

TOOLS AND TECHNIQUES TO SPUR NEXT-GEN ECONOMIC DEVELOPMENT

A LOOK AT DIGITAL SERVICES AND STRATEGIES TO HELP GOVERNMENTS ADAPT TO EMERGING MARKETS, BUSINESS NEEDS AND CITIZEN EXPECTATIONS

To create and maintain thriving communities, state and local leaders must proactively address evolving economic trends with user-friendly services that streamline government functions. These essential services include permitting for construction and development, as well as providing support for business activity in the sharing economy, the emerging cannabis market, the tiny home movement and other next-generation industries.

According to PricewaterhouseCoopers, sharing economy companies alone will contribute an estimated \$335 billion to the nation's economy by 2025.¹ And legal cannabis is expected to generate \$23 billion annually by 2022.² These markets, plus traditional markets like construction, which is projected to exceed \$1.53 trillion by 2022, present tremendous opportunities to spur economic development and address important issues related to the environment, housing, health and more.³

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Yet many municipalities may not be ready to take advantage of these market opportunities. In a recent survey conducted by the Governing Institute and Accela, 76 percent of state and local government leaders weren't confident their communities had the tools needed to attract and support next-generation businesses. To close this gap, a growing number of state and local agencies are using pre-built software as a service (SaaS) solutions to modernize existing processes and support the needs of emerging markets.

BARRIERS TO PROGRESS

State and local government agencies face significant challenges when it comes to providing services related to next-gen economic development.

✔ **DYNAMIC REGULATORY ENVIRONMENT.** As regulators establish new laws related to cannabis, ride-sharing, short-term housing rentals and other emerging markets, state and local leaders are rushing to develop permitting and licensing processes for businesses that didn't exist a short time ago. In many cases, agencies have little time to train staff on new laws, establish a regulatory framework and then prepare for a flood of applicants on "opening day." The risk of implementing legally noncompliant systems and poorly constructed workflows is high — especially with limitations in staff resources and funding.

These issues were reflected in the results of the Governing Institute survey, where staffing/training (55 percent) and budgetary constraints (46 percent) were identified as top concerns by respondents.

✔ **NONTRADITIONAL AND NON-TECH USERS.** Although emerging businesses often are tech-centric — for example, ride-sharing enterprises that rely on mobile applications, GPS and other technologies to communicate with customers and drivers — other next-gen businesses are being started and run by lone entrepreneurs with little technical or legal knowledge. These individuals may be unaccustomed to navigating licensing, permitting, zoning and other processes. To bring these nontraditional entrepreneurs into a regulated environment, municipalities need to make regulatory systems as convenient, quick and easy to navigate as possible.

✔ **COMPETITION FOR CONSTRUCTION AND DEVELOPMENT FUNDS.** To attract construction and development dollars, state and local governments must maintain a developer-friendly reputation. That means using streamlined permitting and licensing processes; clear, standardized and easy-to-use zoning and building codes; competitive impact fees; and an experienced, well-trained staff who can answer complex questions. These requirements can be difficult to meet in departments with siloed manual processes, limited staffing and new hires who lack access to institutional knowledge.

✔ **LEGACY AND MANUAL SYSTEMS.** Many organizations rely on legacy technology systems that are inefficient, costly to maintain and not customer friendly. They also may use slow-moving paper-based processes to receive applications and route them through reviews, approvals, and issuance of licenses and permits. Besides wasting staff and applicants' time, these processes are prone to redundancies and errors as multiple versions of documents circulate through various channels.

MAKING IT EASY TO DO BUSINESS

Meeting the unique requirements of next-gen economic development is essential to avoid the delays, inconveniences and misunderstandings that can throw businesses off schedule, cause financial losses, and ultimately discourage investors and new businesses from working with a community.

Sixty-four (64) percent of state and local government leaders in the Governing Institute survey view technology solutions as integral to spurring economic development. When asked about the most important tools needed to incorporate next-gen economies into their jurisdictions, most respondents picked an online, centralized platform for business licensing, permitting and payments as their top choice.

For many municipalities, cloud solutions are becoming the go-to approach to quickly deliver the necessary new capabilities, as well as improve support and citizen experience for traditional activities such



Using an out-of-the-box permitting solution with government best practices built in, San Bernardino County, Calif., developed a one-stop land development and building permitting site that speeds the approval process for economic growth and community improvement projects. The county's EZ Online Permitting (EZOP) portal lets businesses easily submit applications, plans and other documents; check approval status; view project updates and make online payments from wherever they are. The county recently received a National Association of Counties (NACo) Achievement Award for its high-speed permitting system.⁵

as business licensing and planning. Packaged, cloud-hosted solutions help address staff shortages, talent gaps, productivity leaks and budget constraints by building in best practices and automating each step in the workflow of regulatory management.

At the same time, digital solutions are flexible enough to accommodate process and workflow changes that result from ongoing policy and regulatory decisions.

Well-designed SaaS solutions also simplify the application and approval process for users — citizens and businesses — which encourages compliance. The city and county of Denver, for example, created a self-service portal for short-term rental hosts to register online quickly and easily. In doing so, the city achieved an estimated 62 percent compliance rate, one of the highest in the nation.⁴

GETTING STARTED WITH THE RIGHT SOLUTION

When evaluating online licensing, permitting and planning solutions, jurisdictions achieve the best outcomes for their communities when they focus on three areas: the agency's business needs, user experience for staff and user experience for customers.

✔ **AGENCY BUSINESS NEEDS.** To meet current and future requirements while controlling costs, choose a vendor that deeply understands the evolution that governments are undergoing on their digital transformation journey and can meet them where they are. The system itself should be easy to modify and configure as processes and requirements change, and it should be designed to adapt easily to changes in volume of users and data. Finally, the system should use open standards-based interfaces that enable it to easily integrate with other systems or external agencies.

✔ **STAFF EXPERIENCE.** To free up staff time for higher-value tasks and increase employee satisfaction, look for automated, flexible workflows to handle routine tasks such as routing applications, flagging exceptions and issuing licenses. Be sure dashboards provide clear visibility into assignments and let staff work on jobs directly from their dashboard. Features that allow multiple users or departments to simultaneously review applications and plans will expedite the approval process. Mobile applications that let workers in the field check information remotely and capture inspection details onsite will improve documentation and productivity.

✔ **CUSTOMER EXPERIENCE.** To ensure a positive user experience, solutions should make it easy for individual citizens, small business owners or developers to perform all tasks online — from submitting applications and paying fees to scheduling inspections and tracking progress. Users also should be able to perform all tasks on the device of their choice — whether it's a mobile phone, tablet or desktop. Choose a solution that automatically notifies customers of review milestones, outcomes and status changes. In addition, be sure customers can manage licensing, planning and payments for multiple projects or businesses through a single user account.

EMBRACING INNOVATION TO THRIVE Innovation is accelerating as new business models and new products and services enter the mainstream economy and are embraced by consumers. At the same time, there is growing demand from existing businesses for faster and more efficient planning and permitting processes. State and local leaders are driving change to keep pace with these trends — or even outpace them — by providing digital services. Using cloud solutions supported by a robust, made-for-government platform to deliver next-gen services that support business growth and regulation is core to creating communities that thrive now and in the future.

This paper was produced by the Governing Institute Content Studio, with input from Accela.

ENDNOTES

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