



Executive Brief

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Year-End
Edition

Leadership

Existing
Industry

Downtown

Quality
of Life

Education

Infrastructure

Labor

Land

Buildings

Fourth Quarter

It Will Be A While...

Before Job Growth Bounces Back

Guest column from:
Dr. Rajeev Dhawan
Director
Economic Forecasting Center
Georgia State University

A year has passed since 9/11 and the misery of the state's economy is not over. Delta announced major layoffs and Northwest airline plans to close its hangar at the Hartsfield airport. Just when one thinks that we have stabilized somewhat we begin to tumble again. The three pillars of regional growth in the 90's - Tourism, Transportation and Telecom - are still hurting badly. The state of Georgia has lost 120,000 jobs since early 2001, and its impact shows up in the various sectors of the economy.

The national economy is expected to go through a rough patch in the upcoming months, and it will be early summer when capital spending picks up

again. Company CEOs need a clear resolution of the war uncertainty - its size, scope and timing - and my own feeling is that this issue will be favorably resolved soon. The ground battle is expected to be quick and decisive. The post ground battle phase of the war will be lengthy though, and is actually a good thing as it will increase defense spending, which whether you like it or not, is a fiscal stimulus that the economy badly needs.

Republican victories in the elections have increased the chances of a favorable tax package for the businesses. But tax cuts are useless unless the basic war uncertainty is resolved.

“By early summer the national economy will begin to add jobs at a decent clip,” predicts Dr. Rajeev Dhawan.



A frequent guest on Cable News Network (CNN), Rajeev Dhawan is sought after by print and broadcast media for his economic analysis and expertise. He has been quoted in many national and regional publications including the *Wall Street Journal* and was named by *Georgia Trend Magazine* as one of the 100 Most Influential Georgians for 2003.

It Will Be A While...Continued
from page one.

Once, all this happens, CEOs' gloomy moods will turn sunny, and they will give the go ahead for hiring and expansion. By early summer the national economy will begin to add jobs at a decent clip.

Georgia's Future

But what about us? When does Georgia turn around? Earlier or later than the national economy?

Our experience in the early 90's recession was that of a recovery that happened sooner than the national recovery, and that too at a robust rate. However, this time our recovery will be later as our three pillars of growth (the three T's) will be the lagging sectors in this national recovery.

Telecom, transportation, tourism

Telecom business is saddled with the excesses of the last bubble, and has too much excess capacity. Telecom balance sheets still have a long way to go before normalcy returns. So one should not expect a speedy rehiring by BellSouth, Nortel and other big players in this town.

Air transportation business is a money-losing proposition unless

one is in the air cargo business. Business travel is a fraction of its former self, and leisure traveler has changed its preferences by taking vacations closer to home and using cars instead of air-travel. This is a permanent change and the airlines will have to work out a new model of operations under this permanent reduction in demand. In not so polite terms, not all the six big airlines will survive with their hub and spoke system with this permanent reduction in demand. Some will fade out or merge with others. Others such as AirTran and Southwest can't make up for the reduction of personnel the industry wise realignment will involve. In short, overall job growth in this sector is a long way away, and don't expect any miracles from Delta in the immediate future.

Convention business is the bread and butter of profits in the hospitality industry as business travel is to air travel. This business is recovering slowly in all major metro areas in the country. One reason is that the iffy economy makes for less number of conventions. Another factor that Atlanta has to contend with is competition from places like Philadelphia, Jacksonville and San Diego who are now at the stage where Atlanta was a decade ago—willing, with new facilities and a major carrier to carry them in using its hub and spoke system. This is not the case now in Atlanta.

To sum, the job growth recovery in the state will be delayed as our three pillars of growth from the 90's are expected to suffer the most in this downturn.

An Economic Development Paradox

In one respect, “place” is less important, because capital flows are less tied to proximity to natural resources, major highways or market centers. But in another respect, “place” is all-important, because each community, to succeed, must become a place that highly skilled workers and managers want to call home.

Jim Higdon
Georgia Municipal Association
Executive Director

To help make the communities that people want to call home, the Georgia Cities Foundation, a subsidiary of GMA, has provided low-interest loans totaling \$652,040 in 2002 for downtown projects. The Georgia Department of



Jim Higdon

Community Affairs (DCA) often partners with the foundation in the financing of many projects. One such loan project helped finance the renovation of a two-story circa 1900 structure in downtown Thomasville. The first floor is retail, while the second floor has been converted to a residential loft.

The Brand Action Group under the direction of Tourism Deputy Commissioner Janis Cannon, is exploring a branding campaign "Georgia on My Mind" that could be shared by over 100 state agencies, creating significant brand exposure.

Sixty Graduates

Darton College in Albany, Georgia launched an innovative initiative in 2002 to provide local hospitals with qualified nursing professionals. By its completion, 60 much-needed nurses will have careers and hospitals will shore up a serious shortage in nursing staff.

According to Kim Cribb, Darton Project Coordinator, "We are able to recruit people who normally could not afford to go through a program. Most are non-traditional students in their early 30s who need a fast-track program and financial assistance."

ICAPP, Georgia's intellectual capital partnership program, is the state benefactor of grant dollars for instruction. The hospitals select the ICAPP participants to meet their workforce needs and provide cash and in-kind contributions of equipment and staff and classroom space.

The statewide project is a \$4.5 million public/private partnership.



Licensed health professionals in 19 Georgia communities will increase to over 500 in the next two years. Thirteen institutions were selected to receive grants.

University System Chancellor Thomas Meredith remarked, "Economic growth depends upon a community having the resources businesses seek, and those resources include first-rate health-care facilities."

In the Darton College initiative participating hospitals include:

- Palmyra Medical Center
- Crisp Regional Hospital
- Phoebe Putney Memorial
- Miller County Hospital
- Archbold Medical Center

visit icapp.org for more information

Location Georgia

10 reasons
why
Georgia
will put your
company
on the map

- Our State
- Location Services
- Telecommunications
- Labor
- Utilities
- Environmental Permitting System
- Transportation
- Construction Costs
- Taxes
- Education

Location
GEORGIA
A Division of MEAG Power

"America is aging; the first wave of baby boomers have already received their invitations to join AARP. This aging of the American workforce will have a major impact on the nation's economy and calls for a rethinking about the work force of the future. This and other economic issues are on the radar screen for all of us in the business of creating a livable, workable Georgia," remarks Daryl Ingram, Manager of Economic Development.

MEAG Power has marketed the state since 1984 and The Location Georgia brand has been representing the peach state for almost a decade. We are a charter member of Georgia Allies, serve on the Georgia Academy of Economic Development Board and work with local chambers, Department of Community Affairs and Georgia Department of Industry, Trade and Tourism in the recruitment and retention of industry.

The "10 Reasons to Come to Georgia brochure" is just one tool Location Georgia uses to market the state to prospective industry.

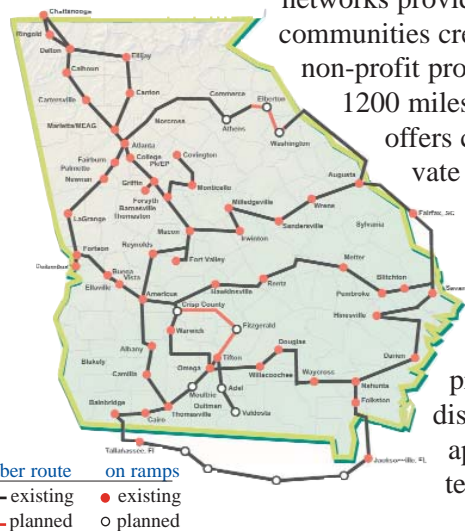
READI

The standard-setting economic development assessment program, READI, has been a catalyst in communities for first-ever leadership programs, retreats and sales team training. The program provides a road map for improvement on 13 criteria. The READI design team co-led by GDITT and DCA, is raising the bar on the leadership development criterion to include more groups, such as senior citizens. More focus will be directed to existing business and industry and entrepreneurial support and intergovernmental cooperation. The workforce development criterion also has been redesigned to be a resource tool for economic development practitioners.



When rural Georgia was underserved in state-of-the-art telecommunications and Internet services, community-owned fiber-optic networks provided the solution. Thirty-two Georgia communities created Georgia Public Web (GPW), a non-profit provider for telecom services. With over 1200 miles of fiber, Georgia Public Web, Inc. offers cost-effective fiber-optic Internet, private line and web solutions. GPW's network incorporates digital on and off ramps. Twenty-four communities currently have websites powered by Townware, GPW's web development product. Through its service offerings, GPW provides connectivity for interactive distance learning projects, high speed data applications for industry and other technology-based applications.

Network Map



Cities with significant telecommunication infrastructure

Acworth	Covington	Fairburn	Marietta	Sandersville
Cairo	Dalton	Forsyth	Monroe	Swainsboro
Calhoun	Dublin	Fort Valley	Monticello	Thomasville
Camilla	Elberton	Griffin	Moultrie	Tifton
Cartersville	Ellaville	LaGrange	Newnan	Washington

TCI Powder Coatings, a manufacturer of coatings for markets including automotive and architectural parts, is expanding its 95,000 square foot facility in Ellaville and partnered with Quick Start to train employees on the new technology associated with the expansion.



Special Focus Communities

The Tift Area Peanut Growers Cooperative is an innovative initiative to ensure a future for peanut farmers in South Georgia. Over 100 farmers have launched an effort to raise \$6.8 million to build a peanut shelling facility in Tifton. The co-op will sell the shelled peanuts in bulk to companies that use raw peanuts in food products and should provide a better return on the profitability of peanut crops to the owners. The facility will be operational by the fall 2003 harvest.

The Dow Chemical Company, in Marietta, plans a 31,500 square foot expansion, increasing production by nearly 50 percent. City of Marietta partnered with its industry to help finance the new machinery for the expansion through the development authority. The facility is a \$15,000,000 investment in the community.

In a strategic planning retreat, 20 plus community leaders joined the Cordele-Crisp County Industrial Development Council to develop a three-year plan. A community audit and labor study completed in summer of 2002 was the departure point for the goal-setting.

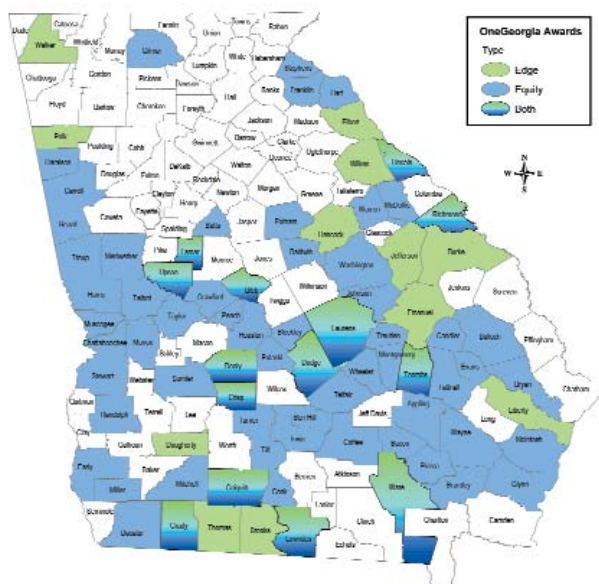


Georgia Allies is a premier public/private partnership dedicated to bringing business to Georgia. Since 2000, over 4,000 targeted customers have attended 35 marketing events. Its activities have resulted in 6,445 jobs and \$903 million in investments since that date. Fifteen organizations comprise the Georgia Allies membership.

Workforce

- The US Department of Labor estimates that 80 percent of workers who lose their jobs do so not because of lack of occupational skills but because of poor work ethics. The Georgia Department of Technical and Adult Education's work ethics training program, adopted in 2000 identifies 10 traits necessary to be successful. The material is taught in every course in concert with the academic subject in all 34 technical colleges across the state. Employers report the initiative is making a difference. Twenty-seven states have examined our model and Dr. Diane Harper, President of East Central Technical College in Fitzgerald, the program's ambassador was last in Wisconsin to share the concept.
- Coweta County's Central Educational Center (CEC) held a regional symposium on Information Technology Workforce in November 2002. The CEC, a three-high school apprenticeship-style program gives graduates a high school diploma and technical degree upon completion. Noted for its information technology training success, CEC was chosen to host the symposium. The conference included a tour of Yamaha in Newnan and an economic development case study of its \$40 million expansion which created 300 jobs.

OneGeorgia



“I grew up on a farm in rural Georgia and like my classmates I left for life opportunities. Two decades of shining stars left their communities. I hope OneGeorgia, in the next 20 years, is the opportunity to keep leaders at home.”

Nancy Cobb
Executive Director OneGeorgia

Congratulations, OneGeorgia, on a second anniversary in 2002. Awards total 121 worth \$58 million to 82 economically-depressed counties. Time and again the Edge funds are the “deal-closers” to bring industry and business.

Make A Note

- Location Georgia is hosting its annual Economic Development Forum March 6-7 at the Retreat at Lake Blackshear in Cordele. Just two of the topics include “Target Marketing” and “Siting and Designing Today’s Industrial Parks” with leading industry consultants. Attendees will learn tips and resources for your economic development program. Contact Cindy Berry for more information.

- Check out an interesting website called epodunk.com which is a compendium on America’s smaller communities.

“America's small towns and cities are celebrated, in all their history and fame, at ePodunk.”

-- The New York Times, July 12, 2001



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Location Georgia, a service of MEAG Power, offers site selection services for the state of Georgia. We also provide communities economic development support in aerial photography services, advertising support, strategic planning facilitation and various other services through strategic alliances.

MEAG Power is a charter member of Georgia Allies, a statewide economic development marketing alliance of utilities, financial institutions and private business.

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