significant companies, in numbers out of proportion with the city's size.

#### [Almost half of new immigrants move straight to the suburbs](#)

The New York Times, Oct. 17 (registration required)

New census figures show that traditional gateway cities like New York, Chicago and Los Angeles are still magnets for immigrants who move to join friends and relatives. But particularly in the South and West, immigrants are following jobs to the suburbs and settling there first.

[Fire up company creativity to get economic growth](#)

The Christian Science Monitor, Oct. 15

Many people recognize creativity and innovation as cornerstones of competitiveness in today's economy, including some progressive firms with new job titles such as chief innovation officer, chief idea officer and chief creative officer. This article discusses the impact of creativity and the pros and cons of fostering it in the workplace.

**Business Attraction & Marketing**

[Four La. parishes plan regional business attraction group...](#)

The Shreveport Times, Sept. 30

Four northeast Louisiana parishes have embraced the concept of a proposed economic development agency to market the region to new businesses, and others may join the effort. Regional leaders recognize that the area has failed to work together to leverage its assets.

[...And so do five Alabama counties](#)

The Mobile Press-Register, Oct. 19

Mobile County and four others may join together in a business attraction alliance. The group was proposed in the aftermath of the ThyssenKrupp steel plant announcement, when Mobile County commissioners balked at paying an additional \$13.5 million in incentives to the German company after previously committing to \$70 million. It's unclear whether the new group would commit money to the incentive package.

**Business Retention & Expansion**

[The state of the auto industry – state by state](#)

Area Development, Oct./Nov. 2007

This article reviews recent auto industry investment activity throughout the Midwest and South, a handful of other states and Canada. It contends that despite industry challenges, automakers and suppliers continue to announce new projects across North America.

[Where jobs are sustained and created](#)

The Milken Institute, September 2007 (pdf, 61 pp.)

The Milken Institute has released its annual report of the "Best Performing Cities 2007." The index uses growth in jobs, wages and salaries and technology output to identify

America's thriving, entrepreneurial regions. Florida's overall metropolitan area performance slipped this year, but the state retained three of the top six positions, and five of the top 25, among the nation's 200 largest metros.

## Finance

### [Startups to get an investment boost in northeast Ohio](#)

The Akron Beacon-Journal, Oct. 12

Northeast Ohio has a new tool to help push regional high-tech companies along, the NEO Venture Capital Fund. The region figures it will need more than \$1.2 billion in venture capital over the next five years to help propel innovative companies through the pipeline.

### [Indiana's Future Fund succeeds in bringing money to the state](#)

The Indianapolis Star, Oct. 16

The four-year-old Indiana Future Fund has used \$20 million to leverage another \$73 million in out-of-state funding for life-sciences companies, investment that otherwise would have passed over the state. The entire fund likely will be gone in 18 months, and discussions are under way to start another.

### [Northern Calif. looks at regional investor network](#)

Sacramento Business Journal, Oct. 12

California's Golden Capital Network plans to launch eight regional networks of angel investors to cultivate startup companies in northern California. Each region would put together investment groups of 24 to 40 investors, with a goal of \$4 million per fund. The Golden Capital Venture fund would serve as the hub for the eight groups, allowing them to share regional expertise and combine investments over the network.

## Incentives

### [Michelin gets cash to expand in S.C.](#)

Site Selection, September 2007

Greenville, S.C.-based Michelin North America is investing \$350 million and adding 100 jobs as it expands and upgrades facilities in the state. Michelin is getting generous tax credits while creating a modest number of new jobs, but simply not losing jobs was probably the state's bigger concern. Meanwhile, the company is creating 1,300 jobs in Mexico.

## Neighborhood, Community & Downtown Development

### [Make sure zoning doesn't stand in the way of downtown revitalization](#)

Downtown Idea Exchange, Oct. 15 (pdf, 2 pp.)

In the 20<sup>th</sup> century, particularly in smaller cities, zoning regulations were written to reflect the new suburban ideal, which emphasized accommodation of the car and reducing development densities. City leaders should ensure their downtown zoning regulations support, rather than impede, the vision for a vibrant downtown.

## Planning, Smart Growth & Transportation

### [Indianapolis: Bike/ped paths = economic development](#)

Streetsblog, Oct. 15

The Indianapolis Cultural Trail is a bold vision for about eight miles of greenway that is currently being built through downtown Indy. More than just a bike path, the trail is seen as an economic development tool that will help support and connect the city's many cultural and civic destinations.

### [What rezoning means to Philly's future](#)

The Philadelphia Inquirer, Oct. 7

Philadelphia's new Zoning Code Commission is hard at work on an overhaul of the city's 1962 zoning code, which has swollen over the years into a complicated, sometimes incomprehensible mess. The overhaul itself will be a long and complicated process, but ideally, the finished code will not only be fair and predictable, but also will add progressive planning tools to the city's toolbox.

### [Interpreting urban change in Salt Lake City](#)

Planetizen, Oct. 8

Salt Lake City's former planning director has witnessed much change in the city's urban fabric over the years. As the city ventures into another massive redevelopment project, Stephen Goldsmith has created a public participation project called the Temporary Museum of Permanent Change, to shift people's focus away from the end-point of physical development and toward the processes of change that lead to it. For Goldsmith, creating value in downtown Salt Lake City starts with ensuring the sustainability of local business.

## Real Estate

### [Towns pin hopes for revitalization on TOD](#)

New York Times, Oct. 7 (registration required)

Transit-oriented development has a growing list of enthusiasts on Long Island, where many towns and villages have found that building homes near train stations is central to reinvigorating struggling downtown business districts.

### [Miami foreign trade zone collapses before ever getting off the ground](#)

Miami Herald, Oct. 15

Millions of public dollars were invested in the Wynwood Foreign Trade Zone, a commercial project that, after 17 years of infighting and lawsuits, never got off the ground. Now, the bankrupt nonprofit group behind the trade zone stands to receive a multimillion-dollar windfall from selling the valuable property.

### [Eminent domain, the perpetual issue](#)

California Planning & Development Report, Oct. 16

California voters are likely to decide on two eminent domain initiatives in 2008 – one, a very limited measure backed by the League of California Cities; the other, a far-reaching measure that would also prohibit rent control.

## Recovering from Hurricane Katrina

### [New Orleans revamps, scales back rebuilding plan](#)

Time, Oct. 12

New Orleans has scaled back its recovery blueprint, first released in March, from \$1.1 billion to \$216 million. The plan is not the radical remaking of the city urged by some urban planners, but instead endorses blight removal, affordable housing and parks.

## Technology-Led Economic Development

### [Report: Small schools, surprising tech transfer results](#)

Business Week, Oct. 16

A new report by Innovation Associates finds tech transfer success among a number of smaller colleges and universities with comparatively small R&D budgets. The authors attribute the

schools' accomplishments to a combination of partnerships, incentives, and federal and local funding.

[Washington kicks off “innovation zones”](#)

Seattle Post-Intelligencer, Sept. 27

Washington is designating five innovation partnership zones to receive roughly \$1 million in state grants. The move is intended to create research parks, of which the state currently has none. Competition for the designation will take place annually, and to qualify, an area must have a globally competitive private company, a research institution and some sort of workplace training.

[Portland's technology sector struggles](#)

The Oregonian, Oct. 15

Many of Oregon's technology companies never recovered from the bust of a few years ago. The conditions restraining Oregon's tech economy – competition from Asia, strategic missteps, a weak environment for startups and the state's flailing education system – have long been acknowledged inside and outside the industry. Now, Oregon is wondering how to regain its technology footing.

**Trade, Globalization & International Economic Development**

[China's recent manufacturing problems and site location decisions](#)

Expansion Management, Oct. 17 (opinion)

Lead paint in toys, poison pet food, anti-freeze in toothpaste – how much damage have these incidents done to China's reputation for delivering quality products at favorable prices? At some point, the author notes, this has to become a site location issue, with companies opting to pick other low-cost overseas locations in lieu of China for their future offshore manufacturing operations.

[Slowing down in urban Italy](#)

Der Spiegel, Oct. 5

The “slow city” movement advocates that small cities preserve their traditional structures by, for example, observing strict planning rules and using local products and sustainable energy. The movement is spreading across Europe and even Asia.

## Workforce Development

### [‘Human TIF’ for Wisconsin?](#)

The Milwaukee Journal-Sentinel, Oct. 13 (opinion)

Competitive Wisconsin, a group of leaders from labor, business, agriculture and education, recently endorsed the concept of a “human TIF” for funding post-secondary education. Bonding would be used for up-front money for college tuition grants and loans; additional revenue from higher earnings would then be used to pay off the bonds. The college graduate would get a reduction in student loans with every Wisconsin income tax return.

### [Iowa anticipates 100K job vacancies within five years](#)

Des Moines Register, Sept. 25

Iowa’s going to be in big economic trouble if it doesn’t address its pending worker shortage, according to a public-private group called the Skilled Worker Shortage Study Committee. Contributing factors including retiring baby boomers and educational systems that aren’t keeping up with demand in areas such as math and science careers. Leaders are pondering possible solutions.

## Member Update

**Michael Torelli**, previously the Director of Business Attraction at the **Orange County (N.Y.) Partnership**, has been named director of the Mid-Hudson region of the **Empire State Development Corporation**, New York state’s lead economic development agency.

The **Charlotte (N.C.) Chamber of Commerce** has named **Eileen Cai** to the newly created position of Director of Economic and Asian Development.

**Rob Orr**, Director of the **Lincoln & Logan County (Ill.) Development Partnership**, will leave his position as of October 26.

## RFP

### **Pascagoula, MS**

Pascagoula, Mississippi seeking consultant responsible for economic development research; commercial / industrial attraction, retention and recruitment; and coordination with City administration. Develop short-term / long-term goals, objectives, and policies regarding economic development for City, businesses and general community. Act as economic development leadership & liaison; partnering with appropriate local, regional, state and other

entities to foster initiatives. CECD preferred, however review based on comprehensive capability. Further information, contact Bruce Knott, 228/938-6611.

## Job Center

» [Visit the Job Center](#) for details on each listing.

### October 22

- Associate Planner - Economic Development (Gainesville, FL)
- Business Development Director (Conway, SC)
- Business Recruitment Consultant (Chicago, IL / Great Lakes Region)
- Deputy Director (Parsons, KS)
- Director of Business Development (Polk County, Florida)
- Economic Development Representative (Multiple Locations)
- Economic Development Research Specialist (Little Rock, AR)
- Executive Director (Green River, WY)
- Executive Director (Lincoln, IL)
- Executive Director (Washington State)
- Executive Director (Washington, DC)
- Project Manager (Augusta, GA)
- Staff Accountant (Washington, DC)
- Vice President (Rocky Mount, NC)

### October 8

- Assistant Economic Development Director (San Antonio, TX)
- Business Development Director (Temple, TX)
- Director of Economic Development (La Plata, MD)
- Economic Development Director (County of Greene, VA)
- Economic Development Director (Huber Heights, OH)
- Economic Development Project Manager (Castle Rock, CO)
- Executive Director (Bushnell, FL)
- Executive Director (Washington, DC)
- Executive Director (Washington, DC)
- Master Planner (Upper Marlboro, MD)
- New Market Tax Credit Financial Manager (Phoenix, AZ)
- President and CEO (Phoenix, AZ)
- Regional Director (Philadelphia, PA)
- Senior Development Officer (Cincinnati, OH)