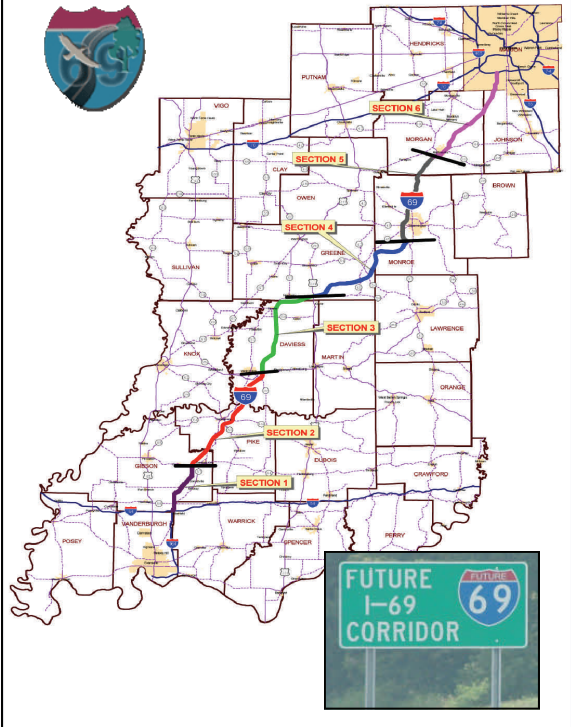




I-69 Approved Corridor



I-69 Community Development Study

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Prepared for:

**Communities of Oakland City, Petersburg
and Washington**

Prepared by:

Sudesh Mujumdar, Ph.D.

Associate Professor of Economics, College of Business

Tim Schibik, Ph.D.

Professor of Economics, College of Business

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University of Southern Indiana

**I-69 and the Economic Development of
Oakland City, Petersburg and Washington:
Some Insights from other Highway
Projects**

Sudesh Mujumdar, Ph.D. and Timothy Schibik, Ph.D.

February 2008

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EXECUTIVE SUMMARY

This study develops some best practices for the communities of Oakland City, Petersburg and Washington that may help guide their planning efforts for taking advantage of the economic development potential of I-69 and minimizing any adverse economic consequences of the highway.

In developing the best practices, the study

- i. Draws on the economic development experience of some similar communities as a result of highway construction. This experience is examined through both quantitative and qualitative lenses including conversations with professionals actually involved in or with intimate knowledge of the economic development planning efforts and activities.
- ii. Identifies the types of information that potential entrepreneurs would find helpful and determines the ease with which such information can be obtained for the communities of Oakland City, Petersburg and Washington.

Extensive research uncovered a particular federal study of the economic effects of selected interstates where it was maintained that these interstates were similar in nature to I-69 (besides some other planned highways) and that the economic experience of the delineated communities could serve as a basis for predicting the economic development effects on similar communities from the construction of I-69. Of the interstates and associated communities examined, this study focuses on:

INTERSTATE	COUNTY/CITY
I-68	Garrett (MD)
I-16	Twiggs (GA)/Jeffersonville
I-27	Hale (TX)/Plainview

The following key best practices are identified in the study:

- I. Investment in upgrading/expanding infrastructure (e.g., water/sewer facilities) yields a greater return if it is made early-on, before completion of construction of the relevant segment of I-69. It helps retain and attract new businesses (as experienced by Garrett County). Such investment is all the more urgent where there is a proximate larger city that is taking rapid economic development initiatives. This has a bearing on the economies of Oakland City and Petersburg. A large multi-use complex, the Promenade, is being planned in Evansville on 228 acres of land. While it may take about 10 years to complete, construction on access roads is expected to commence this year. I-69, by significantly improving access to the jobs generated by the complex, could spur losses in employment as well as population (as experienced by Jeffersonville) for Oakland City, with the latter effect growing in likelihood as gasoline prices continue rising. With Washington already developing an industrial park, similar effects may be experienced by Petersburg. These effects are likely to be relatively more pronounced as I-69 will bypass Petersburg, draining the current

- through-traffic on U.S. 57 – a phenomenon similar to that experienced by Jeffersonville.
- II. Acquisition of land (prior to completion of the relevant portion of the highway) near the interchanges and appropriate zoning changes by the local government is important in fostering economic development in a more effective and efficient fashion.
 - III. A strong collaborative relationship among officials within a government entity and across government entities is key for effectively leveraging the benefits of a highway for economic development.¹ For instance, the City of Plainview and Hale County have established a formal collaborative relationship through the Plainview/Hale County Industrial Foundation for economic development purposes and this relationship has, thus far, yielded three industrial parks. A factious political environment, in contrast, can stymie economic development efforts as in Jeffersonville where this resulted in very little business creation between 1978 (when I-16 was completed) and the early 2000s; a restaurant and a convenience store, and in employment shrinking by about 21% between 1990 and 2000.
 - IV. Investments in improving school-quality can serve as an important economic development tool especially for a community in close proximity to a city that is likely to experience substantial economic growth from highway construction. Specifically, such investments may help Oakland City turn into a bedroom community of Evansville. Similar investments helped spur residential development in Abernathy (TX) (which is on the border of Hale County) as rapid economic development in Hale County boosted land and home prices.
 - V. One important piece of helpful information for potential entrepreneurs in Oakland City, Petersburg and Washington which is not readily available² concerns business incentives such as taxes (including those for ‘competing’ communities), grants, workforce development assistance and small business resources (e.g., a business incubator).

¹ Such collaboration can, through scale and scope economies, make it easier, for instance, to raise funding for the different economic development investments (where such funding is to be obtained through, say, grant-writing or and economic development tax)

² Ease of availability of a type of information is determined by examining whether it appears on the city-government or the associated county’s chamber-of-commerce website.

I. OVERALL PROJECT OBJECTIVE

The overarching objective of the project is to develop a set of best practices for harnessing the economic development potential of I-69 and, where the case may be, minimizing adverse economic consequences of I-69 for the Indiana communities of Oakland City, Petersburg and Washington. We attempt to accomplish this by:

- a) Examining the economic development experiences of similar communities following highway construction. This examination is based on standard 'quantitative' metrics of development as well as 'qualitative' data obtained through in-depth interviews with relevant economic development professionals.
- b) Conducting a 'gap analysis' of the ease with which potential entrepreneurs can obtain relevant information.

II. AN EXAMINATION OF THE ECONOMIC DEVELOPMENT EXPERIENCES OF SIMILAR COMMUNITIES

A. Identifying Similar Communities

Table 1: Population of Selected Indiana Cities and Counties

CITY	Population	Population Density (per square mile)	COUNTY	Population
Washington	11,279	2,384	Daviess	30,220
Petersburg	2,511	2,344	Pike	12,855
Oakland City	2,583	2,356	Gibson	33,396

Source: STATS Indiana, <http://www.city-data.com>. Figures are for 2006

Table 1 indicates that Washington, Petersburg and Oakland City are urban clusters situated in non-metropolitan counties. An urban cluster is one with a population size of at least 2,500 persons and a population density of at least 1,000 persons per square mile. A non-metropolitan county is one without an urbanized area (population size of 50,000 or more).

Thus in identifying similar communities, we confine our attention to

- 1] Non-metropolitan counties
- 2] Interstates of a similar type as the proposed I-69 – viz., interstates with a substantial non-urban presence.

One recent study³ conducted under the auspices of the Federal Highway Administration makes it less burdensome to meet not only these considerations but to

³ "Economic Effects of Selected Rural Interstates at the County Level," Martin Weiss (Team Leader on the study), 2005. For a summary of the study, visit, <http://www.fhwa.dot.gov/planning/econdev/summary.htm>

also examine the economic development implications of the said type of interstates. This is apparent in the description of the scope of the study; “this research focused on the economic development history of completed interstates or long portions of such interstates (e.g., I-43, I-81) with similar natures to those designated by Congress (e.g. I-69, I-73/I-74). These histories would provide some perspective with which to anticipate what would happen subsequent to completion of future interstates of similar natures.”

The study concerned itself with nine interstates or near interstates. Meeting the above-described considerations and focusing on communities that share somewhat similar characteristics⁴ as Washington, Petersburg and Oakland City, led us to the following selections of interstates and communities:

Table 2: Chosen Interstates and Counties/Cities

INTERSTATE	COUNTY/CITY
I-68	Garrett (MD)
I-16	Twiggs (GA)/Jeffersonville
I-27	Hale (TX)/Plainview

B. I-68 And Garrett County’s (MD) Economic Development

Map 1: I-68 and Garrett County (MD)



Source: “Economic Development History of Interstate 68 in Maryland,” <http://www.fhwa.dot.gov/planning/econdev/i68md.htm>

⁴ For instance, Petersburg is confronted with a similar predicament as that faced by Jeffersonville at the time of the construction of I-16. In Petersburg, the concern is that I-69 will drain traffic-flow away from U.S. 57 (which runs through downtown Petersburg) adversely impacting downtown’s economy. For Jeffersonville it was U.S. 80 that bore a similar implication.

I-68 runs east-west from the I-70 junction in Hancock, MD., to the I-79 junction near Morgantown, WV. Construction on I-68 began in the mid-1960s with the segment west of Cumberland (that traverses through Garrett County) being completed in 1976. The final segment of I-68, a 19-mile gap east of Cumberland was completed in 1991.⁵ Below, we make a comparison of the ‘pre-completion’ (before 1976) and ‘post-completion’ values of important metrics of economic vitality.⁶

IMPORTANT METRICS⁷ OF ECONOMIC VITALITY

[1] Traffic Flow

Table 3: Average Daily Traffic Flows (vehicles per day) on I-68 in Garrett County

1980	1985	1992	2003
5,500	5,325	8,500	10,675

Source: Maryland State Highway Administration

From the above table the following can be discerned:

- In 2003, average daily traffic flow was almost double that in 1980.
- Traffic flow experienced a slight negative average annual growth (-0.6%)⁸ in the period: 1980-1985.
- The period: 1985-1992 experienced the highest annual average growth in traffic flow of 6.9%.

Thus the growth in traffic flow has been quite uneven with biggest surge coming in the few years just before the completion of I-68.

[2] Population

Table 4: Population in Garrett, Non-Metro MD, Non-Metro US

Area	Pre-Completion		Post-Completion				
	1969	Ann-Gr⁹	1976	Ann-Gr	1991	Ann-Gr	2002
Garrett	21,440	(2.1%)	24,749	(1.0%)	28,747	(0.4%)	29,934
Non-Metro MD	181,680	(1.6%)	202,706	(1.4%)	250,281	(1.1%)	283,685
Non-Metro US	38,926,788	(1.2%)	42,215,543	(0.5%)	45,264,908	(0.8%)	49,182,854

Source: Bureau of Economic Analysis

⁵ For more details, see “Economic Development History of Interstate 68 in Maryland,” <http://www.fhwa.dot.gov/planning/econdev/i68md.htm>

⁶ For the metric on traffic flows on I-68 there is, of course, no pre-construction comparison.

⁷ For metrics in this case and subsequent cases, the most recent data pertain to the early 2000s. The more far removed in time the data are from the time of completion of the highway under consideration, the smaller is the impact of the highway itself on the data-values. Hence, more current data are not considered.

⁸ Note that this growth rate and all subsequent annual average growth rates are calculated on a compounded basis unless otherwise specified.

⁹ This stands for annual average growth rate corresponding to the time period specified by the adjoining columns.

[3] Businesses

Table 5: Businesses in Garrett County

Area	Reporting Units ¹⁰		Establishments ¹¹		
	1964	1976	1991	2001	
Garrett	319	446	750	892	

Source: U.S. Census Bureau, County Business Patterns

[4] Employment

Table 6: Employment in Garrett, Non-Metro MD, Non-Metro US

Area	Pre-Completion		Post-Completion		1991	Ann-Gr	2002
	1969	Ann-Gr	1976	Ann-Gr			
Garrett	6,558	(4.4%)	8,868	(3.7%)	15,334	(1.6%)	17,619
Non-Metro MD	80,591	(1.5%)	89,312	(3.0%)	138,213	(2.0%)	165,113
Non-Metro US	15,994,931	(1.7%)	17,964,714	(1.3%)	21,723,021	(1.8%)	25,495,489

Source: Bureau of Economic Analysis

[5] Personal Income

Table 7: Real Per Capita Personal Income¹² in Garrett, Non-Metro MD, Non-Metro US

Area	Pre-Completion		Post-Completion		1991	Ann-Gr	2002
	1969	Ann-Gr	1976	Ann-Gr			
Garrett	\$9,139	(4.2%)	\$12,177	(2.2%)	\$16,894	(2.8%)	\$22,901
Non-Metro MD	\$13,015	(2.4%)	\$15,408	(2.4%)	\$22,139	(2.4%)	\$28,823
Non-Metro US	\$11,566	(3.1%)	\$14,312	(1.6%)	\$18,144	(2.0%)	\$22,587

Source: Bureau of Economic Analysis

[6] Property Values

Table 8: Median Value of Owner-Occupied Homes in Garrett County, MD

	Pre-Completion		Post-Completion		1990	Ann-Gr	2000
	1970	Ann-Gr	1980	Ann-Gr			
Nominal Value	\$10,400	(13.1%)	\$35,700	(5.4%)	\$60,200	(3.7%)	\$86,400
Real Value¹³	\$39,322	(5.7%)	\$68,551	(0.9%)	\$74,784	(1.5%)	\$86,400

Source: U.S. Census Bureau

¹⁰ Prior to 1974, the Census Bureau used the concept of a "reporting unit" as the unit of measurement.

¹¹ An establishment, as per the Census Bureau, refers to a "single physical location at which business is conducted or services or industrial operations are performed." It is worth noting here that the definition of an establishment has changed over time, most significantly in 1983 – this diminishes the comparability of data across the years.

¹² 'Real values' were obtained by using the National Implicit Price Deflator for Personal Consumption Expenditures (base year: 2000).

¹³ Real values were obtained by using the National Implicit Price Deflator for Personal Consumption Expenditures (base year: 2000).

ECONOMIC PATTERNS FROM METRICS (PRE-POST COMPARISONS)

An examination of the metrics of economic vitality reveal the following for Garrett County:

1. The pre-completion phase witnessed the higher annual average growth in population. This stems from the pre-completion phase also experiencing the higher annual average growth in employment.
2. With annual average employment growing faster in the pre-completion phase, real per capita personal income experienced higher annual average growth in this phase. This real income growth, then, contributed to the real median value of homes growing at a higher annual average rate in the pre-completion phase in comparison to the post-completion phase.

DISCUSSION OF MICRO- ECONOMIC DEVELOPMENT IMPACTS OF I-68¹⁴

1. Next to coal and timber, tourism is a major and increasingly important industry in Garrett County. The only downhill ski resort in Maryland – Wisp – is 15 miles south of I-68. Further, Deep Creek Lake offers many water-related recreational activities. I-68 has made these recreational attractions more accessible, especially to the residents of the Baltimore/Washington metropolitan area by reducing their commuting time by at least an hour.
2. The increased accessibility has boosted sales of vacation homes in Garrett County and the increased tourist traffic has spurred the creation/expansion of many businesses. These businesses are, for instance, restaurants¹⁵, retail establishments and artisan/specialty stores.¹⁶
3. Local government officials, realizing the transport advantages¹⁷ of I-68 in Garrett County, have built 3 industrial parks to date. While the first park, Central Garrett Industrial Park, took 25 years to fill, the success of businesses therein made it much easier to fill (only 10 years) the second park, Northern Industrial Park. The third park, Keyser’s Ridge Industrial Park, opened just a few years ago.¹⁸

¹⁴ This discussion draws from: a) “I68 – Statement by Martin Weiss,” <http://www.fhwa.dot.gov/planning/econdev/i68md0505.htm>, b) “Economic Development History of Interstate 68 in Maryland,” <http://www.fhwa.dot.gov/planning/econdev/i68md.htm>, and c) Telephone conversations with **Meg Ellis**, Project Manager, Garrett County Department of Economic Development, and **Peggy Jamison**, former Economic Development Specialist with Garrett County Department of Economic Development.

¹⁵ For example, the Penn Alps restaurant is continuously upgrading its facilities owing to its growing customer base (see, “I68 – Statement by Martin Weiss,” <http://www.fhwa.dot.gov/planning/econdev/i68md0505.htm>).

¹⁶ The Penn Alps area - on U.S. 40 - less than a mile from I-68 in Garrett County is home to many of these stores.

¹⁷ According to the officials mentioned above, the relatively lower land costs of Garrett County made it cheaper to build warehousing facilities in the County. Further, I-68 and the location of Garrett enhanced the attractiveness of building the facilities in the County as it now could serve as a “gateway” (with lower shipping costs) to Northwest and Midwest regions.

¹⁸ Another incentive to locate in the Parks is a tax credit.

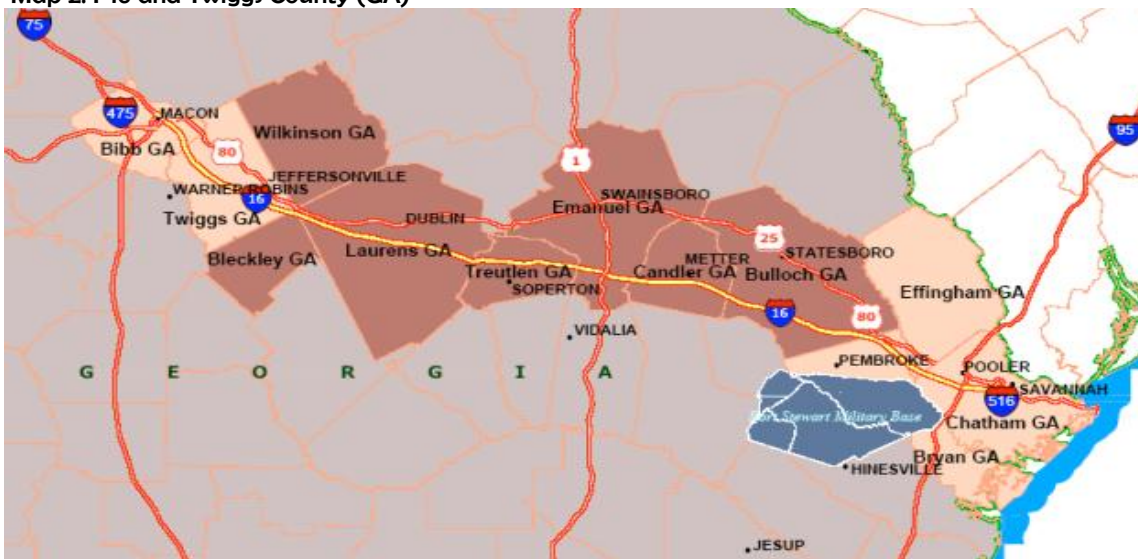
4. I-68 has substantially increased the tax base through the creation/expansion of businesses and the consequent growth in employment, income and property values.

PLANNING INSIGHTS FOR ECONOMIC DEVELOPMENT FROM I-68 EXPERIENCE

1. The big surge in business creation/expansion and consequently in population in Garrett County occurred even before the construction of the segment of I-68 in the County was complete. It is important to have at least a plan in place (if not to begin making) suitable infrastructure investments (such as in water/sewer facilities) without waiting for completion of construction of the section of I-69 associated with one's city. This may help in attracting greater business investment.
2. As pointed out by Meg Ellis, it is important to acquire the land close to the interchange(s) so that business development can be achieved in a more effective and efficient fashion. More specifically, the acquired land could be used for building an industrial park which
 - a) gives easy access to the Interstate to a larger number of businesses (located in the park) than if the land were 'up for grabs' by the private sector – in which case it is quite possible that just a few businesses acquire the entire land.
 - b) Makes it easier for the city/county to provide services to the businesses (located in the park) since they are likely to be relatively less dispersed.
3. Make zoning changes to support the business creation initiative mentioned above.

C. I-16 And Twiggs County's (GA)/Jeffersonville's Economic Development

Map 2: I-16 and Twiggs County (GA)



Source: "Economic Development History of Interstate 16 in Georgia," <http://www.fhwa.dot.gov/planning/econdev/i16ga.htm>

I-16 runs from the port city of Savannah in the east to Macon in the west, where it runs into I-75. The construction of I-16 spanned the period 1966 – 1978, with the segment in Twiggs County being completed in the late 1970s.¹⁹ Below, we make a comparison of the ‘pre-completion’ (before 1978) and ‘post-completion’ values of important metrics of economic vitality.

IMPORTANT METRICS OF ECONOMIC VITALITY²⁰

[1] Population

Table 9: Population in Twiggs County, Non-Metro GA, Non-Metro US

Area	Pre-Completion		Post-Completion		1988	Ann-Gr	2002
	1969	Ann-Gr	1978	Ann-Gr			
Twiggs	8,236	(1.4%)	9,326	(0.3%)	9,603	(0.6%)	10,486
Non-Metro GA	1,198,787	(1.1%)	1,320,293	(0.7%)	1,413,576	(1.3%)	1,695,082
Non-Metro US	38,926,788	(1.2%)	43,146,601	(0.3%)	44,639,729	(0.7%)	49,182,854

Source: Bureau of Economic Analysis

[2] Businesses

Table 10: Businesses in Twiggs County

Area	Reporting Unit; ²¹		Establishment; ²²	
	1964	1978	1988	2001
Twiggs	48	56	72	90

Source: U.S. Census Bureau, County Business Patterns

[3] Employment

Table 11: Employment in Twiggs County, Non-Metro GA, Non-Metro US

Area	Pre-Completion		Post-Completion		1988	Ann-Gr	2000
	1969	Ann-Gr	1978	Ann-Gr			
Twiggs	2,305	(2.2%)	2,792	(-0.6%)	2,628	(-0.6%)	2,434
Non-Metro GA	470,988	(2.0%)	564,375	(1.4%)	650,124	(1.9%)	815,293
Non-Metro US	15,994,931	(2.0%)	19,041,266	(1.0%)	20,948,439	(1.7%)	25,495,489

Source: Bureau of Economic Analysis

¹⁹ For more details, see “Economic Development History of Interstate 16 in Georgia,” <http://www.fhwa.dot.gov/planning/econdev/i16ga.htm>

²⁰ There are no traffic-flow data for the immediate period following construction of I-16. The earliest year for which such data are available is 1990. Hence, this metric is omitted.

²¹ Prior to 1974, the Census Bureau used the concept of a “reporting unit” as the unit of measurement.

²² An establishment, as per the Census Bureau, refers to a “single physical location at which business is conducted or services or industrial operations are performed.” It is worth noting here that the definition of an establishment has changed over time, most significantly in 1983 – this diminishes the comparability of data across the years.

[4] Personal Income

Table 12: Real Per Capita Personal Income²³ in Twiggs County, Non-Metro GA, Non-Metro US

Area	Pre-Completion		Post-Completion		1988	Ann-Gr	2002
	1969	Ann-Gr	1978	Ann-Gr			
Twiggs	\$7,595	(3.4%)	\$10,229	(2.8%)	\$13,527	(2.5%)	\$19,087
Non-Metro GA	\$9,471	(3.3%)	\$12,662	(2.5%)	\$16,228	(1.9%)	\$21,059
Non-Metro US	\$11,566	(3.2%)	\$15,298	(1.4%)	\$17,578	(1.8%)	\$22,587

Source: Bureau of Economic Analysis

[5] Property Values

Table 13: Median Value of Owner-Occupied Homes in Twiggs County, GA

	Pre-Completion		Post-Completion		1990	Ann-Gr	2000
	1970	Ann-Gr	1980	Ann-Gr			
Nominal Value	\$7,000	(11.6%)	\$21,000	(5.9%)	\$37,300	(5.2%)	\$61,800
Real Value²⁴	\$26,467	(4.3%)	\$40,324	(1.4%)	\$46,337	(2.9%)	\$61,800

Source: U.S. Census Bureau

ECONOMIC PATTERNS FROM METRICS AND MICRO-ECONOMIC DEVELOPMENT IMPACTS²⁵

1. The primary purpose in constructing I-16 was to provide speedy movement of goods from the port city of Savannah to the I-75 corridor running through Macon. Hence, I-16 bypassed a number of towns along the way on U.S. 80 which, before I-16, was the main highway-link between Savannah and Macon and runs parallel to I-16 to its north. Jeffersonville, the seat of Twiggs County, is one of the bypassed towns as can be seen in the map below:

²³ 'Real values' were obtained by using the National Implicit Price Deflator for Personal Consumption Expenditures (base year: 2000).

²⁴ 'Real values' were obtained by using the National Implicit Price Deflator for Personal Consumption Expenditures (base year: 2000).

²⁵ This discussion draws from: a) "Economic Development History of Interstate 16 in Georgia," <http://www.fhwa.dot.gov/lanning/econdev/i16ga.htm> and other sources mentioned therein, and b) A telephone conversation with **Ralph Nix**, Executive Director, Middle Georgia Regional Development Center.

Map 3: I-16 and Jeffersonville (GA)



Source: <http://www.fhwa.dot.gov/planning/econdev/i16ga.htm>

One consequence was that employment actually fell in Jeffersonville (and in Twiggs County) once construction of I-16 was complete.²⁶ This is all the more noteworthy since employment, in fact, increased for non-metro areas (as a whole) in Georgia following completion of I-16. The following factors contributed significantly to this contraction:

- i. I-16 substantially enhanced labor mobility.
- ii. Many businesses dependent on highway traffic relocated to I-16 (from U.S. 80).
- iii. A downturn in the Kaolin mining industry which accounts for a substantial portion of total employment.
- iv. The local government (city and county) failed to take active and concrete steps in attracting businesses to the area. It is only in the early 2000s that such efforts began.
- v. In contrast to the government of Jeffersonville/Twiggs, that of Macon/Bibb moved rapidly to attract business investment. The Macon Bibb County Industrial Authority (MBCIA) bought and developed 1,000 acres of land at U.S. 23 and I-16 into an industrial park (Ocmulgee East Industrial Park) in the early 70s.²⁷ This is even before completion of construction of I-16.

In sum, strong job opportunities in the Macon-Bibb area coupled with easy access to these jobs (as a result of I-16) led to the outflow of workers from the Jeffersonville-Twiggs region.

2. Jobs in the Macon-Bibb area helped boost personal income growth and consequently median home values in Twiggs County in the 'post-completion' phase (even though employment was falling).
3. The City of Jeffersonville and Twiggs County have made concerted efforts (since 2000) to capitalize on their locational advantage (in terms of transportation logistics)²⁸ to generate business growth. These efforts have led to grants under

²⁶ In Jeffersonville, between 1990 and 2000, for instance, employment declined by about 21%.

²⁷ A variety of firms chose to locate in the park, such as a GEICO insurance facility and a YKK zipper plant.

²⁸ Twiggs County is the geographic center of the state of Georgia with easy access to the interstate and a port – this accessibility earned the County a rating of “good” in the Central Georgia Corridor Study (see

the *One Georgia* program that have helped develop two industrial parks in the Twiggs County area. Tax and other incentives from locating in the parks along with the locational benefit of the area have attracted a number of warehousing/distribution facilities to these parks. For instance, Academy Sports and Outdoors is building a distribution center²⁹ in the newer park with an investment of \$50 million that is expected to create 380 jobs in the County in the next three years.

PLANNING INSIGHTS FOR ECONOMIC DEVELOPMENT FROM I-16 EXPERIENCE

1. According to Ralph Nix, Executive Director, Middle Georgia Regional Development Center, since the completion of I-16 in 1978 till the early 2000s, there was very little business creation in Jeffersonville; a restaurant and a convenience store.³⁰ If an urban center (Macon) close to a town (Jeffersonville) moves quickly to create jobs and there is easier access to these jobs, then the town will lose employment unless it takes a similar initiative in job creation. The lack of such initiative in the case of Jeffersonville and Twiggs County can be traced to a great extent (as per Ralph Nix) to discord and dissension among local government officials. Thus no leadership was forthcoming on taking the appropriate economic development initiatives. More recently, when the city and county government officials have shared a harmonious relationship and worked with a common purpose they have met with success in their economic development efforts through the development of two industrial parks. Thus from a planning perspective (for I-69), it is important that city and county officials create a collaborative work-climate and move quickly (and not wait till construction on I-69 is complete or near completion) in devising and implementing economic development initiatives. These initiatives may not necessarily include the development of an industrial park but may just comprise of upgrading water/sewer facilities or improving the quality of schools. In Jeffersonville, in the many years before the development of the industrial parks little investment was made towards the latter two initiatives which dissuaded businesses from locating in/near the city (as maintained by Ralph Nix).
2. Petersburg is in a similar situation as that confronted by Jeffersonville, since I-69 is expected to bypass the city implying that the current through-traffic on U.S. 57 will shift to I-69 with the attendant negative consequences for the economy of Petersburg. Further, Washington, which will not be bypassed by I-69, is already taking initiatives to attract businesses through, for instance, developing an industrial park. The construction of I-69 will likely further spur job growth in Washington. Given that I-69 will increase labor mobility and the proximity of Petersburg to Washington (less than 15 miles), the implication is that the negative economic consequences for Petersburg will be accentuated through

Table 7-2 in the Phase 1 Report of the study). Further, in a one-day truck-drive it is possible to serve, for instance, Ohio or Texas.

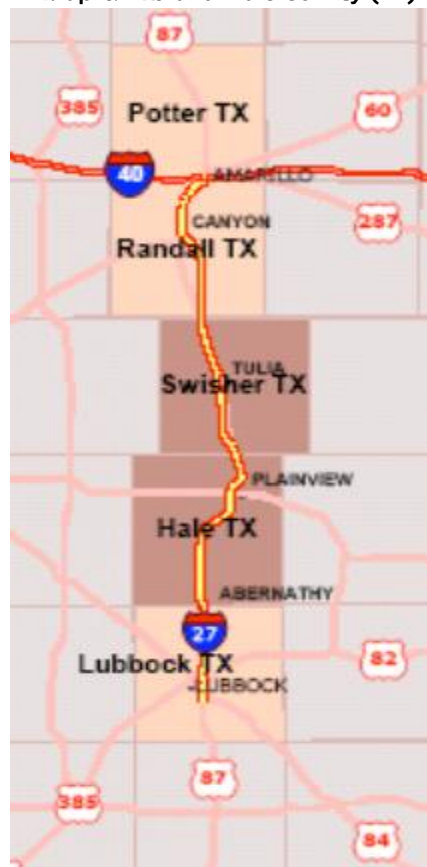
²⁹ 'Ground-breaking' occurred on November 8, 2007.

³⁰ In fact, in the entire county (Twiggs) business creation was anemic during this period, leading to the county being branded as a "Tier 1 jurisdiction" or one of the economically most distressed counties in Georgia.

losses in employment and population. Thus, one way of keeping afloat the economy of Petersburg is to turn the city into a 'destination city' (as suggested by Ralph Nix). Ralph Nix provides the example of how Wall Drugs has turned the small town of Wall in South Dakota into a destination town.³¹ Also, the appendix contains some summary case studies of the initiatives taken by small cities to draw-in more visitors which may provide some guidance to Petersburg on turning it into a 'destination city.'

D. I-27 And Hale County's (TX)/Plainview's Economic Development

Map 4: I-27 and Hale County (TX)



Source: "Economic Development History of Interstate 27 in Texas,"
<http://www.fhwa.dot.gov/planning/econdev/i27tx.htm>

³¹ For more on this, visit <http://www.walldrug.com>

I-27 runs from Lubbock to Amarillo (replacing, for the most part, U.S. 87), where it merges into I-40. The construction of I-27 stretched from the mid 1970s to 1992.³²

IMPORTANT METRICS OF ECONOMIC VITALITY

[1] Traffic Flow

Table 14: Average Daily Traffic on US 80/I-27 in Hale County

Pre-Completion		Post-Completion				
1969	Ann-Gr	1980	Ann-Gr	1990	Ann-Gr	2002
6,370	(1.0%)	7,100	(2.6%)	9,200	(1.3%)	10,700

Source: Texas Department of Transportation, District Traffic Maps

[2] Population

Table 15: Population in Hale County, Non-Metro TX, Non-Metro US

Area	Pre-Completion		1975	Ann-Gr	Post-Completion		2002
	1969	Ann-Gr			1992	Ann-Gr	
Hale	40,314	(-1.6%)	36,678	(-0.2%)	35,276	(0.1%)	35,762
Non-Metro TX	2,133,751	(1.2%)	2,289,964	(0.9%)	2,656,742	(1.0%)	2,927,874
Non-Metro US	38,926,788	(1.2%)	41,706,866	(0.5%)	45,729,110	(0.7%)	49,182,854

Source: Bureau of Economic Analysis

[3] Businesses

Table 16: Businesses in Hale County

Area	Reporting Units³³		1975	Establishments³⁴	
	1964	1975		1992	2001
Hale	949	855	858	825	

Source: U.S. Census Bureau, County Business Patterns

³² For more details, see “Economic Development History of Interstate 27 in Texas,” <http://www.fhwa.dot.gov/planning/econdev/i27tx.htm>

³³ Prior to 1974, the Census Bureau used the concept of a “reporting unit” as the unit of measurement.

³⁴ An establishment, as per the Census Bureau, refers to a “single physical location at which business is conducted or services or industrial operations are performed.” It is worth noting here that the definition of an establishment has changed over time, most significantly in 1983 – this diminishes the comparability of data across the years.

[4] Employment

Table 17: Employment in Hale County, Non-Metro TX, Non-Metro US

Area	Pre-Completion				Post-Completion		
	1969	Ann-Gr	1975	Ann-Gr	1992	Ann-Gr	2000
Hale	15,203	(2.5%)	17,644	(0.0%)	17,532	(1.5%)	19,777
Non-Metro TX	894,417	(1.2%)	972,485	(0.9%)	1,256,221	(1.0%)	1,423,457
Non-Metro U\$	15,994,931	(1.2%)	17,366,057	(0.5%)	22,505,521	(0.7%)	25,495,489

Source: Bureau of Economic Analysis

[5] Personal Income

Table 18: Real Per Capita Personal Income³⁵ in Hale County, Non-Metro TX, Non-Metro US

Area	Pre-Completion				Post-Completion		
	1969	Ann-Gr	1975	Ann-Gr	1992	Ann-Gr	2002
Hale	\$10,944	(5.1%)	\$14,741	(1.0%)	\$17,476	(2.0%)	\$21,237
Non-Metro TX	\$11,063	(3.3%)	\$13,453	(1.6%)	\$17,511	(1.9%)	\$21,123
Non-Metro U\$	\$11,566	(3.1%)	\$13,931	(1.7%)	\$18,644	(1.9%)	\$22,587

Source: Bureau of Economic Analysis

[6] Property Values

Table 19: Median Value of Owner-Occupied Homes in Hale County, TX

	Pre-Completion		Post-Completion		
	1980	Ann-Gr	1990	Ann-Gr	2000
Nominal Value	\$27,500	(3.6%)	\$39,000	(3.3%)	\$53,800
Real Value³⁶	\$52,805	(-0.9%)	\$48,448	(1.1%)	\$53,800

Source: U.S. Census Bureau

ECONOMIC PATTERNS FROM METRICS AND MICRO-ECONOMIC DEVELOPMENT IMPACTS

1. The five years or so, before construction on I-27 even commenced, witnessed the largest annual increase in real per capital personal income. This is a reflection of the fact that employment in this period also experienced its highest annual growth. The city of Plainview and Hale County moved aggressively to attract businesses through a number of measures such as infrastructure investment. Excel Beef Packers and South Plains Health Provider are some of the firms that chose to locate in Plainview during this period, and continue to remain among the largest employers in Plainview.

³⁵ 'Real values' were obtained by using the National Implicit Price Deflator for Personal Consumption Expenditures (base year: 2000).

³⁶ 'Real values' were obtained by using the National Implicit Price Deflator for Personal Consumption Expenditures (base year: 2000).

2. The above-mentioned pre-construction period, however, also saw the largest annual decline in population in Hale County. Faster growth in employment opportunities in Lubbock city (which is only about 20 miles away) was an important contributor to the population decline.
3. As construction of I-27 began progressing, labor mobility was strengthened (as reflected in the highest annual growth in average traffic flow for Hale County for the construction period) and there was a net outflow of workers to Lubbock³⁷. Thus the population decline continued. Annual employment growth was flat and consequently so was annual personal income growth and annual growth in home values.
4. A modest uptick in annual employment growth was experienced in the post-completion phase as some large employers, such as a Wal-Mart distribution center and Azteca Milling, set up operations in the county in the late 80s and early 90s. This employment growth helped provide a modest boost to personal income growth which, in turn, did the same for home values.

PLANNING INSIGHTS FOR ECONOMIC DEVELOPMENT FROM I-27 EXPERIENCE³⁸

1. As noted earlier, local government officials moved aggressively to attract businesses even before construction had begun on I-27. Infrastructure investment was seen then and continues to remain a key factor in easing the process to luring businesses. Investment was made in, for example, a fresh-water treatment facility, waste-water treatment facility, enhancing water supply to residential areas and building a state-of-the-art landfill. A significant portion of these investments was funded through taxes. “Texas has special taxes dedicated to economic development efforts. Under the Development Corporation Act, voters in Texas cities can adopt economic development sales and use taxes at rates ranging from one-eighth of one percent to one percent.” Hale was one city that adopted this tax. The city of Plainview initially solicited retail businesses as it was relatively less expensive to do so (in terms of tax incentives). Its efforts led to two such businesses locating just outside the city. No tax incentives were offered to these businesses. However, a tax abatement was offered to the distribution center for Wal-Mart which located in 1986 as I-27 was undergoing construction. From a planning perspective, moving aggressively early on was imperative if jobs were to remain in Hale County since nearby Lubbock city (about 20 miles away), an urban center, was generating rapid job-growth. This has implications for the economy of Oakland City in the context of construction of I-69. A large mixed-use (retail/restaurant/hotel/residential) project is being planned in Evansville on 228 acres of land called the Promenade. While it may take ten years for completion of the project,

³⁷ As per the U.S. census – Journey-to-Work data.

³⁸ This discussion draws from: a) “Economic Development History of Interstate 27 in Texas,” <http://www.fhwa.dot.gov/planning/econdev/i27tx.htm> and b) Telephone conversations with **John Anderson**, Mayor of the City of Plainview; **John Bertsch**, Board Member, Ports-to-Plains Corridor Coalition; and **Grady Tunnell**, attorney – involved with I-27 construction.

- construction on access roads is planned to start this year. Construction of I-69, by significantly easing access to Evansville, may accelerate job losses in Oakland City.
2. The construction of I-27 and the consequent economic growth in the Lubbock area significantly raised land prices in the area. Thus residential home growth has moved to the outskirts of Lubbock County to, for example, Abernathy which is on the border of Hale County. Similarly, following construction of I-69, Oakland City could turn into a bedroom community for Evansville with appropriate investments infrastructure and school quality.
 3. Downtown Plainview suffered economically with the construction of I-27 since the mom-and-pop stores could not compete with the retail stores that located in the city and many of them shut down. Plainview, since March 2005, has adopted a Main Street program to revitalize its downtown. Revitalization efforts include restoration/preservation activities and organizing various cultural events downtown. Petersburg, which is likely to suffer economically with the construction of I-69 as the current through-traffic on U.S. 57 shifts onto I-69, could in, collaboration with Pike County, also consider adopting a Main Street program focusing on 'destination tourism.'³⁹
 4. The city of Plainview and Hale County have coordinated their economic development efforts formally through the Plainview/Hale County Industrial Foundation. Such coordination has served the area well as the Foundation now owns three industrial parks. As maintained by John Anderson, such coordination is especially important for small cities that are resource-strapped and may not be able to effectively leverage the benefits of an interstate to attract businesses.

³⁹ See the case studies included in the appendix for further examples of the use of a Main Street program.

III. INFORMATION HELPFUL TO POTENTIAL ENTREPRENEURS AND ACCESS TO SUCH INFORMATION

It is widely held in the economic development community that an important element in spurring business activity in one's community is that information pertaining to business creation and development, as well as information on non-business dimensions of the community be easily accessible.⁴⁰ Below, we first identify important business and non-business information that potential entrepreneurs ought to have easy access to, say, through a community's website. Second, we examine the extent to which this information is available on the websites of Washington, Petersburg and Oakland City.

A. BUSINESS INFORMATION

WE WANT YOUR BUSINESS

[1] LIASON PERSON (TEAM): Assistance with all aspects of setting up a business in the city (including, e.g., help with identifying suitable grants) – with, of course the extent of assistance depending on the amount of available financial resources. It is often helpful to include a guarantee that the initial response to a request will be made within 24 hours.

[2] INCENTIVES

- a) Taxes – include comparative information from 'competing' regions
- b) Grants
- c) Workforce Development – assistance offered with recruitment and training
- d) Utilities – include comparative information on the types, rates, reliability of energy supply, rate and benefits (such as assistance with efficient use of energy) from 'competing' regions
- e) Small Business Resources –such as a small business incubator

[3] LABOR FORCE DATA

- a) Education profile of community
- b) Data on labor force with different technical certifications
- c) Average wages in different occupations
- d) Size of labor force, unemployment rate

[4] TRANSPORTATION/LOCATION

- a) Highways, interstates and airports in the region
- b) Rail – ease of use in transporting material
- c) Distance (maps) to major metro areas

[5] FINANCE, CONSULTING

- a) Help in connecting a potential business with a local financial institution
- b) Consulting resources (on market research, engineering, etc) available in the area

⁴⁰ See, for instance, "Local Government Organization in the Capital Region," by Robert L. Bish, pg.24.

[6] TELECOMMUNICATION

- a) Information on local telephone providers
- b) Information on local internet providers (along with information on bandwidth and wireless capability)

[7] MEDIA – information on local outlets for advertising purposes

[8] COMPETITION/COLLABORATION – profile of other businesses in the city (who might be competitors or customers)

B. NON-BUSINESS INFORMATION

A LOOK AT OUR COMMUNITY

[9] DEMOGRAPHICS

- a) Population
- b) Age Distribution
- c) Income Distribution
- d) Ethnic Composition
- e) Gender Composition

[10] EDUCATION

- a) Universities, Technical Institutes in the region
- b) Courses, Certifications of interest to businesses offered at educational institutions in the region
- c) School-district information

[11] LEISURE/ENTERTAINMENT

- a) Shopping
 - i. Specialty Stores
 - ii. Malls in close driving distance
- b) Attractions
- c) Sports
- d) Events
- e) Cultural Venues
- f) Restaurants/Bars/Clubs

[12] HOSPITALS/OTHER HEALTHCARE – proximity to healthcare and hospitals in the region

C. CURRENT STATE OF CITY/COUNTY WEBSITES IN COMPARISON TO DESIRED STATE: IDENTIFYING THE 'GAPS'

CATEGORY	WASHINGTON City		PETERSBURG City		OAKLAND CITY	
	City	COC	City	COC	City	COC
[1] LIASON PERSON (TEAM):	Yes	No	No	No	N/A	N/A
[2] INCENTIVES:	-		-		-	
a) Taxes	No	No	No	No	N/A	N/A
b) Grants	No	No	No	No	N/A	N/A
c) Workforce Development	No	No	No	No	N/A	N/A
d) Utilities	Yes ¹	No	Yes ³	No	N/A	N/A
e) Small Business Resources	No	No	No	No	N/A	N/A
[3] LABOR FORCE DATA:	-		-		-	
a) Education profile of community	Yes	No	No	No	N/A	N/A
b) Data on labor force with different technical certifications	No	No	No	No	N/A	N/A
c) Average wages in different occupations	No	No	No	No	N/A	N/A
d) Size of labor force, unemployment rate	Yes	No	No	Yes	N/A	N/A
[4] TRANSPORTATION/LOCATION:	-		-		-	
d) Highways, interstates and airports in the region	Yes	No	No	Yes	N/A	N/A
e) Rail – ease of use in transporting material	Yes ²	No	No	Yes ²	N/A	N/A
f) Distance (maps) to major metro areas	Yes	No	No	No	N/A	N/A
[5] FINANCE, CONSULTING:	-		-		-	
c) Help in connecting a potential business with a local financial institution	No	No	No	Yes	N/A	N/A
d) Consulting resources (on market research, engineering, etc) available in the area	No	No	No	No	N/A	N/A
[6] TELECOMMUNICATION:	-		-		-	
c) Information on local telephone providers	No	No	No	Yes ⁴	N/A	N/A
d) Information on local internet providers (along with information on bandwidth and wireless capability)	No	No	No	No	N/A	N/A
[7] MEDIA:	No	No	No	No	N/A	N/A
[8] COMPETITION/COLLABORATION:	No	No	No	No	N/A	N/A
[9] DEMOGRAPHICS:	-		-		-	
f) Population	Yes	No	No	Yes	N/A	N/A
g) Age Distribution	Yes	No	No	Yes	N/A	N/A
h) Income Distribution	Yes	No	No	No	N/A	N/A
[10] EDUCATION:	-		-		-	
a) Universities, Technical Institutes in the region	Yes	No	No	No	N/A	N/A
b) Courses, Certifications of interest to businesses offered at educational institutions in the region	No	No	No	No	N/A	N/A
c) School-district information	Yes	No	Yes	Yes	N/A	N/A

[11] LEISURE/ENTERTAINMENT :						
g) Shopping	-		-		-	
iii. Specialty Stores	No	Yes	No	No	N/A	N/A
iv. Malls in close driving distance	No	No	No	No	N/A	N/A
h) Attractions	No	Yes	No	Yes	N/A	N/A
i) Sports	No	No	No	No	N/A	N/A
j) Events	Yes	Yes	No	Yes	N/A	N/A
k) Cultural Venues	No	Yes	No	Yes	N/A	N/A
l) Restaurants/Bars/Clubs	No	Yes	No	No	N/A	N/A
[12] HOSPITALS/OTHER HEALTHCARE:	No	No	No	Yes	N/A	N/A

¹Utility rates are listed, but no comparative data.

²Railroads are listed, but no information regarding ease of transporting materials.

³Information on wastewater utilities only.

⁴Contact information only.

COC = Chamber of Commerce

N/A = Not applicable; no website

APPENDIX

CASE STUDIES OF DOWNTOWN REVITALIZATION INITIATIVES

Case Study: Farmland, Indiana

Quick Profile:

Population (year 2000): 1,456

Estimated population in July 2006: 1,388 (-4.7% change)

County: Randolph

Estimated median household income in 2005: \$36,700

Estimated median house/condo value in 2005: \$68,700

Races in Farmland

- White Non-Hispanic (98.4%)
- American Indian (1.1%)
- Two or more races (0.9%)

More information can be obtained at <http://www.city-data.com/city/Farmland-Indiana.html>.

Action(s) Taken:

- Volunteers from Farmland's business community formed Historic Farmland USA.
- Historic Farmland USA received a Landmark Grant for a structural analysis of the abandoned grain elevator. As a result of the analysis, a buyer purchased the abandoned grain elevator and is remodeling it into several natural health-oriented stores.
- The organization applied for and received ISTEA funds for a streetscaping project, which includes a new street, curbs and sidewalks for Historic Farmland's downtown.

Source: <http://www.mainstreet.org/content.aspx?page=6075§ion=3&kbentry=1948>.

Results:

- Seven new businesses, including a toy store, a weaving studio, a stained-glass artist, an old-fashioned soda fountain and a health-food store, were established in downtown Farmland.
- Promotions during construction of the new streetscape and a Holiday Evening have brought visitors from a 50-mile radius to visit Historic Farmland USA.
- Farmland's Historic Downtown was placed on the National Register of Historic Places.

Source: <http://www.mainstreet.org/content.aspx?page=6075§ion=3&kbentry=1948>.

Case Study: Frankfort, Indiana

Quick Profile:

Population (year 2000): 16,662

Estimated population in July 2006: 16,475 (-1.1% change)

County: Clinton

Estimated median household income in 2005: \$33,700

Estimated median house/condo value in 2005: \$86,600

Races in Frankfort:

- White Non-Hispanic (85.2%)
- Hispanic (13.5%)
- Other race (7.8%)
- Two or more races (1.1%)

(Total can be greater than 100% because Hispanics could be counted in other races)

More information can be obtained at <http://www.city-data.com/city/Frankfort-Indiana.html>.

Action(s) Taken:

- One of the first activities undertaken by the fledgling Main Street program in 1986 was the purchase, rehabilitation, and resale of the Diana Shop property, a prominent yet vacant building on the Courthouse Square. Within a year, Frankfort Main Street had orchestrated the same maneuver on another building on the square. The success of these projects lent legitimacy to the program, enabling it to move on.
- Next came the establishment, with three local banks, of a low-interest loan pool to fund interior and exterior rehabilitations of downtown properties, using the Secretary of the Interior's Standards for Rehabilitation as a guideline.
- Subsequently, Frankfort Main Street set up a facade improvement grant program, which has spurred a flurry of economic activity. A total of \$10,000 is available to assist property owners who make facade improvements. Grant awards do not exceed 25 percent of the total project cost, and individual grants may not exceed \$1,000. A minimum grant award is \$250.
- The construction of a new jail on a downtown site was a major coup for the Main Street program, whose board of directors successfully lobbied the county commissioners. By locating the facility downtown, the county ensured that existing services would remain and provided opportunities for new businesses.
- Frankfort's Main Street program has also put together a business recruitment package in which it outlines statistics and provides facts and photos of vacant downtown properties, in hopes of enticing businesses to relocate in the district.
- Frankfort Main Street's priorities are to strengthen the business retention and recruitment program, create unity among the downtown retailers, enlarge the program's membership base, and reorganize and strengthen the organization's committee structure.
- Established The Hot Dog Festival, based on the high school mascot, featuring an obstacle course for dogs, a four-mile Bun Run, and a Puppy Park full of kids' activities.

Source: <http://www.mainstreet.org/content.aspx?page=6075§ion=3&kbentry=1696>.

Results

- Recruitment efforts have yielded 33 new businesses, including a regional restaurant chain that keeps people downtown after work, thus encouraging retailers to stay open later.
- The program has helped property owners realize that their investments could see a return. Between 1970 and 1985, only two buildings were sold in the downtown area; since 1985, when the program began, 48 buildings have been sold.
- The locally themed festival boasted 600 community volunteers, national sponsors, including Pepsi, Frito-Lay, and the Oscar Mayer Wienermobile and their Talent Search Contest, statewide media coverage, and 15,000 visitors.
- Quantitative Analysis:

Financial Reinvestment: \$18,006,000

Number of Building Rehabilitations: 263

Net New Businesses: 33

Net New Jobs: 185

Vacancy Rate at Start: 11%

Vacancy Rate Today: 1.5%

Average Rental Rates at Start: \$3.75 (no indication if this is per square foot, or some other measure)

Average Rental Rates Today: \$5.00 (no indication if this is per square foot, or some other measure)

Source: <http://www.mainstreet.org/content.aspx?page=6075§ion=3&kbentry=1696>.

