

REGIONAL ECONOMIC STRATEGY

project kick-off

May 4, 2011



PSRC PROSPERITY PARTNERSHIP



Agenda

- Introductions
- Project overview
- Economic context
- Discussion of key issues
- Questions and closing



INTRODUCTIONS



TIP Strategies



Strategic Planning

Workforce Development

Industry Cluster Analysis

Site Selection & Analysis

Defense Communities

Entrepreneurship





TIP project locations





Our clients

Regions & States

usa | Chicago-Milwaukee Corridor • Envision Central TX • Wired65 (Central Ky. & SE Ind.) Northwest FL • State of VT • Mississippi Delta Region • State of TX • Capital Area Planning Council TX • Delta Regional Authority • Southern United States Trade Association • Southwest Mississippi Partnership • Southwest Oklahoma Impact Coalition • Texas Forest Service • Northeast Texas • Savannah River

international | The Netherlands • Northern Ireland • Austria

Cities & Counties

usa | Houston • Dallas • Richmond • Tulsa • El Paso • San Antonio • Fort Smith AR • Racine Co. WI • Lake Co. FL • Blaine Co. ID • McCormick Co. SC • Union Co. AR • Hinds Co MS • Claiborne Co. MS • Kenosha Co. WI • Jefferson Parish LA • Lee County MS • Clearwater FL • Garland Co. AR • Cowlitz Co. WA • Kittitas Co. WA • Matanuska-Susitna Borough AK • Seward AK • Maricopa AZ • Clark Co. WA • Killeen, TX • Edinburg, TX • Midland, TX • Seguin, TX • York, PA • Zachary, LA

international | London ON, Canada



Our clients

University Towns

usa | Ithaca NY • College Station TX • Northfield MN • San Marcos TX • Carbondale IL • Denton TX • Sherman TX

Suburbs/Exurbs

austin | Round Rock • Pflugerville • Georgetown • Cedar Park • Kyle • Jarrell

dallas | McKinney • Wylie • Flower Mound • Rowlett • Denton • Terrell • Benbrook • Midlothian • Forney • Sachse

houston | Katy • Conroe • League City • Conroe • Pearland • Rosenberg • Brazoria Co • North Harris Co •

midwest | Council Bluffs IA (Omaha) • Northfield MN (Twin Cities)

san antonio | Schertz • New Braunfels • Universal City • Cibolo • La Vernia

west coast | Gresham OR (Portland) • Kirkland WA (Seattle) • Puyallup WA (Seattle) • Watsonville CA (San Francisco Bay area)

Military Communities

usa | Fort Hood TX • Elgin Air Force Base FL • Pensacola Naval Air Station FL • Shepard Air Force Base TX • Fort Campbell TN



Project team

- Jon Roberts, Managing Partner
- Alex Cooke, Project Manager
- Local team:
 - ▣ Deborah Knutson
 - ▣ Chuck Temple
- Support Staff:
 - ▣ TIP Strategies team of consultants & analysts

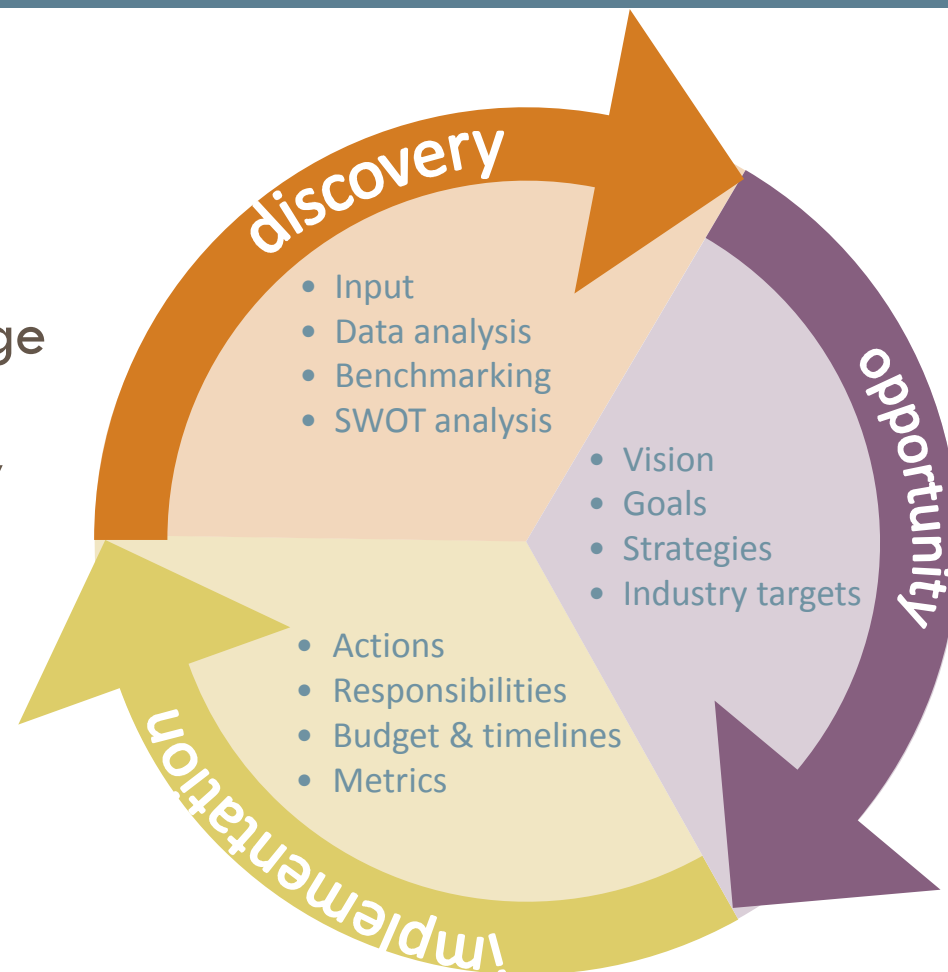


PROJECT OVERVIEW



A new regional economic strategy

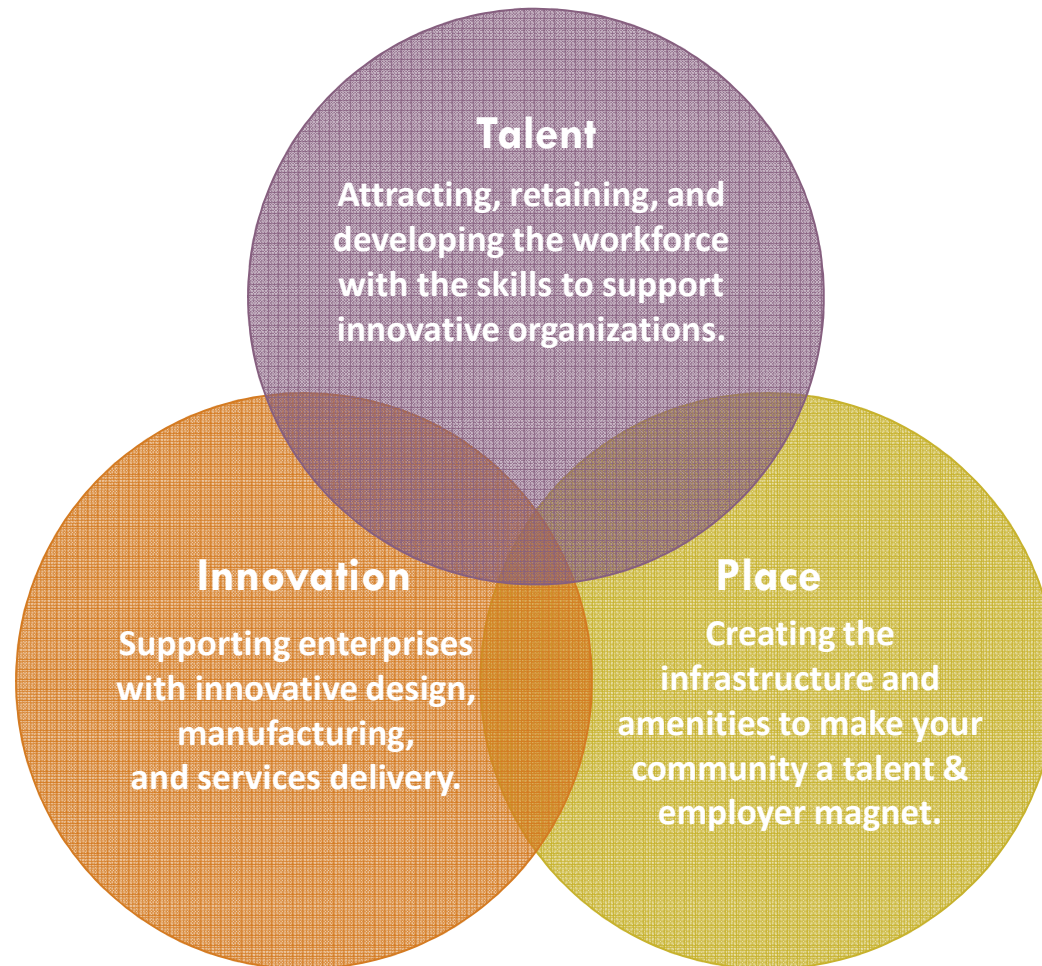
- **Phase I:** What the economy looks like
- **Phase II:** What needs to change
- **Phase III:** What will Prosperity Partnership and partners do about it





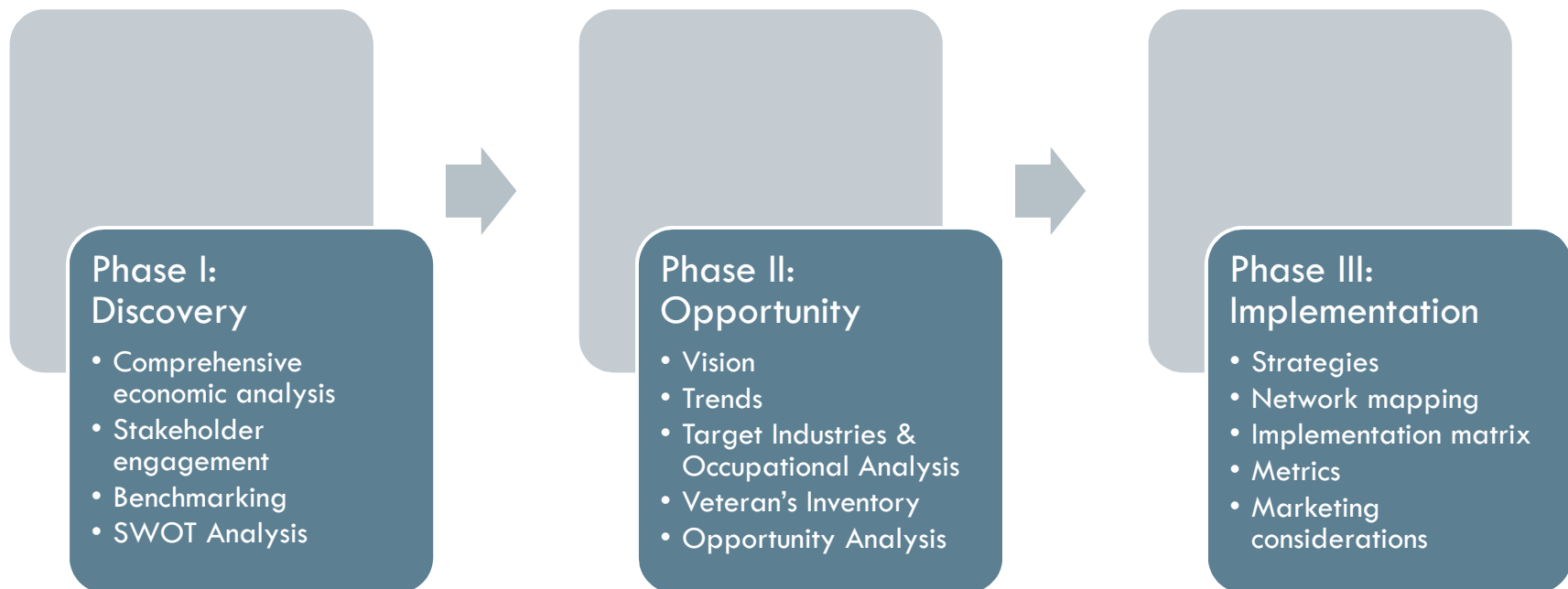
Our framework

Talent-Innovation-Place Framework



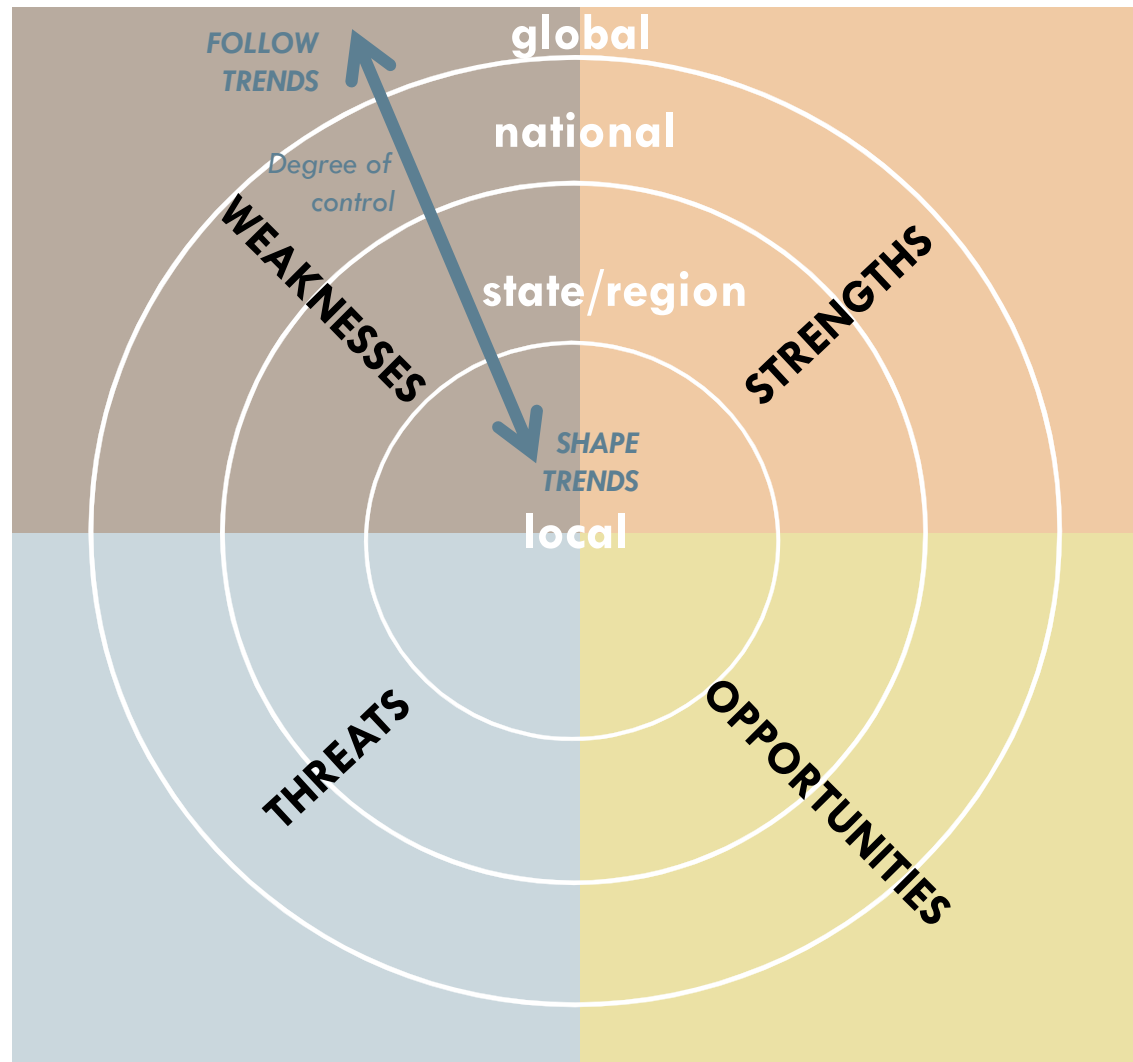


Phases of project





Why SWOT analysis matters

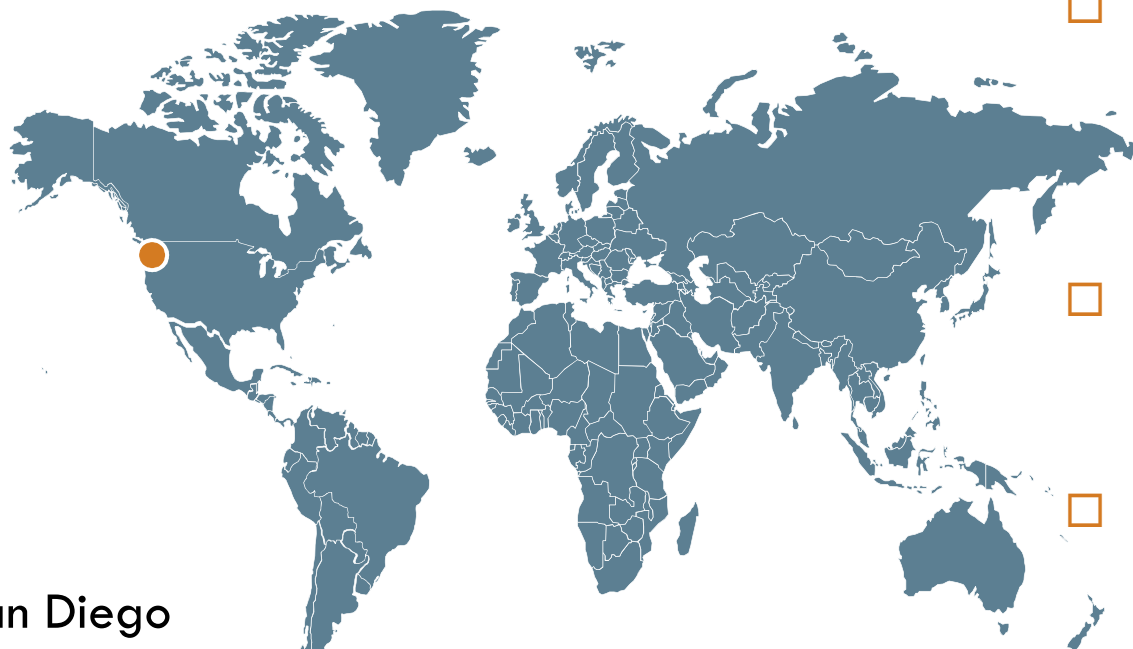




How do you want to benchmark?

3 APPROACHES YIELD 3 VERY DIFFERENT RESULTS

Which is best for PSRC?



San Diego
San Francisco Bay Area
Denver
Minneapolis-St. Paul
Greater Phoenix

□ By **similarity?**

▣ size, infrastructure,
demography

□ By **aspiration?**

▣ role models

□ By **competition?**

▣ competing industry
clusters



Input

- Quantitative
 - ▣ Socioeconomic data analysis (regional & sub-regional)
 - ▣ Regional business survey
 - ▣ Peer comparisons
 - ▣ Success metrics
- Qualitative
 - ▣ Individual interviews
 - ▣ Focus groups
 - ▣ Leadership roundtables

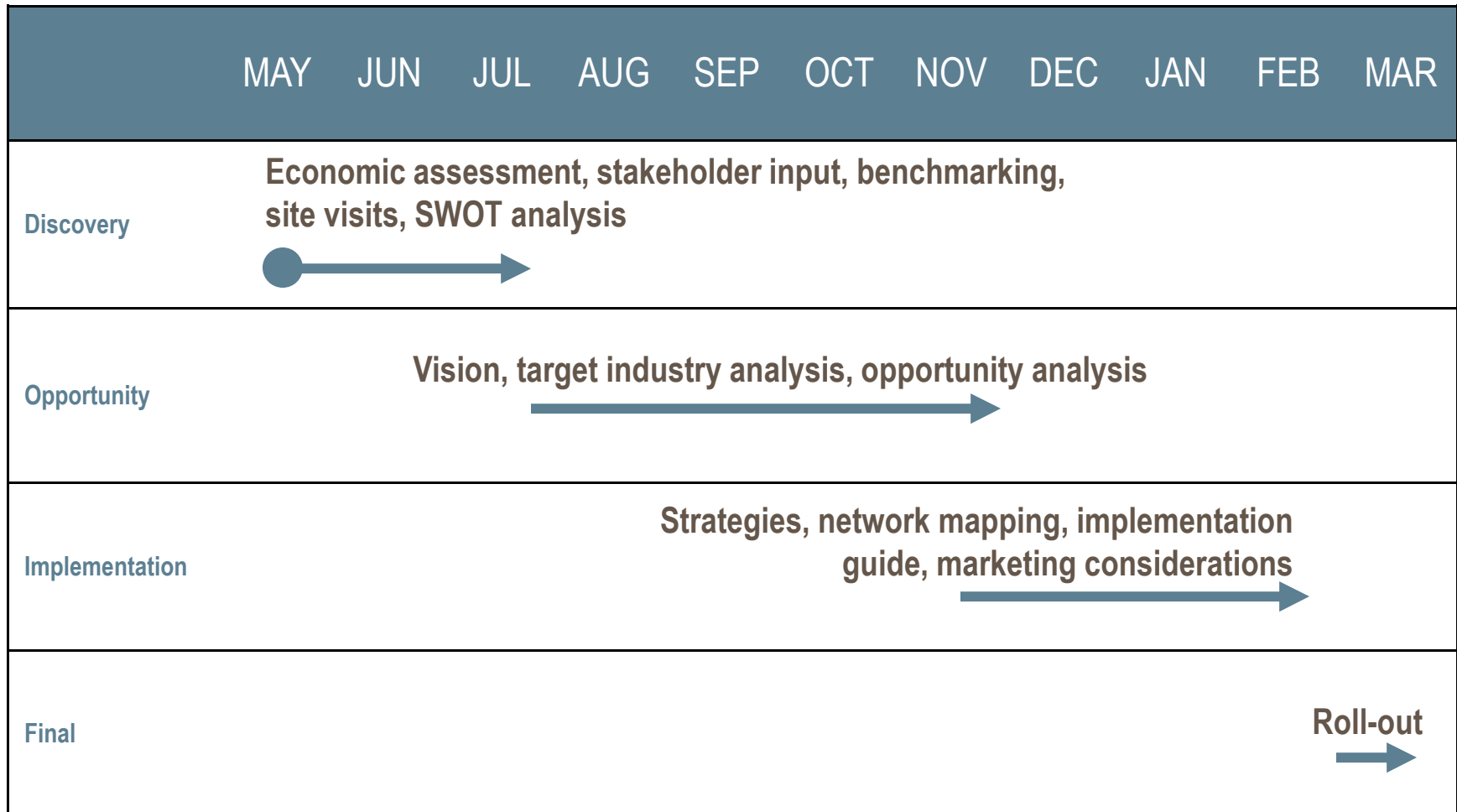


Stakeholders

- Four regional economic development councils
- Small, medium, and large employers
- Industry associations
- Public officials
- Real estate development community
- Entrepreneurs
- Labor representatives
- Community leaders
- Higher education and workforce
- Ports



Timeline





Role of technical advisory group

- Provide guidance on quantitative analysis
- Provide assistance to qualitative analysis
- Provide input on strategy development process
- Provide feedback on strategy creation



Next steps

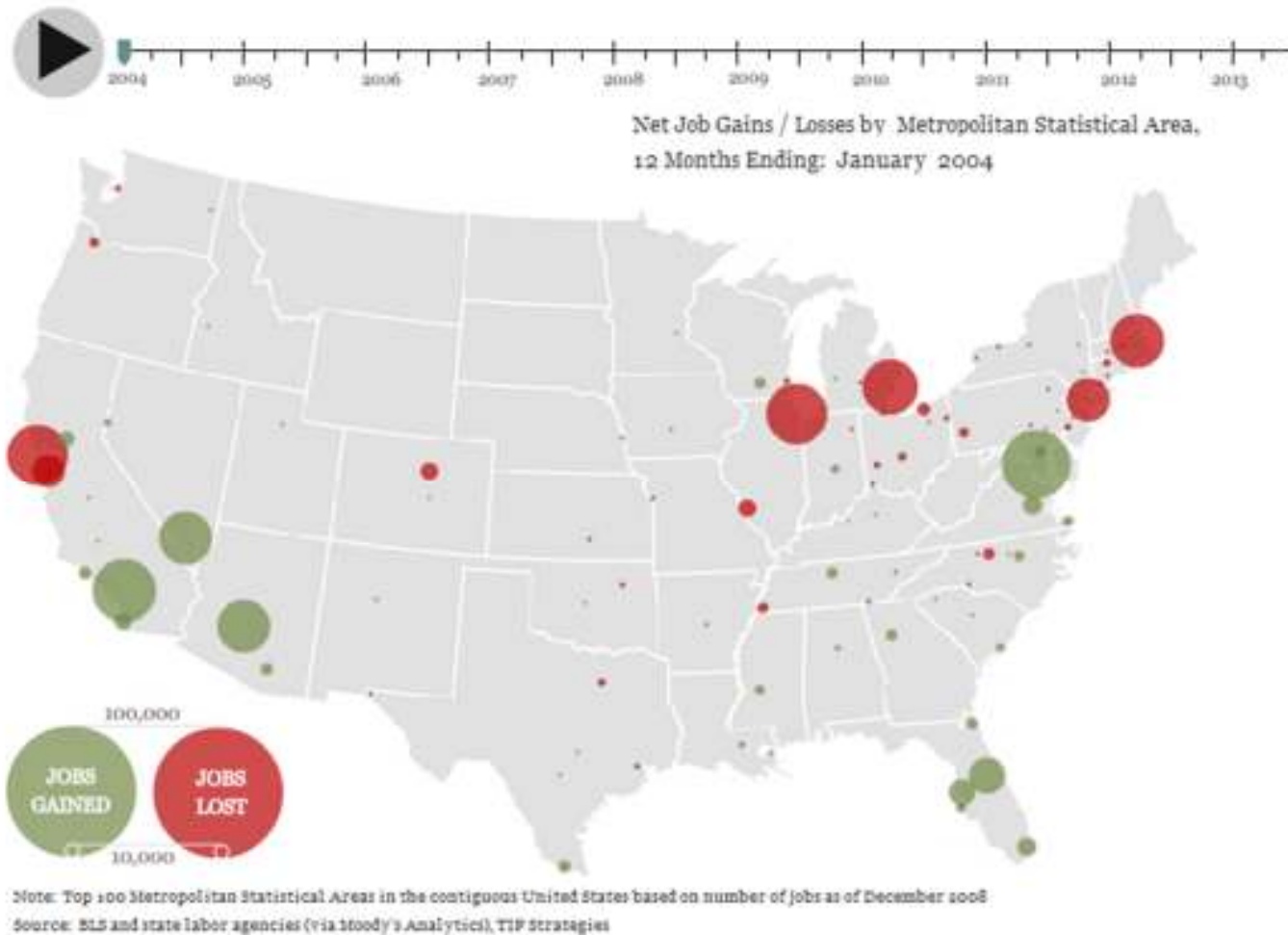
- Update project work plan
- Coordinate data assembly
- Develop list of key stakeholders
- Begin setting appointments



ECONOMIC CONTEXT



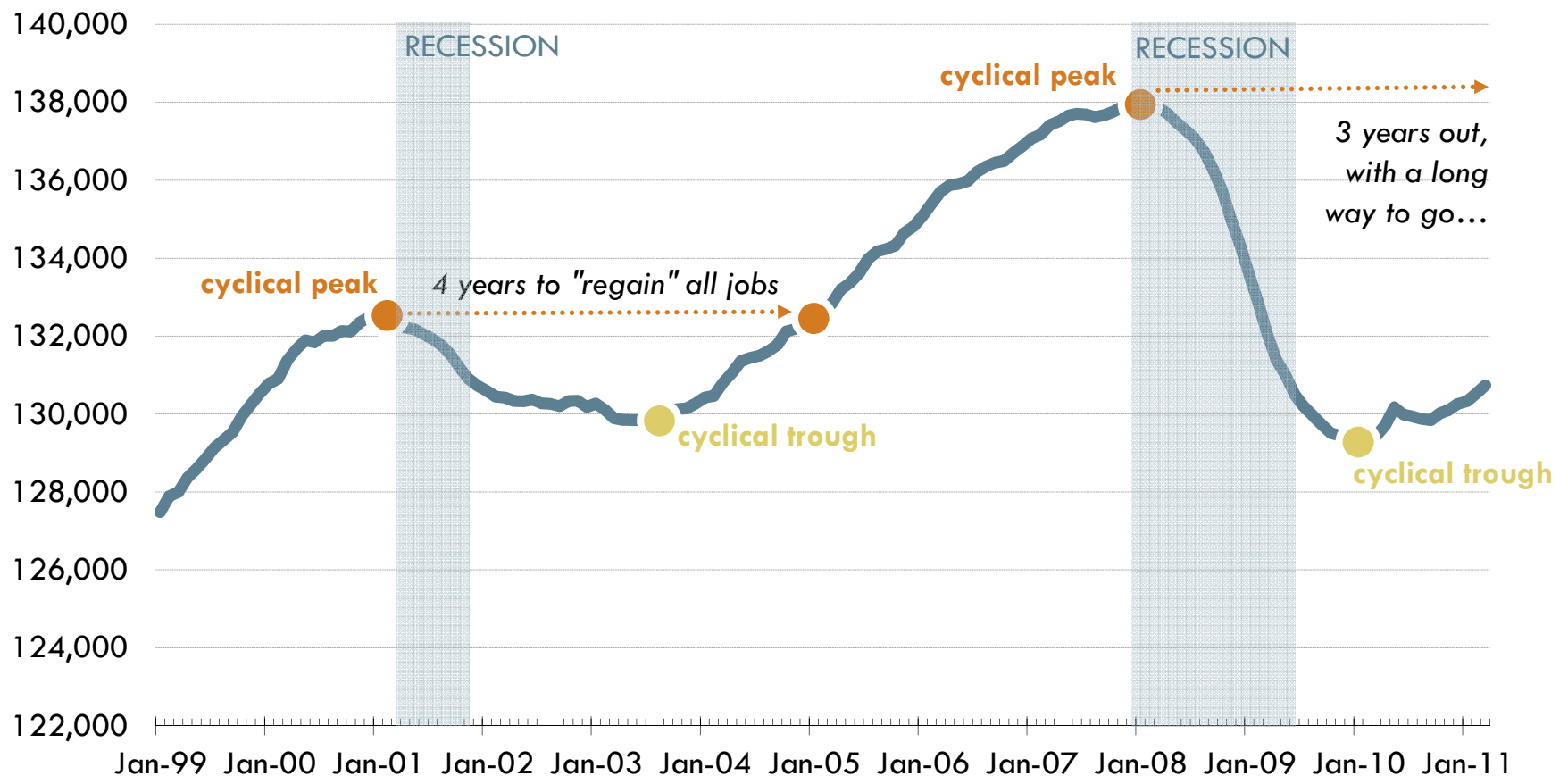
The geography of jobs...





...and the cycle of jobs...

TOTAL NONFARM EMPLOYMENT (thousands)



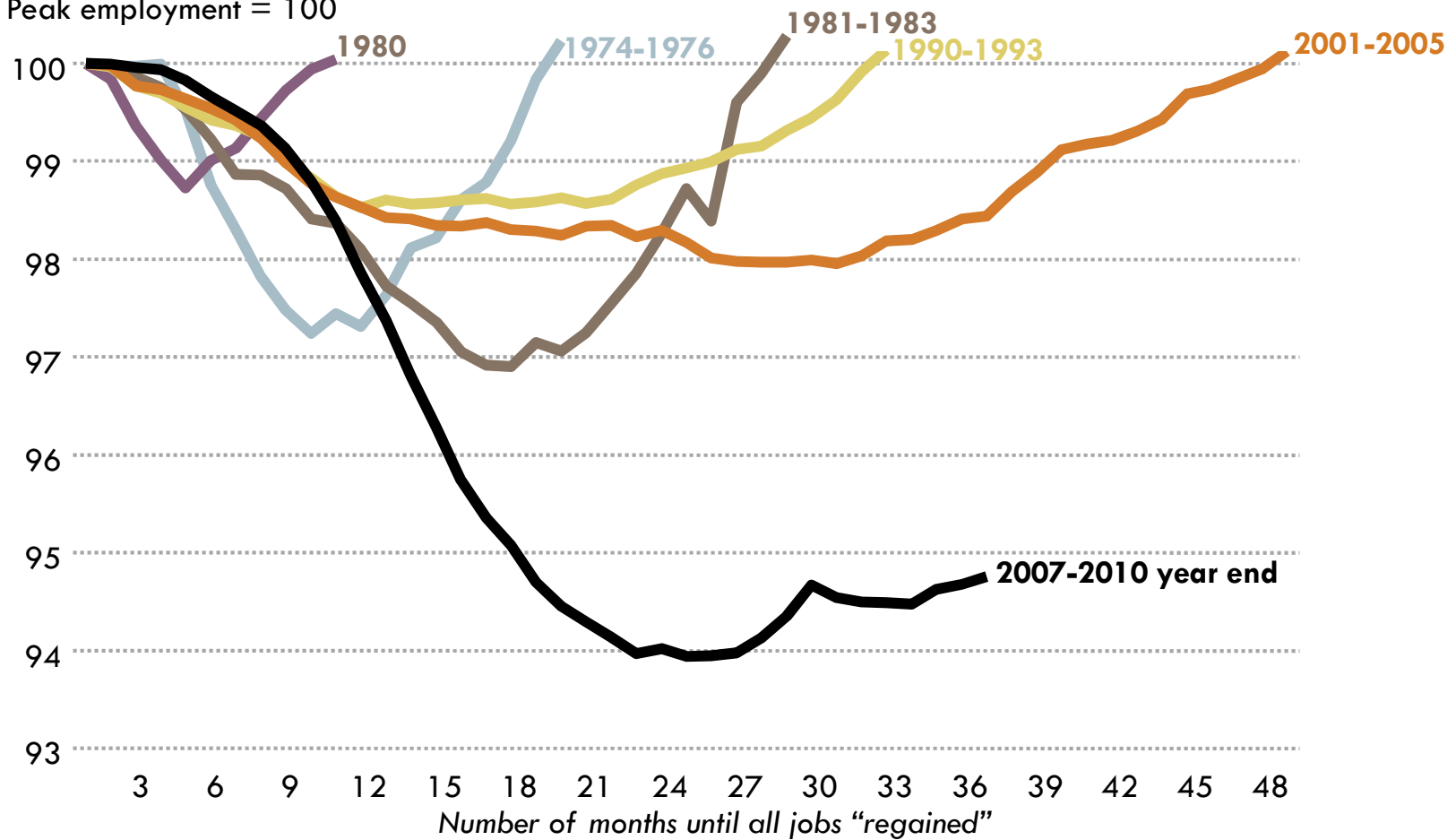
Sources: U.S. Bureau of Labor Statistics (employment); National Bureau of Economic Research (recession dates)



...as seen in historical context

RECESSIONARY EMPLOYMENT TRENDS

Peak employment = 100



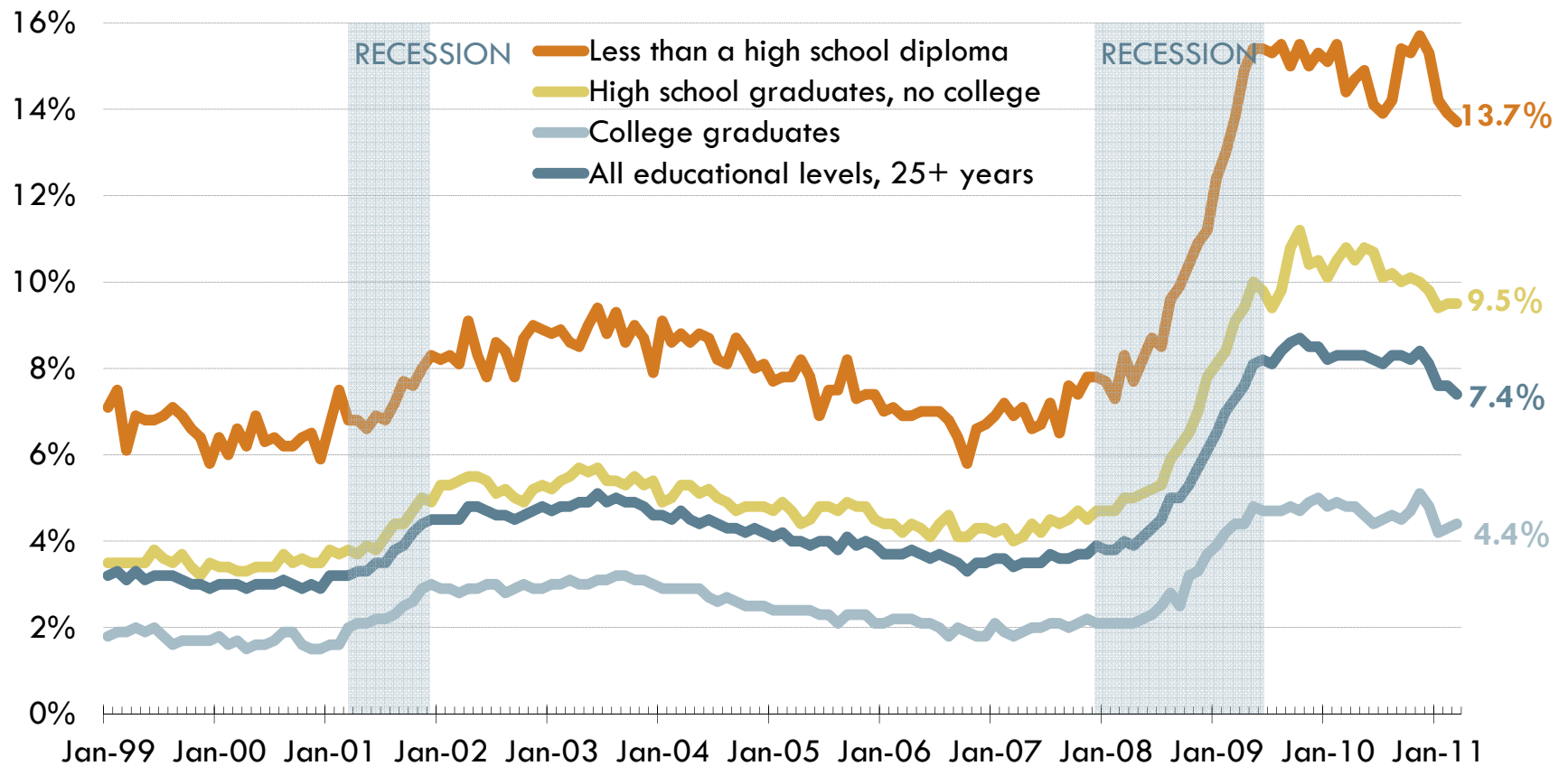
SOURCE: U.S. Bureau of Labor Statistics, Current Employment Statistics (seasonally adjusted)



The jobless burden is shared unevenly...

NATIONAL UNEMPLOYMENT RATE BY EDUCATION, 25+ YRS.

(seasonally adjusted)



Sources: U.S. Bureau of Labor Statistics (unemployment); National Bureau of Economic Research (recession dates)

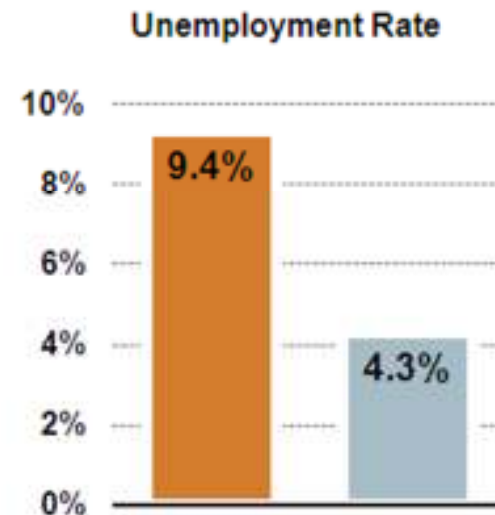
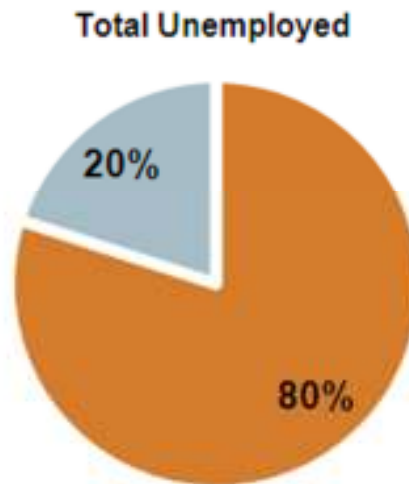
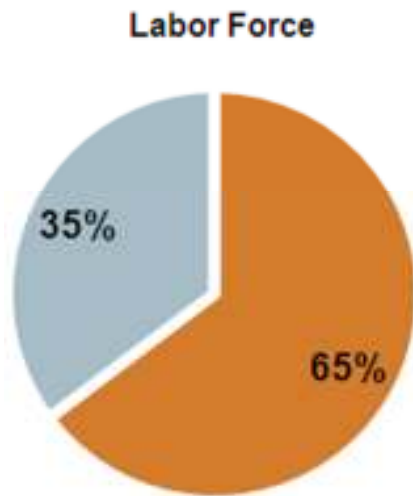


...with dramatic gaps by skill level

LABOR DEMOGRAPHICS

Population age 25+ as of February 2010

- maximum educational attainment is less than a 4-year college degree (age 25 or older)
- maximum educational attainment is a bachelor's degree or higher (age 25 or older)



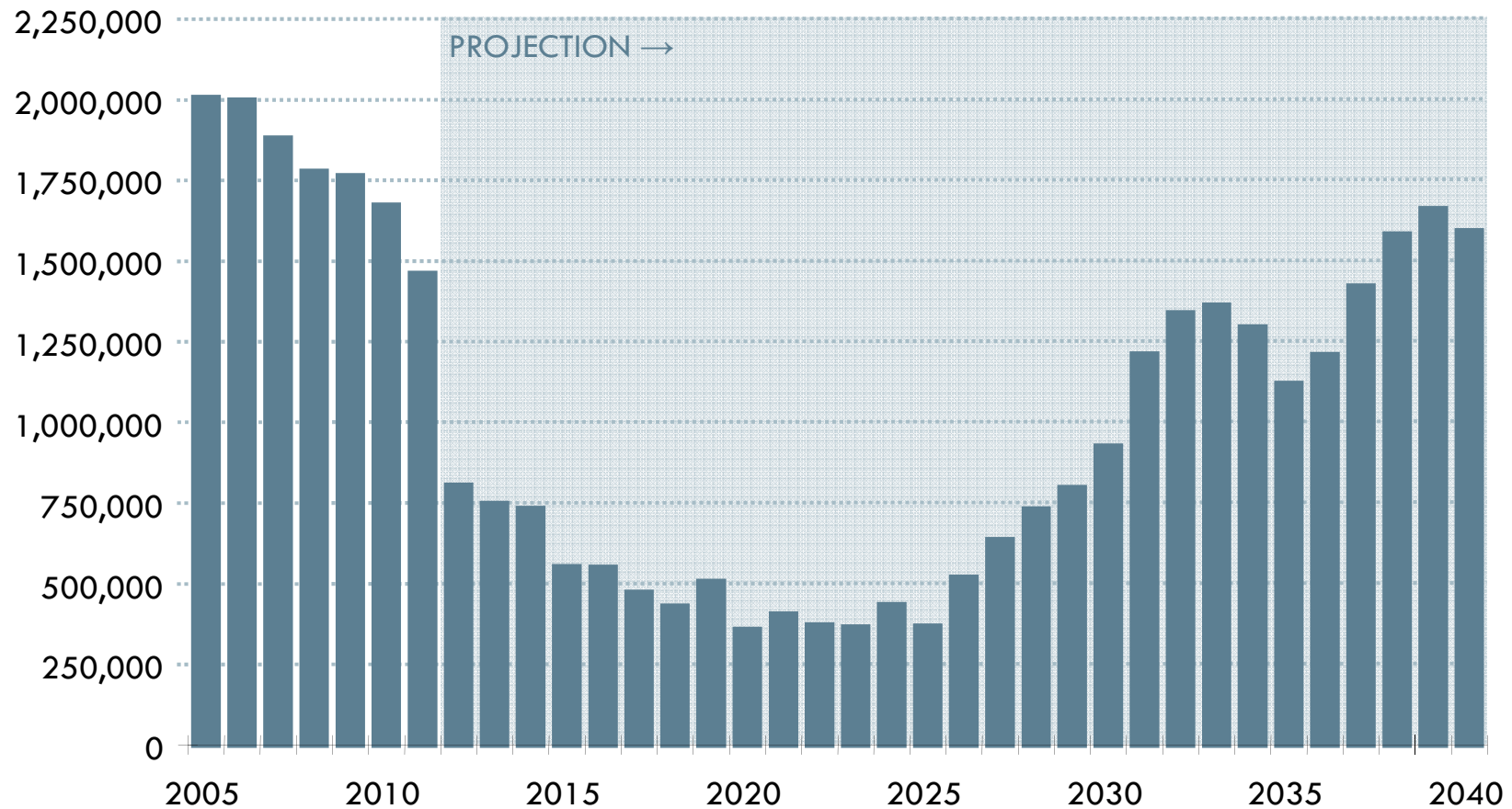
Source: US Bureau of Labor Statistics (Current Population Survey)



Demographics will tighten labor market...

GROWTH OF THE WORKING AGE POPULATION

Projected net annual change for the US population age 18-64



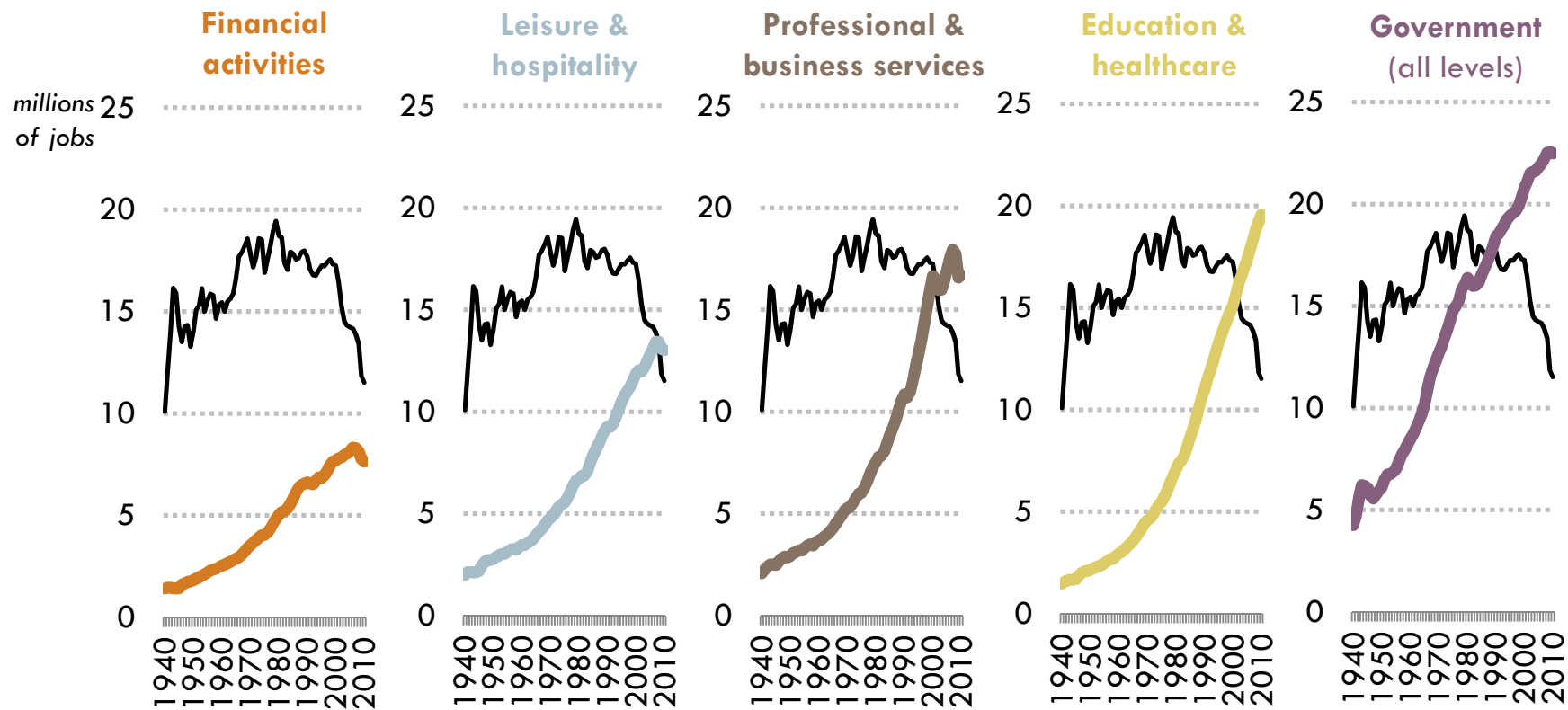
Sources: TIP Strategies; U.S. Census Bureau



...but long-term structural changes persist

US MANUFACTURING JOB BASE vs OTHER SECTORS

Post-WWII evolution through 7 decades



SOURCE: U.S. Bureau of Labor Statistics, Current Employment Statistics (average annual employment by major sector)



Revival of US manufacturing?

WIRED

Made in America: Small Businesses Buck the Offshoring Trend

By Brendan I. Koerner February 28, 2011 | 12:00 pm | Wired March 2011

SPIEGEL ONLINE

01/07/2010

Outsourcing Gone Wrong

German Toymaker Steiff Pulls Out of China

By Michaela Schiessl

The WILSON QUARTERLY
SURVEYING THE WORLD OF IDEAS
Published by the Woodrow Wilson International Center for Scholars

HOME CURRENT ISSUE SUBSCRIBE WQ ARCHIVE CUSTOMER SERVICE SWOP ABOUT

SPRING 2011

Long Live the Industrial City

By Tom Vanderbilt

New York City's garment district illustrates that manufacturing can still be vital to the innovation that cities foster.



Fast, flexible, 100% automated, and best of all no outsourcing required.
3M Graphics
ad

somewhere high above the northern hemisphere, Mark Krywko decided he'd had enough. **Steak Audio**, a purveyor of high-end earphones, Krywko was flying home to Florida after yet another visit to **Dongguan, China**, where a contract factory assembled the majority of his products. He and his son, Jason, Steak Audio's cofounder, made the long trip every few weeks to shoot quality flaws. Every time the Krywkos visited Dongguan, their Chinese partners promised everything was under control. Those promises almost always proved empty.



DISCUSSION



Preliminary issue identification

- Global competition and Puget Sound's advantage
- Clusters and foundational issues
 - ▣ Cluster strategy
 - Industry approach vs. occupational approach
 - ▣ Foundational issues
 - Infrastructure
 - Sites

Connecting the two approaches . . .

- Is this about the need for “job growth” or about business competitiveness?

Proposed target industries

What's this?

Imagine a new 1000-job facility opens in one of these sectors. Is the local workforce adequate?

Industry **Agricultural processing**

SOC ▼	Primary occupations required ▼	NAICS ▶	Estimated potential demand for a new 1,000-job facility			Existing Jobs at 2010 year end		Minimal training level for an interview	
			Industry ▶	Fr & Veg			County		MSA
				Pet Foods	Spclty Foods	Bev / Drinks			
51-9111	Packaging & filling machine operators & tenders		63	132	120	218	1,842	Short-term on-the-job training	
51-9012	Separating, filtering, clarifying, precipitating, & still machi		7	7	63	44	373	Moderate-term on-the-job training	
41-4012	Sales representatives, w wholesale & manufacturing, exc		31	8	59	1,466	14,076	Moderate-term on-the-job training	
53-7051	Industrial truck & tractor operators		56	61	48	669	5,693	Short-term on-the-job training	
53-7062	Laborers & freight, stock, & material movers, hand		50	41	47	1,748	15,251	Short-term on-the-job training	
53-3031	Driver/sales w orkers		2	1	46	593	4,935	Short-term on-the-job training	
41-2031	Retail salespersons		6	0	37	4,884	35,989	Short-term on-the-job training	
53-3033	Truck drivers, light or delivery services		17	2	37	953	6,610	Short-term on-the-job training	
53-3032	Truck drivers, heavy & tractor-trailer		79	8	35	2,662	14,716	Moderate-term on-the-job training	
49-9041	Industrial machinery mechanics		23	37	24	283	2,235	Long-term on-the-job training	
51-1011	First-line supervisors/managers of production & operatir		38	28	23	576	4,871	Work experience in a related occupation	
49-9042	Maintenance & repair w orkers, general		28	30	21	1,160	8,390	Moderate-term on-the-job training	
51-9023	Mixing & blending machine setters, operators, & tenders		101	18	15	57	381	Moderate-term on-the-job training	
51-9061	Inspectors, testers, sorters, samplers, & w eighers		12	24	15	401	3,591	Moderate-term on-the-job training	
43-5081	Stock clerks & order fillers		5	6	15	1,407	9,937	Short-term on-the-job training	
41-9011	Demonstrators & product promoters		0	0	14	238	1,698	Moderate-term on-the-job training	
49-9091	Coin, vending, & amusement machine servicers & repair		0	0	14	50	283	Moderate-term on-the-job training	
27-1026	Merchandise displayers & w indow trimmers		0	0	14	186	1,451	Moderate-term on-the-job training	
11-1021	General & operations managers		21	10	14	1,509	12,294	Bachelor's or higher degree, plus work experience	
43-3031	Bookkeeping, accounting, & auditing clerks		18	7	13	2,379	17,916	Moderate-term on-the-job training	
43-4051	Customer service representatives		12	4	12	1,613	14,676	Moderate-term on-the-job training	
43-5071	Shipping, receiving, & traffic clerks		13	13	12	554	5,262	Short-term on-the-job training	
35-3031	Waiters & w aitresses		0	0	10	1,632	14,603	Short-term on-the-job training	
43-9061	Office clerks, general		20	6	10	2,444	19,071	Short-term on-the-job training	
51-9198	Helpers--Production w orkers		18	57	10	250	2,225	Short-term on-the-job training	
53-1031	First-line supervisors/managers of transportation & mate		5	3	9	243	1,828	Work experience in a related occupation	
11-3051	Industrial production managers		11	8	8	169	1,528	Work experience in a related occupation	
43-6011	Executive secretaries & administrative assistants		8	3	7	1,050	8,346	Moderate-term on-the-job training	
37-2011	Janitors & cleaners, except maids & housekeeping clear		8	16	7	2,386	15,329	Short-term on-the-job training	
11-2022	Sales managers		3	2	7	347	3,011	Bachelor's or higher degree, plus work experience	
41-1012	First-line supervisors/managers of non-retail sales w ork		2	0	7	1,450	9,072	Work experience in a related occupation	
43-6014	Secretaries, except legal, medical, & executive		10	2	7	1,865	13,789	Moderate-term on-the-job training	
49-1011	First-line supervisors/managers of mechanics, installers		5	8	7	394	2,806	Work experience in a related occupation	
51-3092	Food batchmakers		30	76	7	76	750	Short-term on-the-job training	
49-3031	Bus & truck mechanics & diesel engine specialists		5	1	6	331	2,218	Postsecondary vocational training	

■ = fewer trained workers available locally than anticipated job openings for this occupation

targets profiled



What would 10,000 new jobs mean (and where)?

IMAGINE 10,000 THEORETICAL NEW JOBS IN EACH OF THE 2005 TARGETS

How does this connect to PSRC's small-area population and jobs forecasts? How does it connect to local plans?

	Aerospace	Clean Technology	Information Technology	Life Sciences	Logistics & Trade
BLDG TYPE	Manufacturing	Light manufacturing	Urban office	Institution or laboratory	Warehouse / distribution
LOCATION	Suburban / exurban	Suburban	Urban	Urban	Exurban / suburban
SF PER WORKER	1,000	750	225	350	1,500
<i>Convert 10,000 jobs to square feet</i>	<i>x 10,000 jobs</i>	<i>x 10,000 jobs</i>	<i>x 10,000 jobs</i>	<i>x 10,000 jobs</i>	<i>x 10,000 jobs</i>
= TOTAL SQ. FT.	10,000,000	7,500,000	2,250,000	3,500,000	15,000,000
<i>Convert square feet to acres</i>	<i>÷ 43,560 sq ft</i>	<i>÷ 43,560 sq ft</i>	<i>÷ 43,560 sq ft</i>	<i>÷ 43,560 sq ft</i>	<i>÷ 43,560 sq ft</i>
<i>Divide by floor area ratio (FAR)</i>	0.25	0.25	15	10	0.25
= Estimated minimum acreage needed	918	689	3	8	1,377

SOURCE: All figures are rough estimates based on general assumptions about land use. Local zoning and building codes may vary widely.



The Practical Side

- How will this plan be implemented?
 - ▣ By whom?
 - ▣ With what resources?



Thank You

Jon Roberts

jon@tipstrategies.com

Alex Cooke

alex@tipstrategies.com

Deborah Knutson

deborahkknutson@gmail.com

Chuck Temple

ctemple@msn.com