

St. Louis
Economic Development Testimony
9-21-10

Don Robison Economic Development Testimony

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1 going somewhere. And all those things are vital again.

2 That street is vital again.

3 And then the newest project would be I think
4 it's called Lafayette Garden Apartments. I didn't do that,
5 but it's the Grand and 44 area. So that's the latest.

6 SENATOR WRIGHT-JONES: Thank you.

7 CO-CHAIR GROSS: Any other questions?

8 MR. KEOSHKERIAN: Thank you.

9 CO-CHAIR GROSS: Thank you for being
10 here. Next on the list is Don Robison. Welcome, Mr.
11 Robison.

12 MR. ROBISON: Thank you.

13 CO-CHAIR GROSS: Spell your name for
14 the record and go ahead and proceed.

15 MR. ROBISON: Thanks. Hi, I'm Don
16 Robison. R-O-B-I-S-O-N. Thank you for the opportunity to
17 speak here at this Commission here today.

18 I am senior manager of customized training
19 in economic development at St. Louis Community College.
20 I'm here to testify in favor of the Missouri Community
21 College New Jobs Training Program and the Job Retention
22 Training Program.

23 These programs assist Missouri employers by
24 providing skilled upgrades in high skilled work force. The
25 program is a tool that allows Missouri and the Department

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1 of -- the Missouri Department of Economic Develop to
2 attract and retain employers by providing skilled
3 employees.

4 We at the St. Louis Community College have
5 provided pre-employment training, supervisory training,
6 skilled trades program training, and more through these
7 programs for new and expanding employers. The program has
8 assisted in the creation of new jobs. More than 12,000
9 employees in the St. Louis region and more than 55,000
10 statewide over the 20-year life of the program.

11 Local companies, projects we're working on
12 right now are with Brown Shoe Company in Clayton, which
13 created over 300 jobs; Liberty Mutual in St. Louis County,
14 over 200 jobs; Boomerang II in Chesterfield, 150 new jobs;
15 Essence Health Care, over 300 new jobs in St. Louis County
16 and Maryland Heights; and real close here on Washington
17 Avenue, a company called Unisus with over 300 new IT jobs.
18 They actually have an office in Illinois, and this program,
19 we believe, helped bring that project to St. Louis.

20 There's also requirements on the program.
21 There's a wage threshold to be achieved. So they're high
22 paid jobs, the companies have to provide benefits to the
23 employees, and there's a minimum of new jobs required
24 before the company can benefit. And again, the benefit to
25 the company is the employee training for the employees.

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1 These programs are a very important economic
2 development tool to keep Missouri growing economically.
3 And I'd be happy to answer any questions. Thank you.

4 CO-CHAIR STOGEL: One of the Commission
5 members, Dr. Alan Marble, who is the president of Crowder
6 College in the western area, has brought all this to our
7 attention.

8 MR. ROBISON: Great.

9 CO-CHAIR STOGEL: He used it as an
10 economic development tool. One of the committees that has
11 been formed is with Pete Levy, the Kansas City program, the
12 Chamber there.

13 MR. ROBISON: Okay.

14 CO-CHAIR STOGEL: So we'll route your
15 comments to both Dr. Marble and to Pete Levy.

16 MR. ROBISON: Great.

17 CO-CHAIR STOGEL: But we appreciate.
18 Dr. Marble spoke very passionately for these credits --

19 MR. ROBISON: Great.

20 CO-CHAIR STOGEL: -- as a good economic
21 development tool.

22 SENATOR WRIGHT-JONES: I know the
23 Governor gave money for that in this past legislative
24 session. Did you have money from the State before this
25 year to do this, and what's your future look like from your

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1 perspective?

2 MR. ROBISON: Well, this program has
3 been in place for about 20 years, and it's -- it's funded
4 actually through withholding tax created by the new jobs.
5 The money last year was a training program, our program
6 that the Governor authorized which was accelerated training
7 programs in March. That program is kind of tied to
8 employers with this skilled upgraded dislocated workers.

9 So it's two separate programs. But this is
10 again an economic development tool that -- that we need in
11 Missouri and in St. Louis. Appreciate your support.

12 CO-CHAIR GROSS: Thank you very much.

13 MR. ROBISON: Appreciate it.

14 CO-CHAIR GROSS: Thank you. Next is B.
15 Puskas. Welcome. Go ahead and spell your name for the
16 record and proceed.

17 MR. PUSKAS: Okay. I'm Bob Puskas.
18 It's spelled P-U-S-K-A-S.

19 If you go to an emergency room today with
20 chest pain, you've got about a 1 in 20 chance that they'll
21 send you home, but you still had a heart attack. They call
22 them silent heart attacks. They're not detectible by any
23 means that are within existence until we developed a test
24 that could detect them at a company called Singulex.

25 How did we do this? Well, we took advantage

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1 of the tax credits. I came here with Bill Simon, who is
2 the vice president and chief operating officer of the
3 Center for Emergent Technologies, which made use of
4 Incubator Tax Credits, and we are a resident company at the
5 Business Incubator.

6 SENATOR WRIGHT-JONES: What's your name
7 again?

8 MR. PUSKAS: Bob.

9 SENATOR WRIGHT-JONES: The name of your
10 company?

11 MR. PUSKAS: Singulex.

12 SENATOR WRIGHT-JONES: Spell it,
13 please.

14 MR. PUSKAS: S-I-N-G-U-L-E-X. And more
15 importantly, the company itself made use of the Rebuilding
16 Communities Tax Credits to purchase specialized equipment
17 for the laboratory and computer equipment to enable us to
18 be able to do these tasks.

19 Now, I'm CEO now of another start-up
20 company. Again, sited at the Incubator, making use of
21 those Incubator Tax Credits. And we are now developing
22 cancer diagnostic tests and blood tests to be able to
23 identify psychiatric diseases for which there are no tests
24 at all that exist, and hope to be able to make use of
25 Building Communities Tax Credits for just -- for those

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1 kinds of tests as well.

2 CO-CHAIR GROSS: Any questions for Mr.

3 Puskas?

4 CO-CHAIR STOGEL: Which credits are you

5 using?

6 MR. PUSKAS: The Rebuilding Communities

7 Tax Credits and the Incubator Tax Credits.

8 CO-CHAIR STOGEL: Thank you.

9 CO-CHAIR GROSS: Thanks for being here.

10 Next is -- Mr. Puskas, how many employees do you have?

11 MR. PUSKAS: Singulex has 24 here in

12 St. Louis. At the new company, we have three.

13 CO-CHAIR GROSS: Thank you. C. B. E.

14 Rogers-Edwards. Sorry.

15 MS. ROGERS-EDMOND: I have a very long

16 name. It's Catherine Rogers-Edmond.

17 CO-CHAIR GROSS: Okay.

18 CO-CHAIR STOGEL: Thank you.

19 CO-CHAIR GROSS: Proceed.

20 MS. ROGERS-EDMOND: Hello. I'm

21 Catherine Rogers-Edmond, and I am the community coordinator

22 for Betty Living Communities, which is a small

23 not-for-profit housing corporation in Hyde Park. And I sat

24 here and I've been listening to all the developers and the

25 big, big numbers about the billions and billions of dollars

1 CO-CHAIR STOGEL: Under 20 percent?

2 MS. DANN: Yes.

3 CO-CHAIR STOGEL: Good. That's --

4 MS. DANN: Yeah, oh, yea.

5 CO-CHAIR STOGEL: Okay. We appreciate
6 it. Thank you very much. That's a great leverage for a
7 relatively small comparative investment.

8 MS. DANN: Thank you.

9 CO-CHAIR GROSS: Thank you, Melissa.
10 Next is Steve Johnson. Welcome.

11 MR. JOHNSON: Senator. My name is
12 Steve Johnson, J-O-H-N-S-O-N. I'm senior vice president
13 for economic development for the St. Louis Regional Chamber
14 and Growth Association, the RCGA. I think we can now say
15 officially good evening instead of good afternoon. So to
16 our co-chairman and members of the Commission, thanks for
17 the time that you put into this.

18 I want to take just a few minutes and make
19 just some very brief comments and general observations, and
20 to your request, I will make two specific recommendations.

21 You know, for over 25 years, I've been
22 involved in economic development, and for most of those
23 years involved in -- within the state of Missouri in a
24 couple of different cities, but always within my home state
25 of Missouri.

1 During this time, and especially over the
2 last -- I'd say especially over the last five to ten years,
3 I've been troubled to see Missouri lose ground, not to
4 California or New York, but to lose ground to the states
5 that surround us in the growth of gross state product and
6 the growth of per-capita income of median household
7 incomes.

8 There's been a lot of shifts, a lot of
9 changes going on in Missouri during that time, but I've
10 also seen a major transformation in this business of
11 economic development, especially more recently in the last
12 two or three years as jobs have become much more scarce and
13 cities and states are going to ever greater lengths to
14 secure these investments.

15 You know, in Missouri we've tried to keep
16 up, and I guess I would cite, for example, most recently,
17 four or five years ago, the creation of Missouri Quality
18 Jobs, which was very purposeful, very purposefully designed
19 as a performance-based program to kind of take some of the
20 politics, some of the discretion out of programs that had
21 preceded it.

22 You know Quality Jobs is a very simple
23 equation that we all know. You create jobs with a higher
24 than average annual wage with competitive benefits, and you
25 get rewarded. Some have started to call that an

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1 entitlement. I prefer to think of it as reinforcing
2 behavior that you hope to influence to happen again and
3 again and again.

4 So that's just one example of how we've
5 tried to keep up in Missouri. As you go about a task that
6 -- I wouldn't have your job for anything. As you go about
7 a very challenging task, I would ask you to keep three
8 things in mind as you tackle this assignment.

9 The first -- the first is understand and
10 recognize the landscape. We compete daily. When I say
11 compete and some of my colleagues have left the room, but
12 you know, our team of about 15 people competes every day
13 against other cities, counties, states, and nations to
14 secure investment for the St. Louis area. We work in
15 tandem with partners throughout in the city and the county
16 and throughout the entire region, but we compete daily with
17 states that have taken to think that they now think nothing
18 of awarding very significant up-front grants to companies
19 in exchange for jobs and investment.

20 Many of these are in states with no state
21 income tax. They're still writing significant checks to
22 companies, like Texas and Florida. The sole point of that
23 to tie it back to Missouri Quality Jobs, I would ask you to
24 think as you think about what these tax credits need to
25 look like going forward. Realizing what we have to work

1 with in Missouri as far as limitations and statutes,
2 anything that can be done -- and Sam wa on a committee last
3 year and spent a lot of time talking about this -- anything
4 that can be done to monetize or push the value of those tax
5 credits up into the first part, up into the early parts of
6 the project investment will help us to much more
7 effectively compete against those states who do things that
8 we cannot do, such as writing checks to companies.

9 The second thing I would ask you to keep in
10 mind is that to subject a program like Missouri Quality
11 Jobs to an annual appropriations process -- I would say
12 it's a very similar conversation like the one you were
13 having on historics just a minute ago -- inserts enough
14 uncertainty into the process to basically render the
15 program meaningless.

16 We've been told by those who make an
17 influence application decisions that once that caveat is on
18 the program, and the spreadsheet the value goes to zero.

19 And then third, and I know this is always on
20 the top of your mind is to realize when you're doing this
21 process and what in turn may be adopted by the Legislature
22 has the honest-to-goodness power to either hurt or help the
23 state of Missouri to increase or impede the rate at which
24 we catch up to our neighbors and the nation as a whole.

25 So my hat's off to you. You face a

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1 difficult task, but one that's critical to get right, and
2 one that's going to have an impact for many years in the
3 future.

4 So thank you again for your commitment of
5 time.

6 CO-CHAIR GROSS: Appreciate you being
7 here. Anyone else? Wait.

8 CO-CHAIR STOGEL: Steve, one of our
9 colleagues, Pete Levy and Jim Anderson, who will be
10 expecting your call. Several Commission members met the
11 Kansas site sometime in the last two weeks.

12 MR. JOHNSON: Yeah, Pete Levy, the
13 economic conference.

14 CO-CHAIR STOGEL: And Pete's in the
15 SOE, so we encouraged to -- try to get a consensus on all
16 the economic development comments through the Commission.
17 That would be real helpful.

18 MR. JOHNSON: Good. Good.

19 CO-CHAIR STOGEL: Okay. Thanks very
20 much.

21 CO-CHAIR GROSS: Next is Rachel Witt.
22 Welcome, Rachel. Please spell your name for the recorder.

23 MS. WITT: My name is Rachel Witt.
24 W-I-T-T. I am executive director of the South Branch
25 Community Improvement District located on South Grand next

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1 we'll get right into the public testimony. Once again,
2 everyone has ten minutes to address the Commission on the
3 issue of tax credits. Please try to keep your comments to
4 tax credits, and all of those comments are being recorded,
5 and will be transcribed, and available on our website at
6 tcrc.mo.gov within a week or so.

7 So next, by popular demand, Jim Farrell.
8 Mr. Farrell, go ahead and spell your name for the record
9 and proceed.

10 MR. FARRELL: Thank you. My name is
11 Jim Farrell. F-A-R-R-E-L-L. And it's been a pleasure the
12 last couple of weeks following you in every part of the
13 state, and you've done an excellent -- an excellent job in
14 meeting and taking the input from all segments of the
15 community.

16 Surprisingly I'm not here to talk about
17 Historic Tax Credits as we've covered in the past. There
18 are plenty of people here that have covered that quite
19 effectively. But what I wanted to talk about this evening
20 is the Incubator and the Rebuilding Community Tax Credits
21 on behalf of the Center for Emerging Technology and the
22 Missouri Innovation Center Network.

23 And that Innovation Center Network is a
24 number of innovation centers from around the state. There
25 are actually ten innovation centers from around the state,

1 and you've heard from a couple of those, one in St. Joe and
2 one in Joplin. But there is also one in Kansas City,
3 Warrensburg, Columbia, Kirksville, Rolla, Cape Girardeau,
4 Springfield, and Center for Emerging Technologies in St.
5 Louis.

6 The emphasis that we have here today is
7 really putting in place a program of one, the Incubator Tax
8 Credit has been in place for quite a number of years at
9 \$500,000, but that serves, used to be four centers, and now
10 it's eligible for the ten centers and other incubators
11 around the state.

12 But what's most important now is that
13 Missouri needs a strategy for jobs and new company
14 creation, not only to recover from the current economic
15 crisis, but more importantly creating an atmosphere for
16 future job growth and company creation.

17 The Missouri Innovation Center Network is a
18 major statewide resource for implementing the strategy of
19 innovation lead companies and job creation that capitalizes
20 on the diverse regional assets, universities, relationship
21 and local partnerships of its members.

22 Each one of these innovation centers has its
23 unique resources available to them. They focus in -- in
24 their individual types of technologies that are involved
25 with the universities and that are inner related with some

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1 of their private partnerships there. So whereas, St. Louis
2 and the Center for Emerging Technology has over --
3 graduated almost 35 companies over 350 jobs. Right now
4 they're at capacity with 28 companies in the Center for
5 Emerging Technologies at the present time.

6 And beyond just creation of the jobs, what
7 we're creating is an industry, a cluster of industries of
8 high tech companies that have the opportunity to build on
9 some of the assets that are provided at Washington
10 University, St. Louis University, University of
11 Missouri-St. Louis, but also the -- the health and medical
12 fields that we have here. And many of these companies that
13 are currently in the Innovation Center have capitalized on
14 some of the new technologies that are coming out of the
15 universities. And the Senator, it's in her district, and
16 she's been there numerous times and seen many of the great
17 companies that have come out of there.

18 But what we're trying to do is foster that
19 entrepreneurial activity, and in 2009 the Kauffman
20 Foundation came out with a study that really identified the
21 U. S. Entrepreneurial history that demonstrates
22 entrepreneurship as the engine for job creation and
23 economic growth, particularly in economic difficult times.

24 Naturally half of the 2009 Fortune 500
25 companies started during recessions and difficult financial

1 times, but the entrepreneurship is a key driver in regional
2 economic growth. It's been something that RCJ has been
3 involved with for a number of years in trying to foster
4 entrepreneurial growth with the different types of venture
5 capital funds and those types of programs that they have
6 set forward.

7 But we have high growth entrepreneurial
8 firms, those that are creating more than 20 jobs. While
9 less than 15 percent of the total start-ups created, 80
10 percent of the total net new jobs in the last two decades
11 came from there.

12 The last two points, Missouri's, you know,
13 current new company and job status per Kauffman. Missouri
14 is the second lowest in new company creation in 2008, and
15 the "Daily Beast", which I'm sure you all read on a daily
16 basis, ranked Missouri 49th, just ahead of Ohio and
17 Michigan, as one of the most difficult places in the nation
18 to find a job. So what we're focused on is building the
19 industry clusters so that companies can come here, can get
20 started in the incubator, can grow just like the one that
21 the gentleman mentioned earlier that was started in the
22 incubator, XIOLINK, and then grew and started their own
23 facility just a couple of blocks from there.

24 Sterio Texas is another prime example that
25 started with five people when they came to St. Louis, grew

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1 in the incubator to 120, then moved down to Cortex, and has
2 been a phenomenal success and has its facilities in -- has
3 its product all over the world.

4 So what we just want to keep focus on is
5 that in our economic development strategies for Missouri,
6 we provide the types of programs that will foster the
7 entrepreneurial growth and creation of companies so that we
8 have the type of clusters in Silicone Valley and on the
9 east coast and try to rejuvenate that opportunity here in
10 Missouri, in the St. Louis area.

11 I can answer any questions?

12 CO-CHAIR STOGEL: Do you have any
13 Rebuilding Communities?

14 MR. FARRELL: Yes. Rebuilding
15 Communities is one of the tools that several of the
16 companies have utilized at the Center for Emerging
17 Technologies. And as was indicated before, they are able
18 to use that for some of their products and some of their
19 equipment, primarily their equipment that's used in
20 developing their products.

21 So it has been a very valuable tool that has
22 been utilized, not only in the Center for Emerging
23 Technologies, but other incubators around the state.

24 CO-CHAIR STOGEL: I gave my -- what is
25 the cap under Rebuilding Communities?

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1 MR. FARRELL: I believe it's 9 million.

2 CO-CHAIR STOGEL: Nine million?

3 MR. FARRELL: I believe so.

4 CO-CHAIR STOGEL: And the incubator's

5 500,000?

6 MR. FARRELL: Correct.

7 CO-CHAIR STOGEL: Which one is more

8 valuable to you?

9 MR. FARRELL: They're both very

10 valuable.

11 CO-CHAIR STOGEL: I knew that would be

12 the answer. That was --

13 MR. FARRELL: Incubator --

14 CO-CHAIR STOGEL: -- my next question.

15 MR. FARRELL: Incubator Tax Credit is

16 -- has more diversity in terms of its flexibility for

17 capital as well as operating.

18 CO-CHAIR STOGEL: Did you talk to Pete

19 Levy and there's a consensus if you stay within the cap

20 that the incubator could stand more on the rebuilding plus

21 or whatever, but talk about all that with Pete because

22 there's -- I don't come out of that background.

23 MR. FARRELL: Right.

24 CO-CHAIR STOGEL: So it's --

25 MR. FARRELL: No, that's a very, very

1 good point, and we'd be happy to sit down with him.

2 CO-CHAIR STOGEL: That's all over with
3 Pete again --

4 MR. FARRELL: Right.

5 CO-CHAIR STOGEL: -- just, you know,
6 bounce whatever ideas you have off of there because it's
7 hard for me to assess the testimony of those.

8 MR. FARRELL: And Gary Clap has been in
9 contact with Pete Levy. He was the gentleman that
10 testified in St. Joe, and we have information that I've put
11 together for all ten innovation centers, and we'll provide
12 that to the Commission.

13 CO-CHAIR STOGEL: That would be
14 appreciated by the Commissioners.

15 CO-CHAIR GROSS: And any for Jim,
16 anybody?

17 CO-CHAIR STOGEL: No.

18 CO-CHAIR GROSS: Thank you, Jim. Next
19 on the list is David Dwars. David Dwars? No. How about
20 Celeste Rueter. Welcome. Go ahead and spell your name
21 please and proceed.

22 MS. RUETER: Sure. My name is Celeste,
23 C-E-L-E-S-T-E, Rueter, R-U-E-T-E-R.

24 Good evening. I want to thank you all for
25 taking some much of your time and serving on this