

STATE OF IOWA

ECONOMIC GROWTH CENTER DEVELOPMENT HIGHWAYS

GOVERNOR'S DESIGNATION

OF THREE

ECONOMIC GROWTH CENTERS

O.P.P. LIBRARY COPY



Office of the Governor

STATE CAPITOL
DES MOINES, IOWA 50319

ROBERT D. RAY
GOVERNOR

September 30, 1971

Mr. F. C. Turner
Federal Highway Administrator
U. S. Department of Transportation
400-7 Street, Southwest
Washington, D. C. 20590

Dear Mr. Turner:

In accordance with the requirements presented in the 1970 Federal Highway Act, Public Law 91-605, Section 143, I hereby designate for the purposes of the Development Highway Demonstration Projects program, the following three (3) Iowa areas as Economic Growth Centers for the State of Iowa as requested in Instructional Memorandum 50-6-71 dated July 12, 1971. The candidate areas are listed in rank order as determined by each area's ability to meet the criteria presented in the Instructional Memorandum -- Attachment B. The three areas are defined for the purposes of this report as:

1. THE CITY OF CENTERVILLE
2. THE CITY OF WEBSTER CITY
3. THE CITY OF SHENANDOAH

The documentation supporting the selection and ranking of these three areas in accordance with the criteria provided, is presented in the attached document. An abbreviated description of the procedures employed in the development of this recommendation and ranking as employed by an especially selected task force to assist in this report preparation precedes the supportive documentation to indicate the methodology employed in the selection process.

It should be clearly understood that the selection of these three locations does not imply that other locations are not equally qualified generically as "growth centers" in Iowa. For the purposes of the Development Highway Demonstration Project program under the particular dimensions of the criteria guidelines, the three locations listed are applicable.

Sincerely,

A handwritten signature in cursive script that reads "Robert D. Ray".
Robert D. Ray
Governor

RDR:deb
Attachment

C O N T E N T S

<u>Section</u>		<u>Page</u>
	GOVERNOR'S LETTER OF TRANSMITTAL	ii
I	INTRODUCTION	1
II	GROWTH CENTER SELECTION PROCEDURE.	3
III	SELECTED GROWTH CENTERS	9
III-A	THE CITY OF CENTERVILLE	9
III-B	THE CITY OF WEBSTER CITY.	18
III-C	THE CITY OF SHENANDOAH	26

SECTION I
INTRODUCTION

The Economic Growth Centers and Development Highway Demonstration Projects program will play a vital role in the shaping of the future for the nation. It is rapidly becoming apparent that the pervasive trend toward population concentration in the urban megalopolis is causing a deterioration in the quality of life enjoyed by the nation's citizenry. The question is no longer if this migration to gigantic urban centers should be halted, but rather, how it can be halted or possibly reversed.

The strongest impetus to urban bound migration is economic. If the urban economic benefits expectation, as observed by rural population, can be provided elsewhere the crest of the migration tide will be passed.

The Growth Centers and Development Highway Demonstration Project program is a first-step approach to achieving this goal. The major emphasis on learning is the vital factor of the program. Through this program the nation will learn if the provision of highway transportation to local/rural potential centers of growth will stimulate the degree of economic growth sufficient to influence the urban migration patterns and avert the impending deterioration of the nation's cities.

The demonstration aspects of the program have led Iowa to select three growth centers having unique qualities. The first provides the opportunity to consider the effect of an improvement in transportation service in conjunction with an improvement represented by the recreational and industrial benefits of a recently completed dam and reservoir.

The second center provides the opportunity to gauge the impact of transportation improvement upon an area with diversified industrial base requiring

access to export markets.

The third center provides a laboratory case for ascertaining the capability of transportation improvement to reverse the trend of out-migration without being influenced by any other major development project.

The demonstration program is of major importance to both urban and rural areas. Urban areas are experiencing deleterious effects of surplus population depletion. Transportation is a vital factor in shaping the economic growth in smaller urban areas which is necessary to achieve a solution to both phenomena. The Development Highway Demonstration Program will generate the much needed information to support an expanded creative program responsive to one of the nation's most critical problems.

SECTION II

GROWTH CENTER SELECTION PROCEDURE

INTRODUCTION

This section of the submission presents an overview of the procedures employed in the selection of the three (3) Iowa State growth center candidates for participation in the Development Highways Demonstration Program. Through discussion with the FHWA office responsible for the administration of the "selection" phase of this program, it was understood that the detail mechanics of the candidate survey process and criteria weighting algorithm employed was not required or desirable as part of this submission. It will be noted, therefore, that this section documents the task category activities in overview formats. This section includes: 1) a review of the state participants which formulated the recommendation data, 2) the criteria identification and evaluation process, 3) the support data acquisition process, and 4) the candidate center selection procedure.

PROGRAM RESOURCE COMMITTEE

Upon receipt of the Instructional Memorandum (50-6-71) from the U.S. Department of Transportation, Federal Highway Administration, the Governor's Office assigned the Office for Planning and Programming (OPP) the task of developing the information necessary for the Governor's criteria set review, and areal selection.

The Office for Planning and Programming established a special Program Resource Committee (PRC) to conduct the necessary analysis requisite to preparation of a source data package and recommendations for final selection by the Office of the Governor. The committee consisted of OPP staff specialists experienced in the fields of transportation, economics, rural development, and urban analysis. The Research Director for the Iowa Development

Commission, and the Programming and Scheduling Engineer for the State Highway Department provided the critical support required to establish the complement of resources necessary to adhere to the Governor's objective for comprehensive statewide participation.

INSTRUCTIONAL MEMORANDUM REVIEW

The committee participants reviewed the Instructional Memorandum in depth to gain an understanding of the program, and to identify the requirements it contains prior to the first committee meeting. At the time of the first committee meeting each participant was prepared to address the task of group review and diagnosis of each criterion stipulated in the FHWA transmittal. The committee first concluded that, of the criteria listed in Attachment B of the Instructional Memorandum, guidelines, and discussion, the following criteria would be applied to the growth centers selection process in Iowa:

1. Growth Center candidates shall be geographically and economically capable of contributing significantly to the development of surrounding areas.
2. Selected Growth Centers shall not have a population in excess of 50,000.
3. The Governor shall recommend three (3) Growth Centers - a directive.
4. The potential centers shall be considered to have inadequate transportation facilities, in a total service context, to serve its potential for growth as observed today and with respect to future service projections.
5. If available, formal private or public economic development plans should be reviewed in the determination of each growth center candidate.

6. The candidate centers should appear to demonstrate viability in terms of employment and residence opportunity, or recently evidence high average wage levels and rapid population or employment growth relative to surrounding areas.
7. The candidate center should evidence potential viability as demonstrated by development plans or economic dependence of the surrounding area upon the center.
8. The candidate center should evidence an external diversification of industry.
9. The candidate center should have access to existing or planned airport and water port facilities.
10. The candidate center should have adjacent land suitable for industrial, commercial, or residential purposes.
11. The candidate centers should have suitable water resources for human, industrial, and commercial consumption.
12. The candidate center should be capable of providing utilities, schools, and other public services with respect to current and future needs.
13. The candidate center's highway demonstration project must be part of the primary road system, but not part of the interstate system.
14. A project involving two states would not be considered.
15. Candidate center's projects will be part of the state's 1972 or 1973 Federal Aid to Primary Roads Program.
16. Candidate center project selection will be structured to ensure evaluation.
17. Controlled access projects are preferred.

The Committee employed one additional constraint not found in the Instructional Memorandum. This constraint is a result of criterion 15.

18. Any project currently part of, or converted to the FAP program of the state and included in the Development Highway Program, shall not be delayed solely by virtue of inclusion in the program.

The committee's next task included identification of those criteria which in the committee's opinion were to be approached in binary context. Under the binary decision rule, candidate centers would be accepted or rejected for further consideration, if and only if, they met the selected binary criteria. The committee identified the criteria which would be categorized under the binary rule as criteria 2, 13, 15, 18. Criterion 14 was considered as a committee agreed constraint and criterion 3 as a directive.

It was determined that the remaining criteria would be applied to the candidate center remaining eligible after a first screening of a set of identified growth center candidates.

CANDIDATE GROWTH CENTER IDENTIFICATION

Each committeeman individually developed a listing of candidate growth centers. From these individual lists a combined list of candidate centers was compiled by the committee as a whole. The combined list contained eighteen candidate centers.

The committee then applied the binary decision rule to this list of eighteen candidate centers. The application of the five binary criteria eliminated twelve of the candidate centers. All the remaining candidate centers were then examined with respect to the criteria addressed to airport and water port facilities access, water resources and utilities, and

other infrastructures -- criteria 9, 11, and 12 respectively. Since all remaining candidates satisfied the three criteria within the limits, which indicate future constraint is non-existent no specific discussion with respect to these criteria is included in Section III -- Selected Growth Centers.

CANDIDATE CENTER DATA ACQUISITION

The six candidate centers remaining as eligible candidates after the application of the binary decision rule constituted the set of centers to which the remaining criteria were applied.

The evaluation of the remaining candidates necessitated the acquisition of support data to determine if each candidate met the given criteria. The committee members each accepted the responsibility of obtaining the required data for each candidate center relevant to their speciality areas. The support data and statistics obtained were employed to develop the committee's final recommendations to the Governor and as the supporting documentation for the final growth centers selection as Section II of this submission.

ESTABLISHING THE RANK OF THE CANDIDATE CENTERS

The committee adopted as policy that the Governor would be provided with: 1) six (6) candidate growth centers and accompanying support data, and 2) recommendation as to rank order for three (3) centers which appear through the results of the analysis as dominant candidates. It was considered that this procedure was consistent with the spirit of the Development Highways Program in that the Governor maintained responsibility to select and rank the final three centers. The selection by the Governor was unbounded in that the final selection process was not limited to agreement with the committee's recommendation.

The committee recognized that the several criteria remaining to be

applied in the selection process were not of equal importance in the selection of growth centers. It also recognized that the candidate centers would each satisfy a given criterion to a different degree. Therefore, the subcommittee was assigned the task of developing weighted values for each criterion, and also to rank each center on a scale of 0-4 as to the degree each candidate met (or satisfied) each criterion.

The satisfaction scale score for each center for each criterion was multiplied by the weighted value for each criterion. The sum of the products yielded the ranking score for each candidate center. The ranking of centers thus obtained identified the three centers and their rank which were recommended to the Governor. The rank of the remaining three were provided in the event the committee's recommendations required alteration.

SECTION III
SELECTED GROWTH CENTERS

INTRODUCTION

Each of the selected growth center discussions is presented with respect to: 1) geographical location, 2) population, 3) employment, 4) Emergency Employment Act interface, 5) wages, 6) industrial diversification and earnings, 7) factors for economic growth, 8) current barriers to economic growth, and 9) proposed development highway project description.

GROWTH CENTER: Centerville, Iowa

GEOGRAPHICAL LOCATION

Centerville is located in Appanoose county in the south central part of the state. It is approximately six miles south of the recently completed Rathbun Dam and Reservoir and 52 miles east of Interstate 35. It is the largest town and county seat of Appanoose County. There are no major geographical features in or around Centerville that would positively or negatively influence its growth.

POPULATION

During the 1960 to 1970 decade the population of Centerville declined by 1.5 percent. The county population declined by 6.3 percent. Centerville exhibits a greater retention ability than the county. The retention ability of Centerville has spillover effect in the county as evidenced by the greater decreases in surrounding counties, from 11 to 14 percent, than that in Appanoose County.

The current population data arrayed by three age groupings indicates an above average percentage of persons over 55. Approximately 40 percent

of the population is in the "new employment" range.

	<u>Male %</u>	<u>Female %</u>	<u>Total %</u>	<u>Total County Population</u>
0 - 18	15.29	14.16	29.45	
18 - 55	19.30	20.26	39.56	
55+	13.75	17.24	20.99	15,007

EMPLOYMENT

The employment pattern of the Centerville area has undergone a dramatic change in recent years as a result of technological change in agriculture and the influx of new manufacturing industry in the area. The change in agricultural techniques has drastically reduced the manpower needs in agriculture and thereby released workers for employment in other industries.

During the 1960's agricultural employment in the Centerville labor market declined by 37 percent and the percentage of total employment accounted for by agriculture fell from 33 percent to 21 percent. At the same time, non-agricultural employment increased by 28 percent. The composition of the workforce and the changes which occurred in the 1960's are contained in Table I.

The most dramatic work force change took place in manufacturing. This work force category increased 210 percent and was able to absorb 93 percent of the redundant agricultural workforce. The employment pattern changed substantially through reduced agricultural employment and increased industrial employment. The industry located in and attracted to Centerville substantially eased the potential employment crisis in the area.

Government employment experienced a significant increase of 46 percent. Being a county seat town, Centerville provided the major share of this new employment. In general, the trend was toward more employment in the industries which are growing at a faster rate than the national average, and less in the

CENTERVILLE, IOWA¹

ANNUAL AVERAGE WORKFORCE BY INDUSTRIAL SECTOR

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	Change in Employ- ment '60-'70
Total ²												
Nonagricultural wage and salary workers (except domestics) ³	2,670	2,590	2,560	2,610	2,830	2,930	3,340	3,400	3,540	3,520	3,430	+28
Manufacturing - total	310	320	340	360	490	520	760	1,060	1,130	1,090	960	+210
Nonmanufacturing - total	2,360	2,270	2,220	2,250	2,340	2,410	2,580	2,350	2,420	2,430	2,470	+ 4.7
Construction	150	110	120	130	150	150	230	170	130	110	110	-27
Trans. comm., & public utilities	520	500	460	440	400	410	400	340	340	330	350	-62
Wholesale trade	70	70	70	70	80	80	80	80	80	80	80	+14
Retail trade	500	470	470	480	510	510	540	530	540	620	650	+30
Finance, insurance & real estate	80	80	70	70	80	80	80	80	80	70	70	-12
Service	360	380	370	390	400	420	420	350	380	410	400	+11
Government	480	470	470	510	580	630	700	680	750	700	700	+46
All other nonmanufacturing	200	190	190	160	140	130	130	110	110	110	110	-45
All other nonagricultural employment ⁴	1,000	990	940	920	980	970	1,020	990	980	960	910	- 9
Agriculture	1,820	1,820	1,810	1,790	1,590	1,340	1,340	1,220	1,190	1,170	1,150	-37

¹Centerville, Iowa Area defined as Appanoose County.

²Includes nonagricultural wage and salary workers, all other nonagriculture, agriculture, and persons involved in labor management disputes

³Data includes all full and part-time wage and salary workers employed during the week containing the 12th of the month.

⁴Includes nonagricultural self-employed and unpaid family workers, and domestic workers in private households.
Revised (RAL 606).

Table 1

slower growing sectors such as agriculture. These industries are located in the Centerville labor market area and give it potential for arresting the long established trend in population and employment decline in the area.

EMERGENCY EMPLOYMENT ACT INTERFACE

Centerville is located in an area of the State of Iowa which has experienced above average unemployment and underemployment for a number of years. This area, designated as Area 15 under the Cooperative Area Manpower Planning System, ranked near the top in terms of the factors used in the allocation formula for funds under the Emergency Employment Act, thus indicating a critical need for economic assistance to revitalize the region.

The criteria specified by the EEA in determining the eligibility for funds included: 1) the number of unemployed, 2) the severity of unemployment, 3) the population served, and 4) the number of veterans in the region. The Centerville area was allocated almost 10 percent of the total EEA funds available for the non-metropolitan areas of the state, even though Area 15 had only about 7 percent of the non-metropolitan population. This again indicates the severity of unemployment in the area.

Centerville has served as a bulwark against even greater severity of the problem and is in the position of leadership in reducing the expansion of the problem.

WAGES

The shift in the economy of Centerville, to one based more strongly on industries other than agriculture has naturally affected the factorial distribution of personal income. It has also brought about a significant increase in the amount of personal income.

Between the years 1959 and 1969, total personal income, as measured by the Office of Business Economics, rose from twenty million dollars to forty-four million dollars, a growth of 116 percent. The per capita personal income in 1959 was \$1,306. By 1969 this had increased by 128 percent to \$2,978.

After almost no change in the relative position of income levels in the 1950's, personal income climbed from 60 percent of the national average in 1959 to 81 percent in 1969, as a result of growing industrialization. Personal income relatives for 1950 to 1969 are presented below:

Per Capita Income Relative to National Average
for Appanoose County 1959-1969

<u>Year</u>	<u>Relative %</u>	<u>Year</u>	<u>Relative %</u>
1950	59	1966	77
1959	60	1967	78
1962	67	1968	78
1965	69	1969	81

Source: U.S. Department of Commerce, Office of Business Economics

INDUSTRIAL DIVERSIFICATION AND EARNINGS

Industrial diversification has had a favorable impact on total earnings in the Centerville area. In particular, earnings from manufacturing increased 400 percent between 1959-1969, while total earnings advanced by 114 percent, and total nonfarm earnings registered a gain of 122 percent. Earnings from farming lagged behind the overall average, registering only an 86 percent increase. The table below indicates the changing trends toward industrialization in the Centerville area. Table 2 is enclosed to indicate the extent and dimensions of industrial diversification in the Centerville area.

EARNINGS BY BROAD INDUSTRIAL SECTOR 1959-1969

	<u>1959</u>	<u>1969</u>	<u>Percent Changes 1959-1969</u>
Total Earnings	15,037	32,136	114
Farm Earnings	3,338	6,208	86
Total Nonfarm Earnings	11,699	25,928	122
Government Earnings	2,204	5,067	130
Total Federal	613	1,321	115
Federal Civilian	498	1,124	126
Military	115	197	71
State and Local	1,591	3,746	135
Private Nonfarm Earnings	9,495	20,861	120
Manufacturing	1,251	6,259	400
Mining	783	709	9.5
Contract Construction	(D)	1,103	--
Trans., Communication, Public Utilities	1,330	3,261	145
Wholesale & Retail Trade	2,834	4,942	74
Finance, Insurance & Real Estate	(D)	632	--
Services	1,826	3,803	108
Other	145	152	4.8

FACTORS FOR ECONOMIC GROWTH

Several factors have contributed to the economic progress made by Centerville over the last decade.

First, Centerville has had outstanding leadership in its campaign to revitalize the economy of the area. The enthusiasm and aggressiveness of this leadership has resulted in a highly successful program of industrial relocation.

Second, industrialization in the area has resulted in the beginnings of an agglomerative effect as smaller firms have started operation to support the newly attracted larger firms. With the establishment of a growth pole, residentiary industry will be favorably affected, thus providing for additional employment opportunities.

TABLE 2
CENTERVILLE INDUSTRIES

<u>Name of Company</u>	<u>Type of Industry</u>
1. Adel Clay Products Co.	Bricks and Tile
2. Bozwell Printing	Catalogs and Miscellaneous Printing
3. Cargill Nutrena Feed Div.	Animal and Poultry Feed
4. Carter-Waters Corp., The	Haydite Lightweight Aggregate
5. Centerville Tent & Awning Co.	Awnings, Tents, and Tarpaulins
6. Commander Box & Lumber Co.	Ammunition Boxes
7. Fuller Mfg. Co.	Cribs, Anchors, Bins, Feeders, Hog Pens, Hoists, and Jacks
8. Hillcrest Hobby House	Pottery Dishes
9. Ideal Ready Mix Co.	Septic Tanks, Bunks, Pump Pits, Ready Mixed Concrete
10. Iowegian Printing Co.	Newspaper
11. Kamp-A-While Industries, Inc.	Car Carriers, Camping Trailers, and Pickup Toppers
12. Levine Co., Inc., The	Reinforcing Bars, Structural Steel, Sheet Piling, and Drainage Structures
13. McGraw Edison Co.	Toasters and Bakers
14. Porter & Magnall Construction Co., Inc.	Road Rock and Limestone
15. Radiant Electric Heat Co.	Farrowing Mats, Relays, Baseboard Heaters, Snow Melting Pads
16. Reliable Culvert Co., The	Corrugated Metal Culverts
17. Star Printing Co.	Publications, Brochures, Calendars, Office Forms, and Commercial Printing
18. Union Carbide Corp., Food Products Div.	Plastic Bags and Sheets

Third, the recent completion of Rathbun Dam, major flood control and recreation project on the Chariton River, will provide opportunities in a major new industry -- tourism.

It has been estimated that the number of visitor days by tourists to the area will increase from 712,000 to 1,653,000 between 1971 and 1990. In order to provide for this increase, it will necessitate capital investments in second homes, motels, restaurants, and other support services.

Expenditures by tourists are expected to rise from \$2,293,600 in 1971 to \$8,990,700 in 1990 and sales are estimated to increase by 5.8 percent by 1975 as a result of Lake Rathbun.

The overall impact of Lake Rathbun on the Centerville economy will be substantial, providing many opportunities for employment and diversifying the economy.

CURRENT BARRIER TO ECONOMIC GROWTH

The ability of the above factors to attain the anticipated potential for fostering economic development of the Centerville area are contingent upon overcoming an existing transportation barrier.

The current dominant transportation facilities available in the Centerville area are road systems. Deterioration of the railroads has left Centerville with no rail passenger service. In addition, rail freight service is available only in the form of carload lots. All less-than-carload lots must arrive and be shipped by motor freight over the road system.

This increased dependence on motor freight has placed an extreme burden on the outdated highway system of the area. The increased passenger traffic related to the development of the recreational potential of the nearby Rathbun Dam and Reservoir will place an additional intolerable burden on the area highway system.

If Centerville is to achieve its potential economic growth and lead the surrounding area in economic growth, the substantial barrier of inadequate transportation must be removed.

PROPOSED DEVELOPMENT HIGHWAY PROJECT

The development highway demonstration project associated with the Centerville growth center is a twenty-one mile improvement of Route 5 between Albia and Centerville. The proposed highway development project will provide improved access between U.S. Highway 34 and State Highway 2. This section of highway is the only paved access to the recreational facilities of Honey Creek State Park and other recreational facilities developing on the Rathbun Reservoir. The sufficiency ratings of this section of Route 5 place it into the critical range at the present time. Given the increased usage predicted, it can be expected that the road either must be improved or the potential growth of the area will be extensively impaired.

The preconstruction social and economic studies can be begun immediately. The completion of construction is expected to be December of 1973.

GROWTH CENTER: Webster City, Iowa

GEOGRAPHICAL LOCATION

Webster City is located in Hamilton County in the north central part of the state. It is approximately 21 miles east of Fort Dodge, 68 miles north of Des Moines, and 13 miles west of Interstate 35 on U.S. Route 20. It is the largest town and county seat of Hamilton County. There are no other significant geographical features in or around Webster City that would positively or negatively influence its potential for growth.

POPULATION

During the 1960 to 1970 decade the population of Webster City declined by 0.4 percent. However, the county population declined by 8.2 percent. Webster City exhibits a substantially greater retention ability than the county. The retention ability of Webster City has spillover effect in the county as evidenced by the greater decreases in surrounding counties, from 10 to 18 percent. Only one surrounding county had a less than 8 percent decrease.

The current population data arrayed by three age groupings indicates an above average percentage of persons over 55. Approximately 40 percent of the population is in the "new employment" range.

	MALE %	FEMALE %	TOTAL %	
0-18	18.90	17.81	36.61	Total Population 18,383
18-55	19.34	20.14	39.48	
55+	10.69	13.22	23.91	

EMPLOYMENT

The employment pattern of the Webster City area evidences the results of technological change in agriculture. Agriculture no longer needs the

manpower it did even as recently as five years ago. This manpower is now available for other forms of employment.

Employment in the non-agricultural sector of the Webster City economy increased from 3,089 in 1965 to 3,937 in 1970, an increase of 27 percent. Within this employment category, manufacturing increased from 35 percent of total non-farm employment in 1965 to 40 percent in 1970.

The following table indicates the increasing employment available in non-farm industries.

Employment by Industry Sector - 1965-1970

<u>Year</u>	<u>Number of Emp.</u>	<u>Mfg.</u>	<u>Trade</u>	<u>Service</u>
1965	3,089	1,108	1,141	327
1966	3,443	1,333	1,208	406
1967	3,159	1,032	1,176	386
1968	3,050	957	1,198	416
1969	3,335	1,044	1,261	462
1970	3,937	1,590	1,314	434

EMERGENCY EMPLOYMENT ACT INTERFACE

Webster City is located in the area of the state designated as Region 5 under the Cooperative Area Manpower Planning System. This area is rated in the middle range with regard to the need for funds under the Emergency Employment Act to offset transitional unemployment. Area 5 received 6.3 percent of the funds allocated to the balance of the state, based on the factors of unemployment, severity of unemployment, number of veterans, and population served. It is worth noting that the severity of unemployment in the area was slightly below the state average indicating that Webster City has provided job opportunities and helped reduce out-migration. This situation indicates further that Webster City has existing viability fundamentally influenced by its inherent industrial diversification.

WAGES

Per Capita Personal Income increased by 100 percent between 1959 and 1969. In 1969 per capita personal income in Hamilton County totaled \$3,477 compared to \$1,733 in 1959.

Per Capita Personal Income

1959	\$1,733
1965	2,810
1966	3,212
1967	3,264
1968	3,332
1969	3,477

Compared to the national average, per capita personal income increased from 80 percent of the national average in 1959 to 108 in 1966 and then declined to 94 percent in 1969.

Per Capita Income Relative to National Average for Hamilton County

1959	80
1965	102
1966	108
1967	103
1968	97
1969	94

This relative rise in income was due to increased earnings in non-farm occupations which on the average yield higher returns than farm occupations. Farm earnings declined from 36 percent of total earnings in 1959 to 31 percent in 1969. Earnings from government employment increased in importance as did manufacturing earnings.

The most rapidly rising source of personal income in the 1960's was government at the state and local level. Manufacturing earnings also increased at the rate of 132 percent over the ten-year span. The phenomenon of recent relative per capita income decrease supports the conclusion that the diversification of the area has placed the area in a position of being

responsive to, and/or influenced by, the general climate of the nation. The degree of diversification in export product industries has produced an economic industrial base framework which may be regarded as growth oriented. The penalty for admission into this type of economic or market structure is susceptibility to the vagaries of the national economy.

INDUSTRIAL DIVERSIFICATION AND EARNINGS

In the 1960's as most small towns were losing population, Webster City was able to hold the line against the tide of out-migration. This was due in part to the growing diversification of industry which provided employment for those workers displaced from agriculture. Economic base studies indicate that manufacturing in Webster City provides employment for more workers, as a percent of total employment, than for any other city under 10,000 population in Iowa. The earning table below is included to indicate sector changes over the period 1959-1969. Table 3 is included to indicate the extent and dimensions of the industrial diversification in Webster City.

EARNINGS BY BROAD INDUSTRIAL SECTOR 1959-1969

	<u>1959</u>	<u>1969</u>	<u>Changes 1959-1969</u>
Total Earnings	27,269	47,574	74
Farm Earnings	9,887	15,142	53
Total Non-Farm Earnings	17,382	32,432	87
Government Earnings	3,506	8,086	131
Total Federal	698	1,326	90
Federal Civilian	520	976	88
Military	178	350	97
State and Local	2,808	6,760	141
Private Non-Farm Earnings	13,876	24,346	75
Manufacturing	2,987	6,922	132
Mining	--	--	--
Contract Construction	1,302	1,255	-3.6
Transportation, Communication & Public Utilities	755	1,546	105
Wholesale & Retail Trade	5,169	7,742	50
Finance, Insurance, & Real Estate	785	1,375	75
Services	2,708	4,953	83
Other	170	553	225

TABLE 3
WEBSTER CITY INDUSTRIES

<u>Name of Company</u>	<u>Type of Industry</u>
1. Arrow-Acme Corp.	Aluminum mold, Sand & Die Castings, Zinc mold, Machined Parts, & Water valves
2. Beam Industries,	Portable vacuum cleaners and Vacuum Cleaning Systems
3. Big Chief Mfg. Co.	Bottle Gas Burners, Hog Waterers and Feeders, Stock Tanks, and Creep Feeders
4. Britson Distributing Co.	Aluminum Windows, Doors, & Awnings Tape Storage Racks
5. Campbell Mill & Lumber	Lumber, Millwork, Boxes, & Pallets
6. Etter Brothers	Blended Fertilizer
7. Franklin Mfg. Co.	Washers, Dryers, & Dishwashers
8. Grant Press	Newspaper, Books, Envelopes, Lithographic Printing, & Typesetting
9. Hahne, Fred, Printing Co., Inc.	Commercial Printing, Magazines, and Catalogs
10. Handi-Klasp Co.	Cattle Chutes, Feeders, Halters, Tags, Hair Dressing, & Gates
11. Hart-Carter Co.	Combine Grain Cleaning Screens
12. Jahncke Welding Shop	Ornamental Railings
13. Jim Dandy Printing Co.	Booklets, Menus, Circulars, Stamps, Forms, Printing, Engraving, & Bookbinding
14. McColloughs, Inc.	Gas Burners, Stock Feeders & Waterers
15. Mertz Engineering Co.	Machine Tools & Gauges
16. Modern Farm Systems, Inc.	Grain Storing & Drying Bins
17. Naden Industries	Aluminum Boats and Scoreboards

Webster City Industries (Continued)

<u>Name of Company</u>	<u>Type of Industry</u>
18. Nissen, G.B., & Son Packing Co.	Hides, Tallow, Luncheon Meats, Beef and Pork Cuts
19. Osmundson Forge Co., - An Iowa Corp.	Forgings, Wrecking Bars, & Cultivator Steels
20. Seneca Foundry, Inc.	Industrial and Iron Castings
21. Vegors Enterprises	Fence Stretcher, Tire Bead Breaker, Scales, Grader Moldboard, Spraying Device, and other Mechanical equipment
22. Verco Mfg. Co., Inc.	Trays, Fishing Holders, & Thermoform Component Parts
23. Weaver Ready Mix, Inc.	Ready Mixed Concrete
24. Webster City Publishing Co.	Newspaper & Commercial Printing
25. Webster City Rewind Shop	Plastic Parts, Key Tags, and Identification Tags
26. Webster City Tool & Die	Tools and Dies
27. Webster Engraving Co.	Lithos, Advertising, Brochures, and Photoengraving
28. Wilhelm Brass & Aluminum Foundry, Inc.	Aluminum and Zinc Castings
29. Woodard Feed Company	Livestock and Poultry Feed

FACTORS FOR ECONOMIC GROWTH

The primary factor that has contributed to the economic growth of Webster City is the degree of industrial diversification in economic areas that contribute significantly to its export base. This degree and form of industrialization has stimulated the complementary development of service industries. The facilitation of transportation is of significant impact to economic compositions such as Webster City since the potential for increased export growth is intimately connected and functionally related in terms of total distribution costs to the accessibility of intermediate markets or distribution node centers. The pervasivity of industrial diversification is regarded as providing in itself the nucleus for further residential industry development.

BARRIERS TO ECONOMIC GROWTH

As industrialization has occurred in the area increasing demands have been made on the existing transportation system. Over 95 percent of the output from Webster City's manufacturers is exported or sold outside the community thus placing a heavy demand on transportation linkages.

In addition to the demand for transportation services for the exporting of locally produced goods, the diverse nature of the industrial base requires that most inputs to industry be imported into the community.

Continued industrial concentration in the Webster City area is a necessary condition for economic development.

PROPOSED DEVELOPMENT HIGHWAY PROJECT

The development highway demonstration project associated with the Webster City growth center is a nine-mile segment of a new route designated as FAP 520, a part of the Iowa freeway system.

Although not a part of the Interstate System, this segment will provide a link for Webster City to I-35 at Interstate standards. Current sufficiency ratings on the current route are in the critical category. A later project, not part of this proposal, will continue this route on to Fort Dodge to the west. The completion of the proposed project will provide Webster City with a direct access route to I-35, resulting in savings in time in shipping the products produced in Webster City and in the receiving of manufacturing supplies.

The preconstruction social and economic studies can be begun immediately. The completion of construction is estimated to be December of 1974.

GROWTH CENTER: Shenandoah, Iowa

GEOGRAPHICAL LOCATION

Shenandoah is located on the county line between Page and Fremont Counties in the far southwest corner of the state. It is approximately 30 miles east of the Missouri River and 12 miles north of the Missouri border at the junction of U.S. Highway 59 and State Route 2. There are no other significant geographical features in or around Shenandoah that would positively or negatively influence its growth.

POPULATION

During the 1960 and 1970 decade the population of Shenandoah declined by 9.1 percent. Fremont County declined by 9.7 percent and Page County declined 12.0 percent. The surrounding counties declined from 10 to 18 percent. Shenandoah has experienced a significant population loss during the decade as well as in several earlier decades. It presents a clear cut opportunity to demonstrate the impact of highway transportation as a tool to stem the flow of out-migration.

The current population data arrayed by three age groupings indicates a substantially above average percentage of persons over 55. (See below) Approximately 40 percent of the population in both counties is in the "new employment" range.

	Male %		Female %		Total %		Total
	Page	Fremont	Page	Fremont	Page	Fremont	Population
0-18	14.42	16.31	13.64	15.07	28.06	31.38	Page 18,507
18-55	20.21	19.00	21.00	20.14	41.21	39.14	Fremont 9,282
55+	13.33	13.56	17.40	15.92	30.33	27.48	

EMPLOYMENT

Employment in the Shenandoah area increased by 18 percent between 1965 and 1970 with most of this increase occurring in manufacturing. The composition of

employment by industry changed slightly toward manufacturing.

Manufacturing employment comprised 15 percent of total employment in 1965 and increased to 19 percent by 1970. At the same time, employment in wholesale and retail trade fell from 52 to 49 percent of total employment and government employment remained constant at 16 percent of the total.

From 1965 to 1970, manufacturing employment increased by 47 percent, while trade grew by 12 percent and service employment by 15 percent.

EMPLOYMENT BY INDUSTRIAL SECTOR

Shenandoah-Page County 1965-1970

	<u>Number of Employees</u>	<u>Manufacturing</u>	<u>Trade</u>	<u>Service</u>
1965	3,128	477	1,645	523
1966	3,378	578	1,806	444
1967	3,819	930	1,886	496
1968	3,619	613	1,853	576
1969	3,694	629	1,901	628
1970	3,704	705	1,851	603

WAGES

Per capita personal income in the Shenandoah area increased from \$1,696 in 1959 to \$3,410 in 1969, an increase of 101 percent. Compared to the national average the per capita income relative increased from 78 to 92 percent of the national average during the 1959-69 period. The peak year in terms of income relatives was 1966 when per capita income was 106 percent of the national average.

Per Capita Personal Income Relatives 1959-69

1959	78
1965	96
1966	104
1967	98
1968	94
1969	92

Total earnings of employees registered a gain of 73 percent between 1959 and 1969. Farm earnings lagged behind the overall increase but substantial gains were recorded in earnings from faster growing sectors such as government which grew by 133 percent. Earnings from contract construction increased by 283 percent, which was the fastest growing industrial sector.

Farm earnings declined slightly from 28 percent to 25 percent of the total earnings, while government increased in importance from 14 to 18 percent of the total earnings.

Private non-farm earnings declined as a percentage of total earnings from 57 to 55 percent. Manufacturing registered no gain in importance remaining at 9 percent of total earnings.

In general, the Shenandoah area showed little change in the composition of its industrial base.

INDUSTRIAL DIVERSIFICATION AND EARNINGS

A substantial portion of industry in the Shenandoah area is involved in the processing of agricultural products and the production of seeds and nursery stock. The four largest employers in the area are nurseries, each employing over 100 workers.

Since most of the nursery stock is sold outside the Shenandoah area, transportation is essential to the growth of this industry. In addition, plants are perishable products and it is important that they reach their destination in as short a time as possible.

The completion of Highway 2 to I-29 will provide ready access to the nursery industry of an entirely new market in the Kansas City Metropolitan area. The demand for nursery stock in the rapidly growing suburban areas of Kansas City is increasing and provides an opportunity for Shenandoah's nurseries to compete with nurseries located in Missouri. The earning table

below is included to indicate sector changes over the period 1959-1967

Table 4 is enclosed to indicate the extent of industrial diversification in Shenandoah.

EARNINGS BY BROAD INDUSTRIAL SECTOR

	<u>1959</u>	<u>1969</u>	<u>Percent Changes 1959-1969</u>
Total Earnings	29,561	49,629	73
Farm Earnings	8,182	12,818	56
Total Non-Farm Earnings	20,379	36,811	80
Government Earnings	4,034	9,413	133
Total Federal	776	1,434	84
Federal Civilian	609	1,150	88
Military	167	284	70
State and Local	3,258	7,979	144
Private Non-Farm Earnings	16,345	27,398	67
Manufacturing	2,835	4,634	63
Mining	---	47	100
Contract Construction	767	2,939	283
Transportation, Communication, and Public Utilities	1,235	2,313	87
Wholesale and Retail Trade	6,550	9,921	51
Finance, Insurance, and Real Estate	805	1,451	80
Services	3,936	5,723	45
Other	217	370	153

EMERGENCY EMPLOYMENT ACT INTERFACE

Shenandoah is located in Area 13 under the Cooperative Area Manpower Program. Because of the low level of unemployment in the area compared to the rest of the state, Area 13 received only \$93,000 or 4.3 percent of the funds allocated under the Emergency Employment Act. The allocation formula was based on: number of unemployed, severity of unemployment, number of veterans, and population served. The total direction of the employment situation in Shenandoah is considered as understated due to the fact that the

TABLE 4
SHENANDOAH INDUSTRIES

<u>Name of Company</u>	<u>Type of Industry</u>
1. Clarinda-Shenandoah Bottling Company	Soft Drinks
2. DeKalb Agricultural Research, Inc.	Hybrid Seed Corn
3. Economy Products Co., Inc.	Livestock Feed, Minerals, Conditioners, Rodenticides, Commercial and Industrial Cleaners, Stock Dip, Etc.
4. Farmaster Products, Inc.	Custom forming and stamping, anchors, fencing, farrowing equipment and waterers, gates, galvanized hog troughs, and pickup rack kits.
5. Farmers Co-op Exchange	Cattle, swine and poultry supplement
6. Imperial, Inc.	Rodenticide, herbicides, insecticides, fungicides
7. Iowan, Inc., The	Magazine
8. Johnson Bros. Mill	Livestock and Poultry Feed
9. Lenox Fertilizer Corp.	Dry Blend Fertilizer
10. Neill Neon Sign Co.	Roadside, Neon and Plastic Signs
11. Raidt Mfg. Co.	Toys, Cotton products, Leather Products and Specialties
12. Sentinel Publishing Co.	Nesspaper, Magazine, Shopper and Photoengravings
13. Stanley, Jack, Co., Inc.	Transit Mixed Concrete
14. Triple K Mfg. Co., Inc.	Sweetener, Flavorings, Cleaner, and Bleach
15. United-Hagie Hybrids, Inc.	Hybrid Seed Corn
16. Vet-A-Mix, Inc.	Pharmaceutical Tablets, Liquids, and Powders
17. World Publishing Company	Periodicals, Catalogs, Envelope Printing and Letterheads, and Business Forms

horticultural industry employees are not usually covered under the Employment Insurance Program which is related to the continuity of employment. The seasonality of the employment of the dominate industry also effects the degree of underemployment on an annual basis.

FACTORS FOR ECONOMIC GROWTH

The primary opportunities for economic growth in Shenandoah are in the area of increased productivity and export of horticultural product lines, and the potential for increasing the industrial base of the area. There are strong indications based on natural resources and geographical proximity to major river port facilities and markets that the livestock industry, as well as other industrial diversification, may be significantly benefited through a transportation facilities stimulus. As the industrial base of the area expands and diversification occurs, the underemployed population sink will have an opportunity for employment in relatively moderate labor intensive industry.

BARRIERS TO ECONOMIC GROWTH

A primary factor which has dimensioned the type of industrial structure that has developed in Shenandoah has been the comparative lower soil quality for agriculture in relation to other northern portions of the state. This condition, however, has not constrained the comparatively intensive development of the horticultural industry. This existing industrial base has an excellent potential for continued growth and possibly a step increase with respect to export markets with the development of transport access to the Omaha-Council Bluffs and Kansas City markets.

The existing conditions of the area with respect to agricultural production has stimulated the phenomenon of organization. It is posited that the highway development program identified may influence the development of a broader base of industrial diversification and thus provide employment

opportunities which may reverse the out-migration noted historically.

PROPOSED DEVELOPMENT HIGHWAY PROJECT

The Development Highway Demonstration Project associated with the Shenandoah growth center is a 9 mile segment of State Highway 2, west of Shenandoah. It is a relocation project and first phase of an overall project to link Shenandoah with Interstate 29 providing access to the Omaha-Council Bluffs and Kansas City metropolitan areas. Current sufficiency ratings of the existing route are in the critical range.

The preconstruction social and economic studies can be begun immediately. The completion of construction is estimated to be December, 1974.

STATE LIBRARY OF IOWA



3 1723 02075 3000

O.P.P. LIBRARY COPY

co