NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1A • 2014

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

CASE STUDIES: RURAL COUNTIES

NACo National Association of Counties

The National Association of Counties (NACo) developed this research in partnership with the Lyndon B. Johnson (LBJ) School of Public Affairs at the University of Texas at Austin.

Co-Directors of the LBJ Research Project:

Robert H. Wilson
Mike Hogg Professor of Urban Policy

Brian Kelsey
Lecturer

Danielle Aceves

Michelle Buckholtz

Sharla Chamberlain

Margie Davis

Mary Dory

Justin Huie

Maria Elena Ibarra

Cicely Kay

Monica Maher

Kevin McPherson

Peter Moore

Marcus Paulsen

Katherine Petershack

Jesse Tow

Andrea Zumbrum

ACKNOWLEDGMENTS

The authors would like to thank the representatives of 480 counties that responded to our 2013 survey and supplied essential data and insights for this report. We also appreciate the assistance of more than 100 county-elected officials, county staff and others, who participated in interviews with the LBJ research team and provided the materials for the 35 case studies accompanying this report. We are indebted to Matt Chase, Tom Goodman, Kathy Nothstine and Andrew Reamer for their thoughtful and insightful contributions. We would also like to thank Kirk Heffelmire and Alice Zhai for research assistance, Nicholas Lyell for building the website interactive, Emily Star for graphics design and Matthew Fellows for creating the Web page of the report.

FOR MORE INFORMATION, CONTACT

Dr. Emilia Istrate
NACo Research Director
research@naco.org

Anya Nowakowski
NACo Research Associate
research@naco.org

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • JULY 2014 • www.naco.org

EXECUTIVE SUMMARY

Emilia Istrate, Kavita Mak, Anya Nowakowski and
The LBJ School of Public Affairs,
University of Texas at Austin Research Staff

Counties are responsible for providing core services, such as human services, criminal justice, public welfare and infrastructure, to communities of all sizes across America. To ensure the delivery of these essential services, support job growth and maintain a healthy revenue base, counties invest in economic development activities in a number of ways. An examination of county involvement, challenges and solutions in economic development across the 3,069 counties shows that:

1 **COUNTIES ARE SPONSORS OF LOCAL ECONOMIC DEVELOPMENT INITIATIVES.** Funding — often from general funds — is the most common county contribution to economic development partnerships. More than 90 percent of county governments engage in economic development initiatives, but only 57 percent of counties have a county department managing economic development initiatives. Counties most typically focus on workforce training, business attraction and retention and regional marketing in their economic development partnerships. Additionally, counties collaborate with other stakeholders to promote broader resiliency goals.

Counties are sponsors of local economic development initiatives.

93% OF COUNTIES — PARTICIPATE IN ECONOMIC DEVELOPMENT INITIATIVES

57% OF COUNTIES — HAVE A COUNTY DEPARTMENT MANAGING ECONOMIC DEVELOPMENT

81% OF COUNTIES — CONTRIBUTE FUNDING TO ECONOMIC DEVELOPMENT PARTNERSHIPS

Ethanol production equipment owned by Grass Roots Energy, a participant in the Agricultural Technology Business Incubator in Ottawa County, Mich.

For the full report, the companion interactive data tool and the text of the case studies, see the ***Strong Economies interactive*** at ***www.naco.org/StrongEconomies***

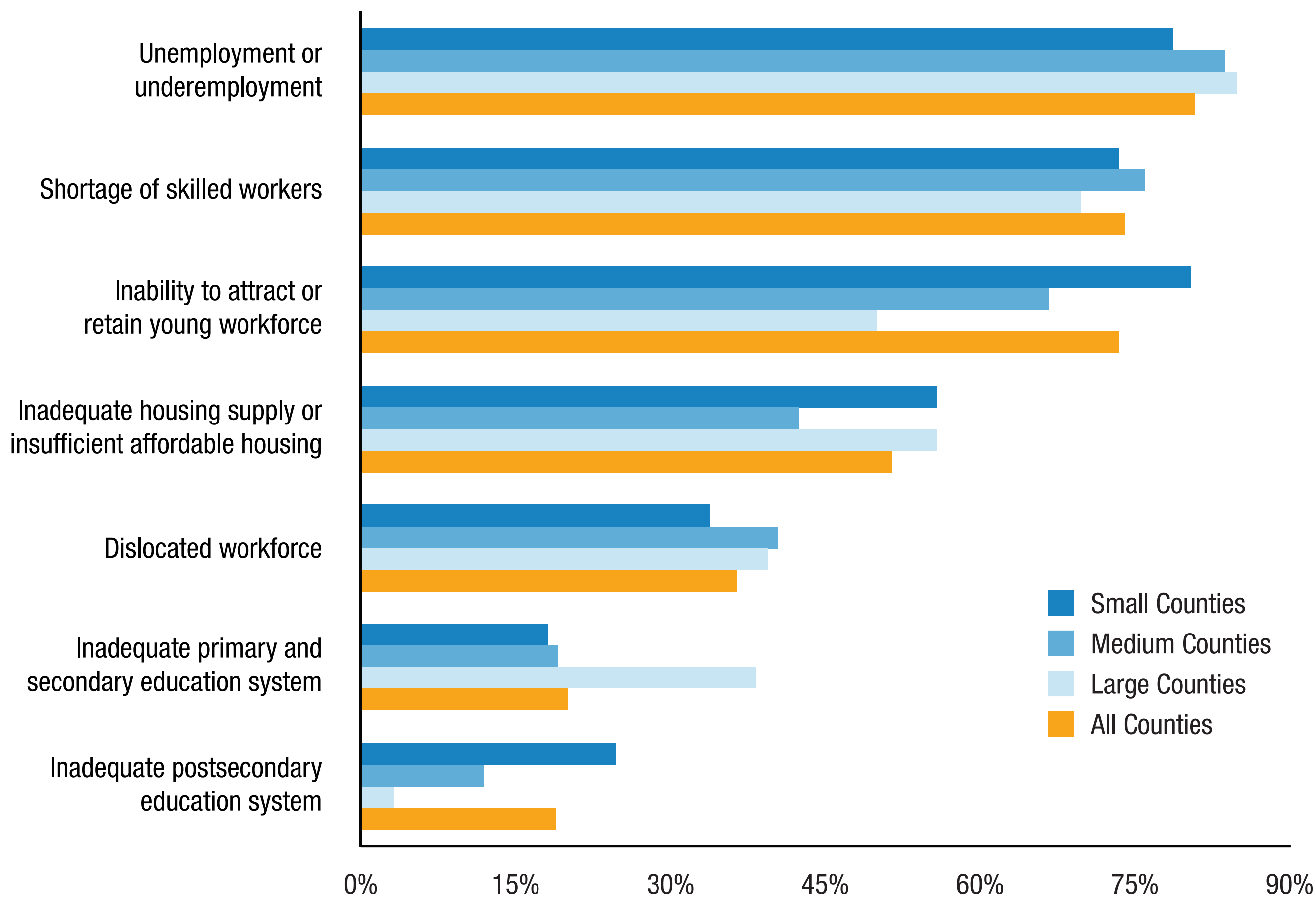
NACO National Association of Counties

25 MASSACHUSETTS AVENUE, NW | SUITE 500 | WASHINGTON, DC 20001 | 202.393.6226 | www.naco.org

2 **WORKFORCE CHALLENGES ARE AT THE TOP OF THE COUNTY ECONOMIC DEVELOPMENT AGENDA.** Unemployment or underemployment is the most common challenge across counties (more than 80 percent of responding counties), followed closely by shortage of skilled workers (74 percent of responding counties) and the inability to attract and retain a young workforce (73 percent of responding counties). Maintaining a resilient economy with a diversified and competitive business environment is also a significant concern for counties. As major owners of infrastructure, counties deal directly with infrastructure challenges that affect the development and competitiveness of their local economies.

> **Counties of all sizes need more and better trade infrastructure, from ports and roads to transshipment facilities.**

WORKFORCE CHALLENGES FOR COUNTIES, PERCENT OF RESPONDING COUNTIES BY COUNTY POPULATION SIZE, 2013



Notes: Large counties have more than 500,000 residents. Medium-sized counties have between 50,000 and 500,000 residents. Small counties are counties with less than 50,000 residents.

Sources: NACo survey, October 2013; 2012 population data-U.S. Census Bureau, Population Estimates, 2013

STRONG ECONOMIES, RESILIENT COUNTIES

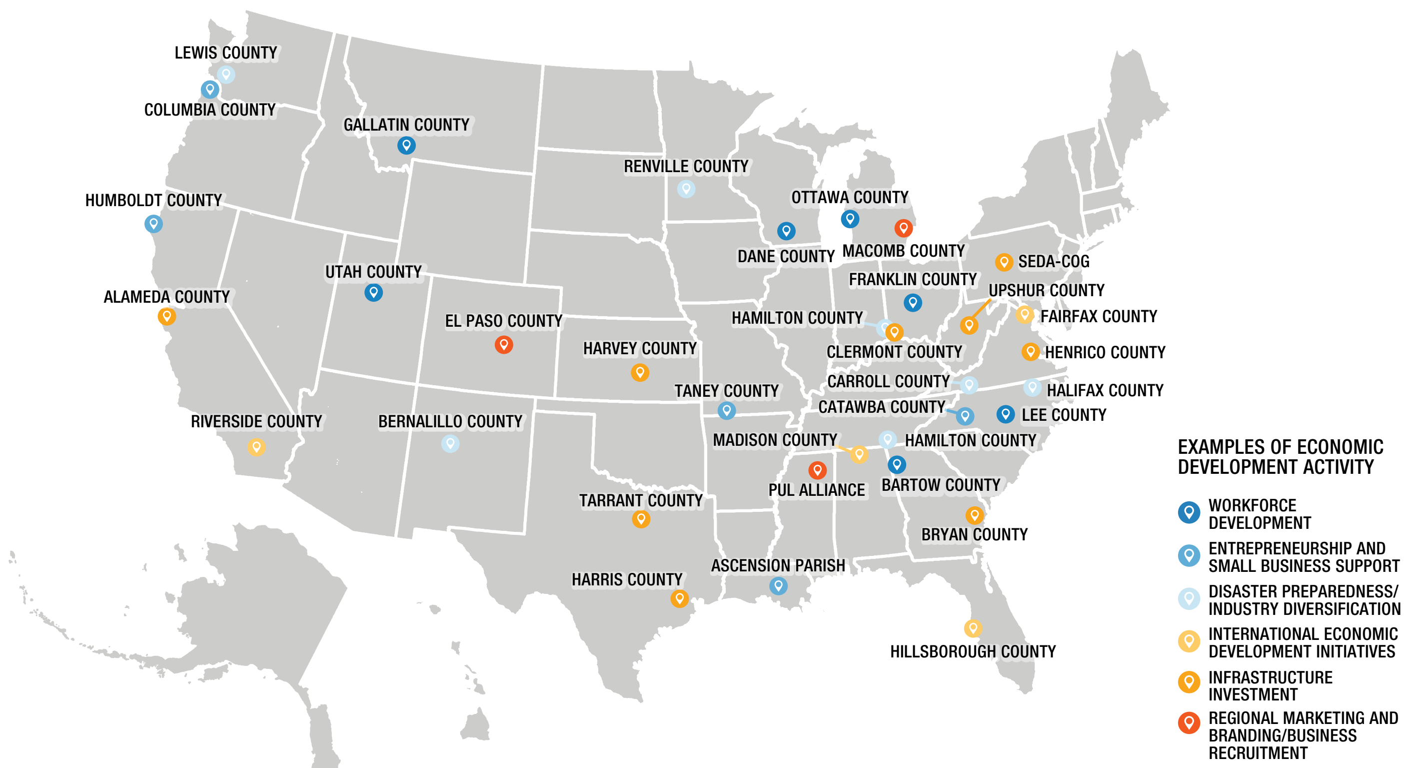
The Role of Counties in Economic Development

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • JULY 2014 • www.naco.org

3 **COLLABORATION IS THE KEY TO COUNTY ECONOMIC DEVELOPMENT INITIATIVES.** County economic development initiatives capitalize on the networks of public, nonprofit and private partners necessary for successful local economic development. This research developed 35 case studies of county economic development initiatives from around the country, featuring a wide range of activities from workforce training, regional marketing and business recruitment and retention to infrastructure financing, small business support, business incubators, disaster preparedness, industry diversification and international economic development. While each initiative solves an economic development problem within the framework of specific local resources and constraints, these case studies highlight some of the current county practices in economic development worthy of replication.

> **Together with partners, counties find solutions to the most pressing economic development problems facing their communities.**

CASE STUDIES OF COUNTY ECONOMIC DEVELOPMENT INITIATIVES



Note: The PUL Alliance in Mississippi is a regional economic development alliance among Pontotoc County, Union County and Lee County, part of the Three Rivers Planning and Development District. Susquehanna Economic Development Association - Council of Governments (SEDA-COG) is s a regional multi-county development agency serving 11 Central Pennsylvania counties. For ease of visualization, this research identifies one of the economic development initiatives featured in each case study. Most often, the case studies feature more than one initiative.

For the full range of the economic development initiatives profiled in each case study, see the Strong Economies interactive at www.naco.org/StrongEconomies

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • JULY 2014 • www.naco.org

As both global and local challenges arise, counties are poised to lead, convene and participate in economic development efforts.

Counties of all sizes across the country are problem-solvers, able to adjust their initiatives and programs to match local assets and needs. Drawing upon the answers of 480 counties responding to the 2013 NACo survey and the 35 case studies developed for this research, this study finds that counties have a distinct ability to mobilize and coordinate resources for economic development. Local economic development challenges often require a regional solution. Counties are best positioned to be conveners for such initiatives due to the legitimacy and accountability they have as formal governments covering both incorporated and unincorporated areas in a region.

Strong local economies enable counties to improve the quality of life for their residents, create the right environment for local businesses to flourish and reduce county costs with public welfare and criminal justice, while supporting the county tax base. Counties understand that strategic planning together with their public and private partners is necessary to build strong economies and in the process make their communities more resilient to unexpected events ranging from natural disasters and factory closures to long term declines in specific industries. As both global and local challenges arise, counties are poised to lead, convene and participate in economic development efforts.

Worker completing infrastructure maintenance on a roadway on the Harris County Toll Road Authority system in Harris County, Texas.

FOR MORE INFORMATION, CONTACT

Dr. Emilia Istrate
NACo Research Director
research@naco.org

Anya Nowakowski
NACo Research Associate
research@naco.org

The National Association of Counties (NACo) developed this research in partnership with the Lyndon B. Johnson (LBJ) School of Public Affairs at the University of Texas at Austin. The study draws on the results of a NACo survey of the 3,069 counties conducted between September and October 2013 and 35 case studies of counties or regional economic development organizations with county government involvement.

@NACoTweets
@NACoDC
@NACoVideo
in/NACoDC

NACo National Association of Counties

25 MASSACHUSETTS AVENUE, NW | SUITE 500 | WASHINGTON, DC 20001 | 202.393.6226 | www.naco.org

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

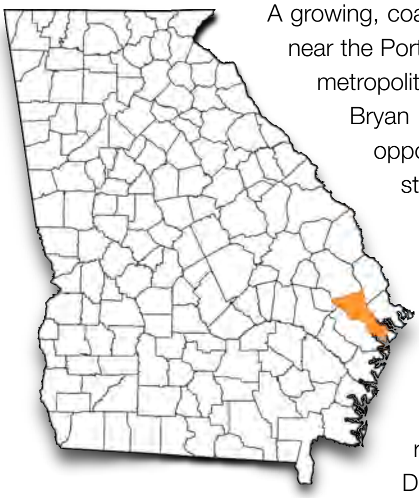
CASE STUDIES: RURAL COUNTIES

NACo National Association of Counties

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

BRYAN COUNTY, GEORGIA

Creating Economic Growth through Public-Private Partnerships



A growing, coastal county, Bryan County, Ga., benefits from its prime location on the Georgia coastline near the Port of Savannah, the fifth largest port in the country by value of trade. Part of the Savannah metropolitan area, the small county has strong commuting links to Chatham County, with some of Bryan County's residents working in the city of Savannah. In order to increase employment opportunities within Bryan County, the county has developed two industrial parks with a strong infrastructure component through public-private partnerships.

The Development Authority of Bryan County pursues economic development activities on behalf of the county. Its mission is to attract new business, promote foreign direct investment and encourage economic development. The county established the Development Authority in 2005 to unite two previously autonomous economic development boards in the Northern and Southern ends of the county. The Development Authority has a nine-member board, two staff members and regularly reports to the Bryan County Board of Commissioners. Bryan County funds the Development Authority with general fund dollars, about $500,000 in 2014.

The Interstate Centre

The Development Authority of Bryan County pursued economic growth in the county by developing two industrial parks through public-private partnerships. Its first industrial park, the Interstate Centre, was built in 2006 and targets supply-chain logistics firms. The Interstate Centre spans more than 1,000 acres and is located near the intersection of two major roadways in the Northern area of Bryan County, approximately 18 miles from the Port of Savannah. The industrial park is a cost-effective alternative for firms seeking port access given the well-developed local interstate system, coupled with flexible incentive packages, like property tax abatements, job tax credits and a foreign trade zone designation. Bryan County owns the land where the Interstate Centre is built and some of the buildings within the park. The private real estate firm, TPA Group, owns a 600,000 square foot facility within the park, leases space to firms and may purchase more land from the county in the future. The Interstate Centre houses diverse industrial activities and includes operations for companies such as Daniel Defense, Blue Bell Creameries, Orafol Americas Inc, Oneida, DKW Logistics, Matson, Kenco and agricultural supply/direct distributors. As of June 2014, the companies located at the Interstate Centre employ almost 500 people.

- **Population, 2013: 33,157**
- **County Board size: 6**
- **County Administrator**

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

Belfast Commerce Centre is the first recipient in the state of Georgia to receive CSX Select Site designation.

Belfast Commerce Centre

Using the same mechanism of public-private partnerships, the Development Authority of Bryan County built the Belfast Commerce Centre, a second industrial park at the Southern end of the county, only 16 miles from the Port of Savannah. Completed in 2012, the Belfast Commerce Centre is close to the interstate highway system and features a rail system that enables firms to transport materials directly from the park to the Port of Savannah. The rail provider, Genesee & Wyoming, offers short line rail service on the Riceboro Southern that serves the Belfast Commerce Centre. The Riceboro Southern line connects with the CSX rail service in nearby Savannah. In 2012, the park became the first site in Georgia to receive CSX's Select Site designation, which certifies the site is ready for development. CSX provides rail, intermodal and rail-to-truck transload services to locations that can rapidly use the infrastructure for industrial development. Unlike the Interstate Centre, which has a mixture of public and private land ownership, the land in the Belfast Commerce Centre is owned entirely by a private company, TerraPointe Services, Inc. Companies who purchase property in the Belfast Commerce Centre from TerraPointe Services fund and build their own facilities. The Authority plays the role as a marketing partner for the park.

The Belfast Commerce Centre attracted its first major tenant, Caesarstone, in late 2013. The Israeli quartz countertop manufacturing company considered other locations across the country before selecting the Belfast Commerce Centre as its first manufacturing location in the United States. The Development Authority and Bryan County officials worked together throughout negotiations with the firm. For example, the county agreed to build a road to the Belfast Commerce Centre and waived the building permit fees for the firm in the industrial park. The Authority arranged an informal conversation between Caesarstone and Orafol Americas Inc., an Interstate Centre tenant, to discuss the benefits of operating in Bryan County. It is estimated that Caesarstone will create approximately 180 jobs in its first phase of development.

Bryan County is successfully fostering economic growth and creating jobs for county residents through public-private partnerships, using their advantageous location near the Port of Savannah. Through public-private partnerships for the industrial parks, Bryan County attracts new firms to the county and creates new jobs while sharing the financial risks involved with property and infrastructure ownership. The Port of Savannah, a key asset to the county economy, is expected to increase business in the coming years as the harbor is deepened to accommodate larger ships. By enacting policies that enable firms to quickly commence business operations, Bryan County fosters a business-friendly environment and expands industrial growth in the region.

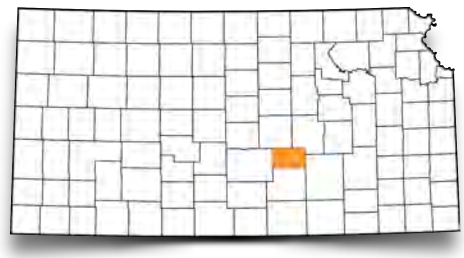
STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

HARVEY COUNTY, KANSAS

Logistics and Economic Development



Harvey County, Kan., a small county part of the Wichita metropolitan area, is attractive for industrial development because the large highly developable sites with easy access to rail and interstate highway transportation links. The county's largest employers include an agricultural implements manufacturer (AGCO), a cabinet manufacturer (Norcraft) and a turf equipment firm (Excel Industries). To reduce the costs of logistics and manufacturing in the area, Harvey County and the county seat, the City of Newton, established the Kansas Logistics Park (KLP), a new project aiming to provide a competitive advantage to manufacturing industries in the Midwest, which rely on availability of strong transportation links.

Similar to other counties in Kansas, Harvey County functions as an extension of the state government. Its three elected County Commissioners and managing County Administrator are responsible for tax collection, budgeting, program implementation and long-range planning. The county government also holds prerogative over planning and developing unincorporated lands. As a smaller government, Harvey County supplements its administration with eight citizen advisory boards, addressing topics spanning economic development, aviation and aging.

The Harvey County Economic Development Council (HCEDC) manages the county's industry and workforce development efforts for a unified, collaborative action among county stakeholders. Sixteen appointees govern the council, representing a cross-section of local governments and chambers. Harvey County and the City of Newton each hold three positions on the HCEDC board, while the Newton Area Chamber of Commerce and the Cities of Halstead, Hesston, Burrton, Sedgwick, Walton and North Newton each hold two seats. Chief Administrators from these cities also serve on the board in non-voting, ex-officio capacities. Contributions from the respective governments fund the HCEDC and its three full-time staff.

- **Population, 2013: 34,741**
- **County Board size: 3**
- **County Administrator**

Kansas Logistics Park

In late 2009, a commission representing Harvey County, Newton, HCEDC and officials from other cities announced the Kansas Logistics Park (KLP) located in Newton. Drawing on Central Kansas' history of rail and highway access, this project links industrial development with rail, highway and air transport hubs.

The park's central location allows businesses to take advantage of the overlapping connections to both rail and major interstates. Located between Interstates 35, 135

NACo National Association of Counties

Questions? Contact Dr. Emilia Istrate, NACo Research Director | research@naco.org
Media contact: Brian Namey, NACo Director of Media Relations | bnamey@naco.org | 202.942.4220

www.naco.org | Twitter: @NACoTweets | Facebook: /NACoDC | YouTube: /NACoVideo
25 Massachusetts Ave NW | Suite 500 | Washington, DC | 20001 | Tel 202.393.6226 | Fax 202.393.2630

Architectural rendering of a new aircraft supply manufacturing facility and hangar currently under construction at the Newton-Harvey County airport.

and 70, the park provides access to two Class 1 carriers in the nation's rail network and it includes a rail link to the Port of Catoosa. This Port is the nation's northernmost port access to the Gulf of Mexico that is ice-free year round. The proximity to these transportation points reduces logistics and shipping time and costs and time for manufacturers located in the park. In addition, the region has an abundance of qualified workers, suppliers, manufacturers and aircraft companies, with more than 1,000 manufacturers within a 50-mile radius of the KLP.

The county, city and HCEDC formed a working group consisting of staff from all three entities that meet regularly to work on a variety of issues including strategic plan development, prospect recruitment efforts and the details of the KLP development. Harvey County handled land acquisition, issuing $3.35 million in bonds in May 2011 to purchase the initial 400 acres. The City of Newton manages utility and public works connections to sites. HCEDC spearheads recruiting efforts and facilitates property sales. HCEDC coordinates incentives and finances among Harvey County's governments to link freight connections with brownfield space. The council aims to leverage transportation advantages in order to establish Harvey County as a logistics hub for firms within a day's travel— a 500-mile radius, including the metropolitan areas of Minneapolis, Memphis, San Antonio and Denver. This strategy stems from a 2008 study on how interstate traffic patterns impact Harvey County that highlighted the infrastructure geography strengths that make Harvey County an attractive logistics location, particularly among agricultural and manufacturing firms.

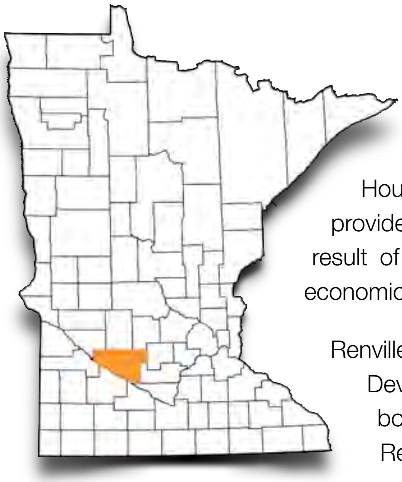
Harvey County and its partners remain focused on KLP's long-term potential. Recently, the city commission and county commission jointly established the Kansas Logistics Park Development Authority (KLPDA) in order to appoint a dedicated group of elected officials, HCEDC staff and eventually business leaders to managing KLP activities. The KLPDA provides a consistent administrative body and the power to issue city and county-backed debt. In 2013, the authority signed a partnership with the Port Authority of Kansas City, Mo., to promote further development of connections and transportation links in the region.

The Kansas Logistics Park is a new initiative that already offers several lessons from its development. County officials carefully considered strengths and opportunities for economic development in the area, forged long-term partnerships with city governments and economic developers and maintained flexibility and prudence as obstacles arose. As regional economies become more interconnected, the logistics park in Harvey County may play a role in facilitating economic development in the area and create local jobs in the process.

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

RENVILLE COUNTY, MINNESOTA

Helping Small Businesses with Gap Financing



Located in west central Minnesota, Renville County is a classic rural county, with a strong agricultural sector. Other industries, such as manufacturing, trade, transportation and utilities complete the economic base of the county. To encourage business growth, economic diversification and job creation, the county helps entrepreneurs and businesses to obtain gap financing for growth and expansion. The Renville County Housing and Economic Development Authority (HRA/EDA) offers a revolving loan fund, which provides resources for businesses and communities. These loans are made possible largely as a result of connecting the ability of the housing and redevelopment authority to raise funds with economic development efforts.

Renville County engages in economic development through the HRA/EDA. The Economic Development Authority joined the Housing Redevelopment Authority in 2000. The governing board of the combined HRA/EDA consists of county appointed representatives from each of Renville County's five districts for six-year terms, two at large members and a non-voting county representative. Operating as a legally entity separate of Renville County, the HRA/EDA board oversees two full time and two part time employees who are employees of the County. The State of Minnesota statute authorizes the HRA/EDA to levy special assessment taxes and issue bonds approved by the county government. Between July 2011 and December 2012, HRA/EDA earned $900 thousands in total revenues, with 43 percent coming from the US Department of Housing and Urban Development (HUD) grants, a third raise from levies and the rest from tenant revenues.

HRA/EDA Revolving Loan Fund

In response to demand for low interest business development loans, the HRA/EDA offers a revolving loan fund to businesses in the county with a focus on small gap financing between $10,000 and $25,000. The loan committee appointed by the HRA/EDA board makes loan evaluations and recommendations for the HRA/EDA Board approval. For larger loans, the HRA/EDA offers resources to businesses to help connect them with local banks and financial institutions. The primary goals of this funding are the creation of new jobs within the county and retaining existing jobs. Specifically, the loans aim to create or retain a full time job for every $10,000 in loans. Since the inception of the revolving loan fund in 2010, 11 loans have been issued for a total of $293,100, five of which have been

- **Population, 2013: 15,166**
- **County Board size: 5**
- **County Administrator**

repaid. The revolving loan fund has also retained 52 jobs, and created 22 more. Recipients have included a restaurant, a local newspaper and the Renville County Historical Society.

Due to the large volume of requests for services and limited capacity, the HRA/EDA works closely with the Minnesota Small Business Development Center (SBDC) to assist small businesses and entrepreneurs in the county. The SBDC is a state-run organization funded primarily through the US Small Business Administration and community and local investors. Working with the SBDC allows the HRA/EDA to effectively expand their services to small businesses, such as advice and consultation. This cooperative strategy has proven effective and beneficial for entrepreneurs and HRA/EDA.

Renville County offers an example of how counties can help small businesses grow and in the process create jobs for county residents. The Renville County combined economic development and housing authorities are able to generate revenues and not use county government general funds to provide financial assistance to small businesses. The county is also strategically partnering with state organizations to offer additional services to businesses seeking to start or expand within the county.

J & R Electric, Inc used Renville County's revolving loans to purchase and rehab a vacant commercial building.

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

TANEY COUNTY, MISSOURI

Diversifying the County Economy through Strategic Planning

The “Gateway to the Ozark Mountains,” Taney County, Mo., is well-known for its outdoor attractions in the Ozark Mountains and is home to the city of Branson, a major tourism destination that attracts millions of visitors annually. Tourism has been a major component of Taney County’s economy for many years. In 2010, there were an estimated 8 million visitors to the region, bringing approximately $3.1 billion in tourism related spending to Taney County and neighboring counties. The latest economic downturn highlighted the importance of expanding the county economy across sectors, beyond the strong tourism industry. This new vision led county officials to create the Taney County Partnership (TCP), a coalition that developed a strategic plan to attract more industries to the county and diversify the county economy.

The Taney County Partnership

Historically, the Branson/Lakes Area Chamber of Commerce worked on the majority of economic development efforts in Taney County, and these efforts promoted tourism primarily. In addition, other local municipalities pursued economic development initiatives in the county. However, this fragmented approach divided the economic development effort, created unnecessary competition between townships and most townships lacked the necessary financial and human resources to undertake a successful economic development strategy on their own. In response to these issues, in 2008 the county created the position of Executive Director of Economic Development, to foster a more unified, countywide approach to economic development.

This action alone did not effectively address the challenges at hand, although creating a position of Executive Director of Economic Development was a major step forward in county economic development efforts. During the recession, county and municipal officials and business leaders began to discuss the long-term economic resiliency of the county. These leaders realized, although divided in their efforts, they were working towards the same economic development goals for the region. The recession also raised awareness that an economy dependent upon a single sector posed a risk to the resiliency of the county.

- **Population, 2013: 53,575**
- **County Board size: 3**

In 2011, the Taney County Commission partnered with the Branson/Lakes Area Chamber of Commerce to create and fund the Taney County Partnership (TCP). The

The National Enzyme Company (NEC) has taken advantage of the Enhanced Enterprise Zone to expand and add jobs.

mission of the Taney County Partnership is to develop a strong, diversified and competitive economy. The TCP is a public/private partnership established through a contract for service between the Taney County Commission and the Branson/Lakes Area Chamber of Commerce. The Taney County Commission and the Branson/Lakes Area Chamber of Commerce both agreed to commit $50,000 annually for three years with the possibility of renewal thereafter. Partner cities, villages and the private sector contributed additional funding. County officials participate on its board of directors, which helps establish the organization's economic development priorities and strategies.

One of the first objectives undertaken by the TCP was to strengthen collaboration and partnerships with Taney County communities, county officials and regional economic development entities. To that end, the TCP has secured nine public sector partners – which include the county and all eight incorporated cities and villages – and 18 local business sector partners. All member partners have representation on the TCP Board of Directors and provided $417,470 in contributions in 2013 and committed $205,000 for 2014.

Within its first year the TCP developed a strategic plan in partnership with the Institute for Decision Making at the University of Northern Iowa. This strategic plan identified TCP priority projects in the areas of business retention and expansion; business attraction; workforce development; entrepreneurial development; planning, leadership and policy and transportation and infrastructure. The TCP's initial efforts have been focused in the areas of business attraction and workforce development, based on the county's existing assets. The Institute for Decision Making assisted TCP in identifying these assets through a targeted industry analysis. The TCP will use the findings from this analysis to drive the partnership's business attraction efforts. The TCP also coordinated the establishment of an Enhanced Enterprise Zone and is currently working eight active prospective projects, including a start-up, relocation and attraction projects. They span across multiple sectors including manufacturing, data centers, distribution, retail and tourism. Three of these eight are expected to be finalized soon, resulting in over 100 new jobs.

The Taney County Partnership allows the county and local partners to strengthen the county economy by working together and strategically. Together with the Institute for Decision Making, the TCP developed a strategic plan to attract businesses representing a variety of economic sectors to the county. This type of strategic planning is essential in strengthening the county economy and in the process makes the county more resilient to unexpected downturns.

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

PUL ALLIANCE, MISSISSIPPI

Attracting New Industries

Comprised of rural counties in northeastern Mississippi, the PUL Alliance is a collaboration of counties that work together to promote economic outcomes. The three counties — Pontotoc County, Union County, and Lee County — that comprise the PUL Alliance are also members of a larger collaboration called the Three Rivers Planning and Development District (Three Rivers), which promotes economic development and community planning throughout the region. Three Rivers is a private, non-profit organization established in 1971, consisting of eight member counties: Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union counties. The PUL Alliance counties were affected by a downturn in the furniture manufacturing industry between 1990 and 2000. The region experienced significant population growth; the three counties reached a population of 144 thousand in total by 2013, a 12 percent increase since 2000. Three Rivers assisted Pontotoc, Union, and Lee counties in successfully recruiting a new major economic impact industry to their region. Through a recruitment process in which the counties shared resources, risks and rewards, the three counties' success resulted in a major economic impact throughout the Three Rivers district.

Affected by the decline of the furniture manufacturing, in 2001 three counties in the Three Rivers district—Pontotoc, Union and Lee counties — formed the PUL Alliance, a strategic partnership to attract new major economic impact industries to the area. The counties' regional economic development alliance was the first of its kind in Mississippi, and the alliance members decided to share equally the expenses and revenues. After forming the alliance, the counties assessed the type of new major economic impact industries to the area that would offer sustainable job opportunities and livable wages for county residents. The PUL Alliance identified food processing and automotive manufacturing as industries with potential for positive economic impact in their counties. Given structural constraints in meeting the construction and operating needs of a food processing industry, the PUL eventually decided to recruit an automotive industry.

- 3 Mississippi counties
- Total Population, 2013: 143,991

The Wellspring Project

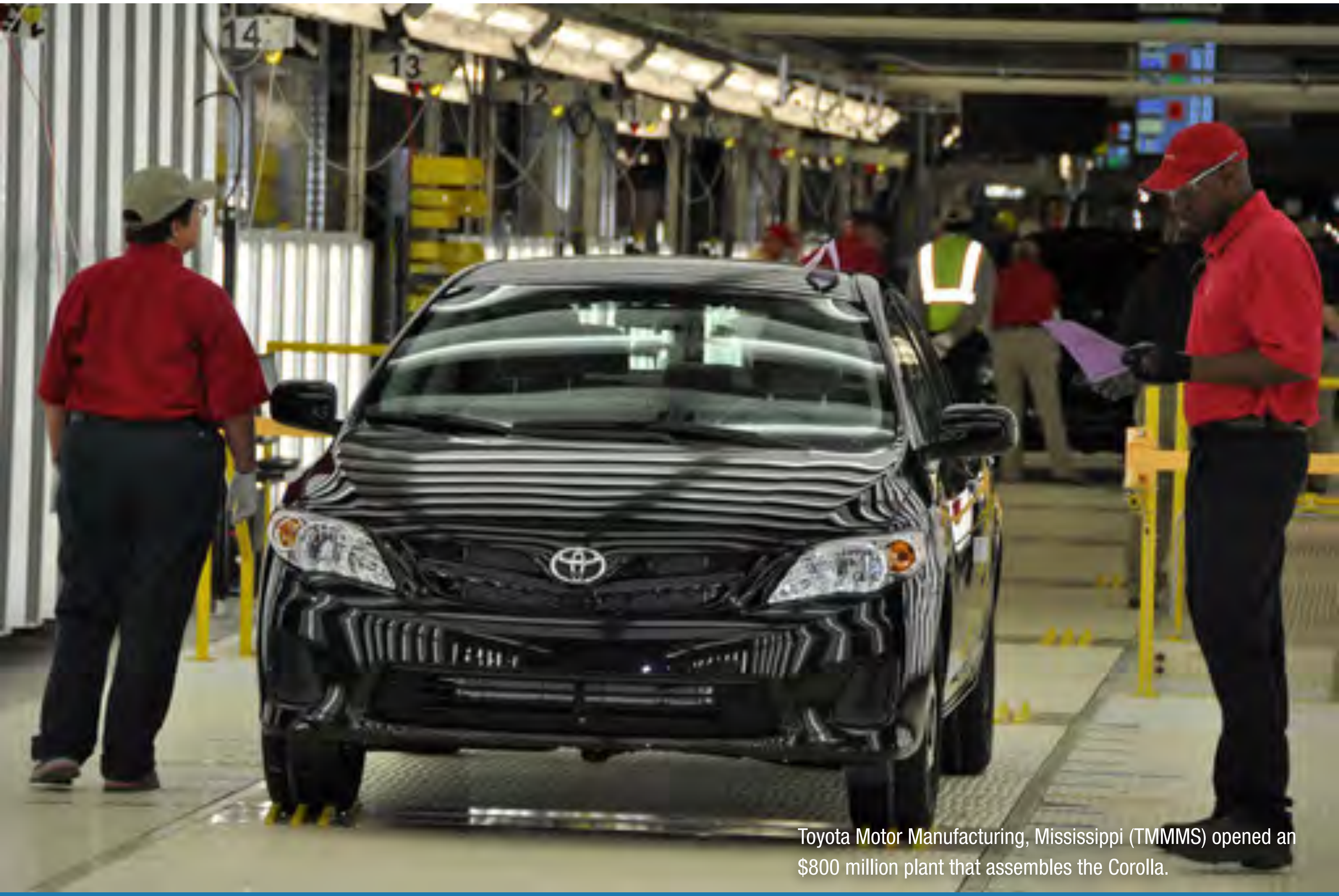
The PUL Alliance attracted a major automotive assembly plant to the area with the support of Three Rivers, the Community Development Foundation (CDF) — a non-profit organization that works on economic development in Lee County

NACO National Association of Counties

Questions? Contact Dr. Emilia Istrate, NACo Research Director | research@naco.org
Media contact: Brian Namey, NACo Director of Media Relations | bnamey@naco.org | 202.942.4220

www.naco.org | Twitter: @NACoTweets | Facebook: /NACoDC | YouTube: /NACoVideo
25 Massachusetts Ave NW | Suite 500 | Washington, DC | 20001 | Tel 202.393.6226 | Fax 202.393.2630

— and other partners. Three Rivers undertook the fiscal and administrative functions of PUL while the CDF handled the marketing of the project. The first phase of the recruitment process involved identifying suitable industrial land. Tennessee Valley Authority (TVA), helped identify a 1,200-acre site, involving 22 landowners and Toyota, the primary company targeted, conducted several visits to the site. Toyota representatives indicated that would require additional land as a buffer zone around the site. The Three Rivers' Executive Director engaged landowners, securing purchase options for 1,700-acres of land from 56 private landowners. Named the Wellspring Project, the site was certified in 2005 as a megasite by the TVA, confirming it as a large industrial property appropriate for development.



Toyota Motor Manufacturing, Mississippi (TMMMS) opened an $800 million plant that assembles the Corolla.

Attracting a top tier automotive company required more than land — the region needed sufficient transportation infrastructure to meet the shipping needs of the new manufacturing facility. Three Rivers and the PUL worked with federal legislators to secure the designation of Highway 78 as Interstate 22 in order to establish eligibility for interstate funding for future road upgrades. The PUL also showcased the area's rail service, which includes two national rail lines, and the nearby Tennessee-Tombigbee Waterway port to prospective companies to demonstrate the Wellspring site's various shipping alternatives and easy connection to external markets.

For workforce training, PUL Alliance benefitted from the help of the Workforce Investment Network (WIN) Job Centers. While the district had a skilled workforce for furniture manufacturing, the automotive industry required a different skillset. The Workforce Investment Network (WIN) Job Centers serve a vital role in meeting such workforce demands. WIN Job Centers are a consortium of one-stop operators, currently including three community colleges and the Mississippi Department of Employment Security, that provide employers in the region with a skilled workforce. Offering courses on sheet metal, tool and dye technology, robotics and other industry related skills, the community colleges served as a vital partner in providing customized training to prepare the workforce for the new automotive industry. Furthermore, the WIN Job Centers offer On-the-Job training and customized training services that focus on increasing both short term and long term vocational opportunities. As of 2013, almost 3,000 students were enrolled in degree programs related to high demand occupations in the area and almost 7,000 students were enrolled in vocational programs to meet the skill demands of major area employers, including the automotive industry.

PUL Alliance achieved its goal of attracting a major company to the area in 2007 when Toyota announced that it would open its 8th North American Automobile Assembly plant at the Wellspring Project megasite. The $800 million Toyota manufacturing plant, known as Toyota Motor Manufacturing Mississippi, Inc. (TMMMS), began assembling Corolla sedans in 2011. TMMMS employs 2,000 people and 500 people work for on-site suppliers. The plant brought more automotive supplier firms to the area, producing plastics, metals and auto parts. Seven near-site Tier-1 suppliers for the plant have opened since 2011, employing 1,500 people in the area. The Mississippi Development Authority estimates that full production at the Toyota plant will create 10,000 direct and indirect jobs.

By joining together, the three Miss. counties were able to pool resources and apply for grants and other funding sources that would not have been available to single-county applicants. The strategic partnerships included Three Rivers, the CDF, business leaders, school officials, landowners and community members. In their efforts, the PUL Alliance engaged elected officials, including the state Governor, U.S. Senators and Representatives, the Mississippi legislature and county Supervisors. Collaboration at each step of the recruitment process was critical to delivering the skilled workforce and appropriate infrastructure required for the automotive industry.

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

GALLATIN COUNTY, MONTANA

Strategies to Retain a Young Skilled Workforce

The northern gateway to Yellowstone Park Gallatin County is a medium-sized county with nine cities and the largest and fastest growing population in southwest Montana. Bozeman, the largest city in the county, has a population of approximately 40,000 residents. The county's high growth in tourism throughout the 1990s and early 2000s led to increased demand for infrastructure and commercial and residential units, which boosted the building and construction industries. One of Gallatin's principal challenges is retaining its highly educated population. With Montana State University (MSU) located in the county, 45.4 percent of county residents over 25 have attained a college degree. Annually, the large research university brings over 14,000 students. However, lack of career opportunities within the county do not retain the MSU graduates to work in the county.

Gallatin County represents an economic hub for the southwestern Montana region. For years prior to the recession, rapid organic economic growth kept economic development from being a priority for county officials. The economic recession, however, raised Bozeman officials' concern over the state of its economy and strategic future planning. Bozeman adopted an economic gardening approach to economic development, an individualized strategy targeting existing industries. It calls for providing businesses already invested in the area with tools and information to support and promote their growth. As a tourist destination, the city of Bozeman has focused on leisure and hospitality traditionally, but recently expanded to larger local industries with high growth potential, which generally pay mid to high wages. These sectors include high tech, photonics, bioscience and pharmaceuticals, the outdoor industry, manufacturing and the social services sector. Fueled by a high quality of life and community amenities, the technology and manufacturing industries have seen rapid job growth in the county, especially within the city of Bozeman.

- Population, 2013: 94,720
- County Board size: 3
- County Administrator

Gallatin College

Gallatin County and the city of Bozeman recognized the need to cultivate an educated workforce and balance the need for expanding job training with job creation. The presence of the University and the resulting concentration of research and technology activities, provides an established resource and opportunities for economic growth. In

2009, the city of Bozeman, created an economic development plan that targeted mid to high paying job generation and diversification of the economy. As part of the plan, Bozeman city officials facilitated collaboration between the University and prominent private sector industry leaders to identify skills in high-demand and create a solution to meet those needs.

Gallatin County, Mont. and the City of Bozeman collaborated on organizing funding for workforce training in the county. At the initiative of the Gallatin County and the City of Bozeman, county residents passed a mill levy in November 2013 — with projected revenue of nearly $370,000 per year — to support Gallatin College. The Montana State University (MSU) Board of Regents created the college in 2010, collaborating with the City of Bozeman, local and state legislators, the commissioner of Higher Education and the president of MSU. Gallatin College, as a two-year alternative to MSU Certificate, was planned to offer Associate Degrees, as well as other two-year education services. The city of Bozeman invested approximately $125,000 of city taxpayer dollars for three years to support the school. Gallatin College followed with a workforce needs assessment to further develop an understanding of business requests, and create and expand effective workforce programs. The needs assessment revealed demand for a program in industrial sewing. In the past, businesses specializing in producing fishing products, backpacks and canvas hunting tents conducted industrial sewing training internally, which was expensive and time-consuming. To fill the gap with a more flexible and affordable option, the University established an industrial sewing program.

Gallatin College offers workforce training certificates and associate degrees in areas related to the five fastest growing sectors in the county: technology, outdoor industry, bioscience, manufacturing and photonics. Revenues from the mill levy allow for the creation of new programs in small business management, advanced manufacturing and machining, IT support technician, culinary arts and more than 20 other programs in healthcare, business, hospitality, technology and manufacturing industries. Gallatin College enrollment increased from 723 students in 2010 to nearly 1,000 students in 2013.

Welding Technology Program, one of the workforce programs offered by Gallatin College and Montana State University.

The collaboration between the Gallatin County, City of Bozeman, private sector, the University and other stakeholders led to a targeted solution to train and retain educated residents within the communities. The establishment of Gallatin College helps educate the workforce in the county, diversify its economy and expand into industries that support job growth and economic diversity in the community.

STRONG ECONOMIES, RESILIENT COUNTIES
The Role of Counties in Economic Development

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

HALIFAX COUNTY, NORTH CAROLINA

Improving Resiliency through Industry Diversification

Halifax County, located in rural northeastern North Carolina, is a predominantly agricultural county. Historically, Halifax County had strong resource-based industries, lumber and textile mills. These industries are undergoing a long term decline, placing at risk counties such as Halifax dependent on these sectors. For example, the closing of a textile mill in the county in the 1990s put approximately 2,000 people out of work, which amounted to nearly 12.7 percent of the county population. County officials are actively working to improve the county's resilience through economic diversification and reduce the impact on county residents.

The county's economic development strategy builds on existing assets to achieve the long-term goals of diversification. Its history of skilled manufacturing workers and existing timber resources offer workforce and capital advantages to businesses. The county is in close proximity to various modes of transportation infrastructure: Interstate 95 – the key north-south highway, three international airports that are less than 90 minutes away; the ports in Virginia are within 80 miles, and a rail line in the county.

Halifax County implements its economic development strategy with the help of the Halifax County Economic Development Commission (HCEDC). Established by the Halifax County Board of Commissioners in the 2000s, HCEDC is a 12 member advisory board that represents business and community interests in Halifax County. The county charged the commission with supporting job creation and investment in the county, while promoting and fostering business and industry expansion. The advisory board is comprised of citizens appointed by the County Commissioners, and two full-time staff members that implement the strategies decided by the commission.

- **Population, 2013: 53,453**
- **County Board size: 6**
- **County Manager**

Halifax Industrial Center and Halifax Corporate Park

Halifax County developed the 100 acre Halifax Industrial Center in the early 1990s, adjacent to Interstate 95. Current tenants include Reser's Fine Foods, Pelican Packaging and PCB Piezotronics, among others. With the majority of the properties in

NACo National Association of Counties
Questions? Contact Dr. Emilia Istrate, NACo Research Director | research@naco.org
Media contact: Brian Namey, NACo Director of Media Relations | bnamey@naco.org | 202.942.4220
www.naco.org | Twitter: @NACoTweets | Facebook: /NACoDC | YouTube: /NACoVideo
25 Massachusetts Ave NW | Suite 500 | Washington, DC | 20001 | Tel 202.393.6226 | Fax 202.393.2630

the Halifax Industrial Center developed, Halifax County began looking at other sites to continue the momentum in attracting manufacturers to the area. In 2007, the Halifax County Board of Commissioners purchased a 700 acre tract of land on Highway 561 to develop another industrial park. Located adjacent to the new Halifax-Northampton Regional Airport, the Halifax Corporate Park offers industrial-quality utilities, including water, electric, sewer, telecommunications and natural gas. Besides major roadways such as Interstate 95, the park is close to ports in both North Carolina and Virginia and a CSX rail line. The Halifax Corporate Park is ready for development, with all the geotechnical, environmental and other site studies completed. The site is also a North Carolina Certified Industrial Park. The county has begun planning the construction of a 35,000 square foot industrial building at the Halifax Corporate Park that will be leased to Empire Foods.

Lumber Industry Cluster Initiative

Halifax County also plans to build on the strengths of its economy. In 2012, the county recruited an international lumber company, Klausner Lumber to build a mill in Enfield. This will be one of the two plants the company will build in the United States. In addition, the county attracted a number of lumber-related businesses to the county and promoted their clustering around the mill to maximize the usage of lumber in the area. This would result in a multiplying effect, with jobs created at the mill and additional jobs in the forest products businesses, about 1,500 jobs with the construction of the mill and the clustered lumber businesses.

Halifax County utilized its current strengths and its prime location nearby major roadways and ports to attract new businesses to the county. The county understood the risks of dependency on an industry and as a result, initiated economic development programs to diversify its range of industries. The ultimate goal of these initiatives is to strengthen the economy and in the process create jobs for its residents.

Paving the 1.6 miles access road for the Halifax Corporate Park that connects Highway 561 and State Road 1619.

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

LEE COUNTY, NORTH CAROLINA

An Example of Workforce Training for Manufacturing

Lee County is located in central North Carolina at the Southern tip of the famed North Carolina Research Triangle Region. Anchored by its manufacturing sector, the latest economic downturn affected the county economy. The manufacturing sector is responsible for 31 percent of local employment in the county, almost three times higher than the state average and three and a half times higher than the national average. In 2010, the county government of Lee County collaborated with the Central Carolina Community College (CCCC) to develop the Innovation Center, a dual-purpose industrial incubator and workforce training facility. This collaboration resulted in a $28.3 million Caterpillar expansion project, and gave rise to an award winning apprenticeship program through which the CCCC and Caterpillar recruit and train high school juniors. Following the success of the Caterpillar apprenticeship program, the CCCC developed the Central Carolina Works program, which aims to inspire local high school students to pursue career development training.

Faced with a deficit of educated and trained labor, Lee County prioritizes workforce development to improve their competitive advantage in attracting new businesses and diversifying their industries. Lee County's efforts to promote economic development date back to 1979, when the county established an Economic Development Corporation (EDC). Through a public-private task force, the EDC developed a public-private partnership with the Sanford Area Chamber of Commerce in 2010, establishing a unified mission focused on industry recruitment and business retention and expansion. The reorganized EDC is expected to derive 50 percent of its funding from the private sector, significantly reducing the county's financial burden. In FY 2014, the county's total budget was $63.8 million with about $400 thousands going towards economic development.

- Population, 2013: 60,266
- County Board size: 7
- County Manager

The Innovation Center of Lee County

The Innovation Center of Lee County began offering businesses and local start-ups an opportunity to launch their ideas in Spring 2011. The EDC in partnership with CCCC began leasing space to businesses in the Innovation Center housing a cutting edge industrial training facility and a manufacturing incubator located at the Lee

NACO National Association of Counties

Questions? Contact Dr. Emilia Istrate, NACo Research Director | research@naco.org
Media contact: Brian Namey, NACo Director of Media Relations | bnamey@naco.org | 202.942.4220

www.naco.org | Twitter: @NACoTweets | Facebook: /NACoDC | YouTube: /NACoVideo
25 Massachusetts Ave NW | Suite 500 | Washington, DC | 20001 | Tel 202.393.6226 | Fax 202.393.2630

County Industrial Park. The county purchased an existing site and committed to funding the utility costs and maintaining the facility for the Innovation Center. While the community college outfitted the facility with the equipment necessary to provide a simulated work environment, a welding lab and an instrumentation lab, using state funding and contributions from private companies, including Caterpillar. The community college operates the facility, offering immediate short cycle training designed to meet the specific needs of local companies.

While the initial impetus for the Innovation Center was a shortage of trained welders, the collaboration resulted in a $28.3 million Caterpillar expansion project. Caterpillar has had a manufacturing facility in Lee County since the mid-nineties. In 2010, when Caterpillar began assessing sites for a $28.3 million expansion project that would create 325 new jobs, their primary concern was availability of a trained labor force. Already having recognized this shortage in Lee County, the county secured the Caterpillar expansion project through the promise of training opportunities at the Innovation Center. The first Caterpillar training started in February 2012. While Caterpillar continues to be the primary client of the

Innovation Center, other manufacturers have taken advantage of the services provided over the past two years, holding multiple one-day training events. As of May 2014, the Innovation Center has served 23 organizations and provided 2,719 hours of customized industry training to 950 individual trainees, with many trainees attending multiple sessions.

Caterpillar Apprenticeship Program

The successful collaboration between Lee County, CCCC and Caterpillar gave rise to an award winning apprenticeship program through which CCCC and Caterpillar recruit and train high school students. Shortly after the idea for the Innovation Center was born, Caterpillar approached Lee County Public Schools with a proposal to create an apprenticeship program that would provide a guaranteed career pathway to 15 high school juniors each year and simultaneously provide a pipeline for a trained workforce that meets Caterpillar's specific needs. The students selected for this program receive dual-enrollment credits and workplace training – graduating with a high school diploma, college credits and a welding certification. Additionally, Caterpillar guarantees the students an interview for full-


High School students participate in the Caterpillar Apprenticeship Program

time employment after they graduate and successfully complete the program. Interest in the Caterpillar apprenticeship program, currently accepting applications for its third cohort, has exceeded the program's capacity every year since its creation in 2011. By the end of the 2013-2014 school year, the first cohort of Caterpillars apprenticeship program will have graduated with a high school diploma, college credits, a welding certification and received job offers at Caterpillar.

Central Carolina Works project

The success of the apprenticeship program inspired the Central Carolina Works program, which aims to inspire local high school students to pursue vocational training to build a solid foundation for the county's future workforce. Led by Central Carolina Community College, the program places a guidance counselor at nine local high schools to advise and mentor qualified students as they seek college-level, credit-bearing coursework in career development fields with high local demand such as advanced manufacturing and medical arts. The program, still in its infancy, will be launched during the 2014-2015 school year. The community college has received $750,000 in public and private donations to fund the program.

Recognizing the need for workforce development early on, Lee County's collaboration with CCCC through the EDC allowed them to retain and expand existing business and train their workforce in order to attract future businesses and industries. Training the current workforce with the Innovation Center and building a pipeline for a future workforce with the Caterpillar apprenticeship program and the Central Carolina Works project, the county stands to gain a strategic advantage, both in the long run and short term.

Students gain hands-on experience through the CAT Welding Training.

COLUMBIA COUNTY, OREGON

Testing a New Model of Sustainable Development

A rural county in Northwestern Oregon, Columbia County is located in one of the most densely forested regions of the United States. Historically, forestry and timber production were major components of the regional economy. The local industries do not secure similar levels of income for county residents as seen at the state level; the income per county resident was $35,427 in 2012, approximately $4,000 less than the state average and about $8,000 less than the national average. In addition, the county suffered two 500-year floods in 1996 and 2007 around the city of Vernonia, events that had a long lasting impact on the community. To improve the financial situation of county residents and improve the resiliency of the county, County Chair Anthony Hyde worked with the Washington D.C. based Pinchot Institute for Conservation to introduce the Forest Health – Human Health Initiative (FHHHI) – a program that helps forestland owners with their annual health care expenses in exchange of preserving intact their forested lands. This innovative pilot program aims to improve economic outcomes of landowners in Columbia County by compensating them for the air quality benefits of their forests that are not normally captured by market values.

The Forest Health - Human Health Initiative (FHHHI)

The county searches constantly for ways that could improve the income situation of its residents and secure the county's unique asset — the forested land. Such an opportunity arose with the FHHHI of the Pinchot Institute, a research institute that works to raise public awareness of issues related to environmental conservation. The Pinchot Institute for Conservation chose the city of Vernonia, Ore. and surrounding areas in Columbia County as a prime location to conduct a pilot study, in which landowners get help with annual health care expenses in exchange for forest conservation. The Pinchot Institute for Conservation worked closely with Columbia County Chair, Anthony Hyde, who helped market the program to local landowners and the health care industry in Columbia County.

- Population, 2013: 49,344
- County Board size: 3

The work that led to the FHHHI started almost a decade ago. In 2005, the Pinchot Institute for Conservation conducted a study examining the reasons behind forestland

sales, one of the main contributing factors in the loss of forestlands in the United States. The results indicated that healthcare costs were a major reason cited for selling forestlands because many forestland owners lacked sufficient health insurance coverage. In 2009, the Pinchot Institute for Conservation cooperated with the U.S. Department of Agriculture Forest Service, Regence Blue Cross-Blue Shield and the Kelley Family Foundation, to identify the health care needs of 450 forest families in western Oregon, western Washington, North Carolina, Wisconsin, and Columbia County, Ore. This study also attempted to determine the level of interest in engaging in a FHHH carbon payment to health care program. One of the funders of this project was Regence Blue Cross Blue Shield of Oregon, the Northwest representative of the leading health insurer of private forest landowners in America. The survey found that in 2011 in Columbia County, almost 41 percent of the interviewed landowners and 60 percent of their descendants were likely to be underinsured (meaning they spent 5 percent or more of their income on insurance deductible payments).

The Pinchot Institute's Forest Health-Human Health Initiative being piloted in Columbia County keeps timber lands in the family and offsets healthcare costs.

In 2009, the Pinchot Institute for Conservation began implementation of the FHHHI, a pilot program that would help forestland owners with their annual health care expenses in exchange of preserving intact their forested lands. The organization chose the private forests around the community of Vernonia in Columbia County as the location of the pilot program because of their high carbon storage potential and a large share of underinsured forest landowners. Using a technology known as light detection and ranging (LiDAR), surveyors used a laser scanner to map forests, measured the number of trees and their carbon density and calculated the amount of carbon the forests could capture. With the help of the American Carbon Registry, a non-profit that works with regulatory agencies to provide oversight of credit offsets, these carbon credits can be sold to health care companies in the county looking to reduce their carbon footprint.

Landowners with at least 50 acres of forestland or more are eligible to participate in the program. The American Carbon Registry estimated that landowners with 300 acres of forestland would receive an average annual benefit of $8,000. Ninety (90) percent of the payments would go to the families in the form of a so-called ATreeM debit card, which the families may use for healthcare services and medication. The other 10 percent would go into a community healthcare account to improve the access to healthcare for the entire rural community. Pinchot partnered with PacificSource Administrators to offer the ATreeM debit cards, which can be used to pay for prescriptions, wellness care, dental care, co-pays and insurance deductibles. In addition, participation in the FHHHI would not prevent timber harvesting, part of long-term timber management plans.

This program requires substantial cooperation among landowners, healthcare facilities and carbon traders. County Chair Anthony Hyde, a former mayor of Vernonia helped market the program, by arranging meetings with forestland owners, the healthcare industry and carbon traders where they can discuss their concerns about the program. Landowners were primarily concerned about entering into proposed 20 or 30-year contracts. Their other concerns included whether the payments would be taxable and the uncertainty regarding healthcare costs in 20 or 30 years. For example, $5,000 per year might be sufficient to help with health care expenses for a family currently, but it might not prove inadequate in 20 years. The landowners discussed these and other concerns with the stakeholders and decided to participate in the pilot program. The pilot program was launched in 2014.

The FHHHI seeks to improve the economic outcomes for Columbia County landowners and increase the resiliency of the county. County Chair Anthony Hyde helped the Pinchot Institute for Conservation and the other stakeholders of the project to connect with the local landowners and the healthcare industry. If successful, the FHHHI can serve as a model for other counties seeking to conserve forestlands while improving the local economy.

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

SEDA-COG, PENNSYLVANIA

Collaboration to Improve Regional Rail Connectivity

The Susquehanna Economic Development Association Council of Governments (SEDA-COG) is an economic development organization based in Lewisburg, Pa. serving as the planning and development organization for 11 Central Pennsylvania counties. One of seven regional organizations in Pennsylvania's rural Appalachian region, SEDA-COG provides numerous services, many related to transportation and it is also a link to resources from other public and private sources. With the bankruptcy of the six major Northeast railroads in the mid-1970s, rail freight service has become one of the top issues for the organization. Three of the bankrupt railroads — the Penn Central, Erie-Lackawanna and Reading — operated in the 11 central Pennsylvania counties served by SEDA-COG. While SEDA-COG has numerous economic development activities, this case study focuses on the SEDA-COG Joint Rail Authority (JRA), the solution implemented to the freight rail services challenge.

SEDA-COG Joint Rail Authority (JRA)

Central Pennsylvania did not have many choices when it was threatened with the loss of rail service in the early 1980s. The federal government formed the Conrail System to replace the Northeastern bankrupt railroads. However, once the federal government eased regulations in the early 1980s, the new railroad giant was free to abandon unprofitable rail lines, some of which were in Central Pennsylvania. Abandonment was a major threat for the counties in the region, as it would have resulted not only in loss of service but also sale of the tracks and the ground beneath them. While some firms in the area could ship in and out by truck, others could not and would have had to relocate or close their doors.

- **11 Pennsylvania counties**
- **Total Population, 2013: 693,203**
- **SEDA-COG Board size: 22**

SEDA-COG considered the few options available and decided to explore one which offered the potential for success, yet was coupled with risk. The organization could buy the lines and ensure they remained in public hands, available for use. Yet, while SEDA-COG itself was a multi-million dollar operation, it had never run a business on the scale of a railroad. By the early 1980s, SEDA-COG had earned a solid reputation for developing plans for water quality and flood control, establishing emergency communications centers,

securing funds for local projects like hospitals, industrial parks, and schools. It was carrying out housing rehabilitation projects and providing financing for new and expanding companies. In addition to experience, funding was a major obstacle, as SEDA-COG was interested in four lines — one from Northumberland to Berwick, and three shorter lines in Centre County. Conrail's asking price was about $5 million.

Overcoming these obstacles was an exacting process involving traffic analyses, market forecasts and cost determinations. Step by step the region moved closer to assuming control of its own rail freight infrastructure, effort culminating with the creation of the SEDA-COG Joint Rail Authority (JRA) in July 1983. JRA is an autonomous entity responsible for public oversight of the soon-to-be-acquired rail lines. The authority purchased initially 80 miles of railroad that served 21 industrial customers. SEDA-COG provided staff services, and those responsibilities increased in the following years. Funds were needed to maintain and improve the lines, and additional lines were purchased, ensuring continued rail service in other parts of the region. JRA developed a solid, working relationship with the private operator chosen through a Request for Proposals process to run the trains and serve shippers on the lines.

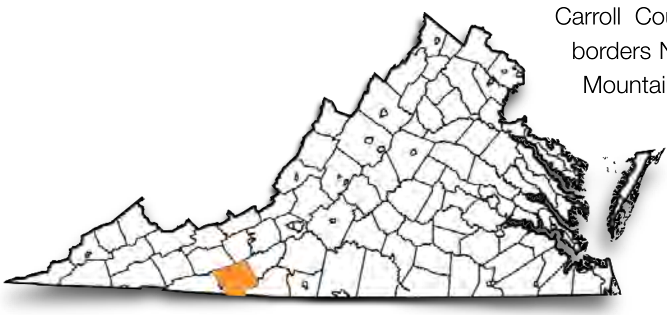
Freight rail service provided by the JRA rail lines is essential to maintain and grow the manufacturing sector in the Central Pennsylvania region. This sector accounts for about 14 percent of the jobs in the 11-county region, higher than the state's 10 percent rate, based on U.S. Bureau of Labor September 2013 data. With the energy industry developing rapidly — due to natural gas reserves in Pennsylvania's Marcellus Shale — shipping needs for hauling fracking sand, pipes and drilling equipment have expanded too. Using the JRA rail lines service is much more cost effective, as a mile of a track is 10 percent of the cost of building a mile of highway. The freight rail service provided by JRA rail lines helped with business retention in the area. Nearly half of the businesses in the region surveyed by the JRA intend to expand, mentioning that these plans were dependent on rail service.

As of June 2014, JRA oversees six short-line railroads and 200 miles of track in eight counties, and has a $1.2 million annual budget. The rail lines provide service to 80 businesses with more than 8,000 employees. In 1983, representatives of both the public and private sector in the Central Pennsylvania region determined that rail freight service would remain available to the region's industrial community. The success of the SEDA-COG Joint Rail Authority reaffirms that choice 30 years later.

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

CARROLL COUNTY, VIRGINIA

Encouraging Entrepreneurship and Job Growth



Carroll County is a small rural county located in southwestern Va., which borders North Carolina to the South and includes a portion of the Blue Ridge Mountains in its Western half. Historically, Southwestern Virginia was known for its textile and furniture manufacturing industries. The long-term decline of these industries affected the region, including Carroll County's economy. To offset this decline, Carroll County decided to focus on an economic development strategy that not only retains existing businesses, but also encourages entrepreneurship and the development of new industries in the area.

Business Retention Strategies

Carroll County seeks to strengthen ties with existing companies to make the county more attractive for business retention and expansion. For example, in 2009, one of the Carroll County's largest employers, Mohawk was having problems with the infrastructure at its plant in the county. The Mohawk plant produces synthetic backing for carpet that requires constant high temperatures. The plant was experiencing short outages that disrupted the production process and reduced the productivity of the operation. Without any improvements to its power supply, the manufacturer had a hard time maintaining the plant profitable. The Carroll County Board of Supervisors and the Industrial Development Authority (IDA) intervened to help the company purchase an industrial power backup system. The county supported the business with a performance-based grant for 35 percent of the cost of the project. Carroll County also installed a natural gas line to help power the plant and lower its energy costs. The county uses this natural gas for many of its public buildings, which are located in Hillsville, the same city as the manufacturing plant. These steps ensured that the business would remain in Carroll County for the long term, and the county retained 150 manufacturing jobs in the middle of the economic recession.

- **Population, 2013: 29,883**
- **County Board size: 6**
- **County Administrator**

Crossroads Small Business Development Center

Carroll County focused on developing entrepreneurship programs to strengthen the economy and make the county more resilient to the business cycles of the core furniture and textiles manufacturing industries. To help reach these outcomes, Carroll County established a small business development strategy which led to the creation of the

Carroll County, Va. presenting pumpkins from their Pumpkin Agricultural Cluster at the White House.

Crossroads Small Business Development Center in 2006 to serve small businesses with less than 50 employees. The Center is a part of the Crossroads Institute, a joint public-private partnership that focuses on many aspects of economic development including workforce training and community education. The Center assists potential and existing small business owners with support in business planning, financing and navigating laws and regulations for development. Since its establishment, the development center has helped 289 businesses and created or retained an estimated 1,200 jobs. The county played an active role in supporting and developing the Center, serving as its initial convening party. Today the county continues that support by acting as the Center's fiscal agent and provides financial processing and other administrative tasks.

The Pumpkin Agricultural Cluster

In addition to fostering entrepreneurship, Carroll County seeks creative ways to grow the economy through sales outside of the county, particularly agricultural products. In the early 1990s, county officials approached local leaders in the agricultural community to discuss how the county could help develop and broaden its market for local crops. In 1994, the county, together with the Southwest Virginia Farmer's Market, the Virginia Department of Agriculture and Consumer Services and the Virginia Cooperative Extension Services, organized a meeting with local farmers and representatives from large retail chains located in the mid-Atlantic region, including Wal-Mart and Kroger. As the retail chains representatives indicated they had been purchasing pumpkins primarily from the southwest United States, the group concluded that Carroll County, with its agricultural resources would be a prime location to serve as a pumpkin supplier to the mid-Atlantic region.

In response to the growers meeting, Carroll County Administrator, (former Local Extension Agent) Gary Larrowe, was instrumental in the creation of the Virginia Pumpkin Growers Association. Since its beginnings, the members of the Virginia Pumpkin Growers Association have extended their pumpkin production to several thousand acres. In addition, Carroll County estimates that farmers have added $15 million to the local economy through pumpkin sales outside of the county. County staff members continue to work with the Association and the county hosts the Association's webpage on the county's Web page.

As a small rural county, Carroll County has used a variety of initiatives to spur economic development. In response to the long term decline of some of the local manufacturing industries, Carroll County officials work to promote economic development by retaining existing industries, helping small businesses grow through the Crossroads Small Business Development Center and leverage their agricultural base by developing a pumpkin cluster. These efforts show that the county strives for a diverse economy that improves the well-being of its citizens and the resiliency of the county.

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

LEWIS COUNTY, WASHINGTON

Rural Development through Regional Partnerships

Stretching from the lowlands of Western Washington to the crest of the Cascade Mountains, Lewis County is rich in natural resources. Its economy relies on several primary industries, including lumber and forest products; coal hydro-electric and natural gas co-generation; manufacturing such as food processing, glass, plastics and chemicals; and two service industries, healthcare and broadband. State and federal regulations and permitting requirements are viewed as threats to the logging industry in the county. The county is affected by the economic situation in neighboring counties, given that some of the county residents commute out of the county for work. Lewis County focuses on collaboration with its neighboring rural counties to foster the economic development of the community and of the surrounding southwestern Washington region.

The county relies on the Lewis Economic Development Council (LEDC) for its economic development efforts. A board of three elected commissioners governs Lewis County, and each commissioner serves four-year terms. A state-designated economic development authority, LEDC has one County Commissioner on its board of directors.

Lewis County receives funding through the distressed counties state fund, which allows the county to levy a 0.9 percent sales tax for economic development purposes. This tax is not an additional tax, but a refund to the county of a portion of the 6.5 percent state sales tax paid in Lewis County. The fund targets counties that are affected by the decline of the forest products industry. Lewis County leverages these funds with other state, federal and private funding to build infrastructure and attract new business to the county.

Pacific Mountain Workforce Development Council

- **Population, 2013: 75,081**
- **County Board size: 3**

The LEDC partners with its four neighboring counties – Thurston, Grays Harbor, Pacific and Mason – to enhance supply chains and cluster development in the regional economy. These counties created the Pacific Mountain Workforce Development Council, a strategic alliance focused on workforce development issues. In addition, the chairs of each of the counties' EDCs use this partnership to discuss ways in which their industries can align. For example, they encourage local businesses to examine

NACO National Association of Counties

Questions? Contact Dr. Emilia Istrate, NACo Research Director | research@naco.org
Media contact: Brian Namey, NACo Director of Media Relations | bnamey@naco.org | 202.942.4220

www.naco.org | Twitter: @NACoTweets | Facebook: /NACoDC | YouTube: /NACoVideo
25 Massachusetts Ave NW | Suite 500 | Washington, DC | 20001 | Tel 202.393.6226 | Fax 202.393.2630

their supply chain and purchase locally whenever economically appropriate. National Frozen Foods, a leading company in Lewis County, purchases its cardboard boxes from neighboring counties.

The Lending Network

Through a revolving loan fund named the Lending Network, Lewis County provides assistance with access to capital to encourage businesses to locate or expand in the county. The loan fund has loaned approximately $4.6 million in the past eight years. The Lending Network uses a rigorous screening process for loan requests process, based on the strength of the applicant's business plan, credit standing and ability to provide collateral, among other criteria. For example, the Lending Network provided 46 percent of the permanent working capital to a furniture manufacturer that located in the county and in the process create ten new jobs. This revolving loan fund provided the final $20,000 to finance equipment for a metal fabrication shop that has been in business for 15 years in the county.

Lewis County, Wash., adopts a regional approach to solving the economic issues of the community. Together with neighboring rural counties, the county works to strengthen the local supply chains and to assist local businesses with access to capital.

National Frozen Foods, one of the leading companies in Lewis County.

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • www.naco.org

UPSHUR COUNTY, WEST VIRGINIA

Supporting Economic Growth by Attracting Visitors

Upshur County is a small, rural county with a 2013 population of just under 25,000 residents, located in central West Virginia. Tourism is one of the top industries in the state of West Virginia and also plays an important role in the Upshur County economy. With its prime location in Appalachian Mountains, tourists visit the county for hiking and outdoor festivals in the spring and summer and beautiful foliage in the fall. The annual Strawberry Festival in Upshur County draws an estimated 100,000 visitors each year. To strengthen the county economy, the Upshur County Development Authority collaborated with the county's Convention and Visitors Bureau (CVB) as well as neighboring counties to promote tourism along a shared highway, Route 33.

Upshur County engages in economic development activities through an organization called the Upshur County Development Authority (UCDA). The Upshur County commission created the UCDA following a state statute that gives counties in West Virginia authority to establish development authorities. The UCDA is an independent organization and one county commissioner serves on the Board of Directors of the UCDA. The county provides additional guidance and funding to various economic development projects. UCDA staff work to recruit, encourage and assist new businesses to locate in the county and to aid current local businesses. The authority also opened a 300-acre industrial park for the county funded largely by federal and state grants in 2011.

Promoting Tourism and Infrastructure Development through Regional Collaboration.

In addition to the UCDA, the Upshur County CVB also takes a role in economic development in the county by helping promote tourism. In 2013, the Upshur County CVB partnered with the visitors bureaus of Lewis and Randolph Counties to promote tourism along their shared highway, Rte. 33. The visitors bureaus released a promotional video in February 2014, highlighting "33 things to do along Rte. 33," including sites and attractions from all three counties. Upshur, Lewis and Randolph Counties' visitors bureaus applied for a state grant to fund this tourism campaign. Along with the video campaign, the three counties began a targeted advertising campaign in May 2014. Both the video and advertising campaign are expected to the increase tourism in the region in the coming year.

- **Population, 2013: 24,665**
- **County Board size: 3**

NACO National Association of Counties

Questions? Contact Dr. Emilia Istrate, NACo Research Director | research@naco.org
Media contact: Brian Namey, NACo Director of Media Relations | bnamey@naco.org | 202.942.4220

www.naco.org | Twitter: @NACoTweets | Facebook: /NACoDC | YouTube: /NACoVideo
25 Massachusetts Ave NW | Suite 500 | Washington, DC | 20001 | Tel 202.393.6226 | Fax 202.393.2630

Upshur County, along with Lewis County and Randolph County, anticipate increased traffic and tourism not only from the promotional video but also following the completion of the Corridor H highway. The Corridor H is a four-lane highway expansion project that began in 1965 under the Appalachian Regional Development Act. Once finished, Corridor H will pass directly through Upshur County and connect Appalachian West Virginia to Interstate-66, allowing for easier access to and from Washington DC and other East coast destinations. Here again, the collaboration with neighboring counties is critical to the success of infrastructure development along Rte. 33. The UCDA has joined with Corridor H – A 2020 Vision and campaigns for the funding necessary at the federal and state levels to complete this project. As of 2014, the highway is 75 percent complete and is expected to increase to 87 percent complete by 2018.

Upshur County supports economic growth throughout the county through the UCDA, and targets growth in its tourism industry through the county CVB. Promoting tourism based on the natural beauty of the surrounding Appalachian Mountains is a key component of Upshur's economic development strategy and Upshur County has relied on partnerships with neighboring counties to support growth in its prominent tourism industry. Upshur County is engaging with other counties in an advertising campaign to entice visitors to the region, and supporting the improvement of transportation infrastructure to ease visitors' travel. These efforts show the county actively working to maintain growth in its prominent tourism industry.

Construction on Corridor H, a four-lane highway expansion project that will allow easier access to and from Washington D.C. and other east coast destinations.

NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1A • 2014

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development

CASE STUDIES: RURAL COUNTIES

NACo National Association of Counties™

@NACoTweets @NACoDC @NACoVideo in/NACoDC

25 Massachusetts Ave, NW | Suite 500 | Washington, DC | 20001 | 202.393.6226 | 202.393.2630 | *www.naco.org*