

ECONOMIC DEVELOPMENT BUSINESS ATTRACTION IN PONCA CITY
PCDA FEBRUARY BOARD OF TRUSTEES MEETING
CITY CENTRAL, GRAVITY ROOM
02/10/22

ISSUE: Trends and information about the state of industrial recruitment in 2022.

STAFF RECOMMENDATION: Information Only

PRESENTED BY: David Myers, PCDA Executive Director

Over the past four months, staff has made presentations on major topic issues. This began in November with an overview of small business development and a discussion on industrial land. This was followed in December by presentations on workforce changes and community retention programs that have been employed throughout the country. Last month, the topic was Business Retention and Expansion (BR&E).

This final session will focus on business attraction, or industrial recruitment as it used to be called.

The goal of these sessions is to make sure that PCDA programs are current. Massive changes to the economy, most notably the shift from a workforce surplus environment to a workforce shortage one, to COVID-19, to the absorption of Ponca City industrial buildings (and available housing) to different financing mechanisms, have altered the economic development paradigm.

In order to develop a consensus on what PCDA should do to further grow and protect the local economy, staff believes it is important to review what has changed, what has not changed, where growth comes from and how we can be effective in the years ahead.

Business Attraction, or industrial recruitment as it was formerly called prior to 2000, is perhaps the most visible and watched area of economic development. Media sources expect reports on attraction efforts and the public seems to believe that attraction is the way to add jobs. This is not to say that attraction is not a viable and important part of economic development. Attraction is often the area that economic development can most effectively address and, for an economy that wishes to diversify, attraction plays a crucial role.

Staff does not wish to minimize the importance of attraction. It is very important, however, to understand the role of attraction in 2022 and beyond.

The movement of companies is both overstated in media sources and declining in terms of raw numbers. According to the International Economic Development Council, overall economic development deals in the United States have declined by half since 2010. Indeed, it costs a great deal of time, money and perhaps market share for a company to move. The motivation has to be significant.

There have been significant changes to the global economy that have impacted attraction efforts. The workforce situation is by far the greatest difference. Where a company used to expect that a workforce would be anywhere, they now are far more precise about ensuring that a workforce exists in a given area before making contact. There is an inherent assumption being made by most companies that a workforce can be found in an urban area. While there is a presumption that a

workforce does not exist for that company in a rural or micropolitan area such as Ponca City.

PCDA never tells a company that a workforce does not exist in Ponca City. A review of leads received by the Oklahoma Department of Commerce (ODOC), however, demonstrates that a growing number of companies have told ODOC that they will not consider a rural area due to workforce concerns. These are the companies saying this, not PCDA or the economic development profession.

That is not to say that companies have not been attracted to Ponca City in recent years. PCDA's percentages of the jobs created through economic development attraction exceeds the national average by a healthy percentage. The vast majority of these deals, however, fly under the radar screen. Most are smaller companies or don't involve moving people into town in any sizeable number. The practice of moving a large workforce has always been a rare occurrence but one that was expected in Ponca City due to past practices at Conoco Oil and its successors.

Today's discussion will involve several issues related to how attraction has changed including:

Changes since 2009;

Changes related to COVID-19

Growing urban and rural differences and how Ponca City can benefit;

What companies are generally seeking;

What companies are seeking in non-urban areas;

How can Ponca City be better prepared;

What is PCDA's role?

These are talking points and additional areas and discussion are most welcome. As noted above, the goal of today's discussion is to provide points to consider for the board retreat in April. As with the previous discussions, today's item is designed to address the following question:

How has economic development changed and how should PCDA respond?