

Structuring Local Economic Development Organizations

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Why Economic Development?

- Increase employment opportunities for residents
 - Attraction
 - Growth
 - Retention
- Increase the tax base investment – real and personal property
 - Relieve the burden of government for locals
- Increase consumer spending
- Wealth creation



Common Strategic Approaches to Economic Development

- New primary employer attraction
- Retention & expansion of established employers
- Small business/entrepreneurship
- Workforce development

The roles of the LEDO depends upon the organization and community

Analyst

Catalyst

Convener

Advocate

Educator

Visionary

Facilitator

Gap Filler

Types of Organizations

EDOs may not fall neatly into one category

- State/local/federal government
- Public-Private not-for-profits
- Chambers of commerce
- Port Authorities
- Utility companies
- Regional marketing/planning organizations
- Development/redevelopment organizations
- Colleges/universities



Public LEDOs

Established in variety of ways:

- Independent agencies
- Local government departments
 - Municipal
 - County
- Part of one or more local departments
- Part of mayor's office



Advantages of Public LEDOs

Direct access to sources of public funding

- TIF zones and access to those funds
 - Through redevelopment commissions
- Business incentives (tax abatement)
 - Through city/town councils
- Ownership of land/right of way
- Zoning/regulatory powers
- Ability to construct and operate public facilities
- Direct access to planning, zoning, public works resources, infrastructure



Disadvantages of Public Sector LEDOs

- Offer direct political influence
- Can have policies and personnel changed after elections
- Work with municipal debt limitations and salary ranges
- May have restrictions on financial incentives for private sector
- Public Access to Information



Private/Non-profit LEDOs

- Organized according to By-laws
- Authority lies within a Board of Directors
- Regulated by IRS Code/State non-profit laws
 - 501-c-3 – charitable organization/grant eligible
 - 501-c-4 – usually has major lobbying effort
 - 501-c-6 – usually blended membership with charitable purpose



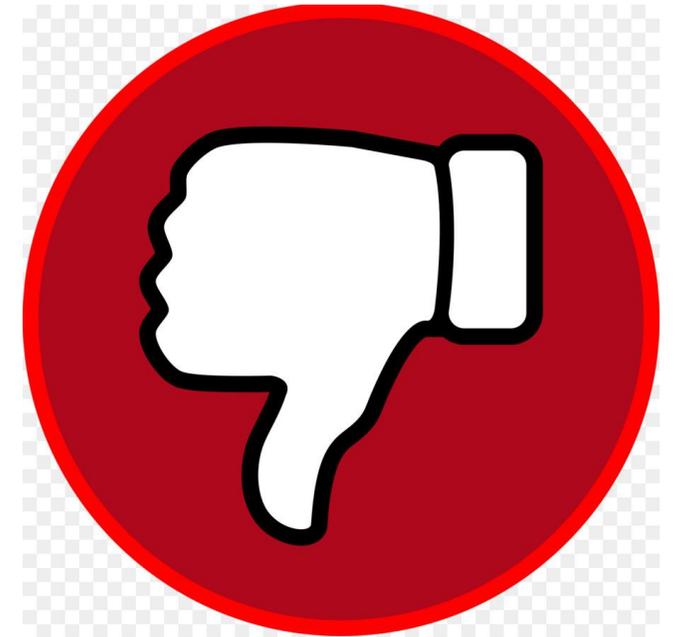
Advantages of Private/Non-profit LEDOs

- Not directly affiliated with politics/politicians
 - *Get “right people” on the Board*
- Organized to make decisions quickly
- Serve as intermediary to help private clients work with government
- Able to perform functions and activities in public interest without rules and regulations of government



Disadvantages of Private/Non-profit EDOs

- Lack political power
- May struggle for public support
- Must spend time on resource development
 - *If you're raising money, you are taking time away from doing economic development*



The LEDO Board of Directors

- Roles
- Size
- Types
- Policies



Board Roles

- Helping create and approving strategy
- Developing policy
- Overseeing the finances
- Finding the EDO's financial resources
- Promoting community relations
- Participating in issues such as personnel



Board of Directors -- Dynamics

Does size matter?

- Is there a perfect size?
- Where is the power? Executive committee vs. full board of directors

Does the board:

- Take hands-on approach?
- Another zoo club?
- If you want to change it, organize the work, not the people; consider your role in education of board . . . and yourself

EDO Board Policies

- Audits
- Conflict of interest statement
- Confidentiality statement
- Position papers
- Staff reviews
- Ethics policy
- Succession plan



EDO Staff

Quality of the organization is contingent upon the quality of the staff.

Staff must:

- Be able to make judgment decisions
- Understand laws, regulations and procedures
- Be familiar with the needs of businesses, politicians, community residents and government employees
- Be good communicators
- Be pro-active



Typical Indiana ED Organization

- \$200-300K Budget
- 40K or less Population Jurisdiction
- Attraction & Retention
- 1-2 Employees
- 11-15 Person LEDO Board
- 10-14 Years Experience of CEO
- 2-4 Years CEO in Current Position





