

**STRENGTHENING THE ROLE OF
REGIONAL COUNCILS/ECONOMIC
DEVELOPMENT DISTRICTS IN THE NEW
GLOBAL ECONOMY**

October 9, 2008

A Vision for the Future Role of Regional Councils

Building a Bridge to the 21st Century

Background:

Economic Development Districts (EDDs) in the United States have been in existence since 1966 when the Economic Development Administration (EDA) of the U.S. Department of Commerce was created by Congress. Today there are approximately 350 EDA designated economic development districts throughout the country, and their numbers continue to increase each year. It was the vision of the founders of the Economic Development Administration that EDDs, working in partnership with local elected officials, the private sector and other community leaders, would be a link and local delivery system for the programs of the Economic Development Administration, as well as other federal development programs. Through the course of the last 40 years, most economic development districts have been integrated into broader based regional planning and development commissions variously known as regional council of governments, regional development commissions, regional planning commissions, etc. During this period, and especially the past decade, the whole arena of regional/local economic development, and the infrastructure to support it, has changed dramatically. We now live in a global economy, with global competition, and the interaction of global forces beyond the control of local and regional economies. It is within this framework and phenomena that a paradigm shift has occurred in the area of regional cooperation and collaboration, especially regional economic development.

This proposal attempts to look at the broader picture of regional councils, where a majority of EDDs are housed. The focus will be to look at the characteristics of what an economic development district is what the mission is supposed to be, and what EDDs could be in order for their communities and regions to compete in the new global economy.

Let us gather together, friends and colleagues who are involved in regional cooperation and collaboration, to create a vision for the future role of regional councils and build a bridge to the 21st century.

Proposal:

The work program envisioned under this proposal primarily involves working with the Michigan Association of Regions (MAR) and its members. **Michigan**, with its **high level of economic distress, including job losses and high unemployment**, is a good arena to look at the existing system for redesign. The state **offers major opportunities to seriously look at a more dynamic role for regional councils/economic development districts to help affect positive changes and responses**. It is anticipated that a few other selected state associations of regional councils in the Midwest will be engaged to share and learn from. EDA designated university centers, with their wealth of experience and expertise in research and training, will be utilized in these efforts, as well as how they may fit in with respect to regional collaboration and cooperation efforts in the future. Further, other key players in regional cooperation and collaboration, with a special emphasis on regional economic development, will also be engaged. It is envisioned that an outside resource will also be utilized to provide technical assistance in the implementation of the work program.

Investment Policy Guidelines:

- *The proposed investments are market based.*

This project is expected to strengthen the role of regional councils/economic development districts in Michigan to better address the economic distress caused by market forces that are impacting Michigan from a national and global perspective. In fact, the entire visioning process is based on the need to adapt to new economic realities in the economic market place.

- *There is strong organizational leadership.*

The Michigan Association of Regions (MAR) has been in existence for almost forty (40) years and is the premier organization in Michigan for advancing regional economic development. It is also the oldest organization. The West Michigan Shoreline Regional Development Commission, which is the applicant, has received many national and state awards for innovation and entrepreneurship. The Commission's executive director, Mr. Sandeep Dey, received the prestigious national Walter Schreiber Award in 2003 from the National Association of Regional Councils (NARC) for excellence in regional leadership.

- *Productivity, innovation, and entrepreneurship are advanced.*

This project, and the implementation of its recommendations, will advance productivity, innovation and entrepreneurship. The State of Michigan, and in general the Midwest, is going through a stage of economic

transformation, largely caused by market forces. In order to compete in the new global economy, the state must embrace innovation and entrepreneurship in its approach to economic development. By strengthening regional councils/economic development districts, public services to promote economic development could be made more productive, planning for economic development infrastructure made more targeted, and entrepreneurship encouraged at the local level.

- *The proposed investments look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy.*

This project is, by its very nature, a longer-view effort. It is a vision for strengthening the future role of regional councils/economic development districts, and building a bridge to the 21st century. It is indeed based on the economic changes that have taken place in the state's economy, is taking place and anticipated to take place. The implementation of the recommendations will assist in diversifying the regional and state economy, as new and innovative approaches to economic development are identified.

- *Demonstrates a high degree of commitment by exhibiting:*
 - ✓ *A high level of local government or non-profit matching funds, and private sector leverage;*

This project will be matched by forty (40%) percent in local cash and in-kind funds. The Michigan Association of Regions (MAR) will provide \$10,000 in cash, the West Michigan Shoreline Regional Development Commission will provide \$2,833 in cash and the remaining nine (9) economic development districts in Michigan will provide a total of \$4,000. In-kind match of \$16,500 will be provided by members of the Michigan Association of Regions (executive director/senior staff). No charges to EDD planning grants will be counted as in-kind match.

- ✓ *Clear and unified leadership and support by local elected officials;*

The Michigan Association of Regions, the policy body of which is comprised of local elected officials, at their meeting on April 22, 2008 voted unanimously to approve the application and work towards its implementation

- ✓ *Strong cooperation between the business sector, relevant regional partners and local, state, and federal governments;*

It is anticipated that this project will involve representatives from the

federal, state, and local government, University Center, chamber of commerce officials, workforce development agencies, education sector, labor and other regional players. They will be integrated into the Steering Committee that is proposed.

Work Program:

The work program of this proposal basically involves three (3) work elements, with the final one including a set of comprehensive recommendations. These work elements are detailed below. It should be noted that since this is an analysis of existing practices and the development of a future vision, many concepts and work activities will evolve as the study progresses and therefore enough flexibility is provided in the description of work elements.

Work Element 1

- Conduct an in-depth study of the existing structure and operation of regional councils (economic development districts) in Michigan.
- Conduct comparative analysis of Michigan regional councils with a select few from neighboring states in the Midwest.
- Based on this assessment, prepare a set of observations with respect to the strengths of existing regional councils, weaknesses in structure and operation, as well as a review of trends that provide some insight into the future.
- The assessment and set of observations will be prepared against the background of the changes in the system of intergovernmental cooperation in the country, as well as market forces that impact regional economic development.
- Several SWOT (strengths, weaknesses, opportunities and threats) type sessions will be utilized as a planning tool for the above, as well as the expertise of University centers.

Work Element 2

- Prepare summary of work activities undertaken in Work Element 1.
- Review and examine new market forces at play in the system of intergovernmental cooperation and collaboration in regional and local economic development. Significantly, there have been paradigm shifts in this area. A new model should reflect these paradigm shifts.

- Design a future model of a regional council (economic development district) that reflects a modernized and restructured organization (as warranted by the previous analysis and observations), with appropriate services, programs, and activities that reflect the challenges and opportunities in the new global economy. Clearly, as presently structured, regional councils and economic development districts will continue to lose their viability.
- Several SWOT analysis sessions, as well as tapping into the research resources of University Center, will be utilized as planning tools for the completion of the above tasks.
- A peer group of regional leaders will be consulted when constructing a future model.

Work Element 3

- Conduct a number of workshops in Michigan, and perhaps in a few adjoining states, to gain consensus from local governments, appropriate federal/state agencies, as well as key players at the regional and local levels to review and examine the recommendations and solicit input.
- Submit recommendations for implementation to the U.S. Department of Commerce, Economic Development Administration.
- Submit recommendations to the Michigan Association of Regions (MAR), as well as other appropriate state associations of regional councils.
- Submit recommendations and engage in a dialogue with the Office of the Governor of Michigan and appropriate state departments.
- Continue to work towards implementation after completion of project/study.

Steering Committee

It is proposed that a Steering Committee will be established to direct the project/study. The steering committee will be comprised of executive directors/senior staff, as well as policy officials, of the Michigan Association of Regions. It is also proposed that representatives of one or two economic development districts from neighboring states will be invited to participate in the Steering Committee.

Organization Structure

The applicant for this project is the West Michigan Shoreline Regional Development Commission (WMSRDC); an EDA designated Economic Development District (EDD). Although this project has statewide scope in Michigan, and is intended to strengthen the role of economic development districts in the economic recovery of the State of Michigan, the Michigan Association of Regions (MAR) is not included as a co-applicant for the following reasons:

- MAR is **not a legally incorporated organization** and has no authority to receive or administer federal/state grants.
- MAR does **not have a federal ID number**.
- MAR has no staff to administer/manage grants.

The Michigan Association of Regions has, however, strongly supported this project and has contributed cash match for the project. The Michigan Association of Regions will provide oversight and guidance for this project.

The Michigan Association of Regions will provide both cash match and in – kind match for this project. **No part of this grant will be contracted to the Michigan Association of Regions.** It is expected that an outside consultant with national, state or local expertise in this field will be retained by the West Michigan Shoreline Regional Development Commission to undertake a majority of the work program.