

Appendix B

Purpose of Analysis

This study has been prepared to evaluate the City of Decatur's economic base. A diverse group of indicators were collected and analyzed in order to gain an accurate picture of the health of the local economic base for the City.

While understanding the components of the City's economy and what strengths and weaknesses its foundation has, it is also important to note that the business climate and the actions of the local government are inextricably linked. While reviewing the quantitative data is critical to this process, it is crucial not to forget that qualitative issues do translate into hard dollar cost items for businesses as well.

Key economic indicators have been reviewed for the City of Decatur and DeKalb County, and compared to the Atlanta MSA¹ and nation, through four sections in this document.

WORKERS: Information on labor force characteristics, unemployment, commuting patterns, and educational attainment is provided.

JOBS: Characteristics on current employment, employment trends, industry sectors and sub-sectors, occupations, employers, layoffs/closures, and business size are profiled.

MONEY: Data on sources of income, wages, sector and sub-sector wages, and earnings to employment ratios is reviewed.

MAJOR FINDINGS: Summary of trends and issues for the City of Decatur.

¹ The Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (MSA) is made up of 28 counties: Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, and Walton.

Workers

LABOR FORCE²

The City of Decatur's labor force totals approximately 13,100, equaling about 69% of the City's total population. The labor force accounted for 67% of the Atlanta MSA's population. By comparison, the nation's labor force accounted for 65% of its total population. While these proportionate differences are not great, they still point to Decatur's population being in an age range that constitutes a strong local workforce for a community of Decatur's size.

LABOR FORCE PARTICIPATION RATE³

Labor Force Participation Rate (LFPR) is the proportion of the total working age population (16 to 65) that is employed or unemployed *and* seeking employment. Timely unemployment data is collected consistently at the county level, thus DeKalb County is used in this assessment.

The Labor Force Participation Rate for DeKalb County is 72.6%, while the national average LFPR is 64.6%. The fact that DeKalb County has a higher rate than the nation does indicate that more folks that are of working age are already employed or actively looking for a job. This is a good indicator for an area, tying conceptually to potential productivity and contributions. It also shows greater potential for wealth generation in the area.

UNEMPLOYMENT

According to the Georgia Department of Labor, the unemployment rate for DeKalb County was 10.3% in September 2010. For the same time period, the unemployment rate for the Atlanta MSA was 10.0%. Both DeKalb County and the MSA were higher than the national rate of 9.6% in September 2010.

As has been seen across the nation, the unemployment rates in DeKalb County, and the Atlanta MSA have changed little over the past year, but remain high by historical standards. The unemployment rate for DeKalb County registered above 10% starting in June 2009. It fluctuated slightly, but stayed above 10% through the end of 2009. The unemployment rate experienced a steady decrease through April 2010, when it dipped to just under 10%. From that point, it has been slowly but steadily increasing; however, it did decrease slightly between August and September, from 10.6% to 10.3%.

² Labor force is defined here as all persons between 16 and 65 years of age. This effectively excludes the elderly and children. However, these parameters should be considered cautiously, as many more retirees are remaining active in the workforce.

³ Obviously, there are people that choose not to participate in the workforce. These people include students, retirees, stay-at-home parents, disabled individuals, those too discouraged about their employment opportunities to actively seek work, or people that have other sources of income and do not need to work. But, the economic impact of LFPR is demonstrated very simply in that those that do not participate in the labor force make a contribution of zero dollars earned annually to the local economy.

COMMUTING PATTERNS

As in most places across the nation, and particularly in metro Atlanta, the majority (70%) of Decatur residents drive alone to work. However, the categories within the transportation modes of the other 30% of residents does provide some interesting information.

Approximately 10% of residents utilized public transportation to get to work, eight percent worked from home, and seven percent walked to work. Of the 30% using alternate means of getting to work, the proportions in Decatur are each essentially double both the Atlanta MSA and national averages in each category.

Approximately 65% of Decatur residents had commute times of 30 minutes or less, with 26% traveling less than 15 minutes from home to work. Approximately 21% of residents commuted between 30 and 45 minutes. Only 13% of Decatur residents drive more than 45 minutes to get from home to work. The average commute time is 25.7 minutes for residents of Decatur, which is less than the Atlanta MSA average of 32.3 minutes.

More detailed data is available in Census-taking years; the last Census data is from 2000, as the 2010 Census city-level data has not been published yet. In 2000, approximately 44.2% of the DeKalb County labor force also worked in DeKalb County. Approximately 35.9% commuted to Fulton County for work. Approximately 10.2% commuted to Gwinnett and 4.0% to Cobb County.

EDUCATIONAL ATTAINMENT

The City of Decatur has a highly educated population as compared to the nation. Decatur has fewer residents with less than a high school education and more with a college education. Slightly less than 25% of Decatur residents have a high school diploma or lesser level of education, with approximately four percent having less than a ninth grade education. Nationally, 44% have a high school diploma or less, with six percent having less than a ninth grade education.

Those with some college but no degree account for 13% of the population in Decatur. For the U.S. as a whole, the figure is 21%. Those with some type of college degree make up approximately 62% of Decatur's population, but only 35% of the nation's; Decatur's proportion of college graduates is almost twice the national average. It is also worth noting that over five percent of adult residents in Decatur hold a doctorate degree. Nationally, just over one percent of adult residents hold a doctorate.

Jobs

TOTAL EMPLOYMENT

The total daytime population, or employees, for Decatur is approximately 10,370. This represents only a tiny fraction (0.37%) of the employment base in the Atlanta MSA. Employment in Decatur has grown by 4.7% since 2000. This rate of growth was a great deal smaller than the Atlanta MSA's rate. Decatur's employment growth was also slower than the nation as a whole, but the difference in growth rates was not nearly as great as with the MSA. It is not surprising that employment growth in Decatur has been fairly modest; the City boundaries have remained relatively fixed, and the City has been fairly built-out for some time.

	City of Decatur	Atlanta MSA	United States
Daytime Population	10,370	2,829,240	146,063,510
Change in Employment since 2000	4.7%	31.4%	12.6%

Source: Claritas

Historical data on employment is available at the county level. When looking at DeKalb County employment figures, one sees a picture of employment that has moved up and down over the past five years, but shown little positive momentum. The number of jobs peaked in 2007. The lowest number of jobs over the five-year period was in 2009.

	2005	2006	2007	2008	2009
Total Employment	291,010	280,920	297,700	296,750	279,850
Annual Change		-3.6%	5.6%	-0.3%	-6.0%

Source: US Bureau of Labor Statistics

TYPE OF EMPLOYMENT

It is worth delving into what types of jobs comprise the total employment for the City of Decatur. A large share of workers (59%) in Decatur works at private, for-profit firms. Approximately 17% work for some level of government (local, state, or federal) and about 15% work at private, not-for-profit firms. Lastly, there are approximately nine percent of workers that are self-employed.

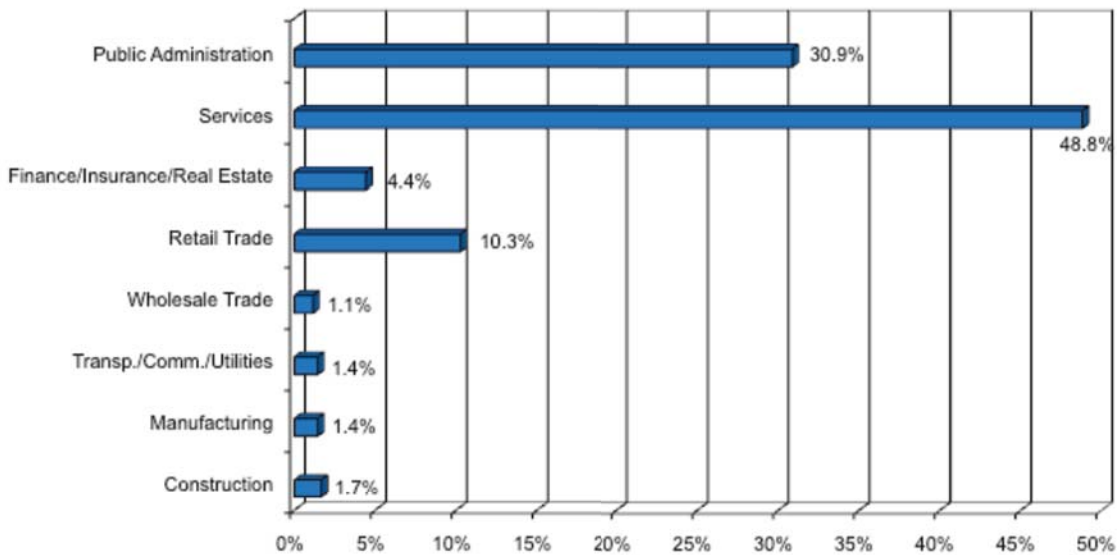
What is particularly interesting is that the proportion of non-profit workers in Decatur is three times the Atlanta MSA average and twice the national average. Further, the rate of self-employment in Decatur is higher than both the Atlanta MSA and national averages.

SECTOR EMPLOYMENT

Local Sector Employment

While overall employment numbers are an important economic and social indicator, the types and nature of jobs vary greatly between different regions, and also within regional economies. The following chart gives a breakdown of employment by category within the City of Decatur. The largest proportion of jobs is in the Services sector (48.8%) and the second-largest job sector is Public Administration (30.9%). Retail Trade accounts for 10.3% of total employment and Finance/Insurance/Real Estate represents 4.4% of employment. All of the other employment sectors account for less than two percent of overall employment.

Sector Employment, City of Decatur, 2009



Source: Claritas

Clearly, basically half the jobs in Decatur are in one employment sector -- Services. Services is a “mixed bag” when it comes to jobs, it includes restaurant workers to doctors to garbage collectors to teachers to amusement park operators. In Decatur, it is an indication of the strong residential base, and the jobs that are built upon serving those residents. Further, the large proportion of Public Administration jobs makes sense since the headquarters and a major court facility of a large mature urban county government’s offices are located in Decatur. What is concerning about these two employment sectors is that they make up a vast majority of employment for the City -- two of eight employment sectors provide 80% of total employment.

Additionally, there is only one other sector that delivers double-digit employment in Decatur -- Retail Trade. It barely crosses the mark of double-digits with 10%; this can be tied to the

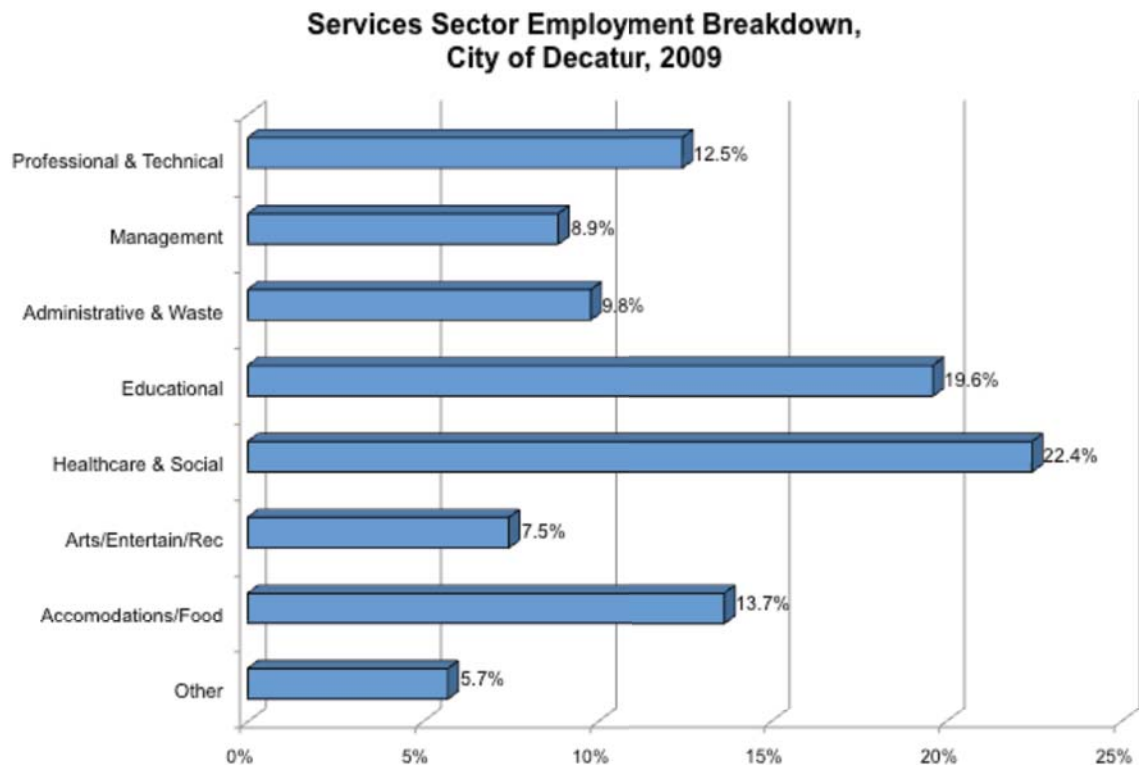
current development patterns in the City, with almost all of the shopping centers that serve City residents located outside the Decatur city limits. It is also important to note that Retail is a sector that is basically a double-edged sword. While a city wants retail to serve its residents and provide needed and convenience goods and services, it also tends to be comprised by low-paying, low-skill jobs, often with minimal training provided and little room for advancement.

That leaves five of the eight employment sectors each contributing less than five percent of the total employment base, with only one of these five above even two percent. This is a clear indication of sectors that have little relevance or basis in the City. What is particularly troubling is that these five employment sectors include some of the traditionally highest-paying, highest-skill jobs for a community.

Local Sub-Sector Employment

As mentioned in the preceding section, the Services employment sector includes a wide range of employment types. Because Services are such a large portion of Decatur’s employment base, it is important to examine the different types of Service jobs in the City.

As can be seen in the chart below, the greatest proportion of Service jobs are classified as Healthcare and Social Service (22.4%). Educational jobs (19.6%) make up the second largest category of Service jobs. The Accommodations/Food category (13.7%) is the third largest grouping of Service jobs, and Professional and Technical Services (12.5%) is the fourth. All other Services sub-sectors make up less than ten percent of Service jobs in the City.



The Healthcare and Educational sub-sectors are both leading sub-sectors for Decatur, each constituting approximately 20% of the City's Services employment sector. Healthcare and Social Service tops the list likely based on the major employers of Emory University Health Systems-Emory Clinic's administrative offices and the Decatur Hospital of DeKalb Medical Center. There are also social service-related jobs located within the administrative offices of DeKalb County.

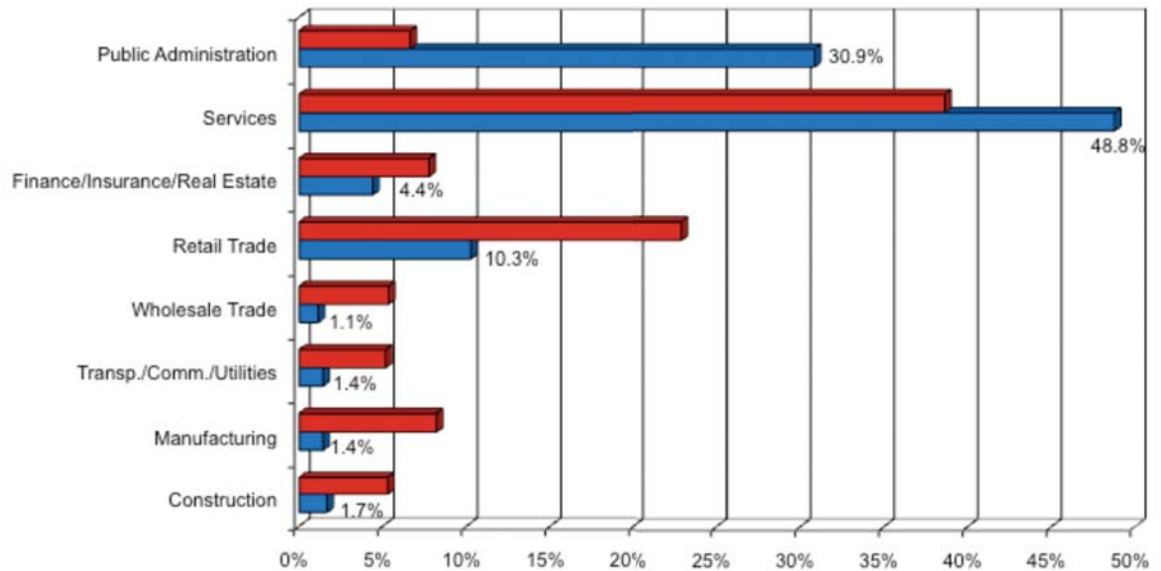
The strong concentration of Educational jobs is likely the result of the various colleges located within the City. Again, this proportion is reflective of major employers in Decatur, including Agnes Scott College, Art Institute of Atlanta, Columbia Theological Seminary, and DeVry University. Additionally, the Decatur Board of Education is one of the top three employers for the City.

While some might expect to see the category encompassing restaurants to be at the top of the sub-sector list, that would be based more on perception and the clustering of these facilities in the town center in a very visible location. The Accommodations/Food-related jobs is a solid sub-sector in terms of employment, ranking third of eight, and is a critical one in terms of residential services. However, while the Accommodations/Food sub-sector provides very desirable services for residents, the types of jobs are a mixed circumstance of high and low pay and skill sets.

Sector Employment Comparison

As depicted in the chart below, employment by sector for Decatur varies in some significant ways from the Atlanta MSA's⁴ sector employment. The largest percentage of jobs in Decatur is in the Services sector, at 48.8%, which is notably larger than the MSA percentage of 38.7%. The second largest sector in Decatur is Public Administration, at 30.9%. This figure is significant because it is five times larger than the MSA average. Retail Trade represents 10.3% of Decatur employment, which is just under half of the MSA average.

Sector Employment Comparison,
City of Decatur and Atlanta MSA, 2009



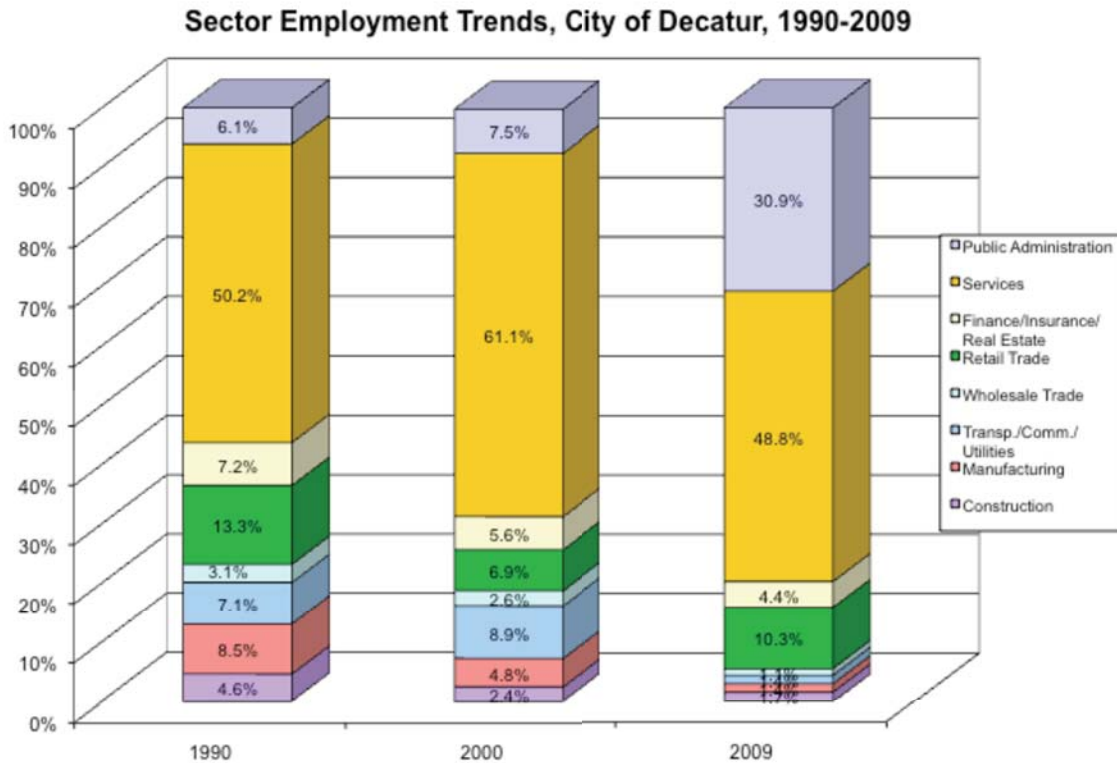
Source: Claritas

It is also worth noting that the five other sectors that constitute 10% of Decatur's employment base comprise 30% of the Atlanta MSA's employment base.

⁴ The Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (MSA) is made up of 28 counties: Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, and Walton.

Sector Employment Trends

The chart below illustrates the sector employment trends in the City of Decatur between 1990 and 2009. Over the two decades considered, the Services sector remained the largest percentage of employment. Public Administration grew substantially between 2000 and 2009, but this is largely explained by the reclassification of certain administrative jobs from the Services sector, as opposed to an actual increase in employment.⁵ The significant change in Decatur seems to be transitions from the Services and Transportation/Communications/Utilities sectors to Public Administration.



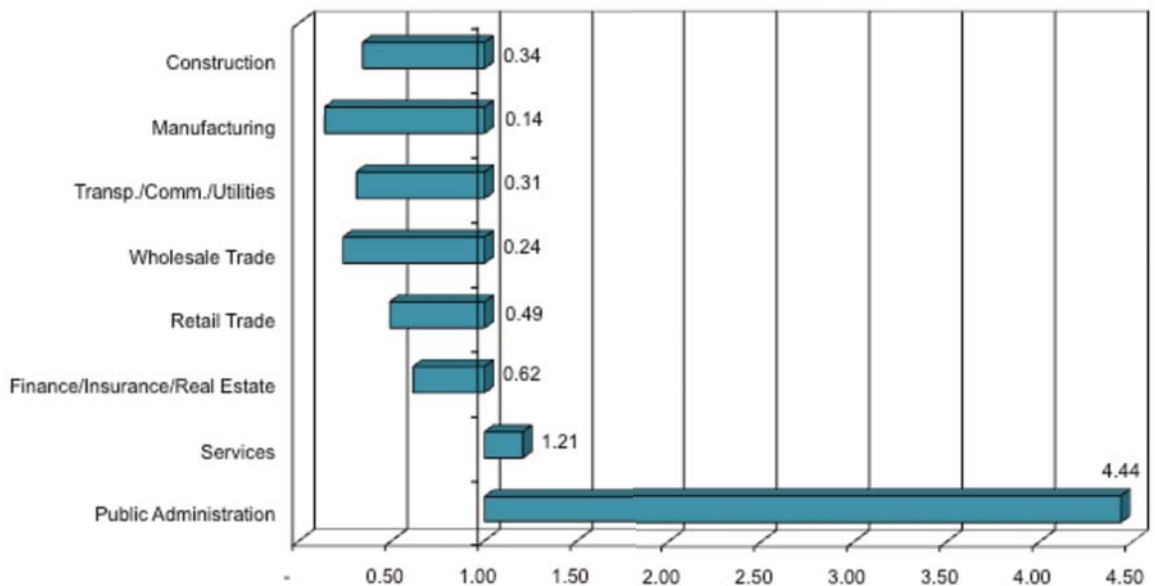
The Retail Trade sector and the Finance/Insurance/Real Estate sector both declined slightly in proportionate shares of employment over the time period. Conversely, the Wholesale Trade sector, Manufacturing sector, Transportation/Communication/Utilities sector, and Construction sector all shrank significantly to become fairly inconsequential portions of the local employment base during this time period.

⁵ The transition from the Standard Industrial Classification (SIC) system to the North American Industrial Classification System (NAICS) added, subtracted, and rearranged jobs within industry sectors. These changes impacted the appearance of local economic base structure trends to varying degrees across the country.

Location Quotients

The City of Decatur has location quotients⁶ above 1.0 in two sectors: Public Administration and Services, as illustrated in the following chart. The concentration of Public Administration jobs within the City is notable since it is over four times the national average. However, the strength of the Public Administration sector is not surprising, considering the City’s status as the county seat of a major urban county, in addition to City government functions as well. The Services location quotient is also above the national average. This is largely due to the fact that several of Decatur’s major employers are within this employment sector.

Sector Employment Location Quotients, City of Decatur, 2009



Source: Claritas, Market + Main, Inc.

The Manufacturing sector, Wholesale Trade sector, Construction sector, and Transportation/Communications/Utilities sector are considerably underrepresented when compared to the nation.

⁶ Location quotients compare the local employment contribution of any given sector to its contribution nationally. A location quotient of 1.0 indicates that sector is providing the same percentage of employment locally and nationally. Above or below 1.0 means the industry is larger or smaller than the national average, respectively.

OCCUPATIONS

The largest occupational categories for workers in the City of Decatur are:

- Management (14.4%);
- Office and Administrative Support (10.0%);
- Education, Training, and Library (8.7%); and
- Sales and Sales Related (8.4%).

Only a handful of other occupations constitute more than five percent of total employment, including: Arts/Entertainment/Sports, Business/Financial Operations, Food Preparation/Serving, and Health Practitioner/Technician.

	City of Decatur	Atlanta MSA	United States
Architect/Engineer	2.5%	1.8%	1.9%
Arts/Entertain/Sports	7.0%	1.9%	1.9%
Building Grounds Maint	3.0%	3.4%	3.9%
Business/Financial Ops	6.8%	5.5%	4.4%
Community/Soc Svcs	2.9%	1.4%	1.6%
Computer/Mathematical	4.4%	3.5%	2.4%
Construction/Extraction	2.2%	6.2%	6.0%
Edu/Training/Library	8.7%	6.0%	5.8%
Farm/Fish/Forestry	0.0%	0.1%	0.7%
Food Prep/Serving	5.1%	4.9%	5.4%
Health Practitioner/Tech	6.2%	4.0%	5.1%
Healthcare Support	1.0%	1.4%	2.3%
Maintenance Repair	1.4%	3.3%	3.4%
Legal	4.6%	1.3%	1.1%
Life/Phys/Soc Science	3.6%	0.8%	0.9%
Management	14.4%	11.7%	9.6%
Office/Admin Support	10.0%	14.1%	14.2%
Production	0.7%	4.5%	6.5%
Protective Svcs	1.3%	2.0%	2.2%
Sales/Related	8.4%	12.9%	11.3%
Personal Care/Svc	3.4%	3.0%	3.3%
Transportation/Moving	2.4%	6.1%	6.1%

Source: Claritas

As would be expected, the various proportions of Decatur's occupations are different from those found in the Atlanta MSA and the nation, but these differences are minor. In fact, three of the top four occupations are the same for the City, MSA, and nation; these categories are: Management; Office and Administrative Support; and Sales/Sales Related. The Education, Training, and Library category is in Decatur's top four occupations, but it is not in the top four for the Atlanta MSA or the nation; though the proportions represented are similar.

LAYOFFS AND CLOSURES

The Georgia Department of Labor publishes a Business Layoff and Closure Listing containing information reported to the agency through WARN (Worker Adjustment and Retraining Notification). For the period from January 2005 through October 2010, seven major layoffs or closures were reported in the greater Decatur area (not necessarily within the Decatur city limits). These layoffs and closures affected over 600 jobs.

Type	Year	Company	Jobs
Closure	2005	Save Rite Store	55
Closure	2005	Save Rite Store	50
Layoff	2005	DeKalb Community Service Board	70
Closure	2007	Harland Regional Printing Facility	105
Layoff	2008	Harland Clarke	5
Layoff	2008	DeKalb County Schools	125
Closure	2009	Harland Clarke	220

Source: Georgia Department of Labor

LARGEST EMPLOYERS

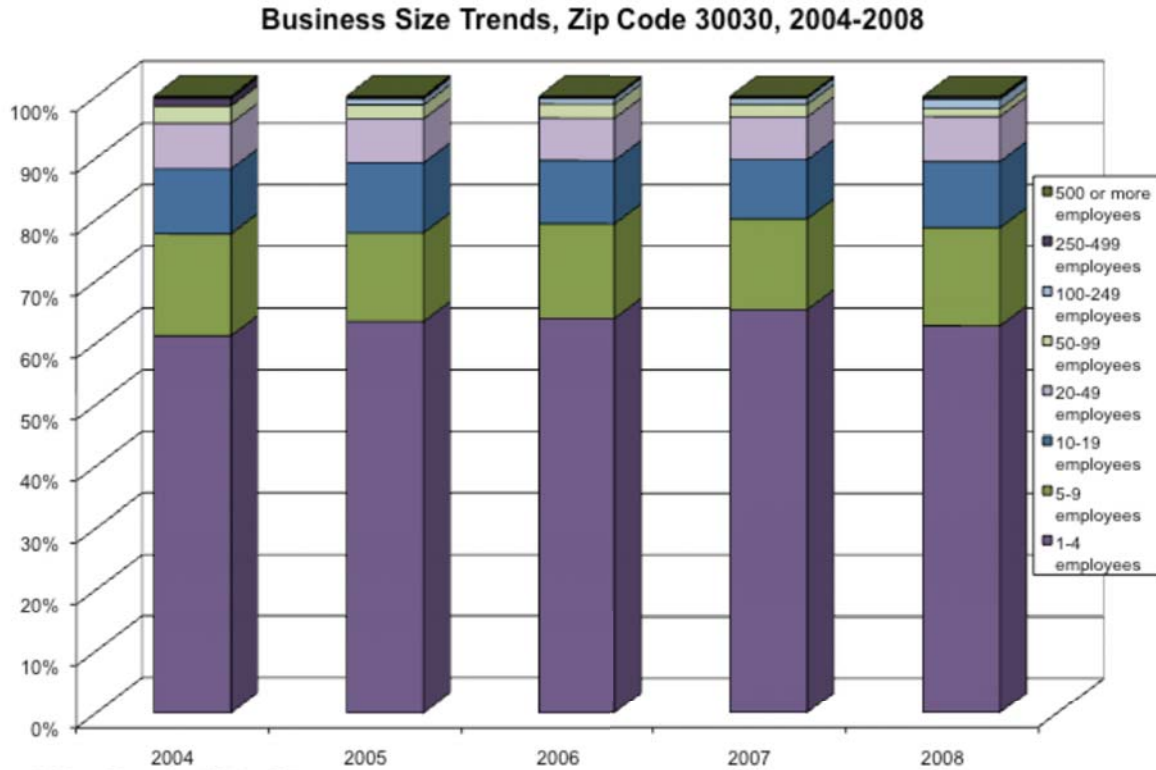
The largest employers in Decatur, all with over 100 employees, are listed below. It is important to note that many of the largest employers in the City are associated with local government, education, and healthcare; correlating closely with the large proportions of jobs in the City that are related to the Services and Public Administration sectors.

Employer	Jobs
DeKalb County Government	1,200
Emory University Health Systems – Emory Clinic	600
Decatur Board of Education	489
Agnes Scott College	375
McCurdy Candler	225
U.S. Postal Service	200
DeVry Institute	200
City of Decatur	200
Decatur Hospital (DeKalb Medical Center)	150
Columbia Theological Seminary	100

Source: City of Decatur

BUSINESS SIZE⁷

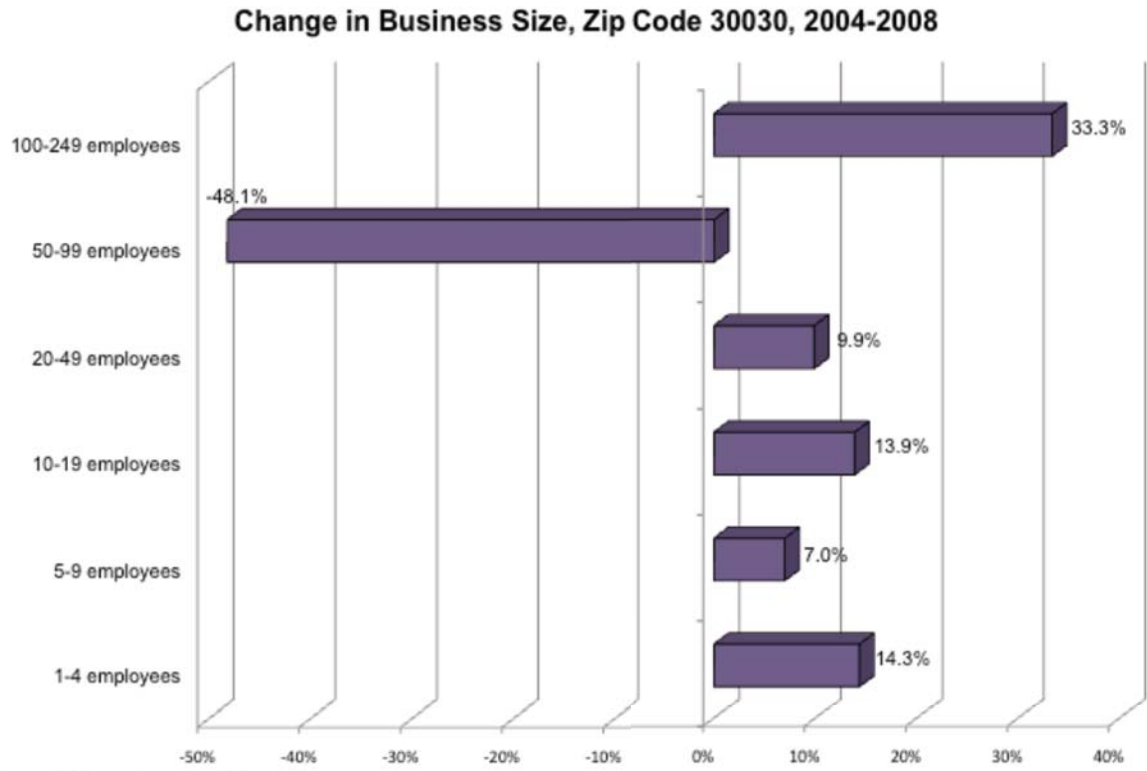
The total number of businesses in Decatur increased slowly, but steadily, every year between 2004 and 2008. In 2004, there were 960 businesses. By 2008, this figure had grown by 11.5%, to 1,070. Not surprisingly, the bulk of the City of Decatur’s employers are small businesses. Further, for the most part, as number of employees/size of business increases, the total number of businesses decreases. This can clearly be seen graphically in the chart below.



In 2004, 61.2% of Decatur area’s 960 businesses had one to four employees. The proportion of companies with one to four employees has remained fairly stable, increasing to 65.4% in 2007 before dropping back to 62.8% in 2008. In 2008, almost 16% of the businesses had between five and nine employees. Businesses with 10 to 19 employees accounted for just under 11% of the total. Businesses with more than 20 employees comprised roughly 10% of all businesses in Decatur area.

⁷ The US Census Bureau’s County Business Patterns collects business size data for zip codes, counties, MSAs and states, not cities. The 30030 zip code was used to comprise the City of Decatur.

There was a steady growth in businesses of all sizes between 2004 and 2008 in the Decatur area, with the exception of those businesses with 50 to 99 employees. The category of businesses with 100 to 249 employees experienced the greatest growth (33%) during this time frame; but this is a bit misleading, as the absolute numbers are small, the growth was an increase from a total of 12 businesses to 16. It is clear from the following chart that there was consistent growth in all businesses with less than 50 employees. Because businesses with 1 to 4 employees is the greatest proportionate segment for Decatur, the solid percentage growth (14%) still downplays the absolute growth, which was an increase of 84 businesses during the four-year period examined.



Money

SOURCES OF INCOME

There are three primary sources of income: earnings, investments, and transfer payments. Earnings are wages and salary received from employment. Investments include unearned income from sources such as stocks, bonds, rents, and royalties. Transfer payments include governmental financial assistance, such as Social Security, Medicare, and Medicaid.

Unfortunately, the most recent data on sources of income at the city-level is from the 2000 Census, as the 2010 Census data has not been released for this level yet. Decatur's average proportions of income sources in 2000 were: earnings (84.8%); investments (11.1%); and transfer payments (4.1%). There is not a known significant reason to assume substantial changes in the proportions of sources of income in the City in the intervening years.

More recent data (2008) is available for county-level geography and larger. DeKalb County's proportion of income from earnings is just slightly below the Atlanta MSA figure, but it is higher than the national rate. DeKalb's percentage of income from investment is lower than the MSA and nation. The proportion of transfer payments for DeKalb County is greater than the MSA, but less than the nation. Assuming that city-level income trends for Decatur have remained fairly steady over the last decade, the City of Decatur would have a much higher proportion of income from earnings, a lower proportion from investments, and a significantly lower proportion of transfer payments than the county, MSA, and nation.

	Earnings	Investments	Transfer Payments
DeKalb County	72.6%	15.8%	11.5%
Atlanta MSA	72.8%	16.4%	10.8%
United States	66.6%	18.0%	15.3%

Source: US Bureau of Economic Analysis

WAGES

Data on average annual wages is collected at the county level. In every year between 2005 and 2009, average wages in DeKalb County were just slightly below the average for the Atlanta MSA, almost reaching parity in 2009. Wages in the County have been consistently higher than the national average. However, DeKalb County wages have lost ground as a percentage of national wages every year between 2005 and 2008, before rebounding slightly in 2009. The County's average annual wage in 2009 was approximately \$48,000.

	2005	2006	2007	2008	2009
DeKalb County	\$43,800	\$45,590	\$47,260	\$47,800	\$48,000
% of MSA	98.2%	99.3%	98.2%	99.5%	99.9%
% of US	107.7%	107.2%	106.3%	104.9%	105.4%
Atlanta MSA	\$44,600	\$45,890	\$48,110	\$48,060	\$48,070
United States	\$40,680	\$42,540	\$44,460	\$45,560	\$45,550

Source: US Bureau of Labor Statistics

Wages that are above average are obviously positive for the local community, but they can be a mixed circumstance for company recruitment. For instance, some companies may take note that labor force costs are cheaper in other locales and assume that there will also be less competition for employees. But, in the long-term, underpaid workers do not make as strong an economic contribution, and low wages often indicate potential issues with workforce quality. While these are DeKalb County wages, and not City of Decatur, it is nonetheless apparent that any strategy for business recruitment or expansion in the City should focus on the assets of the local workforce in education and skill sets that are clearly reflected in the high level of average annual wages, and target the types of companies that would greatly value these local assets.

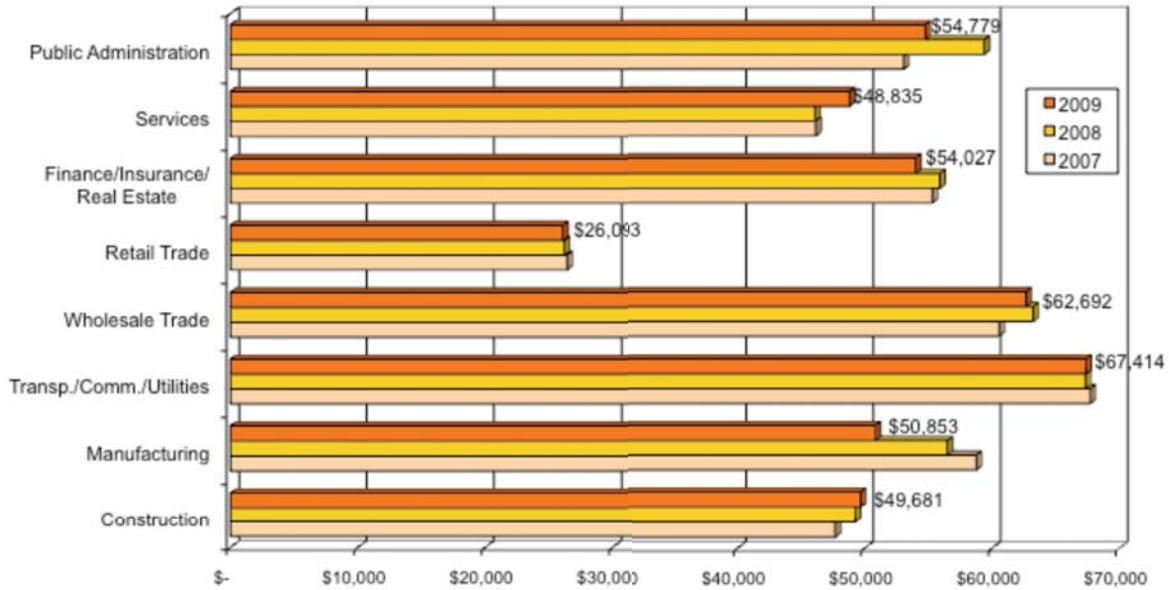
SECTOR WAGES

Local Sector Wages

While the average wage for an area can convey a great deal about overall economic health, sector wages provide a better sense of the inner workings of the local economy. Unfortunately, there is a limitation to data access in relation to wages. Between Census-taking years (which are every decade – the last one was 2000, and one has just been completed this year, but the city-level data has not yet been released), the Bureau of Labor Statistics only reports quarterly and annual data for counties; no geographies smaller in size.

The chart on the next page breaks out wages in DeKalb County by sector from 2007 to 2009. Over the three-year period, wages within each sector were fairly stable. There is, however, a great deal of variation in wage levels between the different sectors. The lowest paying sector by far is Retail Trade. Over the three-year period, the average wage for this sector was just above \$26,000. The highest wages were found in the Transportation/Communications/ Utilities sector, at over \$67,000 in each year reviewed.

Wages by Industry Sector, DeKalb County, 2007-2009



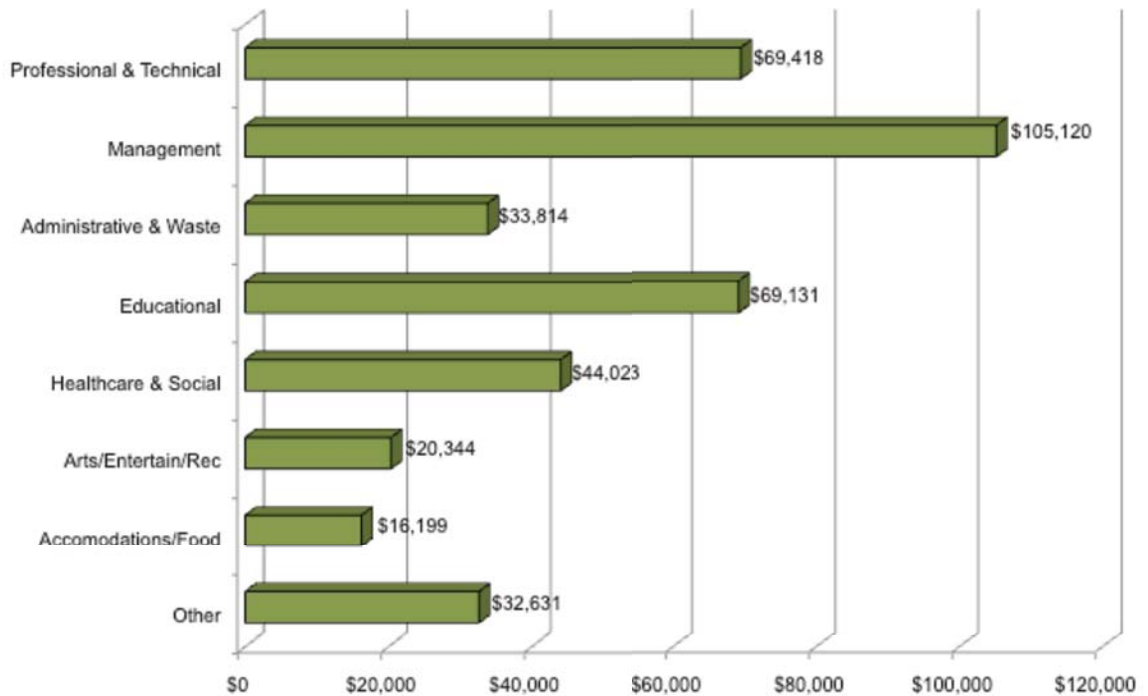
Source: US Bureau of Labor Statistics

Between 2007 and 2009, the wages in the Services sector, Public Administration sector, and Transportation/Communications/Utilities sector increased. Both the Finance/Insurance/Real Estate and Manufacturing sectors' average annual wages decreased over the same time frame.

Local Sub-Sector Wages

As noted previously, the Services sector encompasses a wide variety of jobs with a great deal of variation in wages. Because the Services sector makes up such a large proportion of jobs in the City of Decatur, it is important to dissect this category further into sub-sectors to obtain a better understanding of the sector’s wage structure.

Services Sector Wages Breakdown, DeKalb County, 2009



Source: US Bureau of Labor Statistics

Perhaps most striking about the chart above is the clear break that emerges around the \$35,000 mark. Four of the eight sub-sectors are above \$35,000 and four are below \$35,000. The three largest sub-sectors all pay above the \$35,000 mark; with Professional and Technical and Educational sub-sectors both around \$69,000 and Healthcare and Social Service at \$44,000. Clearly the Management sub-sector is the highest paying by far, but accounts for a small proportion of jobs.

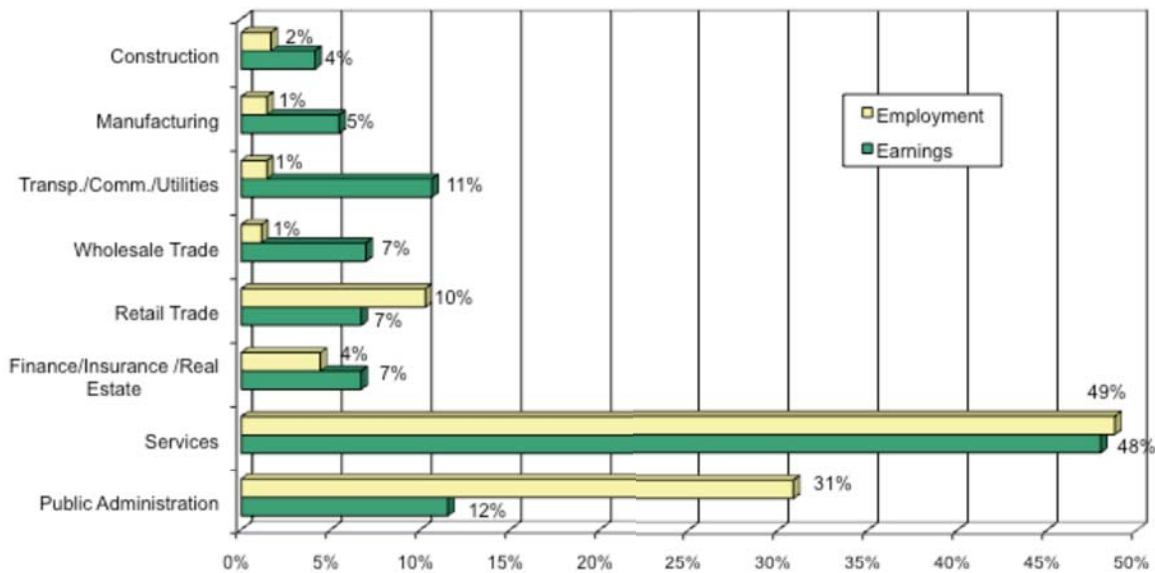
Local Sector Earnings & Employment Comparison

Unfortunately, there is a limitation to data access in relation to wages, with County data being the most updated currently available. So, while it is not an exact comparison, it is the closest that is available – using City employment data and County wage data. While it is possible that there are differences in City-specific wages, it is likely that the ratios of employment to earnings would not change substantially.

When the proportion of earnings a sector contributes is lower than the proportion of employment, it means that these are relatively low-paying jobs and the reverse is also true,

higher earnings than employment proportions point to high-paying jobs. The five sectors with positive earnings to employment ratios are also the five sectors that combined account for 10% of total employment, as in the following chart. The Services sector is essentially equal in terms of proportions of earnings and employment. Both Retail Trade and Public Administration have negative earnings to employment ratios, meaning they likely have lower-paying jobs.

Proportion of Employment vs. Earnings by Industry Sector, City of Decatur and DeKalb County, 2009



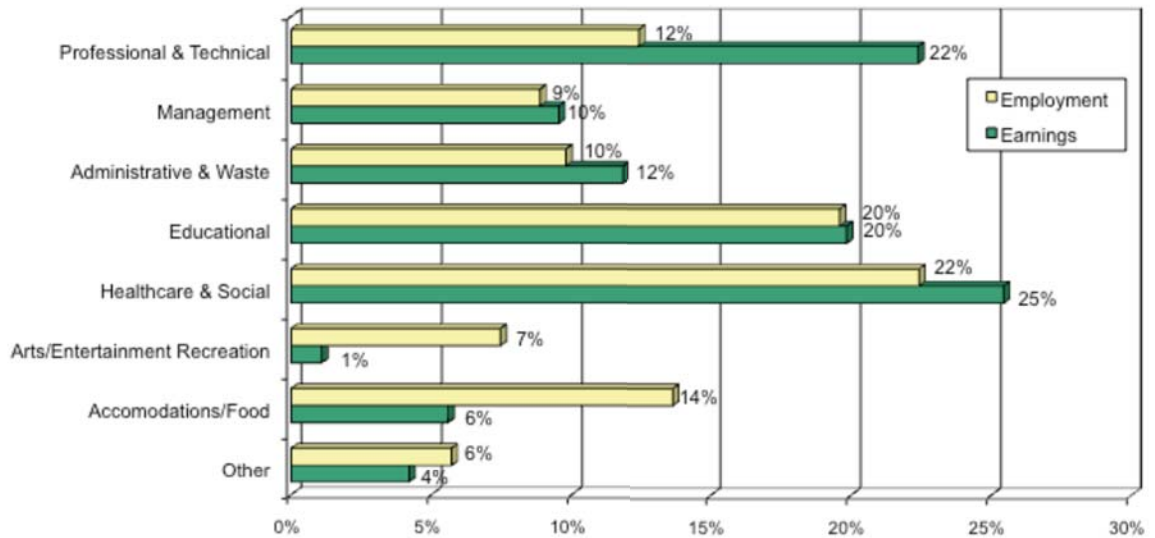
Source: Claritas, US Bureau of Labor Statistics, Market + Main, Inc.

Local Sub-Sector Earnings & Employment Comparison

As noted previously, the Services sector encompasses a wide variety of jobs with a great deal of variation in wages. Just as with overall employment sectors, when the proportion of wages a sub-sector contributes is higher per job than its proportion of employment, it means that these are high-paying jobs. Conversely, if there is a higher concentration of employment versus wages, it usually indicates a low-paying job. Again, there is a data limitation in making a comparison with county wages and city employment, but the ratios still convey valuable information.

For the Services employment sector in Decatur, there are three sub-sectors with positive earnings to employment ratios, two sub-sectors that are equal in proportion, and three with negative ratios, as shown in the following chart. There is a much higher proportion of earnings than employment in the Professional and Technical Services sub-sector. This means that these jobs are high-paying relative to other Services sector jobs. The two largest Services sub-sectors in Decatur, Healthcare and Social Service and Educational, have essentially equal proportions of earnings and employment, meaning they pay basically average wages. For the Arts/Entertainment/ Recreation and Accommodations/Food sub-sectors, the proportion of employment is much greater than earnings; indicating lower-paying jobs in these two categories. This is particularly concerning for the Accommodations/Food sub-sector, since this is the third largest Services sub-sector in Decatur in terms of jobs.

Proportion of Employment vs. Earnings by Services Subsector, City of Decatur and DeKalb County, 2009



Source: Claritas, US Bureau of Labor Statistics, Market + Main, Inc.

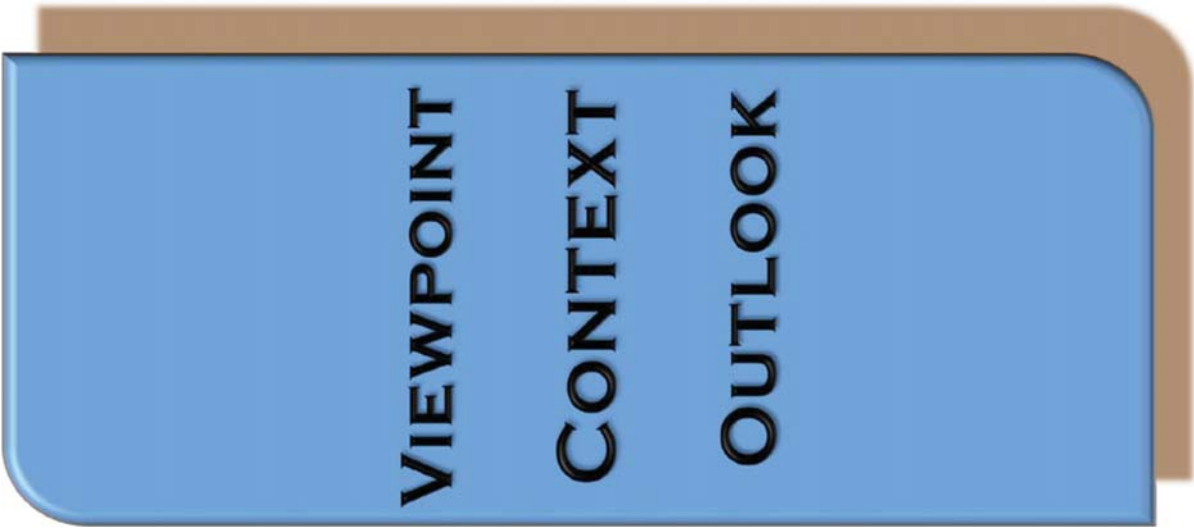
Major Findings: Trends & Issues

As with any community, the results and conclusions of this *Economic Base Snapshot* are mixed for the City of Decatur and DeKalb County. Since community capacity and business climate are really the accumulated sum of numerous individual factors, any individual shortcomings can result in a negative perception of the community. Conversely, strengths and assets can be leveraged to establish a positive reality, and thus, project a more positive image of the community.

POSITIVE	NEGATIVE
Incredibly high educational attainment levels	Small job base
Majority of small-sized employers	Slow job growth
Strong growth in small employers	Non-diverse employment base
High proportion of self-employed	Limited jobs in high-paying sectors
Solid wage levels	Very high concentration in government sector
Positive or equal earnings to employment ratios in largest Services sub-sectors	Negative earnings to employment ratios in largest employment sectors
Larger than average relative workforce size	Positive earnings to employment ratios in limited number of jobs
Shorter average commute time to work	Many of largest employers are government

Overall, the City of Decatur has strong positives in relation to workforce and business size. However, there are notable negatives in relation to size of job base, lack of diversity in economic base, and earnings to employment ratios. The decision before Decatur now in terms of economic base viability and vitality is essentially about the type of community that is desired. Decatur can remain a predominately residential/bedroom community with businesses that primarily serve residents or it can move towards a more robust local economy enabling people to both live and work in the City.

If Decatur does want to grow its job base, it will have to target and work to attract different employment sectors in order to diversify the City's economic base. The City's location in the heart of a major metropolitan area and its proximity to many colleges and universities give it the opportunity to recruit high-paying jobs in expanding creative and technical fields. The City's quality of life and demographic and cultural profile are significant assets to leverage. However, to succeed and compete in this global environment, economic and community development efforts in Decatur will need to be focused and proactive.

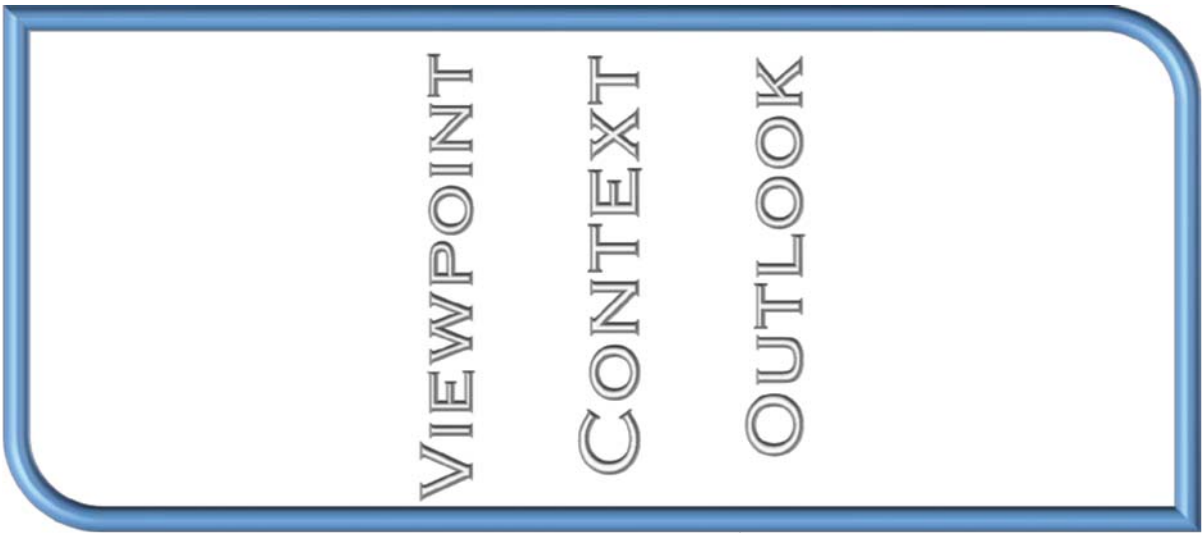


The City of Decatur has been working diligently for the last 25 years to build a truly sustainable community. The City has made many strides towards this long-term goal. While it is not always discussed as widely as some other physical factors, economic integration is really the principal driver and supporter for sustainability. While economic integration can be a complicated, global, theoretical concept; in its simplest terms, it is essentially about a thriving, working, viable, diverse economic base, and thus, community.

Economic integration can also serve as a gauge of how adept a community is at adapting to change. The demographic and economic shifts that are happening across the country are delivering new dynamics that communities have to navigate. What makes a traditional household, what constitutes a minority, where appealing homes are located, and how work takes place -- these are definitions that are undergoing a transformation.

The more options and choices a community is able to offer, the stronger the foundation and the greater likelihood that the community will thrive into the future. This idea is becoming more and more recognized across the nation in relation to housing. Successful sustainable housing comes down to having a diversity of housing product; simply meaning allowing mixed products and a variety of price points. Single-family homes, townhomes, condos, and apartments should all be allowed. They should be co-located, and not separated into clusters. This enables life cycle housing, meaning many stages of life living in the same community. From current students to high school and college grads, from those with their first job to those in retirement, and from beginning families to empty nesters.

While the housing choice and diversity concept is gaining a broader understanding and a broader audience, the often less talked about diversity needed in a community is economic. It is not as widely understood, and perhaps not as accessible as the housing discussion. But, at economic diversity's core (just like housing's), it is really about feasible options and choices at every stage in life. Having a variety of jobs, requiring different skill sets, needing different educational attainment

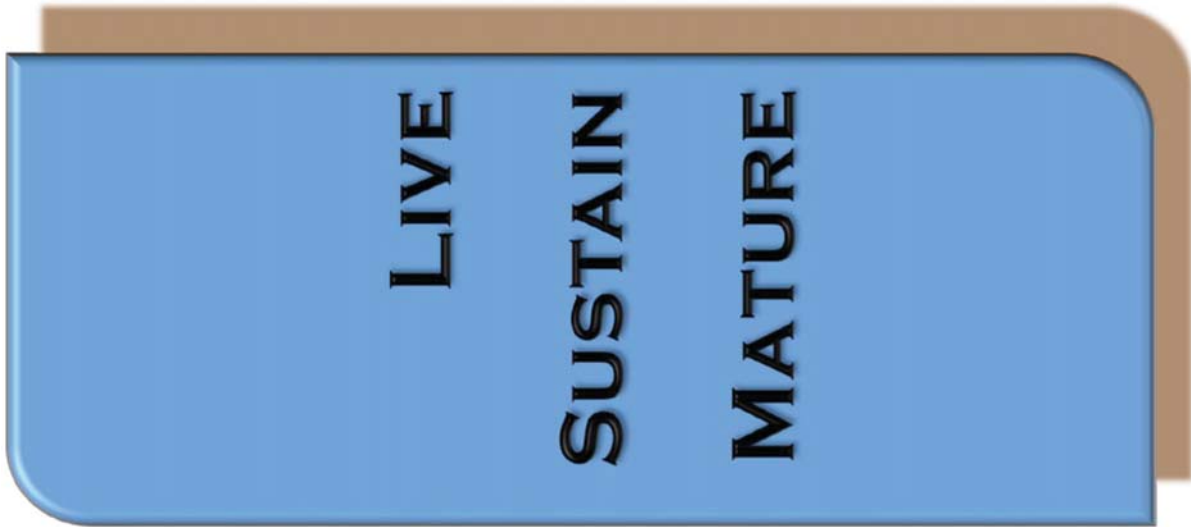


levels, wanting different types of experience, entailing different kinds of work hours, offering different types of training, and involving all walks of life -- this is economic diversity.

The City of Decatur is really at a crossroads in 2010. The hard work that has already been done is impressive. It is widely known throughout the metro region, and beyond, the success and momentum in Decatur. The progress already made is something many communities would find to be an enviable position. But the crossroads for the City as this point is essentially a pure policy direction choice in front of City leadership – either decide the City is basically built-out or decide to grow in the future.

Decatur can be the City it is today, which is quite extraordinary. But, if there are desires to have more or different retail goods and services available, to have a diversity of jobs, to have more affordable housing, and to have increased City services, among others -- then the City has to grow. The City would have to increase the number of people, the amount and type of commercial square feet, and the size and type of housing product, to achieve these desires. The ways to take these steps in the City of Decatur today, given its limited size and built-out nature, is to go up or out or both; that is to densify (up) or annex (out). Both of these steps would need to be done strategically and thoughtfully in order to retain the characteristics of why people love and value Decatur today, while “improving” it to be what people will love and value about Decatur tomorrow.

If a community achieves diversity across its base, then achieving long-term sustainability moves past being a goal, and becomes a real, viable target. While the basic concept of sustainability -- meeting the needs of the present without compromising the future -- can be vague, and even subjective, wouldn't sustainability be achieved if every citizen has the range of viable choices before them that would allow them to live and work in their community? Decatur is now at the point of taking the next logical step in achieving long-term sustainability for this progressive community.



The City of Decatur is more or less built-out. Essentially, there is not room for significantly more residents to be able to move into the community. If the goal is housing product diversification and increasing affordability in the City, the land values, limited land availability, and development patterns would not allow that goal to be achieved through single-family home development alone. It would require some level of increased density. Realistically, the whole City can not and should not be only single-family housing stock; concentrating on or incenting new single-family development would be an ineffective policy at this juncture.

It is imperative to remember that density should always be considered on a relative spectrum. However, no community has proven successful in long-term sustainability built solely on single-family development; that is the problem many suburbs are facing that have merely become bedroom communities. Instead, density is necessary to create a walkable, urban environment, which requires multi-family housing, as either condominiums or apartments.

It is also important to keep in mind the value of rental or leased residential space in a community. It helps people investigate the potential investment of purchasing in the community, and provides the immediate benefit of the residential base increasing, as do the total dollars spent within the community. Ideally, every city would provide housing options for their residents from cradle to grave. Apartments are a key part of that cycle, particularly right out of school and with more and more common life disruptions, such as divorce, job relocation, etc. Additionally, the quality of the available rental units in the City of Decatur has been greatly impacted by the lack of new apartment construction. This lack of new stock has actually artificially suppressed the rental market, and provided a disincentive for existing apartments to remain competitive in the type and quality of product they deliver to the market.

MARKET MECHANICS

If Decatur continues to remain a great place to live, housing demand will remain strong and increase. If housing supply does not also increase, prices will necessarily continue to rise. This could ultimately lead to a very different community dynamic than today's in Decatur, where many current residents can no longer afford to live here. One way to address the mismatch is through the development of more affordable housing, which given Decatur's characteristics, would be best achieved through increasing the diversity of housing product type, and thus, price point.

RENTAL GAP

There are some relevant new dynamics and realities in the housing market today: currently financing for condominiums can not be secured, condominiums have become a difficult product to sell, and many potential homeowners are renting by choice. Additionally, the Decatur market dynamics support more rental, as surrounding apartment occupancy rates are very high. Increasing rental product throughout the City, but particularly in the downtown core, would increase choices for young professionals, working-class families, students, and empty nesters, among others.

EMBRACE STUDENTS

A relatively recent change for Decatur has been the movement of higher education into office space. DeVry University and the Art Institute of Atlanta have both located classroom and administrative uses in the downtown core. In addition, there are the notable student populations at both Agnes Scott College and Emory University. This total student population base is significant, and presents an opportunity for the City in terms of integrating students into the local residential and economic base. Enabling dedicated student housing or simply encouraging more dense development as rental product could be an asset to Decatur. It would increase the variety of ages living in the City, even with the area's high housing prices. It could also add vitality and new business types to the City, particularly in the downtown core.



COMMUNAL APPROVAL

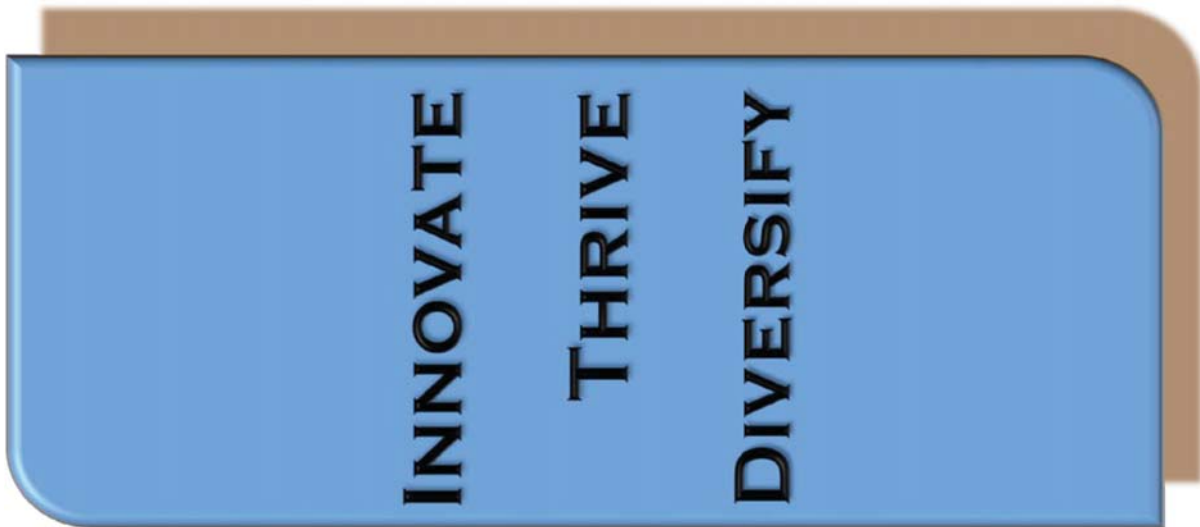
Property owners, developers, and builders must have a certain level of stability in their development or redevelopment projects in order to proceed. This becomes even more important as investors and lenders come to the table. On the other side of the coin, residents, neighbors, local businesses, and other stakeholders also desire certainty in their community. The City of Decatur needs a specific, explicit, unambiguous development approval process. Ideally, there would be enough specificity in the zoning and development regulations that any project could meet the requirements and actually not even have to obtain an “approval” past the staff level. If a project needed a variance or had a special request, there should then be a clear, easily navigable, and finite process for public input. Ideally, there would be defined input points and methods ensuring balanced citizen input, as needed. An exact and overt municipal review process for development would benefit all parties involved, as well as development and redevelopment efforts in the City as a whole.



Job creation in this country is coming primarily from small companies. The economy is being fueled through an amazing push by entrepreneurs. The vast majority of US businesses employ less than ten people today. Entrepreneurism is an enduring source of new job creation and innovation in the American economy. In fact, 2009 was the highest point on record of people reporting entry into entrepreneurial activity in the United States. Many successful businesses and industries started in neighborhoods serving local markets, sometimes expanding to national, and even international, distribution. Equally important, particularly in communities like Decatur, are the local serving businesses that support neighborhood commercial districts; which serve residents, attract investment, supply jobs, and help to create local wealth.

Entrepreneurs can be a critical linchpin in the transformation and diversification of the local economic base. Entrepreneurs tend to be “sticky,” that is, they tend to stay in the same place or at least in close proximity to the place they started their business; beginning what is called a “virtuous cycle.” Entrepreneurs are an asset for a community because they are making localized decisions and likely increasing local leadership capacity. Perhaps most importantly, entrepreneurs create wealth locally, and thus, keep those local dollars cycling through the local economy. The City of Decatur already has a strong foundation of entrepreneurs and micro-enterprises due, in large part, to its focus on quality of life, which in turn serves as a recruitment tool for creatives and innovators.

As much as economists try to make generalizations about entrepreneurs and micro-enterprises, the self-employed, the nonemployer firms, and the employer firms all have different characteristics in terms of their products and services and their ambitions for growth. We do know that regardless of individual characteristics, entrepreneurs have similar core needs: supportive community culture; business technical assistance and training; access to capital; and active networks. As the American economy transforms, many communities are realizing that entrepreneur development and support programs and services that not only deserve a place in their economic development “toolbox,” but are a foundation to build other business development efforts around.



GROW LOCAL

Economic gardening is a concept based on the belief that local entrepreneurial firms, rather than firms recruited from outside the community, are the engine for the creation of wealth and new jobs. Further, the role of the municipality is to provide a nurturing environment within which these small firms can flourish. Typically, an economic gardening program focuses on “gazelles,” small firms with fast growth potential, with a particular emphasis on firms capable of selling products and services outside the community. Assistance is typically delivered as tailored information to support firms in entering new markets, exporting products, and expanding customer bases. Economic gardening has been a more recently embraced economic development tool as the economy has changed, and long-term stability and viability have really become priorities for communities.

STREAMLINE SUPPORT

The creation of a “one-stop shop” would enable entrepreneurs and small businesses seeking information or assistance a single point of entry, instead of trying to navigate what can be an overwhelming and discouraging myriad of programs, services, forms, and applications from the local to federal levels. The one-stop shop could provide information for small business technical assistance and serve as a clearinghouse for small business-related events, initiatives, and campaigns. It could also serve as a linkage for organizational resources throughout metro Atlanta and at all levels of government (local to federal) related to small business assistance. Ultimately, the one-stop shop would have a comprehensive, dynamic website for small businesses and entrepreneurs in the City of Decatur as its “front door,” enabling further outreach and support.

RESOURCEFUL BACKING

The City should create a revolving loan fund to assist with business start-up costs. Because bank funding is very difficult to procure in the current economic environment, a revolving loan fund could provide the competitive advantage necessary to convince a small business to choose Decatur, remain in Decatur, or expand in Decatur. Establishing targeted funds to provide growth capital to promising firms, including start-up and early stage companies, could be capitalized with a combination of public and private dollars. Managing it in a manner that leverages public and private investment with debt and investment returns would grow the funds. Well-managed funds create additional resources for investment through repayments and realized returns on investment, and thus, is an ongoing economic development tool for any community.



INNOVATE
THRIVE
DIVERSIFY

NURTURE ENTERPRISE

There is a significant shift in how and where work is happening across the nation. Decatur has a solid position and niche to leverage during this transition. There is strong potential for business incubation in the City. It seems that there could be support for both private and public facilities. A private virtual incubator, like The Hub or Roam already in the metro area, would work well in Decatur; as the talent already lives in Decatur, and having a facility like these would enable them to also work in the City. There also seems to be potential for a public or public/private incubator. With the proximity to Emory University, and the Centers for Disease Control in particular, and the high quality of life in the City, an incubator with a focus on technology or life sciences could be a great asset for Decatur.

WELCOME CREATIVES

Decatur has amenities to draw and sustain the “creative class.” The City has a niche because Decatur’s environ is what is wanted and desired by creatives. In many ways Decatur has done the hardest part of the work, in “product development,” which in this case is the City’s high quality of life. Now is the time to shift into “marketing the product” that the City has spent decades developing. Decatur should create an active branding and recruitment effort to draw creatives. The approach in this case would be to attract these types of workers, which then draws the businesses they will start, already own, or will work for. Working to be a magnet for creatives can work in contrast to traditional office locational factors, and would be progress towards sustainable economic development in the long-term.



There is a strong need to diversify the economic base of the City. The current employment wages do not enable the bulk of workers to also live in the City. Additionally, the vast majority of employment is in sectors that are typically lower-paying jobs, and there are very few jobs available in the City that are in the traditionally high-paying sectors. It is likely that most people that live in Decatur not only leave the City for work, but most likely commute out of DeKalb County for their jobs.

There are two distinct ways to address this issue in development terms: housing and office. Increasing housing affordability through price point and product type diversification is a key step. The other side of the coin is increasing and diversifying office space. Significant growth in the office market would require the recruitment of a large corporate user that would change the dynamics of the local market and create additional spinoff development. Due to the homogeneity of the current tenant base, with such high concentrations in legal services, the type of office space available in the local market is all very similar. Future development or redevelopment would also benefit from a purposeful diversity of space in order to attract a more diverse tenant, and thus, a more diverse business mix.

Further, new business relocations and existing business expansions have the potential to increase the Decatur tax base and increase municipal revenues. However, there is limited land for substantial new commercial development within the current City of Decatur boundaries. The potential for annexation of existing unincorporated areas adjacent to Decatur's current boundaries, which are suitable for mixed use commercial and/or residential redevelopment, is key. Annexation could provide opportunities to create new high density mixed use office/commercial/residential developments for Decatur's future economic diversification and expansion needs. Annexation could also secure existing industrial uses, which would expand the City's commercial tax base, as well as increasing the potential diversity of business types in Decatur.

WORK

PROSPER

COMPETE

CREATE COMPETITION

A critical component in attracting new office uses is to ensure that existing office is successful and sustainable. Many of Decatur's office buildings are old, and becoming obsolete. One way to deal with this is pruning, which basically means that having a whole lot of non-competitive or low-quality space is actually worse than having less space, but of higher quality. Removing some of the older and less viable office buildings from the market could incent more competition. One way to handle this would be converting them to residential, which could shore up office rental rates, and possibly encourage new office construction in the City. The resulting residential units could provide a more affordable housing product, if the office buildings sell at low enough price points. The "retro loft" architecture could also serve to broaden the residential market.

INCENTIVIZE UPGRADES

Much of the office building stock across the City was built during the same era, and therefore, is aging at the same pace. Any kind of new office development in Decatur will likely require overhauling or replacing these obsolete buildings over time, even if there is limited growth of the overall office market. Many communities offer façade grants for small commercial buildings. Decatur should consider a similar, but larger-scale, program to encourage exterior improvements to outdated office buildings. This could be done through grants or low-interest loans, among others.

ACTIVATE MARKET

Decatur should consider switching to a more proactive and strategic position of recruitment and attraction for office tenants/employers. This would likely be a mid-size employer looking to have their headquarters or marquee location in Decatur. It would be a company whose mission or product would be ideally suited with a Decatur location, which they would leverage as aligning with their values and philosophy. This catalyst for new and increased office demand would likely also already have ties, or benefit from the proximity, to the local universities, such as Agnes Scott College, Art Institute of Atlanta, DeVry University, or Emory University, as well as Centers for Disease Control and Prevention.



FACILITATE DEVELOPMENT

Parking is an ongoing challenge for continued successful redevelopment for Decatur, particularly in the downtown core. In order to incent redevelopment, shared parking or a municipal parking facility should be evaluated. Municipal bond funding for shared structured parking could be utilized as an incentive to lower development costs for developers. Providing this funding could then elicit progress towards municipal goals, such as inclusion of affordable housing, meeting green development standards, open space, and additional amenities, among many others.

SECURE VITALITY

There is currently very little land for extensive commercial development within city limits. The tax base is hurt by lack of opportunity for new commercial growth, and thus, the greater tax burden is shifted to residential. There are some commercial areas just outside the City that are languishing. Annexation should be evaluated as a tool to increase and diversify the local tax base through adding higher density residential and more commercial development. Important to include in reviewing annexation potential are industrial areas as well. Industrial is an ideal source of jobs, and a development type that generates higher revenue for a municipality than it requires in costs of services. It will also be necessary to re-think what industrial is, and can be, as a use in a small, urban city. There are viable and complementary industrial uses that are locating outside of Decatur's boundaries today, because of lack of facilities and space, that would be valuable additions to the community.





If the desire is to have more retail, different types of retailers, or a more diverse mix of goods and services than exists in the City of Decatur today, then more people are required. Whether this is achieved through additional residents, additional workers, additional students, or a combination of all of these, an increase in people means an increase in dense development found in the downtown core, commercial corridors, and neighborhood nodes, and thus, an expansion of market size and improvement in market profile.

While chain retailers can sometimes add to the local customer base, the current vibrancy of the City of Decatur, and particularly the downtown core, is based on the uniqueness of its offerings. If this uniqueness were ever to be diluted, it could eventually lead to a declining retail and restaurant base. It is important to see the potential addition of chain retailers as a complement to an already viable local retail market. Chain retailers in the local market should not be viewed as a mark of success (or the lack thereof as a mark of failure).

There is an exceedingly robust concentration of restaurants in Decatur. Taken together, these restaurants have essentially created an “anchor” for downtown Decatur and other smaller, neighborhood nodes, creating a regional draw for the City as a whole. This strong lineup of restaurants is very difficult to create from scratch and is a fairly unique situation in the metro area. It is, by far, one of the City’s strongest economic development tools for further retail development, and can be a strong driver in a community’s sense of place. This incredibly robust restaurant concentration in the City should be nurtured and grown. Any further retail development will depend on these restaurants to serve as an anchor to draw potential consumers.

MARKET POSITIONING

Decatur's location is an interesting situation from a retail market perspective. The City functions similar to an island. The access in and out of Decatur, to "get from here to there" or vice-versa, is not direct. As any Decatur resident knows, it can be done, it is just not a direct route. These locational and access issues work as both barriers and assets for the marketplace. It is a barrier for businesses to gain customers from the larger market areas, but it also has made Decatur residents more loyal local customers, as they do not want to leave to get goods and services unless they really have to. The long-term aspiration should be to retain the strong local loyalty while expanding the consumer base by diversifying goods and services that incent outsiders to come spend money in Decatur.

EXPAND MARKET

The Decatur retail market seems likely to reach saturation in the short-term without the addition of more consumers. Given Decatur's current market profile, there are not enough people to support some of the retailers that many locals want and would like to shop at. Given Decatur's location and access issues, the market expansion will have to start with internal expansion -- more people in Decatur -- that will help to increase a market base that will then attract and support a greater diversity of retail offerings. This internal expansion would be best achieved through more dense development. Dense residential and commercial development would increase consumers by adding residents and employees, and likely more students, providing customers at all times of day and night.

CLINCH NICHE

There is already significant convenience retail in the Decatur area, whether inside or outside of city limits -- including Kroger, Publix, Target, Walmart, among others. The key to diversifying the retail tenant base for the City would be pursuing convenience retail that matches the uniqueness of the Decatur market. Specialty and niche retailers that still offer convenience goods and services would be the appropriate targets. This would likely include second stores, local chains, pop-up stores, and franchises.



STAYING LONGER

A clustering of lodging could leverage the walkability and retail/restaurant concentration in the downtown core. A boutique hotel is the most likely fit, catering to a different clientele than the existing Holiday Inn; creating competition and thus, spurring improvement to existing facilities in the area. Further, there is likely enough support for an additional small conference center, whether free-standing or in conjunction with a new hotel. The addition of a boutique hotel and potentially another small conference center could help the office market as well as provide another source of customers for downtown retailers and restaurants.





As any community works hard to serve its residents and businesses, prioritize limited resources, and create or retain effective policies, the obvious question arises, “how do we know we are succeeding?” Cities everywhere are working to ensure high quality of life and long-term sustainability for their citizenry. However, quality of life, and even sustainability, can mean many things to different people. One of the most critical challenges is how to correctly and efficiently measure these concepts.

Performance measurement, both the activity itself and the application of the data, is a key component of success in community and economic development. Unfortunately, there are many misconceptions about performance measurement and its utility. In order for performance measurement to be successful and to produce benefit, regular and sustained measurement of progress toward specified outcomes has to happen. Further, the “right” things have to be measured correctly, or the resulting data could be misleading.

The City of Decatur collects a lot of information in relation to permits, licenses, and any other applications that have to go through the City process for approval. Further, the City’s own revenue sources and expenditure categories are also goldmines of information. The key is to target data that is collected frequently, or at least on a regular or predictable basis, and then ensure that the data being collected is meaningful in order to tie back to influencing the appropriate allocation of community resources and direction of policy decisions. Simply taking the step of more purposeful tracking and measuring will have a positive influence on community and economic development efforts. Ultimately, the information gained over time will help to prove what efforts are effective and where and how policy stances should be shaped.

The following categories are recommended to focus benchmarking and performance measurement efforts on. These categories will help to paint the picture of the fiscal implications of development policy, land use decisions, as well as the health of the local economic base.

BUILDING PERMITS

Collect detailed information related to permits issued. Residential development should track specific type of residential and characteristics of product. Commercial development should track specific type of commercial, size of project, and characteristics of product.

REVENUES

Collect detailed information related to revenues generated. Itemize property taxes by sub-categories for both residential and commercial. Isolate dollars generated by unit and square feet. Break down revenues collected through related licenses, permits, and fees.

EXPENDITURES

Collect detailed information related to expenditures disbursed. Categorize municipal services and allocations by residential and commercial development sub-categories. Isolate dollars spent by unit and square feet.

BUSINESS LICENSES

Collect detailed information related to licenses issued. Track specific type of business, size of business, and type of facilities.

EMPLOYERS

Collect detailed information on all businesses in the City, through published data, new Census information, and surveys. Create database profiling employers, with baseline information related to type of business, number of employees, type of employees, location of business, types of customers, types of suppliers, and other relevant information.

FESTIVALS & EVENTS

Collect detailed information related to attendees, revenues, and expenditures through surveys. Classify demographic information on attendees/participants/customers. Capture information related to spending, both at event and at local businesses. Obtain revenue-related information from vendors and local businesses.



