



Center for Metropolitan Studies

Policy Brief
Volume 2, Summer 2015

Innovative Solutions to Regional Issues

ECON-CON: A Strategic Approach for Regional Economic Development

Executive Summary

In response to the emerging trends in business, government, technology, and culture, economic development would most effectively be crafted at the metropolitan regional level. However, a problem exists as many regions, including ours, lack the organizational infrastructure to pursue an economic development strategy to match the shared issues and interests of the region.

Collaboration across municipal borders has gained a great deal of traction nationally, and locally, over the past decade, as municipalities recognize their interdependence in an era where both less government and more or better government services are demanded simultaneously. Within a metropolitan region there are typically a few states, a double-digit number of counties, multiple cities, and a profusion of local governments, school districts, and municipal authorities. However, all of these layers of government overlay the same shared natural, human, and economic resources. The footprint for our region has been appropriately established by the Power of 32 (P32) but the logistical map of regional collaboration remains undeveloped.

In order to effectively collaborate on regional economic development, the effort must provide institutional stability and approach the appropriate scale. The effort must be large enough to capture the critical mass of shared interests, issues, and capacity, while at the same time, collaboration works best where stakeholder interests and relationships are united around a shared sense of community. Individual municipalities, or neighboring municipalities, understand the need for economic development, but they possess neither the capacity nor the authority to take on regional economic development alone. Counties have the breadth for regional efforts, but they are primarily human

services organizations and do not often organize the municipalities on regional governance issues. Accordingly, a new measure of region and a new mechanism for collaboration are needed.

Recommendation 1: Identify, assess, and solidify the governance networks within the urban cores of the P32 Region.

The appropriate scale for regional economic development is the urban core. Scholars have defined the “urban core” of a city to be the “center city and the municipalities with which it shares a common border.”¹ At the urban core level there is both the shared sense of community and the critical mass of resources necessary for regional governance. The Center for Metropolitan Studies has identified 24 urban cores within the P32 region.

A first step toward regional economic development is to foster the collaborative networks within the urban cores. Using the Congress of Neighboring Communities (CONNECT) as a model of an urban core convening institution; each urban core should be analyzed to determine where networks already exist and where they could be strengthened.

Recommendation 2: Establish an economic development convention (Econ-Con) of representatives from those urban cores to collaborate on economic development strategies for the entire P32 Region.

Once a network of strong urban core institutions is established it should be activated for the entire P32 Region through a convention of representatives from those urban cores. This economic development convention (Econ-Con) would provide the institutional stability for the urban cores of our P32 Region to maximize the matching of shared resources to shared economic interests.

Econ-Con would have access to the depth of experience from the municipalities and economic development engines within the P32 region and would possess the geographic breadth to utilize those innovations to expand economic capacity across the entire P32 Region. In an economic environment where municipal, state, and even national boundaries are becoming increasingly more trivial to commercial enterprises, and support for economic development from the federal and state governments is eviscerating, it is up to each metropolitan region to vie for itself and take ultimate responsibility for its own

¹Miller, David Y. and Raymond W. Cox III, *Governing the Metropolitan Region: America's New Frontier* (Armonk, NY: M.E. Sharpe, 2014), 120-21.

economic preservation. But, neither regional cooperation nor economic development happens automatically. Both require institutional cultivation, the kind which Econ-Con could provide for the P32 Region.

Analysis

Our Region

The makeup of a metropolitan region is both organic and arbitrary. Human interactions, and thus communities of people, are not bound by political borders. Accordingly, the networks of personal interrelation, commercial markets, and governance issues that make up a “region” likewise are not limited to the municipal, city, county, or even state lines appearing on a political map. By way of illustration, a recent study by the National Building Museum, as part of its *Intelligent Cities* initiative, utilized AT&T cell phone transmission data, which was then analyzed by researchers from AT&T, IBM and MIT, and mapped out the organic “regions” of the United States, as determined by individual conduct. This map, while not conclusive, demonstrates the expanding nature of regions and suggests that individuals who relate to, and interact with, a metropolitan region do not feel bound by arbitrary municipal, city, county, or even state lines.²

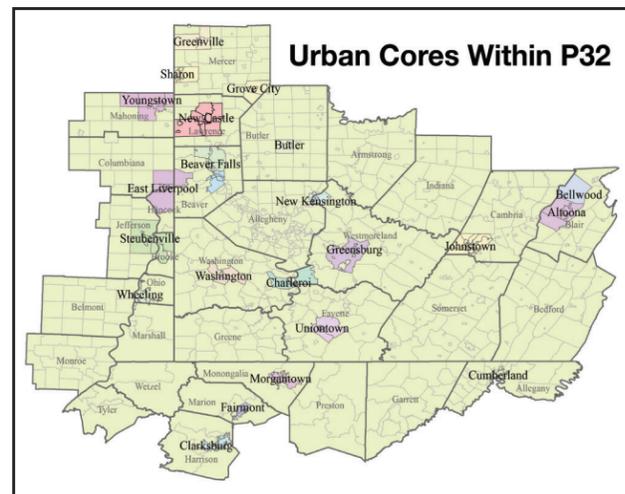
However, despite our natural tendency to engage socially and commercially without regard for where one town ends and another begins, arbitrary political borders are not without import. State and municipal borders are the bases for distinct legal entities with legitimate interests in self-preservation. Thus, while municipalities within a region typically see the benefit in long-term collaboration, they are often constrained from forging individual cooperative arrangements by transaction costs and temporal local needs. However, if cooperation can be coordinated on a regional scale, where transaction costs can be widely distributed and competition removed through a representative agenda focused on large-scale regional needs, collaboration can advance regional interests while enhancing trust between the municipalities.

Recognizing the tension between shared human welfare and fragmented government interests and the challenges inherent in collaboration, several public and private stakeholders set out to create a footprint

for our metropolitan region in order to foster cooperation on shared issues and goals.

Power of 32

The Power of 32 (P32) brought together the stakeholders from the four state, 32 county region that makes up Southwestern Pennsylvania, Southeastern Ohio, Northern West Virginia, and Western Maryland. From the extensive P32 effort to assess the interests and values of the representative counties, a number of goals were developed to enhance the regional community. Centered on shared issues of concern, P32 made recommendations for innovations in the economy, education, environment, government, and transportation and infrastructure, among others. In its original “Agenda” document, P32 charged the Center for Metropolitan Studies to: “Develop a platform for multi-sector, cross-geography leaders to meet, learn, interact, and problem-solve around common issues and concerns.”³



In addition to innovations in government, regional economic development is one of the six focus areas of P32. According to the P32 website, the organization has conducted 156 community conversations within the P32 Region, and “the message was clear: if the region is to thrive, the citizens, our leaders, and business, education, and government must work together on common issues and not be stymied by political and parochial boundaries.”⁴ To that end, P32 suggests two primary initiatives for regional economic development—the creation of a regional venture fund and development of better sites

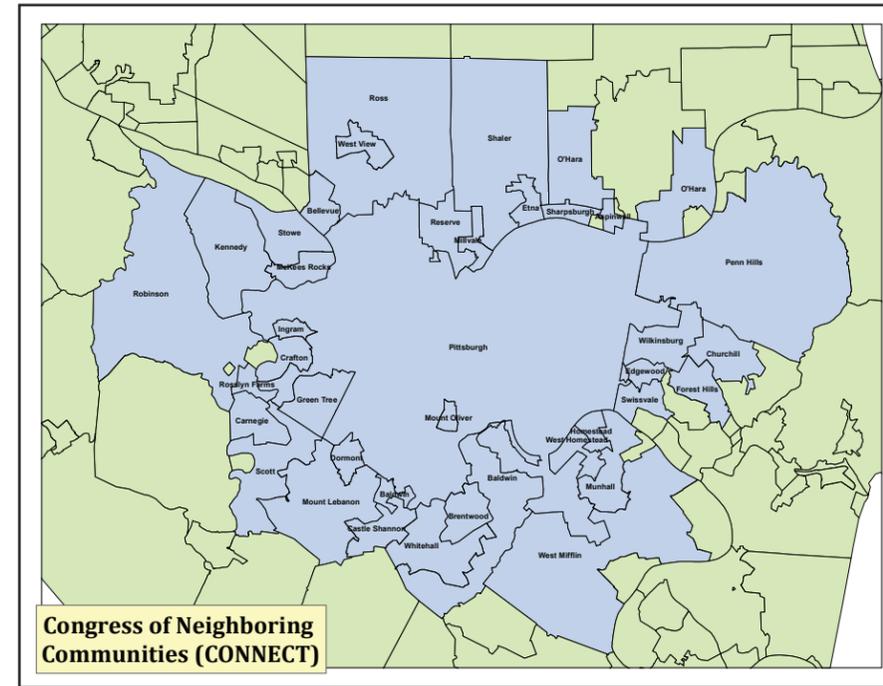
for business growth in the region.⁵ However, other than referencing the Allegheny Conference on Community Development as the lead organization for these initiatives, the logistics for achieving these goals through a systematic approach remain undefined.⁶

Accordingly, while our region has begun to communicate on regional economic development, the “how?” of organizing such an effort is left unresolved. This paper proposes that this organizational void of regional collaboration on economic development be filled through a regional representative convention.

Organizing Regional Collaboration

Because each municipality only has authority within its borders, coordinated action on an issue may require hundreds, if not thousands, of legislative processes. Not only is such a municipal effort almost impossible to orchestrate with an ad hoc approach, but where a region crosses state lines, as the P32 region does (with population centers in Pennsylvania, West Virginia, Ohio, and Maryland), state regulatory and statutory requirements add additional barriers and transaction costs to coordination. When transaction costs are so significant that the barriers to cooperation are overwhelming, inefficient and ineffective piecemeal solutions are utilized by individual municipalities, or worse yet, there is no solution at all.

While the prospect of regional economic development is promising, the borders that separate the governments within a metropolitan region create barriers to cooperation that often stifle regional collective action. These barriers to cooperation, or transaction costs, can be overcome by consensus building over time. Successful collaborative efforts have focused on trust building as a critical element to collective action. Accordingly, efforts to institutionalize collaboration across borders within a metropolitan region serve to provide the stability necessary to foster the requisite trust. This model has been utilized within



the Pittsburgh urban core to convene the City of Pittsburgh and the 38 surrounding municipalities in a representative body that cultivates and advocates for the region's shared vision.

CONNECT

Housed within the University of Pittsburgh's Center for Metropolitan Studies, CONNECT is an organization committed to structured, voluntary cooperation between the municipalities that form the Pittsburgh Urban Core. Above is a map of CONNECT's member municipalities.⁷

During its six years of existence, CONNECT has served to institutionalize intergovernmental cooperation within the Pittsburgh urban core. In addition to the benefits gained by CONNECT member municipalities from the establishment of a forum for discussion and deliberation, and a platform for advocacy on urban core issues, CONNECT has also developed its capacity to partner with stakeholders and convene conversations to resolve shared public policy issues. A primary example of this latter role is the sewer issue within the ALCOSAN service area. CONNECT has worked with the Colcom Foundation, 3 Rivers Wet Weather, the Allegheny Conference on Community Development, the Local Government Academy, ALCOSAN, engineers, solicitors, public policy experts, funders, non-profits, government representatives, and private business to create a forum and platform to implement a sewer regionalization plan in response to the regional

sewer overflow issue and the corresponding regulatory action by the federal and state governments. Without funding from the federal or state government to implement such a solution, CONNECT has partnered with the necessary stakeholders so that the Pittsburgh urban core might develop its own solution for the good of the region.

Additionally, CONNECT has served as a forum for its member municipalities to deliberate and develop a shared policy vision on emergency medical service, blighted and abandoned property, transportation, energy and sustainability and infrastructure.

And, not surprisingly, the impact of CONNECT has increased over time as the institutional value of the organization has been recognized and municipal managers and elected leaders have forged trusting relationships and come to see CONNECT as the “go to” forum for deliberation on regional policy issues. Moreover, once the collaborative culture was established, new municipal managers and elected officials have entered into an already established cooperative culture, which has only served to strengthen the collaborative policy network within CONNECT. The institutionalization of intergovernmental

cooperation provides the stability that allows for organic growth of a network of policy collaboration. And, the CONNECT model could be replicated throughout the larger P32 Region as a convention of urban core representatives. While a regional convention might ultimately serve to create long-term relationships that lead to cooperation on a number of issues; the emulsifying issue for the region to rally around is economic development.

Shared Challenges

The 24 urban cores that make up the P32 Region comprise a population of 1,633,983 (39.76% of entire P32 Region) and a land area of 4,064 square kilometers (9.0% of entire P32 Region). These densely populated urban cores represent the economic engines of the P32 Region.

While the P32 urban cores represent a critical mass of population and commercial enterprise, they also share in a number of issues related to population loss, ranging from employer migration as the workforce diminishes to the plethora of problems that accompany shrinking commercial and residential tax bases, such as deteriorating infrastructure and blight and abandonment. In fact, the Pittsburgh metropolitan statistical area (MSA), which makes up a significant portion of the P32 region, is facing a population gap that will certainly impact the economic viability of our region and exacerbate these challenges if left unchecked.⁸

Census Year	2010	2000	1990
Population of Urban Cores	1,633,983	1,726,329	1,813,528
Percent of Regional Populations	39.76%	40.85%	42.29%
Percent Population Loss from Prior Census	(5.35%)	(4.81%)	(9.90%)

*Data Source: U.S. Census

²Source: <www.nbm.org/intelligentcities/topics/country>.

³Power of 32 Agenda. <www.Powerof32.org>.

⁴<http://www.powerof32.org/about/?Vision-2025-7#economy>.

⁵Ibid.

⁶Ibid.

⁷Source: The Congress of Neighboring Communities (CONNECT)

⁸Source: The Allegheny Conference on Community Development.

Recommendations

The P32 Region is one of shared economic interests. Concerted regional economic development efforts will benefit the region if institutionalized, and there are models such as CONNECT, that could serve as a workable model for the region. The Center for Metropolitan Studies proposes the following process for institutionalizing regional economic development within the P32 region: 1. assess and develop institutional cooperation within each of the identified urban cores; and, 2. establish an economic development convention (Econ-Con) of representatives from those urban cores to collaborate on economic development strategies for the entire P32 Region.

Recommendation #1

First, identification and assessment would be required of the regional collaborative institutions within each urban core. While it is not expected that each of these communities currently maintain a CONNECT-like organization, it is anticipated that some level of cooperation is present in each core through councils of governments, planning organizations, or other inter-jurisdictional entities. Stabilizing the intermunicipal cooperative associations within each urban core will be critical to advancing the second recommendation.

Regional Collaborative Institutions

- Councils of Governments (COG)
- Multi-municipal Planning Organizations
- Leagues of Municipalities
- Participation in Comprehensive Planning
- Participation in Mutual Aid or Shared Service Arrangements
- Community Development Corporations
- Community Foundations
- Civic Non-Profit Organizations
- Issue-specific Non-Profit Organizations
- Visitors Bureaus
- Public Safety and Disaster Relief Organizations
- Partnerships with Academic Institutions

Recommendation #2

Second, an institutional presence to promote cooperation and convene deliberations on economic development for the P32 urban cores should be created. The P32 Economic Development Convention (Econ-Con) would be a representative body designed to facilitate discussion by providing equal leverage between the represented communities. Much like CONNECT, once the institutional presence is created, and the means established for continued existence, the members of the organization would have the freedom to adapt organically to the changing landscape of regional need. Econ-Con would also benefit the entire P32 region by creating a regional economic development advocate to allow the P32 Region to compete internationally for advancing industries.

Conclusion

Economic development is a critical component of contemporary regional viability, but economic development is not automatic. A concerted strategy is necessary to forge an economic development effort that matches the shared resources of the P32 region to the common interests of its residents. And, such a regional economic strategy would be most effectively created by a regional convention that captures the breadth of economic resources and maintains a direct connection to the people. By convening the civic, non-profit, academic, and business leaders from the urban cores of the P32 economic region, Econ-Con would unify representatives from the region's economic engines, representing approximately 40% of the regional population, to address critical issues such as regional transportation, infrastructure, and employment.

It is undisputed that the P32 region shares an economic future; however, a concerted effort is required to maximize that future. Econ-Con would provide the institutional stability, flexibility, and adaptability necessary to manifest the economic destiny that the people of this region desire and deserve.

GSPIA

University of Pittsburgh
Graduate School of Public
and International Affairs

University of Pittsburgh
Graduate School of Public and
International Affairs
Center for Metropolitan Studies
3803 Wesley W. Posvar Hall
Pittsburgh, PA 15260

About the Center for Metropolitan Studies

A research center that is part of the University of Pittsburgh's Graduate School of Public and International Affairs, the Center for Metropolitan Studies facilitates activities that connect the University of Pittsburgh and our students to the resolution of important public policy issues confronting our region, our state, and our country. The Center houses a variety of initiatives that address a wide range of public concerns including the Congress of Neighboring Communities (CONNECT), the Metropolitan Power Diffusion Index, the Interactive Bibliography on Metropolitan Regionalism, the National Database on Innovations in Regional Governance, model practices in Pennsylvania local and regional government, and research on multi-jurisdictional issues.

412.648.2282
www.metrostudies.pitt.edu