

RENEWING WICHITA'S PROMISE:

THE UNIVERSITY, THE CITY, THE REGION
AND ECONOMIC DEVELOPMENT



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➔ RENEWING WICHITA'S PROMISE: THE UNIVERSITY, THE CITY, THE REGION AND ECONOMIC DEVELOPMENT

We live in a rapidly changing and increasingly complex world where political, social and economic concerns come together and interact in ways that makes these concerns inseparable. The discussion that follows focuses on the role of Wichita State University in general, and its Innovation Campus in particular, as an engine for regional development. The bottom line is that the fates of Wichita and its larger surrounding area, Wichita and South Central Kansas, are intertwined. What is good for one is good for the other. It also is very clear that the future of this region and Wichita State University are equally intertwined. In the current economic climate, one cannot prosper without the other. And, because of greater Wichita's substantial contribution to the state's GDP, any local action will have a substantial impact on the state. The work in which we are mutually engaged will, in great measure, set the trajectory for our city, region and state.

The contributions of the City of Wichita to the development of the Innovation Campus at WSU, in support of a regional approach to development, are clear and beyond dispute.

- The City has provided, and is committed to providing, capital investments in infrastructure and support for development of experiential engineering.
- The Mayor, City Manager, members of the City Council, and staff have been, and continue to be, instrumental in the transformation of Wichita State and the Innovation Campus, as catalysts for regional development.
- Partnerships with Wichita's business community have been and will continue to be critical.

The major question now, which this essay addresses, is what's next? The underlying questions include: What opportunities for both the City and the University remain to be recognized, developed, and implemented? How do we renew Wichita's promise as an economic engine for Kansas and the nation?

Potential answers to these questions can be drawn from the extensive literature on cities and how they are developing within the context of the global, highly integrated, highly technological economy that creates prosperity and enhances competitiveness. In his recent book, *The New Geography of Jobs*, Enrico Moretti notes that high technology jobs have tremendous multipliers. He cites the example of Apple Computer in Cupertino, California:

[Apple] employs 12,000 workers in Cupertino. Through the multiplier effect, however, the company generates more than 60,000 additional service jobs in the entire metropolitan area, of which 36,000 are unskilled and 24,000 are skilled. Incredibly, this means that the main effect of Apple on the region's employment is on jobs outside of high tech (Moretti as cited in <http://www.brookings.edu/blogs/the-avenue/posts/2012/08/23-multiplier-effects-muro>).

The positive impacts are widely felt, not just for the immediately affected educated and highly skilled workers, but also all those who work in businesses that benefit from spending both by the company and of Apple's employees.

Likewise, this essay argues that integrated economic development is something to be desired and sought. It works best in conjunction with other initiatives, such as those to reduce crime, improve K-12 education and advance the quality of life. Each and all of these factors are hugely important for the economic and social success of any city or region.



But these subjects are complicated and deserve their own full-length essays. I confine myself here to focusing on economic development in general and, specifically, what role WSU can and will play in spurring the economic growth of South Central Kansas. In this regard, I will pay special attention to *technology-based economic expansion*.

This essay touches on the perception and reality of crime rates in the downtown and WSU areas because those perceptions may affect the location decisions of businesses and younger workers. The residential and job location patterns are important for both downtown revitalization and for the longer-term development of the Innovation Campus. These subjects are also important because it is widely recognized in the economic development literature that attraction and retention of young, educated, technologically sophisticated professionals is a key factor in the economic success of urban areas, not just in the United States but around the world.

It is important to foster development in a way that benefits the entire community. A healthy city has multiple nodes of development consistent with the market and critical natural economic forces. Some of the impacts of these market forces are described as they relate to Wichita, the University's Innovation Campus and downtown. Because downtown is a principal node development important to the community, and at the root of the current discussion about the future of our city, the essay concludes by examining downtown redevelopment in other cities, and what these efforts imply for potential next steps for Wichita.

For this discussion to be meaningful, it is important to define economic development as it is being used by the University, since that definition is the driver for WSU's strategic actions in this arena. The discussion that follows articulates the logic behind WSU's model for economic development.

➔ ECONOMIC DEVELOPMENT WITHIN THE SOUTH-CENTRAL KANSAS CONTEXT

One of the most prominent economic development experts, Maryann Feldman, defines economic development in this way:

Economic development is the expansion of capacities that contribute to the advancement of society through the realization of individual, firm and community potential. Economic development is measured by a sustained increase in prosperity and quality of life through innovation, lowered transaction costs, and the utilization of capabilities towards the responsible production and diffusion of goods and services. Economic development requires effective institutions grounded in norms of openness, tolerance for risk, appreciation for diversity, and confidence in the realization of mutual gain for the public and the private sector. Economic development is essential to creating the conditions for economic growth and ensuring our economic future. (<http://maryannfeldman.web.unc.edu/files/2014/05/Definition-of-Economic-Development-one-page.pdf>).

Economic development differs from "economic growth" in that it focuses on both the aggregate increase in output and wealth in a given area and its broad distribution throughout a community. It is possible to have economic growth that benefits only a few, or even comes about at the expense of many in a community. Clearly, most recognize that benefits realized by a few at the expense of many are inconsistent with the public interest. As Feldman notes, economic development involves both private and public gain. Economic growth that is not systemic and reduces opportunities for large segments of the community; that degrades the capacities of the community to be sustained over time; or that produces short-term gain for specific individuals (known as "crony capitalism") at the expense of long-term wealth generation that lifts the community is not economic development.



THE THREE GOALS OF ECONOMIC DEVELOPMENT:

- 1. Net, broad-based job creation**
- 2. Private sector wealth creation across large segments of the population**
- 3. Increased global competitiveness for businesses in one or more economic sector(s)**

WSU is engaged with the community in economic development because of the nature of its “high research” activities as a leading public university in Kansas. As a high research university, WSU is of the general type and mission class that nationally is driving economic development in many cities. WSU has unique historical links to this region, long-standing programs in critical technical areas, and renewed commitment to serving the people of the state. Because of this, WSU is positioned to benefit the local community through the research of its faculty and the education of its students, who become contributors to the local economy and the Wichita area community upon graduation.

It is the historical role of public higher education to lift up the fortunes of entire communities. At no time in history has that mission been more important than it is today. The Kansas Board of Regents strategic plan specifically highlights the importance of alignment of higher education with the economy ([http://www.kansasregents.org/foresight 2020](http://www.kansasregents.org/foresight2020)), and WSU is dedicated to expanding this commitment, drawing on both local knowledge and practices that have been found to be effective elsewhere. KBOR's plan as the enabling document for WSU's work is consistent with similar efforts in most states that are pushing their universities in this direction.

One of the most important developments recently at the University has been the creation of the Innovation Campus. This campus is one of more than 170 research parks/technology parks and similar entities located at universities throughout the nation that are members of the Association of University Research Parks (AURP). There are equivalent entities in other countries in North America, Europe and Asia. Many of the practices and the direction of WSU's Innovation Campus are based on lessons learned from other AURP members.

Historically, while a number of research parks have focused on new enterprises, some of them, including WSU, have been aggressively building a more complete integration of existing technology-based enterprises along with startups and young firms. For example, the University of Missouri research parks house corporate headquarters, bank operations, federal agencies, and technology-based businesses in addition to incubators and startups (<https://www.umsystem.edu/ums/aa/umrpi/ummrp/tenants>). Likewise, at the University of Central Florida, the research park houses such entities as AT&T Wireless and Boeing in addition to incubators and startups.

It is clear that the nature of these parks is changing to meet the broad needs of the communities they serve, exemplifying economic development at its best. WSU's model of enhancing economic development involves more than creation of the Innovation Campus, however. The university's focus is wide-ranging and includes efforts to increase the number of college graduates and the quality of their education; finding new approaches to education and skills enhancement that support well-paying jobs in the local workforce; expanding focus on “quality of life” elements of the educational mission; and expanding and supporting applied research and development that are so crucial to technology-based economic development.



The University also is examining services it delivers that affect the perception of the community. This includes a review of both the University's athletics conference and its array of athletics programs with a view to providing quality of life experiences for the university's student body and its community supporters, and on enhancing the reputation of the university and the Wichita community among students and potential students from outside the area.

➔ BACK TO THE FUTURE: ADAPT PRIOR RECOMMENDATIONS FOR THE CITY TO TODAY

Much of what is being discussed today about economic development in Wichita is consistent with issues that were identified nearly 30 years ago in a prescient 1987 study of Wichita and surrounding areas. What is different now is that there is clear evidence that both the university and the City are taking active steps to *implement* a forward-looking economic development strategy.

The March 1987 report, "Overview of Wichita/Sedgwick County Long Range Planning Taskforce Action Plan," laid out a model for development that is reasonably consistent with the directions being recommended today. This study produced seven key recommendations:

- Focused economic development policy
- Enhanced quality of life through downtown development
- An upbeat community image
- Transportation improvements
- Higher payoff from the area's technology base
- Stronger alliances between education and industry
- Improve financial and information support to small business

The report also recommended two additional special programs:

- Capitalize on opportunities to develop a biomedical research center in Wichita
- Enhance the Wichita State University-economic development connection

This report provides clear evidence that even nearly 30 years ago city leaders recognized that quality of life developments were essential for downtown viability rather than necessarily pushing employment to the core (or to any other particular location, for that matter). Unfortunately, as a follow-up study of Wichita undertaken in 2004 and published in 2005, "Visioneering Wichita Progress Report of Strategic Alliances" reported, the 1987 recommendations were not effectively implemented. Since that report was written, jobs have moved away from the core to other parts of the metropolitan area.

The long-term trend in Wichita is consistent with trends elsewhere. Recent research (Angel & Blei, 2016) documents that nationally only one in nine jobs currently are located in the central business district (CBD) and only one in seven jobs are located within the CBD or other recognized employment centers. Different parts of a city, just like different regions within countries, or even countries themselves, should be aligned with comparative advantage.

Certain R&D activities, such as those pursued on a university campus, require proximity of firms and people in order to generate commercially viable products or services. Other commercial R&D activities, like those in the emerging high tech corridor downtown with High Touch and SNT Media, do not necessarily require co-location with academic R&D, and needed interactions can take place at a distance or episodically face-to-face. For the city and region to receive maximum economic



development benefit, it is important that R&D focus on economic activity where comparative advantage maximizes return-on-investment. To do otherwise, wastes public and community resources and results in the ineffective use of subsidies distorts markets.

If the university's innovation initiative, which involves both revolutionizing its education products and developing the Innovation Campus as the hub of an innovation district, is successful, it will create commercial spillovers that increase demand in other areas of the metropolitan area and region while massively enhancing the reputation of south-central Kansas as a key location for high technology businesses that can compete on a global marketplace level. Far from being a competitor for a limited economic pie, the Innovation Campus and innovation district will grow Wichita's "current economic pie," setting the stage for more rapid growth in regional output and employment, industry diversification, and regional wealth generation.

Simply starting the process is beginning to create such spillovers. Recently, the New York Times carried a feature article on universities involved in innovation. Wichita State, and therefore Wichita and south-central Kansas, were discussed nationally in the same breath as Stanford and Cornell (http://www.nytimes.com/2016/08/07/education/edlife/innovation-campus-entrepreneurship-engineering-arts.html?_r=1). As WSU's initiative develops further, the prospect exists for historically unprecedented positive spillovers for this region, boosting the performance of existing firms while attracting new ones.

Realizing these benefits, however, will require the adoption of a new approach to economic development in our region. This is evident from the disappointing results of Wichita's pursuit of what might be called the more traditional economic development model, one that seeks to induce firms and jobs to locate in specific areas or that focuses on incentives to encourage specific companies to relocate to the city. The data show this approach hasn't worked. Urban analyst James Chung was cited in the *Wichita Eagle* for his observation that Wichita is losing educated workers at an alarming rate: they are our second largest export after aircraft (<http://www.kansas.com/news/business/article36236142.html>). Data from the Brookings Institution are even more distressing: Wichita's job growth performance is ranked 98th out of the top 100 metropolitan areas and it is only one of two metro areas in the U.S. to continue to lose jobs between 2009 and 2014 (<http://www.brookings.edu/~media/research/files/interactives/2016/metro-monitor/metromonitor.pdf>).

All of this is especially disconcerting since Wichita starts with considerable assets that could be leveraged to create economic advantage. For the most part, current economic development models fail to build on these considerable assets and current research shows that the metropolitan area is losing ground in a significant manner that, if not reversed, will lead to longer-term economic stagnation. Specifically, according to another very recent Brookings Institution analyses, Wichita is 5th in the nation in the concentration of technology-based workers in the workforce. In the recent past, Wichita was as high as 3rd. However, **Wichita is the only major metropolitan area in the central Midwest to lose technology-based workers as a percentage of the workforce between 2013 and 2015.** (https://www.brookings.edu/research/americas-advanced-industries-new-trends/?hs_u=mark.glaser@wichita.edu&utm_campaign=Metropolitan+Policy+Program&utm_source=hs_email&utm_medium=email&utm_content=32504212).

It is important that Wichita recognizes what most cities around the country have come to understand: reasonable returns on public investment will require new approaches to economic development. Older models of economic development built on the assumption that targeted public investment in preselected business locations have proven to be cost ineffective strategies that are increasingly politically unpopular. Increasingly, taxpayers are becoming disenchanted with development models that require substantial investment of public resources in the form of direct

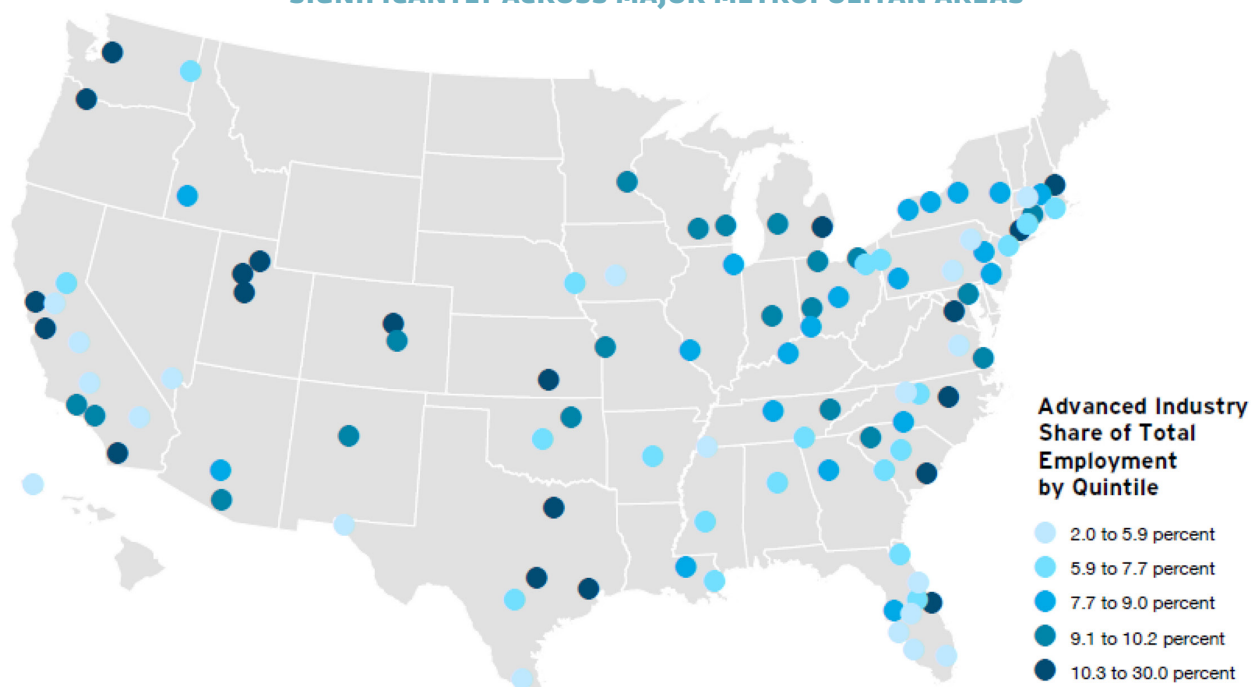


subsidies or infrastructure investments applied to specific parcels of land or business sites with benefits that are narrowly accrued. In contrast, similar levels of investment that are consistent and congruent with actual market trends are likely to produce higher returns on that investment for the city as a whole. In other words, newer approaches to economic development, assuming similar levels of public investment, are more likely to yield acceptable returns and these returns are more likely to be realized by the broader community in the form of a vibrant economy driven by powerful market forces. These forms of economic development are much more politically palatable.

More specifically, Brookings suggests that metro areas pursue three major themes in order to remain competitive:

- Commit to innovation: Innovation is the core driver. Any effective economic development plan must be focused on innovation both in public policy and private sector actions. Old models simply don't work.
- Recharge the STEM talent pipeline. Critical drivers are technology-based enterprises and any effective model has to link workforce and STEM-based R&D.
- Embrace the ecosystem: Effective development models are based on understandings of how the advanced technology-based sectors of the economy use and rely on ecosystems. As will be discussed in detail below, there is no one answer for all industries or all stages of development within any particular industry. But any model that does not focus on the ecosystem, both in terms of organization and economic geography, will not be as effective as it could be. (Muro, Rothwell, Fikri, & Kulkarni, 2015)

ADVANCED INDUSTRIES' SHARE OF TOTAL EMPLOYMENT VARIES SIGNIFICANTLY ACROSS MAJOR METROPOLITAN AREAS





In short, whatever Wichita had been trying through 2015 has not worked. It has proven inadequate to reverse out-migration of educated workers and higher paying jobs. Nor has there been a surge in new business development that shows potential to substantially reverse this trend. Many Wichita citizens appear unwilling to support traditional economic development incentives because they do not see that the positive outcomes of past interventions. Similar public attitudes may also explain the failure of the most recent proposal for an added 1 percent sales tax whose revenues were intended, in part, to support economic development.

➔ THE EMPHASIS ON DOWNTOWN AS THE DRIVER OF NEW EMPLOYMENT

Competing views about the source of true economic development have been reflected in concerns raised by some government and civic leaders about the possibility that a major business that recently announced its intention to remain in Wichita might relocate outside of downtown. Given the realities of trends in urban economic development elsewhere, these concerns are misplaced. According to a recent study by Price Waterhouse Coopers (PWC), younger workers who are critical to economic vitality are not necessarily seeking “downtown” locations as a place to work, or even to live:

“The suburbs are a long way from dead,” said one interviewee emphatically. Another industry veteran counseled, “There are only about 10 dynamic downtowns in the county; the rest of the areas, people are in the suburbs.” As prices have risen in the core gateway markets, it is apparent that a fresh look at suburban opportunities is gaining favor...

An economist with a national real estate data firm observed, however, that “this group won’t move to the suburbs of their parents. The attractive suburbs will be more like the airline hub-and-spoke model. These ‘diet urban’ locations will offer urban and suburban benefits.” The critical descriptors seem to be suburbs that are close-in, transit-oriented, and mixed-use (<http://www.pwc.com/us/en/asset-management/real-estate/assets/pwc-emerging-trends-in-real-estate-2016.pdf>, p. 6).

Economic development models that focus on specific locations — downtown in particular — have not produced the desired outcomes in most metropolitan areas, which is not surprising since it is the businesses and industries involved that determine the locations that are most advantageous to them. In any large community there are many competing interests; attempting to mediate them through insistence on older core-centric models is likely to be inconsistent with sustainable economic growth and jobs for all segments of the community.

While there are substantial reasons to adopt a different model of city-wide economic development, it is clear that there has been a great deal of progress in the downtown area. New construction, art, and additional residences all contribute to the vitality of the city. Much of this work has been accomplished by private investors working in partnership with volunteers and the city and that effort is to be commended by people who care about this city. Nothing in this essay is aimed at discouraging private development of downtown and surrounding neighborhoods such as Old Town and Delano. The last part of this essay will provide some concrete suggestions for furthering this objective. However, downtown revitalization is not the same thing as economic development. Moreover, downtown revitalization is not and should not be synonymous with driving particular firms to locate their activities there. If market forces lead to that result, then that is where the firm should locate. The question that is raised here centers on the use of scarce public resources to dictate that result where there is little evidence that it contributes to the goals of economic development as core public policy. That is, does this investment increase the number of jobs in the community; does it increase the wealth of the community; or does it contribute to business competitiveness in such a way as to strengthen the economic sustainability of the region?



Many other cities are engaged in downtown revitalization and there are lessons from these efforts that might be applicable locally. Because of concerns raised in other cities, and because of the lack of evidence that the current approaches have been successful, cities are increasingly embracing a new model of economic development that focuses on market competitiveness for specific economic clusters and quality of life improvements for metro areas as a whole, leaving firm location decision to the market. Notably, the south-central Kansas area has taken some very important steps in recent years to prepare to implement a new model of economic development.

One of the most important of these initiatives is the Blueprint for Regional Economic Growth (BREG). This process brought together representatives of businesses from eight important critical growth sectors of the region's economy to seek ways of making these business clusters more nationally and internationally competitive. Much detailed information has been gained from this process and there has been substantial buy-in from various sectors of the business community.

Yet when a major employer in the region recently decided to remain in Wichita, much official attention was limited to just one thing: ensuring that this company and its workforce remained downtown. A more constructive approach would be to follow the new economic development model, one which focuses on enhancing the economic prospects of all firms *regardless of where they choose to locate*. It is not too late to adopt this approach by engaging the company's leadership—both locally and nationally—in a discussion of what the City can do to support that business, as well as identifying ways the City might assist the expansion opportunities for both the local operating division of the company and its operations elsewhere.

For example, it may be that investment in certain academic programs at WSU, increasing public-private research partnerships and enhancing key quality of life infrastructure may accomplish these goals. Indeed, one or more of these measures might be part of a strong concerted community approach that can be utilized for encouraging other companies to remain here, while attracting still more to locate operations here.

A reason for focusing on the current innovation-oriented efforts by WSU is that they not only are in keeping with the themes of the 1987 study of Wichita but reflect conditions and trends that did not exist three decades ago and which make an innovation-based development strategy all the more relevant today. Back then, there was little discussion of the development of technology-based innovation with a specific geographic focus. Yet much research since then has underscored the importance of location, adjacencies, and collaboration in creating viable technology-based economic models. A case in point is development of innovation districts around various metropolitan areas in the US and Europe. Such an innovation district is being developed around WSU to take advantage of the capacities of the metropolitan area and the university.

➞ THE WSU INNOVATION CAMPUS AND DISTRICT

Several major assets of the community that are relevant to business location relate to the emergence at WSU of the Innovation Campus; the recommitment of WSU to engaging with the community to enhance competitiveness; and the potential for development of an “innovation district” in the section of the city around WSU. While a few innovation districts elsewhere are located in traditional CBDs, most are not. They evolve in different ways in different cities.

Three types of innovation districts have been most widely recognized:

- “Anchor plus” districts that evolve in downtowns or midtowns depending on the location of the research university (or universities) or research hospitals that act as the core anchor. The location of the district



is based on the location of the anchor not on government interventions. In Wichita, the anchor is in a “midtown” setting.

- Re-imagined urban areas. These tend to be old warehouse districts, redeveloped river and sea fronts, and the like. They too are near anchor institutions but take advantage of other aspects of a city’s location. They tend to be in larger cities with higher land values.
- Urbanized science parks. The prime example is Research Triangle Park which is working to create urban ambiance in a traditional suburban research setting.

Physical proximity between multiple actors is essential for effective development of innovation districts and centers, taking into account the underlying structure of the zone to be developed. For example, many Midwestern city downtowns — such as those in Oklahoma City, Tulsa, Omaha and Kansas City — were established as “automobile CBDs” with broad streets and emphasis on moving vehicular traffic. This historical pattern of development tends to reduce the viability of those downtown locations as *potential innovation districts*, however, because spatially, the zones are not conducive to informal interactions, “collisions” and collaboration.

The WSU Innovation Campus was designed to maximize these interactions by emphasizing high density construction and shared spaces, postage stamp open spaces, and a more “complete community” that is termed the “learn, work, live, play” environment. The 17th Street side of the campus, in particular, is bounded by a traditional high density neighborhood with a beautiful shared open space and smaller houses that fit the lifestyle desired today by younger, but more settled, workers and entrepreneurs. (For a full discussion of innovation districts see: <http://www.brookings.edu/about/programs/metro/innovation-districts>.)

WSU’s Innovation Campus fits well with other R&D-centric innovation districts being built elsewhere. However, WSU is developing a much more robust model based on studies of business competitiveness in general and on the specific location of Wichita and the university both regionally and globally. Three specific dimensions of this strategy, perhaps not widely known yet by the larger Wichita community, are especially important in the context of this essay: Research and Development

1. R&D focused on regional economic development impact
2. Workforce preparation
3. Quality of life

Other elements of the Innovation Campus plan are of substantial importance, but they are less focused on the current discussion and more on the quality of education and experience that WSU’s students receive.

Innovation districts are the manifestation of mega-trends altering the location preferences of people and firms and, in the process, re-conceiving the very link between economy shaping, place making and social networking. “The trend is to nurture living, breathing communities rather than sterile remote, compounds of research silos.”

– Pete Engardio, “Research Parks for the Knowledge Economy,” *Bloomberg Businessweek*



➔ RESEARCH AND DEVELOPMENT

A critical driver of innovation-based economic growth is research and development. Unfortunately, the greatest oversight in planning for the economic future of this region has been the absence of any systematic plan for utilizing and leveraging R&D either at the local or state level. This is clear from the very low number of SBIR/STTR grants that are given to this state (Kansas is ranked 41st as of 2014) and region; the lack of a taskforce on R&D in current economic planning; and the absence of consideration of R&D in efforts to retain, attract, or grow industry and jobs in the south-central Kansas region.

This is especially unfortunate since Wichita has many of the most critical components for successful R&D activities already in hand. According to most sources, Wichita has a relatively high percentage of engineers in its workforce. Historically, Wichita has thought of itself as an “aircraft town” but really is an “engineering town.” This is especially significant in that engineering, medicine, and other STEM fields are associated with higher metropolitan economic growth. Unfortunately, for many reasons, Wichita has not taken full advantage of its concentration of resources. In part, this may be because the industrial base of the city has been so heavily based on aircraft. Moreover, insufficient attention has been given to leveraging the human capital and expertise of those who work in this important industry for the benefit of other industries and the community more broadly. In an increasingly global economy, where applied R&D and connections to regional and global supply chains are crucial for future prosperity, this oversight must be corrected.

➔ SBIR/STTR GRANTS AND RESEARCH FUNDING

A huge issue both for the state and region is the absence of awareness and support for the SBIR/STTR program that has proven so important nationally for supporting a vibrant economy, and neither are supported in Wichita or the state of Kansas. The Small Business Innovation Research Grant (SBIR) and the Small Business Technology Transfer grant (STTR) are available to technology-based small enterprises and are specifically designed to encourage bringing new products to market. These federal funds are available from a number of agencies and worthy projects can receive up to two tranches of funding. A phase 1 grant generally can be up to \$150 thousand dollars and the second can involve funding of up to \$1 million. Grantees are expected to raise other funds and the purpose of the grants is to assist the grantee to become eligible for private sector, early stage, capital (http://www.albany.edu/research/assets/The_difference_between_STTR_and_SBIR.pdf).

SBIRs and STTRs are an indicator of the health of the technology sector in a state and the higher the percentage of a state's GDP that is accounted for by these grants, the more technologically competitive the state tends to be. Kansas and Wichita's lack of attention to, and support of, these technology-based commercial innovation grants is a major short-coming of current economic development policy that I related to economic underperformance. And, this issue is not limited to the SBIR program.

According to the Milken Institute, Kansas is ranked last (50th) in growth of high technology businesses, and 32nd in formation of new technology enterprises (<http://statetechandscience.org/statetech.taf?page=state&state=KS&sub=tcci&year=2014>). Given the role that new technology enterprises play in creating new jobs and wealth, these are devastating statistics.

Coupled with the lack of new technology based businesses, Kansas also has a relatively low rate of venture capital and early stage investment. Kansas was ranked 47th in new business starts and 36th in venture capital investment according to Milken during the latest period for which data are available.



So, Kansas is not positioned well with regard to the immediate drivers of job and wealth expansion, new technology-based enterprises, and this positioning carries over to the state's ability to attract federal research funds. According to a recent Pew study, Kansas and Vermont get approximately the same dollar value of federal research money (<http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2014/12/10/how-are-federal-dollars-divided-among-states>). Performance in obtaining federal research funding is at such a low level in Kansas that the state is part of a special federal program to attempt improve research performance (EPSCoR) (<http://www.nsf.gov/od/oia/programs/epscor/index.jsp>). Federal research funds historically underlie and support development of new technology-based enterprises, so the state's poor grant performance can be seen as a leading indicator of its ability to enhance its technology performance.

Unlike university R&D, which has historically tended to be more basic in nature, business R&D tends to have more immediate impact on business competitiveness and development. According to the latest data, Kansas was below average in business R&D, ranked 27th (<https://www.nsf.gov/nsb/sei/companion1/files/StateFacts/RnDStateFacts-KS.pdf>). So, while business performance in this sector was better than university performance, neither were highly competitive when viewed in the context of the role of advanced technology, technological change, and technology-based business start-ups on creating new jobs, enhancing wealth, and increasing business competitiveness.

It is unfortunate to again note that the 1987 study of Wichita's economy provided a foundation for correcting these core issues with state, and regional competitiveness with its recommendations that the city and the university work together. WSU had been declared a "research university" by the Kansas Board of Regents so its mission supported the needs of the community with regard to enhancing R&D. However, as the 2005 follow up study showed, little effort was made to implement the recommendations of the previous study.

The implications of the metropolitan area continuing to ignore these critical issues is that the city will continue to decline in importance in the state and development will continue to move away from the region. According to recent data, 69.5 percent of Kansas's GDP is now produced in urban areas. Wichita currently contributes 21 percent of that GDP while northeastern Kansas has grown to 38.7 percent (<https://usmayors.org/metroeconomies/2014/06/report.pdf>). Given the structure of the state and the population shift to the northeast, it should be anticipated that failure to act to change direction in this region means that the region not only will continue to become less competitive, its political influence in the state can be expected to wane.

Current models of economic development as applied in Wichita do not account for any of the data discussed above. This not only is an immediate problem, but until all levels of R&D become core components of future plans, little can be expected to change in the region. Again, emphasis on downtown development does not address these key issues and most likely distracts policy makers from attending to those critical variables that can change the city's trajectory. WSU's Innovation Campus represents a major effort to shift the discussion away from real estate to those critical variables that have greatest potential impact on the region's economic future: R&D and workforce.



➡ WSU'S INNOVATION CAMPUS AND R&D

Over the last year, it has become increasingly clear that development of the Innovation Campus (IC) has involved a much more complex ecosystem and process than had originally been imagined. From the beginning, the IC was intended to be the catalyst for development of an innovation district that was broader than the campus. It was anticipated that this district would be generally proximate to the university and that it would especially focus on the 17th Street side, 21st and Oliver, and possibly extend up 21st Street toward Woodlawn and north on the north side of Oliver because of access to K-96.

The initial plan was to focus especially on small and medium size enterprises, new entrepreneurial enterprises, and university R&D. What has since happened — through expressions of interest that the University did not anticipate — is that this vision was too limited.

What has become clear as the IC has evolved is that for it to be successful it had to incorporate not just new and emerging enterprises, but larger employers that want to be on campus as well. This is consistent with what is being seen nationally and it also fits with how university R&D is being used by industry in other locales. This also is consistent with what is being heard from larger economic players in the Wichita market.

A 2012 summary of the then existing literature on the relationships between universities and industry that contributed to economic development (Bagchi-Sen & Smith, 2012) focused on R&D and how it is utilized by business. Among other things, it concluded: Generally, pure technology transfer programs in the form of patents have relatively little local regional impact. Exploitation of patents is more likely to be of national or global impact due to many factors. There can be “local spillovers” but these are not necessarily where universities have seen their greatest economic recovery on commercialization of their intellectual property. Clearly, WSU has a desire to obtain income from its intellectual property, but because of its mission as a critical driver of community and economic development, it is modulating its interests in immediate economic return by focusing more on long-term economic benefits in the forms of philanthropy and partnership investments. This is why WSU is developing technology transfer models that reward industries that will utilize university patents within the region instead of exporting them to other areas of the country. The immediate return might be greater in the general model, but focusing on local development is more mission appropriate and has potential to enhance long-term returns to the community above those that could be obtained immediately.

The summary of university-industry research also highlighted these findings of local importance:

- Business formation in the form of business spin-outs, spin-offs, and spin-ins is more likely to have local impact but the effectiveness of these programs is associated with university culture, situation, and other capacities including experiences of individual university researchers. This is why WSU is focusing on creating new faculty reward models, new methods for supporting business formation and increasing linkages to the broader community through the Koch collaborative “GoCreate” makerspace. WSU also has the great advantage that business partnerships are not new to the culture of the institution and date back at least to the funding of the Beech Wind Tunnel shortly after World War II.



- Industry partnerships seem to go through various stages with regard to exploitation of university R&D. The earliest phases of technology transfer may take place at a distance, but face-to-face interactions are necessary in later stages. This is why, for instance, the Centennial Campus at North Carolina State University has encouraged large corporate research partners to locate facilities within the same building as university researchers (this is especially so for the College of Textiles). This also is why it is critical that the IC and a surrounding Innovation District continue to develop. The plan for the IC seeks to take advantage of these face-to-face interactions. This is consistent with research showing a “distance gradient” with regard to industry-university collaboration. The greater the distance, the less likely the collaboration will succeed and bear fruit. Sharing facilities, being located within easy walking distance of one another, and generally being in situations that support collaboration and “creative collisions” are most likely to produce results that expand the economic impact of R&D.
- Overall, industry R&D has a greater impact on economic vitality of a region than does university R&D. Much university R&D is defined as “basic” where much industry R&D is “applied” and, therefore, more likely to have measurable impact over a shorter period of time. What makes WSU’s situation different than most other universities is that the institution already is recognized as the national leader in industry — sponsored R&D in aviation and the IC is specifically focused on enhancing that capacity across various industries that can have substantial impact on greater Wichita’s economic future. This historical culture of WSU is not totally unique, but it is unusual and it has yet to be fully utilized as a critical component of economic development in the metropolitan region.
- There is increasing evidence that large industries and start-ups are the two business segments that are most likely to utilize university R&D capacity. Small and medium-sized enterprises (SMEs) are less likely to do so. The IC did not take account of this large industry trend in its original conceptual model. It also is clear that recent discussions regarding how to keep a science-centered industrial entity in Wichita did not consider this critical issue. And, it does not appear there have been systematic discussions as to how this entity might expand its employment within the region if it were to receive strong support for applied R&D from WSU.
- University-industry research partnerships are more likely to successfully operate in engineering-related fields, where it is more likely that industry will provide funding, than in many biomedical and life science fields. Given the engineering economic base of Wichita, this finding suggests that the IC can be increasingly important as a hub of development for the region. It also means that linking WSU’s engineering capacities with the findings of BREG especially in non-aircraft sectors has potential to substantially increase the economic performance of the community. If life sciences or biomedical firms determine that they will engage directly with a university in partnered research, that research is more effective if the partnership is located on a campus.



➔ R&D AND THE WSU INNOVATION CAMPUS: NEXT STEPS AND CONSIDERATIONS

Because of the importance of R&D in expanding competitiveness of the region's economy, it should receive special consideration in both local and state policy, but little attention has been paid so far to this issue. From a local perspective, this does not necessarily require public investment—policy and process considerations may be much more important. The only exception has to do with potential private developments along 17th Street, which would affect all areas of the university's ability to support economic development.

The following list identifies the key next steps required to advance the IC and its related R&D activities:

1. Inventory BREG participants' concerns, interests, and needs for joint research. This will provide a baseline for future development and suggest areas where immediate intervention could be of value. BREG represents the largest aggregates of potential economic growth in the region and it is critical that their R&D needs be understood and reacted to. This includes the potential of joint research with WSU, strengthening research opportunities, and focusing city and state incentives on encouraging research in the area that could be used to expand businesses and increase completeness. This needs to become a very active part of the BREG discussion.
2. Recognize the importance of R&D and that it will be based at the Innovation Campus. This step includes discussion of R&D in future business retention, expansion and recruitment programs.
3. Examine the potential to develop a center for biomedical research (with a likely focus on bio-engineering, to take advantage of WSU's expertise in this particular field) to be located on the Innovation Campus involving businesses and the university. Such a center might well become a catalyst for expansion of the biomedical cluster as defined by BREG. There might be a necessity for some local public investment, but business partnerships and possible grant funding could be available.
4. Work with the university to press for state funding for undergraduate and graduate degree programs in chemical engineering. There are several critical developments in this region that could be energized by such programs. Two business sectors that are indigenous to this region that would benefit are industrial lubricants and oil and gas. The industrial lubricant field is not high profile, but Wichita is a national center for production and it has the potential to substantially expand in this important field.
5. Develop specific recommendations for policies that would encourage development of the 17th Street corridor to support creation of the broader Innovation District. The Innovation Campus will continue to evolve, but spreading this development to surrounding spaces will increase substantially the impact of the IC on employment and the city's tax base.

"No economy can succeed without a high-quality workforce, particularly in an age of globalization and technical change."

— Ben Bernanke <http://www.brainyquote.com/quotes/keywords/workforce.html>



6. Work with the business community to press the state to create and implement a state-level policy framework to support joint university-industry R&D. Many other states have such frameworks including Texas, Missouri and Florida. In the last legislative session there was pressure in the opposite direction, which would have done substantial damage to the state and region had those efforts been successful.
7. Recognize that the university's midtown location is typical of many successful innovation districts and that the neighborhoods that surround the university also are, in many ways, typical. In fact, the Fairmount neighborhood has potential for renovation and renewal that is somewhat unusual compared to other areas nationally and it represents a potential major asset with regard to encouraging long-term sustainability of new economy developments in the WSU midtown area. Helping this area reach its potential will require concerted effort to enforce building codes, reduce crime, and improve services.
8. The Innovation Campus needs to be redefined by those involved in economic development as a critical community resource, not simply as a university initiative. Much of the concern around the location of large businesses in the city has differentiated the IC from other developments in the community. This separation is inconsistent with the broader community goals of sustainable business development, job growth, and wealth creation. Koch's "Market-based Management" approach can be applied here because it emphasizes increased competitiveness for particular businesses as the central objective that is also coincident with broader community goals. That approach needs to be applied if university and industry R&D is going to effectively contribute to future economic vitality.
9. Work with the University to develop a new brand for the surrounding area. Because of how many technology-based enterprises develop, the WSU location, including its broader residential environs, can be very important to the future prosperity of the entire metropolitan region. One possible way of underscoring this fact is by naming the entire area something like the "University Innovation District" or the "Fairmount Innovation District." A major part of branding, however, will need to involve close collaboration with the city to define the territory; develop appropriate zoning and other regulation; develop code enforcement, safety, and other service needs. It may also require a substantial community discussion regarding why investments in this area of the city are more likely to produce broad-based development than in some other areas.

➔ WORKFORCE DEVELOPMENT

Local workforce development has generally not been recognized by universities as a core part of their institutional missions. This must change, because many universities, including WSU, already are major players in developing workforce skill of great advantage to local employers. Indeed, WSU is taking a leadership role nationally in this effort, and outside commentators are talking about the uniqueness of this activity.

Workforce development historically has been viewed as relatively low level, blue-collar training or higher level skilled worker training. Today, it covers a continuum of development from high school to the doctorate level. WSU intends to strengthen this continuum with its emphasis on skill development, experiential education, and efforts to incorporate Wichita Area Technical College as a non-traditional entity within the University.

WSU's approach is broad-based and includes a number of critical dimensions. Below is partial list that may give some indication of the breadth of the university's program:



- An applied learning experience for all students is the most critical goal of the university strategic plan. This allows students to connect their university education to outside world expectations.
- Key curricula are being created or redesigned in the form of “badges.” Badges are short segments of curricula that are designed to assist students in developing skills. Badges can be completed in as little as week of work and they are designed to promote specific skill development. Each completed badge is a building block toward mastery of a set of skills that make a student more employable and more promotable.
- The university is rapidly expanding its distance education capacities to serve place-bound and time-bound students as well as traditional learners.
- WSU has created an office to encourage adult degree completion. Grants have been obtained from the Osher Foundation to assist non-traditional students with their financial needs.

In addition to these important institutional efforts, four major initiatives are relevant to the current community discussion about business location. To my knowledge, none of them are traditionally carried out by universities, and yet they represent a unique economic development opportunity for Wichita if they are incorporated into a comprehensive approach to development.

➔ CONNECTING STUDENT RECRUITMENT TO REGIONAL ECONOMIC DEVELOPMENT

To serve the needs of the community for R&D, workforce, and quality of life-focused education and services, WSU needs to grow enrollment. Universities that are attempting to address similar questions to those being addressed by WSU tend to be substantially larger, though they generally are in the same nationally defined “mission class”. Mission class is a particularly important issue because “research extensive,” “high research” and similar categorizations reflect the fact that research and education, if structured properly, are the key higher education drivers for innovation/entrepreneurial economies. Most universities that are engaged in this type of work have head count enrollments in excess of 20,000 and some are larger than 50,000. This does not mean that smaller universities cannot have large economic impacts, but it must be recognized that as a university grows in size it will generate resources that can be brought to bear on the future of the community’s economy and quality of life.

Growing enrollment is important in its own right from an economic development perspective, but WSU is taking a more nuanced approach and is tying its recruitment to the core trade zone of which greater Wichita is a part. Based on trade data, developments of the “mega-regions” that define the economy of globalization, and specific developments related to the Midwestern I-35 corridor, WSU has sought and received permission to recruit out-of-state students at in-state rates from MSAs that are critical trading partners with the Wichita MSA. Only Kansas City, Missouri has not yet been approved as part of this corridor. Studies from other universities show that 20 to 35 percent of out-of-state students will remain locally post-graduate if jobs are available, so added enrollment at WSU can reasonably be expected to expand substantially the educated local workforce, which in turn will help drive community-wide growth. But more importantly, expanded enrollment will create informal relationships with many players in the trade partner MSAs that are part of the I-35 corridor, and will create familiarity with Wichita and the region’s capacities. The I-35 enrollment initiative, therefore, links the need for increased enrollment with the actual functioning of the region’s trade economy and the shipment of trade goods from the region—which are the most important generators of new income for the region.

This approach is ***costing the state of Kansas nothing***. WSU receives a block grant from the state that is not based on enrollment. Whether there is one out-of-state student or 50,000 out-of-state students, the block grant does not change.



Likewise, the block grant does not change if in-state students enroll at WSU. The university is applying a standard basic “marginal cost/marginal benefit” calculus used by larger businesses in making their investment decisions. Because of current under-enrollment (relative to the University’s teaching and physical capacity), the University can increase enrollment in most fields without incurring substantial additional marginal costs. That is not true in all disciplines and programs and those areas do have surcharges.

Second, by expanding the pool of potential talent, WSU has a better chance of addressing the core workforce needs of the region with regard to students in critical areas such as accounting and engineering or computing-related disciplines. These are difficult majors and the percentage of students in any cohort who are both interested and capable of excelling in these fields is limited. Expanding enrollment, therefore, is a major way to widen the availability of critical skill sets available to enhance business competitiveness.

Third, **no Kansan is being denied entrance to the university because of the expanded enrollment policy and its implementation.** The University uses standard admissions criteria that apply to all. Should there become an issue with over-enrollment in the future, it would be possible for WSU to seek approval for a higher admission standard for out-of-state students or to simply limit numbers from any given state.

Finally, because the University has made a substantial investment in utilizing national recruiting marketing firms, it is possible for the University to work with local businesses to target recruitment of students in fields in which there are high demands and limited supply. Should Wichita firms be willing to participate in other ways, it may be possible for these marketing channels to substantially increase the number of people studying in critical fields. Likewise, when paired with the integrated student worker model discussed below, the effectiveness of this recruitment strategy may be greatly enhanced over time. What is critical is joint planning and communication among the parties to maximize potential return.

⇒ INTEGRATED STUDENT WORKER, INTERNSHIP AND CO-OP PLACEMENT WITH REGIONAL BUSINESSES

One of the most unique approaches to workforce development in the country is evolving at WSU through partnerships with business utilizing undergraduate students on real projects. This has been discussed in [Site Selection magazine](#). Other outside commentators also are hearing about and expressing great interest in this program.

One of the major concerns of Wichita’s technological business community is the time that it takes for a new technology-educated employee to become a positive financial contributor to the bottom line. Focus group interviews have suggested that in some of our largest industries it can take two or more years of on-the-job training and development once an individual has graduated and been hired. If, however, individuals work part-time with business on real projects while they are in school, they learn at relatively low (student) wages, they practice not only their technical skills but also the soft skills that are so important for success in today’s collaborative work environment, and they can, upon graduation, contribute positively to their employers’ bottom lines in weeks or only a few months post-graduate. The university work/internship initiative also gives enterprises that participate in this program the ability to make “on the job assessments” of whether the employee is a good fit with the organization.



Avoiding mismatches between the organization and the employee potentially brings immeasurable financial returns to the enterprises that hire or use them, and in most cases, is also beneficial for the career path of the student. From the perspective of the community, early evidence suggests that the vast majority of students who take part in work/internship programs tend to stay in the region upon graduation. Early evidence from small “beta tests” cohorts also indicates that placement rates for students interested in the program approach 100 percent. Further, the evidence indicates that nearly a third of the participants are hired by the partner employer, yielding employer satisfaction rates that exceed expectations. The model discussed here is based on an employment triad between the university, the employer and the employee. The match between the employer and the employee is facilitated through a university preparatory training session that defines work expectations and a follow-up with the employer that confirms that performance and work related expectations are being met. The facilitated matches are paid for through contract between the university and employers. Employers often refer to these students as “interns” although this characterization does not necessarily meet the university’s definition of an internship. An intern or a co-op student pays tuition to receive credit for his or her professional work as an integrated part of the student’s plan of study. Participants complete academic assignments as well as their work on the job. It is not necessary that a student engage in this work for credit; it simply can be from his/her perspective a “part-time” job in a professional field. The contract between the university and the employer makes it possible for the University to provide support while relieving the student of the burden of the costs.

The university-facilitated approach to internships is designed to make the internship more meaningful for both the employer and the employee. Traditional internships and co-ops tend to be limited time appointments with limited guarantees that the student will actually have opportunity to work on professional projects. In contrast, the WSU approach concentrates on longer-term relationship: job preparedness is much improved when the student worker/business internship can last for up to three years. While there is no requirement that a business commit to a three-year timeframe, it is reasonable to expect that the longer the student works with the enterprise, and the more responsibility he or she is given, the greater will be the benefits both the organization and the individual receive from the experience.

The work/internship model has broad application across the metropolitan area though because of the importance of proximity between university and business enterprise, the nature and depth of the experience will vary considerably based on the nature of the business. In some cases, the geographic connection between the university and the business demands that certain types of business be located in close proximity to the university and the Innovation Campus. In other cases, a downtown, suburban or rural location might work equally well.

This is a new program at WSU so it is not surprising it has not yet been included as a key component in the region’s economic development model or presentations. As this program is expanded it should become a major asset for the community as a tool for workforce development.

➔ MERGER WITH WICHITA AREA TECHNICAL COLLEGE

Nationally, a discussion is beginning about the need to re-conceptualize the structure of tertiary education. A few states—Georgia’s being the most comprehensive – are actively pursuing new models. Experiments also are underway in some other states including Florida, Indiana and Arkansas, but it does not appear that any of them have the potential far-reaching effects on workforce development and preparation as the potential merger of Wichita State University and Wichita Area Technical College (WATC).



The merger with WATC may be one of the two most important initiatives that WSU undertakes this decade (the other being the Innovation Campus). WATC's mission and funding streams allow for implementation of a "continuum of education" that can address all areas of workforce development. It also has the hugely significant advantage of having a mission and funding to promote workforce development for highly underserved populations in the county. And, WATC has positioned itself to work well with USD 259 to actively engage with younger students who may not have considered all of their options and who might not be academically ready (or interested) to take on university work. The idea is not to "channel students" into particular programs, but to integrate all aspects of education so that as people mature and are ready to take on additional responsibilities, they have all educational options available to them.

Although negotiations are still underway, it is anticipated that WATC will enter the University as a unique school with a unique mission. Its workforce and technical education funding will be separated from general university funding so that we can document that it is being used for the purposes allocated. The school will remain open admission, though regular admission students can take courses for credit or non-credit in the school. Once open admissions students have established their ability to perform at a university level, they can seek permission to enroll anywhere on the campus. This is not a "transfer" or new admission program; it simply involves a meeting with an advisor to validate student performance. Thus, there is no need for re-application, transfer, or other bureaucratic process that makes it difficult for a student to obtain needed education and credentials.

The school's specific structure is still in development but it is anticipated that there will be several key components:

- Its resources will reflect its unique mission in workforce development.
- The current head of WATC will be appointed to the President's Executive Team as Vice President for Workforce Development, though her primary responsibility will be as dean of the School of Applied Sciences and Technology.
- The current WATC board will remain as an advisory board to the President and the Dean. It is anticipated that the advisory board will provide an annual assessment of progress in workforce development.
- Degrees will be offered as needed to support business and industry in the ten-county region. It is anticipated that the school may develop both bachelors of applied science and masters of applied science programs and that it may partner with other colleges on bachelor's and master's degrees including professional masters in critical areas.
- Faculty in the school who teach above the associate's level may hold rank and tenure appropriate to professional and regional accreditation standards. The standards for faculty rewards, including tenure and promotion, will be based on the distinctive mission of the school. The Faculty Senate passed, and the administration approved, a tenure and promotion framework that enables this model's implementation.
- Special funding streams that allow for lower tuition for workforce development programs will be maintained and it is anticipated that those programs will retain lower tuition rates than the general institution so long as those special funds are available. Any program offered above the associate of applied science level will be subject to normal tuition policies and cost recovery.
- Evaluation of program performance will be based on the relationships between the school and private enterprise (details yet to be worked out).



It also is anticipated that the WATC dean will work with the region's community colleges to reduce or eliminate unnecessary duplication and to assure that the needs of employers are being met regardless of location within the region.

This merger is critical to the economic vitality of this region. It can provide an exceptional competitive advantage both for growing current businesses and for recruiting new enterprises to the region. To date, the business community has been silent on this issue and has not helped members of the legislature understand why this merger is so important to the future of the region and, more broadly, the state. It is hoped that this can change in the next legislative session.

➔ GoCreate Community Makerspace, Entrepreneurship and New Business

In collaboration with Koch Industries and the Koch Foundation, WSU is developing the GoCreate makerspace. This is a community maker space that occupies a wing of the new Experiential Engineering Building on the Innovation Campus. The space will serve many functions from helping hobbyists complete projects to assisting entrepreneurs develop prototypes for new products. The makerspace provides tools and training to people looking to create. The range of tools available is staggering and made even larger because of the connections between the maker space, university technology transfer staff, and engineering faculty and staff. This facility provides an opportunity for people on campus and in the broader community to engage in informal workforce development by learning how to use both simple and highly sophisticated equipment and machinery. It is a less intimidating environment than a classroom and it ties directly to the individual's interests and passions.

One of the most important aspects of the makerspace is that through the generosity of the Kochs, the University will be able to provide no cost or low cost access and training to low-income people from the community and from campus. This creates a door of opportunity for many people who are at risk of being left out by the increasing technological requirements of the local and national economies, and provides them a viable way to begin considering career possibilities for themselves and their families.

The structure of the Experiential Engineering Building has been developed with the clear intention of expanding economic opportunity. The makerspace is located next to the university technology transfer staff. Co-location encourages individuals who needs assistance or might have an idea that could be commercialized to have access to university-based commercialization resources. The building will be the new headquarters of the Youth Entrepreneurs program and will house small business laboratories for Dassault Systemes and others. Additionally, it will house 25 advanced engineering labs that are oriented to applied research and hands-on, applied learning for students.

This makerspace and its link to technology transfer and applied research have not yet been embraced by the economic development community of Wichita as part of the package of assets that can be brought to bear on business recruitment, development, or expansion. That is understandable given that the building is currently under construction. But upon completion, it will be a major asset that can increase workforce competitiveness, enhance new business formation, and increase access to education and training for low-income members of the community. In fact, the makerspace is close enough to completion to be included in future marketing.



⇒ CONSIDERATIONS FOR ECONOMIC DEVELOPMENT

Preparation, retention, enhancement and growth of the workforce coupled with applied research and development are the cornerstones of economic development for any metropolitan area. Attracting, retaining, and growing businesses and attracting early stage capital can best be accomplished when these preconditions are met. There are a number of areas of opportunities to enhance the region's workforce development:

1. The business community and government agencies need to fully commit to backing the merger of WSU and WATC. This is a politically sensitive issue in the state and without that coordinated backing the merger might fail to materialize. Failure to capitalize on this opportunity would have important negative implications for the state and would be particularly damaging for this region as this opportunity may not present itself again.
2. The community needs to have a full and frank conversation about commitment to job growth. As we have seen in recent experiences, there are many conflicting interests with regard to economic development. If the goals are to enhance employment, create wealth across the region, and increase business competitiveness, then these considerations should drive economic development decisions. Workforce development should be both a product of, and a key contributor to, economic development decisions in the region. Unfortunately, there still seems to some attachment to development strategies that focus primarily on how to funnel investment and maintain jobs in a predetermined geographic space rather than expanding specific workforce skills of use to many firms and how best to increase business competitiveness more generally.
3. Jointly, WSU, WATC, business and other participants should discuss how to effectively include the new workforce development models in the economic development strategies of the region.

⇒ MILLENNIALS AND RESIDENTIAL CHOICES

Much of the discussion over the future of our City and region has focused on lifestyle and housing location choices by Millennials. It is important to remember that like people, urban areas are "living organisms" that evolve and change over time whether or not governments take specific actions to foster local development. Solutions with short-run benefits may be inconsistent with achieving long-run sustainable economic growth. One case in point is the assumption about where Millennials choose to live. Currently, there is a great deal of demand for housing near the urban core and that is likely to continue for some time, but its continuance may be substantially affected by Wichita's ability to grow enterprises that keep and attract Millennials. Focusing on business locations in the core may not be in Millennials' best interests if the businesses themselves do not prosper. This is especially true since there is emerging evidence that Millennials' choices of residence are becoming more diverse and as this generation ages, it is likely that many will change their preferences for housing location.

Obviously, like our cities, people go through lifecycles and the Millennials are no different. As Millennials age and start families many are likely to move out of lofts and city apartments to smaller houses in older and interesting neighborhoods and inner-suburbs. Their personal interests and patterns of interacting with one another and the community seem to be somewhat different than those of immediately preceding generations, but focusing only or mainly on downtown residential and work options not only will sub-optimize development, but work against the interest of Millennials themselves. In fact, recent trends show a substantial increase in Millennials buying suburban homes



(<http://www.realtor.com/news/real-estate-news/generational-home-buying-trends/>). Older Millennials are raising families and settling down into a more family-centered lifestyle.

These choices of older Millennials and associated demographic trends (age and family characteristics) are consistent with the long-term viability of the community the retention of individuals critical to the local labor force. These are the educated future leaders who are committing to the community. Focusing on rentals and condos in the center does not address the needs of this growing group and, in fact, it emphasizes services to those members of the generation who are least likely to be committed to the community. Core residential development is important but must be accompanied by corollary development that recognizes the housing lifecycle and labor force retention. Failure to do so will not produce desired results and most likely will be viewed negatively by voters, especially as they become more aware of expenditures versus benefits of a pursuing core-centric business location strategy.

Of course, politically it is understandable why there may be such emphasis on “downtown development.” But an exclusive focus on this objective can be short-sighted.

From a long-term perspective, there are a number of areas in east Wichita that stand out as potentially critical to the future of the city: College Hill, Crown Heights and Fairmount to name just a few. College Hill, for example, has the potential because of style and location to be a major asset while the Fairmount neighborhood has the “bones” and is critically located next to WSU and its Innovation Campus, provided security can be improved (discussed in more detail next). Both are mid-city; both are composed of single family houses with character and access to important amenities; and both are of a general physical structure that is consistent with national analyses of areas desired by more settled Millennials who are creating families. Delano, just west of downtown, also is showing signs of natural development and it is developing its own “cool factor” that can attract younger people as they start families.

It is a mistake to put excessive emphasis on inducing businesses to locate downtown rather than pursuing a balanced economic development model. Some firms may prefer Old Town, the inner suburbs or even the area around WSU, rather than downtown. They know what is in their best interest.

Looking at other metro areas in the Midwest suggests that downtowns there, too, have not met the market test when it comes to firm location. Kansas City’s traditional downtown area as well as its Power and Light District have not been as successful in attracting major employers as some downtown advocates once thought. If one looks at Omaha, the situation is similar. There are areas that are developing and “hot,” but they are not the traditional high-rise office building, wide street, downtowns. The Old Market area and the area around the University of Nebraska at Omaha are much more “cool” and in vogue.



➔ CRIME

One of the issues raised in the recent discussion of business retention, and one that often gets raised with regard to the University, is the perception of the crime rate in the University environs. This is an important issue for the community, and it does not just affect perceptions of the University. As will be discussed below, the entire Wichita community has a strong interest in reducing crime. The development of areas near the city core also will be much affected by the crime rate and citizen perceptions of personal safety in these locations. And, as will be discussed in the section on downtown redevelopment, some patterns of redevelopment are more likely to increase crime in that area which would have a substantial negative impact on the value of any investments in that important area.

Accordingly, the distribution of crimes within the city should be a focus for a broad economic development discussion. While some assaults are comparatively high in neighborhoods relatively near the university, much of the crime in the city – attacks on individuals and robbery – is located near downtown, just north and in a broad swath south and central of downtown. The university itself is generally a “low crime” area (robberies in particular) and neighborhoods to its north and east also are low crime. Higher crime areas associated with the university tend to be closer to 13th Street and to the west of Hillside. To date, neither the areas near the university, which can become the city’s innovation district, nor in the areas surrounding the potential downtown “quality of life” zone (as recommended in the 1987 study), have been subject to a planned effort to affect crime and crime rates.

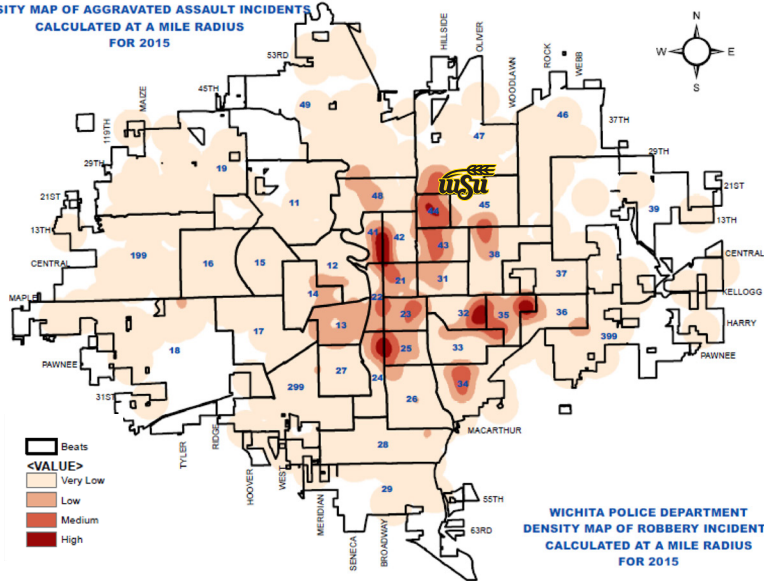
Wichita, Sedgwick County, and Wichita State have taken an important step toward reducing crime by placing the new Law Enforcement Training Center on the WSU campus. Linking the training of officers to the university’s criminal justice program, refocusing on community policing, directly addressing issues of gangs and associated activities, and working with urban design professionals to create more robust detection and design elements that reduce or eliminate crime from critical areas should become a very high priority for economic development.

Since it is most likely that Millennials will choose to locate in mid-city residential neighborhoods or inner-city loft and mixed land-use areas, the relationship between crime and technology-based economic development should be clear. Focusing on those neighborhoods that have the greatest potential to house young families and be associated with rapid job growth may assist the city in “moving the economic development needle.” Crime control is a subject, therefore, where economic development and traditional community development become intertwined. Crime distribution data may be partly explained by the rapid suburbanization of the population and the increased dispersal of jobs to the far western and far eastern sections of the city and county and the difficulty in maintaining development of the inner and mid-cities areas of the metropolitan area. However, the economic development discussion in the city to date has not focused on this important linkage between criminal activity, on the one hand, and both economic and community development on the other.

In fact, as many areas of the community—including residential and quality of life zones near or in the city core and an innovation district near the university—evolve, opportunities for criminal behavior may increase, undermining other efforts to enhance economic development. WSU’s Innovation District is not much different from other innovation districts across the country that also tend to be located in or near innovation districts that are also in or near evolving low-income neighborhoods where criminal activity is a concern. Nonetheless, many of these other districts have been successful in creating economic opportunity by working with city officials and the community to minimize the negative consequences of development. From looking at other innovation districts, it appears that a WSU-centered innovation district might actually start from a better position than many. Also, the current Fairmount neighborhood project that is being sponsored by the University should provide additional lessons to assist other growing parts of the City to minimize disruption to local residents and reduce crime rates.

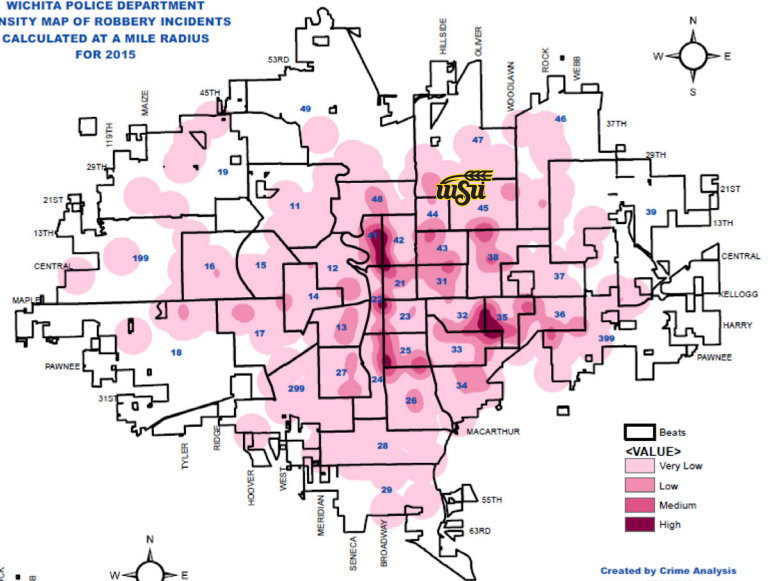


WICHITA POLICE DEPARTMENT
DENSITY MAP OF AGGRAVATED ASSAULT INCIDENTS
CALCULATED AT A MILE RADIUS
FOR 2015



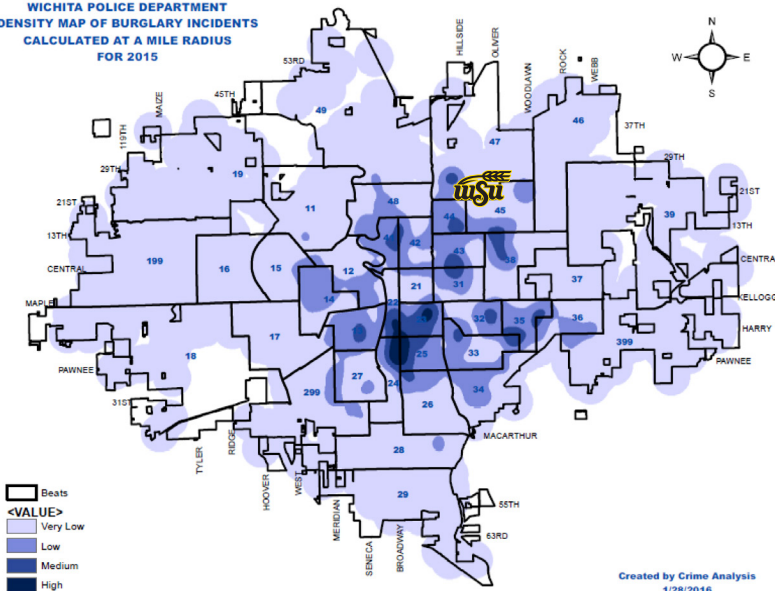
AGGRAVATED ASSAULT DENSITY

WICHITA POLICE DEPARTMENT
DENSITY MAP OF ROBBERY INCIDENTS
CALCULATED AT A MILE RADIUS
FOR 2015



ROBBERY DENSITY

WICHITA POLICE DEPARTMENT
DENSITY MAP OF BURGLARY INCIDENTS
CALCULATED AT A MILE RADIUS
FOR 2015



BURGLARY DENSITY

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1/28/2016

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1/28/2016



⇒ LINKING LAND USE ECONOMICS AND ECONOMIC DEVELOPMENT: SETTING THE STAGE FOR APPLYING MARKET PRINCIPLES TO ECONOMIC DEVELOPMENT IN WICHITA

As greater Wichita continues to evolve its approaches to economic development, it can benefit from decades of research in the field of land use economics, which explains location patterns of economic activity. (Bardon & Hartman, 1982). As it happens, this approach also has been effectively applied in businesses—including by the region's largest and rapidly expanding business, Koch Industries—that can provide an effective framework for policy. This **model** is called “**Market Based Management (MBM)**,” and it coincides with the emphasis in the academic land use economics literature on linking public policy and the natural market-based actions of private enterprises to achieve any region's goals for economic development. What MBM highlights is that critical decisions regarding the future of any organization—or in this case a metropolitan region—are most effective when they are based on a vision, engage people with talent and capacity to take action, develop the basic knowledge base required to make reasoned, good decisions, engage the people with the knowledge and hold them accountable, and create incentives to reward positive action. Any effective economic development policy has to be based in economic geography, and any policy actions must be consistent with achieving the vision of a metropolitan region that is globally competitive, generating wealth for its broad population, and creating and sustaining jobs.

Land use economics and its allied fields in sociology, geography, anthropology and town planning has been a specialized area of academic study since the late 1800s. Most of this literature, regardless of sub-discipline, emphasizes that the location of urban functions (employment, residences, shopping, etc.) is based on economic decisions made by individual participants in the market. To be sure, there are other variables that explain public use spaces, historical preservation, and the location of ethnic enclaves that do not appear to respond to economic variables (such as the Italian ethnic enclave in Boston's North End). However, the dominant land use patterns of urban areas are based on core economic variables. Decisions by individual firms, groups of firms, or entire industries with regard to location likewise are largely economically driven. The location of markets, transportation networks, availability of labor, natural resources, brokenness of the land and location of bodies of water and rivers, comparative land costs, congestion costs and the like all are important factors in enterprise location.

Urban economics is generally the study of land use and the location of enterprises in three dimensional space. Urban economics, when coupled with community studies, can be a strong basis for effective economic development models that can allow cities to prosper and to meet the three goals of economic development as defined above. Recently, Mario Polese defined five core principles of urban economics as a field. These five principles also act as a guide for effective economic development policy (<http://www.city-journal.org/html/five-principles-urban-economics-13531.html>).

1. City size and location matter and they are the key determinants of a city's wealth. Larger cities have critical advantages that are nearly impossible to overcome. From an economic development perspective, then, if one is in a smaller city, connecting plans to those of the larger cities and taking advantage of their capacities becomes a logic part of an effective plan. Generally, in urban economics, there is what is known as a “rank size rule.” That is, the larger the metropolitan area, the more diverse its economy and the fewer cities there are of that size. At the same time, geographic location matters and interplays with such variables as natural resources, regional structure, and access to markets based on dominant transportation modes.
2. Technological change can affect a city's fortunes. Changes in technologies of transportation, modes of production, uses of specific materials, all can have a major impact on the economic fortunes of a city. Any good economic development model will spend a great deal of effort on understanding changes

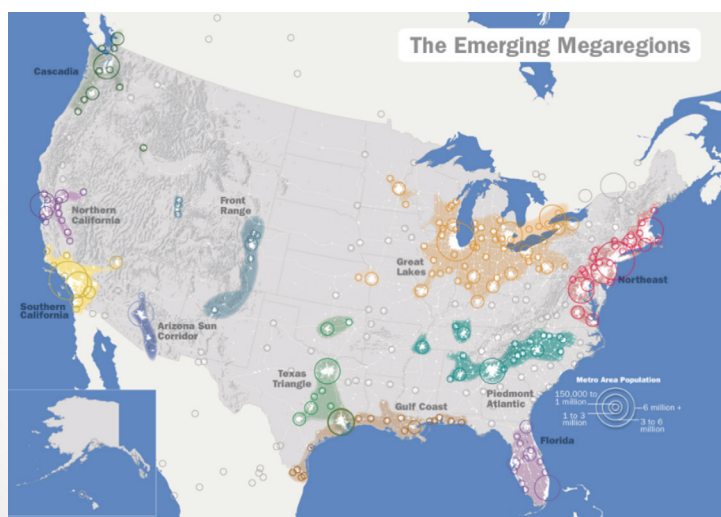


in technology. Urban location, therefore, must be viewed as interacting with technologies to understand the economic value of that location. This is especially so for technologies of transportation which are never geographically neutral.

3. Well connected cities have higher rates of economic growth than less well connected cities. Emphasis on roads, air access, internet, rail, and other modes of connectivity should be at the base of any effective economic development model.
4. Cities dominated by one large industry find it more difficult to transition to new technologies than do other types of cities. The structure of the metropolitan area tends to be highly biased by the strength of these large industries. Even more importantly, when such conditions exist they tend to lead to engrained thinking that prevents the metropolitan area from taking actions that could change its wealth position.
5. Poor governance of a city tends to increase economic problems since businesses and people have the right to move at will. Likewise, policies and governance practices that focus on how businesses can prosper can assist in developing wealth in the community. This last principle ties closely to Market Based Management which can act as a framework for creating effective economic development policies.

It is difficult enough to act within a given city, but traditionally cities have been linked to surrounding areas in mutually dependent networks. Focusing economic development policy on only one or a few areas of a city ignores this basic reality and most likely reduces the impact of any outcome of that policy. This connectivity is generally referred to as a “regional structure” and it is both well understood and well-studied. What has changed, however, is that these traditional regional structures are increasingly linked to larger megaregions that contain populations of twenty or more million. So, as was noted by Polese, larger cities tend to be more diverse and act as transportation and communication hubs. As these megaregions emerge, they will be larger and even more complex, and they will have an even greater impact on the economic future of the city or metropolitan region.

Wichita is potentially closely linked to a megaregion that is emerging along the I-35 corridor. This region is centered on the Dallas Fort Worth (DFW) consolidated statistical area. As the corridor is emerging, Wichita is not a major consideration. And, perhaps more importantly, Wichita itself has not focused a great deal of attention on how it can and should link itself to this emerging driver of the Midwestern regional economy.



Source:

<http://www.america2050.org/megaregions.html>

This is a crucial issue and without a refocusing of economic development efforts in the area, it is possible that Wichita will become an increasing economic backwater. As one example, the current plan for high speed rail in this region does not include Wichita. This is a major issue that will affect the long-term economic vitality of the region, yet it does not receive anywhere near the attention as the location of a specific business within the metropolitan area.



VISION *for* HIGH-SPEED RAIL *in* AMERICA



Source: By Federal Railroad Administration - <http://www.fra.dot.gov/Downloads/RRdev/hsrmap-lv.pdf>, Public Domain, <https://commons.wikimedia.org/w/index.php?curid=7263470>

Urban economists and others have been studying in great detail the linkages among metropolitan areas that are resulting in large-scale functional networks that develop along a number of dimensions including research, transportation, supply chain, business branching, marketing and shipping, information sharing, and many others. Although discussing this issue in detail is beyond the scope of this essay, it is noteworthy that little attention is being paid to the restructuring of the major regions of which Wichita is a part. This should be a major component of the region's economic development strategy. These changing network structures will suggest potential areas for economic development and they will also suggest where what types of investments might be helpful to the clusters of innovation defined by the BREG process. With the exception of WSU's efforts to link itself to the larger I-35 region, it is not clear that analyses of these types are being undertaken or that they are part of the economic development thinking of the region.

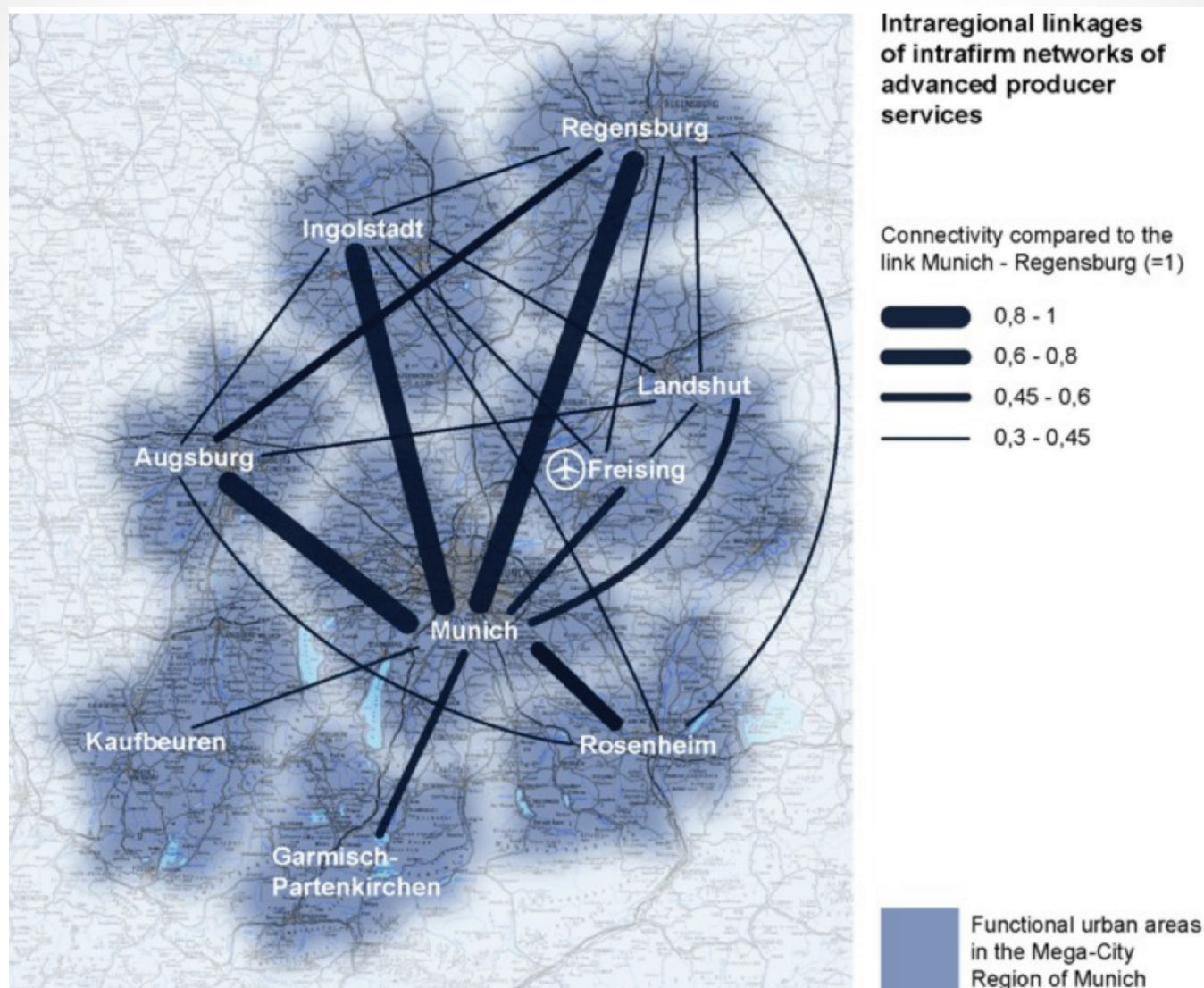


Figure: an example of an emerging network centered on Munich Germany

Source: <http://www.lboro.ac.uk/gawc/rb/rb269.html>

➡ PUBLIC POLICY AND MARKET FORCES

It is possible to use public policy and political intervention to steer the operation of market forces and in some cases even to counter those forces, but studies generally show that overall land use patterns within a metropolitan area are still overwhelmingly driven by the aforementioned basic economic variables. Downtowns in particular, have flourished when and where mass transit has been or is the dominant mode of transportation. In contrast, southwestern cities, such as Houston, Phoenix, and Las Vegas, tend to have less robust downtowns since they developed in an age when the automobile was the dominant method of transportation. These cities tend to be defined by multiple nodes of business and industrial development that are based on the needs of the particular industries and businesses involved rather than specific political decisions and expectations of government.



Wichita's land use structure is more typical of southwestern cities than older cities on the east coast that remain tied in at least some measure to large-scale mass transit. Wide streets, low population density, and the locations of I-135, I-235, and K-96 all create centrifugal forces that push development away from the center to more accessible locations. Given this fundamental fact, the marginal costs of extra commute times are mitigated both by the natural and human-made physical structure of the metropolitan area and ease of access to more distant sites by road. Simply put, Wichita has evolved an economic land use structure that is much more typical of newer "automobile cities" than older, denser cities where mass transit was first established. Moreover, since the transportation technologies that drove Wichita's land use pattern are still dominant, and most likely will remain so for any midterm future, much of the economic growth and development in the metropolitan region almost certainly will continue to reflect the automobile-driven origins of the city where individually driven vehicles rather than public transport will be the dominant mode of transportation. This is likely to be true even if there are some additional investments in mass transit. Likewise, overall metropolitan density of settlement is not likely to increase substantially. It is a fact of our history that these considerations must be factored into our city's future economic development plans, which must adapt to them rather than vainly and wastefully attempting to change them.

Because dominant land use patterns differ substantially among metropolitan areas, settlement patterns of Millennials and other residents who will drive our future economy also can be expected to vary, but perhaps only temporarily. One very recent study found that the settlement patterns and land use utilization by Millennials is beginning to reflect more traditional distributions similar to older generations (<http://www.govtech.com/fs/Millennials-Theyre-Not-Game-Changers-After-All-Study-Finds.html>). This not-so-widely-noticed trend is due to several factors:

- Travel time is growing and expectations for location may have been more a response to the Great Recession than any fundamental change in willingness to travel to work, though it is also likely that generational preferences have played some part. Like all previous generations, Millennials are "people of their time" and new transportation services such as Uber or Lyft – which can replace owning a car or reducing its use – seem to be this generation's mode of choice.
- Nonetheless, as noted above, Millennials' lifecycle changes are likely in the long run to determine changes in demand for housing and willingness to travel. In particular, given current technology and cost structures, it is likely that as more Millennials age, their demand (like that of their parents) for owning and using automobiles will increase. This is even more likely to be the case in automobile cities like Wichita since robust mass transit that serves nearly all areas of the region is unlikely to evolve with the same speed and intensity as in older cities built around mass transit.

The basic forces driving business location within urban areas have not changed. The Internet, coupled with other changes in the technology of communication, has had impact on certain business decisions with regard to location and facilities choices. But these new technologies will modify the structure of variables determining location patterns without fundamentally changing the outcome.

WSU's Innovation Campus is being built around the driving forces behind development in the new economy: the availability of R&D, joint and collaborative work with others both in academia and other enterprises, access to educated and skilled workers, and lifestyle amenities that encourage interaction among participants. The IC is supplementing rather than replacing the older and widely recognized determinants of economic location and land use in the process. At the same time, the drivers behind WSU's IC also affect decisions by some firms that choose to locate in an innovation-friendly environment.



The lessons of the urban economic and land use economics literature suggest the role of public economic development policy should be to maximize the utility of public investments based on the goals of the policy. If that policy is designed to assist business competitiveness, increase wealth in the community, and increase the number of jobs, then economic development policy will be most effective if it follows the trends in enterprise location based on the needs of the firms involved. To be sure, those needs may not be the only considerations (this differentiates “economic development policy” from raw “growth policy”), but any policy that ignores the dominant economic decisions of enterprises themselves will generate a sub-optimal outcome for the larger community.

➡ APPLYING THE NEW MODEL OF ECONOMIC DEVELOPMENT TO WICHITA AND SOUTH-CENTRAL KANSAS

Current economic development practice tends to focus on community deficits and preparing spaces for use. Major tools of economic development have largely been based on financial incentives often associated with business relocation or location into specific areas of the community. Thus the incentives create a market distortion by reducing the costs to that particular company rather than focusing on the broader economic structure of the market as represented in the region and community. So the impact of incentivizing that individual enterprise may not maximize return on public dollars invested from the perspective of the community. Nationally, there are examples of miscues in the use of incentives that have resulted in the reduction in the competitiveness of businesses causing them to lose employees or incur reductions in product sales. In such cases, the benefits derived from “new job” creation can have negative consequences on other enterprises that far outdistance these immediate gains.

The new approach to economic development seeks to take advantage of market forces, creating incentives for individual businesses to grow, but regularly reviewing those incentives to assure that their net community-wide effects are as large as they can be. Thus, the goal is to use the knowledge reasonably available and attempt to create incentives that maximize the net benefit to the community making the investment. In other words, a systems approach to economic development is employed where the community and its local economy are a system, and public investments and actions are judged for their net impact on the overall system, the community.

This means focusing on ways of magnifying the benefits of community assets by allowing, and indeed encouraging, firms to make location decisions based on the comparatives to them of different alternatives. Accordingly, individual locations or neighborhoods for particular firms may have competitive advantages that make sense for some areas but are not workable, or are less functional, than for other areas of the community or other neighborhoods. Community investments that magnify naturally occurring neighborhood or specific location assets are most likely to enhance the economic competitiveness of that area. Making public investments in ways that run against rather than with general market forces are much less likely to be successful. They also are more likely to be perceived as ineffective by the people of the region and the enterprise decision-makers who are focused on the market. As two researchers have concluded:

The scope of business networks and supply chains, firms thriving as part of regional business clusters, and retail and service markets is defined by the characteristics of the assets, actors, and institutions engaged in that particular market process. *For this reason, asset-based development must look beyond neighborhoods to understand how neighborhood assets fit as components of larger market systems.* (Weissbourd & Bodini, 2005).

Research suggests that such asset-based development strategies are likely to work best if they reflect a widely accepted vision that mirrors a community's values; are driven by efforts to upgrade the talent base of a community; where the metrics of progress are identified, collected, and shared broadly with the community; public decisions follow rather than



resist market forces; and where public decisions are taken by voters' elected representatives, informed by knowledge of market forces and trends.

Through the activities described in this essay, WSU is following these principles and bringing to the table a set of economic development assets that will magnify the growth and development potential of businesses and industries that are part of the eight clusters of innovation defined by the BREG process. Some of these businesses will be new; others exist in the community but may be benefitted by relocating or by creating collaborative relationships with the university. Still others may choose to locate in the community to take advantage of the resources of the university including university R&D, educated students, and services provided on a college campus, which become, from the perspective of economic development, incentives. These incentives may transcend the need to use traditional public incentives such as tax abatements for individual companies, or they may modify the amount or structure of the appropriate incentives.

WSU also intends to leverage the fact that technology and science-based economic development today is driving not just those sectors but the services and supply sectors as well. The University wants firms that can take advantage of the university and its location within the metropolitan area. Location of enterprises on the campus is based on a calculus of what that location will do for the education of our students; the likelihood of engaging in joint R&D over time; and the impact of that location on the competitiveness of the business based on our understanding of the market within which it operates.

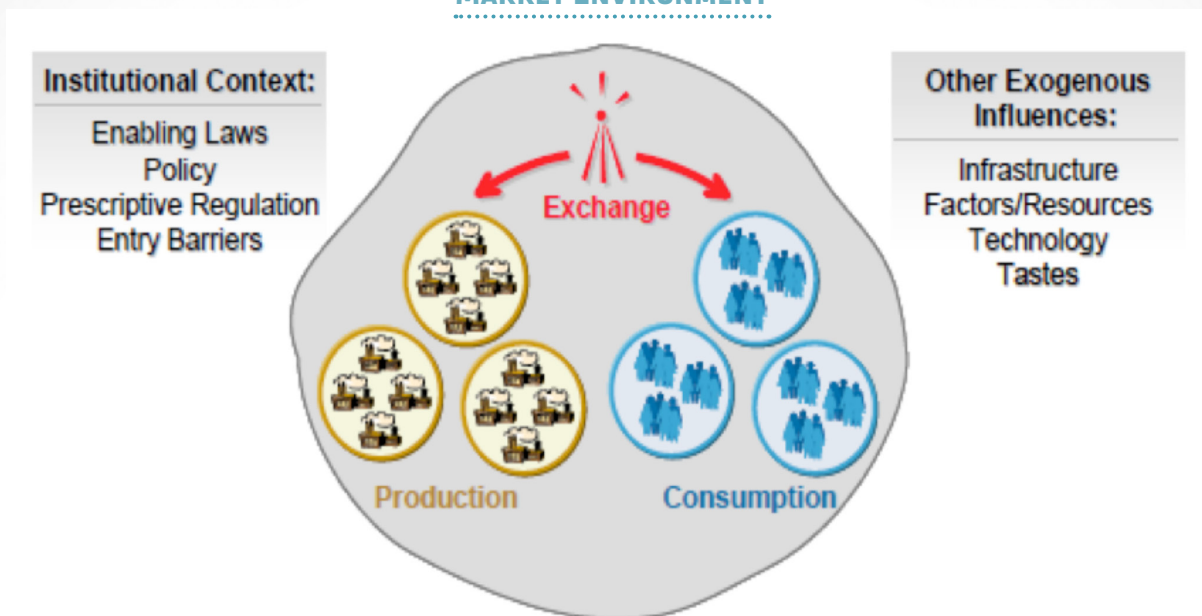
Assisting with locating, expanding, and creating businesses in other parts of the region should be based on a similar calculus. So, for example, a distribution center in Park City would have very different relationships with the university than an engineering firm or an enterprise in the life sciences industry. A software company, depending on a number of factors, may be located in many different areas of the region and still receive needed benefits from the university. Again, the key issue is their specific position of a company in the market, which will determine the types of relationships with the university that can maximize value the goals of the company, community, and university.

➡ PAYING ATTENTION TO THE MARKET ENVIRONMENT

For enterprises, the market environment is critical for success. Below is a Brookings figure that lays out the context of market exchanges within an economic development framework (Weissbourd & Bodini, 2005). The market operates within both an institutional context and within a set of influences that are not under the control of the business itself. These are referred to exogenous—that is outside—influences. A few of these influences are shown in the table below. What is not shown is the structure of the supply chain and broader regional context of the exchange relationships which today are not only local but large region-based (e.g. the I-35 corridor) and global. So, market-based economic development policy focuses less on the location and incentives for individual businesses (though they are not ignored) and instead on creating the infrastructure, and policies and regulations that promote the growth and development of industry sectors (think BREG), so that the incentives—when possible—common to all actors in the market. Thus, enhanced broadband, development of chemical engineering, creating education programs that link student experiences with future employers, and greatly enhancing workforce education by merger with WATC all are economic development incentives that do not single out individual businesses (though individual businesses may make differential market decisions regarding the utilization of the assets available). The goal is to create a more competitive environment in the region so that the outcomes of economic development are visible and measurable.



MARKET ENVIRONMENT



Business and residential locations that players in the market choose will depend on their perceptions of the value to them. Thus, there will be those who see that being on the Innovation Campus or in an innovation district would be of benefit. Others will not. Thus, the university will assist businesses in those other locations according to the resources available and expectations of outcomes. By the nature of many of the issues that are emerging though BREG, it is anticipated that some of these locations could be very far afield and outside the core service region. Where that is the case, the decision will be based on the impact of institutional time and resource investment both on the university and on the core region of south-central Kansas.

So, from a university perspective, there are certain key actions that appear important for the purposes of economic development as used in this essay:

- Development of the university as an “innovation university” including shifts in education, new ways of rewarding R&D, extended service, and creating the Innovation Campus and district are high priorities. Other locations are finding that these are important drivers for the whole community; they match with current understanding of the macro-structure of the economy; and they specifically take advantage of the actual clusters of innovation in the region.
- Creating a coherent relationship with businesses, economic development entities and governments within this economic development model is of high importance.
- Developing a model of assessing market benefits with businesses that are considering relocating or desiring to grow is a high priority.
- Although beyond the scope of this, enhancing quality of life support in the broader community is of high importance and will continue to be a focus of the institution. This includes such issues as athletics, the arts and humanities, crime, health, and education.



Since at least 1987, there has been interest from the community in WSU being much more engaged in economic development and the overall life of the community. The university is now highly engaged. By the nature of the changes in the structure of the economy, that engagement may be different than envisioned by some community participants. That is understandable and a process needs to evolve that will overcome some of these concerns. At the same time, the University is committed to a market-based approach that maximizes the ability of the community to create jobs, enhance wealth, and create a sustainable economic base.

➔ SOME CONSIDERATIONS FOR DOWNTOWN REDEVELOPMENT

Over the last decade a great deal of attention has been paid by Wichita to downtown redevelopment. While this essay has argued that over-emphasizing the inducement of firms to locate downtown is misguided, the revitalization of our downtown, done the right way, is important for our City and the wider region. That is because downtown is the geographic center of our area. It has the potential to act as an important hub for economic and social life throughout the metropolitan area. WSU is very supportive of creating a vibrant downtown and this portion of the essay is focused on some suggestions as to how downtown redevelopment could be directly tied to the market-based economic development model described above.

It is fully recognized that a great deal of excellent work by many, many people already has been accomplished. To their credit, the private and public sector leaders of Wichita's downtown development efforts so far — including Jeff Fluhr and his colleagues at the Wichita Downtown Development Corp. the Greater Wichita Partnership; the mayor and the city manager and City Council members and all of their staffs; the Kansas Health Foundation; the Wichita Community Foundation and multiple private developers and those have who financed them — have much to be proud of, and so do our citizens. In downtown the Ambassador Hotel and Fidelity Bank headquarters have been remodeled. So has Union Station, with more to come. Condominium and apartment buildings — expected to house as many as 4,000 residents by the end of 2017—have also been going up at a rapid pace. Old Town has been fundamentally transformed, with multiple offices, restaurants, and residences. Together Old Town and downtown are literally unrecognizable, in a good way, compared to the way they were five years ago, or for that matter, 20 or 30 years ago.

The challenge now is to build on the excellent work already done to prepare for downtown redevelopment, but to shape the development model in ways that are grounded in the best thinking among experts in land use and urban economics. The useful descriptive work that has been carried out to date in multiple studies of our region is helpful, but much more attention must be given to the economic geography of downtown, how an urban community is established and sustained, and how land use adjacent to downtown can be improved so that it contributes to rather than detracts from downtown development. The section that follows is an effort to view downtown development in a different frame. It is not in any way intended to supplant the excellent work accomplished to date. If the analysis here serves its purpose, it should assist the leadership of Wichita, and especially those working so hard on redeveloping the core, in bringing new tools to their efforts. The objective is to encourage successful redevelopment of the center such that revitalization achieves the three goals of economic development (broad job creation, increased wealth, and enhanced business competitiveness) so vital to the future of the community.



➔ WHY REDEVELOP DOWNTOWN?

The discussion so far in this essay has highlighted a number of natural economic forces that do not appear to support downtown development here, nor in other, newer “automobile cities.” This understanding is important because it offers insight about why efforts elsewhere to create vibrant, living downtowns, at best, have produced mixed results, and at worst, have simply drained local resources. In spite of mixed results, it is important to continue to work to create a viable core in Wichita for at least three reasons.

First, Wichita is unlikely to maximize *community-wide* job creation, wealth enhancement and global competitiveness without a vibrant downtown that residents support and look to with a sense of pride. Downtowns have substantial symbolic value in and of themselves, an important consideration that is widely recognized in the social science literature since the 1940s. Downtowns are visible symbols of the wellbeing of a metro area, and healthy downtowns send a clear and visible signal to residents of the broader community that they live and work in a vibrant and desirable place that is worthy of note. Conversely, a decrepit, poorly developed core signals to visitors and residents alike that there are legitimate questions about the viability of the community much like the description used by James Chung and his empirical studies of our city. Consequently, it is important that Wichita develop a vibrant downtown that is worthy of praise and a source of pride for all of its residents.

Second, it is important to note that downtown Wichita is in the process of becoming a hub or nucleus for certain private sector activities including IT operations, education and health care-related activities. Accordingly, a *market-driven* approach to the development of downtown means that it is well advised to use public resources to leverage additional investment that is consistent with existing economic activity. For example, there are merits to a strategy that includes public investment in critical health and education services to underserved populations in the city.

Third, although there are challenges that must be overcome, Wichita should explore actions and investments that make the downtown more walkable and that add to the desirability of the CBD as a place to live.

In short, there are compelling reasons for redeveloping downtown. But the redevelopment process must avoid the fate of many other cities across America that have tried and failed, not only wasting taxpayer dollars but also ending the careers of political leaders deemed responsible for these initiatives. These outcomes can be avoided, if redevelopment efforts are guided by lessons learned from the land use and urban economics literature. This literature provides considerable insight that must be tailored to the specifics of downtown Wichita. Further, it is becoming increasingly clear that economic development in general and downtown development in particular, must find improved methods of informing and enlisting the support of taxpayers. Informed taxpayers can help establish investment priorities, while providing incentives to public agencies to demonstrate that public dollars are being invested in ways that are consistent with the will and the wellbeing of the community. Accordingly, public officials should regularly provide feedback to the community about investment progress and outcomes.

➔ LEARNING FROM OTHERS' MISTAKES

It is impossible to overstate the importance of learning from the failures and successes of other cities that have attempted to resurrect their downtowns. In other words, we must develop improved understanding of the pitfalls and opportunities of downtown development to learn from and avoid repeating their mistakes.



To be very clear, redeveloping downtown without placing that effort in a full, community-based economic development context fails more often than it succeeds and drains critical resources from actions that could produce new jobs, wealth, and business competitiveness.

BALTIMORE

For example, city leaders in Baltimore, Maryland, spent hundreds of millions of dollars on creating a spectacular Inner Harbor and renovating nearby downtown locations. In spite of these development ventures and the appearance of success, Baltimore experienced riots and looting last spring. The contrast between the disadvantaged neighborhoods adjacent to the Inner Harbor area and the advantaged visitors to the area encouraged those on the outside looking in to register their displeasure. Violence associated with relative deprivation made it clear that at least some of the money spent on downtown might have been better spent enhancing education and job opportunities for inner city youth. Specifically:

Baltimore's economic development strategy has hinged on the creation of a "good business climate"; the linchpin of the strategy has been the redevelopment of downtown into the "corporate center" of a new Baltimore economy based on advanced services and tourism. Despite the favorable publicity accorded Baltimore's transformation, systematic analysis of social and economic trends suggests that corporate center-business climate redevelopment has done little to boost aggregate levels of prosperity in the city. Moreover, the Baltimore strategy has generated uneven patterns of growth and exacerbated urban dualism Baltimore has become "two cities": a city of developers, suburban professionals, and "back-to-the-city gentry who have ridden the downtown revival to handsome profits, good jobs, and conspicuous consumption; and a city of impoverished blacks and displaced manufacturing workers, who continue to suffer from shrinking economic opportunities, declining public services, and neighborhood distress. The article explores three main reasons for these results: (1) business domination of Baltimore's public-private "partnership," (2) the absence of explicit mechanisms linking downtown redevelopment to the revitalization of low- and moderate-income neighborhoods, and (3) the inherent pitfalls of building an urban economy on downtown-centered corporate services and tourism.

https://www.researchgate.net/publication/229927226_Downtown_Redevelopment_As_An_Urban_Growth_Strategy_A_Critical_Appraisal_of_the_Baltimore_Renaissance

DETROIT

Detroit is making the news lately as a city in recovery. There is a great deal of national attention being paid to Detroit and huge sums of money are being invested to transform the city from wasteland to economic destination. However, here again the evidence belies the media and public hype:

Of course, it's worth keeping in mind that, no matter how inspiring the work of Rock Ventures and other private sector leaders, the downtown/Midtown area only represents a small portion of Detroit, roughly 6 to 8 percent of the city's land area, depending on how you define it. And when you consider the fact that the city's urban core has seen a large amount growth (investment, job growth, and residential growth) while the city as a whole is still losing more than 8,000 residents a year (from 2010 to 2014), it is clear that the rest of the city is still declining rapidly. It will be interesting to watch the evolution of Detroit's downtown/Midtown urban renaissance over the coming years. Hopefully, the success of the city's urban core can translate into broader economic development for the rest of the city.

<http://urbanscale.com/blog/urban-economic-development-lessons-detroit/>



ATLANTA

Atlanta continues to invest in its core and midtown areas to attempt to create new economic opportunity. However:

Through the construction of the Peachtree Center, the Omni, and Georgia World Congress Center, Atlanta's black city leaders increasingly conceived of downtown Atlanta as a place for tourists and conventioners, a marked shift away from the grassroots-organized, community-led ethos that had brought many of Atlanta's new politicians into office. Finally, Atlanta's participation in the federally sponsored Empowerment Zone revitalization program in the 1990s suggests the extent to which Atlanta city officials and city boosters sought to revitalize the physical space of downtown Atlanta without, once more, fully appreciating how that re-development could (and did) negatively affect the city's poorer African American residents living in and near downtown, https://getd.libs.uga.edu/pdfs/holliman_irene_v_201005_phd.pdf

PHILADELPHIA

Philadelphia has seen an upsurge of jobs and younger residents in its downtown according to the *Wall Street Journal* (Aug. 6-7, 2016), but there are legitimate questions that are now being asked about whether these Millennials will stay as they begin having children. As discussed earlier, the same lifecycle questions loom in Wichita, where there is some Millennial movement to downtown and Old Town.

OTHER MIDWESTERN CITIES

Moreover, even as downtowns in some cities have come back to some degree, census tracts in the centers of many of these cities continue to decline and actually lose net jobs and economic value. Buffalo, Baltimore, Cincinnati, Chicago and a number of others are suffering from this pattern. A particular case in point was highlighted in the *Wall Street Journal* on Aug. 16, 2016 with regard to the violence that erupted in Milwaukee:

Milwaukee follows a pattern playing out in many Midwestern and Northeastern cities across the U.S. Downtown areas are booming, while outlying neighborhoods like Sherman Park are losing ground on median household income, educational attainment and other factors...A 2015 study of Milwaukee documented gentrification in a pocket just north of downtown but found decline in much of the city. Falling housing prices have resulted in a "massive loss of wealth in the city's African-American community..."

Many residents here lament that so much attention is paid to a downtown teeming with trendy new restaurants and craft breweries [emphasis added]. While Sherman Park boasts some large homes with manicured lawns, residents say other houses nearer the site of this weekend's unrest have sat empty and abandoned for years.

These developments reinforce a central message of this essay: local government should help promote economic development for the community as a whole, not just in a few highly visible locations, like "downtown." Downtowns that are resurrected by simply moving economic activity around—in effect, robbing Peter to pay Paul—are not to be celebrated, especially if the net effect of downtown redevelopment on the entire city or region is negative. A vibrant downtown

¹ It should be recognized that many of the issues that were discussed in the Kerner Commission report after the civil disorders of 1967 are again of concern when census tracts near the core are declining in job availability, wealth and economic value. According to the commission, there were a dozen issues that transcended metropolitan areas that seemed associated with disorder. Three of these issues were especially prominent: 1. police practices, 2. unemployment and underemployment, and 3. inadequate housing. (<http://www.eisenhowerfoundation.org/docs/kerner.pdf>)



surrounded by dying neighborhoods, excluded populations, and weak economies can actually undermine the viability of any true economic development agenda. Over the longer run, such outcomes are even self-defeating for downtowns, as they discourage businesses that may have located or expanded there to continue expanding, or dissuade some businesses potentially interested in relocating to a city from doing so. In these instances, both the residents of those neighborhoods that are negatively affected and taxpayers in general can legitimately ask: at what cost downtown?

KANSAS CITY

In our region, Kansas City's downtown redevelopment efforts have drawn great interest, but there are many questions regarding the economic development outcomes of that city's public investments in its downtown core. As one account has put it:

The new [Kansas City] development has also failed to generate the jobs that many hoped would be the payoff for public support of the complex. "We've made great strides in making downtown more conducive to residential and business growth, but we haven't moved the needle on employment growth in the greater downtown," says Bill Dietrich, CEO of the Downtown Council, a nonprofit association of business, cultural and civil leaders supporting growth downtown. From 2010 to 2011, after the district had opened for business, employment fell in the zip code and census tract that includes the Power & Light District and the heart of the downtown, according to Census Bureau data. Cordish [development company] says that the district has produced 10,000 jobs for Kansas Citians, but it's not clear how many of these represent new employment in the entertainment zone, how many of these are temporary construction jobs, and how many come from relocations like that of H&R Block headquarters and the Kansas City Repertory Theatre, another ancillary project sparked by the development (<https://nextcity.org/features/view/kansas-city-mall-downtown-development-subsidies-cordish-companies>).

Development in downtown Kansas City accomplished many things for that area. It saved historical buildings and it created a focus for the core. Young people and others are enjoying living in that area and people recognize the Power and Light District as a positive asset. At the same time, Kansas City's downtown revitalization efforts look little different from those of other cities where similar efforts have resulted in a substantial net cost to the metropolitan area.

In other words, it is not uncommon for communities to apply limited resources to downtown improvement when these resources might have been better spent advancing the economic wellbeing of the overall community. It is not enough to say that public investments created new jobs in a particular area. Actions consistent with the public interest demand an accounting of the *opportunity costs* associated with downtown development: what were the net gains or losses to other areas of the city that should be balanced against any net gains to downtown? Any investment in downtown or other areas of the community should be subject at least to an informal process of discussions of alternative uses of the funding and the likely impact on the three goals of economic development.

Before proceeding to the rest of this discussion, it is strongly suggested that the reader follow the link below to see a short video regarding the impact of parking garages on downtown Kansas City. It doesn't take too much imagination to realize that this powerful statement is highly relevant to redevelopment of Wichita as well. The link is: <https://www.youtube.com/watch?v=01ZCJSx494Q>.

In all fairness, one of the critiques of the Innovation Campus project that spurred this paper is that it, too, was moving jobs from one part of the community to another. That is a legitimate concern if the IC fails to create conditions that over



time would allow and support employment growth for the larger community. For reasons outlined elsewhere in this report – especially the economies of proximity of R&D and talent that the IC affords to businesses, students, and faculty — there is good reason for believing that the net impact of the IC for our city and region will be a positive one.

In any event, the same “robbing Peter to pay Paul” question must be asked about investments in downtown. Simply keeping employment in the center of the city through the retention of a particular business may in some ways help the downtown core in the short run. Unfortunately, there has yet to be a clear analysis or discussion of how retention of any particular business will create additional permanent jobs and at the same time increase competitiveness of the original business and the wider metropolitan area.

There have been many efforts to revitalize downtowns using traditional architectural and urban design models. Most of these efforts have created more attractive settings, but they have not necessarily produced economic development value. For example, across the United States, cities have tried to revitalize their downtowns by creating pedestrian friendly malls and streetscapes. To date, 89 percent of these efforts have failed (<https://sites.usa.gov/communitysolutions/files/2016/06/Fresno-attachment-3-americanpedmallexperiment-003.pdf>). Streetscapes, sculptures, new facades, changing traffic patterns, and the like are controllable and give the appearance of impactful change, but in many cases it is not. Physical change that is not connected to the economic geography of the city, and which does not account for adjacencies of activities, including the immediate neighborhoods impacted by redevelopment, are unlikely to yield positive outcomes for the community as a whole. Accordingly, it is important that we develop more inclusive models in Wichita including accounting systems that address community structure, core economic variables, and the functional nature of urban land use patterns.

Additionally, there is a substantial literature on both the expected problems that downtown revitalization efforts are likely to create, as well as new models of downtown development that are more likely to yield positive outcomes. For example, Old Town currently is dealing with late night crime issues, problems which could have been anticipated and integrated into the planning process at the outset (it's still not too late to address them). There will always be unanticipated consequences stemming from redevelopment. But more systematic assessments that build on the experiences of urban communities throughout the country can reduce unintended consequences and maximize the return on public dollars invested.

It also should again be noted, that WSU's push to develop an Innovation Campus and innovation district, the Koch partnership makerspace, the merger with WATC, development of the Old Town Campus, and potential extension of other programming into downtown all are aimed at this broader notion of community-wide economic development. Nothing that is being done is in any way against or antithetical to downtown redevelopment. It is, instead, an effort to address needs of much larger segments of the population by encouraging the smooth effective functioning of the market that promotes job development across the area, wealth creation in multiple areas of the community and business competitiveness that drives future growth.

Another example of unintended consequences of downtown redevelopment that is more local in nature may clarify why it is important for Wichita to learn from and build on the experience of others. Visit the CBD on a Sunday afternoon and count the number of people; one will be lucky to find more than a handful of pedestrians. Although there are a number of reasons for this, one is particularly worth of note. The current physical structure of downtown does not lend itself to being a “walking city.” Adjacent neighborhoods are not supportive of informal uses of downtown. There are no consumer services like a grocery store or pharmacy to stimulate foot traffic and consequently, there is no real reason for one to linger in the



CBD on a gorgeous weekend afternoon. Even many of the newer buildings, though beautiful works of architecture, are not “walker friendly.”

➔ DOWNTOWN DEVELOPMENT: KEY LESSONS FROM THE LITERATURE

The extensive academic literature on downtown development is consistent with cautions in the previous section. Here, in summary form, are a number of specific lessons from this literature that provide insight about potential pitfalls and opportunities for revitalization of downtown Wichita (more detail about implications for Wichita is found in the next section):

1. Shiny new buildings and beautiful streetscapes are not the same thing as revitalization. Revitalization involves the effective use of space by people and the sustainability of that use over time, limiting the need for continued public subsidies.
2. Revitalization is not so much a physical planning and transportation issue as it is an economic development and economic geographic issue. In particular, increased job demand and in-migration of educated workers; expansion of technology-based businesses; and broad reduction in poverty are most likely to create conditions for downtown redevelopment. Focused development of land, streetscapes, and architecture has not produced desired outcomes in most cities that have tried those models. These physical variables are within a city's control and they have great psychological currency, but they have relatively little impact on their own. Both in the United States and Europe, there are many spectacular failed redevelopment efforts that were focused on architecture and transportation. Instead, the focus should be on the goals of economic development and how investments in the actual drivers of achieving those goals can produce revitalization not only of the CBD but other areas of the community as well.
3. It is important to differentiate “boosterism” and rationalizations from actual data-based outcomes when it comes to downtown development. Many articles in the field tout great outcomes by showing pretty buildings or photographs of streetscapes, but they provide little data on costs versus benefits, crime rates, vacancy rates, and the like. If these issues are discussed at all, they are often defined as “transitory” though there is little attempt to define the nature of those transitions or what factors will lead to those transitions. They also do not provide evidence on the impact of localized investments on the economic vitality of other areas of the metropolitan area. Without a fuller accounting, it is not possible to gauge the “net-net” outcome of these public center city investments.
4. Downtown development takes place within a matrix of surrounding land uses based in dominant economic variables that determine most urban land use. Current redevelopment plans in Wichita do not seem to address those conditions and it does not appear that analyses of these conditions have been conducted.
5. A great deal is known about land use structures that support effective development of a city center for particular uses and those that detract from those objectives. Yet even some of the new construction downtown seems to be somewhat at odds with expressed desires for a vibrant, livable, walkable residential city center. Unless this condition is addressed, crime rates are likely to increase in the center as more development occurs. This will reduce land values, rents, and undermine the value of public and private investments if not addressed effectively.



6. Criminal activity is tied to many land use patterns. This has been known for decades and well-studied in the social science literature. Broad streets that provide ease of egress, crime patterns in surrounding neighborhoods, and streets that are not “owned by the community” (the “no man’s lands” referred to above) encourage crime and reduce the desirability of an area for actual redevelopment. Even a simple windshield survey of Wichita’s downtown reveals that these issues have not yet been addressed. Some of those issues were identified at least 30 years ago but it is not evident that progress has been made in solving them.
7. Newer models of revitalization involve a much greater focus on how people actually use their spaces, how they define their spaces, and how those spaces relate to surrounding areas. These models are systemic and community-based. They do involve architectural changes, but those changes are clearly tied to goals of development. One such model is known by the generic name of “main street redevelopment.” Main street models are showing on average better outcomes than traditional high cost, high design downtown redevelopment models. Even these main street approaches can be improved by linking them to both the broader patterns of land use in the community and the specific goals of economic development. Generally, the main street models fit within a group of options for improvement that are based in community development rather than architecture. That is, architecture is a tool used to achieve broader business and community economic interests.
8. *Keeping jobs downtown is not the same thing as revitalization or economic development.* Without a community development model underlying any revitalization plan, people who work downtown will simply commute to the suburbs. A “job count in downtown” is not the same thing as redevelopment or economic development.
9. National research suggests that there is no necessary relationship between downtown employment and the development of downtown as a residential community zone (Strom, 2008). In many cities, residential densities in downtown are increasing at the same time that employment continues to decline. This shift represents a natural change in the economic geographic function of the center city. This has implications for how and on what Wichita chooses to invest to create a revitalized downtown.
10. Because of the structural changes in the distribution of employment and commercial activities in most cities, downtown redevelopment efforts have often focused on entertainment districts, large arenas and similar public investments. Yet these efforts ironically underscore that these downtowns no longer have their traditional economic center functions. If Wichita wants a “vital downtown,” it must ask: for whom and for what? If the objective is to induce people to live downtown, as seems evident from recent construction, then public investments ought to be aimed at facilitating that objective, rather than devoting scarce public resources toward, in effect, subsidizing the movement of jobs and firms to downtown. The latter may happen, eventually, especially if Wichita’s downtown becomes more livable, but that must happen through natural economic forces, rather than being artificially induced. Having jobs but no or a few people living downtown will still leave downtown a “ghost town” at night.
11. Nationally, the people who are leading efforts to redevelop downtowns have changed over the last several decades. Today, downtown leaders disproportionately tend to come from a real estate background, accompanied by increasing numbers of paid staff. Older leadership models generally involved more powerful business interests who once headed businesses in the central core which have since moved elsewhere. As development models for Wichita evolve, it will become increasingly important for policymakers to



differentiate recommendations that are based on the personal interests of the public and private leaders involved versus community wellbeing that directly impacts community economic development goals of job growth, wealth creation, and business competitiveness.

12. Most natural development in Wichita—that is, development that reflects the variables of economic geography—is happening in distant areas of the metropolitan area on both the west and east sides. On the east side for example, the natural nuclei of development are occurring at Greenwich and K-96, Greenwich and 21st, Greenwich and Kellogg, and along Webb Road. Older development along part of Rock Road is being revitalized and expanded. The new Mark Arts Center at Rock and 13th will only add to that trend.
13. Natural growth-based residential development in the metropolitan area is occurring most naturally on the far west and far eastern sides. These developments continue on the east side into Butler County. This trend and the trends discussed above demonstrate the continuing power of the underlying economic geography that defines this type of metropolitan area. The continued decentralization and dispersion of activities to outlying areas of the region represent a form of urban sprawl with its own real and opportunity costs. But this pattern of development does not change the nature of the market in the region or its impact.
14. On a positive note for downtown in particular, a technology cluster is gradually emerging in the CBD. Future development efforts should be aimed at facilitating this clear market-driven trend.
15. WSU has programs that might be most effective in the downtown or near downtown that could generate both interest and demand for certain types of residences. Because of the state's funding issues, financing is not currently available to move these programs from the WSU campus. Looking ahead, however, there may be public investment opportunities related to downtown's revitalization. The university is a willing partner if there is interest in that course of action.

➔ RE-CONCEPTUALIZING DOWNTOWN DEVELOPMENT AS COMMUNITY

Downtowns have potential for development and for supporting broader community goals if the redevelopment is consistent with economic geographic trends and if it is tightly tied to the economic development goals of the community at large. Revitalization of a particular area in ways that are not linked to these broader trends and goals is not necessarily good public policy nor will it ensure a good use of public funds.

Today, many cities are attempting to re-conceptualize their center cities as community assets rather than simply employment zones. As community assets, there is an emphasis on residences, mixed land use, vibrancy and the feeling that when in the center city, one “belongs.” That is, it is a place one wants to be. This model focuses on the downtown as a place “for people,” a community, a zone within the metropolitan area where people meet, live and play.

This type of model requires getting people out of their cars and onto the streets. It requires services that support residents and families and it requires culturally and socially relevant institutions that support the lifestyles and values of the community participants. This model may, in fact, support large employers moving away from the center so that they can be replaced by enterprises more fitting to supporting broader community goals and developments. The study of community structures and functions has a long and deep history in the social and behavioral sciences.



Community sociologists and psychologists, community development specialists, and community anthropologists have a wealth of information that can be brought to bear on downtown redevelopment. Generally, communities are organic entities that evolve institutions and support services needed by the community participants. A community is a place in which one has critical personal relationships (such as family and friends), to which one feels attached, and about which one has feelings. It is a geographic space that is defined by its participants in a way that may not conform to formal political definitions. In some cases, a community will cut across several political jurisdictions while in others it is smaller than any single jurisdiction. This is an important concept for redevelopment of downtown and it is at the core of considering downtown as a potential successful residential area. The people who inhabit and use the space also are the people who create the understanding of the space and the degree to which it satisfies their needs and supports their ways of life.

There also are long-standing measures of community satisfaction that could be brought to bear on downtown redevelopment, but have to date not been employed. This perspective is crucial if any downtown development plan is to succeed. It is important to understand that a well-done built form is not the same thing as a social structure and support institutions and facilities necessary to create a viable, long-lasting community which is at the heart of downtown redevelopment. The built form complements the plan for redevelopment but it is not the plan. The plan must be focused on the actual outcomes desired and how those outcomes link to people, their lives, expectations, and their actual uses of spaces. (For a detailed discussion of this perspective, see (Bardo J. , 1985).)

Current discussion regarding downtown and current construction projects generally focus on Millennials and older people as downtown residents. Those populations are naturally moving to this area. But both groups are likely to move on, unless assisted living centers and single family homes suitable for families are developed. So, conceptualizing downtown redevelopment as a multi-generational community that is self-perpetuating and a destination for a *continuing flow* of individuals and potentially families is essential. It is also interesting to note that there may be large spaces that could support this type of development in downtown. But, to date, it is not clear that plans have focused on these areas or their potentials as hubs of residential communities.

It also is important to understand that planning of this type requires identification of target populations and engaging with them in real ways regarding their interests, desires, actual lifestyles and their needs for support institutions and businesses. This work cannot be done by a committee of business and political leaders though they are the ones who have to put the process in motion and implement the plans that result from detailed discussions with and analyses of target populations. The process has to engage the very people who are expected to live in the community. Therefore, the first step in the process of developing this type of community is identifying the target populations. The needs and interests of various groups will not always be the same or even compatible. In fact, it is possible that large business or government uses of the space would make it less desirable as a residential area for many potential population targets.

It is important to tie the actual redevelopment effort to the people who are expected to live in the area. Likewise, it is important to understand the adjacencies, land use consistencies and inconsistencies, and patterns of market-based development of the metropolitan region that can affect those uses and their potential success. It is equally important to define success in a manner that is consistent with the goals of economic development, which needs to include actual net growth in jobs in the whole community, net wealth increase, and net increased competitiveness for business. The cost of the public investment must be weighed against these net impacts so that people in the community can see the net return of their investment. As discussed above, many communities are finding that the investments in a particular



downtown area may exacerbate other issues or reduce the actual number of jobs or wealth in the community. When this occurs, it is an indication that the intervention reduced the competitiveness of the metropolitan area rather than creating economic benefit at that level.

➔ NEED FOR A MARKET-BASED ECONOMIC DEVELOPMENT INSTITUTE

What is missing from all of the discussion in this paper is the ability to generate information about economic geographic trends in real time so that they can inform decisions and help refocus the metropolitan region on a market-relevant economic development model. The base software for these types of analyses already is available both to the city and county and to WSU. What is missing are the economic geographers and human ecologists who understand how and why to analyze the data. A human ecologist is a sociologist trained in land use patterns. This specialty dovetails with economic geographers in that human ecologists are trained to balance community and economic concerns. Economic geographers tend to have deeper knowledge in such areas as markets, business location, and transportation. An institute that is interdisciplinary and draws on the strengths of both is most likely to create analyses that both directs economic development by enhancing markets and providing useful information regarding how social trends and sub-populations are being affected.

The model discussed in this paper also assumes that the lead researchers would understand the principles of MBM since this approach is decidedly market-based. This does not mean that they have to be specifically trained in MBM, but the argument being made here is that it is the metropolitan market that is naturally dominant in location decisions and public policy and expenditures should be aimed at enhancing the performance of the market mechanism. This approach assumes growth in the entire economic pie along the three dimensions of net and broad community job growth; broad-based wealth creation; and enhanced business competitiveness, especially in the BREG clusters. Should there be interest in implementing this approach, a full proposal can be developed.

PURPOSES OF THE INSTITUTE

1. Conduct detailed analyses of land use trends in Wichita and make recommendations on how to maximize the market utility of any economic development investment.
2. Explore and test application of market-based management principles to various economic development policies.
3. Analyze changing patterns of development among the urban networks in the I-35 corridor and make recommendations regarding both local and state economic development policy based on these emerging patterns.
4. Create an integrated theory of market-based economic development and how to apply it to real world problems.
5. Assist southcentral Kansas in positioning itself to take maximum advantage of its location as defined above and changes in technology that affect the viability of that location.
6. Produce functional maps of the distribution of economic activity and changes in the patterns of that activity using appropriate mapping technology such as GIS.
7. Act as a consultant to industry to assist in market positioning for that industry
8. Work with other faculty to develop graduate degrees, funded R&D, and support for market-based economic development policies and analyses.

This paper has been focused on different models of economic development. It has tried to elaborate the role of the



university in this arena, the value of the Innovation Campus and Innovation District. It has suggested how a more market-based model might be developed and what the dimensions of that model might be. It also has made suggestions regarding downtown and what is needed with regard to academic and policy support as it applies to issues of revitalization of Wichita and the south-central Kansas region.

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