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MEMORANDUM

To: Economic and Community Development Committee

Date: January 16, 2009

From: Bob Dean, Principal Regional Planner

Re: Approach to Economic Development in *GO TO 2040*

The purpose of this memo is to describe CMAP's approach and inclusion of economic development topics in the *GO TO 2040* plan. This memo also describes working committee activities over the upcoming year related to *GO TO 2040*. The specific scheduling of these activities for the Economic and Community Development committee may vary somewhat from this general schedule.

Committee contributions to *GO TO 2040*

The contributions of the Economic and Community Development committee have already helped to shape the overall approach to economic development in the plan. One of the committee's first activities was to identify major themes that should be included in the Regional Vision, and then to review and shape the language in this document.

The draft language for the Regional Vision was revised substantially based on committee comments. Perhaps most importantly, the committee suggested that the document address innovation in a direct way. This sparked the addition of "innovation" as one of the overarching themes in the document; innovation has also become the identity of one of our alternative scenarios. The committee's comments also led to an emphasis on global economic competitiveness, as well as the treatment of freight as an economic as well as a transportation issue. The Regional Vision is the guiding document for the *GO TO 2040* process, and contributions by the committee led to significant improvements in its language concerning economic development.

The development of regional indicators also reflected input from the committee. CMAP's indicators project built on past work done by the committee to identify quality of life indicators. Specific indicators were identified for economic competitiveness in categories such as income and jobs, workforce, business environment, regional assets, and others. These indicators will be used to measure our success at moving toward the Regional Vision, and having a series of economic indicators will ensure that progress in this area will be tracked.

The evaluation of alternative future scenarios is a critical part of the *GO TO 2040* process. Scenarios are defined as combinations of actions that the region could take, and are used to illustrate the pros and cons of different courses of action. The committee suggested three alternative economic courses of action: human capital, infrastructure, and innovation. Regional coordination was also discussed as a fourth course of action, but was judged to be a facet of any future scenario. The economic identity of the scenarios has become one of their clearest and most identifiable features.

To date, the committee's input has shaped the direction the plan has taken regarding economic development, in terms of setting long-term goals, identifying indicators to measure success, and determining reasonable alternative future scenarios.

Ongoing economic development work

A number of economic development activities are underway related to *GO TO 2040*, either through internal staff work or external contracts. Internal staff work includes:

- A report on *industry clusters* is expected to be complete in the spring. This report was presented to the committee in August and has also received feedback from several other CMAP committees. This report provides the first step toward identifying key industry clusters within the region.
- A *business location decisions* report was discussed with the committee in September. This report examines the factors that businesses consider when making inter-regional or intra-regional location decisions. Key among them are workforce, infrastructure, proximity to suppliers or consumers, amenities, and overall business climate; the priority of these factors varies by industry. This report will help CMAP to determine how potential plan recommendations may affect the attractiveness of the region to businesses of different types.
- A brief white paper on *economic development incentives* is being prepared. This paper reviews the provision of economic incentives by government agencies to stimulate private development. Some economists and economic development policy experts recommend targeting incentives to key industries or to geographic

areas with high unemployment or underemployment. This paper examines these ideas and also reviews current incentive programs.

- Although this is not a specific report, it should be noted that CMAP purchases data from Dun & Bradstreet, which is recognized as one of the most detailed sources of business and employment data. This allows detailed geographic analyses to be conducted, and this data underlies the work done on business location decisions.
- Development of *evaluation measures* to be used to evaluate transportation project proposals. As the region's formal long-range transportation plan, *GO TO 2040* must include a financially constrained list of major capital projects that will be pursued between now and 2040. These projects will be evaluated by a series of indicators that measure their consistency with the Regional Vision. CMAP is particularly interested in measuring the contributions of major capital projects to the region's long-term economic prosperity, and that is expected to be among the evaluation measures.

External contracted work includes:

- Reference *forecasts of employment, income, and output* by industry have been produced by the Regional Economics Application Laboratory (REAL) at the University of Illinois. The raw data from the forecasts has been made available to the committee; a final report is being prepared by REAL and should be available this month.
- Several economic development topics including *innovation, telecommunications infrastructure, green jobs, and export promotion* are being researched by the economic consulting firm RCF, who was introduced at the November meeting of the committee; the Delta Institute is subcontracted to work on the green jobs topic. This firm is also researching the contribution of infrastructure investments to long-term economic prosperity. The assistance of the committee in suggesting sources for research on these topics is requested. Reports on these topics will be prepared in a series, with drafts of the first reports available in March.
- Research on *education and workforce development* is being conducted by agencies on contract with the Chicago Community Trust, who is contributing to the development of *GO TO 2040*. These agencies are preparing reports on existing conditions in these topic areas, and will also make recommendations to the CMAP about how these topics should be treated in the plan. The agencies responsible for these topics are expected to present their work to the committee in February or March.

Several other ongoing activities related to economic development but outside of CMAP's direct control may also affect the *GO TO 2040* process. The Organization for Economic Cooperation and Development (OECD) intends to conduct a study of the region. CMAP will be involved in this work to ensure coordination between this study and the plan. More immediately, the federal economic recovery plan will result in new funding being devoted to infrastructure investments in the region. CMAP is seeking to determine its most appropriate role in ensuring that these infrastructure investments have long-term benefits.

Working committee activities in 2009

The working committees, including the Economic and Community Development committee, will continue to play a central role in plan development in 2009. A list of major plan activities and expected working committee involvement in each is below. These committee activities are in addition to providing feedback on all of the specific economic development work listed above.

Scenario evaluation. This will be the primary activity on *GO TO 2040* during spring and summer of this year. Scenario evaluation involves developing and describing several alternative futures for the region and evaluating the strengths and weaknesses of each through a technical and public process. It has several components:

- Scenario development and description. Descriptions of the alternative scenarios were developed last fall. Staff is now adding more detail to these to create fuller descriptions of these alternative futures and the policies and investments that created them. Committee review of this is expected in spring.
- Technical analysis. Considerable technical analysis being done to create and evaluate the alternative future scenarios. Committee members are invited to participate, either in person or online, in any of the "strategy panel discussions" that will occur through winter and spring.
- MetroQuest software development. The primary public involvement tool that will be used during the scenario evaluation process during summer 2009 is MetroQuest, a software which has been developed for CMAP by a consultant. This software can be used at facilitated meetings or in an online setting, and allows the user to experiment with different types of transportation investments and development patterns and view the outcomes of these decisions. The primary target for the software is the general public. A demonstration of MetroQuest for the working committees will be scheduled for the spring.
- Detailed scenario evaluation. During the summer, the committees will be asked to review scenario characteristics in detail and provide feedback on the most and least desirable characteristics of each. This will occur concurrently with general public involvement that will occur at a more general level of detail.
- Preferred scenario development. The scenario evaluation process will lead to the development of a preferred scenario that combines the best aspects of each

scenario. The preferred scenario will be created based on the results of the technical analysis, working committee discussions, and public involvement described above. A draft of the preferred scenario will be developed during fall 2009.

Major capital projects. Because *GO TO 2040* will be the formal long-range transportation plan for the region, it will need to identify major capital project priorities. This involves several steps that will require committee input.

- Development of evaluation measures. A series of evaluation measures will be developed to allow the benefits and costs of major capital projects to be captured and compared to each other. A draft of these evaluation measures will be discussed with the committees in the spring.
- Evaluation of major capital projects. Once the evaluation measures are endorsed, proposed major capital projects will be evaluated using them, within the context of the preferred scenario. This will occur during fall 2009 and will involve committee input.

Other activities. The committee will also be asked to review and comment on relevant Regional Snapshot reports as they are developed. It is also likely that other issues related to *GO TO 2040* will arise during the next year that will be brought to the committee for input or action.

Role of working committees and other advisory groups

A variety of groups are contributing to the development of *GO TO 2040*. The Economic and Community Development committee is a standing CMAP working committee and has one representative on the Planning Coordinating Committee, which provides recommendations to the Board on items related to *GO TO 2040*.

On the other hand, the agencies working on contract with the Chicago Community Trust have formed advisory councils to guide their work. The purpose of the advisory councils is to guide research on these specific topics, and to ensure that recommendations to CMAP have considered input from a broad range of regional groups. The advisory councils, while a critical and useful part of the plan development process, are not a formal part of the CMAP organizational structure.