



Appendix

Appendix 1 – Environmental Scan Detailed Information

Summary of Responses from the Daylong Session with Industry and Agency Representatives

1. What should be AIDEA Priorities?

Invest in projects which:

Priority rankings from each group				Topic
1 (long term)	1 (Long term)	1	1	Retain existing jobs
3 (existing jobs)	3 (existing jobs)			Create long term, sustainable jobs for Alaskans
3.5 (diversify)	4	2	2	Diversify jobs by industry
4 (geo distribute)				Diversify jobs geographically
	2	3b	3	Emphasize short-term economic opportunities
	5	3a	4	Reinvest the dividend to efforts that will finance projects that create jobs
		X		Create and retain wealth in-state
		X		Focus more on small businesses
2				New short term (up to 5 years) family wage jobs

2. What are the greatest opportunities for AIDEA to create new jobs in Alaska in the future?

1. Resource Development
 - a. Minerals
 - b. Coal
 - c. Oil & Gas

-
- d. Timber
 - e. Fishing
 - 2. In-state “value added” processing of natural resources
 - 3. Research & Development, technology transfer with academic institutions
 - 4. Alaska-specific alternate energy sources
 - a. Geothermal
 - b. Ocean wave generation
 - c. Tidal change energy generation
 - 5. Tourism
 - a. Diversify from present narrow focus to other areas of potential tourism
 - 1) Alaskan version of the “dude ranch”
 - 2) Survival excursions/training
 - 3) “NW Passage” theme
 - 4) Alaskan culture
 - 5) Eco-tours, birding
 - 6. Transport/logistics support services
 - a. Even though refueling is no longer essential for international flights, develop a major transport logistical, repair, support services complex—a bigger, “deeper” set of support services and facilities like the FEDEX facility.
 - 7. Finance revenue-generating infrastructure
 - 8. Assure development of affordable energy and transportation
 - 9. Reliable, broadband telecommunications
 - 10. Small business development
 - 11. Municipal bond bank
 - 12. Matching funds for federal water resource projects:
 - a. Community development
 - b. Economic development

Note: The matching funds suggestion came from a Corps of Engineers representative near the end of the discussion period.
 - 13. Encourage new business projects with public-private partnerships.
 - 14. Energy projects: consider equity (ownership) investment.

15. Consider equity investment
16. Focus on capital projects; get local capital projects. Be smart – gather intelligence about the area, market, and project.
17. Pipeline-support services: be ready to jump on this one when it happens. AIDEA should have quick response.
18. Mines: Donlin, Pebble, others.
19. Procurement: use private sector or bring procurement in house.
20. Geographic location is an opportunity: airports, shipping.
21. Small business growth (maybe with equity investment)
22. Incubator programs
23. Economically reasonable
24. Commercially reasonable
25. Marketing
26. Educate Alaskans
27. Support opportunities for job creation
28. Entrepreneurial synergies
29. Leverage/retain dividend for employment of job incentives
30. International/national
31. Financing packages to attract and support businesses
32. Need to be proactive
33. Put together deals
34. Use existing facilities and infrastructure

3. *What impediments are there to AIDEA creating those jobs?*

1. An available, capable workforce
2. Lack of creative leadership and vision
3. Distance from markets
4. The “contrarian” Alaskan attitude
5. Constrictive programs
6. Lack of knowledge, information and planning
7. Failure of AIDEA and the state to “prospect” actively and in a coordinated way
8. Financing for buildings in villages (uncertain land ownership, buildings on pilings, native allotments)

9. Inadequate or lack of needed technical assistance
10. Uncoordinated funding process
11. Small business investments have greater risk than average.
12. Need an ASTF-type group to innovate, invest, experiment
13. “Can’t compete with private lenders”
14. Small state or market has limited \$, human resources, procure workforce dev.
15. Banks reluctant to lend to new/small/startup businesses.
16. “No” first; then “maybe”; perhaps “yes” – normal sequence seen by many in the group related to new ideas, investment from banks, etc.
17. Cost of electricity (\$/kWh) is high in most of state
18. AIDEA: operates in a political environment
19. Uneasy about equity
20. Focus on capital projects can also be a risk.
21. Procurement can slow down projects, as now configured.
22. Politics
23. Legislation
24. AIDEA

4. *What is the most effective use of AIDEA’s capital to stimulate private capital?*

1. Venture Capital/early stage equity
2. Targeted lending for businesses in villages
3. Micro loans
4. Partner with other state agencies
5. Develop “packaged” projects designed to induce investment
 - a. Infrastructure
 - b. Transportation
 - c. Services
 - d. Resource development
6. Cold storage facilities at the airport and in the “Hubs”
7. Providing technical assistance for small businesses

8. For non-bankable projects fund up to 100%
 9. Marketing (Public relations)—AIDEA should make more people aware of their programs
 10. Increased ARDOR/local economic development funding
 11. Possibly build it and they will come?
 12. Venture capital
 13. Consider equity investment
 14. Build part of project and lower overall project risk
 15. Go get more good projects
 16. Leverage, partnerships
 17. We have rural loan fund, what about one for the Railbelt or urban areas?
 18. State dividend—reinvest money into loan/equity funds
 19. Santa Claus/FT2 – [this is a project concept] – setup a repair station in Anchorage or Fairbanks to fix electronics and take advantage of air freight
 20. Partnerships
 21. Economic growth/diversity
 22. The most effective use of AIDEA capital IS to stimulate the diversity and growth of private capital
5. *What projects might be ready for immediate action in response to the pending Federal Stimulus Act?*
1. Gas line “bullet line”
 - a. Job training
 - b. LNG export
 - c. Practice for the “big project”
 2. DOT – airport runway extensions throughout the state
 3. STIP road projects
 4. Reestablish rural roads program like LSR&T in conjunction with the need for rural roads (e.g. evacuation roads,), climate change and the need to relocate some communities
 5. Intertie up-grades and increased capacity
 6. Increase mega-generation projects with interties to more of the state providing cheaper energy to more areas of the state
 7. Transportation/energy enhancement projects for the benefits of major projects – Donlin, Red dog, Ambler, Pebble
 8. Communication infrastructure that can create telecommunication related jobs
 9. Road to Nome starting simultaneous with Dalton Highway

10. Port of Anchorage: short-term; ready to go!
11. AEA--\$150 million in energy projects
12. Dist. energy—shipyard. Apply energy management concepts to Ketchikan Shipyard and model results for others.

Short-term:

1. Harbors in Akutan, Valdez, and Haines
2. Pipeline infrastructure
3. Bridge repairs
4. Railroad infrastructure
5. Public transportation
6. Research and development
7. Airports/runways
8. Road from Ruby to Crooked Creek
9. Susitna Dam
10. Road to connect 3 “Chignik’s”
11. Dredge Red Dog (deep water port)

Long-term:

1. Commuter rail
2. Knik Arm Crossing (with rail as originally proposed)
3. Road to Western Alaska (Nome)
4. Rural Alaska interties
5. Ports and harbors
6. Ferry replacements
7. Coal to liquid facility
8. Public transportation
9. Renewable energy projects
10. Denali Commission - water/sewer, health clinics, transportation projects

11. Stage classified materials at airport

AIDEA – Strategic Plan

Summary of Interview Responses

Board of Directors

December 2008

1. What do you see as the overall prospects for Alaska over the next 10-15 years?

- Dip in economic activity until gas pipeline construction starts
- Very good with gas pipeline not good without
- Pipeline can be catalyst, transition to diversification & more robust economy
- Overall growth will result in diversification
- Need to increase rural employment

2. How would those future prospects compare with where Alaska was 10-15 years ago?

- Has been decline in quality of life
- Rural subsistence economy has not transitioned to cash economy
- Last full employment statewide was WWII
- Were on upswing 15 years ago
- Since 1990's slow growth
- Now entering a downturn
- Still tied to oil and gas
- Slow growth and oil production declining 15 years ago

3. What do you envision as the future role for AIDEA given what you see for the state in the next 10-15 years?

- More projects to support resource development (e.g. Skagway ore terminal)

- Mining
- Cheaper energy
- Catalyst for industry
- Provide credit help for small businesses with loan participation program
- Look at higher risk projects or greater role as development bank
- Perhaps equity investment

4. *What do you think AIDEA's role is now in shaping the Alaska economy?*

- Looks a lot like commercial bank – less risk than appropriate
- Small investments/loans provide stability but
- No big projects
- Conduit financing underutilized?
- Currently dormant, passive, not pro-active – not exploring for opportunities

5. *How would you rank AIDEA's most important programs?*

- All are important
- Loan program is most important
- Development projects (Red Dog, Skagway)

6. *What barriers to success will AIDEA face in this role?*

- Funding / cash shortages / low capital budge
- Overall economy
- Vague mission
- Identifying and making smart choices on projects to support
- AIDEA still needs to resolve HCCP

7. *Who do you see setting the statewide strategic economic development agenda?*

- Large companies from outside Alaska
- Governor Palin with assistance from AIDEA Board
- Private industry
- State capital budget
- Ideally: combination of DCCED, Chambers, RDC, academic, etc.

8. *What specific areas/projects should AIDEA be focused on in the coming years?*

- Support services (like Ketchikan Shipyard)
- Services industries
- Mining
- Energy
- Railbelt energy infrastructure replacement
- Resource development
- Infrastructure
- Construction
- Not enough in funnel for consideration

9. *Do you think the AIDEA strategic plan should focus on creating more revenues to flow into the state budget or should it focus more on creating jobs?*

- Promoting projects that create jobs
- Promote projects that create immediate & future economic benefit for the state
- Can't separate: financing projects enhances economy, increases revenues
- Both

10. *What role, if any, should AIDEA play in the natural gas pipeline? Why?*

- None

- Support related infrastructure improvements
- Open to participation, but not at forefront
- In-state gas distribution
- Assist Alaska business in capturing supplier roles

11. What specific economic development approaches or strategies are you aware of from other states that you think might apply to AIDEA and Alaska?

- None identified
- Strategies and programs have to be unique to Alaska

12. Are there other concepts or ideas that you think AIDEA should consider while developing its strategic plan?

- Remove economic divide
- Equal access to opportunity
- Resource development
- Energy development
- Seek independence from federal government funding
- Not sure we need more than we have
- Evaluate how AIDEA is fulfilling existing mandates
- Identify gaps in existing eco/devo framework
- Propose legislation to expand AIDEA mandate

AIDEA – Strategic Plan

Senior Management Questions

1. *What do you see as the overall prospects for AK over the next 10-15 years?*

- Declining oil production, gas line at a minimum not on line, revenue shortfalls, and larger population, with many non-productive. In other words, economy not as robust as currently. Revenue sources beyond oil will have been tapped (i.e., personal income tax, sales tax, permanent fund earnings).
- I believe that Alaska's economy can continue to grow in the next 10-15 years. Alaska will need to concentrate on developing its other natural resources other than oil such as gas and minerals. Alaska will also need to look at other ways to diversify its economy such as looking at how to capitalize on its strategic location and developing its alternative energy resources.
- I believe there is a huge potential due to our vast amount of resources, many of which have been untapped historically. The areas of oil, mining, tourism, healthcare and fisheries have a lot of potential to see continue growth depending on the nation and worldwide economic climate.
- Bumpy for next 1-3 years. Increasing opportunities over following 3-15 yrs. Over the next 5 to 10 years, I expect to see expansion in the retail and healthcare segments primarily in the major population centers. Office and warehouse projects will be primarily owner-users or build to suit. Major construction projects will result if, and in the event that congress opens ANWR. That said, without ANWR I would not be surprised to see a leveling, or at a minimum, a slowdown in the general economy through 2009 to mid 2010.
- I think Alaska will continue to be an important player in the national energy picture.
- I think the gas pipeline will be in the picture on a national level, providing jobs in state as construction and production begin. I also think alternative energy will be important to the Statewide energy picture. The growth in energy related industry will spur growth in other non-energy related industries. As the economy sours in the lower 48, I believe we will see more people moving to Alaska. Tourism will also continue to be an important industry in Alaska.
- AK businesses and residents should do well in the near future due to AK's abundant natural resources, federal presence, wealth sharing environment, schools & universities, and low tax rate.
- Slow, but steady growth. If a large project occurs, such as the gas pipeline, growth would be accelerated. Right now national problems in construction, finance and insurance have been factors in slowing economic growth in general. However, Alaska, on a relative basis, remains quite healthy, at least in the commercial real estate segment of the market.
- Historically Alaska has been receiving the largest share per capita of Federal spending of any state. With a change in the Senate race, it remains to be seen if this will continue.
- Next 5 years ok, 5-10 years maybe ok depending on international recovery, 10-15 maybe ok depending on gas line, price of energy.

- Generally, we should be ok with having energy supplies and commodities, and a low population; however, the standard of living may decline if we do not capture these benefits.
- Resource extraction and potential port expansion in the arctic; less oil development, but other mineral resources and potentially natural gas development.
- Tourism – promoting the Arctic but with urban comforts – entice the younger general Xrs: to do this we will need to create a dependable wireless structure through the state to allow uninterrupted services for cell phones and internet access
- Trade - promote the sale of products to the Lower 48 – vegetables, musk ox and moose meat; water and ice – clean, fresh, glacier fed, loaded with natural minerals (manufacturing opportunities for businesses to expand)
- Development of manufacturing and tourism industries will provide a step for PR firms to expand which leads to more jobs and a healthier economy.
- Mining – further development of our oil and minerals
- Medical community – continue the development of specialized medical facilities to entice the young medical professionals to migrate to Alaska
- The next 10 – 15 years are potentially the most critical years since statehood. The economic engine as it exists in Alaska is slowly coming to a halt. Crude oil production continues to collapse with the in field work at best simply slowing the production decline. Natural gas production in Cook Inlet is also rapidly dropping off with only incremental field development taking place, this has resulted in rapidly increasing energy (power and heat) costs in South Central Alaska. Globally (until 4 months ago) high crude costs especially impacted rural Alaska resulting in high transportation costs, energy costs and shipping costs with the latter having a significant impact on all Alaskan projects.
- Therefore, new economic development must take place in the state if the state is to survive. Fortunately, there are large-scale opportunities that exist, that the state must take a leadership role to be put in place, and that leadership role is one that AIDEA must take on. New business opportunities (that could result in new revenue and jobs) include:
 - Natural Gas pipeline – new logistics opportunities (ports, docks, roads, logistics – RFID), engineering, pipe bending
 - Development of viscous oil – see above, and new technology
 - Development of methane gas hydrates – see above and new technology
 - Development of Alaskan coal, both for export as coal, transformed as a liquid, in-state use of a CTL product and coal bed methane – especially rural CBM
 - Development of gateway corridors to allow for flow of Yukon minerals outbound and goods and material inbound.
 - Value added facilities to process ore with zero carbon footprint, geothermal or hydro
 - Development of shipyard capabilities to construct offshore support vessels for exploration and development, shallow draft barges for in river use, offshore tidal and wave action equipment

- More onshore fish processing – new power sources for refrigeration (including snow)

2. *How would those future prospects compare with where AK was 10-15 years ago?*

- The Alaska economy has been growing for the past 18 or so years (starting with the economic impact of the Exxon Valdez oil spill cleanup). We've had lots of federal and state money to inject into the economy. I don't believe it's sustainable, so I think future prospects are not as "rosy" as the recent past.
- We are more built-up infrastructure wise and politically we seem to be better positioned, with a more "popular" governor who has put Alaska on the map.
- I think they are closer to the opportunities that were out there when AIDEA was first established in the 70's.
- 10 – 15 years ago, we didn't have as many big box stores nor did we have the number of medical facilities we have now. We also had fewer hotels. These events stem from a growing economy, fueled by tourism, oil and government. The downside is the big box stores do not provide the wages and/or benefits of the smaller specialty shops they put out of business. Also, as odd as it may seem, the healthcare industry is notorious for not providing of all things – health care for its employees.
- Alaska has relied on developing its oil resources and has not had to get creative in promoting economic development. As Alaska oil reserves are reduced, Alaska will need to concentrate on developing its other resources.
- I think Alaska will become more valuable to the United States as we seek domestic resources to help solve the national energy crunch. Many of the jobs produced in the energy industry 10-15 years ago were filled by out-of-state workers because Alaska lacked the labor pool to fill the technical positions. I think now and in the future, more people are staying in our State and will be a better-trained labor pool for the future projects.
- Prospects are mixed: AK should be more selective in how it invests its savings & future earnings compared to the past. Also, federal funds flowing to AK will likely decrease over time.
- Alaska is in its 20th year of employment increases with a very low inflation factor. Mining has been increasing, but most dramatically just within the last 2 to 3 years. Tourism has been improving as Alaska becomes less expensive to foreign travelers and U.S. travelers favor domestic locations such as Alaska. Fuel prices could potentially affect this market segment in the future.
- 15 to 10 years ago, the state was ramping up, but with an uncertain future as energy prices were low. Within the last 10 years high oil prices have benefitted the state.
- About the same as 10-15 years ago with the same thin economics and uncertainty over energy prices.
- Resource extraction companies are going to need financing opportunities and transportation infrastructure. I think AIDEA could play a role similar to role played in the development of DMTS.
- The last two decades, oil development was most important. Government spending was a key economic driver that will be less important.

- Alaska, 10-15 years ago, if you think seriously on this, was all about a free give away. The give-away money from the permanent fund brought people to Alaska not for jobs but for free money with the chance of a job. Families were moving to AK and AK did not have the infrastructure in place to handle the influx of people or to attract professionals to the state in order to build on this windfall. A vast majority of these folks became dependent on the state to supplement their income therefore not invoking the desire for them to expand their job prospects. “Why do more when you can do less and still receive the money to exist.” That became the attitude of many.
 - The future aspects noted in #1 above are about building from hubs, areas already rich with resources, and expanding from there. Similar to the jobs on the slope – we cannot make every village or community economically viable, but we can develop hubs where people can commute to a job that will sustain their lifestyle at their home base.
 - 10 years ago, the opportunities that we have to look forward to had yet to develop themselves.
3. *What do you envision as the future role for AIDEA given what you see for the state in the next 10-15 years?*
- I believe that AIDEA needs to take the lead role in industrial development for the state. This will include the environmental analysis of potential opportunities, the participation in projects as allowed in statutes, the coordination with other agencies to assure that projects get developed – and – given the appropriate modification of statutes I believe that AIDEA should create a technology development hub/innovation center, similar to the old ASTF that would allow for the development of new business opportunities. Funding could be from the dividend paid back to the state with the appropriate firewalls that would prevent any adverse impacts on the bond ratings. Examples of business incubators include:
<http://www.annarborspark.org/index.cfm>
<http://www.c4ri.org/>
 - Bond ratings are critical to AIDEA's ability to finance projects and make loans. These bond ratings also assure that AIDEA attempt to maintain separation from the state and potentially politically driven investments. Additionally, the successes of investments help protect these ratings, which is a direct reflection on quality of the business decision processes. Because of this, AIDEA is in the unique position in the state of being required to take a long-range view of development, based on merit, robust economics and sustainability.
 - Continue making loans and limited new infrastructure ownership (AIDEA doesn't have enough financial resources to do everything presented; must be selective and projects must make financial and economic sense).
 - To continue to help with economic growth by providing favorable lending terms not offered elsewhere which allows businesses to expand and promote job growth.
 - Funder, project developer, facilitator, AIDEA provides a way for the State government to meet, invest in, and encourage the private sector as peers to partner in the development of Alaska's economy.

- Two of AIDEA's key programs could play a base role in the economic development of Alaska's major population centers if properly marketed and utilized: the Loan Participation program and the Revenue Bond Program. AIDEA's development finance program could provide infrastructure to outlying communities for an economic base in mining, fishing, timber and tourism. It is important to note that these programs must be aggressively marketed and then properly underwritten to ensure success and to maximize a return to the State of Alaska.
- AIDEA's role will be to continue to help develop Alaska's economy by assisting business obtain reasonable cost capital for operations and expansion. It will also have to be involved in financing infrastructure projects across the state that will create an environment that will strengthen locally based businesses, create jobs, and raise real wages in the states.
- As the primary Economic Development Agency in the State, I think AIDEA will play a role in the financing of future energy projects that will be developed. I also see AIDEA's loan programs becoming more important as Banks tighten credit. I believe AIDEA will continue to be profitable and will be able to contribute consistent funding to State government in the form of the annual dividend.
- AIDEA should continue to provide financial services through its three primary programs: conduit bonds, development program, and credit/loan participations. AIDEA may be able to fine-tune its role by benchmarking against similar development agencies in other states (#14 below).
- AIDEA is a critical factor in the Alaskan economy. The Credit Department of AIDEA participates in loans with various lenders throughout the state. The ability of lenders to effectively service their customers, while remaining liquid, pyramids their effectiveness in the market and allows businesses to grow. It is critical to keep the integrity of AIDEA's Credit Department intact, as it provides 40% to 50% of the net income of the company and is a key driver in keeping the general economy healthy.
- A component of keeping up the economic "floor" of the non-oil sector.
- Resource extraction companies are going to need financing opportunities and transportation infrastructure. I think AIDEA could play a role similar to role played in the development of DMTS.
- In a nutshell, if you don't change you grow stagnant and can die off. The Future of AIDEA lies in the development of our infrastructure and marketability of our programs and resources. Pick hub areas and develop manufacturing or mining or transportation infrastructures.
- Think of a spider web, in order to build smart and strong you pick three to four key areas and make a structure to support the hub then you strengthen the center hub so that it continues to grow outwards encompassing the outlying areas.
- If we continue to do a small project here and there but not tie them together, we do not have a cohesive plan that can then build upon itself to survive changing times.

4. *What barriers to success will AIDEA face in this role?*

- Perceived competition from other agencies and political entities, potential "interference" on a political basis, from appropriate funding.

- Lack of control over rewards for accomplishing our mission – tax structure for mining (state doesn't get much for use of its natural resources except for oil); instead of paying taxes for the privilege of living here, residents deplete state resources (in the form of the PFD). Bringing jobs to the state results in a breakeven or net negative impact on the portion of the state the jobs are located – the Permanent Fund Dividend is a negative tax; city/state infrastructure is inadequate to support an influx of people; etc. The state should concentrate on providing good, sustainable jobs for current residents (including children growing up here), not try to attract new residents to the state that challenge existing infrastructure.
- Inability to execute – Internal and external political bureaucracy that will impede the development of potential projects.
- Staff with the right mix of experience and education – legislation - The influence of Political change every 4 years – Lack of focus on primary mission.
 - Statutory
 - Regulatory
 - Lack of marketing
 - Lack of proper underwriting.
- Barriers include the current inability to issue bonds and the effect of politics on the Authority's business decisions.
- The barriers that AIDEA will face with include political and internal structural barriers. AIDEA will need to expand and modify its programs if it is to make a difference in Alaska's future development. There will be political and internal management resistance to make the needed changes. I.E. People have placed AIDEA in a box and will feel very uncomfortable if AIDEA steps out of the boundaries of that box.
- Political influences and poor investment structuring & decisions on Development Program projects have resulted in significant losses in the past.
- The decisions that are made need to remain business decisions. When there is political influence to make decisions that do not have a firm business basis, it hurts the company financially and also hurts the general image of the company within the lending community.
- Political churn in the organization.
- Governmental inertia, managing AIDEA like a government bureaucracy rather than a mission driven corporation.
- Lack of vision
- Lack of leadership
- Lack of understanding by policy makers of AIDEA's potential role. We have been dormant and haven't been proactive, previous board emphasized loans, not new development projects. AIDEA has become more political and less business oriented.
- Politics – minimize political influence and personal agendas and continue to assess projects on the

financial and economic gains to the state and make decisions on sound due diligence.

5. *What is or should be the relationship between the role for AIDEA and the role for AK Dept of Commerce and Economic Development?*

- Limited. AIDEA is aimed at businesses; not sure what the target of the department is.
- The role between AIDEA and Commerce should be separate and distinct with good communication and sharing of information. Each organization has a different mission and a different metric for success and it is critical that the differences are understood and maintained. The biggest difference is that AIDEA is required to be paid back through project revenue and commerce need not have this restriction.
- They have been separate entities and should remain that way. We have worked closely on related issues and mutual projects; however, AIDEA is a separate entity that fits a specific need for project in Alaska. Adding additional political agenda's will stall project growth and development. Both agencies seem to work well on closely related projects and that open communication is extremely valuable to allow business opportunities to come to fruition and in a timely manner.
- None other than being a division within the department. It is imperative to keep politics out of the decision process of the Authority.
- Part of AIDEA's success is attributed to the lack of governmental oversight and control. In other words – legislators should set the framework then let the system work. Problems occur when unqualified or inexperienced persons either inside or outside the Authority start directing which loans or projects should or should not be funded.
- AIDEA should work in conjunction with DCCED (as a partner) in promoting Economic Development in the State. DCCED is in charge of the state's role in economic development and should work together with AIDEA and other economic development organizations to further the Governor's agenda for economic development in the state.
- Commerce is a bureaucracy out of touch with AIDEA's purpose
- AIDEA is funding source and entity responsible for assuming state assets and risks no one else wants to take on.
- Commerce should be a regulator & reporter – AIDEA = facilitator & investor.
- The relationship should be a loose relationship. AIDEA should be as separate as possible from the State to allow for more efficient operations.
- Good question: the relationship should be discussed & clarified. Also, there are many other "development" entities (federal, state, local) that should be identified & evaluated for future synergies.
- These roles should absolutely remain separate, other than as general reporting oversight by AIDEA for those programs that AIDEA funded and the Department of Commerce and Economic Development monitors. AIDEA is a unique organization. On a relative basis, it is very "un-state like." There are reasons for this and the company will only remain effective if it is allowed to be autonomous. The types of transactions performed by AIDEA are completely different from Commerce

and require a different set of skills and a different mind-set to perform. In my opinion, a combined “one-size fits all” perspective would not work and could potentially be the demise of what has been a very effective and profitable company.

- Have no opinion
- You tell us. How do others do this?
- Commerce should play the traditional role of coordination. Commerce should not play a policy role beyond the extent of the Commissioner being one of five board members.
- The relationship and roles should be one of sharing knowledge and partnering where needed. They should remain independent of each other. Blurring this line of independence could lead to the public’s distrust and hamper the ability of AIDEA to assist in the economic development of Alaska.
- I see DCCED’s role as a liaison between communities and the business environment. Teaching and assisting these communities to come up with solutions and viable projects

6. *Is that different now than in the past? How?*

- Appears to be more interaction now than in past.
- I do not have a long enough history to comment on this, but from an AIDEA perspective (vs. AEA); AIDEA has had a history of some independence from Commerce and the legislature. However over the last year I sense that this independence has been squeezed somewhat.
- Yes, I’ve noticed a more open communication than under the prior administration. I believe this is a good thing!
- I think so but I don’t have the history with the organization to fully answer this question.
- No. However, I have noticed a recent trend towards more legislative involvement and direction, and influence from the Department of Law.
- No different than in the past. I believe AIDEA has always operated as independently as possible from DCCED.
- No.
- We appear to becoming more like a line item agency rather than a public corporation.
- In the past, the only real coordination of activities with AIDEA was with the two loan programs DCCED operated for AIDEA. In the past, there was a lot of distrust and misunderstanding between the two organizations. DCCED’s management did not understand AIDEA’s programs or role in the State’s economy and AIDEA management did not trust that DCCED would not try to take over the organization. We are now trying to break down the barriers that existed between the two organizations. Both upper and middle management meet with DCCED management on a regular basis to discuss economic development issues.
- Yes, when the energy programs came under our purview there has been a desire of DCCED to have more control over the Authority, or at least certain Authority programs. This negates the indepen-

dent legal existence of the Authority and has a negative impact on the Authority as a whole.

7. *Who do you see setting the statewide strategic economic development agenda for the next 10+ years?*

- Should be the governor.
- Our statewide elected officials should be; however, global, national and statewide issues influence any agenda.
- I believe that AIDEA can be the independent authority that can evaluate and articulate a statewide economic development agenda. Having said that the actual agenda will be set with the administration, but AIDEA can be in a place to have that long-range role. This is appropriate in a state where the legislature is part time.
- Legislature (Taxes & Regulation), Dept of Commerce (implementation of regulation) Private Sector, (Oil & Gas, mining, tourism, transportation, financial services) with AIDEA as the facilitator, mediator, due diligence advisor, and investor as appropriate.
- Global: The price of oil will have an effect on economics; political issues will affect the state. Examples: Tourism experienced a decline following 9-11 and the price of fuel will influence personal spending, which has an effect on businesses and jobs.
- Congress: ANWR and costal drilling issues will control the stage for many job sectors with a large-scale trickledown effect.
- Alaska legislature: Budgets versus oil price; revenue sharing; PCE; Permanent Fund; state income tax or state sales tax.
- Local government: Budgets versus taxes; planning and zoning
- The problem here is that government tends to be more reactive than proactive.
- The legislature and Governor with input from AIDEA.
- Should be a combination of Governor, ADCCED, AIDEA, citizen blue ribbon committee, ARDORS, consultants, etc.
- AIDEA could take the lead in this with expert assistance.
- I see the Governor setting the statewide strategic economic development agenda in partnership with the private sector. I see the Department of Commerce being the lead for the Governor in implementing her agenda. I believe that since AIDEA plays a role in capitalizing industrial development and has expertise in economic development financing that DCCED would utilize AIDEA's expertise, contacts, and resources in developing the plan.
- Mostly beyond our (Alaska internal) control in commodity/energy prices.
- Again beyond our control in terms of Federal spending, specifically through Native corporations.
- AIDEA is a component of what is left, again the "floor" under others
- The governor should be setting the strategy.

- AIDEA can be a key player but ultimately for a “statewide” agenda, the Governor of Alaska will set that.
- AIDEA can help develop possible scenarios/solutions/agendas and provide that information to Alaska’s Governor. The development of this agenda should involve both private and public sector entities that have a stake in the game. Find Alaska’s strengths first – develop the agendas from there....
- AIDEA’s role: look to our programs, or possibly the changing of our programs, to see where we can make a difference.

8. *How does AIDEA’s role affect other state agencies?*

- Must work with and be knowledgeable of DNR rules for resources projects.
- The Division of Investments administers the RDIF and SBDC loan programs, which are AIDEA programs. AIDEA also provides employees to work on AEA projects, which are primarily located in rural areas. We work closely with several state agencies on a collaborative basis in order to make these projects feasible.
- Currently – not much at all... (Gives DCED, DOT & DOA something to manage in procurement and administration.)
- AIDEA funds the Division of Investments Rural Development Initiative Fund and the Small Business Economic Development Loan Program.
- AIDEA provides staff and facilities for AEA funded programs, which include Denali Commission and federal program grants.
- AIDEA oversees the now defunct Alaska Science and Technology Fund grant program.
- AIDEA provides work for the Department of Law.
- The dividend paid to the State can help fund other agencies. If AIDEA is successful in its mission to promote economic growth in Alaska other state agencies may be impacted by a more robust state economy.
- There really has be no mechanism to measure that impact. We definitely affect DCCED’s mission of economic development and we have in the past taken development projects started by DOT and completed them. We also affect the Department of Labor’s mission of job creation thought funding projects that create or retain jobs.
- Same response as #5 above: the relationships should be discussed & clarified. Also, there are many other “development” entities (federal, state, local) that should be identified & evaluated for future synergies.
- We fill a role that no other state agency fills. To my knowledge, there is no one else within the state system that has the background to underwrite appropriate credits that we analyze. It takes years to learn it; without this expertise, other state agencies would have to fill the gap and at this point are not qualified to do so.
- AIDEA is not a state agency.

- You tell us, how should we interact with the State?
- AIDEA is involved in projects that cross a number of state agencies including DNR, Mining, DOT, and Commerce.
- AIDEA provides staff and administrative (both direct and indirect) support for AEA programs. We provide a dividend to the state that helps support other state programs. DOT and AIDEA should have a coordinated effort for transportation needs for resource extraction.
- Expanding development in the state results in an increase in demand for goods and services. These goods and services are transported by road and air travel, which affect many state agencies: transportation, health and social services, business licensing (DCCED), etc. Example: AIDEA's role in the Ketchikan Shipyard expansion will affect the Marine Highway Systems maintenance of their ships - they will no longer have to go to Seattle for repairs.

9. *What specific areas should AIDEA be focused on in the coming years?*

- Being the catalyst for resource development projects that might not get done without injection of "patient" money. Should not be primarily purchasing loan participations – there are available sources of funding for many of the loans AIDEA purchases (assuming no major changes stemming from current economic situation); should reserve funds for true economic development projects.
- The Division of Investments administers the RDIF and SBDC loan programs, which are AIDEA programs. AIDEA also provides employees to work on AEA projects, which are primarily located in rural areas. We work closely with several state agencies on a collaborative basis in order to make these projects feasible.
- I think that AIDEA needs to focus on ways to stimulate job growth, stimulate private capital investment into the state and assist businesses in finding reasonable priced capital for operations and expansion. We need to look at how AIDEA's programs can be modified to more efficiently meet these requirements and provide a business friendly environment in Alaska. Also, AIDEA needs to focus on better outreach. Most businesses do not understand our programs or the benefits of our programs. Another area that AIDEA needs to focus on is how we interact with other economic development agencies. There are many resources that business can tap into but it is tough because there is not much coordination between agencies.
- In the near term – developing its identity, standardizing policies so it is more business and less politics – marketing what it has to offer – and moving forward with a business minded purpose. Maintaining/ improving relationships with the financial community, project developers and operators, and future clients.
 - Growth of the loan participation portfolio.
 - Growth of the Business and Export Assistance loan guarantee program.
 - Expansion of the Development Finance program.
 - Employee training and retention.
- Project development relating to energy, mining, and growth of the loan portfolio.

- AIDEA should benchmark itself against other state development agencies plus private financial institutions (banks, private equity, venture capitalists, etc.) and then develop its focus AIDEA should consider providing advice on business plans so it can assist developers with marginal proposals into sound investments.
- AIDEA should continue financing commercial real estate and equipment. AIDEA should also very selectively own projects that benefit the state and contract out the management of them.
- Infrastructure needs for resource extraction.
- More revenues into the state budget. Problem is, that's not the Authority's statutory mission.
- Considering the broad scope of AIDEA was there really a need to separate ANGDA, and KABAT. Duplicating some administrative overhead? Could there be ways to strengthen public corporations by putting them under one general authority instead of parking them with different State Agencies?

10. Do you think the AIDEA Strategic Plan should focus on creating more revenues into the state budget or should it focus on creating more jobs?

- I think that the main emphasis for AIDEA should be to maximize citizen value. That concept means that we need to try to utilize our resources in a way to give the most value to the citizens that we can. Our investments into Alaskans through loans and infrastructure development need to create jobs, stimulate private investment into the state, and increase property value. Do to this; our programs need to generate enough revenue to reach our goals. In other words, we need to balance our revenue needs with our goals of promoting the health, security and general welfare of all the people of the state.
- The plan should focus on jobs. The Governor should have a strategic fiscal plan that capitalizes on the creation of jobs by tapping into the income as a revenue source, not necessarily an income tax, but some tax structure that benefits from the job creation.
- AIDEA's strategic plan should be to help create an economic base in a few hubs that will provide an influx of jobs due to construction as well as foundation jobs for the economic tax base of that hub. It is difficult to push more revenues into the state budget without growing your portfolio. You can only do so many loans before the base is gone – we need to diversify.
- Plan should focus on creating more revenues into the state budget or should it focus on creating more jobs? More revenues into the state budget. Problem is, that's not the Authority's statutory mission.
- The plan should focus on the creation of new industrial activities with the appropriate job multipliers in the state. Projects should be developed that make sense in that context, not in how much dividend will be paid to the state. Economic growth, diversification and resulting job growth.
- The plan should focus on jobs. The Governor should have a strategic fiscal plan that capitalizes on the creation of jobs by tapping into the income as a revenue source, not necessarily an income tax, but some tax structure that benefits from the job creation.
- Creating more jobs, which is a direct benefit to Alaskans.

- Jobs. A healthy employment environment generates a viable economy.
- Currently AIDEA's mission is to "promote, develop, and advance the general prosperity of the people of Alaska, to relieve problems of unemployment and to create additional employment by providing various means of financing and facilitating the financing of industrial, manufacturing, export and business enterprises, and other facilities within the State." Unless we change our mission, I think the Strategic Plan's primary focus should be creating jobs. While promoting job growth, the decisions made should not jeopardize the Authority's financial integrity or position in the bond market, as we cannot fulfill our mission if we are not financially stable.
- AIDEA should focus on making sound investment decisions. Revenues to state budget and jobs will follow from sound investment decisions.
- AIDEA should continue to operate as a for-profit business, thereby creating additional revenue for the state. Jobs are a by-product of this effort. In addition, they should be living wage jobs as opposed to just any job.

11. Are there any projects that should have been supported by AIDEA in the past that it did not? Why?

- AIDEA has supported most viable (and some non-viable) projects presented.
- None that I am aware of.
- None known.
- I don't know of any.
- Unaware of any missed opportunities.
- Not that I am aware of.
- Not aware of.
- I have no information on projects that AIDEA turned down in the past.
- AIDEA shut down under political fire so many projects died before they got to the building.
- AIDEA should be out today to help make some projects happen, we need selective proactive engagement

12. Are there any projects that AIDEA supported in the past that it should not have? Why?

- ASI, HCCP and Ketchikan Shipyard. ASI because the idea was not proved prior to investing millions of dollars; however, had the project been successful, it would have been one of AIDEA's most successful projects due to jobs created. HCCP because it was too much investment money for the expected job creation and there was another state authority with the mission and expertise to participate in energy projects. Ketchikan Shipyard because no financial return to AIDEA.
- None during my time here, however political pressure should not be the driving factor in making any good or bad business decisions. ASI failed while I've been here and that may have resulted primarily from political pressures as well as management issues.

- Hindsight would tell me ASI & HCCP – However, I believe the problems with these projects were more politically driven than with the projects themselves. I believe there are lessons learned from both of these projects that if put in policy could make AIDEA a better organization.
- Hindsight is always 20 – 20.
- The big one that is mentioned always is ASI; it would appear that decisions were made with incorrect intent, lack of understanding of the market and without any reasonable diligence in reviewing the plan.
- MarkAir should not have been supported. MarkAir created no jobs although one could argue that it saved jobs that would otherwise be lost. In the end, however, all jobs were lost.
- The Alaska Seafood Manufacturing plant and Healy Clean Coal Power Plant. I am not sure that AIDEA should not have supported these projects but it looks like more due diligence should have been completed and that politics should not have been allowed into the decision process.
- In my opinion, the MarkAir boondoggle occurred in part due to political pressure. AIDEA constructed nothing. We purchased assets from a poorly managed failing company, which could not compete in its market segment. Millions of dollars were spent (and lost) because politics outstepped good underwriting and sound business judgment.
- ASI should not have been supported. From what little I know, my opinion is that ASI was a special use facility for an undercapitalized business.
- The Ketchikan Shipyard. While the Shipyard is generating jobs in the area, under the current agreement the project is not adding to the financial integrity of the Authority.
- AIDEA has lost significant sums on Development Program projects such as HCCP, Alaska Seafood Institute, the original Skagway investment, and the Ketchikan Shipyard. The causes for the losses are complex, but probably are related to not considering banking basics (i.e. the 5 C's).
- The backing of the ASI seafood plant was a mistake. I was not employed with AIDEA at the time, but they lost millions of dollars on this project. It is my understanding that the feasibility study indicated that this project was not feasible. And for political reasons, the project was pushed forward anyway. This relates to my previous comment that loan and/or ownership decisions need to remain business decisions.
- No. AIDEA should accept a percentage of “failed” projects if it is to do its job. How AIDEA deals with projects is much more important.
- Hard to say, we have been dormant with respect to pursuit of new AIDEA-owned projects. I think this is a question best suited for private sector stakeholders that need to be asked if projects weren't pursued due to lack of available financing or adequate transportation infrastructure. Many people don't understand the role the state via AIDEA can play to help make a project successful.
- Not that I'm aware of.
- Healy Clean Coal Project. Healy was driven by the availability of federal funds, not the economic benefit of the project. AIDEA should approach such projects with extreme caution. ASI could have

been pursued in a more sustainable manner. Good concept, just too big.

- Healy Clean Coal Project. Why? Take an economic development authority and ask them to construct an unproven technology in an area that is next to a National Park. The permitting process alone was a nightmare. The facility is currently not being utilized.
- Hindsight is always wonderful. At the time a decision is made, most feel that it is a sound decision for the issues that are present at that time. Most projects that fail were usually thought to have been a good idea at the time.
- The Healy Clean Coal project.

13. *What role should AIDEA play in the natural gas pipeline? Why?*

- Would love AIDEA to be integral part of it, but doesn't have the financial resources. Could contribute manpower, but that might not work, depending on reporting structure for accomplishing project.
- None, this is too large of a project that is directly benefiting out of state residents. If there was infrastructure to be built from an instate gas line to benefit Alaskans, then yes, there may be a role for AIDEA in that.
- AIDEA could play a bigger role (IE. Industrial Development & Export) But that role would need to be focused and the resources and latitude would need to be provided to facilitate this role.
- Many business opportunities are necessary to support the gas pipeline. AIDEA should be looking for opportunities to help those businesses develop in the state vs. out of state.
- I believe that AIDEA's role in the natural gas pipeline will not be in financing the project but by AIDEA helping to provide capital to Alaskan Businesses that are gearing up to be involved in building and supporting the natural gas pipeline.
- None. Granted, there will be some short-term job creation, the end-users of the natural gas pipeline are non-Alaskans. That said, I would prefer to see AIDEA play a role as an investor/owner of the spur line that transports natural gas to south-central and points in between.
- I think AIDEA could play a role as a financing mechanism for the natural gas pipeline either through direct bonding if our bonding authority was reinstated or through conduits. The project fits into AIDEA's mission and AIDEA has the ability and expertise to help fund the project.
- AIDEA could play a peripheral role, say with supporting infrastructure. The primary pipeline investment decision, at \$20 to 40 billion, would appear to be outside of AIDEA's normal bailiwick.
- This project is too large for just AIDEA to take on, but it could work with other agencies and potentially participate financially in this project. The Alaska Railroad Corp. (ARRC) has unlimited bonding ability for this project. I could see AIDEA working in conjunction with ARRC, providing our bonding expertise.
- None. Too big.
- Use our resources to find existing or potential development opportunities that would take advan-

tage of the gas line using spur lines.

- Equity investment?

14. What specific economic development approaches or strategies are you aware of from other states that you think might apply to AIDEA/AK?

- Not familiar with other state programs.
- Have not spent much time researching – hopefully you will do this as part of the benchmarking activity. I believe there are some strong business models that we can use in how we do business and make sound investment decisions.
- I know that other states have similar economic development programs and revolving loan funds similar to ours.
- AIDEA could play a bigger role (i.e., Industrial Development & Export) But that role would need to be focused and the resources and latitude would need to be provided to facilitate this role.
- “Angel” investing in small businesses start-ups.
- None. Granted, there will be some short-term job creation, the end-users of the natural gas pipeline are non-Alaskans. That said, I would prefer to see AIDEA play a role as an investor/owner of the spur line that transports natural gas to south-central and points in between.
- At this time, I am not aware of specific economic development approaches utilized by other states.
- I believe that other Industrial Development Authorities have a wider array of loan programs that are specifically directed at job creation. Also, other Industrial Development Authorities have credit enhancement programs that allow better utilization of their Conduit Revenue Bond Program.
- Good job for a consultant. The other 49 states appear to offer differing programs (see web sites), have different economic environments/demands, and use varying terminology.
- Many other states do micro lending within their loan programs. In my opinion, this is not AIDEA’s current role in the market. However, it could be amplified to include some of these programs if it was staffed appropriately.
- Unaware
- Very interested in what this benchmarking study will root out for us.
- If the state is going to own a portion a gas pipeline, AIDEA should play the role of state-ownership. AIDEA is distinct from the state and can provide a more business-like approach to ownership. We need to become more autonomous in our thinking though.
- How about another country - Greenland: a society that is in transition; promotes a modern arctic environment enticing tourism; has an abundance of natural resources to develop. All three of these aspects mirror Alaska’s environment.
- Approach: Greenland is making their country known through advertising.
- Strategy: Push tourism to become better known throughout the world thereby encouraging en-

trepreneurs to invest in their country. This will bring ideas from different facets of life and states that should promote change and growth.

15. *What works at AIDEA?*

- People generally get along and work towards common goal.
- Good benefits and flexible schedule
- A few hard workers make up for others' lack thereof
- AIDEA's employees can feel proud to work for an agency that helps to promote economic development throughout the state that creates jobs directly to Alaskans and gives back a large portion of their profits through a dividend.
- Management of existing projects, good financial investments and conservative loans.
- Loan programs. Sharing the administrative functions with AEA. Flexibility to negotiate salaries with new employees.
- It all works. AIDEA is a successful model of a development authority that helps businesses and communities through loans and projects that foster jobs and economic development. And, we re-turn an investment to the State of Alaska
- I think that the Loan Participation Program and Conduit Revenue Program work well. Both these programs could be modified to better meet our mission but they are
- AIDEA provides a great working environment for employees. Currently our loan program has a very low delinquency rate and AIDEA is financially stable.
- Careful & informed investment decisions.
- The Credit Department has trained staff that work well together and are a very profitable aspect to AIDEA. The Finance Department effectively invests funds, gaining the best return on invested dollars. They also have background in bonding, which is critical to our conduit bond program.
- Showing respect for coworkers and listening to ideas from people who do the work really does work at AIDEA.
- The Development Finance Department hasn't become effective as of yet. Owning property and/or projects takes a completely different set of skills and mind-set than financing a project. There is substantially more risk and bad decisions can be much more costly. This department is top heavy and I am not completely convinced that the right people are in the right positions to make it work. More than any other area of the company, this department has the potential for unfavorable press if bad decisions are made, to say nothing of the financial liability. I think that you really need an active entrepreneur in this role in order for this department to be successful. Expanding AIDEA's payroll with political appointments is injurious to AIDEA and its ability to be effective in the market place.
- Quasi independence from the state government
- Ability of one person to make a big difference anywhere in the organization

- New Mexico has a film development equity ownership program. We should explore whether the state/AIDEA should look into the program – cautious approach and very limited.
- AIDEA could also pursue whether a business energy efficiency effort makes sense for AIDEA. Business EE programs are non-existent and could strengthen AIDEA's outreach program.
- Money manager investments, working with banks through our credit programs.
- Continuing to help bridge the financial gap by providing longer term financing to developers and financial institutions.
- Grants from federal agencies to improve the infrastructure of some of our current assets to promote more stable economies in the surrounding area.
- Used to work, will again. Ability to think outside the box - project won't work with this program but is there a way to make it work with another or is there a way to change the project so that it will work.

16. *What doesn't work at AIDEA?*

- We have been dormant in infrastructure projects too long. Need to make our presence known, so projects can be evaluated for feasibility.
- Political pressure of saying “no” to projects that don't make sense or want “grant” funding – fine line to walk.
- Inability to have a vision, and use that to get things done
- Giving grants.
- No opportunity for any risk taking, very little in terms of visioning for the future. AIDEA tends or has tended to be more reactive than proactive and more dependent than independent.
- Some of this is perception of political pressure and some appears to be lack of understanding or unwillingness to make a decision for reasons other than sound business decisions.
- The Business and Export Assistance program is not being utilized by businesses in the state. AIDEA needs to take a close look at the program to better understand the needs of Alaskan export businesses to see why the program is not being better utilized.
- The Economic Development Project Program needs to be reviewed also. The program has several projects that are successful but we have not had a new project in several years.
- Too much political influence on business decisions.
- When leadership changes with the change of administration, the agency loses continuity in its policies and programs.
- Too many lawyers and not enough business people.
- AIDEA & AEA are a questionable mix of programs, missions, & methods.

AIDEA – Strategic Plan

Final Interview Questions

External Organizations: Lenders

1. *What do you see as the overall prospects for AK over the next 10-15 years?*
 - Relatively stable, with some potential for gas pipeline, and upward growth in oil prices will help. Good things on horizon, stumbling now.
 - Same as last few years: resource development. Oil, mining, fishing and timber.
 - Stable growth is more likely than not.
2. *How would those future prospects compare with where AK was 10-15 years ago?*
 -thinking.....probably more optimism in past. Now folks are cautious. Not much different – highly oil price dependent. All in after that – higher risk.
 - Same as before: environmental opposition and state political instability. Lack of a fiscal plan for Alaska – too knee jerk. Fickle from year to year in dealing with industries. Not aligned with industry. New federal administration could be problem – not sure Democrats support ANWR, for example.
 - Much slower, especially now.
3. *Who do you see setting the state-wide strategic economic development agenda?*
 - Governor! But not happening yet – need reality check.
 - Industry and private sector, not state. What can we do to assist you? NOT setting path that industry and private sector must go down. Private sector does economic development.
 - Governor, but need more leadership – well-defined plan needs to be presented.
4. *What barriers will the state face pursuing economic development strategies over the next 10-15 years?*
 - Oil and gas supplies. Military is big piece of economy – what happens if peace reigns? Metal prices, especially gold, will be factor.
 - Assist when makes sense, economically and financially. See 3.
 - Global recession – clearly, for international trade (airport); re-evaluate in light of slower economic growth. We're not immune to world conditions.
5. *What do you understand to be the role of AIDEA?*

- I see global role to spur economic development – projects, infrastructure – vital part. Not just taking risk, but also source of capital.
 - Role shouldn't change. Seems to be moving towards political tool, not economic.
 - ...provide long-term fixed capital when other sources not available. No insurance companies, etc. are clamoring to fund Alaska projects. AIDEA is a critical source of capital – last two years – major source going forward. Critical role.
6. *Given your understanding, do you envision AIDEA's role changing based on what you see for the state in the next 10-15 years?*
- Yes – will play more of a role – need more push from government.
 - Improving infrastructure needed for resource development: oil, gas, and mining. This is where they should focus: lower cost and spur development.
 - No.
7. *What specific areas should be the focus for economic development in the state in the coming years?*
- Oil, gas, - resource development. Some fishing. Sensitive to environment. Energy. Air transportation can grow. Economy is driven from out of state. Good long term prospects.
 - Once AIDEA started providing a dividend, it's a firm thing. Can't go back. Depends on it. Don't change statute; it's fine. Maybe do away with it; put funds into AIDEA for financial assistance for small and large projects.
 - Seem to measure things by headcount (jobs) without regard for wages, skills, or other. Need another metric. Increased gross state product? Something besides body count.
 - Projects that will provide general economic benefit to the state – might be better.
 - Depends on vision – jobs are one; infrastructure is another. Not just one focus. Need a suitable mixture, in light of vision and well-defined plan.
8. *AIDEA is preparing a Strategic Economic Development Plan. Should that plan focus on projects that will create more revenues for the state budget or should it focus on creating jobs?*
- More about jobs than revenue now. Revenues will follow jobs.
 - hhhCouncil of Developing Finance Agencies – former member. Alaska was doing more, pro-active, worked harder to assist than any of the other development authorities. They were getting into private sector things; AIDEA should assist private sector, not be put in lieu of.
 - Both.
9. *What specific economic development approaches or strategies are you aware of from other states that you think might apply to AIDEA/AK?*
10. None.

Appendix 2 – Economic Development Best Practices

Conten	
	SUBJECT
	Kentucky Cabinet for Economic Development
	Kentucky Economic Development Finance Authority
	Kentucky Strategic Plan for Economic Development
	Ravalli County (Montana) Economic Development Authority
	Alberta (Canada) Regional Economic Alliances
	Puget Sound (WA) Regional Council Four County Prosperity Partnership
	Greater Phoenix Economic Council
	State of Oregon Business Plan
	Washington Economic Development Commission – A Long Term Framework for Growing Jobs and Incomes in a Global Economy
	Allen Economic Development Group, Lima/Allen Co, Ohio
	Silver City, New Mexico, MainStreet Project
	Partnership, BC (British Columbia)
	Appendix
	Other Economic Development Materials
	National Governors Association – Best Practices Center - Innovative State Policy Options to Promote Rural Economic Development – Summary and Brief
	Information Technology & Innovation Foundation - 2008 State New Economy Index
	State of Oregon Performance Benchmarks
	Economic Development Context (definitions)
	Council of Development Finance Agencies
	Practitioner’s Guide to Economic Development Finance Building and Utilizing the Development Toolbox Council of Development Finance Agencies
Attached	U.S. Best Practices for State Economic Strategy Development; Kansas Comprehensive Strategic Plan Update, Appendix B
Attached	Best Practices in Carrying Out State Economic Development Efforts – National State Auditors Association

Agency/State/Organization	Kentucky Cabinet for Economic Development
Summary	<p>The Cabinet for Economic Development is the primary state agency in Kentucky responsible for creating new jobs and investment in the state. Programs administered by the Cabinet are designed to support and promote economic development within the state, primarily by attracting new industries to the state, assisting in the development of existing industries, and assisting communities in preparing for economic development opportunities.</p> <p>By statute, the Cabinet is governed by the Kentucky Economic Development Partnership (or the Partnership Board). The Partnership Board is responsible for directing and overseeing the Cabinet and adopting a Strategic Plan. The Kentucky Economic Development Finance Authority (KEDFA) is a statutorily created committee under the authority of the Partnership Board. KEDFA is responsible for awarding most of the financial incentives offered by the Cabinet.</p> <p><u>Department of Commercialization and Innovation</u></p> <p>Leads the state’s new economy efforts. Responsible for developing and implementing a strategy to build and promote technology-driven and research-intensive industries with the goal of creating high-tech job opportunities and developing clusters of innovation throughout the state. Administers and recommends funding to facilitate recruiting, creating, and retaining high-tech companies and jobs, producing new products and services, and developing new and improved processes.</p> <ul style="list-style-type: none"> ❑ High-Tech Investment Pool – The Department of Commercialization and Innovation provides funds to help further the commercialization of a product or new and improved process. Incentives awarded are typically in the form of forgivable loans, with the amount of the loan primarily based on the applicant company’s projected high-tech job creation. ❑ Kentucky New Energy Ventures Fund (KNEV) – Supports the development and commercialization of alternative fuel and renewable energy products, processes, and services in Kentucky. Companies must have a unique and competitive product, technology, or process that can be protected in the commercial marketplace. KNEV will provide grants as well as equity investments. Companies must match the fund's investment on a one-to-one dollar ratio. ❑ Commonwealth Seed Capital, LLC (CSC) – Is dedicated to creating high-tech jobs by providing needed seed capital for high-growth potential, high-tech companies. Businesses that receive investments from CSC are based on innovation, have a meaningful Kentucky presence, and are expected to generate significant profits for investors. CSC also invests in seed and venture capital funds that actively invest in these types of companies in Kentucky. ❑ SBIR-STTR Matching Funds – Recipients must be Kentucky-based or relocate to Kentucky within 60 days of a matching award. Federal SBIR and STTR Phase 1 programs are normally matched up to \$100,000. Phase 2 federal awards can be matched up to \$500,000 per year (maximum 2 years, with second-year of

award contingent upon funding availability). A company receiving a Phase 1 and Phase 2 federal award can therefore earn up to \$1.1 million more by being located in Kentucky.

- **Innovation and Commercialization Center Network** – DCI manages a network of statewide Innovation and Commercialization Centers (ICCs) and Innovation Centers (ICs) to provide locally accessible, business-building and related services to Kentucky's entrepreneurs and scientists. ICCs and ICs link the scientists and entrepreneurs to funding sources and help them convert good ideas into investment-ready enterprises.

Department for New Business Development

Coordinates the recruitment and attraction of companies to enhance the overall state economy. Department staff provides project management services, including out-of-state trips to recruit industry, information gathering for clients regarding their location requirements, traveling with client representatives to view properties and communities, and assisting with applicable financial incentives. The site evaluation staff visits and assembles data on sites and buildings across the Commonwealth for inclusion in a statewide property inventory. The Department also includes a Far East Office in Tokyo, Japan, to aid in the recruitment of international companies to the Commonwealth.

Department for Existing Business Development

Responsible for assisting and encouraging job retention and creation by working with existing business. Partners with outside agencies and communities to conduct workshops, community assessments, and business surveys to support local development efforts. The Department consists of the Division of International Trade, the Regional Economic Development Divisions, and the Division of Small Business Services and the Commission on Small Business Advocacy.

Regional Economic Development Divisions

Conduct Kentucky's only statewide existing business visitation program focusing on new job creation, new investment, and job retention with start-up companies, existing and expanding businesses and provide technical assistance to local economic development officials.

Division of International Trade

Provides opportunities for increased export sales of Kentucky produced goods and services by Kentucky businesses that are either potential exporters willing to make a commitment to export sales to areas outside of the U.S., or existing exporters with the potential for increased sales in existing or new international markets.

Division of Small Business Services

Assists new and existing small business development through the expansion

of entrepreneurial assistance programs. Consists of three program areas – business information clearinghouse, procurement assistance, and small and minority business development.

Kentucky Procurement Assistance Branch – Assists Kentucky businesses in selling their goods or services to federal, state, and local government agencies. Primary services include market research / bid notification, one-on-one consulting, and group training programs on topics related to government contracting.

Small and Minority Business Branch – Fosters the development of small, women, and minority-owned businesses. Serves as a resource center for entrepreneurs. Assists in establishing training programs that address the needs of the small business community. Programs administered by this branch: Active Capital program, which lists offerings of small companies up to \$1 million and the Linked Deposit Loan program, which can invest funds from the Abandoned Property Account with a financial institution that can lend the proceeds to small business or agribusiness. Assistance with small business financing, such as the KEDFA Small Business Loan Program is also available. The Business Information Clearinghouse within this branch serves as a centralized information source on business regulations. Assists in securing necessary licenses, permits, etc., for businesses. Acts as a referral service for government financial and management assistance programs.

Commission on Small Business Advocacy

Assists the small business community in navigating the regulatory process and advocates on behalf of small businesses at the state and federal level. The CSBA represents the small business interest when regulatory implementation is overly burdensome and promotes cooperative and constructive relationships between state agencies and the small business community.

Department of Financial Incentives

Coordinates all financial assistance, tax credit, and related programs available to business and industry. The Department consists of the Programs Management Division, and the Programs Servicing Division, and the Bluegrass State Skills Corporation.

Programs Management Division – Administers the financial assistance, tax credit and related economic development programs available to business, industry and communities.

Programs Servicing Division – Performs auditing, monitoring, and compliance functions for the other divisions in the Department.

Bluegrass State Skills Corporation (BSSC) – An independent, de jure corporation that brokers skills training for business and industry, from entry-level to advanced training, and from upgrading present employees to retraining experienced workers. Awards grants and tax credits for training. Works in partnership with other employment and job training resources and programs to package a program customized to meet the specific needs of a company. Awards are made by an independent board.

Incentive Programs

Industrial Revenue Bond Issue Program (IRB) – Bonds made available by state and local governments can be used to finance manufacturing projects and their warehousing areas, major transportation and communication facilities, most health care facilities, and mineral extraction and processing projects

Kentucky Economic Development Finance Authority

Provides financing for agribusiness, tourism, industrial ventures or the service industry (no retail), for fixed assets, in conjunction with private financing. Loan amounts may be up to \$500,000 and the interest rate is tied to the term of the loan.

Kentucky Economic Development Finance Authority (KEDFA) Small Business Loan Program

Is available to any for profit entity that engages in manufacturing, agribusiness, service, or technology (no retail) that employs 50 or fewer people. The maximum loan amount is \$100,000, the minimum is \$15,000, and proceeds may be used to purchase fixed assets, construct or improve facilities, purchase and install machinery and equipment and for working capital.

Kentucky Economic Opportunity Zone Program (KEOZ)

Provides tax credits to companies that establish new or expand existing manufacturing, service, or technology operations in a qualified zone having high unemployment and poverty levels.

Kentucky Enterprise Initiative Act (KEIA)

Provides refunds of sales and use tax paid by approved companies for construction materials and building fixtures. It is also available for sales and use tax refunds for equipment used in research and development.

Kentucky Environmental Stewardship Act (KESA)

Provides tax incentives to new or existing manufacturing companies that manufacture a new product or substantially improved existing manufactured product that has a less or reduced adverse effect on human health and the environment or provides for improvement to human health and the environment when compared with existing products or competing products that serve the same purpose.

	<p><u>Kentucky Industrial Development Act (KIDA)</u></p> <p>Provides tax incentives to manufacturers that locate or expand operations in Kentucky.</p> <p><u>Kentucky Industrial Revitalization Act (KIRA)</u></p> <p>Provides tax incentives to existing manufacturers faced with imminent closure due to lack of productivity or profitability caused by outdated equipment.</p> <p><u>Kentucky Investment Fund Act (KIFA)</u></p> <p>Provides tax credits to investors in approved investment funds.</p> <p><u>Kentucky Jobs Development Act (KJDA)</u></p> <p>Provides tax incentives to service or technology related, non-manufacturing, non-retail “white collar” companies that provide more than 75% of their services outside the state.</p> <p><u>Kentucky Rural Economic Development Act (KREDA)</u></p> <p>Provides tax incentives to new or existing manufacturing companies that locate or expand operations in counties suffering from high rates of unemployment.</p> <p><u>Incentives for Energy Independence Act (IEIA)</u></p> <p>Requires a capital investment of at least \$25 million for an alternative fuel facility using biomass, or an investment of at least \$100 million for an alternative fuel facility using coal, as its primary feedstock. A capital investment of at least \$1 million is required for a renewable power facility that meets minimum electric output standards based upon the power source. The negotiated incentives cannot exceed 50 percent of the capital expenditures and may include a reimbursement of sales and use taxes paid on tangible personal property; a tax credit of the income tax and limited liability entity tax owed by the company; and, wage assessment incentives up to four percent of gross wages of each employee whose job was created as part of the project. Advanced disbursements may also be available.</p> <p><u>Tax Increment Financing (TIF)</u></p> <p>Allows local governments and agencies to finance redevelopment and other eligible projects through incremental increases in tax revenues. There are both local only development areas and local/state TIFs available.</p>
Relevance to AIDEA	While a state-level organization, it has organized itself around numerous different implementing mechanisms. In many ways it is similar to AIDEA but with a broader mission and implementing authorities.
Website	http://www.thinkkentucky.com/kyedc

Agency/State/Organization	Kentucky Economic Development Finance Authority
Summary	<p>Kentucky's pro-business climate provides a number of incentives for businesses. The Kentucky Economic Development Finance Authority (KEDFA), established within the Cabinet for Economic Development to encourage economic development, business expansion, and job creation, provides financial support through an array of financial assistance and tax credit programs. Helping businesses in this way furthers the commonwealth's goals of achieving long-term economic growth and full employment for its citizens.</p> <p>Tax Credit Programs</p> <ul style="list-style-type: none"> <input type="checkbox"/> <u>Bluegrass State Skills Corporation Skills Training Investment Credit</u> Provides credit against Kentucky income tax to existing businesses that sponsor occupational or skills upgrade training programs for the benefit of their employees. <input type="checkbox"/> <u>Incentives for Energy Independence Act – IEIA</u> The Incentives for Energy Independence Act (IEIA) requires a capital investment of at least \$25 million for an alternative fuel facility using biomass, or an investment of at least \$100 million for an alternative fuel facility using coal, as its primary feedstock. A capital investment of at least \$1 million is required for a renewable power facility that meets minimum electric output standards based upon the power source. The negotiated incentives cannot exceed 50 percent of the capital expenditures and may include a reimbursement of sales and use taxes paid on tangible personal property; a tax credit of the income tax and limited liability entity tax owed by the company; and, wage assessment incentives up to four percent of gross wages of each employee whose job was created as part of the project. Advanced disbursements may also be available. <input type="checkbox"/> <u>Kentucky Rural Economic Development Act - KREDA</u> For new and expanding manufacturing projects in qualified KREDA designated counties. Companies with projects approved under KREDA may potentially receive state income tax credits and job assessment fees for up to 100% of their capital investment for up to 15 years on land, buildings, site development, building fixtures and equipment used in a project. <input type="checkbox"/> <u>Kentucky Jobs Development Act - KJDA</u> For new and expanding service and technology related projects. KJDA projects may receive a 100% credit against the state income tax arising from a project and may collect a job assessment fee of up to 5% of the gross wages of each employee whose job is created by the project and who is subject to Kentucky income tax. Amounts can be up to 50% of project start-up cost and up to 50% of annual facility rental cost or rental value for up to 10 years. The local community must approve the project prior to the submission of an application. <input type="checkbox"/> <u>Kentucky Industrial Development Act - KIDA</u> For new and expanding manufacturing projects. Projects approved under KIDA may receive state income tax credits for up to 100% of its capital investment for up to 10 years on land, buildings, site development, building fixtures and equipment used in a project. Or, the company may collect a job assessment fee of 3% of the gross wages of each employee whose job is created by the approved project and who is subject to Kentucky income tax. <input type="checkbox"/> <u>Kentucky Environmental Stewardship Act (KESA)</u>

	<p>For manufacturing environmental stewardship products that are unique products having a substantial positive impact on the environment. Companies with projects approved under KESA must have at least \$5,000,000 in eligible cost and can potentially recover up to 25% of the projects fixed asset cost and 100% of employee skills training. The tax incentive is available for recovery over a 10-year period.</p> <ul style="list-style-type: none">□ <u>Kentucky Economic Opportunity Zone Program - KEOZ</u> Counties, urban county governments, or cities of the first class apply through KEDFA (see above) for certification of an Opportunity Zone based on qualifying census tract information. New or expanding manufacturing or service/technology companies may be permitted the following inducements under the KEOZ program:<ul style="list-style-type: none">○ An income tax credit of up to 100% of the Kentucky income tax liability on income generated by or arising out of the project; and○ A job development assessment fee of up to 5% of gross wages□ <u>Kentucky Investment Fund Act - KIFA</u> KIFA provides tax credits to individuals and companies that invest in approved venture capital funds. Investors in KIFA approved funds are entitled to a 40% credit against Kentucky individual or corporate income tax or Kentucky corporate license tax. KEDFA (see above) approves investment funds and fund managers. <p>Other Business Incentives and Financial Programs</p> <ul style="list-style-type: none">□ <u>Bluegrass State Skills Corporation Grant Reimbursement Program</u> Provides matching grant funds for customized business and industry-specific training programs.□ <u>Direct Loan Program (KEDFA)</u> KEDFA encourages economic development business expansion and job creation by providing business loans to supplement other financing. The Direct Loan Program provides loans at below-market interest rates (subject to the availability of state revolving loan funds) for fixed asset financing for agribusiness, tourism, industrial ventures, or the service industry. Retail projects are not eligible.□ <u>High-Tech Investment / Construction Pools</u> The Department of Commercialization and Innovation provides funds to help further the commercialization of a product, process, or other innovation. Incentives awarded are in the form of forgivable loans, with the amount of the loan primarily based on the applicant company's projected high-tech job creation. These forgivable loans typically range from \$150,000 to \$400,000 depending upon the project.□ <u>Small Business Loan Program</u> The Small Business Loan Program is designed to help small businesses acquire funding needed to start or grow their small business. A small business must be engaged in manufacturing, agribusiness, or service and technology. Loan funds may be used to acquire land and buildings, purchase and install equipment, or for working capital. The minimum loan amount of \$15,000 and the maximum is \$100,000. The approved company must create one new full-time job within one year of the loan closing. The Kentucky Economic Development Finance Authority (KEDFA) can fund up to 100% of the project costs and the loan can be used in conjunction with other lenders. The term of
--	---

	<p>the loan can range from 3-10 years.</p> <ul style="list-style-type: none"> □ <u>Kentucky Enterprise Initiative Act (KEIA)</u> For new or expanded service or technology, manufacturing, or tourism attraction project in Kentucky. KEIA provides a refund of sales and use tax paid by approved companies for construction materials and building fixtures. It is also available for sales and use tax refunds for equipment used in research and development. □ <u>Tax Increment Financing (TIF)</u> Tax increment financing (TIF) is a tool to use future gains in taxes to finance the current improvements that will create those gains. The state participates with local governments and eligible agencies in three TIF programs: the Commonwealth Participation Program for State Real Property Ad Valorem Tax Revenues, the Signature Project Program, and the Commonwealth Participation Program for Mixed-Use Redevelopment in Blighted Urban Areas. □ <u>Local Redevelopment TIF</u> The program is available for use to redevelop blighted areas into mixed use development by using the incremental additional local taxes such as property or occupational taxes realized as a result of the development. The community or agency can request state participation in this program with certain additional requirements. □ <u>Local Vacant Land TIF</u> This program is available to develop vacant land by using the additional incremental local taxes, such as property or occupational taxes, realized as a result of the new development (example: construction of infrastructure at a local industrial park). State tax increment is not available for this type of development area. □ <u>Industrial Revenue Bonds - IRB</u> IRBs issued by state and local governments in Kentucky can be used to finance manufacturing projects and their warehousing areas, major transportation and communication facilities, most health care facilities, and mineral extraction and processing projects.
Relevance to AIDEA	Broad array of implementing mechanisms
Website	http://www.ced.ky.gov/KYEDC/kybizince.aspx?param=0

Agency/State/Organization	Kentucky Economic Development Partnership Kentucky Strategic Plan for Economic Development
Summary	<p>Vision: Achieve an economic standard of living for Kentucky above the national average by 2020</p> <p>Mission: To Create More and Higher Quality Opportunities by Building an Expanding Sustainable Economy to Improve the Quality of Life for All Kentuckians</p> <p><u>Goal 1: Manage Cabinet Resources More Efficiently & Effectively</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Objective 1.1 Recommend changes to the state personnel classifications as they apply to Cabinet positions to promote formal career paths. <ul style="list-style-type: none"> ○ Performance Indicator 1.1.1: Recommendations by Fall 2008. ○ Responsible Party: <input type="checkbox"/> Objective 1.2 Develop a Cabinet wide shared database for tracking companies and projects from initial contact, through financial incentives received until the end of the life of a located facility. <ul style="list-style-type: none"> ○ Performance Indicator 1.2.1: Database developed by Fall 2008. ○ Responsible Party <input type="checkbox"/> Objective 1.3 Implement professional development opportunities for Cabinet employees, including formal, on-the-job and cross-department assignments. (performance indicators & responsible party typical in each objective) <input type="checkbox"/> Objective 1.4 Develop a new BSSC web site with an online application and shop for service functionality for BSSC. <input type="checkbox"/> Objective 1.5 Develop online application process for Department of Financial Incentive tax incentive programs. <p><u>Goal 2: Reduce Unemployment and Increase Per Capita Income</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Objective 2.1 Establish a Statewide Entrepreneur Business Plan Competition for Knowledge-Based Companies. <input type="checkbox"/> Objective 2.2 Conduct a statewide assessment of New Economy Infrastructure Assets for Nanosciences. <input type="checkbox"/> Objective 2.3 Prepare a Strategic Analysis of Technologies. <input type="checkbox"/> Objective 2.4 Develop a Statewide Science and Technology Assets Online Database. <input type="checkbox"/> Objective 2.5 Expand the CED Small Business Loan Program by leveraging additional funds through third party entities. <input type="checkbox"/> Objective 2.6 Expand Kentucky Micro-Loan Program into underserved areas by leveraging additional funds through third party entities. <input type="checkbox"/> Objective 2.7 Support the development and growth of innovation and entrepreneurship throughout Kentucky. <input type="checkbox"/> Objective 2.8 Support the continued growth of Kentucky's high-tech companies and industries. <input type="checkbox"/> Objective 2.9 Update Business Information Clearinghouse website with enhanced business licensing information in a user friendly format. <input type="checkbox"/> Objective 2.10 Conduct Small Business Town Hall Forums to promote CED programs and services of other providers.

	<p><u>Goal 3: Create a Globally Competitive Business Environment</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Objective 3.1 Enhance Kentucky Economic Development Information System by developing web search capability by geographic location and drive time. <input type="checkbox"/> Objective 3.2 Survey Kentucky companies involved in exporting to identify opportunities in new international growth markets and assess demand for in-country assistance to help determine the need for additional foreign trade office(s). <p><u>Goal 4: Manage Resources to Maximize Return on Investment</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Objective 4.1 Complete a strategic analysis of the Five Priority Research Focus Areas from the Kentucky Innovation: A Strategic Plan for the New Economy to determine if they are still potential areas of economic growth. <input type="checkbox"/> Objective 4.2 Expand regulatory review process of Commission on Small Business Advocacy from new regulations (HB 609) to include the review of existing regulations. <input type="checkbox"/> Objective 4.3 Develop online data retrieval and analysis capabilities for the Kentucky Small Business Information System. <input type="checkbox"/> Objective 4.4 Conduct Small Business Ombudsmen informational forums to promote the economic value of Kentucky's small businesses. <input type="checkbox"/> Objective 4.5 Enhance CED website to better accommodate the needs of site selectors, international clients and domestic users that significantly increase ease of navigation and utility related to business recruitment activities. <input type="checkbox"/> Objective 4.6 Develop "Community Capacity Building Grant Program" to enable local communities in partnership with Kentucky Colleges/Community Colleges to meet specific training needs.
Relevance to AIDEA	Good plan format
Website	http://www.thinkkentucky.com/kyedc/pdfs/kystrategic.pdf

Agency/State/Organization	Ravalli County Economic Development Authority (RCEDA) Montana
Summary	<p>A primary goal of the RCEDA is to create the infrastructure for a knowledge-based business community in the Bitterroot Valley that helps existing and new businesses turn information and innovation into opportunity.</p> <p>Ravalli County Economic Development Authority (RCEDA) is a Port Authority with 501 (c) (3) tax status. Created by the Ravalli County Commissioners in 1997, RCEDA is governed by seven Commissioners appointed by the County Commissioners.</p> <p>RCEDA is funded in large part through the Ravalli County General Fund. Recently this funding has been augmented by a grant from the City of Hamilton as well as private sector participants.</p> <p>This funding has allowed the organization to mature and demonstrate the meaning and work of economic development through action and accomplishments.</p> <p>A few of those accomplishments are:</p> <p>Establish a Revolving Loan Fund to provide gap finance to local businesses through partnerships with local lenders. RCEDA has participated and or written over \$4 million in successful grant applications for Ravalli County businesses since 2002.</p> <p>Provide technical assistance to businesses and entrepreneurs in Ravalli County. RCEDA participates in regional economic development planning with local government helping to build awareness and leadership.</p> <p>RCEDA's approach is to nurture the entrepreneurs and businesses we have; to grow from within.</p> <p>The development model that the RCEDA uses in pursuit of this goal is "Economic Gardening". Economic gardening emphasizes development support for existing local businesses and entrepreneurs. Businesses with strong ties to the community are more likely to make economic decisions with social and civic responsibilities in the mix. This approach is essential to protecting the quality of life in the valley, especially the natural and recreational amenities that attract and retain successful business people and employees.</p>
Relevance to AIDEA	Similar organizational structure on a more limited scale as compared with AIDEA Is a funding and support organization with limited access to funds
Website	http://www.rceda.org

Agency/State/Organization	Alberta Regional Economic Alliances Alberta, Canada
Summary	<p>Alberta's Regional Economic Development Alliances (REDAs) developed out of a need to stimulate long-term economic development and growth strategies in Alberta's rural and urban communities.</p> <p>Each REDA is a strong partnership of communities and other supporting stakeholders that undertakes strategic planning, joint marketing initiatives and economic opportunity studies to enable sustainable economic development.</p> <p>There are 14 autonomous regional economic development alliances, each with its own set of priorities, opportunities, challenges, and strategies.</p> <p>Emerging Themes in Regional Economic Development</p> <p>Several themes are shared throughout the strategic business plans of the REDAs.</p> <p>Capacity Building</p> <p>Each REDA needs the tools, skilled human capital, and access to other resources that support economic development. REDAs are enablers that promote the use of:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Strategic thinking and planning <input type="checkbox"/> Leading practices in economic development <input type="checkbox"/> Economic developing training for leaders and practitioners <input type="checkbox"/> Networks of expertise, mentors, coaches, champions, and service providers <input type="checkbox"/> Supporting communities in economic transition <p>Business Retention and Growth</p> <p>The ability to create strategic partnerships through cooperation and collaboration to ensure a healthy and vibrant business community and environment that supports entrepreneurship through:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Succession planning for small and medium enterprises <input type="checkbox"/> Information to support business growth and diversification and establishment of new enterprises <input type="checkbox"/> Identifying barriers and potential solutions facing the business community <input type="checkbox"/> Supporting development of a skilled regional labor force <input type="checkbox"/> Identifying diversification, productivity and value chain opportunities <p>Marketing</p> <p>A collaborative strategy to effectively market the uniqueness of each region in Alberta</p> <ul style="list-style-type: none"> <input type="checkbox"/> A regional image and recognizable brand <input type="checkbox"/> Web based information, marketing tools and materials <input type="checkbox"/> A regional economic profile and benchmark indicators <input type="checkbox"/> Identification of target markets/audiences <input type="checkbox"/> Promoting the region and its communities as a place to live, work, and invest <p>Opportunity Identification and Investment Attraction</p> <p>Support the identification and marketing of investment ready opportunities that attract investment both from within and outside the region</p> <ul style="list-style-type: none"> <input type="checkbox"/> Investment lead dissemination networks and site locator requests <input type="checkbox"/> Visibility and pre-feasibility projects

	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure member communities are investment ready <input type="checkbox"/> Understand the region's competitive advantage and where growth potential is highest <input type="checkbox"/> Ambassadorship to "sell the region and sell the opportunities"
Organizational Approach	Alberta Finance and Enterprise (AFE) foster and support development of REDAs in Alberta through its 12 regional development offices. These efforts are coordinated through the Regional Development Branch head office. Through its advisory and facilitative role AFE ensures the provincial government is supportive of regional economic development. AFE's Regional Development Branch takes a proactive role to meet with community leaders and potential partners to educate, engage and raise awareness of REDAs.
Relevance to AIDEA	Voluntary, autonomous alliances within separate regions acting on their own to create their own economic development strategies. A ground up approach to regional cooperation and goals
Website	www.albertacanada.com

Agency/State/Organization	Puget Sound Regional Council Four County Prosperity Partnership
Summary	<p>The overall strategy focuses on seven industry clusters:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Aerospace, <input type="checkbox"/> Clean technology <input type="checkbox"/> Information technology <input type="checkbox"/> Life sciences <input type="checkbox"/> Logistics and international trade <input type="checkbox"/> Military <input type="checkbox"/> Tourism <p>The action strategy has two prongs:</p> <ol style="list-style-type: none"> 1. Cluster Initiatives to meet specific needs of the seven strategic clusters 2. Foundation Initiatives, to strengthen the general underpinnings of the entire economy <ol style="list-style-type: none"> a. Education – Ensure a vibrant, well-educated and adaptable workforce with an entrepreneurial spirit b. Technology Commercialization – Improve the movement of technological innovations from research institutions to the marketplace c. New and small business support – nurture entrepreneurs and small businesses d. Tax structure – implement balanced, pro-competitive tax reforms e. Transportation – build an effective transportation system to support a world class region f. Social capital and quality of life- secure broad-based prosperity in all parts of the region through a strong civic and nonprofit community
Focus	Creating 100,000 new jobs for the central Puget Sound region within the seven cluster industries
Organizational Approach	The Prosperity Partnership is a four-county economic development coalition. Its members include over 150 organizations including port districts, nonprofit organizations, local governments, workforce development councils, chambers of commerce, economic development councils, educational institutions, private businesses and others.
Relevance to AIDEA	<p>Broad coalition of public and private organizations directed toward a single strategy</p> <p>Strong strategy organizational framework based on industry clusters, foundation initiatives</p> <p>Strong focus on goals</p> <p>Example</p> <p>Education – Ensure a vibrant, well-educated and adaptable workforce with an entrepreneurial spirit</p> <p>Goals:</p> <ol style="list-style-type: none"> 1. Increase the number of advanced degrees awarded in Washington, with emphasis on applied sciences and engineering 2. Increase the percentage of the region’s students graduating from high school within four years

	3. Strengthen the workforce training system and improve integration of education and the workplace.
Website	www.prosperitypartnership.org

Agency/State/Organization	Greater Phoenix Economic Council (GPEC)
Summary	<p>The Greater Phoenix Economic Council and its members work cooperatively to project a regional identity and collaborate with other organizations to ensure a competitive, vibrant and self-sustaining regional economy supported by a talented, technologically advanced, diverse workforce.</p> <p>GPEC is partnering with SolarCity, a provider of residential solar power to undertake a series of initiatives to position greater Phoenix as a hub for solar and sustainable industries creating high wage jobs. Their mission is to help Arizona realize its obvious potential to be a national leader in solar power adoption by making solar affordable for area residents.</p> <p>The initiatives are designed to drive regional competitiveness in the solar and renewable energy industries by:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Providing a regional framework to promote communities' sustainability efforts in relation to business development and foreign direct investment opportunities, <input type="checkbox"/> Launching a national and international marketing campaign to brand Greater Phoenix as an emerging sustainability and solar leader, <input type="checkbox"/> Recruiting industry expertise and green champions to serve in an advisory capacity and sounding board for GPEC leadership.
Mission & Focus	<p>To attract quality businesses to the Greater Phoenix region from around the world, & advocate and champion foundational efforts to improve the region's competitiveness</p> <p>To become the leading economic development organization in the nation known for the ability to:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Market the region nationally and internationally. <input type="checkbox"/> Provide a forum for pressing public-policy issues facing economic development. <input type="checkbox"/> Have committed leadership that facilitates and drives action. <input type="checkbox"/> Effectively collaborate to help align economic development activities and investments toward the same vision / goals. <input type="checkbox"/> Stimulate the region's economy and position ourselves as fundamental to a public-private investment strategy. <input type="checkbox"/> Measure success and impact of programs and initiatives. <p>GPEC is undertaking new sustainability initiatives to position Great Phoenix as a location for solar and clean technology, green building, renewable energy and other "green industry" organizations.</p>
Organizational Approach	GPEC is comprised of 18 communities, Maricopa County and more than 140 private-sector companies, serving as the catalyst that strengthens the region's economic base, ensuring it is both diversified and competitive
Relevance to AIDEA	<p>Marketing focused organization</p> <p>Public/private partnership</p> <p>Focus on coordinating actions and activities of diverse public and private interests</p>

Unique Features	The public private partnership with a local solar company to put solar panels in large scale residential projects as the foundation for a national marketing effort to position Phoenix as a solar industry hub
Website	www.gpec.org

Agency/State/Organization	State of Oregon Oregon Business Plan
Summary	<p>The Oregon Business Plan (OBP) strives to achieve quality jobs and a livable Oregon by nurturing leading-edge trade sector industry clusters globally recognized for sustainable practices.</p> <p>Cluster success requires a business environment enhanced by strategies focused on the Four Ps for Prosperity</p> <ul style="list-style-type: none"> <input type="checkbox"/> Pioneering Innovation – a culture of research, innovation, entrepreneurship <input type="checkbox"/> People – well educated, capable people and education systems to sustain their skills <input type="checkbox"/> Place – quality of life, good public services, attractive communities and environment to retain and attract talented people <input type="checkbox"/> Productivity – good physical infrastructure and resources, reasonable business costs. <p>To achieve the Four Ps, the OBP promotes a range of policy initiatives designed to mitigate weaknesses or improve the state’s advantages in innovation, human talent, quality of place, public infrastructure, business costs that impact productivity and the competitive advantages attributable to the state’s success and reputation in sustainable practices.</p> <p>Vision: Leading-Edge, Globally Competitive Traded Sector Clusters</p> <ol style="list-style-type: none"> 1. Forestry, agriculture and other resource clusters globally recognized for environmentally sustainable practices 2. High technology, sports apparel, transportation equipment, manufacturing and other clusters who are global leaders and known for sustainable products, practices, or both. 3. New “clean technology” clusters in renewable energy, conservation services and green design. <p>Initiatives to Support the Vision and Strategy</p> <ul style="list-style-type: none"> <input type="checkbox"/> Public Policy Initiatives <input type="checkbox"/> Cluster Initiatives <p>OBP Initiatives</p> <ul style="list-style-type: none"> <input type="checkbox"/> Economic Innovation <input type="checkbox"/> Water <input type="checkbox"/> Energy <input type="checkbox"/> Public Finance <input type="checkbox"/> Education/Workforce <input type="checkbox"/> Health Care <input type="checkbox"/> Transportation <p>Oregon Benchmarks For 20 years, the Oregon Progress Board has tracked Oregon’s progress on the three goals for a sustainable future—jobs and the economy, healthy natural surroundings, and safe caring communities. There are 91 Benchmarks (attached) that are evaluated annually.</p>

Relevance to AIDEA	Benchmarks evaluation model
Website	www.OregonBusinessPlan.org

Agency/State/Organization	<p>Washington State Economic Development Commission</p> <p>A Long Term Framework for Growing Jobs & Incomes in a Global Economy</p>
Summary	<p>The economic development strategy is based on six assumptions:</p> <p>First: Washington is a force in the global economy. From a global perspective Washington is more like a small nation, economically, than a state. The state will not compete successfully solely on the basis of low cost. here. The state will compete based on high skills, creativity, innovation, and high quality. The state needs to take this global perspective and competitive strategy and advance it on a regional basis and throughout the state. <i>Washington's global strategy rests on skills and innovation, built everywhere in the state through regional partnerships.</i></p> <p>Second: Education is the single most important economic investment the state can make. Investments in education -- particularly early childhood education and lifelong learning -- have significant economic implications, far into the future, and they are keys to helping low-income families gain ground economically.</p> <p>Third: The public sector should lay the foundation for private sector success. "Infrastructure" means more than the traditional roads and sewers, though those are important. In a modern economy. The foundation for economic growth includes transportation, energy, water, and electronic connections to markets and suppliers.</p> <p>Fourth: Sometimes laying the foundation for success means providing information and getting out of the way. Washington needs to be "open for business" in a serious way, using electronic service delivery for easier access and to create economies of scale. We know we are making progress on permit timeliness and on-line licensing. We know that unemployed workers are finding jobs more quickly. But the state needs to make it as easy as possible to do business in Washington.</p> <p>Fifth: Government should actively support vital sectors of our economy. <i>Focused, targeted investments can leverage private activity and increase our competitive advantage.</i> The Life Science Discovery Fund plays this role, promoting public research and leveraging federal and private investments. Washington's bio-fuel strategy, particularly the recently created loan fund, is another key example of leveraging significant private activity with relatively modest public investment. Major education and skill investments are additional examples. We need to ask ourselves as a state: what are the best 21st century investments for our future?</p> <p>Sixth: The modern, global economy is making some old trade-offs irrelevant. The state can create jobs without harming the environment. Indeed, clean technologies, renewable energy, tourism, and other industries thrive <i>because</i> they are environmentally aware. The state can achieve victory in the global marketplace without having to choose between large and small firms. Some of the smallest companies are major players in the global economy. And the distinction between "sunset" industries and "new economy" industries breaks</p>

	<p>down when we see how much innovation, creativity, and research knowledge are needed to spark the next generation of products and services in all industries.</p> <p>The Strategy</p> <p><i>Our strategy is to build the skills and talents of Washingtonians, support our world-class firms and industries, focus our resources on effective programs, and move the whole state forward while providing special attention to regions and people who are not advancing as quickly as the rest of the state.</i></p> <ol style="list-style-type: none"> 1. Education and Skills are the most important investment we can make in our economic future. 2. The Foundation for Economic Success is our strategy for traditional infrastructure investment, but also for the broader underpinnings of the modern economy; success in today's global market requires more deliberate approaches to energy, telecommunications, water, and transportation. 3. Washington is Open for Business is our approach to making Washington even more business-friendly by making it easier and less expensive to operate a business in Washington. <p>“THE NEXT WASHINGTON” KEY INITIATIVES</p> <p>Education and Skills</p> <ul style="list-style-type: none"> <input type="checkbox"/> Washington Learns <input type="checkbox"/> Workforce Board Review <input type="checkbox"/> Apprenticeship <input type="checkbox"/> Public-Private Efforts <p>Foundation for Economic Success</p> <ul style="list-style-type: none"> <input type="checkbox"/> Moving Washington Infrastructure Forward Initiative <input type="checkbox"/> Research-to-Product Initiative <input type="checkbox"/> Products-to-Markets Initiative (Transportation and Ports) <input type="checkbox"/> Regional Response Teams for Distressed Areas <input type="checkbox"/> Telecom Strategy as Economic Development <input type="checkbox"/> Water Policy <p>Washington is Open for Business</p> <ul style="list-style-type: none"> <input type="checkbox"/> Team Washington Recruitment <input type="checkbox"/> Industry Strategies <input type="checkbox"/> Innovation Zones <input type="checkbox"/> Training/Economic Development Alignment <input type="checkbox"/> Angel Investor Initiative <input type="checkbox"/> Integrated On-Line <input type="checkbox"/> Business Services
Organizational Approach	Implemented through regional economic development organizations

Agency/State/Organization	Allen Economic Development Group City of Lima/Allen County, Ohio
Summary	<p>The Allen Economic Development Group, a public/private partnership, and government officials of both Allen County and the City of Lima, have worked cooperatively to help in the expansion and attraction of new businesses in our county.</p> <p>The cooperative effort of the public and private sectors has played a vital role in allowing this growth to take place. Many other factors contributed to the growth as well. A very strong dedicated labor force with good work ethics is readily available, due in some part to the defense downsizing impact on our community. These people have highly marketable skills and can adapt very easily to a company's needs. We are also very fortunate to have a number of universities and adult training facilities in our immediate area to assist companies with any specialized training requirements. Our location on Interstate 75 and State Routes 30 and 33 gives us strategic access to the Midwest and Northeast. We also have unparalleled rail transportation provided by two Class one and two short-line rail carriers.</p> <p>The Allen Economic Development Group and our local political leadership stand ready to assist in making your move to Allen County, Ohio a wise decision.</p> <p>A professional staff is available to provide economic development assistance. Services for new and expanding businesses include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Site and building information <input type="checkbox"/> Financing information <input type="checkbox"/> Utility information <input type="checkbox"/> Transportation Information <input type="checkbox"/> Market information <input type="checkbox"/> Labor information <input type="checkbox"/> Tax information and incentives <input type="checkbox"/> Planning and coordination of the entire project <input type="checkbox"/> Publicity opportunities
Focus	Expansion and attraction of new businesses by providing information and assistance
Organizational Approach	Public/private partnership
Relevance to AIDEA	Public/private partnership
Website	http://www.cityhall.lima.oh.us/dept/economic/index.asp

<p>Agency/State/Organization</p> <p>Summary</p> <p>Relevance to AIDEA</p> <p>Website</p>	<p>Silver City, New Mexico MainStreet Project</p> <p>The Town of Silver City, and state agencies have made the Silver City MainStreet Project an integral part of local economic development.</p> <p>Since 1985, MainStreet has provided business services, developed downtown improvements, and promoted historic preservation and design support.</p> <p>Business Services:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Gift Certificate Program - \$5-\$25 gift certificates are purchased locally and can be used at participating businesses. <input type="checkbox"/> Historic Downtown Guide Map promotes the historic sites in the downtown <input type="checkbox"/> MainStreet provides free business retention and recruitment services <p>Downtown Improvements</p> <ul style="list-style-type: none"> <input type="checkbox"/> New sidewalks <input type="checkbox"/> Silver City Visitor Center <input type="checkbox"/> Big Ditch Park <input type="checkbox"/> New themed street lights <input type="checkbox"/> New Main Street Plaza <p>Historic Preservation/Design Support</p> <ul style="list-style-type: none"> <input type="checkbox"/> Financing referrals <input type="checkbox"/> Historic overlay zoning <input type="checkbox"/> Free design assistance for facades, signage and interiors <p>These types of projects tend to focus on developing tourism by creating or recreating historic imagery and activities or capitalizing on unique natural features which can be a draw for tourists. There are probably many such opportunities throughout the state.</p> <p>www.silvercitymainstreet.com</p>
--	--

Agency/State/Organization	Partnerships BC British Columbia, Canada										
Summary	<p>Partnerships British Columbia is a company responsible for bringing together ministries, agencies and the private sector to develop projects through public-private partnerships. As a company registered under the Business Corporations Act, Partnerships BC is wholly owned by the Province of British Columbia and reports to its shareholder the Minister of Finance.</p> <p>The mission of Partnerships BC is to structure and implement partnership solutions which serve the public interest. Partnerships BC's core business is to:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Provide specialized services, ranging from advice to project leadership/management, to government and its agencies with respect to identifying opportunities for maximizing the value of public capital assets and developing public private partnerships; <input type="checkbox"/> Foster a business and policy environment for successful public private partnerships and related activities by offering a centralized source of knowledge, understanding, expertise and practical experience in these areas; and <input type="checkbox"/> Manage an efficient and leading edge organization that meets or exceeds performance expectations. <p>The company's clients are public sector agencies, including ministries and Crown corporations. To serve these clients effectively, Partnerships BC is also working to build strong relationships with private sector partners such as businesses, investors and the financial services sector.</p>										
Relevance to AIDEA	<p>This is a form of "public corporation" designed to facilitate the formation of Public-Private Partnerships (PPP or sometimes called "3Ps"). In and of itself, Partnerships BC is not a funding agency or authority. As an arm of the Province of British Columbia, it uses its leverage to put 3p's together to fund and construct projects that are in the broad public interest. Example projects include</p> <table border="0"> <tr> <td><input type="checkbox"/> BC Cancer Agency's Centre for the North</td><td><input type="checkbox"/> Fort St. John Hospital</td></tr> <tr> <td><input type="checkbox"/> Port Mann/Highway 1</td><td><input type="checkbox"/> Golden Ears Bridge</td></tr> <tr> <td><input type="checkbox"/> Britannia Mine Water Treatment Plant</td><td><input type="checkbox"/> South Fraser Perimeter Road</td></tr> <tr> <td></td><td><input type="checkbox"/> Sea-to-Sky Highway</td></tr> <tr> <td></td><td><input type="checkbox"/> Surrey Outpatient Hospital</td></tr> </table>	<input type="checkbox"/> BC Cancer Agency's Centre for the North	<input type="checkbox"/> Fort St. John Hospital	<input type="checkbox"/> Port Mann/Highway 1	<input type="checkbox"/> Golden Ears Bridge	<input type="checkbox"/> Britannia Mine Water Treatment Plant	<input type="checkbox"/> South Fraser Perimeter Road		<input type="checkbox"/> Sea-to-Sky Highway		<input type="checkbox"/> Surrey Outpatient Hospital
<input type="checkbox"/> BC Cancer Agency's Centre for the North	<input type="checkbox"/> Fort St. John Hospital										
<input type="checkbox"/> Port Mann/Highway 1	<input type="checkbox"/> Golden Ears Bridge										
<input type="checkbox"/> Britannia Mine Water Treatment Plant	<input type="checkbox"/> South Fraser Perimeter Road										
	<input type="checkbox"/> Sea-to-Sky Highway										
	<input type="checkbox"/> Surrey Outpatient Hospital										
Website	http://www.partnershipsbcc.ca/index.html										

Agency/State/Organization	<p>National Governors Association Best Practices Center</p> <p>Innovative State Policy Options to Promote Rural Economic Development</p>
Summary	<p>States employing economic development strategies that build on a region's strengths have been more successful in creating dynamic rural economies.</p> <p>The traditional divide separating rural America from its urban and suburban counterparts continues to define the challenges facing rural communities. Rural communities are isolated from robust markets, impeding access to markets and making it difficult to move people and goods. Rural areas also have fewer cultural amenities, making it harder to attract new residents and businesses, which in turn hinder the development of new amenities.</p> <p>The innovative state policy options outlined in this Issue Brief have helped states overcome these challenges and build promise for sustainable rural economic development. The policy options are:</p> <ul style="list-style-type: none"> □ Adapt Cluster-Based Strategies to Rural Communities. Clusters of interconnected businesses that cooperate and collaborate are integral to economically successful regions. State support for rural clusters can help them thrive. Connecticut, North Carolina and Ohio have encouraged the development of industry networks that provide a channel for businesses to work together. Minnesota and North Carolina have deployed community colleges and universities as training centers to meet industry needs for highly skilled workers. North Carolina also has ensured that cluster businesses in remote areas have access to the same capital and technical resources as their more advantageously located competitors. a. Promote Entrepreneurship Outside of the Agriculture Sector in Rural Communities and Regions. Given the declines in traditional resource-based, extractive rural industries, entrepreneurship development is an effective strategy. Through programs tailored to specific community needs, Kansas and Nebraska are developing the local ability to identify and encourage entrepreneurs. Minnesota uses an online network and other technology to connect entrepreneurs with critical informational and financial resources. Kentucky and Wisconsin are addressing the critical rural business need for access to capital by creating or supporting the creation of venture funds. □ Reinvigorate the Agricultural Sector Through Diversification and Value-Added Agriculture Strategies. Farmers have recognized that they can earn more income by growing different types of crops or raising non-traditional species of livestock (agricultural diversification). Others are directly processing their crops into finished products that they market and sell themselves (valued-added agriculture). States can provide the capital and technical assistance that allow farmers to follow this new path to wealth creation. Kentucky, North Dakota, South Dakota and Iowa stress financial incentives for farmers and other entrepreneurs who are interested in these new strategies. Iowa complements its diversification efforts by promoting market expansion opportunities for

	<p>locally grown products outside the state.</p> <p>However they are formed and implemented, rural economic development policies must build upon the inherent strengths of rural America, chief among them are abundant natural resources, close-knit communities, strong local business networks and a largely untapped tradition of entrepreneurial creativity. State policies that understand this new environment can be successful in creating sustainable and replicable economic development where it is needed most.</p>
Website	http://www.nga.org/portal/site/nga/menuitem.9123e83a1f6786440ddcbeeb501010a0/?vgnextoid=6ed2303cb0b32010VgnVCM1000001a01010aRCRD

Agency/State/Organization	Information Technology and Innovation Foundation THE 2008 STATE NEW ECONOMY INDEX Benchmarking Economic Transformation in the States																																																															
Summary	The purpose of the New Economy Index is to measure the economic structure of states with the question: To what degree does the structure of state economies match the ideal structure of the New Economy? The index uses 29 indicators divided into 5 categories: 1)Knowledge jobs, 2)Globalization, 3)Economic dynamism, 4)Transformation to a digital economy, 5) Technological innovation capacity.																																																															
Economic Focus	The New Economy is a global, entrepreneurial, and knowledge based economy in which the keys to success lie in the extent to which knowledge, technology, and innovation are embedded in products and services.																																																															
Relevance to Alaska	<div>OVERALL RANKING BY COMPARISON WITH ALL 50 STATES</div> <table><tr><td>2008 Rank</td><td>2007 Rank</td><td>2002 Rank</td><td>1999 Rank</td></tr><tr><td>32</td><td>25</td><td>39</td><td>23</td></tr></table> <div>RANKING COMPARED WITH ALL 50 STATES BY SPECIFIC INDICATOR</div> <table><tr><th>Indicator</th><th>Rank</th></tr><tr><td>IT Professionals</td><td>39</td></tr><tr><td>Managerial, Professional, Technical Jobs</td><td>17</td></tr><tr><td>Workforce Education</td><td>14</td></tr><tr><td>Immigration of Knowledge Workers</td><td>28</td></tr><tr><td>Migration of US Knowledge Workers</td><td>29</td></tr><tr><td>Manufacturing Value-Added</td><td>17</td></tr><tr><td>High-Wage Traded Services</td><td>44</td></tr><tr><td>Export Focus of Manufacturing and Services</td><td>30</td></tr><tr><td>Foreign Direct Investment</td><td>24</td></tr><tr><td>“Gazelle Jobs”</td><td>20</td></tr><tr><td>Job Churning</td><td>1</td></tr><tr><td>Fastest Growing Firms</td><td>39</td></tr><tr><td>IPOs</td><td>41</td></tr><tr><td>Entrepreneurial Activity</td><td>21</td></tr><tr><td>Inventor Patents</td><td>37</td></tr><tr><td>Online Population</td><td>1</td></tr><tr><td>Internet Domain Names</td><td>26</td></tr><tr><td>Technology in Schools</td><td>15</td></tr><tr><td>E-Government</td><td>30</td></tr><tr><td>Online Agriculture</td><td>29</td></tr><tr><td>Broadband Telecommunications</td><td>37</td></tr><tr><td>Health IT</td><td>47</td></tr><tr><td>High-Tech Jobs</td><td>38</td></tr><tr><td>Scientists and Engineers</td><td>33</td></tr><tr><td>Patents</td><td>44</td></tr></table>				2008 Rank	2007 Rank	2002 Rank	1999 Rank	32	25	39	23	Indicator	Rank	IT Professionals	39	Managerial, Professional, Technical Jobs	17	Workforce Education	14	Immigration of Knowledge Workers	28	Migration of US Knowledge Workers	29	Manufacturing Value-Added	17	High-Wage Traded Services	44	Export Focus of Manufacturing and Services	30	Foreign Direct Investment	24	“Gazelle Jobs”	20	Job Churning	1	Fastest Growing Firms	39	IPOs	41	Entrepreneurial Activity	21	Inventor Patents	37	Online Population	1	Internet Domain Names	26	Technology in Schools	15	E-Government	30	Online Agriculture	29	Broadband Telecommunications	37	Health IT	47	High-Tech Jobs	38	Scientists and Engineers	33	Patents	44
2008 Rank	2007 Rank	2002 Rank	1999 Rank																																																													
32	25	39	23																																																													
Indicator	Rank																																																															
IT Professionals	39																																																															
Managerial, Professional, Technical Jobs	17																																																															
Workforce Education	14																																																															
Immigration of Knowledge Workers	28																																																															
Migration of US Knowledge Workers	29																																																															
Manufacturing Value-Added	17																																																															
High-Wage Traded Services	44																																																															
Export Focus of Manufacturing and Services	30																																																															
Foreign Direct Investment	24																																																															
“Gazelle Jobs”	20																																																															
Job Churning	1																																																															
Fastest Growing Firms	39																																																															
IPOs	41																																																															
Entrepreneurial Activity	21																																																															
Inventor Patents	37																																																															
Online Population	1																																																															
Internet Domain Names	26																																																															
Technology in Schools	15																																																															
E-Government	30																																																															
Online Agriculture	29																																																															
Broadband Telecommunications	37																																																															
Health IT	47																																																															
High-Tech Jobs	38																																																															
Scientists and Engineers	33																																																															
Patents	44																																																															

	Industry Investment in R&D	49																																
	Non Industry Investment in R&D	15																																
	Alternative Energy Use	50																																
	Venture Capital	49																																
	SELECT DEFINITIONS																																	
	Job Churning	The number of new startups and business failures, combined, as a share of the total firms in each state.																																
	Gazelle Jobs	Jobs in gazelle companies (firms with annual sales revenue that has grown 20% or more for four straight years) as a share of total employment																																
	Online Population	Internet users as a share of the population																																
	ALASKA AS ONE OF THE TOP 5 MOVERS FROM 2002-2008																																	
	<table><tr><td>Indicator</td><td>Rank in Top 5</td><td>2002 Rank</td><td>2008 Rank</td><td>Change</td></tr><tr><td>Managerial, Professional and Technical Jobs</td><td>2</td><td>29</td><td>17</td><td>+12</td></tr><tr><td>Foreign Direct Investment</td><td>1</td><td>35</td><td>24</td><td>+11</td></tr><tr><td>“Gazelle” Jobs</td><td>2</td><td>46</td><td>20</td><td>+26</td></tr><tr><td>Job Churning</td><td>5</td><td>15</td><td>11</td><td>+4</td></tr><tr><td>High Tech Jobs</td><td>5</td><td>45</td><td>38</td><td>+7</td></tr></table>					Indicator	Rank in Top 5	2002 Rank	2008 Rank	Change	Managerial, Professional and Technical Jobs	2	29	17	+12	Foreign Direct Investment	1	35	24	+11	“Gazelle” Jobs	2	46	20	+26	Job Churning	5	15	11	+4	High Tech Jobs	5	45	38
Indicator	Rank in Top 5	2002 Rank	2008 Rank	Change																														
Managerial, Professional and Technical Jobs	2	29	17	+12																														
Foreign Direct Investment	1	35	24	+11																														
“Gazelle” Jobs	2	46	20	+26																														
Job Churning	5	15	11	+4																														
High Tech Jobs	5	45	38	+7																														
	ALASKA AS #1 RANKING OF ALL STATES																																	
	Indicator	Overall Rank	% of population online																															
	Online Population	1	84%																															
		Overall Rank	Business startups and business failures as a % of total firms																															
	Job Churning	1	45.6%																															
Website	www.itif.org																																	

State of Oregon Performance Benchmarks

1	EMPLOYMENT IN RURAL OREGON: % of Oregon jobs outside the i-5 corridor and Deschutes County	13	INCOME DISPARITY: comparison of avg. incomes of top 5 th families to lowest 5 th families a. Ratio b. National rank (1=smallest gap)	25	POST SECONDARY CREDENTIAL: % of Oregon adults (25+) who have an Associate degree or other occupation related credential
2	TRADE OUTSIDE OREGON: Oregon's national rank in traded sector strength – 1 = best	14	WORKERS ABOVE POVERTY: % of covered Oregon workers with earnings of 150% or more of the poverty level for a family of 4	26	COLLEGE COMPLETION: % of Oregon adults (25+) who have completed: a. Bachelor's degree b. Advanced degree
3	NEW EMPLOYERS: Oregon's national rank for new Employer Identification Numbers/1000 workers	15	UNEMPLOYMENT: Oregon unemployment rate Annual rate As a % of U.S. unemployment	27	ADULT LITERACY: % of adult Oregonians with intermediate and higher literacy skills: Prose; document; quantitative
4	NET JOB GROWTH (in 1000s): a. Urban Counties b. Rural Counties	16	EXPORT STABILITY: % of total exports traded with non-primary partners (primary partners are Canada, Japan, S. Korea)	28	COMPUTER/INTERNET USE a. % of adults who use a computer b. % of households w/computers w/internet access
5	PROFESSIONAL SERVICES: Oregon's concentration in professional services relative to the U.S. concentration (U.S.=100%)	17	FOREIGN LANGUAGE SKILLS: % of Oregonians who speak a language in addition to English	29	LABOR FORCE SKILLS TRAINING: % of Oregonians in the labor force who received at least 20 hrs of skills trng in the last year
6	ECONOMIC DIVERSIFICATION: Oregon's national rank in economic diversification (1 st = most diversified)	18	READY TO LEARN: % of children entering school ready to learn	30	VOLUNTEERING: % of Oregonians 16+ who volunteer in civic, community, or nonprofit (annually)
7	RESEARCH AND DEVELOPMENT: R & D expenditures as a % of gross state product a. Industry (public/private) b. Academia	19	3 RD GRADE READING & MATH: % of 3 rd graders who achieve established skill levels a. Reading b. Math	31	VOTING: Turnout of the boting age population for presidential elections (1=highest) a. % b. National rank
8	VENTURE CAPITAL INVESTMENTS: Oregon's national rank in venture capital investments measured in \$/worker	20	8 TH GRADE READING & MATH: % of 8 th graders who achieve established skill levels: a. Reading b. Math	32	FEELING OF COMMUNITY: % of Oregonians who feel they are a part of their community
9	COST OF DOING BUSINESS: Oregon's national rank in the cost of doing business 1 = best	21	CERTIFICATE OF INITIAL MASTERY: % of high school graduates who earn regular diplomas who attain a Certificate of Initial Mastery	33	UNDERSTANDING OF TAXES: % of Oregonians who demonstrate knowledge of Oregon's main revenue source and main expenses
10	ON-TIME PERMITS: % of permits issued within the target time period or less Air containment discharge Wastewater discharge	22	HIGH SCHOOL DROPOUT RATE: % of students who drop out of grades 9-12 without receiving a high school diploma or GED	34	TAXES/INCOME: National ranking for state & local taxes & charges as a % of personal income (1=lowest burden); a. total; b. taxes; c. charges
11	PER CAPITAL INCOME: Per capita personal income as a % of the U.S. per capital income (U.S. = 100%) a. Metropolitan as a % of metropolitan U.S. b. Non-metro as a % of non-metro U.S.	23	HIGH SCHOOL COMPLETION: % of Oregon adults (25+) who have completed High School or equal	35	PUBLIC MANAGEMENT QUALITY: Governing magazine's ranking of public management quality
12	PAY PER WORKER: Avg. annual	24	SOME COLLEGE: % of Oregon	36	S&P BOND RATING: State

	payroll per covered worker a. Urban b. Rural		adults who have completed some college		general Obligation bond rating
37	ARTS PARTICIPATION: Oregon adults participating in the arts at least once a month	53	ALCOHOL/TOBACCO DURING PREGNANCY: % of pregnant women who report not using a. Alcohol b. Tobacco	69	DRINKING WATER: % of Oregonians served by public systems that meet health based standards
38	PUBLIC LIBRARY SERVICE: % of Oregonians served by a public library which meets minimum service criteria	54	OOVERTY: % of Oregonians w/household incomes below 100% of the Federal poverty level a.0-17 b.18-64 c. 65+	70	COMMUTING: % of Oregonians who commute during peak hours by means other than driving alone
39	TEEN PREGNANCY: Pregnancy rate/1000 females ages 15-17	55	HEALTH INSURANCE: % Oregonians w/o health coverage	71	VEH MILES TRAVELLED: Miles/ capita for local trips
40	PERNATAL CARE: % of babies whose mothers received prenatal care beginning in the first trimester	56	HOMELESSNESS: # of Oregonians that are homeless on any given night/10,000	72	ROAD CONDITION: % roads & bridges in fair-better condition; a. road, bridges - state, local
41	INFANT MORTALITY: Infant mortality rate/1000 live births	57	CHILD SUPPORT PAYMENTS: % of current child support due that is paid within the month it is due	73	HOME OWNERSHIP: % of households owner occupied
42	IMMUNIZATIONS: % of 2 year olds who are adequately immunized	58	HUNGER: OR national rank-% of households that are: Food insecure w/limited access Food insecure where someone goes hungry	74	AFFORDABLE HOUSING: % households below median income spending 30%+ if income on housing a. renters, b. owners
43	HIV DIAGNOSIS: New HIV infections in Oregonians aged 13+ by year of initial diagnosis a. Number b. Rate/100,000	59	INDEPENDENT SENIORS: % seniors (75+)living outside nursing facilities	75	AIR QUALITY – NATL STANDARDS: a. # of days unhealthy for sensitive groups b.# of days unhealthy for all groups
44	ADJULT NON-SMOKERS: % of Oregonians 18+ who report that they do not smoke	60	WORKING DISABLED: % of adults w/lasting disabilities capable of working and are employed	76	AIR QUALITY – NEW SCIENCE: a. # at risk of cancer, # at risk of respiratory problems
45	PREVENTABLE DEATH: Years of life lost before age 70 (rate/1000)	61	DISABLED IN POVERTY: % w/lasting disabilities living below the national poverty line.	77	CARBON DIOXIDE EMMISSIONS: CO2 as a % of 1990 emmissions
46	PERCEIVED HEALTH STATUS: % of adults whose self-perceived health status is very good or excellent	62	OVERALL CRIME: reported crimes/1000 population; person, property; behavior crimes	78	WETLANDS: Net gain or loss of wetland acres in any year
47	CHILD CARE AFFORDABILITY: % of families with incomes below the state median income for whom child care is affordable	63	JUVENILE ARRESTS: Jevenile arrests/1000 Oregonians; a. Person crimes b. Property crimes	79	STREAM WATER QUALITY: % of monitored streams a. increasing, b. decreasing quality, c. excellent quality
48	CHILD CARE AVAILABILITY: # of child care slots available for every 100 children under age 13	64	STUDENTS W/WEAPONS: % of 9-12 graders who report carrying weapons in the last 30 days	80	MINIMUM WATER FLOW RIGHTS: % streams meeting min flow a. 9 mos/yr; b. 12 mos/yr
49	POSITIVE YOUTH DEVELOPMENT: % of Oregon teens who report positive youth development attributes: a. 8 th graders b. 11 th graders	65	ADULT RECIDIVISM: % paroled adults convicted of a new felony within 3 yrs of the date of initial release	81	AGRICULTURAL LANDS: % of ag lands in 1982 not converted to non-ag uses
50	TEEN SUBSTANCE ABUSE: % of 8 th grade students who report using in the previous month	66	JUVINILE RECIDIVISM: % juveniles w/a new criminal referral to a county dept	82	FOREST LAND: % of wildland forest in 1974 still preserved for forest use

	<ul style="list-style-type: none"> a. Alcohol b. Illicit drugs c. cigarettes
51	<p>CHILD ABUSE OR NEGLECT: substantiated # of child abuse victims/1000 under 18</p> <ul style="list-style-type: none"> a. Neglected/abused b. Threat of harm
52	<p>ELDER ABUSE: Substantiated elder abuse rate/1000 Oregonians 65+</p>
85	<p>HAZARDOUS CLEANUPS: % of identified Oregon hazardous substance sites cleaned up</p> <ul style="list-style-type: none"> a. Tanks b. Other hazardous
86	<p>FRESHWATER SPECIES: % of monitored freshwater species not at risk (state/fed listing)</p> <ul style="list-style-type: none"> a. Salmonids, b. Other fish c. Other organisms
87	<p>MARINE SPECIES: % of monitored marine species not at risk:</p> <ul style="list-style-type: none"> a. Fish b. Shellfish c. Other (mammals only)
88	<p>TERRESTRIAL SPECIES: % of monitored terrestrial species not at risk</p> <ul style="list-style-type: none"> a. Vertebrates b. Invertebrates c. Plants
89	<p>NATURAL HABITATS: % of land in Oregon that is natural habitat</p> <ul style="list-style-type: none"> a. Forest b. Shrubland c. Grassland d. Wetland/riparian
90	<p>INVASIVE SPECIES: # of most threatening invasive species not successfully excluded or contained since 2000</p>
91	<p>STATE PARK ACREAGE: Acres of state-owned parks/1000 population</p>

	within 12 months of the initial criminal offense
67	<p>EMERGENCY PREPAREDNESS:</p> <ul style="list-style-type: none"> a. % of communities w/hazard prevention in place; b. % of communities w/emergency operations plans meeting min. criteria
68	<p>TRAFFIC CONGESTION: Hrs of travel delay/capita/yr in urban areas</p>

83	<p>TIMBER HARVEST: actual harvest as % of planned/projected harvest</p> <ul style="list-style-type: none"> a. Public lands b. Private lands
84	<p>MUNICIPAL WASTE DISPOSAL: # of solid waste/capita</p>

Economic Development Context

Excerpted and synthesized from:

Regional Economic Development Strategies

Northern New Mexico Regional Economic Development Initiative

November 2008

Regional Development Corporation

Key Definitions

Economic Base Jobs

Economic base jobs are those jobs that produce a good or service that is sold outside of the community, and therefore grows the economy by bringing in money from the outside.

Non-economic base jobs produce a product or service that is purchased in the local economy such as local restaurants, dry cleaners, beauty shops and grocery stores. While critical to the economy, the markets for these goods and services are limited by the size of the local population.

It is estimated that for every economic base job, 2.5 new non-economic base jobs are created in the local economy.

Value Chain Analysis

A tool based on competitiveness theory developed by Michael Porter, Professor at Harvard Business School. While developed for application at the firm level, it has been adapted for application to industry and sector analysis. The methodology assesses key players in the market, their roles and interrelationships, competitiveness and incentives. The methodology is based on the following assumptions:

- Increased knowledge of end markets drives change
- Industry-level competitiveness is as important as firm-level competitiveness
- Incentives to upgrade come from better knowledge of markets, scale and reduced risk achieved through collaboration within the value chain.

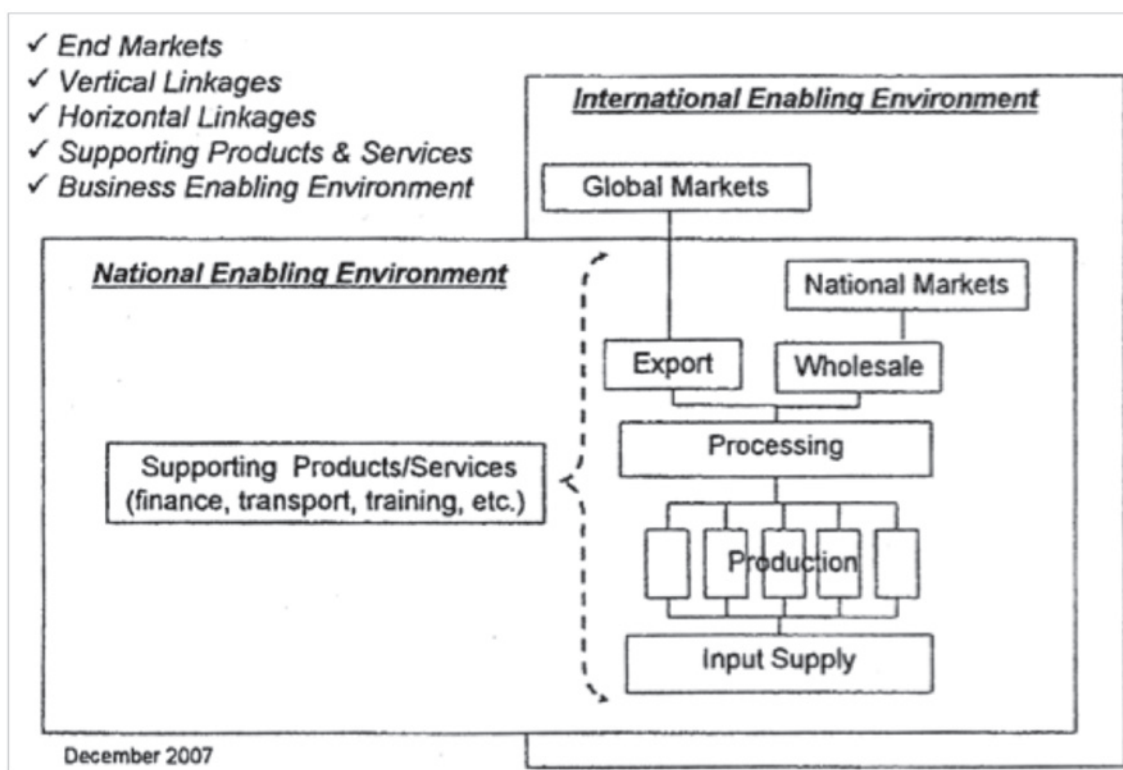
- Ongoing learning is necessary to keep up with consumer demand and preferences
- Firms learn primarily from their buyers
- Willingness to collaborate among competitors increases the benefit to everyone in the value chain.

A value chain is:

“the full range of activities and services required to bring a product or service from conception to its end use and beyond.”

Participants in the value chain include producers, processors, input suppliers, exporters, retailers, etc., as well as supporting services such as finance, legal, research and development, specialized technical skills, or information and communications technologies. The approach looks beyond producers to all parts of the value chain of the target market. The approach illustrates the competitive requirements and “success factors” for the target markets and then illustrates the constraints and opportunities faced by value chain members in capturing it. The aim is to identify the most critical leverage points where solutions and interventions will have the greatest impact on the value chain.

Figure 1: Value Chain Framework



Source: AIS Development

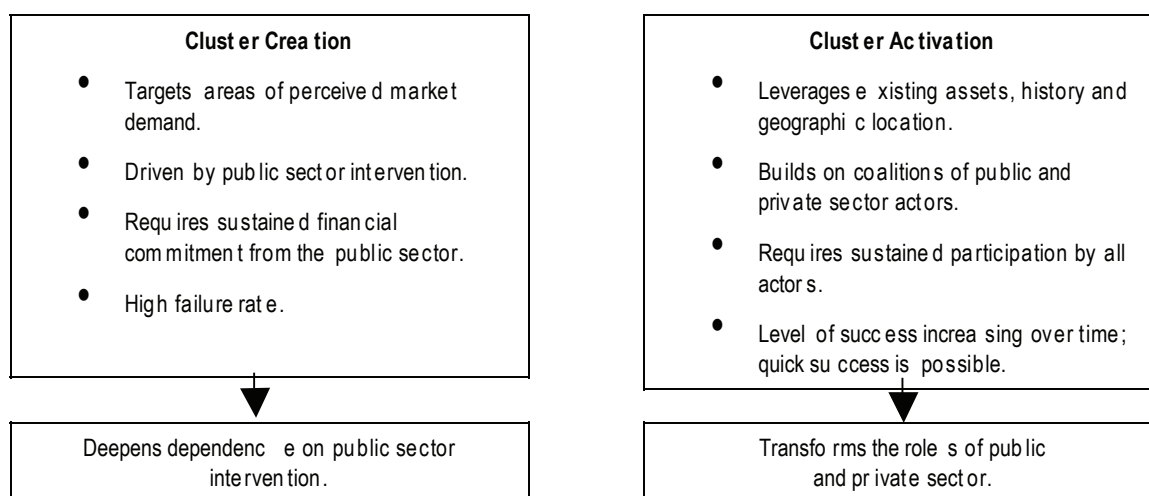
Industry Clusters are geographic concentrations of interconnected businesses, suppliers, and institutions within a particular industry. Industry clusters are typically identified and developed around the following comparative advantages:

- traditional knowledge and skills retained in a geographic area,
- natural resources linked to a geographic location, or
- technology resources associated with universities and research centers (e.g. Silicon Valley).

However, because globalization often precludes geographic concentration of an entire cluster or value chain, another geographic model--Hubs and Nodes-- expands on the industry cluster to propose cooperation among linked regions.

Government programs widely use industry clusters for competitiveness initiatives; however, as shown below, Michael Porter and others differentiate government-driven “cluster identification” from more successful “cluster activation,” which assumes that private sector champions, rather than government entities, drive the process.

Figure 2: Cluster Creation vs. Cluster Activation



Source: Michael Porter, 2003

Responding in a Turbulent Economy: Creative Roles for Workforce Investment Boards, A Report to the Ford Foundation, Mark Troppe, Workforce Strategies Group, April 2004.

The Innovation Economy

The US economy today is markedly different than the nation's "Old Economy," which was based on resources, manufacturing and goods production. Goods-producing employment has been declining in the US since 1910. In 1940, goods and service-producing employment each represented approximately 50% of jobs in the US. Since then, goods-producing employment has declined to slightly over 20% of jobs in 2000, with service-producing employment at just under 80%. Conventional wisdom points to off-shoring and outsourcing to places with lower labor costs as the primary cause. However, off-shoring and outsourcing are merely outcomes of an industrial evolution driven by the knowledge or innovation economy. This new economy drives technological advancements that increase productivity and enable global networks.

Table 1 : Comparison between Old and New Economies

Industrial Age (Old Economy)	Knowledge Age (New Economy)
Economy based on resources	Economy based on human knowledge
Success determined by advantage in key resource	Success determined by people who can learn & adapt
Competitive edge was cheap place to do business	Competitive edge is a highly-skilled workforce
Job creation	Wealth creation
Individual projects	A balanced portfolio of investments
Funding research projects through competitions	Investing in commercialization of technology
Bureaucracy	Maximizing return on investment
Inputs and activities	Results and outcomes

Adapted from *The Workforce and Economic Development Connection*, a presentation given by Richard Seline, CEO, New Economy Strategies, at the International Economic Development Council (IEDC) professional development conference, September 6-7, 2007

The innovation economy is characterized by persistent and repetitive change (referred to as "churning") in which things are constantly in flux. Businesses start up, and then fail; businesses locate and relocate; jobs are created and lost; skills are acquired but become outdated; workers come and go; occupations grow and decline; corporations grow and downsize. Rapid technological changes underlie much of this, as industries must adjust to new modes of production, marketing and distribution. In this context, economic development cannot be a straight line to an ultimate goal, but must employ a nimble set of strategies that are constantly updated and realigned in partnership with the private sector, which has first-hand experience with changes in various industries. Other important aspects of the knowledge or innovation economy, as related to economic development, are described below.

- Technology and globalization have "sliced the supply chain" separating different stages of production into different states and nations. This has implications for how cluster-based initiatives approach vertical integration, which now may require partnerships with other regions rather than local development of the full value chain.

- While traditional manufacturing will continue to move overseas, sophisticated, high value-added manufacturing will become more important in the US. This may create some advantages for areas which historically had no manufacturing base, but possess significant research and development capacity that may enable high value-added niche manufacturing. It also raises the issue of continuous advanced training and special, customized training that may require partnerships among scientists, firms and economic development or workforce development agencies.
- The knowledge or innovation economy has tremendous implications for human capital, and vice versa. Human capital is the source of new and creative ideas that are the foundation of the innovation economy, and therefore, the most important competitive advantage for economic development in the future. Due to this heightened role, the US must comprehensively address human capital issues to maintain its global competitiveness.

The growth of the US workforce is projected to slow dramatically in the next few decades. In 2020, an estimated 12 million jobs requiring post secondary education could go unfilled, assuming retirement of 46 million baby boomers and a 22% increase in jobs requiring post-secondary education. In a constrained labor market, the existing workforce—including retirees, immigrants and unskilled workers—will play an important role. Increased health statistics allow people to live longer, and therefore work longer. And the sheer numbers of immigrants and unskilled or low skilled workers makes them appropriate targets for re-training and programs that enable advancement and improve productivity. The abundant supply of global talent is another important part of the equation. While global talent may cause companies to relocate even highly-skilled work overseas, it also presents an opportunity, as many foreign workers desire to work in the US, and could help offset labor shortages. While it seems possible to address some of the US' labor shortage through such measures, the greatest threat to US competitive advantage exist in its "pipeline" of future workers. While the demand for high-skilled jobs, particularly in STEM disciplines, is increasing, US educational levels are falling; primary and secondary achievement scores are low, particularly in math and science; and a significant skills gap exists in the workforce. If these issues are not addressed, they could undermine the US' competitiveness vis-a vis other countries in the new economy.

**Best Practices Review
AIDEA Strategic Planning Process
2009**

Agency/State/Organization	Council of Development Finance Agencies
Summary	<p>The Council of Development Finance Agencies is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing over 265 public, private and non-profit development entities.</p> <p>Members are state, county and municipal development finance agencies and authorities that provide or otherwise support economic development financing programs, including tax-exempt and taxable bonds, credit enhancement programs, and direct debt and equity investments as well as a variety of non-governmental and private organizations ranging from regional and large investment banks to commercial finance companies to bond counsel, bond insurers, trustees, venture capital companies, rating agencies, and other organizations interested in economic development finance.</p> <p>The Council was formed in 1982 with the mission to strengthen the efforts of state and local development finance agencies fostering job creation and economic growth through the use of tax-exempt and other public-private partnership finance programs and vehicles. Originally created to support the specific application of Industrial Development Bonds (IDB's) as an economic development tool, CDFA has since expanded its mandate to reflect the broader needs of economic development finance specialists.</p> <p>Today, CDFA has one of the strongest voices in the development finance industry. The Council provides a number of avenues for assisting the development finance industry including six highly acclaimed finance training courses covering bonds, TIF, tax credits, RLFs and general finance, the premier annual development finance summit in the country, a weekly finance review newsletter, a comprehensive online database of finance resources and ultimately a conduit with which to link development finance professionals to one another.</p>
Relevance to Alaska	A rich technical resource organization focused entirely on financing techniques for Economic Development activities. They have many publications providing detailed guidance on a broad range of financing techniques.
Website	http://www.cdfa.net

Publication	Practitioner's Guide to Economic Development Finance Building and Utilizing the Development Toolbox Tony Rittner Council of Development Finance Agencies
Summary	<p>Hundreds of development finance programs exist at the federal, state and local level. The toolbox approach to development finance brings together the best of these financing concepts and techniques to provide a comprehensive response to capital and resource needs.</p> <p>The Toolbox:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Bedrock Tools <input type="checkbox"/> Targeted Tools <input type="checkbox"/> Investment Tools <input type="checkbox"/> Access to Capital Lending Tools <input type="checkbox"/> Support Tools <p>Bedrock Tools – Bonds – Government Bonds and Private Activity Bonds</p> <ul style="list-style-type: none"> <input type="checkbox"/> Small Issue Industrial Development Bonds <input type="checkbox"/> Aggie Bonds (agricultural) <input type="checkbox"/> 501 (c) (3) Bonds for non-Profits <input type="checkbox"/> Exempt Facility Bonds <input type="checkbox"/> Qualified Redevelopment Bonds <input type="checkbox"/> Enterprise Zone Bonds <input type="checkbox"/> Qualified Mortgage Bonds <input type="checkbox"/> New Clean Renewable Energy Bonds <input type="checkbox"/> Qualified Energy Conservation Bonds <input type="checkbox"/> Qualified Zone Academy Bonds <input type="checkbox"/> Mini Bond Programs <input type="checkbox"/> Bond Banks <p>Targeted Tools</p> <ul style="list-style-type: none"> <input type="checkbox"/> Tools designed to generate new taxes within a specific geographic area <input type="checkbox"/> Tools designed to generate funds through special assessments <input type="checkbox"/> Tools: <ul style="list-style-type: none"> ○ Tax Increment Finance ○ Special Assessment District Financing ○ Business and Neighborhood Districts ○ Government Districts <p>Investment Tools</p> <ul style="list-style-type: none"> <input type="checkbox"/> Tax Credits <ul style="list-style-type: none"> ○ Historic Preservation Tax Incentives ○ Federal Brownfield Tax Incentives ○ New Market Tax Credits ○ Low-Income Housing Tax Credits <input type="checkbox"/> Empowerment Zones and Renewal Communities <input type="checkbox"/> Energy Production Credits <input type="checkbox"/> Energy Investment Tax Credit

- ☐ State Tax Credits
 - Venture Capital Investment
 - Low income housing
 - Job creation
 - Machinery and equipment
 - Targeted area redevelopment
 - Brownfield cleanup
 - Wage adjustment credits
 - Industry specific credits
- ☐ Innovation Finance – Seed and Venture Capital and Angel Funds
 - Seed and Venture Capital
 - Angel investment
 - Community Development Venture Capital
 - Venture Capital Tax Credit Programs
 - National Science Foundation – SBIR & STTR Programs

Access to Capital Lending Tools

- ☐ Revolving Loan Funds
- ☐ Mezzanine Funds
- ☐ Loan Guarantees
- ☐ Linked Deposit Programs
- ☐ Small Business Administration
 - Certified Development Company/504 Loan Program
 - 7(a) Loan Program
- ☐ Micro Enterprise Finance
 - SBA Micro-Loan Program
 - National Science Foundation SBIR & STTR Programs
 - Local Micro-Lending Programs
 - Peer Based Micro-Lending

Support Tools

- ☐ Federal Economic Development Financing
 - HUD
 - Community Development Block Grant
 - ☐ Entitlement Communities
 - ☐ State Administered CDBG
 - ☐ Section 108 Loan Guarantee Program
 - ☐ Insular Areas
 - ☐ HUD Administered Small Cities
 - ☐ Disaster Recovery Assistance
 - ☐ Renewal Communities/Empowerment Zones/Enterprise Communities
 - Brownfield ED Initiative
 - Rural Housing and Economic Development
 - Economic Development Administration
 - Public Works Grants
 - Planning Program
 - Economic Adjustment Assistance Program
 - Revolving Loan Funds
 - U.S. Dept of Treasury – Community Development Financial Institutions Fund
 - U.S. Dept of Agriculture

	<ul style="list-style-type: none"> ▪ Business and Industry Guaranteed Loan Program ▪ Intermediary Re-lending Program ▪ Rural Business Enterprise Grant Program ▪ Rural Economic Development Loan and Grant ▪ Rural Business Enterprise Grant Program ▪ Rural Energy for America Program Grant ▪ Rural Energy for America Program Guaranteed Loan Program ▪ Army Armament Retooling and Manufacturing Support Program ▪ Biobased Products and Bioenergy Program ▪ Community Adjustment and Investment Program ▪ Agriculture Innovation Center Program ○ EPA <ul style="list-style-type: none"> ▪ Assessment Grants ▪ Revolving Loan Fund Grants ▪ Cleanup Grants ▪ Brownfield Tax Incentives ○ Dept of the Interior – National Park Services ○ Dept of Justice ○ National Science Foundation ○ Export Import Bank <p>10 Case Studies</p> <ul style="list-style-type: none"> <input type="checkbox"/> City of Minneapolis Department of Community Planning and Economic Development <input type="checkbox"/> Atlanta Development Authority <input type="checkbox"/> City/County of Denver Office of Economic Development, Denver Urban Redevelopment Authority <input type="checkbox"/> Allegheny County Economic Development <input type="checkbox"/> St. Louis County Economic Council <input type="checkbox"/> Chester County Economic Development Council <input type="checkbox"/> New Jersey Economic Development Authority <input type="checkbox"/> MassDevelopment <input type="checkbox"/> Arkansas Development Finance Authority <input type="checkbox"/> Oregon Economic and Community Development Department
--	--

