

ECONOMIC DEVELOPMENT COMMITTEE

January 6, 2009

4:30 P.M.

Councilman Page, Chairman, called the meeting of the Economic Development Committee to order, with Councilmen Rico, Bennett, Berz, Gilbert, Pierce and Robinson present. City Attorneys Mike McMahan and Phil Noblett and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Dan Johnson, Richard Beeland, Daisy Madison, Donna Kelley, and Jean Smith.

REPORT FROM OCHS CENTER—DAVID EICHENTHAL

Mr. Eichenthal asked how long he had to speak and was told twenty minutes. He stated that he had with him, Mr. Bill Tharpe, who would help with the Power Point Presentation.

Mr. Eichenthal thanked the Council for inviting him back to talk specifically about economics. He stated that most of the research they had done focused on the period from 2001-2007 but in looking at 2007, they found it was important to understand what is going on now. The first big point was how important it was to think about the issue from a regional perspective. He stated that Hamilton County was the center of a growing region and contained $\frac{3}{4}$ of the firms and 80% of all the jobs. Looking back to 2001, 80% of the newly created jobs were in Hamilton County. Places like Sequatchie County and North Georgia also had a high percentage. Mapping it out, the greater rate of growth was in the downtown area and Hamilton Place. He stated that when talking about employment, place really matters.

He next talked about what types of jobs are growing. Overall growth was 3.2%; the Public Sector grew by 4%, but the fastest growing sector was the Private Sector in the areas of information and health care. Declining sectors were manufacturing jobs and retail trade. He went on to say that manufacturing has stabilized, and he highlighted the importance of health care, stating that we have lost jobs; however for every manufacturing job lost, there was a health department job created. He noted that Hamilton County data is important and accommodation and food services had a 25% increase.

Councilwoman Bennett noted that people are relocating to this area, and the Alexian Brothers' business is growing. Mr. Eichenthal stated that he would get to this in the next Study.

Mr. Eichenthal next looked at the context of occupational growth, seeing numbers in terms of computers and arts and design, which is consistent with sector growth. He stated that there were differences in the market that are relative—78.4% are Whites; African-Americans constitute 16% of the workforce in mostly labor jobs and Latinos are 4.4%. He mentioned the difference in terms of gender with men constituting 54.1% and women 82.2%. The difference by race and ethnicity was 70.5% Latino and 54.3% Whites. This leads to different areas of concentration with a lot of data from the Federal Government. In 2006 there was something of a gender gap. Real differences and sustained differences based on race—in 2006-2008, African-Americans rated jobs as poor.

He next talked about how we compare to other places—both the region and county are lagging behind the State and Nation in income growth. In looking at the median income, we trail the nation as a whole.

Chairman Page asked if this surprised Mr. Eichenthal. He responded “no”—not in comparing our growth rate to the Nation; that out of 14 benchmark cities, we were 8th in terms of employment growth. The other thing that is really important is that we lead in information jobs and food service and accommodations.

Mr. Eichenthal next asked “Why is our income number where it is?” He mentioned the relationship between college attainment and income and high school graduates versus high school dropouts with the greatest gap between a college degree and a high school graduate. He stated that just because we were pretty low among benchmark cities did not mean we were not growing in the number with college degrees. The big difference in the term of 2000-2007 was between educational attainment and in looking at gender, it is driven by history—college attainment for women is higher. In the context of our national recession, there is good news, with Mr. Eichenthal showing a snapshot of unemployment that the MSA level of the City and County is doing a lot better than other cities that are mid-level size cities. In more recent data, Hamilton County is the 10th lowest in Tennessee; those with an industrial base have had less of a brunt during the national recession. The highest rate of employment is in construction. When the Federal Government is talking about an economic stimulus, we are being cushioned by the completion of the Blue Cross-Blue Shield complex and the start-up of Alstom and Volkswagen. He stated that it was hard to overrate the immediate importance of Volkswagen; also it is important to understand Volkswagen jobs, some of which will be manufacturing but most of the jobs will be spread out; that Volkswagen can be looked at in terms of place—where people live and how to get there. He noted that even with manufacturing jobs, educational attainment is important; that Chattanooga is a turn-around City, and this is good news.

Mr. Eichenthal went on to say that 20 cities lost 10% of their population in the 1980's, 1990's or this decade; that in looking at America's declining cities, we see New Orleans at the bottom of the list and St. Louis has also experienced "Katrina". However there is one American city on the list that is growing in population and that is Chattanooga—we are the only one to come back and turn around, and this is a pretty big deal. St. Louis' population is up this decade, but no one compares to us.

Chairman Page stated that this was great! He stated that he enjoyed hearing Mr. Eichenthal talk.

Councilwoman Bennett asked him what was important for us to do next? She wanted to know what the role of the Council should be. She asked Mr. Eichenthal if he could see in these trends where it is critical that we focus attention?

Mr. Eichenthal stated that they did a piece for the Brookings Institution, which is made a part of this minute material, which celebrates these numbers. He stated that there were a series of challenges in our jobs; that one thing he would say—seven studies are not enough; that eight would be enough. Another thing we should try to do is to answer the question about the increase in population. Who does the increase in population include? He stated that the answer would be exciting and surprising.

Councilwoman Robinson stated that she shared Chairman Page's fascination with this; that what Mr. Eichenthal had performed was an MRI on the Body of Chattanooga and the region; that we should take this tool and figure out what our neighborhoods need most; that now we know what is wrong, and we need to start to fix it. She stated that she was fascinated, and this is a Blueprint.

Mr. Eichenthal thanked Councilwoman Robinson for her remarks, stating that they try not to do studies that will just sit on shelves, and he would be glad to talk to the Council further.

Chairman Page asked Mr. Eichenthal to come back when he finished his update.

Mr. Eichenthal assured that his update would be interesting and surprising.

Councilman Gilbert asked if he could just highlight his report because he said so much, it was hard to follow. Mr. Eichenthal promised that by tomorrow morning he would have a 1-2 page summary of his seven studies.

Chairman Page thanked him for being here and expressed the Council's appreciation.

The meeting was adjourned at 5:00 P.M.

