



Existing Industry Expansion: A Case Study

by Ronnie Bryant

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INTRODUCTION

A great deal of emphasis is placed on work performed by economic developers and business advocacy organizations to encourage the location of new industry in communities. Such efforts are often the focal point of positive publicity and recognition for successful business recruiters who are subsequently hailed as purveyors of the community's future. But equally as important, and sometimes more beneficial to communities, are efforts to encourage the retention and expansion of existing industries. Consider the case of Atlas Processing Company, a subsidiary of Pennzoil Products Co., located and independently operating in Shreveport, La.

ATLAS PROCESSING COMPANY

Since June 1994, the city of Shreveport has received a combined economic boost of nearly 65 new permanent jobs, \$1.5 million in annual payroll and nearly \$207 million in capital projects that could create another 650 short-term construction jobs. The increases were not from an out-of-state company moving to Shreveport. Instead, they came from Atlas Processing Company, one of the hundreds of businesses already located in the community — a company that, in fact, had been in the city since the 1920's.

Background

The petroleum industry was a mainstay in North Louisiana in 1923 when Shreveport Producing Company began processing crude oil on a 200 acre site in western Shreveport. In 1949, the company changed its name to Atlas Processing Company and solidified its position as a successful producer of refined petroleum products. That position continued throughout the years with advancements in equipment and technology. At the same time, the company maintained an unflinching commitment to its employees, and the community was enriched by its presence. But with deflating oil prices in the 1980's came speculation about Atlas' future. Rumors circulated that the plant was unsafe, that it was losing business, and that it would close. Now, those rumors have all but ceased, squelched by announcements of growth unparalleled in Shreveport's recent economic history.

Atlas' Announcements

The positive news began in September 1994 when Atlas Processing announced it had signed a long-term lease at the Port of Shreveport and would build a \$10 million storage facility and wharf. That complex will create 5 jobs once completed in the fourth quarter of 1996. Two months later, the company announced it would begin a \$200 million expansion program, adding 500 construction jobs, 50 full-time jobs and state-of-the-art equipment. That project, now under way, will enable the plant to convert its oil by-products into cleaner-burning fuels. In addition, Atlas is planning a face lift of its main office building, a project of lesser magnitude than those previously mentioned, but beneficial to the local economy, nonetheless.

Local and State Support

But expansions like Atlas' typically do not occur by accident. To facilitate such projects, cooperation is required by local and state government and a close working relationship between the area's economic developers and its business community. In Atlas' case, the Shreveport Chamber of Commerce's Department of Existing Business Services packaged together several incentives which enabled this expansion to become a reality. The two most prominent incentives offered were:

- **A Ten-Year Industrial Tax Exemption Program**

For an initial five years and renewable for an additional five years, all capital expenditures associated with Atlas'

expansions will be exempt from ad valorem taxes. This is expected to save the company in excess of \$20 million over the 10 year period of the program.

■ **A State of Louisiana Enterprise Zone Program**

For companies like Atlas, the program provided a \$2,500 tax credit for each new job created in addition to a 6.5 percent sales tax rebate on all capital purchases associated with the expansion. If the employment projections for this expansion are met, Atlas should realize a savings of over \$5 million.

Total Economic Impact

In return, Atlas and its expansion have been a boon to surrounding industries and the community. Beaird Industries in Shreveport, for example, was awarded contracts for fabrication of nearly a dozen large steel pressure vessels to be used by Atlas in the \$200 million complex built to convert the refinery's oil by-products to

clean-burning fuels. The value of the project for Beaird was over \$2 million and 10.9 man-years of work at the local facility. Subsequently, Beaird, which employed nearly 700 workers at the time the contract was awarded, was encouraged to hire 40 more employees, a good example of community businesses working together to benefit the local area.

Total Economic Impact (TEI) for Shreveport of the Atlas expansion and Beaird contract is approximately \$5.4 million. This TEI will result in an additional \$195,000 in annual local tax collections.

Other Contributions

Besides the economic impact Atlas provides to the Shreveport area, its employees are active in community service projects. They include United Way, a communications collaboration with the Shreveport Police Department, SCI-PORT Children's Museum, Junior Achievement, the Shreveport Chamber of Commerce's

Adopt-a-School Program, and Paint-Your-Heart-Out Shreveport, a program in which volunteers paint homes for low-income homeowners.

In recognition, the Shreveport Chamber of Commerce selected Atlas for the 1994 J. Pat Beaird Memorial Industry of the Year Award. The award is given to a local manufacturer which meets the criteria of real dollar expansion, new job creation, and community involvement.

CONCLUDING COMMENTS

In the highly competitive world of new business recruitment, where the ratio of new industrial prospects to potential municipalities can exceed 1 to 200, it's obvious that the odds of landing a new project are very low. Therefore, it is imperative for a community/region to complement its new business attractions efforts with a strong, comprehensive retention and expansion program. **A**

The Business Retention Program of Thornton, Colorado

by David P. Bata

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INTRODUCTION

Based upon the principle that while business retention may not attract the same public attention as recruiting new industry, it can reap benefits that surpass the relatively infrequent location of new plants, the City of Thornton, Colorado created in the latter part of the 1980s a Business Retention Program. Its goal was to make the community a more profitable location for local businesses. It was designed to improve communication between the city and its existing businesses, to help facilitate

business activities, and to help increase sales tax revenue.

These existing business objectives were addressed through three programs elements:

- Business Outreach Program,
- Shop Thornton Campaign, and
- Small Business Financial Assistance Program.

BUSINESS OUTREACH PROGRAM

Before 1987, very little communication existed between Thornton City Hall and the small businesses except that dealing with city regulations and code enforcement. Clearly something needed to be done and it was Thornton's Business Outreach Program that broke the ice and opened a healthy dialogue to help jointly solve business problems.

During 1987 and 1988, nearly 400 personal business visitations were conduct-

ed with Thornton business owners and managers to identify problems and concerns. These visitations were well received by the Thornton businesses because it gave them a chance to learn more about what was happening in their city and they appreciated representatives of city government taking time to meet with them and hear their concerns. Items such as city special events, sign regulations, and landscape requirements were often discussed.

The program has continued. In 1995, for example, over 350 businesses were surveyed to find out basic information such as size, number of employees, business description, trade area, plans for expansion, and concerns about doing business in Thornton.

The visitations in the late 1980s prompted another very successful outreach activity called the 84th Avenue/

