

Approved January 31, 1990
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Elizabeth Baker at
Chairperson

3:37 ~~XX~~/p.m. on Tuesday, January 23, 1990 in room 423-S of the Capitol.

All members were present except: Representative Barkis. Excused.

Committee staff present:

Jim Wilson, Revisor
Lynne Holt, Research
Elaine Johnson, Secretary

Conferees appearing before the committee:

Charles Warren, President, Kansas Inc.
Harland Priddle, Secretary, Department of Commerce
Lynda Saxton, Executive Director, Iola Area Chamber of Commerce, Inc.
John Rogers, Executive Director, Montgomery County Action Council
Deanna Fuller, Director, Clay County Economic Development Group
Lynn Rundle, Rural Development Specialist, Kansas Farm Bureau
Jack Allenbaugh, South Central Kansas Economic Development District

The meeting was called to order at 3:37 p.m. by Chairperson Baker.

Representative Baker opened the hearings on HB 2602 and HB 2603 and recognized Charles Warren the first conferee.

Charles Warren, President of Kansas Inc. testified in support of these bills. He stated that the regional and community strategic planning assistance programs proposed in these two bills provides a program of grants to assist communities in setting goals, building consensus, identifying the strengths and weaknesses of their local economy, and developing realistic action plans for their community. It is a "bottoms-up" rather than "top-down" process of utilizing state resources to assist in the total range of local development activities -- from stimulating beginning level organizational activities to enhancing more sophisticated development efforts. Kansas Inc. has suggested that the state fund a community-based, grass roots effort. Our suggestions build on the tradition of self-reliance and independence that is characteristic of Kansas. Attachment 1.

Mr. Warren responded to questions from the committee.

The next conferee was Harland Priddle, Secretary Department of Commerce. Mr. Priddle testified that our Kansas communities and counties have a need to work in a comprehensive, strategic manner toward economic development goals. They, too, have limited financial and manpower resources, particularly in non-metropolitan areas. If these bills are enacted they would create a program to fill this gap. Mr. Priddle discussed the assistance and implementation guidelines his department will use in implementing this program. Mr. Priddle moved on to discuss items within the bills being considered that the Department of Commerce would like to see changed. Attachment 2.

Lynda Saxton, Executive Director of the Iola Area Chamber of Commerce, Inc. testified in support of HB 2602 and HB 2603. She stated that these bills will provide the needed resources to allow the communities of our state the opportunity to meet the challenges brought by change and to develop their own strategic plan to control their own future. Attachment 3.

Ms. Saxton responded to questions from the committee.

John Rogers, Executive Director of the Montgomery County Action Council supports both bills and feels that they would assist his area. Right now they do not have the time or the money and need additional staff in order to do strategic planning.

Mr. Rogers did not provide written testimony for the committee, but confirmed that he would provide a summary of his remarks at a later date.

Mr. Rogers responded to questions from the committee.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

room 423-S, Statehouse, at 3.37 ~~XXX~~ p.m. on Tuesday, January 23, 1990

Deanna Fuller, Director of Clay County Economic Development Group testified that their group supports both bills. They feel that these proposals will help rural communities help themselves. Attachment 4.

Ms. Fuller responded to questions from the committee.

The next conferee was Lynn Rundle, Rural Development Specialist with the Kansas Farm Bureau. Mr. Rundle testified that their policy supports the establishment of grant programs to provide leadership development and planning assistance for the development of rural Kansas and believe that HB 2603 is a step in the right direction. His organization does express a concern with the program implementation and also expressed a concern they have with HB 2602 and urge reconsideration of the numbers of counties placed in each regional economic district. Attachment 5.

Mr. Rundle responded to questions from the committee. When asked by a representative if he would agree with the changes the department of Commerce is requesting, he said he did.

The final conferee was Jack Allenbaugh with the South Central Kansas Economic Development District. Mr. Allenbaugh testified as to his support of both bills. He believes that the state should involve itself in county development and rural economic development. He also support all the comments made by Harland Priddle, Secretary Department of Commerce. Attachment 6.

A letter from Graham S. Toft to Representative Diane A. Gjerstad is Attachment 7, a letter from Ned Webb, Executive Director of Northwest Kansas Planning and Development Commission is Attachment 8 and a letter from Susan Harper, Coordinator at Mankato Commercial Development Association, Inc. is Attachment 9.

The meeting adjourned at 4:42 p.m.

Elizabeth
Baker

Date: 1/23/90

GUEST REGISTER

HOUSE

Committee on Economic Development

NAME

ORGANIZATION

ADDRESS

Deanna Suller Clay Co. Ec. Dev. Group 431 Court Clay Center

Lynn Rindh Kansas Farm Bureau 2627 KFB Plaza

Jack Egl SCKEDD 727 N. WACO, WICHITA

Wanda Dutton Topeka Chamber of Commerce POB 427 Topeka 66604

LISA Getz ST. Francis Reg. Med. Center Wichita

D. WAYNE ZIMMERMAN KDOC TOPEKA

Greg EP KDOC TOPEKA

Judge Thomas M. Saxton Jr District Court Topeka, Ks.

Linton Bartlett City of Kansas City KCK

Scott Skell Kansas Jr Topeka

Glacie Cooper KU - IPPBR Lawrence

Ann Patterson KDOC Topeka

Mike Miller KDOC Topeka

David Hawley KASB Wichita

William Powell KDOC Topeka

Roy Wilson KDOC Topeka

Howard White Ks Assn of Wheat Growers Hutchinson

Charles Wren Kansas Inc Topeka

Testimony
House Bills 2602 and 2603
Strategic Planning Grants
by
Charles R. Warren, President, Kansas Inc.
January 23, 1990

Madame chairperson, members of the Committee, thank you for the opportunity to testify on behalf of House Bills 2602 and 2603. These bills were drafted based on the Rural Development Action Plan prepared by Kansas Inc. for the Joint Committee on Economic Development. They are the result of careful consideration by the 1989 Joint Committee and were endorsed unanimously by the Committee.

Last week, I briefed this Committee on the findings and conclusions of our report on rural development. The bills which you are considering today would provide a new program of planning grants to regions and countywide economic development organizations. They propose a comprehensive, long term state effort to provide assistance to communities seeking to help themselves.

The Kansas Inc. report concluded that the State of Kansas must now shift its emphasis in economic development to building capacity and expertise at the local level. The Kansas Legislature has taken significant and innovative actions to equip State government with programs and incentives for economic development. The need today is to ensure that local governments and communities have the capacity and expertise to use these state programs and to be sophisticated and realistic participants in shaping their own economic future.

The regional and community strategic planning assistance programs proposed in these two bills provides a program of grants to assist communities in setting goals, building consensus, identifying the strengths and weaknesses of their local economy, and developing realistic action plans for their community. It is a "bottoms-up" rather than "top-down" process of utilizing state resources to assist in the total range of local development activities -- from stimulating beginning level organizational activities to enhancing more sophisticated development efforts.

We are not suggesting a "pilot" program. This proposal would require a commitment of at least four years of planning assistance that would involve counties, cities and private sector organizations throughout the State of Kansas. A longer term commitment to the strategies developed under this program would be required. It is intended that the countywide and regional

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strategies developed through these grants would be carried through to implementation. These strategies are intended to guide and shape state investments in rural communities.

We have asked a few representatives of county and regional organizations to explain the efforts underway in their own communities to prepare strategic plans. Their testimony will demonstrate that this proposal is grounded in common sense and reflects the needs and aspirations of our communities. This is not an abstract, academic exercise in theoretical planning. Many of our rural areas already have the organization, leadership, and desire to develop a comprehensive blueprint for their local economies. They need the resources, technical expertise, and support from state government to realize their own ambitions.

I want to keep my testimony brief to allow ample time for these local representatives to explain their own activities and needs. I would like to conclude my testimony with a philosophical comment on the design of this program. Kansas Inc. has suggested that the State fund a community-based, grass roots effort. Our suggestions build on the tradition of self-reliance and independence that is characteristic of Kansans. As this bill is debated, there will be suggestions to ensure that state funds are spent wisely and to increase the state's role in managing and controlling the planning process. I urge you to resist the inclinations to introduce a heavy state hand in this process. We do not need academics or bureaucrats guiding or managing the community planning process. Communities do need expertise and assistance; they do not need supervision or outside management. State expenses in managing these grants must be kept at a bare minimum.

We have recommended that these planning grants be funded from the Economic Development Initiatives Fund. I recognize that this is a significant amount of money. I am confident, however, that there are sufficient funds available in Fiscal Year 1991 to support this proposal. Careful scrutiny of the EDIF dollars available, properly estimated, and attention to funding priorities that reflect the intended use of EDIF -- that is building state and local economies and creating jobs -- will show that we can and must include this in the FY91 budget. We also must remember that the EDIF funds were derived locally -- county by county -- it is time we returned these monies back to the communities that contributed them in the first place.

TESTIMONY
TO
THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE
ON
H.B. 2602 and H.B. 2603

BY
Secretary Harland Priddle
Kansas Department of Commerce

January 23, 1990

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Our Kansas Communities and counties have a need to work in a comprehensive, strategic manner toward economic development goals. They, too, have limited financial and manpower resources, particularly in non-metropolitan areas.

House Bills 2602 and 2603, if enacted, would create a program to fill this gap. These bills will establish a program of grants to develop local capacity for creation and implementation of strategic economic development plans at the county and regional levels. The improved ability of these entities to set and meet realistic economic development goals should have a "multiplier effect" in statewide economic development.

With those introductory comments, let's move to my discussion of the assistance and implementation guidelines we will use in implementing this program.

The capacity and ability to succeed with both the development of a strategic plan and the implementation is considered to be the first priority. As we review applications, we will require a community to have the following capabilities.

1. An organizational structure to allow an orderly development of a plan and implementation after completion.
2. Secure and sufficient funding for matching of the grants as well as implementation of the plan.
3. Established local leadership and capacity for creating and carrying out the program of work.
4. An understanding of the elements of successful economic development.

5. Commitment and capability for implementation of the strategic plan from the structure as well as the funding aspect of the program.
6. Demonstration of a need for assistance in developing/implementing strategic economic development plans over and above the already in place capability within the city/county/region.

These are only a few of the application criteria we will be evaluating as we develop our rules and regulations.

With this as a background, let's move to specific discussion items within the bills being considered by this committee.

As we review House Bill 2602, we suggest the elimination of the current Section 1 outlining specific counties within specific regions and replace it with the following information:

Section 1

"For the purpose of this Act, the state shall be divided into economic development regions. These regions will be developed under the direction of Kansas Inc. and in coordination with the Department of Commerce and other economic development agencies within the state as necessary." These regions will be presented to the legislature as soon as possible but no later than December 1, 1990.

This philosophy and policy allows the integration of existing structures and networks, such as Certified Development Companies, economic development districts,

and regional planning commissions, with the Department of Commerce and other entities in establishing an interrelated network for the planning process. The placement of exact regions in legislation, we believe, is not considered appropriate from the standpoint of flexibility and management. This concept also establishes involvement from the community level in the planning process.

The establishment of a beginning date for the regional planning grants of July 1, 1990, may also be premature. We believe respective communities of city/county organizations should be established prior to the initiation of the multi-county regional economic development grants. We suggest the wording on Line 2 of Page 2 be changed by eliminating July 1, 1990, and be replaced by "after the community strategy planning process for their respective regions have been developed."

With respect to House Bill 2603:

We believe it is important to include definitions within Section 2 of two very important elements in this entire program.

We think it is necessary to establish a definition for city/county organizations and multi-county as used in Section 6 of the bill. City/county organizations currently in existence within the state normally have

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representation from all communities within the county but we were unable to find a strict definition as used in any context in the past. Multi-county in HB 2603 may be compared with the regional planning concept in HB 2602.

With respect to Section 5, Subparagraph (d)(2), Line 16, the identification of the ability to use funds for the purchase of equipment and other services may need to be more specific. We suggest including the limitation to "office equipment and other services in support of the program" rather than just the purchasing of equipment and other services.

With respect to Section 5, Subparagraph (b) (3), the citing of the statutes within this section relates to the ability of cities and counties to levy taxes for the purpose of economic development. Is it necessary to establish another authority for city/county organizations or outline a procedure for using existing statute authority to allow the levying of taxes for the purpose to be accomplished?

Section 6, Line 21, may be too broad in its current context. Designation of any two or more such county economic development organizations on Lines 21 and 22 should possibly be restricted to more than two but less than four or some other number mutually agreeable by the committee and others. There also may be a need to identify multi-counties as used in this context against

the regional multi-counties as outlined in House Bill 2602. I believe the intent of the legislation is to allow small counties which are unable to survive on their own to consolidate with their neighbors. With this in mind, the definition, as we suggested in section 2, becomes very important.

The fiscal impact of this program is considered to be significant. The way the legislation is constructed, there could possibly be as many as 96 applicants competing for the city/county grants. The original intent, as discussed during committee hearings in the summer and fall, was to allow the expenditure of 20 counties per year and manage this through the appropriation process. Naming of specific dollar amounts may also be inappropriate. I also would like to point out to the committee that funds for this program have not been provided previously by recommendations of the Governor and will be competing with other programs during this legislative session.

In closing, planning for the future is extremely important. We will make every effort within the Department of Commerce to implement the program if enacted by the legislature.

Addressing House Bills #2602 & #2603

As we begin the decade of 1990, we all attempt to predict what the future will hold. It is reasonable to assume that we will experience the same amount of success and failure in these predictions as were experienced in prior decades. The one thing that we can predict with absolute certainty is that the future will, as it has in the past, bring change. Changes in technology, changes in consumer demand, change in legislation, change in ideology, and a multitude of other changes which will have an impact upon us as persons, cities, counties, states and as a nation. Most often, the changes affecting us are out of our control.

Southeast Kansas has experienced numerous changes in the 1980's which impact not only the emphasis of future economic development but it's direction. For example, many of the surviving "Family Retail Businesses", developed in the post World War II era, find themselves ill-equipped to compete with large, non-locally owned chain stores and metropolitan shopping malls. The Family Farm is no longer the primary provider for the rural family or the mainstay of our rural communities' economy. In many instances, off-farm employment is being sought to supplement the farm's income in near-by communities. Our communities have experienced an outward migration of young people to larger metro areas because of insufficient employment opportunities. Specifically, the following are several recent incidents of changes which have affected our community.

A large chain store opened recently, which has had a definite impact on our area merchants. The retailers have attempted to broaden their market share through a cooperative advertising program sponsored by the Chamber of Commerce. The effectiveness of the venture has not been determined, because there isn't data or expertise at our disposal to properly evaluate the situation.

The manager of a large local industry confided that he refused to accept two different plant expansions of 250 jobs each because he did not feel that our community had available, adequate, affordable housing of the corresponding increase in employees and their families. Community

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leaders have been unable to respond to the Plant Manager's remarks because of the lack of data on housing in the area.

In the last two years, the Iola Area Chamber of Commerce has conducted two county-wide strategic planning sessions with leaders of city and county government, education, industry, retail and private citizens to identify those issues needing attention. The following areas are considered to be some of the "key" ingredients of community survival:

1. Merchant retention and revitalization of the merchant shopping district.
2. Adequate, affordable housing to promote the expansion of existing industry or to accommodate new industry.
3. A continuing effort to promote and preserve existing industry and to assess and develop "support" services for existing industry whenever possible.
4. A good data base for local planning purposes.

The gathering and interpretation of information is a common denominator in each of the above points. The old adage, "If you don't know where you are, how can you know where you are going," is very appropriate. The proposed legislation, House Bill #2602 and #2603 will provide resources to gather and interpret the data and information necessary to tell us where we are. The funding will then help community leaders develop a long range strategic plan, tailored for our community's needs.

Iola has the reputation for making things happen. Our community has been successful in the past. However, in order to continue to make things happen and to be successful in the future, much more information is needed to develop the right strategies for our situation today, and for the future. We need to be able to provide market and demographic information for our merchants. We need to be able to provide local and new industry the availability of housing and potential labor pools.

This bill will provide the needed resources to allow the communities of our State the opportunity to meet the challenges brought by change and to develop their own strategic plan to control their own future.

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TESTIMONY IN SUPPORT OF H.B. 2602 AND H.B. 2603

Deanna Fuller, Director
Clay County Economic Development Group
January 23, 1990

Clay County is located in North Central Kansas and has a current population of approximately 9300 people, a decline of 5.5 percent in the last decade. Employment shows 833 jobs lost in the same time period for a minus 16.9 percent.

Clay Center is the county seat with a population of 4600 and performs the role of service provider to county residence. U.S. Highway 24 and K 15 intersect in Clay Center. Rail service is provided by the Kyle Railroad which replaced the abandoned Rock Island line.

The economic base of Clay County is and has been agriculture. Not only has production agriculture been adversely impacted during the 1980's, losing 70 farm operators, but the demand for manufactured agricultural products has decreased. Clay County elevators in 1989 received 13 percent of the wheat received in 1988. Twenty businesses have closed their shops because of retirement, drought, product liability insurance, lack of trained employees and poor management. Two of our large agricultural product manufacturers employed 850 people in 1980. Today employment totals 300 at both plants. We find loss of manufacturing jobs has forced about 300 of the county's labor force to commute to larger communities. Fewer people are looking for part time and seasonal employment in rural areas. Jobs with advancement potential are badly needed.

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Deregulation and lack of upgrading in communication systems has not encouraged growth in rural communities including Clay County. We are hopeful the TeleKansas plan will improve that possibility.

Sounds rather bleak doesn't it? Why don't rural communities just lay down and die? These people are not ready to give up. They strongly believe in the quality of life found in rural Kansas. The picture in Clay County would have been a great deal worse had community leaders not recognized there was a problem. The industrial development committee of the chamber realized the importance of the existing industrial base and action would be required to keep it from further deterioration. In 1984 a consultant was hired by one of the community leaders and a three-year plan was developed. The plan called for a part-time industrial development director. Funding would be provided by a city and county mill levy and contributions. Those serving on the Oversight Committee would be required to give much of their time and pay their own expenses on any recruiting missions.

It soon became apparent a full-time director was needed. Funding was limited as is the case in many rural areas. Contributors were asked to provide over half of the \$40,000 budget. The conservative Board of County Commissioners could not justify spending more than 32 cents per capita on economic development, even though with the creation of jobs, comes a larger labor force, increased population and more people to pay the taxes.

The Clay County Economic Development Group has been in existence for five years. The \$40,000 budget increased \$4,000 only this year. From the picture I painted earlier you may wonder what good did it do to develop that plan? What good has it done to spend money for a full-time operation?

These are some of our major accomplishments the past three years.

1. Enterprise zones were established in Clay County, Clay Center and Morganville. The sales tax exemption saved businesses \$60,000 in one year, an upfront savings when expanding.
2. Community Development Block Grants were received for three industries in the amount of \$666,000 with the plans for the revolving loan fund to finance future business development.
3. An industrial park was designated, development begun and the first tenant moved in in 1989.
4. A county-wide household survey was taken identifying retail and service industry insufficiencies.
5. A sites notebook was compiled for greater efficiency with requests and a 12 minute video is part of our promotional packet now.
6. A poultry facility was vacated but is back in operation with 168,000 birds. Transportation assistance was provided to bring a new product line to an existing industry, increasing jobs from 90 to 275. We provided assistance in the sale negotiations of one industry increasing employment to 106 from 26. A farm implement dealership was reopened.
7. Two new industries were established, creating 28 new jobs.
8. A close working relationship has been established with the Kansas Department of Commerce, Big Lakes Regional Council, Big Lakes Certified Development Company, the Small Business Development Center at Kansas State, the state extension service and the local F.F.A Chapter. On Friday of this week a tour of the Kansas Entrepreneurial Center at K-State is planned for possible participation in that Center for business incubation.

9. Sixteen industries have been recognized during Industry Appreciation Week the past three years with a banquet, a reception, plaques and visits.

10. Max Weir, a local manufacturer, was honored as K.I.D.A. Volunteer of the Year in 1987, which represents the determination in Clay County to grow and strengthen our economy.

The list goes on and on. And, yes, we have had failures - but hopefully we have learned from them. I think you will agree our \$40,000 budget is stretched to the maximum.

We are two years past our first strategic plan. We have been accepted county-wide and half of our budget now comes from county mill levy and one-fourth from contributions. A county-wide survey showed 93.4 percent of the people answering the survey favored an aggressive economic development effort. The voters approved up to 1.5 mills for economic development, 1 mill being \$40,000. Industrial development has branched into many areas of development. Our development potential has changed. It is time to step back, take a new look, re-evaluate and take action accordingly.

TIME magazine correspondent, Rick Hornick, visited Clay Center during his research for the article "Small-Town Blues". He pointed out rural communities from Maine to New Hampshire are threatened by conditions ranging from global competition to deregulation, that are beyond their control. Survival threats Mr. Hornick sighted were the loss of bus service, a rail service which added a surcharge and the close proximity to the development of a shopping mall which closed a profitable department store because we were within 50 miles of the mall.

He found our rotary phone system didn't accommodate a computer hookup with his Washington D.C. office.

Clay County communities, as other rural communities, if we are to survive and grow, must plan and take action for the future, not only at the local level but on a regional basis. One community's strengths can overshadow another's weaknesses. Rural communities do not have the people or resources to develop something as large as Milford Lake or a 500 employee data processing center. Communities working together, planning together, could be successful. There will always be healthy competition but there must also be cooperation.

Strategic planning is charting a vision. Strategic planning challenges us to be active - to look outward - to turn weaknesses into strengths and to think creatively. Strategic planning can help build unity out of diversity and will help define the mission of rural areas. Every community is on trial for its life. It is a discipline to make communities face up to reality. It will put a searchlight and insight on the future.

Two businesses from a community of 500 people, not in Clay County, contribute to the Clay County Economic Development Group. They stated, "When there are jobs in Clay Center, the homes are rented and bills are paid in our town."

Whether we survive or not depends a great deal on attitude. The potential is there. Rural areas are not more important than the urban area, just more hurdles to clear. Kansas Department of Commerce, Kansas Inc. and the Kansas Legislature is setting the stage. This proposal will help rural communities help themselves. The Clay County Economic Development Group supports House Bills 2602 and 2603 and ask this committee to look at it favorable, supporting it through the legislative process.

I would be happy to respond to questions.



PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

RE: Economic Development Grants and Regional Assistance --
H.B. 2602 and H.B. 2603

January 23, 1990
Topeka, Kansas

Presented by:
Lynn Rundle, Rural Development Specialist
Public Affairs Division
Kansas Farm Bureau

Chairperson Baker and Members of the Committee:

My name is Lynn Rundle. I am the Rural Development Specialist in the Public Affairs Division of Kansas Farm Bureau. We appreciate this opportunity to speak on behalf of the 105 County Farm Bureaus in Kansas.

Our members are keenly aware of the needs of rural Kansas. We have great concern for the quality of life of the residents in all parts of Kansas, particularly the rural counties of the state. The 437 voting delegates representing the 105 County Farm Bureaus at the 1989 KFB Annual Meeting adopted new policy regarding the needs and concerns of rural Kansas titled, "Rural Revitalization and Renewal." This new policy states the following:

Rural Revitalization and Renewal

The revitalization of rural communities must be a high priority consideration for private citizens and for government at local, state and national levels. We support programs which will:

1. Put Kansas in the forefront of efforts to revitalize rural communities and enhance the economic, social and cultural climate for farm and rural families;
2. Assist community strategic planning endeavors and establish grant and loan programs to assist communities in hiring staff or consultants for planning purposes;
3. Develop new and strengthen existing activities designed to help rural communities obtain grants and loans for infrastructure improvements;
4. Establish specific services and appropriations to assist rural revitalization and redevelopment in small rural communities;
5. Improve the general potential of rural communities to attract people, business and industry; and
6. Better utilize in rural Kansas communities the economic and demographic research conducted by both public and private sectors.

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Our policy supports the establishment of grant programs to provide leadership development and planning assistance for the development of rural Kansas. We believe **H.B. 2603** is a step in the right direction in providing incentive for rural counties to develop goals and objectives for their own future. The incentive for county and city governments to cooperate with grassroots leadership and regional planning organizations to carry out a positive plan of action has grown as the number of sustainable population centers in rural counties has decreased.

One concern we have is with program implementation. The individual county-wide development associations should not be burdened with an extensive application and qualification process that limits those counties with great need for the grant program but with few human resources to secure it. The application and post-grant evaluation processes must be flexible enough to ensure participation by the most distressed counties of Kansas.

One other concern we have is with **H.B. 2602**. We urge you to reconsider the numbers of counties placed in each regional economic district. While the populations of the large districts outlined in the bill may indicate a need for such large geographic districts, the needs for services to those counties necessitates **smaller** districts or regions and a more even distribution of funds to each region.

Thank you for your attention to these concerns. At this time we will attempt to respond to any questions you may have.

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**Testimony presented to the House Economic Development Committee
concerning House Bills 2602 and 2603 on
rural development strategic planning legislation**

The South Central Kansas Economic Development District has been involved in the practices and processes associated with economic development since 1972. We are listed as a non-profit corporation serving the 14 counties in and around south central Kansas. We were organized at that time by the 14 County Commissions through individual resolution, and our Board of Directors is comprised of volunteers who are business leaders, local elected officials and community interests including Chambers of Commerce.

Since the beginning, our organization has sought to carry out economic development programs in a strategic manner. Not only was this a requirement initially through the Economic Development Administration, but it also is a concept we recognized that was essential given the limited resources we have available to invest into economic development within south central Kansas. Our organization recognized early on that we could most effectively utilize our resources in working with smaller communities in rural areas. In so doing, we felt that we were not only providing direct assistance to these areas but were also helping the larger trade areas such as Wichita, Hutchinson and other economic development centers within our district.

We were organized within the planning and administrative District 04, which at the time was one of 11 substate districts established through Executive Order in 1971 by then-Governor Bob Docking. We set forth to establish goals and objectives through an analysis of the area's economic base, which was then tempered by on-site visits to each county to identify and become acquainted with the felt needs and perceptions of each constituent area. It is through this strategic process that our organization worked to establish credibility and attempt to make a difference in addressing the issues, concerns and opportunities which have impacted our area economy since that time.

An important component of this strategy was to work through our lay membership to establish county committees in each county where there was interest in organizing such a committee. Our first county committee was in Harvey County in 1972, and it has functioned since that time. In Rice County, RICEDCO was organized and incorporated, and was the first countywide economic development program to incorporate and provide full-time staff resource in our 14-county area. Since then, Sumner, Reno, Harper, Butler, Marion, McPherson and Greenwood Counties have organized county committees formally, and interest exists within Elk and Chautauqua Counties to form county committees as well. While other parts of the State may be

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contemplating for the first time countywide economic development organizations in small and rural counties, our experience in south central Kansas has to some extent preceded the State's interest on this topic.

At the present time, we are conducting an experiment with Greenwood County whereby we are directly financing an intern position for the Greenwood County Economic Development Committee. This position is financed one-half from our organization and one-half through the Greenwood County mil levy under contract to our organization. The notion of this experiment would be that at the end of one year's period of time, that staff person - who is KoWanda Barker, a cross-trained city clerk - would be available full-time for Greenwood County economic development activities and would have had the benefit of the contacts, experience and resources of our organization and how to best utilize resources via our organization and others at the regional, state and national levels in preparing for a program within Greenwood County.

Marion County is certainly another good example of economic development at the county level and is being carried out through volunteer efforts coupled with local staff efforts, principally through Carol Wiebe, Hillsboro Industrial Development Corporation. RICEEDCO, which has a long-standing record of public service to Rice County and is currently staffed through its Executive Director, Jack Wempe, has done many worthwhile projects for rural areas. McPherson, Harvey, Reno and Sumner Counties, as well as others, are involved more so in economic development today as a result of these countywide initiatives, some of which are staffed and some of which remain volunteer with resources from the state field office of the Kansas Department of Commerce and the SBDC out of our co-located offices as well as SCKEDD personnel providing staff resources to these efforts.

Clearly, the county consortiums are important resources for education, for identification of potential projects and for dissemination of information about programs available, and are also a very useful and economical way by which federal, state and area staff can come in contact and interface with the many small communities logistically.

Of course, before I get so enthusiastic about praising county organizations, I think it's necessary to point out that they are important to regional organizations such as ours, but also the regional organizations are important to the county organizations. One of the principal reasons why SCKEDD was organized was to provide service to rural areas that did not have adequate resources to generate their own professional staff capability. I don't know that that situation has changed today. When you look at Greenwood County, Elk County or Rice County, they do not individually have the

financial resources to put together a team that is required to provide services to expanding businesses that can be obtained through an organization such as SCKEDD.

So while it's important to point out that counties' economic development organizations are important and it is important for them to deal with resources in a strategic manner, an important component of that strategy would be to effectively utilize the resources that they share with other rural counties through associations like ours which they govern jointly.

And so it is really the two combined that provide for the synergism in the teamwork. Therefore, I'd encourage you in whatever you would consider doing, that you keep this concept of teamwork in mind. This teamwork is not only apparent between the county and its district support center, but also that transforms up to a more efficient utilization of state resources and also federal resources, many of which are administered through state block grants.

Another important issue in the strategic planning is perhaps defining what is rural and what isn't. If a community of 1,000 population is in rural Sedgwick County and is not considered rural, that in my view is unfortunate. If Harvey County, for example, and communities in Butler County are not considered eligible for this type of assistance merely because they are within a metropolitan statistical area, that could also be unfair. Small towns can't always help which county they are in and how close they are to a metropolitan city -- in fact, many small towns that are in proximity to metropolitan communities may suffer as much or more by this proximity in terms of financial local government services as would a community that is, say, several hours driving distance away.

It is asked that you keep these matters in mind as you consider assistance on this program. Overall, I feel that the idea, as proposed by Kansas Inc., has much merit. In fact, any program that provides special attention to small towns in rural areas in Kansas should be given close scrutiny. Work done by Kansas Inc. and its staff is to be applauded because it identifies the many areas in our State that are distressed and require special attention. Now that we have identified the problem, I think it's incumbent upon us to look for solutions that are real and cost-effective.

Strategic planning should provide the ways and means to carry out this objective, and certainly, our organization would want to work with the Legislature and with the state staff and Governor in every way possible. I want to thank you for the opportunity to come before this Committee and share with you some of our thoughts and would be happy to answer any questions you might have on my testimony.

Graham S. Toft
7742 Traders Cove Lane
Indianapolis, IN

January 9, 1990

Representative Diane A. Gjerstad
2701 Lulu
Wichita, Kansas 67216

FAX 913/2960251

Dear Representative:

It was a pleasure meeting you at the KU Strategic Planning Workshop in Hutchinson. Over the festive season I have had a little time to collect my thoughts on the discussion we had. I will outline below the elements of a program which would "batch" communities at lower cost than a program helping communities develop their strategic plans individually. Let me point out that I congratulate Kansas Inc., KU, and the Legislature on moving in this direction. Building the strategic capacity of communities makes a lot of sense over the long haul. Kansas' investment approach to economic development is a shining example of sound economic reasoning.

What I will describe below are some of my thoughts plus elements of what is shaping up for an Oregon "*Community Competitiveness Program*". A colleague and I have been consulting with the Oregon Economic Development Department. I suggest you contact Ms. Lynn Youngbar directly (503-373-1200). She is doing an outstanding job there and may be useful to you for ideas and testimony.

Principles in the design of a state program to assist communities in local economic strategic planning are:

- (i) Communities must "buy-in." Therefore, they must (and will) find matching funds. These funds should be in cash as well as in kind.
- (ii) Communities must develop their own plan. In this way it will be unique and will have the enthusiasm and commitment of local leaders. Third parties are necessary but as advisors, facilitators, brokers, and resources. Third parties include private consultants, utility area development specialists, university staff, state agency personnel, etc.
- (iii) Third parties are most useful at, what I call, various "pinch points". For example, a facilitator is important at an early 1-2 day worksession/retreat for key community leaders. This enables all

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community leaders to be on a level playing field for discussion of vision, strengths and weaknesses, opportunities and threats, etc.

- (iv) Communities lack good "economic intelligence" for strategic decision-making. Such intelligence needs to be collected for the state and sub-state region as well as the specific community/county. Intelligence also includes having good local citizen and business surveys. To do these right as individual projects will involve high costs. Economies of scale would exist if generic surveys and analyses were undertaken by a common third party such as a university.
- (v) To engender a greater sense of competitiveness, on the one hand, yet create opportunities for collaboration with nearby communities and counties, on the other, a planning process that engages communities with each other would have merit. (You may recall me stressing at the workshop that we live in a mixed motive world--while we must think more competitively, that often requires forming partnerships with others to achieve our goals).
- (vi) State agencies must begin to partner with local communities in a much more coordinated and collaborative style.

My experience suggests that the maximum cost for a strategic planning effort over 9-12 months using consultants wisely at the "pinch points" should cost no more than \$20-25,000 for a rolls royce product. In many cases I have assisted communities where the total project budget including mailings, meeting rooms, publications, and consultant fees was in the \$10-15,000 range.

Outline of a state subsidized program using the above principles:

- (i) Select 4-6 communities in a sub-state region who are willing to proceed in a predetermined pace over a 9 month process, fall thru spring, preferably. Use a competitive selection process based on "readiness criteria."
- (ii) Provide assistance with local surveys and intelligence reports, e.g. leader interviews, resident and business surveys. SWOT report by economic development specialist (strengths and weaknesses, opportunities and threats).
- (iii) Provide statistical intelligence for the community, county, and sub-state region.
- (iv) Bring communities together for 2-day work session which produces a "strategic framework" report.

- (v) Jointly train chairpersons and task force leaders of the 4-6 communities. Training entails how to take the "strategic framework" and over 4-5 local meetings draft a "strawman plan."
- (vi) Conduct second joint conference (1-1/2 days) which focuses on action planning and tools of implementation leading to a "draft plan."
- (vii) Upon return, the local steering committee revises the draft after various state agencies provide insight and guidance, leading to a "final plan."
- (viii) Implementation begins.

I believe this approach would provide both the overall structure and economies of scale you asked me about. Given Kansas' capabilities at the state level, such a program might be coordinated through Kansas Inc. or the Joint Center for Community Economic Development (KU and K State). It would also be important for your Department of Commerce/Department of Community Affairs to be involved.

I would also strongly recommend that the Governor direct state agencies such as transportation, natural resources, and higher education to fully participate. The trend in economic development is regionalism and collaboration. Unfortunately, in the U.S. we have segmented public solutions along functional lines creating departments of environment, transportation, social services, etc. The European models of integrated regional economic strategy and action are showing up the weaknesses of our fragmented public administrative system. I have some other ideas on getting state agencies to act as resource teams which I will be happy to share with you some other time.

In the meantime, good luck! Please do not hesitate to call me at 317/631-0871 (days), 317/293-3933, evenings and weekends.

Yours sincerely,


Graham S. Toft, Ph.D.

GST/pmd

cc: Tony Redwood
Charlie Krider
Charlie Warren
Lynn Youngbar

*P.S. I will be in Kansas
for 2 more S.P. training
sessions in Spring. If that is
adequate right in vs meeting, Tony
Redwood could make the
arrangements*



9-7-3

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Elizabeth Baker
January 22, 1990
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I would have liked to have had an opportunity to appear in person; however, I have scheduling conflicts with your hearing. I hope that you will listen carefully to the testimony you hear and share with this practitioners vision the need for strategic planning in rural Kansas now.

Sincerely,

Ned Webb

Ned Webb
Executive Director

NW:kt

cc:Boards of NWKP&DC and PCDI

a-8-2
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MANKATO COMMERCIAL DEVELOPMENT ASSOCIATION, INC.

WES ALEXANDER, DIRECTOR
P.O. BOX 304
MANKATO, KANSAS 66956
913-378-3162

SUSAN HARPER, COORDINATOR
ROUTE 1, BOX 75
MANKATO, KANSAS 66956
913-378-3106

January 19, 1990

The Honorable Representative Elizabeth Baker
Chairperson
House Economic Development Committee
175 West
Topeka, Kansas 66612

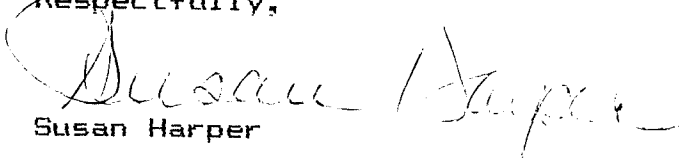
Dear Representative Baker:

Mankato Commercial Development Association, Inc., supports HB 2603. It is extremely important that rural Kansas counties are assisted to continue their economic development efforts.

Our association, which has been active for about twenty years, has contributed a great deal to the economic development of our county through recruitment of new business, support of local business, and assistance to expanding business. The majority of our efforts have been on a voluntary basis, as our resources are very limited. Although we see the need for developing a strategic plan for Jewell County, local efforts are greatly handicapped by lack of resources and technical assistance. Jewell County is economically depressed but vital. Energetic people who believe in the future of our county community actively participate in local economic development but they need guidance and assistance. The grant program outlined in HB 2603 would enable Jewell County to access professional expertise for assistance in developing a strategic plan and to create a local agency to work to implement that plan.

We respectfully ask that the House Economic Development Committee give HB 2603 its support. We in rural Kansas do not ask to have our work done for us. We do ask for some assistance so that we can make our own efforts even more successful.

Respectfully,


Susan Harper

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