

Small Towns
BIG IDEAS

*Case Studies in Small Town
Community Economic Development*





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Dear Friends,

The N.C. Rural Economic Development Center is pleased to release *Small Towns, Big Ideas: Case Studies in Small Town Community Economic Development*, the result of a collaboration between the center and the School of Government of the University of North Carolina at Chapel Hill. It is the latest product of the center's Small Towns Initiative.

The center launched the initiative in late 2005 to help hard-pressed small towns create new economic opportunities. It grew out of the recognition that North Carolina's smallest places serve a major role in the economic, social and cultural well being of the state as a whole, yet many are struggling to cope with job losses, population decline, high poverty, empty buildings and crumbling infrastructure. This is especially true in rural communities. Future prosperity will require strategies that build on the assets, needs and desires of each community. The Small Towns Initiative seeks to set the stage for revitalization and growth by:

- Leading in the development of local, state and national policies that support small town economic development.
- Partnering with others to improve the delivery of services and resources to North Carolina's small towns.
- Creating a sound base of research and information on issues and trends affecting small towns.
- Offering leadership training to local government officials and other community leaders.
- Investing in small towns through the Building Reuse and Restoration Grants Program and the Small Towns Economic Prosperity Demonstration Program.
- Developing other financial resources for long-term, strategic investment in rural small towns.

As part of this effort, the center commissioned the School of Government to develop intensive case studies documenting innovative practices in small town development. *Small Towns, Big Ideas* shares these case studies with you. It will take you from Brevard, N.C., where retirees are lending their executive experience to help local businesses, to Chillicothe, Mo., which successfully fought to keep a major employer and created more jobs as a result. From Pelican Rapids, Minn., you'll learn how a town can thrive on the entrepreneurship of recent immigrants. You'll see how Hollandale, Miss., countered its isolation by creating a rural transportation network and how Reynolds, Ind., turned a potential problem (the waste of 150,000 hogs) into a strategy to become the country's first energy-independent community. Scattered throughout these 45 examples are strategies for ensuring broad community participation in planning, alternative approaches for financing projects and lessons from the obstacles encountered along the way.

I think you will find the stories illuminating and inspiring. I hope that they will provide useful examples for other small towns and stimulate ideas for new policies and practices.

Billy Ray Hall
President
N.C. Rural Economic Development Center

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* denotes long, analytic case study

EXECUTIVE SUMMARY

Small Towns, Big Ideas is the result of an intensive, yearlong effort to identify and document the stories of small towns that are surviving – and, in some cases, thriving – as hubs of civic and economic activity. This publication includes stories about planning and implementing economic development strategies in 45 small towns with populations of fewer than 10,000 residents. Half of the towns featured are from North Carolina, and half are from other states. This collection of case studies is a response to the demand from civic leaders in North Carolina for *real stories*, from *real places* that are confronting *real challenges* similar to those facing small communities everywhere. Stories are told in a narrative format and are intended to provide concrete ideas, inspiration and hope to civic leaders working in small communities and to policy makers dealing with rural development issues. The lessons section draws a series of conclusions, from across all the case studies, about economic development in small communities.

Background

The *Small Towns, Big Ideas* project began in mid-2006, when the UNC-Chapel Hill School of Government partnered with the North Carolina Rural Economic Development Center to identify 50 small towns that were implementing successful or innovative approaches to community economic development. Project faculty and staff established a set of screening criteria and assembled an advisory committee to guide the selection of communities. The author visited and conducted on-site interviews with leaders in 10 communities. These are documented at length in the publication and represent comprehensive approaches to community economic development, including an analysis of how and why a particular set of strategies seemed to have worked within the local context. Telephone interviews were conducted with representatives from the remainder of the communities, which are documented in a shorter format and represent incremental strategies for advancing a community's vision.

Towns and strategies

The communities profiled in *Small Towns, Big Ideas* stretch from Oregon to south Georgia. They range in size from Chimney Rock in North Carolina with 175 people to Helena-West Helena in Arkansas with 15,000. The economic development strategies at work in these towns include industrial development, tourism, downtown development, entrepreneurship and arts- and cluster-based development. Case studies also describe a range of strategies for building local capacity for economic development, including innovative organizational structures, partnerships, leadership development and finance. Most case studies include discussion of more than one strategy. To provide the reader

with an overview of the types of communities in the publication, towns were divided into four categories:

- Small towns that are recreation or retirement destinations or adjacent to an abundance of natural assets
- Small towns with historic downtowns or prominent cultural or heritage assets
- Small towns with or adjacent to a college campus
- Small towns adjacent to a metropolitan area or an interstate highway

The case studies also have been indexed by each community's strategy (or strategies) and population.

INTRODUCTION

From June 2006 to June 2007, researchers from the UNC-Chapel Hill School of Government screened, researched and documented 45 case studies of small towns across the United States that are using a wide range of community and economic development strategies to advance their communities' vision for prosperity.¹ The case studies are a response to the demand for examples of real communities facing challenges related to globalization, geographic isolation, urban sprawl, aging populations and natural disasters.

This project was designed to be a broad qualitative research assessment. It is not a study of best practices, which, as the term implies, ought to be subject to rigorous evaluation and replication. Rather, small towns were selected to provide the reader with exposure to a wide variety of strategies and tools at work across a range of local conditions. An arbitrary decision was made to produce 10 *analytic* cases and 35 *descriptive* cases. The analytic cases describe the communities in depth, identify and discuss the varied development strategies at work in each community, and venture to answer questions about how and why a particular combination of strategies produced positive outcomes within the local context. Descriptive cases are shorter and describe strategies that small towns are using to advance their vision incrementally.

The selection of cases began with a list of more than 150 small towns that were known, either by word of mouth or in print, for success or innovation in community economic development. Each features a small town with fewer than 10,000 people in which a development strategy (or strategies) is currently being implemented and where the development activities are controlled locally.² In other words, we did not want to re-tell old stories and we did not want stories in which local civic leaders were not playing a major role in strategic decision-making.

The cases were then screened by various criteria. First, we sought to ensure geographic and strategic diversity. Analytic cases were further screened for evidence that the community's strategy was successful, in economic, social, civic and/or environmental terms. Analytic cases also were screened for evidence that the strategy was financially sustainable and that it demonstrated some measure of adaptability to changing circumstances. For example, we sought evidence that a particular approach continued across more than one term of local political leadership. Descriptive cases were screened for evidence that the town's strategy was innovative or that the strategy was distinctive within the local context.

¹ Differing philosophical approaches to community and economic development are discussed in more detail in the Appendix.

² Two case studies of towns with more than 10,000 residents are included. Helena-West Helena, Arkansas is a case study about two small municipalities that incorporated during the process of implementing their strategy. Douglas, Georgia is a case study about a small town that grew beyond 10,000 during its implementation phase.

For the 10 analytic cases, interviews were conducted in-person, over a one- to four-day visit to the community. For the descriptive case studies, interviews were conducted over the telephone or by e-mail. Data collected during interviews were supplemented by newspaper articles, scholarly articles and other written content. After final selection, case studies were categorized by the predominant characteristic of each community with bearing on its development opportunities and challenges.

These categories became the sections in *Small Towns, Big Ideas*. Towns were characterized as:

1. recreation or retirement destinations or adjacent to an abundance of natural assets
2. having historic downtowns or prominent cultural or heritage assets
3. home to or adjacent to a college campus
4. adjacent to a metropolitan area or an interstate highway

These categories are not, nor were they intended to be, mutually exclusive. For example, a community categorized as being a recreation or retirement destination (Brevard, N.C., for example) might also have a historic downtown. Communities were categorized based on the relationship between the local asset being categorized and the community's approach to development. Categories were intended only to ensure that the full sample of case studies covered a diverse range of community contexts and to provide the reader with a relevant starting point for identifying similarly situated communities in *Small Towns, Big Ideas*.

LESSONS LEARNED

Seven themes emerged from stories in *Small Towns, Big Ideas*. These themes are offered as take-away lessons for other communities hoping to learn from small towns with big ideas.

1. In small towns, community development is economic development.

If community development – compared with economic development – is generally considered to include a broader set of activities aimed at building the capacity of a community, then these case studies demonstrate that capacity-building and other strategies typically associated with community development are analogous with actions designed to produce economic outcomes. This is especially true, it seems, when these efforts are included as parts of a comprehensive package of strategies designed to address a community's core challenges and opportunities. For example, in Ord, Neb., a broad-based and inclusive approach that included leadership development, youth entrepreneurship and philanthropy enhanced the community's capacity to take on more traditional economic development projects, such as recruiting an ethanol facility (with dozens of new jobs) into the jurisdiction.

Further, communities that incorporate economic and broader, longer-term, community development goals stand to gain more than small towns that take a piecemeal approach. Selma, N.C., for example, had made significant investments in revitalizing both its downtown area and the train depot. Lack of consideration of a four-block area between these two investment zones, however, limited the positive impacts of the community's work. By viewing redevelopment in a more comprehensive way, and by including community development considerations such as revitalization of blighted downtown properties in its strategy, the town was able to identify a barrier to continued revitalization and a potential means of overcoming this barrier that may pay off in the years ahead.

Finally, because community development includes short-range and long-range strategies, it is by definition a long-term and transformative process (a fact that is recognized more in community development circles than in economic development). Successful small towns tend to balance short-term economic gains with longer-term community development goals. In Davidson, N.C., Mayor Randall Kincaid said that every decision about development is weighed against the question of whether "this project is something that our grandchildren will be proud of." Civic leaders in Ord, Neb., invest time and resources into entrepreneurship training in the local school system, with the hope that these activities will transform the local economy for the next generation. Similarly, Big Stone Gap, Va., having developed a strategy based on entrepreneurship, had to "help people think about economic development differently." Over a period of six years, entrepreneurs harvested local opportunities, and slowly but surely, new small businesses started appearing in town – new businesses with local ownership and local roots. These outcomes, however, were not realized during the typical political cycle.

2. Small towns with the most dramatic outcomes tend to be *proactive and future-oriented*; they *embrace change and assume risk*.

These general characteristics of small towns (specifically, of leadership in small towns) perhaps relate to the fact that most communities featured here “hit bottom” and their stories evolved from circumstances in which local folks were willing to try new things and take new risks. For example, in Helena, Ark., the town’s collective sense of hitting bottom presented local leaders with an opportunity to step up, to initiate a new way of planning and implementing development efforts and to convince locals to participate in the process. Similarly, in Scotland Neck, N.C., difficult economic and civic circumstances in the late 1990s presented an opportunity for Mayor Robert Partin and other civic leaders to look inward for new ideas and angles on old problems.

Being proactive (as opposed to reactive) can be measured by a small town’s willingness and ability to act on a particular challenge before it becomes a problem. In Tennessee, for example, Etowah’s proactive approach to building and occupying its industrial park, as opposed to reacting to trolling industries, has paid major dividends in terms of maintaining a diverse array of living wage jobs in town. In Ord, Neb., proactive meant preparing the community for opportunity. Having tackled a number of small-scale challenges in the community and seeded the roots of teamwork around development activities, Ord was prepared to act when the ethanol production facility project arrived.

Cases from Chillicothe, Mo.; Douglas, Ga.; and Farmville, N.C., demonstrate that taking a proactive approach to development also includes reaching out to existing industries. In Chillicothe, Mayor Rodenberg called his core team together on the day the prison announced it was closing. Rather than wasting valuable time, the town initiated an aggressive lobbying campaign and offered an alternative to closure that helped the prison system financially.

Finally, most of the communities profiled in this collection demonstrate a willingness to embrace change and assume risk. For example, Etowah had a history of adapting to shifts in social and economic conditions. Local leaders, therefore, tended to be less steeped in a mindset of “well, this is just the way it’s always been done.” In the face of a growing tourism economy, downtown merchants embraced change and adapted their business models to the shifting circumstances. Similarly, Fairfield, Iowa, is a small town where the entire strategy of building an entrepreneurial culture is based on the natural business cycle of success and failure. According to a local leader, “there was a lot of trial and error – and failures – to get to where we are today, but the failures of some companies have provided cheap space, office furniture and equipment for another round of start-ups. Failure has freed up talented people who again ask what new concepts and companies can we start here in Fairfield.”

3. Successful community economic development strategies are guided by a broadly held local vision.

Most communities in *Small Towns, Big Ideas* demonstrate the importance of establishing and maintaining a broadly held vision, including goals for all manner of development activities. This idea is perhaps illustrated most dramatically by Helena, Ark., where the inclusiveness of the planning and visioning process was crucially important. In this case, it included representatives from government, community organizations, for-profit and nonprofit interests, resource providers and average citizens of the community. In fact, anybody could join the effort, and this perception of an inclusive and open-door process was widespread across Helena. Similarly in Ord, Neb., where so much of the momentum comes from one-on-one conversations, local leaders take the time to meet individually with members of the community to ensure that opposition to development efforts does not take root for lack of understanding the larger vision. In terms of maintaining momentum, Douglas, Ga., demonstrates how a local organization (the Chamber of Commerce in this case) can take responsibility for calling stakeholders together on a regular basis to recommit themselves to the community's vision.

A separate but related point is that in small towns, people are always the most important resource and communities with limited resources cannot afford to exclude anyone from planning or development efforts. Pelican Rapids, Minn., appears to be on the front end of an economic reawakening based on the entrepreneurial tendencies of new immigrant residents who were settled in the area by various refugee organizations. Case after case has demonstrated that people (as opposed to money or other resources) are the one absolutely necessary ingredient to successful development. A committed group of local residents who are willing to work hard for their community's interests can change the fate of an otherwise hopeless community. In Nelsonville, Ohio, an informal group of civic entrepreneurs and artists came together to revitalize the historic downtown square and in the process injected a new dose of energy into the community.

Importantly, it seems, special attention needs to be paid toward integrating newcomers into the community. Newcomers, including young leaders, bring a fresh perspective and new energy to local challenges. In Douglas, Ga., local leaders recognized that newcomers are valuable assets and the town has worked hard to integrate new residents into the community. In Farmville, N.C., new residents are welcomed every spring, when the mayor and town manager invite all newcomers to a "New Residents Picnic." In Nelsonville, Ohio, several young professionals, including an attorney and real estate developer, are forcing the community to think creatively about new economic opportunities.

4. Defining *assets and opportunities* broadly can yield innovative strategies that capitalize on a community's competitive advantage.

In almost any setting – urban or rural, small or large – shell buildings, low tax rates, limited regulation and access to trained workers, highways, railroads or professional services might all be considered economic development assets and justifiably so. Small towns, however, cannot afford to stop there. Given limited sources of competitive advantage, they must redefine economic development assets in a much broader framework.

For example, Allendale, S.C., capitalized on a regional university to create a local leadership development program that, in turn, trained new economic development leaders for the entire region. Brevard, N.C., demonstrates that retirees within a community can be economic development assets. The Retiree Resource Network is a group of retirees with private sector experience who mentor local entrepreneurs. In Columbia, N.C., local leaders recognized that their region's natural beauty was an asset that could drive an ecotourism strategy. In an ironic twist on small town development, the arrival of Wal-Mart became an asset for the small community of Oakland, Md., when local leaders took the opportunity to help Main Street retailers diversify their product lines. Assets for small town development might include individual people, nonprofit organizations, businesses, open space, farms, parks, landfills (biomass), museums, schools, historic architecture, local attitudes or any number of other things.

Further, the mere fact that a particular town is small can become an asset. In some cases, locating a business in a small town can provide a competitive advantage for the business. In Fairfield, Iowa, local leaders are taking advantage of the perception that businesses located in small-town, rural locations carry a moral and ethical standard above their urban competitors. Civic and business leaders in Fairfield have exploited this perception to their competitive advantage. In Oxford, N.C., the Kerr-Tar Mini Hub concept is based on the idea that rural communities within driving distance of the Research Triangle Park can capture a market of technology companies that need to be near the park, but can thrive outside it, where business costs are lower.

A final emerging trend in this category is the increasing use of small town assets as either fuel or triggers for innovation in the area of environment-friendly development or clean energy. In Dillsboro, N.C., the town turned an environmental challenge, in this case methane gas migrating from the community landfill, into an opportunity to create jobs and provide space for entrepreneurs. The Jackson County Clean Energy Park (in Dillsboro) is using methane gas from a nearby landfill to power the studios of local artisans. In Cape Charles, Va., the town's investment in an eco-friendly industrial park was an innovative strategy to bridge the dual

challenges of environmental degradation and job creation. And, in the most extreme case, Reynolds, Ind., is capitalizing on latent energy contained agricultural waste from 150,000 hogs to become BioTown, USA, the nation's first energy-independent community.

5. Innovative local governance, partnerships and organizations significantly enhance the capacity for community economic development.

Most towns featured in *Small Towns, Big Ideas* include an innovative element of either organization or governance. It is clear that innovative local governance, in a variety of forms, can strengthen a community's development strategy. In Columbia, N.C., the town's ability to design an alternative arrangement for generating tax revenues on protected lands helped turn a potential obstacle into a local innovation. In Selma, N.C., the town used an innovative property tax incentive tool to focus redevelopment on a blighted area of town. In New York Mills, Minn., the town structured a public investment in the Regional Cultural Center so the town assumed ownership of the building, thereby reducing long-term risk and creating a win-win situation for artists, public officials and local residents. The key is to think creatively about organizational structure, but always to keep the community's overall net benefit in mind.

Regionalism, or identifying opportunities and partnerships beyond municipal boundaries, is another emerging theme in successful cases. Cross-jurisdictional partnerships can help small towns to pool resources toward shared objectives. Strategies in Ord, Neb., and in Davidson, Oxford and Hillsborough, N.C., involve commitments to interlocal revenue- and responsibility-sharing among varying jurisdictions. Davidson and Oxford are partnering with neighboring communities in industrial development while Hillsborough is partnering with the county to manage growth beyond the town's municipal boundaries. Ord joined with the county and the Chamber of Commerce to share costs and revenues from a wide range of development activities. In Washington, N.C., local officials recognized the growing marine trades cluster in eastern North Carolina and created a workforce and entrepreneurship development strategy to harness the regional economic opportunity.

In addition to regional partnerships and opportunities, successful small towns tend to have local leaders who connect with higher level policy makers and business leaders. Mayor Partin in Scotland Neck, N.C., and several key leaders in Helena, Ark., make explicit efforts to link the interests of their individual communities to policy makers in their respective state capitals. Further, as demonstrated by Douglas, Ga., leaders in small towns must forge partnerships with state-level developers, bankers and power companies, each a critical player in state economic development.

Finally, public-private (including nonprofit) partnerships are emerging as the prominent organizational model for small town development. In Siler City, N.C., for example, the successful establishment of an incubator was the product of a partnership of the community college, local government and a state-level nonprofit organization. In Spruce Pine, N.C., the town's approach to supporting local entrepreneurs requires that the Chamber of Commerce and the craft community work closely together for the first time, to ensure successful marketing and branding. After the plant closures in Morrilton, Ark., Mayor Stewart Nelson brought area churches together to discuss how the faith community could contribute toward economic recovery efforts. In Chillicothe, Mo., an ad-hoc partnership between the town administration and a local business (a prison) demonstrates the influence that towns can have on strategic management decisions within a business, which in turn can have a tremendous impact on the local economy.

6. Effective communities *identify, measure and celebrate short-term successes to sustain support for long-term community economic development.*

Given the long-term nature of community development, and the fact that measurable results from a particular project may be decades in the making, leaders in small towns must repeatedly make the case for the importance of their efforts. Making the case is important to maintain momentum, invigorate volunteers and donors, convince skeptics and, most importantly, keep the focus on the vision or the goals established in a community's strategic plan. Many of the communities profiled in this study recognize that making the case is an ongoing and continuous effort and that there are a number of strategies for doing it.

First, short-term success can build long-term momentum. Obviously, the best way to make the case for any intervention is to demonstrate success. Along these lines, Scotland Neck, N.C., began with actions that would demonstrate success quickly. Town leaders decided to support local hunting and fishing guides, to start bringing more tourists into town and to show local residents that there was reason to be optimistic. This initial success helped them build momentum before beginning to tackle more intractable challenges. Similarly, to maintain buy-in from the Arkansas community, the initial action steps in Helena's strategic plan were those that could be accomplished in short order and for which there was already some momentum. By starting with "low-hanging fruit," town leaders demonstrated that change was possible. Once people started seeing change happen, there was more of an incentive to join in the process. Short-term success is a means for making the case that particular CED activities are worth the investment.

Second, many communities profiled here make an explicit effort to measure and monitor the impacts of their efforts. It seems obvious, but measuring progress and evaluating programs

tend to get pushed to the end of priority lists. Not so in successful small towns. In Ord, Neb., impacts of the community's development programs are monitored and have become useful for both external and internal audiences. Data are used to attract additional investment from outside sources. Moreover, by demonstrating a reasonable return on investment, these data may be used to convince a community's naysayers to join the efforts. In Hollandale, Miss., an analysis of local data helped the community to convince outside grant-makers that a rural transportation network was a smart investment. In addition, it helped to convince policy makers that rural transportation was a viable (if incremental) strategy for alleviating a range of economic challenges.

Finally, small towns profiled here tend to communicate and celebrate success. For example, in Douglas, Ga., community leaders work hard to keep local papers informed about various economic development projects and publicize even the most modest success, including stories of local entrepreneurial successes. Leaders in Ord spend an ever-increasing amount of time publishing newsletters and writing articles for the local newspaper. They send e-mails to as many residents as possible and appear on radio broadcasts regularly. The idea is to replace rumors and coffee shop chatter with accurate information about what the community is trying to accomplish.

7. Viable community economic development involves the use of a *comprehensive package of strategies and tools*, rather than a piecemeal approach.

The capstone lesson is, perhaps, a reaffirmation of a point that we have heard over and over again: there is no silver bullet. No single strategy saved any community in this study. Successful development in small towns is always multifaceted. Small towns should take nothing off the table in selecting strategies to pursue. Successful communities tend to have evolved to the point where they have a comprehensive package of strategies and tools that are aligned with the core assets, challenges and opportunities within their regional context.

Furthermore, given the basic strengths, weaknesses, opportunities and threats affecting each community and the virtually limitless menu of possible strategies, no single package of strategies necessarily fits with a particular type of community. That is, there is no universally applicable formula for community development. Decisions about what to do and why to do it have to be based on local conditions, context and capacity. The lessons from these small towns, however, provide insights and inspiration for other community leaders as they begin the important process of building locally driven strategies that create economic opportunities and improve the social, civic and environmental conditions that face their hometowns.

CASE STUDIES I:

*Small towns that are recreation
or retirement destinations or
adjacent to an abundance
of natural assets*



CASE STUDIES I:

Small towns that are recreation or retirement destinations or adjacent to an abundance of natural assets

The case studies in this chapter include small towns that are recreation or retirement destinations and those that are otherwise adjacent to an abundance of natural assets. These are the rural communities that have become retirement hot spots or recreation-related tourism destinations. For example, Hayesville, Bakersville, Brevard and Tryon are small communities in western North Carolina that are facing an influx of new retired residents and second-home owners. At the same time, each town is balancing recreation-related demands on its public infrastructure. On the other hand, some of the towns in this chapter about public land and therefore face physical development limitations. Etowah in Tennessee, Big Stone Gap in Virginia and Chimney Rock in North Carolina are situated on the edge of national forests, which provide opportunities for tourism development but place restrictions on physical development. Case studies in this chapter include:

Bakersville/ Hayesville, North Carolina*: Two small rural communities in the mountains of North Carolina build civic infrastructure and partnerships, and boost tourism by elevating heritage and cultural assets and revitalizing downtown.

Big Stone Gap, Virginia: This town's choice to embrace ecotourism and to support local entrepreneurs is transforming the local economy and providing residents with a sense of accomplishment and independence from the control of industry outsiders.

Brevard, North Carolina: Brevard capitalizes on the economic value of retirees, and not just as consumers. Local retirees assemble an award-winning network of "consultants," who support new and existing businesses with expertise from an array of business backgrounds.

Cape Charles, Virginia: With a local economy crippled by plant closures and environmental problems, Cape Charles bridges these challenges with the nation's first eco-industrial park.

Chillicothe, Missouri: Upon learning that its major employer will be closing, civic leaders in Chillicothe band together and save a correctional facility that has become a valuable part of this town's economic and civic life.

Chimney Rock, North Carolina: The town spurs the creation of new businesses with a downtown makeover and the construction of a river walk to join Chimney Rock's business district to the Rocky Broad River.

Columbia, North Carolina: The ecotourism strategy in Columbia is characterized by an innovative approach to governance and dogged protection of natural resources. By collaborating with surrounding counties, the town has financed and built a downtown boardwalk, a 4-H environmental education center and a visitors center – each of which is attracting new tourist dollars.

Dillsboro, North Carolina: Dillsboro turns an environmental pollutant into an economic asset by converting landfill methane gas into energy to power local artists' studios at the Jackson County Green Energy Park. The results include new businesses and jobs for the community.

Dora, Oregon: In Dora, a major renovation of the fire station, library and community center is intended to spark further investment in this small rural town.

Etowah, Tennessee*: Etowah's persistence and high standards yielded one of the most scenic rail trips in the nation, an attraction that is spurring downtown retail, restaurant and hospitality development and innovative approaches to industrial recruitment.

Hollandale, Mississippi: Recognizing that the availability of public transportation would enhance its economic development prospects, Hollandale partners with its neighboring communities to design, test and implement an innovative rural transportation network.

Ord, Nebraska*: In the face of dramatic population decline, Ord builds local capacity to pursue its four pillars of community economic development: youth outreach, leadership development, philanthropy and entrepreneurship.

Scotland Neck, North Carolina*: Strong mayoral leadership spurs this small town to implement new strategies for addressing old challenges. Scotland Neck helps its small businesses draw in tourists and attracts new industries that can employ the local workforce.

Spruce Pine, North Carolina: Spruce Pine is at the center of western North Carolina's booming craft and culture economy. By producing and marketing products from a children's story, it is redefining economic development for small towns.

Tryon, North Carolina: A rural community cut off from state-of-the-art broadband technology takes matters into its own hands. Tryon finances and builds a fiber-optic cable network to provide residents and businesses with broadband Internet access.

Webster Springs, West Virginia: A rural community creates a program to harness the town's volunteer spirit. The Webster County Community Fund is providing grants to initiatives that enhance quality of life in Webster Springs.

* denotes a long, analytic case study

Bakersville and Hayesville, North Carolina



	Bakersville	Hayesville
Population (2000)	357	297
Municipal budget (2006)	\$320,000 ³	\$330,000 ⁴
Per capita income (2000)	\$16,000	\$12,280
Median household income (2000)	\$19,290	\$20,000
Poverty rate (2000)	18%	15%
Minority population (2000)	0%	0%
Proximity to urban center	60 miles to Asheville, N.C.	130 miles to Atlanta, Ga.
Proximity to interstate highway	30 miles	75 miles
Strategic approach	Tourism Downtown development Organizational development	
Time frame	1995-2007	

Over the last several decades, parts of North Carolina have seen explosive growth. Hundreds of new businesses have been attracted into the urban corridor from Charlotte, through the Triad and into the Research Triangle Park. Universities and colleges throughout the state have incubated entrepreneurial activity, leading to new business spin-offs in biotechnology and high-tech industry. All of this economic activity, largely concentrated along the Interstate I-40 and I-85 corridor in central North Carolina, has created thousands of new jobs and generated millions in new investment.

Far away from the activity, in the mountains of western North Carolina, a different approach to economic development is emerging – an approach that is, in fact, redefining the term economic development. It is an approach that is rooted in rural heritage and culture. According to Becky Anderson, executive director of Handmade in America, the challenge for small mountain communities is to create economic development strategies that are sensitive to the natural environment and that preserve the unique mountain culture. Bakersville, having recovered from a devastating flood in 1998, demonstrates how a small community can turn a natural disaster into a catalyst for reinvigorating civic and

Two small rural communities

in the mountains of North

Carolina build civic infrastruc-

ture and partnerships, and at

the same time boost tourism

by elevating heritage and

cultural assets and revitalizing

downtown.

³ Interview with Charles Vines, mayor of Bakersville, June 24, 2007.

⁴ Interview with Harrell Moore, mayor of Hayesville, July 16, 2007.

economic activity. Hayesville, using similar heritage-based approaches, enriches the story with tourism and infrastructure development.

The communities and their history

Bakersville

Bakersville, the county seat for Mitchell County, is a quaint mountain community. Tucked beneath hulking Roan Mountain, it is an hour's drive from Asheville, Boone or Johnson City, Tenn. Incorporated in 1870, Bakersville has a rich and storied history. David Baker, the town's first resident, is believed to have settled here in 1797. Initially an important trading center, Bakersville endured the boom and bust nature of the mining industry throughout the 1900s. According to a local historian, during the late 1800s and early 1900s, "business varied with prices mica would bring; good prices, many jobs, good business; low prices, the reverse. Fortunes were made and lost."⁵

Agriculture and manufacturing were important contributors to the local economy in the latter half of the 20th century. Over the last 10 years, however, Mitchell County lost 3,400 manufacturing jobs. A modest employment resurgence in the mining industry began in the 1990s, when silica quartz, a mineral used in silica computer chips, was discovered in Mitchell County. In 2007, the mining industry employs 10 percent of the county's workforce. The local school system is the county's largest employer, and the commercial Christmas tree business is a growing economic sector. The Penland School of Crafts, a national center for craft education, is located several miles from Bakersville. Newer residents tend to be artists or retirees. According to one civic leader, native residents of Bakersville tend to be individualistic, free thinking, pragmatic and cautious with money. These characteristics of long-time residents likely stem from the boom and bust nature of Bakersville's economic history.

In 1996, the town was at an economic low point. Main Street was 40 percent vacant and, according to Bakersville Mayor Charles Vines, "there wasn't a whole lot going on in the early 1990s." In response, a group of business owners, artists and civic leaders came together and formed the Bakersville Improvement Group (BIG). Their idea was to use arts and culture as a means for improving Bakersville's downtown corridor. Initially BIG (then referred to as Rhododendron Festival Inc.) worked to initiate an annual Rhododendron Festival, an event that spawned a variety of other civic projects. At roughly the same time, Bakersville was selected to participate in Handmade in America's Small Towns Project, which was designed to provide downtown revitalization assistance to communities too small to qualify for the National Main Street Program.⁶

⁵ From "A History of Bakersville, North Carolina" available at: <http://www.bakersville.com/hist.html>.

⁶ Handmade in America is a nonprofit community development organization located in Asheville, N.C. Among other things, Handmade works with communities in western North Carolina to develop environmentally sustainable economic solutions that emphasize the craft industry, enhance opportunities in the marketplace and develop entrepreneurial strategies for the region's crafts artisans. For more information, see <http://www.handmadeinamerica.org>.

In 1997-98, the town, represented by BIG, was beginning to work with representatives from Handmade in America to draft a plan for the community, including a renovation project for the town's historic courthouse on Main Street. Then, on Jan. 8, 1998, disaster struck. Between 13 and 19 inches of rain fell on the nearby snow-covered Roan Mountain in a matter of hours. Overnight, flooding wiped out every business along Crimson Laurel Road in Bakersville. Main Street businesses were flooded as well. Bridges across the county were washed away, making travel and commerce nearly impossible. In the days and weeks following the flood, state and federal disaster response resources flowed into town, but economic recovery was going to be a long process for Bakersville. Further exacerbating the town's development challenge, Bakersville was put under a development moratorium in 1999 for its decrepit and flood-damaged wastewater treatment system.

Hayesville

Hayesville is the only incorporated town in Clay County, located five miles north of the Georgia state line in far western North Carolina. The town is situated on a knoll overlooking the Hiwassee River and has an expansive view of the southern Appalachian Mountains. Clay County was carved out of Cherokee County in 1861. The town of Hayesville was built around the historic two-story Clay County Courthouse in 1888. Today, more than 80 percent of Clay County's land area is forested and 46 percent is federally owned.⁷ History and culture play a significant role in Hayesville's social and civic life. The Clay County Historical Museum, located in the town's old brick jail house, is the town's centerpiece. The Licklog Players, a regional theatrical group, has been performing in the community since 1978, "bringing people together through the enjoyment of creative, entertaining live theater."⁸ The John C. Campbell Folk School, which *National Geographic* declared in 2007 as one of the "100 Best Vacations to Enrich Your Life," is located 10 miles away in Brasstown.

In recent years tourism, especially related to mountain heritage and outdoor recreation, has taken a prominent role in Hayesville's local economy. Lake Chatuge, located just minutes from town, offers miles of shoreline for swimming, boating, camping and fishing. Campgrounds in the Nantahala National Forest, a short drive from Hayesville, attract visitors from across the region. Fly-fishermen, hikers and bicycle tourists flock to the nearby Fires Creek for beautiful scenery and waterfalls.

The primary civic organization in Hayesville is the Clay County Community Revitalization Association (CCCRA). With a membership of several dozen local volunteers, CCCRA works to initiate and carry out development projects "that maintain the county's character while

⁷ North Carolina Rural Economic Development Center, "Saying Yes to Small Business" (November 2001, No. 9).

⁸ From the homepage of the Licklog Players, available at: <http://www.licklogplayers.org/>.

increasing economic opportunity.”⁹ According to a recent study conducted for Handmade in America, “although members of CCCRA are a mixture of locals and newcomers, many locals see the group as outsiders trying to change things.”¹⁰ Regardless of perception, though, CCCRA has a strong organization and has accomplished a number of significant projects. The CCCRA has been the leader and has partnered with the town and a number of other organizations in the community. According to Rob Tiger, the former president of CCCRA, “the organization has a tight relationship with the town government.”

Several important forces have tremendous bearing on Hayesville’s approach to economic development. First, in the mid-1980s, a highway bypass for U.S. 64 was constructed to re-route traffic away from downtown Hayesville. In 2002, the U.S. 64 bypass was widened to four lanes, becoming the first four-lane road in Clay County. Larger retail and service businesses now tend to locate on the bypass where traffic is heavier. Second, Clay County is in the midst of a construction boom from retirees and second-home owners migrating up from Atlanta and elsewhere to build in the rural North Carolina mountains. Real estate and construction businesses are thriving. A new development for retirees with 150 homes is being constructed two blocks from the downtown square. Although this particular development happens to be outside of municipal Hayesville, it will bring with it a sudden influx of new residents – perhaps more than doubling the town’s population. This development, along with those that have preceded it, represents a substantial shock to social, civic and economic life in Hayesville.

The strategy

The community and economic development strategies in Bakersville and Hayesville, although not identical, are similar. They both involve building infrastructure and capacity for initiating and sustaining locally driven community and economic development. In addition, each town’s strategy includes elements of tourism and downtown revitalization. Bakersville’s strategy is to improve the town’s civic infrastructure in an effort to attract and retain artist studios and other Main Street retailers that attract tourist dollars into the local economy. Hayesville is working to beautify the community, forge partnerships to develop tourism infrastructure and put on events that attract tourists and invigorate local civic energy.

Building infrastructure and capacity

Despite each community’s limited population and financial resources, Bakersville and Hayesville have taken steps to build physical infrastructure and organizational capacity to facilitate community and economic development. In each community, a local volunteer-led organization evolved in response to dramatic shocks to the local economy. BIG (in Bakersville) and

⁹ North Carolina Rural Economic Development Center, 2001.

¹⁰ Molly Levin, “Quality of Life Indicators in Two Small Towns in the Blue Ridge Heritage Area.” In Harmon, David, Ed. (2006) *People, Places, and Parks: Proceedings of the 2005 George Wright Society Conference on Parks, Protected Areas, and Cultural Sites*. Hancock, Michigan: The George Wright Society.

CCCRA (in Hayesville) are the primary community and economic development organizations. Each partners with its town's local government, but government is not the primary driver of the strategy in either place. Each organization includes both long-time residents and newcomers, and each seems to represent the interests of those residents who are active in civic affairs.

In Bakersville, the 100-year flood that struck in 1998 led to a re-evaluation of the town's floodplain, after which the state declared portions of the commercial district ineligible for redevelopment. Rather than view this redefinition of the floodplain as an economic threat, BIG volunteers went to work to turn it into an opportunity. The initial move was to shift focus from the courthouse project to a creek walk project. A creek walk, they decided, could pull the community together and, importantly, would demonstrate activity and "revitalization" in the new floodplain. Further, local leaders believed that additional public space, in the form of a creek walk, would add to the civic fabric of Bakersville, support the growing artist-based downtown economy and attract tourists into the community.

BIG partnered with Handmade in America, the National Forest Service, the National Endowment for the Arts and the N.C. Fish and Wildlife Commission to fund and construct a one-mile paved walkway along Cane Creek, which flows within a block of Main Street in Bakersville. Immediately after the flood, the town tapped the grant-writing expertise of Jim Burns from the Town of Boone. Burns assisted the town and BIG in obtaining grants to finance various components of the creek walk, as well as financial support for reconstruction of the community's wastewater treatment facility.¹¹

Completed in early 2000, the creek walk in Bakersville provides access to catch-and-release trout fishing and includes handicap-accessible fishing platforms. Local donations were solicited for a network of decorative lights along the creek walk. Citizens were given the opportunity to donate \$1,000 toward creek walk lighting in exchange for a commemorative plaque with their name on one of the lamp posts. This was an opportunity for locals to assume ownership of the creek walk. In an innovative partnership, the town convinced Wal-Mart to donate energy-efficient light bulbs to the project, reducing the town's electricity bill for creek-side lighting from \$200 to \$50 per month. The creek walk project evolved into what became the first stage of a long-term plan to create parks, playgrounds, multi-use sports fields and a gymnasium for the town of Bakersville – all in the floodplain adjacent to Main Street. A design student with North Carolina State University is working with BIG and the Town of Bakersville to draft architectural plans for the next phase of development.

In Hayesville, CCCRA (in partnership with the local government) began its development work in a simple and organic way. In 1996, a local civic entrepreneur named Glen Love decided to clean and paint the awnings on downtown storefronts. He used his own pressure-washing

¹¹Bakersville wastewater treatment plant was upgraded to accommodate treatment of 100,000 gallons per day. The development moratorium was lifted in 2001.

machine and purchased paint with his own money. This simple activity was the catalyst for additional volunteer projects, which several years later evolved into CCCRA's development agenda.

CCCRA has completed several community beautification projects, including landscaping at the main entry to town and planting trees along Main Street. Further, CCCRA funded and built a community playground and a downtown park. CCCRA led a local effort to renovate the exterior of the Clay County Courthouse by initiating a commemorative brick fundraising campaign. Currently, CCCRA is working with the Southern Appalachian Biking Association to construct a 15-mile mountain bike trail, which is projected to bring hundreds of bicycle tourists into Hayesville. Finally, CCCRA is the lead organization on a local project to construct a "pioneer village" on a plot of land adjacent to the historical museum in downtown Hayesville. Original structures for the village, including a church, barn and residence, were donated to CCCRA by a family in Clay County. The organization partnered with the Clay County Historical and Arts Council to raise \$100,000 to move the structures into Hayesville and reconstruct the village, which is expected to be a tourist draw.

Tourism through events and festivals

The second part of each town's strategy is to sponsor events and festivals that create community cohesiveness and attract tourist dollars into local businesses. According to Bob Hensley in Bakersville, "Events keep Bakersville in people's minds eye. Every small town in America should have a street festival to help celebrate its uniqueness. The more a community can do to get people thinking and talking about their town, the better." Again, as with civic infrastructure projects, events and festivals in Bakersville and Hayesville tend to be initiated and organized by volunteer civic organizations (BIG and CCCRA, respectively).

Bakersville's main event is the annual Rhododendron Festival, "the premier festival in celebration of the world's largest natural rhododendron gardens" (situated on Roan Mountain).¹² Beginning in 1994 and held every June since, the festival includes a street fair, antique car show, children's events and other cultural attractions. When the creek walk was completed in 2000, vendor tents were added to pedestrian areas along the creek walk. The event attracts thousands of visitors who eat in the local restaurants, purchase artwork from local artists and buy produce from local farmers. The success of Bakersville's Rhododendron Festival spilled over into a number of additional events, including an annual Christmas parade, an Easter egg hunt and a Fourth of July fireworks celebration. According to the Rhododendron Festival website, "the festival has been responsible for three-quarters of a million dollars in grants, which have brought new businesses, new jobs, a clean-up campaign and a renewed sense of pride to 'our town.'" ¹³

¹²North Carolina Rhododendron Festival homepage: www.bakersville.com/rhod.html.

¹³Ibid.

Hayesville's main event is Car-B-Q, an annual antique car show, barbeque festival and live music concert that takes place every July. CCCRA has forged partnerships with several local banks and businesses, which provide financial support to the event. Regional radio stations and newspapers provide free publicity. These partnerships, initiated and managed by CCCRA, have resulted in an event that brings hundreds of visitors into downtown Hayesville. CCCRA also puts on an event called Lies and Pies, which involves story-telling and a pie bake-off. According to Rob Tiger, Lies and Pies "is a competition for who can make the best pie and spin the best lie." Events celebrating Hayesville's unique heritage have become a means for attracting tourists and for integrating newcomers into the local civic and social networks.

By initiating projects to build civic infrastructure and partnerships, and to attract tourists into Bakersville and Hayesville, the volunteer-led organizations in both communities are redefining economic development in terms that make sense for small rural communities in the mountains of North Carolina. Referring to Hayesville's partnership with the Southern Appalachian Biking Association, Rob Tiger commented that "this [building a mountain bike trail to attract tourist dollars] is the kind of economic development that we're interested in. We're not going to succeed if the approach is to lure traditional industries. We have to think smaller scale." And, in Bakersville and Hayesville, small-scale projects are having a positive economic impact.

The outcomes

Outcomes that can be attributed to Bakersville's and Hayesville's economic development strategies include:

- In Bakersville, four new businesses and nine new jobs are attributed to the construction of the Cane Creek Walk.
- From 2003 to 2007, 10 vacant downtown buildings were occupied by new art galleries, restaurants or service businesses in Bakersville.
- In 2006, a new butcher shop, bookstore, coffee shop and several new service businesses moved into Hayesville's downtown square.
- Two old auto service stations at the main entry to Hayesville have been renovated and remodeled into a gourmet restaurant and a furniture retailer, improving the appearance of the community's gateway.
- In 2006, the Bakersville Rhododendron Festival attracted between 2,000 and 3,000 visitors.
- The Bakersville Rhododendron Festival is responsible for bringing \$750,000 in grant funding to Bakersville.

- According to Rob Tiger with CCCRA, “Downtown is taking shape. We have turned the corner. I know two or three people who are looking for property in town for new business space.”
- Said Hayesville Mayor Harrell Moore, “More and more newcomers are becoming active in local volunteer organizations.”

How and why the strategy is working

Given each community’s success with small-scale revitalization projects and tourism, the question becomes how and why these small mountain communities have been able to achieve such impressive outcomes. First of all, each community lies in a scenic and desirable setting within easy reach of larger metropolitan populations. Second, there is a deep sense of shared heritage and culture in small mountain communities that contributes to communal behavior. Also, both Bakersville and Hayesville have moved beyond the initial spark provided by Handmade in America and have assumed ownership of their communities’ futures. BIG and CCCRA have worked to build partnerships for spreading out the volunteer burden of small town development. Finally, both towns actively work to bring newcomers into civic and social organizations.

Capitalizing on assets – location and attraction. Hayesville is located 130 miles from Atlanta, one of the fastest growing cities in the country. The rural mountain setting in Clay County is a major draw for tourists, retirees and vacation-home owners. Bakersville, while not as much of a second home destination as Hayesville, is situated in one of the most scenic parts of North Carolina. Both communities are within easy reach of protected state and national forestland. The location and attractions of these communities create a natural draw for tourists, artists and vacation/retirement property developers, and both towns are positioning themselves to take advantage of these assets.

Deep sense of shared heritage and culture. Bakersville and Hayesville are both situated in the Blue Ridge National Heritage Area. Residents of these small mountain communities share a sense of place and history that sets these communities apart from others outside western North Carolina. According to one report, “one of the main reasons that this area of North Carolina was designated a national heritage area is that it, along with other areas of Appalachia, has been relatively isolated and fostered unique cultures, arts and communities.”¹⁴ Because of this shared sense of belonging and community, residents in these towns are able to work together and volunteer together in a meaningful and long-lasting manner.

Community ownership and initiative. Since the mid-1990s, both Bakersville and Hayesville have worked with Handmade in America to craft development strategies, forge new partnerships and build capacity for long-term economic revitalization. Over time, each community has

¹⁴ Molly Levin, 2006.

come to own its strategy. Leaders have evolved in each community who take their own initiative (without prodding from Handmade). According to Bakersville Mayor Charles Vines, “Handmade in America doesn’t do the work for us, but they have been a great spark plug.” Local ownership and initiative are crucial for sustainable economic development.

Partnerships to spread work across groups and individuals. “We learned early that small community groups have to take special care not to over-commit,” said Rob Tiger from CCCRA in Hayesville. “We put special emphasis on forming partnerships to spread the burden of volunteer work across various groups.” CCCRA partners with almost any organization, including local banks, businesses, media outlets and regional tourism authorities. BIG works closely with town officials, members of the Arts Council and other heritage-based entities in Mitchell County.

Integration of newcomers with new ideas. Even with the deep sense of shared heritage among long-time residents, what sets these two communities apart has been their ability to embrace this shared sense of belonging while at the same time integrating newcomers into the social and civic life of the community. “New people are moving into Clay County because they love it here, and these new people can be spark plugs for making new things happen,” said Rob Tiger in Hayesville. Mayor Moore agreed: “Newcomers are getting more and more involved in volunteer work.” In Bakersville, the membership of BIG is roughly half long-time residents and half newcomers.

What are the lessons from this story?

In small towns, community development is economic development. Both Hayesville and Bakersville demonstrate that community development projects, aimed at creating public infrastructure (both built and abstract), can lead to economic outcomes. The development of a creek walk in Bakersville has been credited with the creation of new businesses on Main Street. The mountain bike trail and Pioneer Village projects in Hayesville are intended to increase tourism traffic and provide entrepreneurial opportunities for new business development. Informal organizations and partnership development in both communities have made it possible for economic development to occur.

Small projects can build momentum and partnership for facing larger challenges. The evolution of CCCRA is a perfect example of beginning with small, “low-hanging fruit” projects to demonstrate the capacity for change. CCCRA started in 1996, when a local resident named Glen Love decided to clean and paint the awnings around the Hayesville town square. This effort led to a music event on the square, which the community parlayed into a number of other events and celebrations. In small towns, small steps can lead to giant strides.

Heritage, culture and history are economic development assets. Events and celebrations in Bakersville and Hayesville tend to be centered on an element of heritage. Antique cars, local cuisine and story-telling are all aspects of heritage. Each of these communities demonstrates a means for taking the local heritage from a particular region and leveraging it for economic gain, in this case tourism dollars.

Look for opportunity in adversity. In both towns, volunteer-led organizations developed in response to palpable economic hardship. BIG (in Bakersville) came together and gained momentum after the flood in 1998. “The flood in 1998 brought the citizens of Bakersville closer than ever before,” Mayor Vines said. CCCRA (in Hayesville) was at least a partial response to the dramatic up-tick in retiree and vacation home development.

Small groups of committed residents can jump-start development in small towns. Both BIG and CCCRA are ad-hoc volunteer organizations that, over time, have become the primary drivers of economic development in their respective communities. Both organizations started with a small group of committed residents willing to volunteer time toward making something happen in their community.

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Big Stone Gap, Virginia



	Big Stone Gap
Population (2000)	4,800
Municipal budget (2005)	\$4 million ¹⁵
Per capita income (2000)	\$13,000
Median household income (2000)	\$21,500
Poverty rate (2000)	26%
Minority population (2000)	6%
Proximity to urban center	137 miles to Knoxville, Tenn.
Proximity to interstate highway	58 miles
Strategic approach	Tourism Entrepreneurship
Time frame	1998-2007

Big Stone Gap, located in Wise County in the Cumberland Mountains, is a town blessed with natural resources and scenic beauty. Over the last 20 years, however, the declining coal and textile industries have left hundreds of local residents without work or income. In response, local officials have locked arms with Virginia Cooperative Extension and several regional organizations to spearhead an ecotourism strategy. By supporting the growth of small business entrepreneurs to serve the ecotourism industry, the town has revitalized its economy and created new job opportunities for residents.

The community and its history

Big Stone Gap is in the heart of Appalachia, close to Virginia’s western border with Tennessee and Kentucky. The rolling hills and rural landscapes around Big Stone Gap encompass some of the most promising outdoor tourism attractions in the country. Jefferson National Forest, the “Grand Canyon of the South,” and the Natural Tunnel State Park envelop this little town. The Appalachian Trail, the Trans-America Bike Route and the new Heart of Appalachia Bike Route and Scenic Drive weave their way through the region. The town is also a major stop on Virginia’s *Crooked Road* heritage music trail, which honors this region’s role in the creation of bluegrass music.

This town’s choice to embrace ecotourism and to support local entrepreneurs is transforming the local economy and providing residents with a sense of accomplishment and independence from the control of industry outsiders.

¹⁵ Interview with George Polly, Big Stone Gap town manager, January 25, 2007.

As an additional draw, the scenic beauty and rich cultural history of this region have been the inspiration for several popular novels and films. John Fox Jr., one of Teddy Roosevelt's Rough Riders, was raised in Big Stone Gap. Fox wrote the novel *Trail of the Lonesome Pine* about coal mining in Big Stone Gap; the book became the nation's first novel to sell over one million copies. The novel was turned into an outdoor drama by a theater company in Big Stone Gap and was recently designated as Virginia's Official Outdoor Drama. A motion picture based on local author Adriana Trigiani's novel *Big Stone Gap* is currently being filmed in town.

Big Stone Gap was settled in the mid-1800s when rich coal beds attracted miners into the region. Throughout the first half of the 20th century, the town prospered on proceeds from coal extraction and supplemented its economy with tobacco and textiles. Beginning in the 1980s, however, the mining industry started to falter. By 1992, the county's unemployment rate approached 20 percent and remained in the mid-teens for most of the 1990s.¹⁶ "The coal mining industry was breaking down and workers had been so dependent on outsiders to provide jobs, they just didn't know what to do," said Phyllis Deel, an agent with Virginia Cooperative Extension.

The strategy

Big Stone Gap's economic development strategy is to use ecotourism to attract new investment and to create employment opportunities by supporting local entrepreneurs.¹⁷ As of the late 1990s, tourism was the fastest-growing industry in southwestern Virginia, with an average annual growth rate of 17 percent.¹⁸ The town partnered with the Heart of Appalachia Tourism Authority (HATA) and Virginia Cooperative Extension to develop an infrastructure to support entrepreneurship in the ecotourism industry. According to Geneva O'Quinn, the executive director of HATA, the town's goal was to allow local residents to "harvest" ecotourism, but to do so in a sustainable manner.

The first step was to create a local education and training infrastructure to provide advice and encouragement to budding entrepreneurs. Phyllis Deel of Virginia Cooperative Extension offered workshops in the community to demonstrate how residents could start their own business and take control of their economic future. Deel also formed alliances with the Mountain Empire Community College and its Small Business Development Center. The center agreed to provide business plan feedback and financial advice to local entrepreneurs. Southwest Virginia Community Development Finance, a community development financial institution in nearby Abington, provided a lending option for ecotourism entrepreneurs in town. The town actively promoted these resources to local entrepreneurs and worked to connect the right resource to the right entrepreneur at the right time.

¹⁶ U.S. Bureau of Labor Statistics.

¹⁷ According to the International Ecotourism Society, ecotourism is "responsible travel to natural areas that conserves the environment and sustains the well-being of the local people."

¹⁸ McDaniel, Lynda. "Ecotourism Takes Off in the 'Heart of Appalachia.'" Appalachian Regional Commission, 2001.

The town “helped build an infrastructure that entrepreneurs can use to develop their own jobs and generate income by capitalizing on sustainable, value-added, community-based tourism,” Deel said. “We worked on marketing opportunities, especially cooperative marketing for attractions that package well together, and new amenities that encourage people to stay longer. That helps us capture more of the tourism dollar and bring in new money from outside.”¹⁹

Big Stone Gap has curbed the impacts of regional economic stagnation. “The infrastructure and effort we’ve put in for the past 10 years is really going to help our town reap the benefits of the increased tourism,” said town manager George Polly. An advertising campaign initiated by HATA brought 50,000 requests for information from readers of *Parade Magazine*, *Smithsonian Magazine* and others. In 2005, the county’s unemployment rate returned to a stable level of 4.6 percent, and new businesses are beginning to take off. Small outfitting businesses for kayaking, rafting, biking and camping are thriving. The bed and breakfast industry also is growing and being marketed throughout the state.

What are the lessons from this story?

Supporting entrepreneurs is a long-term and transformative economic development strategy. Big Stone Gap was riddled with high unemployment and a declining economy. For decades, the town had relied on outsiders, such as the coal company or textile plant, to provide jobs. When these industries pulled out of town, Big Stone Gap looked at itself and what it had to offer, and it decided to build a new economic underpinning based on its local assets and opportunities. “We had to help people think about economic development in a new way,” Geneva O’Quinn said. Entrepreneurship is all about identifying opportunities and figuring out ways to create value for a customer. In Big Stone Gap, the ecotourism assets around town were brimming with opportunity. Over a period of six years, entrepreneurs harvested these opportunities, and slowly but surely, new small businesses started appearing in town – new businesses with local ownership and local roots. In terms of its long-term prospects, Big Stone Gap is well under way in transforming its economy to one driven by local assets and leaders, one much less vulnerable to major economic shocks from circumstances outside of its control.

Entrepreneurs need a flexible and multi-faceted support network. Entrepreneurs have unique needs. A single organization in a small town will never be able to support the broad range of needs that entrepreneurs face on a daily basis. Creating a network of services, however informal, is a viable strategy for supporting the needs of local entrepreneurs. In Big Stone Gap, the town linked entrepreneurs to the specific expertise of HATA, the local

¹⁹ Ibid.

community college, the small business development center and the community development lending entity.

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Brevard, North Carolina



	Brevard
Population (2000)	6,643
Town budget (2006)	\$10 million ²⁰
Per capita income (2000)	\$18,260
Median household income (2000)	\$33,500
Poverty rate (2000)	11%
Minority population (2000)	15%
Proximity to urban center	34 miles to Asheville, N.C.
Proximity to interstate highway	30 miles
Strategic approach	Entrepreneurship
Time frame	2002-2007

Brevard is tapping into the business expertise within its retiree population as a tool for supporting local entrepreneurship. Over the past 10 years, Brevard has become a hot spot for baby-boomer retirees; over 60 percent of newcomers are retired. In 2002, this small mountain town’s economy hit a wall, though, with numerous plant closures and 2,200 job layoffs. At that time, Transylvania County economic development director Mark Burrows turned to some of the retirees on his advisory board for help. Their suggestion: create a network of retirees to help new and existing businesses prosper and expand. The resulting Retiree Resource Network is a collection of over 65 retired businesspeople who provide top quality consulting and advising services to the businesses of Brevard and Transylvania County free of charge. In 2007, the network won the outstanding county program award from the North Carolina Association of County Commissioners and has served as a model for other rural areas with retirement communities.

The community and its history

Named for Dr. Ephraim Brevard, a Revolutionary War colonel, the city of Brevard is nestled in the mountains of western North Carolina. Transylvania County, of which Brevard is the county seat, is rich in scenic beauty with over 250 waterfalls. In 2005, tourism generated nearly \$70 million in revenue for Transylvania County, and many of these tourists are now retiring in Brevard.²¹ A recent article in *Modern Retirement* reported Brevard as one of the top 10 cities for retirement in 2005.

Brevard capitalizes on the economic value of retirees, and not just as consumers. Local retirees assemble an award-winning network of “consultants,” who support new and existing businesses with expertise from an array of business backgrounds.

²⁰ Interview with Joe Albright, Brevard city manager, on May 15, 2007

²¹ Transylvania County Economic Development website: econdev.transylvaniacounty.org/Tourism.htm. Accessed on May 15, 2007.

While Brevard's tourism industry and population have been climbing, its economy bottomed out in 2002 when three large employers closed their doors. An x-ray film manufacturer owned by DuPont (600 employees), the Ecusta paper mill (1,200 employees) and a textile mill (300 employees) all closed in 2002, laying off a combined 2,200 workers. In the wake of the plant closures, Transylvania County economic development officials pondered how to go forward. After deliberating for several months, county economic development director Mark Burrows and his advisory board created an economic development strategic plan to begin rebuilding the economy. One component of the plan was to leverage the intellectual expertise and experience of the retirees coming to town. "Retirees bring both financial capital and intellectual capital to their new homes and communities," said David Guice, former chairman of the Transylvania County Board of Commissioners. "They can help existing companies to prosper and expand, foster new business start-ups and make contacts with companies from outside the area who may be interested in relocating to the County."²²

The strategy

The city of Brevard worked with Transylvania County to assemble a network of retirees who provide a range of services to entrepreneurs and local small business owners. Initially, the network was just a few businessmen who met informally. After receiving Community Development Block Grant funding, the county economic development office was able to hire a permanent network coordinator. In 2004, Burrows and Guice approached one of their volunteer board members, Bill Layton, himself a retiree with executive experience in three major corporations, to coordinate the Retiree Resource Network.

Layton accepted the offer and set to work getting out information about the new program. Tapping his own social networks and those of others, Layton began building a database of retired businesspeople. These personal invitations were critical to the growth of the network, now 68 people strong, and the list of consultants reads like a "Who's Who." "We have people with every kind of business experience you can imagine," said Layton, "from human resources to engineering to marketing, finance and accounting. Many have experience with top corporations and Fortune 500 companies."

With the database growing, Layton set up the consultation process for prospective clients. The process begins when a local entrepreneur or existing business owner contacts Layton at the county office. Layton schedules a visit and assesses the business issue at hand. Afterward, he uses this information to select the person with the most relevant experience from his pool of consultants. At this point, the business owner and consultant are introduced to each other and begin working together.

²² Burrows, Mark. "Innovative Program Spurs Economic Development When Three Major Manufacturers Close." Press Release, March 10, 2006.

Since forming in 2004, Retiree Resource Network members have met with over 25 local businesses, new start-ups and firms relocating into the county. Jim Leblow, CEO of Solid Surface Arts, was looking to expand his business when he contacted the network. “We needed someone to help with hiring issues,” he said. “Mr. Layton assigned me a former human resources manager from Motorola who rolled his sleeves up and shared his former company’s hiring and review techniques. Without his help, I would have had to pay top dollar for a consultant and never could have afforded it. The network is invaluable to every small business in this community.” The guidance seems to have worked out well. Leblow said his company has gone from four employees in 2006 to 15 employees currently. In the words of Layton, the Retiree Resource Network is a “terrific use of available resources” and is equipping new and existing business owners with the skills to flourish in the 21st century.

What are the lessons from this story?

Entrepreneurs need direct, customized assistance. This story demonstrates that small towns should seek innovative ways to provide individualized assistance to local entrepreneurs. General business training for entrepreneurs is a worthy first step in a local support strategy. Going beyond general issues into specific challenges facing a range of entrepreneurs is where small town leaders can add maximum value to their efforts. Every entrepreneur is different, and their needs vary enormously. Direct, customized assistance provided by Brevard’s Retiree Resource Network is one way to move local entrepreneurs toward being engines for job creation.

Retirees in small towns can be economic development assets. Brevard provides an excellent example of how retirees can be active in community life and economic development efforts. Often these retirees bring a professional expertise not common in small towns. In an era of global competition, such expertise is potentially invaluable to small town entrepreneurs. Small town leaders, especially those in towns receiving an influx of retirees, can look for ways to leverage the combined expertise of their new residents for community benefit. Brevard and Transylvania County have taken their local retiree network to the next level and are using the network as a differentiating service when marketing their community to new businesses.

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Cape Charles, Virginia



	Cape Charles
Population (2000)	1,130
Municipal budget (2005)	\$3.2 million ²³
Per capita income (2000)	\$13,790
Median household income (2000)	\$22,240
Poverty rate (2000)	28%
Minority population (2000)	44%
Proximity to urban center	43 miles to Norfolk, Va.
Proximity to interstate highway	38 miles
Strategic approach	Industrial development
Time frame	1990-2000

In the mid-1990s, Cape Charles planned and developed an environmentally friendly “eco-industrial park.” This development was part of the town’s strategy to blend job creation with environmental protection. Located in Northampton County on the Chesapeake Bay, the town’s economy is rooted in fishing, farming and food processing. Over the last couple of decades, however, local food processing plants have moved away, and overfishing has decimated the fishing industry. In the wake of significant job losses and increasing water pollution, local officials committed to charting a new, more sustainable economic development path. Cape Charles is now the location of the nation’s first eco-industrial park, which has created new jobs for residents while limiting its environmental footprint.

The community and its history

Sandwiched between the Chesapeake Bay to the west and the Atlantic Ocean to the east, Cape Charles has a long history as a trading post and fishing center. It was founded in 1886. For much of the 1900s, the town’s port and ferries connected Northampton County with Norfolk across the bay. In 1965, a two-lane bridge and tunnel were built to connect Cape Charles with Norfolk, reducing the port’s traffic.

Cape Charles’s economy has always centered on agriculture and fishing. The rich soils and freshwater bays have provided a living to generations of family farms and fishermen. Beginning in the early 1900s, processing

With a local economy crippled by plant closures and environmental problems, Cape Charles answers these challenges with the nation’s first eco-industrial park.

²³ Town of Cape Charles website: capecharles.org/pdf/2007budget.pdf. Accessed on February 27, 2007.

plants located in town to package and sell produce and seafood from the area. Over the next half century, Cape Charles blossomed yet retained its character as a quaint coastal town.

In the mid-1980s, food processors became an obvious and easy target for federal environmental regulators. In addition, improvements in technology and transportation networks meant that the proximity between processors and growers was becoming less important. In the late 1980s, three food processing plants in or near Cape Charles closed, and 1,500 workers lost their jobs. At the same time, the fishing industry began to flounder because of overfishing and increasing pollution from run-off. On top of all of this, the only source of drinking water in the region started showing signs of saltwater intrusion. “These issues were like a storm out on the sea,” one resident said. “It was lurking, but everyone said it wouldn’t be here for awhile. Then all of the sudden it became real, and we were in trouble.”

The strategy

Cape Charles’s strategy was to link environmental protection with economic development. One element of this strategy was to develop an eco-friendly industrial park. In 1992, the Northampton County Board of Supervisors received a grant from the National Oceanic and Atmospheric Administration (NOAA) to research innovative ways to balance economic growth with coastal resource protection. In 1993, town and county officials partnered with NOAA and the Virginia Department of Environmental Quality to hire Timothy Hayes, the nation’s first local sustainable development planner. Hayes created a volunteer citizens task force to identify “measurable, achievable tasks that build the economy and preserve the assets on which they depend.”²⁴

Through a series of public meetings spread over 18 months, the task force came to an agreement on six economic sectors Cape Charles could pursue for job growth. One was to recruit new “low-emission” industries that would have a limited impact on the environment and local waterways. The task force recommended that Cape Charles create a new type of industrial park designed to reduce water and resource use while allowing businesses to take advantage of all the traditional benefits of a park.

The recommendation was timely as Northampton residents had already approved a \$4.6 million bond to build a new industrial park. County officials thus committed to use this bond money to create an eco-industrial park. In January of 2000, the first phase of the Cape Charles Sustainable Technologies Industrial Park (STIP) opened to much fanfare. It was the first industrial park of its kind in the United States. A 31,000-square-foot manufacturing/office building was complete with solar panels, protected wetlands, low-energy light and water fixtures and native landscaping. Local water resources were protected through an innovative water recy-

²⁴ Reardon, Christopher. “Oysters, Grapes, High-Tech Industry.” Ford Foundation Report. Spring 1997.

cling system. The system collects used water from each company, recycles it and then redistributes the water back to businesses.

In the first few years after opening, STIP leveraged another \$8 million from private companies locating there and created more than 65 new jobs. Unfortunately, some of the businesses have since closed, and the county has struggled to replace them. According to local officials, federal and state officials developed a rigorous list of sustainability criteria for how businesses in the park could operate. Apparently, these criteria are so stringent that the already small pool of potential green businesses able to locate in the park became even smaller. In addition, county officials attribute miscommunication between state and local leaders over who would lead in recruiting businesses to the park as being a major factor in its downturn. County officials and the Chamber of Commerce are now talking with a nearby community college about locating in the unused space. Even though the eco-industrial park did not turn out to be an outright success story, the forces that led to its creation and the reasons for its continuing struggle bring out lessons for similar strategic initiatives.

What are the lessons from this story?

Environmental adversity can lead to economic opportunity. Cape Charles and county officials were in a predicament after food processing plants closed in the late 1980s. On the one hand, residents were desperate for jobs; on the other, the once pristine environment was being degraded. Cape Charles also faced threats to its water supply. The town had to come up with a strategy that would balance economic growth and environmental protection. In this case, public leaders decided to put a new spin on an old tool – the industrial park. As Andrew Barbour, the county supervisor, said, “We saw nature-based development as an asset and key differentiator in doing business.” This innovative approach to economic development set Cape Charles apart from its neighbors, provided uniqueness to the community and gave industries a reason to explore the town.

The process of building capacity and creating partnerships is as important as the outcome. The inclusive nature of the planning process for the eco-industrial park generated community capacity to do other things. In 2006, when the park was struggling to maintain occupancy, the local Chamber of Commerce partnered with the area community college and the Nature Conservancy to develop a certification course in ecotourism. Graduates of the course receive exclusive access to Nature Conservancy-owned barrier islands and can offer a more expensive and exclusive experience to their customers. The course has been extremely successful for both the town government and local business owners. This partnership was a direct result of the process that Cape Charles went through to explore sustainable economic development strategies (of which the park was only one option).

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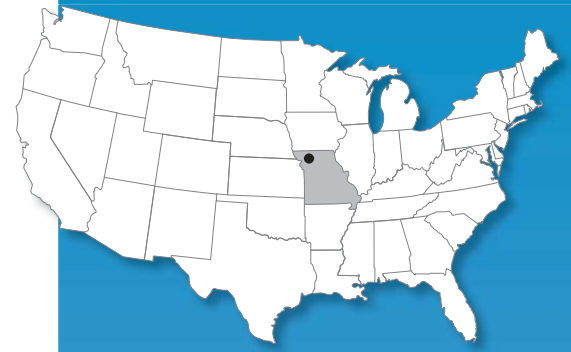
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Chillicothe, Missouri



	Chillicothe
Population (2000)	8,970
Municipal budget (2005)	\$20 million ²⁵
Per capita income (2000)	\$16,170
Median household income (2000)	\$30,050
Poverty rate (2000)	13%
Minority population (2000)	6%
Proximity to urban center	90 miles to Kansas City, Mo.
Proximity to interstate highway	40 miles
Strategic approach	Business retention & expansion
Time frame	2004-2006

Chillicothe, located in north central Missouri, is at the heart of the heartland, a vast, rolling landscape of soybean, corn and wheat fields. Faced with the prospect of losing 200 well-paying jobs from their community, Chillicothe came together, got aggressive and offered an alternative. The result of this layoff aversion strategy to save the Chillicothe Women's Prison is a net gain of 250 jobs (above the 200 existing ones) and \$10 million in additional payroll. "Chillicothe is the place to emulate in central Missouri," said Karen Dabson from the Rural Policy Research Institute at the University of Missouri.

The community and its history

As the county seat of Livingston County, where agriculture remains a \$30 million industry, Chillicothe is steeped in the values and traditions of family farms. Most residents are either directly connected to the local agricultural economy as landowners or indirectly connected as business owners (or workers) providing goods and services to those who earn income from farming.

According to one report, "Chillicothe, long a respite in an otherwise dry stretch of northern Missouri's U.S. Highway 36, is blooming like a roadside wildflower in the summer sun."²⁶ Since the early 1980s, officials and residents of Chillicothe have worked together to diversify the town's economy and to build civic infrastructure. The community provided public support for the Grand River Inn, which opened its hotel

Upon learning that its major employer will be closing, civic leaders in Chillicothe band together to save a correctional facility that has become a valuable part of this town's economic and civic life.

²⁵ Interview with Mayor Todd Rodenberg, October 2006.

²⁶ White, Marshall. "Chillicothe Works Together to Achieve Economic Growth," *St. Joseph News Press*, June 20, 2006.

and meeting rooms in 1986. In 1990, Chillicothe added an 18-hole golf course and an aquatic center and undertook an initiative to improve city parks.

In addition to the town's agricultural heritage, Chillicothe has long been the site of an adult female prison for the Missouri Corrections Department. Chillicothe Correctional Center was constructed in 1887 as a juvenile facility for females and was known as the State Industrial Home for Girls. In 1981, the General Assembly established the Chillicothe Correctional Center, and adult females first arrived later that year. While some rural communities may view prisons as an industry of last resort, officials and residents in Chillicothe have come to value the corrections industry as a prominent employer for local residents and an antidote for the slowly collapsing farm economy and a century of declining population. In addition to the economic benefits, churches and voluntary organizations in town have established close links with prisoners by providing counseling, teaching and social outreach.

By 2004, the correctional facility – with a \$5 million annual payroll and 200 local employees – was in bad need of repair. The governor's office estimated that an investment of \$9 million would be needed just to bring the existing facility up to standard. In February 2004, in an effort to cut costs and balance the state budget, then-Gov. Bob Holden announced that the state was closing Chillicothe Correctional Center and laying off all 200 workers.

The strategy

This small town's strategy was to leverage its existing community capital to save an important employer and avert a major layoff. On the same day as Gov. Holden's announcement, the mayor called together a group of leaders and began crafting a strategy to save the prison. The group, which met every Friday, varied from 15 to 20 people and encompassed a cross-section of community leaders, including state representatives, the executive director of the Chillicothe Development Corp., the mayor, council members, utility representatives, prison administrators and others. Recognizing the gap in their professional expertise, Chillicothe's first move was to hire a lobbyist to help the town convince the governor's office that closing the prison was a mistake.

Next, the town developed an alternative to closing the prison. Chillicothe proposed that taxpayers approve a one-half cent extension of the capital improvement sales tax to fund a land purchase for a new prison site. The city offered to make a land swap with the state – donating property and utility connections for a new prison in exchange for the old, decrepit one. The city and local electric company would extend water, sewer and power lines to the site – all at no cost to the state. In return, the city would take over the 69-acre site of the old prison and assume responsibility for its asbestos-laden, deteriorating buildings.

The combination of a sound alternative proposal with a strong lobbying offensive convinced the governor to reverse course. Not only was there already a well-trained workforce in Chillicothe, but the community had demonstrated strong support for the prison. In January 2006, Gov. Matt Blunt proposed issuing \$120 million in revenue bonds for a new prison. Later in the spring, the state legislature passed the governor's proposal. Projected to open in 2008, the prison will add about 250 new employees. The increase in jobs means the payroll will double, pumping \$10 million into the local economy.

"The new prison is a positive in so many ways, but I think on top of the list is the economic impact," Mayor Rodenberg said. "For the next 18 to 24 months there will be hundreds of construction workers in Chillicothe, and believe me, they do spend money. That will be a boost to our local economy, but then think about the long-term impact of a new prison. It's projected there will be several hundred new jobs at the prison, which will have a dramatic impact on a town our size."²⁷

What are the lessons from this story?

In cases of layoff prevention, a community must organize quickly, be aggressive and offer a viable alternative. In Chillicothe, Mayor Rodenberg called his core team together on the afternoon of the governor's announcement. Rather than waste valuable time, the town initiated an aggressive lobbying campaign within days of learning that the prison was slated for closure. These early and aggressive efforts helped convince the governor's office that Chillicothe was committed to keeping the prison in town. In addition, rather than take a defiant stance, Chillicothe crafted a viable alternative for the governor's office to consider.

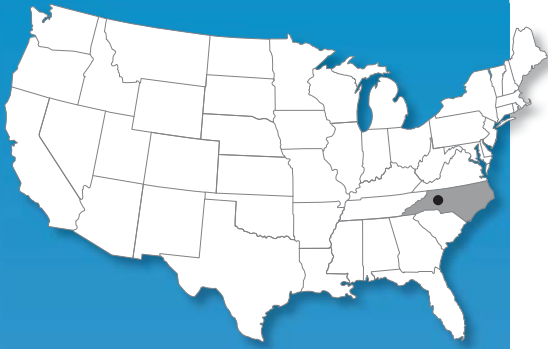
Creative community support for an employer can influence strategic management decisions. Even though this is a case in which a public employer is convinced to maintain its presence in a small town, the lesson holds for private employers as well. Strong and unified community support for an employer can influence management decisions. Chillicothe changed the cost-benefit calculation being made by managers in the state capital. By crafting an alternative for the closure – perhaps an alternative that would not have come to light without Chillicothe's efforts – local residents were able to sway the governor's strategic decision.

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²⁷ E-mail communication with Mayor Rodenberg, October 2006.

Chimney Rock, North Carolina



A downtown makeover and the construction of a river walk, joining Chimney Rock's business district to the Rocky Broad River, spur the creation of new businesses.

	Chimney Rock
Population (2000)	175
Municipal budget (2005)	N/A
Per capita income (2000)	\$17,100
Median household income (2000)	\$29,600
Poverty rate (2000)	15%
Minority population (2000)	5%
Proximity to urban center	96 miles to Charlotte, N.C.
Proximity to interstate highway	20 miles
Strategic approach	Tourism Downtown development Organizational development
Time frame	1996-2007

With a population of 175, Chimney Rock is a tiny village in the mountains of North Carolina that figured out a way to capture tourists flowing into a nearby park. For more than a century, Chimney Rock has relied on tourism from nearby Chimney Rock Park to sustain its economy. During the 1980s and '90s, the town struggled to move its economy beyond novelty souvenir stores. Frustrated by a lack of success, the all-volunteer government approached HandMade in America, a regional nonprofit, about a partnership to revitalize the downtown and create a more vibrant tourism base.²⁸ The town's strategy has involved constructing a river walk through the downtown, updating business facades and building local capacity to sustain future efforts at diversification and development. So far, these efforts have created 104 jobs in 17 new businesses. More importantly, visitors to Chimney Rock now have a reason to spend time in the village – as well as in the park.

The community and its history

The history of Chimney Rock village dates back to the early 1900s, when physician Lucius B. Morse came to the mountains of western North Carolina. Morse was captivated by the beauty of the area and especially the majestic Chimney Rock Mountain. The mountain contains a rare rock outcropping that rises some 315 feet straight up, providing

²⁸ Handmade in America is a nonprofit community development organization located in Asheville, N.C. Among other things, Handmade works with communities in western North Carolina to develop environmentally sustainable economic solutions that emphasize the craft industry, enhance opportunities in the marketplace and develop entrepreneurial strategies for the region's crafts artisans. For more information, see www.handmadeinamerica.org.

climbers with views of over 75 miles. Morse purchased Chimney Rock Mountain and 65 surrounding acres for \$5,000, formally establishing Chimney Rock Park in 1902. Within a few years, a small village called Chimney Rock formed at the base of the mountain to supply travelers heading to the private park.

Over the next half century, Chimney Rock Park grew in popularity, and the village evolved as an automobile tourist town. The economy grew as tourists visited the park and more souvenir shops located in town. During the 1980s and '90s, however, the local economy stagnated. Souvenir shops struggled to survive, and many business facades crumbled. Tourist shopping and spending habits seemed to be shifting. Chimney Rock's tourism was limited to people stopping for a few minutes on their way to the park. In light of this, Chimney Rock's mayor and other volunteer officials came together to discuss how to improve the town and its economic prospects. As Mayor Barbara Meliski said, "We had a lot of good ideas but we were in need of guidance. We didn't have the resources to be an Asheville, but we wanted to see things improve."

The strategy

Chimney Rock's strategy was to boost tourism by showcasing its natural resources in novel ways. The work began when Chimney Rock was selected by HandMade in America, a nonprofit organization promoting community development in western North Carolina, to be a part of its Rural Small Towns Revitalization Project. As part of the project, Chimney Rock examined how it would create the financial resources necessary to improve the downtown. "A lot of times, small towns like ours see a grant we're interested in but don't have the capabilities or resources to apply," Mayor Meliski said. To overcome this, and to build capacity for the future, Chimney Rock established a volunteer-led community development association in 1996 that extended the reach of local government and improved its ability to secure grant funding.

The second part of Chimney Rock's strategy involved creating a draw, beyond souvenir shops, for tourists to visit and stay in the downtown. Chimney Rock's officials recognized that there was little synergy with Chimney Rock Park and that tourists visiting the park spent minimal time and money in the town. The first step was to improve the appearance of buildings and outdoor spaces downtown. Local leaders worked with property owners to improve storefront facades and to clean up park spaces in town.

Next, Chimney Rock saw the theme of nature-based tourism running through the community and the nearby park. Picking up on this theme, the town used grant money from the North Carolina Rural Economic Development Center and N.C. Department of Environment and Natural Resources to build a river walk along the Rocky Broad River, which flows through the downtown. The river has a reputation as an excellent trout stream but was difficult to get to because of steep slopes and limited public access points. To address this, the Village of

Chimney Rock began acquiring land along the river in 1995. After a year of acquiring land, the local government used the volunteer labor of several hundred nearby college students to construct a river walk along the Rocky Broad, making it much easier and safer to get to. The pathway is constructed of dirt, gravel and other natural materials. By 1997, the river walk was completed and businesses constructed new patios and walkways down to the river walk to complement the pathway.

Since these efforts began, Chimney Rock has made significant gains in the number of businesses and jobs in town. The number of tourists is up, evidenced by the 17 new businesses created in town and seven business expansions. Over 100 jobs have been created, and 17 business facades have been updated. In terms of funding, Chimney Rock and its community development association have leveraged \$620,000 in public money to generate over \$3.7 million in new private investments. Tourists visiting what is now state-owned Chimney Rock Park stop for an overnight stay, visiting the shops and river walk and taking advantage of the excellent fishing. Through the community development association and river walk, the small town of Chimney Rock has created the institutional and physical infrastructure to generate new resources and lure more tourists.

What are the lessons from this story?

Define economic development assets broadly. The park outside of Chimney Rock was, until the mid-1990s, an underestimated asset for economic development. Chimney Rock's economy was stagnant during the 1980s and '90s, in large part because the village failed to give tourists visiting the park a reason beyond souvenir shops to come to town. After partnering with Handmade in America, Chimney Rock saw that it needed to rethink how it attracted tourists and designed the river walk to enhance revitalization efforts downtown. In this way, Chimney Rock created a sort of synergy by pairing its development strategy – one based on natural resources – with the park to realize greater economic development gains.

Build institutional capacity. In the process of assessing its assets and opportunities, Chimney Rock recognized that, with an all-volunteer local government, the town's capacity was limited. By creating a community development association, the town created an institution that could partner with the local government and bring additional attention to development projects.

Look to local service and resource providers. In this case, local leaders looked beyond traditional public sector sources of assistance to local service providers. Handmade in America was a regional entity with experience and expertise in helping communities to build capacity.

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Columbia, North Carolina



	Columbia
Population (2000)	820
Municipal budget (2006)	\$1.2 million ²⁹
Per capita income (2000)	\$12,220
Median household income (2000)	\$20,590
Poverty rate (2000)	34%
Minority population (2000)	61%
Proximity to urban center	78 miles to Greenville, N.C.
Proximity to interstate highway	98 miles
Strategic approach	Tourism
Time frame	1991-2007

Columbia’s strategy is to attract investment into the community through ecotourism. Before ecotourism was popular, Columbia’s leaders and residents decided to embrace their natural assets – many of which are federally protected – to create new jobs. In 1993, former town manager J.D. Brickhouse convinced local officials in the surrounding counties to join together in the Partnership for the Sounds, a nonprofit organization designed to facilitate regional collaboration around ecotourism and to prevent the counties and municipalities from competing over limited grant funding. Through this innovative partnership, Columbia has received funding for and built a downtown boardwalk, a visitors center and a 4-H environmental education center, each of which draws tourism. Today, Columbia is a destination for travelers seeking a pristine getaway on North Carolina’s coast.

The community and its history

The town of Columbia, located in the Albemarle-Pamlico region of eastern North Carolina, was founded in 1793. Throughout the 1800s and early 1900s, the timber industry prospered around Columbia from the rich, Scuppernong River-fed groves of cypress and juniper. The town’s economy also was buoyed by corn, rice and cotton plantations. But after reaching a peak population of 1,100 in 1950, Columbia began a slow, steady decline in both population and economic vitality. The 2000 census documented a poverty rate of more than 30 percent.

The ecotourism strategy in Columbia is characterized by an innovative approach to governance and dogged protection of natural resources. By collaborating with surrounding counties, the town has financed and built a downtown boardwalk, a 4-H environmental education center and a visitors center – each of which is attracting new tourist dollars.

²⁹ Interview with Rhett White, Columbia town manager, May 22, 2007.

In the late 1970s, local officials began to aggressively recruit new businesses. The town was negotiating with an international aircraft manufacturer to relocate to Tyrrell County when, in October 1988, Congress modified an obscure requirement relating to the interest rate on industrial revenue bonds. The project fell through, and the town's hopes for luring a manufacturer were dashed. "I was devastated," said Brickhouse, the former town manager. "Our community had so many high expectations, and it all fell through."

After this setback, the town manager received funding through the Coastal Area Management Act to develop a comprehensive community plan. The plan, which became known as *Columbia 2000*, relied on a combination of community meetings and household surveys. It was released in 1990. During the planning process, participating residents and survey respondents expressed a strong desire to focus on a few major projects: downtown renovation, construction of a visitors center and a riverfront boardwalk. Ecotourism, then a new concept, became the centerpiece of Columbia's economic development strategy. "Ecotourism meant a rejection of certain types of economic development," said Rhett White, the current town manager. "We rejected taking advantage of our natural environment and instead saw the potential to develop an economy around a pristine environment."

The strategy

Columbia's strategy is to join with its neighbors in the Albemarle-Pamlico region to promote a regional ecotourism economy. Shortly after the *Columbia 2000* planning process, Brickhouse met with representatives from various state agencies to explore funding options for local ecotourism projects. During a meeting with a former official with the N.C. Department of Environment and Natural Resources, Brickhouse learned that other communities around Columbia were interested in pursuing a similar economic development approach. In fact, communities from across the Albemarle-Pamlico region were independently lobbying state legislators for ecotourism-related finance.

In 1991, Brickhouse initiated meetings with colleagues from Tyrrell, Hyde and Beaufort counties. Their idea, which developed over time, was to work together in promoting sustainable economic development. Ultimately, they decided to create a regional nonprofit organization, the Partnership for the Sounds, in 1993. Through the partnership, counties and towns throughout the Albemarle-Pamlico region would apply collectively for funding, instead of competing with each other for scarce grant dollars. The goal of the partnership was to develop ecotourism-related facilities that each community envisioned and then mold these facilities into a cooperative network.³⁰

The second part of Columbia's strategy is to use innovative land-transfer arrangements to preserve land around town. Obviously, the land and other natural assets around Columbia form the basis of its ecotourism strategy. Beginning in the early 1990s, Brickhouse initiated

³⁰ Partnership for the Sounds website, www.partnershipforthesounds.org/pdfs_mission.htm.

several partnerships with government agencies and nonprofit groups to purchase land around Columbia. Locking up land, however, also meant a loss of potential property tax revenues. In one case, the North Carolina Department of Transportation (N.C. DOT) wanted to purchase the 10,000-acre Palmetto Peartree Preserve near Columbia and turn it into a wetland bank.³¹ Since this would pull the land off the tax rolls, Brickhouse partnered with the Conservation Fund to explore the possibility of an alternative land ownership agreement. In an innovative arrangement, the fund purchased the property and allowed N.C. DOT to use some of the land as a wetland bank.³¹ In exchange, N.C. DOT and the Conservation Fund agreed to contribute toward a special endowment set up for the parcel. Revenue from N.C. DOT's use of the property and from the fund's sustainable harvesting of the property's forest is used to pay the local property taxes. The ownership agreement has been a win-win, giving Columbia additional protected land and tax revenue.

Columbia's next priority was to revisit the community's vision for a visitors center and boardwalk. Working through the Partnership for the Sounds, Columbia received a \$1 million grant from N.C. DOT to construct a new visitors center at the main entrance into town. While the center was under construction in 1994, Columbia set out to build an adjoining boardwalk along the Scuppernon River and into the cypress swamps near downtown. The Conservation Fund provided the lumber for the project by harvesting timber from the nearby Palmetto Preserve. With help from the local Youth Corps, Columbia's mile-long boardwalk and visitors center opened in 1995. On average, the visitors center welcomes 400,000 people a year, a significant jump from previous tourism figures. In 2001, Columbia also became home to a new \$10 million 4-H environmental education center, complete with a 250-seat meeting room, four dining areas and two hotel-style executive lodges.

Local officials estimate that more than 100 jobs have been created in Columbia as a result of the ecotourism strategy, a handsome figure in a town of fewer than 800 people. Since 1990, the town has generated over \$15 million in grant funding for ecotourism related projects.

What are the lessons from this story?

Economic development must be guided by a broadly held local vision. *Columbia 2000* was a comprehensive planning process that relied on participation from the whole community. The result was a vision of what residents wanted to see their small town become. "Many economic development efforts fail because they do not come from local knowledge," said Mikki Sager of the Conservation Fund. "A lot of small communities end up with what they have because someone from outside tells them what they need. No local buy-in, or success, is going to happen with that."

³¹ A wetland bank is a system in which development impacts are mitigated by creating credits and selling them to third parties. According to the Environmental Protection Agency, "mitigation banking means the restoration, creation, enhancement and, in exceptional circumstances, preservation of wetlands and/or other aquatic resources expressly for the purpose of providing compensatory mitigation in advance of authorized impacts to similar resources."

Unique local assets can become economic drivers. Columbia's leaders and residents recognized that the natural beauty of the area was an asset that could drive an ecotourism strategy for economic development. Part of Columbia's success with ecotourism comes from the clear local mandate that residents wanted to see their natural surroundings protected.

Local economic development can be strengthened by forming regional partnerships. Through meetings with the N.C. Department of Environment and Natural Resources, Columbia discovered that neighbors from Hyde and Beaufort counties were interested in pursuing similar ecotourism-related projects. Rather than see these counties as intra-regional competitors, Columbia sought regional collaboration. Small towns thus were able to pool resources and ideas. Moreover, ecotourism should – by nature – be a regional strategy because a collection of towns and counties has more to offer visitors than does a single municipality.

Innovative local governance can strengthen a community's economic development efforts. Columbia's ability to design an alternative arrangement for generating tax revenues on protected lands helped turn a potential obstacle to ecotourism into an example of innovative local governance.

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Dillsboro, North Carolina

	Dillsboro
Population (2000)	206
Municipal budget (2005)	\$174,000 ³²
Per capita income (2000)	\$14,400
Median household income (2000)	\$18,800
Poverty rate (2000)	23%
Minority population (2000)	7%
Proximity to urban center	180 miles to Charlotte, N.C.
Proximity to interstate highway	30 miles
Strategic approach	Entrepreneurship
Time frame	1998-2007

Located in the rural community of Dillsboro, the Jackson County Green Energy Park is using methane gas from a nearby landfill to power the studios of local artisans and small business entrepreneurs. Faced with migrating methane gas from the landfill, town and county officials decided to go beyond complying with environmental regulations by harnessing the gas to power small businesses. Since opening in 2006, the park has become home to a biodiesel refinery, three professional blacksmith studios and a series of greenhouse businesses. When completed, the park will create 20 to 25 jobs and provide opportunities for artisans and small business entrepreneurs to hone their skills at minimal cost.

The community and its history

Dillsboro is a railroad town situated just on the edge of the Great Smoky Mountain National Park in western North Carolina. Southern Railway constructed a railroad through town in the 1880s, which led a cluster of general supply businesses to spring up in Dillsboro. The railroad also brought tourists to town, as people from across the region came to experience the cool summers and Smoky Mountain scenery. Over the years, Dillsboro and Jackson County have continued to build on their tourism assets by showcasing the rich cultural heritage of the area. Each year, Dillsboro hosts festivals and celebrations to highlight its craft heritage with blacksmiths, glassblowers, quilters and potters. Dillsboro's town clerk, Herb Nolan, estimates that the small town has nearly 90

³²Interview with Herb Nolan, Dillsboro town clerk, April 18, 2007.



Dillsboro turned an environmental pollutant into an economic asset by converting landfill methane gas into energy to power local artists' studios at the Jackson County Green Energy Park. The results include new businesses and jobs for the community.

businesses, most of which cater to tourists. Elsewhere in the county, institutions such as Western Carolina University and Southwestern Community College provide employment for many of the area's residents.

Like most rural counties, Jackson County has a small landfill. Located on the outskirts of Dillsboro, the Jackson County landfill and trash-transfer site was closed in 1996. Within a couple of years, however, county officials were notified that methane gas from the landfill was escaping, or migrating, into the atmosphere and that the site was in violation of federal environmental regulations. The typical response to this type of violation is to exhaust the gas by burning the methane as it leaves the landfill. "We wanted to find a more creative solution," said county manager Ken Westmoreland. "We had a problem, and either we could come into compliance by exhausting the gas or try to find ways to harness the gas to do something innovative."

The strategy

A model solution was found just a few counties away, where the Energy Xchange Renewable Energy Center in Yancey County used methane gas to power the shops of local artisans. With the support of Dillsboro Mayor Jean Hartbarger, Westmoreland returned to the Jackson County Board of Commissioners in 1999 pledging that a similar park could be built in Dillsboro. Most importantly, it could be done for approximately the same cost as exhausting the gas (which would have been required absent another solution). All told, Westmoreland estimated the park would cost around \$1 million dollars and, with approval from the commissioners, set out to construct the Jackson County Green Energy Park.

Grant money from the Golden LEAF Foundation, N.C. Rural Economic Development Center and U.S. Department of Agriculture enabled the county to begin cleaning up the site and designing the park. In 2005, the county hired Timm Muth as park's project manager. By 2006, construction was underway, and Muth, along with other engineers, designed a means for converting methane gas into energy for the greenhouse and 10 studios that would make up the park. In October of 2006, the first artisan, a master blacksmith from Dillsboro, began operating out of the park.

To fill the remaining spots, Muth and Westmoreland assembled a committee to advertise and select participants from throughout the region and nation. Each participant is allotted a three-year residency and receives technical assistance and free energy during his or her tenure. "Through the program, participants delay expensive start-up costs," Muth said. "Often those expenses are the biggest barrier for artisans to overcome." During the first year of the residency, participants work on their business plan with assistance from the local community college. By the second year, artisans are required to post their goods in retail locations throughout the

region. Finally, in the third year, artisans begin looking for new studio space, either in the county or elsewhere. Jackson County officials believe that by the third year, participants will have saved enough money from the previous two years to make the transition fairly easy.

Some of the newly established businesses in the park have had strong initial success. Recently, a biodiesel manufacturer located in the park and is producing fuel for Jackson County government and Cherokee Tribal vehicles. Once the park is completed, Muth estimates nearly 25 jobs will have been created. "Creating that number of good-paying jobs in a rural community goes a long way," he said. The Green Energy Park also has earned a number of state and national accolades. In the past year, the park received awards from the North Carolina Association of County Commissioners and the State Energy Office and was named the U.S. EPA Landfill Methane Outreach Project of the Year. By supporting a creative strategy to turn a liability into an asset, Dillsboro is bolstering its cultural heritage tourism niche and paving the way for a more sustainable future.

What are the lessons from this story?

When facing a challenge, look for a similarly situated community to serve as a mentor.

Jackson County was not the first county to face an issue with methane gas migrating from its landfill. Rather than reinventing the wheel, Dillsboro and Jackson officials looked outside their community for help and guidance. Not more than 100 miles away, they found that Yancey County had solved a similar methane gas problem by turning the methane into an energy source for a business park. This example sparked the initial idea for Jackson County's park and also gave officials insight into the difficulties Yancey County had to overcome. Jackson County was about to avoid pitfalls and build upon, reshape and improve the example provided by Yancey County.

Use environmental concerns as levers for economic development strategies. Typically, environmental regulations are perceived as burdens on a town budget. In this case, the town looked beyond the regulation to see how it might comply while also creating jobs and raising incomes. Further, in creating the Green Energy Park, officials spent about the same amount of money as they would have to merely comply with environmental regulations. In the process, Jackson County and Dillsboro linked their solution to the community's heritage tourism strategy.

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Dora, Oregon



	Dora
Population (2000)	250 ³³
Municipal budget (2005)	N/A
Per capita income (2000)	\$13,700 ³⁴
Median household income (2000)	\$27,500 ³⁵
Poverty rate (2000)	20% ³⁶
Minority population (2000)	7% ³⁷
Proximity to urban center	150 miles to Eugene, Ore.
Proximity to interstate highway	75 miles
Strategic approach	Downtown development
Time frame	2002-2006

Dora demonstrates that very small towns can accomplish big things. This tiny farming and cattle-ranching town has raised more than \$880,000 for a new fire station, an expanded library and a remodeled community center. “Getting this building to happen is an all-volunteer effort, done by amateurs,” said one local leader. “Nonetheless, with a bit more time and effort, we fully expect the fine old school building in Dora to be fixed up into a fine new fire hall and community center.” Leaders in Dora believed that rehabilitating the town’s civic infrastructure, which in this case is a dilapidated old fire station and school house, would demonstrate a high level of commitment to the community and in turn would help the town to attract additional investment.

The community and its history

Dora is a small, unincorporated agricultural community located on the east fork of the Coquille River in southwestern Oregon. The nearest town with any significant amenities is Myrtle Point (pop. 2,500), approximately 18 miles down a two-lane road. Economic activity in Dora is limited mainly to ranching and farming.

In 1946, a two-room school opened to serve a variety of purposes in the community. In addition to being the community school, it was a meeting place for residents and its gym was open at night for community use. The Dora Friendly Club, a service group known for its cookbooks,

In Dora, a major renovation of the fire station, library and community center is intended to spark further investment in this small rural town.

³³ From interview with Craig Smith, Rural Development Inc. (RDI).

³⁴ Data for Myrtle Point (Dora’s closest incorporated neighbor).

³⁵ Data for Myrtle Point (Dora’s closest incorporated neighbor).

³⁶ Data for Myrtle Point (Dora’s closest incorporated neighbor).

³⁷ Data for Myrtle Point (Dora’s closest incorporated neighbor).

quilts, pies, potlucks and scholarship program, met there monthly. In 1981, the school closed when the county shifted Dora's students to a school in Myrtle Point. After a few years, the community decided to organize a volunteer fire department to provide service to Dora and the neighboring communities of Sitkum and McKinley. To leverage their town's existing infrastructure, one room of the old school was modified to house the fire department, and the other room was turned into a small library and community center. The school-turned-firehouse/library/community center opened in 1982.

By 2000, however, the building was aging and in need of repairs. The lights did not work, the toilet would not flush, and the fumes from the diesel fire trucks carried into the library and community center. Dora's only community infrastructure needed rehabilitation.

The strategy

Dora's capacity-building strategy includes elements of infrastructure revitalization and community mobilization. In response to the crumbling facility, a group of Dora citizens, led by volunteers from the fire department, organized a fund-raising drive for a new fire station and remodeled community center. Leaders hoped that this revitalization project would catalyze additional investment in the community. An engineer from Rural Development Initiatives (RDI), a nonprofit rural capacity-building operation, worked with the community to develop a plan that would create a new fire station and salvage the old school. The price tag came to \$961,600.

While Dora is not a particularly wealthy community, its residents came together and raised more than \$80,000 locally for the new community center plan. Outside funding was needed, as well.

Initially, Kirk and other community leaders were confident they could raise the required funding within a year, an ambitious goal. Linda Kirk, a member of the fire department and retired school teacher, started writing grant applications in September of 2005 with guidance from a county commissioner and staff from RDI. With their help, Dora applied for a Community Development Block Grant (CDBG) from Oregon's Economic Development Authority and for a number of foundation grants.

The process was tedious and complicated. "A grant award can be as slippery a catch as any native trout, and each one involves different strategy and tackle," said one resident of Dora. "Each grant application involves many steps and a good deal of waiting between steps." Despite the tedium, Dora's leaders discovered that grant funding could be a momentum-building process. Each grant received made the project more attractive to additional grantors because each dollar committed made it more feasible. Although it took longer than expected, Dora has raised over \$880,000 in grants and donations.

What are the lessons from this story?

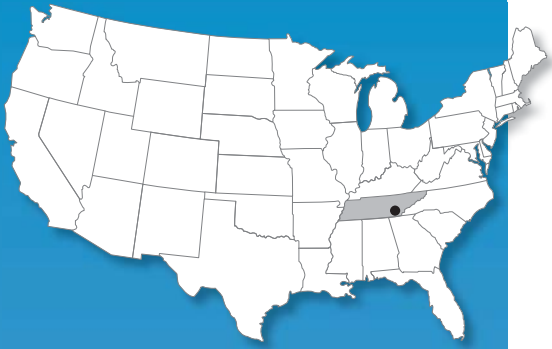
Small towns can do big things. Dora, with 250 people and little economic activity, shows the critical importance of a positive attitude. Few residents had any grant-writing experience, but they believed in their vision. “We thought to ourselves, ‘There must be money out there and people who want to fund this kind of project,’” explained Linda Kirk. By raising local funds and tapping into a diverse range of grant funding, Dora chipped away at the total project cost and built momentum for the project.

Rural residents may be your most generous supporters. NewTithing (a philanthropic research organization) suggests rural residents and those with smaller incomes are more likely to donate to civic causes. Rural towns should not overlook their residents as a source of financing for community projects. Residents and small businesses contributed over \$80,000 to Dora’s community center project.

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Etowah, Tennessee



Etowah's persistence and high standards yield one of the most scenic rail trips in the nation, an attraction that is spurring downtown retail, restaurant and hospitality development and innovative approaches to industrial recruitment.

	Etowah
Population (2000)	3,660
Municipal budget (2006)	\$3 million ³⁸
Per capita income (2000)	\$15,300
Median household income (2000)	\$28,000
Poverty rate (2000)	16%
Minority population (2000)	7%
Proximity to urban center	50 miles to Knoxville, Tenn.
Proximity to interstate highway	15 miles
Strategic approach	Industrial development Tourism Downtown development
Time frame	1998-2006

Etowah is a unique community in the foothills of eastern Tennessee, an awkward but hopeful mix of tradition and progressivism. Century-old railroad infrastructure provides the town with a valuable heritage asset while a modern and thriving industrial park provides well-paid employment opportunities to its residents. Historic downtown architecture and modern amenities stand side-by-side.

Ten years ago, Etowah faced a severe economic challenge. According to one local official, "we didn't quite hit the bottom, but we got pretty darn close." Civic leaders faced a decision. They could bunker-down and accept the widespread plant closings and shuttered storefronts as inevitable. Or they could look to their town's existing assets and build a new, long-term and sustainable strategy for development. They chose the latter. Today, Etowah has a thriving economy based on three pillars: heritage tourism, downtown development and industrial recruitment and expansion.

The community and its history

Etowah is a small town in the eastern Tennessee foothills. It is the second largest town in McMinn County and about a quarter of the size of Athens, the county seat. The drive into town from the north is striking, both in terms of the level of activity in town, and the immediacy of Etowah's development assets. These include Starr Mountain, the

³⁸ Interview with John Solsbee, Etowah city manager, January 22, 2007.

colossal natural treasure that serves as the western-most edge of Cherokee National Park and skirts Etowah's eastern city limit; the L&N Train Depot, a turn-of-the-century train station at the center of a historic main street; and the newest, a massive industrial park at the northern edge of town.

Etowah was the first planned community in the United States. Built by the Louisville & Nashville (L&N) Railroad Co. in 1906, Etowah was to be a crucial location in the company's efforts to piece together a direct route from Chicago to Atlanta. Prior to any construction in Etowah, L&N laid out streets (east to west) and avenues (north to south). Streets were given numbers while avenues were named after various states. Construction began with the train depot and then moved into town, with structures for businesses to support the rail industry. In 1908, Etowah became the Atlanta Division headquarters for the L&N Railroad. Hundreds of men and their families flooded into town for well-paying railroad jobs.

Until L&N pulled up its stakes in 1974, Etowah was a company town. According to a local history, "When the railroad waxed, Etowah waxed. When the railroad waned, Etowah waned. Etowah was a creation of the railroad."³⁹ The slow demise of the rail industry, throughout the 1940s and '50s, led Etowah – like many of its Southern peers – to leverage its low-cost labor and land toward becoming a prominent location for textile and apparel manufacturing. In the late 1960s, Beaunit Fibers was Etowah's largest employer, with 1,500 employees. This strategy, which evolved in response to the need for a more diverse local economy, came back to haunt Etowah in 1977, when Beaunit closed its doors and laid off 1,000 local workers. Also in the late 1970s, Interstate 75, which connects Atlanta to Knoxville, was built 15 miles to the east of town. In the face of this dramatic economic downturn – with the death of the rail industry, dwindling manufacturing employment and decreased traffic through town – Etowah refused to roll over.

In the late 1970s, public leaders in Etowah decided to renovate the L&N Railroad depot to its original turn-of-the-century look. The city-owned train depot re-opened to the public in 1981. Today it serves as the permanent office space for the Tennessee Overhill Heritage Association (TOHA)⁴⁰, the Etowah Chamber of Commerce and a museum that chronicles the history of Etowah. Recognizing the importance of these organizations to Etowah's development interests, the city provides them with rent- and utility-free office space in the depot. Train excursions, which attract tens of thousands of tourists every summer, begin at the depot. Across from the Railroad Depot is the city-owned historic Gem Theater, built in 1927, which provides a year-round community gathering place for social events, political rallies and town meetings. It is also the home to the Gem Theater Players, a local community theater troupe.

³⁹ Caldwell, Linda, Bill Akins and Betty Duggan, eds. "Growing Up with the L&N: Life and Times in a Railroad Town." Etowah Arts Commission, 1989.

⁴⁰ Tennessee Overhill is a local nonprofit organization that promotes heritage-based tourism in the Overhill region of McMinn, Polk and Monroe counties.

In terms of natural and built assets, Etowah is a regional gateway into the Cherokee National Park. Starr Mountain, on the town's undeveloped eastern horizon, is a constant reminder that Etowah rests on the edge of the Appalachian high country. Hundreds of hiking trails and four major rivers skirt the town. The Ocoee River was the whitewater kayaking venue for the 1996 Olympic Games. Etowah owns its local utility company, and McMinn County owns the hospital in town, which pumps steam into the local economy with a \$5 million annual payroll. Etowah has the smallest school system in the state, but its schools are well regarded. Mom and pop restaurants in town attract diners from Etowah and beyond. According to John Gentry, the mayor of McMinn County, "folks from Athens drive into Etowah on weekends to enjoy the unique little restaurants and shops." Antique stores, second-hand clothing and sundry shops line the downtown corridor.

In addition to being a tourism destination for outdoor enthusiasts, shopper and diners, modern-day Etowah is also home to a substantial industrial base. The North Etowah Industrial Park includes the Waupaca Foundry (600 employees) and Johns Manville Fibers (300 employees). These major industrial players support a range of spin-off industries, including suppliers and distributors.

Although thriving today, tourism, shopping and industrial activity in Etowah were not always so. Approximately 10 years ago, the last remnants of the textile industry closed its doors in Etowah. Unemployment approached 20 percent, and Main Street was lined with empty storefronts. The downturn was a result of many factors, including the fact that the city-owned utility company flushed out some good-ol'-boy corruption and started charging local businesses their full utility bills. Again, just as in the late 1970s, the community came together and refused to roll over.

The strategy

Etowah's strategy for economic development is to build from its existing assets – to use its heritage assets to attract tourists; to create a dynamic and thriving downtown corridor with retail and service amenities that attract visitors as well as locals; and to leverage the town's quality of life factors and its existing industries to further expand its industrial base. The roots of Etowah's strategic approach can be traced back to a community planning exercise that took place in 1998, during which a coalition of government, business and civic leaders came together to develop a shared vision for Etowah and a long-range agenda for development.

Tourism

The town's strategic planning exercise in 1998 shed light on the fact that the old abandoned rail line, which stretched up into the national park, was an asset that the town could use to create a draw for tourists. At the time, the rail – built in 1890 – was owned by a private

holding company. In 2001, opportunity presented itself and the community raised \$1.6 million to purchase the line. The City of Etowah partnered with the Tennessee Valley Authority (TVA) to rehabilitate the rail line, which provided TVA with access to the Appalachia Powerhouse (a power generator on the Hiwassee River) and provided Etowah with a prominent tourism asset. The Tennessee Overhill Heritage Association, in partnership with the town, received a grant from the National Trust for Historic Preservation to initiate rail excursions.

Rail excursions have become the anchor for Etowah's tourism industry. Trips begin in town and take riders into the Cherokee National Park. "The trip is considered one of the most scenic rail trips in the United States," said Linda Caldwell, executive director of TOHA. It carries passengers up the Hiwassee River Gorge, around a historic loop passing vestiges of the mining industry and back down into town. There are no roads in this river gorge, and the only access is by rail. The city and heritage group manage the train excursions, which have become a profit engine for the town. According to Durant Tullock, the Chamber of Commerce president, "Train excursions bring folks into town and downtown merchants keep them there."

Downtown development

It follows that the second pillar of Etowah's economic development strategy is to build a downtown corridor with services and amenities that attract tourists and locals alike. In the vacuum created by economic shocks of the late 1990s, a second-hand-item market developed in Etowah's downtown retail corridor. Shops selling antiques and sundries took root in previously unoccupied storefronts. According to a prominent town official, "Etowah's second-hand stores attract shoppers from as far away as two hours." Their main challenge, which was articulated during Etowah's strategic planning efforts of 1998, was their lack of capacity for marketing and advertising.

In response, the chamber worked with downtown merchants to help them take advantage of traffic from the railroad excursions. Simple changes to the merchants' business routines and schedules have made a tremendous difference. Restaurants and retailers coordinate their hours of operation and staffing levels with anticipated tourist traffic. The chamber published a shopping and dining guide to market downtown merchants. The cost was covered by a \$200 fee for merchants to be included in the guide. When the trains are running, volunteers ensure that a guide gets placed on every seat.

Industrial development

The final pillar in Etowah's economic development strategy is industrial development. The town manager coordinates recruitment and expansion activities, in close partnership with the chamber executive and McMinn County Economic Development Authority. When Etowah was working on its community strategic plan, it became apparent that being proactive in the area of industrial development could complement Etowah's tourism and downtown development

activities. Town leaders recognized that the railroad infrastructure in Etowah was a valuable asset, not only for tourism, but for industrial distribution. The town made a strategic decision to purchase and develop an industrial park on the northern edge of town, the goal of which was to create sustainable, living-wage jobs for Etowah. In partnership with the McMinn County Economic Development Authority and the regional development authority, Etowah brought water, sewer and utilities to the North Etowah Industrial Park.

Once the site preparations were complete, companies started calling. Etowah was never in the position of being able to offer cash incentives, but site development at the industrial park and the existing rail infrastructure, combined with the county's payment in lieu of taxes⁴¹ program, were sufficient, as Solsbee said, "to put some skin in the game." Solsbee's rapport with certain manufacturing executives helped, too. "Small towns can't pretend to be something that they're not," he said. "Relationships and honesty are crucial factors." Today, Etowah is home to major industrial players, including Waupaca Foundry, Johns Manville and Consolidated Metco. Average wages in Etowah's industrial park range from \$16 to \$20 per hour plus benefits.

The outcomes

Outcomes that can be attributed to Etowah's economic development strategy include:

- City-sponsored rail excursions brought more than 10,000 passengers to Etowah in 2004. The chamber estimates that 30,000 will ride the trains in 2007.
- Since 1997, Etowah has increased lodging options from one motel to nine bed and breakfast inns, new cabins, lodges, retreats and a 65-room Sleep Inn Hotel.
- The town has raised funds (including a CDBG grant) and begun improvements to downtown sidewalks and lighting.
- Business at a local winery is up 30 percent during train excursions. Restaurants fill when trains disembark.
- Waupaca Foundry opened in 2001, currently employs 600 and is about to break ground on \$120 million expansion.
- Johns Manville Fibers, which currently employs 300, is expanding to install a fourth product line. The \$100 million expansion will create 52 jobs averaging \$19 per hour plus benefits.
- The initial manufacturers have attracted supply-chain partners, including Consolidated Metco (45 employees) and Inspetech (15 employees).
- Infrastructure (including water, sewer, utilities) is in place for future growth in the industrial park.
- Volunteerism and community pride are growing.

⁴¹ In McMinn County a payment in lieu of tax lease offers a county tax abatement on industrial/commercial property prior to development for a prescribed number of years.

How and why the strategy is working

Etowah's apparent success with an asset-based approach to small town economic development, begs the question: how and why has this rural outpost in the foothills of Tennessee been able to overcome its geographic isolation? First, given the cyclical history of Etowah's economy, this town has learned how to re-invent itself and change with the times. At the same time, citizens of Etowah tend to have high expectations in terms of civic, social and economic standards – and they fight for their fair share of resources and investment. Downtown merchants have diversified their product lines to attract shoppers, and industrial development has been undertaken with a proactive and well-coordinated approach. Finally, young leaders have helped the town to identify its assets and create a vision for long-term development.

Willingness and ability to adapt and change with the times. Etowah has a history of adapting to shifts in social, economic or civic conditions. Because it was a planned community that was built on an unoccupied patch of land in 1906, locals in Etowah are less steeped in a mindset of “well, this is just the way it's always been done.” To survive the ups and downs of rail industry booms and busts, Etowah had to adapt. When the rail industry faltered, Etowah brought in textile manufacturing jobs and formed an arts council. When the textile industry faltered, Etowah looked to her historical, natural and infrastructure assets to create a new model for local development. “Small towns have to be versatile and change with the times,” said Durant Tullock, whose family has been in Etowah since its founding.

High expectations combined with grittiness and determination. According to Linda Caldwell, citizens of Etowah have always had high expectations for life in their small town. They formed an arts council and initiated a full-scale study of their town's historical roots during the economic downturn of the 1970s – not the most obvious priority at the time. In the face of grave economic turmoil, Etowah's expectations for social and civic life never wavered. High expectations are one thing, but Etowah combines its expectations with the determination to fight for its share of resources. “Etowah has always had a chip on its shoulder,” said John Gentry, county mayor. “This little town has always fought for 50-50 with Athens, even though Athens is the substantially larger county seat. Other towns recognize their smallness. Not Etowah. As the county mayor, I can always expect that Etowah will fight for their share.”

Chamber's support of downtown product diversification. Product diversification has been a key factor to the success of downtown's retail sector. “Stores have to be in a niche market,” Durant Tullock said. “They have to sell things that Wal-Mart won't sell. They have to sell things that will draw people to drive for at least one hour.” Over the last 10 years, the Chamber of Commerce has worked with merchants to develop viable product lines.

Proactive industrial development. Etowah did not allow an industry, the county or a regional development organization to determine the town's fate with respect to industrial develop-

ment. In 1998, townspeople came together around a vision for bringing industry into Etowah. Given its location between Atlanta and Chicago and its valuable railroad infrastructure, Etowah was an obvious choice for industrial development. Rather than react to a trolling industry, Etowah purchased land and created infrastructure – on its own terms – that would attract an industry. John Solsbee credits this proactive posture as being the key factor in the success of the town’s industrial park.

Young and foresighted leadership. According to Linda Caldwell, Etowah has seen “new young leaders come forward.” Durant Tullock sold his hardware store, left his family’s canned food business and dedicated himself to the town as the executive director of the Etowah Chamber of Commerce. The county mayor, John Gentry, is an under-40 Etowah native. Young leaders who believe in the future of this small town are helping Etowah identify and leverage its assets for long-term economic benefit.

What are the lessons from this story?

Development strategy should be based on a broad definition of small town assets. In Etowah, the train depot, historic downtown architecture and rail infrastructure were obvious development assets. Some of the less obvious but equally important assets included the adaptability and grittiness of local residents, the town’s interesting history, local nonprofit organizations, the nearby protected parkland and the feisty local leaders. The process of identifying a small town’s assets ought to take a broad view of what a town has to offer and employ creative ways to leverage those assets toward economic, civic, social and environmental gains.

Proactive industrial development as part of a broad-based strategy can spur investment.

Etowah demonstrates that proactive industrial development can be part of a broad-based and asset-driven economic development strategy. According to Etowah’s strategic plan, “recruiting technology-based industries that provide a clean industrial environment will avoid the brain-drain, create higher paying opportunities, which will give our children a reason to remain in Etowah and recruit others to relocate in Etowah.”⁴² Etowah initiated industrial development on its own terms, and only after embarking on a community-wide exercise to determine its assets and strengths for development. The results are impressive, including hundreds of living-wage jobs in expanding industries.

Small towns need leaders who can think like entrepreneurs and take risks for their communities.

As Jack Hammontree of the McMinn County Economic Development Authority said, “For a small community like Etowah to be successful, somebody has to bite the bullet.” Although certainly not the only one, John Solsbee has bitten the bullet for his community. A farmer and self-professed grumpy old man, Solsbee never anticipated being part of Etowah’s government. He was not willing to watch his hometown die, however, so he became the town’s manager in

⁴² Etowah’s Strategic Plan, revised January 2007.

1997. He was so convinced that creating the industrial park was the right move, he challenged his board to fire him if it didn't pay off. Ten years later, Solsbee still holds his post as Etowah's town manager.

Scrappiness pays. "In this day and age, when federal and state resources are funneled through multiple levels of organization before they reach individual communities, small towns have to be loud, aggressive, and scrappy," Durant Tullock said. "We have to fight for our share." The community hospital is a case in point. The small county-owned hospital, which serves the Etowah and the surrounding rural foothills McMinn County, is struggling. The county board wants to sell it. Etowah is disputing the decision, appealing to state and regional authorities, and being as scrappy as possible. The verdict is still out, but Etowah will not go down without a fight.

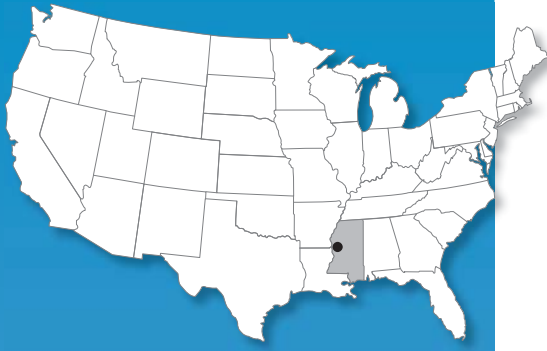
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Hollandale, Mississippi

Recognizing that the availability of public transportation would enhance its economic development prospects, Hollandale partners with its neighboring communities to design, test and implement an innovative rural transportation network.

	Hollandale
Population (2000)	3,190
Municipal budget (2005)	\$650,000 ⁴³
Per capita income (2000)	\$9,200
Median household income (2000)	\$20,100
Poverty rate (2000)	39%
Minority population (2000)	84%
Proximity to urban center	106 miles to Jackson, Miss.
Proximity to interstate highway	68 miles
Strategic approach	Transportation
Time frame	1998–2004

A prominent challenge in rural Hollandale is the town’s relative isolation – from health care facilities, institutions of higher education, job opportunities and basic shopping. Prior to 1999, a resident without a car had to pay \$20 for a simple trip to the grocery store, 30 miles away in Washington. In 1999 the Hollandale Economic and Community Development Foundation committed to solving the town’s transportation issues. Doing so, foundation members believed, would help address other challenges for Hollandale, including low educational attainment, high unemployment and inadequate housing. In 2000 the foundation received a grant to purchase several vans and hire drivers to transport residents to and from work, school, shopping and health care. Today residents of Hollandale (and the surrounding area) have an affordable and reliable mode of public transportation.

The community and its history

Hollandale is a small community that has been mired in poverty for decades. As in many other rural communities in the Mississippi Delta, services and amenities are few. Most shops and grocery stores are 30 miles away in Elizabeth.⁴⁴ The nearest colleges are Mississippi Valley State University, 50 miles away in Itta Bena, and Mississippi Delta Community College, 40 miles away in Moorhead. Most doctors and hospitals serving the community are 30 miles away in Greenville.

⁴³ Interview with Willie Burnside, mayor of Hollandale, January 9, 2006.

⁴⁴ Kellogg Foundation interview with Lillie Ayers, president of the Glen Allan Improvement Association, October 2005.

The largest employers in Hollandale are the Delta and Pine Land Co. (a cotton and soybean processor) and the local public school system. Another large employer, the Hollandale Farm Fresh Catfish processing plant, closed in 2004, laying off 240 workers. Most new job opportunities are located in other towns far away, often across many miles of cotton fields, and a majority of housing units in the town are substandard. To make matters worse, according to Mayor Willie Burnside, the former Director of Hollandale Economic and Community Development Foundation, “many students have no motivation to seek higher education because college seems inaccessible.”

Beginning in the late 1990s, Burnside initiated a strategic planning exercise to jump-start development activity in Hollandale. The foundation sent staff and volunteers door to door to survey residents and, not surprisingly, found that the lack of jobs, housing, transportation and education were the greatest issues of concern for local residents. “We looked at all of these problems and saw that each of them depended on transportation,” said Burnside, who is now mayor of Hollandale. “If we could improve transportation for people, we could get at a lot of these other issues.” Reliable and affordable transportation could provide residents with a way to get to school, work and health care facilities.

The strategy

Hollandale partnered with two neighboring communities, Elizabeth and Glen Allen, and together they created a transportation system to connect residents to health care facilities, educational institutions, regional amenities and job opportunities. The process began in 1999 when the communities jointly applied for a Kellogg Foundation planning grant, which would allow them to create a long-term transportation strategy. HEGA, the transportation entity created by these three communities, received an initial \$10,000 planning grant in late 1999. HEGA then worked with the U.S. Small Business Administration and Delta State University to draft a business plan, which was submitted to the Kellogg Foundation for implementation funding.

HEGA's objective was to create an affordable transportation network. In 2000 HEGA received a \$100,000 grant from Kellogg, with which it bought two 15-passenger vans and hired two full-time drivers. HEGA also received funding from the Mississippi Department of Transportation and the Mississippi Rural Development Group. In an important strategic decision, HEGA funded an academic study of the likely economic and social impacts of a rural transportation network for the region. The results from this study gave the organization specific data that could be used in future fund-raising efforts.

Over the next four years, Hollandale received more than \$500,000 in grant money to purchase additional buses and vans (including six 7-passenger vans and a 21-passenger bus). Round-trip

fares are \$5 for seniors and \$7 for all others. In 2004 HEGA transported approximately 1,000 residents to jobs, 6,000 residents to educational institutions and 2,000 residents to medical facilities.

In addition to meeting basic transportation needs, HEGA has lowered the barriers for students and residents seeking employment and educational opportunities. “I know for a fact that a lot of kids wouldn’t be able to go to college without this transportation system,” Mayor Burnside said. “In fact, in January, my son, who is entering college, is going to start taking the bus.” At the beginning of each school year, Burnside travels to the high schools in each community to see how many students are interested in going to college. This helps Burnside determine the following year’s budget for the bus system and demonstrates to students that higher education is now an accessible option.

What are the lessons from this story?

Regional collaboration is critical when facing the challenge of rural transportation. For Hollandale to develop a transportation network to serve its rural population, the town had to reach out and include its regional neighbors in the conversation at the outset. Not only did the initial Kellogg grant require such collaboration, but the long-term sustainability of HEGA depended on having a critical mass of fee-paying riders. Organizations in each town were ready and willing to work together on the transportation challenge. These included the Hollandale Economic and Community Foundation, the Elizabeth Community Development Corp. and the Glen Allan Improvement Association. Communities with similar challenges should seek out partners with common issues and craft regional solutions.

Find a common solution to persistent rural challenges. The Hollandale foundation started with a survey to identify the major issues confronting the town’s residents. The survey identified four of these issues: education, health care, jobs and transportation. The foundation looked at relationships among these issues and found that most were contingent on people having access to transportation. Local leaders then understood that all their problems were interrelated. This analytic process produced a solution that addressed each of Hollandale’s needs.

Reliable local data help convince outsiders to believe. Hollandale took an important step when it commissioned a local transportation impact study. This study resulted in specific community-level transportation data, which the town used to convince outside grant-makers that HEGA was a smart investment. In addition, it helped to convince policy-makers that rural transportation was a viable (if incremental) strategy for alleviating a range of economic challenges.

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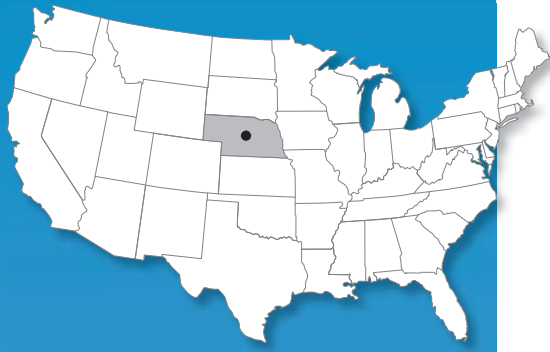
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Ord, Nebraska

	Ord
Population (2000)	2,300
Municipal budget (2006)	\$16 million ⁴⁵
Per capita income (2000)	\$15,340
Median household income (2000)	\$27,300
Poverty rate (2000)	10%
Minority population (2000)	2%
Proximity to urban center	165 miles to Lincoln, Neb.
Proximity to interstate highway	70 miles
Strategic approach	Industrial development Entrepreneurship, Philanthropy Leadership development
Time frame	2001–2007

In 2005 Ord was honored as the governor of Nebraska’s Showcase Community. Ord was the first community in Nebraska to become a state-certified community for economic development, and it has been featured in *The New York Times* and the Kellogg Foundation annual report. “This community has done an amazing job of selling itself and all that it has to offer,” Gov. Dave Heineman said. “Ord’s mix of strong local leadership, an active business community and an ability to make use of available resources to meet development goals has been particularly impressive. This is an example of how a coherent vision for economic development can pay dividends in terms of helping to attract new jobs to a community.”⁴⁶

Five short years before the governor praised the community, the 2000 Census put a number to a trend Ord officials already recognized: the town’s population had declined 10 percent over the previous decade. It was around this time that civic leaders decided to do something to reverse the decline. Between 2000 and 2006, Ord undertook a comprehensive revitalization effort with programs in four main areas: youth outreach, entrepreneurship, leadership development and philanthropy. Each component is linked and coordinated with the others, and these pillars have become a foundation for traditional economic development activity, including industrial recruitment and expansion.

⁴⁵ Email communication from Sandy Kruml, city clerk/treasurer, January 2, 2007. Figure includes expenditures for the city’s utility department (electric, water, and sewer) and is considerably higher in 2006 because of a major downtown revitalization project and a large water project for a new ethanol plant.

⁴⁶ Press Release from the office of Gov. Dave Heineman, December 21, 2005.

In the face of dramatic population decline, Ord builds local capacity to pursue its four pillars of community economic development: youth outreach, leadership development, philanthropy and entrepreneurship.

The community and its history

Ord, the county seat of Valley County, is a small rural town in central Nebraska located 60 miles from the closest stoplight. It sits along the picturesque Loup River and is the quintessential Midwestern small town, surrounded by hundreds of miles of rich agricultural land and grain elevators. Recently, a massive ethanol production facility was constructed nearby.

Ord grew along the rail lines. In 1874, land was purchased from the Burlington and Missouri River Railroad Co. to establish the new town of Ord. At a time when violence between settlers and Native Americans was common, Ord was protected by Fort Hartsuff, 10 miles to the north. Given its proximity to the fort and the railroads connecting it to the outside world, Ord prospered as a market for farmers selling their produce and as a regional hub for commerce. The population grew steadily throughout its first 100 years.

In the rural Midwest, access to water is one of the most critical issues for a community's survival. Fortunately Ord is blessed with an abundant supply. In the early 1980s, when many rural towns in Nebraska were struggling to survive, the state and federal governments funded a dam construction project on the Calamus River 23 miles from Ord. For five years, the construction brought engineers and construction personnel to town, pushing the population to its peak of 3,000. When the dam was completed in 1986, it also created a secondary water source for Ord. "Were it not for the Calamus Dam project, this town might have died," one long-time business person said.

Today the Ord Chamber of Commerce and the Valley County Economic Development Board are the major driving forces for economic and community development in Ord. These organizations share two paid professional employees, each of whom coordinates volunteer-led efforts. "Economic and community development in Ord have to be one and the same because nobody wants to live where there are no amenities," said Bethanne Kunz, the executive director of both organizations. There are four local banks, two grocery stores, a hospital, a nursing home, several dentists and a chiropractor. The downtown square, which surrounds a turn-of-the-century courthouse, thrives with local retailers, restaurants, professional offices and a historic movie theater. The community recently completed a project to pave a biking trail around the local reservoir, which sits adjacent to the nine-hole public golf course. Other assets include abundant parkland and green space, great schools and active civic organizations. In addition, construction is under way to rehabilitate downtown streets, sidewalks and building facades.

Ord's new prosperity is apparent despite the fact that from 1950 to 2000, Valley County experienced a 35 percent decrease in population, with a majority of its emigrants between the ages of 15 and 25. Census data from 2000 indicated a 10 percent population loss for the preceding decade. Such a population loss is certainly a problem in terms of a community's

youth and vitality, but a dwindling population also creates serious financial implications. The local school district receives state funding based on the number of students enrolled. Every student in the system translates into \$7,500 per year from the state. Every student lost is a net drain on the school system. In 2000 Ord's most pressing challenge was to stabilize its population.

The strategy

In early 2001, Ord put in place two tools that catalyzed the community's turn-around. First, the City of Ord and Valley County, in partnership with the Chamber of Commerce, worked out an interlocal agreement under which the three entities committed to work together and to share the costs of and revenues from community and economic development. The city, county and chamber each agreed to contribute \$15,000 per year for a three-year contract to build a cohesive program. Second, residents passed a 1-cent local option sales tax for economic development. Revenue from this tax could be used for business loans and other incentives or leveraged as matching monies for grant funding.

Given these two important tools, Ord has taken a multifaceted and holistic approach to economic development. In a nutshell, Ord has professionalized and diversified economic development.

This strategy begins in the schools, where local leaders have been active in creating curricula and programs in entrepreneurship and business development. Ord links the generations together (ages 18 to 72) through a nine-month local leadership development program called Leadership Quest. The town is building a community endowment by tapping into the wealth transfer from land-rich farmers, the interest from which is being used to finance economic development projects. Thanks to a growing revenue stream from the local option sales tax, the town staffed an economic development office that markets the area to outsiders, works with existing small businesses and entrepreneurs, and attracts new industries into the town.

As mentioned above, Ord's economic development strategy rests on four pillars.⁴⁷ The first of these is outreach to youth, the roots of any community's long-term economic vitality. The local high school curriculum features classes in personal finance, business law and entrepreneurship. The entrepreneurship course includes a project in which students develop business plans and conduct analyses of market conditions in Ord. According to one resident involved in the project, "Kids are taken completely through a business cycle. They are taught about entrepreneurship, they're allowed to select their own project, they write a business plan, they have a banker counsel with them, they develop the project and learn about marketing, they cut their

⁴⁷In 2002 Ord served as a pilot community for the Hometown Competitiveness Program spearheaded by the Nebraska Community Foundation. The program focuses on four main pillars to sustain a community: entrepreneurship, youth, leadership and charitable assets. Ord has adopted and adapted each pillar of this program to suit its community's needs. See <http://www.htccommunity.org/>.

own spots for the radio, they have a business fair, and they make money.”⁴⁸ Training in entrepreneurship and opportunity analysis provides a solid foundation for Ord’s future leaders.

Second, Leadership Quest is the leadership development component of Ord’s economic development strategy. Leadership Quest is a nine-month class that helps participants develop interpersonal and conflict management skills. Topics covered include policy making, business and public service. Participants range in age from high school students to retirees. There is a strong focus on learning how to identify individual personality traits and work around differences.

The third pillar of Ord’s economic development strategy involves philanthropy. To get as many residents as possible involved in philanthropy, Ord established a community endowment and a founders’ club. Momentum for building the endowment was generated by an initial \$1.2 million gift from a pair of local residents. Interest earned on the endowment is being used to finance community and economic development projects. The fund is managed by the Nebraska Community Foundation, and the Valley County Economic Development Board awards grants from the endowment. Among other things, earnings from the endowment are used to provide relocation assistance as an incentive to attract young professionals to Ord. Ord’s founders’ club requires a minimum donation of \$1,000. Ord’s original goal was to get 47 local residents into the club, but the tally is now up to 65.

The fourth and final pillar is entrepreneurship. In addition to the youth entrepreneurship component, the Chamber of Commerce put together a community resource team made up of lenders, accountants and attorneys who provide one hour of free service to small business owners and entrepreneurs.

Ord is also extremely active in marketing, small business support and business recruitment efforts. In 2007, the town’s collaborative energy and ample water supply attracted the attention of a company seeking a location for a \$75 million dry mill ethanol plant (due to open later this year). The town markets itself to outsiders as well as to natives who have moved away. The Valley County Youth Initiative is an effort to stay in close contact with high school alumni as they attend college and keep them informed about job openings, business ownership opportunities and various community improvements. The chamber conducts annual existing industry surveys. The members of Ord’s economic development team – including the Chamber of Commerce, the City of Ord and Valley County – pool their resources, such as incentive packages created as a result of the local option sales tax, to attract new businesses that will complement and add value to Ord’s unique community.

⁴⁸ Kellogg Foundation interview with Bob Stowell, August 2005.

The outcomes

Outcomes that can be attributed to Ord's strategy for economic development include:

- From 2000 to 2004, retail sales in Valley County increased 20 percent (compared with 16 percent statewide).
- From 2000 to 2003, personal income increased by 21 percent in Valley County (compared with 11 percent statewide).
- From 2000 to 2003, per capita income in Valley County increased by 22 percent (compared with 9 percent statewide).
- In 2005 the Chamber of Commerce held 14 ribbon cuttings and three groundbreakings for new and expanding businesses.
- A 2005 random sample survey of Ord businesses revealed that economic development efforts had resulted in \$4 million in new investment, 25,000 square feet of expansion and the creation of 24 jobs.
- Ord attracted a \$75 million dry mill ethanol plant with 35 permanent jobs (200 during construction). The plant will provide \$50 million in tax revenue over the next 10 years.
- As of 2006 the Ord Community Foundation had secured approximately \$7 million in gifts from local residents.
- Ord has witnessed a significant increase in residents' willingness to volunteer and devote time to public service. According to the president of the city council, "The whole community's attitude has changed in the last five years."
- There are discussions about establishing a satellite campus of the Central Nebraska Community College System in Ord. The campus will attract students from across the region and create additional revenue and investment opportunities that will benefit the town.

How and why the strategy is working

Given Ord's success with its four-pillared approach to small town economic development, the question then becomes, how and why has this small town in rural Nebraska been so tremendously successful? First, the shifting farm economy created an opportunity for the town to take some new risks. At the same time, civic leaders in Ord were deliberate about building consensus around a strategy for comprehensive economic development. They also created a self-perpetuating financial structure and used some of the early proceeds from the local option sales tax to partially finance a professional staff to initiate and direct community and economic development. Finally, Ord made a concerted effort to build and sustain partnerships to do the hard work of small town development.

The shifting farm economy. There is no doubt that Ord is a small town built on a farm economy. When the prices of corn and soybeans are up, the town prospers. When prices are down, Ord suffers. Given this volatility and the tendency of farmers to avoid risk, economic development (which requires a certain amount of risk) has not been easy for the general population. But as one farmer explained, “The structure of farming is changing. Farmers in Valley County have adopted the position that they don’t want to put everything into agriculture and prefer to spread their eggs across a variety of baskets.” This shift applies to community diversification as well. Farmers are becoming willing investors in new approaches to community and economic development, hoping that a diverse range of investments will pay off. This paradigm shift provided fertile ground and willing investors for Ord’s economic and community development.

Willingness and ability to build community consensus around strategy. In Ord much of the momentum for economic development comes from one-on-one conversations. The professional staff and volunteers have taken the time to meet individually with members of the community. “In a small town, where everybody knows everybody else, you cannot underestimate the importance of anticipating your opposition and bringing them into the discussion at the outset,” said Bob Stowell, a local attorney. When leaders started discussing the sales tax option, Stowell and others were purposeful about making various consultations and inviting each constituency to the table. This openness and inclusiveness prevented an organized opposition to the policy. The process of building consensus through one-on-one conversations has been a cornerstone of Ord’s development strategy.

Self-perpetuating financial structure. Stowell, who is also a board member for the Nebraska Community Foundation, noted that grant funding is not sustainable and small towns must therefore be creative when it comes to long-term funding for development efforts. The first part of Ord’s strategy for creating long-term funding is its philanthropic community endowment, which will not only earn interest but also provide a trusted mechanism for residents to donate to local causes. Income from the endowment will be used for community and economic development. Secondly, the 1 percent local option sales tax structure used to finance economic development is expected to attract additional investments to Ord. This, in turn, will increase property tax values (and revenues). When opponents of the public financing of economic development complained about being over-taxed, proponents responded that the purpose of the tax is to attract enough new people and investment that eventually the tax would be unnecessary. Thus proponents convinced doubters that public financing for economic development was Ord’s only option. In fiscal 2005, sales tax receipts for economic development activities were up 14 percent over the preceding year.

Professional and paid staff lead the charge. In 2000 the Valley County Economic Development Board and the Ord Chamber of Commerce decided that the town should make an investment in its future and hire a full-time economic development director. The Chamber of Commerce and the Valley County Economic Development Board shared the cost and hired an executive director to lead development efforts. A part-time business development officer also was hired. According to a prominent local manufacturer, “My interaction with folks in the economic development office has been outstanding.”⁴⁹ Having a professional and friendly staff, whether full or part time, is crucial for keeping local employers and public officials engaged with economic development efforts.

Substantive partnerships and a collaborative approach to development. The willingness of Ord, Valley County, the Ord Area Chamber of Commerce and the Valley County Economic Development Board to work together has been a key ingredient in Ord’s recipe for success. It was also important to have a formal interlocal agreement to clarify the responsibilities and payouts for each entity. These organizations recognize that an investment in a partner’s organization or territory will benefit each entity. In fact, the ballot measure that established Ord’s local option sales tax for economic development allows for proceeds from this tax to be used anywhere in Valley County. The tax is collected within city limits but may be dispersed beyond its boundaries. A collaborative approach to economic development is a major factor in Ord’s success.

What are the lessons from this story?

Financial resources and organizational capacity make a difference. Ord is fortunate to have a dedicated revenue stream for economic development at the local level (the local option sales tax). The community also benefits from having a professional paid staff to act as “organizational capacity” for economic development. These two factors distinguish Ord from many communities of similar size and give the community a competitive advantage.

Measure and monitor the impacts of a development strategy. The staff at Ord’s Chamber of Commerce and its economic development office have made it a priority to measure and continually monitor the economic, social, and civic outcomes from Ord’s economic development efforts. Documented impacts are useful for both external and internal audiences. Good data can be used to attract additional investment from outside sources and, by demonstrating a reasonable return on investment, can be used to build local support.

Communication is crucial. Ord bombards the community with information. Economic development staff members spend an ever-increasing amount of time publishing newsletters and writing articles for the local newspaper. They send e-mails to as many residents as possible and appear on radio broadcasts regularly. The idea is to replace rumors and “coffee shop chatter” with accurate information about what the organization is trying to accomplish. According to

⁴⁹ Interview with Zane Dexter, December 5, 2006.

one prominent leader, “Creating a positive flow of information into the community is very important.”⁵⁰

A team approach to economic development is ideal. According to Helen Cullers, chair of the Valley County Board of Commissioners, a crucial component of Ord’s strategy for economic development was persuading folks the approach was right and convincing them to join in the effort. “Small town economic development must be a team exercise,” she said. “Even though it can take more time and hand-holding, you have to convince as many people as possible to join your team and to be willing to lend a hand.”⁵¹

Preparation means opportunity. Ord’s ability to attract the \$75 million ethanol facility demonstrates how the town’s preparation created an opportunity that would not otherwise have existed. The state-level authority working with the ethanol company knew about Ord’s development efforts (again, thanks to the town’s communication strategy) and contacted the Valley County economic development director. The timeline for this project was extremely tight, and the company needed a partner that was ready to go. Within hours, revenues from the sales tax were used to fund an environmental study of the project site. An infrastructure and incentive package was put together within days. The lesson here is that Ord had a team in place and ready to act when opportunity knocked.

Rural philanthropy can be a tool for building a sustainable pool of resources. New research suggests that rural residents in Midwestern and southeastern states have developed a culture of philanthropy that the coasts and Southwest, for all their wealth, do not yet have.⁵² The key is to create and market a local structure for aging residents to bequeath assets to local civic causes. The intergenerational wealth transfer over the next 50 years will be enormous, and small towns can position themselves to benefit from it.

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⁵⁰ Interview with Bob Stowell, December 4, 2006.

⁵¹ Interview with Helen Cullers, December 4, 2006.

⁵² Leonhardt, David. “Philanthropy from the Heart of America,” *New York Times*, October 11, 2006.



Scotland Neck, North Carolina

Strong mayoral leadership spurs this small town to implement new strategies for addressing old challenges. Scotland Neck helps its small businesses to attract tourists and attracts new industries that can employ the local workforce.

	Scotland Neck
Population (2000)	2,400
Municipal budget (2006)	\$5 million ⁵³
Per capita income (2000)	\$13,000
Median household income (2000)	\$21,000
Poverty rate (2000)	32%
Minority population (2000)	70%
Proximity to urban center	30 miles to Rocky Mount, N.C.
Proximity to interstate highway	25 miles
Strategic approach	Industrial development Business retention & expansion Tourism
Time frame	1998-2007

In 2005, Scotland Neck was recognized by the National League of Cities as a community that, through effective policies and thoughtful planning, has preserved and enriched a high quality of life. Not long ago, however, this small community in eastern North Carolina was nearly left behind. After decades of economic decimation, led by the mechanization of agricultural production and followed by manufacturing industry outsourcing, Scotland Neck decided to look to its own resources, skills and people for its long-term economic development. According to the former mayor, Scotland Neck's strategy is rooted in the idea that the town is "making due with what we've got." The town is leveraging its natural resources to attract tourists, supporting small businesses with local initiatives and recruiting industrial employers with labor demands that match local skills.

The community and its history

Scotland Neck is a small community in eastern North Carolina that dubs itself "the hub of southern Halifax County." Without a single stoplight in town, it is the only town in North Carolina with parking in the middle of Main Street. The town is surrounded by thousands of acres of the state's most productive farmland. The Roanoke River, which defines much of the history and geography of Halifax County, flows just north of town.

⁵³ Interview with Nancy Jackson, Scotland Neck town administrator, February 5, 2007.

Outdoor enthusiasts flock to this region of eastern North Carolina to hunt, fish and bird-watch.

In addition to the abundance of outdoor attractions, Scotland Neck is home to the Sylvan Heights Waterfowl Park and Eco-Center. Sylvan Heights is the world's leading breeder of endangered waterfowl and home to the largest waterfowl collection in the world. The facility is currently tripling its size to provide more public access to its waterfowl collection. A visitors center with conference facilities opened in 2006.

Scots Highlanders settled this region of North Carolina 1722. The name Scotland Neck described the small communities that clustered around a "neck" in the Roanoke River. The town was incorporated in 1867, and shortly thereafter it began creating the spacious avenues and tree-lined median of Main Street. The first century of Scotland Neck's economic history was defined by agriculture and low-cost manufacturing. Workers at the local Halifax County Hosiery Mill started manufacturing hosiery and underwear in 1890. When the mill closed in 1996, it was the oldest continuously operated mill in the country.

Modern day Scotland Neck is home to a historic Main Street, two grocery stores, a dozen restaurants, a library with 16 public access Internet stations and a new hotel. There is a senior center and a modern hospital. The story of Scotland Neck's hospital is indicative of the community spirit and pride that characterize this small town. The hospital opened in 1948 with 20 beds and two doctors. In the early 1980s a financial crisis led the State Office of Rural Health to recommend that the hospital be closed. In response, local residents held bake sales and other fund-raisers that contributed over \$200,000 to the construction of a new facility. Local funds were leveraged with matching grants from philanthropic foundations and public agencies. In the end, Scotland Neck preserved the town's local hospital, and today the facility is a model for rural health care.

Throughout most of Scotland Neck's recent history, the mayor's office has been a prominent and active institution. Ferd Harrison (who became president of the National League of Cities in the early 1980s) was mayor for 38 years, from 1957 to 1995. In 1995, a newcomer to Scotland Neck was elected mayor in a contentious local election. According to several local residents, the new mayor divided the town along racial lines, instigated legal confrontations within the city government and stirred up controversy in all corners of town. Robert Partin, former school teacher, football coach and long-time town board member, was elected mayor in 1997 with a mandate to heal and reunite the community. He served until 2008.

When Partin assumed office in 1998, he wanted to begin his term with a project that would pull the community together and generate some optimism about Scotland Neck. Renovating the local library seemed a fitting project. "Who's going to argue with a library?" he said later, in explanation. The original library was built in 1974 and was in dire need of an upgrade. A

local architect designed the expansion, and the plans were shared with local residents, which increased the town's enthusiasm about the project. In the end, the town raised \$600,000 in local funds over four years to finance the project. The expanded and renovated library, with an impressive collection of books and Internet capability, was completed in 2002.

In retrospect, the late 1990s in Scotland Neck was a tumultuous time, with political turmoil and shifting mayoral leadership. The closure (in 2000) of FulFlex, a local rubber manufacturing firm, and the sudden loss of 250 jobs rekindled the town's sense of being on the edge of economic ruin. The library project reinvigorated civic energy in Scotland Neck, but the town continued to struggle for a foothold.

The strategy

Scotland Neck's strategy is called the Developing Our Own Resources (DOOR) Initiative. It is a place-based economic development strategy that involves three main approaches: attracting tourists, supporting small businesses and downtown merchants, and recruiting industry. Initiated in 2002, the primary objective of the DOOR Initiative is to stimulate sustainable economic development and diversification by engaging in activities that are consistent with the town's existing assets and resources. DOOR was conceived of and is driven by local elected officials, and the town staff – with support from a cadre of local volunteers who are committed to seeing Scotland Neck prosper. In the face of layoffs and economic stagnation, Scotland Neck assessed its bountiful natural resources and decided to build its economy by providing support to the outdoor industry that was already (without the town's explicit support) attracting hundreds of hunting and fishing enthusiasts to town. Shortly thereafter, in an effort to diversify the economic development portfolio, organizers expanded the DOOR Initiative to include small business support and industrial development.

Tourism

Scotland Neck's first step was to remove the barriers that were inhibiting the growth and expansion of local fishing and hunting guide service businesses. To provide more and better access to the Roanoke River, the town partnered with the North Carolina Wildlife Resources Commission to improve the local boat ramp on the river. In response to a request from local hunting guides, the town began providing marketing and advertising support to guide service businesses by branding the town as "an outdoor paradise." On a continuing basis, the town encourages hunting on nearby gamelands by distributing brochures for local guides and linking visitors to guides through the town's website. The town also takes out advertisements in local and regional media outlets, including magazines and television. Scotland Neck hosts a deer hunting contest, followed by a Hunter Appreciation Dinner and Banquet every January. All of this activity is aimed at improving the ability of local guide services to bring more tourists into town.

Further, recognizing the hidden value in the flat, rural back roads surrounding Scotland Neck, the town initiated an annual Country Roads Bike Tour to promote bicycle tourism. Also, each year the town hosts the Crepe Myrtle Festival, the Classic Car Show and Christmas on the Commons. In addition to building cohesiveness within the community, these events bring in hundreds of visitors, who spend thousands of dollars on food, shopping, lodging and entertainment.

Finally, Scotland Neck's tourism strategy is anchored by its promotion of the Sylvan Heights Waterfowl Park and Eco Center, internationally known for breeding and conserving rare species of waterfowl. In addition to providing marketing support and grant writing assistance, the town provides in-kind electricity to the facility. The town partnered with the North Carolina Zoological Society to build an education center in Scotland Neck that will draw upon the resources of Sylvan Heights. The center will accommodate thousands of visitors annually who will spend money, pay sales tax and help boost the local economy.

Small Business and Downtown Merchant Support

The development of a tourism industry is fueling small business formation in downtown Scotland Neck and beyond. Local entrepreneurs are building small businesses to feed, outfit and entertain visitors. To further aid downtown merchants, the town put in place a program in which residents have the option to round up their utility bills to the nearest dollar. Revenues from this effort go into grants to help downtown merchants renovate building facades.

"Round Up gives everybody in town the opportunity to contribute," Partin said. "We're telling everybody, 'if you want to assist the town in beautifying its downtown, here's an opportunity.'" The program awards grants on the basis of \$1 reimbursement for every \$2 invested by the owner, with a maximum grant of \$1,000 per project. Since 2000, the Round Up program has generated more than \$10,000 for cosmetic improvements to small businesses on Main Street.

In addition, as mayor, Partin visited small business owners in Scotland Neck to explore ways to remove barriers to a firm's growth. "Being a familiar face to the small businesses in Scotland Neck creates opportunities for the town to help on an as-needed basis," Partin said. For example, Wiggins Design & Fabrication is a small business in Scotland Neck that designs and manufactures steel material handling products. Given Scotland Neck's strategic location – half-way between the Norfolk Shipyards and the military complex at Fort Bragg – the mayor helped to facilitate contact between Wiggins and military supply contractors. "If it were up to [Partin], I would have expanded my business long ago," Wiggins said. "But we're almost ready and [he] is helping to find the appropriate financing for our building expansion."

Industrial development

The third pillar of Scotland Neck's strategy is to recruit industrial employers into the community, specifically those that provide employment opportunities that match the skills and abilities of the town's existing labor force. Like the tourism and small business support efforts, industrial development is led by local officials, including the town board, the mayor and the town staff. Scotland Neck recruits on the basis of its hard-working labor force, its strategic location on the eastern seaboard and its quality of life factors. The mayor and town council work hard to tap into the state resources for business recruitment, but the town does not have an official incentive program.

When the FulFlex rubber manufacturing plant closed in 2000 the company donated its building to the town. Scotland Neck heard from several companies interested in moving into the facility, but the mayor and town council turned away industries that were not a good fit for Scotland Neck. Within a few years, AirBoss (a rubber manufacturer similar to FulFlex) indicated an interest in moving to Scotland Neck. This was a stronger possibility. The labor force skills required for work at AirBoss were in line with those of the workers who were laid off by FulFlex.

When the president and CEO of AirBoss visited Scotland Neck, Partin took the executives to the town library. Partin recalled the visit: "After touring the library, this high-powered CEO looked me in the eye and said, 'Mayor, this is all I need to see. Any town that invests in itself like this is a town where we want to locate.'" AirBoss announced its intentions to locate in Scotland Neck in early 2005. The town's next step is to purchase land adjacent to the plant and work toward recruiting upstream suppliers in the rubber compounding business.

The outcomes

Outcomes that can be attributed to Scotland Neck's economic development strategy include:

- In 2005, several new small businesses opened on Main Street. Luigi's restaurant is packed on weekends. Piney Woods Bait & Tackle Shop took advantage of the increased flow of outdoor enthusiasts.
- From 2004 to 2005, local hunting guide revenues increased by 50 percent.
- In 2006, a Subway sandwich shop opened on Main Street, which, according to one resident, "offers a healthy alternative to some of the other options in town."
- In 2005, the Best Western Scotland Neck hotel, \$1.2 million investment, opened and created six jobs.
- In 2005, AirBoss announced a new facility in Scotland Neck, bringing 86 jobs and \$10.5 million over three years.

- In 2007, Carter & Mayes textile manufacturing announced a new facility in Scotland Neck, bringing 115 jobs and \$1 million over two years.
- According to Mark Bacon, a consultant who has been working in town for years, “between 2000 and 2006, the attitude of town has completely changed.”

How and why the strategy is working

Several factors help explain Scotland Neck’s apparent success with its place-based approach to small town economic development. First, the town has strong mayoral leadership. At the same time, the town aggressively works to promote its small-town quality of life factors and to pursue external resources. Finally, when Scotland Neck came upon hard times in the mid-1990s, local pride and a local sense of optimism in the face of despair overcame the tendency to give up.

Strong mayoral leadership. According to the mayor, “I’ve always been the type that if *you* have it, then I want Scotland Neck to have it.” As the president of the North Carolina League of Municipalities, Partin had connections to policy makers in the state capital that serve his community well. As a former high school football coach, teacher and principal, the mayor is widely respected in both the white and African-American communities. The mayor’s leadership motivates others to get involved and to lend a hand for the good of the community.

Aggressive promotion to attract tourist dollars and advertise the town’s quality of life. In 2005, Scotland Neck hired a marketing director to manage its branding efforts. “You never know what giving away a brochure or key chain will bring you,” Partin said. “You’ve got to constantly promote your town.” The town invested in a billboard advertisement on Interstate 95 that promotes outdoor activities in Scotland Neck. Local events and celebrations are additional means for marketing the benefits of visiting and living in Scotland Neck. The aggressiveness of the town’s efforts in this area seems to be paying off, as seen in increased hunting guide revenues.

Aggressive pursuit of external resources: Scotland Neck also has taken an aggressive approach to attracting attention and support from foundations, nonprofits, corporate donors and public agencies. For example, recognizing the potential for Sylvan Heights to attract tourists to Scotland Neck, the town has worked vigorously to help the center acquire funding for an expansion. This includes writing letters to legislators, inviting corporate CEOs to tour the facility and facilitating meetings between Sylvan Heights and other potential partners. In addition to attracting tourist dollars, Scotland Neck works hard to attract larger-scale resources from a variety of funding agencies.

Tumultuous circumstances brought about opportunity. The late 1990s were difficult for the community. The long respected and prominent mayor, Ferd Harrison, was ousted from office. FulFlex left town and took with it 250 good jobs. Rather than roll over, new leaders came forward and the town stood up to these difficult conditions by re-examining local assets and figuring out innovative ways to leverage them for economic gains. The difficult circumstances of the late 1990s presented an opportunity for the town to look inward for new ideas and angles on old problems.

What are the lessons from this story?

Don't be shy about asking for support, and try, try and try again. "Small towns can't take no for an answer," the town administrator said. "With the library project, we wrote 100 grants and 99 said no. You have to keep hounding, and eventually something will turn out." Rarely does the first try work, and Scotland Neck demonstrates that persistence pays.

Start with low-hanging fruit to demonstrate success and build momentum. When Scotland Neck was charting its plans for the DOOR Initiative, officials decided to begin with actions that would demonstrate success quickly. They gave support to local hunting and fishing guides, to start bringing more tourists into town and to show local residents that there was reason to be optimistic. This initial success helped the town leaders build momentum before beginning to tackle more intractable challenges such as job and business development.

A local membership organization can be a tool for funding local economic development. In the absence of a Chamber of Commerce or other business membership organization, Scotland Neck created the Scotland Neck Marketing Booster Club. Similar to a Chamber of Commerce, the club is a voluntary organization of businesses, industries and professionals with the dedicated purpose of promoting Scotland Neck. Annual membership dues will fund marketing and economic development efforts. The goal is to create a self-sustaining financial structure to support the DOOR Initiative.

Provide a conduit between local business interests and policy makers. Scotland Neck demonstrates how local leaders can be a voice for local business interests. For example, in an effort to help AirBoss win defense department contracts for military gloves, boots and gas masks, the town worked with the offices of U.S. Sen. Richard Burr and Lt. Gov. Beverly Purdue. AirBoss received two large contracts and will be locating production for these items in the company's Scotland Neck facility.

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Spruce Pine, North Carolina

	Spruce Pine
Population (2000)	2,030
Municipal budget (2005)	1.6 million ⁵⁴
Per capita income (2000)	\$15,440
Median household income (2000)	\$24,770
Poverty rate (2000)	17%
Minority population (2000)	25%
Proximity to urban center	50 miles to Asheville, N.C.
Proximity to interstate highway	25 miles
Strategic approach	Entrepreneurship
Time frame	2003-2007

Spruce Pine is building its economy through entrepreneurship, with a twist. The town is using a catalog of local products and creative marketing techniques to build a craft industry inspired by a children's book. The Home of the Perfect Christmas Tree project relies on harnessing local assets to create jobs for local residents – jobs that by definition cannot be out-sourced. "This is our version of economic development based on the resources that we have here," said Shirley Hise, director of the Mitchell County Chamber of Commerce.

The community and its history

Spruce Pine was founded a century ago as a stop on the Clinchfield Railroad, which connected the coal fields of Appalachia to textile mills throughout the Carolinas. Rich mineral deposits led to a substantial mining industry in and around Spruce Pine, while railroad access turned the town into a commercial hub. Boosted by rail access to outside markets, the town became a manufacturing center for furniture and other industrial products. The area is also a notable haven for local artisans, including blacksmiths and weavers. The Penland School of Crafts, founded on the outskirts of town in 1923, provided looms and other materials to local women and assisted them with marketing their hand-woven goods.⁵⁵

Mechanization of the mining industry, declining railroad use and the general decline of the manufacturing sector have led to major job losses in the area. "In the last decade Mitchell County has lost approximately



Spruce Pine is at the center of western North Carolina's craft and culture economy. By producing and marketing products from a children's story, it is redefining economic development for others.

⁵⁴ Information on Municipal Budget from Spruce Pine town clerk's office.

⁵⁵ Penland School of Crafts website, www.penland.org/about.html.

one-third of its manufacturing base,” Hise said. Tourism drives much of the regional economy today. Although the community’s geographic isolation hampers the town’s industrial development, Spruce Pine’s location near the Blue Ridge Parkway makes it a desirable tourist destination. Several annual festivals, including the Mineral and Gem Festival and the Blacksmith Festival, draw visitors throughout the year. Spruce Pine is also home to a concentration of professional craft artists and writers, including Gloria Houston, author of the children’s book *The Year of the Perfect Christmas Tree*. Houston’s Christmas-themed children’s story is set in the Appalachian hills near Spruce Pine.

The strategy

Spruce Pine’s strategy, which is administered by the Mitchell County Chamber of Commerce, is to support local entrepreneurship by addressing the marketing needs of local artisans. The town’s innovative approach to supporting entrepreneurs has involved creating a product catalog and marketing locally produced crafts, each of which was inspired by Gloria Houston’s book *The Year of the Perfect Christmas Tree*. This approach to local economic development joins two of the community’s unique assets – a famous local author’s trademark story and the local population’s craft skills – to create self-employment opportunities for displaced textile and furniture workers. Spruce Pine’s strategy gives the town independence to promote economic development without relying heavily on state or federal funding sources.

Through the Home of the Perfect Christmas Tree project, Spruce Pine has created an innovative structure for supporting local entrepreneurs. Local artists receive 87 percent of proceeds from the sale of products marketed through the program and the remaining profits go to the Foundation for Mitchell County. The foundation markets and brands the project and administers a college scholarship program, funded with 3 percent of the proceeds. Over 300 locally produced products, from more than 30 artists, are available in the catalog and at a retail store in town. In several cases, craft artists have hired additional employees to meet demand.

In large part, Spruce Pine’s strategy is a response to the employment crisis following significant manufacturing job losses over the last decade. When Houston suggested that the town use her book to promote itself, community leaders saw how this opportunity could help displaced workers create their own employment.

It took a year and a half to secure the copyright and patents that allow Mitchell County to be identified as the Home of the Perfect Christmas Tree. “It took the collaboration of a number of instrumental groups, including county leaders, elected officials, local nonprofits, artists, as well as financial support from local foundations, to get the project off the ground,” said Patti Jensen, the project director. “For the most part we were patient and things came together.”

The Foundation for Mitchell County hired a marketing consultant and a local design firm to develop the project logo, style and packaging criteria for the mail-order catalog and for the store in Spruce Pine. “We were committed to excellence – to something that would hold itself up in the market,” Hise said.

The Home of the Perfect Christmas Tree project creates employment one job at a time. The number of jobs created cannot begin to replace the thousands of manufacturing jobs lost in the last decade. But, Hise said, “the jobs created one at a time are the jobs we are not going to lose.”

Jensen noted the project’s “limitless capacity for growth and expansion.” The creativity of local craft artists to continue to develop products is one avenue for expansion. Increasingly, more established Spruce Pine artists are submitting pieces for the catalog. Potential corporate partnerships with North Carolina businesses could continue to expand the market demand for the products.

What are the lessons from this story?

Innovative partnerships are critical to the success of entrepreneurship strategies. Spruce Pine’s approach to supporting local entrepreneurs requires that the Chamber of Commerce and the craft community work closely together for the first time, to ensure successful marketing and branding. More established local artists help provide skill development and support for newer craft artists. The local community college offers basic business and marketing skills geared to the crafts business. Finally, a group of business people, artists and local volunteers serve on the product review committee to determine product quality standards and select products for sale.

Support for entrepreneurship can have positive multiplier effects in a community. In addition to creating new jobs to meet the demand for products, Spruce Pine’s strategy has a multiplier effect on tourism and commerce, including sales by local artists not affiliated with the Home of the Perfect Christmas Tree project. Shirley Hise noted that when the retail store opened, business in the local café increased by 20 percent and traffic through local artist galleries increased. According to Hise, this exemplifies the project’s “positive impact on the whole community.”

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Tryon, North Carolina

	Tryon
Population (2000)	1,752
Municipal budget (2006)	\$5.3 million ⁵⁶
Per capita income (2000)	\$21,350
Median household income (2000)	\$31,450
Poverty rate (2000)	14%
Minority population (2000)	23%
Proximity to urban center	48 miles to Spartanburg, S.C.
Proximity to interstate highway	26 miles
Strategic approach	Broadband Internet
Time frame	2000-2007

In an era of global communication and digital learning, the rural town of Tryon created a cutting-edge fiber-optic network to connect schools, public sector officials and businesses to the Internet.⁵⁷ Plagued by slow and inconsistent online access, Tryon's leaders appealed to private Internet providers to upgrade the local network. Rebuffed, community leaders took matters into their own hands. In 2002, a volunteer committee of citizens spearheaded the effort to obtain grant funding and build a seven-mile high-speed fiber-optic network from Tryon to the county seat, Columbus. By upgrading its broadband capacity, Tryon is providing local businesses, residents and public school students with the Internet infrastructure necessary for each to compete globally. "This network is important to Tryon's future economic success," said Kipp McIntyre, the Polk County economic development director. "Fiber is as essential to businesses today as electricity and water was to businesses in the past."

The community and its history

Tryon is situated two miles from the South Carolina border in southwest North Carolina. Typical of many remote rural communities, Internet access and digital literacy were continuous challenges for Tryon. By the late-1990s, the slow Internet connection prevented the county's only hospital, St. Luke's, from sending X-rays or other large medical files to regional medical institutions. New economy businesses, including a

⁵⁶ Interview with Susan Bell, Tryon town clerk, May 15, 2007.

⁵⁷ Fiber optics transmit information from one place to another using ultra thin "strands" of pure glass fiber. The major benefit of fiber (as compared to DSL or cable), especially for rural communities, is that it can transmit data extremely quickly over very long distances. Because of its thinness, fiber strands can be bundled together to transmit larger volumes of data. The relatively high cost of fiber optics comes from having to lay down new strands of fiber along roads. Digital Subscriber Lines (DSL) or cable transmit data via copper phone or cable wires. The benefit of such a system is that these wires are already in place and the transmitters and receivers necessary for the system are less expensive than those for fiber optics. The biggest downside to DSL is that it works best when a home computer is within a few miles of an Internet provider's office.

A rural community cut off from state-of-the-art broadband technology takes matters into its own hands. Tryon finances and builds a fiber-optic cable network to provide residents and businesses with broadband Internet access.

nanotechnology business, also were in need of a faster network if they were to remain competitive. Jeff Byrd, owner/editor of the local newspaper, the *Tryon Daily Bulletin*, summarized the situation in Tryon: “We had very minimal bandwidth coming into town. We weren’t even past dial-up. Businesses and schools were spending a fortune to patch together a faster Internet connection through their phone lines.”

In light of Tryon’s technology limitations, town leaders approached several private Internet providers to explore the possibility of updating and expanding broadband coverage in their community. One by one, each provider declined, saying that demand in Tryon was insufficient to justify the cost. At that point Tryon’s leaders had three choices: They could wait for the private sector to react when market conditions indicated sufficient demand to do so. They could subsidize a private company to upgrade the town’s broadband infrastructure. Or they could provide a faster Internet service themselves.

The strategy

Tryon has chosen to be proactive in providing Internet service by creating a premium fiber-optic network for residents, schools and businesses. In 2001, leaders from Tryon and Polk County used a \$10,000 grant from e-NC, a statewide technology initiative, to form a steering committee and investigate the viability of a fiber-optic network for the community. By 2002, the committee concluded a network was feasible and applied to e-NC for funding. Instead of settling for a DSL connection, the committee wanted to become a leader in Internet service by building a fiber-optic system capable of transmitting information over 30 times faster than DSL.⁵⁸ E-NC awarded the community a \$375,000 grant in 2003. Later that year, the Polk County Community Foundation awarded another \$23,000 to the steering committee.

With nearly \$400,000 in grant money, the committee oversaw installation of a seven-mile fiber arc from downtown Tryon to neighboring Columbus. To establish a customer base, the committee elected to run the arc past Polk County’s government offices, all the local schools, a number of businesses and the Polk Community College, all interested consumers. The schools purchased 6 Mb of bandwidth (or a few fiber strands) and put their student management system online, allowing for rapid communication across the district and with the Department of Public Instruction some 265 miles away in Raleigh. Perhaps most important, Tryon’s strategy resulted in widespread access to cutting-edge technology infrastructure, allowing its rural residents and public school students to stand on a level playing field with their urban neighbors.

To manage the fiber-optic network, called PANGAEA, the committee incorporated E-Polk Inc. as a 501(c)3 nonprofit organization operated by an all-volunteer board. As a nonprofit, rather than a government department, the network can service businesses as well as schools and government offices. Furthermore, operating as a nonprofit rather than a for-profit business

⁵⁸ Feser, Edward. “Encouraging Broadband Deployment from the Bottom Up.” *The Journal of Regional Analysis and Policy*. Volume 37 (1), pp. 69-72.

allows the organization to sell services at the lowest possible price. Because grants helped finance construction of the network, for example, that cost does not have to be passed on to customers. For a business in downtown Tryon, for example, subscribing to the network currently costs \$100 per month, roughly the same price as DSL. For large users, the savings are even more substantial. “I estimate we save about \$2,000 per month by using PANGAEA,” said Dave Scherping, Polk County Schools technology director. “That’s the equivalent of nearly one teacher’s salary per year.”⁵⁹

The model seems to be paying off. E-Polk was awarded a combined \$1,040,000 in grant money from AdvantageWest and the Golden LEAF Foundation in 2006 to connect economically depressed Rutherford County to the PANGAEA network.

What are the lessons from this story?

Broadband infrastructure is critical for economic growth. The long-term outcome of Tryon’s strategy is years and perhaps decades off, but the community’s intuition – that broadband infrastructure is a key ingredient to prosperity – is in line with evidence from elsewhere. Recent research by the U.S. Economic Development Administration suggests that higher rates of economic growth occur in areas served by broadband versus a matched sample of areas that are not.⁶⁰ Broadband Internet is the new highway, and communities will be wise to plan ways to get their students, businesses and residents connected.

Rural communities can be leaders in connecting their residents to broadband Internet. Rural communities interested in updating telecommunications infrastructure face the challenge of an insufficient local market. In some cases, Internet providers argue that the local market is not large or profitable enough to provide high-speed Internet service. In response, many communities choose to wait for their market to grow and justify private investment. But by waiting, small town leaders are likely passing on economic growth. Instead of waiting, Tryon created its own top-quality Internet network. In doing so, E-Polk Inc. and its president, Jeff Byrd, are proving that there is a market for high-speed Internet in small town America. “Every day I have more and more businesses and residents calling me to say, ‘DSL is too slow. We need your service,’” Byrd said.

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⁵⁹ “PANGAEA and e-Polk, Inc.” Creating Success. From the website www.e-nc.org/success_stories.asp. Accessed May 9, 2007.

⁶⁰ Gillett, Sharon E., William H. Lehr and Carlos A. Osorio. *Measuring the Economic Impact of Broadband Deployment*. Washington, D.C.: U.S. Economic Development Administration, 2006.

Webster Springs, West Virginia



	Webster Springs
Population (2000)	9,700
Municipal budget (2005)	\$2.4 million ⁶¹
Per capita income (2000)	\$12,300
Median household income (2000)	\$21,000
Poverty rate (2000)	32%
Minority population (2000)	1%
Proximity to urban center	101 miles to Charleston, W.Va.
Proximity to interstate highway	42 miles
Strategic approach	Philanthropy
Time frame	2004-2006

The rural community of Webster Springs created a community foundation to harness the community’s volunteer spirit and provide a funding source for community development. Leaders from the town and county have come together and, as Stephanie Randolph, the Webster County Community Fund (WCCF) coordinator explains, “Our goal is to develop a sustainable source of funds to improve the quality of life in Webster.”

The community and its history

Webster Springs is the seat of Webster County, a rural, mountainous area that has long relied on the coal and timber industries for jobs and economic growth. The rugged landscape contributes to the county’s geographic and economic isolation. The lack of a major interstate highway has made it difficult to attract new industries and jobs. The population today continues to decline and is practically half of what it was 50 years ago. The community suffers from the “brain-drain” phenomenon, which results in an increasingly lower-skilled and older population. Today coal and timber industries continue to be the primary economic drivers in Webster County. Yet, with some of the highest poverty rates in the country, these industries are not sustaining the local economy or providing for the needs of the community.

There is a positive aspect to the county’s geographic isolation: it makes the community remarkably close knit and willing to work together. According to Randolph, the concept for the WCCF originated from a suggestion by a staff member of the Benedum Foundation – a regional

A rural community creates a program to harness the town’s volunteer spirit. The Webster County Community Fund is providing grants to initiatives that enhance quality of life in Webster Springs.

⁶¹ Interview with Geary Weir, Webster County Economic Development Authority, March 2007.

foundation – who noted the “tremendous volunteer spirit” and unique willingness of the Webster County community to work cooperatively. The county realized that the only way this community was going to improve quality of life was by helping itself.

The strategy

Webster Springs’ strategic approach is to use local assets to support local needs. The town is building a community foundation with small local donations and large bequests that capitalize on the desire of community members to improve the quality of life in Webster. Donors contribute either to the WCCF general fund or earmark funds to support specific causes.

The fund works by giving back the annual interest earned on the endowment through small competitive grants to the community. The award process is kept simple and open, to maintain accessibility and minimize skepticism about this relatively new program. A team of volunteers decides on how to allocate grant awards. “Anyone can show up, participate in decision-making and have a vote,” Randolph said.

For the first few years, a volunteer from AmeriCorps ran the program. Now the county has a full-time position to coordinate operations, seek donations and bequests, and ensure the fund’s long-term viability. The WCCF is affiliated with the regional Beckley Foundation, which takes much of the administrative burden off of the town. The Beckley Foundation manages the fund’s investments, which allows the county to administer grants without having to create a formal infrastructure to manage the endowment.

In 2006, its first year of grantmaking, the WCCF awarded a total of \$5,000 in grants from interest earned on the growing endowment. The WCCF received over 60 applications and funded 17 projects with grants of up to \$500. One of the groups that received funding was the Webster County Little League. The WCCF also provided funds for a sign directing tourists to the Sycamore Tree, a popular but hard-to-find local attraction.

Donors are driven by the desire to provide future Webster residents with the same opportunities and experiences the donor themselves enjoyed, Randolph said. For example, one person might want to make sure that a tree give-away program continues to exist. Other people might have fond memories of the library coming to their school and want to make sure that the library has the funding to continue similar programs. Randolph referenced a person who went to college on the GI bill. That opportunity opened up many other things in his life, and he has donated to the fund in the hopes that it will provide Webster County children with similar opportunities. “By basing on the donor’s intent, it ensures a diverse series of programs and opportunity for the future because we are all different and have different passions and different things have touched our lives,” Randolph said. The WCCF harnesses the creativity and hope of residents who wish to donate toward a positive vision of Webster County in the future.

What are the lessons from this story?

Community philanthropy can build financial, human and social capital. While the WCCF primarily benefits the community through specific grants, a secondary benefit is the development of human and social capital. For example, the organizations and individuals who compete for funding learn grant writing skills and some business fundamentals. Randolph said applicants who were not successful in receiving funds were invited to read through winning proposals to learn what makes a grant application successful. Another intangible benefit is the growth in social capital, as volunteers support the WCCF by seeking donations and bequests to the fund through one-on-one conversations with peers.

The community foundation approach is a long-term strategy. Donors to the fund must maintain long-term expectations about the results of their contribution. Unlike traditional fundraising, where specific projects seek out funds, the community foundation creates a funding source first, before projects are even on the table. This requires that donors take a leap of faith over the end use of their financial contribution. This allows the community to be flexible in terms of where the funds are awarded.

In small communities, economic development includes quality of life enhancements. Webster County recognizes there are economic benefits to be had from supporting community development activities through the WCCF. Anderson explained that the WCCF works in concert with the activities of the Economic Development Agency. The intent of the fund is to improve the quality of life to the point that quality of life becomes a draw for future employers, who in turn will provide the jobs that allow today's children to remain in the community.

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CASE STUDIES II:

*Small towns with historic downtowns
or prominent cultural or heritage assets*



CASE STUDIES II:

Small towns with historic downtowns or prominent cultural or heritage assets

Case studies in this chapter include small towns where a historic downtown square or other prominent cultural or heritage assets play a major role in the community's development strategy. These are rural communities where revitalizing Main Street or rehabilitating a "sore-thumb" piece of real-estate is a prominent activity in their approach to development. For example, Ayden, Black Mountain, Colquitt, Nelsonville and Selma are stories about downtown revitalization. On the other hand, the story from Edenton is about rehabilitating a dilapidated cotton mill village into an economic asset for the community. Rio Dell is a story about simple beautification projects that helped the town to reinvigorate civic pride. Case studies in this chapter include:

Ayden, North Carolina: Instead of allowing failed projects from the past to depress the community further, Ayden creates a new vision, enables local residents to implement the vision and revitalizes both downtown and a sense of civic pride.

Black Mountain, North Carolina: This small town bridges a thriving local arts scene with economic development to restore its cultural identity and enlarge the tax base.

Branson, Missouri: Branson, with a local economy reliant on theater-based tourism, doesn't rest on its laurels. Local leaders pursue a large mixed-use project to diversify Branson's economy and to increase year-round employment.

Colquitt, Georgia: Colquitt uses the arts as a tool for community empowerment and economic diversification. The success of a community-based performing arts project has resulted in extensive downtown revitalization and economic development.

Edenton, North Carolina: Elected officials in Edenton partner with an historic preservation nonprofit organization to turn the dilapidated Edenton Cotton Mill into a new economic asset for the community. This public-private partnership has resulted in upgraded infrastructure, private investment in real estate, higher property values and preservation of Edenton's historic assets.

Elkin, North Carolina: Elkin builds on the local craft economy by investing in an artisan craft guild and an apprenticeship program. The apprenticeship program provides crafts training, small business courses and mentorship to artisan entrepreneurs.

Helena-West Helena, Arkansas*: Severe economic decline leads civic leaders from two small communities in the Mississippi Delta to set aside historic rivalries and work together to save their towns. This story is about an inclusive community-wide planning and implementation process to bridge economic development, housing, education, leadership development and health care.

Nelsonville, Ohio: Civic leaders in this historic coal mining community subsidize downtown storefront rent for artist-retailers. Over a period of five years, artists clean up downtown storefronts and bring the town's downtown square back into economic productivity.

New York Mills, Minnesota: This town invests in the creative energy of rural artists. Through a regional cultural center, New York Mills attracts outside talent and energy into town, bringing fresh perspective on the community's challenges and opportunities.

Oakland, Maryland: Oakland demonstrates that the arrival of Wal-Mart need not be a death knell for small, local businesses. Through the Main Street Program, Oakland works with existing business owners to prepare for the arrival of Wal-Mart. Upon its arrival in town, civic leaders forge a unique partnership with the store's management team.

Pelican Rapids, Minnesota: Pelican Rapids is a diverse rural community where 18 different languages are spoken in the elementary school. By developing cross-cultural learning opportunities and a youth soccer league, this community capitalizes on the entrepreneurial talents of local immigrants.

Rio Dell, California: This is a story about small steps making a big difference. Once a run-down community with an inferiority complex, Rio Dell takes simple steps to clean up the town and re-invigorate civic pride.

Selma, North Carolina: Selma is using an innovative tax grant tool to revitalize a blighted section of its downtown, bridging the downtown shopping district and the town's revitalized train depot.

Star, North Carolina: In the face of shuttered textile mills and climbing unemployment, Star joins with a regional nonprofit to develop a business incubator, located in a former mill building, which provides space and training to local artisans and small business entrepreneurs.

* denotes a long, analytic case study

Ayden, North Carolina



	Ayden
Population (2000)	4,620
Municipal budget (2006)	\$17.5 million ⁶²
Per capita income (2000)	\$14,500
Median household income (2000)	\$24,000
Poverty rate (2000)	26%
Minority population (2000)	52%
Proximity to urban center	93 miles to Raleigh, N.C.
Proximity to interstate highway	56 miles
Strategic approach	Downtown revitalization
Time frame	2005-2007

The town of Ayden partnered with North Carolina’s Small Town Main Street Program to redevelop its crumbling downtown. In the mid 1980s, a highway reconfiguration project rerouted traffic away from Main Street and dealt a major blow to Ayden’s downtown business community. After several failed revitalization attempts by the local Chamber of Commerce and others, Ayden formed a partnership in 2006 with the Main Street Program. The objective of the partnership was to take a comprehensive approach to downtown redevelopment. Since then, Ayden has organized its redevelopment efforts, conducted a downtown market study and improved streetscapes to bring new business and investment into the downtown.

The community and its history

After convincing the Atlantic Coast Railroad Co. that his 40-acre parcel of land would be an ideal railroad depot, William Henry Harris founded Ayden in 1891. The railroad industry and businesses that supported it became the economic engine for Ayden through the 1950s. The tobacco industry was Ayden’s other economic mainstay, which was supplemented by a modest manufacturing base.

Through the 1970s, highway N.C. 11 – the main north-south route from Greenville to Kinston – passed directly through downtown Ayden. In 1979, however, the N.C. Department of Transportation rerouted N.C. 11 one mile west of town and widened it to four lanes. During the 1980s and ‘90s, businesses in Ayden’s downtown corridor struggled to

Instead of allowing failed projects from the past to depress the community further, Ayden creates a new vision, enables local residents to implement the vision and revitalizes both downtown and a sense of civic pride.

⁶² Town of Ayden website: www.ayden.com/ayden-nc-annual-budget-downloads.asp. Accessed on May 15, 2007.

stay afloat. The local Chamber of Commerce attempted, on a number of occasions, to revitalize portions of downtown. But what Ayden needed was a comprehensive approach. In 2005, a failed planning project with an expensive group of private consultants left community leaders and residents dismayed. “We had high vacancy rates and declining facades,” said Chris Padgett, director of planning. “What we were really in need of was a road map to get our downtown back to where it once was.”

The strategy

Ayden’s strategy is comprehensive downtown revitalization based on the national Main Street model for commercial district revitalization.⁶³ In March of 2006, Padgett and other local officials decided to apply to the North Carolina Main Street Program.⁶⁴ In July of the same year, Ayden was selected for participation, which entitled the community to receive three years of technical assistance and guidance in the development of a comprehensive revitalization program. Ayden also was eligible for various forms of small business assistance and training for local leaders. Although supported by the Main Street Program, community leaders – not outside consultants – assumed the responsibility for doing the difficult work of planning and implementing a revitalization strategy to bring downtown Ayden into the 21st century.

To kick off their community’s strategy, Padgett and the Ayden Town Board of Commissioners hosted a three-day charette in October of 2006.⁶⁵ Ayden tapped into the expertise of architects and landscape architects from nearby Greenville to guide citizens, officials and business owners through a visioning exercise. At the end of the three days, residents and officials had a clear and consistent vision for the future of downtown Ayden, and a new energy swept through town. “Two business owners were so excited about the work we were doing that they went ahead and updated their facades the next month,” Padgett said.

The next step was to channel the community’s excitement about downtown Ayden into a series of monthly meetings and to begin the real work of revitalization. Business owners, residents and officials were organized into three groups: design, economic restructuring and promotions. To get early results, the design group revamped Ayden’s existing facade improvement grant program. Matching grants for facade improvements were doubled, encouraging more extensive renovations. In addition, Ayden’s planning department offered free design consultations for updating Main Street storefronts. Results of this work were almost immediate, as applications to the facade improvement program jumped within days.

In the meantime, the economic restructuring group commissioned a market study to explore and highlight specific economic sectors and business types that were likely to thrive in down-

⁶³ “The National Main Street Program, developed by the National Main Street Center of the National Trust for Historic Preservation, includes a four-point approach to downtown revitalization based on a comprehensive strategy of work, tailored to meet local needs and opportunities. For more information, see www.mainstreet.org.

⁶⁴ The North Carolina Small Town Main Street Program (STMSPP), an offshoot of the Main Street program, provides market analysis to rural communities and gives small businesses the resources to evaluate their market opportunities.

⁶⁵ A charette is an intensive planning session where citizens, designers and others collaborate on a vision for development.

town Ayden. Town Manager Adam Mitchell said the study, released in March of 2007, indicated an enormous void in Ayden's retail market that forced residents to shop in surrounding towns. The study estimated that businesses in downtown Ayden, particularly restaurants, clothing and shoe stores, could capture nearly \$9 million in revenue that, at the time, was leaving town and being spent in neighboring communities.

Armed with convincing research, local officials in Ayden had an effective tool to quell fears about locating new businesses in the downtown. "We are using the study to show successful businesses in the surrounding four counties that there is a market for their business in Ayden," Padgett said. "It's not meant to attract them away from their current location but rather to inform them that if they are looking to expand, downtown Ayden is a good place to locate."

The final group, promotions, rolled out a new marketing campaign for Ayden in March of 2007. The campaign includes a logo and the brand "Downtown Ayden: Close to Home, Close to Your Heart." Currently, the promotions group is working to put streetlight banners with the logo and brand throughout downtown Ayden. The objectives of Ayden's downtown revitalization projects are to create a welcoming place for businesses to prosper and for local residents to shop and spend time.

What are the lessons from this story?

Downtown revitalization can be an effective economic development strategy. While every small town hopes for a large economic development project that results in hundreds of new jobs, downtown revitalization can facilitate the growth of existing small businesses and create conditions for additional growth engines. Downtown revitalization is also a means to building partnerships and trust among community leaders so that when a big opportunity does come along, the community is ready to act.

Economic development requires a comprehensive rather than piecemeal approach. Ayden made several unsuccessful attempts to re-inject energy into downtown. According to Chris Padgett, this failure may have been because the limited scope of previous projects. In 1990, for example, Ayden's chamber set up a marketing campaign to promote downtown business. In a separate effort five years later, the chamber tried to improve the downtown streetscape. In each case, the effort was splintered and never dealt with the full range of downtown challenges. Through the Main Street Program, Ayden is tackling a range of issues, from small business development and business recruitment, to downtown streetscapes and facade grants. "In one form or another, our town has tried to revitalize," Padgett said, "but never have we undergone a more comprehensive revitalization than right now." By forging such a broad approach, Ayden's officials and citizens will be able to better address the complex issues facing their downtown.

Connecting with state or national resources to support community development efforts can make the difference. Through the N.C. Main Street Program, Ayden tapped into resources and an approach to downtown revitalization that moved forward more quickly, and with more success, than the community could achieve on its own.

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Black Mountain, North Carolina



	Black Mountain
Population (2000)	7,510
Municipal budget (2006)	\$6.5 million ⁶⁶
Per capita income (2000)	\$20,510
Median household income (2000)	\$35,540
Poverty rate (2000)	10%
Minority population (2000)	9%
Proximity to urban center	30 miles to Asheville, N.C.
Proximity to interstate highway	1 mile
Strategic approach	Tourism Creative Economy
Time frame	1990-2002

The Black Mountain Center for the Arts, made possible by a local government investment, is spurring cultural and economic development. In the early 1970s, the Town of Black Mountain sold its town hall to a group of local artists and business people. Thanks to local government funding, supplemented by private donations, the old town hall was renovated and re-opened as the Black Mountain Center for the Arts in 2000. Two years later, the town council made another strategic decision to retire \$200,000 of the center's remaining renovation debt, ensuring the center's long-term viability. Today the center operates debt free and offers world-class musical, artistic and theater productions that are rekindling Black Mountain's artist community and attracting tourists from throughout the southeastern United States.

The community and its history

Black Mountain is situated in the foothills of the Blue Ridge Mountains. The community has a rich and storied history as a center for arts, music and drama. Black Mountain College opened in 1933 as an experimental school in interdisciplinary education. The college became a hotbed for European intellectuals forced to flee Nazi persecution. A rich community of international musicians, architects and writers came together in the mountains of western North Carolina. Several world-renowned artists including Buckminster Fuller, Merce Cunningham and Josef Albers either studied or taught at Black Mountain College. After World War II, though,

This small town combines a thriving local arts scene with economic development to restore its cultural identity and enlarge the tax base.

⁶⁶ Interview with Sherry Williams, Town of Black Mountain, June 4, 2007.

many of the college's students and faculty moved to the West Coast, and in 1956, Black Mountain College closed its doors.

Throughout the 1960s and 1970s, Black Mountain struggled. In 1980, the small downtown was a boarded up strip of dilapidated buildings. During the 1980s, an injection of funding from the governor's Community of Excellence program allowed the community to charge some energy into its downtown corridor. By the 1990s, Black Mountain's downtown was back on track. Next, the arts culture, which had been a prominent part of the community until the 1950s, was due for a renaissance.

The strategy

Black Mountain's strategy was to invigorate the local arts culture to attract tourists and investors into the community and to catalyze small business development. Two decisions were key to its success: (1) to provide building space for the Black Mountain Center for the Arts and (2) to retire the center's construction debt.

The story of Black Mountain's strategy begins in 1990 when the local government was in the market for new office space. The old town hall on Main Street needed of substantial repair. Rather than construct a new building, town leaders purchased the Union Bank building, catty-corner from the hall, for their new offices. At that point, they saw a golden opportunity to help the local Black Mountain arts group.

In 1993, Black Mountain sold the old town hall to a member of an ad-hoc group of artists and business people in Black Mountain. "They didn't have anywhere to work," said Al Richardson, the former town manager. "Giving them the old town hall was the booster shot to get them going." The sale prompted the arts group in 1995 to become a formal nonprofit organization called the Black Mountain Center for the Arts. For the next four years, the nonprofit campaigned for donations to renovate the building. The town government stepped up and provided a low-interest loan and an \$88,000 donation. In all, the group raised \$1.2 million for renovations, and in the fall of 2000, the new Black Mountain Center for the Arts opened.

Since opening, the Center for the Arts has attracted cultural enthusiasts from throughout the state and southeastern region. Concerts and galleries showcase a range of local and international artists, musicians, theater productions and classes.

By 2002, the arts culture was thriving in Black Mountain. In that year, town leaders made another strategic move to ensure the center's continued viability. In exchange for the title to the center's land, the town paid off \$200,000 the center owed for the building's renovation. The center now operates nearly debt free and can offer more events to the public. "Our partnership with Black Mountain is incredibly important," said Gale Jackson, the center's

director. "I'd estimate the help they have provided in purchasing out our debt and land at over \$70,000 per year. To an arts center, that is a lot of money."

Black Mountain is reaping the benefits of investing in its arts community and culture. A recent study estimated the economic impact of Black Mountain and Asheville's 3,000 artists to be over \$200 million annually. This averages \$66,000 for each artist, of which there are hundreds in Black Mountain. "The Center for the Arts is a tremendous part of our tourism strategy and big reason people come to live in Black Mountain," said Bob McMurry, president of the Swannanoa Valley Chamber of Commerce.

What are the lessons from this story?

Public-private partnerships can be developed to support community development interests.

The Town of Black Mountain provided capital and building space to an ad-hoc group of local artists. The investment led to the creation of the Center for the Arts and elevated the role of the arts group in the community. It provided the arts community with a place, an identity and a focus. The center in turn benefited each individual artist and the community as a whole.

Investing in the arts community can be a driver of economic development in a community. The results of Black Mountain's investment have been increasing tourism, the development of small arts-based businesses and the attraction of new residents who want to associate with the Black Mountain Center for the Arts.

Strategic investments in community organizations can align private/nonprofit sector interests with broader community interests. Black Mountain's strategic investment created the incentives so that the energy of local artists was aligned with the interest of the community.

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Branson, Missouri

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	Branson
Population (2000)	6,050
Municipal budget (2005)	\$42 million ⁶⁷
Per capita income (2000)	\$20,500
Median household income (2000)	\$32,000
Poverty rate (2000)	12%
Minority population (2000)	6%
Proximity to urban center	45 miles to Springfield, Mo.
Proximity to interstate highway	45 miles
Strategic approach	Tourism
	Economic development finance
Time frame	1997–2006

Branson is a small Missouri town that attracts 7 million visitors every year (2 million more than the Grand Canyon). *60 Minutes* has proclaimed Branson the “country-music capital of the universe” with more theater seats than Broadway. To diversify its tourism industry and create more year-round job opportunities, the town has just completed a \$420 million retail and convention center project that required the largest tax increment financing project in the history of Missouri.

The community and its history

Branson is located in the southwest corner of Missouri near the borders of Oklahoma and Arkansas. The frontier town of Branson was established in 1882, and for much of its early history, tomato canning was the predominant industry. This changed in 1896 when a visiting minister, Harold Bell Wright, was charmed by the area’s scenic beauty and wrote a national best seller titled *The Shepherd of the Hills*, set in the region. Wright’s book ignited a tourism boom, and in 1906 tourism became Branson’s main industry.

Branson’s tourism base expanded throughout the first half of the 20th century. In 1952 federal funds were appropriated for a dam construction project in Branson, sparking a flurry of entrepreneurial activity. At about this time, a group of government officials, influential local citizens, local businesses and the Chamber of Commerce pooled resources to create the first performance theater in Branson. The popularity of Branson’s first theater led to the development of several other local performance

⁶⁷ Interview with Deanna Schlegel, Branson finance director, November 16, 2006.

venues. Initially, the theaters were family-run and showcased local talent, but over the years Branson's venues became popular with touring national entertainers, including Wayne Newton, Andy Williams, Glen Campbell, the Gatlin Brothers and many others. Today there are more than 50,000 seats in 40 theaters and nearly 500 shows by 70 different acts each year. Branson's performing arts cluster attracts 7 million visitors annually, a number that was expected to reach 8 million in 2007.

In the late 1990s, town leaders in Branson were wrestling with the impacts of relying on an economic development strategy that was a "one-legged stool." Tourism created employment opportunities, but many jobs were seasonal. Branson embarked on a strategy to diversify its existing tourism strategy and to create more consistent year-round employment opportunities.

The strategy

In 2001, local leaders unveiled plans for Branson Landing, a mixed-use project on Lake Taneycomo that included a 220,000-square-foot convention center, a 250-room four-star hotel, a boutique hotel, 140 waterfront luxury condominiums and nearly 450,000 square feet of retail shopping. The project represents an attempt to diversify Branson's economy beyond musical entertainment and provide stable, year-round employment. "City leaders (are) following an economic model of a three-legged stool: tourism providing revenue, service industries bringing year-round jobs and homebuilders filling residential needs," said Mike Rankin, Branson's director of economic development.⁶⁸

The scale of Branson's development project exceeded expectations. Initially, the plan was to develop a regional convention center, but after seeking ideas from the public, the city added plans for retail and residential space. In 1997, local officials began searching for sites. They also came to realize that, given the size and scale of Branson Landing, tax increment financing (TIF) was the only realistic option for financing the project. "Everyone wanted the convention center but didn't want to pay for it through increased taxes," Finance Director Deana Schlegel said. "The TIF was the only legitimate way for us to pursue this development."

To finance the Branson Landing project, the city used a combination of local TIF dollars, state TIF dollars and bond financing. First, Branson declared a stretch of land along Lake Taneycomo as the target district and then created a TIF board. The next step was to seek approval from the Missouri legislature to designate the waterfront area as a state TIF district. This approval allowed the city to capture a portion of the state sales tax generated by the development, which the city could use to pay off the yearly debt. By generating revenue streams from local and state TIF money, Branson also had a foundation on which to issue bonds, which generated an additional \$130 million to pay for new infrastructure. Overall, the financing scheme generated over \$250 million for the project, and ground was broken in 2004. In April of 2006, Belk's Department Store opened its doors to the first Branson Landing customers.

⁶⁸ "Branson leaders believe economic boom will continue." *Springfield News-Leader*. September 17, 2006.

Today, Branson Landing rivals mixed-use projects in major cities. Within eight weeks of opening, the development surpassed expectations and attracted more than 1 million visitors. City officials estimate that Branson Landing brings in more than 500,000 new visitors each year and generates \$180 million in economic activity and another \$8 million in taxes. The project also has complemented the entertainment industry by attracting a younger crowd to the city.

What are the lessons from this story?

Small communities can create record-breaking projects. Branson illustrates how a small city can undertake a project one might think would be possible only in a very large city. The city saw a need for a convention center and extended that vision into a massive retail and residential space that has strengthened and diversified the city's economy. Small towns can push boundaries and expand on visions for the projects and programs they are about to undertake. Branson did not limit its vision but believed it could create an exceptional project, even if the city had to ask the state to approve an unprecedented TIF package.

Successful public investments can have ripple effects throughout the community. The Branson Landing project created spin-off investments throughout the community. Branson recently added a \$12 million recreation center and approved its first industrial park. The industrial park will help to spur more year-round employment and draw younger residents to this community. Furthermore, the new developments will help to sustain this economy. "This is going to be a longer, steadier growth period than the boom that occurred in the '90s," Mike Rankin said.

Strategies are more likely to be successful when they are built on existing assets. Projects such as Branson Landing have to be constructed on a secure foundation within the context of a community's strengths and assets. Branson's tourism industry has thrived and grown for nearly a century, eventually becoming the city's strongest and largest asset. Branson Landing would not have succeeded without Branson's status as a regional tourism destination. Branson demonstrates how small towns with successful industries, whether tourism or boat-building, can leverage this strength to diversify their growth. Branson used its strength in entertainment tourism to pursue other sectors of the economy that enhance tourism while providing more stable employment.

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Colquitt, Georgia



	Colquitt
Population (2000)	1,940
Municipal budget (2005)	2.5 million ⁶⁹
Per capita income (2000)	\$18,300
Median household income (2000)	\$24,800
Poverty rate (2000)	26 %
Minority population (2000)	45%
Proximity to urban center	63 miles to Tallahassee, Fla.
Proximity to interstate highway	50 miles
Strategic approach	Tourism Creative economy
Time frame	1992–2006

For four weekends in the fall and spring of each year, tens of thousands of people descend on Colquitt for *Swamp Gravy*,⁷⁰ a musical play that celebrates life in rural southwestern Georgia. “Northerners tell stories in private and call it therapy,” said Richard Geer, the creator of *Swamp Gravy*. “Southerners tell stories in public and call it swapping lies.”⁷¹ With a cast of more than 100 local volunteers, *Swamp Gravy* tells the history of Colquitt. The play has sold more than 120,000 tickets and generated well over \$4 million since it began in 1993. The local arts council has reinvested revenues from the production into the revitalization of downtown buildings and the renovation of a local mini-mall, where vendors of arts, crafts and antiques have access to affordable rental space. In 1994 the state legislature designated *Swamp Gravy* the official folk life play of Georgia.

The community and its history

Colquitt is a rural farming community in Miller County. Historically this region’s livelihood has been fueled by the peanut industry (both farming and processing), augmented with some textile manufacturing. As the farm economy faltered through the mid-1980s, Colquitt’s residents were left with historically low incomes and a downtown struggling to support businesses.

⁶⁹ Interview with Corey Thomas, city manager, Colquitt, Ga., January 9, 2006.

⁷⁰ “Swamp Gravy” is the name coined by local Dot Wainwright, who describes it as “a stew-like dish that is made from pouring fish drippings that you have left in the grease after frying fish. Then you add tomatoes, potatoes, onions, and whatever else you have on hand and make a side dish or it could even be the whole meal if you don’t have enough fish for everyone. So basically, you take whatever you have and make something out of it, which is what we have done in Colquitt, Georgia, with our rendition of ‘Swamp Gravy.’” From “The History of *Swamp Gravy*” at www.swampgravy.com.

⁷¹ Geer, Richard. “Swamp Gravy,” *High Performance*, 1993, 63.

Colquitt uses the arts as a tool for community empowerment and economic diversification.

The success of a community-based performing arts project has resulted in extensive downtown revitalization and economic development.

In 1990 a group of civic leaders in Colquitt formed the town's first arts council. The idea for *Swamp Gravy* was hatched in 1991 when Richard Geer, then a graduate student at Northwestern University with no direct ties to the community, met with the Colquitt–Miller County Arts Council. Geer was seeking to test a hypothesis that community-based performing arts and the performing skills of individual people could empower individuals and bring neighborhoods together. The arts council was intrigued by the idea and saw it as an opportunity to help invigorate the local economy. Geer and the arts council drafted a proposal and received a \$15,000 grant from the Georgia Humanities Council. They sought to determine whether community theater could stimulate civic and economic life in an otherwise struggling small town. The first performance took place in October 1992.

The strategy

Swamp Gravy is a play, written and produced by local residents, that depicts the life and history of Colquitt. The strategy behind *Swamp Gravy* was to let people tell their stories and the story of their community, strengthening community ties in the process.⁷² *Swamp Gravy* relies exclusively on local volunteers to create the script and produce the musical. The script is a collection of local stories submitted by residents and fashioned together by a professional playwright. Each year the theme of the play changes slightly to incorporate new stories, but the basic weaving of stories remains the same. The use of local actors and crew members creates devotion to the common goal of improving the community, while the reliance on contributions from community members to make up the script gives other residents a sense of involvement in and ownership of the play.

The Colquitt–Miller County Arts Council deliberately structured *Swamp Gravy* to involve and empower local residents with the goal of stimulating civic and economic life in the depressed town. This did not happen overnight; it was difficult for many local residents to accept the idea that cultural tourism was a valid means to economic development. “It was critical early on to have a few local residents and council members working hard to help other residents understand how the arts could give the town a boost,” said Jennifer Trawick, executive director of *Swamp Gravy*.

In 1992 *Swamp Gravy* first took the stage in Cotton Hall, a 60-year-old cotton warehouse. As of 2005, *Swamp Gravy* had sold more than 120,000 tickets (72 percent to out-of-town visitors) and added an estimated \$4 million to the local economy. In an average year, 40,000 people come to Colquitt to see the play. Cultural tourism now provides more jobs and revenue than any other industry in Colquitt. The arts council has reinvested over \$1 million in downtown renovations and building projects, including a total renovation of Cotton Hall. A children's theater spin-off from *Swamp Gravy* was developed to give local kids an opportunity to hone

⁷² “Karen Kimbrel, former executive director of the Colquitt–Miller County Arts Council, quoted in “Swamp Gravy,” www.southernideabank.org, Southern Growth Policies Board.

their acting skills. The arts council also has created the Swamp Gravy Institute, a consulting and training organization that works with other communities to design programming similar to that in Colquitt.

The arts council has become Colquitt's primary responder to local economic development challenges. In 2001, five downtown businesses were forced to close their doors (mostly because of the declining national economy). "We saw the impact of *Swamp Gravy* during the months it played and decided we should look to year-round opportunities that might help stabilize businesses," Trawick said. In an effort to further diversify the local economy beyond seasonal performance art, the arts council now operates a local bed and breakfast, a mini-mall for local vendors, a storytelling museum, a mural project and the children's theater.

Finally, the experience of being involved with *Swamp Gravy* has inspired local volunteers to take on new challenges to benefit the community. The New Visions Coalition, a nonprofit after-school program created by two former cast members, offers an innovative program that tutors and provides substance-abuse counseling to local youth. Another group of former cast members has formed a community development corporation to focus on Colquitt's housing needs. In December 2006, this new organization will break ground on a 32-unit affordable housing apartment complex.

What are the lessons from this story?

Strategically designed arts programs can catalyze economic development. Colquitt began with a vision of a community theater program that would stimulate economic and civic growth. The community created a specific plan to involve community members, specified what kinds of outcomes it expected and determined how the program would give back to the community. Stakeholders discussed and planned the causal chain of events ahead of time – beginning with the specific design of *Swamp Gravy* and continuing to the community capacity and economic growth that they hoped the play would foster. Colquitt did not rely on a shaky assumption that creating an arts program would cure the town's economic problems. Organizations considering using the arts as a tool to empower and strengthen their communities should think deliberately about how the program will be structured and what the process will be to achieve desired results.

Small towns can use the arts to build community capital and defuse racial tensions. In small communities, the process of designing and executing performance art can provide unifying activities that connect folks in town. According to the Southern Growth Policies Board: "*Swamp Gravy* has won wide acclaim as an innovative way of bringing people together. The process, telling one's story and/or working on the production (either onstage or behind the scenes), has served to form strong bonds among people, crossing racial, gender and class

lines. Breaking down racial barriers in the community is, in fact, considered part of the program's mission."⁷³ In communities where racial tensions stand in the way of economic progress, the performing arts can provide a neutral space for breaking down traditional barriers and building new partnerships.

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⁷³ See www.southernideabank.org/items.php?id=2569.

Edenton, North Carolina



	Edenton
Population (2000)	5,394
Municipal budget (2006)	\$17.5 million ⁷⁴
Per capita income (2000)	\$13,260
Median household income (2000)	\$25,240
Poverty rate (2000)	25%
Minority population (2000)	58%
Proximity to urban center	70 miles to Norfolk, Va
Proximity to interstate highway	80 miles
Strategic approach	Residential development (historic preservation)
Timeframe	1995-2006

Edenton’s strategy is to preserve its historic assets in order to create conditions for private sector investments in the community. Working together, the Town of Edenton and Preservation North Carolina transformed the old Edenton Cotton Mill Village – the historic living quarters for mill workers and their families – from dilapidated shacks to modern village residences. By 1999, after improving the village’s infrastructure and initiating an intense marketing campaign, Preservation North Carolina sold all 48 of the village residences. With the aid of incentives, each residence was completely renovated in the ensuing years. The transformation was sufficiently impressive as to land the village on the pages of *Southern Living Magazine*. In addition to the increased publicity, Edenton has seen property values in the village increase nearly 20 times and the mill houses have attracted artisans and entrepreneurs to town.

The community and its history

Edenton is often referred to as one of the South’s prettiest small towns. Incorporated in 1722, it has a well-preserved residential historic district and courthouse. The downtown also is well preserved and is considered by many to be a poster child of successful downtown revitalization.

Historically, Edenton’s proximity to the Albemarle Sound meant that the shipping and fishing industries played a major role in the town’s economy. Just before the 20th century, the textile industry came to Edenton. The Edenton Cotton Mill, built in 1898, was the town’s economic anchor and largest employer for nearly 100 years. As was common

Elected officials in Edenton partner with a historic preservation nonprofit organization to turn the dilapidated Edenton Cotton Mill into a new economic asset for the community. This public-private partnership has resulted in upgraded infrastructure, private investment in real estate, increased property values and preservation of Edenton’s historic assets.

⁷⁴Interview with Janet Hines, Town of Edenton finance officer, June 4, 2007.

during the heyday of textile manufacturing, the Edenton Mill provided low-cost housing for mill workers in an adjacent mill village. When the Edenton Mill owner, Unifi, announced it was closing the plant in the fall of 1995, the devastating effect was especially concentrated in the Edenton Mill Village. Long-time Edenton Town Manager Anne Marie Knighton recounted her worry over the plant's closure: "When Unifi closed, the mill village neighborhood was in serious danger of becoming blighted. Windows were boarded up and the remaining residents were just a few retirees paying very low rents. We weren't sure what was going to happen to the village."

The strategy

Edenton's strategy is to turn a potential liability into an asset by assisting in the turnabout of the Edenton Mill Village. As soon as Unifi announced closure, the Edenton town manager, the Edenton-Chowan County Chamber of Commerce and Myrick Howard, president of the nonprofit Preservation North Carolina (PNC) contacted the corporation about donating the mill. In December 1995, just three months after the closing, Unifi, PNC and the Town of Edenton reached an agreement under which the entire mill property (including the mill village) would be donated to Preservation North Carolina. "The town was instrumental in convincing Unifi to donate the mill instead of selling it to a developer," said Beth Taylor, a former Edenton Cotton Mill worker now working for the nonprofit's Edenton office. "Had it been sold to a developer, we would have lost this incredible historic village."

After the transaction was complete, Preservation North Carolina faced the challenge of selling old, deteriorating mill houses in rural Chowan County. It overcame initial local resistance to subdivide the mill village property to sell the homes individually. It also had to create a market. An aggressive promotional campaign in the winter of 1996 seemed to pay off. In April 1996, more than 5,000 people attended an open house at the village. Other than a few cosmetic improvements, the model home was not renovated. It was intended to provide interested buyers with an image of what a mill house could look like with just a few improvements. The real renovation work, in keeping with the organization's philosophy, was left to the property owner. Preservation North Carolina, however, attached strict protective covenants and required design review for all of the cotton mill homes. This gave buyers the assurance that the distinctive architectural features that made the homes so appealing would remain. The organization also stipulated that all homes in the village be owner occupied to ensure the residences' upkeep.

Over the next three months, 26 mill homes sold for \$20,000 to \$30,000 each, 10 times their assessed value just one year earlier. Given these clear market indicators, Edenton's town manager applied for Community Development Block Grant funding to upgrade the water and

sewer lines into the village. In mid-1997, Edenton began construction. The community's infrastructure investment spurred further private sector investment, and by December 1999, all 48 homes in the village had been sold.

Over the next five years, these new village residents renovated their homes. Through a partnership with Preservation North Carolina, Vic Alexander of the Edenton BB&T bank set up a special loan package for homeowners that combined construction financing and the permanent mortgage into one understandable lending package. Local officials invested in a boardwalk along the nearby Queen Anne's Creek in 2000, adding value to properties in the mill village. Lastly, in an effort to prevent gentrification, existing residents – mostly retired mill workers – were given the option to buy their homes at a discounted price or continue renting at a favorable rate. A number of workers purchased their homes, the first they ever owned, and a few continue to rent to this date.⁷⁵

From the town's perspective, the mill renovation has been a tremendous boost. For example, the 1996 property tax value of the entire village was \$610,485. In 2006, renovations to the village raised the value to \$12,110,659, over 19 times larger. Average home prices increased from approximately \$3,000 to \$25,000. And the benefits have reached far beyond increased property values. "The unique mill homes have attracted a number of artists and entrepreneurs to our town," said Knighton, the town manager. The mill transformation is spreading to surrounding areas as well. In 2006, an abandoned peanut mill across from the Edenton mill opened as a commercial office building. By creating a market for historic mill homes, Preservation North Carolina and Edenton spurred massive private investment and preserved an historic asset.

What are the lessons from this story?

Historic preservation is an economic development strategy. Edenton demonstrates that strategic historic preservation, done with the goal of stimulating private investment, can increase both tourism spending and local property values. In addition, local investments in historic preservation create local jobs. Preservation North Carolina estimates that every \$1 million invested in building rehabilitation creates 41 jobs, whereas an equal investment in new construction creates 36 jobs.⁷⁶ Edenton's story also demonstrates that historic properties have the potential to attract creative entrepreneurs to the community.

Through public-private partnership, an economic development liability can be turned into an economic development asset. The Edenton Cotton Mill was a potential liability for the community. Town officials and the nonprofit Preservation North Carolina partnered to market the village, establish covenants and ownership agreements, and upgrade the village infrastructure,

⁷⁵ A few transactions involving existing residents were exempted from the stipulation that all properties be owner-occupied.

⁷⁶ Rypkema, Donovan D. *Profiting from the Past: The Impact of Historic Preservation on the North Carolina Economy*. Preservation North Carolina, 1998.

creating a market for the rural mill village. This partnership allowed them to reduce investment risk and create a secure vision of what the mill village could look like, enticing significant investment from outside the region.

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Elkin, North Carolina

	Elkin
Population (2000)	4,109
Municipal budget (2006)	\$5 million ⁷⁷
Per capita income (2000)	\$21,120
Median household income (2000)	\$31,700
Poverty rate (2000)	13%
Minority population (2000)	16%
Proximity to urban center	43 miles to Winston-Salem, N.C.
Proximity to interstate highway	1 mile
Strategic approach	Entrepreneurship
Time frame	2004-2007

Elkin is channeling local artists' talents and energy into new entrepreneurial ventures. A study from 2003 revealed that Elkin and the Yadkin Valley region had a small but rapidly growing concentration of artists. As has been demonstrated throughout western North Carolina, small businesses in the arts and crafts sector – properly marketed and supported – can catalyze small business growth and attract tourist dollars into the local economy. In 2004, Wade Nichols from the Piedmont Council of Governments worked with three artists to form the Yadkin Valley Craft Guild. A year later, the guild partnered with the Town of Elkin on Growing Entrepreneurs, an apprenticeship program through which local artists receive education and training in their respective craft as well as assistance in starting their own businesses. Local art studios and heritage craft-based businesses, combined with the region's growing wine industry, are attracting tourist dollars into Elkin.

The community and its history

Settlers first came to what is now Elkin in 1740, attracted by fertile soils and the nearby Yadkin River and Big Elkin Creek. By the mid 1800s, two ambitious entrepreneurs established Chatham Manufacturing, a woolen mill, in Elkin. Chatham Manufacturing drove the town's growth through the rest of the century and into the 1900s. Along with Chatham, other textile mills and furniture plants formed the base of Elkin's economy.

In the 1980s and 1990s, however, most of the textile and furniture plants closed their doors. Elkin has since tried to figure out ways to replace the lost jobs. The wine industry has become an increasingly



Elkin builds on the local craft economy by investing in a craft guild and an apprenticeship program. The apprenticeship program provides crafts training, mentorship and small business classes to artist entrepreneurs.

⁷⁷ Town of Elkin website: www.elkinnc.org. Accessed May 31, 2007.

important player in the Yadkin Valley over the last 20 years. Many tobacco farmers have shifted into grape production to support the regional wine industry. New vineyards and wineries stretch along the Yadkin Valley Wine Trail, which includes bed and breakfasts, antique shops and restaurants.

In 2003, an economic development consultant completed a comprehensive study for north-west North Carolina. The study's findings were a wake-up-call to local officials in Elkin, who immediately recognized the potential for capturing more of the tourism traffic from nearby Interstate 77. The study urged that Elkin and the surrounding area work toward creating a vibrant and growing network of small businesses and that they focus on crafts and cultural tourism.

The strategy

Elkin's strategy is to support entrepreneurs in the local heritage craft economy through its Growing Entrepreneurs program. Growing Entrepreneurs is designed to match experienced craftspeople with new artists and provide them with training and support for starting and growing small businesses. Growing Entrepreneurs evolved in conjunction with a regional artists guild called the Yadkin Valley Craft Guild. The story of how these two organizations evolved is the story of how Elkin came to initiate an entrepreneurial support strategy for local economic development.

Within months of the release of the 2003 regional economic study, Wade Nichols from the Northwest Piedmont Council of Governments and three local artists hatched an idea to create a craft guild for the Yadkin Valley region. Part of Nichols's vision was to equip artists in the guild with entrepreneurial skills to start new businesses. According to the North Carolina Arts Council, the state ranks in the top three nationally in craft income. "More than 6,100 craft artists in the state generate \$538 million in revenue."⁷⁸ Nichols believed that a regional guild could give a voice to independent craftspeople and provide them with support to have a positive impact on local economic development.

Soon after its organization, the Yadkin Valley Craft Guild partnered with the Town of Elkin to develop a locally oriented manual on how to provide entrepreneurial support to local artisans. Together they applied for a demonstration grant from the Homegrown Jobs Program of the N.C. Rural Economic Development Center. Shortly after receiving seed funding, and during the process of putting together their local guide, the idea for Growing Entrepreneurs was hatched. The program would match master craftspeople from the Yadkin Valley Craft Guild with up-and-coming artists. The pairing would allow each apprentice to receive guidance and education from a mentor with experience in his or her craft. In addition, the guild and the Town of Elkin would provide free seminars in entrepreneurship and individual assistance when it came to starting businesses or studios to showcase work. One indicator of the relative

⁷⁸ "The CODA Survey: The Impact of Crafts on the National Economy," Craft Organization Directors Association, by Appalachian State University, 2001.

success of this program is the fact that several guild staff members were subsequently trained as intake professionals for the Rural Center's Microenterprise Loan Program. As intake professionals, local staff who understand local conditions and context provide up-start artisans with micro-loans from the Rural Center.

With support from the Golden LEAF foundation, Growing Entrepreneurs was rolled out in April 2007. An initial cohort of eight apprentices was enrolled under the direction of four mentors. Each apprentice was selected based on their aptitude, commitment and entrepreneurial spirit. Apprentices spend 20 hours per week receiving instruction from their mentors and 10 hours practicing their craft. Unique to the Growing Entrepreneurs program is that apprentices are able to keep and sell the items they make during their apprenticeship. "Apprentices are able to leave the apprenticeship with a number of items ready to put in a gallery or business," said Doris Petersham, guild president. "They are building their inventory." The guild estimates that by 2008 it will have enabled 150 craftspeople to become self-employed entrepreneurs. In addition, local officials in Elkin believe that small craft businesses will complement and enhance the region's wine industry and result in increased tourism traffic.

What are the lessons from this story?

The craft industry, particularly when tied to tourism promotion, is a potential economic engine.

Across North Carolina, working craftsmen, most of whom are self-employed, are estimated to generate more than \$530 million in revenue annually. Leaders in Elkin recognized this fact and built an economic development strategy around craft-based businesses to help overcome employment losses in manufacturing and agriculture. "A lot of people don't realize the multiplier effect," said Jeff Sebens, a member of the Yadkin Valley Craft Guild. "With lodging, restaurants and other venues, every \$100 spent on supporting local craftsmen might bring in \$1,000 to the region."⁷⁹

It takes a comprehensive support environment to help a craftsperson, or other entrepreneur, build a new business. Elkin is building a support system for artisans by creating the apprenticeship initiative, linking experienced crafters with new artisans. In addition to this mentoring/networking, the support environment includes training and the opportunity to access micro loans, all necessary to the development of self-employment and other entrepreneurial opportunities.

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⁷⁹ Sylvester, Ben. "Town Vies for Guild Gallery Location." *Elkin Tribune*, June 5, 2007.



Helena-West Helena, Arkansas

Severe economic decline leads civic leaders from two small communities in the Mississippi Delta to set aside historic rivalries and work together to save their towns. This story is about an inclusive community-wide planning and implementation process to address economic development, housing, education, leadership development and health care.

Helena-West Helena	
Population (2000)	15,000 (in consolidated city)
Municipal budget (2006)	\$9 million ⁸⁰
Per capita income (2000)	\$12,000
Median household income (2000)	\$18,700
Poverty rate (2000)	33%
Minority population (2000)	60%
Proximity to urban center	65 miles from Memphis, Tenn.
Proximity to interstate highway	50 miles
Strategic approach	Strategic planning Partnership development
Time frame	2003–2006

Once thriving with agricultural trade and industrial production, small towns in the Mississippi Delta have since become some of the poorest and most disinvested places in the country. Helena-West Helena in Phillips County is no exception. With a 30 percent poverty rate and a rapidly declining population, this small town has mostly been left behind by the nation’s economic transition.

According to Joe Black, a bank vice president in Helena, “In 2003, Phillips County hit the bottom.” In response to hitting the bottom, the community in and around Helena came together to initiate the Delta Bridge project. Delta Bridge brings all organizations working on community and economic development projects in Phillips County under a single umbrella. It integrates local development efforts with state, regional and national programs for the Delta and involves substantial contribution from residents of rural Phillips County communities. The strategic plan for Phillips County, which was completed in 2003 and serves as the blueprint for Delta Bridge, includes workable plans of action in the five fundamental pillars of community life: economic development, housing, education, leadership development and health care.

The community and its history

In 2005, sister cities Helena and West Helena became a single, consolidated town, now referred to as Helena-West Helena. Before

⁸⁰ Interview with Michael Boone, city treasurer, October 10, 2006.

consolidation, Helena (population 6,300) was an old river town located on the banks of the Mississippi River with an historic main street and a deep cultural history in blues music and Civil War heritage. West Helena (population 8,600), separated from Helena by six miles of rolling hills, was the commercial sister to Helena, with strip malls, big-box retailers and several manufacturing facilities. After decades of bitter rivalry and dispute, local residents of these two towns voted to merge into a single town.⁸¹ The merger of Helena and West Helena was a watershed event that symbolizes the community's commitment to moving beyond its troubled past.

Helena today is a small town full of contrasts. Most striking are the large, historic Victorian mansions lining a hillside that overlooks neighborhoods of shanty housing. While certain sections of Main Street are making a comeback, most of the turn-of-the-century downtown is vacant, boarded-up and collapsing. West Helena, by contrast, with its many fast-food restaurants, gas stations and grocery stores, could be Anytown, U.S.A.

Although contrasts abound, one thing is certain: Helena is poor. In fact, it is the county seat for one of the poorest counties in Arkansas, with a poverty rate of 30 percent and an unemployment rate approaching 15 percent. Phillips County ranks last in the state in virtually every indicator of economic and social well-being. Nearly 40 percent of its residents lack high-school degrees, and the county leads the nation in births to unwed mothers. A majority of its wealthy residents left town long ago. Indeed, between 1965 and 2005, Phillips County lost 40 percent of its population. These economic and social challenges are rooted in a culture of mistrust across racial lines and unaccountable local government.

Although modern-day Helena struggles to find her place in the new global economy, the town was once the center of a thriving commercial region. In fact, at the turn of the 19th century, Helena was one of Arkansas' most prosperous cities. The town's location – as a port on the Mississippi River surrounded by miles of fertile delta soil – made cotton production a lucrative business. In 1883, Mark Twain described the town in *Life on the Mississippi*: "Helena has a large lumber and grain commerce; has a foundry; oil mills, machine shops and wagon factories – in brief has \$1,000,000 invested in manufacturing industries. She has two railways, and is the commercial center of a broad and prosperous region."⁸²

In addition to its agricultural and manufacturing past, the blues – which grew out of the Mississippi Delta region – turned Helena into a musical mecca 65 years ago. It all began in 1941 when a Helena radio station began broadcasting the King Biscuit Time radio show. Two blues singers put on this daily live program from a radio station downtown. The program was an instant hit that became world renowned among blues aficionados. In 1986, Helena's Main Street program also put on the first King Biscuit Blues Festival, intended to draw visitors and

⁸¹ For the remainder of this report, Helena will refer to the consolidated city of Helena-West Helena.

⁸² Twain, Mark. *Life on the Mississippi*. Boston: James R. Osgood and Co., 1883

rekindle enthusiasm for downtown Helena. Now an annual fall event, this festival draws an international crowd for a three-day weekend, during which small-town Helena more than quadruples in population.

Even though Helena's history is rich with culture and tradition, the town has struggled to recover from persistent economic challenges, including agricultural mechanization, reduced Mississippi River port traffic and manufacturing job loss. In addition, as a small town with an economy built on the exploitation of slave and share-cropping labor – one in which the land was owned by whites and worked by blacks – race relations have always been central. According to one local development expert, Helena “represents a staggering economic development challenge.” Ever since the Johnson Administration initiated Community Action Programs in 1964, Helena has been promised help from the outside through all sorts of development endeavors, but very little has actually happened.⁸³

In early 2003, when the Delta Bridge Project was conceived, the city of Helena was broke and members of the city council in West Helena were under indictment for robbing the city of public funds. West Helena was suing Helena for \$80,000 in overdue landfill fees, and the state had been forced to take over public schools in Phillips County because of their failure to educate the county's children. Helena had hit rock bottom, and something had to change.

The strategy

Helena's strategy, the Delta Bridge Project, is a countywide, comprehensive, intensive and long-term effort to bring all community- and economic-development entities under a single umbrella and to make each one accountable to a locally representative steering committee. As a process-driven strategy, Delta Bridge strives to break the silos that normally divide development activities, including those in the areas of economic development, housing, education, leadership development and health care. This strategy integrates and coordinates local resources and links local efforts to state, regional, federal and philanthropic resources that are dedicated to the Delta region. Funding decisions for community- and economic-development projects are approved or denied by the local committee. Ultimately, the project aims to transform Helena into an economic hub community for the Delta region of eastern Arkansas and western Mississippi.

The project was initiated by Southern Financial Partners and the Walton Family Foundation. Southern is a nonprofit community-development organization affiliated with Southern Development Bancorp, the largest and most profitable rural development bank in the United States. As a development lender and technical assistance provider, this highly respected local organization has a certain amount of clout in and around Phillips County. Delta Bridge grew out of recognition by the leadership at Southern that the existing development strategy for Phillips

⁸³ Interview with Joe Black, Southern Financial Partners, October 11, 2006.

County was not working. Substantial investments were being made across the county, but quality-of-life indicators continued to spiral downward. In response, Southern and the Walton Family Foundation came together to pilot this new strategy.

The first step in Delta Bridge was to complete a baseline study of the county's economy, evaluate past development efforts and create an asset map of the region's social, civic and economic infrastructure. Over 8,000 hours were invested in this initial effort, which led Southern and Walton to determine that Phillips County had a sufficient base of assets and population on which to build. The next step was to initiate a community strategic-planning process. Over an 18-month period in 2003–2004, 300 residents participated in over 500 meetings to develop the strategic community plan for Phillips County.

The plan, ratified in January 2005, includes 46 strategic goals (e.g., expand the Delta Arkansas Health Education Center (AHEC) to allow for greater impact and improved health education and awareness) and over 200 action steps (e.g., expand physical facilities for the Delta AHEC from 4,000 square feet to at least 25,000 square feet by working with the Helena Health Foundation). It has become the blueprint for Delta Bridge. In terms of community strategic plans, the Phillips County plan is not unique in its content. What makes the project stand out is the implementation process. This is Delta Bridge.

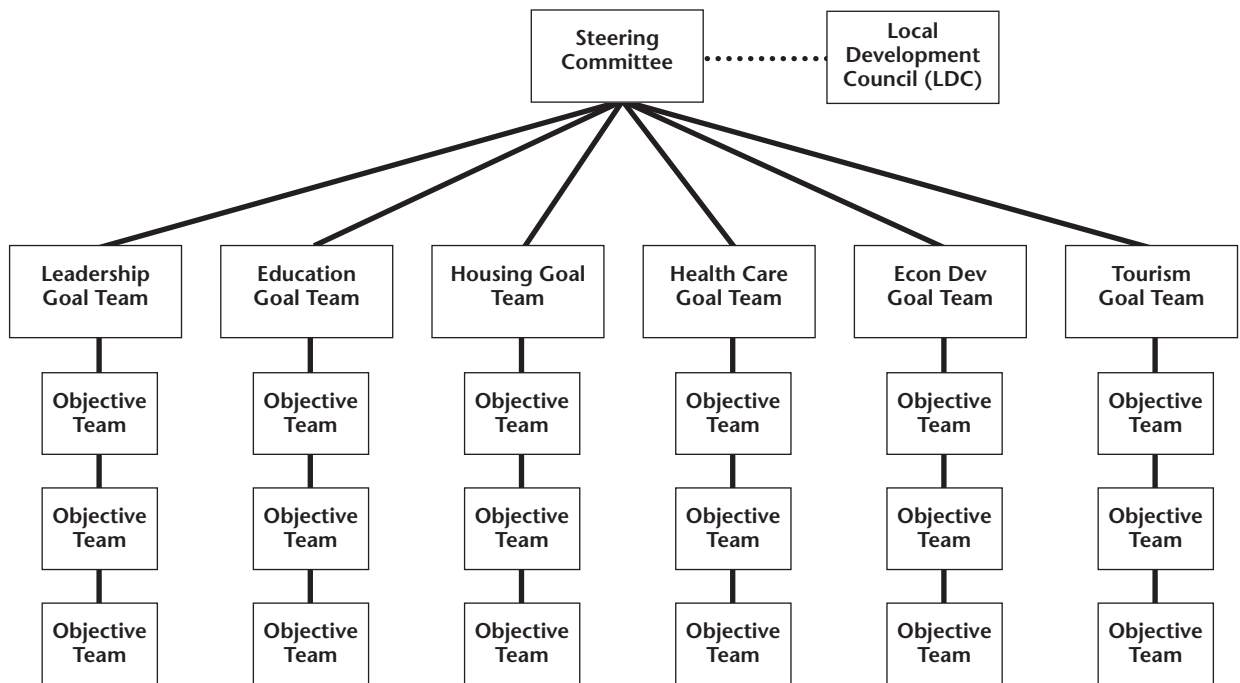
The organizational structure for Delta Bridge includes three levels of decision-making with a separate funding entity. Goals in the strategic plan are divided into five categories, or pillars: economic development (subdivided into traditional economic development and tourism), education, leadership, housing and health care. Each pillar is represented by a "goal team." Goal teams must be representative of the community in terms of race and gender and are led by volunteers (typically folks involved in development work around the county). For example, the Main Street director leads the tourism goal team. Working under the goal teams, "objective teams" represent each action step and are established for a specific purpose: to identify organizations in and around Helena that are capable of implementing a specific action step, help the organization(s) draft a proposal for consideration by the goal team, and see to it that the action step is implemented. Objective teams disband after completing an action step. Goal teams are permanent with rotating leadership.

Goal teams report to the Delta Bridge steering committee, which oversees the project and represents it to the general public. The steering committee is made up of 12 volunteers from across the county, including an elected official, school superintendent, hospital president, community foundation president, extension agent and others. It is chaired by the chancellor from the community college and staffed by Southern Financial Partners. Through monthly meetings, the steering committee approves modifications or additions to the strategic plan and ensures that the plan is updated annually. In addition, the steering committee is responsible for

helping to create partnerships between community organizations and cross-pollinating efforts that cut across different goal teams. For example, during the initiative to expand the area’s local AHEC, the steering committee helped to coordinate efforts underway in the health care, economic development and education goal teams.

Finally, the Local Development Council (LDC) is a 501(c)(3) nonprofit organization that acts as the initial approving organization for all funding activity. The LDC includes seven volunteer members chosen by the steering committee for their expertise in various facets of community and economic development, including bankers, lawyers and regulatory experts. Goal teams submit project proposals to the LDC (through the steering committee), which ensures that each proposal accomplishes a specific action step from the plan. Proposals approved by the LDC are forwarded to Walton and Southern for funding. Walton retains the final authority with respect to grant requests from the family foundation, but Southern has committed to fund (or to find funding for) any proposal that clears the LDC. By creation, the steering committee and LDC are locally representative institutions to which development organizations in Helena are accountable.

Delta Bridge Organizational Chart



In terms of implementation, as of October 2006, 36 strategic goals from the plan are at some level of implementation, and 98 action steps have been completed or are in the process of implementation. The Delta Bridge project is driving development in Helena.

The outcomes

Outcomes that can be attributed to the Delta Bridge project include:

- Funding of a pre-feasibility study for a biodiesel facility in Helena. The facility became the largest investment in Phillips County in more than 25 years. Initial estimates predict the creation of 50 to 60 jobs.
- Developing a plan and funding for a sweet potato storage and distribution facility that will allow local farmers to supply distributors and grocery stores throughout the year.
- Expanding the Delta AHEC from 4,000 square feet to 25,000 square feet, including a community exercise facility.
- Funding start-up costs for the first fixed-route public transportation system in Helena in 10 years. One major objective is to link residents to health care facilities. Riders will pay \$1 per ride, and the system is projected to be self-sustaining after 18 months.
- Expanding the local KIPP (Knowledge is Power Program) School from middle school (grades 5–8) through high school (grades 9–12).
- Increasing affordable housing with the Southern Place Apartments, which will give residents an alternative to the town’s rundown properties and encourage other owners to clean up.
- Funding construction and operation of a new Boys and Girls Club in downtown Helena, which is projected to attract 400 to 500 kids from across the county.
- Increasing cooperation in an effort to lobby for a four-lane highway bypass to route traffic around Memphis, which would substantially increase traffic into Helena.
- Renewing optimism and hope among local residents and energizing civic engagement. This year, both the chamber and the Main Street program had record fundraisers. There is significantly less conflict within the city government, and public meetings attract record attendance.

How and Why the Strategy is Working

Given Helena’s preliminary success with the Delta Bridge project, the question then becomes, how and why has this small Delta town been able to turn the corner on 40 years of disinvestment and downward spiral? First, Delta Bridge was triggered by a pervasive sense of desperation in Helena, and the opportunity for new leaders to step forward arose from this adversity. Second, from the beginning, Delta Bridge was an inclusive community-wide process initiated by a local institution with significant clout in the community. To increase the project’s potential

for success, Southern made a long-term commitment to the process and was careful to bring community leaders from all corners of Helena into the process at the outset. Finally, because of the history of community mobilization around the King Biscuit Blues Festival, people in Helena have a track record – albeit a limited one – of working together.

Opportunity arose from adversity. Joe Black was pointed in his explanation of local conditions just prior to Delta Bridge. “In 2003, Helena hit the bottom,” he said. Economic and social conditions were so bad, and relations between the sister towns were so acidic, that something had to change. Delta Bridge effectively harnessed this energy, or momentum, for change and shifted the paradigm for development in a manner that had not been possible in the past.

For Delta Bridge to work, local organizations had to give up some amount of control. For example, Southern had to surrender the authority for approving local grants to the Local Development Council. Any organization working on issues of housing, economic development, education, health care or leadership development in Helena had to make strategic decisions that adhered to the priorities outlined in the community plan. Organizations that had been accountable only to a board of directors were now additionally accountable to a Delta Bridge goal team (and ultimately to the steering committee). Not only did the extreme adversity make average citizens willing to participate in long and difficult conversations about their community’s future, but it also made organizational leaders throughout Helena willing to accept a new process for development.

In addition, it was out of this adversity that new leadership came forward. According to Ben Steinberg, the president of Southern, a tremendous amount of the credit for Delta Bridge goes to fresh, young leaders – those who are less steeped in the towns’ contentious history and who are unwilling to watch their hometown descend further into chaos. Michael Boone, 28, embodies this movement. A Helena native and former lineman for the Ole Miss football team, Boone rejected opportunities to do other things and returned to his hometown because he wanted to make a difference. He felt that folks in Helena had lost hope, and he wanted to be a part of bringing hope back into the community. Boone is now a community-development specialist for Southern and was recently elected to be treasurer of Helena. He is one of the many new, young leaders who have come forward.

Inclusive planning and implementation process. Southern, as the primary financier for development projects in Helena, exercised political and economic leverage to bring other organizations to the table. Southern’s on-the-ground community development staff also were critical to Southern’s ability to overcome community inertia and get a broad cross section of the community to participate. The nature of its relationship to the community allowed Southern to bring organizations and individuals into the process.

The inclusiveness of the strategic planning process – with representatives from government, community organizations, for-profit and nonprofit interests, resource providers and average citizens – was crucial. “The Delta Bridge (strategic planning) process was open to everybody in the community,” said Helena native Zelda Simes. “It didn’t matter who you were, what your job was or whether you had money.”

Not only was the planning process inclusive, but the implementation process is as well. The steering committee reflects the geographic, racial and gender composition of Phillips County. Each goal team is required to reflect diverse community interests. And, unlike previous development projects in Helena, Delta Bridge is being driven by a broad cross section of the community.

Local and long-term commitment by partner organizations. For the last 40 years, various federal, state and regional initiatives to “save the Delta” have come and gone, but few have shown substantial results. Even fewer have created infrastructure or capacity at the local level to help local people solve local problems. Given this history, it was important for Southern and Walton to make a long-term commitment to the Delta Bridge project. “This is just the beginning of a 20-year strategy,” said Steinberg of Southern Financial Partners. Although not all are native to Helena or Arkansas, Southern’s staff, specifically those involved with Delta Bridge, all live in town. Southern’s local presence in Helena minimizes the perception that this is just another group of do-gooders coming in from the outside to save the Delta.

History of community mobilization. The King Biscuit Blues Festival requires a massive amount of volunteer effort. Each year, 400 volunteers work tirelessly to put the event together. This effort has been important ingredients in the success of Delta Bridge. Even though the event happens only once a year, civic leaders in Helena knew each other and knew how to work together before Delta Bridge.

What are the lessons from this story?

Short-term success can build long-term momentum. It was important, from the beginning, that Delta Bridge not be perceived as just another effort to “save the Delta.” Nor was it a just another strategic plan that would sit on the shelf. To maintain buy-in from the community, the process needed to demonstrate success quickly. For this reason, the goal teams first tackled action steps that could be accomplished in short order and for which there was already some momentum. Once people started seeing change happen, they had more of an incentive to join in the process.

Look for opportunity in adversity. People are more willing to change long-held behaviors and beliefs under conditions of hardship and adversity. Not only might new leaders come forward, but “worker bees” are typically more willing to participate in projects when they, or their

friends and neighbors, are struggling. Hard times should be viewed as an opportunity to mobilize a community by focusing on what can be done to turn things around, as opposed to what is wrong. “Delta Bridge led to the realization that people can control their own destiny and that a poor person’s fate is not predetermined,” one resident said. This shift in the perception of local residents would not have been likely without widespread adversity.

Community planning must be an inclusive process. The value of a community strategic plan or vision document depends entirely on the extent to which a truly representative sample of the community is involved in creating the plan. Plans that are created by a subset of any community are destined to affect only the subset involved in its creation. Given Helena’s history of racial strife, leadership at Southern knew that the Delta Bridge planning process had to be inclusive and that making it so would require a long and intensive effort. In fact, it took 18 months and over 500 meetings to create the plan. Southern invested a tremendous amount of staff time toward bringing every constituency to the table, including black, white, young, old, newcomers and old-timers.

Get the right people involved from the beginning. “From the outset, Southern was very deliberate in terms of bringing respected members of the community into the process,” said Paula Oliver, the Helena Main Street director. During the initial asset-mapping process, the informal leadership structure in and around Phillips County was identified and sought out. Informal leaders included school teachers, retired elected officials, pastors, frequent community volunteers and small business owners. Bringing all the respected leaders into the process early can help minimize community resistance when the going gets tough.

Solicit support from high-level politicians and leaders. When a community comes together and mobilizes, as Helena has, leaders should not shy away from seeking support from high-level public authorities. When governors or representatives in Congress learn about a community in their district undertaking radical reform, they can help bring additional resources to the effort. Recognition and support for the Delta Bridge project has come from U.S. senators and congressional representatives from Arkansas, the president of the state’s university system, the governor of Arkansas and others. This support may parlay into additional resources for the Delta region. With the strategy developed by and firmly rooted in the local community, reaching out to tap regional, state and even national resources is likely to bring new partners to the table rather than create dependency on outside resources.

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Nelsonville, Ohio

Civic leaders in this historic coal mining community subsidize downtown storefront rent for artist retailers. Over a period of five years, artists clean up downtown storefronts and bring the town's downtown square back into economic productivity.

	Nelsonville
Population (2000)	5,230
Municipal budget (2006)	\$2 million ⁸⁴
Per capita income (2000)	\$11,600
Median household income (2000)	\$20,600
Poverty rate (2000)	34%
Minority population (2000)	5%
Proximity to urban center	12 miles from Athens, Ohio
Proximity to interstate highway	50 miles
Strategic approach	Entrepreneurship Downtown revitalization Creative economy
Time frame	2001–2006

From 2001 to 2006, Nelsonville's downtown square went from desolate storefronts to a bustling artists' haven with the help of subsidized rent for artist retailers. The town's historic architecture, anchored by the turn-of-the-century Stuarts Opera House, has been rehabilitated and brought back into productive existence. Coffee shops, restaurants and other social gathering places buzz with community activity. This contrasts with six years ago, when the downtown occupancy rate was 25 percent and buildings were crumbling. "Nelsonville is reinvigorating itself," one long-time resident said.⁸⁵

The community and its history

Nestled in the foothills of southeastern Ohio, Nelsonville is a small town with many assets. The town is surrounded by thousands of acres of national and state forests that attract millions of visitors annually. Nelsonville's largest employer is Hocking College, a two-year college with an international student body located on the outskirts of town. Hocking and Ohio University (12 miles away in Athens) have a significant influence on the civic, social and economic infrastructure of Nelsonville. The town's historic square is framed by buildings with stunning Victorian facades that, ironically, have been preserved through decades of neglect (there was never enough investment to tear them down or to renovate them in more contemporary styles).

⁸⁴ Interview with Kevin Brooks, Nelsonville city councilman, November 8, 2006.

⁸⁵ Interview with Jennie Friedhof, assistant district ranger, Wayne National Forest, November 8, 2006.

At the turn of the 20th century, Nelsonville was the hub of the region's coal industry. In 1910, an average of a million dollars worth of coal passed through Nelsonville every day.⁸⁶ The wealth and affluence that characterized Nelsonville in the early 1900s helped create a picturesque downtown square. The downtown anchor was the Stuarts Opera House. Built with local handmade clay, it housed performances from 1879 to 1925. Sadly, the collapse of the region's coal industry and the economic depression of the 1930s were major contributors to the economic and cultural demise of Nelsonville. But, crucially, the physical infrastructure remained. Today Nelsonville has 420 sites on the National Historic Register.

In the latter half of the 20th century, the manufacturing industry brought back a moderate degree of affluence to Nelsonville, but nothing compared to the town's heyday 50 years earlier. A brief resurgence in development came about in the early 1970s, when a group from the community came together to preserve some of the town's historic buildings. They formed a nonprofit organization and set about to establish a consistent set of standards for preservation. Hocking College purchased a number of the buildings on the downtown square. New streetlights were erected and overhead electric wires were buried, but the momentum brought about by these efforts slowly fizzled.

By 2001, Nelsonville appeared to be in desperate shape. Stuarts Opera House had reopened to the public in the late 1990s, but for the most part crumbling sidewalks bordered empty storefronts. The downtown occupancy rate was a mere 25 percent. At the time, only two businesses were open on the downtown square. Buildings were badly in need of repair, and many of the historic storefronts had been converted into student housing rentals. Windows overlooking the main square were darkened with curtains and tapestries.

The strategy

The revitalization of Nelsonville's downtown square is partially attributable to a strategy of subsidizing rent for artist retailers. In exchange for rent support, artists have been required to invest their sweat equity into rehabilitating storefront spaces. As the appearance of storefronts has improved and downtown activity has increased, others have taken note. "The artists on the downtown square, with their energy and creative enterprises, are making property much more attractive to outside investors," said one real estate agent.

Nelsonville's strategy was not initiated or driven by elected or other public officials, but rather developed and evolved somewhat organically. In fact, the city council was firmly opposed to investing in this kind of development, preferring instead to focus on industrial recruitment. The financial resources for Nelsonville's strategy came from Hocking College, private donations and a small grant from the Ohio Arts Council.

The initial catalyst for Nelsonville's strategy was the Foothills School for American Crafts, which moved into a downtown storefront in 2000. Foothills School was an outgrowth of the creativ-

⁸⁶ Interview with Paul Harper, ACE-Net board chair, November 7, 2006.

ity emanating from Ohio University and Hocking College. The school teaches craft skills to students of all ages and supplements this instruction with lessons in business management and lifestyle skills to help artists cope while building an artistic enterprise. The Foothills School created positive activity downtown, which led a group of civic leaders to see the value of an economic development strategy based on creative enterprise.

Once they saw and understood the potential value in leveraging local assets and the creative economy, a group of civic leaders came together in an ad hoc manner to initiate Nelsonville's strategy of attracting artists by subsidizing their rent for downtown spaces. This group included many owners of downtown real estate. According to one prominent Nelsonville resident, "If you don't like the way things are, then you have to go cut the grass yourself."⁸⁷ This seems an apt metaphor for how Nelsonville's strategy evolved.

Since 2000, artists have been quietly moving into vacant storefronts, and a bustling arts community has given new life to buildings where oiled floors and tin ceilings and walls are commonplace. Following on the heels of the Foothills School, Starbrick Clay (gallery and pottery classes) moved downtown and rehabilitated a Victorian storefront. Hocking College now offers classes for credit in this location.

Between 2002 and 2006, the civic entrepreneurs who provided the initial support for artist retailers went further to identify ways to boost local commerce. For example, one group helped raise funds for a marketing brochure that is distributed to tourism agencies throughout the region. The downtown artist retailers worked with town officials to get better signage to draw visitors from the highway that passes through town. The town also developed a logo based on its heritage as a famous brick-producing region in the early 1900s. A concerted effort is now being made to highlight the Nelsonville Starbrick motif.

The results are undeniable: downtown occupancy rates went from 25 percent to 85 percent in four years. The Nelsonville public square was recently added to the National Register of Historic Places. In 2005, local elections led to a major shift in the city council. As of today, new public leadership is establishing itself in Nelsonville. According to the director of the local Rotary Club, volunteerism and participation in civic life are on the rise. Mike Brooks, the president and CEO of Rocky Brands, an international manufacturer of boots and outdoor clothing, recently commented, "I've seen more happen in this town in the last eight to 10 years than in my whole life here."

What are the lessons from this story?

A community of artists can reinvigorate a dilapidated downtown. Subsidies for artist retailers catalyzed downtown development. The development of the arts community created activity in

⁸⁷ Interview with Stuart Brooks, Nelsonville businessman, November 7, 2006.

Nelsonville's downtown square. This activity has been a means to attract higher value development projects. The presence of art studios and creative energy attracted local and regional investment into a new coffee shop and restaurant. Downtown real estate values are climbing. As the downtown artist retailers increase their revenues, the initial subsidies that the town offered are being repealed.

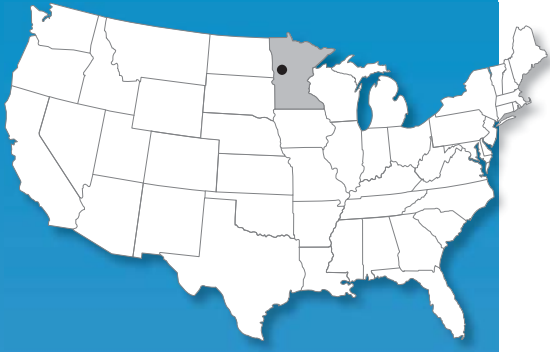
Artist-driven development can help a small town attract tourists. Not only have artistic activities created economic activity and helped to maintain historic buildings, but they are re-creating Nelsonville's regional reputation. The arts community has put together a Final Fridays event to showcase local artists, which is held every month and has received substantial press coverage as far away as Cincinnati and Lexington.⁸⁸ This level of positive publicity would cost thousands of dollars in paid advertising. Additionally, the Stuarts Opera House, with its historic character and performance lineup, attracts visitors from distant locations. As with tourism in general, enticing people to visit a community is a vital step in revitalization because visitors have the potential to become new home and business owners.

Small groups of committed residents can jump-start development in small towns. The arts community in Nelsonville was the outgrowth of small, informal, grassroots groups of collaborators who refused to see their town die. They did not wait for elected officials. They partnered with property owners and other residents with the means to activate their strategy.

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⁸⁸ Edwards and Kelcey. The Comprehensive and Economic Plan for the City of Nelsonville. August, 2005.



New York Mills, Minnesota

This town invests in the creative energy of rural artists. Through a regional cultural center, New York Mills attracts outside talent and energy, bringing fresh perspective on the community's challenges and opportunities.

	New York Mills
Population (2000)	1,186
Municipal budget (2006)	\$2 million ⁸⁹
Per capita income (2000)	\$15,950
Median household income (2000)	\$27,600
Poverty rate (2000)	17%
Minority population (2000)	1%
Proximity to urban center	78 miles to Fargo, N.D.
Proximity to interstate highway	45 miles
Strategic approach	Entrepreneurship Creative economy
Time frame	1990-1998

Nearly 80 miles from any significant city, the small town of New York Mills demonstrates the potential for turning rural arts and culture into economic development. Through bold and forward-thinking investment by local leaders, the community created the New York Mills Regional Cultural Center in 1992. The center hosts an artist-in-residency program, art exhibits, theater productions and musical performances, including international caliber events, all of which make the arts accessible to rural residents. Further, the center set off a wave of new business creation. In the first six years that the cultural center was open, 17 new businesses opened in town, creating 350 jobs.

The community and its history

New York Mills owes its legacy to a hardy group of Finnish immigrants who came to northwest Minnesota in the 1880s. In 1885, New York Mills was incorporated and named for the large number of timber mills in town. After clearing every tree in sight, the town's residents turned to farming in the early 1900s. Since then, corn and dairy farming have been important to the local economy. The largest employer in town is Lund Boats, a boat manufacturer, employing 575 people.

The story of the town's arts-based approach to economic development began in 1987 when an art school graduate named John Davis moved to town. Having lived in New York City and Minneapolis, Davis was attracted to New York Mills for its rural location and small town quality

⁸⁹ Otter Tail County website: www.co.otter-tail.mn.us/cities/newyorkmills.php. Accessed June 11, 2007.

of life. To make ends meet, he started out painting homes and barns in town. As Midwestern hospitality would have it, Davis often ate dinner with his customers, providing him an opportunity to learn more about New York Mills. “These were highly educated residents,” Davis said, “and I got the sense that they wanted more culture, more arts. There wasn’t an art teacher at school. Art was the piece that was missing in town.”

The strategy

The strategy here was to use art as an economic development tool by creating the New York Mills Regional Cultural Center. The center, it was believed, would attract tourists and catalyze the development of new small businesses. In 1990, Davis organized a nonprofit group with the mission of bringing the arts to New York Mills. Davis’ first initiative was an artist-in-residence program that integrated a visiting artist into the community through art exhibits, classes and various public service responsibilities. In exchange for housing and gallery space, artists were required to assist the community in a variety of ways, based on their individual interests and skill sets. By including this public service element in his artist-in-residence program, Davis ensured that new ideas and creative energy were injected into public life in New York Mills.

During the trial run of the artist-in-residence program, Davis decided to build on momentum by developing a downtown cultural center to place the residency program and art exhibits in the center of town. Around this time, a local businessman was looking to donate his dilapidated 1885 general store. After months of negotiating, Davis acquired the property in 1990. He also secured seed money to begin a multi-use arts and cultural facility. For the rest of that year, Davis visited all of the local civic groups, including the Lions Club and a women’s club called New Horizons, for contributions to his project. By 1991, he had raised \$35,000 for the New York Mills downtown cultural center.

In early 1991, with seed money in hand, Davis requested a \$35,000 matching grant from the New York Mills village council. According to Davis, his request was the per capita equivalent of asking a city the size of Minneapolis to donate \$13.7 million to an arts center. Several local officials gawked at the figure, but a number of key civic leaders, including the council members, recognized the potential in this type of investment. “It was a risk,” Mayor Larry Hodgson said, “but towns our size are struggling to keep businesses downtown and our population growing. We saw it not only as an opportunity to fill a void in the culture of our community, but as a way to help our community and businesses keep growing.” In the end, the town donated \$35,000 to construct a cultural center downtown. To reduce the town’s risk, Davis structured the agreement to give the town ownership rights to the building for five years. Thus, in the event that the cultural center flopped, the village would gain a newly renovated commercial space for its \$35,000 investment.

In the summer of 1991, Davis received a \$50,000 grant from the McKnight Foundation, and renovation work began on the old general store. Davis hired all local craftsmen to help him with the renovation. When he could, Davis also used free labor and materials. The flooring for the center, for instance, came from a nearby school that was closing, and community members donated 3,000 volunteer work hours to finish the cultural center. “In the two weeks before we opened, the school superintendent and mayor were putting varnish on the floor,” Davis said.

In June of 1992, the New York Mills Regional Cultural Center opened to a community parade. Staying true to its mission, the center’s exhibits were cleverly devised to make art accessible to the uninitiated. When Davis brought in an abstract painter, for instance, he paired the work with free hot dogs. Another exhibit showcased art made entirely of agricultural products. Perhaps the most successful event the center launched is the annual Great American Think-off, in which everyday folks from around the country respond to a philosophical question (for example, *which is more valuable to society, safety or freedom?*) Community leaders and teachers select the best answers and sponsor a televised debate in the local high school auditorium. This event, along with other exhibits in town, has helped put New York Mills on the map.

The center, in total, has put on more than 80 exhibits and hosted 50 visiting artists since opening. Remarkably, New York Mills has seen tremendous investment in its downtown. Between the center’s opening in 1992 and 1998, 17 new businesses opened in New York Mills, increasing employment by 40 percent. Many of these businesses are bed and breakfasts and restaurants serving new tourists visiting the cultural center. The center also has attracted media attention from the *Today Show*, *The New York Times* and National Public Radio, giving it a presence far beyond the state of Minnesota. New York Mills is a national example of how the arts can be embraced in a rural community and reinvigorate a local economy.

What are the lessons from this story?

Communities that embrace the ideas and energy that newcomers can bring stand to gain in the long run. John Davis, a civic entrepreneur, brought new ideas about the importance of arts and culture to community life that were embraced by community leaders. Rather than scoff at his ideas, the community was willing to support and work with him, demonstrating how volunteerism, investment in the arts and public-private partnerships can all come together to the benefit of the community.

Figure out ways to reduce risks on out-of-the-ordinary projects. Investing a large sum of money in the New York Mills Regional Cultural Center represented a significant risk for the community. By structuring this investment so that the town had ownership of the cultural building and by designing exhibits that were attractive to both residents and tourists, Davis created a

situation where the town would gain whether the project worked or not. New York Mills shows how small towns can create win-win situations by reducing risk on innovative strategies.

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Oakland, Maryland

Oakland demonstrates that the arrival of Wal-Mart need not be a death knell for small, local businesses. Through the Main Street Program, Oakland works with existing business owners to prepare for the arrival of Wal-Mart. And, upon its arrival in town, civic leaders forge a unique partnership with the store's management team.

	Oakland
Population (2000)	1,930
Municipal budget (2005)	\$2.25 million ⁹⁰
Per capita income (2000)	\$16,900
Median household income (2000)	\$26,700
Poverty rate (2000)	19%
Minority population (2000)	1%
Proximity to urban center	96 miles to Pittsburgh, Pa.
Proximity to interstate highway	25 miles
Strategic approach	Entrepreneurship Downtown development Partnership development
Time frame	1998-2002

Oakland, a small town in western Maryland, prepared its downtown retail community for inevitable competition from a big-box retailer, leading to a unique partnership between Main Street retailers and the local Wal-Mart. As a result, Oakland has a thriving downtown with near-zero vacancy and the local Wal-Mart is one of the company's highest-grossing locations in the country. "Wal-Mart's arrival in Garrett County ended up being a win-win for almost everybody involved, including local retailers," said Duane Yoder of Garrett County Community Action.

The community and its history

Oakland, with a population of 1,930, is located in Garrett County among the rolling hills of rural western Maryland. Oakland's economy is rooted in traditional agriculture. From 1970 until the late 1990s, the town was in a near-constant struggle with high unemployment, which can be partially attributed to a state-mandated restriction on development. For many years, Oakland was dumping its untreated sewage into the Youghiogheny River and refused to build a treatment plant. In response, the state issued a moratorium on development. The town reached its highest unemployment level (16.5 percent) in 1995, when one of the county's largest employers, a Bausch and Lomb plant, closed and moved out of state.

⁹⁰ Interview with Duane Yoder, Garrett County Community Action.

Oakland's turnaround began in 1988 with the election of a new mayor, who orchestrated the financing and construction of a treatment plant. The state lifted its moratorium on development in the mid-1990s. In 1998, Oakland was designated as a Main Street Community.⁹¹ As part of the Main Street application process, Oakland was required to generate broad interest and support for downtown revitalization. The town organized four committees to help with the Main Street Project and filled the committees with citizen volunteers. The committees grew as volunteers encouraged friends and family to join. Oakland began making improvements in downtown buildings and restored the town's historic train station. The downtown – made up of hardware, antique and jewelry stores, pharmacies, restaurants, and beauty shops – was steadily improving. A weekly summer concert series called Wonderful Wednesday started attracting folks into downtown Oakland from all over the county and region. Downtown vitality seemed to be on the upswing. Then, one year after the Main Street program kicked off, Oakland was informed that a big-box retailer was scoping out a location in Garrett County.

The strategy

Often, Wal-Mart's arrival in small-town America is perceived as a death knell for local small businesses, especially retailers. Not so for Oakland. Oakland leveraged the mobilization that was created by the Main Street program to prepare downtown retailers for inevitable competition from Wal-Mart. The town then formed a partnership with the mega-retailer that has brought benefits to both Wal-Mart and to downtown merchants.

When leaders in Oakland started hearing the big-box rumors, they brought in several consultants from the national Main Street office to help the town think strategically about ways to maintain their steadily improving downtown. Over the next year or so, in preparation for Wal-Mart's arrival, Oakland's Main Street retailers restructured their product lines to create new niches that were unique to these local stores. For example, a 100-year-old hardware store developed an upscale electrical product line to capture market space not occupied by Wal-Mart. A local bookstore added a line of antique products that complimented the store and created a unique environment. In addition, most downtown retailers started focusing on customer service and improved their ability to order specialty products for customers.

In 2001, Wal-Mart officially announced its intention to build a store in Garrett County. Almost immediately, Oakland's Main Street director approached the store manager and asked for the company's support of Oakland's downtown development. As a result of this conversation, an innovative partnership in which Wal-Mart helps to promote downtown events was created. For example, in a promotional agreement for the town's Wonderful Wednesday concert series, Wal-Mart inserts double-sided advertisement cards in its

⁹¹ The National Main Street Program, developed by the National Main Street Center of the National Trust for Historic Preservation, includes a four-point approach to downtown revitalization based on a comprehensive strategy of work, tailored to meet local needs and opportunities. For more information, see: <http://www.mainstreet.org>.

customers' bags. On one side is a promotion for Wal-Mart; on the other is an advertisement for the concert series downtown.

There have been minimal downtown vacancies since Wal-Mart's arrival. Two retailers were unable to sustain operations, but their space was quickly absorbed by new businesses. Since 2000, unemployment in Garrett County has remained at or below 5 percent, and the local Wal-Mart has become one of the highest grossing stores in the company, ranking 11th in 2005. In addition, an indirect consequence of Oakland's strategy has been the evolution of a unique partnership among eight surrounding towns, all with fewer than 500 people. The initial Main Street process and the intensive preparation for Wal-Mart brought in representatives from surrounding towns. A result of this process was an agreement to pool small-town resources across Garrett County in an effort to provide efficient public services and share staff. Each month, mayors from these towns gather to discuss issues such as garbage collection, negotiate purchases together and apply jointly for various funding streams.

What are the lessons from this story?

Big-box retail does not necessarily destroy Main Street. As big-box retailers saturate urban markets, more and more small towns are facing the prospect of competition from big-box retail. The perception is that Wal-Mart (and others) will inevitably cripple Main Street businesses, especially retail. This outcome is not inevitable, however. In the case of Oakland, the Main Street Program created capacity within the community that could be used to gain Wal-Mart's support of Oakland's improving downtown.

Community capacity-building efforts should be viewed as having usefulness beyond their immediate purpose. The Main Street Program was intended to bring prosperity and vitality to downtown Oakland by creating better streetscapes, developing community activities and promoting downtown businesses, but it was the community mobilization aspect of this program that was critical to the alliance with Wal-Mart and the coalition created among neighboring towns. Towns with scarce resources should examine existing programs to see how they might be leveraged in new ways to enhance the community.

Look for opportunity in adversity. Oakland could have pursued an expensive legal strategy of keeping Wal-Mart out of town. This approach might make sense for some small towns. By viewing the arrival of Wal-Mart as an opportunity to move local retailers up the value chain, however, Oakland created a more viable Main Street for the long term. In addition, by viewing the retailer as an ally in promoting downtown activities, Oakland was able to bring Wal-Mart on board with its agenda. Such a strategy can create a better environment for future collaboration.

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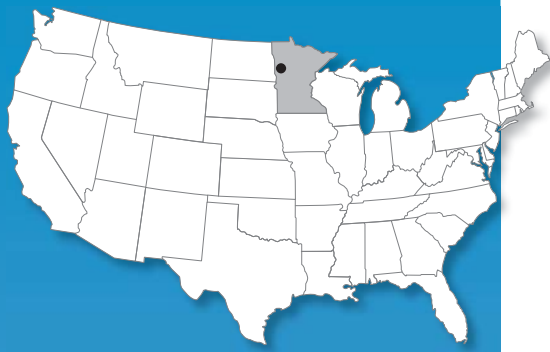
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Pelican Rapids, Minnesota

	Pelican Rapids
Population (2000)	2,374
Municipal budget (2005)	\$580,000 ⁹²
Per capita income (2000)	\$13,700
Median household income (2000)	\$27,200
Poverty rate (2000)	16%
Minority population (2000)	22%
Proximity to urban center	50 miles to Fargo, N.D.
Proximity to interstate highway	12 miles
Strategic approach	Entrepreneurship Organizational development
Time frame	1990–2006

Located in west-central Minnesota, Pelican Rapids is considered one of the most culturally diverse communities in the state.⁹³ Hispanic, Vietnamese, Bosnian and Somali refugees have migrated to this historically white, rural community in search of work at the county's largest employer, West Central Turkeys. The injection of new culture and language into this tiny town has brought a variety of challenges and opportunities to civic leaders in Pelican. "We try to do everything we can to make a safe and stable place for people to live," Pelican Rapids Mayor Wayne Runningen said. "We work across city groups to facilitate the transition of people to our community." Rather than holding immigrants at a distance, Pelican Rapids has designed an innovative, locally controlled system to integrate them into civic, social and economic life, and is using the growth to fuel the economy.

The community and its history

Pelican Rapids is in the lakes region of Otter Tail County in rural west-central Minnesota. A traditionally agricultural region, economic activity has expanded to the processing of farm products, especially turkeys. In addition, tourism has been growing with the recent opening of Maplewood State Park nearby and the giant pelican statue in town.

Pelican Rapids was settled by Norwegians in 1868, and the community was long dominated by northern European culture. This began to

⁹² Personal communication with city clerk treasurer, November 9, 2006.

⁹³ Immigrants in Pelican Rapids are from the following countries: Ukraine, Mexico, Belarus, Bosnia, Croatia, Serbia, Russia, Iraq, Kurdish Iraq, Vietnam, Cambodia and Laos.

Pelican Rapids is a diverse rural community where 18 different languages are spoken in the elementary school. By developing cross-cultural learning opportunities and a youth soccer league, this community capitalizes on the entrepreneurial talents of local immigrants.

change about 30 years ago when Mexican migrant workers started coming to the area for agricultural work. Through the 1980s and 1990s, Southeast Asian immigrants found their way into Pelican, attracted by work at the turkey processing plant, the county's largest employer at just over 700 employees. As is true for many meat processing operations across rural America, immigrant workers are a major factor in the plant's success. In 1995 a Bosnian human resource director at West Central Turkeys embarked on a company initiative to sponsor refugee workers from Eastern Europe. A year later 100 Bosnian refugees arrived in Pelican. "Our school system, with 1,400 students, had at least 12 languages and dialects being spoken," recalled Jim Christianson, owner of a small local business. "There was a tremendous need for translation services and for teaching people how to live in this country. We were facing a social emergency."

The strategy

Pelican's strategy for building local capacity and nurturing entrepreneurship has been to create and coordinate a web of services for both immigrant and native residents. Leaders in Pelican Rapids recognized the importance of immigrant labor to the local poultry processing industry. Research suggests that, in addition to providing labor for West Central Turkeys, immigrants tend to have strong entrepreneurial tendencies. These factors combined to make immigrant integration in Pelican Rapids a crucial economic development issue. The strategy has been a coordinated effort by several organizations, including Lutheran Social Services, the Pelican Rapids Library and the local schools. It began at a meeting in the late 1980s when a group of volunteers at the library started to think strategically about how the library might facilitate understanding between new and long-term residents. The result of this meeting was the formation of a multicultural committee that would work to help people understand each other.

The committee partnered with the school system to initiate a new program designed to educate students about different cultures. This included a series of visits from immigrants living in Pelican Rapids, who shared stories about their native countries. The committee also established a buddy system that paired new immigrants with American students who helped them through the school system. The library began offering four English-as-a-second-language classes each week, a bilingual story time, a literacy drive and miscellaneous presentations about immigration. At the same time, the school system and library worked hard to enhance programming and learning resources for the traditional residents of Scandinavian background so as to be as inclusive as possible.

In response to the public unease about the changing complexion of Pelican Rapids, the multicultural committee hosted a series of public conversations in which residents could voice

their concerns. Using the information gleaned from these discussions, the library began running a series of articles in the local paper, highlighting each culture and interviewing a specific Pelican Rapids resident from the ethnic group being profiled. The articles served as an opportunity to put a face with a culture and improve understanding across cultures. The committee also emphasized similarities that new immigrants had with existing residents and pointed out that all of the immigrants were coming to work and earn a living. The committee noticed that people's thinking began to shift as residents learned more about the newcomers, their challenges and their cultures. "People, including the students, now say that 'We're great precisely because we're so diverse,'" a library administrator said.

The culmination of this shift occurred in 2000 when a teacher noticed the passion and excitement that some of her students had for soccer. She scheduled a meeting for students with an interest in soccer and 200 showed up. That summer, Pelican Rapids formed its first under-age-16 soccer team, made up of Bosnian, Somali, Hispanic and European American students. After winning all of its regular season games, the team was invited to play in the state championship. The team left town with a celebratory police escort and went on to place second in the state of Minnesota. "Everyone here respects sports," said Joan Ellison, a member of Friends of the Library. "This community began to see that these immigrants should be given respect. The soccer team gave us something to be proud of." Pelican's soccer team continues to be a source of community pride as it has traveled to the state tournament four times in the past six years.

What are the lessons from this story?

Look for entrepreneurs within immigrant communities. Small business entrepreneurship is a substantial contributor to economic development in small towns. As a result of their integration strategy, Pelican Rapids appears to be on the front-end of an economic reawakening based on the entrepreneurial tendencies of new immigrant residents. The town is starting to see new immigrant-owned retail shops and grocery stores downtown. These immigrant-owned businesses pay local taxes, hire local workers and contribute toward building a viable civic infrastructure in Pelican Rapids.

Social events, such as soccer, can be a great source of community identity and integration. Travelers to foreign countries have long recognized that sports (especially soccer) can be a universal language to promote understanding and cooperation among different individuals and cultures. In the case of Pelican Rapids, soccer brought kids and families together from different cultural groups and ultimately became a source of community pride.

It is important to build a web of service organizations to facilitate integration. In terms of small town development, the most immediate challenge associated with the arrival of immigrants is that civic and social infrastructure can be quickly overwhelmed. Leaders in Pelican Rapids

recognized that a number of social service groups could work collaboratively to help aid immigrant transition. These groups included the library, schools and Lutheran Social Services, as well as volunteers in the community. Rather than leaving these groups to work independently of each other, Pelican Rapids formed the multicultural committee, which coordinated a web of social services and provided a lead agency for the community's integration efforts.

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Rio Dell, California



This is a story about small steps making a big difference. Once a run-down community with an inferiority complex, Rio Dell takes simple steps to clean up the town and reinvigorate civic pride.

	Rio Dell
Population (2000)	3,174
Municipal budget (2005)	\$5 million ⁹⁴
Per capita income (2000)	\$12,500
Median household income (2000)	\$29,250
Poverty rate (2000)	23%
Minority Population (2000)	14%
Proximity to Urban Center	265 miles to Sacramento, Calif.
Proximity to Interstate Highway	150 miles
Strategic Approach	Downtown revitalization
Time frame	2002-2007

Rio Dell's economic development strategy is to clean up the town and revitalize its critical infrastructure to make the community attractive to outside investors. In this case, small steps and simple projects have improved the visual appeal of the community and the quality of its infrastructure. In 2002, town officials received grant money for the Gateway Project, a series of beautification projects at the town's main entrance. The town also partnered with the St. Joseph Community Resource Center to improve downtown facades and offer recreation opportunities in town. In 2006, Rio Dell completed a new \$8.2 million water treatment system. Rio Dell is now seeing the fruit of its labor – private investment in the downtown, new job creation and increasing civic pride.

The community and its history

The Town of Rio Dell, "The Warm Hearted Town," is located 20 miles south of Eureka on the Eel River. Blessed with a warm climate and open prairie land, Rio Dell became a thriving farm community in the late 1800s. The timber industry also played a significant role in the development of Rio Dell. A few miles south of Rio Dell is one of the last remaining company towns, Scotia, which has been home to Pacific Lumber for more than 90 years. During the early 1900s, Rio Dell was an extracurricular destination for loggers and mill workers from Scotia, who came to indulge in the gambling, bootlegging, prostitution and other seedy activities that characterized this small rural community through the Great Depression.

⁹⁴ Interview with Nancy Flemming, Rio Dell town manager, June 18, 2007.

In 1926, the local economy in Rio Del was invigorated by the construction of U.S. 101. For 50 years, the main north-south highway between Southern California and Oregon brought travelers straight through downtown Rio Del, and the business district flourished. In 1976, however, the California Department of Transportation rerouted the highway around Rio Dell. Appearance as well as business has suffered ever since. "This is a great town, but visually, in the last 20 years, it has declined," said a former mayor. "Economically, we've seen a decline in our business activity."⁹⁵

To further complicate matters, Rio Dell was issued a cease and desist order in 2002 for both its wastewater treatment and its water supply infrastructure. For years, the town had been releasing treated sewage into the nearby Eel River. In 2002, the North Coast Regional Water Quality Control Board declared this process in violation of state regulations. In addition, the water supply infrastructure – both the storage facility and the network of pipes through town – had deteriorated. Beginning in 2002, Rio Dell was prohibited from permitting any new development until it dealt with its water and wastewater systems.

The strategy

Rio Dell's strategy is simple and necessity-driven: clean up, repair and upgrade infrastructure, and work toward creating a town that is ready for investment. In early 2000, an ad hoc group of civic leaders, from the public and private sectors, decided to do something about the community decaying around them. "Relationships between community groups were fragmented," one leader said. "Bringing the town manager, police chief, churches and the Community Resource Center together was the first step toward doing projects jointly."⁹⁶

Nancy Flemming, Rio Dell's town manager, said the group wanted to create a place that the community could be proud of. "This is a small rural river village," she said. "We want it to look like a small rural river village." So, in 2001, Rio Dell launched the Gateway Project, a simple beautification program to redesign the town's north entrance off U.S. 101. Next, local officials installed landscaped medians on Main Street to slow traffic and improve the town's visual appeal. In 2003, the town partnered with the St. Joe Community Resource Center, a community outreach arm of the St. Joseph Health System, to improve the facades of vacant downtown buildings. In a related effort, the local police chief led an initiative to crack down on crime in the downtown district. Economic impacts from these initial efforts were felt almost immediately. For example, a contractor purchased a number of homes in the once crime-ridden downtown and rehabbed them for new owners.

In 2004, local leaders began working on the community's water and wastewater infrastructure. The town applied for funding from the California Department of Water Resources and the

⁹⁵ Sims, Hank. "Rio Dell Struggles with its Future." *North Coast Journal Weekly*, March 11, 2004.

⁹⁶ Interview with Judy Pieratt, coordinator, St. Joe Health System Community Resource Center, June 18, 2007.

Department of Health Services to construct a new drinking water treatment system. In total, the town received \$8.2 million in grants and broke ground on a new facility that vastly improved Rio Dell's water quality and quantity. The new facility, according to Rio Dell Councilman Mike Dunker, is central to the future of Rio Dell. "Infrastructure is really the cornerstone of any strategy," he said. "No one wants to move to your town if you have problems. We are now in a position to build off our infrastructure and move forward as a town." The new water supply system began operation in 2006, and the town shifted its attention to wastewater treatment. Dunker said the community is working on several options to use treated sewage as irrigation for local farmers.

Judy Pieratt, coordinator of Community Resource Center, took advantage of an opportunity to build community pride and unity. Until 2003, Rio Dell had never been served by a local newspaper. With funding from the St. Joseph Foundation, Pieratt launched the *Rio Dell News*, a community newsletter that provides information on community events, job opportunities and other local concerns. On Valentine's Day in 2004, Pieratt initiated a Valentine's Day Rally to encourage people to "Love Rio Dell." According to Pieratt, "People started to change the way they felt about their community."

Rio Dell's strategy has been straightforward and simple – to create a place that's worthy of new residents and investment. Since the town began its efforts in 2002, Rio Dell has seen signs of progress. Between 2002 and 2006, for instance, the town issued 39 new business licenses, and businesses opened in eight previously vacant storefronts in town. These new businesses created 18 new jobs, and Rio Dell's Chamber of Commerce membership has doubled.

What are the lessons from this story?

Small projects can build momentum for addressing larger challenges. In the case of Rio Dell, the community was facing a dilapidated water and wastewater infrastructure, a run-down appearance and an apathetic public. A committed group of community leaders initiated small, self-contained projects to clean up the town. These projects demonstrated that the community was capable of helping itself. They boosted morale and brought the community to a point where it could begin dealing with major infrastructural challenges.

Maintaining and improving basic infrastructure is a necessary part of an economic development strategy. While current trends may emphasize new infrastructure such as broadband and wireless telecommunications, small communities must pay attention to their basic infrastructure if they want to attract investment. For Rio Dell, improvements to the water supply system have played a role in triggering new private investment into the community – economic development investments that would not have come otherwise.

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Selma, North Carolina

Selma is using an innovative tax grant tool to revitalize a blighted section of its downtown. The program is designed to bridge the downtown shopping district and the town's revitalized train depot.

	Selma
Population (2000)	5,914
Municipal budget (2006)	\$14.5 million ⁹⁷
Per capita income (2000)	\$12,100
Median household income (2000)	\$23,870
Poverty rate (2000)	30%
Minority population (2000)	53%
Proximity to urban center	31 miles to Raleigh, N.C.
Proximity to interstate highway	1 mile
Strategic approach	Downtown revitalization Economic development finance
Time frame	2006-2007

Selma created and implemented an innovative economic development finance tool to revitalize a depressed portion of its downtown. After a concerted effort to update its dilapidated downtown in the mid-1990s, Selma's main intersection is now thriving with antique shops and restaurants. At the edge of downtown is another marker of Selma's revitalization success, the Selma Union Depot, now a bustling Amtrak stop. The four blocks of town between the depot and Selma's thriving retail shops, however, have remained depressed. In fact, town leaders found that the depressed stretch was a barrier in terms of luring tourist dollars from the Amtrak station into Selma's downtown corridor. In response, Selma created an innovative finance tool to spur economic development in the four-block Anderson Street area.

The community and its history

Selma is an old railroad town located just a mile from Interstate 95. Founded in 1867, Selma is one of only two towns in North Carolina with both east-west and north-south rail lines. Like many small towns, Selma's downtown became depressed after its textile mills closed. Former Town Manager Bruce Radford led a revitalization effort in the mid-1990s to bring Selma's central business district back into prominence. After the revitalization, a number of antique stores located in downtown storefronts. Today, Selma has more than 100,000 square feet of antique retail shops.

⁹⁷ Interview with Stan Farmer, Selma town manager, May 25, 2007.

In addition to revitalizing downtown, local officials targeted the Union Depot train station just four blocks east of the main downtown intersection. With help from federal, state and local resources, the Union Depot was rehabilitated and reopened in 2002 to serve Amtrak's *Carolinian* and *Palmetto* lines, which run from New York to Charlotte and New York to Savannah, respectively. With so much new traffic in town, community leaders and business owners were eager to capitalize on these new tourist dollars.

By 2006, however, officials recognized that Amtrak riders were staying at the Depot rather than venturing into Selma's downtown corridor. "We were hoping riders would come up to our revitalized downtown but no one would come," said Stan Farmer, the current town manager. "The depressed stretch on Anderson Street was a deterrent. So we started thinking, 'Maybe if we could get some shops in the four block area, people would come downtown.'"

The strategy

Selma's strategy is to use a tax grant tool as an incentive for a "redevelopment bridge" between the Union Depot and downtown Selma. Soon after Farmer identified the depressed, flour-block portion of Anderson Street as the issue, he was approached with an idea by Chris Johnson, executive director of Downtown Smithfield, a neighboring city's downtown development group. Johnson proposed using the tax grant tool, already in effect in Smithfield, to encourage property and business owners to improve blighted buildings along Anderson Street. He hoped the two municipalities could build momentum for a countywide revitalization grant program.

In February 2007, Selma's Town Council passed the East Anderson Revitalization Program, establishing the tax grant as a permanent ordinance. Under the ordinance, owners of property in the carefully defined East Anderson Revitalization District pay their property taxes as usual. If they improve a structure in the district, however, they receive a cash grant of 49 cents per \$100 of the difference in the tax value before and after the improvement. The grant is awarded each year for five years. At the end of five years, property owners continue to pay taxes for the full value of the improved property. "Essentially the grant works to give a bit more encouragement for businesses to locate in the problem area," Johnson said. "While it's not a ton of money, it is one more reason for people to develop along East Anderson."

While Selma's grant ordinance is new, it already has generated some interest. As of May 2007, a print shop owner in Selma is considering moving to an Anderson Street location to expand his business and take advantage of the tax grants. In time, the Anderson Street corridor may fill with new shops, giving travelers a reason to leave Union Depot and see all that downtown Selma has to offer.

What are the lessons from this story?

Creative use of local policy tools, such as property tax incentives, can encourage targeted economic development investment. Given the blighted condition of the four-block Anderson Street area, Johnson and Farmer concluded that they needed a policy tool with a more powerful incentive than one might find with traditional downtown revitalization strategies, such as facade grants. “These were buildings in need of repair, not just general maintenance,” Farmer said. The town needed to be creative in devising a strategy that would encourage development in the blighted area, but not at the expense of property owners in other parts of Selma, to encourage targeted investment without using other taxpayer dollars to do so.

Taking a comprehensive approach to community economic development is important to overall success. Selma had made significant investments in revitalizing both the downtown area and the train depot, but lack of consideration of a four-block area between the two limited the positive impacts. By viewing redevelopment in a more comprehensive way, the town identified a barrier to continued revitalization and a means of overcoming the barrier.

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Star, North Carolina



	Star
Population (2000)	800
Municipal budget (2006)	\$450,000 ⁹⁸
Per capita income (2000)	\$20,300
Median household income (2000)	\$26,850
Poverty rate (2000)	18%
Minority population (2000)	9%
Proximity to urban center	70 miles to Charlotte, N.C.
Proximity to interstate highway	72 miles
Strategic approach	Entrepreneurship Downtown revitalization
Time frame	2004-2007

In Star, small business entrepreneurs are driving job creation. Until the mid-1990s, Star was a one-industry rural community. Hosiery mills provided solid and steady job opportunities. As the mills closed and unemployment shot up, Star joined the Yadkin Pee Dee Lakes Project (a regional nonprofit organization) to work toward economic diversification in the small, rural communities of Montgomery County. The centerpiece of the strategy is the STARworks Center for Creative Enterprises in downtown Star. It is a business incubator, located in a former mill building, which provides space and training to local artisans and businesses and then facilitates their transition into Star and other surrounding communities. “There are no more big buffaloes to run our town so we are relying on small, creative entrepreneurs to fill our downtown and bring in new dollars,” the mayor said.

The community and its history

Star is located in the Yadkin Pee Dee River basin, approximately halfway between Charlotte and Raleigh, the two largest cities in North Carolina. Star grew as a railroad stop on the Norfolk Southern Railroad, which passed from Charlotte through Raleigh on its way to Norfolk. Railroads, cheap non-unionized labor and low tax rates brought hosiery mills into the region, and mill jobs formed the basis of Star’s economy for almost 50 years.

By the 1980s, Star was home to two large hosiery mills, each employing more than 1,000 workers. The mills were the lifeblood and economic

Facing shuttered textile mills and climbing unemployment, Star joins with a regional nonprofit partner to develop a business incubator, in a former mill building. The incubator provides space and training to local artisans and small business entrepreneurs.

⁹⁸ Interview with Kathy Harris, mayor of Star, April 23, 2007.

engine for the community until both mills closed in the 1990s. To combat the job losses, communities from the seven-county basin came together to create a strategic plan for economic revitalization and balanced growth. “Our biggest question was figuring out how to find a new economic engine for these rural communities,” said Nancy Gottovi, executive director of the Pee-Dee Lakes Project. The project, a regional nonprofit organization, was created in 1994 to carry out the plan that emerged.

The strategy

Star’s strategy is to work with the Pee Dee Lakes Project to develop the STARworks Center for Creative Enterprises. Local leaders believe that small business entrepreneurs who nurture their young businesses in the STARworks Center will move out into Star and surrounding communities and become new engines for the region’s economic growth. Importantly, Star’s strategy is twofold: to create an incubator for new small businesses and to create a pathway and support network for businesses that graduate from the incubator and move out into the local market.

Development of the STARworks Center started in 2004 when a prominent local businessman donated the Renfro Mill building in downtown Star to the Pee Dee Lakes Project. The imminent availability of a significant building space got the town thinking. “At the time, counties in this region were still trying to recruit big manufacturing operations,” Gottovi said. “We thought why not recruit smaller entrepreneurs who could grow their business and then spin them off into the surrounding small towns.” The strategy became known as Small Town Area Revitalization or STAR.

The Pee Dee Lakes Project and the Town of Star teamed up to test the idea. The project received a grant from the Golden LEAF Foundation and U.S. Department of Agriculture to fund renovation of the Renfro Mill. By 2005, renovation was complete and the STARworks Center for Creative Enterprises opened with its first tenant, a high-end ceramics artisan. Currently, STARworks is home to a variety of businesses, including a geothermal company, a ceramics supply firm and a glass and metal studio.

While rehabilitating the Renfro Mill, the town also set about a process to improve the downtown business district so that small businesses had a place to go after “incubating” in the STARworks Center. With help from the Pee Dee Lakes Project, the town created a group to initiate downtown revitalization. Star Central is the citizen-led organization in charge of preparing the community to receive businesses from the incubator. Star Central was divided into six different teams, ranging from economic restructuring to promotion and marketing, that are currently working to revitalize Star’s downtown.

After only two years of operation, the STARworks Center is beginning to show results. Star Kilns, a ceramics business, is transitioning from incubator space to downtown Star. Mayor

Harris estimates that Star Kilns will create seven jobs for local residents. Additionally, Star Kilns is in discussion with one of its suppliers to open a facility in Star. Nearby Ellerbe and Baden are working to replicate the Star Central citizen group model under the direction of the Pee Dee Lakes Project, recently renamed Central Park NC. Through the STARworks Center, Star and neighboring communities are showing how rural mill villages can find new economic engines in the 21st century.

What are the lessons from this story?

Find creative re-uses for vacant buildings. Textile mills offer unique features not commonly found in business incubators: abundant space. The Southeast is littered with large, historic mill buildings that are both assets and liabilities to small communities. In some cases, environmental factors are a roadblock to building reuse. In others, moderate revitalization investments can jump-start a facility's productivity. The STARworks Center illustrates how one small town used its mill to create new jobs. The Renfro Mill is 187,000 square feet, giving the project freedom to offer businesses and artisans substantial loft-type space. The availability of low-cost space ended up being a big draw for many of the businesses now located in the STARworks Center.

Surviving the economic transition requires a shift in local expectations regarding job creation. Most of Star's economic legacy has been shaped by one industry – first the railroad, then the hosiery industry. The transition from a one-buffalo town to a community supported by a number of small businesses requires more than reshaping an economic development strategy; it requires shifting mindsets and community expectations. "A lot of the work we're doing is getting small towns psychologically ready for these new small businesses," Gottovi said. "These used to be towns with one large employer that held everyone together. Now it's different." Through citizen groups such as Star Central, the mindset is shifting. Residents are beginning to understand that these smaller businesses, which individually create far fewer jobs than a large branch plant, will form the economic backbone of their community. Realistic expectations among local residents help to make a business's transition from the incubator to town more fluid. Perhaps even more important is that this shift in community mindset is creating the kind of community buy-in necessary for projects such as STARworks to succeed.

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CASE STUDIES III:

Small towns with or adjacent to a college campus



CASE STUDIES III:

Small towns with or adjacent to a college campus

This chapter includes case studies of small towns that are home to or adjacent to a post-secondary educational facility (college or university). These are towns that have come up with ways to leverage their educational institution for the broader community's economic benefit. For example, Fairfield and Douglas are communities in which a college campus, located in or nearby the town, serves as an asset for a broad range of economic development opportunities. In a more specific case, Allendale used a regional campus of the state university as a vehicle for delivering leadership development training to local civic leaders. Siler City, Sparta, Wadesboro and Washington are all taking advantage of nearby community colleges to advance their economic interests. Cases in this chapter include:

Allendale, South Carolina: A small rural community in South Carolina creates a leadership institute to cultivate local leadership, generate grant funding and confront the racial divide.

Douglas, Georgia*: Douglas cultivates economic development from three angles – by intensifying entrepreneurship and small business efforts, by diversifying industrial recruitment and employers and by preparing a cadre of new leaders to move the community's vision forward.

Fairfield, Iowa*: After losing Parsons College, the town's main economic anchor, civic leaders in Fairfield take a risk and sell the campus to an alternative California university. The move leads to unique town-gown relations and ultimately play a role in Fairfield's rich diversity, strong civic infrastructure and pioneering entrepreneurial networks.

Reynolds, Indiana: A small town with 550 people and 150,000 hogs turns an agricultural waste product into an economic asset. By converting waste from hog farming into a local energy supply, Reynolds is working to become the first energy self-sufficient community in America.

Rugby, North Dakota: Recognizing the lack of computer skills among its workforce, Rugby partners with a statewide training program to enhance the job skills of its citizenry. Its investment in workforce development is attracting new businesses to Rugby.

Siler City, North Carolina: This small town is capitalizing on the economic value of arts-based small businesses. Through a partnership with a regional community college, Siler City is nurturing the creativity and entrepreneurship of local artists.

Sparta, North Carolina: Through a regional collaboration, Sparta and her neighboring communities are working to lay the groundwork for a cluster of advanced materials businesses. As a key partner in the effort, Sparta is focused on workforce training, infrastructure development and private participation in the partnership.

Wadesboro, North Carolina: Wadesboro partnered with a regional community college to convert an abandoned textile mill complex into a tremendous economic asset. The Lockhart-Taylor Center includes space for a business incubator, entrepreneurship training and public space.

Washington, North Carolina: Located at the center of a regional cluster of marine and boat-building businesses, Washington partners with the community college to create a workforce development and entrepreneurship program to capitalize on the booming industry.

* denotes a long, analytic case study

Allendale, South Carolina



	Allendale
Population (2000)	3,900
Municipal budget (2005)	\$6.5 million ⁹⁹
Per capita income (2000)	\$10,400
Median household income (2000)	\$16,600
Poverty rate (2000)	41%
Minority population (2000)	82%
Proximity to urban center	62 miles to Augusta, Ga.
Proximity to interstate highway	35 miles
Strategic approach	Leadership development
Time frame	1997-2007

After decades of high unemployment and crippling poverty, Allendale created a regional leadership institute to equip emerging leaders with the skills to reverse the community's fortunes. Allendale's post-war economy – built on pass-through tourism – was crushed in the 1960s when Interstate 95 was built 35 miles east of town. In 1997, the Chamber of Commerce, concerned with the deteriorating conditions in town, partnered with South Carolina's Downtown Development Association and state officials for a strategic planning exercise. A lack of leadership was identified as one of the region's most prominent issues. In response, public and private actors came together to create the Salkehatchie Leadership Institute in 1998. The institute has since trained nearly 2,000 leaders who have gone on to become elected officials or leaders in the field of community and economic development.

The community and its history

Allendale, in rural southwestern South Carolina, was burned to the ground during the Civil War and rebuilt in 1873. Since the early 1900s, the town's economy has hinged on agriculture, especially soybean and cotton crops. The big boom for Allendale came in the 1940s and '50s when U.S. 301 was the main north-south highway along the eastern seaboard. Allendale was conveniently located at the midpoint between New York and south Florida, and travelers found Allendale to be the perfect stopping point on their trips to the beach. Throughout the post-war years, Allendale's streets bustled with restaurants, hotels and grocery stores.

⁹⁹ This budget figure is for the County of Allendale. Interview with Art Williams, Allendale County administrator, February 26, 2007.

A small rural community in South Carolina creates a leadership institute to cultivate local leadership, generate grant funding and confront the racial divide.

The town's character was changed forever in 1960 when Interstate 95 was planned for construction approximately 35 miles east of Allendale. Soon, travelers were using the new interstate to journey south and Allendale's tourism industry collapsed. Poverty levels and unemployment rose, and the region became known as one of the poorest and least educated in the state.

It was not until 1997 that a unified effort was made to improve these blighted conditions. Allendale's Chamber of Commerce initiated the development of a strategic plan for the county. Chamber official Anne Rice asked Ben Boozer from the South Carolina Downtown Development Association to lead the exercise. Boozer agreed and partnered with Walter Harris from the South Carolina Department of Commerce as well as Allendale's legislative representatives, state Rep. Wilbur Cave and state Sen. James Clyburn. Through the planning process, this group of officials and citizens recognized that Allendale had a severe leadership deficit.

The strategy

Allendale's strategy was to play a primary role in creating a regional leadership development program. After identifying a lack of leaders in Allendale and the surrounding rural counties, Rice and several elected officials from Allendale identified the local branch campus of the University of South Carolina as a possible partner in creating a leadership program. Rice and Allendale's mayor approached administrators at USC-Salkehatchie, located in Allendale, about hosting a leadership course on campus. From this conversation, the Salkehatchie Leadership Institute was born.

The next step was to identify a long-term funding source for the institute. Rice, who became the first director of the institute, worked with Boozer to reconnect with local legislators about the possibility of state support for the center. For the next year, Clyburn and Cave lobbied for legislative support for the institute. In 1998, the Salkehatchie Leadership Institute was appropriated \$100,000 in the state's recurring budget.

The institute provides a series of leadership development programs for youths and adults. Through these programs, it prepares citizens to take the lead in economic and community development. All institute attendees start by learning about social and economic issues in their community. Once they have a deeper awareness of these issues, the institute helps attendees decide on a problem area to tackle in their community. Attendees are then connected to relevant boards and committees to begin seeking solutions.

Since developing these programs, the Salkehatchie Institute has trained more than 1,100 adults and 800 youths, who have become more engaged and educated citizens. Some of the adults, for instance, have gone on to hold elective office or have generated grant money for redevelopment in their home counties. The institute has helped to generate an estimated \$9

million in grant funding for the area. Through the institute, Allendale is creating leaders to sustain economic development over the long term.

What are the lessons from this story?

Leadership development is economic development. Allendale’s strategy – to cultivate local leadership – resulted in a cadre of new and well-connected leaders, many of whom became influential in initiating local community and economic development efforts. In fact, the institute estimates that more than \$9 million in grant funding has been awarded to projects in Allendale because of the initiative of new local leaders. One former student alone raised more than \$1 million to fund a new county health services building in nearby Barnwell County. In many rural communities where leaders are few and far between, a capacity building strategy such as leadership development can be a viable strategy for long-term economic development.

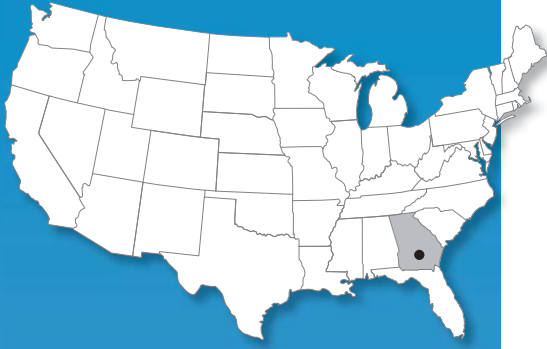
Leadership development can be a tool for bridging social divides. Developing new leaders in small towns is one way to begin dealing with difficult issues that may be standing in the way of development. The Salkehatchie Leadership Institute was an incubator for a diverse community development organization called Allendale County ALIVE. ALIVE initiated a local process to openly address race and seek community-wide solutions to issues. “Allendale is one of the few communities I’ve seen that hasn’t been afraid to address racial issues and move forward together,” said Bill Molnar, associate program director of Clemson University’s Institute for Economic and Community Development.

Local colleges are assets for small town community and economic development. The Salkehatchie Leadership Institute was created through a partnership of Allendale, neighboring towns, the state and the University of South Carolina. Housing the institute on a local campus was helpful, both in terms of securing funding for the program and access to professional expertise in the field of leadership development. Local leaders can look to local or regional higher education institutions to support their town’s efforts to develop local leaders or create new businesses.

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Douglas, Georgia

Douglas cultivates economic development from three angles – by intensifying entrepreneurship and small business efforts, diversifying industrial recruitment and employers, and preparing a cadre of new leaders to move the community’s vision forward.

	Douglas
Population (2000)	10,640
Municipal budget (2006)	\$11 million ¹⁰⁰
Per capita income (2000)	\$15,700
Median household income (2000)	\$27,900
Poverty rate (2000)	24%
Minority population (2000)	52%
Proximity to urban center	120 miles to Jacksonville, Fla.
Proximity to interstate highway	45 miles
Strategic approach	Industrial development Entrepreneurship Leadership development
Time frame	2000-2007

Douglas is a self-proclaimed “progressive community where you can find an exceptional quality of life and a progressive business climate.” In 2005, Douglas was the first rural community in Georgia to meet the state’s rigorous standards as an Entrepreneur Friendly Community. Through a balanced economic development strategy – which includes supporting entrepreneurs and small businesses, industrial development and leadership training – Douglas enjoys a 20 percent growth rate and has become a regional hub for jobs, retail, entertainment and medical services. In the last 10 years, at least 800 jobs have been created and more than 345,000 square feet of previously vacant space has been occupied by small business expansions and start-ups. Several major employers also have been recruited into town.

The community and its history

Douglas is a small community, deep in south Georgia, tucked between the Okefenokee Swamp to the south and open farm plains to the north. The county seat of Coffee County, Douglas is about a three-hour drive from Atlanta and two hours from Jacksonville, Fla. With its busy downtown, thriving economy and strong industrial presence, Douglas bustles with activity comparable to that in a city 10 times its size. Small business and retail outlets attract shoppers and clients from across the region. As a regional employment hub, about 20 percent of the workforce in Coffee County commutes into the county. The General Coffee State

¹⁰⁰ Interview with Charlie Davis, Douglas assistant city manager, April 6, 2007.

Park, just outside of Douglas, attracts more than 250,000 visitors annually. The racetrack at Douglas Motor Sports, the Great Southern Bike Rally and the National BBQ Festival bring visitors from across the region into town. This is no sleepy Southern town.

Coffee County, once occupied by Creek Indians, was named after General John Coffee, a hero in the War of 1812. The Town of Douglas was chartered in 1899. It took its name from Stephen A. Douglas, a presidential candidate running against Abraham Lincoln. It was born as a railroad stop among the rich agricultural fields of south Georgia. Agriculture and crop-related commerce ruled the day for much of the town's early history; then the boll weevil arrived, destroying much of the cotton industry, followed by further mechanization of agriculture.

As early as 50 years ago, the challenges in agriculture made economic diversification a town priority. An article published in 1957 explained the economic development strategy of that day: "The objectives of Douglas' program are to seek the new-type industries with special emphasis on year round employment; to concentrate on those industries in which Douglas has an absolute or comparative advantage; and to undertake a program to upgrade existing retail, wholesale and service facilities necessary to maximize their continued use by residents of the Douglas trade areas."¹⁰¹ The following year, residents of Coffee County voted to allocate up to \$1 million annually in county tax revenues to support economic development. Resulting funds have been used for planning, design and development of industrial and business parks and in support of job retention and business recruitment activity. In 2006, this revenue stream generated more than \$400,000 for economic development.

Even so, after 50 years of effort, agriculture – particularly soybeans, cotton and corn – continues to be a mainstay for this region's economy. The poultry industry generates \$75 million in payroll and provides more than 2,000 jobs in Coffee County. Warehousing and distribution form another major employment sector, led by the Wal-Mart Distribution Center in Douglas with 1,200 employees. The Coffee Regional Medical Center, also a major employer, has a staff of more than 600.

Although Douglas is 45 miles from the nearest interstate highway, the town markets itself as being "centrally located between four interstate highways, I-75, I-95, I-16 and I-10, with access to the entire Southeast." The town also advertises its proximity to the growing seaports at Savannah, Brunswick and Jacksonville. Douglas is home to two regional colleges, East Central Technical College and South Georgia College.

Over the last 20 years, Douglas has been blessed with foresighted, proactive and well-connected leadership. Max Lockwood, the long-time chamber executive and mayor, worked for years to bring four-lane highway access to Douglas. Willis understood the impact that highway access would have on the town's prospects for economic development, and he worked until

¹⁰¹ Willimon, Bob. "Little Douglas has a Big Plan." *Municipal South Magazine*, July 1957.

his death in 2006 to ensure the completion of U.S. 441. Garland Thompson, a local banker, is credited with bringing thousands of jobs to Coffee County in the 1980s during his tenure at the industrial authority. Francis Lott, a private real estate developer and community volunteer, has stridently worked his connections at the state level for the benefit of his community. Unfortunately, many of the community's long-time leaders have retired or died, and the town faces a leadership gap.

While Douglas has been relatively successful at building an industrial manufacturing base, between 2001 and 2003, it lost more than 1,000 manufacturing jobs. A major challenge has been reorienting the approach to economic development so that it includes new economic drivers, including small businesses and entrepreneurs. "The biggest change in the past 10 years has been our shift in focus within economic development," said JoAnne Lewis, the chamber president and Economic Development Authority executive. "Big box recruitment was the primary focus in the 1980s and '90s, but today diversity in economic sectors has become more and more critical. Off-shoring has created a demand to broaden our vision and think globally."

The strategy

The Douglas-Coffee County Chamber of Commerce and the Economic Development Authority lead economic development efforts. The EDA board's seven members consist of three appointed members from the city, three from the county and the chamber executive. The town government supports and co-sponsors events, but is not the primary driver of the town's strategy. "The chamber and EDA share space and staff to get the job done," Lewis said. The job, in Douglas's case, is a three-pronged strategy for economic development – support and nurture small business entrepreneurs; recruit a diverse range of industrial employers; and develop a new generation of leaders who are versed in economic development.

Small business and entrepreneurship

Douglas' support for small businesses ranges from simple thank-you visits from chamber and EDA representatives to intensive financial and infrastructure supports. In 2002, the chamber hired a full-time staff person to manage the organization's small business and entrepreneurship program. The first task was to publish *How to Start and Grow a Business*, a guide to local resources for anybody interested in starting a business. "We wanted to get it (the guide) into as many hands as possible," said Lidell Greenway, the chamber's first small business program director. "Our goal was to demonstrate to the community that we were serious about stimulating entrepreneurship and small business."¹⁰²

The next step was to connect small business owners and entrepreneurs to resources and to recognize them for their contributions to the town's vitality. In this vein, the chamber devel-

¹⁰² "Report 4: Douglas-Coffee County – One of Georgia's Most Entrepreneur-Friendly Communities." Entrepreneurial Rural Communities National Case Studies Series, Iowa Community Vitality Center, 2005.

oped a program to connect new small business owners and entrepreneurs with experienced business owners. The town maintains a network of mentors who commit time and resources to helping new businesses survive. In addition, each year the chamber presents awards for Small Business of the Year and Entrepreneur of the Year. Awards are handed out and celebrated at a lavish banquet.

To support local retail development and diversification, Douglas developed a retail incubator where entrepreneurs can lease space, on a month-to-month basis, to test market their ideas. If they find their concept has a market, the town helps the entrepreneur move into a permanent space in town. The chamber also partnered with South Georgia College to create a small business incubator on campus, where student entrepreneurs are provided with space and clerical support.

Douglas offers tax abatement packages to small business entrepreneurs similar to those given traditional industry prospects.¹⁰³ To further stimulate local business activity, the town encourages any company that receives local incentives to use local contractors for construction projects.

In one of Douglas's boldest moves, the EDA re-engineered and redesigned one of the town's traditional industrial parks, Park West, into a small business and technology center. Recognizing the growing importance of small business entrepreneurs to the local economy, EDA subdivided the site into dozens of smaller parcels and invested in state-of-the-art technology infrastructure and underground utilities. The Park West business and technology center opened in 2007.

Industrial development

While Douglas focuses at least one-third of its energy and resources on supporting small business entrepreneurs, it has not forsaken more traditional industrial development assets. The industrial development strategy begins with the connections and networks that local leaders have been building for decades. Personal connections between leaders in Douglas and economic developers in Atlanta are a bridge to high-level business prospects. The chamber and EDA, along with the town administration, tap into these networks to bring business prospects into Douglas.

When it comes to recruiting specific industries, the town's goal is to attract a diverse range of companies that pay reasonable living wages. "We don't go out of our way to land minimum wage jobs," said Luke Morgan, EDA president. The town offers local incentives, with a heavy emphasis on non-cash incentives. During a typical negotiation with a business prospect, the local technical schools are at the table to outline training opportunities, local business leaders make themselves available to sell the supportive business culture in Douglas, and the chamber

¹⁰³ Tax abatement is a tool that local governments employ by granting a business the right to forgo payment of local property taxes for a period of time, based on the estimated increase in value brought to the property by allowing the business locate, hire employees, grow, expand, etc.

coordinates the “soft touch” support.

The soft touch brings the whole community into the job recruitment process. For example, last year when American Insulated Wire was searching for a new site, the chamber organized a welcoming event for visiting executives. With only a 24-hour notice, the town got 500 Douglas residents out to the local airport to welcome the executives as they walked off the airplane. The company decided to settle in Douglas and, according to a company executive, “what sold us on Douglas was the people.”

Leadership development

The third pillar of Douglas’s strategy is to grow new leaders with a comprehensive understanding of economic development in the 21st century. “Leadership development is all about building bench strength,” said Charlie Davis, assistant city manager. “Just like good sports teams have to have bench strength to win games, communities need bench strength to stay ahead in the 21st century.” In the mid-1990s, the chamber and EDA developed the New Century Leadership Program, which gives participants hands-on learning experience in government, education and the practice of economic development at the local, regional and state levels.

The program has grown in popularity. “Our leadership development program is limited to 20 participants every year, at a fee of \$650,” Lewis said. “Prior to 2004 we begged for participants to fill the class and offered scholarships to do so. In the past three years we exceeded capacity without begging, and scholarships are no longer necessary.” Graduates of the program become key leaders on local boards and commissions.

The outcomes

Outcomes that can be attributed to Douglas’s economic development strategy include:

- From 2003 to 2006, more than 500 jobs have been created through small business start-ups.
- From 1996 to 2006, more than 345,000 square feet of previously vacant space has been occupied by small business expansions and entrepreneurial start-ups.
- Douglas was the first rural community in Georgia to be designated *entrepreneur friendly* by the governor.¹⁰⁴
- Between 2003 to 2006, several companies completed major expansions: Diamond Builders (50 jobs), Elixir Industries (50 jobs) and Spectrum Distribution (20 jobs).
- In 2006, Douglas recruited American Insulated Wire (250 jobs and \$26 million investment) and Premium Waters (80 jobs and \$30 million investment).

¹⁰⁴ Criteria and details about Georgia’s Entrepreneur Friendly Community Program available at www.georgia.org/Business/SmallBusiness/Entrepreneur+Friendly+Communities.htm.

- Revenue from the local option sales tax has increased from \$4.7 million in 2001 to more than \$6 million in 2005.
- Participation in voluntary associations has increased. The average monthly chamber meeting attendance is up nearly 100 percent since 2001.
- In 2006, the local philanthropic fund for economic development was endowed with \$1 million donation and it is growing.

How and why the strategy is working

Douglas' apparent success with its three-pillared approach to small town economic development begs the question of how and why has this small town in South Georgia managed to thrive? First, the town balances its support and attention among entrepreneurs, small businesses, industrial prospects and next generation leaders – which has led to a diverse and sustainable economic foundation. Douglas also is quick to integrate newcomers into the community. At the same time, organizations collaborate and meet regularly to align their objectives for the ultimate benefit of the community. All the while, leaders in Douglas work hard to develop partnerships with regional and state agencies. Finally, Douglas is willing to deviate from the normal way of doing things and take risks.

Adequate attention to small businesses and entrepreneurs. Limited resources and great economic needs often lead communities to put all their eggs in the business recruitment basket. In a lot of ways, this makes sense. Working to recruit a significant industrial employer to a rural community, especially one with lots of jobs, can be a productive strategy with the possibility of short-term economic payoff. On the other hand, it can have negative consequences for building a diverse and sustainable economic foundation. Douglas balanced its approach to economic development with real and substantial support for the smaller fish and showed that doing so can create an environment where all businesses flourish, regardless of size and sector.

Welcome newcomers with new ideas. In Douglas, local leaders recognize that newcomers are valuable assets. “We integrate new people into our community quickly,” Earl Nichols said. “When new businesses come into town, we get them on the chamber board or in leadership positions immediately.” Nine of the 21 directors of the chamber are from outside the county. Ten of the 22 members of the 2007 New Century Leaders class are from outside the county. More than 70 percent of participants in the Manufacturer’s Council are from outside the county. Former mayor Max Lockwood stepped down after two terms. “I’m a believer in term limits,” he told a local business magazine. “Douglas has a lot going for it and we need to keep that going. I think it’s important that someone else who has different ideas come in and help us get there.”¹⁰⁵ Bringing new ideas into the development process is an important element of Douglas’s success.

¹⁰⁵ *South Georgia Business Magazine*, December 1, 2003.

Alignment of city, county and nonprofit organizations. In Coffee County, at least every quarter, the Douglas Town Council and Coffee County Commission hold a joint meeting to discuss programs and projects that relate to economic development. The chamber and EDA also are represented at these meetings. Every year or two, the chamber organizes a two-day retreat at which the city, county, local colleges and relevant nonprofits present their plans for the year and develop a collaborative vision for economic development. “This local practice has made a huge difference in our town’s ability to get things done,” Lewis said.

Strong partnerships with regional and state agencies. Leaders in Douglas have worked hard to form partnerships with institutions at the state level and beyond. The chamber executive has been aggressive about seeking support from the state’s leading agencies in economic development – the Georgia Department of Economic Development and the Department of Community Affairs. The town also has close ties to the development offices at Georgia Power and the Georgia Electric Membership Corp. Lewis regularly meets with state legislators and, last year, was asked to present rural strategies for economic development to the state legislature. Furthermore, the town put together a delegation – including representatives from the chamber, EDA, Town of Douglas and business leaders – to visit members of Congress in Washington.

Business leaders support economic development with time and dollars. Douglas is fortunate to have an active network of supporters – mainly through membership in the chamber – who commit time and resources to the town’s efforts to remain competitive in the 21st century. One young entrepreneur expressed gratitude for the mentoring of local leaders before opening a franchise business. “Local business leaders are our town’s best salespeople” when it come to business recruitment, Lewis said. The most dramatic example of a business leader’s commitment to this community is Frances Lott, a local developer and philanthropist whose \$1 million gift endowed an economic development fund for the local Community Foundation. This fund is the first of its kind in the country. “I wanted to do something for this community, which has supported my business throughout the years,” Lott said, “something that would keep giving beyond my days and toward causes that I care about.” Local business leaders support the town’s efforts with time, dollars and wisdom.

Willingness to take risks. “What sets Douglas apart from other rural communities in Georgia is the community’s willingness to deviate from the norm,” said Sherman Dudley, local businessman and former director for Georgia Tech’s Business and Industry Services Division. For example, during the recent construction of a shell building for industrial development, Frances Lott (the developer for the project) insisted on creating an architecturally interesting structure with high-quality materials. Normally, according to Lott, these buildings are cheap corrugated metal structures. The result was that Douglas attracted a high-quality business into the space, one that would not have chosen the site but for the unique structural design. Lott’s willingness to take a risk paid off for the community.

What are the lessons from this story?

Celebrate success. “Success comes from talking about it,” JoAnne Lewis said. “If you don’t tell your community what you are doing, then they won’t know what you are doing. When an article comes out that mentions your town, you give that to everyone.”¹⁰⁶ Douglas works hard to keep local papers informed about various economic development projects and publicizes even the most modest success, including stories of local entrepreneurial successes. “If we announced a new industry was coming to town creating 240 new jobs, it would be very exciting,” said Lidell Greenway. “Our small entrepreneurial businesses in Douglas-Coffee Georgia also created that number of jobs in one year, and they are more often than not locally owned and less likely to relocate. So we need to celebrate those successes, too.”

Respond quickly to local industry. Douglas is quick to respond when local businesses ask for assistance. Several years ago, the EDA started hearing complaints from local industry regarding the lack of trained commercial truck drivers. In response, EDA partnered with the local technical college to develop a facility to train new commercial drivers. “Students, instructors and 18-wheelers hit the pavement in 2006, and we couldn’t be more excited,” Lewis said. This sector of workforce development responds to specific needs from local employers, and it fits well in terms of Douglas’ growing importance in distribution and warehousing and proximity to regional seaports.

Grow young leaders with a passion for economic development. One of Douglas’s biggest challenges relates to the generational void of young leaders to take over key public positions as the baby boomers retire. In response, the town created the New Century Leadership program and is working to implement a new program – the Young Professionals Network – to bring a greater number of young people into the fold. Douglas working to fill the leadership void before it becomes a major problem.

Cultivate relationships with state-level developers, bankers and power companies. Last year, the Town of Douglas hosted 17 state-level economic development partners. “Getting these folks from Atlanta to plant their feet on local soil allows for a better understanding of our regional assets and amenities,” Lewis said. Frances Lott, the real estate developer and local philanthropist, likewise insisted that “cultivating these relationships is the most important thing that small communities can do to lure new industries to their towns.”

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¹⁰⁶ Report 4. Iowa Community Vitality Center.

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Fairfield, Iowa

	Fairfield
Population (2000)	9,500
Municipal Budget (2005)	\$14 million ¹⁰⁷
Per capita income (2000)	\$19,700
Median household income (2000)	\$31,200
Poverty rate (2000)	14%
Minority population (2000)	5%
Proximity to urban center	120 miles from Des Moines, Iowa
Proximity to interstate highway	60 miles
Strategic approach	Entrepreneurship Downtown development
Time frame	1989–2006

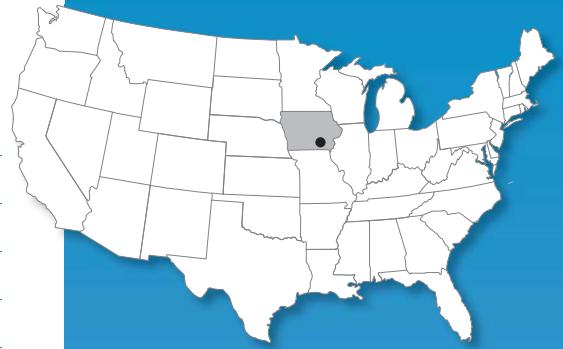
Over the past decade Fairfield, located in southeastern Iowa, has become recognized as one of the nation’s most entrepreneurial small towns. Residents refer to the town as the entrepreneurial capital of Iowa or Silicorn Valley. In 2003, the National Center for Small Communities named Fairfield the top entrepreneurial small city in America by awarding it the inaugural Grass Roots Entrepreneurship Award.

Asked how Fairfield overcame the disadvantage of a remote location, the former president of the Fairfield Entrepreneurs Association responded, “Easy, you return to your entrepreneurial roots and you focus on establishing entrepreneurial networks and relationships.” This, in essence, has been Fairfield’s strategy. The results include 2,000 new jobs, \$250 million in new investment and the creation of a civic infrastructure that rivals that of large cities.

The community and its history

Fairfield, population 9,500, sits among the cornfields of southeastern Iowa. Given its rural location, first-time visitors are immediately struck by Fairfield’s lushness and vibrancy. This small Midwestern town, where community theater and artistic expression flourish, is home to 55 restaurants that include Chinese, Indian, Thai, Mexican, French and American cuisine. The main downtown square, fully occupied by thriving local retailers, art galleries, coffee shops and restaurants, surrounds an open park with an old-fashioned gazebo in the center. On any given weekend, the square may be filled with people inspecting produce at

¹⁰⁷Interview with Mayor Ed Malloy, August 30, 2006.



After losing Parsons College, the town’s economic anchor, civic leaders in Fairfield take a risk and sell the campus to an alternative California university. The move leads to unique town-gown relations and ultimately plays a role in Fairfield’s rich diversity, strong civic infrastructure and pioneering entrepreneurial networks.

the farmer's market, speaking with local artists or enjoying live music.

As a county seat in an abundant agricultural region, Fairfield has always been at a busy crossroads where innovation and entrepreneurship flourished. William Loudon, one of Fairfield's early entrepreneurs, designed and manufactured the first manure spreader, the first modern dairy barn and the first ceiling-suspended, single-track rail system. Over the last 100 years, Loudon Machine Works built and occupied 23 facilities across Fairfield (although production has since moved away). Around the same time that Loudon was experimenting with manure spreaders, one of his contemporaries – A.K. Harper – was peddling sewing needles door to door throughout southeastern Iowa. In 2004, Harper Brush, with its headquarters in Fairfield, generated \$60 million in revenue.

In the more recent past, the proliferation of broadband communications has catalyzed the diversification of Fairfield's economy, and the town has become headquarters for more than 70 mostly homegrown companies. One of these is Hawthorne Direct, a pioneer in infomercial production and direct-media marketing. Hawthorne Direct employs 65 people and generates more than \$50 million a year in revenue from clients ranging from Abflex and Turtle Wax to the U.S. Navy. Another is Cambridge Investment Research, which Eric Schwartz started 25 years ago. When Schwartz relocated his operation to Fairfield 15 years ago, Cambridge had five employees and \$500,000 in annual revenues. Today, Schwartz employs 120, generates \$70 million a year in revenue and manages \$9 billion in assets.

Higher education also has deep roots in Fairfield. In the late 1870s, Lewis Baldwin Parsons founded a Presbyterian college on the outskirts of town. Over its nearly century-long existence, Parsons College gave the town an economic anchor that was the envy of other small Midwestern towns. Parsons College grew significantly in the 1960s, when eased admissions standards drew thousands of academically suspect young men looking for student deferments from the military draft. The college, then the town's largest employer, lost its accreditation in 1967 and shut down in 1973.

Although the departure of Parsons College was a major blow to Fairfield, the community took an entrepreneurial approach to the challenge of re-occupying the 260-acre campus on the edge of town. The campus's relatively remote location created a major obstacle to recruiting a manufacturing facility. Instead, community leaders decided to seek out a new college to occupy the campus. At the time, in 1973, there was a strong buyers' market for college campuses (23 were for sale across the country), creating a particular challenge for luring a traditional institution such as Parsons College back to Fairfield. An alternative university in California was looking for a deal, however. Weeds had grown waist high at the old Parsons College when the leaders of Maharishi International University purchased Parsons' 72 buildings for \$2.5 million in 1974.

The Mahirishi University, now the Maharishi University of Management (MUM), is the creation of His Holiness Maharishi Mahesh Yogi, who wanted followers of his transcendental meditation practice to be well educated. The original mission of the university was to infuse a philosophy of collective consciousness into traditional academic subjects. Over time, the university curriculum has evolved into one that emphasizes the practical value of gaining deep knowledge and experience. Today the university offers graduate-level degrees in teaching, computer science, business and management. The campus is accredited at the bachelor's, master's and doctoral levels by the North Central Association of Colleges and Schools, and it attracts a diverse student body hailing from over 60 countries.

In summary, modern-day Fairfield is a thriving small town in the rural Midwest with 150 years of history in entrepreneurship, innovation and higher education. The 30-plus-year mixing of traditional Midwestern values with the diverse student population from MUM has led to a contemporary culture that, by and large, values creativity and civic engagement.

The strategy

Fairfield's economic development strategy is to support entrepreneurship and the expansion of small business by facilitating the creation of networks among entrepreneurs. The goal of Fairfield's strategy, which was officially initiated in 1989, is to link entrepreneurs with a community of colleagues and to provide them with support, through various public programs, for establishing and expanding their businesses. The strategy is almost entirely volunteer driven and is supported by two main organizations: the Fairfield Entrepreneurs Association and the Fairfield Economic Development Association.

Fairfield is an example of a small community that has moved well beyond industrial recruitment. "It's not that we haven't tried to attract big manufacturing plants to Fairfield, because we have," said Dave Neff, vice president of Iowa State Bank. "The bottom line is that strategy hasn't worked for us, and we've had to move on." Now, rather than providing incentives to lure major employers, resources are devoted to building a civic infrastructure that values and supports small businesses and entrepreneurship.

Fairfield's 10-year strategic plan, completed in 2003, established a series of goals for expanding the town's dynamic economy, including "to enhance business and job opportunities arising from our economic base" and "to create an economic environment that nourishes innovative business development." These goals reflect a choice that civic leaders have reaffirmed: to focus on building an economy from the town's existing economic assets and its reputation as being entrepreneur-friendly, as opposed to recruiting investment on the basis of low-cost inputs.

Fairfield's strategy is supported by two organizations with overlapping membership: the

developers association and entrepreneurs association. According to the leaders from each organization, the two groups work hand in hand in their mutual dedication to helping entrepreneurs and local businesses prosper and expand. The main objective of the entrepreneurs group is to create networks among entrepreneurs. This networking activity is supported by programs and resources housed within developers group.

Even under the best circumstances, entrepreneurship can be an isolating activity. In 1989 a group of successful entrepreneurs launched the Fairfield Entrepreneurs Association to provide more support to early-stage companies and increase their survival rate. Every month, the group sponsors one or two workshops, which are broadcast on public access television. The association also matches successful business entrepreneurs with early-stage entrepreneurs and hosts conferences and boot camps that attract investors from all over the country. Burt Chojnowski, one of the founders and the former president of the group, described the process as allowing individual entrepreneurs to “tap into the collective wisdom and experience of a variety of other businesses.” Local restaurants and coffee shops sponsor association events with meeting space and in-kind food donations.

The entrepreneurs association is a volunteer organization that has operated on less than \$50,000 since its formation. On average, it spends approximately \$3,000 annually for promotion and educational programs.

In addition to holding networking events, it operates a revitalization loan program, an entrepreneur relocation program and an entrepreneur-of-the-year award program. The loan program is part of a partnership among the entrepreneurs association, the developers association, the Chamber of Commerce and several local banks. Local businesses are eligible for up to \$100,000 for major capital purchases such as real estate, remodeling, equipment and expansions. A relatively new initiative, the relocation program is designed to attract early-stage entrepreneurs to Fairfield by offering discounts on rents and telecommunications, training and access to capital. Sohodojo, a research and consulting operation that caters to small rural businesses, was attracted to Fairfield through this new program. The association also convenes an angel investor roundtable, which is made up of successful business entrepreneurs looking to reinvest in local companies. Start-up entrepreneurs are given the opportunity to present their business ideas and solicit financing from local investors.

While the entrepreneurs association provides entrepreneurs with more soft-touch support, the Fairfield Economic Developers Association supports small-business entrepreneurs by facilitating financing for expansions/relocations, linking them with vacant manufacturing facilities and providing incubator space. With an annual budget of approximately \$75,000 and a professional staff of 1.5, the developers association administers state development programs, including the state’s brownfield redevelopment program and an economic development grant and loan program.

Finally, attracting recognition as an entrepreneur-friendly community requires a significant amount of public relations and marketing. The entrepreneurs association, the developers association and the Chamber of Commerce work together to spread the word about Fairfield. Coordinating a consistent message is crucial here. Each organization touts the same catch phrase, that Fairfield is the “entrepreneurial capital of Iowa.” Events that bring attention to Fairfield are always sponsored jointly by these organizations. From the perspective of outsiders, these organizations are one and the same.

The outcomes

The outcomes of Fairfield’s strategy include:

- More than \$250 million invested in start-up companies since 1990, which is one-third of Iowa’s overall venture capital investment.
- 2,000 new jobs created since 1990.
- \$8 million invested in new construction per year since 1990.
- According to the *Chronicle of Philanthropy*, in 2005, the town was ranked No. 3 in the nation for per capita giving.
- Local investment in bike and foot trails that connect open space and parkland with neighborhoods and civic infrastructure, including a 17-mile foot and bike trail that loops around the whole town.
- First Friday Art Walks attract 2,000 to 3,000 people from across the state and region.
- One of the largest organic farmers markets in the Midwest.
- Some of the state’s best schools, which have received numerous awards for academic, creative and athletic achievement.
- Future home of the Jefferson County Civic Center (currently under construction), which will house a 520-seat theater, an 11,000-square-foot pavilion, two classrooms, a commercial kitchen, an art studio, gallery and conference room.

How and why the strategy is working

Given Fairfield’s tremendous success with a network-driven strategy for entrepreneurial development, the question then becomes, how and why has this small town in rural southeastern Iowa been so tremendously successful? First, community leaders were willing to take a risk by luring Maharishi “meditators” into the old Parson’s College campus. Second, although the inevitable clash of cultures between old-time residents and meditators has not been easy, the collision has resulted in the integration of traditional Midwestern values with the risk-taking psyche required for entrepreneurship to flourish. Finally, leaders across Fairfield have recognized the value of entrepreneurial networks for building community capital and have leveraged these networks to create a civic infrastructure that is attractive to young, creative and civic-minded residents.

Integration of fresh blood and new ideas. The Maharishi University of Management has attracted a diverse population of bright, young professionals who, in all likelihood, would not have settled in Fairfield otherwise. The integration of MUM into Fairfield, however, has been a long and difficult transition. It has taken almost 30 years for the wall dividing meditators from non-meditators to crumble. The disappearance of this divide is due in large part to the leadership of Mayor Ed Malloy.

A native New Yorker, Malloy came to Fairfield in 1980 to study and meditate at MUM. Malloy's entrepreneurial spirit led him into the energy trading business before he decided to devote himself to civic stewardship – first as city council member, then as mayor. "Malloy's first public campaigns (in the early 1990s) brought out a substantial amount of nastiness from native residents who were opposed to the meditators' way of life," one resident said. This nastiness had been festering for years. To address this, the mayor began by putting the town through a sort of group therapy, conducted over several years under the umbrella of an official community-relations committee. The process was open to anyone willing to leave cultural bias behind.

Malloy's leadership created space, through a vision of shared prosperity, for the integration of meditators with traditional Fairfield residents. One native resident put it this way: "We're looking at these people as neighbors and friends. We now have people who came to Fairfield to be part of the meditators' movement who have raised their children from birth to adulthood here. Fairfield is their hometown, and it's the only place they've ever known. We're just mixing it up." Meditators are no longer outsiders.

In essence, Fairfield's success can be partially attributed to a dramatic change in culture over the last 20 years, shepherded into being by strong leadership from Malloy. Innovative and outside-the-box thinking has been combined with traditional Midwestern conservative business values to create an entrepreneurial community with nontraditional ideas about how to flourish in small-town America.

Acceptance of failure as a step on the road to success. Given Fairfield's deep entrepreneurial roots dating back to the mid-19th century, the town's collective psyche has come to grips with the cyclical nature of entrepreneurial success and failure. "There was a lot of trial and error – and failures – to get to where we are today," Chojnowski said. "Fairfield experienced some ups and downs with the fortunes of the information and technology industries nationally, but the failures of some companies have provided cheap space, office furniture and equipment for another round of start-ups. Failure has freed up talented people who again ask what new concepts and companies can we start here in Fairfield, and this cycle has repeated itself a couple of times. Business failure in Fairfield is seen as an opportunity."

One example of this is Earl Kaplan, who sold his company Books are Fun to *Reader's Digest* for an undisclosed amount. Kaplan's first two businesses were tofu and appliances, both of which

failed before he stumbled into a successful endeavor. Rather than being stigmatized for making bad business decisions, Kaplan was supported by the community as he learned from his mistakes and moved on. The entrepreneurial networks around town are ripe with folks working on their fourth or fifth business venture.

Leveraging entrepreneurial networks to build civic amenities. Fairfield is thriving because the primary characteristics of an entrepreneurial culture, including innovation and the willingness to assume risk, have become pervasive in the town's approach to creating civic infrastructure. There is no line between a business and a social entrepreneur in Fairfield. "Business folks might get together to discuss a market opportunity and end up planning strategies to bring new hotel rooms into Fairfield to support the new civic center," one entrepreneur explained. When entrepreneurs are networked together, the success of private sector entrepreneurship can spin off into a kind of social capital that benefits the entire community.

For example, the idea for the First Friday Art Walk came from a group of entrepreneurs sitting around a table and brainstorming about how to attract tourist dollars into Fairfield's economy.

Andy Nelson, a Fairfield native and the founding director of the town's Live on the Square concert series, said local entrepreneurs encouraged him to take a risk and bring live music into Fairfield's downtown square. Today, in the midst of the series' fifth season, Nelson relies on local entrepreneurs for funding and support.

What are the lessons from this story?

Bring everyone's talent to the table to address critical community issues. Embracing cultural diversity is a critical step in the process of creating a compelling community vision. The integration of MUM "outsiders" into the cultural fabric of Fairfield has been a long and difficult process. Pervasive cultural divisions must be dealt with if a community is to move forward. Strong leadership is the key to crossing the divide. Referring to Malloy's leadership, a long-time resident explained, "The boundaries of who's who in Fairfield are fading away, and I just see this great group of people all moving forward together."

Build an economy from a community's existing assets. Fairfield's priorities are aligned with the practical realities of small-town rural America. Fairfield does not compete on the basis of having the cheapest labor and location. Fairfield took a very broad view of its assets, which include small-town character and work ethic, an entrepreneurial culture, civic amenities that rival those in big cities and a reputation for being entrepreneur-friendly. Fairfield proves that a focus on building from the community's existing assets is a valid (albeit long-term) strategy.

Community development propagates economic development and vice versa. Traditionally, community development is viewed as the creation of infrastructure (largely by the public sector), and economic development is viewed as the creation of jobs and investment (largely

by the private sector). When the two are viewed as having similar ends, synergies can raise a community's standard of living beyond what would have been possible otherwise. By viewing economic and community development as one and the same, Fairfield has created a cultural infrastructure that helps to retain and energize entrepreneurs. Job opportunities increase and the tax base expands in tandem with the creation of recreational, cultural and civic amenities.

Importance of a small-town champion. In economic development, there is untold value in having a champion or champions who are not shy about tooting the town's horn. For example, Fairfield is known as having more restaurants per capita than San Francisco. This fact is the result of a quick-and-dirty analysis by Burt Chojnowski, Fairfield's No. 1 champion. While it is true that plenty of places have more restaurants per capita than San Francisco, the idea is to make sure people know what your town has to offer and to use creative communication to hammer home the point. Having a member of the community who is willing to go out and spread the good word about your town can have tremendous impact on the perception of outsiders.

Small-town location as a competitive advantage. The perception, whether warranted or not, is that businesses located in small-town rural locations carry a moral and ethical standard above their urban competitors. Businesses in Fairfield have exploited this perception to their competitive advantage. "We are geographically challenged," businessman Tim Hawthorne said. "There isn't a lot of credibility to having a creative advertising agency outside New York, Chicago, Los Angeles, Minneapolis or Atlanta. However, people perceive Fairfield, with its Midwestern values, as being morally superior to urban areas." Hawthorne has turned this perception into a competitive advantage.

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Reynolds, Indiana

	Reynolds
Population (2000)	550
Municipal budget (2005)	\$125,000 ¹⁰⁸
Per capita income (2000)	\$16,200
Median household income (2000)	\$40,800
Poverty rate (2000)	5%
Minority population (2000)	10%
Proximity to urban center	80 miles to Indianapolis, Ind.
Proximity to interstate highway	15 miles
Strategic approach	Industrial development
Time frame	2005-2007

Reynolds has branded itself BioTown, U.S.A., and it pursuing a strategy of becoming energy self-sufficient. The BioTown project represents a bold approach to develop local renewable energy production, create a cleaner environment, find new solutions to municipal and animal waste issues and develop new markets, all at the same time. The objective of the BioTown project is the conversion of Reynolds from a reliance on fossil fuels to biomass-based fuels. Local and state organizers hope to establish a model that promotes energy security, rural development, profitable agriculture and a green, thriving natural resource environment.

The community and its history

Reynolds is a small, one-stoplight town with 550 people and 150,000 pigs. For decades, the economy in this small town has revolved around corn, soybean and hog farming. Locals gas up their farm trucks at a single filling station in town and gather for coffee at the U.S.A. Family Restaurant. Reynolds lies close to an interstate highway and has two active rail lines. Purdue University, a major research institution, is 23 miles away in West Lafayette. Over the last few years, residents of Reynolds have watched two grocery stores close, the local garage shut down and the barber move away, all while the cost to travel to access these services outside the community has continued to skyrocket.

Such was the state of affairs when, in July 2005, officials from the governor's office and the Indiana State Department of Agriculture came to Reynolds with a proposal. The governor wanted to make Reynolds the

¹⁰⁸Interview with Charlie Van Voorst, Reynolds Town Council president, March 5, 2007.



A town with 550 people and 150,000 hogs turns an agricultural waste product into an economic asset. By converting waste from hog farming into a local energy supply, Reynolds is working to become the first energy self-sufficient community in America.

nation's first community to use renewable resources to meet the energy needs of all homes and businesses in town. According to a study commissioned by the state, hog manure and other organic waste in and around Reynolds would be enough to produce 74 times the town's energy needs.¹⁰⁹ Local officials needed little convincing. According to Charlie Van Voorst, president of the Reynolds Town Council, "We thought, 'Gosh, there's not much going on here in Reynolds, so we'll try anything.'"

The strategy

Reynolds is now BioTown, U.S.A. With the support of state officials, researchers and corporate partners, Reynolds has embarked on a strategy to become a showcase community whose complete energy needs are met by renewable resources. State and federal resources are playing a role in BioTown, but not to the extent one might expect. In fact, one prominent goal for the development of BioTown is that 80 percent to 90 percent of the investment comes from the private sector. The goal is to create a sustainable and replicable model for small town energy self-sufficiency.

The administration and decision-making authority for the BioTown initiative rests with the BioTown Economic Development Authority, which consists of a local economic development executive, the president of the county council, the township trustee and one representative each from Purdue Cooperative Extension, the state agriculture department and the state energy department. The president has the authority to sign official paperwork.

The project is divided into three phases. Phase I, which concluded in September 2006, focused on promotion, education and increasing the local use of ethanol and biodiesel in automobiles. The state helped to facilitate a unique partnership between General Motors and BioTown in which GM offered various discount packages for local residents to purchase or lease flex-fuel vehicles. Flex-fuel vehicles are designed to run on gasoline or any mix of gasoline with ethanol up to 85 percent ethanol, called E-85. As of early 2007, local residents and businesses have purchased more than 160 flex-fuel vehicles. "We estimate that within Reynolds' zip code, there are about 500 people who are driving age," said a state official involved with the project. "That translates into about a 30 percent uptake on flex-fuel vehicles all because of the BioTown project. That's not bad."

The second major milestone for BioTown was the completion of a \$400,000 renovation project to add a pump for E-85 fuel at the local BP gas station.¹¹⁰ This investment, which was required to upgrade the tanks and pump island at the town's only filling station, was made by Good Oil, a regional petroleum dealer that wanted to be on the front end of the environmentally friendly movement in Reynolds. "These alternative fuels really needed to be showcased, so we decided to put in two islands and remodel the building," said Don Good, the investor and owner of Good Oil.¹¹¹

Phase II of the project, now under way, includes the research, development and implementa-

¹⁰⁹ Jenner, Mark. "The BioTown." *USA Sourcebook of Biomass Energy*. Indiana State Department of Agriculture, 2006.

¹¹⁰ E-85 is a performance motor fuel that is comprised of 85 percent ethanol and 15 percent gasoline. It works the same as regular gasoline but is a much cleaner burning, and it is a renewable, domestic, environmentally friendly fuel.

¹¹¹ Taflinger, Neal. "Fueling up for the future." *Intake Weekly*, April 20, 2006.

tion of plans to transform agricultural and municipal waste into energy. In late 2008, Rose Energy Discovery, a private alternative energy company, will break ground on a \$10 million facility. The state offered \$3 million in tax credits and other incentives to Rose Energy Discovery to develop the technology for the project in Reynolds. The technology will be capable of converting animal waste, municipal waste, corn stover and other types of biomass into electricity, thermal energy, biodiesel and crop inputs such as fertilizer. Officials estimate the facility will be generating electricity for Reynolds by late 2009.

Phase III calls for upgrading the technology to produce natural gas. The technology is still being developed.

What are the lessons from this story?

Green innovation is an economic development strategy. In Reynolds, taking the opportunity to be on the front-end of an innovative green strategy has jump-started economic development. “Our town meetings went from talking about the neighbor’s dog in your yard to talking about million-dollar decisions about what we’re building,” said Van Voorst, the town council president.¹¹² Investments by Good Oil (to upgrade the local service station) and Rose Energy Discovery (to develop bioenergy conversion technology) will eventually lead to more direct economic development benefits such as new jobs and new businesses. These initial investments also demonstrate the tremendous economic impact that green innovation can have in small town America.

Biomass waste has a huge potential to create energy. Residents of Reynolds were shocked to learn that waste products from their community had the potential to produce 74 times the power needed to fuel their town. More widespread recognition of the latent energy in traditional biomass waste products has the potential to drive innovation in rural agricultural regions.

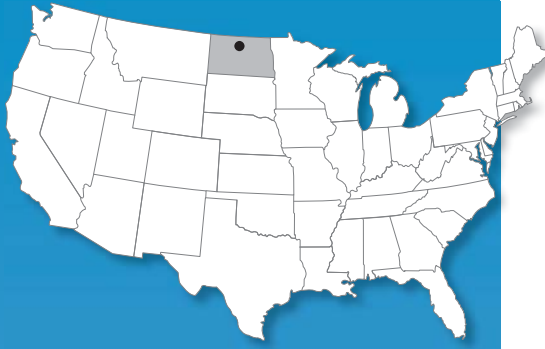
Biomass fuel production can reduce the load on municipal wastewater infrastructure. Reynolds has discovered that its effort to convert various biomass waste products into energy products will greatly reduce its need for higher load wastewater infrastructure. In fact, three neighboring municipalities are planning to send their municipal waste to the bioenergy plant as an alternative to upgrading their own municipal wastewater infrastructure. The potential for lowering sewer bills was a major selling point in terms of invigorating local interest in the BioTown project.

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¹¹² Dennis, LaToya. Next Generation Radio, August 2006.



Rugby, North Dakota

Recognizing the lack of computer skills among its workforce, Rugby partners with a statewide training program to enhance the job skills of its citizenry. Its investment in workforce development is attracting new businesses to Rugby.

	Rugby
Population (2000)	2,939
Municipal budget (2005)	\$500,000 ¹¹³
Per capita income (2000)	\$14,380
Median household income (2000)	\$25,482
Poverty rate (2000)	14%
Minority population (2000)	2%
Proximity to urban center	152 miles to Bismarck, N.D.
Proximity to interstate highway	110 miles
Strategic approach	Workforce development
Time frame	1999-2005

Rugby is a small town that has survived the economic transition by investing in its workforce. Historically, Rugby's economy was based on agriculture and retail trade. Until the last five years, the local labor force lacked basic computer skills, much less training in more sophisticated technology. Gary Satern, the local economic development director, came to recognize that this skill deficiency was limiting the ability of existing businesses to compete. It also became a barrier for recruiting new competitive industries into Rugby. In response, Satern facilitated a partnership between the town and the Center for Technology and Business in Bismarck to develop a technology training program for the local labor force. As a result, one-third of Rugby's labor force has received training and new, technology-driven businesses have located in town.

The community and its history

Rugby is one of North Dakota's larger towns. Incorporated in 1886, it was initially called Rugby Junction because of its location at a junction of the Great Northern Railway. The name Rugby came from a city of that name in England. The town's early promoters thought the name would entice English settlers to move to North Dakota. The plan never worked out; almost all of the population is of Scandinavian and North Germanic ancestry.

Like most rural outposts on the northern plains, Rugby has a traditional agricultural economy. As the county seat of Pierce County, Rugby also

¹¹³ Interview with Carla Marx, Rugby Chamber of Commerce.

has a significant government sector. It employs about 15 percent of the town's workforce. Throughout the 1980s and '90s, Rugby's economy struggled to grow as the agricultural and government service sectors were not generating new jobs. Gary Satern, the director of the Rugby Jobs Development Authority, came into his position seeking to spur jobs and economic growth. As Satern proceeded, though, he recognized that many residents had limited experience with computers. This created several problems. First, technology-driven businesses, which had the potential to be important for Rugby's growth, shied away from town. Second, Rugby's existing businesses that relied on computers were unable to fully utilize them to become more competitive. In the words of Satern, "We had to invest in our people first."

The strategy

Rugby's strategy is to enhance the computer skills of its workforce. In 1999, Gary Satern partnered with Tara Holt from the Center for Technology and Business (CTB), a statewide technical assistance provider, to administer a low-cost computer training program. The program includes practical instruction in running a computer, using Microsoft Office applications and navigating the Internet. Moreover, instead of sending teachers throughout the state to run the training programs, CTB selects and provides training to a few local residents, who then teach the courses in their hometown. Once a town has trainers, they are free to administer and manage the program themselves. Costs to participants range from \$30 to \$60 per course, though students unable to pay are subsidized. Course revenues cover textbooks and teacher pay. In Rugby, courses are held in donated meeting space at the local hospital. In the past six years more than 400 residents, about one-third of Rugby's labor force, have completed the program.

A computer-literate labor force has positioned Rugby as an attractive site for new businesses. The first of these was Verety, a Chicago-based business that uses a broadband network to take fast-food restaurant orders from remote locations. Given Rugby's established computer training course, Verety decided to locate in town. "Verety saw that Rugby was a place where people had a good understanding of technology," Holt said. Verety hires stay-at-home workers (including underemployed mothers) to take and send orders. The company provides free computers and broadband access to each employee. "These stay-at-home mothers can put their kids on the bus in the morning, work from 10 a.m. to 4 p.m. and still have dinner on the table by 5," one local official said. "That additional income and not having to travel to and from work has been a benefit to so many families in Rugby." Verety's business model, combined with Rugby's workforce development initiative, has allowed the unemployed and underemployed labor force in this rural outpost to link into the local economy.

In addition, since the workforce training program was implemented, Rugby has caught the attention of several relocating businesses. A pool cue manufacturer that was seeking a

technology-proficient workforce settled in Rugby, as has a pole barn manufacturer from Canada. A local auto body shop was at the point of closing its doors because of major issues with its computer system when the Center for Technology and Business sent a consultant to see if the problem could be fixed. After a week of work on the system and some training for the workers, the body shop was back and running and quickly became profitable. Not long after, that same company decided to create a new business that designs signs for trucks and cars using a sophisticated computer graphics system. Three Rugby residents were hired to run the computers and apply the graphics. "This new design business was entirely centered on computers and technology," Holt said. "It goes to show that when people stop fearing technology, they can begin to use it for their benefit."

What are the lessons from this story?

Workforce investment can be a catalyst for improving a town's economic prospects. The recent attraction of new employers to Rugby can in large part be attributed to the successful workforce training program it implemented. By improving the technical skills of workers, Rugby has increased their value and pursued a strategy that can attract and retain better-paying businesses. The success of the training program became a sort of marketing device as businesses heard about this small town and its trained labor force. Town leaders should see workforce training as a starting point for a number of development strategies, including entrepreneurship and business recruiting.

Resources are available to create training programs. Rugby partnered with the Center for Technology and Business as well as a number of state and federal agencies to devise and implement the training program. One of the federal agencies Rugby partnered with was the U. S. Department of Agriculture, which provides funding to many rural communities for technology education. The message here is for economic developers in small towns to know that funding is available from a wide variety of agencies and that forming alliances with them can be key to a program's success.

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Siler City, North Carolina



	Siler City
Population (2000)	8,079
Municipal budget (2006)	\$4.9 million ¹¹⁴
Per capita income (2000)	\$13,950
Median household income (2000)	\$33,650
Poverty rate (2000)	15%
Minority population (2000)	49%
Proximity to urban center	36 miles to Greensboro, N.C.
Proximity to interstate highway	32 miles
Strategic approach	Entrepreneurship Downtown development Creative economy
Time frame	2000-2006

Siler City is working with the Central Carolina Community College (CCCC) to create an innovative arts-based small business incubator. Beginning in the late 1990s, Leon Tongret, the former small business director at CCCC, saw an opportunity to harness the energy of local artisans toward the revitalization of downtown Siler City. After securing financing, a portion of which came from the local government, Tongret renovated three buildings in downtown Siler City and gave birth to the North Carolina Arts Incubator. Since 2003, the incubator has triggered a minor renaissance. The North Carolina Arts Incubator has turned a loose collection of artisans into an economic sparkplug that is helping to revitalize downtown Siler City.

The community and its history

Siler City is located in rural Chatham County, within a one-hour drive of Raleigh and Greensboro. In recent years, the town has grown considerably. This growth, in large part, is attributed to Hispanic workers migrating into the community to work at the meat processing plants in and around Siler City. In addition to the processing plants, traditional textile and furniture manufacturers have tended to be the largest employers in Siler City.

Just a few minutes down the road from Siler City is the Central Carolina Community College (CCCC) in Sanford. In 2000, Leon Tongret was screening potential locations for a new CCCC business incubator. During

¹¹⁴ Interview with Wanda Ingold, Siler City finance director, June 14, 2007.

This small town is capitalizing on the economic value of arts-based small businesses.

Through a partnership with a regional community college,

Siler City is nurturing the creativity and entrepreneurship of local artists.

the initial site selection process, he discovered a relatively large number of artists and crafts entrepreneurs scattered around the county. While the initial plan was to develop a traditional business incubator, the number of independent artist entrepreneurs prompted Tongret to consider how they might be able to benefit from an incubator. “We saw Chatham County had a ton of artists,” Tongret said, “and we believed they too could take advantage of the services an incubator provides and ended up focusing an incubator around them.”

The strategy

Siler City partnered with CCCC to create the North Carolina Arts Incubator. The idea was to purchase adjoining abandoned buildings in downtown Siler City, renovate them and open an incubator designed to meet the needs of local artisans. Besides competitive rents (\$100 to \$200 per month), the incubator and CCCC’s small business center provide special assistance to artisans in marketing, finance and business planning.

Siler City’s efforts began in earnest in 2001 when Tongret formed a nonprofit organization, the North Carolina Arts Incubator, to raise money for purchasing and renovating several downtown buildings. To secure a bank loan, Tongret recruited six local artisans to demonstrate the potential cash flow from the incubator. One of the primary tenants of the incubator was to be CCCC’s new professional arts and crafts program, the first of its kind in North Carolina. The program was to become a crucial training and professional development program for artisans located in the incubator. The program includes training in artistic skills in pottery, clay sculpture and metal sculpture, and entrepreneurship instruction to teach artists how to run and manage galleries and studios. In 2001, the bank approved an initial loan of \$125,000, and the North Carolina Arts Incubator purchased buildings along three blocks of Main Street in Siler City.

A year later, the incubator project needed additional funding to complete the building renovation. Having built a strong relationship with local government officials in Siler City (including the building inspectors and town planners), Tongret approached the town for assistance. Siler City’s officials were so enthusiastic about the incubator that they contributed a grant of \$25,000 and have done so every year since 2002. With the extra boost from the town, building renovation was completed in 2003, and the North Carolina Arts Incubator opened in November of that year.

One of the six initial tenants in the incubator was Terry McInturff, a world-class guitar maker. McInturff previously worked out of an industrial park outside of Raleigh but decided to move his shop after hearing about the incubator. “I was able to get a good workspace at a third the cost of my previous space,” he said. “Plus, it was an incredibly stimulating environment to be around other artists making pots and sculptures.” McInturff’s shop now attracts guests from throughout the world to Siler City.

With success stories like McInturff's, local officials won a \$350,000 grant from the North Carolina Rural Economic Development Center to purchase four additional buildings for the incubator. The growing incubator is changing the face of Siler City as its former tenants open new studios nearby, breathing life into the downtown. "When I started renovating buildings in Siler City, there was such little traffic that a dog literally slept in a main intersection in town," Tongret said. "Now, I have a hard time finding a parking spot in Siler City."

What are the lessons from this story?

Small business incubators, whether focused on artists or other entrepreneurs, must provide training and support, along with affordable space, to catalyze economic development. One of the innovative characteristics of the North Carolina Arts Incubator is its recognition that artists need space, but they also need the ability to network, mentorship opportunities and small business training. Newer artists in the incubator may need continued training in their respective craft. The professional arts and crafts program, the only one of its kind in North Carolina, was developed to teach artistic skills and business skills relevant to operating a craft studio and gallery. "I went to the incubator daily and helped the artisans understand loan terms, find new markets and put together business plans," Tongret said. By providing affordable space and training, Siler City, CCCC and the North Carolina Arts Incubator have brought about a downtown renaissance and facilitated the creation of new small businesses.

Demonstrating success helps to build support for your efforts. Tongret attracted bank funding for the incubator project by demonstrating the economic potential of six existing artisans, essentially making the case to the bankers for the success of the project. The incubator's initial success, and the strong buzz created in the community, helped convince local government leaders to invest in the continued renovation and expansion of the facility. Success stories of local artisan tenants were instrumental in building the case for grant funding from the Rural Center.

Strong partnerships and visionary leadership are necessary ingredients for success. The successful establishment of the incubator in Siler City was the product of a partnership among the community college, local government and statewide organizations like the Rural Center, all facilitated through the visionary leadership of Leon Tongret. Together these groups were able to see the potential behind focusing on artist entrepreneurs who are not usually considered targets for incubator development.

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Sparta, North Carolina

Through a regional collaboration, Sparta and neighboring communities are laying the groundwork for a cluster of advanced materials businesses. As a key partner in the effort, Sparta is focused on workforce training, infrastructure development and private sector participation in the partnership.

	Sparta
Population (2000)	1,817
Municipal budget (2006)	\$1.4 million ¹¹⁵
Per capita income (2000)	\$14,240
Median household income (2000)	\$22,470
Poverty rate (2000)	18%
Minority population (2000)	6%
Proximity to urban center	72 miles to Winston-Salem, N.C.
Proximity to interstate highway	27 miles
Strategic approach	Cluster-based development
Time frame	2002-2006

Sparta's strategy is to join with its regional neighbors in a public-private partnership to develop the Northwest North Carolina Advanced Materials Cluster.¹¹⁶ In 2002, after a major industrial employer closed its doors, officials from across the region lured an advanced materials manufacturer to Sparta. The company, Martin Marietta Materials, would become the hub in a regional cluster development strategy. "We're trying to do something people said couldn't be done," said Alleghany County Manager Don Adams. "We're creating a cluster instead of waiting for it to develop." To that end, Sparta and its neighbors worked together to create a workforce training program, update key infrastructure and institute collaboration between government and private sector actors. Today, the Northwest North Carolina Advanced Materials Cluster is taking shape, and Sparta, as part of the northwest region of North Carolina, is positioning itself to compete in the new economy.

The community and its history

Sparta, located in Alleghany County, is situated in the northwest corner of North Carolina, just below the Virginia border. Textiles, agriculture and furniture manufacturing have been the dominant industries in and

¹¹⁵ Interview with Peggy Choate, Town of Sparta, May 29, 2007.

¹¹⁶ According to Michael Porter from the Harvard Business School, "Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers and associated institutions in a particular field that are present in a nation or region." Advanced materials is a general term that refers to highly engineered material products, including semiconductors, fiber-reinforced polymers, micro-electro-mechanical systems, ceramics, nano-sized particles, among others. According to the Northwest North Carolina Advanced Materials Cluster website (www.advancedmaterialsnc.org), "The focus of the N.C. Advanced Materials Cluster Initiative is on fiber-reinforced polymers (FRP) otherwise known as reinforced plastics. FRP are stronger than traditional plastics because they are a composite material composed of strong fibers such as glass fiber and equally durable plastics. FRP are also lighter and less bulky than materials of similar strength, such as steel. The combination of these properties give FRP significant performance advantages over other more traditional materials."

around Sparta for most of its history. Over the last two decades, declines in these traditional industries have been pronounced. The three-county region around Sparta – Alleghany, Ashe and Wilkes counties – lost more than 10,000 jobs in the late 1990s.

The story of Sparta and its role in the development of an advanced materials cluster begins in 1993, when local officials lured Bristol Compressors to Sparta. Bristol Compressors received a \$15 million incentive package, a combination of state and local funds as well as individual donations from residents of Alleghany County. In 1995, Bristol Compressors opened a \$40-million, state-of-the-art facility and hired 450 local workers. After being in business for only five years, Bristol announced it was closing in August of 2000 and releasing all of its employees. Sparta and Alleghany County sued Bristol Compressors in an unsuccessful attempt to recover a portion of the incentives.

Another critical milestone in the history of economic development in Sparta came in 1999, when the community recruited a new textile manufacturer. The contrast between the operations of this new company, Magnolia Manufacturing, and more traditional textile factories was eye-opening. “This was not the textile firm of old,” Adams said. “Instead of a labor intensive operation, Magnolia used incredibly complicated and sophisticated looms to produce fabrics. As we saw it, the only way we were ever going to create jobs was to latch onto new-technology industries.”¹¹⁷

In 2002, a successful regional effort recruited Martin Marietta, a major manufacturer of advanced materials, to Sparta. During the recruiting process, Adams, John Hauser from Wilkes Community College and other local officials had the opportunity to speak with Grant Godwin, Martin Marietta’s CEO, about the company’s business model, vendor-supply relationships and growth plans. Godwin made clear that Martin Marietta was in Sparta for the long haul by explaining that he wanted to be a part of the town and region’s development. Impressed by Godwin’s commitment, Hauser began considering ways to use Martin Marietta to spark the regional economy. Quickly, Hauser realized that local officials and business leaders could add value to Martin Marietta’s product by working to surround it with businesses in its supply chain. By designing a strategy to grow and recruit businesses in the advanced materials manufacturing field, the community could help to lower the companies’ transaction costs. This conversation, between local officials and executives at Martin Marietta, was the jumping-off point for the regional cluster development strategy.

The strategy

Sparta’s strategy is to play a leading role in the development of the Northwest North Carolina Advanced Materials Cluster. The goal of the cluster strategy is to build a regional concentration of interconnected advanced materials companies, suppliers and distributors that will propel

¹¹⁷ Interview with Don Adams, Alleghany County manager, May 29, 2007.

Alleghany, Ashe and Wilkes counties into the new economy.¹¹⁸ At the outset, officials from across the region identified six strategies to lay the groundwork for the cluster. The six strategies are to 1) cultivate collaborations between and among business, government and education, 2) develop a workforce, 3) recruit new business, 4) increase business networking, 5) improve physical infrastructure for business sites and 6) infuse new technology ideas into industry. At the local level, Sparta has played a role in several elements of the cluster strategy. The town has served on the executive committee, helped to facilitate communication among regional partners and worked extensively to upgrade local infrastructure to support site development for the advanced materials industry.

In March of 2004, John Hauser created an advisory committee for the regional cluster. One of Hauser's goals for the committee was to spark dialogue and collaboration among leaders of Martin Marietta, Wilkes Community College and the governments of Ashe, Alleghany and Wilkes counties. The collaboration was formalized the next month when county officials entered into the region's first interlocal agreement. The document spelled out a 10-step process for how prospective cluster businesses would be recruited, ensuring that each county would benefit equally. Because of turf issues relating to municipal or county boundaries, Hauser's leadership proved critical to giving the interlocal agreement and regional approach credibility. At the time, Hauser was the industry liaison for Wilkes Community College and a neutral party who had earned the trust and respect of the region's town and county managers.

The creation of an advisory committee went a long way toward reshaping local perceptions about *how to do* economic development. "The committee planted the seed that as a region, we could do better by promoting each others' strengths," said Bryan Edwards, Sparta's town manager. "Ideas about traditional economic development have changed, and we see this cluster as more of a collaborative effort. We are demonstrating to businesses that we have synergies and leadership." To reinforce this new approach, Hauser teamed with Appalachian State University and the University of North Carolina at Chapel Hill in 2005 to hold a series of cluster development training programs for the executive committee.

Training a local workforce in industry-specific skills was another critical step in preparation for the advanced materials cluster. With funding from the North Carolina Rural Economic Development Center, the Golden LEAF Foundation and others, the advisory committee worked with Wilkes Community College to create a certified composite technician program at the college's campus in Sparta. The initial cohort of students in this program entered in the fall of 2007. The program is one of three in the country and is certified by the American Composite Manufacturers Association. In 2008, Wilkes Community College will launch a two-year degree program in advanced materials. Regional skills training in advanced materials manufacturing will ensure

¹¹⁸ From the website, www.advancedmaterialsnc.org/clusters. Accessed May 29, 2007.

an adequate labor force for Martin Marietta and other companies in the cluster.

Physical infrastructure to support new and expanding industries also was important for the strategy. Sparta has played a lead role in upgrading infrastructure, specifically water treatment capacity, to meet the needs of expanding industrial development. In an innovative partnership, Sparta's town manager facilitated an arrangement with the town of Independence, just over the border in Virginia, to build an \$8 million shared water treatment facility.

Prior to the initiation of the regional cluster strategy, businesses in the area were barely communicating. "Our businesses didn't have a clue what other businesses were doing," said Adams of Alleghany County. "Everyone was internally focused." But according to Harvard Business School's Institute for Strategy and Competitiveness, clusters thrive from strong business networks that enable innovation and competitiveness. So in the fall of 2004, Hauser instituted a regional business meeting that brought industry, education and civic leaders together to stimulate communication and knowledge sharing across industries, sectors, town and county lines. Hauser used the time to inform business leaders about the cluster and the committee's work but mainly focused the meetings on strengthening networks and fostering collaborations. These gatherings continue on a quarterly basis.

With the initial groundwork laid, the advanced materials cluster is beginning to take shape. A home-grown entrepreneur, Beyond Cargo, opened an advanced materials business in Ashe County recently. Over the next two years, Beyond Cargo expects to add 20 jobs. Smith Aerospace, another critical business in the cluster, recently announced it would expand its facilities and create jobs ahead of schedule.

What are the lessons from this story?

Cluster-based development can provide a framework for competitiveness and collaboration among industries and communities. In a sense, the cluster-based approach to development allows communities to collaborate while they compete. Communities and industries within an emerging cluster must collaborate, but they must also maintain a posture of competitiveness with other similarly situated regions. Further, collaborating to compete for industries in an emerging sector brings critical mass to any community's efforts, especially rural and low-wealth communities, where resources are limited and partners are critical.

Economic development strategies must be focused on building a 21st century economy. By large measure, public officials and other civic leaders in Alleghany County were willing to part with older concepts of labor-intensive manufacturing to embrace the example of the new, more technology-intensive textile manufacturer that moved into the region. By doing so, Don Adams (and others) made possible the development of the advanced material cluster idea – recognizing that the region needed to build a workforce and infrastructure that would be

attractive to 21st century manufacturers. This focus on the future helped the region move from trying to replace traditional industries to building a world-class cluster around the emerging growth sector of advanced materials. Embracing the concept of higher tech manufacturing also required a strong belief (some might suggest a leap of faith) that the region could build the workforce, infrastructure, supply chain and collaborative leadership that this cluster requires.

Building collaborative regional strategies requires a neutral, trusted facilitator. Asking local officials to set aside years of competing for jobs and businesses to embrace collaboration requires a trusted and neutral power broker. In this case, John Hauser of Wilkes Community College was viewed by all parties in the northwest region as such a leader. This neutrality was critical to generating initial momentum for the advanced materials strategy. "I really believe local leaders accepted the cluster idea because it was driven by the community college, which was not partial to any of the three counties," Hauser said.

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Wadesboro, North Carolina



	Wadesboro
Population (2000)	3,550
Municipal budget (2005)	\$2 million ¹¹⁹
Per capita income (2000)	\$14,500
Median household income (2000)	\$23,300
Poverty rate (2000)	25%
Minority population (2000)	58%
Proximity to urban center	52 Miles to Charlotte, N.C.
Proximity to interstate highway	50 Miles
Strategic approach	Entrepreneurship Partnership development
Time frame	1998-2007

The Town of Wadesboro partnered with the South Piedmont Community College (SPCC) to develop a business incubator and a public meeting space in an abandoned mill building. In 1998, the local community college purchased the West Knitting Mill building in downtown Wadesboro to house its growing continuing education program. Shortly after purchasing the mill building, the college decided to dedicate the unused portions of the building to meet other community needs, including a business incubator and a space for public meetings. The resulting Lockhart-Taylor Center is catalyzing economic development in Wadesboro by providing space for training, entrepreneurial incubation and public meeting space in a single location.

The community and its history

Wadesboro is a rural community in Anson County, just east of Charlotte. For decades, the textile industry grounded Anson County's economy. Textile's recent decline left behind vacant mill buildings and an unemployed (and largely uneducated) workforce. Wadesboro is fortunate to be the home of South Piedmont Community College (SPCC). In addition to its traditional adult education and GED programs, SPCC plays a key role in economic and workforce development.

By the mid 1990s, SPCC's continuing education program had outgrown its storefront space in downtown Wadesboro. Don Altieri, the former president of SPCC, worked with the Chamber of Commerce and the Anson County Economic Development Commission to find additional space for the college. In 1998 the college purchased the West Knitting

Wadesboro partners with a regional community college to convert an abandoned textile mill complex into an economic asset. The Lockhart-Taylor Center includes space for a business incubator, entrepreneurship training and public meetings.

¹¹⁹ Interview with Phyllis Lowe, Town of Wadesboro, April 19, 2007.

Mill building, a 117,500-square-foot structure, for \$50,000. Given the size of the building, the immediate question was what to do with space not needed for college programming. Two leading possibilities arose: public meeting space and a small business incubator. At the time, Altieri said, "There was no place in Anson County for a large meeting. We weren't able to bring in regional seminars or large events because of our lack of space." Further, according to Fred Sparger, a vice president at SPCC, "The larger businesses in Anson County are almost exclusively home-grown, so from a long-term economic development perspective, we need to develop new entrepreneurs."

The strategy

The town of Wadesboro partnered with SPCC to develop portions of the West Knitting Mill building for the community's economic benefit. In addition to SPCC's facilities in the mill complex, the strategy was to create space for community-use classrooms, an auditorium and a small business incubator.

To create the multi-purpose facility, SPCC needed to raise money for renovating the mill and purchasing new equipment. Led by Jimmy Hardison of the SPCC board of trustees, the college raised over \$700,000 in private donations from local residents in 18 months. Altieri and Sparger also worked with U.S. Rep. Robin Hayes to obtain \$400,000 of federal money earmarked for the project. SPCC received an additional \$1.1 million from state higher education bonds. Although costly, the project was a relative bargain. "It cost SPCC about \$51 per square foot to renovate the mill compared to \$125 per square foot to build a new facility," Sparger said.

The first phase of the renovation, initiated in 2002, focused on the Ingram Room, a 600-seat auditorium that created new opportunities for the town and college to hold large meetings and events. SPCC kept costs low by using prison labor to paint walls and move furniture. By 2003, the auditorium was complete, and the Lockhart-Taylor Center opened. Since then, the Ingram Room has drawn a significant number of conferences and guests to town, averaging about 1,000 conference attendees each month.

After completing the public auditorium, the small business incubator became a priority. In 2003 Altieri, by then retired from SPCC, worked with Wadesboro Town Manager John Witherspoon to apply for a \$400,000 grant from the N.C. Rural Economic Development Center to create New Ventures Business Development Inc., a business incubator. Witherspoon and the Town of Wadesboro received a \$400,000 Community Development Block Grant later in 2005 that went toward renovating 8,000 square feet of the Lockhart-Taylor Center for New Ventures. The incubator opened in 2007 and provides low cost space and business services to new entrepreneurs.

What are the lessons from this story?

Community colleges can be catalysts for economic revitalization. Supporting economic development is a central component of the mission of most community colleges in North Carolina, just as it is at South Piedmont. As partners or even leaders in local and regional economic development, these colleges can provide resources, infrastructure and knowledge base often lacking in small towns.

Rural residents are often an untapped source of financial capital. The per capita income for Anson County is \$14,853, nearly \$7,000 less than the national average. Yet SPCC raised more than \$700,000 from local contributors for the renovation of the West Knitting Mill. The lesson here is that small, rural communities should not be leery of looking to local residents as significant contributors to community projects. Moreover, by involving the community in the mill renovation process, SPCC fostered a sense of ownership of the building – and its economic development outcomes – by local residents. “Thousands of Anson County folks worked at this mill,” Sparger said. “Renovating it was about more than making it look nice. We were tying it back to the history and culture of our community.”

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Washington, North Carolina

	Washington
Population (2000)	9,841
Municipal budget (2006)	\$13 million ¹²⁰
Per capita income (2000)	\$14,320
Median household income (2000)	\$22,060
Poverty rate (2000)	29%
Minority population (2000)	48%
Proximity to urban center	107 miles to Raleigh, N.C.
Proximity to interstate highway	65 miles
Strategic approach	Workforce development Entrepreneurship Cluster-based development
Time frame	2003-2007

Located at the center of a regional cluster of marine and boat-building businesses, Washington partners with the community college to create a workforce development and entrepreneurship program to capitalize on the booming industry.

Washington is taking advantage of the existing marine trades cluster in eastern North Carolina by upgrading the skills of its workforce and fostering entrepreneurial development in the marine trades industry. After a number of plant closures throughout the 1990s, Washington officials partnered with county economic development officials and the local community college in 2004 to develop the Skills Center, a business incubator that provides worker training and entrepreneurial development for new marine trade firms. Since opening in 2004, the Skills Center has generated two new boat manufacturers in Washington, creating more than 100 jobs.

The community and its history

Washington's history dates back to the early 1700s as a shipping port, a legacy that has since shaped the community's economy. It was not until 1775 that Washington was formally named by resident Col. James Bonner in honor of his commander-in-chief, Gen. George Washington. The newly named community was the first to be called Washington in the United States and was incorporated in 1782.

By virtue of its location on the northern bank of the Pamlico River, Washington became a regional shipping center and was recognized by the North Carolina General Assembly as a port in 1784. Over the next two centuries, Washington's economy was spurred by textile and lumber

¹²⁰ Town of Washington website: www.ci.washington.nc.us/budget.aspx. Accessed on May 8, 2007.

mills locating on the banks of the river. Increased global competition forced the closure of many of the mills in the mid 1990s, leaving Washingtonians without work and with a decaying downtown. “We took a huge loss,” Tom Thompson, Beaufort County’s economic development director. “Not many counties were hit as hard by manufacturing loss as Beaufort County.”

Just as Washington’s economic base was declining, the eastern region of North Carolina was experiencing promising growth in the marine trades industry. In 2004, the consulting firm Market Street Services analyzed eastern North Carolina’s economy and identified marine trades and boat building as a strong existing cluster to build upon.¹²¹ Since then, many of the small towns and counties in this region have targeted manufacturers, suppliers and distributors in the marine trades and related industries.

The strategy

Washington’s strategy was to become a part of the regional cluster by developing a skilled labor force and encouraging the development of entrepreneurs within the marine trades industry. The State of North Carolina provides funds to community colleges to train the workforce of new and expanding industries. Washington capitalized on the state funding by partnering with Beaufort County Community College (BCCC) to develop training courses in welding, manufacturing and electronics related to the marine trades. Through this flexible curriculum, Washington created the institutional capacity to train the workforce of nearly any boat-building manufacturer.

With a training program in place, community leaders turned to developing the entrepreneurs who could eventually make good use of their community’s skilled marine trade workforce. Washington and Beaufort County partnered in 2004 to build the Skills Center, a business incubator with space for new business owners to temporarily establish their headquarters and take training courses offered by BCCC. The Skills Center also allows entrepreneurs the time to build partnerships and establish contracts with surrounding component manufacturers and thus become embedded in the boat-building cluster.

By 2005, Washington’s strategy was starting to pay dividends. Washington native Roger Brooks fulfilled his childhood dream when he opened Brooks Boats. During the year his manufacturing plant was being built, Brooks set up his offices in the Skills Center and began training his workforce. “The college provided training in lamination faring, operation training and safety,” said Jack Pyburn, business and industry liaison for BCCC. “We used \$40,000 of state funding, helping Brooks to have higher skilled, more efficient employees.” Besides building boats, Brooks also manufactures parts for other boat builders in eastern North Carolina, further strengthening this cluster. In 2006, Brooks moved to his new 14,000-square-foot space. His company currently employs 50 workers.

¹²¹ “Target Business Analysis for North Carolina’s Eastern Region.” Market Street Services, February 19, 2004.

Egret Boats has followed a similar path through the Skills Center and created 56 new jobs in Washington. All told, Washington currently has three boat manufacturers, employing several hundred workers, as well as a number of component manufacturers and machinists.

What are the lessons from this story?

Workforce development is economic development. This is a story about using workforce development as a driver of entrepreneurship development strategies, a way to give local entrepreneurs a competitive advantage. Washington is demonstrating that, especially in small rural communities, workforce development programs can catalyze economic development in ways beyond just training workers.

Recognize and tap into regional economic opportunities. In times of economic transition, Washington chose to build on its unique waterfront location and its shipping heritage to become part of a broader economic engine, the marine trades cluster in eastern North Carolina. Doing so allowed Washington to become a workforce development hub for this growing economic sector. The town was strategic in terms of evaluating what it could offer to the growing marine trades cluster and recognizing opportunities to set the town apart from other towns in the region.

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CASE STUDIES IV:

Small towns adjacent to a metropolitan area or an interstate highway



CASE STUDIES IV:

Small towns adjacent to a metropolitan area or an interstate highway

The case studies in this chapter include small towns where the community's physical location plays a prominent role in the economic development challenges and opportunities facing it. Some of these towns are located in urban counties; others are in rural counties adjoining metro areas. Davidson and Hillsborough, for example, are towns that once were rural, but today face tremendous growth pressures from their more urban neighbors. These case studies represent communities where maintaining a small town identity plays a prominent role in local economic development planning and decision-making. Farmville is, to a certain extent, beginning to feel similar growth pressures from nearby Greenville. Oxford and Morrilton, while not in an urban corridor, are situated along interstate highways. Cases in this chapter include:

Davidson, North Carolina*: The community preserves its small town character and community assets in the face of explosive development pressure from nearby Charlotte. Adherence to smart growth principles and regional collaboration on industrial development projects are Davidson's strategies for upholding its community's high standards.

Farmville, North Carolina*: A historically tobacco-dependent community, Farmville ensures its long-term vitality through diversification. Today, furniture, health care, construction, warehousing and service industries all can be found thriving in this small North Carolina town. Farmville invests in local businesses and schools, and markets itself to new industries and residents.

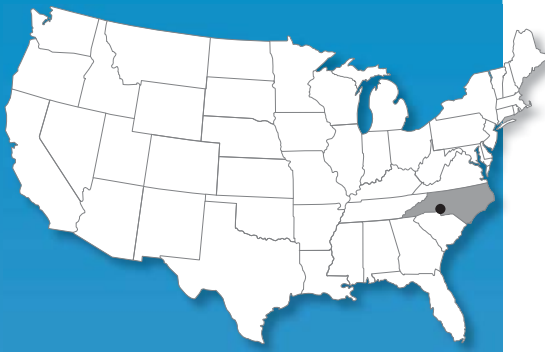
Hillsborough, North Carolina*: With an identity rooted in its small town history and a location ideal for commercial development, Hillsborough strikes a savvy balance between preservation of its past and growth for its future.

Houston, Minnesota: The Houston public school system capitalizes on an opportunity to partner with a private sector company to develop an online learning curriculum. In the process, the local school district leads an initiative to equip and connect rural residents to the Internet, the school, their neighborhoods and their community.

Morrilton, Arkansas: In Morrilton, two of the town's largest employers close their doors in the same week. A broad coalition of community leaders responds quickly to form partnerships and implement job training programs for the dislocated workers.

Oxford, North Carolina: Located 30 miles north of the booming Research Triangle Park, Oxford is partnering with Granville County and its neighbors to implement a "mini-hub" approach to economic development. The strategy is to prepare relatively low-cost industrial sites that are attractive to companies that need to be near the Research Triangle, but not in it.

* denotes a long, analytic case study



Davidson, North Carolina

	Davidson
Population (2000)	7,140
Municipal budget (2006)	\$7 million ¹²²
Per capita income (2000)	\$31,570
Median household income (2000)	\$78,370
Poverty rate (2000)	6%
Minority population (2000)	12%
Proximity to urban center	20 miles to Charlotte, N.C.
Proximity to interstate highway	1 mile
Strategic approach	Industrial development Smartgrowth Partnership development
Time frame	1995-2007

Over the last decade, Davidson has become known as the town that sprawl forgot.¹²³ Located approximately 20 miles north of Charlotte, Davidson is earning a national reputation for its commitment to new urbanist and smart growth principles. In 2004, Davidson won a National Award for Smart Growth Achievement from the U.S. Environmental Protection Agency. With a strategy of managed growth and regional industrial development, Davidson is charting territory into which few other small towns have ventured. As the announcement of the EPA award said: "A small community, Davidson is setting the standard for creating healthy and vibrant neighborhoods in a historic setting. The town is revitalizing its existing buildings, and its new neighborhoods incorporate a variety of lot sizes and housing types, including affordable housing, and neighborhood parks within a five-minute walk."¹²⁴

The community and its history

Situated 20 miles from Charlotte (North Carolina's largest city), Davidson is a suburban community on the eastern edge of Lake Norman. For the past 25 years, Davidson has fought hard to resist development pressure from the rapidly expanding Charlotte metropolitan area. The perception among neighboring communities and private developers is that Davidson is anti-growth and anti-business. Others see Davidson as a

¹²² Interview with Randy Kincaid, then mayor, April 24, 2007.

¹²³ *Nation's Cities Weekly*, Sept. 12, 2005.

¹²⁴ EPA website: www.epa.gov/dced/sg_awards_publication_2004.htm. Accessed on April 15, 2007.

Davidson preserves its small town character and community assets in the face of explosive development pressure from nearby Charlotte. Adherence to smart growth principles and regional collaboration on industrial development projects are Davidson's strategies for upholding its community's high standards.

progressive community with a global and long-term perspective on development. The drive into town makes one thing clear: Davidson is something different. The town's historic Main Street is lined on one side by restaurants, coffee shops, book stores and a variety of professional services. The other side of Main Street is an expansive downtown green, which frames the entrance to the public library.

According to several local residents, one of the community's core values is ensuring the presence of open spaces where neighbors can gather together. Public parks and green spaces stretch through every part of Davidson. The town's namesake, Davidson College, a liberal arts college with 1,700 students, abuts the northern edge of Main Street. The campus is an oasis for students and locals alike – with wide open spaces shaded by 100-year-old oak trees. Davidson's two-lane streets, wide sidewalks and greenways provide access to open spaces and emphasize walking and biking over cars.

Development in Davidson is a slow, deliberative and community-inclusive process. "Davidson's culture is all about public input and direction," said Kate MacIntyre, executive director of Downtown Davidson. One direct result is that Davidson's exit on Interstate 77 (traveling north from Charlotte) long remained the only undeveloped exit in Mecklenburg County. In 2006, however, the town, in partnership with several private developers, broke ground on a new urbanist development with a variety of residential and commercial spaces, situated just off I-77. This development, like all others in Davidson, emphasizes walkability as a crucial element of the design. Even today, Davidson maintains a special small town character.

Davidson has a unique history among the small towns of Mecklenburg County. Whereas its closest neighbors of Matthews, Huntersville and Cornelius began as railroad stops or mill towns, Davidson owes its existence to Davidson College. Presbyterians established the college in 1835 to provide higher education to Presbyterian residents of North Carolina's western Piedmont. Soon local merchants started offering services to the faculty and students, and a retail core developed along Main Street. In 1874, the railroad reached Davidson and with it came industrial development. Linden Mill opened in 1890, followed by the Delburg Mill in 1908.¹²⁵ By the 1920s, Davidson had a thriving industrial and retail economy, which was energized by the college at the center of town.

In modern-day Davidson, most of the local economy is based on residential development and services. The community's somewhat limited economic diversity comes from Ingersoll-Rand, a manufacturer of air compressors with 1,200 employees, which for 30 years has been the industrial anchor for Davidson. In addition to being the town's largest employer and taxpayer, Ingersoll-Rand supports several nonprofits in town, including the Eda Jenkins Community

¹²⁵ "A Look at Davidson's Past." *The Town Message*, Fall 2006.

Center, which offers education, health care and human services to low-wealth residents of Davidson.

In the mid-1990s, Davidson faced two major development challenges. First, growth from the Charlotte metro area threatened the small town character. Between 1990 to 2000, the population of some of Davidson’s closest neighbors more than quadrupled. Davidson, with a mere 76 percent increase, had resisted Charlotte’s influence but was under pressure. A community planning exercise in 1993 demonstrated that residents of Davidson wanted to preserve the small town qualities of their town. The community needed ways to manage growth on its own terms.

Town	Population (1990)	Population (2000)	% change
Davidson	4,046	7,139	76
Cornelius	2,581	11,969	464
Huntersville	3,014	24,960	728

A second and closely related challenge had to do with the type of development that was driving growth in northern Mecklenburg County; it was almost all residential, which places a heavy demand on public services. In the mid 1990s, more than 75 percent of Davidson’s tax base was residential. “Residential development costs \$1.50 in government services for every \$1 added to the tax base,” said Kris Krider, Davidson’s planning director. “On the other hand, industrial development costs 30 cents in services for every dollar added.” Davidson was fortunate that most of the residential development in town was on the high end, mitigating the public cost and making it possible to maintain adequate levels of public services without raising taxes. Nonetheless, the growing pressure on local government services made economic diversification a priority.

The strategy

Davidson aims to manage growth, allowing development on the town’s own terms, which include facilitating the development of retail and service amenities for residents and partnering with neighboring communities to create industrial jobs that benefit the entire region.

Smart Growth: managed growth with economic diversification

Davidson’s strategy for managing growth begins with a vision – a set of principles that a cross-section of the community agreed represented the values of their town. Initially drafted as the Davidson land plan in 1995, Davidson’s *Eight Planning Principles of Smart Growth* are: (1) preserve Davidson’s status as a small town, (2) preserve and enhance Davidson’s unique downtown, (3) ensure that growth is sustainable, (4) preserve substantial amounts of open space, (5) re-establish the town’s historic diversity of people, (6) develop no faster than the

town can provide public facilities, (7) adhere to importance of both private property rights and the health of the community as a whole, and (8) ensure that architecture and planning enhance the quality of life.¹²⁶

Throughout the late 1990s, the town council, the planning staff and community leaders developed a zoning ordinance to transform Davidson's vision for managed growth into actionable policy and practice. The zoning ordinance, adopted by the town council in 2001, is several hundred pages long and is designed to hold the town's general growth pattern – as well as individual residential and commercial developments – to the highest of planning and zoning standards. For example, it requires that pedestrian, bicycle and street circulation plans be submitted for all new developments. Residential subdivisions are prohibited from having gates, must have a variety of lot sizes and must preserve 40 percent of the development for open space. City streets are designed to discourage cars from speeding, making it easier for residents to walk and bicycle around the town. To further encourage walking, the town requires narrow, tree-lined streets with on-street parking and sidewalks on both sides of the street. The ordinance does not permit drive-through windows and requires new buildings within the town's main corridor to be two stories, discouraging the proliferation of big box retailers.

Even with these tight restrictions, developers are innovating and working with Davidson to meet the community's standards. The new CVS Drug Store on Main Street in Davidson – with no drive through windows and with offices on the second floor – has become a major success for the company and for the town. CVS recently moved its regional office staff into the upstairs space, and sales at the location have outpaced those at their company's more traditional suburban locations. In the next few months, Davidson will become one of the few communities that can claim a two-story gas station complex, which will include loft living above the downstairs retail outlet.

The planning ordinance includes two particularly innovative tools for managing local growth. The first is the adequate public facilities ordinance (APFO) designed to soften the impact of booming residential development. The second is the intensive (and inclusive) process by which development projects are approved.

Davidson's APFO, which applies to any residential development with more than 20 units, was written and designed to ensure that residential development did not outpace the community's capacity to provide services. The ordinance requires developers to pay for streets as well as other infrastructure associated with any new development. Davidson's APFO covers fire protection, law enforcement, intersection capacity, community parks and greenways. For example, public parks must be provided at a ratio of one to every 500 dwelling units.

¹²⁶ "From the "General Principles" section of Davidson's Planning Ordinance. Available at www.ci.davidson.nc.us/units/planning/ordinance/default.asp.

In addition, Davidson's APFO is the first in the country to include affordable housing. Within every residential development, one in eight units (12.5 percent) must be affordable, defined as "housing available for occupancy or ownership by a target household at mortgage or rental payments not exceeding thirty percent (30 percent) of the base, unadjusted income limits."¹²⁷ This regulation is intended to ensure that Davidson does not become a heterogeneously wealthy community and maintains its historic diversity. The APFO is Davidson's pressure valve for regulating both the manner and speed at which residential development happens in town.

Second is an innovative process for reviewing new developments, which evolved over time in Davidson. The process is rife with opportunities for Davidsonians to have input into the development of their community. Any project, residential or commercial, begins with a meeting between the town planning staff and the developer. At this meeting, the basic concept of the development is discussed and the planning staff reacts to the developer's idea. Next, the developer is required to invite every neighbor within a quarter mile of the development to a charette which, according to the planning staff in Davidson, "is extremely important to ensure that the residents and all the relevant stakeholders have meaningful input into the development of their community."¹²⁸ In some cases, charettes in Davidson can last up to five days. In most cases, the developer begins making detailed plans for a development *only after* meeting with the community in a charette.

After collecting information from local planning staff and community residents, and after creating an in-depth development plan, the developer meets with Davidson's planning board in a strictly informational meeting. The planning staff then reconvenes to review the plans. Once the planning staff confirms that a plan meets the standards established in Davidson's ordinance, the plan goes before the town planning board. The board votes and makes a recommendation to the town board. Then, the developer must present the plan to the whole town board, which gives final approval or disapproval of all new developments. "This whole process can take anywhere from six to nine months, with a good number of projects taking more than one year to clear Davidson's permitting process," said Bill McCoy, a member of Davidson's planning board.

Industrial development through partnerships with neighboring communities

The second part of Davidson's strategy is a direct response to the town's need for a broader tax base. In 2002, widespread concern that northern Mecklenburg County was becoming one big bedroom community led the Lake Norman Chamber of Commerce to commission a study on options for economic diversification. The study recommended that Huntersville, Cornelius and Davidson cooperate on economic development through a new nonprofit organization.¹²⁹

¹²⁷ Davidson's Adequate Public Facilities Ordinance.

¹²⁸ A charette is an intensive planning session where citizens, designers and others collaborate on a vision for development.

¹²⁹ North Mecklenburg County Economic Development Strategy. Prepared by Leak-Goforth Co. and Urbanomics Inc. November 2002.

From this study, the Lake Norman Regional Economic Development Corp. (EDC) was born. Shortly after its formation, the new EDC brought together town managers and elected officials from Huntersville, Cornelius and Davidson to create a new industrial park in Huntersville. “Our study showed that Huntersville had the land, Cornelius had dollars, and Davidson had a little bit of both,” said Bill McCoy, a member of Davidson’s planning board. “But importantly, each town had a pressing need to broaden their commercial tax base and a willingness to work together.”

The first step in creating the North Mecklenburg Industrial Park was to negotiate and draft an interlocal agreement spelling out how each municipality would share construction costs and revenues from the new park. They agreed to share the \$4 million construction cost based on each town’s population. Huntersville would pay 60 percent, Cornelius 25 percent and Davidson 15 percent. When the park produced property tax revenues, the towns agreed to share them according to the same formula. The interlocal agreement carries a 40-year term for revenue sharing among the towns. The agreement also created a seven-person team to manage the park, including the three mayors, three town managers and the executive director of the EDC.

The North Mecklenburg Industrial Park is one of the first examples in North Carolina in which several municipalities have agreed to share the costs and tax revenues for an economic development project. “This is a wonderful example of cooperation among four governments,” said Randy Kincaid, Davidson’s former mayor. “I believe that it will serve as a model for all future economic development in northern Mecklenburg County.”

In 2005, the park welcomed its first tenant, a plastics manufacturer with 242 jobs and \$48 million to invest in the region.

The outcomes

Outcomes that can be attributed to Davidson’s economic development strategy include:

- Through Davidson’s planning ordinance, the town is preserving open space, creating a walkable community, encouraging affordable housing development and facilitating development on its own terms.
- In 2001, with the adoption of the adequate public facilities ordinance, Davidson became the first community in North Carolina to enact an inclusionary zoning ordinance, which requires a given share of new construction be affordable to people with low to moderate incomes.
- In 2002, Davidson’s The Bungalows complex won Fannie Mae’s Maxwell Award for Excellence in Affordable Housing.
- In 2002, Davidson helped to create a regional economic development collaborative that

added to the capacity of the region to invest in and benefit from economic development.

- In 2005, the North Mecklenburg Industrial Park welcomed Prairie Packaging Inc. (242 jobs and \$48 million investment over five years).

How and why the strategy is working

Given Davidson's apparent success with its approach to small town economic development, the question then becomes: How and why has this small town in Mecklenburg County been so successful? First, there is little doubt that demand for access to Davidson's market is substantial. Investors are willing to endure extra hurdles in exchange for access to the local market. On the other side of the coin, however, leaders are willing to assume risk to maintain the small town character. Local leaders have a strong political will in the face of tremendous development pressures. In addition, the town has an almost continuous stream of newcomers with new ideas and energy, and local leaders have managed to embrace the concept of regionalism in their town's broader economic development efforts.

Strong demand for access to the Davidson market. Local market conditions in Davidson are key factors in the relative success of the town's approach to growth management. Even with the town's reputation for being difficult, developers are lined up at Davidson's doorstep and are willing to work within the town's guidelines because the local market makes the extra investment worth it. "Developers are reluctantly investing in the area and are willing to endure the headaches," one prominent developer said. It would be misleading, though, to imply that every small town has the resources, time and political to shape development to the extent that Davidson has managed. In general, Davidson is a wealthy, highly educated and progressive community with the means to resist external development pressures.

Willingness to take risks. "One of the reasons that we've been as successful as we have, in terms of managing growth, is because we've had an attorney that let us take risks," Kincaid said. When it comes to growth management and economic development, the implementation and use of any new or innovative strategy comes with the inherent risk of legal challenge. The legality of Davidson's adequate public facilities ordinance (as well as other areas of its planning ordinance) falls into a gray zone. Without assuming the risk of legal challenge, Davidson may have developed in a way that erased the characteristics that make it special.

Strong political will from the local government. According to Bill McCoy, the most important element to Davidson's success with managing growth has been elected officials willing to stand by the community's preferences in the face of development pressures. Everyday, and in every meeting, there is an opportunity to compromise on the town's vision and values. In most cases, it would probably be easier to give a little here and there when it comes to long, protracted and tense negotiations with developers and their teams of lawyers. The mayor,

town commissioners and planning board, however, are vigilant when it comes to Davidson's values.

Population turnover brings new ideas and fresh energy. Davidson College alumni – those either retiring or moving back to start a second career – provide a constant source of new volunteer energy and innovative thinking into the community. The town staff and elected officials reflect the value of this energy, as they represent a diverse range of backgrounds, experience and local tenure. The mayor, a Davidson alumnus, moved to town from Florida in the 1970s. The town manager, a native of the area, has been in Davidson “forever.” The town's press officer moved to town last year. The varying tenure of local officials and leaders is one reason that Davidson manages to maintain its energy.

Real partnerships with neighboring communities. The willingness and ability of leaders in Davidson to come together with Cornelius and Huntersville on the North Mecklenburg Industrial Park is an indication that Davidson has embraced regionalism. Taking a regional approach to economic development, and recognizing that costs and revenues from regional projects ought to be shared, is a critical ingredient in Davidson's success. Even though the up-front cost on the industrial park was a risk, Davidson invested, and the revenues from this project are helping the town to broaden its economic base.

What are the lessons from this story?

“Are we moving in a direction that our children will be proud of?” According to Mayor Kincaid, public officials in Davidson ask this question before every decision. In Davidson, the external pressure to make decisions based on the town's short-term interests is tremendous. For example, during the search for a location for the North Mecklenburg Industrial Park, one of the early options was a site on the outskirts of Davidson's town limits. The town, however, already had decided to save that particular plot of land for the next generation of Davidsonians to develop. Even though the short-term tax benefits of developing the industrial park in Davidson would have been a huge for the community, officials supported a site in Huntersville. The mayor and town council have maintained a futurist approach to local development. Further, the APFO and the process that Davidson put in place for permitting development are practical tools that help the community keep a balanced perspective on short- versus long-term outcomes. “Long-range planning is very important in sort of getting in front of the curve and making sure the vision is embraced as new development comes along,” said Krider, the planning director.

“Kincaid's Law”: According to the mayor, the most controversial thing in small town government is asphalt: who gets it; how much of it goes where; who pays for it; and where does it end? In Davidson, the lesson is to understand the long-term impacts of asphalt. Creating a

four-lane road through town affects the walkability of a community and creates incentives to drive. On the other hand, narrow, curving streets with roundabouts encourage walking and create disincentives to car traffic.

Know your market. In Davidson, developers – not local government – pay for almost every penny of road and infrastructure to serve new developments. Not every community will have the leverage to force a developer’s hand on this issue. Davidson demonstrates that when the market conditions are right, developers will pay their share. The basis for negotiating with developers should be rooted in an assumption that developers ought to be responsible for providing adequate infrastructure for their development, not that the local government is entirely responsible. Communities need to understand their local market conditions and be prepared to take tough stands on issues of infrastructure provision.

Smart growth and economic development are complimentary approaches to advancing a community’s vision. The perception, whether warranted or not, is that smart growth principles constrain economic development. Davidson demonstrates that embracing smart growth principles as part of an economic development strategy can be a means of taking local control of economic development. Davidsonians – not forces outside the community – decide what their community will become. When done thoughtfully, and as part of a widely shared community vision, smart growth and economic development are complementary forces.

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Farmville, North Carolina

	Farmville
Population (2000)	4,300
Municipal budget (2006)	\$12.8 million ¹³⁰
Per capita income (2000)	\$20,600
Median household income (2000)	\$29,200
Poverty rate (2000)	21%
Minority population (2000)	53%
Proximity to urban center	15 miles to Greenville, N.C.
Proximity to interstate highway	25 miles
Strategic approach	Industrial development Business retention & expansion Residential development Organizational development
Time frame	1998-2007

In 2004, Farmville was a finalist in the National Civic League's *All American City* competition. Residents of this small rural community boast about their town's big-city amenities, which include an active cultural scene with live performing arts, a bustling Main Street and an innovative four-campus public school. Farmville's recent success has not come without hard work and innovative thinking. Facing declines in traditional industry, this small town – once at the center of the national tobacco industry – diversified and expanded its economy to an extent that makes it the envy of much larger urban neighbors. Through an intensive branding and marketing campaign, coupled with aggressive support for existing businesses, Farmville has become a beacon of hope in the golden leaf tobacco country of eastern North Carolina.

The community and its history

Farmville is a small town in eastern North Carolina situated within close reach of Greenville and Wilson. Even so, Farmville has managed to maintain its individuality and small town feel in the face of growth from these more sizable neighbors. According to the mayor, Farmville is not a bedroom community, but rather a "family room community." Residents tend toward gloating when asked what they like best about Farmville, whether it is the general warmth and safety of town or the ease of living in such a friendly small community. Reflecting the extent to which local residents love their town, several years ago the citizens of Farmville gave



A historically tobacco-dependent community, Farmville ensures its long-term vitality through diversification. Today, furniture, health care, construction, warehousing and service industries can all be found thriving in this small North Carolina town. Farmville invests in local businesses and schools, and markets itself to new industries and residents.

¹³⁰ Interview with Richard Hicks, Farmville town manager, March 22, 2007.

a gift to the town. They raised money for and constructed a \$165,000 fountain at the main entrance to town hall. Rather than being a gift *from the town* to the citizens, this was a gift *from the citizens* to the town. Farmvillians are proud of Farmville.

The area surrounding modern-day Farmville was first settled in the mid 1760s, but the town was not formally incorporated until 1872. The first quarter of the 20th century was a period of incredible growth, as the town became a commercial center for the region's booming tobacco industry. At the time, two railroads linked Farmville to the major tobacco markets in Wilson and Durham, and a number of large tobacco processing and warehousing operations set up in town. In the 1920s Farmville was called "the friendliest little town in the state." Through the late 1960s, tobacco sales, processing and warehousing, as well as agribusiness support services, remained central to Farmville's growth and stability. In 1956 Farmville formed the Economic Development Council to begin the hard work of economic diversification. The council was primarily concerned with industrial development.

Today, the historic Main Street in Farmville is hopping with activity. A new restaurant, the Buzz Around Café, recently opened in a refurbished storefront on Main Street. On warm sunny days at lunch time, tables are full and outdoor seating brings activity street-side. Linda Burti owns and operates a jewelry store on Main Street. "Business is great, both from local clients as well as from out-of-town visitors," she said. The downtown Paramount Theater is home to Farmville's Community Arts Council, which stages three or four live performances each year, as well as holding art exhibits and concerts. In terms of downtown merchants, the Main Street anchor is Farmville Furniture, which has been downtown for 100 years. The store has clients across the Southeast, as well as in the Middle East and Europe. These connections – between a small furniture store on Main Street in Farmville and international clients – can be traced back to Farmville's history as an international destination for the tobacco business.

Given its strategic location, 13 miles from the world-class medical facilities at East Carolina University, it is no surprise that health care and social assistance comprise the largest employment sector in Farmville. In addition, the town is home to a large number of construction subcontracting businesses, warehousing and distribution facilities, and a significant service industry. Farmville also has maintained its grasp on several major manufacturing operations, including the North American headquarters for Alliance One, an international tobacco processing operation with 500 employees in its local plant and another 200 in sales and management. A local manufacturer of gas space heaters, Mestec, employs 300.

Residents of Farmville exhibit a strong commitment to volunteerism and community service. In 2004, Gov. Mike Easley recognized the Farmville Area Coming Together for Schools organization, which supports various local school initiatives, for outstanding volunteer service. The local school system is also a major asset. In fact, Farmville is at the forefront of the movement to create neighborhood schools. The local schools, grades kindergarten through 12, sit adjacent to one another, a convenience that is not lost on local residents. "You can drop your children

off in kindergarten and pick them up 12 years later in almost the exact same location,” Lori Drake said. In addition to the convenience, the arrangement facilitates the use of shared resources, and it adds to the feeling of community cohesiveness.

Farmville Municipal Library is one of the few fully town-funded public libraries in North Carolina. Approximately 20 percent of Farmville’s municipal budget goes toward supporting the library, which houses a 24-station, state-of-the-art computer lab. “Our library is very important to this community, and we support it as such,” Mayor Robert Evans said. Further, the town is fortunate to have more than adequate water and wastewater infrastructure. In 1975, Farmville built a new wastewater plant, which has since been upgraded. As of 2007, the facility is operating at only 30 percent of capacity, leaving ample room for expanded operation.

A lot of hard work brought Farmville its progress in community and economic development. In 1996, Farmville was facing a series of threats that are common to small, rural communities. Until the early 1990s, the town’s sole focus in economic development was on industrial recruitment. Although the town had managed to attract and retain a number of manufacturing facilities in tobacco and textiles, these industries were declining. At the same time, Farmville’s closest urban neighbor, Greenville, was growing rapidly and beginning to encroach on Farmville from the east. In addition, the local organizations were not coordinated in working to bring Farmville into the next century. “Economic development has changed,” Evans said. “As the mayor of a small town, I can’t just put somebody in a car and say ‘go find us an industry.’ That is not how things work anymore.”

The strategy

In 1998, Farmville put in place an innovative structure to facilitate economic development. A group of public and private sector leaders recognized the need for a single point of contact for economic development to avoid duplication of effort. They created the Farmville Development Partnership to be an umbrella organization for three existing organizations: the Economic Development Council (established in 1956), the Chamber of Commerce (formed in 1936) and the Downtown Partnership (created in 1994). The concept, Lori Drake said, was “to create a single economic development office that would efficiently use office space, staff, management expertise and funding.”

The Farmville Development Partnership’s governing board is made up of three members each from the Town of Farmville, the Economic Development Council, the chamber and the Downtown Partnership. The town provides \$200,000 annually (in addition to in-kind office space), which is supplemented by chamber and council dues, donations and state/federal grants. All three organizations share an office and a staff of three full-time employees. In conjunction with the town manager’s office, the FDP – through its subordinate institutions – coordinates all of Farmville’s economic development efforts and provides the town with a substantial amount of local capacity.

Given this capacity, Farmville's strategy is to support existing businesses through a coordinated visitation program, small business incubation and an incentive program for residential development; to recruit large and small businesses in a range of sectors with creative incentive programs; and to enhance its support for economic growth with an intensive marketing and branding campaign.

Supporting existing business

Farmville recognizes that, in the words of the town manager, "more than 80 percent of the new jobs and investment in our community comes from businesses that are already here." The town works hard with existing businesses, large and small, to ensure their long-term viability in Farmville. Working with economic developers from Pitt County, the partnership's Lori Drake coordinates a comprehensive business visitation program. Drake ensures that every business in Farmville – large, small, manufacturing, service or retail – gets a visit from FDP. The town hosts an annual industry appreciation banquet and golf tournament. FDP hosts regular Business After Hours events to provide networking opportunities for existing business leaders. In addition, the town is negotiating with Pitt Community College to develop a satellite campus in Farmville to boost local workforce development.

A small business incubator helps entrepreneurial companies reach their potential. In addition to providing businesses space, FDP organizes training opportunities (through Pitt Community College) for companies that locate in the incubator. EMI, a heating and cooling contractor, started in Farmville's incubator before moving into a larger facility across town. It had grown from one employee to eight in just eight months. "The small business incubator is a fantastic thing for a small business owner and for a community," EMI's founder said. "It shows Farmville's dedication to growing and expanding, providing jobs and contributing to the quality of life in the community."

To ensure the town's long-term livability, Farmville provides incentives for a mix of affordable and high-end residential development. Under this program, the town reimburses developers for 40 percent of the total cost of streets, water, sewer, curbs, gutters and storm drainage after a subdivision is completed. "If a new development has 10 lots, after the first house was built and occupied, we would pay two-tenths of our 40 percent share to the developer," explained Richard Hicks, town manager. "After 51 percent of the total lots are built and occupied, we would have reimbursed the developer for our 40 percent." The idea is to create residential infrastructure for local workers to live in Farmville and to attract higher-income residents from Greenville.

Marketing and incentives to recruit new business

The most intense element of Farmville's strategy is to create a brand identity for the town and to market the livability of Farmville – all in an effort to entice new residents and businesses. In 1999, the partnership led a group of citizens through a visioning exercise and chose Farmville's gazebo, a popular landmark, as the image for a new logo. The logo is incorporated into all of

Farmville's marketing materials, banners on Main Street, a community-owned billboard on U.S. 264 and a variety of print advertisements. Farmville's tagline, "Experience our community," also is printed on its marketing materials. In addition, the town invested in a modern and well-designed website. "We believed that because a great deal of preliminary research by business site consultants is now being done online, it was important that we create a portal to Farmville that was convenient, catchy and easy to use," Drake said.

The town has worked hard to build strategic partnerships to distribute its message. Because the Pitt County Economic Development Commission is the primary point of contact for state-level business recruitment leads, Farmville makes sure the town's marketing materials are adequately represented when the commission works with statewide business prospects.

Farmville actively recruits industries in two main categories (1) traditional industries that pay wages above those in the service industry and (2) medical services and retail. The town tailors incentives packages for the situation. To lure Alliance One, the town offered \$5,000 for each new job created, a moderate amount of relocation assistance to certain levels of staff, \$2,500 toward the purchase of new homes for executives and some travel expenses for visiting managers. In another case, Farmville provided a moderate amount of rental assistance to a new small business that moved into a vacant property in town. The town also has a package of retail incentives for businesses on Main Street and a facade grant program for downtown buildings. The incentives serve several ends, from the creation of jobs and tax base to property revitalization and residential development.

Internal marketing – or keeping residents of the community up-to-date about economic development activities – is yet another element of Farmville's success. The town and FDP reach out to residents through local and regional media, the distribution of Farmville's annual report, and sponsorship of local events and celebrations. The town and FDP sponsor an annual Christmas parade, the Dogwood Festival and Hometown Halloween. Events and celebrations give residents a way to celebrate their community, but also draw tourists and, implicitly at least, promote the advantages of living in Farmville. Proceeds from events support a fund for downtown building facade renovations.

The outcomes

Outcomes that can be attributed to Farmville's economic development strategy include:

- From 1998 to 2003, Farmville welcomed 64 new businesses to town (380 new jobs), including small shops and large industries.
- Since 2005, Farmville welcomed six new businesses (with 20 jobs) to Main Street.
- In 2004, Farmville was a finalist in the All American City competition, which is judged on criteria relating to civic engagement, effective community problem-solving and inclusive community leadership.

- From 2000 to 2003, Farmville’s population expanded by 3.8 percent.¹³¹
- From 2001 to 2003, Farmville’s average wage rate grew by 6.8 percent.¹³²
- In 2005, Farmville landed the North American headquarters for Alliance One (450 manufacturing jobs and 200 in sales/logistics).
- Since 1998, local incentives for residential development have resulted in more than 350 new homes that range from affordable to expensive, with corresponding increases in property tax revenues.
- Volunteerism and community participation are rising. The Farmville Development Partnership has an active registry of more than 400 volunteers, and 60 residents serve on town government advisory boards.

How and why the strategy is working

Farmville’s apparent success with its intensive support and marketing approach to small town economic development leads to the question of how and why has this small town in eastern North Carolina been so successful? First, the town put in place an efficient institutional structure to oversee and coordinate economic development activities. At the same time, leaders in Farmville were deliberate about soliciting local support for their efforts, and they have a long history of working hard to diversify their local economy. Finally, Farmville is blessed with strong local leadership that is active in terms of integrating newcomers into the community.

Institutional structure minimizes duplication. FDP – the umbrella organization for the Chamber of Commerce, Economic Development Council and Downtown Partnership – is the single point of contact for any economic development project in Farmville, eliminating duplication of effort. Efficiency is enhanced through a single board that oversees the activities of all four organizations. The town government and FDP coordinate public and private sector resources being directed toward development goals.

Local involvement in economic development strategy formulation. Farmville’s process for devising an economic development strategy involved a cross-section of public, private and nonprofit interests. In 2002, the town manager’s office commissioned the firm Sanford Holsouser to develop a strategic economic development plan. Once the consultants completed their initial analysis, which included dozens of interviews and focus groups with local residents, the town manager called hundreds of residents together for an economic summit. Town residents were divided into subgroups that corresponded to the report’s six main areas of focus: (1) marketing, (2) existing business support, (3) business recruitment, (4) incentives, (5) residential development and (6) retail development. In the process, residents and local officials had an opportunity to shape and refine the town’s strategy.

¹³¹ Sanford Holsouser Business Development Group. “Town of Farmville, North Carolina: Strategic Economic Development Plan.” December 2004.

¹³² Sanford Holsouser, 2004.

Foresighted and ongoing diversification of the local economy. Ever since the mid-1950s, Farmville’s leadership has worked to diversify the economy beyond tobacco dependency. In 1956, the town created the Economic Development Council (one of the first in North Carolina), which was charged with attracting a diverse range of industries to Farmville. “Visionary leaders recognized that tobacco could not carry the area’s economy indefinitely, and they created the council to help diversify the town’s economy,” Drake said. Farmville now has more than 2,100 industrial jobs – second most in the county – and a growing base of jobs in the medical and service industries.

Strong local leadership with a global perspective. “The secret of economic development lies with local leadership,” said Tom Willis, an expert in economic development in eastern North Carolina and the first director of the Farmville Development Council. The current mayor, town manager, executive director of FDP and dozens of private volunteers form a network of leadership that is unrivaled in communities of similar size. Not only does Farmville have a surplus of dedicated community leaders, but the town has a history of leaders with a global perspective on their community’s challenges and opportunities. “People from the tobacco industry traveled around the world as part of their jobs,” Drake said. “The industry brought a sense of internationalization to this small town.” The linkages between Farmville and the global marketplace are evident on Main Street (Farmville Furniture), in the restaurants and coffee shops (international business people) and in the intensity of the town’s marketing effort. Farmville knows that to lure new investment, it must compete on a global scale.

Integration of new residents into the town’s civic and social infrastructure. In Farmville, few barriers limit newcomers from integrating into the town’s social and civic infrastructure. The mayor and town manager welcome newcomers with a new residents picnic each spring. All of Farmville’s elected officials and public leaders attend. This encourages new residents to apply their fresh energy and vitality to civic life. Lori Drake, the leader of FDP, moved to Farmville from out of state a few years ago. Newcomer Charlotte Batton was elected to the town commission. Another newcomer, John Shepherd, directs the arts council. Incorporating newcomers into civic life brings fresh ideas and new perspectives to Farmville’s challenges.

What are the lessons from this story?

Respond quickly to local business and industry. Leaders in Farmville, including the mayor, town manager and the executive director of FDP, respond promptly when industries ask for assistance. In 2006, Alliance One was struggling to hire a sufficient workforce. Managers from the company called the town manager and asked if he could help. By the next afternoon, the town had assembled a team of local, regional and state-level workforce resources to assist the company. A few days later, a regional job fair allowed Alliance One to fill its vacancies. “The town’s response – and particularly the fact that busy people set aside whatever they were doing to help – demonstrated to us that the town cared about our business and could help,” an Alliance One manager said.

Small towns can maintain their character in the face of growth pressures. According to Mayor Evans, the question that Farmville asks is: “How can we use the urban growth from Greenville to our advantage, rather than let it consume us?” Through aggressive marketing, events promotion and determination to develop on its own terms, Farmville has maintained its identity. The town has no interest in becoming a bedroom community. Rather than passively react to the growth from Greenville, Farmville supports and promotes local business growth while also working with residential developers to meet the growing demand for homes and neighborhoods.

Embrace change and evolve. Ever since the 1950s, Farmville has put itself on the front end of shifting economic circumstances. For example, local tobacco barons were willing to adapt and diversify at a time when such behavior was unheard of in other parts of eastern North Carolina. Over time, Farmville’s willingness and ability to change and evolve, rather than to get comfortable and stagnate, has allowed new and innovative approaches to local development to take root.

Never wait for help when you can help yourself. Farmville is not a town that waits around for help to come from the outside. For example, when Hurricane Floyd flooded a residential section of Farmville in 1999, the town purchased 16 residential properties and turned the area into a public park with trails, recreational amenities and exercise equipment. Farmville was the first community to take a proactive and long-term approach to responding to the disaster.

Use multiple tools to achieve multiple outcomes. Farmville employs a variety of incentive configurations that are customized to a particular project. The town will provide incentives for not only job creation, but retail locations on Main Street, facade/property upgrades and residential development. A diverse and customized incentive toolbox is ideal.

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Hillsborough, North Carolina



	Hillsborough
Population (2000)	5,446
Municipal budget (2006)	\$5.7 million ¹³³
Per capita income (2000)	\$21,820
Median household income (2000)	\$40,110
Poverty rate (2000)	13%
Minority population (2000)	40%
Proximity to urban center	14 miles to Durham, N.C.
Proximity to interstate highway	2 miles
Strategic approach	Tourism Downtown development Managed growth
Time frame	1991-2007

In 2007, the National Trust for Historic Preservation named Hillsborough one of the nation’s dozen distinctive destinations.¹³⁴ Steeped in history, Hillsborough has taken bold steps to create a vibrant heritage tourism economy, but not at the expense of commercial and industrial development. The story of this community in eastern Orange County is about how to hold onto the old and embrace the new, all at the same time. “Living in Hillsborough is not about isolating the past in a time capsule,” says an Alliance for Historic Hillsborough publication. “It is about managing change; integrating the old and new in ways that improve the quality of life in our community; and maintaining the unique qualities that make Hillsborough such a great place to live, work and visit.” This story explores how Hillsborough bridges historic preservation and managed growth to achieve impressive economic outcomes.

The community and its history

Hillsborough, the county seat of Orange County, is located at the intersection of Interstates 85 and 40, along the western edge of North Carolina’s Research Triangle region (Raleigh, Durham and Chapel Hill). Three major research universities – Duke, North Carolina State and UNC-Chapel Hill – are all within 40 miles of Main Street in Hillsborough. The town has a reputation as a place where history blends with economic progress in an eclectic Southern community. A bait-and-tackle shop just

With an identity proudly rooted in its small town history and a location ideal for commercial development, Hillsborough strikes a savvy balance between preservation of its past and growth for its future.

¹³³Town of Hillsborough website: www.ci.hillsborough.nc.us. Accessed June 26, 2007.

¹³⁴According to the National Trust for Historic Preservation, a distinctive destination is one in which residents have taken forceful action to protect their town’s character and sense of place. Whether by enacting a local preservation law to protect historic buildings against demolition, rewriting zoning codes to prevent commercial sprawl, removing regulatory barriers to downtown housing, making downtown areas more walkable, enacting design standards or taking some other major step that demonstrates a strong commitment to their town, residents have worked hard to preserve the historic and scenic assets of their communities, with rewards that transcend town limits.

off Main Street, where customers can purchase live bloodworms, shares a wall with Cup-a-Joe, a trendy coffee shop where tattooed baristas prepare mocha lattes. "Everywhere I go, when I tell people I'm from Hillsborough they say, 'Oh, I love Hillsborough,'" Mayor Tom Stevens said.

Thanks to one of the nation's first historic districts, history is king in Hillsborough. More than 100 structures from the 19th and late 18th centuries are preserved in town. Musicians, artists and authors populate the historic district, bringing color and activity to the streets of town, day and night. According to Stevens, "Historic Hillsborough is happening."¹³⁵ And it's happening in more ways than one. Its location at the intersection of two interstates makes it prime real estate for distribution centers. Other types of commerce thrive as well. In the last two years, Hillsborough's nonresidential tax base has increased by 15 percent, from \$205 million to \$232 million.¹³⁶ Residential subdivisions are spreading out across the region as population growth continues along the urban corridor in Wake, Durham and Orange counties.

For more than 1,000 years before its official founding in 1754, Hillsborough was inhabited by the Occaneechee and other Native American Indian tribes. The town was founded on the spot where the Great Indian Trading Path crossed the Eno River. After European settlers drove most of the Occaneechee out of Hillsborough in the early 1700s, the town became a center of political activity during the Revolutionary period. Hillsborough hosted the state's Constitutional Convention in 1788, during which the convention delegates refused to ratify the Constitution until it included a Bill of Rights.¹³⁷ By the late 1800s Hillsborough, surrounded by tobacco plantations and textile mills, was a thriving stop on the North Carolina Railroad. Later, in the 1940s, a prophyllite mine (a material used for insulation) was established on Occaneechee Mountain, and the Occaneechee Speedway opened on the outskirts of town and hosted the first NASCAR professional auto racing season. Today, it is the only remaining racetrack from the sport's inaugural year.

In the 1950s, a local historian named Mary Claire Engstrom founded the Hillsborough Historical Society and initiated an effort to document the town's rich cultural and political history. Over time, additional nonprofit and civic organizations dedicated to the preservation and interpretation of the town's history evolved. By the early 1990s, there were seven independent organizations in Hillsborough with missions to either preserve or promote the town's heritage. These included the Historical Society, the Preservation Fund of Hillsborough, the Historic District Commission, the Arts Council, the Hillsborough/Orange County Chamber of Commerce and others. Around the same time, large-scale development associated with Research Triangle Park started to edge into central Orange County. Hillsborough, with its rural small-town amenities and convenient location on the highway, was an attractive bedroom community for many of the scientists and engineers working in the RTP.

¹³⁵ Malone, Michael. "Falling in Love with Hillsborough." From www.chocvb.org. Accessed June 26, 2007.

¹³⁶ "Orange County State of the Local Economy Report." Orange County Economic Development Commission, www.co.orange.nc.us/ecodev. Accessed June 25, 2007.

¹³⁷ Chapel Hill/Orange County Visitor's Bureau, www.chocvb.org/visitor/95/Fun-Facts.

In an effort to gain some control over development, local officials made two strategic decisions. First, in 1991, the town board appointed a Vision 2010 committee to draft a comprehensive plan for the community.¹³⁸ The community updated Vision 2010 in 2000 and inserted new language: “A vivid lesson of the twentieth century is that without eternal vigilance and courageous action a delightful community like Hillsborough may in the blink of an eye be swept up in the urban sprawl of some nearby megalopolis. This document serves as the first step toward having a town that has survived and has its defenses well in place, that has demonstrated the strength and foresight to save itself, and that has the will to hold to its principles.”¹³⁹ The Vision 2010 plan, produced with participation from across the community, set forth the goals and vision for future development in Hillsborough. One major part of the vision was to preserve and protect the community’s historic and cultural assets.

The second strategic decision came in 1993, when Hillsborough voters authorized the town to finance construction of a new reservoir on the Eno River. For decades prior, the community was challenged by an inadequate water supply for new developments and water use restrictions for existing customers. According to then-Mayor Horace Johnson, the community wanted and needed to expand its tax base, but was losing industries because water supply was limited.¹⁴⁰ In 1995, the Local Government Commission, a state agency that approves financial arrangements for town and county governments in North Carolina, granted Hillsborough permission to sell bonds. The new Hillsborough Reservoir, constructed at a cost of \$5.86 million, brought the town’s water supply capacity to 3 million gallons a day. The provision of water, which even with the new reservoir was adequate but limited, would play a major role in Hillsborough’s decision-making about growth and economic development.

In 2000, when residents of Hillsborough ushered in the new century, pressure from development, water resources and historic preservation were three of the most important issues with bearing on the community’s economic development future. Each issue brought with it both challenge and opportunity. The test was how to leverage each, without destroying, or devaluing, the others.

The strategy

Hillsborough’s strategy is twofold – promoting heritage-based tourism and managing growth for economic diversity and quality of life. It begins with using its heritage assets to attract tourists. Through the Alliance for Historic Hillsborough, the community coordinates and focuses its resources toward effective promotion and preservation. A local tax on prepared foods and beverages provides a long-term and sustainable revenue source for promoting historic Hillsborough. Events such as the Last Friday art and culture series attract thousands of visitors who spend money on food, entertainment and shopping. Second, in response to

¹³⁸ Town of Hillsborough’s Vision 2010 Plan, January 2000. Available at www.ci.hillsborough.nc.us.

¹³⁹ *Ibid*, p. 1.

¹⁴⁰ Murrell, Duncan. “Hillsborough gives landowners ultimatum over Eno reservoir.” *The Chapel Hill Herald*, November 12, 1996.

development pressure, the town of Hillsborough has implemented an innovative process of managing growth. It uses the annexation and permit review processes to facilitate development on the community's own terms.

Heritage tourism

By the late 1980s, seven organizations were working independently to preserve heritage assets and promote tourism in Hillsborough. There was a growing sense that they were competing with each other for financial and volunteer support. In 1991, all seven organizations came together to discuss a new arrangement. "Hillsborough needed an entity to promote everybody," said Cathleen Turner, a local proponent for historic preservation. "There needed to be less territorialism and more communication and partnership."¹⁴¹ In 1991, leaders from each organization agreed to form the Alliance for Historic Hillsborough. The alliance is an umbrella organization through which the member organizations coordinate efforts, raise funds together and "preserve, enhance, and increase awareness of the historical and cultural heritage of Hillsborough for residents and visitors."¹⁴²

Throughout the early 1990s, heritage tourism was a significant and growing contributor to the local economy in Hillsborough. Promotional events initiated by the alliance and highlighting the town's history and heritage were attracting thousands of visitors. In 1994, local leaders proposed a 1 percent sales tax on any food or beverage prepared within the municipal limits. Revenue from the prepared food tax was to be used toward promotional events and various beautification projects. Local restaurant owners were brought into the process early, and several restaurant owners helped the town to write the tax provision. The N.C. General Assembly approved the tax in 1993, and it was first levied in 1994.

Revenue from Hillsborough's prepared food tax is split 60-40 between the Alliance for Historic Hillsborough and the Hillsborough Tourism Board. The tourism board – which includes four local restaurant owners, one town board appointee, a Chamber of Commerce representative and an alliance member – was created as a public custodian for the prepared food tax. In 2006, the tax generated \$170,000, which, divided between the alliance and the tourism board, was used to operate the Orange County Visitors Center, print and distribute a local restaurant brochure, conduct a local tourism market analysis and provide grants to local tourism facilities, programs and services.

The prepared food tax has been an enormous success. "In theory the tax worked well," Turner said. "In reality, it works even better." One example of how the tax has improved Hillsborough's heritage tourism industry is the creation of the Last Friday series. In 1997, several local artists representing the arts council applied to the tourism board for a grant to fund a concert series featuring local musicians, artists and local vendors. Revenue from the prepared food tax financed the series. Nine years later, Last Friday draws nearly 1,000 people from throughout

¹⁴¹ Interview with Cathleen Turner on June 26, 2007.

¹⁴² From www.historichillsborough.org. Accessed June 14, 2007.

the region each month and creates visibility for local artists and performers. Restaurants benefit, too. "A few years ago, a restaurateur told me, 'I cover all of my payroll and overhead for the month from just Last Fridays. The rest of the month is just gravy,'" Turner said. More recently, the tourism board used the tax revenue to update the downtown streetscape and to provide seed funding to town's Hog Days festival (an event that drew 20,000 visitors to town this year). Current revenue is being applied to developing a branding strategy for Hillsborough.

Managing growth

The second part of Hillsborough's strategy is an outgrowth of the community's Vision 2010 planning process. It is also a response to the increasing pressure on municipal services created by residential development in and around Hillsborough. On average, residential development is a net loss for the municipal coffers. According to Diane Reid, executive director of the Orange County Economic Development Commission, for every dollar Hillsborough spends to provide municipal services to residential customers, the town recovers 76 cents. The same expenditure for commercial and industrial customers brings back \$4.30.¹⁴³ Although Hillsborough's tax base currently is 40 percent commercial property, community leaders know they cannot take it for granted. The growing market for residential development in Orange County means they must remain aggressive in their efforts to maintain a diverse tax base and to ensure the town's quality of life.

A strategic growth plan points the way. While Vision 2010 deals with a wide range of goals and corresponding action steps for the community, the strategic growth plan outlines how and where the community wants to grow and proposes a means for managing that growth over the next 20 years. It was structured as a town-county project, with a steering committee comprised of town and county representatives, out of recognition that planning for growth required a multi-jurisdictional approach. "It is intended to clarify the most desirable rate, timing and location for future growth occurring over the next 20 years within and around the Town of Hillsborough."¹⁴⁴ Its goals are to (1) preserve and enhance the Hillsborough core area, (2) preserve significant cultural and natural resources, (3) coordinate growth with water/sewer availability, (4) grow in a fiscally responsible way, (5) keep existing businesses healthy and (6) assure continuity in public service provision.¹⁴⁵ The community's values, including the importance of open space, parks, cultural resources, healthy existing businesses and fiscal responsibility, underpin the goals.

The plan, released in late 2006, concludes with several recommendations for using land use planning and the municipal zoning ordinance to encourage the maintenance of a diverse tax base. It also recommends using interlocal agreements as mechanisms to assign responsibility

¹⁴³ Hillsborough and Orange County Strategic Growth Plan, Meeting Summary – Steering Committee (3rd meeting March 22, 2006). Available at ci.hillsborough.nc.us.

¹⁴⁴ Hillsborough and Orange County Strategic Growth Plan, November 2006. Available at ci.hillsborough.nc.us.

¹⁴⁵ Ibid.

within the process of managing development. Some of the policies have been adopted and others have not. An interesting strategy for evaluating and approving new development has evolved directly from the vision established in Vision 2010 and the strategic growth plan. It involves two main components: (1) the use of water as a tool for managing growth and (2) requirements – as part of the rezoning and annexation processes – that developers include commercial space, parks and other public facilities in all new residential developments in Hillsborough.

Access to municipal water is a major point of leverage for Hillsborough. The new reservoir is adequate for existing needs, but it was never intended as a long-term fix to the town's water-related challenges. "We want to grow Hillsborough in an organic way," said Margaret Hauth, planning director. "Water pipes are our lever for doing this." Developers with options on properties outside of Hillsborough's municipal boundaries must apply for annexation to qualify for municipal water and sewer service.

This process has become Hillsborough's major point of leverage for managing growth. "If [water runs out] 15 years from now, we want to be able to say that we spent it on the right projects," said James Watts of the Hillsborough water and sewer advisory board.¹⁴⁶ For example, in June 2006, the town board denied a request to annex, rezone and issue a permit for a 118-acre development with 250 homes. The proposed Ashton Hall development was to include 20,000 square feet of commercial space, but lacked the other quality-of-life amenities consistent with Vision 2010 and the strategic growth plan. On the other hand, after four years of negotiation with the Trump Group (a developer based in Florida), the board approved a master plan for Waterstone in 2004. The initial proposal called for a typical 340-acre residential development. The final master plan includes significantly fewer residential units, with a variety of housing options (including 24 affordable housing units), community parks, trails, a hotel, retail and office space, a day care and a retirement community. The plan also reserves space for a satellite campus of Durham Technical Community College and requires the developer to make cash contributions toward fire and police protection. Waterstone was "rewarded" with the town board's commitment to reserve 350,000 gallons a day of water and sewer capacity for the development over the next 10 years.¹⁴⁷

Managing growth – by using the town's limited water supply and permit processes to make development decisions on the town's own terms – has been the second major element of Hillsborough's economic development strategy.

The outcomes

Outcomes that can be attributed to Hillsborough's strategy for economic development include:

¹⁴⁶ Sadgrove, Cheryl J. "Town may tie growth to water supply." *The News and Observer*, February 12, 2006.

¹⁴⁷ Graybeal, Geoffrey. "Hillsborough board approves Waterstone development." *The Herald-Sun*, March 9, 2004.

- Over 10,000 visitors annually to the Orange County Visitors Center, located in Hillsborough.
- From 1994 to 2005, an increase of 134 percent in visitors to the visitors center.
- From 1997 to 2005, visitor spending in Orange County increased from \$91.2 million to \$127.2 million.
- Creation of Hog Day, an annual barbecue and music festival that drew 20,000 people to Hillsborough in 2007.
- Slated development of Gold Park/Riverwalk, a \$1.7 million walkway and 24-acre park connecting downtown Hillsborough with the Eno River.
- 43 percent nonresidential tax base.
- Between 2004 and 2006, an increase from \$205 million to \$232 million in nonresidential tax base.¹⁴⁸
- Unemployment rate of 3.6 percent in 2006 (compared with 4.8 percent statewide).
- In 2007, named one of the a dozen distinctive destinations in the United States by the National Trust for Historic Preservation.
- Featured in *The New York Times*, *Small Towns*, *Motor Coach Magazine*, *The Charlotte Observer* and the N.C. Farm Bureau magazine.
- Significant increase in citizen involvement on town boards and commissions.

How and why the strategy is working

Given Hillsborough's success with blending heritage preservation and tourism with proactive growth management, the question becomes how and why this small community has been able to achieve such impressive outcomes. Location is a critical factor in Hillsborough's success. It lies at the intersection of two major highways and within commuting distance of major regional employment centers. Second, the community has taken a multi-jurisdictional approach to planning for growth by involving Orange County officials in strategic planning. The community was fortunate to have leaders, beginning in the 1950s, who recognized the importance of preserving historic assets. More recently, Hillsborough has put in place a funding mechanism to promote tourism. Finally, a spirit of volunteerism and risk-taking pervades the civic culture in Hillsborough.

Location, location, location. Hillsborough is fortunate to be situated in an ideal location for both residential and commercial development. It is an easy day trip for millions of potential tourists across central North Carolina. Its strategic location at the intersection of two interstate highways and within immediate reach of several research universities and the RTP means that companies and developers want to be in the Hillsborough market. Companies, especially those in distribution and trade, compete for locations along Hillsborough's interstate corridor.

¹⁴⁸ "Orange County State of the Local Economy Report." Orange County Economic Development Commission, www.co.orange.nc.us/ecodev. Accessed June 25, 2007.

Developers are willing to comply with greater than average stipulations from the town board because they want access to Hillsborough's market and location.

Multi-jurisdictional planning for growth. Hillsborough's Strategic Growth Plan, drafted in 2006, was a joint effort between the town and Orange County. As explicitly recognized in the growth plan, "Hillsborough and Orange County have a constructive history of collaborating and cooperating on land use management issues in the developing areas surrounding the town."¹⁴⁹ Although not every recommendation from the plan has been implemented, the process of creating a vision for growth that extends beyond the municipal boundaries is critically important. Given the tremendous growth pressures throughout Orange County and the overlapping nature of service provision between the town and county, Hillsborough had to involve county officials in the planning process. The results of the plan, including the recommendations to use interlocal agreements to clarify roles and responsibilities for managing growth, are necessary steps for successful development.

Foresight to see historic preservation as key to economic development. Beginning as early as the 1950s when Mary Claire Engstrom documented the town's history, Hillsborough's leaders have had the vision to understand the link between preservation and economic development. Current town leaders inherited a well-preserved cultural and physical environment. They were able to capitalize on it to offer visitors a unique tourism experience and residents a great quality of life.

Sustainable funding source to promote tourism. The decision by local leaders (including restaurant owners) to support the prepared food tax in 1994 provided the town with an innovative means for promoting heritage tourism in Hillsborough. Revenue from the sales tax provided a sustainable funding source dedicated to promoting tourism. "The meals tax provided an economic backbone for the alliance's and town's tourism effort," Turner said.

Spirit of volunteerism and service among citizenry. One aspect that makes Hillsborough rich is the commitment by a diverse range of local residents to serve on volunteer committees and boards. This includes both long-time residents and newcomers. "Folks that move here tend to be more involved," said town board member Mike Gerring. The representation of older residents and newcomers on volunteer boards and committees contributes to the town's progressive and proactive posture toward development and growth.

Willingness to assume risk. Armed with a coherent vision for the community and developers eager to access Hillsborough's market, local leaders have been consistently willing to take bold action. Risk-taking in Hillsborough began in the 1970s, with the creation of the historic district and local investments in preservation. Through the 1990s, the community took a major risk by implementing a prepared food sales tax and insisting that proceeds go toward promoting tourism. More recently, local officials are pushing the legal envelope to ensure that development is consistent with the community's vision for growth and economic development.

¹⁴⁹ Hillsborough and Orange County Strategic Growth Plan.

What are the lessons from this story?

Use public resources strategically. After financing and constructing a new reservoir, local officials were well aware of the limits of the existing water supply. Rather than grant water resources to any development or to the highest bidder, local officials used their municipal water resources to shape development. Development that was consistent with the community's vision was granted access. Development that was inconsistent with what the community wanted was denied access.

Know your market. Hillsborough's annexation and rezoning review processes have become important instruments for shaping development. Rather than entering negotiations with developers from a position of weakness, local officials in Hillsborough have leverage because they understand the value of their market to developers. The basis for negotiating with developers should be rooted in an assumption that developers ought to be responsible for providing adequate infrastructure for their development. Communities need to understand their local market conditions and be prepared to take tough stands on issues of infrastructure provision.

Use growth management to advance the community's vision for economic development. Hillsborough demonstrates that managing growth, or being proactive about how development proceeds in a community, does not stifle economic growth. In the last two years, Hillsborough's nonresidential tax base increased by almost \$30 million. This did not happen by chance. The community insisted that new residential developments be accompanied by commercial space. When done thoughtfully, and as part of a widely shared community vision, managing growth and economic development can complement each other.

Historic assets are economic development assets. This case demonstrates that a long-term and proactive effort to preserve a community's historic assets can pay major dividends in terms of growing a tourism economy and maintaining a unique quality of life for new and existing residents. Local officials in Hillsborough created a historic district and have been vigilant in maintaining the standards associated with that designation. Tourists are attracted to Hillsborough's historic and cultural attractions and tourists spend money in local businesses, restaurants and hotels. A local tax on prepared food captures a portion of this spending and recycles it into additional promotion of historic Hillsborough.

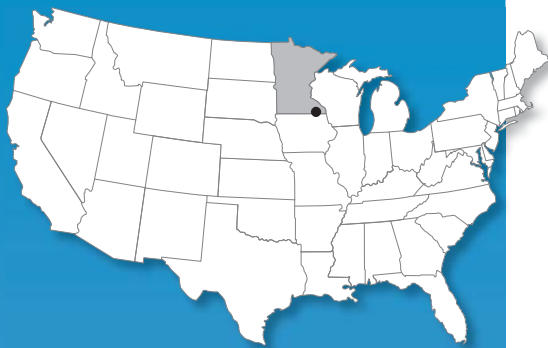
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Houston, Minnesota

	Houston
Population (2000)	1,020
Municipal budget (2005)	\$1.8 million ¹⁵⁰
Per capita income (2000)	\$17,000
Median household income (2000)	\$29,200
Poverty rate (2000)	10%
Minority population (2000)	1%
Proximity to urban center	138 miles to St. Paul, Minn.
Proximity to interstate highway	16 miles
Strategic approach	Broadband Internet
Time frame	2002–2006

In Houston, the county seat of Houston County, almost every household – even in the most remote rural parts of the county – has a computer with a high-speed Internet connection. “I live at the end of a 1.5-mile long driveway in rural Minnesota, and I have a high-speed Internet connection to communicate with folks in town,” said Kevin Kelleher, a former Houston County commissioner. Widespread use of broadband technology in Houston came about somewhat indirectly, through an effort to address declining enrollment in local public schools. By 2004 Houston had launched one of the largest online learning curricula in the state and, in the process, had brought computers and the Internet to homes throughout the community. The result of Houston’s strategy is a fully wired community and a technologically proficient workforce, which are prominent assets for this small town’s economic development prospects.

The community and its history

Houston is located in the southeastern part of Minnesota, where farms dominate the landscape. Houston’s closest neighbors, La Crosse (Wisconsin) and Rochester (Minnesota), have blossomed as regional hubs, and in recent years Houston has become a bedroom community for these larger cities. Today, roughly 50 percent of Houston residents commute out of town for work.

In addition to its proximity to these cities, Houston has a well-regarded public school system. The district receives excellent ratings relative to

¹⁵⁰ Interview with Larry Jerviss, Houston city administrator, January 11, 2007.

The Houston public school system capitalizes on an opportunity to partner with a private sector entity to develop an online learning curriculum. In the process, the local school district leads an initiative to equip and connect rural residents to the Internet, the school, their neighborhoods and the larger community.

both southeastern Minnesota and the state as a whole. Over the past few decades, however, Houston has been struggling financially. Even though the town has become a modest bedroom community, declining population and school enrollments have meant less state money, making it increasingly difficult for the local school district to offer a broad curriculum.

In the late 1990s, Superintendent Kim Ross began to take steps to address the challenge.

He and the school board engaged the community in a strategic planning effort. Goals that emerged from the process included aspects of student achievement, parent and community involvement, attracting and retaining staff, and financial management. Then, in 2002, with a vision in place, the local school district took advantage of an opportunity to create an online curriculum for its school system. According to Kevin Kelleher, the opportunity was exciting. “We felt that even though we’re a small town, we could be leaders in online learning and do something really big,” he said.

The strategy

Houston’s strategy – led almost entirely by the local school district superintendent and his staff – was to create an online learning program to reach rural students (to boost enrollment locally) and in the process bring computers and broadband Internet to residents of its rural community. Students who register for the online learning program offered by a local public school district are counted as students of the district, regardless of their physical location.

One of the first initiatives was a program to use the Internet to keep parents informed about their children’s progress at school. Because fewer than 75 percent of local residents had computers connected to the Internet, Ross convinced the nearby Mayo Clinic to donate used computer equipment to families in Houston. The school district negotiated with a local telephone cooperative for discounted broadband Internet service for residents with children who qualified for free and reduced priced lunch. The program boosted the use of technology in and around the community.

With the success of this implementation, the district began to consider additional ways to leverage technology and boost enrollment for the district. The practice of online learning was becoming increasingly widespread, and home-schooled students in the rural areas surrounding Houston were an untapped market for online learning services from the district. Superintendent Ross partnered with K12, an online curriculum provider, to offer a home-based education curriculum that would leverage parental involvement and technology while boosting enrollment in the district.

In 2003 Houston’s online curriculum was made available to all Minnesota public school students in kindergarten through second grade. Within a few years, the Minnesota Virtual

Academy (MNVA) was being offered to students through 12th grade. Today, as a state-approved online school program, MNVA is the largest provider of online public education and one of the fastest growing public schools in Minnesota. Two-thirds of the students enrolled in the curriculum live outside the school district, generating a significant source of revenue. MNVA has helped Houston to reverse declining enrollments and has allowed the district to enhance its course offerings. The Minnesota Department of Education estimates the Houston Public Schools soon will be the largest district in the county in terms of enrollment, with over 50 percent of its students residing outside the district.

Finally, because this rural community is one of the most wired in the country, it is well-situated for potential economic development projects. “Every household has a computer and is on-line,” said Vaughn Grisham, a community development expert who has worked in Houston. “They are connected to the school and are connected to one another. They are rebuilding the whole community around this.”¹⁵¹ Houston has the infrastructure in place and a budding workforce of technologically proficient students, giving it an entrepreneurial advantage and making it an attractive prospect for new and expanding businesses.

What are the lessons from this story?

Look for creative ways to glean public goods from public-private partnerships. The opportunity for Houston to become a wired community came indirectly – from the needs of public school students and the initiative and innovation of the district’s superintendent. The initiative to link rural residents to the school system also motivated other partners (the Mayo Clinic and the local telephone cooperative) to bring their resources to benefit the public good. Civic leaders should look for creative opportunities to leverage private market investments for public benefit.

Visionary leadership is critical to a town’s success. Houston’s Superintendent Kim Ross is a visionary local leader. “The question we were asking as a school is how can we move into the future and be relevant in education?” Ross said. Looking forward and seeing the potential growth in online learning, Houston was willing to risk charting a new course in education. As a result the city school district has enhanced the quality of the education it offers and increased the funds the town can spend on its students. Town leaders should not hesitate to explore technological advances and determine ways their towns could use technological progress for the public’s benefit.

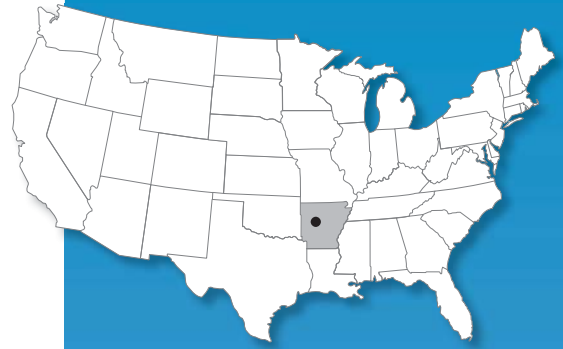
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¹⁵¹ University of Arkansas, Cooperative Extension Service, interview with Vaughn Grisham, June 2005. Available at www.vworks.org.

Morrilton, Arkansas



	Morrilton
Population (2000)	6,607
Municipal budget (2005)	\$3.2 million ¹⁵²
Per capita income (2000)	\$17,000
Median household income (2000)	\$28,000
Poverty rate (2000)	17%
Minority population (2000)	23%
Proximity to urban center	50 miles to Little Rock, Ark.
Proximity to interstate highway	2 miles
Strategic approach	Workforce development
Time frame	1998-2000

Over the last 20 years, Morrilton’s high concentration of textile and manufacturing plants has been eroding. The biggest loss came in 1999 when two of its largest employers closed in the same week. More than 1,000 workers were laid off, resulting in 40 percent unemployment. The mayor and economic development staff quickly assembled an industrial fair in which more than 50 area businesses hired many of the former plant workers. In addition, Morrilton obtained help to establish a computer training center where former textile workers learned computer and technology skills. Through these efforts, Morrilton has attracted three new industries and replaced nearly all of the lost jobs.

The community and its history

Ever since Morrilton was founded in the late 1800s, farming and industry have been the mainstays of the local economy. Through most of the 20th century – thanks to its hard working labor force and close proximity to a major interstate highway – textile and other labor-intensive manufacturing operations became the town’s largest employers. The first major shock came in 1985 when a textile plant, Crompton Mills, closed and laid off 1,100 people. Unemployment rose to 18 percent, and 600 people left town. Unemployment leveled off to around 6 percent by 1990, and locals believed the worst was behind them.¹⁵³

That was until February of 1999. First, Arrow Automotive Industries closed its doors, putting 460 people out of work. The following Monday, Levi Strauss & Co. announced it was closing and all 600 of its employees would be losing their jobs. Within the span of one week, Morrilton had

In Morrilton, two of the town’s largest employers close their doors in the same week. A coalition of community leaders responds quickly to form partnerships and implement job training programs for the dislocated workers.

¹⁵² Interview with Wayne Desalvo, Conway County treasurer, March 30, 2007.

¹⁵³ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics.

lost its two largest employers and more 1,000 jobs. Nearly 40 percent of the town's workforce had been thrown out of work.

The strategy

Morrilton saw the potential for plant closings and prepared to help displaced workers and to prevent further dislocations. In 1998, Morrilton's local officials saw that both the Levi and Arrow plants were slowly downsizing. Mayor Stewart Nelson and a local economic development corporation began to develop a strategy for helping workers laid off from the plants. By pooling resources and connections, staff members in the local economic development office contacted business owners in the area to see who was looking to hire. Having generated a significant list, officials were ready when Arrow announced its closure. Within a few days of the announcement, Morrilton's officials pulled together an industrial fair with over 50 area businesses in attendance. The event was funded entirely from donations from local businesses, and many of Arrow's employees walked away from the fair with new jobs. City officials also sought help from the faith community to meet immediate needs of families affected by the layoffs.

On a second front, the town established a training program to teach former textile workers basic computer software and technology skills. By training textile workers in new technology, economic development officials believed Morrilton would be able to attract more modern industry. To set up the program, Nelson and other elected officials from Morrilton worked with Arkansas Sen. Blanche Lincoln to fund a facility and a dozen computers for the town. Lincoln also helped the mayor apply for a federal grant to cover the operating costs of the training program. After a local shopping mall owner donated land and power, the new training center was soon up and running. Within six months, the goal of landing a modern employer was realized with the recruitment of ICT Group, a banking call center. Many of the former Levi Strauss workers who had completed the computer program went on to work for ICT.

To prevent future dislocation, Morrilton has been working to diversify its economic base. The town has tried to recruit large and small 21st century businesses. Telex Communications, with 200 employees, and Semco, with 135 employees, were recruited to Morrilton just a year after the plant closures. In recruiting smaller companies, Morrilton is spreading its employment over a broader range of employers and economic sectors to minimize impacts should a business close. In addition, Morrilton has partnered with the nearby Fort Smith branch of the University of Arkansas to develop a basic management training program. Employees of area businesses can attend the intensive program and learn management skills and quality control techniques. This training curriculum meets the demand coming from business owners and increases the skill sets of the local workforce. Morrilton's greater hope for the program is that it differentiates its workforce from those elsewhere, making it more likely that businesses stay rooted in town. By investing in its workforce and playing a proactive role in the wake of plant closures, Morrilton has been able to overcome a devastating situation and reinforce its economy against future disasters.

What are the lessons from this story?

Workforce development is economic development. Morrilton demonstrates that assisting workers through the transition to new jobs can be an effective tool for economic development. The community's initial push was to engage with existing businesses to secure jobs for dislocated workers. Skill deficiencies pushed the town to go further and to create a computer training program, which has become a draw for more modern industries. Communities moving away from labor-intensive manufacturing can develop workforce strategies that help local workers compete for new economy jobs.

Anticipating the worst enables a community to respond faster to plant closures. Rather than relying on federal and state authorities to help dislocated workers, Morrilton took a leading role in finding workers new jobs. By utilizing contacts with area business owners, something state officials could not do, Morrilton's economic development group pulled off a highly successful job fair that helped many find work. Morrilton also was aggressive in seeking support from its state senator to secure a facility and resources for the computer skills class. Morrilton demonstrates that a concrete response during times of crises can have a large impact on a community.

Seek nontraditional partners in responding to economic disasters. After the plant closures of 1999, elected officials set out to inform laid-off workers of job openings through the industrial fair and provide workforce training programs. But officials did not stop there. Mayor Nelson brought area churches together to discuss how the faith community might help in this time of need. The churches agreed to host prayer meetings and provide counseling to workers and their families. The churches also opened food banks to ensure that no family went without a meal. This brought more members of the community into the problem solving process. "Everybody had a role," Nelson said. "Folks donated food to the churches, who gave food to unemployed families. It really brought the community together and helped us survive." Local leaders and officials should look beyond the obvious workforce issues to see how the other aspects of job loss might be eased. By involving churches, Morrilton was able to meet the immediate economic and psychic needs of its residents.

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Oxford, North Carolina

	Oxford
Population (2000)	8,530
Municipal budget (2006)	\$20.8 million ¹⁵⁴
Per capita income (2000)	\$16,700
Median household income (2000)	\$30,700
Poverty rate (2000)	21%
Minority population (2000)	56%
Proximity to urban center	30 miles to Durham, N.C.
Proximity to interstate highway	2 miles
Strategic approach	Industrial development Partnership development
Time frame	2002-2007

Oxford, the seat of Granville County, has tethered its local economy to the development of the Kerr-Tar Mini-Hub. The mini-hub project involves four counties sharing the costs and revenues from regional economic development. Between 2000 and 2003, the Kerr-Tar region of north-central North Carolina lost 5,600 jobs from plant closures and another \$655 million in revenues from reductions in tobacco quotas. The mini-hub is a regional response to these setbacks. It consists of four technology parks, one in each of the participating counties. The Town of Oxford's role is to supply water and sewer infrastructure to the mini-hub site in Granville County. After signing an interlocal agreement and raising more than \$5 million, county and municipal leaders are forging ahead with the mini-hub.

The community and its history

Oxford is located in the Kerr-Tar region of north-central North Carolina, which includes Franklin, Granville, Person, Vance and Warren counties. The region is sandwiched by the Research Triangle Park (RTP) to the south and the Virginia border to the north. Tobacco farming brought prosperity to Oxford and the region in the 1700s, and the crop remained an important local commodity until 2000. Between 2000 and 2003 federal tobacco quotas for growers in the Kerr-Tar region were slashed by 70 percent, resulting in a loss of \$655 million in local tobacco-related revenues. In addition, the five counties lost an estimated 5,600 jobs to plant closures over the same three year period. Richard

¹⁵⁴ Interview with Steve McNally, Town of Oxford, June 21, 2007.

Located 30 miles north of the booming Research Triangle Park, Oxford is partnering with Granville County and its neighbors to implement a "mini-hub" approach to economic development. The strategy is to prepare relatively low-cost industrial sites that are attractive to companies that need to be near the Research Triangle, but not in it.

Seekins, community and economic development director for the Kerr-Tar Regional Council of Governments, described his organization's reaction to the job loss: "We were thinking, 'How do we solve this problem? It's not going away fast.'"

In 2003, a report from the Center for Competitive Economies at the University of North Carolina at Chapel Hill recommended the development of mini-hubs in the regions surrounding RTP, a center of high-tech research and manufacturing.¹⁵⁵ Mini-hubs, or enhanced technology parks geared toward mid-tech businesses, would benefit counties surrounding RTP by attracting businesses that needed to be near the park, but not in it. The mini-hub was envisioned as a network of sites, offering a variety of enhancements to businesses. It was likely to require a more substantial investment than any single community could provide. Neil Mallory, the former executive director of the Kerr-Tar COG, was convinced that his region's relatively inexpensive land and proximity to RTP would make Kerr-Tar a perfect location to test the mini-hub concept. The region's county managers and economic developers agreed. With a nearly unanimous voice, leaders from across the Kerr-Tar region decided to move forward with a mini-hub strategy.

The strategy

Oxford's role is to supply targeted infrastructure to the mini-hub site in Granville County. By providing water and sewer infrastructure, Oxford is contributing to the regional cooperative arrangement and thus pursuing new mid-technology jobs for residents at any or all of the participating counties' sites. If all goes well, officials estimate the entire hub will employ 3,000 workers within 15 years.¹⁵⁶ In 2004, Mallory and regional officials selected four sites, one each in Franklin, Granville, Vance and Warren counties. (Person County, an early participant, dropped out of the regional effort.) In total, 2,111 acres were dedicated to the mini-hub, with each site targeting a specific industry sector, from biomanufacturing to informatics. After selecting sites, hub leaders then created the Kerr-Tar Regional Economic Development Commission (EDC), a nonprofit organization, to manage and oversee the mini-hub. The commission is led by four officers – one county commissioner from each of the participating counties. Since forming in late 2004, the Kerr-Tar EDC has received more than \$5 million in funding for the mini-hub.

In November of 2005, participating county officials made an impressive commitment to regionalism by signing an interlocal agreement. The agreement required each county to contribute \$40,000 each year to the Kerr-Tar EDC and, in exchange, to share the tax revenues generated from the hub. Timmy Baynes, executive director of the Kerr-Tar COG, explained the agreement's importance. "Companies don't care about jurisdictions," he said. "What's attractive to them – and unique about us – is that we have four counties working together in ways rarely seen. We're getting international attention."

¹⁵⁵ Luger, Michael. "The Feasibility of Mini-Hub Development in the Research Triangle Regional Partnership Region." Office of Economic Development, University of North Carolina at Chapel Hill, February, 2003.

¹⁵⁶ Hagel, Jack. "Growth north, newcomers." *The News and Observer*, February 19, 2007.

With the interlocal agreement signed, preparation of the various sites began in 2006. At this point, Oxford provided key leadership in developing the Granville County site. While the Granville site is located outside of Oxford's jurisdiction (meaning no property tax revenue), the town contributed to the regional effort by providing critical water and sewer infrastructure. Thanks to an upgraded sewer plant, Oxford had more than enough capacity to meet the needs of the new technology park site. Using a \$900,000 grant from the N.C. Department of Commerce, Granville County contracted with Oxford in 2006 to extend infrastructure to the site. Overcoming the infrastructure hurdle is allowing the Granville site to open earlier than the other sites in the hub. Further, Oxford town manager Thomas Marrow said, the new sewer and water lines running to the Granville site also will be used for residential development. "We want to preserve what we have," Marrow said, "while also being open to new residents and new development."

What are the lessons from this story?

Interlocal cooperation on economic development projects is an emerging and promising strategy. Small towns, especially rural communities with limited resources, face major challenges in developing industrial parks or other infrastructure for industrial development projects. Counties and municipalities that cooperate on economic development infrastructure projects can, according to a recent report, "enjoy economies of scale and cost savings and pursue projects that otherwise might not be feasible."¹⁵⁷ In exchange for its investment in water/sewer infrastructure, Oxford, as a municipality in the Kerr-Tar region, expects to share in the economic spillovers that result from increasing regional investments.

Look broadly at the regional resources that might be built upon to support economic development. The mini-hub concept being employed in the Kerr-Tar region benefits from the resources and opportunities being created in RTP. The communities in this region, including Oxford, have been willing to look outside the immediate area to tap into assets that may drive the decisions of firms to locate in their mini-hub parks.

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¹⁵⁷ Morgan, Jonathan Q., and David M. Lawrence. "Economic Development." Article 26 in *County and Municipal Government in North Carolina*, 2007.

APPENDIX

Approaches to Community Economic Development

The focus of *Small Towns, Big Ideas* is community economic development (CED), defined as action taken locally by a community to provide economic opportunities and to improve social, civic and environmental conditions in a sustainable way.¹⁵⁸ That is, CED is a process through which communities initiate their own solutions to local problems. CED strategies create economic opportunities, but in a way that improves social, civic and environmental conditions. Finally, CED strategies tend to include some consideration for sustainability, or for building long-term community capacity to deal with future challenges and opportunities.

There are two reasons for the use of such a broad definition. First, a typical definition of economic development tends to narrow the scope of acceptable activities to those with direct (and measurable) economic outcomes. Jesse White, the director of business and economic development at UNC-Chapel Hill and the former federal co-chair of the Appalachian Regional Commission, defines *economic development* as “activities that take place at the intersection of public policy and private commerce to create jobs, businesses, prosperity and wealth.”¹⁵⁹ Under this definition (and most others), the explicit goal of economic development is to make measurable improvements to the economic health of a particular jurisdiction. Equity, or the distribution of economic benefits, is only implicit in most definitions of economic development. CED addresses equity explicitly because it is a process whereby a community realizes positive changes in each aspect of community life – economic, social, civic and environmental. Second, small towns typically have limited resources and capacity, so their economic development activities tend to include a broad range of strategies, including those that might otherwise be considered community development or capacity-building. In small towns, strategies for dealing with housing, transportation or leadership development tend to be combined with more traditional economic development strategies as parts of a community’s comprehensive development strategy. “Success” in community development tends to be harder to define and measure, compared with economic development outcomes, but is important nonetheless. The social, civic and environmental impacts of a community’s CED strategy have tremendous bearing on the extent to which a community feels that it is successful. Excluding these impacts would sacrifice elements of success that small towns repeatedly said were important.

Conceptual framework

Given the definition of CED, there are two interconnected sets of ultimate results or outcomes that small towns are hoping to realize by implementing any CED strategy (or set of strategies). The relationships between and among CED strategies and these outcomes are graphically

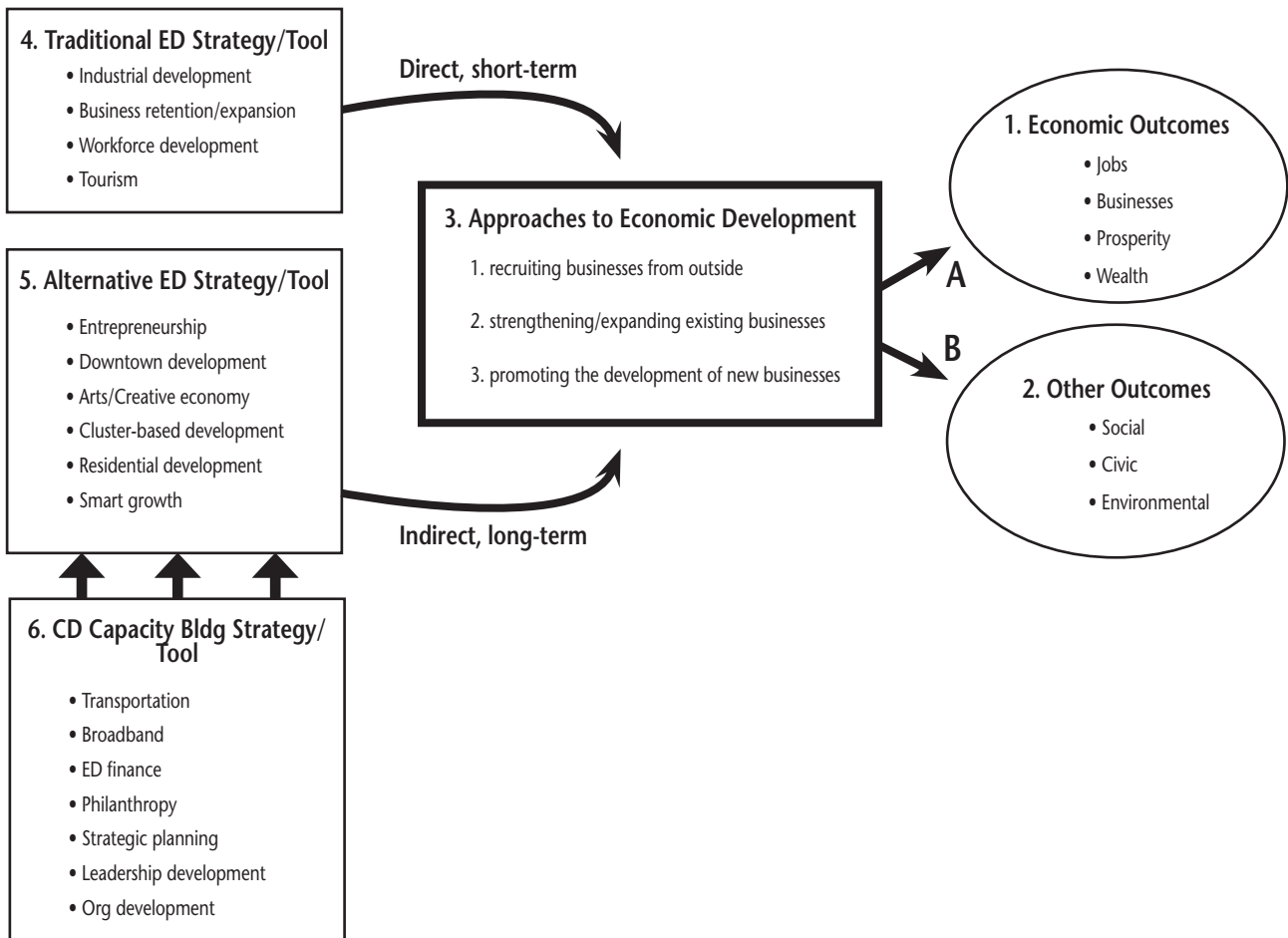
¹⁵⁸ Definition is partially derived from the term’s definition on Wikipedia (en.wikipedia.org/wiki/Community_economic_development). This definition was chosen for its simplicity and because the Wikipedia model is one in which volunteers collaborate to define key terms, a concept that was deemed appropriate for the subject matter of this report.

¹⁵⁹ White, Jesse. “Economic development in North Carolina: Moving toward innovation.” *Popular Government*, 69(3), Spring/Summer 2004.

represented in Figure 1 and the numbers and letters in the following text refer to that figure. This discussion will begin at the right side of the figure, focusing on outcomes, and move to the left.

First, small town economic development efforts are intended to achieve economic outcomes that include increases in the number of jobs and businesses as well as indicators of prosperity and wealth (1). Second, they are intended to achieve other outcomes, that is, to achieve economic results in a manner that positively affects the community's social, civic and environmental conditions (2). Next, there are three direct ways to achieve the economic results: communities can recruit businesses from outside the jurisdiction; they can work to strengthen and expand existing local businesses; or they can develop programs and support networks aimed at creating new businesses. These are the three main approaches to economic development (3). Case studies in this report demonstrate the importance of explicitly considering the other community development outcomes as part of the economic development process (indicated by arrow B).

Figure 1: Small Town Community Economic Development (CED)



Next, small communities tend to work toward the goals inherent in the definition of CED by implementing a wide range of strategies and using tools that blur the lines between community and economic development. In other words, most successful small towns recruit, retain and create businesses with a combination of traditional economic development, alternative economic development and capacity building strategies – often categorized as community development (4, 5, 6). Traditional economic development strategies and tools tend to be more direct and short-term, in terms of the ultimate economic outcomes that can be attributed to their implementation (4). These strategies include but are not limited to industrial recruitment incentives, business visitation programs, workforce development and tourism development. Because of their relatively short horizon and measurable effects, these strategies tend to be more politically feasible and easier to fund, implement and measure.

By contrast, alternative economic development strategies tend to be more indirect and long-term (5). They carry higher levels of political risk, funding presents a greater challenge, and their results are more difficult to measure, as compared to traditional strategies and tools. Examples in this category include efforts to foster local entrepreneurship, downtown revitalization and strategic arts- or cluster-based development.

Finally, undergirding a small town's ability to implement any economic development strategy, traditional or alternative, is an element of capacity. Capacity-building strategies tend to be associated with community development (although not always) and include building physical infrastructure, such as broadband Internet networks, as well as organizational and leadership development activities (6). In some small, rural communities, a strategy to develop new leaders or to create new partnerships in an effort to build capacity can be as important a strategy as any, especially when combined with more traditional and/or alternative economic development strategies.

This model, in which small towns choose to pursue traditional, alternative and capacity-building strategies to achieve economic and other outcomes, guided the selection of towns featured in *Small Towns, Big Ideas*.

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Each case study has been categorized below by the primary strategy or tool used, by the town population and by whether the case study is a long analytic case study or a short descriptive case study. In most cases, communities used a range of tools and strategies, e.g., entrepreneurship combined with leadership development or philanthropy. These indexes are meant to provide a starting point for community leaders who are interested in learning from the experience of other small towns.

Case Study by Strategy/Tool

Industrial Development

Cape Charles, Va.	33
Davidson, N.C.	202
Douglas, Ga.	160
Etowah, Tenn.	54
Farmville, N.C.	211
Ord, Neb.	66
Oxford, N.C.	234
Reynolds, Ind.	177
Scotland Neck, N.C.	74

Entrepreneurship

Big Stone Gap, Va.	25
Brevard, N.C.	29
Dillsboro, N.C.	47
Douglas, Ga.	160
Elkin, N.C.	113
Fairfield, Iowa	169
Nelsonville, Ohio	126
New York Mills, Minn.	130
Oakland, Md.	134
Ord, Neb.	66
Pelican Rapids, Minn.	138
Siler City, N.C.	183
Spruce Pine, N.C.	81
Star, N.C.	149
Wadesboro, N.C.	191
Washington, N.C.	194

Arts/Creative Economy

Black Mountain, N.C.	99
Colquitt, Ga.	105
Nelsonville, Ohio	126
New York Mills, Minn.	130
Siler City, N.C.	183

Cluster-based Development

Sparta, N.C.	186
Washington, N.C.	194

Finance/Philanthropy

Branson, Mo.	102
Ord, Neb.	66
Selma, N.C.	146
Webster Springs, W.Va.	87

Strategic Planning

Helena, Ark.	116
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Smart Growth/Residential/Transportation

Davidson, N.C.	202
Edenton, N.C.	109
Farmville, N.C.	211
Hillsborough, N.C.	219
Hollendale, Miss.	62

Business Retention/Expansion (BR&E)

Chillicothe, Mo.	37
Farmville, N.C.	211
Scotland Neck, N.C.	74

Workforce Development

Morrilton, Ark.	231
Rugby, N.D.	180
Washington, N.C.	194

Tourism

Bakersville/Hayesville, N.C.	15
Big Stone Gap, Va.	25
Black Mountain, N.C.	99
Branson, Mo.	102
Chimney Rock, N.C.	40
Colquitt, Ga.	105
Columbia, N.C.	43
Etowah, Tenn.	54
Hillsborough, N.C.	219
Scotland Neck, N.C.	74

Downtown Development/Revitalization

Ayden, N.C.	95
Bakersville/Hayesville, N.C.	15
Chimney Rock, N.C.	40
Dora, Ore.	51
Etowah, Tenn.	54
Fairfield, Iowa	169
Hillsborough, N.C.	219
Nelsonville, Ohio	126
Oakland, Md.	134
Rio Dell, Calif.	142
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Siler City, N.C.	183
Star, N.C.	149

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Houston, Minn.	228
Tryon, N.C.	84

Leadership/Organization Development

Allendale, S.C.	157
Bakersville/Hayesville, N.C.	15
Chimney Rock, N.C.	40
Davidson, N.C.	202
Douglas, Ga.	160
Farmville, N.C.	211
Helena, Ark.	116
Oakland, Md.	134
Oxford, N.C.	234
Ord, Neb.	66
Pelican Rapids, Minn.	138
Wadesboro, N.C.	191

Case Study by Town Population

0-999	
Bakersville/Hayesville, N.C.	15
Chimney Rock, N.C.	40
Columbia, N.C.	43
Dillsboro, N.C.	47
Dora, Ore.	51
Reynolds, Ind.	177
Star, N.C.	149
1,000-1,999	
Cape Charles, Va.	33
Houston, Minn.	228
New York Mills, Minn.	130
Sparta, N.C.	186
Tryon, N.C.	84
2,000-2,999	
Colquitt, Ga.	105
Oakland, Md.	134
Ord, Neb.	66
Pelican Rapids, Minn.	138
Rugby, N.D.	180
Scotland Neck, N.C.	74
Spruce Pine, N.C.	81
3,000-3,999	
Allendale, S.C.	157
Etowah, Tenn.	54
Hollendale, Miss.	62
Rio Dell, Calif.	142
Wadesboro, N.C.	191
Ayden, N.C.	95
Big Stone Gap, Va.	25
Elkin, N.C.	113
Farmville, N.C.	211
5,000-5,999	
Edenton, N.C.	109
Hillsborough, N.C.	219
Nelsonville, Ohio	126
Selma, N.C.	146
6,000-6,999	
Branson, Mo.	102
Brevard, N.C.	29
Morrilton, Ark.	231
7,000-7,999	
Black Mountain, N.C.	99
Davidson, N.C.	202
Siler City, N.C.	183
8,000-8,999	
Chillicothe, Mo.	37
Oxford, N.C.	234
Webster Springs, W.Va.	87
9,000-9,999	
Fairfield, Iowa	169
Washington, N.C.	194
10,000+	
Douglas, Ga.	160
Helena, Ark.	116

Case Study by Type of Case

Long, Analytic Case Studies

Bakersville/Hayesville, N.C.	15
Davidson, N.C.	202
Douglas, Ga.	160
Etowah, Tenn.	54
Fairfield, Iowa	169
Farmville, N.C.	211
Helena, Ark.	116
Hillsborough, N.C.	219
Ord, Neb.	66
Scotland Neck, N.C.	74

Short, Descriptive Case Studies

Allendale, S.C.	157
Ayden, N.C.	95
Big Stone Gap, Va.	25
Black Mountain, N.C.	99
Branson, Mo.	102
Brevard, N.C.	29
Cape Charles, Va.	33
Chillicothe, Mo.	37
Chimney Rock, N.C.	40
Colquitt, Ga.	105
Columbia, N.C.	43
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