

Dublin City Council Work Session
Monday, March 4, 2019
Council Chambers

Minutes of Meeting

Mayor Peterson called the Monday, March 4, 2019, Work Session of Dublin City Council to order at 5:02 p.m. at Dublin City Hall.

Members present were: Mayor Peterson, Vice Mayor Amorose Groomes, Ms. Alutto, Ms. De Rosa, Mr. Reiner and Ms. Fox. Mr. Keenan was absent.

Staff members present: Mr. McDaniel, Ms. Gilger, Ms. Goss, Ms. Mumma, Ms. Burness, Ms. Richison, Mr. Plouck, Mr. Kridler, Mr. Gracia, Mr. Stiffler and Ms. Crandall.

Ms. Gilger reviewed the agenda for the work session. She stated that it was time to assess and update the economic development strategy. In doing so, there will be quantitative input and qualitative input from a number of data sources. The City has partnered with TEconomy to review initial data assessments analyze data, and apply Dublin-specific dynamics.

Ms. Gilger introduced Kenny McDonald, from Columbus 2020, who was in attendance. She also introduced Deborah Cummings, Ryan Helwig, and Joe Simkins from TEconomy Partners, LLC. Ms. Gilger shared the proposed project schedule, concluding with adoption of a final report in late August. She invited Ms. Cummings to come forward.

Ms. Cummings stated that she would be reviewing TEconomy Partner's project methodology and discuss briefly the data sources that are utilized. The City of Dublin engaged TEconomy Partners in 2011 to develop a cluster-based economic development strategy and action plan. The City is now seeking to understand how Dublin's economy has evolved and changed since the 2012 analysis. TEconomy uses a variety of economic indicators and business establishment databases to build a comprehensive picture of a region's relative performance and strengths. The three main levels of data are:

- County Level Data – this is region and industry data MSAs and regional geographies;
- Zip Code Level Data - cities and neighborhoods; and
- Micro-firm Level Data.

Economic databases are often defined by the level of detailed geography they produce estimates for. Each of these databases have specific strengths, limitations and reporting contexts, which provides a broader consensus view of insights that are invaluable to strategic planning. These sources will be utilized to measure what has happened in the Dublin economy, how it has performed and what needs to be done moving forward.

The initial study focused on industry clusters. Twelve industry clusters have been identified. There is a slight modification from the 2012 report regarding the separation of e-commerce into its own cluster due to the advent of Amazon. Another slight modification from the 2012 report is that the Tourism, entertainment and arts did not include hotels, but they have since been added.

Ms. Cummings stated that when looking at industry clusters, they look at data and run algorithms to determine if the cluster is specialized. She provided an illustration of an industry targeting analysis decision tree that helps determine the analysis of specialization, growth and competitive

share. She explained that if there were a higher concentration of an industry cluster in our region versus nationally (20% or more concentrated), it is considered specialized. When looking at growth, it is important to keep it in context of national markers. If an industry cluster is growing by 20%, that may look positive unless nationally that cluster was growing at 40%. This is how it is determined whether or not it is keeping pace. Taking all of this into consideration, the TEconomy team looks at the current strengths, current opportunity, emerging strengths, emerging opportunities and limited prospects. Ms. Cummings offered a graphic showing the Columbus region growth. The graphic illustrated that 11 out of 12 clusters have grown regionally during the expansion period (2010-2017).

Ms. Cummings invited Mr. Helwig to come forward and talk about more Dublin specific information. Mr. Helwig began with the strong population growth in Dublin, noting that 74% of the population in Dublin has a Bachelor's degree or higher. Per capita income is significantly higher than that for the broader region and has grown at a slightly faster rate during the expansion period. He pointed out that as they examine the cluster employment base, it is clear that Dublin is a recipient of the commuter workforce. Employment growth was tracked back to 2001 to get an idea of the trends. Much of the analysis will focus on the 2010-2017 expansion period. The number of business establishments in Dublin have grown from 2010-2017 by 10%. Mr. Helwig provided an illustration showing businesses leveling off a bit since 2013. Taking into consideration the nature of the establishments, they found most businesses were single location versus a branch office.

Mr. Helwig shared that Dublin's reliance on share of employment by top employers continues to decline, indicating growing economic diversity. The companies that have remained in Dublin since 2010 shows their employment has remained flat. On the business formation front, the start-up rates display a mixed trend, but Dublin has balanced out at about 6%. This is a topic that the City will want to learn more about.

Mr. Helwig stated that Macro indicators, to summarize, show:

- Dublin is experiencing very strong population growth;
- Dublin's population is highly educated;
- Dublin has seen double-digit employment growth during the economic expansion; and
- Business establishments have increased 10% (reducing reliance on top employers).

Mr. Helwig moved to the topic of industry cluster analysis. Dublin's traded sector industries represent a large portion of its local employment footprint and are key to its ongoing economic success. Across the 12 industry clusters identified show significant economic activity in Dublin, especially in the areas of finance, insurance and IT. He shared an illustration matching Dublin businesses to the clusters. Six of the 12 clusters are considered specialized, which means, as stated earlier, they have a substantially higher level of regional concentration than found across the U.S. All but two have grown in the economic expansion. The result of Dublin specific industry targeting analysis shows the current strengths, current opportunity, emerging strength, emerging opportunities and limited prospects. He provided a bar graph illustrating the Dublin employment trends among the clusters during the current expansion. This illustration showed that:

- Dublin is outpacing Greater Columbus and US growth in HQ operations, a key employer segment;
- Dublin is outpacing Columbus in growing critical IT jobs, but still lags behind the nation;

- Growth in local business support services needed to sustain major employers is not keeping pace with US rates; and
- Dublin is not capturing broader Columbus growth in medical biosciences and healthcare services despite major cluster presence.

Mr. Helwig stated that establishment level business dynamic trends are patterns that they can track in addition to employment trends. He shared that we are able to see when a new business comes online and a lot of business growth has been in non-traded sector. It will be their focus to look toward who these traded sector companies are and how to pivot the dynamic to create traded sector business growth. In terms of established births of new companies versus establishment closings, there are more companies being created than are being closed. Dublin shows high start-up activity in key strategic industry clusters as a proportion of total establishments. He noted that as this project continues, they will dig in and use these databases to determine who they should be talking to in terms of certain establishments and growth. Dublin wages reflect the average per capita income being higher, which means where we are in the composition of these clusters shows a high wage profile compared to the Columbus MSA.

To summarize, Mr. Helwig stated that:

- Dublin continues to show strong consistent growth driven by a highly educated, growing population;
- Need to be mindful of the greater regional context; and
- Certain key areas are drawn out for a more comprehensive analysis and moving forward a deeper dive into dynamics and the qualitative piece.

Mayor Peterson thanked Ms. Cummings and Mr. Helwig for the presentations. He asked if the data was already gathered and the next steps are to analyze that data -- or if more data gathering is needed.

Ms. Cummings stated that this is only the first set of data, there are multiple sets to go. This was the industry analysis and they are now aware that they must dig deeper into the several points indicated in this presentation. Before the next meeting, they will gather information regarding the talent needs, workforce needs and a deeper dive in areas of innovation because those are the areas of emerging opportunity. She stated that they will also be starting the qualitative interviewing of Council members, industry leaders and development professionals to gain feedback on barriers and difficulties and also opportunities.

In response to Mayor Peterson's question regarding the educational level of our population that was referenced in the presentation, Mr. Helwig stated that they obtain that information from the census and the American Community Survey.

Mayor Peterson asked how the salary information is obtained.

Mr. Helwig stated there are two core databases that are generally used for salary data: the QCW data and the zip code level data.

In response to Ms. Alutto's question, Mr. Helwig stated that they are both 1099 and W4 employees.

Ms. De Rosa stated that she e-mailed some questions in advance of this presentation.

Ms. Cummings stated that they did receive her questions and they will gladly address her

questions point by point. She noticed in Ms. De Rosa's questions that there was a desire to know how Dublin compares to the other suburbs. However, without purchasing all databases at the zip code level, that is not something they are able to do. If that is something that Council believes is important, it is possible to get that information, but it is not within the scope of this project. It may not be necessary to go further into comparisons because they know what drives the regional market.

Ms. De Rosa asked if the City of Columbus could be removed from that so it is more of a metropolitan look.

Ms. Cummings stated that it could be possible to give a general sense of the broader region minus the city center of Columbus.

Ms. De Rosa stated she would like to see that if the economics allow.

Ms. Cummings stated that it is also important to determine the timing of the data. What time period would they want to be analyzed? Business and economic cycles is how they look at data, but if Council want to understand a different time period, that can be done.

Mr. Helwig stated in response to Ms. De Rosa's questions forwarded in advance, an analysis period was put together for 2013-2017. In this period, Dublin grew at a slightly slower pace in total private sector jobs compared to the metro area.

Ms. Cummings asked what time period Council would like to look at. She encourages more than a few years because there can always be an anomaly year.

Vice Mayor Amorose Groomes asked if it was possible to see different modeling from historical growth trends that are similar to current trends. Perhaps paralleling Dublin with other cities to see what a typical growth model looks like versus an exceptional growth model, seeing what other cities have done and what their experiences were.

Ms. Cummings stated that doing that type of analysis is why they look at the Columbus MSA, the U.S. and the state of Ohio. She clarified that Vice Mayor Amorose Groomes was asking about comparable cities of Dublin's size and what they are doing today.

Vice Mayor Amorose Groomes stated that other cities may differ in social maturity, but it would be helpful to see their experiences.

Ms. Cummings stated that additional databases would need to be purchased in order to find the answers to Vice Mayor Amorose Groomes' questions. Ms. Cummings stated that they will continue to ask Council what questions they want answered and how data can help guide them.

Vice Mayor Amorose Groomes stated she would like to know what is considered a reasonable projected growth. It is important to have a goal, but it may be a better indicator to check peers across the country.

Mr. Helwig stated that their analysis is based on region specific growth projections. He stated that Vice Mayor Amorose Groomes would like to see relative growth projections and that is something that can be discussed.

Mr. Reiner inquired about the net worth of people coming into Dublin and whether it is more or less now than the people who came in the 1970's. He wanted to know if the corporate CEO types are going to other suburbs. He would like to know how to address that, if that is the case.

Mr. Helwig stated that they have looked at occupational trends and earnings over time. They would have to investigate how far back they could track that information.

Ms. Alutto stated that she had the following questions:

- What clusters do we still need to give focus to and what are the clusters that are not as important to focus on?
- What are some workforce development or other types of draws that we should be focusing on to attract businesses?
- What were the average salaries in the 1980's and what would that be in net present value, in today's dollars? She would then like to see to how that compares to the actual salaries now.

Ms. Fox stated that she is concerned about growth and future perspective. She found the clusters interesting and that non-traded businesses were so high. She asked if the City is paying enough attention to the non-traded businesses.

Ms. Cummings stated that the traded sectors account for 46% of the economy, which is well above average. Non-traded businesses will come because of population explosion. Determining which sector Dublin cares about and which ones are going to be here regardless is important. Dublin would want to continue to build upon that 46% of traded sectors because the non-traded sector comes in to serve the community and will come in regardless. The traded sector is unique and we want to understand what contributing factors there are and where the wealth indicators occur, so it deserves more focus.

Ms. Fox stated that her hope is that understanding the data will help give guidance on what kind of creative incentives are important to attract the traded sector. She will be looking for what other things can be recommended to help bring new companies and retain the companies that we have.

Ms. Alutto stated that she agreed with Ms. Fox that it is important to recognize some creative incentives to attract businesses. Dublin has levers that other communities don't have and they should be recognized and utilized.

Mayor Peterson asked about the clustered industries and average salaries. Dublin's average salary exceeds the national average as well as the average for Columbus?

Mr. Helwig stated that was correct.

Vice Mayor Amorose Groomes stated that she doesn't see professional services represented on Mr. Helwig's illustration.

Mr. Helwig stated that some professional services would be covered under the "Business Support Services" cluster, but that legal services, for example, is not clustered.

Vice Mayor Amorose Groomes asked what top ones are not represented.

Mr. Helwig stated that it would likely be legal services and education.

Ms. Cummings stated that when you consider what drives quality of life, those are for the most part the non-traded services.

Mayor Peterson stated that being in Dublin is an incentive in and of itself. He asked if the interviews that will be taking place will include the companies that have chosen to leave Dublin. Ms. Cummings stated that if those companies will speak to them and answer the questions, then that would be very valuable input.

Ms. De Rosa referred to the presentation that was given, specifically the detailed profiles of the regional clusters and recent performance in Dublin. She asked about the employment for 2017; she believes the headquarters count should be higher.

Ms. Cummings stated that even for Cardinal Health, for example, it is based on establishment. Ms. De Rosa stated that this needs to be reconciled because as they look at the data, it could be comparing apples and oranges and could cause concern. She doesn't want to make assumptions about growth when we are basing decisions on the data.

Ms. Gilger pointed out that the numbers in the operating budget are self-reported numbers, not numbers generated from Tax.

Vice Mayor Amorose Groomes stated that an example would be Cardinal Health and Fuse. They would be reported differently even though they are related.

Ms. Fox stated that understanding the trends and industry sectors is helpful. If Dublin attracts a headquarters, then that is "icing on the cake."

Ms. Cummings stated that when looking at trends, the industry headquarters must be in the count to get the full picture, but they will look at it several different ways as they work through the data.

Mayor Peterson thanked TEconomy for the work they have done. He also thanked staff for staying focused on this as it is so important for the community.

The meeting was adjourned at 6:22 p.m.

Deputy Clerk of Council