

Inside This Issue...

Thoughts From the Chair.....	2
Editor's Message.....	2
Regional Networks: A Key to Economic Success?.....	9
University Research and Local Economic Development.....	14
List of New Members	17
Upcoming Vote	18
Calendar of Events.....	21



News & Views, published quarterly, is the newsletter of the Economic Development Division of the American Planning Association. We welcome articles, letters, suggestions and information regarding workshops and other educational opportunities for economic development professionals. Please forward your submissions by email to our Editor, Terry Holzheimer (address below).

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We welcome the members of the Resort and Tourism Division (RTD), which has merged with the Economic Development Division (EDD). RTD members, this one's for you!

Energizing Niagara's Wine Country Communities

by Eve Holberg, AICP, Senior Economic Planner, peter j. smith & company, inc.

The Niagara Region of Ontario, Canada, has the potential to take its place among the elite world class wine destinations with its own distinctive style and flavor. Niagara's Wine Country offers visitors unique cultural, heritage and educational opportunities while they indulge in remarkable wine and culinary experiences. Emphasizing quality and character, a visit to Niagara Wine Country is made more memorable by a journey through its beautiful landscapes and thriving towns.

Niagara Wine Country is a little-known jewel, having long been eclipsed by other regional destinations including Niagara Falls (U.S. and Canada) and Niagara-on-the-Lake, home of the acclaimed Shaw Festival. Through *Energizing Niagara's Wine Country Communities*, the region signaled its readiness to leverage its assets for community revitalization. The study assessed Wine Country's potentials and challenges and developed a strategy to bridge the gap between them. The study has been honored with awards from the International Economic Development

(continued on page 4)



Primary Gateway Concept

THOUGHTS FROM THE CHAIR



Our Annual Meeting at the APA National Conference in Las Vegas ushered in a new Executive Committee. The officers include Bob Lewis, Julie Herlands, and me, Bill Anderson. Bob, who will serve as Chair-elect, is a Principal with Development Strategies, Inc. in St. Louis, Missouri. Julie, who contin-

ues as Secretary and Treasurer, is with TischlerBise in Bethesda, Maryland. I've now transitioned from Chair-elect to Chair for the next two years. I'm currently Executive Director of City Planning & Development for San Diego, California. Thank you to Michael Delk, Planning Director of Clearwater, Florida for managing the nomination and election process.

The Executive Committee also includes non-officers — Rhonda Phillips, Terry Holzheimer, Jeff Mills, and Elaine Carmichael. Rhonda Phillips is now our Immediate Past-Chair. Rhonda is a Professor and Director of the School of Community Resources & Development at Arizona State University. Rhonda deserves thanks for two-years of leadership and program innovation. Terry Holzheimer, our former Immediate Past-Chair, continues as our *News & Views* Editor. Terry is Director of the Arlington Economic Development for Arlington County, Virginia. Terry also serves as Chair of the APA Divisions Council. Jeff Mills is our *News & Views* Publisher and Advertising Manager. Jeff is Principal of J.M. Communications in Coventry, Connecticut. Elaine Carmichael is our 2009 National Conference Program Committee Chair. Elaine is Principal of Economic Stewardship in Sturgeon Bay, Wisconsin.

We discussed several new initiatives at the Annual Meeting, including the creation of Sections within the Economic Development Division (EDD) to allow members a venue of focused economic development interest. Our first proposed Section is the merger of the Resorts and Tourism Division into EDD as a Section. Terry Holzheimer's column discusses this proposal and the process for a by-laws amendment to enable the merger. We also discussed participation with an effort by Peter Lowitt with the Devens Enterprise Commission to publish an Eco-Industrial Park Guide, an exciting potential resource of industrial parks around the country that link economic development and sustainability goals.

(continued next page)

IN THIS ISSUE OF NEWS & VIEWS



I am using this column to present a proposal to the membership regarding merging the Resorts and Tourism Division (RTD) into the Economic Development Division (EDD). We have been in discussion with RTD for about six months as part of the APA Task Force of the Divisions Future, which I chair.

The Task Force is considering new structures that differ from Divisions in order to offer more options for members to participate. One form would be to create Sections of divisions that would allow full participation without the substantial management and oversight required of full divisions. Under this joint proposal, RTD would become a Section of the EDD and would have space on our website and in this newsletter as well as a seat on the Executive Committee. We have already begun offering articles of interest to RTD members with Rhonda Phillips' article in the last issue entitled *Tourism as Economic Development* and *Energizing Niagara's Wine Country Communities* by Eve Holberg in this issue. So, EDD members will find more content on tourism related subjects in addition to our traditional articles.

In order to accomplish this merger we need to modify the EDD bylaws to allow us to create sections. Sometime in August you will receive a ballot to authorize this bylaws change. The language to be modified is described on pages 18-20 of this issue. The merger would allow us to welcome another 235 members into the EDD (there are approximately 40 planners with joint membership). This move is good for EDD in that it will add content of interest to many of our members and good for the RTD because they will shed the division management requirements that are necessary, but clearly not the most joyful part of APA participation. Your support is important so, if you have any questions about this please drop me a note at tholzheimer@arlingtonva.us or give me a call at (703) 228-0850. 🐾

— Terry Holzheimer, PhD, FAICP
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THOUGHTS FROM THE CHAIR, CONT. FROM P. 2

The Economic Development Award was conveyed to Prince George’s County, Maryland and the Best Student Paper and scholarship was given to Kelly Kinahan. The Economic Development Division also received recognition from APA for Best Communications, recognizing *News & Views*. We are also pleased to announce that our very own Terry Holzheimer, who has given so much time to the Economic Development Division as Chair, Past Chair, and Editor, was inducted into the College of Fellows of the American Institute of Certified Planners.

Finally, the Division sponsored, organized, and conducted the first all-day workshop on Economic Development tools at the national conference. This was

our division’s contribution to APA’s effort to provide continuing education, eligible for CM credits, to AICP members. It was a well attended workshop and will encourage more such activities by other divisions. APA has now asked each division to come up with ideas for new and innovative training ideas, in addition to our normal conference sessions. If you have any ideas, and are interested in organizing trainings that are eligible for CM credit, please let us know. ■■

Thank you.

— Bill Anderson, FAICP
andersonw@sandiego.gov

PROPOSE A SESSION FOR THE 2009 CONFERENCE!!

The deadline is fast approaching for submitting session ideas for next year’s APA Conference in Minneapolis. The Economic Development Division is allowed to choose two sessions and we encourage our members to submit their ideas for consideration. Please email session proposals to Elaine Carmichael at elaine@econstew.com. Remember that sessions must satisfy the educational requirements associated with APA’s new emphasis on AICP certification maintenance. Criteria and guidelines for session proposals can be found at <http://planning.org/2009conference/sessionproposal/index.htm>.

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ENERGIZING NIAGARA'S WINE COUNTRY COMMUNITIES, CONT. FROM P. 1

Council in the category: "General Research Report by Organizations Serving Areas with Populations Exceeding 200,000," Economic Developers Council of Ontario and the Western New York Section of the American Planning Association's Upstate Chapter.

Niagara's wine industry began to develop in the 1940s when grape varietals were first introduced to the North American continent. Niagara's ideal climate and soil conditions produced grapes from which some of the finest wines, including Riesling, Chardonnay, Cabernet and Gamay were produced. Vintners began to experiment and developed the distinctive character that has become associated with Niagara's wines. The singularity of the wines and the trademark of its vintners were

protected with the creation of the Vintners Quality Alliance (VQA) in 1989 and its strict standards of excellence. The Province of Ontario codified the VQA Act of 1999 resulting in the VQA appellation system. Since then, Niagara's wine country has grown tremendously. The industry today includes more than 70 wineries, 16,000 acres of land under vine, and a wine route that traverses Niagara for more than 120 miles. The wine experience attracts approximately 700,000 visitors annually.

The purpose of the study: *Energizing Niagara's Wine Country Communities* was to create a vision and long-term strategy to enhance Wine Country as an international destination and to leverage its potential to stimulate private sector investment and community revitalization. The study was prepared by peter j. smith & company, inc. for the Niagara Economic Development Corporation with direct participation and input provided by the Ontario Ministry of Tourism, Regional Niagara, the municipalities of Grimsby, St. Catharines and Niagara-on-the-Lake, the Wine Council of Ontario, and the Grape Growers of Ontario.

The strategy developed to energize Niagara's Wine Country communities is six-fold:

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Niagara Wine Country is a little-known jewel, having long been eclipsed by other regional destinations. Through Energizing Niagara's Wine Country Communities, the region signaled its readiness to leverage its assets for community revitalization.



ENERGIZING NIAGARA'S WINE COUNTRY COMMUNITIES, CONT. FROM P. 4

- Expand the market by appealing to a larger visitor base for whom wine and culinary tourism is a component of a broader travel experience — appeal to heritage and cultural tourists
- Create a series of signature developments across Niagara as the anchors and key destinations of a Wine Country experience
- Develop and improve the “urban” area of Wine Country communities as customer service nodes and the primary hubs of the system
- Integrate cultural, interpretive and educational attractions throughout that appeal to targeted visitors
- Enhance the travel experience by creating design standards for the Wine Route to enhance its visual quality and recognition as a unified destination
- Enhance visitor friendliness by developing a coordinated wayfinding system

To accomplish its mission, the study identified a variety of economic development opportunities to stimulate investment, including a number of community infrastructure improvements to enhance Wine Country as a recognizable place and destination. These components are interrelated and combine to create a long term vision and coordinated strategy for public and private sector investment and community enhancement through the implementation of four focused goals for Niagara Wine Country:

Goal 1: Creating a World Class Destination

Wines produced in Niagara are high quality and compete with the finest wines around the world. Consistent with the status and reputation of its wines, the region that Niagara Wine Country defines will be developed as a world-class destination. Niagara Wine Country will have a unique and distinguishable identity that defines it as a major destination. Capitalizing on the region's cultural, heritage and natural resources, experiencing Niagara's Wine Country will be distinct, diverse and memorable.

Goal 2: Enhancing Tourism and Economic Development

The application of sound community and economic development principles is central to a strategy of increasing commerce and economic activity in Wine

Country communities. Preserving Niagara's agricultural, landscape and natural resources, a strategy of revitalizing urban nodes will serve to stimulate private sector investment and supportive public sector improvements.

Goal 3: Encouraging Sustainable Development

The development of Niagara Wine Country provides the opportunity to assert emerging values concerning the well-being of our communities and the preservation of their resources. The enhancement of Wine Country communities should be undertaken to promote resource preservation and sustainability. Driven to enhance quality of life, development within Niagara's Wine Country should encourage broad community input and engage the public in important community growth issues.

Goal 4: Improving Access and Circulation

Creating a world-class destination requires developing a multi-modal circulation network that provides access to the attractions, features and services throughout Wine Country. Enhancing the urban and rural experience, the network developed will create a system of connected nodes that provide visitor destinations and orientation throughout Wine Country. The network will be intuitive for visitors and be easy to access, simple to understand and enjoyable to travel.

From a broad planning perspective, the plan links a series of points in a defined place to create a regional tourism destination. The economic development opportunities identified provide the stimulus for community revitalization throughout Wine Country and encourage new public/private sector partnerships. It established a model methodology and approach to integrating regional tourism planning and local community enhancement, drawing supports from several upper tier planning documents including the Province of Ontario's "Places to Grow" and "Ontario's Greenbelt" legislation, and Regional Niagara's Policy Plan, Business Plan, Sustainability Plan and Smart Growth Principles. The planning policies and zoning codes of each municipality were thoroughly reviewed and recommendations made to integrate the study into the local planning context in each Wine Country community.

The methodology for the study included:

- Market research to develop a visitor profile and identify opportunities to attract new visitors;

(continued on page 7)

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Todd Jackson, GIS Manager, City of Westerville, Ohio



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ENERGIZING NIAGARA'S WINE COUNTRY COMMUNITIES, CONT. FROM P. 5



Village Center before and after concept.



- Completion of an inventory of intrinsic resources and mapped to identify gaps in the supply of visitor services and amenities;
- Identification of opportunities for private sector investment across the region and in each Wine Country community;
- A physical inventory and analysis was completed to identify opportunities to enhance the travel experience and establish opportunities for new attractions;
- Enhancements to community character and create a unified Niagara Wine Country were identified and;
- A master plan was prepared to create an integrated system of connected places and experiences.

The fundamental intent of the study was to develop a vision for Niagara's Wine Country and a long-term strategy to enhance it as an international destination. The study achieves this by linking regional/local economic and investment opportunities with physical community improvements. Combining to provide a "blueprint" for the future, the study details several techniques to create a connected and visually unified Wine Country. Furthermore, the study promotes and identifies unique opportunities for public/private partnerships as a

means to stimulate investment and enhance community character.

The study integrates a diverse range of regional economic development opportunities with investment and enhancement initiatives at the community level. The result is a comprehensive strategy that will transform Niagara's Wine Country into an international destination while elevating the quality and character of the communities within it. Wine Country requires tourism investment that celebrates the diversity and intrinsic quality of the communities it embraces. It must offer visitors a true encounter with Wine Country and give them plenty of opportunities to purchase some of it to bring home with them.

Niagara Wine Country can exploit the conditions that already attract visitors to grow future tourism. In order to become ready to leverage heritage and cultural
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ENERGIZING NIAGARA'S WINE COUNTRY COMMUNITIES, CONT. FROM P. 7

tourism for economic development in Niagara Wine Country, the area should develop a strong tourism infrastructure throughout its breadth. The success of Niagara-on-the-Lake has already proven that upscale dining and accommodations in a quaint old town setting with a performing arts context is a winning combination. Further, the success of Jordan has proven that the model is transferable and that visitors will flock to areas that possess the main tourism attributes that typically attract the heritage and cultural tourist:

- Quality — A high quality physical, visual and personal experience, exclusive and engaging experiences, development at appropriate scale and intensity
- Authenticity — Personal contact with local people including farmers, wine-makers, arts and crafters, etc.
- Sustainability — Active involvement in protecting the quality and integrity of the area's unique historic, cultural and natural resources

To accommodate these tourists, Niagara Wine Country tourism infrastructure development should extend to the downtowns of Wine Country. By concentrating accommodations and tourism services, celebrating historic downtowns and the culture of the Niagara Region these communities also serve as centers for interpretation and information creating a starting point for Wine Country discovery from many points throughout the area.

The implementation of the plan is guided by a matrix outlining specific recommendations for each Wine Country community with implementing partners and estimated project costs. The recommendations range from immediate, low cost items to bigger-picture and long-term projects. A priority for each project was assigned — high, medium and low — guiding the

implementation timeline. In addition, potential funding sources were identified.

The plan has had significant impact on regional and local planning across Niagara. The Province of Ontario, through the Ministry of Tourism, is very supportive of the Plan and is a partner on the Implementation Team providing leadership on promotion and potential funding sources. The Regional Municipality of Niagara has accepted the Plan and is spearheading its implementation through the Niagara Economic Development Corporation. The Regional Engineering & Transportation Department is including implementation of the "Country Parkway" concept in the re-construction this summer of a 4.1 mile section of Regional Road 87 in Niagara-on-the-Lake. Accepted by the councils of the participating municipalities, local land use and zoning bylaws are being further analyzed and updated to integrate and encourage the opportunities identified in the study. In St. Catharines, the results of the study are being integrated into the preparation of a city-wide Urban Design Plan being undertaken by the Planning Services Department. In Grimsby, the results of the study are being integrated in the preparation of a downtown Community Improvement Plan being undertaken by the Planning Department.

Niagara Wine Country's unique intrinsic resources, distinct natural beauty and lively downtowns, in addition to its signature wine and culinary experiences, will build its identity as an international destination. In the future it will become a leading attraction in addition to those already drawing visitors from all over the world to Niagara Falls and Niagara-on-the-Lake. ■

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Student Research Highlight

Regional Networks: A Key to Economic Success?

by Shana R. Johnson

Economic development has traditionally been about influencing the factors of production at the local level. Quests to improve access to financial capital, increases in human capital, and other improvements in local resource endowments or in the number and diversity of local firms have been common staples in local economic development practice. In the recent years the importance of clusters of inter-related firms (Porter, 2000) and the availability of amenities that cater towards the highly educated “creative class” (Florida, 2002) have also been recognized as important components of local economic growth. However in the past several decades academic research in economic sociology, economic geography and other social sciences have shed light on another, intangible aspect influencing economic transaction: interpersonal networks. Networks comprise the backbone of innovative regions whose strengths lie in the *speed at which they can create and diffuse knowledge* (Eraydin, 2005).



The BioIndustry Association of Southern Arizona (BIO-SA) is one of two statewide industry clusters to thrive in Tuscon.

It is perhaps counter-intuitive that in an era of rapidly diminishing transportation costs and advanced information and telecommunications technology (ICT) that relationships and knowledge exchange among people remain key elements in the organization of the economy. Popular culture would have us believe that we live in a global society where distance is no longer an impediment to economic interaction. Notably Francis Craincross’ *Death of Distance* (2001) argued that the diffusion of advanced telecommunications technologies across the globe would lead to a “world club of traders” where geographic distance was no longer an inhibiting factor to trade, and thus that geography would cease to have any impact on the coordination of productive and consumptive forces. However, there is ample evidence

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Face to Face Interaction Builds Trust

Function	Advantage of F2F	Context
Communication technology	High frequency Rapid feedback Visual and body language cues	Non-codifiable information R&D Teaching
Trust and incentives in relationships	Detection of lying Co-presence a commitment of time	Meetings
Screening and socializing	Loss of anonymity Judging and being judged Acquisition of shared values	Professional groups Being in the ‘loop’
Rush and motivation	Performance as display	Presentations

Face-to-Face Contact, Reproduced from *Storper and Venables*, 2004, pp. 354.

REGIONAL NETWORKS, CONT. FROM P. 9

that the availability of advanced telecommunications technologies has not obviated the need for proximity between economic actors. While some activities can be now be more easily performed remotely there are many that cannot, particularly those that influence the rise of firm clustering (for example, shared business suppliers, knowledge spillovers), and are therefore highly embedded and require co-presence (Venables, 2001, pp. 1-2).

In aiding economic growth, networks serve two vital functions, first, they allow for *face to face interaction that builds trust and that trust then encourages information exchange, particularly in the form tacit knowledge.*

Face to Face Interaction Builds Trust

To create familiar, trustful relationships that can result in economic collaboration of information exchange requires a frequency of interaction. This interaction usually takes place in the form of face-to-face (F2F) collaboration. F2F has four defining attributes according to Storper and Venables (2004, pp. 351):

- it is an efficient communication technology;
- it can help solve incentive problems;
- it can facilitate socialization and learning; and
- it provides psychological motivation.

F2F has the advantage of allowing individuals to evaluate others intentions more clearly through their body language, and to allow individuals a chance to form trusted “in” groups of those whose performance can be trusted. The significant resources (time, money) that must be devoted to fostering F2F also create indicate commitment to a relationship and foster trust (Storper and Venables 2004). Granovetter (1986, pp. 490) argued that individuals settle for general market information when nothing better is available, but generally seek out their own information which they deem to be better when it comes from a trusted source with which one has had repeated interactions. The information source has an incentive to maintain trust and thus provide correct information because outside of “pure economic motives” there are also other social contexts

where trust is expected. While markets mechanisms such as the Internet and other advanced communications technologies may be effective at matching finished goods whose value is readily understandable, much of the economy is now dependent upon “experience goods” or goods whose value is not readily understandable and that necessitate trust and mutual understanding through long-term relationships to facilitate a successful match (Leamer and Storper, 2001).

Theory to Practice: Using Policy to Improve Your Region’s Networks

In economic development practice there has not been much explicit focus on how policy can be used to influence the networks that connect firms and people distributing knowledge and encouraging innovation. In my terminal paper for the Masters of Urban and Regional Planning program at Virginia Tech, *Tucson’s*

Clustered Connections, I explored the impact of Arizona’s widely heralded industry cluster policy in the Tucson, Arizona region on improving the development of networks and knowledge exchange in their emerging industry sectors of optics and bioindustry. This research included interviews with Tucson cluster organization members and local officials as well as expert national consultants who had worked on cluster-based economic development policy in Arizona.

Cluster policy as a whole has not been very successful. According to Asheim, Cooke, and Martin (2006), most cluster policies have been a

disappointment to policy makers in their inability to create new firms or improve the growth rate of existing firms. They find that it is difficult to gauge the impact of a typical cluster policy at the regional, cluster or firm-levels, and that “it is probably only at the very narrowest margin that the impact of typical cluster policy support for better networking, joint marketing or common purchasing initiatives can be measured, and then only at the level of firm performance aggregated up to cluster performance” (ibid, 2006, pp. 21).

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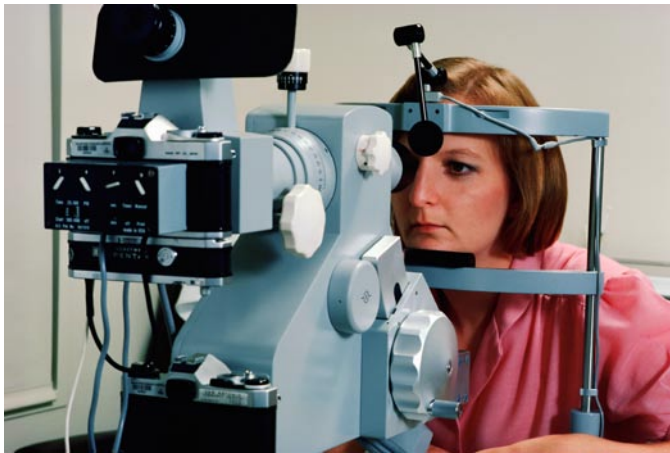
“The focus on the mechanics of economic development must now be complemented with another focus, where the guiding metaphor is the economy as relations, the economic process as conversation and coordination, the subjects of the process not as factors but as reflexive human actors, both individual and collective, and the nature of economic accumulation as not only material assets but as relational assets.”

REGIONAL NETWORKS, CONT. FROM P. 10

Today, two Tucson-based industry cluster groups, the Arizona Optics Industry Association (AOIA), and the BioIndustry Association of Southern Arizona (BIO-SA), are the only remnants of a once acclaimed statewide industry cluster development policy that once included 10 cluster groups across in Phoenix and Tucson and an extensive, multi-year cluster-based economic development planning process. Why were these two groups the only successful survivors of cluster-based economic development in Arizona?

AOIA and BIO-SA succeed due to the role in fulfilling an *unmet need for an associational format to connect firms in emerging industries.*

Optics and bioindustry in Tucson both originated from research activities at University of Arizona (Interviews D, E and F). Many of bioindustry firms in Tucson



Optics and bioindustry in Tucson both originated from research activities at University of Arizona. Many of bioindustry firms in Tucson are spinoffs from the University of Arizona, or spinoffs of spinoffs.

are spinoffs from the University of Arizona, or spinoffs of spinoffs (Interview E, 2007). While most of the bioindustry firms in Tucson remain very small, one early 1980s era-spinout from the university, Ventana Medical Systems, now has more than 600 employees and several offices outside of Tucson (Interview F, 2007). The optics industry was born in Tucson in 1942 out of the area's large number of telescopes and its traditional strengths as a center for astronomical study (Catts, 1999). The

University of Arizona's Optical Sciences College (OSC) was established in the 1960s at a time when there were very few people trained in the field of optics (College of Optical Sciences, n.d.). By the time AOIA and BIO-SA were founded in the 1990s each industry was at an emergent stage in the development in the Tucson region. These groups, particularly optics, are composed of firms that prior to the cluster policy didn't even realize that they were an industry in the Tucson region (Waits, 2000, Interview D, 2007, 2007). Composed primarily of small firms, AOIA, AMIT and BIO-SA have allowed for firms to develop working relationships that otherwise may not have occurred, by allowing firms to:

"Focus more their efforts on being successful as a company and not spend so much time trying to identify and tap in — for a small business trying to tap into the university, or Raytheon, or Fort Huachuca, or even making connections with other small businesses here, it is really tough, it is not an easy thing to do. Some of these working relationships develop over a period of years, they just don't happen over night" (Interview A, 2007).

"Essentially it connected people in a way that they hadn't been connected before, and they continue to move on" (Interview C, 2007).

AOIA and BIO-SA have fostered *relational assets* between firms that have increased economic opportunities and encouraged entrepreneurship.

Rosenfeld (2003, pp.1) argued that perhaps the most important advantage of clustering is that it has enhances the ability of firms to access informal information and knowledge sharing.

"Initially when we bring companies together in work groups, focus sessions, there is not a great deal of information exchange, but over time as the participants get to know each other and become more comfortable working with each other, they actually provide, and are open with the information. Initially, there isn't as much information sharing, but over time as people get to know each other they are much more open with information" (Interview A, 2007).

"The thing that is really driving this is being able to connect, to engage the small business community better connect them with everything that is going on here, in a way with the services, programs, and activities that will
(continued next page)

REGIONAL NETWORKS, CONT. FROM P. 11

help them be more successful, and grow their business” (Interview A, 2007).

Waits (2000) recounted how one AOIA member firm that invested \$50,000 in cluster activities believed it had gained more than \$700,000 in new business from the networking opportunities that AOIA made possible. As a result of the cluster’s activities the optics industry in Tucson has become branded internationally. AOIA members collaborate informally and formally, providing assistance for startups with their business plans or finding funding (Interview D, 2007), and they have worked together to win business contracts that otherwise they wouldn’t have been able to get individually (Waits, 2000).

Finally, the willingness of key *civic entrepreneurs* to give generously of their own time and effort to make cluster policy in Tucson work for small tech firms was also a key element in their success.

“Personalities are very important. These things don’t work unless you have leaders and one phrase that we have in our work is ‘no champions, no initiatives.’ You need champions, you need people who are willing to work hard to make these things happen” (Interview C, 2007).

Civic entrepreneurs are like entrepreneurs, but they act on a broader basis for the public good. Their personality and leadership style are very important in their ability to be effective (Interview C, 2007). The personalities of successful civic entrepreneurs can be described using Gladwell’s (2000) concept of “connectors” — that is those people that are at the top of a pyramid of social connections, those people that are connected to *everyone*. Connectors are not people who necessarily set out to know everyone, but that by virtue of their personality attract the acquaintance of many. They are those that are able to catalyze the interest or involvement of their acquaintances into their endeavors.

The leaders of Tucson’s cluster organizations have both personal and civic motivations for participating in the process. The early (1980s) generation of tech entrepreneurs in Tucson recognized a need for resources for tech startups, for informal forums where tech entrepreneurs can learn from each other, and for more information on the procedural aspects of business formation. Many of these entrepreneurs were natives or long-time residents of the region and cared deeply about



Phoenix-based technology startup MicroAge co-founder and then President **Alan Hald** assumed a pivotal leadership role in Arizona in the 1990s as a “civic entrepreneur” in the new economy space, in which he advocated for a new type of export-oriented knowledge industry-based growth in Arizona. In 1988 Hald and a group of other Phoenix area high tech entrepreneurs began meeting informally each weekend to study the issue of how to better grow the Arizona economy. In March 1990 Hald spent \$180,000 of his and his collaborator’s money to fund the initial in-depth economic assessment of Arizona’s clusters that jump-started Arizona’s cluster-based economic development policy.

Tucson’s optics entrepreneur **Bob Breault** took the lead in organizing the Arizona Optics Industry Association (AOIA) just as Arizona initiated its cluster-based economic development policy in 1992. Breault has traveled the world helping other optics cluster organizations start and promoting Tucson and its optics firm. Now, with a phone call to Breault and AOIA, an optics firm anywhere in the world can connect with new collaborators, suppliers or customers.



its future. They also realized that there are firm and personal dividends to being involved in a project that connects people and information (Interviews A, C, D, E, F). Whatever the plan or policy being implemented, it is clear that Tucson’s emerging sector cluster organizations have been successful because of the people involved. One interviewee summed this phenomenon up quite aptly: “You can center around institutions, but institutions in the end are really about people” (Interview C, 2007).

New Strategies for a Networked Economy

Tucson’s emerging sector cluster organizations have succeeded in developing networked clusters — but the creation of collective organizations isn’t always necessary or prudent. The optics and bioindustry sectors in Tucson benefited from the ability of Arizona’s cluster policy having inadvertently created an associational format at a time when each industry was emerging in the region. But, a cluster policy itself was only really valu-

(continued next page)

REGIONAL NETWORKS, CONT. FROM P. 12

able to the extent that there were civic entrepreneurs who thought it was important and individuals in business who wanted and needed to be connected.

Economic development should resist the temptation to follow fads and instead focus on responding to actual needs. To know what the actual needs are requires one to come to a true understanding of the economy's features, and that will require both quantitative and qualitative analysis (Mayer, 2003). Once a set of needs are identified the question then needs to be asked about what policy instruments best address them. The next challenge for economic development is to design strategies that can promote a community's *relational assets* as well as its physical ones. ■

Author's Note

This article is based on my terminal paper, Tucson's Clustered Connections, as a Master's of Urban and Regional Planning degree program at Virginia Polytechnic Institute and State University. To receive a copy of the entire paper please email shana.johnson@gmail.com.

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University Research and Local Economic Development

by Kent Hill, Ph.D., Research Professor, Department of Economics and Center for Competitiveness and Prosperity Research, Arizona State University

I appreciate the opportunity to summarize here for *News & Views* the findings of a longer paper¹ in which I reviewed studies that examine the extent to which university research in the United States promotes economic growth and development in the city or state in which the university is located. The primary focus of that paper was on economic impacts generated by the innovative outputs of university faculty. These impacts include the attraction of industrial laboratories to the local area, the start-up of new high-tech businesses, and any competitive advantages enjoyed by local businesses when their technology is advanced by university research. Because it is difficult to separate research from education, especially graduate education, contributions that research universities make to the local economy through their graduate programs also were considered. The paper did not specifically deal with economic impacts that derive from university spending.

1. Why Would University Research Have Local Economic Impacts?

Prior to WWII much university research in the United States was funded by state governments. In return, universities were expected to train students for employment in local industry and to help local firms solve industrial research problems. The local economic impacts of university research and graduate training were highly visible. After WWII, however, the federal government became the dominant source of university research funding, with goals that were national in scope and unrelated to the needs of local industry. Academic research also became less proprietary and conducted more in an open science format. Research findings were published in journals, presented at seminars, and available to anyone. Without formal ties between a university and local industry, it was not clear that any of the competitive advantages that derive from commercial application of university research would accrue locally.

There are two reasons why university research programs generate local economic benefits. First, some research findings, especially those that are revolutionary and have the potential to create new industries, are difficult to transfer to industry without frequent face-to-

face contact between university and industrial scientists. Research findings that can be codified, and expressed through formulas or text, can be made available to anyone anywhere. There is no compelling reason for this kind of knowledge to be commercially developed close to the original source. But in many cases of scientific discoveries with revolutionary commercial potential, including integrated circuits, recombinant DNA, and nanotechnology, knowledge is tacit and difficult to communicate without personal interaction. If the pioneering scientist has a university appointment that he wishes to maintain, he will serve as a fixed factor determining the location of new firms entering the market to develop the technology.

The period during which discovering scientists play a major role in transferring new knowledge to industry may only last 10-15 years. Eventually, scientific findings become codified and can be learned by graduate students at any major research university. But once an industry has been established in a given location, agglomeration economies associated with the rise of specialized suppliers or markets for specialized labor may serve to lock in an industry's location. In this way, the initial geographic residences of path-breaking researchers have a long-term effect on industry location.

Research universities also generate local economic impacts through their graduate programs. Availability of scientific labor is an important concern for managers of industrial laboratories, and they may choose to site a lab in an area if local universities can provide a steady supply of highly qualified science and engineering graduates. Because of a variety of local attachments people develop while in school, young professionals often prefer to remain in the vicinity of their graduate school, especially if that school is located in a large urban area.

2. Evidence of Local Impacts

Evidence of local economic impacts from university research comes from a variety of sources: case studies of local industries born from the ideas of university scientists, university records of income earned and new businesses formed from university research findings, and

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econometric evidence identifying a statistical association between the level of economic activity in an area and the presence of a research university. The evidence shows conclusively that university research programs have local economic impacts. The largest impacts are found for specific industries known to depend heavily on new scientific findings and in cities that are home to universities with faculty that are leading contributors to new scientific areas. Studies that look systematically across many research universities, multiple urban areas and all industries in the economy generally find that university research has effects that are discernible, but modest in size.

Biotechnology offers a recent example of an important new industry built directly on basic scientific research in which commercial firms have close ties to university-based scientists. Studies have found a strong geographic correspondence between the locations of university scientists who made early contributions to gene sequencing and the locations of commercial biotech firms. Biotech firms that have had the most financial success are those that maintain close working relationships with university scientists. Many of these relationships are local, but not all of them. While geographic proximity between university scientists and biotech firms has been important, other factors, such as those related to agglomeration, have also played an important role in the siting of firms.

One way in which university research is thought to affect the local economy is by stimulating corporate research activity. Industry labs directly promote local economic development by providing high-paying jobs for scientists and technical workers. They may also generate competitive advantages for local producers who make use of the innovations coming out of the labs. Several econometric studies have found a positive statistical association between the level of university research expenditures in an area and both corporate innovative activity, as measured by patents and counts of product innovations, and corporate R&D expenditures.

3. Conditioning Factors

Two universities with research programs that are similar in scale and quality may have very different local economic impacts. MIT and Harvard University have had huge documented effects on the Boston area economy. However, Johns Hopkins University, which is routinely among the largest recipients of federal government research funds, has failed to stimulate significant high-tech production in the Baltimore area. High research activity is not a sufficient condition for a

university to have large impacts on jobs and incomes in the local economy. Certain complementary factors may need to be present if a university is to significantly affect the local economy.

High quality research and graduate programs

Universities with the greatest local economic impacts are generally those with high quality research programs. The most compelling reason for technology-based firms to locate near universities is to facilitate tacit knowledge transfer from faculty who are on the leading edge of scientific breakthroughs. It is only these star researchers who have the power to determine firm location. University scientists with a national reputation are more likely to be able to attract venture capital, management, and the technical workers necessary to start new companies. In addition, while studies show that availability of science and engineering workers is an important factor in the location of industrial research laboratories, R&D managers are particular about the institutions they hire from and view only the best graduate programs as an attracting factor.

Agglomeration and research networks

Agglomeration economies are known to be an important factor in the production of knowledge. Spatial concentration of research activity promotes the development of markets for specialized suppliers of materials, testing equipment, and even legal services. Agglomeration also helps to support informal channels of knowledge transfer. University research will be more productive and more likely to influence local economic activity if it takes place in an area with an existing concentration of corporate research activity and high-tech production. Studies of the biotech industry, for example, have found that university faculty who collaborate with industry in commercial ventures are more likely to do so with local area firms if the industry has a significant local presence. Otherwise, faculty involvement will be long-distance.

One study of the Cleveland area found that technology developed in local universities did not generate local jobs and incomes but instead was quickly diffused to Japan, California, and Texas. The authors attributed this partly to the fact that the Cleveland economy lacks the local research networks necessary to develop university technologies. The authors measured the extent of local research networks by tracing the direct and indirect citations of university patents and calculating the tendency for subsequent innovations to be localized. Metropolitan areas with the strongest local R&D

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UNIVERSITY RESEARCH AND LOCAL ECONOMIC DEVELOPMENT, CONT. FROM P. 15

networks are San Francisco, New York, Boston, and Los Angeles. Areas with much weaker networks are Washington-Baltimore, Philadelphia, Chicago, Detroit, and Cleveland.

Large metropolitan areas

Apart from the size of particular industries, the general size of an urban area affects the scale and productivity of local research. Cities with 1 to 4 million people produce twice as many patents per capita as do cities with a population less than 250,000. New product innovations are introduced disproportionately by firms in large metro areas. Studies also show city size to be a more important siting variable for high-tech companies than low taxes or low wages.

One reason for these findings may be that large urban areas better promote knowledge spillovers between different industries. Also, city size is thought to be an important locational consideration for science and engineering workers. Large urban areas offer amenities that professional workers value, and they make it easier for spouses to find employment.

University policy

University culture and policies can have important effects on the extent to which faculty engage in and develop commercially relevant research. In an attempt to raise what are generally considered to be disappointing financial returns from resources used to promote technology transfer, more universities are making use of equity arrangements when licensing university inventions. Many university-owned patents fail to generate significant income because faculty do not take the time to develop their ideas and concepts into a commercially viable product. When faculty have a financial interest in the performance of the firm that licenses their research, they are more likely to assist the firm in product development. Licensing firms believe that university equity

positions confer a kind of halo effect that helps them secure venture capital funding. Data analysis indeed shows that universities that are permitted to take an equity position in companies that license their research have 70 percent more start-ups than universities who cannot.

4. Potential for Large Local Impacts from Arizona State University?

With the above findings as a backdrop, I evaluated Arizona State University (ASU) and the Phoenix metropolitan area in terms of factors that enhance the local economic impact of university research. The potential for local impacts from ASU's research and graduate programs is greatly aided by the fact that ASU is located in a major metropolitan area with a climate and other natural amenities that mobile inventors and professional workers find attractive. Phoenix also rates highly in many measures related to engineering, including a large local electronics industry and a number of highly rated engineering departments at ASU. Compared to other major metro areas, however, Phoenix has relatively little life science research activity. This is partly attributable to the fact that Arizona's medical school is located in Tucson.

State law currently forbids ASU from taking equity positions in firms who license university-owned patents. This serves as a barrier to university-related economic development since recent studies suggest that equity arrangements increase the likelihood of commercial success in university innovations. Also working against ASU is that there is very little venture capital financing in Arizona. This constraint on new business formation can be mitigated, however, if ASU acquires faculty and builds programs with national reputations. ■

Footnote

¹ Hill K. "University Research and Local Economic Development," Center for Competitiveness and Prosperity Research, W.P. Carey School of Business, Arizona State University, August 2006. Available online at <http://www.asu.edu/president/p3/Reports/univResearch.pdf>.



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NEWS & VIEWS

September 15, 2008

Upcoming Vote

Members of the Economic Development Division will be asked to vote on two items in August 2008: 1) an amendment to the bylaws permitting the creation of Sections (see Editors Column); and 2) the creation of a Resorts and Tourism Section of the Division. The proposed bylaws change is presented below and is submitted by the Secretary-Treasurer as provided by a recommendation of the Executive Committee and a unanimous vote of members (more than 10) attending the Annual Meeting. The creation of the Resorts and Tourism Section reflects compliance with the provisions of Article 4.0 of the amended bylaws. If the vote on the bylaws amendment fails, so does the creation of a Resorts and Tourism Section regardless of the vote on that item.

Proposed Bylaws Amendment

Amended sections appear in red. The current bylaws were adopted in March, 2004.

Article 1.0 General

1.1 Name

The name of the division is the Economic Development Division of the American Planning Association.

1.2 Purpose

The purpose of the Division is to advance the practice and state of the art of economic development planning by:

- A. Increasing the understanding of economic development as a key element of public policy formulation at all levels of government;
- B. Promoting economic development as a critical element of neighborhood, community, regional, and national planning process;
- C. Disseminating materials and information about current economic development practice and theory to members of the Division;
- D. Assisting the American Planning Association (APA) in positively influencing economic development policy;
- E. Facilitating a liaison with other divisions, chapters, and institutes within APA and with other professional associations contributing to economic development processes; and
- F. Promoting professional communication among members of the Division through a variety of member services, including but not limited to newsletters, conference sessions, workshops and other publications.

1.3 Procedures

Parliamentary procedure shall be governed by Robert's Rules of Order.

Article 2.0 Membership

2.1 Eligibility

Those interested in the Division may join upon payment of dues. Membership is open to individuals, agencies, firms, and institutions with special interests in economic development. Those Division members who are not members of APA shall be known as Division Affiliates. The Board may assess an additional service fee to be charged to Affiliates.

2.2 Termination

Membership will be terminated upon failure to pay division dues.

Article 3.0 Officers

3.1 Election

The officers of the Division shall be a Chairperson, Chairperson-elect, and a Secretary-Treasurer. The terms of offices shall be for two years. Elections will be held at such time as to facilitate the commencement of new terms for officers at the APA National Planning Conference. Division Affiliates will not be eligible to hold elected office.

3.2 Chairperson

The Chairperson shall preside at all Division meetings, prepare an annual program and budget for approval by the Executive Committee, establish and appoint committees and a newsletter editor, oversee such Division activities as policy, finance, publications, research, public relations, and contacts with related organizations,

(continued next page)

UPCOMING VOTE, CONT. FROM P. 18

serve on the Divisions Council of APA, and make other delegations and decisions as necessary to carry out the mission of the Division. The Chairperson is further responsible for complying with requirements of the APA Corporate Bylaws.

3.3 Chairperson-Elect

The Chairperson-Elect assists the Chairperson, coordinates committee activities and serves as policy committee chair. In the absence or resignation of the Chairperson, the Chairperson-elect assumes those duties. Upon completion of the term of office, the Chairperson-Elect becomes the Chairperson.

3.4 Secretary-Treasurer

The Secretary-Treasurer shall maintain a Division membership list, prepare minutes of the Executive Committee meetings, submit proposed Bylaws to the membership, receive and disburse Division funds, maintain complete financial records which can be audited, prepare an annual budget and financial statement, and assure that all required reports and filings are made in a timely fashion to APA.

3.5 Succession

The Chairperson-Elect succeeds the Chairperson. If vacancies occur, all other positions are filled by the Executive Committee.

3.6 Election of Officers

A Nominating Committee consisting of three or more Division members shall be appointed by the Chairperson. The Chairperson may not serve on the Nominating Committee. At least one person shall be nominated for each office. Additional candidates may be nominated by petition signed by at least ten percent (10%) of Division membership or twenty (20) members, whichever is less. Members of the Nominating Committee shall not be eligible candidates for office. Elections shall be conducted by the Nominating Committee on the following schedule: Nominations by November 1; Division membership notified by December 1; Ballots, including petition candidates, mailed by February 1; Ballots received by the Nominating Committee by March 1. Voting shall be by mail and/or electronic ballot. Election results are based on a plurality of the valid ballots received.

Article 4.0 Sections

4.1 Purpose

Sections will address specific sub-topics or issues within

the field of economic development planning.

4.2 Formation

A Section will be formed upon the membership's approval of an Executive Committee recommendation. A majority of the valid ballots cast is required for approval.

4.3 Provisions

Section interests will be clearly represented on the division website, in the division newsletter, and reflected in the content of educational programming developed by the division.

4.4 Representation

Each Section will be represented by a voting member of the Executive Committee. Section Representatives may stand for election as officers and may serve on committees.

Article 5.0 Committees

5.1 Executive Committee

5.11 Composition — The Executive Committee shall consist of a Chairperson, a Chairperson-Elect, a Secretary-Treasurer, a Newsletter Editorial Advisor, a National Conference Program Chairperson, a representative from each Section and the immediate past-Chair.

5.12 Duties — The Executive Committee shall manage the affairs of the Division, adopt an annual program and budget, and authorize expenditures consistent with the budget.

5.13 Meetings — Meetings of the Executive Committee shall be called by the Chairperson or by a majority of the committee members. A majority of the Executive Committee shall constitute a quorum. Meetings may be held in person or via other communications media.

5.2 Other Committees

5.21 Policy Committee — A Policy Committee may be appointed by the Chair to advise the Executive Committee on policy positions, development responses to policy matters, and assist the APA on legislative and policy efforts. The Chairperson-Elect shall serve as Chairperson of the Policy Committee.

5.22 Program Committee — The Chair may appoint a Program Committee to advise the Executive Committee about various Division programs including,

(continued next page)

UPCOMING VOTE, CONT. FROM P. 19

but not limited to, National Conference sessions, workshops, and meetings in conjunction with other divisions or chapters.

Article 6.0 Member Services

The Chairperson shall prepare and present an annual work program of membership services for review and adoption by the Executive Committee. The programming of member's services may include but shall not be limited to the following: business meeting, newsletter, conference programs, workshops, technical sessions, list serve notifications, and coordinating the Division's program with other units of APA.

Article 7.0 Finance

7.1 Dues

Dues shall be established by the Executive Committee, and must be adopted by a majority of the Executive Committee. Dues are collected by National APA.

7.2 Budget

The Chair shall prepare or cause to be prepared an annual budget the term of which shall coincide with the APA budgetary year of October 1 through September 30. A proposed budget shall be prepared for review and approval by the Executive Committee at the annual business meeting held at the preceding National APA conference.

7.3 Reporting

The Chair shall prepare or cause to be prepared a financial report for the most recent fiscal year and first two quarters of the current fiscal year to be presented to the Executive Committee at the annual business meeting. Depending upon the timing of the National APA conference and business meeting, the financial statement for the first two quarter report to the Executive Committee may contain estimates. This information shall be in a form and content necessary for submittal to the Divisions Council in a manner consistent with the "Division Performance Review Process". The report shall include the identification of all sources of income as well as expenditures. A copy of this report will be made available to the Divisions Staff Liaison and the Division membership.

7.4 Other Revenues

Subject to approval by the Executive Committee and by National APA, the Division may accept contributions,

donations, and grants. The Executive Committee may establish fees for publications and services to be offered to non-members, or for special services to members.

7.5 Contracts

Divisions may not enter into agreements for contracts with organizations outside of APA without prior knowledge of, and review by, National APA.

7.6 Staff

Retention of Staff shall not occur without approval of the Executive Director of the American Planning Association.

Article 8.0 Publications

8.1 Newsletter

A newsletter or comparable publication shall be distributed to members of the Division at regular intervals. National APA will assist with printing and mailing all Divisions publications.

8.2 Identification

Division publications shall be identified with their full name as "a Division of the American Planning Association" and with uniform logotype of the Association.

8.3 Filing with the National APA

At least one copy of each publication or report shall be filed with National APA.

Article 9.0 Policy

No member shall represent the Division or APA on matters of policy without first obtaining the approval of the Executive Committee and National APA.

Article 10.0 Amendments

Bylaws may be amended by a plurality of valid ballots received. Mail or electronic ballots shall be used. The Secretary submits to the membership all proposed amendments, as recommended by the Executive Committee, or by a petition signed by at least ten Division members. A copy of the proposed Bylaws or amendments shall be filed with National APA for review, before publication or adoption. Adopted Bylaws shall also be filed with National APA. ■

Calendar of Upcoming Events

August 7-8, 2008

Economic Development Training: Real Estate Development and Reuse
International Economic Development Council
Monterey, CA
www.iedconline.org/?p=Training_Real_Estate_CA

August 18-19, 2008

Workshop: Basic Real Estate Fundamentals
Urban Land Institute
Boston, MA
www.uli.org/AM/Template.cfm?Section=Home&CONTENTID=128518&TEMPLATE=/CM/ContentDisplay.cfm

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August 26-27, 2008

Economic Development Training: Business Retention and Expansion
International Economic Development Council
Oklahoma City, OK
www.iedconline.org/?p=Training_BRE_OK

September 9-11, 2008

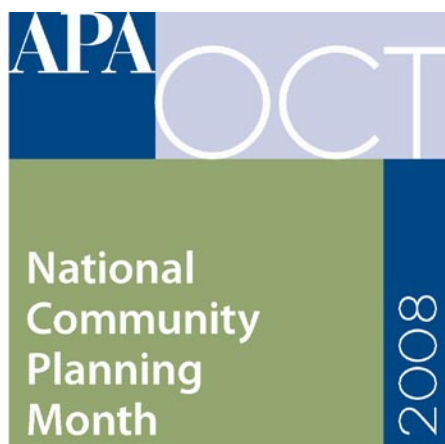
Cityscape USA 2008
APA Co-sponsored Conference
New York, NY
www.cityscape-usa.com

September 15-16, 2008

Conference: Place Making — Town Center, Urban Village, Mixed-Use
Urban Land Institute
Denver, CO
www.uli.org/AM/Template.cfm?Section=Events_Registration&Template=/Conference/ConferenceDescription.cfm&ConferenceID=3750

September 15-16, 2008

RetailGreen Conference & Trade Exposition
International Council of Shopping Centers
Addison, TX
www.icsc.org/apps/meeting_display.php?meeting=2008RGC



Celebrate the achievements of planning this October during **National Community Planning Month**.

Each year APA, its members, chapters, divisions, and professional institute sponsor National Community Planning Month to raise the visibility of the important role of planners and planning in communities across the U.S.

Planners address both the existing and future needs of a community. This year's theme, **Green Communities**, recognizes the role planners have in helping ensure our communities are environmentally-friendly and sustainable.

For more information, see <http://planning.org/ncpm/index.htm>.

