



**MEMPHIS AREA  
ASSOCIATION *of*  
GOVERNMENTS**

DRAFT

# **Comprehensive Economic Development Strategy (CEDS)**

PART 2: Strategy Report



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## **INTRODUCTION**

This report provides Part 2 of the Comprehensive Economic Development Strategy (CEDS) for the Memphis Area Association of Governments (MAAG) region. The report updates work completed for MAAG in 2016 on the CEDS. A completed baseline economic analysis and target industry analysis update as input to the Part 1 Report. Also included a review of policies and programs and identification of critical challenges, opportunities, and priorities in the Part 1 Report. This Part 2 Report presents strategic recommendations and implementation actions based on the findings from Part 1 and the engagement process. The strategic recommendations relate to critical priorities in the region, as follows:

- Prioritize Regional Industrial Targets
- Address the Lack of Industrial Product
- Create a Support Network for Workforce Development
- Enable the Development of Well-Located Workforce Housing
- Enhance Infrastructure & Access to Workforce Transportation
- Disseminate Information on Dedicated Funding and Financial Leveraging
- Support Growth in the Technology Business Pipeline
- Ensure Resiliency for Economic Development

A summary Action Plan follows at the end of this report to summarize key recommended actions, assigned to a responsible implementing agency according to a possible timetable, cost, and prospective funding source as appropriate.

The consultant wishes to acknowledge the assistance of MAAG staff, the CEDS Steering Committee, and the various regional stakeholders interviewed for input to this CEDS document.

## **1. PRIORITIZE REGIONAL INDUSTRIAL TARGETING**

The Baseline Report and target industry analysis confirmed the region's competitive advantages and aggregation within several industry clusters, including Agriculture (Agribusiness, Ag-Tech, and Food Manufacturing), **Transport & Logistics, and Healthcare & Medical Equipment Manufacturing**. In addition, Tourism is another industry cluster of regional significance. Several industries were identified, such as packaging that cross-fertilizes these clusters. More importantly, organized structures around these clusters for marketing, business networking, lobbying, infrastructure, technology, and workforce development. Building on these existing structures and expanding their reach geographically throughout the MAAG region should be a high priority.

### **Agribusiness, Ag-Tech, & Food Manufacturing**

As noted previously, the agribusiness cluster is large and diverse in the Memphis region, comprising of farming activities, meat processing, food manufacturing, packaging and labeling, trucking, farm equipment, and other industries outlined in the Part 1 Report.

Support for the cluster is through several regional economic development efforts, including the Mid-South Delta AG Innovation Cluster (and its AgLaunch Initiative). This Small Business Administration (SBA)-sponsored initiative promotes networking and collaboration through partners including the Memphis BioWorks Foundation and Tennessee Department of Agriculture, the USDA Rural Development Agency, the Delta Regional Authority, and the Tennessee Department of Economic and Community Development (ECD). Meanwhile, the University of Memphis helps manage and promote the Agriculture & Food Technologies Research Cluster, centered at the FedEx Institute of Technology. Opportunities to strengthen and broaden these industry cluster efforts require the following action:

- **Identify Local Competitive Advantages Within the Cluster.** MAAG should encourage the agribusiness cluster organizations (SBA Mid-South Delta Agriculture Innovation (AgLaunch Initiative) and the University of Memphis Agriculture & Food Technologies Research initiative) to work with communities to identify or confirm competitive advantages at the local level within the Agribusiness cluster. Examples of agribusiness industries for which MAAG area counties have a concentration and possibly, competitive advantages include the following:
  - **Memphis/Shelby County**
    - Packaging & labelling
    - Air & river transportation, cold storage, & logistics
    - Financial Services

- **Tipton County**
  - Food manufacturing
  - Cold storage & equipment manufacturing
  - Oilseed & grain production
- **Fayette County**
  - Soybean & cotton production
  - Chemicals and Plastics production
- **Lauderdale County**
  - Cotton and oilseed production
  - Printing & publishing
  - Plastics production
- **Communicate Local Strategies.** MAAG should work with the cluster organizations to identify and communicate agribusiness development strategies for individual communities and counties that build on local competitive advantages and differentiate local business development efforts accordingly. Ultimately, local economic development agencies would collaborate rather than compete for agribusiness activity. Communication is also vital to avoid or reduce conflict between farming interests and incoming industrial development, sometimes perceived as altering the rural lifestyle or displacing multi-generational family farms. Having strategies and plans that identify appropriate locations for agro- and other industrial development and that are informed by a robust community engagement process will help reduce push-back on industrialization in rural areas.
- **Develop Agribusiness Infrastructure.** The agribusiness organizations work with communities and cluster organizations toward investing in infrastructure, and the business environment can expand financial success. As a result of the downstream processing, service industries ultimately generate high-wage jobs matching local skills.
- **Link to Regional Business Site Initiative.** Link the cluster's participants to the Industrial Building and Site initiatives identified in this report to ensure a seamless network for attracting cluster activities to the most competitive locations per local strengths.
- **Work with area school districts** to integrate vocational training, additional mentoring, and marketing of agribusiness employment opportunities to high school-age students. Help match agribusiness employers with schools to incorporate entrepreneurship curricula and workforce development and assist with support programs relating to transportation, housing, healthcare, childcare, or other workforce needs.
- **MAAG Would Sponsor Technical Assistance Programs** and development of local collaborative networks such as cooperatives to share

information, reduce unit costs, and improve overall marketing and efficiency.

## **Transport & Logistics**

The Memphis area receives its strength, and identification as the hub for transportation and logistics is key to the region's growth. As with agribusiness, the transport & logistics cluster is highly diversified and incorporates industries ranging from marine cargo handling to battery manufacturing. A long list of transport and logistics industries associated with manufacturing industries provides a high concentration in the region.

The region lacks a dedicated transport & logistics cluster organization, but several existing initiatives have brought participants in these industries together for marketing or networking. Among the critical efforts engaged in transportation is Memphis Moves, an initiative of the Greater Memphis Chamber of Commerce. Memphis Moves focuses on marketing, transportation infrastructure, and promoting the region's global logistics network. Another important anchor is the Southeast Transportation Workforce Center at the University of Memphis. This center identifies regional transportation job need priorities, catalogs training programs for professional development, identifies education training gaps and develops partnerships and initiatives to bridge those identified gaps. The center also works to engage regional stakeholders to showcase programs and best practices. Critical strategies for strengthening and broadening this cluster include the following:

- **Establish a Regional Transport & Logistics Industry Cluster.** The Greater Memphis Chamber of Commerce should work with other regional chambers and transportation-centric anchors like The Southeast Transportation Workforce Center (SETWC). Work with the University of Memphis to establish an independent regional cluster organization or to broaden the capacities and partnerships of the Memphis Chamber's existing Memphis Moves initiative. A fully-fledged cluster organization would incorporate some of the functions of Memphis Moves. In addition, include new functions and capacity, to include marketing, networking, and growing the region's transport and logistics industries; workforce development; lobbying and public relations; research & development; information dissemination; and other services for businesses and other stakeholders in the cluster.
- **Develop a Packaging Industry Sub-Cluster.** An interrelationship of the packaging industries, transportation logistics, and agribusiness/food industries in the region where agricultural (and other products) are packaged and shipped worldwide. There are no dedicated cluster organizations or significant labor force development efforts relating to packaging in the Memphis region. Yet, the region's number and

concentration of packaging-related industries exist in MAAG's component counties. A continued need to strengthen networking within the cluster and enhance growth in the supply chain, including plastics, cardboard, and paper manufacturing, among others, in communities throughout the MAAG region. Several communities already have component businesses with a better ability to integrate into regional marketing efforts.

- **Identify Local Competitive Advantages within the Cluster.** In addition to the Agribusiness cluster, a need exist to identify local competitive advantages and opportunities for communities and counties in the MAAG region to participate in the Transport & Logistics Cluster. Examples of transport & logistics industries within the MAAG area counties contain a concentration and competitive advantage is:
  - **Memphis/Shelby County**
    - Air, river, rail, & multi-modal hubs
    - Courier & delivery services
    - Process & logistics consulting
    - Transport equipment manufacturing/OEM
  - **Tipton County**
    - Transportation equipment manufacturing
    - Warehousing & logistics
    - Wholesale trade
  - **Fayette County**
    - Warehousing
    - Automotive equipment manufacturing/OEM
  - **Lauderdale County**
    - Automotive equipment
    - Warehousing
- **Local Transport & Logistics Strategies.** Upon identification of local strengths, the development of local strategies targeting specific niches to specific communities and locations in the region becomes likely to result.
- **Link with Business Site Initiative.** As with the Agribusiness cluster, the future linking opportunities and overall cluster marketing with the business site initiative are discussed later in this report.

## **Healthcare & Medical Equipment Manufacturing**

As noted before, the region contains an industry-specific cluster relating to healthcare services, life sciences R&D, and medical device manufacturing. Several initiatives regarding this cluster include the Greater Memphis Medical Device Council (GMMDC), representing 50 medical device manufacturing companies and 16,800 employees. The council promotes Memphis as home to the 2nd highest concentration of orthopedic medical device manufacturing firms

and 400% times the national industrywide growth rate. The council identifies and focuses primarily on workforce development as its greatest need.

The **University of Memphis Research Foundation Research Park**, established in 2018, included FedEx Institute of Technology and the University of Memphis Division of Research and Innovation. While not technically a fully-fledged R&D "park," the university does offer 10,000 square feet of flex and meeting space, access to University of Memphis research and laboratories, access to the university workforce (including graduate students), and networking, sponsorships, professional development, and some venture funding.

Increasing, diversifying, and broadening the healthcare and medical industry support base is necessary. For example, a need for a greater emphasis on research and technology development, an area in which the Memphis region possible rise to national status could result due to its concentrated base of significant anchor institutions. Substantial opportunities exist to grow this base and create new businesses outside Memphis' Midtown Medical District. Several strategies below outline potential opportunities.

- **Expand Supply Chain Opportunities.** Coordinate with Greater Memphis Medical Device Council (GMMDC) on efforts to expand the supply chain industries that support the council geographically. Such measures include research to identify existing and potential medical industries and entrepreneurial opportunities in the MAAG region outside of Memphis; identify gaps in the medical device cluster filling in desirable parts of the region; and regional workforce and entrepreneurial development associated with the group.
- **Communicate Opportunities in the Region.** Establish a forum that focuses on communicating findings and networking on opportunities within communities in the MAAG region. Healthcare and medical industry concentrations (along with additional options) are identified below by MAAG county. These concentrations are somewhat indicative of further opportunities for development in each of the counties, deserving greater attention:
  - **Memphis/Shelby County**
    - Surgical appliances & medical equipment manufacturing
    - Health care services hub
    - Medical research & development
  - **Tipton County**
    - Testing, Sales, Back Office
  - **Fayette County**
    - Chemicals and Plastics production
    - Testing, Sales, Back Office

- **Lauderdale County**
  - Testing, Sales, Back Office

## **Tourism**

As noted, the previous CEDS document addressed opportunities identified for marketing the Memphis region. MAAG's sponsorship of successful forums attracting significant participation among tourism officials resulted in robust and productive dialogue. Many of the region's tourism agencies currently collaborate on various initiatives. Opportunity for a Regional Tourism Development Strategy can concentrate on anchoring development opportunities, regional marketing strategies, and enhancing structure for regional tourism management.

## 2. ADDRESS THE LACK OF INDUSTRIAL PRODUCT

As noted in the Part 1 Report, each regional economic development agency promotes its industrial sites and building product. Still, there is no comprehensive database or marketing of the region's available industrial product as whole or prioritizing buildings and sites for industries in various regional locations. This situation has led to competition among regional jurisdictions to secure economic development deals. Officials recognized more opportunities for success as communities work together to prioritize sites and buildings for certain types of businesses for which specific areas have a competitive advantage.

In addition, a lack of marketable, serviced industrial building space inhibits local communities and the region's effort to recruit businesses. The lack of targeted, available sites and buildings also hinder the MAAG region's efforts to capture spin-off from the Blue Oval project in neighboring Haywood County. The following strategies address the need for industrial products and ensure that information becomes available region-wide to assist with marketing and differentiation.

- **Assist Communities in Identifying Prospective Sites and Buildings.** Heighten efforts to assist communities toward identifying prospective sites and buildings for targeted business development and recruitment.
  - **Match Targets to Prospective Sites and Buildings.** As discussed earlier in this report, individual communities understand their relative competitive advantages as a location for targeted industries in the region, minimizing competition and strengthening regional collaboration. Matching those local industrial competitive advantages to specific sites and buildings becomes key to ensuring a quick turnaround strategy for business expansion and recruitment.
  - **Meet Regulatory Requirements.** Comprehensive regulatory policy (zoning, engineering, site plans) requires efficient reviews for prospective sites and buildings for optimal marketability and rapid turnaround for utilization. Ideally, future sites and buildings may represent broader comprehensive planning and economic development strategic planning efforts at the local level. Sites could be part of master-planned industrial or business parks, business nodes and mixed-use development targeted for economic development. Launching an efficient regulatory review process would encourage sites and buildings to become "development ready."
  - **Meet Infrastructure and Service Requirements.** As with all development regulations, servicing sites and buildings requires sufficient infrastructure capacity to accommodate the targeted industrial business uses. Again, adequate capital improvements and services

become necessary to meet a thorough, comprehensive, and master park planning process.

- **Leverage Industrial "Products" (Speculative Buildings or Land).** Additional to the strategic economic development planning process, industrial products, speculative buildings, and available serviced land pose a potential consideration for development, acquisition, leveraging, and marketing as part of the marketing of business parks and areas. (More information on leveraging is found elsewhere in this report).
- **Meet Transportation Requirements.** As part of regional transportation planning efforts, ensure that sites and buildings access appropriate regional and local transportation networks, workforce housing, and supplier activities.
- **Create Regional Industrial Building and Site Database Resource.** Economic development officials and private companies noted the lack of a centralized source of information on available industrial buildings and sites beyond commercial sources.
- **Create Regional Real Estate Lead Communication Process.** Increase coordination between economic development professionals and real estate brokers to ensure maximum opportunities for landing prospective deals in the region. Data and information shared between real estate and economic development professionals heighten the prospects for successful business placement.
- **Communicate Regional Targets and Relative Competitive Advantages.** The region remains a long-standing hub for agribusiness and food manufacturing, transport & logistics, and medical industries (services and equipment manufacturing). Each community and county sustains unique competitive advantages and roles within these primary regional clusters. These relative advantages and roles require discussion and translation into economic development initiatives, including business recruitment efforts. Examples of unique roles might be summarized as follows (as a starting point for discussion).

### **3. CREATE SUPPORT MECHANISMS FOR STRATEGIC WORKFORCE DEVELOPMENT**

The region receives support from various educational institutions and organizations for workforce development. But as noted in Part 1, there is an apparent additional need to increase support for students and workers. The following action becomes necessary to achieve this need, (1) upskilling and work readiness programs, (2) stipends and support services for daycare, transportation, housing, and minimizing additional challenges creating constraints toward educational attainment and labor force participation (regardless of training).

Several needs exist to enhance support for students and workers struggling with everyday living expenses. Partly because of such pressures, **education completion rates** and **labor force participation rates** remain relatively low in the region. Lower education achievement levels correlate with lower incomes. Currently, technical and vocational schools focus their recruiting efforts on high school graduates, resulting in many students falling through the proverbial cracks. As a result, completion rates remain low, and a need to orient strategies toward supplying a more robust support system and reinvigorate vocational education at the secondary school level.

- **Initiate or Strengthen Stipends & Support Service Programs.** One of the primary issues identified through stakeholder engagement for this CEDS was the lack of support for students and workers, leading to lower school completion rates, labor force participation rates, and a lower overall skills base available for existing (and potential) employers. Technical training and education programs exist in the region, but many struggling students and workers cannot afford to participate without stipends and support programs. Therefore, a needed emphasis on developing programs that promote stipends and affordable support systems relating to one or more of the following:
  - Transportation to School and Work
  - Childcare Services
  - Food Security for Students and Workers
  - Healthcare
  - Workforce Housing (see below)

Potential funding opportunities for support programs generated from various sources can include but are not limited to community and corporate foundations, federal housing and transportation funds, cooperatives, etc. Ideally, such a program is better coordinated through a centralized agency or regional economic development organization, possibly including the cluster organizations discussed elsewhere in this report.

- **Support Work Readiness Programs.** Existing resources for providing work readiness program services offer opportunities for expansion with additional support. Work readiness is essential to economic development among urban and rural populations. A primary cause of lack of work readiness is employment inexperience in many occupations. A dramatic increase for "ready" workers resulting from the Blue Oval announced project provides a tremendous impact and challenge for the MAAG region leadership. The estimated worker impact (in the Part 1 Report) is as follows:
  - Shelby County                    586 – 809 jobs
  - Lauderdale County            488 – 673
  - Tipton County                    403 – 556
  - Fayette County                 305 – 421
- **Upskilling of Workers.** Due to changes in technology and other developments, there is also a need for both upskilling and re-skilling of workers. MAAG must work with the region's training and workforce development organizations to build more partnerships between businesses, educational institutions, and funding organizations.
- **High School Vocational Programs.** While extensive resources exist for post-high school technical and vocational training, there is a growing need for vocational skills development in high schools since the demand for these skills can sometimes be met by high school graduates without post-graduate education. The U.S. Department of Education, Office of Career, Technical, and Adult Education (OCTAE) provides funding for a variety of high school-level vocational education programs, including
  - College and Career Transitions Initiative
  - School Dropout Prevention
  - Smaller Learning Communities Program
  - Tech-Prep Demonstration Program

Working with area school districts to direct access these federal grants and through the State's access to federal funding for the Perkins V State Basic Grants and Tech Prep Grants. The Governor's Investment in Vocation Education (GIVE) initiative provides \$25 million in community grants to fund regional partnerships between high schools, private businesses, and the Tennessee Colleges of Applied Technology (TCATS) for work-based apprenticeship programs, dual-credit programs, and "industry-informed" technical education programs.

Various private corporate and foundation grant mechanisms (e.g., Amgen, Dollar General, Home Builders Institute, Cigna, and others) also provide funding for local high school vocational education programs. MAAG's ability to assist the regional training and workforce development organizations with forums and communication can prove valuable. Especially targeting local

school districts to expand their existing programs, build new curricula, and diversify funding for high school vocational education programming may prove crucial toward workforce development.

#### **4. ENABLE DEVELOPMENT OF WELL-LOCATED WORKFORCE HOUSING**

The availability of affordable workforce housing becomes increasingly essential in accommodating and promoting economic development. The analysis of Blue Oval's impacts on the MAAG region also emphasized the need for affordable workforce housing. Suitable locations become essential for support for the existing labor force and potential new workers in the region. The disaggregated data below represents the possible impact of Blue Oval on housing demand within the four MAAG counties:

- |                     |                 |
|---------------------|-----------------|
| • Shelby County     | 380 – 524 units |
| • Lauderdale County | 446 – 615 units |
| • Tipton County     | 317 – 438 units |
| • Fayette County    | 243 – 335 units |

**TOTAL MAAG                      1,386 – 1,912 housing units**

The supply and demand for attractive and affordable workforce housing remain paramount. A robust and sustainable local environment (regulatory, planning, infrastructure, financing) to support workforce housing development within commutation routes remains critical. Key strategies for local communities, county governments, MAAG, and its partners are summarized below.

- **Create a Supportive Environment for Housing Development.** Local communities and counties should establish an environment that supports the creation of workforce housing. Workforce housing development support includes reviewing and refining land use and zoning policies, for example. Infrastructure development should be encouraged with the ability to leverage the development of workforce housing proximate to jobs, schools, and services. This approach requires communities to address these issues through comprehensive planning efforts and housing strategies focusing on the needs for workforce housing associated with job creation.
- **Encourage Regional Transportation Planning and Collaboration.** Linking employment to an efficient transportation network is critical to offering and ensuring optional and affordable modes of transportation for the labor force to support Blue Oval and other economic development initiatives in the MAAG region or nearby. Public-private partnerships (PPP) with employers can help boost the transportation network. MAAG and regional transportation agencies can collaborate to encourage business

and industry participation in transportation infrastructure financing, planning, and development.

- **Consider Approaches for Financing and Leveraging.** A need for vital community considerations toward implementation strategies and mechanisms to leverage workforce housing development. Examples of mechanisms include PILOT (payment in lieu of taxes) and TIF (tax increment financing) to help induce housing development that meets critical objectives regarding pricing, volume, and target markets. In addition, TIFs can offer infrastructure improvement, thus improving other areas of the community. MAAG can be essential in convening local and county authorities to provide technical assistance on using these tools and mechanisms for leveraging workforce housing (and other aspects of economic development).
- **Expand the Menu of Incentives.** Available to local leadership, additional incentives help leverage workforce housing development, such as using employee housing programs that promote companies (or government agencies) to guarantee a certain percentage of pre-sales or pre-leases to help developers obtain financing.
- **Promote Developer Recruitment.** Communities can recruit workforce housing developers not only through the use of incentives but also through a facilitation process that can include any or all of the following:
  - **Land Banking and Assembly**, including facilitation of equity investment mechanisms for private property owners.
  - **Master Planning or Site Planning** to assist in establishing development concepts that can be fast-tracked for approval.
  - **Identification Workforce Housing Developers** (both for-profit and not-for-profit).
  - **Request for Proposals (RFP) for Developer Recruitment** for public land or on behalf of private property owners who collaborate as equity investors to attract private development.
  - **Fast Track** regulatory approvals for workforce housing projects that meet key metrics.

### **Housing Affordability as a Marketing & Recruitment Tool**

As noted in the Part 1 Report, Memphis is an affordable housing market relative to comparable regions on a national scale. As such, the MAAG region and its economic development agencies can use tools to enhance the availability of

workforce housing while also marketing the region's relative affordability for recruitment and retention of the workforce. A workforce attracted to a lower cost of living can help support business attraction and growth in an economy with a scarcity of labor. As a result, MAAG should encourage economic development agencies to promote the region's relative housing affordability as a labor force recruitment and retention tool.

- **Utilize the Real Estate Community.** Create marketing packages for real estate professionals that promote the region's relative affordability.
- **Integrate Affordability into Economic Development Marketing.** Promote affordability as a theme among economic development professionals.
- **Programmatic Incentives.** Encourage the use of programmatic incentives to attract and retain young professionals and tech workers to the region. An example would be the use of housing assistance programs provided to those graduates who chose to stay in or relocate to the region for five years or more.

## **5. ENHANCE THE REGION'S INFRASTRUCTURE & ACCESS TO WORKFORCE TRANSPORTATION**

Stakeholders identified infrastructure as a critical priority toward the region's sustainability for economic development. Transportation infrastructure rose to the top of the list of infrastructure priorities, including a focus on public transit. Stakeholders expressed concerns regarding transportation infrastructure and the region's ability to handle traffic over time, especially considering Blue Oval. As noted before, transportation costs impact disposable incomes, educational attainment, and labor force participation in the MAAG region. Thus, finding solutions to moving people affordably to school and jobs is a high priority.

- **Conduct a Regional Transportation Forum, Focused on Blue Oval Impacts.** MAAG, in concert with SETWC and Memphis Moves, should facilitate a regional transportation forum focused on the regional infrastructure impacts of Blue Oval. A discussion on transportation issues and effects (such as congestion at area ports/airports, public transit, and workforce participation issues) on regional business. This forum could set the stage for longer-term regional transportation planning and workforce development initiatives.
- **Initiate Regional Workforce Transportation Communication.** SETWC, MAAG, and Memphis Moves might also work together to establish a standard communication mechanism for disseminating information on workforce transportation initiatives, programs, and planning in the MAAG region.
- **Provide Information on Workforce Transportation Incentives.** Develop a guidebook or web link on workforce transportation incentives for local and county governments throughout the MAAG region. Such initiatives might provide information on transportation subsidies, rideshare programs, business incentives, and other efforts to expand workforce transportation access.
- **Address the Patchwork of Water & Sewer Services.** A discussion that water and sewer services are available only on a "patchy" basis throughout the MAAG region and that there are overall capacity issues. Water & sewer moratoria have impacted industrial development, and capacity growth will help alleviate some of the constraints on business growth in the region.

The Industrial Site and Building Initiative mentioned previously would help match water & sewer capacity with prospective sites for industrial development and housing associated with Blue Oval and other projects. Financing mechanisms for water and sewer projects are discussed elsewhere in this report. The comprehensive county and municipal plans require addressing water and sewer capacity. Still, the Site and Building

Initiative could provide a broader, regional perspective and help identify gaps in service.

- **Support Regional Broadband Infrastructure Initiative.** Broadband is an essential element for economic development marketing, particularly in the MAAG region's more isolated, rural areas. Broadband services are helpful for rural communities in capturing opportunities for virtual/remote office and Agribusiness growth. MAAG should facilitate research on broadband service coverage and quality in the region to identify gaps in service and help identify opportunities for closing those gaps on behalf of local communities and rural areas. Because of the importance of Agribusiness to the regional economy, efficient broadband network service is of paramount concern.
- **Coordinate Information Flow with Rural Electricity Providers.** Several membership cooperatives provide power throughout rural portions of the MAAG region. These essential services support economic development in the region while balancing the needs of family farmers to retain a rural lifestyle. The region's providers generally have sufficient capacity to extend and upgrade services to incoming manufacturing, commercial, and residential users near urbanized areas within an 18- to maximum, 24-month timeframe. However, in rural areas further away from towns and cities, substantial infrastructure upgrades can require up to three years. A need for cooperatives to be aware of any prospective large power user, whether manufacturing, commercial, or residential, so that they can plan to upgrade or extend service. Therefore, a recommendation for area chambers, economic development, and planning agencies to coordinate closely with cooperatives on business recruitment efforts and on future residential and commercial developments that appear in the planning pipeline. This effort might be as simple as sharing a monthly project pipeline spreadsheet with cooperatives.

## 6. DISSEMINATE INFORMATION ON SOURCES OF DEDICATED FUNDING AND FISCAL LEVERAGING

Memphis and Shelby County often utilized PILOT programs to leverage business development. However, many less experienced communities in the region either don't or rarely use PILOTs and other fiscal tools used elsewhere in the state, such as tax increment financing (TIF), found very strategic and valuable in leveraging development in less-developed urban communities or small downtowns. A combination of cities, counties, or regions can provide opportunities for public-private partnerships (including municipal service partnerships or MSPs). This partnership is the chance to expand and assist in the rollout of infrastructure capital and services to support growth and economic development. In addition to fiscal leveraging, an additional need for disseminating information on funding through grants dedicated funding, and earned income models. Below are recommended strategies for increasing the use of available fiscal mechanisms and funding sources.

- **Training and Technical Assistance.** MAAG's ability to expand its role in sponsoring training and technical assistance to local communities and counties relating to fiscal leveraging, public-private partnerships (PPP), and grant funding mechanisms supporting economic development.
- **Convene and Communicate.** Provide articles and helpful information on funding mechanisms, PPP, and fiscal leveraging, including examples of where those mechanisms have been used in the MAAG region or beyond. An annual or biennial forum to present updated information on grants and leveraging tools could also help ensure broader regional use.
- **Identification of Prospective TIF or PILOT Districts.** Provide technical assistance to communities to identify prospective TIF Districts or PILOT areas based on demographic, economic, and other analyses to isolate the factors required to define such districts by State law while also identifying prime locations to leverage economic development.
- **Planning and Infrastructure.** Encourage using available technical assistance as part of comprehensive or infrastructure planning to identify opportunities for leveraging fiscal mechanisms to identify grant funding sources and opportunities for public-private partnerships.

## **7. SUPPORT GROWTH IN THE TECH BUSINESS PIPELINE**

As noted in the Part 1 Report, the region's emphasis on growing the tech workforce is absent a commitment to establishing a physical and legal environment to support tech business development. Recommendations are made here for re-emphasizing such efforts by identifying locations and spaces for technology businesses to thrive and grow.

### **Tech Entrepreneurship**

Memphis contains several initiatives to encourage entrepreneurship in the tech sector. For example, the #Black Tech Futures Research Institute was launched in Memphis, Nashville, Birmingham, and Houston. This organization aims to build a thriving, sustainable technology ecosystem for black entrepreneurs. There is also Epicenter Memphis and several other organizations oriented to leveraging entrepreneurship in Memphis. However, few such organizations (outside of local chambers) in surrounding portions of the MAAG region. Part of the purpose of the cluster organizations discussed elsewhere in this report encourages entrepreneurship and new business development within targeted industries throughout the region.

### **Creating Supportive Environments**

The rapid evolution of office use, particularly for tech-based companies, due to the COVID Pandemic resulted in shifts in space utilization and employee expectations. Recently, Amazon placed construction of their major tech operations office developments in Seattle and Nashville "on pause" as they determined how best to reconfigure the interiors of these spaces for an emerging "hybrid" work approach. The reconfiguration of the pure office and the reformat blend of conference, social, and work environments with a higher proportion of virtual communication. Amazon continues to expect to hire the same number of workers for these offices, but the work format is changing to accommodate hybrid approaches.

Information tech companies in the Memphis region will no doubt follow suit, with a shift in the amount, location, and use of space for business operations. Ideally, local communities and economic development agencies can work with tech companies and real estate professionals to identify opportunities and specific spaces for growth and recruitment. Additional affordable spaces in smaller downtowns in the region with the appropriate amenity mix provide added value to the changing work environment. MAAG can act as a conduit for information in the changing office environment, including tech companies, through research and feature articles or by convening expertise on location factors for information tech offices.

## **Consider Med-Tech R&D Park Development**

The Memphis region contains a higher proportion of life sciences tech, and Memphis has marketed its strengths as a life sciences hub. Unlike information technology companies, med-tech and life science businesses are less likely to reformat workspaces due to the emphasis on laboratories with specialized equipment that support in-house experimentation. Due to a medical incubator in Memphis, the absence is a fully-fledged research and development (R&D) park or hub containing space and sites leveraging marketing and growth of the medical industries cluster.

In partnership with the University of Memphis and the Memphis Medical District Collaborative (MMDC), MAAG's efforts to convene stakeholder organizations and agencies for a discussion on the concept of a medical R&D park in the region that can act as an anchor for med-tech development. An R&D park could provide a place for aggregating activities in the cluster relating to intellectual transfer and commercialization of basic and applied research. The researched bi-product become available for industrial processing and production within the region.

An R&D Park or hub can act as a hook for attracting life sciences companies that need to access the intellectual capital produced by area institutions like the University of Memphis, St. Jude Children's Research Hospital, the University of Tennessee Health Sciences Center, and their partners. Should collaborative discussions identify an opportunity, a first-stage, high-level feasibility study could determine whether the concept (including a consortium of institutions) has market support and could capture synergies at an appropriate location. Questions to consider might include:

- University and institutional research capacity
- R&D funding (federal, state, corporate, foundation)
- Technology transfer assets
- Tenant recruitment potential
- Marketing
- Working within (or outside of) the existing MMDC framework
- Municipal, County, State, and corporate support (beyond R&D)
- Sites and locations
- Regional Collaboration

Communities often see R&D parks as essential anchors for regional economic development. Perhaps the best-known example of R&D-driven regional economic development is the Research Triangle in North Carolina, fostering the region as a global leader in life sciences research, product development, and pharmaceuticals manufacturing.

## 8. ENSURE RESILIENCY FOR ECONOMIC DEVELOPMENT

Ensuring the region's resiliency grows paramount in the face of rising occurrences of hazards posed by natural and manmade disasters. In addition, growing concerns include business survival during a pandemic like COVID-19. These issues are regional since flooding, disease, earthquakes, and commuter bridge collapse extends beyond any jurisdiction's boundary. Other matters of overall economic resiliency, above and beyond disaster planning, are worth noting. Several observations and strategies for resiliency in the MAAG region become worthy of discussion.

- **Pandemic-Related Impacts on Business.** We now have extensive experience with the impacts of a significant, extended health crisis on the operation and survival of various types of businesses.
  - **Lessons Learned.** Our understanding of the lack of response relating to business types significantly impacted during an air-borne disease pandemic, regulatory mechanisms to control its spread, and how companies can continue to operate or even thrive through crisis conditions. Such lessons learned include:
    - Restaurants, Audience Support, and Tourism-Related Businesses are among the most severely impacted due to a sudden halt to consumer activity.
    - Outdoor and well-ventilated spaces require a safe and popular alternative for maintaining activity at these venues.
    - Due to mandated restrictions for indoor attendance, online and delivery services increased as popular alternatives.
    - Digital access is critical to support many types of businesses during periods of restrictive in-person access. **Web-based entrepreneurial opportunities** have increased, so ensuring that local communities accommodate and encourage such growth, especially in rural areas of the MAAG region, is paramount. As noted previously, expanding and strengthening broadband infrastructure in the region is a conduit to this growth.
    - A shift in office formats to accommodate a "blend" of digital conference and in-office uses in well-ventilated spaces became a challenge for front-line and human resource managers. Caution toward a "one size fits all" approach, especially with significant variation in office culture among industries and specific businesses.

- Industrial formats probably changed the least, with much of the manufacturing workforce returning to familiar operating models. However, warehousing and distribution operations grew due to greater reliance on home delivery during the Covid-19 Pandemic. Therefore, distribution and transportation networks become more critical to business health.
  - Workers heighten expectations for more flexibility regarding work-life balance and in-office time.
  - Increased home office use not only for web-based services and consumer products but also for remodeling and home office space design.
- **Collect Data.** While the COVID-19 pandemic is still impacting businesses, there is a need to collect (or continue to collect) data and information regarding business health, impacts, and new and revised business operating models. New data and information can result in the evolution of business paradigms.
  - **Provide Ongoing Communications.** Communicating best practices and lessons learned helps businesses plan for future consumer behavior fluctuations, and longer-term adjustments to their business model as business models adapt and evolve. The importance is to continue to keep businesses in the region abreast of these changes. Therefore, MAAG's role in coordinating with chambers of commerce in the region and communicating best practices and updated information (via newsletters, websites, and convening services) becomes vital for business planning.
- **Environmental & Geological Hazards.** Environmental disasters (flooding, tornadoes, earthquakes, etc.) have regional impacts. As such, regional organizations and agencies must collaborate to ensure that mitigation of these hazards becomes policy in local and regional emergency planning. Business awareness and acknowledgment of emergency plans and how they participate or engage with first responders lessen the impact of most disasters. Strategies for resiliency in this arena should incorporate:
    - **Environmental Mitigation Planning,** with emphasis on creating a regional stormwater management plan. Stormwater and flooding issues do not conform to jurisdictional boundaries and are often best addressed through regional planning efforts that align more closely to watersheds. There are at least five watersheds in the MAAG region, including Nonconnah Creek, Wolf River, Loosahatchie, Lower Hatchie River, and Mississippi River. Regional stormwater planning can inform government leadership of the MAAG region's potential for efficient and current building regulations, infrastructure, and economic development. Regional stormwater solutions

can also assist in identifying appropriate locations for recreational amenities and other assets that can enhance rural areas' quality of life and marketability.

- **Emergency Planning.** An appearance of a disaggregated county emergency management program in the MAAG region can potentially provide challenges with coordination and collaboration of emergency resources during any disaster event. MAAG's role in leading research and facilitating discussion among emergency planners, transportation planning agencies, and first response agencies offer the ability to reduce chaos and unintended duplication of emergency management efforts.
- **Business Planning,** ensures that businesses incorporate mitigation costs and have the proper insurance.
- **Transportation/Emergency Network.** Over time, greater need for cross-regional emergency services and a supportive transportation system to secure a resilient future. Comparatively speaking, the Memphis region is relatively compact, with a high percentage of the population base concentrated in Shelby County. But with Blue Oval and the potential for suburban sprawl, a looming challenge for transportation infrastructure to accommodate more traffic requires immediate attention. Addressing such issues through the forum recommended previously and ongoing collaboration relating to the tri-state region's transportation infrastructure can anticipate and mitigate short and long-term challenges.
- **Infrastructure Capacity & Conditions.** Aside from emergency use of the transportation network, additional day-to-day issues of capital maintenance that plague the region's infrastructure, as evidenced by the Hernando de Soto Bridge collapse. Infrastructure assessment is spotty, given that many local, state, and federal agencies are responsible for different components. Regional collaboration remains essential to ensure seamless service and consistent maintenance.
- **Overall Economic Resiliency.** Successful regional economies share several standard features, not the least of which is a high level of economic diversification, coupled with a strong effort at regional collaboration across jurisdictional boundaries. Diversification helps buoy the regional economy when there are downturns in any industry or group of industries.

As noted by Dr. Andrew Hussey, Associate Professor of Economics at the University of Memphis, *"Economically diverse cities provide residents some insurance against major economic downturns, globalization, changing legislation, and natural, technological progress, each of which is likely to have a differential effect on various industries and occupations."* In other words, diversification can provide some measure of resiliency.

Regarding economic diversity, the Memphis area ranks top third of major cities (21 out of 63, the highest of major cities in Tennessee) and 150th overall (out of about 500 cities nationally). Memphis ranks 94th in industry diversity, 116th in occupational diversity, but only 296th in worker class diversity (private wage, self-employed, government, etc.). There is scope to enhance the region's entrepreneurial class and increase self-employed workers, especially coming out of the pandemic. Efforts to bolster organizations like **Epicenter Memphis** might help increase the region's entrepreneurial activity.

## ACTION PLAN

Number	Action (Task)	Target Date	Responsible Party	Indicative Cost	Funding Source(s)
1	Assess & communicate local Agribusiness competitive advantages & strategies	11/22	MAAG; SBA/AL; UM AFTRI (Agribusiness Cluster Organizations)	\$3,500	Internal Funding
2	Identify & communicate Agribusiness infrastructure needs	11/22	Agribusiness Cluster Organizations	Included	Internal Funding
3	Work with school districts on Agribusiness training requirements	Ongoing	Agribusiness cluster organizations	\$0	N/A
4	Help develop Agribusiness technical assistance programs for local communities	Ongoing	Agribusiness cluster organizations	\$0	N/A
5	Establish Transport & Logistics Cluster organization	2023	SETWC and Greater Memphis Chamber of Commerce	\$10,000 (for facilitation)	Internal Funding

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6	Develop Packaging sub-cluster	2023	Ibid	\$5,000 for facilitation	Internal Funding
7	ID and communicate local communities' competitive advantages & strategies for transport & logistics industries	6/2023	Ibid (with assistance from MAAG)	\$0	N/A
8	ID and communicate opportunities for health care and medical industry development; Work to expand supply chain industries throughout region	6/2023 and Ongoing	GMMDC (with assistance from MAAG)	\$0	N/A
9	Facilitate the creation of a regional tourism development strategic plan	10/2023-10/2024	MAAG, working with tourism development agencies	\$125,000 for consulting services and/or facilitation	Tourism agencies (internal funding) and local lodging tax funds
10	Assist communities identify	2024	MAAG, local economic development	\$0	N/A

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11	prospective sites and buildings for targeted industries Create regional industrial building and site asset database; Establish access process	12/2024	Ibid	agencies / chambers and real estate brokers	\$0	N/A
12	Develop strategic stipends & support service programs and networks	Ongoing, starting with 1/2025	Cluster organizations for Agribusiness, Transport & Logistics; and Medical Industries	Seed Funding: \$500,000 Year 1	Foundations, USDOT, USHUD, Cooperatives, Corporate Sponsors, etc.	
13	Support work readiness and upskilling programs	Ongoing	Workforce Mid-South, Inc.; Area school districts; and partners	TBD	Corporate partners, USDOL (\$10 million in grants available)	
14	High school vocational education & partnership programs	Ongoing	Area school districts	Varies by district	US OCTAE, TN GIVE, TCATS, private foundations	
15	Provide technical assistance for creating supportive environments for workforce	Initiate outreach by 12/2022; completion by 12/2024	MAAG	\$2,500 per community	US HUD Community Compass Initiative	

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16	housing development Enhance regional workforce transportation planning	2023-2025	Memphis Area Transit Authority (MATA); MAAG, and partners	\$250,000 - \$500,000 for services and facilitation	TDOT Long Range Planning Grants, USDOT Sustainable Transportation Grants, etc.
17	Technical assistance workshops in financing, leveraging and developer recruitment for workforce housing development	2023-2025	MAAG, in collaboration with area community & economic development agencies	\$15,000 to \$20,000 for workshop series	Sponsorships
18	Use housing affordability as a marketing tool	Ongoing	Area economic development agencies	\$0	N/A
19	Facilitate regional workforce transportation forum	3/2024	MAAG, SETWC, MATA, Memphis Chamber, and other Chambers	\$10,000	Chambers
20	Initiate regional workforce transportation communication	3/2024	Ibid	\$0	N/A
21	Initiate forum/discussions on	5/2025	MAAG, in collaboration with	\$0	N/A

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	regional broadband initiatives		area economic development agencies			
22	Sponsor training and technical assistance program in development financing mechanisms	6/2025	IBID	\$4,500-\$8,500 professional services per training session	Chambers & local economic development agencies, US EDA, TN DECD	
23	Help ID possible PILOT and TIF districts	From 6/2025	IBID	\$2,500 per community	Contracts for service	
24	Develop tech entrepreneurship	Ongoing	Industry cluster organizations (through their sponsors and members)	\$0	N/A	
25	Provide technical assistance for creating supportive environments for tech development	2025-2026	MAAG, in collaboration with Greater Memphis IT Council and partners	\$2,500 per community	Contract for services basis	
26	Convene stakeholders to explore concept of R&D park in region	1/2026	MAAG, in collaboration with GMMDC, MMDC, UTHSC, UM and partners	\$10,000	Participating organizations	
27	Facilitate a pre-feasibility study	2026	Ibid	\$125,000	Ibid	

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	for an R&D park as warranted					
28	Communicate data and impacts of COVID-19 on regional business	Ongoing communications in newsletter	MAAG, based on existing data, interviews, and secondary sources	\$0	Internal	
29	Regional emergency planning	Ongoing	Mid-South Emergency Preparedness Coalition (MSEPC); TN Disaster Support Network (DSN)	\$0	Internal	
30	Forum on regional emergency planning	Annual event	MAAG, in collaboration with MSEPC and TN DSN	\$10,000	TN DSN, US FEMA	