

DURHAM

Joint Economic Development Strategic Plan



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Photo: Durham Convention and Visitors Bureau

EXECUTIVE SUMMARY

Durham recognizes that a shared, private-public strategic focus can improve coordination and prioritization to build on current successes and grow the economy to benefit all Durham residents and businesses. Aligning goals and processes can create a more transparent and efficient system for the planning and implementation of economic development strategies.

Durham's economic transformation in the last 20 years has been tremendous and has been celebrated regionally, nationally and internationally. This ongoing revitalization — demonstrated in the reuse of old warehouses and factories into thriving spaces like American Tobacco and Golden Belt, the dynamic and wildly popular Durham Performing Arts Center, the rebirth of Main Street downtown, corporate investment in Research Triangle Park and Treyburn, strategic examples of neighborhood revitalization, and much more — has been due to visionary leadership and thoughtful collaboration.

While this transformation has been astounding, areas of concern still exist. Unemployment, while below national and statewide averages, remains high among some populations, especially among youth and those with lower educational attainment. The City of Durham and Durham County are still struggling to replicate the transformation of the downtown district on a large scale in key neighborhood commercial corridors. Infrastructure in commercial corridors and residential neighborhoods needs to be improved to make it easier to do business and

to create districts that will attract and retain talent and business. Coordination with local and regional mass transit planning will be an important component. Leaders must ensure that existing businesses can benefit from Durham's growth, not simply out of fairness and equity, but also because the recirculation of local dollars stands to help all. A defined marketing and promotional strategy for new and existing businesses will keep Durham competitive with cities such as Austin, Boston, San Francisco and other "brain hubs" that compete with Durham to attract and retain businesses and talent. However, we not only need to get the message out that Durham is the best place to do business and live, work, learn and play, but we also need to ensure that the products, services and overall climate behind that message lead to a high level of satisfaction within the business community.

Three Core Principles collectively provide the basis for an effective economic development strategy for the community:

City and County Alignment: Coordination of City and County goals, strategies and processes to support a business and employment climate that encourages development.

Public-Private Partnerships: Collaboration between for-profit businesses, non-profit organizations, higher education institutions, and state and federal agencies

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Leaders must ensure that existing businesses can benefit from Durham's growth, not simply out of fairness and equity, but also because the recirculation of local dollars stands to help all.

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in development planning while leveraging public funds with private-investor funding to encourage development projects that support City and County goals.

Market and Industry Drivers: Recognition of the labor, residential and commercial markets that will be key determinants of location, expansion, preservation and business retention. Consumer demand, technological innovations, marketing and other factors drive the market for goods and services and are keys to business success. Additionally, the City of Durham and Durham County must pay attention to key industries and the fluidity with which they drive our local and regional economies.

Four Strategic Focus Areas provide a structure to the economic development planning and implementation process. These key areas define the opportunities and challenges facing Durham moving forward:

Focus Area 1: Business Retention and Recruitment: Attracting and keeping businesses in key economic sectors, encouraging new business investment, and supporting the



success and growth of existing businesses.

Focus Area 2: Business-Friendly Environment: Increasing the transparency of local government processes; maintaining local tax, zoning and regulation policies that encourage responsible business growth; and providing incentives and advisory systems to support new business investment and the growth and sustainability of existing businesses.

Focus Area 3: Infrastructure: Maintaining and improving the public infrastructure that supports business growth and quality of life, including roads, water, bicycle access, walkability, light rail, parking, public transportation, schools and other physical structures and systems. This work should occur while partnering with private businesses to guarantee access to systems necessary for a healthy business climate, such as high-speed Internet access, quality telephone service and reliable electricity.

Focus Area 4: Talent Development and Recruitment: Offering job skills training opportunities both for new employment and for career advancement through on-the-job training, the programs of the joint City/County Workforce Development

Board and other programs and resources while attracting and keeping skilled workers in key economic sectors.

Early conversations to inform the strategic planning process began in 2011. The City and County Managers convened private-sector and public stakeholders in a series of meetings to discuss challenges and opportunities in Durham's economy. Topics ranged from job creation to education to workforce development and beyond. In March 2013, the City and County hosted an economic development summit with formal presentations on many of these areas to local elected officials and private and public stakeholders. Following this summit, the City and County Managers charged their staff with carrying out a joint economic development strategic planning process — the first such process for Durham in roughly 15 years.

The stakeholders — including small business leaders and entrepreneurs, developers, minority-and-women-owned business owners, research organizations, government, regional entities, other nonprofits and representatives from many other sectors — contributed considerable time and brain power to this collaborative effort. These groups

advised staff, offering considerable input that helped create this final draft plan for the City Council and the Board of County Commissioners.

The Joint Economic Development Strategic Plan is a natural outgrowth of the broader strategic planning processes carried out by the City of Durham and Durham County. The City of Durham has the strategic goal of creating and sustaining a "Strong and Diverse Economy"; similarly, Durham County aspires to the goal of "Community and Family Prosperity and Enrichment."

Each focus area described in this document lays out a plan for moving forward and measuring goal accomplishment. This plan provides ways to keep the business community, local governments and the general population of Durham aware of outcomes and their effectiveness as elements of this plan are implemented through benchmarking net job growth, the unemployment rate, wage and salary growth, retention and recruitment of businesses and skilled workers, or the outcomes of local government investment.

DURHAM ECONOMIC PROFILE

A strong talent pool, abundant educational and community resources, and a high quality of life have all helped make Durham an attractive home to many employers — large, small and in-between. Durham is home to the world-renowned Research Triangle Park (RTP), the site of more than 170 bioscience, pharmaceutical, and information technology companies. Since its founding in 1959, RTP has grown to encompass more than 22.5 million square- feet of developed space, and RTP companies employ more than 39,000 full-time equivalent employees. RTP draws its talented workforce from the Triangle region and beyond, making Durham a mecca for biopharma opportunities.

Meanwhile, in northern Durham County, Treyburn Corporate Park houses major manufacturers such as Merck.

In recent years, Durham has also developed a strong reputation as a hub for entrepreneurs and tech startup companies. An impressive number of startups are located in downtown Durham, creating a culture of innovation and bold development. In 2013, Durham’s national reputation was further cemented as American Underground—a startup incubator and accelerator with two downtown locations—was designated as one of eight Google for Entrepreneurs Tech Hubs in North America.

Known as the “City of Medicine,”

Durham is home to six of the best hospitals in the state. Duke University Hospital, the flagship teaching hospital of the Duke system, is ranked #1 overall in North Carolina and is nationally ranked in 13 specialty areas. Duke Regional Hospital, Duke Children’s Hospital, Lenox Baker Children’s Hospital, North Carolina Specialty Hospital and the Durham Veterans Administration Medical Center, as well as a thriving network of doctors, dentists and physical therapists, provide high-quality care for patients from Durham and beyond. Not surprisingly, healthcare is a major driver of the local economy, employing nearly 14 percent of Durham’s workforce.



Photo: Duke Photography and Durham Convention & Visitors Bureau

Partners

The City of Durham and Durham County are strongly supported by a robust network of partners in economic and workforce development. The Greater Durham Chamber of Commerce and Downtown Durham, Inc., work closely with the local business community to attract and retain jobs. The Durham Convention and Visitors Bureau builds and promotes a climate that draws tourists, while Durham Public Schools, Durham Technical Community College, North Carolina Central University and Duke University educate the next generation of workers and community leaders. Meanwhile, local leaders partner with the North Carolina Department of Commerce, the Research Triangle Park Foundation, and other state and regional partners to ensure Durham is constantly engaged in dialogue about ways to advance the entire Research Triangle region.

Cultural and Recreational Opportunities

Durham hosts thousands of cultural and recreational opportunities throughout the year. In 2013 alone, there were 4,800 events listed in the Durham community calendar with over 3.5 million attendees. Residents and visitors enjoy a great variety of festivals, athletic events, performing arts, nature venues, museums and historic sites.¹ Durham County is home to Sarah P. Duke Gardens, the Durham Performing Arts Center, the Durham Life and Science Museum, the Durham Bulls Athletic Park, and the Eno River State Park, to name a few landmark destinations. Durham's eclectic and down-home food scene also has received significant national recognition, earning Southern Living Magazine's award as the South's Tastiest Town in 2013.

¹ Durham Convention and Visitors Bureau, 2013

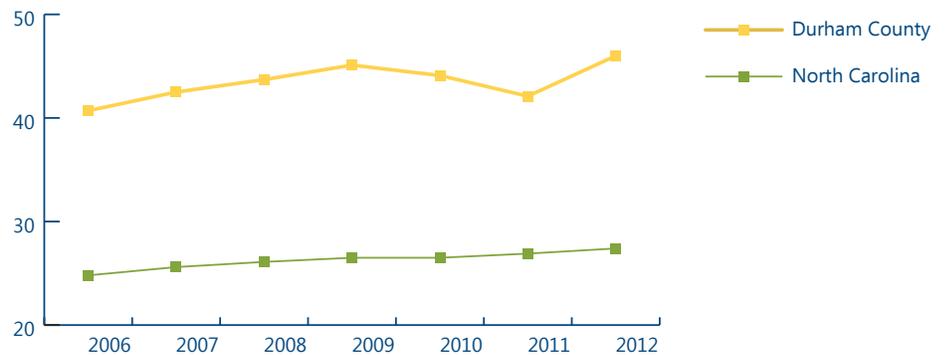
COMMUNITY OUTCOME INDICATORS

Durham County unemployment rate



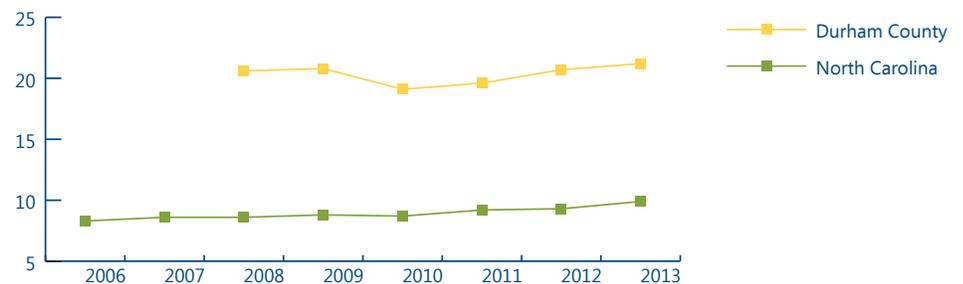
Source: NC Employment Security Commission

Percent of population 25 and older with bachelor's degree or higher



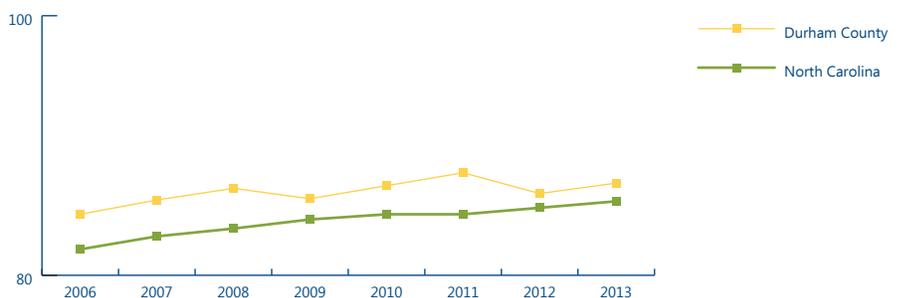
Source: U.S. Census, American Community Survey 1-Year Estimates 2006 - 2013

Percent of population 25 and older with graduate or professional degree



Source: U.S. Census, American Community Survey 1-Year Estimates 2006 - 2013, Educational Attainment, Table S1501

Percent of population 25 and older with high school degree or higher



Source: U.S. Census, American Community Survey 1-Year Estimates 2006 - 2013, Educational Attainment, Table S1501

DURHAM DEMOGRAPHICS

Durham County Population (2013 est) *	288,133
Age breakdown (2012) **	
14 years and under	19.4%
15 to 34 years	32.5%
35 to 54 years	26.7%
55 to 74 years	16.9%
Over 74 years	4.5%
Racial breakdown (2013) *	
African American	38.7%
American Indian	1.0%
Asian	4.8%
Pacific Islander	0.1%
Two or more races	2.3%
Hispanic or Latino	13.5%
White (not Hispanic or Latino)	42.1%
Gender breakdown (2013) *	
Female	52%
Male	48%

KEY STATS

Largest employers (2013) ***	Duke University IBM Durham Public Schools GlaxoSmithKline US Veterans Administration
Median value of owner-occupied housing units (2008-12) *	\$179,800
Population change, April 1, 2010 to July 1, 2013 *	6.7%
Total Retail Sales With Food/Drink (2013) ***	\$2,621,800,000
Commercial/industrial real and personal property taxes as a percentage of total Durham County property tax base (FY 2013-2014) ****	44 percent
Total visitor spending (2012) *****	\$765.8 million

Sources

* = [US Census Bureau Quick Facts](#)

** = [American Community Survey](#)

*** = NC Department of Commerce

**** = Durham County Tax Department

***** = Durham Convention and Visitors Bureau

DURHAM ACCOLADES/FACTS

Durham was recognized as a Playful City USA for the fifth consecutive year.

— KaBOOM!, August 2014

The Durham-Chapel Hill Metropolitan Statistical Area has the fifth highest real average wage in the United States.

— CityLab, July 2014

Durham was recognized as the fourth best medium-sized city in the United States for women in the workforce, based on medium earnings and cost of living.

— NerdWallet, June 2014

Durham was ranked #6 out of 10 markets with the Strongest Brainpower for its high number of adults with high school diplomas, bachelor's and graduate degrees.

— The Business Journals, February 2014

Durham was recognized as the #4 Small City in the United States for Starting Over.

— Credit Donkey, October 2013

The City of Durham was globally recognized for its economic potential, ranking #2 in the Top 10 Small American Cities of the Future.

— fDi American Cities, October 2013

Durham was recognized (along with Raleigh) as part of "10 Up and Coming Cities for Entrepreneurs."

— Forbes Magazine, September 2013

Durham receives the "Tastiest Town in the South" title after a two-month voting process of more than 300,000 votes.

— Southern Living Magazine, April 2013

Source: Durham Convention and Visitors Bureau



Photo: Durham Convention & Visitors Bureau

STRATEGIC FOCUS AREAS

STRATEGIC FOCUS AREA 1: BUSINESS RETENTION AND RECRUITMENT

Why is this important?

In 2013, Foreign Direct Investment magazine named Durham an American City of the Future and the #2 area for economic potential among small jurisdictions in North or South America. In that same year, Durham was recognized by the Alliance for Innovation Transforming Local Governments Conference for being a “cool” jurisdiction because of the ways revenue generated by property taxes on large scale real estate developments have been used for effective public-private partnerships. These partnerships created office spaces, restaurants, child care centers and event spaces in downtown and in adjoining neighborhoods. They created places to live, work, learn, and play and have improved the climate for recruiting and retaining local businesses.

However, even as Durham becomes more recognized internationally as a prime place to develop, re-develop, innovate and expand, it is also important that there is joint focus on attracting, as well as growing and retaining existing businesses. The City of Durham and Durham County must work collaboratively with economic development partners and the private sector to make sure existing businesses stay and expand.

The ability of existing businesses to expand and for new businesses to start is contingent upon their ability to offer goods and services related to industry drivers—the industry clusters in which job growth and capital investment are happening at the most rapid levels. Durham’s current

industry clusters include:

- Professional, scientific and technical services
- Healthcare and social assistance
- Manufacturing

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By marketing businesses, effectively promoting and building capacity among existing businesses and talent, and then effectively connecting them to the industry drivers, we can achieve business retention, growth and greater levels of job placement with locally grown talent.

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- Retail trade
- Financial and insurance services
- Accommodation and food services¹

Business retention, growth and greater levels of job placement for 1 State of North Carolina Department of Commerce, Labor and Economic Analysis Division, 2014.

locally grown talent is achievable by marketing businesses, effectively promoting and building capacity among existing businesses, and effectively connecting them to industry drivers. These efforts will also assist with business recruitment. The places where businesses start and expand can form live-work-play clusters. Industry clusters should be the targets of recruitment and retention activities.

To enhance business retention and recruitment, four strategic objectives were identified:

Strategic Objective 1: Promote and incentivize building and land reuse to strategically develop live-work-learn-play clusters throughout the community that create opportunities for mixed use, mixed income housing and a diversity of business types consistent with best practice urban development models. Incentives would be focused upon high growth and growth industries that have the greatest potentials for capital investment and job creation.

Strategic Objective 2: Foster small business and entrepreneurial opportunities including the promotion of gender, racial and ethnic diversity in business development as well as sports and cultural development.

Strategic Objective 3: Seek better ways of marketing Durham regionally and globally especially in the area of business attraction, including sports and cultural development.

Strategic Objective 4: Emphasize market and industry drivers in the

recruitment and retention of business types and resulting recruitment and retention of talent.

Where are we?

With the development of complexes such as West Village and American Tobacco in the early 2000s, downtown Durham began to emerge as a live-work-learn-play hub. As of June 2014, there were five downtown residential complexes under construction, containing approximately 740 units. In addition, approximately 400 units are scheduled for construction in 2014-2015. A substantial number of these units are projected to include some combination of offices, retail space and/or recreational amenities or to be in close proximity to them. The construction of these units is evidence of Durham's emerging presence on the national residential development landscape – indeed, the Urban Land Institute has recently listed the Raleigh-Durham market as a top-20 market for multi-family investment and development prospects¹. Residential, commercial and office units are being built so that new housing, office space, commercial space and amenities can be in place for business attraction. There may be opportunities for the downtown model to be replicated in other parts of the County.

Durham is anticipated to grow by just under 2 percent for the next three to five years – approximately 5,200 people per year. In addition, movement will occur within Durham, caused by “empty-nesters” downsizing and moving from single-family homes to multi-family dwellings, and by college graduates from both local and non-local universities relocating within and to Durham.

The 2013 Durham Industrial Land Use Study established the following

¹ 2013 Emerging Real Estate Trends Survey, Urban Land Institute.



premises for the inventory of vacant industrial land in Durham:

- In 2012, approximately 5,300 acres (31 percent) of land designated for industrial uses were used for industrial purposes. Therefore, a little under 12,000 acres (69 percent) of land designated for industrial uses were either vacant or were being used for other purposes.
- Planning staff determined that approximately 1,600 acres of vacant

land designated for industrial uses meet the study's defined criteria for marketability for industrial uses.

- Following those criteria, not all land currently designated for industrial uses is likely to be marketable for industrial purposes.²

Based on these findings, there are likely opportunities to develop vacant

² Durham Industrial Land Use Study, Durham City/County Planning Department, 2013.



Research Triangle Park
Photo: Advanced Aerial Photography and Durham Convention & Visitors Bureau

land into centers for mixed-use commercial, office and residential development that promotes quality of life through amenities such as child care centers, bike and walking paths, other recreational amenities and open spaces. It may be useful to inventory these available spaces, perhaps in tandem with an inventory of under-performing shopping centers that may be suitable for re-purposing.

Multiple organizations work with the City and County to foster business development. These organizations provide capacity-building and technical assistance services. All have a focus on fostering small business and entrepreneurial opportunities, including the promotion of gender, racial and ethnic diversity in business development. The Small Business Advisory Committee developed a Comprehensive Plan in 2013 that is currently being updated. Many untapped opportunities to leverage

resources and connect efforts exist, however, which are increasingly needed as publicly-funded resources for small business capacity building efforts level off.

In terms of marketing, public information officers from various agencies currently meet on a periodic basis to share information. While Durham currently has different catch-phrases and nicknames that effectively attract visitors, a coordinated strategy for business attraction is lacking.

Finally, the aforementioned high-growth industry clusters define Durham's economy. Announced capital investments for the past three years have been largely related to accommodation and food services, healthcare, professional/scientific and manufacturing companies. City and County leaders have intentionally sought to create a climate for companies in these industries

to thrive, providing economic development incentive agreements and grants that have enabled hotel construction, retail, professional and personal service startups, restaurant startups, and industrial recruitment and expansion. Because of this business climate, downtown has been transformed over the past year; companies such as EMC, GE Aviation, Burt's Bees, Purdue Pharma, CREE and AW North Carolina have expanded in Durham; and Duke University Healthcare System and research and development operations are growing substantially.

Where do we want to be in 5 years?

In five years, the goal is to have at least one completed model development that is transit-oriented, mixed-use and representative of quality infill development that allows Durham residents and businesses to co-exist. This co-existence will be predicated on primary quality of

life factors and enable commercial and residential patrons to live, work, learn and play. Other developments will be in progress and/or under construction. These developments should be linked to high-growth industry clusters. Three key opportunities include:

- Revitalization of under-performing shopping centers in areas adjacent or in close proximity to I-85, U.S. 70, and U.S. 15-501.
- Coordination of residential and commercial development around planned light rail stations.
- Identification of parcels that were part of the 2013 Durham Industrial Land Use Study that would be more appropriate as mixed use, “live-work-learn-play” developments than industrial uses.

The City of Durham and Durham County need a branded, coordinated and understandable way for small businesses, including minority and women-owned business, to access opportunities created by Durham’s economic growth. Two factors are crucial for such a system:

- Institutionalized, unified, complementary and non-duplicative capacity-building among economic development partners.
- A pipeline that would connect these offerings with the opportunities created by Durham’s economic growth (e.g., preferred inclusion or referrals of small businesses that have “graduated” or been “credentialed” by those programs).

Additionally, the vision is for Durham to have a coordinated marketing strategy to showcase its assets and help the community stand out internationally. This strategy will be based upon market and industry drivers and highlight Durham’s attributes related to the key factors that stimulate economic development in communities. Based upon the current economic development literature, these include but are not

limited to:

- A talented workforce
- Infrastructure
- World class universities and strong educational system
- The ease of doing business
- Quality of life factors such as ample places to live, work, learn and play ¹

In five years, given the pace of technology and the fluidity of economic dynamics, current industry clusters may or may not continue to define the local economy. As a result, Durham’s labor market information systems (which inform our economic development partnerships about which industry clusters should be emphasized) require cutting-edge information that enables timely decision-making. The N.C. Commerce Labor and Economic Analysis Division is an example of a key resource.

Multiplier effects will make the expansion and growth of these industries have an even larger impact on the Durham economy. In other words, while the property and sales tax revenue, quality of life, and job creation benefits will all be positive, the ability of our small businesses to tap into the growth will enable indirect job creation and tax revenue advantages. Rising tides will lift all ships, but this will only occur if there are conscious and deliberate efforts to connect existing small businesses to the growth.

How are we going to get there?

Strategic Objectives/Initiatives:

1. Promote and incentivize building and land reuse to strategically

¹ For example, Foreign Direct Investment Magazine, April 2013; “Introduction to Economic Development,” International Economic Development Council, 2006.



The vision is for Durham to have a coordinated marketing strategy to showcase its assets and help the community stand out internationally.



develop live-work-learn-play clusters throughout the community that create opportunities for mixed use, mixed income housing and a diversity of business types consistent with best practice urban development models. Incentives would be focused upon high growth and growth industries that have the greatest potentials for capital investment and job creation.

- a. Encourage installation/development of amenities (e.g. sidewalk dining, public art, streetscapes, etc.).
- b. Support appearance-related initiatives.
- c. Ensure continuity and consistency of development plans and policies across multi-governmental jurisdictions (City, County, State).
- d. Engage Urban Land Institute and/or other consulting organization to analyze the feasibility of underperforming shopping center redevelopment.

2. Foster small business and entrepreneurial opportunities including the promotion of gender, racial and ethnic diversity in business development as well as sports and cultural development.



a. Employ the City of Durham-Based Business Plan and Equal Opportunity Business Plan in all City and County economic development incentive agreements to increase the contracting opportunities and contract amounts earned by Durham-based firms, including minority and woman-owned businesses.

b. Expand active outreach, capacity building and technical assistance to help develop Minority and Women-Owned Businesses.

c. Coordinate strategies and plans of capacity-building agencies and consider how resources could be leveraged.

d. Explore the efficacy of a Durham Sports Commission

e. Support the efforts of the Durham Cultural Advisory Board and others to build capacity among arts organizations.

3. Seek better ways of marketing Durham globally and in context of larger Triangle, especially in the areas of talent attraction, including sports and cultural development.

a. Promote Durham's image in

the region on issues such as safety, economic viability, and the talent pool.

b. Provide and support brand management of Durham's brand and economy locally, regionally, nationally, and globally through a cohesive communication strategy and shared messaging across entities.

c. Survey businesses and stakeholders to evaluate effectiveness of marketing plan.

4. Emphasize market and industry drivers in the recruitment and retention of business types and resulting recruitment and retention of talent.

a. Design incentive programs, policies and procedures around recruitment and retention of high growth industry clusters.

b. Promote employment and business growth opportunities in ways that direct job seekers, entrepreneurs and small businesses to connect with industry drivers.

c. Update on a periodic basis what the market drivers or factors are that drive real estate development and

business location decisions

Measures

1. Average cost per square foot of real estate in targeted areas.

2. Annual value of real estate improvements due to redevelopment activity in targeted areas.

3. Average commercial lease rates in targeted areas.

4. Annual assessed valuation of land and improvements in targeted areas

5. Percentage of contracts awarded to Durham-based businesses, including Minority and Women-Owned Businesses.

6. Value of contracts on projects where there is public funding as part of the financing.

7. Number of projects in targeted areas that progress through one of the eight stages of real estate development as defined by the International Economic Development Council (IEDC).

Performance measures subject to change based on data availability and further research.

STRATEGIC FOCUS AREA 2: BUSINESS-FRIENDLY ENVIRONMENT

Why is this important?

As Durham looks forward to expanding its economic diversity and strength, it is important to pay special attention to our business development climate. Durham sits at the heart of the Research Triangle Region, which is globally recognized for world-class education and research, cutting edge technology, high quality of life, and a supportive business environment. Businesses looking to locate, expand and thrive in Durham rely on a business environment that is helpful and responsive through all phases of a business's life cycle.

The community's success can be measured by its ability to attract new business investment and retain existing investments. New, expanding and thriving businesses positively influence the quality of life for the local workforce. They also help insulate the community from the impact of greater fluctuations in the global marketplace. When speaking of the success of Canadian cities in attracting foreign investment in 2013, Invest Toronto noted, "When stable, transparent financial and regulatory systems combine with a society that enjoys some of the most advanced freedoms in the world, it creates an environment for success."

Programs that encourage economic investment in a community can mitigate financial risks for businesses, especially for business start-ups and expansions. When linked to the local workforce, livable wages and local supplier goals in incentive agreements, they encourage local employee recruitment and the growth of related businesses.

Simplification of the construction approval process and the inspection process, without sacrificing other local priorities, can reduce the time for bringing new development online. Transparency in zoning and regulato-

ry processes also adds to a business-friendly climate.

In order to enhance Durham's business-friendly environment, three strategic objectives were identified:

Strategic Objective 1: Provide a time-sensitive, easy-to-navigate development review process which facilitates continuous process improvement.

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In 2013, the Durham/Raleigh metropolitan area was recognized as one of Forbes' "10 Up and Coming Cities for Entrepreneurs" and it recognized Durham as number 10 in its list of "Best Places for Business and Careers 2013."

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Strategic Objective 2: Create a business-friendly culture that increases collaboration for economic development and promotes efficient government.

Strategic Objective 3: Provide effective and creative stimuli for economic investment, when necessary, to foster desired development.

Where are we?

North Carolina is consistently ranked

among the best business climates in the nation by magazines like Site Selection, Forbes, CNN Money and Chief Executive. In 2013, Forbes recognized the Durham/Raleigh metropolitan area as one of its "10 Up and Coming Cities for Entrepreneurs" and Durham as number 10 in its list of "Best Places for Business and Careers 2013." Entrepreneur Magazine recognized the Durham/Chapel Hill MSA as number 22 in its list of the "25 Best U.S. Cities for Tech Startups."

Among the factors that make a business climate inviting are quality of life, an educated workforce (measured by the percentage of the population holding degrees), ease of hiring, low cost of doing business (taxes and fees), focus on sustainability, thriving diversity and regulatory friendliness. Durham fares well in many of these factors; however, there are still opportunities to enhance operations and regulatory friendliness.

Recognizing that cities and counties largely carry out different functions within communities, the City of Durham and Durham County operate under different economic development policy guidelines, each designating different strategic economic areas. Generally, the City's policy is targeted toward community development of specified areas within the city, while the County's policy focuses on large-scale commercial and industrial development both inside and outside city limits. There is broad agreement among stakeholders that the City and County need to be less compartmentalized and more collaborative and proactive in creating joint target areas, complementary policies with consistent interpretation and application, and uniform procedures.

The creation of the joint City/County Planning and Inspections departments have provided better efficiency in the project review process for



The Visitor Information Center at the Durham Convention & Visitors Bureau (DCVB) has all the resources you need to discover Durham
 Photo: Durham Convention & Visitors Bureau

development, while the joint City/County Workforce Development Board brought greater efficiency to the process of employment recruitment and training, youth employment programs, and other factors in supporting the workforce infrastructure. The City of Durham and Durham County still have more room to provide greater efficiency in the negotiation, review and approval processes for economic incentives involving both governments to reduce the time and uncertainty faced by investors in new or expanded business projects.

The City's Small Business Advisory Committee is an advisory service for new and growing small businesses. Partnerships between our local governments and Durham's universities add to the support service resources available to local business. The level of cooperation between governmental agencies and private or quasi-

public agencies such as the Greater Durham Chamber of Commerce, Downtown Durham, Inc. and the Durham Convention and Visitors Bureau support a healthy economic development climate. But, greater collaboration and planning can support the missions of all agencies involved and increase the efficiency of assistance to potential business investors in Durham.

Where do we want to be in 5 years?

Ideally, a unified economic development operation that enhances predictability for the private sector and increases efficiencies and accountability to taxpayers would promote an overall business-friendly environment. While regulations help safeguard the community and preserve Durham's sense of place, the City of Durham and Durham County can encourage business growth by providing regulatory relief—simplifying processing

and modifying codes to eliminate laws that no longer serve a purpose and impede development and speed-to-market. Navigating the regulatory process can be challenging at times for large developers and daunting for small business entrepreneurs. Making information easy to obtain with helpful publications, an easy-to-use website with access to business tools, a dedicated business advocate and improved public outreach will help businesses save valuable time and cut red tape.

To continue enhancing Durham's business climate, several elements need to be in place:

- Greater transparency and efficiency in the permitting, zoning and inspection processes are essential and help support business confidence.
- Effective business services from local government must be available, especially to the small business sector.
- Programs for business startup, retention and expansion need to be monitored and refined to reflect economic and business trends and to incentivize inward investment, local employment, job training and local sourcing.

How are we going to get there?

Engagement between businesses and policy makers in prioritizing issues will help local leaders ensure Durham has a clear unified economic vision and demonstrate that businesses are important to our community. The business-friendly environment can be enhanced for economic development by focusing on initiatives to simplify the development review process, increase collaboration between the City and County, and develop a joint toolbox for economic development incentives.

Strategic Objectives/Initiatives:

1. Provide a time-sensitive, easy-to-navigate development review process that facilitates continuous process improvement.
 - a. Develop a user-friendly develop-

ment review flowchart to be shared with developers at the beginning of the review process.

b. Identify a communication point-person in each jurisdiction to create and publicize interim project review opportunities with internal and external constituents.

c. Study “one-stop-shop” development review models, including fee-based expedited review processes, through site visits and benchmarking and present findings to City and County Manager’s to discuss possible implementation.

d. Partner with businesses to create regular channels of communication by establishing a business advisory group that meets quarterly with local government staff to discuss development-related policies and practices and assesses development review process outcomes via a “stoplight” report that can be easily shared and used across organizations.

e. Formalize periodic staff review of Unified Development Ordinance, City and County codes, and formal/informal internal policies in departments that participate in development review.

f. Work with the Greater Durham Chamber of Commerce to support legislative agendas that promote local government discretion in setting development standards.

2. Create a business-friendly culture that increases collaboration for economic development and promotes efficient government.

a. benchmark ombudsman positions in other jurisdictions to assess the suitability of an ombudsman position to serve as intercessor for businesses to help navigate government processes and connect to resources during the development process.

b. Determine the feasibility of a joint City-County economic development organization, assessing all possible alternatives through an exploration committee composed of



American Underground

Photo: Stewart Waller and Durham Convention & Visitors Bureau

City and County leaders and other stakeholders.

3. Provide effective and creative stimuli for economic investment, when necessary, to foster desired development.

a. Develop a joint resource toolbox for stimulating economic investment, including targeted infrastructure and workforce development investments as potential economic development tools.

b. Work with and use economic development resources available through partner agencies such as state agencies, Research Triangle Regional Partnership and other organizations.

c. Explore the idea of a City-County incentive review team.

Success can be measured both in the attraction of new business ventures and investments and in the retention and development of relationships

with existing investments.

Measures

1. Percentage of surveyed customers rating the development review process as efficient or very efficient.¹

2. Percentage of surveyed customers affirming the clarity and consistency of planning comments and development information received are good or very good.¹

3. Percentage of development review applications successfully completed within schedule period.

4. The percentage of locally supported projects supported by partner agencies.

Performance measures subject to change based on data availability and further research.

1 Staff will develop a survey to capture the clarity and consistency of comments and communication, the efficiency and effectiveness of the process, as well as other reactions to the process.

STRATEGIC FOCUS AREA 3: INFRASTRUCTURE

Why is this important?

According to a recent U.S. State Department report, “investments in modern infrastructure lay the foundations for economic development and growth.”¹ High-quality infrastructure is vital for economic success. The community’s ability to move people and products, to communicate, to commute to and from workplaces, to provide facilities for conferences, conventions and visits, and to provide the elements for a high quality of

¹ United States Embassy Report: Better Infrastructure bring Economic Growth, United States Department of State Bureau of International Information Programs, June 2012

life will be crucial for attracting and growing businesses and skilled workers.

Served by two interstate highways (I-85 and I-40), a major rail corridor serving both freight and Amtrak passenger trains, Raleigh-Durham International Airport, and other U.S. highways, Durham is well situated for interstate commerce and transportation. Inter-city and intra-city bus networks, including the fare-free Bull City Connector, provide affordable bus service. The downtown parking supply is adequate now, with on-street parking and municipal parking lots and garages, but improvements will be necessary as Durham contin-

ues to grow and develop. Internet service is readily available, but access to fiber optic lines and other technical improvements will need to be expanded as they become available. Opportunities for public/private partnerships and cooperation are key to maintaining a state-of-the-art information infrastructure over time.

Durham enjoys a rich array of cultural and recreational amenities, including a network of public parks, recreation centers, and performing venues, including the City-owned Durham Performing Arts Center and the multi-theater Carolina Theatre, as well as non-profit and university venues, two university art museums, the Museum



Photo: Atlopedia (Own work)

of Life and Science, and a strong County public library system. The City of Durham and Durham County maintain a number of public sports facilities, like the Durham Athletic Park and Durham Bulls Athletic Park (both City-owned), and the Durham County Memorial Stadium, which add recreational opportunities and are available as venues for festivals, concerts and other activities. Ongoing maintenance and improvements to these facilities—and avoiding deferred maintenance issues that have faced some of these public facilities in the past—are important to supporting quality of life infrastructure components. Public art programs, launched by both the City and County governments, will further add to the cultural richness and appearance of Durham. Streetscape and lighting improvements add to the pedestrian experience.

The Durham Convention Center and the Durham Armory offer opportunities to attract regional, national and international conferences. The current development of new hotels in walking distance of those facilities will offer increased lodging options to attract larger conferences and conventions to our community. The lack of adequate hotel space has been a limiting factor to attracting major conferences to Durham. With expanded accommodations becoming available, we must be proactive in considering future changes to the Convention Center. Proactive infrastructure planning across all areas of infrastructure will allow Durham to lead, rather than follow, future trends.

Even as Durham becomes more recognized internationally as a prime place to develop, re-develop, innovate and expand, it is important our that infrastructure maintenance and improvements keep pace with and support development.

In order to continue to support high-quality infrastructure, six strategic objectives were identified:

Strategic Objective 1: Understand the magnitude of the financial gap between new infrastructure needs, enhanced maintenance needs, and the funds currently available to meet those needs. Address prioritized needs with available funds.

Strategic Objective 2: Invest in essential infrastructures that have been traditionally viewed as “amenities,” ancillary to economic development,



Investments in modern infrastructure lay the foundations for economic development and growth. High-quality infrastructure is vital for economic success.



and/or primarily the domain of the private sector.

Strategic Objective 3: Maximize efficient location and use of community facilities (funded by City, County, Durham Public Schools, State or private entities) by pursuing co-location where possible.

Strategic Objective 4: Make private-sector infrastructure requirements predictable, sensible and transparent.

Strategic Objective 5: Continue to encourage vibrant, mixed-use live-work-learn-play centers utilizing different strategies including design districts.

Strategic Objective 6: Pursue infrastructures in targeted redevelopment

areas including those that complement future bus and rail expansions.

Where are we?

Durham residents have consistently approved significant expenditures on public buildings. Voters have also recently approved an additional sales tax to fund further investments in public transportation infrastructure, including the eventual addition of rail transit. Water and sewer utility investments are covered by revenues generated within those respective enterprise funds, and several rate increases in recent years have allowed for further and more far-reaching investments. Parking availability around downtown is currently adequate, but improvements will be necessary as development trends continue. Particularly in targeted areas of the urban core, funding for higher levels of maintenance is needed across infrastructures, as are additional investments in streetscape and appearance.

Where do we want to be in 5 years?

Durham wants and expects to have a comprehensive set of City and County government infrastructures built, managed and maintained in systematic, strategic, proactive, equitable and tech-savvy ways. The goal is for public structures and open spaces to enhance each other, and for infrastructure investments to support transit-oriented development, as articulated through the Station Area Strategic Infrastructure (SASI) Study. Throughout the community, the City of Durham and Durham County desire public investments and infrastructures to help drive economic development and also to fit with and complement infrastructure investments from the private sector.

How are we going to get there?

Strategic Objectives/Initiatives:

1. Understand the magnitude of the financial gap between new infrastructure needs, enhanced maintenance needs, and the funds currently available to meet those needs. Address



prioritized needs with available funds.

a. As the City of Durham and County of Durham both utilize Capital Improvement Programs (CIPs) to plan for and pay for new capital assets, the City and County should use similar methods to plan for maintenance and replacement costs based on asset lifetimes.

b. Further improve tracking of infrastructure investments across the board, including through enhanced CIP processes.

c. Consider as a separate class of infrastructure investments those clearly tied to economic development projects the tax revenue from which will cover some or all of infrastructure costs.

2. Invest in essential infrastructures that have been traditionally viewed as "amenities," ancillary to economic development, and/or primarily the domain of the private sector.

a. Further improve the mechanism(s) for coordinating the development and implementation of a City-County parking strategy.

b. Facilitate fiber/wireless development in as many areas as possible, including underserved areas.

c. Purchase/construct more high-

quality cycling and walking infrastructure, including sidewalks.

d. Establish a high-level public-private partnership to pursue funding and approval for the top priorities of the recent North Carolina Railroad crossing study.

3. Maximize efficient location and use of community facilities (funded by City, County, DPS, State or private entities) by pursuing co-location where possible.

a. Initiate periodic City-County-DPS review of facility needs and resources to find efficiencies.

b. Investigate joint capital and operational funding models that could enable and support joint use.

4. Make private-sector infrastructure requirements predictable, sensible and transparent.

a. Review infrastructure requirements and recommend revisions, such as performance standards that balance predictability with flexibility.

b. Develop and/or improve regulatory mechanisms that require and/or enable multi-party finance of infrastructure investments serving multiple current and/or future beneficiaries.

5. Continue to encourage vibrant, mixed-use live-work-learn-play centers utilizing different strategies including design districts.

a. Continue to review UDO restrictions on developments with mixed uses as well as creative new uses/re-uses.

b. Continue to seek ways to make dense, mixed-use areas pedestrian and biker friendly.

6. Pursue infrastructures in targeted redevelopment areas including those that complement future bus and rail expansions.

a. Find creative ways to encourage low-and-moderate income housing near future rail stops.

b. Review planning and zoning requirements in areas of expected greater density to eliminate barriers to denser housing.

c. Pro-actively increase capacity of other kinds of infrastructure in targeted redevelopment areas, such as areas expecting higher transit-related density.

d. Make sure mixed-use development and creative re-use are encouraged near future transit hubs.

Measures

1. Annual construction and maintenance expenditures for different types of infrastructure (water, sewer, stormwater, roads, buildings, parks and potentially other categories) in targeted areas.

2. Average occupancy in designated public parking areas.

3. Miles of sidewalk completed per year.

4. Miles of bike lanes added per year.

5. Percentage of residential units within ½ mile of a public park and public transportation stop.

6. Percentage of acreage in Durham with a mixed-use zoning designation.

Performance measures subject to change based on data availability and further

STRATEGIC FOCUS AREA 4: TALENT DEVELOPMENT AND RECRUITMENT

Why is this important?

From global, national, statewide and local perspectives, the United States Chamber of Commerce, Foreign Direct Investment magazine, and many others have determined that business location, re-location, expansion and start-up decisions depend heavily upon the availability of local talent. As a result, Durham makes talent development a priority and emphasizes the need to systemically prepare talent and to connect businesses to talent. Equally as important will be activities centered on attracting, keeping and growing the talent needed to sustain these businesses.

In order to continue to support talent development and recruitment, four strategic objectives were identified:

Strategic Objective 1: Reconfigure and/or expand scope of work designating the Durham Workforce Development Board as the single coordinating entity for workforce development in Durham, facilitating better alignment between supply of and demand for skilled labor (education-to-work pathways) and among the myriad of agencies that provide employment and training-related services in Durham.

Strategic Objective 2: Strengthen and increase communication and collaboration among public, private and nonprofit partners who design, use and evaluate local workforce programming.

Strategic Objective 3: Develop a performance measurement system that allows for strategic evaluation of the talent development system.

Strategic Objective 4: Emphasize market and industry drivers in the recruitment and retention of talent.

Where are we?

In 2010, Forbes listed Durham as the Best Midsized City for Jobs. In

2014, Durham ranked 36th on Wallet Hub's list of the "Best Cities to Start a Career." Overall, Durham has a highly educated population due to the presence of Duke University, North Carolina Central University, Durham Technical Community College, Research Triangle Park and a strong



Our leaders can expand the pool of available employees for local business and increase employment opportunities and income potential for Durham residents by supporting educational attainment, skills training and employability training.



high-tech sector. On the other hand, Durham also has a stubborn problem with high unemployment among less-educated individuals, including minority and immigrant communities.

Durham's leaders can expand the pool of available employees for local business and increase employment opportunities and income potential for Durham residents by supporting educational attainment, skills training and employability training. Additional key investments can be made in retraining programs for the unemployed and through on-the-job skill enhancement. These efforts will also help the business community by

ensuring that there is a steady supply of qualified talent.

The NCWorks Career Center System is a network of partner agencies that are publicly funded with federal, state and local funds to connect businesses and job seekers in Durham. The system is the natural recipient for the support described herein. The major partners in the system, based upon the volume of people and businesses served, include the following members:

- The City of Durham Office of Economic and Workforce Development (OEWD), under the auspices of the Workforce Development Board, administers a substantial amount of federal and local funding through direct and contracted services to connect job seekers at various levels of employability and educational attainment to job placement opportunities. It also works with businesses to help their bottom lines by connecting them to no cost or low cost solutions that enable them to attract and/or retain talent.

- The North Carolina Department of Commerce's Division of Workforce Solutions (DWS) provides workforce development services but concentrates on the general population of businesses and job seekers. While DWS does perform intensive career counseling for special populations such as veterans, the majority of its services are provided through short, non-repetitive interactions with job seekers and businesses. DWS also assists job seekers with unemployment claims.

- The Durham County Department of Social Services (DSS) provides workforce development services, with a concentration on individuals that receive Temporary Assistance to Needy Families or those that are part of the food and nutrition program. DSS also frequently engages with the business



Youth Career Fair at Holton Career and Resource Center

community.

- Durham Technical Community College offers similar services to businesses as OEWD. It is also the primary entity in Durham for post-secondary training, including vocational certificate programs, associates' degree programs and continuing education offerings.
- Durham Public Schools is the primary educational provider for Durham students from kindergarten through 12th grade. Our public school system feeds many of the services provided by DSS and Durham Tech.
- The Durham Partnership for Children and the Child Care Services Association provide policy oversight, consumer information, and referral services for early childhood education in Durham.

Other system partners include the following:

- The Division of Vocational Rehabilitation
- The National Council on the Black Aged
- Numerous nonprofits that provide services to youth and special populations of adults

The Durham YouthWork Internship Program is an example of the results that can come from close cooperation between the City, County, Durham Public Schools and local businesses. Each year, over 400 young people between the ages of 14 and 21 each year in skills enhancing paid summer and after school internships and jobs, while providing employability skills training and career exploration in the basic skills required by the

work environment.

While the current efforts of our major agencies are well-intentioned, the following problems persist:

- Services are unbranded, misunderstood and, at times, duplicative.
- It is difficult to pull data from the system to enable partners to jointly serve businesses and job seekers in a customer-friendly way.
- The system lacks easy ways to extract evaluative data which, if analyzed, could contribute to continuous quality improvement activities.

Where do we want to be in 5 years?

As North Carolina moves to restructure the statewide Workforce Development Board system and create greater interagency cooperation between state and local agencies in providing employment and training

for job seekers, there are opportunities to reconsider the ways in which employment services are offered both to business and to workers. As Durham advances, there are several key opportunities for improvement:

- Expanding the YouthWork Internship Program to serve a larger portion of Durham’s young people through increased participation by local businesses.
- Increasing training and employer recruitment in the STEAM (Science, Technology, Engineering, Arts and Math) sectors to offer career opportunities in fast growing sectors of our local and national economy.
- Streamlining the entry and assessment process for job applicants and employers using Durham’s NC Works Career Centers to enhance services both for employers and for job-seekers and data collection and results reporting.
- Continuing the expansion of the services offered by the Small Business Advisory Committee and other programs to expand assistance for entrepreneurs in self-employment through business startups.
- Branding the NCWorks Career Center System the preeminent system for businesses and job seekers in Durham, providing simplified approaches to use and access labor market information and evaluative data.

The end result is a holistic workforce development system for Durham businesses and job seekers that aligns current adult and youth job/career placement and supports efforts with businesses, educational institutions, nonprofits, social service agencies and other partners.

How are we going to get there?

Strategic Objectives/Initiatives

1. Reconfigure and/or expand scope of work for Workforce Development Board to be the single coordinating entity for workforce development in Durham, facilitating better alignment between supply of and demand for

skilled labor (education-to-work pathways) and among the myriad of agencies that provide employment and training-related services in Durham.

a. Brand the NCWorks Career Center Program as the primary system in Durham for connecting businesses and job seekers by forming strategic partnerships and linkages with agencies and businesses and by using evidence-based best practices for the connections of 14 – 24 year-olds to businesses.

b. Improve selection process for, composition of and operating procedures of Workforce Development Board.

2. Strengthen and increase communication and collaboration among public, private and nonprofit partners who design, use and evaluate local workforce programming.

a. Develop “Strike Team” (including Workforce Development Board, Durham Public Schools, Durham Tech, City, County, State and Chamber) to proactively meet with new and current employers/sectors to assess labor needs and develop joint plans to help meet those needs.

b. Develop and implement a communications plan that incorporates job placement success stories across the community.

c. Identify or create labor market information system to assist employers, educational institutions, nonprofits and all other stakeholders.



Durham Youthwork Internship Program participants



North Carolina Central University students
 Photo: NCCU and Durham Convention & Visitors Bureau

d. Enhance professional atmosphere of local Durham career centers.

e. Expand current job training and job placement efforts to actively support those transitioning those that are hard to service, such as public assistance recipients, former offenders and those with mental health and substance abuse backgrounds into the workforce.

3. Implement measurement system to evaluate workforce development system.

a. Utilize a blend of new federal and local metrics to analyze durability and quality of workforce placements for youth and adults.

b. Establish long-term, individual-level tracking mechanism that can be used by multiple stakeholders to analyze educational/career outcomes

for participants of education and workforce systems between the ages of 0 and 25. This mechanism should not create dual data entry processes or multiple data entry points.

4. Emphasize market and industry drivers in the recruitment and retention of talent.

a. Design incentive programs, policies and procedures around recruitment and retention of high growth industry workers.

b. Promote employment in ways that direct job seekers, entrepreneurs and small businesses to connect with industry drivers.

c. Cooperate with area institutions of higher education to encourage high-skilled graduates to seek employment in and to live in Durham.

Measures

1. Percentage of adults who have completed publicly supported job training programs and are employed.

2. Percentage of those adults referenced in No. 1 above that are placed in employment and who remain employed after six months.

3. Number of local businesses who post job listings on NCWorks online job bank.

4. Percentage of Durham YouthWork Internship Program placements that are unsubsidized.

5. Percentage of local college graduates that remain in Durham after graduation.

Performance measures subject to change based on data availability and further research.



BRIGHTLEAF SQUARE

25

OPEN

Photo: Heather Jacks and Durham Convention & Visitors Bureau

PARTICIPATING STAKEHOLDERS

Special thanks to Ted Abernathy, John Hodges-Copple, and Jonathan Morgan for serving as facilitators and subject-area experts during the development of this plan.

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Durham Convention & Visitors Bureau | Shelly Green, E'Vonne Coleman-Cook
Durham Partnership for Children | Laura Benson
Durham Public Schools | Richard Sheldahl
Durham Technical Community College | Dr. Bill Ingram, Peter Wooldridge
Greater Durham Chamber of Commerce | Casey Steinbacher, Ted Conner
MDC | David Dodson, Cay Stratton
North Carolina Biotechnology Center | Norris Tolson, Michael Wilkins
North Carolina Central University | Hazell Reed, Starla Tanner
Research Triangle Park Foundation | Liz Rooks, Mason Ailstock
Research Triangle Regional Partnership | Charles Hayes, Lee Anne Nance

Local Business Community

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Atlantic Regional Center for Foreign Investment | Daniel Robinson
Austin Lawrence Partners | Austin Hills
Blo-Glo Inc. | John Deberry
Capitol Broadcasting Company | Michael Goodman
Carpe Durham Cleaning | Wendy Clark
Center Studio Architecture | Scott Harmon
Coulter Jewell Thames, PA | Dan Jewell
Duke Energy | Indira Everett
East West Partners | Roger Perry, Bryson Powell
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Photo: Raleigh-Durham Airport Authority and Durham Convention & Visitors Bureau

