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IOWA CENTER FOR REGIONAL PROGRESS

217 Jewett Building • 914 Grand Avenue • Des Moines, Iowa 50309
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IMPACT OF INDUSTRIAL DEVELOPMENT ON SELECTED IOWA COMMUNITIES

FINAL REPORT
31 May 1972

Iowa Center for Regional Progress
Project No. RA-57-D

For

Iowa Development Commission
250 Jewett Building
914 Grand Avenue
Des Moines, Iowa 50309

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PREFACE

Background

In recent years, many of Iowa's smaller rurally-oriented communities have begun to look to industrial development as a potentially fruitful avenue to expand their economic bases, stabilize and expand general employment opportunities, supplement agricultural employment and incomes, stimulate local commercial activity, and stem area population outmigration.

To aid these and other interested Iowa communities in their own plans and activities, the IOWA CENTER FOR REGIONAL PROGRESS has taken a close look at recent and on-going industrial development programs in seven Iowa communities, and an even closer look at the impacts which industrial development has made on these towns and their surrounding territories.

We fully expected to encounter negative as well as positive impacts. Interestingly--and we think significantly--we uncovered few impacts that could be labeled negative, except perhaps in the minds of those who would resist change of any kind. What we report here, then, is what we found as seen through the eyes of a diversified team of community resource specialists.

Selection Criteria

The seven communities chosen for our analysis were selected chiefly on four criteria: reasonable success in attracting and holding industry, scattered geographical locations, strong rural traditions and agricultural orientation, and size--all are under 10,000 population.

Organization of Report

Our findings are presented here in two sections. The section labeled "Part I" summarizes the combined experience of the seven communities, taken as a group; "Part II" reports in some depth on the programs and impacts in each community, viewed individually. In addition, a separate volume containing comprehensive tabulations of socioeconomic base data and analytical results for each of the communities and counties involved, as well as combined data and results for the group as a whole, has been prepared in limited quantity for further use by the Iowa Development Commission's technical staffs.

Acknowledgements

A project of this scope and magnitude would have been impossible without the aid and cooperation of a great many organizations and individuals. Financial support, for example, was provided through a matching grant from the Iowa Development Commission--a key enabling step which is most gratefully acknowledged. Special mention should also be made of the excellent cooperation and helpful inputs we received throughout the course of the project from Dr. Marvin B. Lind, Research Director; Mr. Richard I. Powell, Development Director; Mr. Larry D. Kallem, Assistant Research Director; and Mr. M. Thomas Johnson, Assistant Development Director; Mrs. Lois Ipsen, Statistical Assistant; and others of the Development Commission staff.

We think the results themselves are eloquent evidence of the cooperation we received from each of the communities and counties involved. We take this opportunity, however, to express very special gratitude to the local leaders who helped us organize and coordinate much of our project activity and information gathering in their respective areas: Dr. J. K. Johnson, Jr., Director, Department of Public Relations and Industrial Development--Jefferson; Boyd O'Briant, Executive Secretary, Chamber of Commerce, and Robert K. Beck, President, Industrial Development Bureau--Centerville; Edward L. Peak, Executive Secretary, Chamber of Commerce--Creston; Donald Scheuer, City Clerk--Orange City; Mayor Harry Helgeson, Truman Helgeson, and John Gable, President, Chamber of Commerce--Lake Mills; Larry Taylor, Executive Secretary, Chamber of Commerce, and Al Pinder, Managing Editor, Grinnell Register--Grinnell; and William Walker, Executive Secretary, Chamber of Commerce--Decorah.

We also wish to thank Charles McInnes, Director of Market Research, Iowa Southern Utilities, for his assistance in helping plug a major information gap; and Dwight Johnson, Director, Division of Statistics, Iowa Department of Social Services, and William Brown, Administrator, Research and Statistics, Iowa Department of Revenue, for their extensive cooperation in furnishing staggering volumes of secondary data on a tight timetable.

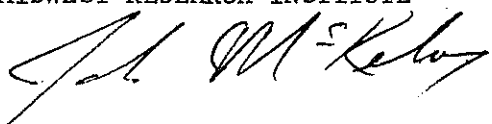
Finally, we wish to thank the hundreds of businessmen and individual citizens in the seven areas who cooperated in our surveys...for their time and labor, their thoughtful reflections, and their candor.

Project Staff

This project was conducted by the staff of the IOWA CENTER FOR REGIONAL PROGRESS--Dr. David Paden, the Center's General Manager, who served as project leader, and Messrs. Donald Krist and Michael Seaton, Community Affairs Specialists, assisted by Mrs. Doris Miller and Miss Lavonne Stein.

Approved for:

IOWA CENTER FOR REGIONAL PROGRESS,
MIDWEST RESEARCH INSTITUTE

A handwritten signature in dark ink, appearing to read "John McKelvey". The signature is fluid and cursive, with the first name "John" and last name "McKelvey" clearly distinguishable.

John McKelvey, Vice President
Economics and Management Science

31 May 1972

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(PART I)

IMPACT OF INDUSTRIAL DEVELOPMENT:
COMBINED RESULTS, SEVEN COMMUNITIES

INDUSTRIAL DEVELOPMENT--WHAT IT TAKES TO MAKE IT HAPPEN

Analysis of the impacts of industrial development on seven widely scattered, rurally-oriented Iowa communities reveals what appear to be a number of important common demoninators to successful planned industrial and economic development for smaller towns and rural communities. We believe these clues could prove highly useful to other Iowa cities and towns--not only those that are seriously interested in launching a development program for the first time, but also others which may be faced with a lack-luster record of industrial achievement but are willing to engage in honest self-appraisal of the adequacy of their existing programs.

This analysis, which was conducted by the Iowa Center for Regional Progress on behalf of the Iowa Development Commission, suggests that the following may be the predominant factors in successful economic development, especially in smaller communities:

1. Strong personal leadership and stimulation by one or more widely respected local leaders--real leaders who are able to marshall the best of the community's special talents, financial and physical resources, and volunteer help, and who are willing to devote long periods of nearly full-time effort during key phases of start-up and during major negotiations or development steps.

2. Active, creative, and mutually-cooperative involvement by local banks and key bank officers. . .for example, in making direct loans for sites, plant buildings, and equipment; aiding in arrangements with the Small Business Administration where such additional local specialized assistance is needed; and helping negotiate larger lines of financing, as appropriate.

3. Unstinting support from all sectors of the local and area business community, preferably strongly focused and organized through an effective, representative chamber of commerce or similar business and community oriented entity.

4. Strong support from local and area utilities--regardless of whether investor-, municipally-, or cooperatively-owned--including technical assistance with mechanics and arrangements for area development, as well as the specific service requirements for incoming industries.

5. Knowledgeable and extremely cooperative city council and county board of supervisors.

6. A special local or area-wide industrial development corporation--or several functionally complementary promotional, facilitating, and negotiating groups--providing a coordinated division of workload and skills under common or overlapping leadership.

7. A compact, closely-coordinated industrial development negotiating team with essentially full power of attorney to make major on-the-spot decisions.

8. Special help from key communications, "outreach," and resource organizations--newspapers and local tele-media; utilities and railroads actively engaged in "spotting" industry for the area through utility, site, or service availability inquiries; the Iowa Development Commission; the Iowa State Cooperative Extension Service; and many others.

9. Numerous "little extras" provided by individual citizens and businessmen--not only as helpful aid to industrial prospects but also as tangible evidence of genuine community spirit and hospitality.

10. Foresight by local industrial development leaders and program workers in recognizing that the best "salesmen" for incoming prospects are happy and satisfied plants and personnel already in the area, especially those most recently located.

11. And fully and carefully planned, energetically pursued prospecting and follow-up program, soundly oriented and sized to the particular community's needs and abilities, with prompt and complete follow through.

How reliable is this?

① % response from plant workers?

② What would have been the natural growth (or decline) without these new industries?

THE RESULTS

At the detailed, day-to-day level of individual events and activities, it is often difficult to appreciate fully the effects of industrial development and its resulting impacts on a community. This is because (1) many of the more important results and contributions of new industrial and economic activity tend to occur in ripple-like increments over an extended period of time, and may become tangibly visible only long after some formal event or episode has taken place....and because (2) the initial (or "primary") development occurrence usually gives rise to a myriad of secondary or indirect ("induced") impacts that may greatly multiply its real effects.

It seems important, then, to step back and take a broader look--from the twin vantage points of time and detachment. To this end, the Iowa Center for Regional Progress has analyzed the industrial development experience of seven Iowa communities--both individually, and as a group.

Our analyses focus primarily on events and trends during the 10-year period 1960-1970, although in some instances it has been necessary to use a somewhat shorter or slightly different time period--for example, where data were unavailable or key events have occurred before or after the general base period.

We believe the results are significant, and constitute a striking commentary which will be of major interest to Iowans, whether or not they are personally involved in state or local development efforts.

The following, together with Tables 1 and 2 (pages 7 and 8), constitute a synopsis of our findings.

Effect on Community Economic Base

Whether the communities are viewed individually or as a group, it is persuasively evident that the impacts of industrial development on the economic bases of these seven communities have been substantial, and in some respects rather dramatic. These effects are particularly evident, for example, in such key economic measures as population, residential improvement, and tax base.

Population. Viewing the group as a whole, net population in the seven communities rose by 15%--more than 3,900 persons--over the 10-year period 1960 to 1970. For nearly every one of the seven, this favorable end-of-decade population tally stood in sharp contrast to its earlier long-term (that is, before-development) trend of moderate to sharp population decline.

CHECK THIS!

The communities' surrounding counties have benefited from this industrially-based population stabilization and reversal, too. Although five of the seven counties experienced a 1,700 person net population decline over the full decade (a bit over a 1% decline for the group), the softening or reversing effects of population up trends in their respective nucleus communities have served as important buffer or reversal mechanisms for the counties as well. The record in these seven counties, contrasted against the rapid declines in population in many rural Iowa counties during the same period, seems to speak well for what a sound local industrial development program can do to hold the line against community and area population decline. In one county--Winnebago--for example, the new industrially-based population growth in Decorah alone was enough to yield a small net increase in total county population for the decade. And in another county--Sioux--growth in overall county population actually exceeded the numerical growth recorded within the incorporated area of its nucleus industrial community, Orange City.

Residential Construction. New residential construction over the decade--most of it locally traceable directly to the communities new industrial activity of their resulting commercial growth--totaled just under 1,600 units for the seven community group, with gains in the individual communities ranging from 139 to 350 units. This was supplemented by substantial volumes of improvement and renovation activity to upgrade existing residential housing.

Tax Base. Local tax bases for the seven community group rose by more than 1,400 taxable units and just under \$21.5 million in assessed valuation over their "developing decade." Of this total, 39 units and \$2.2 million in valuation were directly in industrial properties; another 234 units and \$4.3 million in valuation were in supporting and ancillary retail properties; and over 1,100 units and \$14.5 million in valuation were in residential properties.

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TOTALLY
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Retail Sales and Facility Expansion. Retail sales by the seven community groups jumped 77%--just slightly under \$54 million for the 10-year period. Significantly, the affected retailers and other (knowledgeable)? businessmen on the local scene generally agree that most of this growth is directly attributable to the influx of new industry and its monetary and personal security contributions to consumer spending. This wave of local retail growth, in turn, has stimulated numerous physical expansions and improvements to existing retail facilities, given rise to a secondary wave of new and diversified retail and service establishments, and supported sizable additions to local retail employment.

Effect on Job Opportunities and Family Economics

Family and Employee Income. One obvious effect of industrial development is on employee and family incomes, either through expanded occupational and salary opportunities for individual employees, or through added job opportunities for additional family members.

Taking the seven community group as a whole, average monthly family income increased by over \$150, and average monthly employee income increased by \$72. Also, the number of families solely dependent on only one employed family member declined by 17%. Of this latter shift, 15% represented added employment opportunity for one additional family member, and 2% represented added employment opportunity for three or more family members.

Supplemental Income for Farmers and Family Dependents. Significantly, some 15% of the employees of the new plants in these communities indicated that they or some member of their immediate families have been able to continue farming because of the financial aid they could provide from their new plant jobs, and another 5% are providing some form of financial assistance to relatives outside their immediate families.

New and Improved Job Opportunities. Of the employees presently working at the new plants in the seven communities, some 5% had been unemployed prior to taking their present jobs. (A number) were housewives who had not previously been employed outside the home, and were therefore not new entrants to the local active labor force. The others, however, were reactivations--persons finding employment after voluntary or involuntary layoffs of varying periods. Interestingly in the light of the preceding section, some 10% of the new plant employees reported "farming only" as their prior occupation, and another 6% found their new jobs awaiting them as returning military veterans or former students just entering the labor force.

For many workers, their new jobs have also meant important opportunities for occupational advancement--for example, from clerical/administrative/sales or laborer classifications to higher-paid production and management positions.

Effect on County Employment Patterns

For the seven county group as a whole, county employment patterns have also taken on major new dimensions of economic strength--more than 4,000 new jobs in manufacturing, over 3,300 new jobs in services and other trades, and nearly 1,400 new jobs in retail employment. Nominal growth or

small declines were generally recorded in wholesale, transportation, and utilities employment.

Significantly, most of the added job opportunities have been successfully captured by local area residents, often in the face of a fairly competitive job market. Taking five of the seven communities (those for which data were available) as a group, 59% of the employees in the new plants surveyed came to their new jobs from prior work within the same county. Only 25% came from even as far away as an adjacent county, and only 16% were "new Iowans" lured from out of state.

Effect on Community and Family Living

Home Ownership. One important family- and community-oriented result stemming from the foregoing social and economic changes has been a 20% average increase in home ownership by employees of the new plants. Of this 20%, 12% represented a switch from rental housing, and the other 8% represented a reduction in dependence on housing shared with relatives.

Residential Location. Viewed across the board, some 29% of the employees at the new plants have chosen to relocate their homes to their new place of work or within 5 miles of it--a very specific direct boost to these communities; and counties' population and household spending bases. These effects are additionally reflected in local retail trade activity.

Retail Spending Patterns. Retail spending patterns by employees of the new plants have gone hand in hand with their job location and residential patterns. Some 39% of these employees now spend more than \$200 more each month in consumer purchases in their respective employment communities than they did prior to taking their new jobs there. Individual increases in local consumer spending range upward to well over \$600 monthly.

A Closer Look. . .

For a closer look at what these impacts mean in terms of the present status and future outlook of the communities and their residents, we turn now to our detailed profiles on how industrial development has occurred in each of the seven communities and what the local effects have been.

TABLE 1

	<u>JEFFERSON</u>	<u>CENTERVILLE</u>	<u>ORANGE CITY</u>	<u>CRESTON</u>	<u>GRINNELL</u>	<u>DECORAH</u>	<u>LAKE MILLS</u>	<u>GROUP TOTAL</u>
----- <u>Impacts on City and County</u> -----								
(most changes 1960-1970)								
<u>Population:</u>								
City	+ 165	- 98	+ 865	+567	+1,035	+1,023	+ 366	+3,923 (+15%)
County	-1,663	-1,008	+1,621	-155	- 497	+ 107	- 109	-1,704 (- 1%)
Residential								
Construction (Units)	+ 179	+ 179	+ 212	+350	+ 360	+ 157	+ 139	+1,576
<u>Real Estate Valuation:</u>								
Residential	+ \$1,082,000 (28%)	+ \$ 2,063,000 (75%)	+ \$1,676,000 (76%)	+ \$ 3,212,000 (71%)	+ \$2,347,000 (46%)	+ \$ 2,820,000 (91%)	+ \$1,370,000 (147%)	+ \$14,570,000 (65%)
Retail	+ \$ 422,000 (32%)	+ \$ 987,000 (91%)	+ \$ 485,000 (120%)	+ \$ 680,000 (42%)	+ \$ 823,000 (68%)	+ \$ 749,000 (72%)	+ \$ 203,000 (50%)	+ \$ 4,355,000 (61%)
Industrial	+ \$ 230,000 (230%)	+ \$ 593,000 (450%)	+ \$ 78,000 (147%)	+ \$ 340,000 (1,360%)	+ \$ 462,000 (1,174%)	+ \$ 150,000 (384%)	+ \$ 446,000 (550%)	+ \$ 2,299,000 (486%)
Agricultural	+ \$ 58,000 (33%)	+ \$ 42,000 (75%)	+ \$ 15,000 (28%)	+ \$ 74,000 (113%)	+ \$ 33,000 (300%)	+ \$ 33,000 (89%)	+ \$ 19,000 (30%)	+ \$ 275,000 (61%)
<u>Net Additions to Taxable</u>								
<u>Real Estate (Units):</u>								
Residential	+ 145	+ 68	+ 127	+172	+ 350	+ 151	+ 142	+1,155
Retail	+ 10	+ 27	+ 82	+ 47	- 4	+ 31	+ 41	+ 234
Industrial	+ 7	- 3	+ 4	+ 10	+ 16	+ 5	No Change	+ 39
Agricultural	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Retail Sales	+ \$4,960,000 (47%)	+ \$10,241,000 (83%)	+ \$4,678,000 (111%)	+ \$12,167,000 (87%)	+ \$9,495,000 (80%)	+ \$10,072,000 (77%)	+ \$2,275,000 (64%)	+ \$53,848,000 (77%)
<u>Employment - (Number</u>								
<u>of Employees):</u>								
Manufacturing	+ 369	+ 751	+ 364	+424	+ 200	+ 212	+1,766	+4,086
Retail Trade	+ 39	+ 242	+ 384	+117	+ 294	+ 187	+ 111	+1,374
Wholesale Trade	+ 47	- 8	- 42	+ 77	+ 41	- 81	+ 12	+ 46
Transportation and								
Utilities	- 13	+ 49	- 136	- 4	+ 107	No Change	- 11	- 8
Services	+ 22	+ 141	+ 527	+172	+ 344	+ 381	+ 142	+1,729
Other	+ 108	- 58	+ 176	+130	+1,184	+ 9	+ 78	+1,627
<u>Previous Job Location:</u>								
This County	62%	N/A	70%	66%	40%	50%	N/A	59%
Another County	29%	N/A	11%	22%	35%	25%	N/A	25%
Out-of-State	9%	N/A	19%	12%	25%	25%	N/A	16%

Table 2

	<u>JEFFERSON</u>	<u>CENTERVILLE</u>	<u>ORANGE CITY</u>	<u>CRESTON</u>	<u>GRINNELL</u>	<u>DECORAH</u>	<u>LAKE MILLS</u>	<u>GROUP TOTAL</u>
----- <u>Impacts on Employees and Their Families</u> -----								
	(most changes 1960-1970)							
<u>Average Monthly Family Income</u>	+ \$100	N/A	+ \$184	+ \$214	+ \$207	+ \$57	N/A	+ \$152
<u>Family Income Contributors:</u>								
One	- 3%	N/A	-42%	-10%	-11%	-18%	N/A	-17%
Two	+ 3%	N/A	+38%	+ 9%	+13%	+16%	N/A	+15%
Three or more	No Change	N/A	+ 4%	+ 1%	- 2%	+ 2%	N/A	+ 2%
<u>Average Monthly Employee Income</u>	+ \$ 93	N/A	+ \$ 51	+ \$ 97	+ \$ 90	+ \$31	N/A	+ \$ 72
<u>Occupation:</u>								
<u>1/ Farming</u>	20/9/9	N/A	9/18/6	14/17/2	5/9/4	6/10/8	N/A	10/15/5
Managerial	+ 9%	N/A	+ 5%	+ 6%	+ 7%	+ 2%	N/A	+ 5%
Production	+44%	+33%	+60%	+51%	+33%	+60%	N/A	+49%
Laborer	-23%	- 9%	- 5%	-36%	- 5%	-28%	N/A	-19%
Admin/Sales	- 4%	-24%	-18%	- 2%	-13%	- 8%	N/A	-14%
Student/Military	- 3%	N/A	-14%	- 4%	-10%	-12%	N/A	- 6%
Unemployed	- 3%	N/A	-19%	- 1%	- 7%	- 8%	N/A	- 5%
<u>Home Ownership:</u>								
Own	+23%	N/A	+23%	+31%	+16%	+14%	N/A	+20%
Rent	-15%	N/A	- 9%	-26%	-11%	+ 6%	N/A	-12%
Live with Relatives	- 8%	N/A	-14%	- 5%	- 5%	-20%	N/A	- 8%
<u>Residential Location:</u>								
In-City	+19%	N/A	+24%	+33%	+33%	+24%	N/A	+26%
Within 5 miles	No Change	N/A	No Change	+ 8%	+ 4%	+ 3%	N/A	+ 3%
Within 6-10 miles	+ 2%	N/A	- 4%	- 8%	+ 2%	- 4%	N/A	- 2%

1/ First percentage number indicates new plant employees that only farmed prior to their present employment; second percentage number indicates new plant employees that reported they or their families have been able to continue farming because of their new jobs; and third percentage number indicates new plant employees providing financial assistance to dependents outside their immediate family that enables them to continue farming.

Table 2 (Cont'd)

	<u>JEFFERSON</u>	<u>CENTERVILLE</u>	<u>ORANGE CITY</u>	<u>CRESTON</u>	<u>GRINNELL</u>	<u>DECORAH</u>	<u>LAKE MILLS</u>	<u>GROUP TOTAL</u>
----- <u>Impacts on Employees and Their Families</u> -----								
	(most changes 1960-1970)							
11-15 miles	- 1%	N/A	- 1%	- 5%	+13%	No Change	N/A	+ 1%
16-20 miles	- 6%	N/A	- 4%	+ 4%	-10%	- 3%	N/A	- 5%
21-30 miles	- 3%	N/A	+ 2%	- 8%	- 2%	- 7%	N/A	- 3%
Over 30 miles or out-of-state	-11%	N/A	-17%	-24%	-40%	-14%	N/A	-20%
Effect of Employment on Employee <u>Spending in Community</u>								
None	-10%	N/A	-27%	-24%	-51%	-35%	N/A	-29%
\$100 or Less	-10%	N/A	- 5%	-19%	No Change	-10%	N/A	-10%
\$101-\$200	+ 3%	N/A	+ 7%	+ 3%	+ 7%	No Change	N/A	+ 6%
\$201-\$300	+ 8%	N/A	+12%	+ 6%	+ 4%	+17%	N/A	+ 9%
\$301-\$400	+ 3%	N/A	+ 5%	+12%	+11%	+14%	N/A	+ 8%
\$401-\$600	+ 4%	N/A	+ 6%	+14%	+12%	+ 4%	N/A	+ 9%
Over \$601	+ 2%	N/A	+ 2%	+ 8%	+17%	+10%	N/A	+ 7%

(PART II)

IMPACT OF INDUSTRIAL DEVELOPMENT ON
THE INDIVIDUAL COMMUNITIES

JEFFERSON
Greene County
(population 4,735)

Industrial Development--Why and How It Happened

During the mid-1950's, community leaders in Jefferson became acutely aware of trends toward larger farm units, advancing farm technology, and decreasing farm employment, . . . and of their own corresponding need to broaden the town's economic base in order for it to survive and grow.

At the time, Jefferson had had only two small industries--an electric water heater manufacturer which had recently closed, and a tile plant with eight to ten employees which was barely hanging on.

Jefferson's business community recognized the need for a much broader stimulus for industrial development than could be supplied under existing budgetary constraints of the local Chamber of Commerce industrial bureau, although the Chamber bureau formed an important first step.

Accordingly, as a second building block, the Industrial Development Company of Jefferson was organized in 1959--a non-profit corporation supported by \$25 annual dues subscriptions, plus the purchase of \$500 debentures by members when industrial buildings were needed.

To close possible gaps and enable the community to sustain a prolonged industrial development effort, a third component to promote industry was later brought into being when the citizens of Jefferson voted to establish a formal Public Relations and Industrial Development Department administered by the Mayor and City Council. This was the first such department in the state. The Department was financed by newly established legislation permitting the use of funds from beer and cigarette license for this purpose. Life of the Department is renewable for five year periods.

This three-pronged, well-supported, local program eventually brought Jefferson success in industrial development--with the city's Department of Public Relations and Industrial Development acting as contact point for prospects and as general coordinator, the Industrial Development Company working with the prospective firms on site development and acting as financial agent, and the Industrial Bureau of the Chamber of Commerce working closely with both on allied details.

A fourth component--one specifically aimed at aiding overall area-wide development--was added in 1963 with the formation of the Greene County Area Development Commission. The commission, composed of two representatives from each of seven towns--Churdan, Dana, Grand Junction, Jefferson, Paton, Rippey, and Scranton--is concerned not only with industrial development but also with such important ancillaries

as housing, flood control, zoning, parks, community facelifting, educational improvements, lake development, and general intercommunity relations.

Jefferson's first success came in late 1959 when National Manufacturing and Stamping Company moved there from Des Moines. At about the same time Franklin Manufacturing Company located a plant in Jefferson, and a "home grown industry"--what is now American Athletic Equipment Company--began operations in a store basement.

Since that time, National has gone through four expansions, American now occupies two plant locations in Jefferson, and Franklin has substantially enlarged the operating equipment inside its plant and is contemplating further plant expansion. Ten other industries have newly located in the town since 1960, and several of these have subsequently expanded their Jefferson operations.

This points up an important but sometimes underemphasized role of successful industrial development: A truly effective development program focuses not only on attracting new industry, "imported" and "homegrown" alike, but also on promoting a favorable community-wide climate and outreach that will aid in every way possible to stimulate growth-through-expansion by its existing and acquired industries. In Jefferson's case, for example, its three largest new firms began with 74,900 sq.ft. of plant space and a first year employment of 80. By 1970, the same three industries occupied 98,500 sq.ft., employed 390, and contributed \$1,960,000 of the town's \$2.5 million in added payrolls.

In addition to marshalling a concentrated program of organizational efforts to attract industrial development, Jefferson has provided a variety of special services to aid new or expanding industries. Examples include special water and sewer lines to meet the needs of one company, a blacktop street and special sewer drainage for another, and rail siding facilities, a site tract, and sewer drainage for a third. A fourth firm was also provided with a convenient sewer line. Where needed, the Industrial Development Company has made funding available to provide special utility service extensions to meet the requirements of incoming industry, with costs recoverable through taxes. Many of the sites and buildings have also been financed through Development Company loans.

One of Jefferson's plant managers describes his own company's experience this way: "They really cooperated here, and followed up on everything." To which a prominent local physician, long active in the Jefferson industrial development program, adds: "Yes, we've been successful. But we will not promise anything we cannot deliver. And our best salesmen are our present industries!"

Community and Area Impacts

Survival . . . and Growth. Jefferson's mayor and its lawyer-newspaper publisher are quite candid about the chief benefits of the town's industrial development--community survival and renewed growth.

As they phrase it, "This town would have died a slow death without new industry. Without the 500 new industrial jobs paying some \$2,500,000 a year, we most certainly would have lost population."

A leading physician seconds that appraisal:

"We would have been in real trouble without this industrial development. Also, because of the income from industrial payrolls here, other small towns in the area have been able to survive."

Economic Base. In terms of basic community economics, the results speak largely for themselves . . .

Population: From 1960 to 1970, Jefferson experienced a turnaround in its long-term population decline, scoring a modest but encouraging net gain of 165 for the decade, whereas Greene County as a whole continued to lose population--more than 1660 residents--over the same period. (The latter would of course have been a sharper decline, perhaps much sharper, had it not been for the influence of Jefferson's turnaround.)

Residential Construction: Jefferson's population stabilization and growth, in turn, have stimulated the construction of nearly 180 new homes, plus a substantial boost in residential renovation and remodeling. Thus, the net number of taxable dwellings in the community rose by 145 over the ten year period.

Tax Base: Growth also brought a major expansion to the town's tax base--

	Taxable Building Units <u>1961-70</u>	Assessed Real Estate Valuation <u>1961-70</u>
Residential	up 145	up \$1,082,000 (28%)
Retail	up 10	up \$ 422,000 (32%)
Industrial	up 7	up \$ 230,000 (230%)
Agricultural	<u>n/a</u>	<u>up \$ 58,000 (33%)</u>
Total	up 162	up \$1,792,000 (33%)

Retail Sales: Direct impacts--the benefits of added payrolls and taxes--are only part of the story, of course. Of nearly as great importance are the secondary benefits--economic multiplier gains from added consumer spending in the local economy. This is clearly reflected in Jefferson's

retail trade level, which rose 47% (more than \$4.9 million on an annual basis) between 1960 and 1970. Indeed, more than 90% of the retailers who responded to our inquiries reported that the town's industrial development program had contributed a recognizable expansion to their own firm's retail sales.

Individual gains ranged from 10-15-20% levels to nearly 140%. Some of the larger increases represent sales expansions on the order of \$900,000 to \$1 million annually.

Retail Employment and Facility Expansion: Increased retail sales, in turn, have led to increased retail employment--two or three added here, a new department or division there, at least one changeover from manual recordkeeping to more sophisticated computer-based processing and customer service, and numerous upgradings of part-time positions to full-time employment. Of the retailers who responded to our surveys, 39% reported that they had been able to expand their staffs because of the new plants, and 45% said they had been able to expand their facilities. Even retailers who have not expanded are quick to credit the town's industrial program with permitting them to "hold their own" and "earn a decent living."

There have been some interesting side-benefits, too:

"With increased job opportunities, we have more cash accounts and fewer charge accounts."

"Because of these added payrolls, our merchants have an optimistic view of the future--and conduct their business on that basis."

Family Economics. From a social and economic standpoint, the most important beneficiaries of Jefferson's industrial growth have been the area's citizens--those who have gained jobs or occupational advancement, those who have been able to remain on their farms or upgrade their family housing as a result of the added incomes, and those who have been able to move closer to Jefferson as a result of their new employment.

These gains are clearly reflected in returns from an extensive survey of employees of the new plants which have come to Jefferson since 1960. These are summarized below. The "before joining one of Jefferson's new plants; the "after" column reflects the same worker's (or family's) situation today:

	<u>"Before"</u>	<u>"After"</u>
<u>Family Income</u> (aver. monthly)	\$480	\$580
<u>Family Income Contributors</u>		
Only one member contributing	64%	61%
Two members contributing	33%	36%
Three or more contributing	3%	3%
<u>Employee's Wage Level</u> (aver. monthly)	\$381	\$474
<u>Occupation</u>		
Farming only	20%	<u>1</u> /
Managerial	13%	22%
Production	22%	66%
Laborer	35%	12%
Sales	4%	--
Students, military, etc.	3%	--
Unemployed	3%	--
<u>Home Ownership</u>		
Own	34%	57%
Rent	52%	37%
Live with relatives	14%	6%

1/ Significantly, 9% of the new plants' employees report that they or their families have been able to continue farming because of their new jobs, and an additional 9% report that dependents outside their immediate families have been able to continue farming because they, as a result of their jobs, have been able to provide financial assistance to those individuals.

Employee Residential Location and Retail Spending Patterns. As we have seen, industrial development has strongly aided Jefferson by stabilizing the town's population and boosting local retail trade. These influences are particularly evident in the residential location and retail trading patterns of the employees of the new plants. (Again, the "before" column indicates the family's situation before one or more of its members joined the work force at one or more of the new plants, while the "after" represents the family's situation today.)

	<u>"Before"</u>	<u>"After"</u>
<u>Residential Location:</u>		
In Jefferson	34%	53%
Within 5 mi. of Jefferson	5%	5%
" 6-10 mi. "	14%	16%
" 11-15 mi. "	12%	11%
" 16-20 mi. "	16%	10%
" 21-30 mi. "	8%	5%
More than 30 mi., another county, or out-of-state	11%	--
<u>Spending in Jefferson (approx. monthly):</u>		
none	11%	1%
\$100 or less	27%	17%
\$100 - \$200	24%	27%
\$201 - \$300	14%	22%
\$301 - \$400	10%	13%
\$401 - \$600	9%	13%
over \$601	5%	7%

County Impacts. As would be expected, Jefferson's growth has had important benefits to Greene County's economic outlook. Although the county as a whole lost population during the period as we have seen, its non-agricultural employment base rose by 47 percent, most of it linked directly or collaterally to Jefferson's growth. At the same time, the composition of the county's employment mix has also shifted:

<u>Employment Category</u>	<u>Numerical Change 1962-1970</u>	<u>Percentage Change 1962-1970</u>
Manufacturing	+369	+210%
Retail Trade	+ 39	+ 8%
Wholesale Trade	+ 47	+ 45%
Transportation and Utilities	- 13	- 10%
Services	+ 22	+ 12%
Other	<u>+108</u>	<u>+ 10%</u>
Total Non-Farm	+572	+ 47%

Together, these employment-base changes suggest greater stability for the county's future economy.

Expanded local opportunities, in turn, are reflected in the job location choices adopted by the employees of Jefferson's new plants, who came to their present Jefferson job from the following previous locations:

Previous Job Location:

Greene County	62%
Guthrie County	7%
Polk County	7%
Dallas County	5%
Boone County	4%
Webster County	2%
Calhoun County	2%
Carroll County	2%
Other & Out-of-State	9%

There have been important indirect benefits to the county, as well. To cite an example, while Jefferson's economic growth was only one of the contributing factors (federal social contributions also increased during the period), it is locally credited with a significant portion of 14 percent decline in Greene County welfare cases, a reduction of 383 welfare recipients.

Greene County's farm families have benefitted, too. As one retailer puts it, "Many farmers work in their off seasons and certainly appreciate it." In fact, new winter jobs for men and year-round jobs for farm women have resulted in quite a number of \$12,000 to \$15,000 combined cash income levels, area leaders say.

Quality of Life. Community and area impacts from industrial development have reached well beyond the realm of economics. The ripple effect is clearly seen in important quality-of-life sectors, as well:

. . . in area medical services where, because of rising economic levels and increased stability resulting from industrial growth, five young doctors have been attracted to Jefferson during the past 10 years and a new medical clinic, a hospital addition, and two modern nursing homes have been built.

. . . in recreation, where the City Council has named a recreational commission and begun planning for a city-wide recreation program for all ages.

. . . in airport facilities, where additional airplane hangars, plus a new paved runway made available from federal funds, have further increased Jefferson's appeal to future industry, improved the town's accessibility by air, and added to its recreation base.

. . . and in youth opportunities, where jobs or added family incomes have been cited by a number of workers as key factors in helping keep their young people in the area or making possible advanced education for family dependents.

The Big Intangible

As we have seen, many of the benefits of Jefferson's industry efforts have been tangible and quantifiable. Others are more difficult to measure, but still rank prominently in local awareness and enthusiasm.

Chief among these, as noted earlier, is the community's renewed economic strength and growth in the face of widespread small town decline. In many minds, the long-run benefits of industrial development are best viewed in terms of the alternatives . . . what would happen without industry.

Without Industrial Development . . . Jefferson's future would have been bleak, say two local businessmen:

"Without the new industry, our population would have decreased considerably, new buildings would not have been built, and retail sales would be considerably lower, . . . taxes would be higher than they are now, and the economic situation would be poorer."

A number of the town's retailers view the alternatives even more pointedly. Without its new plants, they say, Jefferson's outlook would have been

"downhill . . . steady decrease in business activity . . .

"just another dwindling small town,
with many gravel streets . . .

"empty business buildings and the 'dead' look of other
small towns . . .

"one of those dying towns . . .

"down the drain eventually."

At the very least, one merchant observes,

"The economy would be down and I could not afford to offer
the service to the remaining community that I can now."

In contrast, they readily agree that, as a result of its industrial
program, Jefferson today offers

"excellent schools, churches, and medical facilities . . .
a good progressive place to live with excellent shopping
facilities."

Some Clues to Small Town Survival

One of Jefferson's retailers sums up the local program very succinctly,

"We were hurting and knew we had to do something.
The results have been very rewarding."

Collectively, Jefferson's business leaders suggest that their own
experience points up several general guidelines to the preservation of
smaller communities, particularly those that already enjoy some traditional
social and economic allegiance as rural area county government and trading
centers:

- * First, as agricultural population decreases, it is
absolutely essential to have industry in order to
support and maintain local facilities.
- * Second, it is necessary to have a good balance
between farm and industry in order to create a
favorable job and spending picture.
- * and third, success breeds success.

On the latter point, most of the businessmen polled felt that not only the
business community but the community as a whole strongly favors the town's
program and the way it has been handled. Two comments are typical:

"We are quite proud of our city leaders and the results
they have produced. They are convinced, and the town
is convinced, that our city has most of the features
sought by those looking for plant locations."

"Attitude has been good. Jefferson doesn't have any trouble raising money for industry. It has provided a lot of jobs. We have good industries in our town."

Where Now? . . .

Now that Jefferson has a strong new industry base, does this mean that its industrial development program is accomplished and the town can rest on its gains?

To a pleasant degree, yes, because the town has done its job well. But the community's leaders and citizens have the foresight to view the program as a long-range, continuing activity of major importance. Why? Because increasing economic activity and a rising quality of community life have brought an expanded awareness of additional needs, opportunities, and aspirations . . . plus the confidence to tackle them.

As one retailer notes,

We definitely needed the business organizations that came here . . . but we could still use another business or two!

CENTERVILLE
Appanoose County
(population 6,531)

Since Centerville has already enjoyed a considerable amount of attention in recent years as an example of successful small community industrial development, its story may already be generally known to many Iowans. Centerville is included here, then, not to repeat the familiar but to focus specific attention on some guidelines that its experience may offer to other communities.

Centerville's Success--a Brief Recap

Centerville's wave of industrial development during the '60s was touched off when Radiant Electric opened a plant there in 1960. Union Carbide followed in 1962, and McGraw-Edison in 1965. Together, these new plants have contributed well over 800 new employees to the area. Since 1965, three smaller industries have also located in Centerville, and the three existing firms have completed significant expansions--from an original 272,000 sq. ft. to 380,000 sq. ft. today. In addition--too recent to include in Centerville's primary data base--in March 1972 Young Radiator Company announced plans for a 75,000 sq. ft. plant.

How Did It Happen?

How did this growth come about? Primarily by careful planning, diligent effort, and energetic cooperation of all key government and business organizations in the area.

The Centerville City Council and the Appanoose County Board of Supervisors, for example, provided street, sewer, water, and railroad siding arrangements, and the Centerville Chamber of Commerce Industrial Committee secured sites and negotiated with local governmental units for zoning. The Chamber Industrial Committee has also sponsored individual firms where they have become land or building owners. In the case of one of the larger plants, the Development Corporation put together the necessary Chicago bank financing to build a needed building. The Centerville Chamber of Commerce, in turn, provided 74 acres for purchase by Union Carbide's new plant and over 16 acres for the McGraw-Edison site. Important additional aid and suggestions came from the Iowa Development Commission and from the in-house industrial department of Iowa Southern Utilities Company.

Locally, considerable emphasis is made of the point that the community's two banks have played important active as well as supporting roles in Centerville's development efforts. They have been heavily involved in the industrial program since 1960, with as many as three of their senior executives serving throughout this period as members of the industrial committee of the Centerville Chamber.

Both local banks readily acknowledge that industrial development has been good business for the banks themselves, as well as for the area. "Our bank has prospered," says one bank president. "We grew from \$5 million in deposits to in excess of \$20 million at the present time. Of course, in banking this is the name of the game."

By agreement, increased deposits arising directly from the industrial development program are shared equally by the two banks. As a result, their combined assets have grown from \$17 million in 1962 to \$33.5 million in 1970, providing a significantly enlarged financial base to support current and future secondary commercial expansion.

Factors in Centerville's Success

Regionality--a SPECIAL Role from a Unique Resource. A variety of factors have been cited from time to time as major contributors to Centerville's industrial success. One that is commonly singled out by casual observers is the area's unique man-made "natural" resource, the recently completed 11,000-acre Rathbun Lake Reservoir. A note of caution is appropriate here, however, since excessive emphasis on Rathbun alone would (1) be out of proportion to the lake's actual contribution to date, and (2) tend to obscure Rathbun's perhaps more important but less obvious role at this stage--its stimulus to REGIONALITY.

Local leaders would be the last to deny the long-term importance and overall economic potentials of Rathbun Lake. Yet they are quick to point out that the bulk of Rathbun's direct developmental impacts still lie in the future, in many respects well into the future.

In terms of recent and immediate impacts, they note, the chief contribution of the Rathbun project to industrial development has been its strong catalyzing influence in welding an active and spirited sense of overall area regionality. This regionality, in turn, is reflected in a number of organizations and governmental mechanisms that provide practical as well as "paper" coordination. Three leading examples include:

. . . a Resource Conservation and Development Committee, operating on behalf of the four counties--Appanoose, Lucas, Monroe, and Wayne--to coordinate area promotional activities by existing county organizations.

. . . a Rathbun Regional Planning Commission for planning, zoning, road and services development, etc.

. . . a Rathbun Lake Association, charged with lake promotion. This organization sponsored the original lake dedication ceremonies (which President Nixon attended), continues to sponsor sport shows and other special ceremonies and events, publishes a lake brochure, and generally endeavors to attract developers and investors.

These, as well as the local Centerville organizations, have the benefit of overlapping membership for closer coordination and continuity.

This then, area leaders repeat, has been the leading contribution of the Rathbun Lake project in terms of industrial progress to date, and possibly its most universal message for other communities:

* Although a large or unique natural or man-made geographic resource may not be available to every community, most communities are part of some larger, potentially cohesive region having common or similar characteristics.

* In turn, then, a fairly universal but largely untapped "resource" as far as industrial development is concerned could be a community or area's ability and willingness to promote effective emphasis on regional cooperation and area-wide joint development efforts.

* Finally, "willingness" is emphasized along with ability because area-wide cooperation of this nature usually requires some degree of compromise--reasonable subordination of individual community goals or identity in favor of larger area-wide concerns and opportunities.

Key Factors. In assessing the key factors which have contributed to Centerville's industry gains, the area's newspaper publisher--who has long been a leader in local development committee activity as well as broader regional efforts at industrial development--and the Centerville Chamber's executive secretary generally agree that the following probably head the list:

1. The ability of the community's official industrial negotiating team to reach quick, on-the-spot decisions. This responsiveness and flexibility, in turn, are attributable to the team's size--a small number of closely-working members--plus full power of attorney to act on behalf of the corporation when key decisions must be made promptly. A sizeable Industrial Committee as well as the full Chamber of Commerce are frequently briefed and asked for updated guidelines. Thus a broad base of cooperation is achieved, nurtured, and frequently put into supporting action.

2. Solid planning by all concerned, particularly the negotiating committee, based on thorough advance knowledge of area data and resources.

3. An active, public-spirited newspaper that is fully sympathetic to the particular needs and problems of industrial development, plus excellent cooperation and helpful programming by the local radio station.

4. A genuinely cooperative city council and county board of supervisors, actively operating in support of industrial development.

5. Cooperative and competitive local banks.

6. And definite goals for employment growth--from 200 in 1960 to 1,500 projected for 1975.

Community Impacts of Successful Development

Has industrial development helped Centerville? Indeed it has!

Economic Base. Centerville's basic economic indicators alone reflect many of the benefits of its industrial development campaign . . .

Population: Over the period 1960 to 1970, Centerville experienced only a small net loss in population--98 persons. Appanoose County as a whole, however, lost population on a much larger scale--more than 1,000 persons. In the opinion of a number of observers at state as well as local levels, it seems likely that without Centerville's strong industrial program the county might still be classified as an economically depressed area by the federal government, as had been the case as recently as 1963. Inasmuch as Centerville's preceding decade (1950-60) had seen a population loss of just over 1,000, its turnaround during the '60s was remarkable, and holds promise for a population gain during the 1970's.

Residential Construction: On an even more positive note, Centerville's industrial development and resulting expansion in business activity have stimulated a significant amount of residential construction. A total of 179 new homes were built during the period, and a substantial number of existing homes were remodeled or renovated.

Tax Base: Business development has meant a sizeable expansion to the town's tax base, too, as reflected in the figures below:

	Taxable Building Units 1965-1970	Assessed Real Estate Valuation 1961-1970
Residential	up 68	up \$2,063,000 (75%)
Retail	up 27	up \$ 987,000 (91%)
Industrial	down 3	up \$ 593,000 (450%)
Agricultural	n/a	up \$ 42,000 (75%)
Total	up 92	up \$3,685,000

Retail Sales: Rising consumer spending by plant employees and their dependents is credited with being the heart of Centerville's 83% increase in annual retail sales over the ten year period--from \$12.1 million in 1960 to \$22.4 million in 1971. Indeed, retail sales have increased every quarter since 1963. Approximately 93% of the retailers who responded to our inquiries stated they had individually experienced growth in their own business activity which they could identify to be a direct result of the town's industrial program. Many retailers reported gains of 20-40% in sales during the period, and several noted that their business activity has more than doubled since the new plants located in Centerville.

Retail Employment and Expansion: In response to rising retail sales, additional employees have been hired by a number of retail establishments, and many Centerville retail facilities have been physically expanded or modernized in one way or another. Some 34% of the responding retailers and service establishments stated that they had been able to expand their staffs, and 36% said they had been able to expand or improve their facilities--all of it attributed to Centerville's new plants. The following are typical of individual firms' experiences:

"Have been upgraded from a branch office to a district office."

"Have been able to remodel our building, buy all new equipment, and add three new staff members."

"Have been able to relocate in a better commercial location and add more sales staff."

"Have been able to build a new store and double our staff."

"Added six employees."

Family Living. With the coming of the new plants, many more of Centerville's citizens have been able to locate suitable jobs in their own community, upgrade the quality of family housing or furnishings, and increase their level of disposable income. A number of these benefits were evident almost from the outset, as the results of an earlier comprehensive local survey by Iowa Southern Utilities Company reveal:

Employee Earnings Level . . .

	Previous Monthly Salary Before Taking New Centerville Job	Starting Monthly Salary at New Centerville Job
\$200-\$300	73%	50%
\$301-\$400	21%	34%
\$401-\$500	6%	10%
\$501-\$600	--	4%
\$601-\$700	--	1%
over-\$701	--	1%

Occupation . . .

	Previous Job	New Centerville Job
Administration	3%	4%
Production	56%	89%
Sales	23%	2%
Laborer	14%	5%

Residential Location . . .

	<u>Previous Job</u>	<u>New Centerville Job</u>
In Centerville	n/a	30%
Within 5 miles	n/a	10%
Within 10 miles	n/a	22%
Within 15 miles	n/a	11%
Within 20 miles	n/a	12%
Within 25 miles	n/a	10%
Within 30 miles	n/a	5%

Quality of Life. But economic and employee gains alone are only part of the story. Overall quality of community living has also improved, in some cases markedly. The president of one of the larger banks says, with evident enthusiasm,

"A higher standard of living has definitely been achieved here. Many more young people are staying in Centerville or are coming here to live as a result of these new plants. Whatever has been expended by our bank over these 'developing' years has been returned many, many fold."

And he adds . . .

"We have required, and have developed, additional recreational facilities, new parks, ball diamonds, and have improved our Community Center. All the business buildings on the square are now occupied, whereas some stood empty at the beginning of the development period /1960/. The business area is expanding in all directions, and business is good."

Other pluses include airport improvements, a new 100-bed nursing home, and the community's success in attracting additional doctors.

County Impacts. The benefits of Centerville's growth have been felt in various ways throughout Appanoose County. Non-agricultural employment in the county rose by 65%--most of it traceable to Centerville's industrial development program--and the composition of the county's employment mix changed in a number of favorable directions:

<u>Employment Category</u>	<u>Numerical Change 1962-1970</u>	<u>Percentage Change 1962-1970</u>
Manufacturing	+751	+241%
Retail Trade	+242	+ 56%
Wholesale Trade	- 8	- 8%
Transportation and Utilities	+ 49	+ 15%
Services	+141	+ 56%
Other	<u>- 58</u>	<u>- 18%</u>
Total Non-Farm	+1,117	+ 65%

The chief county-wide benefit that can be clearly attributed to Centerville's industrial development program are these increases in manufacturing, retail, and services employment. However, local observers also credit the new plants with much of the county's 22% decrease in welfare recipients over the period--a reduction of 2,289 persons on welfare!

What Would Have Happened If . . .

To assess the overall importance of industrial development to a community or area, it is well to view the results in the light of what knowledgeable observers feel would have happened in the absence of such development. In the case of Centerville, the town's economic outlook without industrial development seems to be fairly well summarized in the opinions of two of its leading retailers:

"Our store could not have continued if there had not been an upswing. Centerville would have been another small town that was decaying fast."

"Being an old coal mining town and the coal mining practically stopped, our town would have been headed for disaster without industry coming here."

The Future.

It is of course impossible to predict what specific courses Centerville's industrial program may follow in the future, and local leaders are not about to reveal any prospects prematurely, but one general point seems clear:

In terms of popular support, the business community feels the town's development program has the unqualified support of its citizens, and cites the "excellent support" that several local labor surveys have received as representative of continuing citizen interest and cooperation. One business leader sums it up this way:

"People have more faith now in what the community as a whole can do. You don't hear the negative attitudes you used to hear."

Another Clue--A Newcomer's View

At the time the McGraw-Edison plant came to Centerville (1965), the principal plant locator was asked what really tipped the scales toward Centerville as the location choice. His response could well serve as a guideline to any city or town that aspires to attract new industry:

"Now that the final selection has been made and the ground breaking over with, I can tell you that we looked at a good many fine communities in which to locate--towns with good schools, and swimming pools, and nice homes . . . Centerville came across to me and to McGraw-Edison as a community really wanting industry. We felt the people really wanted us, and I mean the ordinary people, not just your Chamber of Commerce committee."

CRESTON
Union County
(population 8,234)

Industrial Development--How It Started and What It Produced.

Creston's industrial program began in 1955 with the formation of Creston Industries, Inc., a for-profit corporation established by the town's business community through the sale of stock at \$10 per share.

Functions of this organization later were dovetailed with those of the Creston Development Company, a non-profit group organized through the industrial bureau of the Creston Chamber of Commerce about 1958, according to Creston's mayor, an active participant in the town's industry progress.

Some 35 acres of available land with railroad sidings was brought to grade, and became prime sites for industrial prospects. Further progress was made with the purchase of a 100-acre farm near the edge of Creston by the Development Company. The city cooperated on utility and sewer services in order to make available a "package" proposal to serve as a chief negotiable item for each site, with tax information already filed, but without waiver of taxes.

General community support for Creston's development program was demonstrated when its citizens raised some \$62,000 to match a competing bid from a nearby town that had offered plant tax relief to an industry prospect. The industry eventually located in Creston.

Creston first tasted success in 1958 when Vanmark Inc., a potato peeler manufacturer, opened its plant. Following on the heels of this initial success, the Purolator Corporation opened a plant in 1964, followed by Hills-McCanna (now Wellman Dynamics) in 1965. The Green Valley Chemical Corporation came to Creston in 1966. Several large cooperatives and the A. V. Boyd and Son firm soon joined the ranks of new industry in Creston.

The first three--Vanmark Inc., Purolator Products, and Wellman Dynamics--initially occupied 159,500 sq. ft. of plant space; by the end of 1970 the same three plants occupied 270,000 sq. ft. of plant space. Also, by the end of 1970, these three plants plus the Green Valley Chemical Corporation employed a total of 403 persons. Available data for two of the firms alone show over \$1,000,000 in added annual payrolls.

As industry moved in, Creston's retail and services trade also began to grow, bringing added variety and convenience benefits to its citizens. A Sears catalog store, a discount operation, two drive-in restaurants, and the Creston Tractor Supply Company opened, and several existing retailers began remodeling and enlarging their operations.

The Keys

Three elements stand out in Creston's success in industrial development, according to the immediate past president and current treasurer of the Creston Development Company:

"We've been lucky to have had most of the key people in the community serve on our board of directors at one time or another. The local doctor serves--and takes a tremendous interest in our progress, as well as the newspaper editor, a lawyer, and the presidents of both our banks."

"The second and equally important element was the tremendous support given our efforts by the Iowa Extension Service. They've helped us put together brochures, development literature, and fact file data on our area, even to the point of actually helping us with the manpower involved to do it."

"This helpful attitude and pride in industrial accomplishment is and has to be a continuing thing."

The Creston Development Company did most of the "selling," according to community leaders, and helped arrange financing details through the Equitable of Iowa Insurance Company for building and site loans.

Summarizing, Creston's newspaper publisher attributes the town's success at industrial location to "individual effort, genuine interest, and the need for industry."

Community and Area Viability

Creston leaders agree that the most prominent benefit of industrial development was a dramatic halt to the town's downward population spiral. One of the top factory executives in Creston phrases it this way:

"Creston was losing population at an accelerating rate, and the new industries turned the tide. We're all very proud to be a part of that. People have to have jobs to stay in an area. This is what took place here."

Economic Base. In basic economic terms, the results are evident in every major direction . . .

Population: Between 1960 and 1970, Creston's population increased by 567, or 7 percent. Union County as a whole did not fare as well, with a net loss of 155. However, Creston's increase clearly provided an important buffer for the county.

Residential Construction: Creston's population growth and economic upturn sparked the construction of 350 new homes between 1960 and 1970, plus widespread renovation and remodeling of existing housing.

Tax Base: Growth also brought expansion to the town's tax base . . .

	Taxable Building Units <u>1960-1970</u>	Assessed Real Estate Valuation <u>1960-1970</u>
Residential	up 172	up \$3,212,000 (71%)
Retail	up 47	up \$ 680,000 (42%)
Industrial	up 10	up \$ 340,000 (1,360%)
Agricultural	<u>n/a</u>	<u>up \$ 74,000 (113%)</u>
Total	up 229	up \$4,306,000 (73%)

Retail Sales: Retail sales in Creston totaled \$13,889,000 in 1960. By 1970, retail sales had increased to \$26,056,000 or around 87 percent. Nearly 98% of the retailers who responded to our survey attributed their increase in sales volume to the town's industrial development. Individual gains reported by retailers show many sales increases in the 10 - 30% range.

Retail Employment and Expansion: Increased retail sales have generated increased retail employment and facility expansion. Of the retailers who responded to our surveys, 40% said that they had been able to expand their staffs as a result of the new plants, and 20% said they had been able to expand their facilities. Other retailers stated they had seen a steady increase in their sales and, although they had not expanded staff or facilities, were staying afloat. The following are typical of retailer comments:

"Have doubled the size of our store."

"We have been able to move into larger facilities and increase our inventory."

"Added four employees."

Family Economics. Socially and economically, the biggest gainers from Creston's industrial growth have been its townspeople and those in the surrounding countryside. These people have added to their incomes and have seen their shopping facilities and selections upgraded. These gains are evident in returns from an extensive survey of employees of new plants which have come to Creston since 1960, which are summarized below.

The "before" column reflects the worker's (or family's) situation before joining one of Creston's new plants; the "after" column reflects the same worker's (or family's) situation today.

	<u>"Before"</u>	<u>"After"</u>
<u>Family Income</u> (aver. monthly)	\$469	\$683
<u>Family Income Contributors</u>		
Only one member contributing	69%	59%
Two members contributing	31%	40%
Three or more contributing	--	1%
<u>Employee's Wage Level</u> (aver. monthly)	\$386	\$483
<u>Occupation</u>		
Farming only	14%	<u>3/</u>
Managerial	5%	11%
Production	13%	64%
Admin/Sales	13%	11%
Laborer	50%	14%
Students, military, etc.	4%	--
Unemployed	1%	--
<u>Home Ownership</u>		
Own	43%	74%
Rent	49%	23%
Live with relatives	8%	3%

3/ 17% of the new plants' employees report that they or their families have been able to continue farming because of their new jobs. An additional 2% report that dependents outside their immediate families have been able to continue farming because they, as a result of their jobs, have been able to provide financial assistance to those individuals.

Employee Residential Location and Retail Spending Patterns. The effect of industrial development on Creston's population and retail trade are evident in the residential location and retail trading patterns of the employees of the new plants. (Again, the "before" column indicates the family's situation before one or more of its members joined the work force at one of the new plants, while the "after" represents the family's situation today.)

	<u>"Before"</u>	<u>"After"</u>
<u>Residential Location</u>		
In Creston	41%	74%
Within 5 mi. of Creston	2%	10%
Within 6-10 mi. of Creston	10%	2%
Within 11-15 mi. of Creston	7%	2%
Within 16-20 mi. of Creston	7%	11%
Within 21-30 mi. of Creston	9%	1%
More than 30 mi. or out-of-state	24%	---
<u>Spending in Creston (approx. monthly)</u>		
none	24%	---
\$100 or less	27%	8%
\$101 - \$200	9%	12%
\$201 - \$300	17%	23%
\$301 - \$400	13%	25%
\$401 - \$600	2%	16%
over \$601	8%	16%

County Impacts. Creston's economic progress has benefitted the economic picture of Union County, as well. The county's non-agricultural employment base rose by 59%--a work force gain of 916. Creston played a major part in this increase. At the same time, the composition of the county's employment mix has also shifted:

<u>Employment Category</u>	<u>Numerical Change 1962-1970</u>	<u>Percentage Change 1962-1970</u>
Manufacturing	+424	+204%
Retail Trade	+117	+ 17%
Wholesale Trade	+ 77	+ 94%
Transportation and Utilities	- 4	- 2%
Services	+172	+ 69%
Other	<u>+130</u>	<u>+ 88%</u>
Total Non-Farm	+916	+ 59%

These employment-base changes add considerable promise to the county's economic future.

Expanded job opportunities in Union County are reflected in the shift in job location of employees at Creston's new plants:

Previous Job Location

Union County	66%
Out-of-State	12%
Polk County	4%
Clark County	3%
Ringgold County	3%
Adams County	3%
Adair County	3%
Page, Fayette, Hardin, Montgomery, Wapello, Decatur Counties	6%

Another example of indirect county benefits from the creation of new jobs has been a marked reduction in the number of individuals on county welfare--a decline of 1,092 welfare cases (19%) over the ten-year period.

Quality of Life. City and county impacts from industrial development spread well beyond basic economics. Improved airport and community medical facilities, expanded cultural programs through the local area college, and heightened interest in adult education are a few examples which are prominently in evidence.

Retailer Summation

"If the small town is to survive and if small businesses in it are to keep up, we must encourage industrial development."

"Industrial development is a must if a community is to grow."

Employee Summation

"Because of the extra income we are able to buy more farm land and livestock. We would like to see more industry come to Creston."

"Industrial development has been the base for growth in our community, thereby helping agricultural growth and tourist developments."

"Creation of the new jobs has raised our income from the poverty level and is helping with college expenses."

ORANGE CITY
Sioux County
(population 3,572)

What Was Done and How It Was Accomplished

As early as 1959, Orange City community and business leaders began to voice serious concern about their city's provision for an adequate industrial base, and the need for a specifically focused organization to bring a broader economic base into their area through industrial growth. A surge of fresh interest in 1962 further kindled this long-time thinking about industrial development, and led to the organization of an Orange City Development Corporation, with shares issued in \$100 units. This money was used to buy 127 acres of land south of town at about \$600 per acre.

Using the land as collateral, the Corporation then went to the Northwestern State Bank and the Small Business Administration for a SBA "502 Program" loan to help finance a \$180,000 plant for one incoming company, plus a \$110,000 loan to another newcomer on a lease-purchase agreement. The Development Corporation itself paid for improvements to the land, and sub-divided it into tracts of 5, 10, and 20 acres and one of 40 acres.

Local utilities, in turn, spent considerable time and money extending and "looping" water mains to afford more favorable industrial insurance rates. In addition, a HUD-financed project provided a \$1 million, half-million-gallon elevated water storage facility and a general water services rejuvenation program, both of which were locally match-financed by city revenues.

Has this investment been productive? Most emphatically. Within eight years, sixteen new industrial plants and retail businesses had located in Orange City--Vogel Paint and Wax Co., K-Products Co., Evangel Aircraft Co., Tolman Manufacturing Co., DaMar Implement Co., Kraai Furniture Co., L & K Clothing Co., Sav-On Grocery, Mauws Super-Valu, National Foods, Hi-Precision Manufacturing Co., Northwest Implement Co., Devries Interiors, Otis Manufacturing Co., Village Drug, and the Dutch Mill Inn.

Viewing this combined list as a whole--additional primary industry plus the new retail and ancillary firms which have followed--clearly demonstrates the multiplier effect that new industry exerts in helping to attract additional secondary and support businesses. And the latter, of course, then provide important tertiary benefits in boosting the community's shopping center appeal.

Interestingly, three largest of these new firms began with 45,500 sq.ft. of plant space and a first year employment of 145. By 1970--just 2 years after the first of three came to Orange City--the same three occupied 69,500 sq.ft. of plant space, and employment had risen to 195. The combined 1970 plant payrolls for these three companies alone was a bit over \$800,000.

Guidelines for Others

Orange City leaders feel that their experience offers several worthwhile guidelines for other communities.

Soft-Sell. A first guideline is what Orange City's mayor, long an active participant in development activities, terms a very "soft" sell. As he puts it,

"All our promotional efforts have been 'soft sell.' We didn't grant anything in outright subsidies. A lot of leg work and help to the prospect in any way we can is the most efficient--and the right way--to do things where industrial development is concerned."

Orange City's brand of "soft" approach has obviously been effective.

Selectivity. Another guideline is selectivity: Not all industries which have wanted to locate in Orange City have been encouraged to do so. In fact, says the president of the Development Corporation, about fifteen prospects were actually discouraged because they were in questionable condition. Most of these he notes, had wanted to relocate to Orange City because they had not been successful in their previous locations. As an example,

"A trailer factory wanted to set up here. We definitely discouraged the move because with a little checking we found that the company involved would not have been a good financial risk."

Bank Support. A third guideline is the active support and participation by the local bank. In Orange City's case, the president of the Development Corporation feels that if he were pressed to choose a single factor that has contributed the most to his community's industry growth, he would have to nominate "the unreserved cooperation of the Northwestern State Bank," which not only has helped in the basic development program itself but also played a major role in financing autos, homes, and appliances for the plants' workers and the community at large.

On the latter point, the bank's president readily acknowledges its enthusiastic role, but notes that it has been a sound and satisfying business investment as well as civic endeavor.

"We have fine industries in Orange City that have increased their employment position substantially during this period of growth. Naturally these people have added to the financial strength of the community.

"Also, in reviewing our industrial accounts we find that they carry substantial balances and occasionally require large extensions of credit. Thus, industrial expansion of the community has facilitated substantial growth of the Northwestern State Bank, too."

Results

The results of successful development are evident in the changes which have taken place in Orange City's community posture.

Basic Economic Sectors. In terms of the community's basic economic sectors, impacts have been as follows . . .

Population: From 1960 to 1970, Orange City's population increased by 865 (31%), and Sioux County's population increased by 1621 (7%) over the same period. As can be seen from comparison of the figures, 50% of the county's population increase came from Orange City's growth alone.

Residential Construction: Orange City's population growth has led to the building of 212 new homes, accompanied by extensive renovation and remodeling of many others. Thus, the net number of taxable dwellings in the community rose by 213 over the ten year period.

Tax Base: Economic growth brought major expansion to the town's tax base . . .

	Taxable Building Units <u>1960-1970</u>	Assessed Real Estate Valuation <u>1960-1970</u>
Residential	up 127	up \$1,676,000 (76%)
Retail	up 82	up \$ 485,000 (120%)
Industrial	up 4	up \$ 78,000 (147%)
Agricultural	<u>n/a</u>	<u>up \$ 15,000 (28%)</u>
Total	up 213	up \$2,254,000 (83%)

Retail Sales: Orange City's increase in retail sales over the past 10 years has been exhilarating. Retail sales rose 111%, going from \$4,200,000 in 1960 to \$8,900,000 in 1970. The industrial development program has of course played a key role in this area of trade growth.

Individual retailer gains ranged from 10-50% in many cases. One citizen said he was able to start his own business because of the stimulated demand for houses.

Retail Employment and Expansion: Increased retail sales have created added retail employment and facility expansion in Orange City. Of the retailers who responded to our surveys, 23% said they had been able to expand their staff and 22% said they had been able to expand their facilities as a direct result of the new plants locating in Orange City. Typical of retailers' responses are these:

"We have enlarged our facilities by one-third and have added 9 more full-time staff."

"We have doubled our square feet in showroom space, and our intentions are to expand more. We have also doubled our staff."

An allied example comes from a leading local banker. Because of the increase in basic bank business, his institution has been able to update its facilities and install its own computer installation. As a result, the bank has been able to provide better service to its existing as well as new customers, and to generate added "outside" income by providing computer services to other businesses.

Family Economics. The most direct beneficiaries of Orange City's industrial growth have been its people.

These gains are evident in the findings from an extensive survey of employees of the new plants which have come to Orange City since 1960. These are summarized below. The "before" column reflects the worker's (or family's) situation before joining one of Orange City's new plants; the "after" column reflects the same worker's (or family's) situation today.

	"Before"	"After"
<u>Family Income</u> (average monthly)	\$488	\$672
<u>Family Income Contributors</u>		
Only one member contributing	78%	36%
Two members contributing	18%	56%
Three or more contributing	4%	8%
<u>Employee's Wage Level</u> (average monthly)	\$362	\$413
<u>Occupation</u>		
Farming only	9%	<u>2/</u>
Managerial	5%	10%
Production	15%	75%
Laborer	13%	8%
Administrative/Sales	25%	7%
Students, military, etc.	14%	-
Unemployed	19%	-
<u>Home Ownership</u>		
Own	22%	45%
Rent	44%	35%
Live with relatives	34%	20%

Employee Residential Location and Retail Spending Patterns. As has been shown, industrial development has been a direct benefit to Orange City's population and retail trade. These influences are also evident in the residential location and retail trading patterns of the employees of the new plants. (Again, the "before" column indicates the family's situation before one or more of its members joined the work force at one or more of the new plants, while the "after" represents the family's situation today.)

2/ Some 18% of the new plants' employees report that they or their families have been able to continue farming because of their new jobs, and an additional 6% report that dependents outside their immediate families have been able to continue farming because they, as a result of their jobs, have been able to provide financial assistant to those individuals.

	<u>"Before"</u>	<u>"After"</u>
<u>Residential Location:</u>		
In Orange City	26%	50%
Within 5 mi. of Orange City	10%	10%
" 6-10 mi. " " "	14%	10%
" 11-15 mi. " " "	9%	8%
" 16-20 mi. " " "	21%	17%
" 21-30 mi. " " "	3%	5%
More than 30 mi., another county, or out-of-state	17%	-

Spending in Orange City (approx. monthly):

None	43%	16%
\$100 or less	41%	36%
\$101 - \$200	9%	16%
\$201 - \$300	3%	15%
\$301 - \$400	2%	7%
\$401 - \$600	1%	7%
over \$601	1%	3%

County Impacts. Orange City's growth has benefitted Sioux County's economic outlook, as well. As mentioned earlier, county population during the period rose 6%. The county's non-agricultural employment base also rose by 44%--much of it linked directly or indirectly to Orange City's growth. Also, during this period the composition of the county's non-agricultural employment mix shifted significantly:

<u>Employment Category</u>	<u>Numerical Change 1962-1970</u>	<u>Percentage Change 1962-1970</u>
Manufacturing	+364	+48%
Retail Trade	+384	+46%
Wholesale Trade	- 42	-11%
Transportation and Utilities	-136	-47%
Services	+527	+109%
Other	<u>+176</u>	<u>+41%</u>
Total Non-Farm	+1,273	+44%

Taken as a whole, these employment base changes provide a more favorable long-run outlook for the county's economic future.

Expanded local opportunities, in turn, are reflected in the job location choices adopted by the employees of Orange City's new plants, who came to their present Orange City job from the following previous locations:

Previous Job Location:

Sioux County	70%
Out-of-State	19%
Plymouth County	8%
Pottawattamie County	1%
Woodbury County	1%
Johnson County	1%

There have been important indirect benefits to the county, also. County officials credit Orange City's added job and income opportunities with much of the 11% drop in county welfare rolls over this period, a numerical decline of 486 county welfare recipients.

Orange City's Industrial Development Success--Some General Comments

Responses to our survey of new plant employees indicates that some 54% of these employees are still under 25 years of age. Clearly, Orange City has been able to provide major new sources of job opportunity for young adults--a factor which is locally credited with being one of the town's chief stimuli for continued growth.

Complementary Gains

Growth in jobs and trade have brought important gains in non-economic sectors, as well:

Medical Services. Because of its new growth and outlook, Orange City has been able to attract an added physician (for a total of four), a surgeon, and a radiologist--each an important addition to the area's health services posture.

Transportation. With the benefit of partial federal funding, Orange City now has a lighted, 3000-ft concrete airstrip, hangar, airport administration/operations building, and fueling and air-ground communication facilities, all designed to accommodate new industry. The buildings in this "air park" were put up by the Development Corporation and financed through the Small Business Administration.

Community Vitality. Not only have Orange City's new firms been a gain, but so have the workers who have come with them, says the town's utilities manager.

"The type and character of individuals moving in since new industry has come to our town have been excellent. They complement the conservative Dutch majority who have lived here for years. They have and create more interest in schools, churches, and culture generally."

Why Industrial Development?

The benefits of industrial development are usually rather clear in retrospect. But why did a town embark on industry development in the first place? In Orange City's case, the answer is a familiar one.

As the president of one of the area's largest furniture stores reflects,

"Our town was headed economically downwards. We had to have industrial jobs to take the place of agricultural jobs."

To which the Sioux County Auditor adds,

"Our population probably would have declined without new factories. Rural outmigration was high and we just had to make the transition from farm jobs to factory jobs. We can now provide more work for skilled labor and have more positions available for highly skilled personnel."

Today, the Orange City business community's attitude toward new industry, including the careful planning and hard work that are necessary to obtain it, is perhaps best summarized by the president of Northwestern State Bank when he said,

"We at Northwestern are pleased to spend much of our time in community development, since we realized that only as our community progresses can our particular business progress. I think we have cultivated an excellent atmosphere for new industry here. I am personally pleased that we can participate."

To this, several local retailers add an important footnote:

"The industrial development program has gone a long way toward building strong community spirit and pride."

LAKE MILLS
Winnebago County
(population 2,124)

Industrial Development--How It Was Initiated

The seeds for present industrial development at Lake Mills were planted when an abandoned vegetable canning plant was made available to Deluxe Products Division of Walker Manufacturing Company in 1958. This firm, which manufactures filters for the automotive industry and today employs around 350 people, moved to Lake Mills from Wisconsin after a series of presentations, extensive travel, and several dinner meetings with various representatives of the Lake Mills business community.

What tipped the scales? At least one key feature--available space--say local leaders.

"We had people available for jobs, but most communities have that. It was the building that really did it."

With the initial Deluxe Products success behind them, the mayor, his brother, and the local publisher formed the North Iowa Development Corporation to share the financial risk and to coordinate efforts to attract additional industry. Buildings were again the magnet, and more success quickly followed.

The Development Corporation itself put up needed buildings for the Tool and Engineering Company and the Larson Manufacturing Company. The Larson firm--a manufacturer of doors, windows, and awnings--had been located in Albert Lea, Minnesota; was a local firm that required a new building.

A Lake Mills native who has been with Larson since 1962 points out that, although taxes and a good labor supply were also influential in that company's move to Lake Mills, the deciding factor was the immediate availability of a needed building. The original 10,000 sq. ft. building has since been expanded three times, and the firm now employs 50 people.

How do industry and the farmer blend get together in a community? Usually through employment and plain neighborliness, of course, but sometimes through entrepreneurship, as well!

Carl Knudtson & Sons, a homegrown firm which started making farrowing stalls and other hog equipment in Knudtson's barn on his farm near Lake Mills, moved to town in 1971 and bought a building provided by the Development Corporation "because I just plain ran out of room," according to Knudtson. Knudtson employs mostly farmers (about 14 in the wintertime) and likes Lake Mills' closeness to the soon-to-be-completed Interstate 35.

L. & M. Plastics grew from some old equipment provided by Lake Mills' present mayor into a modern automated production operation employing about 45 people. The plant yields more than a million pounds yearly of expandable polystyrene beads for such products as planters, swim toys, wig heads, and protective packaging. It is owned by a Minneapolis industrialist but managed by a Lake Mills native.

Near the northeast edge of Lake Mills, adjacent to the North Iowa Development Corporation's industrial site, is Compact Industries, Inc. This firm came to Lake Mills in 1966 after being slated to settle on existing land options in Emmons, Minnesota. "But we went after it," Lake Mills' mayor recalls. Compact, a package beverage firm that employs 75 and manufactures vending equipment, is owned by a corporation in Northbrook, Illinois.

By the time a Schroenrock branch plant was announced as coming to Lake Mills in February 1972, the Development Corporation had already found the firm a site, lined up the necessary trucks to aid the firm in moving in, and tendered a standing offer of people to help them move, or for any other special needs.

"This probably sounds like we promise a prospect everything," says the Lake Mills' mayor, "but we don't ever offer anything we can't deliver. That's one of the basic ingredients of our success here. We have a town full of 'goers' and 'doers' who are genuinely concerned with industry, its people, and their problems. Industrial prospects respond to that kind of treatment," he points out.

The president and vice president of the Lake Mills Chamber of Commerce, both active in the Lake Mills development picture, share some other reasons for the community's success:

1. Representatives of the North Iowa Development Corporation hold concentrated power of decision in dealing with industrial prospects. "We really give them almost complete power of attorney," they say.
2. Individual members of the development corporation will, when needed, actually co-sign bank notes to aid new industry and help existing plants expand.
3. And the development corporation is prepared to move quickly to provide important supporting community services, as well. For example, in 1969, in order to obtain a second doctor for the community to meet demands resulting from expanded industrial population and medical needs, the development corporation bought a house and leased it to an incoming physician.

Results

Lake Mills' civic and business leaders enthusiastically believe that the community's interests are best served by creating added job opportunities, providing liberal financing for industries and homes, and promoting strongly

the themes of small-town America, a life style which is still largely untroubled by many of the problems of larger cities.

As its community leaders point out, not only has Lake Mills been enabled to sustain these attributes, but also the town's industrial growth has strengthened these features--such advantages as a second doctor, a good ambulance service, a municipal swimming pool, and lighted tennis courts and baseball fields.

Economic Base. Community economic changes during this "development" period, are evident in the following measures:

Population: Between 1960 and 1970, Lake Mills saw a numerical increase in population of 366--a 20 percent growth. Winnebago County as a whole, in contrast, suffered a small population loss--109--during the same period.

Residential Construction: Lake Mills' population growth proved to be a welcome stimulus to residential construction--139 new homes between 1961 and 1970. Many existing homes were renovated and modernized, in addition, with the result that the net number of taxable dwellings in the community increased by 142 over the ten-year period.

Tax Base: Major growth occurred to the town's tax base, too:

	Taxable Building Units 1961-1970	Assessed Real Estate Valuation 1960-1970
Residential	up 142	up \$1,370,000 (147%)
Retail	up 41	up \$ 203,000 (50%)
Industrial	no change	up \$ 446,000 (550%)
Agricultural	<u>n/a</u>	<u>up \$ 19,000 (30%)</u>
Total	up 183	up \$2,038,000 (137%)

Retail Sales: Retail sales in Lake Mills rose from \$3,536,000 in 1960 to \$5,811,000 in 1970, a 64% increase. As a consequence, retailers expanded their facilities, most prominent among these being furniture, drugs, hardware, and grocery stores.

County Impacts. Despite its modest population loss, Winnebago County received a strong economic boost from Lake Mills' growth. Its employment mix, for example, was appreciably strengthened:

<u>Employment Category</u>	<u>Numerical Change 1962-1970</u>	<u>Percentage Change 1962-1970</u>
Manufacturing	+1,766	+333%
Retail Trade	+ 111	+ 21%
Wholesale Trade	+ 12	+ 10%
Transportation and Utilities	- 11	- 9%
Services	+ 142	+ 64%
Other	<u>+ 78</u>	<u>+ 34%</u>
Total Non-Farm	+2,098	+120%

GRINNELL
Poweshiek County
(Population 8,402)

Industrial Development--What Took Place

Grinnell's early development efforts in the 1950's stumbled and staggered, principally because of a lack of developed plant sites. The '60s brought stepped-up efforts, but several attempts to raise needed site-development funds failed. Finally, by mid-1966, a dozen or so members of the town's business and professional community, in discussing one of the latest industrial prospects which they knew would also fail because of the lack of a plant site, agreed to a "put up or shut up" meeting for the next morning. Each person was to "bring money."

More than \$10,000 decorated the meeting table the next morning . . . and on this basis, a committee went to Chicago to purchase an 87-acre site from Armour & Company, which had considered locating in Grinnell but subsequently given up the idea. Three of the group--an automobile dealer, a banker, and a newspaper editor--co-signed a note for \$50,000 on the purchase of the site.

On the return to Grinnell, machinery was put into high gear to revive the dormant corporate structure of the Greater Grinnell Development Corporation (holding no assets--and no debts), and stock was sold in \$100 shares. Largest purchasers bought 25 shares (\$2,500) and scaled all the way down to one-share purchasers. More than 620 shares were sold to 136 stockholders, and the Corporation was off and running.

Progress followed in brisk succession. After extensive surveying and grading were completed, local utilities, governmental units, and the Development Corporation provided streets, water and sewer facilities and improvements, power lines, gas lines, and phone lines to the site area--at a total cost of more than \$200,000 for land and improvements. A second site of 95 acres was subsequently purchased adjacent to the first, on which contract payments are now being made. Meanwhile, according to community leaders, substantial help came from the Iowa Development Commission, Iowa Southern Utilities Company, and area railroads in identifying promising industrial prospects for the area.

Farmhand Company, a farm machinery manufacturer, became the first firm to locate in the new industrial park, with a purchase of 22 acres at \$2,100 per acre. Golden Sun Feeds, Inc., followed with 5 acres at \$2,500 per acre. Wenco Inc.--a prefabricating plant--came next, bought 5 acres, and later exercised an option for 5 more acres at \$2,500 per acre. General Telephone

Company bought 15 acres at \$2,500 an acre and Stadiums Unlimited, a stadium bleacher fabricator, bought 5 acres at \$3,000 each. At the same time, a number of local industries entered expansion programs. These included Donaldson Inc., Ahrens Mfg., Delong Sportswear, Cargill, DeKalb, Grinnell Mutual Reinsurance, General Telephone, and Grinnell College. Holland Plastics also moved to Grinnell, but not to the industrial park.

Maximum attention was given each prospect by an enthusiastic and knowledgeable team of Grinnell businessmen. Significantly, they put on no special development programs, made no special "deals," but instead sold Grinnell as a location on the basis of fact, enthusiasm, and clear evidence of staunch continuing support by the community.

Three of the larger companies to locate in the industrial park began with first-year plant space of 77,000 sq. ft., and by 1970 occupied 104,000 sq. ft. of plant space. Employment by these three firms alone totalled 105 workers in 1970 and added \$791,000 in payrolls to Grinnell's economy. During the period, several existing Grinnell plants were also undergoing expansion--in excess of 100,000 sq. ft. of plant space.

Community Impacts

Grinnell's city manager underscores two important aspects of new industry:

"New industry has not caused any appreciable increase in city costs. Also, although Grinnell was experiencing average normal growth, new industry has definitely moved it along to better than normal growth."

The banker adds:

"New industry in Grinnell has meant a lot of our time spent--probably our greatest contribution--and investment. But it has paid off in accounts for us which helps increase deposits and loans."

Economic Base. Some of the key community benefits are evident in Grinnell's changing socio-economic profile . . .

Population: From 1960 to 1970, Grinnell's population increased by 1,035 or 14%. Although Poweshiek County experienced a sizeable population decline over this same period, losing some 497 people, its loss would obviously have been greater had it not been for Grinnell's increase.

Residential Construction: Increased housing demand brought the construction of 360 new homes, so that the net number of taxable dwellings in Grinnell rose by 350 over the ten-year period.

Tax Base: The town's tax base also expanded . . .

	Taxable Building Units <u>1961-1970</u>	Assessed Real Estate Valuation <u>1961-1970</u>
Residential	up 350	up \$2,340,000 (46%)
Retail	down 4	up \$ 823,000 (68%)
Industrial	up 16	up \$ 462,000 (1,174%)
Agricultural	<u>n/a</u>	<u>up \$ 33,000 (300%)</u>
Total	up 370	up \$3,658,000 (58%)

Retail Sales: Although the number of retail buildings on the tax rolls actually declined by 4 over the ten-year period, Grinnell's retail trade increased by 80 percent--from \$11,830,000 in 1960 to \$21,325,000 in 1970. All of the retailers who responded to our inquiries stated that the town's industrial development program had had a recognizable impact on their own businesses; all reported a steady growth in sales; and some credit the industrial campaign with as much as a doubling of their sales.

Retail Employment and Expansion: Of the retailers responding to our surveys, 50% said they had been able to expand their store employment because of the plants, and 40% said they had been able to expand their facilities. The following are typical of retailers' reported experience:

"Have been able to move to a more modern location."

"Have been able to build a new office and have doubled our staff."

"Have been able to do a major remodeling job on my facilities."

Family Economics. Significant additions to family income and expanded opportunities for occupational advancement are reflected in returns from an extensive survey of employees of the new plants that have come to Grinnell since 1960, summarized below. The "before" column reflects the worker's (or family's) situation before joining one of Grinnell's new plants; the "after" column reflects the same worker's (or family's) situation today!

	<u>"Before"</u>	<u>"After"</u>
<u>Family Income</u> (aver. monthly)	\$630	\$837
<u>Family Income Contributors</u>		
Only one member contributing	60%	49%
Two members contributing	37%	50%
Three or more contributing	3%	1%
<u>Employee's Wage Level</u> (aver. monthly)	\$428	\$518
<u>Occupation</u>		
Farming only	5%	<u>4/</u>
Managerial	3%	10%
Production	23%	56%
Laborer	25%	20%
Admin/Sales	27%	14%
Students, military, etc.	10%	--
Unemployed	7%	--
<u>Home Ownership</u>		
Own	35%	51%
Rent	48%	37%
Live with relatives	17%	12%

Employee Residential Location and Retail Spending Patterns. Population stabilization and increased retail trade are shown in the residential location and retail trading patterns of the employees of Grinnell's new plants. (Again, the "before" column indicates the family's situation before one or more of the new plants, while the "after" represents the family's situation today.)

4/ 9% of the new plants' employees report that they or their families have been able to continue farming because of their new jobs, and an additional 4% report that dependents outside their immediate families have been able to continue farming because they, as a result of their jobs, have been able to provide financial assistance to those individuals.

	<u>"Before"</u>	<u>"After"</u>
<u>Residential Location</u>		
In Grinnell	32%	65%
Within 5 mi. of Grinnell	1%	5%
Within 6-10 mi. of Grinnell	4%	6%
Within 11-15 mi. of Grinnell	6%	19%
Within 16-20 mi. of Grinnell	13%	3%
Within 21-30 mi. of Grinnell	4%	2%
More than 30 mi., or out-of-state	40%	--

Spending in Grinnell (approx. monthly)

none	54%	3%
\$100 or less	13%	13%
\$100 - \$200	10%	17%
\$201 - \$300	12%	16%
\$301 - \$400	5%	16%
\$401 - \$600	5%	17%
over \$601	1%	18%

County Impacts. Grinnell's growth has played a major role in Poweshiek County's economic growth. Non-agricultural employment in Poweshiek County rose 43% from 1962-1970. At the same time, the composition of the county's employment mix also shifted:

<u>Employment Category</u>	<u>Numerical Change 1962-1970</u>	<u>Percentage Change 1962-1970</u>
Manufacturing	+200	+41%
Retail Trade	+294	+35%
Wholesale Trade	+ 41	+25%
Transportation and Utilities	+107	+35%
Services	+344	+57%
Other	<u>+1,184</u>	<u>+344%</u>
Total Non-Farm	+1,170	+43%

Previous job locations for the employees of the new plants reflects this added Poweshiek inflow from Grinnell's growth . . .

Previous Job Location:

Out-of-State	35%
Poweshiek County	40%
Polk County	6%
Tama County	3%
Johnson County	3%
Jasper, Kossuth, Iowa, Marion, Webster, and Henry Counties	13%

Collateral Benefits of Industrial Development

As the town's newspaper editor notes,

"We have an all-new 90-bed hospital, and it's solvent. Our recreational program has been expanded through the addition of a full-time director, and there is at least movement in the area of an airport and expanded highways. A day-care center has been established, staffed by volunteers, and it is working well."

A leading banker adds,

"We now have two lake developments and a golf course west of Grinnell."

"We have had good experiences with industries that have located in Grinnell. Most of the firms have expanded since their first year of operation."

"I think we could have survived without the industrial development program, but it of course has helped the growth of the area generally. I guess it's the frosting on the cake. The town still has a farm-oriented base, but with industry and our college, the community and surrounding area are certainly strengthened."

A leading retailer adds a significant footnote,

"Personnel that have moved in with the new firms have become active in affairs of the community such as church and school."

DECORAH
Winneshiek County
(Population 7,458)

Industrial Development--How and What

Decorah's development movement began in 1952 when an industrial prospect became interested in the area. But the Chamber of Commerce admits that lack of knowledge in dealing with industrial prospects and a mistake in land pricing let the opportunity slip away.

Not being content to talk about "the one that got away," Decorah's business community formed a Decorah Development Company in 1953 and sold stock to finance its operations. There followed a period of community fact gathering, statistics compiling, and other preparations for carrying out a sound industrial campaign.

It was soon discovered that, in order to conserve the important investment-base money in the Decorah Development Company, another group was needed to deal with general promotion of the area. Accordingly, a non-profit corporation, financed by annual membership dues and serving as the public relations arm of the Decorah Development Company, was established in 1960 and labeled Decorah Jobs Inc. Tourism promotion to provide additional job diversity in the area became a second part of the new group's responsibility.

Because of Decorah's unusual topography (many hills and winding roads, with the town paralleling the Upper Iowa River and its valley), a suitable site for an industrial park was difficult to find. This led to the creation in 1967 of Decorah Sites Inc., whose sole purpose was to obtain a suitable site with utilities, highways, roads, and rail-road lines and put it in usable shape for immediate occupancy. Financing of the new organization was two-fold--a contributor could purchase stock, or he could donate his money to Decorah Jobs Inc., which in turn would purchase stock in Decorah Sites Inc. By the latter method, the contributor could use the donation as an income tax deduction--possibly an important advantage in obtaining general community participation.

All three industrial development groups are led by officers and a board of directors, with some overlapping membership. A member of the Chamber of Commerce, which keeps records for all three organizations, states flatly . . .

"If you get a good team together, don't change it. We're fortunate to have our community leaders serve on these boards--our bankers, lawyers, engineers, contractors, utility officials, local elected officials, and others chosen for their willingness to work along with us toward a common goal."

Another member of the Chamber notes,

"We got a lot of help from the Iowa Development Commission and utility companies. Also valuable assistance was provided by the Iowa Employment Security Commission in the form of research and job training."

Land for Decorah's industrial park was purchased for \$40,000; part of a hill was cut away at a cost of \$16,000; and utility extensions and roads were put in at a cost of another \$35,000.

Camcar Screw and Manufacturing Company, with 80 employees, then bought 4.9 acres for \$175,000 and came to Decorah from Rockford, Illinois. The company subsequently invested \$75,000 in an expansion.

Deco Products Company, presently employing 190, purchased another 2.5 acres south of Decorah and moved there from Winona, Minnesota. Its plant was financed by Decorah Development Company and is being purchased on a 20-year lease-back arrangement.

Where is Decorah Headed and What Made the Difference?

As Decorah's city clerk notes, "Before industrial development, we certainly were headed for stagnation and an unbalanced economic base."

Today, Decorah's outlook is quite different. As the president of a large construction firm in Decorah observes,

"The general standard of living for the community has started to go on the incline instead of remaining on a plateau. Overall enthusiasm has increased. The people here feel we're on the move."

The president of Jobs Inc., who manages the local J. C. Penney store, attributes most of Decorah's industrial success to the individual effort of the three development groups' members. "I feel that this community was on the downgrade and we would not have experienced the successes we have without the complete cooperation of all concerned."

Discussions with the executive secretary of the Decorah Chamber of Commerce, with a local attorney who is also treasurer of the Chamber of Commerce and a board member of one of the development groups, and with the plant manager of Camcar Screw and Manufacturing Company revealed what could well apply to any Iowa community interested in industrial development for its area:

"It's the little extras that you can apply toward making a prospect feel at home and wanted. Give the prospect not only information you have available but ask him what you can particularly supply him to help him make a decision."

"Offer 'little helps' like transportation to and from your area and arrange special meetings with the right townspeople to get him acquainted with local problems and potential.

"Apply your full resources to his particular problems and then gather all your people together to help try and arrive at a solution."

The Payoff

Economic Base. The economic and social returns from such a course are widely evident . . .

Population: Between 1960 and 1970 Decorah had a 15% gain in population--a numerical increase of 1,023 people over the period.

Residential Construction: Decorah's steady population growth prompted the addition of 157 new homes between 1960 and 1970. Thus the net number of taxable dwellings in the community rose by 151 over the ten-year period.

Tax Base: Industrial growth also brought expansion to the town's tax base . . .

	Taxable Building Units <u>1960-1970</u>	Assessed Real Estate Valuation <u>1960-1970</u>
Residential	up 151	up \$2,820,000 (91%)
Retail	up 31	up \$ 749,000 (72%)
Industrial	up 5	up \$ 150,000 (384%)
Agricultural	<u>n/a</u>	<u>up \$ 33,000 (89%)</u>
Total	up 187	up \$3,752,000 (89%)

Retail Sales: Decorah saw its retail sales climb from \$12,927,000 in 1960 to \$22,959,000 in 1970--a 77% increase. All the retailers who responded to our inquiries in Decorah stated that the town's development program had contributed recognizable expansion to their own firms' retail sales.

Retail Employment and Facility Expansion: Increased retail sales have encouraged a number of retailers to add staff or improve their facilities. Of the retailers who responded to our surveys, 28% reported that they had been able to expand their staffs and 42% said they had been able to expand their facilities. All of this expansion was directly attributable to the new plants locating in Decorah, according to the retailers.

Family Economics. Changes in family wage and residence patterns are reflected in returns from an extensive survey of employees of new plants which have come to Decorah since 1960. These are summarized below. The "before" column reflects the worker's (or family's) situation before joining one of Decorah's new plants; the "after" column reflects the same worker's (or family's) situation today:

	<u>"Before"</u>	<u>"After"</u>
<u>Family Income</u> (aver. monthly)	\$496	\$553
<u>Family Income Contributors</u>		
Only one member contributing	75%	57%
Two members contributing	23%	39%
Three or more contributing	2%	4%
<u>Employee's Wage Level</u> (aver. monthly)	\$352	\$383
<u>Occupation</u>		
Farming only	6%	<u>5/</u>
Managerial	-	2%
Production	24%	84%
Laborer	36%	8%
Administrative/Sales	14%	6%
Students, military, etc.	12%	-
Unemployed	8%	-
<u>Home Ownership</u>		
Own	34%	48%
Rent	40%	46%
Live with relatives	26%	6%

5/ Significantly, 10% of the new plants' employees report that they or their families have been able to continue farming because of their new jobs, and an additional 8% report that dependents outside their immediate families have been able to continue farming because they, as a result of their jobs, have been able to provide financial assistance to those individuals.

Employee Residential and Local Retail Spending Patterns. Industrial development has strongly aided Decorah's population and retail trade. These influences are shown in the residential location and retail trading patterns of the employees of the new plants. (Again, the "before" column indicates the family's situation before one or more of its members joined the work force at one or more of the new plants, while the "after" represents the family's situation today.)

	<u>"Before"</u>	<u>"After"</u>
<u>Residential Location:</u>		
In Decorah	31%	56%
Within 5 mi. of Decorah	7%	10%
" 6-10 mi. " "	14%	10%
" 11-15 mi. " "	8%	8%
" 16-20 mi. " "	9%	6%
" 21-30 mi. " "	17%	10%
More than 30 mi. or out-of-state	14%	-

Spending in Decorah (approx. monthly):

none	35%	-
\$100 or less	26%	16%
\$100 - \$200	23%	23%
\$201 - \$300	8%	25%
\$301 - \$400	4%	18%
\$401 - \$600	-	4%
over \$601	4%	14%

County Impacts. Decorah's growth has also benefitted Winneshiek County's economic outlook. The county showed a slight population gain, as has been noted, and non-agricultural employment rose by 29%. At the same time, the composition of the county's employment mix has also shifted:

<u>Employment Category</u>	<u>Numerical Change 1962-1970</u>	<u>Percentage Change 1962-1970</u>
Manufacturing	+212	+68%
Retail Trade	+187	+29%
Wholesale Trade	- 81	-36%
Transportation and Utilities		-
Services	+381	+68%
Other	<u>+ 9</u>	<u>+ 2%</u>
Total Non-Farm	+708	+29%

Expanded local opportunities, in turn, are reflected in the job location choices adopted by the employees of Decorah's new plants, who came to their present job from the following previous locations:

Previous Job Location:

Winneshek County	50%
Out-of-State	25%
Allamakee County	7%
Fayette County	7%
Iowa, Hamilton, Wright, Linn and Black Hawk Counties	11%

