



SEWARD ECONOMIC DEVELOPMENT ASSESSMENT

Prepared for the City of Seward

May 2010



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Executive Summary

To fulfill its contract with the City of Seward, the Seward Chamber of Commerce engaged the TIP Strategies, Inc. (TIP) and the University of Alaska Center for Economic Development (UACED) to perform an assessment of Seward's economic development capabilities. The assessment was accomplished through (1) an analysis of economic and demographic data, (2) an online survey of Seward residents and business owners/managers, and (3) a site visit and interviews with various representatives from the Chamber, the City, and the local business community. The purpose of the assessment is to evaluate Seward's current economic development assets, processes, coordination, and expertise.

Key Assessment Findings

- The data analysis reveals some trends in relation to population, business formation, and employment that should be of concern to the community. Population growth and new business formation in Seward has been flat in recent years. The number of retail establishments has even declined over the past 10 years. In addition, some of the jobs in Seward with the oldest worker profiles are in key professions such as registered nurses, teachers, and general managers.
- Twenty percent of the 58 business owners responding to the online survey indicate they plan to move or discontinue their business in 1-2 years. A high frequency of business respondents noted difficulty dealing with the City, unfriendly business climate, and difficulty dealing with the Harbor as reasons they planned to move or close their operations. Forty-two percent of businesses would not choose to start their business in Seward today.
- Resident respondents were most likely to favor economic development policies and strategies that enhance the quality of life and provide better job opportunities. Business respondents were more likely to favor economic development policies and strategies that reduce regulation, increase the amount of land available, and increase support of local businesses.
- It is the view of the consulting team that the Seward Chamber of Commerce is an effective economic development organization given its staffing levels and resources. This view was generally supported by business representatives interviewed as part of the assessment.
- The team encountered no major impediments presented by City departments or staff to opening or operating a business in Seward. Suggestions for improving the responsiveness and customer friendliness to businesses included more consistent code enforcement across departments; better IT systems integration across departments; the creation of a simple guide for leasing City property; and the development of a single flow chart illustrating the permitting, licensing, and development process for City staff and businesses.
- Business representatives interviewed reported new City leadership and staff in recent years has resulted in improved customer friendliness. Still, business owners expressed considerable frustration that City leadership does not "hear" the concerns of the business community. There is also a perception among businesses that City leadership lacks a private sector mentality.
- Many business representatives questioned the commitment of City government to expanding private sector investment in Seward and diversifying the tax base. Many fear the prevalence of public sector investments in the City is shrinking the private sector tax base, which results in higher taxes and fees on existing businesses and their customers.

- Business representatives advocated for an ongoing forum between City leaders and the business community held outside of the City offices to discuss these concerns.
- It is not clear from either the City or Chamber websites the appropriate process for new investment prospects to initiate a business location inquiry. The City and Chamber should establish a formal protocol for prospect assistance, which is then clearly described online and in printed literature.

Recommendations

- The most important contributing factor to a successful economic development program is the involvement and support of the existing business community. As a consequence, the City and Chamber should involve the business community the community's economic development activities, including business retention, expansion, and recruitment.
- The City and Chamber must jointly commit to more aggressively retaining, expanding, and attracting private investment. This likely will involve greater resources dedicated to economic development. It is the view of the consulting team that the Chamber is the proper organization to lead Seward's economic development efforts. However, before any resources are spent, a community-wide economic development strategic plan should be developed and put in place to guide resource allocation.
- The community should organize economic development teams consisting of public officials, City and Chamber staff, and business representatives. These teams would be assembled for hosting new investment prospects and calling on outside companies.
- The City should explore ways for offering an expedited permitting process for qualified new, expanding, or relocating businesses. Such a process would commit the City to streamlining and simplifying governmental permitting processes where possible.
- The City of Seward and the Seward Chamber of Commerce should collaborate to expand the community's business retention and expansion program.

About the Consulting Team

TIP Strategies, Inc. (TIP) is a privately held Austin-based business and economic development consulting firm committed to providing quality solutions for both public and private-sector clients.

Established in 1995, the firm's areas of practice include economic development consulting, strategic planning, site selection, economic impact analysis, regional economic development, target industry analysis, cluster analysis, technology audit, transit-oriented development, workforce analysis, feasibility studies, market analysis, and redevelopment analysis and planning.

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The **University of Alaska Center for Economic Development** (UACED) is one of 52 University Centers designated by the U.S. Department of Commerce, Economic Development Administration. In this role, UACED leverages the resources of the university system to support economic development in Alaska, providing technical assistance in the form of information, data, and know-how in evaluating, shaping, and implementing specific projects and programs that promote economic development across the state.

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About the Economic Development Assessment

To fulfill its contract to the City of Seward, the Seward Chamber of Commerce engaged the TIP Strategies, Inc. (TIP) and the University of Alaska Center for Economic Development (UACED) to perform an assessment of Seward's economic development capabilities. As part of the assessment, the consulting team evaluated Seward's current economic development assets, processes, coordination, and expertise. In addition, the team conducted a general assessment of the commitment to economic development among the local partners, including the Chamber, the City of Seward, local businesses, and other community organizations. The Chamber and the City will use the assessment as a basis for approaching how the community of Seward can better accomplish its economic development goals.

Approach

The assessment utilizes three approaches to gathering input and analysis. First, an analysis of various economic and demographic indicators provides a brief snapshot of Seward's economic strengths and weaknesses, revealing recent trends for indicators such as population, employment, and business creation. Second, the team administered an online survey of Seward residents and business owners/managers. The survey gauged perceptions regarding challenges and opportunities for living, working, and operating a business in Seward. Four groups were targeted and contrasted: 1) business owners, 2) general Seward residents, 3) senior citizens, and 4) high school seniors. Third, team members conducted a site visit and met with various representatives from the Chamber, the City, and the local business community to assess local economic development priorities, responsiveness, opportunities, challenges, and capabilities.

What We Learned

TIP Strategies and UACED performed both quantitative and qualitative analyses as part of the economic development assessment. First, the team conducted an analysis of economic indicators for Seward. In addition, UACED carried out an online survey targeting Seward business owners, general residents, senior citizens, and high school seniors. The survey was designed to assess perceptions regarding challenges and opportunities for living, working, and operating a business in Seward. Finally, team members from TIP and UACED travelled to Seward to interview public officials and local business owners regarding economic development issues and opportunities. The section below summarizes key findings from each analytical component.

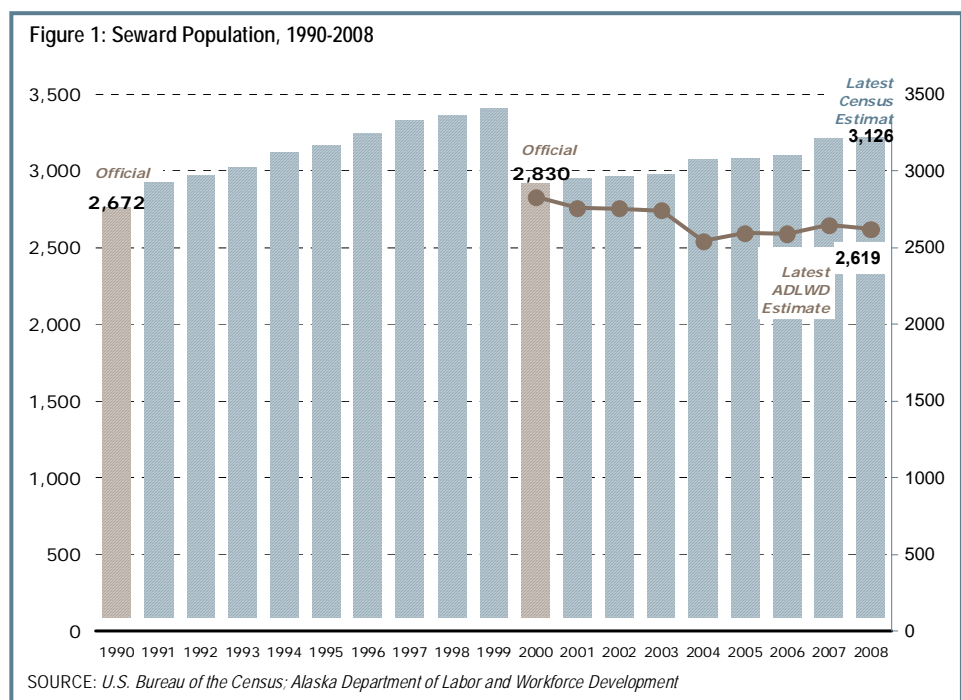
Economic Trends

TIP analyzed various economic and demographic indicators for Seward to form a brief snapshot of the community's economic strengths and weaknesses. While not comprehensive, the analysis does shed some light on recent trends for indicators such as population, employment, and business creation.

Population

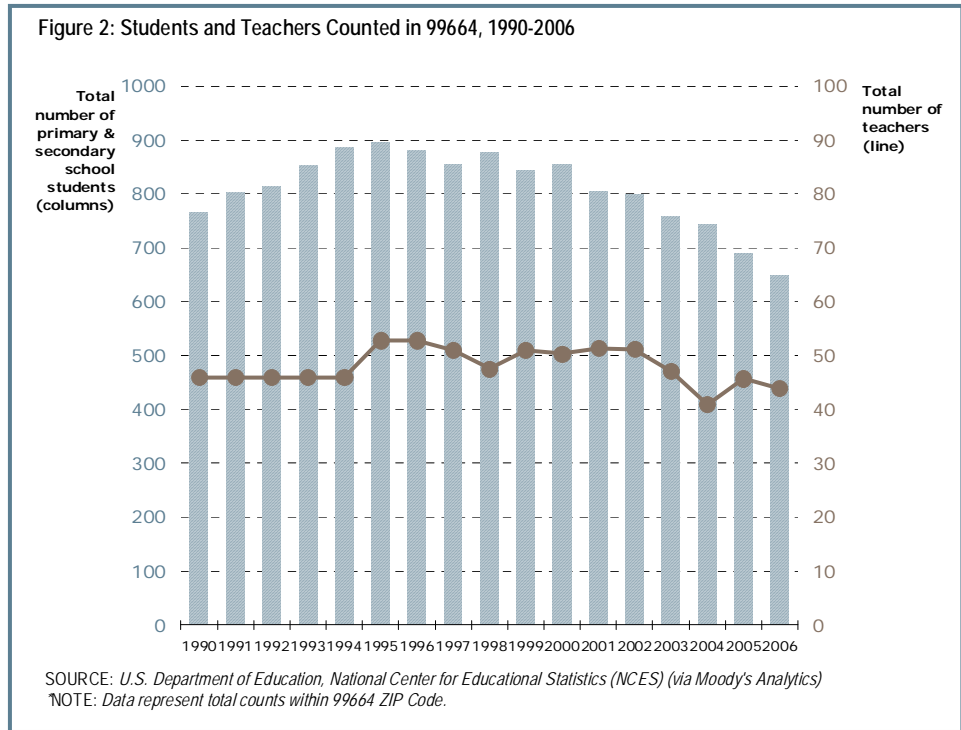
Figure 1 below illustrates Seward's population growth between 1990 and 2008. It includes official U.S. Census Bureau counts (brown bars), intercensal estimates (blue bars), and Alaska Department of Labor and Workforce estimates (brown line). The graph shows the Census Bureau significantly overestimated Seward's population growth in the 1990s. By 1999, the Census Bureau estimated Seward had 3,315 residents. However, the actual Census count in 2000 revealed only 2,813 residents. Consequently, Census Bureau estimates since 2000 have been less aggressive. The latest population estimate for mid-year 2008 is just over 3,100, giving Seward an overall population increase of about 10 percent since 2000.

While the U.S. Census Bureau has tempered its post-2000 population growth estimates for Seward, the Alaska Department of Labor and Workforce Development (ADLWD) has been even less optimistic. **ADLWD estimates show Seward's population declining from 2,830 in 2000 to 2,619 in 2008. If correct, these estimates mean Seward's current population is about the same or less than it was at the time of the 1990 Census, nearly 20 years ago.**



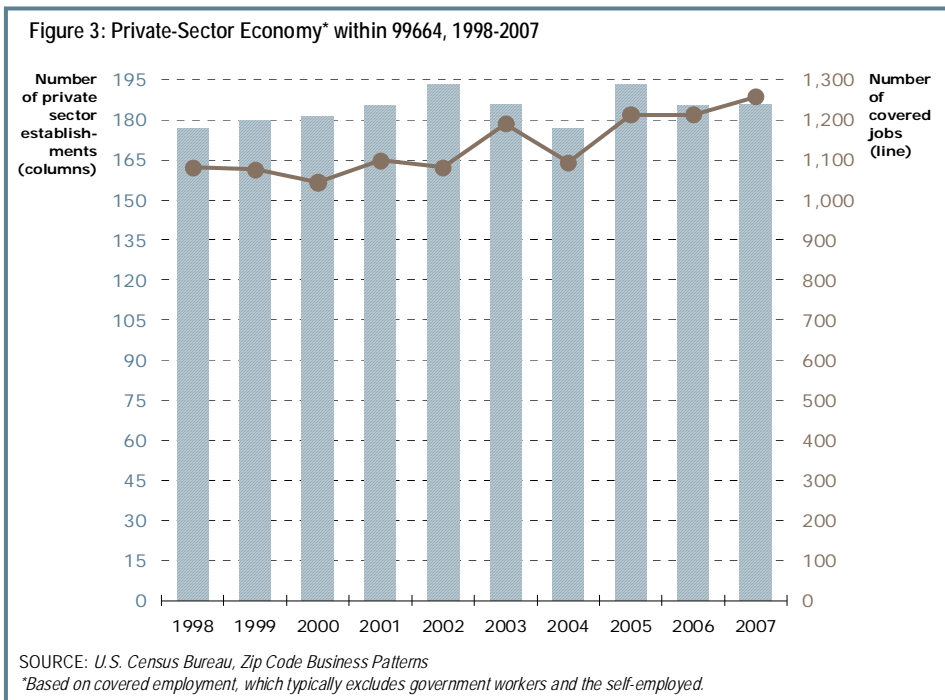
Student enrollment data are also accurate indicators of overall population trends. Data collected by the US Department of Education's statistical unit counting all U.S. schoolteachers and students by Zip code indicate an enrollment pattern consistent with ADLWD population estimates.

According to Figure 2, between 1995 and 2000 the number of primary and secondary school students in the 99664 Zip code peaks and then begins leveling off. From 2001 to 2006, the number of students steadily declines. In fact, **Seward's student population fell from a high of 896 in 1995 to a 17-year low of 649 in 2006.** Reflecting the overall decline in student enrollment, the number of local teachers also remained flat or declined since 1996.



Economy

As shown in Figure 3, **between 1998 and 2007 net business formation in Seward remained relatively flat.** During this period, the private-sector economy within Zip code 99664 added just nine new business



establishments. However, private sector employment gained almost 200 new jobs. This means the average number of workers employed at Seward businesses increased over the period. In 1998, local businesses employed an average of 6.1 workers. By 2007, this figure had risen to 6.8 workers.

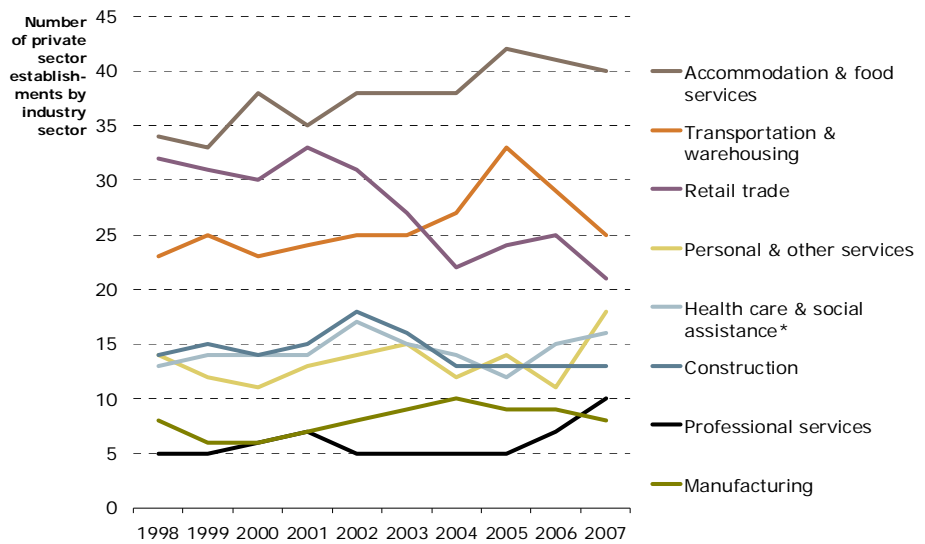
In addition, the total private-sector payroll (unadjusted for inflation) nearly doubled from \$27.2 million in 1998 to \$50.6 million in 2007.

Figure 4 below displays the number of private sector establishments in zip code 99664 by industry sector. Accommodation & food services is the largest category of business establishments in Seward. As of 2007, 40 businesses operating in this sector had a 99664 address.

A decade ago, retail establishments rivaled motels, restaurants, and bars for the most important sector of the local economy, but over the past 10 years, the number of retail outlets

has declined from 32 to 21. Retail trade now ranks third in the number of local establishments behind transportation & warehousing. The number of transportation & warehousing businesses spiked between 2003 and 2005, but fell sharply in 2006 and 2007. The sectors registering establishment growth in the last two years of available data include healthcare, personal services, and professional services.

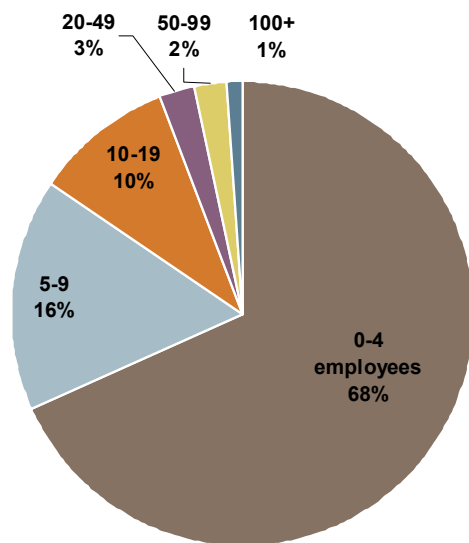
Figure 4: Private-Sector Business Establishments within 99664, 1998-2007



SOURCE: U.S. Census Bureau, Zip Code Business Patterns
*Includes medical practitioner offices

Figure 5 illustrates the relatively small size of most businesses in Seward. Two of every three businesses (68 percent) have fewer than five employees. Just 6 percent of the business establishments employ 20 or more workers.

Figure 5: Size of Business Establishments within 99664, 2007



Size category	Number of businesses
0-4 employees	127
5-9	30
10-19	18
20-49	5
50-99	4
100+	2
All establishments	186

SOURCE: US Bureau of the Census, Zip Code Business Patterns 2007 (latest available)

The composition of the local workforce by age is also an important economic development consideration. If workers in key occupations are older, will there be enough new workers to replace them? Do the jobs currently filled by younger workers offer the potential for further professional and technical development?

Figure 6 indicates some of the jobs in Seward with the oldest worker profiles are in key professions such as registered nurses, teachers, and general managers. More than two-thirds of Seward's workers in these three occupations are over the age of 45. For managers, this age profile is intuitive since this is an occupation that a worker advances into over time. The age profile for teachers and registered nurses, however, should include a higher percentage of younger workers. Having such a large percentage of teachers and nurses over the age of 45 represents a red flag for potential future labor shortages in key occupations.

Figure 6: Occupational Composition* of Seward's Workforce by Age

Occupations	Number	Age Breakout:	Under 45 (%)	45 or older (%)
Janitors & Cleaners	11		18	82
▶ Teachers & Instructors, All Other	25		20	80
▶ Registered Nurses	17		29	71
▶ Managers, All Other	10		30	70
▶ General & Operations Managers	16		31	69
Retail Salespersons	24		38	63
Healthcare Support Workers, All Other	13		38	62
Correctional Officers & Jailers	50		40	60
Customer Service Representatives	14		43	57
Bookkeeping, Accounting, & Auditing Clerks	25		44	56
Teacher Assistants	11		45	55
Office & Administrative Support Workers	24		46	54
Office Clerks, General	17		47	53
Personal & Home Care Aides	10		50	50
Meat, Poultry, & Fish Cutters & Trimmers	12		50	50
Executive Secretaries & Admin Assts	17		53	47
Hotel, Motel, & Resort Desk Clerks	18		56	44
Captains, Mates, & Pilots of Water Vessels	25		56	44
Maintenance & Repair Workers, General	10		60	40
Electricians	10		60	40
Bartenders	13		62	38
Laborers & Freight, Stock, & Material Movers	21		62	38
Cashiers	43		63	37
Food Preparation Workers	19		68	32
Waiters & Waitresses	29		72	28
Sailors & Marine Oilers	22		73	27
Cooks, Restaurant	17		76	24
Dishwashers	10		80	20
Maids & Housekeeping Cleaners	11		82	18
Construction Laborers	14		86	14

SOURCE: Alaska Department of Labor and Workforce Development

*includes the 30 occupations in Seward that employ at least 10 workers

Survey Results

UACED administered an online survey of Seward residents and business owners/managers through Zoomerang between February 20 and March 28, 2010. The survey was intended to assess perceptions regarding challenges and opportunities for living, working, and operating a business in Seward. The survey targeted and contrasted the following four groups: 1) business owners, 2) general Seward residents, 3) senior citizens, and 4) high school seniors. Questions were designed to gauge business owners' perceptions on issues of workforce, land and property, services provided to businesses, and operating a business in Seward. Questions also were designed for residents to assess purchasing habits, identify potential businesses opportunities, and gather perceptions of Seward's strengths and limitations.

The Seward Chamber of Commerce communicated the opportunity to participate in the survey through multiple ads in the *Seward City News*, announcements at Chamber meetings, through the weekly Chamber newsletter, and direct communication with the high school and senior center.

Of the 110 surveys completed, input was received from the following: business owners (58), residents (19), senior citizens (12), and 2010 high school seniors (21).

Business Survey Summary

Key findings of the business owners/managers survey are highlighted below:

- Most respondents are small businesses with three or fewer employees. About one-third have lived in Seward 25 years or more. Almost 50 percent of respondents have been in business 7-24 years; 21 percent have been in business 25 years or more years.
- Businesses responding represent a minimum of 295 jobs in Seward.
- About one-third of businesses expect revenue to decrease this year; 41 percent expect it to stay the same; and 25 percent expect revenue to increase.
- Business respondents indicate that regulatory practices, economic issues, and lack of a well-trained labor force have a negative effect on businesses in Seward. One-fifth plan to move or discontinue their business in 1-2 years; half of these noted difficulty obtaining permits to operate or expand. A high frequency of respondents noted difficulty dealing with the City, unfriendly business climate, and difficulty dealing with the Harbor as reasons they planned to move or close their operations (see box).
- When asked about hiring issues, 46 percent of respondents expressed difficulty finding skilled employees. Twenty-nine percent reported difficulty hiring laborers, managers, and part-time employees, respectively. Thirty-eight percent of the businesses hire employees 18 years or younger.

If you are planning to move or close your business, which of the following influenced your decision? Please check all that apply:

Insufficient customer base	2
Competition from other businesses	2
Inability to find employees with technical or work skills to meet your business needs	1
Inability to find sufficient space to expand	1
Difficulty in obtaining permits to operate or expand your business	5
Retiring	0
Other	5

- About two-thirds of respondents indicated lack of satisfaction with the City Council (elected); 66 percent reported a lack of satisfaction with the City of Seward (Administration). Approximately three-quarters of business respondents were satisfied or very satisfied with the Seward Chamber and 70 percent were satisfied with the Alaska Vocational Technical Center (AVTEC).
- Respondents were asked to rate Seward as a place to do business. Over 50 percent rated Seward weak or somewhat weak in the following areas: access to affordable financing, affordable utilities, affordable housing, simplified permitting and local regulations, active downtown core and land use planning. Business respondents indicated that quality of life (e.g., cleanliness, safety, and recreational opportunities) has positive effects on Seward as a place to do business. Over 50 percent rated Seward's quality of life as somewhat strong or very strong.
- Business respondents suggested increased collaboration with other businesses for marketing Seward as a tourist destination, making a case for state support, and encouraging development of a downtown core.
- Increasing awareness of resources available to local businesses and better responsiveness to Seward business concerns by City staff and the Council were the most important items for improving Seward as a place to do business.
- Forty-two percent of businesses would not choose to start their business in Seward today.
- The top sources of information used by businesses include the *Seward City News*, the Seward Chamber of Commerce website, and the City of Seward website.

Resident Survey Summary

Key findings of the survey of Seward residents are highlighted below. Differences between general resident, senior citizens, and high school seniors are noted where applicable.

- The majority of resident respondents have lived in Seward more than four years. Almost a quarter of both general residents and senior citizens have lived in Seward 25 or more years. Fifty-seven percent of high school seniors have lived in Seward more than 15 years.
- Survey respondents indicated the following were the most important items in defining the character of Seward: locally owned businesses, outdoor recreational opportunities, and community events.
- All residents make the majority of their purchases outside of Seward. Products most frequently purchased outside of Seward by senior citizens include clothing, home furnishings, and appliances. High school seniors are most likely to purchase clothing, electronics and computers outside of Seward. General residents are more likely to purchase electronics, computers, home furnishings, and appliances. Non-high school respondents reported purchasing most groceries outside of Seward.
- Survey respondents purchase a majority of fishing supplies, auto parts and services, and hardware and lumber locally. Respondents also patronize local restaurants.
- When asked what most influenced respondents' purchases made outside of Seward, product pricing was the reason given by all. Availability and selection were the second most influential reason given.
- All resident respondents rated Seward as a place to raise children as "very good," a place to retire as "good", a place to work as "good" and safety of residents as "very good."

- Respondents were asked to rate their level of agreement with statements describing Seward as “strongly agree,” “agree,” “neutral,” “disagree,” or “strongly disagree.” All residents agree that Seward is a clean city, has good air and water quality, and has accessible health care. All respondents “strongly agree” that Seward has a sense of community. None of those responding agree that living in Seward is affordable.
- All respondents use the *Seward City News* as their major source for community issues, services, and programs.

Economic Development Implications from Surveys

Respondents perceive significant barriers to economic development in Seward: regulations, permitting, and a lack of focus and support for economic development by government. Residents perceive governmental attitudes and lack of coordinated economic development activities as further barriers to economic development.

Resident respondents were most likely to favor economic development policies and strategies that enhance the quality of life and provide better job opportunities. Business respondents were more likely to favor economic development policies and strategies that reduce regulation, increase the amount of land available, and increase support of local businesses. An important – but often overlooked – and effective aspect of economic development is assisting existing small businesses to succeed and making the business climate friendly to expansion.

Site Visits and Interviews

Representatives from TIP and UACED traveled to Seward on February 17-18, 2010, to conduct a site visit and meet with various representatives from the Chamber, the City, and the local business community. The consulting team toured the community and visited each of Seward's primary economic development sites and assets. In addition, the team met individually with Chamber staff as well as various City leaders and departments to assess local economic development priorities, responsiveness, and capabilities. Finally, the team spoke with representatives of the local business community individually and in a focus group format to discuss the primary challenges and strengths to doing business in Seward. A summary of the team's key findings is presented below.

Chamber of Commerce

It is the view of the consulting team that the Seward Chamber of Commerce is an effective economic development organization given its staffing levels and resources. The Chamber is led and staffed by an experienced and capable team. The three main areas of focus for the Chamber include membership services and development; visitor and tourism promotion; and business retention, expansion, and attraction activities. The executive director is knowledgeable about the issues affecting Seward's business community as well as the practice of economic development. Nearly every business representative expressed the view that the Chamber is a strong advocate for local business issues and effectively markets Seward to visitors and businesses with the resources at its disposal.

City of Seward

In order to assess the economic development views, capabilities, and responsiveness of the City of Seward the consulting team interviewed the mayor, city manager, and several department managers and staff, including the electric utility, city clerk's office, fire chief, building and engineering, harbor master, and community development department. A summary of the key findings is presented below.

- Overall, the consulting team encountered no major impediments presented by City departments or staff to opening or operating a business in Seward. Each person interviewed seemed professional and open to helping businesses succeed in Seward.

- Some managers reported a lack of consistent enforcement of codes and regulations across departments. This has been attributed to departments being located in different facilities and some codes not being aligned. One suggestion is for the City to develop a single flow chart illustrating the permitting, licensing, and development process for City staff and businesses.
- Improvements and upgrades to the City's information technology system would help in faster processing of licenses and tax forms. The clerk's office does have a program that would speed up the process; however, they report not having the staff time needed to implement it. It was also suggested that an IT system better integrated across departments would improve the process.
- The weekly meeting of department managers to discuss projects is seen as a valuable tool for staying on top of developments that impact multiple departments.
- It was reported both inside and outside the City that the process for leasing City property and space, including boat slips, is confusing and takes too long. One suggestion is for the City to produce a simple guide to leasing property.

Business Interviews

The consulting team interviewed a number of local businesses individually and in a focus group format. Below is a summary of the key findings.

- Many businesses reported that, historically, the City of Seward has not been business friendly. However, in recent years new leadership and staff resulted in improved customer friendliness.
- Considerable frustration was expressed that City leadership does not "hear" the concerns of the business community. There is a perception that City leadership lacks a private sector mentality.
- Many questioned the commitment of City government to expanding private sector investment in Seward and diversifying the tax base. They point to the fact that most of City's large economic development assets and significant investment involves the public sector, resulting in a declining private tax base. Because Seward is relatively land-locked, less land is available for private ownership and development. Many fear this is not a sustainable model for long-term economic vitality in Seward.
- The shrinking private tax base has resulted in higher taxes and fees on existing businesses and their customers.
- Several commented that the City actually competes with the private sector and cited examples of the boat harbor, the Seward Marine Industrial Complex, and the Seward Resort. The City should evaluate privatizing its primary economic development assets where it can.
- There needs to be an ongoing forum between City leaders and the business community held outside of the City offices. The positives aspects about living and working in Seward are too great that the local economy should suffer due to a lack of direct communication between the City and businesses.

Web Profile

Websites for the City of Seward and the Seward Chamber of Commerce are both professional, attractive sites. However, each is lacking key components critical for prospective investors and site selectors. The adjacent text box provides information on fundamental pieces economic development websites should include. For example, the City and Chamber websites should link to a downloadable and printable community profile containing standard information site selectors require. Information on the business and investment climate in Seward should also be offered in a more downloadable and printable format. The sites also lack lists or links to available buildings/properties and key economic development assets. The Anchorage Economic Development Corporation's (AEDC) Anchorage Prospector site does list commercial, retail, and industrial sites/buildings for sale or lease in Seward; however, neither the Chamber nor the City provide a link to the site.

Moreover, it is not clear from either the City or Chamber site the appropriate process for prospects to initiate a business location inquiry. For instance, the Chamber site identifies the Community Development Department as "a great first stop for any business seeking to relocate to Seward." However, the City site encourages businesses to "utilize the Seward Chamber of Commerce to help initiate business opportunities in the city." The City and Chamber should establish a formal protocol for prospect assistance, which is then clearly described online and in printed literature.

Printed Materials

The Seward Chamber of Commerce produces an attractive packet of brochures for visitors and tourists. A brochure is also included describing economic development and business assets such as Seward Marine Industrial Center, the port, and the Seward Small Boat Harbor. However, the packet lacks a community profile or basic information regarding business climate. Such pieces should be developed for the Chamber Website and included in the printed packet.

Economic Development Websites

Surveys of site selectors and corporate real estate professionals suggest the most important source of primary information in the site selection process is an economic development website. This is especially true during the first stage of the site selection process, when site selectors are far more likely to utilize an economic development organization's website than contact the organization by phone. Consequently, many communities are eliminated from the site selection process without ever being contacted. A comprehensive and professional economic development website is, therefore, the most critical marketing tool for communities and economic development organizations. Economic development websites should include the following basic features:

- **Community profile.** This section should contain information on area demographics. Community profiles also often highlight primary quality of place assets, such as school district descriptions and basic statistics, higher education institutions description and location, arts and entertainment facilities, and any other amenities.
- **Business climate.** This section should contain information on the area's workforce, major employers, target industry profiles, tax rates, utility providers and rates (if available), transportation access, and available incentives.
- **News.** The news section should contain announcements of any new initiatives of the economic development organization, as well as any events or happenings in the community that have economic development implications.

Additional sources of information for prospects include a list of available buildings and sites in the region and maps indicating where major economic development assets are located.

Recommendations

Based on the information gathered during the assessment, the consulting team is prepared to make the following recommendations as to how Seward can more effectively accomplish its economic development goals.

Involve the Existing Business Community

Perhaps the most important contributing factor to a successful economic development program is the involvement and support of the existing business community. The best led and funded programs will not succeed over the long term if local businesses do not actively participate and contribute to economic development efforts. This involvement includes fundraising, participating in business roundtables, meeting with other local businesses, hosting new investment prospects, and attending prospect call trips to other cities.

There are obvious reasons for involving local businesses. First, the core element of any economic development program is business retention and expansion (BRE). Taking care of existing businesses should always be the priority. If those businesses do not perceive any value from, or have trust in local BRE efforts, they are less prone to support other economic development activities such as workforce development, marketing, and business recruitment. They are also less likely to be anchored in the community and more likely to relocate.

In terms of attracting new employers, existing businesses are in a position to make the strongest case for investing in Seward. It is one thing to hear from public officials why Seward is the best place to invest and prosper, it is quite another to hear it from business leaders who are actually there. Moreover, involving local businesses in recruitment and attraction activities will demonstrate to prospects that the City and business community are partners. This, in turn, will enhance their confidence in investment climate of Seward.

Recommit to Expanding the Private Sector Economic Base

As mentioned above, several Seward business people questioned the commitment of City government to expanding private sector investment in Seward. They point to the fact that most of city's large economic development assets and significant investments involve the public sector. This has resulted in a declining private tax base and thus a heavier direct and indirect tax burden on existing businesses. Because Seward is relatively land-locked, less land is available for private ownership and development. Many fear that this is not a sustainable model for long-term economic vitality in Seward.

To address this trend, the City and Chamber must jointly commit to more aggressively retaining, expanding, and attracting private investment. This likely will involve greater resources dedicated to economic development. It is the view of the consulting team that the Chamber is the proper organization to lead Seward's economic development efforts. However, before any resources are spent, a community-wide economic development strategic plan should be developed and put in place to guide how resource allocation.

Organize Economic Development Teams

A key step in positioning Seward for attracting new investment is organizing local leaders and experts to host and call on new investment prospects. Business attraction is a highly competitive pursuit, especially in the current economic environment. Having a well-prepared and enthusiastic team of local leaders and business representatives able to make the case why Seward is the best destination for new or expanded private investment is a standard and effective business attraction strategy.

Hosting Prospects

In setting up the itinerary for the site visit, TIP requested a first meeting with Seward's prospect visit team. A prospect visit team serves as community representatives for hosting new location prospects and usually consists of important public, economic development, and business officials. TIP's reason for requesting an initial meeting with such a team in Seward was to simulate the sales pitch and information a team generally provides to an investment prospect. However, TIP was informed that a formal prospect visit team does not exist in Seward.

The consulting team recommends that the City and Chamber assemble a prospect visit team consisting of Chamber staff, elected and appointed City officials, and representatives of the business community. The purpose of a prospect visit team is to have a pre-assembled group of community representatives who can provide comprehensive answers to a prospect's questions regarding why Seward is the best location for their business.

Calling on Prospects

In addition to hosting prospects, the community should regularly organize a team of public, Chamber, and business leaders to call on outside companies – including those who already have a presence in Seward or are prospects for new investment. The purpose of a call team is to express gratitude for an existing presence or to educate new prospects about the advantages Seward has to offer. Such a team would not be the same as the prospect visit team. The composition of the call team can be rotated, but should always include existing business representatives in the mixture. They are a community's best ambassadors for new investment.

A group of Seward officials and businesses already travels to Seattle to visit with large companies doing business in Seward. This practice should be continued and expanded to call upon prospective businesses as well.

Offer Expedited Permitting

The City of Seward should explore adopting an expedited permitting process for qualified new, expanding, or relocating businesses. Such a process would commit the City to streamlining and simplifying governmental permitting processes where possible. Such an incentive offers a business-friendly environment allowing companies to locate and expand in the community rapidly and efficiently.

- **Develop a baseline.** A comparison of Seward's development review and permitting process with peer and competitor communities is an important first step. If no such baseline comparison already exists, then

Prospect Visit Team

Essential to a successful site visit by new location prospects is a planned, thorough presentation by key community representatives. Hastily assembling a site team will not allow the community to present its best case for attracting new employers and investment. In order to be successful, a prospect visit team must be selected and prepared well before a site visit is scheduled. In assembling a team, the following areas should be covered:

- financing
- training
- education
- sites and buildings
- utilities
- labor
- local government
- taxation
- quality of life

Representatives from these areas could include local business leaders, economic development and/or chamber executives, educational leaders, elected officials, appointed officials (city manager, fire and police chief, service director, water and wastewater operators), and local utility managers.

the City should begin tracking the review time for different categories of permitting (i.e., residential/commercial and infill/greenfield development). At the same time, the Chamber should gather information from the benchmarks and begin comparing this data with Seward's.

- **Establish a "One-Stop Shop."** Many communities have benefited from a single location for permitting and development review. Instead of having various departments (from the fire marshal to the public works director) at various locations, a single stop helps expedite development and reduces bureaucracy, creating a more business friendly environment. In Seward a one-stop should would require a reorganization of staff and facilities.
- **Set clear standards and follow them.** Developers require a level of certainty. To help achieve this goal, the City of Seward should ensure that current policies and codes are logical, clearly written, and enforceable.
- **Craft a development-related incentive policy.** To encourage innovative and responsible development, the City of Seward should establish specific criteria regarding design standards, employment and wage targets, and other community goals that would trigger incentives for desirable projects. Examples of incentives would include a streamlined or "fast-track" review and approval process, waivers or reduction of the project's development-related fees, or in some cases, tax abatements or credits.

Expand Business Retention and Expansion Program

The City of Seward and the Seward Chamber of Commerce should collaborate to expand the community's business retention and expansion program.

Successful, stable businesses form the foundation of a community's economy. When existing businesses thrive, so does the community. The U.S. Chamber of Commerce estimates that 40 percent to 80 percent of all new jobs are created by existing firms. Prosperous, competitive businesses are more likely to remain and expand in the community and, thus, provide the best opportunity to expand a community's tax base. Yet, existing firms can also pose the greatest economic threat to a community, should they close or relocate. Thus, a formal business retention and expansion (BRE) strategy should lie at the heart of any economic development program. Indeed, surveys of economic development organizations across the United States rank BRE as the number one economic development activity.

A BRE program can identify the concerns and barriers to survival and growth that local businesses face, particularly during difficult times. A formal BRE program also demonstrates support for existing firms. Such support is crucial, as established businesses often get overlooked in a community's enthusiasm to recruit new headline-generating businesses. Yet, keeping existing companies happy and successful can help with business attraction, as firms considering moving will often talk to existing firms in the community. Below are common BRE activities the Chamber and City should consider adopting if not already in practice.

- Develop and maintain a comprehensive inventory of existing businesses and available properties. Use publicly available business records, such as tax records, utility hookups, and ownership transfers as good sources of information to maintain an up-to-date inventory of existing businesses and available property.
- Call on existing businesses – including all major employers – to gauge the ability and needs of local businesses to operate successfully and possibly expand in the community.

- Consider including City, Chamber, business, and elected officials in visits to existing businesses.
- Host regular business roundtables to give local businesses the opportunity to meet face-to-face with economic and community development staff and to stimulate discussion.
- Establish incentive policies (such as fast-track permitting) that can apply to the expansion of existing businesses and are not directed solely at the recruitment of new industries.
- Raise awareness of available technical and financial assistance programs, including workforce development and incentive opportunities.
- Consider establishing a formal internship/apprenticeship program to aid in the transfer of vocational students to entry-level positions among existing local employers and/or targeted sectors. The presence of AVTECH in Seward should provide a wealth of talent to fill apprenticeship positions.
- Ensure that adequate networking opportunities for local business owners exist. This should include the opportunity to discuss issues on a topical basis (e.g., workforce, supplier networks, and local taxes and fees).
- Conduct a regular employer survey as a means for keeping in touch with local businesses and documenting specific needs or concerns. Conduct personal interviews for key regional employers.
- Review development regulations, ordinances, and approval processes to ensure that the City is responsive to the small business community.
- Create a small business ombudsman position to serve as the primary point of contact for new and small businesses in the area, as well as to act as a liaison between the business community and relevant government departments and commissions.
- Work with the financial community and other economic development groups to improve access to capital, a critical factor in small business and entrepreneurial development.
- Promote existing small business programs and services. This includes working with area small business development centers and other relevant organizations to ensure that they market their services to local businesses and entrepreneurial ventures.
- Develop a "rapid response" strategy for dealing with potential layoffs or closures.