



**BRIEFING PAPER ON ESTABLISHING A NEW
ECONOMIC DEVELOPMENT ENTITY
CITY OF DALLAS**

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TIP STRATEGIES, INC., is a privately held economic development consulting firm with offices in Austin and Seattle. TIP is committed to providing quality solutions for public sector and private sector clients. Established in 1995, the firm's primary focus is economic development strategic planning.

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INTRODUCTION

BACKGROUND

One of the overarching goals of the draft Economic Development Strategic Action Plan (EDSP) completed in 2019 was the creation of a new, independent organization to lead the City of Dallas's business attraction and marketing, business retention and expansion, and entrepreneurial and small business development efforts. The EDSP argued Dallas needs a new structure outside of City government dedicated to more aggressively promoting Dallas's competitive strengths, assets, and advantages and to generating new investment and jobs in the City, especially in underserved and underdeveloped areas.

After the plan's completion, TIP Strategies was hired by the City of Dallas to facilitate a review of the draft plan and to work with specific stakeholder groups to identify priorities that would inform next steps for implementation. This review included gathering input on the draft plan from Dallas City councilmembers, a community review panel, and a policy advisory committee through interviews, listening sessions, and an online survey. Stakeholders were excited about creating a new economic development entity and saw an important role for a new entity in Dallas's economic development landscape. Indeed, creating a new economic development entity was the highest priority item in the online survey and was frequently mentioned during interviews.

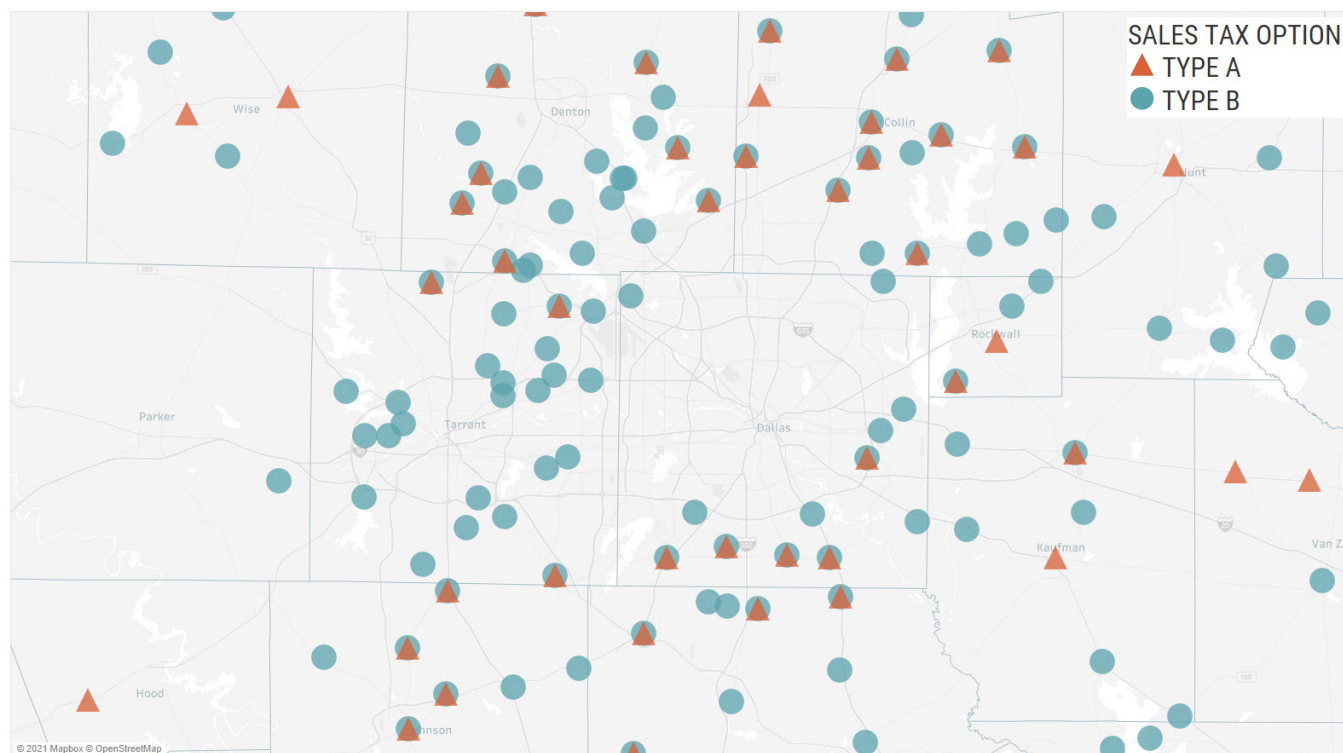
The City of Dallas further engaged TIP Strategies to assist with the implementation of that recommendation. Specifically, the TIP consulting team was charged with benchmarking other regional, state, and national peers to identify potential models that could work in Dallas. These models include legal structure, governance, functions, funding, and staffing. This research informed a formal set of recommendations submitted to the Dallas City Council for consideration, which this briefing document lays out.

WHY A NEW ENTITY IS NEEDED

The competition for investment, jobs, and talent in the DFW Metroplex and the larger North Texas region is fierce. As shown in Figure 1 below, in North Texas there are dozens of communities that have established Type A or Type B (or both) local option sales tax corporations to lead their economic development efforts. Such sales tax corporations enable many of these communities to offer generous financial incentives in the form of land, buildings, and cash grants. In addition, cities in the Metroplex that do not have economic development sales tax corporations (e.g., Fort Worth, Irving, Arlington, Plano, and Richardson) have well-funded economic development organizations that compete at the highest levels.

The City of Dallas's economic development program is capably led by the Office of Economic Development (OED). The department is organized around four key functional areas: area development; business development; business and workforce inclusion; and finance, compliance, and administration. Within the business development area, the OED employs two staff members focused on business recruitment and retention, prospect support, business outreach, and related research and analysis. The City does limited marketing and outreach, generally in partnership with the Dallas Regional Chamber or the Texas Economic Development Corporation. While both are first-rate economic development organizations, the DRC is a regional organization that serves the interests of multiple community members in the Dallas region, and TxEDC supports the entire state. City leaders have expressed a desire for Dallas to have an independent economic development organization focused solely on showcasing Dallas's assets and catalyzing new development, especially in southern Dallas.

FIGURE 1. ECONOMIC DEVELOPMENT SALES AND USE TAX ELECTIVES IN NORTH TEXAS, AS OF MARCH 2021



Source: Texas Comptroller of Accounts; TIP Strategies, Inc.

Among the perceived advantages of an independent entity is the ability to insulate economic development activities from day-to-day politics, including the competing—and sometimes divergent—priorities of the City’s 14 individual Council Districts. Forming a separate entity would also help mitigate the impact of leadership changes and create an environment that allows a nimbler, market-paced response to investment opportunities. The entity would coordinate closely with the City while remaining outside of the constraints of governmental bureaucracy. Additional advantages of an independent economic development entity include:

- ▶ More speed and efficiency in responding to business development opportunities.
- ▶ The ability to move at the speed of the market for real estate transactions.
- ▶ Greater access to private sector networks, industry knowledge, and resources.
- ▶ Added potential to engage the development community on such issues as social equity, workforce, and housing.
- ▶ More operational flexibility and autonomy on issues of financial planning and budgeting, human resource management, information technology, purchasing, and procurement.

BENCHMARKING

TIP examined cities and organizations at the regional, state, and national levels to identify how Dallas’s peers and competitors are organized and structured to pursue their economic development goals. We looked at 15 cities and categorized each type of entity, geographic focus, governance, staffing levels, funding source, revenue, and primary functions. A matrix containing information for each city/organization is displayed in Appendix A.

Major economic development entities within the DFW Metroplex that TIP benchmarked include a mix of chambers of commerce (Fort Worth, Irving-Las Colinas, and Richardson), Type A and Type B sales tax corporations (Frisco and McKinney), and a city department (Plano). The chamber organizations have contracts with their cities to provide economic development services. At the state level, Houston and San Antonio are served by 501(c)(6) non-profit organizations (Greater Houston Partnership and the San Antonio Economic Development Foundation, respectively) that are funded primarily by memberships. Like Dallas, the City of Austin operates a City economic development department and invests in a regional economic development initiative led by the Austin Chamber. However, in 2020 the City of Austin established a new, independent Austin Economic Development Corporation (AEDC) that will serve as a public real estate developer on behalf of the City. AEDC was formed as a local government corporation (LGC) under Texas law.

At the national level, most large cities structure their economic development programs as a family of entities that serve different purposes and roles. Often there is a large lead agency that operates outside of city government. Such entities include New York City Economic Development Corporation (NYCEDC), the Philadelphia Industrial Development Corporation (PIDC), the Baltimore Development Corporation (BDC), World Business Chicago (WBC), Los Angeles Economic Development Corporation (LAEDC), and Invest Atlanta. All these entities, except for Invest Atlanta, are independent nonprofit organizations with strong governance ties to their city governments, but they also receive private funding. Invest Atlanta is a local government authority that was established by state legislation in Georgia but is currently in the process of seeking non-profit status.

The consulting team conducted a more thorough analysis of Invest Atlanta to identify some of the key reasons for the organization's long track record of success. This included an interview with Invest Atlanta's CEO, Dr. Eloisa Klementich. Below are some key takeaways from the interview with Dr. Klementich. The full case study on Invest Atlanta is provided in Appendix B.

- ▶ Invest Atlanta began with a single focus and steadily added competencies over the decades, which allowed the organization to grow organically and with enough time to fully understand their needs and seamlessly integrate change.
- ▶ The decision to structure Invest Atlanta as an independent government authority has enabled them to recruit top talent, since it is not part of City government.
- ▶ Braiding economic, community, and workforce development under one roof allows funds to be used synergistically and reduces spending on redundant services.
- ▶ Keeping decision making power within Invest Atlanta for development projects ensures follow-through and consistency, independent of changing elected officials.
- ▶ Coordinating efforts like these presents front-loaded challenges, but once they are adopted, it makes the development processes much smoother and quicker in the long run.

RECOMMENDATIONS FOR A NEW ENTITY

STRUCTURE

TIP Strategies recommends the City of Dallas establish a new economic development corporation (EDC) as a local government corporation. As provided for by Chapter 431 Texas Transportation Code, Chapter 394 Texas Local Government Code, and the Texas Nonprofit Corporation Law, Texas cities are allowed to create a LGC to act on behalf of a city to accomplish a governmental purpose. These functions would need to be defined in the documents creating the LGC.

An LGC has the powers granted to a transportation corporation under the Texas Transportation Code and the powers granted to a nonprofit corporation under the Texas Business Organizations Code. Both types of corporations have, among other powers, the power to contract and own property.

TIP also recommends the new entity be established as a non-profit 501(c)(3) primarily due to its capacity to receive charitable donations. This will offer the entity greater flexibility in being able to raise non-public funds.

FUNCTIONS

Much like Invest Atlanta, the EDC's functions should expand over time to allow the organization to grow organically, develop competencies, demonstrate successes, and identify needs. Trying to stand up a new organization while overburdening it with too many missions would be a mistake. Initially, the EDC's primary areas of focus should be on developing a portfolio of competitive properties that could generate new private investment in underserved areas and to aggressively market them to potential investors. Therefore, within the first three years, the EDC's primary functions would be twofold:

- ▶ **BUSINESS DEVELOPMENT:** Lead the City's business retention, expansion, and recruitment efforts and economic development marketing activities.
- ▶ **PUBLIC DEVELOPER:** Serve as a public developer of City-owned properties, as well as conduct land acquisition in support of redevelopment and job growth (especially in historically underdeveloped areas of southern Dallas) to advance real estate projects that the City could not do on its own.

These missions align with two key themes outlined in the Dallas Economic Development Policy:

- ▶ Promote an environment that is conducive to attracting, retaining, and nurturing businesses that support prosperity and equitable access to employment opportunities.
- ▶ Strategically invest in economic growth below I-30, south of the Trinity River, and in historically underserved communities in Dallas.

Over time, the EDC can take on additional responsibilities such as small business development, workforce development, talent attraction, and entrepreneurship and innovation.

BUSINESS DEVELOPMENT

Business development is the core mission of any economic development organization. The City of Dallas needs a more robust business development program that actively markets the City to potential investors and strengthens Dallas's brand as one of the world's great economic centers.

- ▶ **BUSINESS MARKETING AND ATTRACTION:** The EDC will spearhead an expanded business recruitment program designed to attract new domestic and foreign direct investment to Dallas through targeted marketing. As is called out in the EDSP, the EDC should engage in branding, outbound marketing through earned media, marketing missions, national advertising, trade shows/industry conferences, inbound marketing (familiarization tours, networking with real estate brokers and developers), and organizing “hot teams” specific to each target industry—to promote the City of Dallas. In addition, one of the EDC’s first tasks should be to engage an economic development marketing firm to develop a vision and branding initiative to guide the business recruitment program, which is a key recommendation in the Community Transformation Action Roadmap.
- ▶ **BUSINESS RETENTION AND EXPANSION:** The EDC will proactively engage and support existing businesses in the community through business visitations, networking, and events.

PUBLIC REAL ESTATE DEVELOPMENT

The EDC should serve as a catalyst agent for helping to spur new development and redevelopment in historically underserved areas that would not attract private investment “but for” the participation of the public sector. This new entity will give the City of Dallas an ability to acquire and manage a portfolio of properties and to partner with the private sector to facilitate new investment, development, and job creation. Residing outside of City government will allow the EDC to move at the pace of the market and rapidly respond to new opportunities. Primary activities in this role would include:

- ▶ **PUBLIC DEVELOPMENT:** Subject to the approval of the Dallas City Council, the EDC would take title to strategic City-owned properties. The transfer of City-owned property to the EDC would be done with an explicit contractual requirement to achieve a public purpose. In addition, the EDC would engage in private land acquisition to spur new development or redevelopment in strategic areas.
- ▶ **EXISTING ASSET SUPPORT:** Because the EDC will become a member of Dallas’s family of economic development entities, it would be able to support major development projects such as the Kay Bailey Hutchison Convention Center, the Streetcar project, and Hensley Field.
- ▶ **TRANSACTION SUPPORT:** The EDC would perform real estate transactions (lease, sale, purchase) on direction from the City Council and in conformance with relevant City plans such as the Comprehensive Housing Policy and Forward! Dallas.
- ▶ **LEASE ADMINISTRATION:** The EDC would manage properties on behalf of the City. The City will retain title.

OVERSIGHT

The creation of a new entity should not be seen simply as an effort to privatize economic development in Dallas. Privatization is not the objective. The EDC will become an important component within Dallas’s family of economic development entities and programs. Indeed, the OED will remain within the City and have the lead role in negotiating incentives and managing the contractual relationship with the entity.

Dallas City Council will have oversight of the EDC through approving board appointments, providing guidance on contractual priorities, and the authorizing any public financial incentives. Preliminary recommendations for board composition and how accountability to the taxpayer will be ensured are listed here.

- ▶ The Dallas City Council will approve board members nominated by the City Manager’s Office. The City Manager’s Office should work closely with local stakeholders to identify local experts representing diverse interests in the city to serve on the board. The slate of board nominees will be presented to City Council for approval.

- ▶ The board of directors should consist of 11 to 15 members representing diverse organizations representing the public, nonprofit, and private sectors. The board should be composed of high-level experts representing such areas as real estate, planning, equity, business, economic and community development, finance, workforce, marketing, resource development, architecture and design, and philanthropy. A small working group of stakeholders and City staff should identify the specific constituencies and areas of expertise that will be represented on the board.
- ▶ Once the EDC is established, there may be a need to have a transitional board consisting of 5 to 7 members to guide operations until a full board is seated.
- ▶ The EDC should operate under a five-year contract with the City. OED would manage and administer the contract. The contract should delineate the specific functions, goals, and measures the EDC will be expected to meet. The City Council will provide guidance as to what its economic development priorities are in the contract.
- ▶ The executive director reports to the EDC board and is responsible for day-to-day management of the organization and the staff.
- ▶ The authority to approve public financial incentives will remain with the Dallas City Council.
- ▶ The EDC board will have the authority to approve real estate transactions the entity is involved in.
- ▶ The EDC will support the work of OED. By way of example, the EDC may pay for travel and registration fees for industry events attended by OED staff. Likewise, the EDC may produce marketing collateral for OED programs and events.
- ▶ Transparency will be a guiding principle of the EDC. The organization will provide regular reports to the City of Dallas and the public. A detailed annual report will be submitted and presented to the City of Dallas Economic Development Committee. A regular newsletter (quarterly or monthly) should be produced to update the board, councilmembers, and the public. This principle aligns with the key theme in the Dallas Economic Policy for good governance. Specifically, the policy calls for:
 - ▶ Increased accountability and transparency to ensure information is readily available.
 - ▶ Creating inclusive governmental processes and policies that consider stakeholders at the neighborhood, city, and regional levels.

FUNDING

- ▶ The EDC will require public funding to launch and sustain the organization. In the tight fiscal environment the City is currently facing, funding EDC operations out of the general fund will be difficult, but critical to its success. Reallocating funds currently appropriated for OED is untenable since the EDC will support (but not replace) OED functions.
- ▶ As a 501(c)(3), the EDC will also be able to receive additional private financial support to leverage/match public funding. Private contributions, however, should only be used to support marketing and business retention, expansion, and recruitment activities and expenses. Moreover, the EDC would not adopt a pay-to-play investor funding model for private sector contributors.
- ▶ The city may allocate a portion of the 2017 General Obligation Bond to fund capitalizable expenses of real estate development projects for the first three years of the EDC; however, such bond funds could not be used for administrative and operating expenses of the EDC. Proposition I of the bond proposal authorized the City of Dallas to issue general obligation bonds of the City in the principle amount of "\$55,400,000 for the purpose of providing funds for promoting economic development throughout the city." One potential solution would be to include funding for the EDC in the next bond proposition.

- ▶ As a public developer, the EDC would earn revenue through its real estate transactions and lease agreements. Over the long term, this revenue will allow the EDC to become more financially self-sustaining. Real estate revenue can also be used to reimburse the City for public funds used to start up and sustain the EDC over the first three years.
- ▶ Funding the EDC using economic development sales tax (Type A and Type B) or hotel occupancy tax (HOT) is not viable. The City's sales tax rate (8.25%) is currently maxed out, with 1% of the City's 2% allocation committed to funding Dallas Area Rapid Transit (DART). As for the HOT, any revenue it generates must be allocated to tourism efforts or for the convention/hotel industry, including 30% for marketing the Kay Bailey Hutchison Convention Center. Economic development efforts which aren't directly linked to those things are ineligible.

STAFFING

- ▶ The consulting team recommends that no existing OED business development personnel should be transferred to the new EDC to take up similar positions. Rather, new business development and real estate management positions would be created to fill out the team and bring in the other expertise, and the EDC will support the existing OED staff and functions. However, until a new business development and real estate management team for the EDC is created, the EDC would temporarily be staffed by OED personnel.
- ▶ Until a permanent CEO is hired, the Interim Director of OED serves as the interim CEO of the EDC.
- ▶ The CEO of the EDC would be responsible for identifying additional business development, real estate, and administrative positions and hiring personnel to fill them.
- ▶ For business development functions, new positions will likely include a director of business development, a marketing and communications specialist, an international business development manager, and 4 business development/project managers aligned with the City's 8 target industries identified in the Economic Development Strategic Plan (each specialist would be assigned to developing two target industries). The business development/project managers would be responsible for business attraction, retention, and expansion activities. The EDC should also create at least 2 positions for performing research and data analysis, which is an important function in any first-class economic development organization. Research and data are critical to the EDC's ability to respond to site selection RFPs, inform the target industry program, track real estate product, and educate City leaders and the public on business and industry trends.
- ▶ For public development functions, new positions will likely include a chief financial officer, general counsel, chief operating officer, budget analyst, real estate transactions officer, and asset manager.
- ▶ The EDC should negotiate its own employment benefits, such as health insurance and retirement plans.

PROJECTED BUDGET

A budget recommendation has been estimated by determining an appropriate budget to carry out the identified functions of the EDC, as well as considering budgets of comparable economic development organizations. Most of the budget will go toward covering operating expenses such as personnel, marketing and outreach, and general and administrative costs. TIP estimates approximately 15 full-time staff will be required for the EDC to fulfill its business development and real estate development functions. It is reasonable to expect these positions will be added to the organization over a three-year period. Therefore, annual budgets should gradually increase over time.

The City should house the organization in one of its facilities in the first few years to minimize overhead costs. Ideally, such a location would be in southern Dallas, a target area for development.

It is not possible at this time to estimate any funds needed for capital costs or transaction expenses related to real estate development.

Based on the budget of comparable organizations in the DFW Metroplex, the EDC's budget range is \$3 million to \$5 million by year 3.

TIMELINE

The City should work to formally launch the EDC by the second quarter of 2022. In the interim, completion of several steps will be required.

Council approval and passage of authorizing ordinance: Q3 2021

Establish legal entity: Q3 2021-Q4 2021

Appoint board of directors: End of Q4 2021

Hire chief executive: Q1 2022

Begin hiring staff and commencing operations: Q2 2022

APPENDIX A: BENCHMARKING TABLES

FIGURE 2. DFW PEERS & COMPETITORS WHO DALLAS COMPETES WITH FOR INVESTMENT AND JOBS WITHIN THE METROPLEX

CITY	TYPE OF ENTITY	GEOGRAPHIC FOCUS	GOVERNANCE	PERSONNEL	FUNDING SOURCE	REVENUE	PRIMARY FUNCTIONS
Fort Worth Chamber of Commerce	Chamber of Commerce – 501(c)(6)	Fort Worth region	5 Officers 48 Board Members	16 FTE	Private Investments Memberships Events	\$5,297,061 (2018)	<ul style="list-style-type: none"> ▶ Business Attraction ▶ Retention & Expansion ▶ Talent ▶ Entrepreneurship ▶ Advocacy
Plano Economic Development	City Department	City	City Council	5 FTE	2 cents of property taxes dedicated to ED incentive fund	\$8,924,828 (2020)	<ul style="list-style-type: none"> ▶ Business Attraction ▶ Retention & Expansion ▶ Redevelopment
Frisco Economic Development Corporation	Type A sales tax corporation (City also has a Type B corp.)	City	7-member Board of Directors appointed by the City Council	9 FTE	half-cent sales tax and other revenues	\$42,990,488 (2019)	<ul style="list-style-type: none"> ▶ Business Attraction ▶ Retention & Expansion ▶ Product ▶ Entrepreneurship
Richardson Economic Development Partnership	Partnership between the City and Chamber	City (Telecom Corridor)	Board of Directors (24)	7 FTE	City appropriation and member dues	\$2,823,982 (2018)	<ul style="list-style-type: none"> ▶ Business Attraction ▶ Retention & Expansion ▶ Entrepreneurship ▶ International Business Recruitment
McKinney Economic Development Corporation	Type A sales tax corporation (City also has a Type B corp.)	City	7-member Board of Directors appointed by the City Council	7 FTE	quarter-cent sales tax	\$16,725,965 (2019)	<ul style="list-style-type: none"> ▶ Business Attraction ▶ Retention & Expansion ▶ Infrastructure ▶ Marketing
Irving-Las Colinas Chamber of Commerce	Non-Profit 501(c)(6)	City/Regional	Board of Directors (56)	19 FTE	Membership dues Grants Program Services	\$4,655,805 (2019)	<ul style="list-style-type: none"> ▶ Business Attraction ▶ Retention & Expansion ▶ Small Business/Entrepreneurship ▶ Marketing ▶ International ▶ Workforce Development

FIGURE 3. STATEWIDE PEERS & COMPETITORS
WHO DALLAS COMPETES WITH FOR INVESTMENT & JOBS IN TEXAS

CITY	TYPE OF ENTITY	GEOGRAPHIC FOCUS	GOVERNANCE	PERSONNEL	FUNDING SOURCE	REVENUE	PRIMARY FUNCTIONS
Greater Houston Partnership	Non-Profit 501(c)(6) (formed when the Houston Chamber of Commerce, Houston Economic Development Council, and the Houston World Trade Association merged in 1989)	12-County Greater Houston Region	Board of Directors (142) Executive Committee (42) Advisory Committees (9)	82	Membership Donations Investments	\$17,611,204 (2019 estimated, combined balance with GHP Foundation)	<ul style="list-style-type: none"> ▶ Business Attraction Retention & Expansion ▶ Incentive assistance ▶ Permitting process assistance ▶ Data collection and analysis ▶ Marketing ▶ Talent Attraction ▶ Advocacy ▶ Resiliency ▶ Global Recruitment ▶ K-12 + Higher Ed Workforce
San Antonio Economic Development Foundation	Non-Profit 501(c)(6)	San Antonio, TX	Executive Committee (21)	19	Membership Donations Investments Grants Programs Miscellaneous	\$2,947,434	<ul style="list-style-type: none"> ▶ Business Attraction Retention & Expansion Workforce ▶ Global Recruitment ▶ Incentive assistance
Austin Economic Development Corporation	Local Government Corporation	Austin	22-member board appointment by City Council	11 (projected staffing by year 3)	City seed funding. Future revenue from real estate transactions, lease management.	\$900,000 (2021 proposed); \$3,941,500 (2024 proposed)	<ul style="list-style-type: none"> ▶ Public real estate development

FIGURE 4. NATIONAL PEERS & COMPETITORS
WHO DALLAS COMPETES WITH FOR INVESTMENT & JOBS WITHIN THE NATION

CITY	TYPE OF ENTITY	GEOGRAPHIC FOCUS	GOVERNANCE	PERSONNEL	FUNDING SOURCE	REVENUE	PRIMARY FUNCTIONS
Invest Atlanta	Local Government Authority	Atlanta, GA	Chair (Mayor) Board of Directors (9)	51	City funds Service/Loan/Admin Fees Developer Fees Rental Income Debt Service Payments	\$44,311,650 (2018)	<ul style="list-style-type: none"> ▶ Site selection ▶ Housing ▶ Entrepreneurship ▶ Incentive assistance ▶ Business Development ▶ Neighborhood redevelopment ▶ Business Attraction ▶ Retention & Expansion Workforce
World Business Chicago	Non-profit 501(c)(3)	Chicago, IL	Chair (Mayor) Board of Directors (76)	28	Private donations Government grants Programs Galas Sponsorships	\$8.9 million (2019)	<ul style="list-style-type: none"> ▶ Business Attraction ▶ Retention & Expansion ▶ Research & Data ▶ Entrepreneurship ▶ Small Business ▶ DEI
Philadelphia Industrial Development Corporation	Non-Profit 501(c)(4)	Philadelphia, PA	Board of Directors (30)	60	Government grants Programs Investments	\$23.46 million (2018)	<ul style="list-style-type: none"> ▶ Financing ▶ Site Development ▶ Networking ▶ Entrepreneurship ▶ Small Business
New York City Economic Development Corporation	Non-Profit	New York, NY	Board of Directors (27)	438	Contributions, Grants, Gifts Program Services	\$761.12 million (2018)	<ul style="list-style-type: none"> ▶ Site selection ▶ Housing ▶ Entrepreneurship ▶ Incentive assistance ▶ Business Development ▶ Neighborhood redevelopment ▶ Business Attraction ▶ Retention & Expansion ▶ Transportation

CITY	TYPE OF ENTITY	GEOGRAPHIC FOCUS	GOVERNANCE	PERSONNEL	FUNDING SOURCE	REVENUE	PRIMARY FUNCTIONS
Baltimore Development Corporation	Non-profit 501(c)(3)	Baltimore, MD	Board of Directors (15)	52	Federal Funds City Funds State Funds Investments Fees Private Grants	\$14,641,017 (2018)	<ul style="list-style-type: none"> ▶ Business Attraction ▶ Retention & Expansion ▶ Marketing ▶ Site Development ▶ Neighborhood ▶ Redevelopment ▶ Small Business ▶ Entrepreneurship ▶ Food Policy ▶ FTZ
Los Angeles Economic Development Corporation	Non-profit 501(c)(3)	Los Angeles County	Board of governors which includes the Executive Committee (100+)	29	Contributions, Grants Program Services Membership Dues Program Services	\$7,363,304 (2019)	<ul style="list-style-type: none"> ▶ Site selection ▶ Entrepreneurship ▶ Incentive assistance ▶ Business Development ▶ Neighborhood redevelopment ▶ Business Attraction ▶ Retention & Expansion ▶ Industry Cluster Development ▶ Workforce Development

APPENDIX B: INVEST ATLANTA CASE STUDY

WEBSITE

www.investatlanta.com

FUNDERS/SPONSORS

Three primary sources equally fund Invest Atlanta (IA):

- ▶ The City of Atlanta, through economic and community development contracts
- ▶ IA's management of TIFF/TADS charge back to the City
- ▶ Issuing bonds for the City after the Urban Residential Finance Authority (URFA) receives bond allocations and gives IA to manage

PROGRAM AFFILIATION

The City of Atlanta:

- ▶ Urban Residential Finance Authority (URFA)
- ▶ Downtown Development Authority (DDA)
- ▶ WorkSource Atlanta (WSA)
- ▶ Atlanta Emerging Markets, Inc. (AEMI)

TIMELINE

1976	Atlanta EDC (AEDC) is formed
1979	URFA merged with AEDC
1982	DDA joins AEDC and purchases its first property that decade
1985	The State adopts the Redevelopment Powers Law, giving local governments the authority to sell bonds to finance infrastructure costs within a tax allocation district (TAD), which works similarly to tax increment financing
Late 1980s	The AEDC, URFA, and DDA merge and become Atlanta Development Authority (ADA), the City's EDA
2006	IA is created and is an operating owner of AEMI, a community development entity (CDE) for federal New Markets Tax Credits
2012	ADA is rebranded as Invest Atlanta
2015	IEDC designates IA as an Accredited Economic Development Organization, the first in the state
2020	The Board approves IA's integration with WSA, effective July 2021.

BACKGROUND

IA is the economic development authority for the City of Atlanta. Founded in 1976 as AEDC, the initial focus was small business support programming. By the end of the 1980s, through a series of mergers and a key piece of passed legislation, AEDC had expanded to include housing and downtown redevelopment services and became the ADA. Structured as a registered local government authority, IA is not a city department. It is comprised of an 8-member executive team supported by 43 FTE and is governed by a 9-member Board of Directors, chaired by the Mayor. Funding is divided equally between the City (through a contract for economic development services), IA's management of TADS through charge backs to the City, and issuing bonds for the City after URFA receives the bond allocations. While IA can receive donations from private citizens or entities, most private donations go to the Chamber which in turn works closely with IA on business attraction but not retention. Currently, IA is in the process of filing for non-profit status to more easily accept donations for retention efforts.

The decision to maintain independence from the City has provided IA the agility needed to stay competitive as an organization, passing on the economic benefits to the larger Atlanta community through strategic hiring and business recruitment. For instance, IA is the decisionmaker on which bids to accept on any given economic development project. They can go with the bidder that has the best comprehensive package for the community over accepting the highest bid. Further, braiding community development with economic development is beneficial for IA and businesses alike. It streamlines the bureaucratic processes for businesses, as most services are housed under one organization instead of multiple independent authorities, while funneling money back to IA for their end-to-end management of projects. Another benefit of independence is that communication is less likely to get lost in translation as different teams work on the same objective within the organization. While IA is not an official city department, they do follow the spirit of the law. Transparency in reporting is paramount to IA and the CEO provides quarterly reports to city council and monthly newsletters to the board, council members, and the general public in addition to the required annual federal, state, and IGA reporting requirements.

IA's contract with the City for economic and community development services is up for renewal every 5 years. After incorporating workforce development services in July 2021, all three development services will be on the same contract renewal schedule with the City. Internally, the CEO of IA conducts a salary survey of employees every 3 years to keep pace with inflation and other competitors. IA has the freedom to match or exceed municipal salary and benefits packages for their employees, allowing IA to recruit and retain the best talent.

KEY TAKEAWAYS

- ▶ IA began with a single focus and steadily added competencies over the decades which allowed the organization to grow organically and with enough time to truly understand their needs and seamlessly integrate change.
- ▶ The decision to structure IA as an independent government authority has enabled them to recruit top talent since funding is independent of the City.
- ▶ Braiding economic, community, and workforce development under one roof allows funds to be used synergistically and reduces spending on redundant services.
- ▶ Keeping decision making power with IA for development projects ensures follow-through and consistency, independent of changing elected officials.
- ▶ Coordinating efforts like these presents front-loaded challenges but once they are adopted, make the development processes much smoother and quicker in the long run.