



# North Carolina Rural Economic Development Center

**A Comprehensive Approach to Rural  
Community and Economic  
Development**

# **North Carolina Rural Economic Development Center: A Comprehensive Approach to Community and Economic Development**

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May 2009

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# Introduction

The ASU Delta Center for Economic Development is appreciative of the support provided by the United States Economic Development Administration. EDA shares our commitment to provide community development services and resources to rural areas of Arkansas. Our working partnership provides the critical technical support necessary for even our least populated communities to develop strategic plans for their economic future.

The Delta Center is equally appreciative of our working relationship with the East Arkansas Planning and Development District and the University of Arkansas Little Rock Institute for Economic Advancement. Our recent collaboration was made even more successful through the leadership and expertise of EAPDD members Richard Spelic and Pam Alexander. Recognizing the importance of community and economic development is much more evident when individuals give of their own time and resources to seek best practices and learn from the success of others.

The Arkansas Delegation to North Carolina in the summer of 2008 included Denisa Pennington, Arkansas Economic Development Commission; Herb Lawrence, ASU Small Business and Technology Development Center; Michael Miles, ASU-Newport; Jon Chadwell, Newport Economic Development Commission; Jerry Smith, ASU EDA University Center, Delta Center for Economic Development; Mayor Gerald Morris, City of Piggott; Mayor Ron Kemp, Mayor of Rector; Frankie Gilliam, ASU Delta Center for Economic Development; Alan McVey, Executive Director, ASU Delta Center for Economic Development, Pam Alexander, EAPDD and Richard Spelic, EAPDD.

We appreciate the Sunday afternoon welcome Barlow Herget, an Arkansas native who has called Raleigh and North Carolina home for well over two decades extended to the group. Barlow is proud of his adopted home and as a former councilman provided an excellent historical accounting of the Research Triangle and the commitment the University of North Carolina has to economic development both in the urban and rural areas.

The trip was a great success due in large part to Art Jackson, Director of the Rural Center's Small Town Initiative. Art organized visits with communities around the state. For three days he was driver, tour guide, and provided important program information about NC STEP and the places we visited. Elaine Matthews and other staff members were as welcoming and eager to explain the center's interesting past and exciting future. Billy Ray Hall, President of the Rural Center - a very busy man who can often be found in the state's capitol made time to visit with our contingency. Within a few minutes, it was easy to understand why Mr. Hall has been so effective in establishing North Carolina as home to the country's premiere rural center. His leadership and commitment to the state was evident as he explained in his own words why rural places matter.

The visit to North Carolina was informative and inspiring as we witnessed first-hand how rural communities in the state worked aggressively and smart to transform their local economy. It is our hope the stories in this case study will serve as an inspiration to communities in Arkansas and that we can begin to explore the best possible approaches to maximize and leverage our state's rural resources.

Arkansas State University  
Delta Center for Economic Development

## **Executive Summary**

The North Carolina Rural Economic Development Center is known around the world as a leader in rural community and economic development. Since its beginning in 1987, the center has placed emphasis on researching the needs of its rural areas and small towns through focus groups and listening tours. A professional, well-trained staff of 30 develops demonstration programs based on these findings and current economic development conditions and trends. This method allows the Rural Center to test, formulate and secure funding for initiatives that demonstrate positive impact and sustainability.

An important feature of the Rural Center is also the emphasis placed on infrastructure – particularly in fresh water and waste-water systems. Early reports unveiled some areas of the state had systems approaching 100 years-old and many North Carolinians were living without complete indoor plumbing. A database and mapping system of the state’s water and waste-water systems were completed a few years later and subsequent studies have shown even greater deficiencies. The discoveries made by research within the Rural Center led the General Assembly to call for an \$800 million bond referendum in 1998 to fund water and sewer projects and \$200 million for natural gas improvements. The Rural Center served as the administrator for \$115 million in community grants for the next six years and continues to lead policy research and advocate for infrastructure improvements.

The Rural Center was originally intended to be a “think-tank” for the state’s leadership in the wake of losing manufacturing jobs in the textile industry. In the 1970’s and 80’s manufacturing facilities that dotted the state’s rural areas were shuttered and 500,000 textile and related jobs left the country. Approximately 3 million people employed in the mills, other low-skilled factories and on farms affected by mechanization were suddenly out of work and the

communities they lived in quickly dying. The state's leadership responded with a \$10 million appropriation to start-up the center. So impressed by the early research and reporting, state leaders agreed to fund programs if the Rural Center would serve as the administrator.

Today the center has the deepest and broadest set of rural development programs in the country. In July 2008, an Arkansas delegation visited the state to learn more about its Small Town Initiative and its Small Towns Economic Prosperity Demonstration Program (NC STEP). NC STEP is a strategic planning model that provides communities with implementation funding, coaching, technical support and an opportunity to apply for grants and loans. A total of 33 communities participated during the three-year trial which closed in early 2009. A *Small Towns Action Agenda* released in May 2009 by the Rural Center includes 17 recommendations, including a new Office of Small Town Development.

## North Carolina Rural Economic Development Center

**“North Carolina has only one economy. Strong cities need strong towns, and vice versa. Rural areas provide markets for urban goods and services as well as many urban workers and leaders.... If rural and urban areas don't work together, they might not work at all.**

*The Charlotte Observer*  
Editorial 1987

In 1986 Lt. Governor Bob Jordan convened the North Carolina Commission on Jobs and Economic Growth to study the economic growth and surge of social and cultural development in its urban areas while towns in the outlying areas were becoming more dilapidated and in a downward spiral of economic stagnation. In the 1970's and 1980's, over 3 million people in the state were adversely affected by the loss of manufacturing jobs and downsizing in farm productions workers due to technological advances in machinery and processes. More families were living in poverty and falling into a class of working poor.

Findings from the study were alarming. A committee of the state's top leadership representing business, foundations, and universities set out to develop a plan to regenerate rural North Carolina. One year later, the North Carolina Center for Rural Economic Development was announced. William Friday, a former president of the University of North Carolina and highly regarded for his leadership around the state agreed to serve as chair of the board. The Mary Reynolds Babcock Foundation, Z. Smith Reynolds Foundation and R.J. Reynolds Tobacco Company provided start-up funding. Now in its 22<sup>nd</sup> year, the Rural Center, as it is more commonly referred to, is a leader in the nation and known around the world for developing and implementing strategies that have made it possible for people to live well and prosper in towns, villages and unincorporated areas across the state of North Carolina.<sup>1</sup>

## **Where is Rural America?**

Defining what and where rural America is can be difficult. There are no population guidelines, but rather the term is used to generally describe areas outside urban areas and clusters and often make it difficult to establish program criteria. The U.S. Census Bureau defines an “urban area” as a place with a core population of 50,000 and densely settled areas within close proximity. Urban areas have block groups of 1,000 persons per square mile and are connected by areas with a density of 500 persons per square mile. An “urban cluster” is defined as an area with more than 2,500 and less than 50,000.

A Metropolitan Statistical Area (MSA) is a designation by the White House Office of Management and Budget (OMB). The designation is assigned when a core county with one or more “urban areas or clusters” is economically connected by commuter patterns to another county or counties. Economically connected is defined as 25 percent of workers living in the outlying county commuting to the core county.

Non-metro areas are *everything outside a MSA* and are divided into two areas. The term “micropolitan” is used to define an area with a “core” of 10,000 or more persons. All remaining counties are “noncore” counties. A more recent designation from the OMB is the “Core Based Statistical Area” and is used to define both metropolitan (urban area greater than 50,000) and micropolitan areas (10,000 to 50,000) that meet the commuting pattern criteria.

An analysis of Census 2000 conducted by Kathleen Miller with the Rural Policy Research Institute (RUPRI) shows that 51 percent of all rural residents are in fact part of a MSA designated county. The study further states that of the total 1,089 metropolitan counties in the U.S., only 29 have a population that is 100 percent urban.<sup>2</sup> For example – Los Angeles is an urban area with a population estimated at 1.2 million people but so is Armstrong, Texas,

population 2,071 because it is part of the Amarillo Metropolitan Area. Loving County, Texas, population 55 is rural – no doubt. According to Census Bureau and OMB measures, the Paducah, KY micropolitan area with a population of 48,035 is also considered rural because it is just below the urban threshold of 50,000 and considered a non-metro area.<sup>3</sup>

Brian Dabson, President and CEO of the Rural Policy Research Institute (RUPRI), University of Missouri – Columbia released a paper in 2007 citing a meeting of the Aspen Institute on rural and urban interdependence. The Aspen Institute created in 1950 convenes leaders from around the world to discuss societal issues in a balanced and neutral venue. Dabson writes that in 2005, the institute convened a group to discuss changes in U.S. rural areas brought on by “demographic, environmental, economic, political and cultural trends.” Anne Kubisch, Director of the institute’s Roundtable on Community Change reported that findings from the gathering indicated there are interdependencies between rural and urban areas, but none are taken into consideration when it comes to developing public policy. Leaders of the gathering did not promote reallocation of resources from urban to rural areas, but believed in the development of sound approaches that would strengthen connections to benefit the population in both urban and rural places.<sup>4</sup>

Dabson also cites an address made by Dr. Karl Stauber, Undersecretary of Agriculture during the Clinton administration, at a conference hosted by the Federal Reserve Bank of Kansas City’s Center for the Study of Rural America. “Why Invest in Rural America – and How? A Critical Public Policy Question for the 21<sup>st</sup> Century,” authored by Stauber and the basis for the presentation states the following as facts regarding rural policy in America:

- Today’s rural public policy is not the product of contemporary, thoughtful, and informed public debate.
- Today’s rural public policy is not based on carefully crafted, desired, public policy goals.

- Today's rural public policy is largely a "one size fits all" approach to the significant diversity that is rural America.
- Today's rural public policy consists of isolated elements of sectoral policy created without regard to extrasectoral effects.
- Today's rural public policy is often urban policy that is poorly modified to fit nonurban settings.
- Today's rural public policy is often national policy that has been created with little or no thought for its implications for rural communities.
- Today's rural public policy is based on the erroneous assumption that there are public institutions that serve the unique needs of rural areas.

Stauber further suggests public policy should produce three societal benefits:

- Survival of the rural middle class
- Reducing concentrated rural poverty
- Sustaining and improving the quality of the natural environment<sup>5</sup>

### **The First of Its Kind**

The Rural Center is the first program in the U.S. established for the primary purpose of advancing its state's rural areas and in July 1987 received its first appropriation from the state legislature. Billy Ray Hall, a former deputy secretary of the North Carolina Department of Natural Resources and Community Development has served as President of the center since its beginning. The Rural Center is a private, non-profit organization and receives support from the federal and state government, private sector and philanthropic foundations.

An early characteristic of the Rural Center was the importance placed on collaboration and developing a network of strong leadership support from around the state. Mr. Hall explained that individuals were asked to name who they viewed as the state's top 10 people in the private sector, higher education, philanthropic organizations, and economic development. Interestingly, as lists were compiled, many of the same people were named and would become members of the center's 50-person board. The early interviews opened a strong line of communication, built trust and helped to establish a powerful board – characteristics of the center that prevail today.

Elaine Matthews, Senior Vice President of the Rural Center noted that, “Really listening to people out in the communities was one of our first good lessons and continues to be an important step before we introduce any initiative.”<sup>6</sup>

A second and equally important early success was conducting a state-wide capital needs assessment. The “North Carolina Rural Capital Markets Analysis” led to the establishment of the North Carolina Enterprise Corporation, a private, for-profit investment group to provide equity financing for rural business. Two publications were also released in 1988. “Programs, Problems and Pioneers” summarized existing rural economic development programs in the state. The “North Carolina Rural Profile” revealed economic and social conditions bringing an even more heightened awareness to challenges in the state’s rural areas. Concern about the lack of leadership was identified in early interviews and in response, two leadership programs were developed in 1989. The Rural Economic Institute provides in-depth training for established leaders and the Rural Leaders Program was designed for those interested in community service but not as experienced.<sup>7</sup> The Rural Economic Institute continues to be one of the most lauded Rural Center programs. These successes established significant trust for the Rural Center and was soon recognized as the state’s lead organization to rebuild rural North Carolina.

### **The Rural Center Today**

In July 2008 an Arkansas delegation had the opportunity to learn about the Rural Center through staff interviews and community tours. The visits were centered on communities involved with the Small Towns Initiative, a program announced in 2005 in response to findings from 21 focus groups held at eight locations around the state the previous year. The top four issues that rose to the top included:

- Infrastructure. Water and sewer improvements and other physical structures including transportation, housing, telecommunications, community facilities

- **Capacity building.** Training in the area of planning, growth management and increasing civic involvement
- **Embracing change.** Challenge exists in examining new approaches to problem solving and new ways to maximize assets. Leadership base often runs deeper than wider in small towns.
- **Balance.** Natural resources and quality of life are assets, but real solutions needed to spur local job development and bring essential services to towns.

In response, the Rural Center allocated \$10.5 million to the Small Towns Initiative and identified strategies to meet the top challenges identified by focus groups.

**Policy leadership.** A **Small Towns Action Council** made up of Rural Center staff, community leaders and economic development professionals. The purpose is to develop policy recommendations for federal, state and local governments that will support economic development in the state's small towns.

**Partnership development.** **Partnerships for Small Towns** is a forum for sharing information, identifying gaps of service in small towns, and developing joint programs and projects and identifying policy issues. The partnership includes agencies at the federal, state and local level, nonprofit organizations, educational institutions, community and economic development professionals, and researchers.

**Research and information.** An initiative to build a research foundation to inform small town leaders, service providers and policy makers about social and economic conditions and challenges that exist in an effort to transition from the older to newer economy.

**Education and training.** Leadership training for local government officials and community leaders with an emphasis on understanding and managing economic transitions in small towns. Workshops address issues of specific interest.

**Resource Development.** To ensure that initiatives adopted by North Carolina's small towns are sustainable, benchmarking and evaluation processes are explored and implemented. Another important component of this strategy is developing financial resources for long-term revitalization investments.

**Community Investments.** The centerpiece of the Small Towns Initiative is the North Carolina Small Towns Economic Prosperity Demonstration Program - NC STEP. The program targets towns with populations of fewer than 5,000.

## **North Carolina Small Towns Economic Prosperity Demonstration Program**

In November 2005 the Rural Center announced at its annual Rural Partners Forum the start-up of the North Carolina Small Towns Economic Prosperity Demonstration Program - a community visioning and strategic planning program referred to as NC STEP. Each demonstration site is paired with community development professionals who coach town leaders on the process of identifying needs and assets, developing strategies, prioritizing projects and identifying resources. Each site receives a \$20,000 planning grant for assessments, studies, and coordination. Implementation grants up to \$200,000 are awarded as priority projects are identified in the planning phase. Additional grants programs within the Rural Center are also available during the demonstration period based on the soundness of the project and communities are notified as additional economic development support becomes available. A one-day training session for three community representatives is made available through scholarships and conducted by the Institute of Government. Training for community leadership team members is conducted through a series of workshops in the first year and followed up by two sessions annually to share progress reports and receive updated information. Training and workshop topics include restoration strategies, futures planning, tools for measuring progress and sustainability. Information-based workshops address brown-field redevelopment, historic preservation, building reuse, physical infrastructure, financing, funding and grant resources. Upon completing the initial training, leadership teams launch the program locally with kickoff celebrations and by preparing community profiles that serve as a guide through the process.

Within four months of announcing the program, 65 applications were received and 33 communities selected across the state. The three primary goals of NC STEP is to support economic recovery and revitalization affected by shifts in the local economy or recent natural

disaster; test a comprehensive planning model that includes technical assistance and grant making; and gather information to influence public policy that supports long-term investment in the state's small towns.

NC STEP is designed for communities of 10,000 or less within the state's 85 rural counties or within urban counties defined as economically distressed by the North Carolina Department of Commerce. Application for entry into the program can be made by a town's municipal government, a nonprofit organization or educational institution. If selected, the applicant assumes the role as the lead fiscal agent.<sup>8</sup>

### **Scotland Neck**

“So many times small towns think about why they can't do something. We're beginning to show that with good planning and good support, a lot of things are possible.”

Robert Partin, Mayor  
Scotland Neck, NC

Scotland Neck has a population of 2,300 and is located in the state's northern coastal plains. The area long known for its cotton production opened one of the south's first mills in 1890. A four-lane Main Street runs through the downtown business district and has the distinction of having the only middle-of-the-road parking in the state. The transition from the business district to residential is marked by a Crepe Myrtle lined median with large two-story homes that portray an affluent town from an earlier time. Work in the cotton fields gave way to manufacturing but like many towns, those jobs have declined over the past three decades.

Nancy Jackson, the Town Administrator explained the community has worked together to reverse the downturn of jobs and negative impact on the community. When the town was in danger of losing its hospital in the 1980's, citizens responded by raising \$200,000 through donations and special events which leveraged additional funding and led to a multi-level care

facility that has gained the reputation as one of the state's premiere rural health care programs. A decade later the community responded again and raised in excess of \$400,000 to expand and renovate the local library.

### **DOOR and the Golden LEAF Foundation**

Encouraged by the town's commitment to invest in itself, the local elected leadership launched an initiative they call "Developing Our Own Resources" (DOOR) in an effort to explore ways to develop and diversify the local economy by using its built and natural assets. Bob Partin is the mayor of Scotland Neck and the town's biggest cheerleader according to Jackson. Mayor Partin and community representatives approached the GoldenLEAF Foundation as a possible funding source for DOOR.

The GoldenLEAF Foundation has received approximately \$794,000,000 in tobacco settlement money and has three major priorities – agriculture, job creation, retention and workforce preparedness in economically distressed and tobacco-dependent regions of the state. Criteria to define the economic conditions of an area are provided by the North Carolina Department of Commerce. Unemployment rate, median household income, population growth, ability to pay and assessed property value per capita are used in the analysis. The Rural Center provides criteria to determine an area's tobacco dependence. Tobacco receipts as a percentage of total agricultural sales; comparison of tobacco farms to total farming operations and tobacco receipts as a percentage of total income in a county are used in the analysis.

Since 2001, the foundation has granted more than \$383 million to nonprofit organizations and government entities in the state. When the foundation was approached by the leadership of Scotland Neck, the board awarded the community \$50,000 to launch DOOR and a marketing

campaign that would result in an immediate increase in revenues generated by businesses connected to hunting and fishing activities.<sup>9</sup>

The Roanoke River and land surrounding Scotland Neck are well known in the region and a destination for fishing and hunting enthusiasts. DOOR worked with North Carolina Wildlife Resources to improve boat access to the Roanoke River and a marketing director was hired by the city to promote outdoor recreation in Scotland Neck. Interstate billboards, full-color professional print materials, a city website and word of mouth about the great gaming opportunities had an immediate impact- outfitters saw a 50 percent increase in revenues over a 12 month period. The community hosts special events for outdoorsmen coming to the area including a Hunters Appreciation Dinner held each January.<sup>10</sup>

### **Birds, Boats and Bikes**

Scotland Neck's natural beauty and resources serve as the setting for a host of other outdoor activities including bird-watching, one of the country's fastest growing ecotourism activities. In 1989, the Sylvan Heights Waterfowl Park was established by Mike Lubbock just outside Scotland Neck. Well-known for his expertise in avian biology, Lubbock is one of the world's most highly regarded aviculturalist. In 2006, the Sylvan Heights Waterfowl Park *and* Eco-Center opened. The Eco-Center and improvements in the park were funded in part by GoldenLEAF. Nine acres of trails, garden exhibits and more than 1,000 birds has established the center as the most biologically significant in the world. Sylvan Heights is a partner with the North Carolina Zoological Society and is expected to attract 90,000 visitors a year to the Scotland Neck area.

In 1997, leaders from five counties along the Roanoke River began to discuss how to use one of the region's richest resources to boost the economy. The group sought the support of the

Nature Conservatory and The Conservation Fund and formed the nonprofit 501 ( C )(3) organization Roanoke River Partners (RRP). The organization set out to develop a paddle trail complete with wooden deck-style sites referred to as camping platforms. It was felt this unique form of infrastructure would boost eco-tourism and economic opportunities for guides and outfitters in the five-county area. Today, the Roanoke Rivers Partners manages 11 platforms along the 200 mile stretch of river and tributaries. Cottage industries have sprung up along the river including boat and canoe builders and communities benefit from stops as campers make purchases and look for added attractions. Two towns have added four historic civil war markers.<sup>11</sup>

In May of each year, the Scotland Neck Country Roads Bike Tour is a regional event for biking enthusiasts. Rolling hills and quiet country highways provide a safe haven for the event. The city opens up its Town Commons for campers who have the choice of entering the 25, 50 or 100K course. Breakfast, lunch and rest-stops make this a special event that has continued to grow in popularity since beginning in 2002.

### **Small Business and Industry**

Scotland Neck's concerted effort to boost its tourism trade has helped fill once vacant store fronts along Main Street and prompted the construction of a new Best Western in 2005. Jackson noted the location of AirBoss, a Canadian-based rubber manufacturing company in the same year further ignited enthusiasm and a sense of hope that many had lost. AirBoss's interest in the area was based on the labor force's knowledge of the rubber industry which had an earlier presence in the region. The project included a \$10 million building renovation and employment of 85 full-time employees. Company executives were also influenced by the small town's pride and commitment in preserving its quality of life through the downtown building façade

restoration program, library and overall appearance of the community. In 2007, the community celebrated again with the announcement that new jobs in the textile industry would be created over a two year period. Like AirBoss, Carter & Mayes, a uniform manufacturing company was attracted by the local labor pool and skills in the textile industry.<sup>12</sup>

### **DOOR, STEP and Success**

A former educator, Mayor Partin is known around the state for his leadership, passion, and belief that a town must constantly promote itself internally and to the world. Scotland Neck has earned the reputation of “doing for itself” and as successful as the DOOR initiative has been, Jackson noted that NC STEP had added a more focused dimension through its planning process and broadened community participation.

The decision to rebuild its economy based on local assets and resources have proven to be successful in Scotland Neck. Community pride and the willingness to save the hospital and library instilled a “can-do” spirit that made people want to stay. Ignited by the positive results of the hospital and library projects, community leaders embraced an aggressive tourism campaign that has injected new dollars into the economy through local business development, inspired building restoration and improved the overall quality of the community. New investment and job creation in the manufacturing sector was possible because the area’s workforce did not leave the area and reinforces the idea that community development is an essential component in today’s economic development strategies. Scotland Neck provides an excellent testament also to the theory of comprehensive development versus a focus on “just one thing.”

## **Plymouth**

“There’s more to economic development than whether you get a new business that employs 15 people.”

Brian Roth, Mayor  
Plymouth, NC

Plymouth, North Carolina is also located on the Roanoke River, is less than one hour from the Outer Banks and has a population of approximately 4,000 people. The town originated in 1787 as a major port and serves as the Washington County seat. The Civil War took its toll on the community with most of its buildings destroyed by fire which slowed river commerce considerably. In more modern times, a Weyerhaeuser paper mill has been the primary driver of the local economy, however, the decline of paper mill processes across the country has hit Plymouth particularly hard. The mill has reduced its workforce from 1,300 to 700 since 1990 causing a decline in population and shrinking middle class. The town has one of the state’s highest poverty rates (37.5 percent) and 46 percent of the town’s people lived in rental housing in 2006. Community leaders also noted the high frequency of teen pregnancy and drug use as issues having a negative impact on the community. The relocation of an elementary school near an area of town saddled with drugs was cited as the only solution to ensure children would be in a protected environment.<sup>13</sup>

In addition to the town’s social and economic woes, much of the town’s infrastructure dates back to 1915. In 2006, the city was awarded \$1,992,000 out of the Clean Water Management Trust Fund to replace sewer lines. The project unearthed even more problems when major water leaks prompted the city to allocate \$250,000 dollars to replace almost 3,000 feet of 6 inch main line pipes. An additional \$700,000 secured through the state legislature has been used to upgrade drainage, resurface and curb streets and improve gutters in the town’s historic district.

### **History is in the Air – and Water in Plymouth**

The 1864 Battle of Plymouth and the Roanoke River are the basis for tourism related activity. A reproduction of the Roanoke River Lighthouse opened in 2003 and the Roanoke River Maritime Museum a few years later. Funding for the projects was provided through a North Carolina Department of Transportation Enhancement Grant, Washington County Travel and Tourism and the Town of Plymouth. The properties are owned by the town and operated by the Washington County Waterways Commission.<sup>14</sup>

When the lighthouse project was launched in the late 1990's, downtown buildings along Water and Main Streets began to sell. Today, 25 private and public buildings are included as part of the town's historic district. Quaint eateries, bookstores and gift shops dot the Main Street and the Rail Switch Nature Trail includes a boardwalk and three observation decks allowing visitors to stroll along the Roanoke.

### **Heritage Tourism and Job Creation**

The state's Intracoastal Waterway and access to the Atlantic has enabled the state's coastal plains to celebrate its heritage through water-related activities. The region is also home to over 100 boat builders and associated firms in the marine business. In Plymouth, Brush Creek Yachts makes a variety of handcrafted boats. Soundside Communications, co-founded by a former Weyerhaeuser manager, has helped to diversify the local job market and provides an array of IT services to the private and public sector.

Washington County serves as the lead economic development entity for its three incorporated cities. The New Plymouth Landing site is a 23 acre industrial park on Highway 64, adjacent to the Roanoke River and is served by Norfolk Southern Rail. The Washington County Industrial site is a 25 acre site also located on Highway 64 near the town of Plymouth. The

county has a total of six properties including land near the Plymouth Municipal Airport and has designs for a 24,000 square foot shell building.

### **Why STEP is Important**

The town of Plymouth recognized the need to diversify its economy over a decade ago and has made significant advances in doing so through heritage tourism and related cottage industry development. Addressing the physical needs of the community through water and sewer improvements was also a critical issue. The access to state resources and technical support were critical in both areas according to members of the community. It was also noted that it is easy to get excited over downtown revitalization and tourism activities but significant work remains to be done as solutions are sought to combat the high poverty rate and societal issues plaguing the population. The STEP process has brought structure to opening dialogue across the community. The Washington County School District has partnered with the faith community to implement youth activities such as mentoring; in-school tutoring and parent-family empowerment programs. Community leaders acknowledge change will likely be slow but the people are committed to fostering positive change in the town's social and economic conditions.<sup>15</sup>

### **Columbia**

“We know development is coming this way, we just have to figure out how to make it work for us.”

Rhett White, Town Manager  
Columbia, NC

Columbia is the seat of Tyrrell County. At its peak, the town's population was 1,100 but upon losing the hospital and subsequently more local business in 1970, the population has dropped to about 850 people. The town is located on the eastern side of the Scuppernong River,

a 17-mile black-water stretch that flows into Albemarle Sound just north of Columbia and surrounded by the Pocosin Lakes National Refuge, a 113,000 acre protected wildlife area. If there was ever a truth to quality over quantity, it is with the people in the Town of Columbia.

An economic development project in 1979 called for mining peat from the region's swamps for conversion to methanol fuel and would create 300 jobs in the county - one of the poorest in North Carolina. The local community feared mining would have an adverse effect on the environment and decided to build eco-based attractions around the Scuppernong and refuge as a stopping off point for people passing through on their way to the state's beaches. They have successfully done just this and have transformed the downtown into a historic and cultural haven.

Four-lane improvements on U.S. Highway 64 have made the trek to the inner and outer coastal areas easier for tourists and people commuting for work. Highway improvements and Columbia's success in attracting visitors have drawn the attention of developers interested in starting new commercial and residential projects. The towns-people welcome newcomers but want to avoid overly-commercialized growth.

Columbia 20/20 is the name adopted by the town's leadership and Board of Alderman. The NC STEP process is being used by longtime citizens and developers in a planning process that incorporates and guides development to retain the region's natural beauty and further enhance its historic and cultural amenities.<sup>16</sup>

### **Pocosin Arts Folk School**

Feather Phillips moved to North Carolina in 1972 after spending time in the Boston area. A Pennsylvania native, Phillips searched for a place to live a more balanced life as opposed to the city and a focus on career which started in public television. In 1987, she and her husband moved to Colombia where he would continue his boat-building business while she taught art at

an area school. Inspired by the Penland School of Crafts and John C. Campbell Folk School that serves the mountainous region of western North Carolina, Phillips envisioned an art center to serve the state's eastern maritime culture.

The Z. Smith Reynolds Foundation granted \$25,000 to start-up the center. Funding has also been provided by the Kathleen Price Bryan Family Fund; North Carolina Arts Council; Rural Center; NC General Assembly; NC Department of Cultural Resources; NC Department of Environmental and Natural Resources Division of Forest Resources; Office of Environment Education and the A.J. Fletcher Foundation. Local business and individuals contribute through annual fundraisers.

Since its inception in 1994, the mission has been about "connecting culture to the environment through the arts." Not only have artists and artisans found a place to cultivate their talent, galleries draw visitors in for trade and are better aware of the region's unique environmental features. The Outer Banks has an active arts community who looks to the Pocosin Arts Center as a place to retreat and develop their skills and then return to the market place.<sup>17</sup>

Now in its 15<sup>th</sup> year, classes have been offered for all age levels in pottery, weaving, carving, music, dance, story telling, painting, blacksmithing and quilting. The Main Street Gallery includes a broad collection of native arts and crafts made by people in the region. In 2008, an "artists' incubator" was added to the center. The studio apartment allows artists from other regions and states to use the center to develop new skills or prepare for an exhibit.

From 1995 to 2005, the center has had a total income of \$1,636,867 and expense of \$1,627,575. On average, 84.1 percent of the expense has gone toward programming; administration 10.9 percent and fundraising 5 percent. Donations and grants represent 72 percent of the center's income; 12 percent is from tuition; and 15 percent from sales, special

exhibitions and fees. What is next for Pocosin Arts? In August 2009 construction is scheduled to begin on a two-story, LEED certified, 9,400 square foot education center that will provide space to expand programs and include a multi-purpose room for community gatherings.<sup>18</sup>

### **Partnership for the Sounds**

A boardwalk along the Scuppernong leads visitors to the *Walter B. Jones, Sr. Center for the Sounds* and *Tyrell County Visitors Center*. The Jones center provides environmental education highlighting the flora and fauna of the Pocosin area. The center welcomes 400,000 people to Columbia annually and also houses a gift shop. The quality of both centers and investment in the river-walk in this town of 850 people are impressive. The downtown is also home to the Columbia Theater. Constructed in 1938 it served as the region's premiere movie palace until closing in 1965. In 1998, the *Columbia Theater Cultural Resources Center* opened as an environmental and cultural museum. Farming, fishing and forestry relics are showcased and demonstrate the importance of the land and water in The Sounds through time in the beautifully restored theater.

The Partnership for the Sounds (PfS) is a nonprofit organization and serves as the umbrella for the Jones Center, Tyrell County Visitors Center and Columbia Theater. PfS partners with state and federal organizations to initiate and manage sustainable economic development through the preservation and responsible use of natural resources and cultural heritage.<sup>19</sup>

## **Swan Quarter**

Swan Quarter is a charming, little farming and fishing village and the home of the Church that was moved by the Hand of God!

[www.swanquarter.net](http://www.swanquarter.net)

Swan Quarter, population 1,200 is an unincorporated village on the Pamlico Sound and the county seat of Hyde County, population 5,800. In lieu of city government, the Swan Quarter Service Group, an all volunteer 501 ( C )(3) organization is the management arm for the village.

The county's mass is made up of partly low-lying land and water and has one of the lowest population densities in the state. Farming and fishing have anchored the local economy since its beginnings, and both have suffered in recent decades due to rising production costs and low market prices. Today, the shoreline is marked with closed fish and crab houses. In 2003, Hurricane Isabel devastated the area and many private business owners lost everything. To make matters worse, the courthouse was a total loss and county services and staff were dispersed to empty buildings outside Swan Quarter. The loss of the county's government workforce closed 15 private businesses in just over two years.

The good news is the decision to reconstruct the courthouse in Swan Quarter will bring the employment base back to the village and hopefully cultivate the return of private business. The impressive multi-story, bricked facility is raised with the ground level used for parking. A state prison located 15 miles away has created full-time employment, benefits and supplemental income for some that are trying to hold on to their commercial fishing business.<sup>20</sup>

### **It Takes a Quaint Village by the Sea**

The people of Swan Quarter recognize in the absence of incorporation, the Service Group should organize regular meetings with county government officials as opposed to an "as needed"

basis to maintain a more consistent line of communication. Adopting this approach was included as one of the four major strategies in the Small Town Economic Development Plan (STEP).

Water and sewer projects have opened the door for development in this pristine, unspoiled community. Swan Quarter Landing is a thirty-six unit waterfront development to attract persons looking to live in a quiet coastal town. Community members spoke of the need to be more proactive in the quest to preserve the delicate balance of the area's natural resources as residential and tourism development occurs. A "Town Center" is being rebuilt and anchored by emergency medical and fire services. A full-service hospital can be reached in 20 minutes by air. Residents explained that controlled development is welcomed and amenities that follow will benefit new and longtime residents.

Another important infrastructure piece is the construction of a 12-mile dike to protect the Swan Quarter watershed – a salt marsh that serves as a natural buffer in the event of a major storm. The project is in its second phase and a joint venture between the Natural Resources and Conservation Service and U.S. Department of Agriculture. Once completed, the dike is expected to significantly improve conditions and prevent severe flooding.

In addition to a more effective governing system and planned growth, the third strategy in the STEP plan is the support of research to revive and manage the fishing industry. Marine biologists are working with local fisherman to identify the favored time for harvesting, recognized as a critical factor in protecting the fishing environment. Agriculture, fishing and forestry have been the foundation of the Hyde County economy for centuries. The region's natural resources are high in quality. The opportunity for research and application of new techniques is important in building a sustainable regional economy.

The fourth STEP strategy is tourism and commerce. The expected boost in new business will stop the leakage of some services and products purchased outside the village and increase revenue as people make purchases coming in to conduct county-business and passing through to board the Outer Banks ferry. Projects including a waterfront park with trails, rest area and a recreational fishing pier would provide activities for tourists and provide important quality of life amenities for locals.

### **Project Driven**

Alice Keeney is the Hyde County Planner. Keeney explained there have been five different planning exercises for Swan Quarter since 1997. Much of the work contained important elements that are still relevant today and are summarized in the STEP plan. A total of 26 projects are included. According to Keeney, what has set STEP apart from previous efforts is the emphasis on implementation, the Rural Center's technical support and assistance in searching for resources.

The Swan Quarter plan includes a template that defines each project and identifies the economic opportunity; timeline; partnering organizations; funding needs and costs; funding sources; outcome and economic impact. Each project has been assessed based on the level of importance and ability to accomplish. Projects in the STEP plan include:

- Museum – Culture Center
- Hyde County Visitor's Center
- Public Boat Ramp
- Develop a Central Business District
- Restaurant
- Nature Trail
- Fishing Pier
- Public Beach
- Gazebo to Anchor "Town Center"
- Service Station
- Hotel – Motel
- RV Campground

- General Merchandise Store
- Roadside and Street Landscaping
- Multi-Purpose Recreation Center
- Medical Center
- Code Enforcement
- Central Business District Land Use Planning <sup>21</sup>

### **Community Spirit and Spirituality**

A unique characteristic of Swan Quarter is the story of the town's first Methodist church and how it was moved in the summer of 1876. Members of the congregation were scheduled to dedicate a new church building when a storm began to brew the evening before. A few years earlier, a local court-clerk had been approached about selling a lot in the heart of the community, but the clerk was not interested. The storm and rising tide of 1876 moved the newly constructed church from its location and placed it in the middle of the preferred lot. The owner of the land provided title to the property. The building remains today and serves as a memorial. It is aptly described as, "The Church Moved by the Hand of God."<sup>22</sup>

It was in this same church that the town's people of Swan Quarter gathered in July 2008 to talk about NC STEP. A potluck supper complete with the day's catch from the sea was prepared in honor of the visiting group from Arkansas. The food was delicious and villagers welcomed the opportunity to tell the story of their village's past and their hope for its future. Keeney explained that the Swan Quarter waterfront is a great place for people to live and a place people will want to visit. But don't expect an over-commercialized vacation stop. What Keeney and the people of Swan Quarter have in mind is a laid-back inner coastal village and casual open-air eateries along a dock where one can focus on the natural beauty of the place.<sup>23</sup>

## **Robbins**

“This town knew how to be an industrial center. STEP is helping us learn how to be something else”

John Chappell, Resident  
Robbins, NC

Robbins is located in the heart of the state of North Carolina in Moore County – a diverse county where the economy and physical characteristics differ greatly. The northern area is part of the Piedmont region where hardwoods and clay soils prevail. To the south, sandy rolling hills provide the perfect ground and setting for the village of Pinehurst – one of the country’s oldest and most well-known golfing resorts and retirement destinations for corporate executives. The Town of Robbins is known as a blue-collar community that once had a strong textile manufacturing presence.

Since 1990, the town has experienced a loss of 1,500 jobs – a number greater than its population of approximately 1,200. In addition to a decline in personal income, the town had to raise water and sewer fees more than 150 percent to capture lost revenues after a poultry processing facility closed leaving the town saddled with \$1.4 million in debt incurred from the construction of a waste-water treatment facility.

### **STEP in Robbins**

Prior to Robbins entering the NC STEP initiative, citizen involvement in community projects had declined and apathy was growing worse. An interested group realized in order to survive; the community must be more self-reliant versus the traditional mindset of looking to the town’s corporate community, government or other outside groups to “fix things.” Mark Garner, a city commissioner explained that he stumbled onto STEP and information about the Rural Center shortly after being elected. As Garner went through the process of looking for help from corporate executives in Pinehurst and county officials to complete the STEP application, he had

a moment when he realized the old mantra of waiting for help to arrive was not going to work any more. As Garner pondered on the condition of the town and recent conversations, he realized dialogue often included the word, “they” as in “they need to do something.” In what he describes as an “a ha” moment, he realized the need to evoke a different way of thinking about who is “they”. A “we are they” campaign was introduced and has become the catalyst that has inspired an all time high in community involvement.<sup>24</sup>

### **We are They**

As more people in Robbins became involved in STEP, a changed occurred in city government. Theron Bell, an active community leader and instrumental in the construction of a new library in the 1990’s was elected mayor in 2007. Bell recognized that complacency seemed to be gripping the town and as mayor, had campaigned for a more transparent government. She also recognized the need for trained, professional staff to help manage the town’s limited revenue and any future special funding. Shortly after Bell entered office, the council voted to change the town’s charter to a “council-manager” form of government. A town manager with a background in public works was hired. Bell explained the technical expertise provided by a trained manager to advise her, other city staff and the council provided balance between the politics involved with governing and making decisions based on what is best for the town – even at the local level, having a legislative and administrative division has proven to be effective in Robbins.

### **RobbinsAlive!**

Influenced by the campaign “we are they”, the town chose to name the movement RobbinsAlive! Randall Moore, Marketing Director for the Town of Robbins is one of the newer professional staff who came to help his girlfriend, Robin Shores open a coffee shop. Shores met

with members of the Downtown Alive Task Force to weigh the pros and cons of investing in a local business. The town was receiving good press for its efforts and the availability of a vacant building with an affordable lease proved to be a formula that Shores was ready to try. The Deep River Coffee Shop became an instant hit and gathering place for teens – something that had previously been missing.

An early success for the town in the STEP initiative was a \$200,000 grant awarded by the Rural Center for building repair and renovation. Mayor Bell noted the money was an important benefit, but the bonus was how engaged and hopeful citizens of all ages have become as they identify ways to retool the economy. Moore was extended the opportunity to serve as the Marketing Director and to his surprise, he said yes. Today he is the town's organizational lead for events and RobbinsAlive! projects including "FOCUS on Robbins," a monthly newsletter published in both English and Spanish to serve the town's Hispanic community.

### **The STEP Strategies**

Robbins continues to redefine itself by incorporating new strategies centered on local business and attractions. A city-managed Micro-Loan program includes a built in assessment piece, coaching and specialized training. The town places weight on business plans that compliment the tourism industry including restaurants and recreation outfitters.<sup>25</sup> A Merchant Group allows store and shop owners to speak with one voice and promote issues they believe will enhance trade. Tourism activities include building on its location in the Piedmont region as a stop for persons interested in the traditional crafts – primarily pottery. There are five pottery shops in the town and a renovated train depot serves as a visitor center and will be used to launch special excursions and dinner trains. Traditional events such as the 40 year-old Farmers Day

draws over 20,000 to the community. A regional Farmers Market organization allows the Robbins market to participate in group advertising and eligible to receive WIC vouchers.<sup>26</sup>

A not-so-traditional event and growing in popularity is the Mid-Atlantic Star Party. In 1995, a group of local citizens recognized the distance from the cities in the mid-Atlantic allowed good night-time sky watching. The event takes place the last week in October in an area designated as the Dark Park. The event includes guest speakers, vendors and drew over 400 people in 2008.

Abandoned mills have been targeted as sites for light manufacturing and used in creative ways to house retail outlets. Industrial development and larger business recruitment is also an important county-wide strategy. When Robbins applied for entry into the STEP program, support came from across the county, helped remove the town's feeling of isolation and led to the town and county consolidating tax collections. The Moore County Partners in Progress is the county's lead economic development organization. The 501 C 3 organization is a private – public partnership and a member of the 13-county Research Triangle Regional Partnership.

The Arkansas delegation included Mayor Ron Kemp from Rector, also the owner and publisher of the *Clay County Democrat*. Upon his return to the city of Rector, here is what Mayor Kemp had to say in an editorial:

**The reality: “we are they”**

*“Without prosperous local economies, the people have no power and the land no voice.”*  
–Wendell Berry

It should not be surprising to learn that rural communities in various parts of the nation share similar problems and aspirations. But to see that reality first-hand in another southern state can be very enlightening. That was the opportunity afforded a group of Northeast Arkansans interested in rural issues during a tour last week to North Carolina sponsored by the Delta Center for Economic Development at Arkansas State University.

There were numerous highlights of the tour, which included stops at small towns on separate all-day loops to the east and west from the state capital of Raleigh. But in looking back over the many projects detailed and comments shared, one perhaps stands

out above them all – the “we are they” realization shared by a town councilman in the small town of Robbins, N.C., a community devastated by the loss of two major employers, a textile mill and a poultry operation. The councilman told the Arkansas group he always had an interest in city government, but decided to become more intensely involved when finally realizing “we are they” when it comes to tackling the myriad problems of his own community. By that he meant he now personally has overcome the easy way out of complaining “they” aren’t doing enough to solve civic problems, attract industry and business or make the community better. How many times in your own community have you experienced someone sitting around, uninvolved personally, while blasting “them” for not improving the local quality of life?

The fact of the matter is that, in many small towns, “they” are a relatively-small group of people giving of their time and energy to make life better amidst the challenges faced in areas where agricultural jobs have disappeared and low-wage factory employment has gone off-shore. The same small group of “they” often appears at the city council meetings, the chamber of commerce gatherings and civic club work projects. “They” make an easy target for those who have chosen to specialize in detailing how much better it all could have been done. In essence, finding fault with the way “they” are handling things is the comfortable way out of dealing with the growing crisis facing many rural areas in modern-day America. The North Carolina councilman ultimately realized “we” are all in this together and decided to become involved personally a couple of years ago and now is a functioning part of the solution in his hometown of Robbins.

While similar improvement programs are in place in both Arkansas and North Carolina, our friends to the east have, as a state, become more pro-active in dealing with the issues of rural small towns by developing a comprehensive program centered around that state’s highly-visible and respected Rural Center. The tour group studied several success stories as a result of that renewed dedication to preserving and expanding the rural culture that has been the heart of America for generations.

It’s not an easy task in light of the pressures facing small towns across this nation, but progress can occur when local residents become involved and develop a positive attitude of doing what they can personally to help their community and their fellow man – and it is so much more rewarding than sitting on the sidelines and bitterly complaining about all the mistakes “they” are making in tackling the problems.

Furthermore, as part of the overall message received on the tour, which we will expand upon at another time, the days of a major employer magically arriving in the typical small town and “bailing us out” of our difficulties is beyond unlikely. Instead, each community must learn to start addressing its own problems from within and develop solutions which involve local capital, both financial and human. Small communities can indeed receive assistance from many outside sources, but the answer (again) lies in what “we” can do for ourselves, not what “they” will do to save us.

REK

## **Mount Gilead**

“Three hundred thousand people come to the Uwharrie Mountains every year. We’ve got to figure out how to get some of them to come to Mount Gilead.”

Earl Poplin, Mayor  
Mount Gilead, NC

Mount Gilead’s is a town of 1,400 located in the heart of the state’s pottery region and near attractions like the Town Creek Indian Mound, Lake Tillery and the Pee Dee River. From 2000 to 2005, the county’s labor force shrank 3.5 percent as people lost jobs in the traditional manufacturing sectors. Since the downturn of manufacturing, the county has dropped from a \$139 million payroll to \$32 million. Mount Gilead has worked aggressively since 2003 recruiting business to support the region’s tourism and recreational attractions through historic building preservation transforming the town into a turn-of-the-century arts and crafts village.

### **Antiques, Arts and Crafts**

Earl Poplin moved to Mount Gilead when his wife, a native of the town decided she wanted to go home. The couple set out to restore Mrs. Poplin’s 1897 childhood home – the first historic preservation project in the community. With the restoration of their home complete, Mr. Poplin decided he wanted to make a difference in the place he had chosen as his retirement home and was elected mayor in 2003. At the time, the downtown area was filled with dilapidated, vacant buildings that represented over half of the properties in the community. In 2005, the first of several restorations began in a building with a caved-in roof and rotting upper floor. Today, the building is Main Street Connections and houses a salon, day spa, florist and gift shop.

A few blocks away, a 25,000 square foot building has been restored with beveled glass and a refinished original floor. A California couple so enamored with the town and its historic

architecture purchased the building and proceeded with the restoration, long-distance. It is now the Mt. Gilead Antique Mall. The collection of antiques is so vast; a person could look for days. Next door to the Antique Mall the Piedmont Center for the Arts is housed in a renovated building donated to the city and once home to Piedmont Grocery.

A restoration – renovation project that opened in early 2009 opening and one that will surely capture the attention of residents and visitors from miles away is the Ford Place Restaurant and Pub located in the building that once housed Haywood Motor Company. The building is owned by Bruce Haywood who is partnering with one of the state’s top chefs to create a mixed atmosphere of casual and fine dining. A unique feature of the building is a lift once used to hoist cars to the upper level for service. Plans include retaining the feature as a staging area on the pub side of the building.

Mayor Poplin cited the Rural Center’s STEP initiative has provided important resources including the Building Restoration and Reuse program and a wealth of technical support to match the excitement as the town continues to restore its historic structures.<sup>27</sup>

### **The Rural Center – Holistic Approach to Development**

The Rural Center was organized to serve first and foremost as a “think-tank” according to Mr. Hall. Early research and reporting validated the need to develop programs that provided technical support and financial resources to the state’s rural areas. The expertise within the Rural Center seemed the logical place to administer and manage such a program. Today, the center runs one of the most broad-based rural center programs in the nation.

As programs evolve, some are placed with other organizations or take on a life of their own. This allows the Rural Center to maintain its relevancy as trends and conditions positively or adversely affecting economic development can be further explored.

The Rural Center's seasoned, well-trained staff is highly regarded and respected. Their expertise and ability to analyze the needs of the rural areas and respond with sound and sustainable approaches is recognized by the state's general assembly. Since its first legislative appropriation in 1989, the Rural Center has never seen a decline in its budget.

The following represent only a portion of the Rural Center initiatives, services and programs. The Rural Center website [www.ncruralcenter.org](http://www.ncruralcenter.org) provides a full listing and excellent background on the organization, its history and programs. There are approximately 30 people on staff with the Rural Center. The annual operating budget varies depending on grants, but on average is \$3 million.<sup>28</sup>

### **e-NC Authority**

In 2000, the North Carolina General Assembly established the Rural Internet Access Authority and named the Rural Center as the lead in identifying how best to deliver high speed Internet service to all North Carolina communities within a three year time-frame.

The first step was an awareness campaign to build financial support and enhance the state's broad-band capacity and connectivity. The General Assembly created the eNC Authority and appropriated \$33 million for research and to support the development of county-wide plans. eNC has become a national model for other states working to expand high-speed Internet to both rural and urban areas. The Rural Center houses the eNC and provides administrative services; however, eNC is governed by a separate commission. The eNC Authority is scheduled to sunset

in 2011 at which time, it is hoped that all underserved communities across the state will have access to high-speed Internet.

### **Institute for Rural Entrepreneurship**

In 2003, the Rural Center announced a start-up entrepreneurship program to strengthen rural business development. The four goals of the program are:

- support rural communities as they celebrate and build support systems for entrepreneurship
- support overall improvement in the health and vitality of the small business community in rural areas
- support self-employment as an important source of jobs and income in rural North Carolina
- support development of entrepreneurial companies that can grow and generate jobs and wealth in rural communities.

The Institute for Rural Entrepreneurship seeks out the state's entrepreneurs to better understand concerns and needs. Workshops, assistance in the development of regional alliances and grants for communities that have identified entrepreneurship as a development strategy fall under this program. Rural Center staff also track and work to influence policy issues relative to small business. Operating funds for the Institute for Rural Entrepreneurship are appropriated by the NC General Assembly. Funding for grant programs and special initiatives are sought through foundations and federal agencies.

### **Research and Innovation Programs**

An important first step adopted by the Rural Center in 1987, was a needs assessment in the state's rural areas. The findings allowed the center to identify critical issues and quickly captured the attention and respect of state officials and policy makers.

Large-scale research continues to be an important component of the Rural Center and the basis to launch initiatives. Since 2000, study initiatives have included:

- Health Insurance

- Civic Ventures Fund
- Communities of Faith Initiative
- Community Education for Enterprise Development
- Sustainable Communities Initiative
- Tobacco-Dependent Communities Research Project

Research and Demonstration Grants support innovative economic development projects in the state's rural areas. Grants are competitive and vary in size based on the scope of the project. Priority is given to projects that lead to job and business development for low and moderate income citizens and consideration is favorable to projects that can be easily replicated. Since 2005, approximately \$370,000 has been made available by the General Assembly to finance projects that adhere to the research and demonstration criteria. Nonprofit organizations, local government and educational institutions are used as the conduit to fund private enterprise. Stringent guidelines and obligations must be met or the business must return the funds back to the Rural Center.

### **Business Finance Programs**

**Microenterprise Loan Program.** Started in 1989, the Microenterprise Loan Program was awarded the 1996 Presidential Award and 1998 U.S. Small Business Administration's Award for excellence. The program is funded annually by the NC General Assembly in the amount of \$250,000 with additional support from private foundations and the U.S. Small Business Administration. The program provides loans up to \$25,000 and includes two approaches. A group lending component provides small loans to four to ten people and includes an intensive training and certification component. Upon receiving certification the group makes credit decisions for its members. Individual-based lending is for persons with more business experience and greater need.

Community colleges, a rural electric cooperative and Community Development Corporations serve as site locations around the state and are administrators for both types of loans.

**Rural Venture Fund.** The Rural Venture Fund was started up in 2007 with \$6.8 million made available through the NC General Assembly (\$3.8 million); GoldenLEAF Foundation (\$500,000); and the Rural Center (\$2.5 million). The University of North Carolina system pledged \$75,000 for technical assistance.

The program is designed for businesses in the state's most economically distressed counties and has fewer demands relative to the return on investment and time period for repayment than traditional venture capital. The primary criterion for company participation is the need for capital in the \$50,000 to \$350,000 range and participants are required to have owner-management experience. An advisory board reviews applications on a quarterly basis.

### **Building Reuse and Restoration Program**

In 2004, the NC General Assembly created the Building Reuse and Renovation Grants Program to assist communities interested in restoring vacant buildings for business use and job creation. The program includes a pre-development grant of up to \$25,000 to study the feasibility of a project and must be matched by \$5,000 in local private or public funds. Development grants may be awarded up to \$400,000 and are contingent on the number of jobs and overall economic impact of the project. The grants may be used to leverage other public and private funding to restore, renovate, and equip all types of properties and activities including factories. One new job for every \$10,000 in grant funds is a minimum requirement. Development grants also require an equal match in other public or private funding and the local government is expected to contribute a minimum of 3 percent of the grant. Priority is given to towns with a population of fewer than

5,000 to areas severely depressed and to projects whereby a strong commitment from the private sector to create jobs is clearly evident. The Building Reuse and Restoration Grant program is widely used by STEP communities.

### **North Carolina Water 2030 Initiative**

The Rural Center has played a significant role in assessing the state's water and wastewater capacity. In 1989 and 1990, two separate reports revealed the state had significant deficiencies in both water and wastewater capacity. Two programs were established by the NC General Assembly in response to the findings. One assisted local governments with the planning phase of water and sewer projects and a second provided funding as a match for communities eligible to tap into other state and federal infrastructure programs. Recognizing the need to launch an in-depth study of the state's water and sewer systems, the Rural Center implemented the North Carolina Water and Sewer Initiative and assessed 659 water and sewer systems in 75 of the state's 85 rural counties.

This early assessment identified \$11.3 billion in water and sewer system improvements over the next 20 years. In response, Rural Center staff worked with lawmakers to draft the 1998 Clean Water Bonds referendum which authorized \$800 million in water and wastewater projects. The Rural Center administered the program representing 1,103 water and sewer projects in 97 counties. In July 2004, the General Assembly established the Economic Infrastructure Fund tied directly to job creation and responded again in 2007 with the creation of the Clean Water Partners Infrastructure Program planning grants. A total of \$100 million to support preliminary engineering reports, master plans, capital improvement plans, and studies was appropriated in 2007. A more recent Rural Center study indicates that \$16.63 billion will be needed to implement water and sewer improvements by 2030. Mr. Hall explained that findings over the

years have placed water and wastewater projects as a high priority focus in the state and an area in which the Rural Center devotes significant time and resources.

### **Small Towns Action Agenda**

On May 5, 2009, city and state leaders convened in Raleigh to release the *Small Towns Action Agenda*, a plan based on the study and results achieved by 33 communities completing the NC STEP demonstration cycle. Council members representing the municipal league, the NC Department of Commerce, universities and various other organizations and towns recommended 17 short and long term strategies based on community input, reports and successes:

1. Create the Office of Small Town Development. A state office would provide small towns with an advocate in the executive branch and representative to lead many of the action agenda items.
2. Provide direct technical assistance to financially distressed towns. The shortage of professional expertise in small town government would be addressed. The Local Government Commission and Department of State Treasurer would offer immediate assistance for towns struggling to manage financial operations.
3. Enhance the ability of local governments to borrow for long-term capital projects. The February 2009 American Recovery and Reinvestment Act allows banks to deduct costs and interest from issuing up to \$30 million in bonds for a single municipality.
4. Help small towns develop sound economic development strategies. State supported programs receive funding to help counties and towns prepare strategic plans. An Office of Small Town Development should take a leadership role in aligning the services of participating agencies and institutions to the specific needs of small towns and in promoting a more efficient allocation of resources.
5. Expand NC STEP as a model for community progress. NC STEP should be expanded to enroll 10 new towns every two years. The program should continue to provide technical assistance, training and networking support for towns completing the STEP process.
6. Allocate capital for small towns to carry out strategic priorities. Many state agencies, nonprofits and foundations make grants to local governments. These organizations should be encouraged to coordinate their efforts and/or to create a combined pool of resources for small towns.

7. Expand the North Carolina Local Government Service Corps. Currently four Master of Public Administration graduates are matched with 12 small towns for hands-on assistance in carrying out economic development plans. Adding more graduates and extending the program to other branches of the UNC system would allow the Service Corps to reach more communities.
8. Facilitate and encourage intergovernmental collaboration. The state should provide incentives to encourage inter-jurisdictional cooperation on capital projects and services. The state should also convene a small town economic development working group to integrate small towns into the larger economic development programs of regions and counties.
9. Help small towns make water and wastewater systems more efficient. Water and wastewater infrastructure is dominated by small systems (2,500 or fewer connections) that rely primarily on residential customers to bear the costs. Assistance and training from various state agencies will help town leaders identify cost-saving measures, operating efficiencies and regional alternatives.
10. Connect small towns to the global economy with high-speed internet. With the e-NC Authority in a lead role, the state should fund investments in telecommunications infrastructure for small towns and in training and technical assistance to facilitate the adoption of Internet-based services.
11. Train local leaders to collaborate effectively with other units of government. The UNC School of Government should provide focused training and technical assistance in economic development for local government officials.
12. Increase opportunities for small towns to attract, grow and maintain private investment. The program should include incentive packages to attract business interests, flexible financing strategies to retain businesses in an economic downturn, new financial tools for existing businesses and an aggressive state marketing campaign promoting small town opportunities and development.
13. Provide small towns with the tools to understand and manage town finances. Understanding municipal finances is challenging for many small town governments lacking a professional staff. Targeted financial training sessions should be provided for both elected and appointed officials to enhance their financial skills.
14. Enhance the exchange of information among service providers working with small towns. An improved communication system would allow state-funded service providers to maintain and share records of assistance rendered to small towns. A database should be developed that includes historical records, status of small town strategic plans, development-related ordinances and other key information.
15. Engage UNC resources to support small town economic development. Under the UNC Tomorrow Initiative, the UNC system and its campuses are tasked with identifying and

responding to the challenges facing North Carolina over the next 20 years. Among these efforts, universities should seek out opportunities to help small towns.

16. Make training more accessible for small towns. Small town officials often serve in multiple roles. Attending educational and training events can be difficult. Education and training should be delivered in locations close to small towns. Distance learning and teleconferencing should be considered as possible training solutions.
17. Reinststate a council to promote state and local partnership. A local government council composed of representatives from small towns as well as larger cities and counties should be created within the governor's office. This body would advise the governor and Office of Small Town Development on issues confronting small towns.<sup>29</sup>

### **Rural Policy Research Institute**

In 1990 the Rural Policy Research Institute (RUPRI) was founded in response to concerns expressed by members of the Senate Agricultural Board - Senator Kit Bond, Missouri; Senator Dale Bumpers, Arkansas; Senator Tom Harkin, Iowa and Senator Bob Kerrey, Nebraska “that no objective non-governmental source of external data, information and analysis regarding the rural and community impacts of public policy decisions was available.”

RUPRI is housed in the Harry S. Truman School of Public Affairs at the University of Missouri-Columbia and is a joint program of the University of Missouri, Iowa State University and the University of Nebraska. RUPRI is recognized internationally as the world's leading source of expertise and perspective on policies impacting rural places and people. Activities include research, policy analysis and engagement, dissemination and outreach and decision support tools.<sup>30</sup>

In 2003, the Rural Center established the Institute for Rural Entrepreneurship as a demonstration program and received initial funding in the amount of \$600,000. In the quest to maximize resources and time, the center secured the services of RUPRI to analyze the potential

impact of promoting entrepreneurship in North Carolina as a viable economic development strategy for the state's rural regions. The scope of the analysis included:

- Inventory of service providers in the state and identification of gaps in services to rural entrepreneurs.
- Focus groups to understand challenges and opportunities of rural entrepreneurs
- Compilation of county-level data on entrepreneurship and small businesses to help local leaders understand the structure of the economy and importance of small enterprises
- Assessment of the state policy environment for supporting entrepreneurship as an economic development strategy.

The study, “Understanding the Environment for Entrepreneurship in Rural North Carolina” was co-authored by Dr. Deborah Markley, Managing Director and Director of Research for the RUPRI Center for Rural Entrepreneurship. The study was instrumental in validating the Rural Center's initiative and provided an important third-party analysis that addressed policy issues directly impacting the entrepreneur and entities serving small business development within the state.<sup>31</sup> The North Carolina Department of Commerce and the Rural Center partnered in 2004 to train 200 local leaders from 50 communities and fund 10 projects to support community-based and regional entrepreneurial programs. The organizations also collaborated to establish the Entrepreneurial Incubator program awarding grants to 14 local projects to start-up or expand a business incubator in a rural community.<sup>32</sup>

In 2005, Bobby Gierisch, RUPRI Director of State Policy Programs followed-up with a separate paper and overview of the North Carolina center, which was summarized in the publication “Rural Centers in the South.” The RUPRI State Policy Programs division conducts research on rural development institutions and provides those results to state policy makers. He opened with this to say about the North Carolina program:

“Among state organizations promoting rural development, North Carolina's Rural Economic Development Center has the broadest, deepest and most successful

programming. Since its inception in 1987, the “Rural Center” has created, tested and implemented numerous programs, many of which have become models for the nation.”<sup>33</sup>

Gierisch goes on to say in his brief that North Carolina has unique characteristics that cannot be replicated in every state, namely Billy Ray Hall who is regarded across the country as the most politically astute and passionate advocate for rural development. There are, however, qualities that define the North Carolina rural center program that can and should be considered in other states:

Rural economic development must be comprehensive with four primary components

- business development,
- workforce development
- physical infrastructure
- civic infrastructure

Research and demonstration

- Sufficient study to identify possible solutions

Institutional support organized for the long-term

- Find or develop a core hub for long-term rural development that will be supported by broad, bi-partisan leadership

Local leadership

- A state program should rely on local leadership in the study phase and at implementation – community preparedness and willingness to work for change is essential

Process

- Executing a state program in the right way requires in-depth research and careful program design and execution in all areas of rural economic development<sup>34</sup>

### **Rural Survival**

As the Arkansas delegation toured North Carolina, common characteristics most obvious were the town’s commitment to devoting time and its own resources to strengthen the local economy. In every community, a viable project or projects were underway when STEP was announced. “Community readiness” or a willingness to devote time, energy and local resources to make their town better and economy stronger were factors in the selection process. NC STEP

provided some communities a more structured approach, broadened participation in others and granted important funding for projects out of the center's Building Reuse and Restoration program. The community readiness element in STEP acknowledges the absence of an entitlement mentality often alluded to when the government helps people and places and upholds the fairness of directing federal or state public monies to places that are willing to work hard and invest in them-selves. Simply put, it supports and reiterates the value of the "we are they" mantra embraced by the town's people in Robbins.

A second common thread was the focus communities placed on embracing local assets as a way to build the economy. Many had lost manufacturing jobs while others were devastated by some form of natural disaster. North Carolina like most states today has regional commercial centers that serve as the site for modern manufacturing facilities and larger business operations. People in North Carolina understand the complex nature of modern business – the state is after all home to the Research Triangle Park (RTP) – one of the country's most noted business research and development parks. They also understand that in order to work in places like RTP and other commercial centers around the state, a commute to and from work is necessary; however, many do not want to move away from their small town or country setting.

The Rural Center has made it possible for the state's 85 rural counties (the state has a total of 100) to maintain a standard of living and create commerce that has helped its towns and villages retain and attract the talented and skilled; become a destination for people who want to move home or are simply looking for a quiet place to retire. Local business development and entrepreneurial activity is keeping commerce and job growth alive for those who cannot or do not want to commute and helps to maintain a local tax base necessary to fund city services.

Thorough research and demonstration has provided the Rural Center a sound basis to implant programs that have long-term benefits and make the best use of state and federal dollars. Not every state in the country can or should even attempt to replicate the North Carolina Rural Economic Development Center. There is merit however in states examining its own programming and making adjustments to meet the demands of its small towns and rural areas. Among the many good lessons learned in North Carolina is the value placed on all citizens regardless of where they choose to live.

## Endnotes

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