

## Executive Summary

Better Together has completed its study of Economic Development in St. Louis City and St. Louis County, as well as the 90 municipalities within the County. This study is the second study of six that examine how municipal services are delivered to the people who live within the boundaries of St. Louis City and County, compare the status quo to best practices, and identify potential opportunities for improvement and further conversation.

Co-Chairs Denny Coleman, CEO of the St. Louis Economic Development Partnership, and Brian Murphy, President and Sole Owner of BAM Contracting, led a committee of more than 20 local professionals, entrepreneurs, small business owners, and regional leaders in constructing this report, the goal of which is to better understand the impact of local government on the larger regional economic picture. The efforts of the Committee, Better Together staff, and stakeholders throughout the community have brought to bear information, data, and narratives necessary to further an informed discussion of how the St. Louis region as a whole can strengthen and grow.

The data collected for this community-based study did not come solely from reports and statistics, though many are cited in its findings and available in our database. We also included in our findings the stories and insights of more than 1,500 individuals whose input we gathered over the course of over 100 meetings. These meetings included one-on-one coffees, gatherings with local merchant associations and chambers, and sponsored discussions. Better Together staff conducted business district canvasses to secure feedback from small business owners that are simply too busy to meet anywhere else. Better Together also employed the services of interpreters to gather feedback from immigrant business owners throughout St. Louis City and County, as their stories, insights, and impact are critical to the future of the region.

It is important to note that this report is not meant to compare St. Louis City, St. Louis County, and the County municipalities to one another. Rather, its purpose is to examine and enhance the understanding of how businesses are impacted by their local governments and the structure of the St. Louis region. It seeks to identify successful practices and potential areas for improvement in economic development throughout the region.

An area in need of improvement throughout the region is the use of tax increment financing (TIF). Over \$2 billion of public tax dollars have been diverted to developers as subsidies for private development in the entire St. Louis region over the past 20 years. This large investment coincides with population loss in St. Louis City and St. Louis County over the past decade, as well as a regional unemployment rate that is a full percentage point higher than both the state and national rates. Furthermore, data demonstrates that use of TIF in a municipality, while showing an increase of tax revenue for the host municipality, coincides with declines in tax revenue in neighboring municipalities. Similarly, areas with TIF-related investments have seen an increase in jobs in the years the TIF was active, but such an increase was associated with a decrease in jobs elsewhere. It is clear that such a fragmented approach and the intra-regional competition it fosters should be revisited with a greater emphasis being placed on regional growth and the ability to compete in the national and international economy.

Another area of importance is the creation of workforce goals that ensure continued development of a strong local workforce that is representative of the demographic makeup of St. Louis City and County and that promotes diversity among the current and future generations. An overview of local standards

and regional demographics has been provided as part of this study to facilitate further discussions on this critical issue.

Finally, the St. Louis region would benefit from clarifying and streamlining requirements for starting a business, as well as from incorporating technology and online components into the process. While many municipalities implement practices such as including online access to forms and document, many do not. Furthermore, the varying processes, procedures, and costs required across the region lend themselves to confusion and frustration, especially when taking into account that many small business owners and entrepreneurs frequently receive information on starting a business from existing business owners. In order to foster further discussion on this topic, this report includes a database of the requirements for starting a business in St. Louis City and throughout St. Louis County, as well as information on tools that are currently being utilized in other regions to improve the experience of starting a business.

It is the intent of this study that the input provided by hundreds of citizens and business owners will become part of the criteria when plans are developed and evaluated by the St. Louis community, as it represents the voices of small- and medium-sized businesses from throughout St. Louis City and County.