

WRITTEN STATEMENT FOR THE RECORD

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NORTHWEST ALABAMA COUNCIL OF LOCAL GOVERNMENTS

BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE ON
COMMERCE, JUSTICE, SCIENCE AND RELATED AGENCIES

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Thank you Chairman Mollohan, Ranking Member Wolf and members of the subcommittee for the opportunity to testify on the vitally important role the U.S. Department of Commerce's Economic Development Administration (EDA) plays in the pursuit of sustainable regional economic development.

My name is David H. Bradford. I am Mayor of the City of Muscle Shoals, Alabama and the immediate past chairman of the Board of Directors of the Northwest Alabama Council of Local Governments (NACOLG). This organization serves as the region's Economic Development District (EDD) as designated by the Economic Development Administration (EDA).

In my testimony, I would like to focus on three main themes regarding EDA's participation in regional development.

First, I would like to recognize EDA's successful approach to regional planning and infrastructure investment. Without EDA's participation in strategic planning, project development and project implementation, economic development efforts would suffer greatly in regions throughout the nation.

EDA's regional planning and coordination and infrastructure investment process have played a central role in the establishment of two international companies—SCA Tissue of Sweden and North American Lighting/Koito of Japan—in a region suffering from significant challenges and persistent economic dislocation.

Second, I would like to recommend how EDA investments in regional collaboration might be strengthened in order to take a celebrated and successful agency to new heights.

Finally, I would like to describe recent experiences in our region that mirror those of many communities throughout the nation and illustrate the need for continued support of EDA's investment in economically distressed regions across the country.

Northwest Alabama is a diverse, largely rural region made up of five counties that have historically been tied to agriculture, textiles, and manufacturing. In the north, adjacent to the Tennessee River, are Colbert and Lauderdale Counties and the Florence-Muscle Shoals Metropolitan Statistical Area (MSA), made up of several of the largest communities in the region.

Textiles and metals processing and manufacturing dominated the local economy throughout the middle-half of the twentieth century. These industries began deteriorating in the 1980s and continued to throughout the 1990s and 2000s. Throughout this period local economic indicators were consistently poorer than the rest nations, qualifying the region for EDA's assistance.

Through a commitment to regional collaboration from area local governments, economic development agencies and the EDD, and with support from EDA, these trends were halted and eventually reversed. In recent years, the region posted economic performance above the national average with increases in area per capita income and monthly unemployment rates consistently at or near "full employment."

The Economic Development Administration's support of strategic planning and implementation in northwest Alabama is emblematic of the role that EDA plays in regions throughout the United States.

EDA's approach to economic development provides opportunities for planning, for supporting and promoting regional cooperation, and for investing in economic growth through the implementation of strategic plans. Throughout its history, EDA's strategic planning investments have laid the groundwork for economic development activities in regions throughout the nation by lending direction to the ongoing process of economic development and being the basis of EDA's subsequent funding decisions.

A key element of this approach has been the latitude given to local leadership to form strategies compatible with the regional development context. Through the Comprehensive Economic Development Strategy (CEDS) process and EDA's planning investments, EDA has greatly enhanced the capacity of local EDDs to take a leading role in the ongoing and collaborative planning process, and the implementation of strategic objectives necessary for growth and development.

Regional experiences in northwest Alabama illustrate this point:

- In 1998, in response to job losses primarily centered in textile industries, local leaders solicited EDA's assistance to develop an analysis of local industry targets associated with the 1,900-acre Barton Riverfront Industrial Park in Colbert County. The results presented recommendations for economic development in seven recruitment areas including the paper products cluster. EDA also provided an investment of \$1.5 million toward the expansion of water treatment and storage facilities for the park. Subsequent collaboration among the Shoals Economic Development Authority (SEDA), local governments, and NACOLG led to SCA Tissue, a Swedish company locating a \$240 million U.S. facility. As of today, EDA's initial investments in planning and infrastructure have been integral to SCA Tissue's private investment, creating approximately 470 jobs in northwest Alabama.

- In 2003, again in response to strong demand for jobs creation in the region, the City of Muscle Shoals proceeded to develop the Wilson Dam Road Corridor Study, an EDA-supported transportation, land-use, and economic development plan for a newly developing highway corridor. The Study demonstrated the need for increasing the amount of commercial air accessible industrial property available for economic development in Colbert County. Subsequently, the City of Muscle Shoals, following study recommendations, invested over \$6 million to acquire and prepare property adjacent to the Muscle Shoals Regional Airport. The 475 acre Muscle Shoals Research Air Park was created. As with previous economic development projects, a collaboration brought the Japanese firm North American Lighting/Koito to the table. Eventually, with support that included \$1.33 million for infrastructure, North American Lighting/Koito located on a 35-acre tract in the Muscle Shoals Research Airpark.

These two economic development projects were significant in the region's recovery in the early part of the last decade. EDA played a critical role in the planning and execution of the strategies. Importantly, EDA's role as a facilitator of economic recovery was significantly strengthened in 2001 with the establishment of NACOLG as the EDD for the region, enhancing the region's capacity to pursue continuous planning and project development.

Despite EDA's robust participation in our region's economic development, EDA effectiveness in our region can be enhanced by addressing two key issues:

- First, EDA is often criticized for the length of time necessary to review applications and reach conclusions. These delays cause problems working with industries that expect quick answers. A delay of several months for approval of applications can frustrate economic development activities.

- Second, EDA has been criticized for decisions made without reference to the regional context. For example, despite supporting multiple strategic plans related to heritage tourism and the entertainment industry in northwest Alabama, EDA recently rejected an application by the Town of Killen that would have created 110 new jobs and a \$115 million private investment in the tourism industry. While tourism and travel have been integral industries with widespread community support and have been successful *within the regional economic development context*, they are deemed unacceptable as a matter of course by EDA. Improving EDA's capacity to understand and support the regional strategic plans as they relate to each region would be an important improvement.

EDA is a critical partner and has demonstrated tremendous impact and effectiveness in our distressed communities. But as with any partnership, opportunities exist for strengthening commitment and cooperative resolve. EDA as it exists is a valuable partner; an EDA focused on ways to find solutions and improve upon itself will be an even greater partner.

EDA is an agency with a proven track record of supporting the strategic planning, collaboration and project development and implementation necessary for economic recovery. In mid-2007, optimism ran high throughout the Northwest Alabama region as volunteers, private-sector participants and elected officials worked to craft a CEDS. At the time,

economic conditions in the region were better than they had been in decades, in part due to EDA and the efforts of NACOLG, local governments and economic development agencies. For example, in the Florence-Muscle Shoals MSA, unemployment rates were commonly less than 4% throughout 2007. A little over two years later, in the midst of the greatest economic crisis most have experienced, unemployment had reached double digit rates.

Recent changes in national and international economic conditions have undone decades of work in many regions throughout the nation. Fortunately, we have a model for recovery that has been proven in numerous locations nationwide including northwest Alabama. The model for developing and implementing strategic actions leading to recovery and fostering innovation exists in EDA. By supporting strategic planning, EDA galvanizes commitments toward goals and objectives that lead to better opportunities. By investing in the continuous process of economic development through planning partnership grants, EDA recognizes the dynamic, ever-evolving nature of economic development and provides a support structure for technical assistance, planning, and grant resources that leverage additional opportunities and sustain collaborative efforts. Finally, by providing access to resources to seed and match grant programs, EDA facilitates the implementation of development strategies through leveraged private investment in distressed regions.

EDA promotes a process that aspires to be responsive to regional context, provides support to projects that are regionally determined, regionally driven and vital to regional success. To that end, EDA should maintain its ability and flexibility to support projects that meet the individualized needs of regions.

From Northwest Alabama's experiences, the central tenet of each EDA investment is that it met a regionally defined need. Communities differ in their needs and objectives. Some struggle for basic infrastructure, others may strive for venture capital and still others have a different need.

Flexibility in the menu of opportunities offered by EDA has been the agency's hallmark. This has meant that communities could pursue the next step in economic development, whatever that next step may be. Continuing to provide regional strategic planning, to support regional collaboration, and to assist implementation of a range of solutions will insure EDA's mission is a success and that regions are innovative, competitive, and successful in the worldwide economy.

In closing, Mr. Chairman, thank you again for the opportunity to speak to the role that EDA has played in our region and to the opportunities that EDA provides to regions around our nation. By forging ahead together with the lessons of our shared experiences, EDA and all of its partners can prevail over our current distress.

I welcome the opportunity to answer any questions.