

# Lawrence Economic Development Strategy Recommendations

Prepared by EY for the City of Lawrence

December 3, 2020

# Executive summary

In June 2020, the City of Lawrence (Lawrence or the City) hired EY to assist the City in developing its first economic development strategy based on a vision and priorities identified by the community. To further these objectives, EY helped the City conduct extensive stakeholder engagement and research, which culminated in an Economic Overview reported in September 2020.

As the community addresses the COVID-19 pandemic alongside pre-existing concerns, this is a pivotal moment to plan for Lawrence's economic future, and this report provides some options for the City to consider.

Notably, this is not Lawrence's completed economic development strategy. This report contains our description of possibilities for Lawrence's long-term economic future based on assets available today and aspirations heard from the community. We also share goals and strategies that could potentially help the community achieve those possibilities if undertaken.

Utilizing this report as a guide, it will be up to the City and its economic development partner organizations to collaboratively decide which goals and strategies to adapt, adopt and pursue in the coming years.

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The vision statement for an economic development strategy should reflect the values and economic priorities of a community. It should be bold and aspirational — painting a long-term vision of where the community could be in 20 years. Below is a draft vision statement for Lawrence that incorporates diverse voices, aspirations and possibilities identified during the planning process.

**Lawrence enjoys the most diverse, vibrant and progressive economy in the Midwest, based on a foundation of innovation, sustainability and inclusion and supported by collaborative partnerships that advance the equitable well-being of the community.**

As the community works toward a long-term, 20-year economic development vision for the future, the City and its partners can focus on short-term goals and strategies over the next five years. The following goals and strategies could help Lawrence achieve the draft vision.

**Goal 1:** We diversify the economy to strengthen the tax base, spur entrepreneurship and offer expanded career pathways.

**Strategies**

1. Focus business attraction efforts and project assistance on target industries and firms that meet quality employment standards, including raising the average wage and median family income
2. Increase and focus resources to generate entrepreneurial and tech-related company growth
3. Provide resources and support for small- and medium-sized local businesses to grow and expand
4. Make existing businesses a priority by providing robust support for business retention and expansion
5. Create new incentives that are targeted at businesses and industries that provide pathways to economic success for the employees, the company and the community

**Goal 2:** We create policies, programs, and partnerships that enhance the character and culture of the community.

**Strategies**

1. Create programs that recover, sustain, and grow the arts and entertainment community
2. Connect students, educators and employers through mentorships, internships and other career programs
3. Conduct an equity-and-inclusion study and develop initiatives to address barriers to economic opportunity
4. Grow Native American businesses, cultural amenities and related opportunities
5. Invest in placemaking
6. Advance Lawrence as a regional destination and tourist attraction
7. Enhance local food systems and related businesses
8. Support nonprofits and other community partners as they provide social services to address the needs of disadvantaged communities

**Goal 3:** We make intentional and innovative investments to make our economy more sustainable, connected, and inclusive.

**Strategies**

1. Expand broadband access and regional connectivity
2. Attract private development partners based on community plan objectives and goals
3. Use multiple tools to create more housing options
4. Launch an inclusive leadership initiative to increase diverse representation on boards and committees and in leadership roles
5. Establish Lawrence as the most business-friendly community in the region
6. Establish sustainability initiatives and explore related research and technology partnerships, including smart city investments
7. Enhance childcare options at all price levels

Achieving this vision and implementing these strategies will require dedicated financial and staff resources. New strategies may be difficult to deploy on current City budgets. To successfully move forward, the City will need to collaborate with partner organizations and individuals across the public and private sectors of Lawrence. Through collaboration, careful planning, and strategic investment, Lawrence has the capacity to build a strong economic future for the City and all its residents.


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## Disclaimer

Our Report may be relied upon by City of Lawrence for the purpose set out in the Scope section only pursuant to the terms of our engagement letter dated July 15, 2020. We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party or the reliance upon our report by the other party.





# Introduction

## About this report

In June 2020, the City of Lawrence (Lawrence or the City) hired EY to assist the City in developing its first economic development strategy based on a vision and priorities identified by the community. To further these objectives, EY helped the City conduct extensive stakeholder engagement and research, which culminated in an Economic Overview reported in September 2020.

That report noted that Lawrence is doing well on many fronts, but that there are areas for possible economic improvement. In particular, Lawrence lacks economic diversity, which contributes to long-term fiscal sustainability and affordability challenges. Through interviews and surveys, residents of Lawrence also expressed a consistent desire to create higher-paying jobs, build a more resilient community and increase equitable economic opportunities for all.

The COVID-19 pandemic provides additional urgency to these planning efforts. Through the COVID-19 Recovery Coordination Team, the City of Lawrence, Douglas County, Lawrence Chamber, University of Kansas, Lawrence Public Schools, Lawrence-Douglas County Public Health and many other supporting agencies have come together and made adaptations to address pressing challenges created by COVID-19 for people and businesses. Within economic recovery, we see that the pandemic has often exacerbated pre-existing challenges, emphasizing what the community needs to progress and what might not be working.

This is a pivotal moment to plan for Lawrence's economic future, and this report provides some options for the City to consider.

Notably, this is not Lawrence’s completed economic development strategy. This report contains our description of possibilities for Lawrence’s long-term economic future based on assets available today and aspirations heard from the community. We also share goals and strategies that could potentially help the community achieve those possibilities if undertaken.

Once this report is completed, it will be up to the City and its economic development partner organizations to decide which goals and strategies to adapt, adopt and pursue in the coming years.

EY was asked to be bold when considering the economic development possibilities for Lawrence, and the following vision, goals and strategic recommendations attempt to push the City beyond the status quo. The recommendations also recognize that you need to walk before you can run, and they connect the Lawrence of today to a bold future through a series of concrete tactical actions that provide a road map for economic development activities.


The report itself is divided into three sections and an appendix:

## **Introduction**

**Vision for the future.** This section shares a draft long-term economic development vision statement for Lawrence, describes elements of that possible future economy and outlines foundational principles for all economic development activities.

**Goals and strategies.** In this section, EY describes three short-term goals on which Lawrence could focus to achieve the long-term vision and high-level strategies that support each goal. Recommended metrics of success are included for each goal to help track progress.

**Appendix: Implementation tables.** In the appendix, EY provides draft implementation tables in spreadsheet format. These tables include detailed tactical actions to support each recommended strategy, suggested responsible parties for each tactic and staging for pursuit by year of implementation. These initial tactics shared by EY are a starting point for the City and other partners to develop and refine going forward. Tactics change over time, and these implementation tables can act as a living document in which partners can collaborate and flexibly adapt to evolving circumstances.



## 2 Vision of the future

The vision statement for an economic development strategy should reflect the values and economic priorities of a community. It should be bold and aspirational — painting a long-term vision of where the community could be in 20 years.

Lawrence's vision statement provides a signpost to guide goals and strategies. It should also act as a reference point when making future decisions. When prioritizing investments, development programs and communications about the City, leaders and partner agencies should ask if their choices support movement toward this vision for the City. Below is a draft vision statement for Lawrence that incorporates diverse voices, aspirations and possibilities identified during the planning process.

### 20-year vision statement

Lawrence enjoys the most diverse, vibrant and progressive economy in the Midwest, based on a foundation of innovation, sustainability and inclusion and supported by collaborative partnerships that advance the equitable well-being of the community.



## Economic development outcomes

The vision statement describes three potential economic outcomes for Lawrence in the future: a diverse economy, a vibrant economy and a progressive economy. Lawrence has some elements of each of these economies today, but they are not yet fully realized. Below, we will describe what each of these possibilities entail, knowing that each is deeply connected to the others. The remainder of this report identifies short-term (five-year) goals and strategies to move Lawrence toward each of these possibilities.

### Diverse economy

Lawrence has many of the right assets to support a larger, more diverse economy: a major research university in the University of Kansas (KU), a highly educated population, available office and industrial space, relative affordability compared to the coasts and a high quality of life. The City's existing industry strengths in manufacturing could lead to further growth in advanced materials, green manufacturing and electronics. The creative and professional services sector could flourish, especially as more businesses shift to remote work, allowing talented individuals to seek desirable live-work-play locations like Lawrence. Research and biomedical businesses could make Lawrence a technology center. All of these opportunities could make Lawrence's economy more resilient, growing the number and value of commercial and industrial properties to help diversify the tax base. Diversification could also make high-paying career opportunities available at different levels of education and experience. But making this future a reality will require further action and investment to actively support existing and new businesses, develop more strategic incentives, and build broadband and other infrastructure.

### Vibrant economy

Lawrence also has the potential to create a more vibrant local economy — one that is marked by strong cultural institutions, has a high quality of life and where diverse people and businesses have an equal opportunity to succeed. Today, Lawrence is recognized for its arts and culture and is celebrated as the top visitor destination in Kansas, but many businesses face operational challenges in a normal environment, and the COVID-19 pandemic has significantly exacerbated threats to the City's economic vibrancy. Meanwhile, economic disparities persist throughout the community. To ensure a vibrant future, Lawrence should continue to actively pursue policies, programs, and partnerships to enhance the character and culture of the community through these challenging times and beyond. This includes focusing on the arts, further addressing equity and inclusion, and investing in Native American businesses.

## Progressive economy

Although Lawrence residents would likely consider the City progressive in terms of infrastructure, the economy could be much more progressive in the future. The City lacks a robust, high-speed broadband network, which is critical to a modern, functioning and equitable economy. Economic inequities and barriers to opportunity and leadership persist for many residents. Housing continues to grow unaffordable for many residents, and the City has a reputation for being a difficult place to do business. This pillar of the strategy, however, focused on a brighter future, where Lawrence is made more sustainable, connected and inclusive through ongoing progressive, intentional and innovative investments that are intended to improve conditions.

## Foundational principles

At the core of this vision are the foundational principles that should guide all activities:

- **Inclusion:** Lawrence is committed to proactively including diverse voices when understanding challenges and developing solutions. Inclusion is an ongoing effort to ensure that all people are part of decision-making and implementation to control their own destiny.
- **Innovation:** Lawrence is committed to pursuing innovative solutions to complex challenges, thinking outside the box, and willingly trying new strategies and tactics that support the community's values and vision.
- **Sustainability:** Lawrence is committed to ensuring that policies and investments are fiscally sustainable and protect and enhance the natural environment.

Ultimately, all economic development partnerships and efforts are focused on advancing the equitable well-being of the community.

Notably, achieving this vision will require dedicated financial and staff resources. New strategies may be difficult to deploy on current City budgets. To successfully move forward, the City will need to collaborate with partner organizations and individuals across the public and private sectors of Lawrence (e.g., the City, Douglas County, the Chamber, the University of Kansas, Haskell University, private businesses, citizens). **These collaborative partnerships will be critical to achieving a successful economic future for all residents of Lawrence.**

# Economic development strategic framework

## Vision statement

Lawrence enjoys the most diverse, vibrant and progressive economy in the Midwest, based on a foundation of innovation, sustainability and inclusion and supported by collaborative partnerships that advance the equitable well-being of the community.

## Goal pillars

Diverse economy

Vibrant economy

Progressive economy

### Strategies + tactics

1.1

1.2

1.3

### Strategies + tactics

2.1

2.2

2.3

### Strategies + tactics

3.1

3.2

3.3

## Foundational principles

Inclusion

Innovation

Sustainability

## Fundamental outcome

Equitable well-being of the community

A woman with long brown hair tied back, wearing a red and black plaid shirt, is looking down at a green tablet she is holding. She is standing in a greenhouse filled with green plants. The background shows the glass and metal structure of the greenhouse. A large, semi-transparent number '3' is overlaid on the left side of the image.

# 3 Goals and strategies

## Five-year focus areas

As the community works toward a long-term, 20-year economic development vision for the future, the City and its partners can focus on more concrete, short-term goals and strategies over the next five years. Some strategies may come to fruition in that time period, while others may lay a foundation for more long-term success down the road.

In this section, EY provides draft five-year goal statements and strategic options for each of the economic development topics discussed in the previous section: diverse economy, vibrant economy and progressive economy.

For each topic, on the first page, we provide the draft goal statement, an explanation and a list of strategies to support the goal. We also share a list of key metrics that can be used to track progress on that goal. The subsequent pages on each topic provide an explanation for each strategy and a description of what each one entails.

The appendix of implementation tables includes specific tactical actions to support each strategy.



## Diverse economy

**Goal 1:** We diversify the economy to strengthen the tax base, spur entrepreneurship and offer expanded career pathways.

### Key metrics

Private, non-retail job growth

Average wage

New startup formations

Startup capital awards

Number of locally owned businesses

Target industry employment growth

Lawrence's economy lacks economic diversity. Retail, dining and education make up a disproportionate share of local jobs. As the City's anchor institution, KU has helped shape Lawrence, but a well-balanced economy needs more jobs in other industries. Increased diversity can make the community more resilient to economic disruption; expand the tax base by increasing the number and value of commercial and industrial properties in the City, which reduces the tax burden on residents; and create more well-paying, accessible career options for residents. The COVID-19 pandemic illustrates the importance of diversification, with Lawrence's top sectors (retail and education) being disproportionately impacted, and the loss of sales tax revenues affecting the City's ability to provide services.

To diversify Lawrence's economy, the City and its partners should focus on activities that spur new entrepreneurship and new business formation, support the success of existing businesses, and attract targeted industries and firms that are a good fit for the community. The following strategies outline how to get there. All efforts should incorporate the foundational principles of inclusion, innovation and sustainability.

### Strategies

1. Focus business attraction efforts and project assistance on target industries and firms that meet quality employment standards, including raising the average wage and median family income
2. Increase and focus resources to generate entrepreneurial and tech-related company growth
3. Provide resources and support for small- and medium-sized local businesses to grow and expand
4. Make existing businesses a priority by providing robust support for business retention and expansion
5. Create new incentives that are targeted at businesses and industries that provide pathways to economic success for the employees, the company and the community

## Diverse economy

**1.1** Focus business attraction efforts and project assistance on target industries and firms that meet quality employment standards, including raising the average wage and median family income.

Attracting new businesses to the community is another important way to increase the economic diversity of a city. Lawrence has many competitive strengths for business attraction (e.g., a well-educated population, a high quality of life, large universities, Peaslee Tech). Tactics under this strategy should include ways to enhance business attraction efforts led by the Economic Development Corporation (EDC) of Lawrence and Douglas County by focusing on more refined target industries.

Notably, the community wants to support and grow businesses that match local values and provide quality jobs. “Quality jobs” typically pay above-average wages, provide upward career mobility and offer health care benefits. The City and partner organizations should set criteria based on the community’s standards and focus attraction and assistance efforts on only businesses that match specified criteria.

**1.2** Increase and focus resources to generate entrepreneurial and tech-related company growth.

Lawrence is home to young, educated talent; a major research institution in KU; and BTBC, a successful technology incubator. These factors, combined with a high quality of life and vibrant culture, make Lawrence an attractive location for entrepreneurs, especially in the technology fields. Tactics should focus on ways to expand Lawrence’s entrepreneurial ecosystem and proactively support the growth of new, technology-driven businesses (e.g., creating accelerator programs, expanding access to capital, supporting the construction of new lab space).

## Diverse economy

### 1.3 Provide resources and support for small- and medium-sized local businesses to grow and expand.

Support for small- and medium-sized businesses is crucial as the City recovers from the COVID-19 pandemic, especially because Lawrence is home to a large concentration of self-employed workers and small businesses. The citizens of Lawrence are proud to support locally owned businesses, and the City and its partners could offer additional resources to support the opening, operation, and expansion of small- and medium-sized businesses that have desirable characteristics, such as local ownership, environmental sustainability and attractive wages. Business ownership is also a primary tool for wealth creation and poverty alleviation. To address inclusion and equity concerns in the community, tactics should include specific programs to assist black, indigenous and people of color who are residents of Lawrence.

### 1.4 Make existing businesses a priority by providing robust support for business retention and expansion.

Existing businesses are the foundation of a local economy — demonstrating their viability through their very presence, showing commitment to the community and often accounting for a high share of new job growth. As businesses endure disruptions brought by the COVID-19 pandemic, it is more important than ever to provide increased outreach and support to existing businesses in Lawrence. Tactics should focus on meeting regularly with local businesses; connecting them with federal, state and local resources during the pandemic and beyond; fostering partnerships with higher education institutions to meet their workforce; and establishing career paths that support a reasonable lifestyle and career aspirations.

## Diverse economy

**1.5** Create new incentives that are targeted at businesses and industries that provide pathways to economic success for the employees, the company and the community.

Part of helping new businesses open, existing businesses expand and attracting businesses to a community often includes providing incentives or assistance of some kind. Incentives sometimes have a poor reputation in Lawrence, but incentives can take many forms (e.g., subsidized technical training programs, property tax relief, expedited permitting processes). When deployed strategically, they can be an essential tool to help a community achieve important goals. This, in turn, can bring desired benefits, such as new job creation, desired property redevelopment and necessary capital investment in the community. If Lawrence wishes to help local businesses grow and successfully attract desirable businesses to the community, the City should create new incentives and forms of assistance. Tactics should include working with a legal team to ensure that the incentives and assistance would be beneficial for both the firm and community, and include clawback provisions to protect Lawrence taxpayers, among other considerations.



## Help businesses that match local values

As the City focuses on business attraction and assisting existing and new businesses, it is important to make sure that new businesses coming to Lawrence are the “right fit” for the community. This has been a challenge in the past because the community hasn’t defined what the “right fit” means. Throughout the strategic planning process the consulting team heard from stakeholders that they want new businesses that are aligned with the community visions and are active members in the community. Lawrence residents expressed a need for businesses that promoted economic equity in the community by offering quality jobs, which is in line with current national economic development trends that promote quality jobs. Lawrence’s recent comprehensive plan, *Plan 2040*, outlines what the community believes is a quality job. In addition to the criteria of creating quality jobs, below are additional questions to ask when considering assisting a business:

- Is the business in a targeted industry sector?
- Does the business demonstrate a commitment to environmental sustainability?
- Does the business align with community values?
- Is the business making a significant investment in the community?



### What is a Quality Job?

The specific elements of a Quality Job vary by industry, business size, job function, and employee demographic, but typically a Quality Job provides a majority of the following:

- Meeting or exceeding the community's average wages
- Basic employment benefits
- Career advancement options
- Wealth building opportunities
- A fair & engaging workplace
- Stable & predictable hours

Source: *Plan 2040*

## Create smart, safe and strategic incentives

Incentives for businesses sometimes have a negative reputation. High-profile national examples of incentives gone wrong, where they benefited businesses over community interests, have made residents nervous about the use of incentives as an economic development tool. However, incentives are a critical part of how communities achieve strategic objectives. When strategically deployed, incentives can benefit local businesses and the community. When crafting incentives, communities must develop policies that are mutually beneficial and legally binding so that the City can protect itself and taxpayers if the requirements for incentives are not met. While developing new incentives policies and options for business in Lawrence, the City should consider incentives that:

- Reward businesses for paying above-average wages
- Are directly linked to a company’s proven capital investment and job creation
- Contain clawback provisions if conditions are not met
- Help connect existing students and workers to new jobs
- Promote environmentally sustainable practices

## Vibrant economy

**Goal 2:** We create policies, programs, and partnerships that enhance the character and culture of the community.

### Key metrics

Number of arts and entertainment businesses

Arts and entertainment employment

Income, poverty and education disparities

Number of Native-owned businesses and events

Number of visitors and spending trends

Residents of Lawrence consistently express a desire to preserve and enhance the City's character as the City grows. The community's support for local businesses, a robust arts scene and diverse cultural offerings are part of what sets it apart. These unique characteristics are part of Lawrence's economic appeal as well, helping attract talented individuals and businesses. Arts and cultural organizations face operational challenges in good times, and many are struggling to stay afloat during the pandemic. This moment presents an opportunity for Lawrence to bolster support for these critical assets and help them emerge from the pandemic stronger than before.

Economic vibrancy entails more than just cultural offerings. A vibrant economy is also one where people of different genders, races, sexual orientations and backgrounds all have an equal opportunity to succeed. Economic disparities persist in Lawrence today, but, if economic equity is made a cornerstone of Lawrence's character, these strategies will help make the community more vibrant and equitable in the future.

### Strategies

1. Create programs that recover, sustain, and grow the arts and entertainment community
2. Connect students, educators and employers through mentorships, internships and other career programs
3. Conduct an equity-and-inclusion study and develop initiatives to address barriers to economic opportunity
4. Grow Native American businesses, cultural amenities and related opportunities
5. Invest in placemaking
6. Advance Lawrence as a regional destination and tourist attraction
7. Enhance local food systems and related businesses
8. Support nonprofits and other community partners as they provide social services to address the needs of disadvantaged communities

## Vibrant economy

### 2.1 Create programs that recover, sustain and grow the arts and entertainment community

Lawrence is nationally recognized as an arts destination, and the arts, culture and entertainment industry positively impacts the City's economy and quality of life. The arts and entertainment industry always faces operating challenges, and the City should continue implementing the existing cultural plan. However, the COVID-19 pandemic has hit the industry hard in Lawrence and across the US, and now is the time to help entertainment and cultural institutions stay afloat by creating new programs to help them recover and thrive once the pandemic subsides. Lawrence has an opportunity to set itself apart as a model for supporting the arts through and after the pandemic.

### 2.2 Connect students, educators and employers through mentorships, internships and other career programs

Enabling students or other workers to begin and advance their careers in Lawrence is essential to successful economic development. KU, Haskell and Peaslee Tech all help prepare students and adult learners for job opportunities, and these educational assets can be further leveraged and marketed to grow Lawrence's economy. The City can continue strengthening relationships between businesses and talent and expanding opportunities for students or unskilled talent to explore and create different, rewarding career opportunities in Lawrence.

### 2.3 Conduct an equity-and-inclusion study and develop initiatives to address barriers to economic opportunity

The entire Lawrence community is committed to providing equitable economic opportunities to all people, but economic disparities persist within the community. Barriers to economic opportunity not only hurt the individuals that face them, but they limit the economic potential and raise costs for the entire community. In order to better understand and address the challenges facing Lawrence residents in need, the City could first conduct an equity study. Targeted equity initiatives are beneficial for the long-term health of an economy, but they do require consistent research, inclusive development, and transparent tracking and implementation to ensure that any initiatives undertaken are accomplishing their goals.

## Vibrant economy

### 2.4 Grow Native American businesses, cultural amenities and related opportunities

Lawrence's historical connections to Native American tribes and growing Native American populations are unique assets upon which the City can build to create new economic opportunities. The area's cultural heritage and Haskell's professional and student body create a mix of Native American culture, businesses and education that is not replicated anywhere in the US. These assets create an environment where culture can be celebrated and shared, and businesses led by Native Americans can flourish with encouragement and support.

### 2.5 Invest in placemaking

Quality of place is one of Lawrence's greatest assets. The experience of being in the City is what makes it consistently the top tourist destination in Kansas and a place where people want to live and work. Maintaining and enhancing this experience through placemaking initiatives will help keep Lawrence's reputation as a great place to live and destination to visit, supporting the overall economy. Initiatives to consider include expansion of hike and bike trail networks, redevelopment of underutilized properties and greater utilization of the riverfront.

### 2.6 Advance Lawrence as a regional destination and tourist attraction

Lawrence is already a top destination for travelers in and outside of Kansas, and it should continue to make coordinated investments to enhance the City's tourism image. The City should continue to invest in its existing tourism attractions, such as Mass Street and the music scene, and explore opportunities to create more destinations for visitors and locals to enjoy, such as development of the riverfront.



## Vibrant economy

### 2.7 Enhance local food systems and related businesses

Lawrence is home to homegrown agricultural programs, ethnic grocery stores and local farmers, creating a robust and unique food scene that sets Lawrence apart. The City can support this growing industry by continuing to partner within the county's existing food systems plan, which both diversifies the economy and creates a greater quality of life for residents. An important starting point is finding a permanent home for the Lawrence Farmer's Market and working to utilize this as an area for entrepreneurship.

### 2.8 Support nonprofits and other community partners as they provide social services to address the needs of disadvantaged communities

Economic development can itself be considered a social service, with the core goals of creating well-paying jobs for residents, while reducing the tax burden and overall cost of living on them as well. A healthy economy is intertwined with a healthy community. As the City focuses on economic development activities, they can also partner with nonprofits and social services organizations to ensure their work is aligned, while utilizing these partnerships to achieve economic goals. The City is not directly responsible for providing many social services but acknowledging the importance of these efforts and providing support where possible would only help the Lawrence economy. The City can use these relationships to explore how social services providers and economic development partners can work together to achieve mutually beneficial outcomes, such as connecting disadvantaged populations to education and career opportunities.

## Progressive economy

**Goal 3:** We make intentional and innovative investments to make our economy more sustainable, connected, and inclusive.

### Key metrics

Broadband speeds and availability

New commercial and redevelopment investments

New housing construction

Board, committee and leadership diversity statistics

Surveyed impressions of business friendliness

As cities grow and evolve, they often face new challenges, such as unaffordability, traffic, sprawl and deferred infrastructure maintenance. Sometimes a solution to one challenge has unintended consequences that raises a whole new set of concerns. For example, creating an urban growth boundary can lead to increased housing prices if it is not balanced by efforts to increase density, encourage redevelopment and build taller structures.

A progressive economy is one that strives to do better, carefully addressing challenges as they arise and making proactive, thoughtful and innovative investments for the future. This includes infrastructure that is necessary for businesses to thrive, such as broadband, which makes the City more energy-efficient and environmentally sustainable. A progressive economy is also inclusive of all people and perspectives within the community, bringing more voices to the table when making decisions. As Lawrence grows, the City should pursue intentional strategies to accommodate growth in a sustainable manner while making Lawrence more affordable and better connected — physically, socially and virtually.

### Strategies

1. Expand broadband access and regional connectivity
2. Attract private development partners based on community plan objectives and goals
3. Use multiple tools to create more housing options
4. Launch an inclusive leadership initiative to increase diverse representation on boards and committees and in leadership roles
5. Establish Lawrence as the most business-friendly community in the region
6. Establish sustainability initiatives and explore related research and technology partnerships, including smart city investments
7. Enhance childcare options at all price levels

## Progressive economy

### 3.1 Expand broadband access and regional connectivity

Access to high-speed broadband is a necessity in the modern economy. High-speed connections are critical for many businesses, not just technology entrepreneurs; for remote workers; and for students and job seekers. The Digital Divide, the gulf between those without ready access to, and the skills to use, computers and the internet and those with both, is a significant contributor to economic disparities. The importance of broadband access has been further highlighted by the COVID-19 pandemic. Communities and individuals without high-speed access are struggling as more schooling, business and job applications move online. Currently, only 25.5% of households in Lawrence have access to 250 Mbps broadband, which is significantly less than the benchmarks examined in the Economic Overview. For Lawrence's economy to be truly progressive, to support new business opportunities and to increase equitable economic opportunities, the City must work to increase access to high-speed broadband.

### 3.2 Attract private development partners based on community plan objectives and goals

The City should continue to determine what kinds of growth and change the community wants through ongoing planning efforts, and it should actively pursue partnerships with developers to make those outcomes a reality. The Downtown Master Plan, for example, will provide guidance on how residents and businesses in Lawrence can potentially grow. Potential outcomes to pursue for economic vitality include increasing density, making downtown more active, anchoring large businesses in key locations and incorporating quality-of-life attractions through the community. Pursuing proactive, progressive partnerships with developers will help ensure that the City grows in a way that matches the community's vision, is environmentally sustainable, addresses affordability concerns and helps grow the economy.

## Progressive economy

### 3.3 Use multiple tools to create more housing options

Housing affordability was one of the concerns expressed by Lawrence stakeholders during interviews and focus groups and through the survey related to this planning process. Affordability is a concern for economic development, and economic development activities should be focused on creating more higher-paying local jobs so that Lawrence residents are able to better afford local housing costs. At the same time, other City departments and partners should continue to focus on implementing existing housing strategies and utilizing multiple tools to increase the total number of housing units, diversify the types of housing, and offer a variety of housing prices in the City.

### 3.4 Launch an inclusive leadership initiative to increase diverse representation on boards and committees and in leadership roles

Making Lawrence a progressive economy will require intentional, inclusive efforts to ensure that leadership across the public and private sectors is more representative of the community's diversity. The City and its partners can pursue a variety of tactics to increase diversity in the network of leaders in the community and foster greater understanding and dialogue around needs and priorities throughout the community.

### 3.5 Establish Lawrence as the most business-friendly community in the region

Lawrence is often viewed as a college town, not as an economic center, especially when compared to its neighbors Kansas City and Topeka. This image is exacerbated by a common perception that the City is not business-friendly — with an inconsistent development and permitting system and sometimes hostility to new investment. Real or perceived, these impressions of the community affect the ability to attract new businesses and investment that is necessary to grow the economy and redevelop properties. Lawrence needs to work on these perceptions inside and outside the community and let key audiences know that the City is committed to economic development. Perceptions can change over time if the City is consistent and stands by its policies and plans. Notably, business friendliness does not mean putting the interests of business above citizens, but rather that the City has consistent procedures, communicates expectations, and is willing to regularly re-examine its rules and regulations to identify ways to improve.



## Progressive economy

### 3.6 Establish sustainability initiatives and explore related research and technology partnerships, including smart city investments

Lawrence residents and leadership prioritize environmental sustainability, and the City and its partners should continue to pursue and support sustainability initiatives and investments. Support and resources will vary from initiatives, but the City can provide resources like additional marketing, connecting businesses to the community, and demonstrate how economic development and sustainability initiatives work hand in hand. The presence of KU and Haskell, the City's highly educated population, the public hospital system and connections to numerous industry sectors could also make the City an attractive location for national public or private research institutions and partnerships. Building an institution of this sort would require a long-term strategy to capitalize on existing relationships with federal agencies and private companies, but it has the potential to positively impact the local economy and environment. In the meantime, the City could help foster a supportive ecosystem through smart city investments and initiatives to drive environmentally sustainable technology products and infrastructure.

### 3.7 Enhance childcare options at all price levels

A lack of childcare is often a significant barrier to gainful employment for lower-income individuals. A lack of access to childcare, especially affordable options, may prevent talented workers in Lawrence from pursuing more in-demand or high-quality jobs or education opportunities, or it may prevent talent from locating in Lawrence. The need for high-quality and affordable childcare has grown even stronger since the beginning of the COVID-19 pandemic, with even more working parents struggling to care for children and work as some childcare options close and schools switch to remote learning. Most communities across the country face childcare challenges, but there are some strong models for public-private partnerships that increase the number of local options. Lawrence should consider a variety of tactics to increase childcare options to better support working parents, increase equity of opportunity, and make the City more attractive as a destination for both talent and businesses.



# Implementation

## Organizing for successful implementation

Developing a strategic plan of action is the first step, but following through with implementation is the journey. Implementation is a continuous process that requires the coordination of many individuals and organizations over many years. Circumstances and opportunities will also change moving forward, so the community must be flexible and prepared to adapt strategies and renew focus down the road.

The following section provides guidance for the City of Lawrence and partner organizations to help set the community up to successfully implement the strategy. We provide an overview of next steps and the actions the City and its partners should take to complete each step.

Implementing this strategy will also require collaboration across organizations and capacity within organizations. The City of Lawrence's economic development budget is currently smaller than many peer cities, and it will be difficult to complete all the goals and strategies recommended by EY without additional staff, resources, and collaborative partners. This section includes an outline of leading practices for organizational collaboration and observations on Lawrence's capacity drawn from comparisons to peer benchmark cities.

## Implementation next steps

### 1 Incorporate EY's recommendations into a final Lawrence branded strategy document

We recommend taking the content from this report and incorporating it into a Lawrence branded document. Having the Lawrence brand rather than the EY brand on the strategy will create a sense of ownership for citizens and partner organizations. It also allows the City to present the strategy as a living document that can be adjusted by the City and economic development partners in the future if necessary.

### 2 Review and update for consistency with other City strategies

Numerous local strategies and plans were reviewed and integrated into these recommendations, but additional plans, including the City's strategic plan, are nearing completion and affect the City's economic development efforts. We recommend that City staff and key partners review each plan that is currently being developed or implemented in Lawrence and ensure that goals, strategies, and tactics are aligned across efforts. This will prevent the duplication of efforts across different organizations and ensure that disparate groups across the City and County are working towards the same goals. Be sure to share the final strategic plan with other partners that are working on or developing strategies so they can review for consistency. Look for opportunities not just to align goals and tactics, but to include similar language across different reports.

### 3 Present to the City Commission for formal adoption

Once any final comments from partners and the City Commission have been incorporated into the City branded strategy, present the strategy for formal adoption. By formally adopting the strategy Lawrence's City Commission will publicly display their support and approval for the strategy and its goals, which will make garnering support from other stakeholders even easier.

## Implementation next steps

### 4 Establish an implementation committee and task forces

We recommend that the City of Lawrence establish an Economic Development Strategic Planning Implementation Committee consisting of representatives from partner organizations, the advisory group and other key stakeholders. This Committee could be an evolution of the existing monthly economic development partners meeting and could be charged with monitoring progress. In 2021 and 2022, the Committee could meet on a quarterly basis. It can scale back meeting frequency basis as recommendations are completed.

Consider establishing a Chair or two Co-Chair positions for the Implementation Committee. The Chair(s) may rotate on an annual or bi-annual basis. Within the Implementation Committee, working groups should form around each major topic in the report: Diverse Economy, Vibrant Economy, and Progressive Economy. Working groups can meet as frequently as needed between Implementation Committee meetings to establish a plan for addressing their recommendations and taking action.

During each Implementation Committee meeting, working groups will be asked to report on progress to the larger group. Each working group can be assigned a chairperson to coordinate meetings and keep the agenda on track. On an annual basis, the Implementation Committee (and working groups) should update the Strategy vis-a-vis the implementation tables. Cross-off recommendations that have been completed, adjust timelines and responsibilities as needed, update wording as needed, and eliminate recommendations that are no longer relevant.

### 5 Prioritize actions for implementation

Utilize feedback from implementation partners and the community based on the Lawrence Listens survey and identify top priorities. Prioritization should also be a consideration while reviewing other City strategies – try to align prioritized projects among all plans so that the City is united in its efforts, even while working on different plans. It's important to remember that there will never be 100% unanimous agreement on every recommendation or its level of priority. Striving for an elusive consensus will delay and quite possibly derail implementation, so be sure to gather and listen to feedback while also swiftly developing a plan and moving forward.

## Implementation next steps

### 6 Prepare an implementation calendar and communications plan

Both an implementation calendar and communications plan are important elements for moving a strategy forward. The implementation calendar determines when to implement different tactics and when tactics should be completed. Some useful elements in an implementation calendar could be:

- Deadlines for tactics to keep the strategy on track and prevent task-force-fatigue
- A list of key partners that need to be involved in implementing the tactic
- A list of resources necessary to implement the tactic, such as time, funding, or personnel resources
- A list of people or the working group responsible for overseeing and implementing each tactic

A communications plan helps report progress on the strategy back to the community. Like in the communications plan utilized at the beginning of this process, a communications plan should identify target audiences, key messaging to communicate to those audiences, and tactics for reaching them. Some useful marketing tactics could be:

- A one-page flyer summarizing the Strategy
- A PowerPoint presentation about the strategy that can be shared with partners, the Advisory Group, and implementation committee
- A list of talking points to help ensure that partners are consistent in how they speak about the strategy
- An updated strategy webpage on the City's website that features the entire strategy and allows the community to track implementation
- Testimonials from influential members of the community stating their support for the strategy
- Earned media and public relations opportunities to write articles, op-eds, or interviews about the strategy
- Digital marketing efforts such as highlighting information about the strategy on social media or in digital updates/newsletters

## Implementation next steps

### 7 Share progress reports and metrics with the public on a regular basis

A key to maintaining support throughout implementation is to consistently communicate to the broader community that the strategy is on track and successful. This should be done periodically throughout the year through articles, blog posts, earned media, and social media posts. We recommend releasing a short, visually appealing annual report that describes the progress of the strategy. The strategy could also be a featured section in the City's existing annual report. While reporting process with the public it's important to always be honest and transparent and to communicate efforts and well as end results in key metrics.



## Organizational capacity

Economic development is team sport, and success requires collaboration between individuals and organizations in the public and private sector. This collaboration operates best when organizations are aligned to follow a strategic plan that outlines specific roles for each. This helps avoid duplication of effort and ensures that tasks are assigned to those with appropriate resources, skills, and interest.

In addition to organizing, economic development programs and organizations must have adequate staff, financial resources and training to build capacity for successful implementation. There are only so many hours in a day, and a dollar can only be spread so far. Economic development efforts must prioritize where to spend time and resources to have the greatest impact on community goals.

There is no perfect organizational structure for economic development partners or formula for resource allocation. Each community has different revenue sources, taxing structures, partner organizations, and goals. Nonetheless, EY has observed common leading practices for successful organization of activities. Comparing budgets between communities also provides insight into what resources are appropriate based on the size of a community.

## Organization

At a high level, economic development organizations can be divided into two categories: the public sector and the private sector. Functionally, however, these divisions become blurry, as initiatives led by the private sector may receive funding and staff support from public entities. The notable example being public-private economic development organizations. For the purposes of this analysis, we will examine types of organizations and their roles as either Public Sector Lead or Private Sector Lead.

Generally, Private Sector Lead activities focus on direct activities that grow primary jobs and generate wealth in a community. Public Sector Lead activities more commonly focus on those that make the community a better place to do business and thrive as a resident.

The following page lists typical roles and responsibilities for each.

## Organizational capacity

### Private sector lead

- **Business attraction and marketing** – led by an economic development organization funded by public and private entities.
- **Local business retention and expansion** – led by an economic development organization, often with support from a chamber of commerce and local government. Both business attraction and retention and expansion efforts are best suited for a private sector lead due to confidentiality requirements and business trust concerns.
- **Entrepreneurship support** – led by a business incubator or accelerator organization, which may be a public or private entity depending on the structure. Support organizations may include numerous public entities, including the Small Business Administration, local government departments, colleges and universities, and more. An example of a strong partnership in this area is Chattanooga, TN, where the INCubator is operated by the Chattanooga Area Chamber of Commerce but housed in a building owned by the County.
- **Advocacy** – led by chambers of commerce and private businesses. These organizations may advocate for investments, programs, and other support that serve local business and community interests.

### Public sector lead

- **Public policies** – led by local governments looking to ensure that the regulatory environment is business friendly and encourages economic growth while protecting public interests. This covers topics such as permitting, zoning, and business licensing.
- **Business assistance** – led by local government, this focuses on helping businesses navigate local approval processes and regulations and connecting them to supportive resources at the local, state, and federal level.
- **Physical infrastructure investments** – led by city, county, state and federal governments. This includes road, sewer, rail, broadband, trails, and placemaking investments. Sometimes private organizations may participate if engaged in a public-private partnership, contracted to administer a tax increment or other financing district, or if funded for this purpose through tax dollars.
- **Quality of life and destination investments** – led by local governments, destination development organizations, and others focused on investing in cultural amenities, events, and other assets that enhance local quality of life and make a location more attractive for residents, visitors, and businesses.
- **Workforce and education programs** – led by local school districts, community colleges, workforce training centers, universities, and other affiliated organizations. Private businesses should be involved in these efforts, but the lead remains in the public sector.
- **Incentives** – led by local and state governments. Incentives, such as tax credits, help cities and counties compete for businesses and jobs, but should include a wider range of ways that government can support business growth in a manner that provides a return on investment to the community and fulfills local strategic objectives.

# Organizational collaboration framework

## Strategic oversight

**Implementation committee:** Consisting of representatives from implementation partners including the City, the County, the Chamber, KU, the school district, Haskell, Peaslee Tech and more. This group provides oversight and tracking during implementation of the strategy.

Diverse  
economy  
working group

Vibrant  
economy  
working group

Progressive  
economy  
working group

Special project  
task forces

**Working groups and task forces:** Small, sub-groups formed by the implementation committee, consisting of members and other specialists. Each working group should focus prioritizing, implementing, and communicating progress for their portion of the strategy. Task forces can be created for special projects, such as broadband, that may require additional focus.

## Economic development implementation activities

### Public sector

#### Roles:

- Public policy
- Business assistance
- Physical infrastructure
- Quality of life
- Workforce and education
- Incentives

#### Organizations:

- City of Lawrence
- Douglas County
- State of Kansas
- University of Kansas
- Haskell University
- BTBC
- Peaslee Tech
- SBDC

### Private sector

#### Roles:

- Business attraction and marketing
- Local business retention and expansion
- Entrepreneurship support
- Advocacy
- Investment

#### Organizations:

- Citizens
- Lawrence EDC
- Lawrence Chamber
- Downtown Lawrence
- Arts organizations
- Private businesses
- Real estate developers
- Property owners
- eXplore Lawrence

## Organizational capacity

### Capacity

Communities fund and engage in economic development in a variety of ways, which makes it difficult to provide a true apples to apples comparison of capacity. Some utilize tax increment financing, sales tax funds, community improvement districts, and more. Some provide direct services, fund economic development organizations, maintain cash reserves for incentives, and more. Nonetheless, a general comparison of funding in similar communities provides useful insight for Lawrence.

In this case, EY looked at 20 cities across the Midwest – including the largest cities in Kansas and many of cities that house universities in the Big 12 and Big 10. In some cases, data was not complete or available, but generally these cities allocated about 5% of their expenditures for economic development in 2019. This accounted to roughly \$73 per resident on average. The City of Lawrence, in contrast, allocated approximately 1% of expenditures for economic development at \$18 per resident. This is 31% and 25% of the average for comparison cities.

Gathering data on city full-time economic development employees is difficult, but for an anecdotal example, the City of Wichita, Kansas allocated almost \$1.6 million for direct economic development activities (not covering infrastructure investments, such as roads), accounting for 2% of their expenditures, and had 4 full-time employees.

### Observations

Based on EY's analysis of similar university towns across the Midwest, Lawrence would need to increase expenditures on economic development activities by over \$4 million to achieve the average share. To reach the average among Kansas' largest cities alone, this would require an increased investment of \$2.7 million. This could include funding for staff, incentives, business assistance, infrastructure improvements directly to businesses and more.

This does not consider major projects, such as broadband expansion, which will likely require a combination of public and private resources to plan, fund, build, operate, and maintain.

## Organizational capacity

In addition to a need for increased funding and staff capacity to implement all recommended strategies, EY observed the following organizational capacity strengths and opportunities in Lawrence:

- Public funding for the Lawrence Economic Development Corporation (LEDC) follows leading practices in which business attraction activities are performed by a dedicated non-profit entity separate from government.
- Leading practices also seek to have a balance of public and private sector funding for economic development corporations with at least a 50-50 split. The Lawrence EDC could benefit from additional financial support from private businesses.
- Lawrence has fewer large private employers than many communities, which can make it challenging to raise private investment in economic development. In other communities, banks, real estate developers, professional service firms and other private businesses are engaged to fund economic development, recognizing that a rising tide lifts all boats and investing in economic growth is good for business, as well as the broader community. It helps when economic development activities cover topics, such as workforce, broadband, and real estate availability, that directly affect existing businesses.
- Increasing private sector investment and involvement in Lawrence's economic development ecosystem could also provide benefits to advocacy. A successful, holistic economic development system includes perspectives from all sides of the community, including residents, businesses, and non-profits.
- Entrepreneurship in Lawrence is primarily centered on BTBC, which has been highly successful in its mission. Through the strategic plan, there are opportunities to further enhance the entrepreneurial ecosystem by creating new programs and resources. While these could be led by the City, they may be more appropriately led by an organization with greater entrepreneurial capacity, such as the Chamber (with expanded staff and financial support), KU, or a new non-profit organization. Ultimately, this decision should be guided by available funding options, interest, skillsets, and experience.