

# COMMUNITY AND ECONOMIC DEVELOPMENT

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A Manual for Practitioners

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## Preface to the 2003 Revision

*I went to a bookstore and asked the salesclerk,  
"Where's the self-help section?"  
She said if she told me, it would defeat the purpose.*  
**George Carlin**

In 1993, the country was in a recession, unemployment was hovering around 6 percent, and the deficit was causing worries in the financial and stock markets. As we worked with communities around Missouri, it became evident that a good manual on small-scale, self-help economic development was needed. We set about the task of putting together this combination text/guide/workbook with the hope that it would be useful for people who worked at the very local, community level.

Over the next few years, the National economy rebounded, mainly, most economists agree, because of the growth of technology and investment in technology stocks, the boom in the housing market, and the use "creative accounting" practices that made us all feel good about our collective newly-found wealth. Unemployment reached record low levels for most segments of society and the deficit turned into a surplus by millennium's end. Self-help economic development wasn't the order of the day, particularly when individuals and even communities could simply invest in a couple of mutual funds and turn "Main Street" into "Easy Street."

In 2003, as I make a few changes here, the country is in recession, unemployment is around 6 percent and growing, and the deficit is increasing by the minute, causing uncertainty in the financial and stock markets. Perhaps a good self-help economic development manual is still needed.

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**June, 2003**

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## Preface to the 1993 edition

*Progress is impossible without change; and those who cannot change their minds cannot change anything.*

**George Bernard Shaw (1856-1950)**

**Anglo-Irish playwright, critic**

In the last two decades, there has been a change of mind about the practice of economic development. Once looked upon as the primary, driving force behind community progress, economic development has come to be seen, rightly, as one part of the process by which communities move toward the future. Despite this realization about the part that economic development plays in everyday life, there are very few comprehensive sources of information about the connections between the processes nor about the variety of methodologies that may be brought to bear to make change useful and appropriate. This manual is an attempt to do both of those things.

Many Extension specialists have been trained in community or economic development and almost every city and county in the state has at least one person who is either a professional in one of those areas or who is a skilled and knowledgeable “amateur.” We hope that this manual will be useful for all of you.

For more than seventy-five years, University Extension, in this state and around the country, has helped individuals in their efforts to achieve satisfying and meaningful lives, whether in cities or in rural areas. That help has been made available in a number of ways: from informal discussions across a kitchen table, to meetings of neighbors in the town hall, to credit courses offered through the local Extension center. Extension specialists draw upon their individual knowledge, skills and experience to provide educational opportunities at the time and place needed, supplementing their knowledge with the latest information drawn from research on campus, action research in the field and continual study of and reflection on our changing world. The purpose of this manual is to be one of those supplements.

In addition to supplementing the knowledge of Extension specialists, this manual is intended to provide a basic review of some of the concepts and processes of local development for other people around the state who may be engaged in changing their communities.

For those who have or are working in communities, we think this manual will be of help as a review of some of the intricacies of community and economic development because it brings together the major theories, tactics, strategies and methods that communities use to increase economic activity, in addition to providing a context within which those activities take place. For those of you who have not worked extensively with community groups in a professional capacity, we hope the manual will serve as something of a “workbook” to guide your discovery of potentials for change.

We would like to acknowledge the people that have contributed to this project, but fearing that we may unintentionally leave out someone who was instrumental in this effort, we will simply say “thank you” to all of you who have helped in known and unknown ways.

We do, however, want to specifically thank Dr. Tom Henderson, program leader for community resource development with University Extension for his support (both financial and moral), encouragement and timely e-mail messages throughout this project. Tom, we salute you.

Finally, a word about something grammarians call “voice.” You have perhaps noticed that we have already used the word “we” several times. You will encounter it throughout this work. In developing and debating the ideas presented here, we discovered that it was difficult to make sense of them in the abstract; they represent issues that we have confronted in dealing with communities, theories and concepts that we have developed or adapted in situations where existing theories and concepts were absent or not appropriate, or techniques and methods that we have used in our work with groups around the state. For those reasons, this is a very personal work and “we” make no apologies for our particular view of the subject.

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**March, 1993**

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## INTRODUCTION

*The wrong way always seems the more reasonable.*

**George Moore (1852-1933)**

**Irish author**

“Economic development” is a term that is used a great deal these days. It is a topic of debate in any political campaign, national, state, county or city; community leaders in large cities and small towns talk about the need to “increase economic development efforts;” opinion surveys, whether conducted at the national or street-corner level, almost always include at least a few questions about economic development; and millions (perhaps billions) of dollars are spent each year employing economic development professionals, preparing economic development plans, and establishing economic development programs.

Yet out of all of this interest in economic development, there is a significant variation in meaning that practitioners and participants attach to the term and in their expectation for specific outcomes of an economic development program. Perhaps of more concern than any lack of agreement on what economic development is and what it can do is the lack of understanding and discussion about how it fits with the rest of the day-to-day activities that take place in communities large and small.

In our experience, neither people who are engaged in “doing economic development” nor the people for whom “economic development” is done spend much time discussing the “why” of economic development after the initial decision has been made to establish a program. There is little discussion or thought devoted to how economic development activities fit into or support activities that are taking place in other spheres of community life. Economic development for its own sake is assumed to be a necessary and useful endeavor, and if it happens to fit with all the other things that are going on in the community, well and good; if it doesn’t, then the prevailing wisdom dictates that the other activities probably need to be modified to fit with economic development goals.

This situation is certainly not the result of any bad intentions on the part people who devote their energies to economic development; on the contrary, it is rather the result of focusing all attention and energy on one aspect of the community to the exclusion of all others. It comes from the failure to critically think about “why.” But the “why” of economic development is crucial. If the underlying reasons for engaging in economic development are given only passing thought or, even worse, are not thought about at all, the outcome may be one that is more harmful, *in the long run*, than good.

Engaging in economic development in an appropriate, useful way requires an understanding that it is part of the larger activity we call community development. Community development provides the basis for making good choices about the local economy and for

insuring that they are connected to choices that are made about other areas of community life. Economic development is inextricably linked with all other community systems and must be approached from that standpoint. A good deal of this manual will deal with the connections between community systems.

After deciding “why” comes the “how.” There are ways to do economic development and then there are *ways*. It is easy to fall into the trap of believing that one type of development is better than another or that one method of job or income generation is all that is needed for a community to progress. But the experience of most communities which have gone down this road is not a happy one. The choice of economic development tactics is, in its own right, as crucial as “why” economic development activities are being undertaken.

Why and how are probably the two most important parts of the economic development puzzle, but one that runs a close third is “who.” For whom an economic development program is undertaken should be an easy decision—it should, of course, be initiated for the benefit of **all** residents of the target area. But the “who” who “does economic development” is also important and will ultimately shape the success or failure of the program.

Once these three are sorted out, “what” and “when” become pretty easy to put in place; only “how much” may continue to be a difficulty.

So, the steps in the economic development process are roughly these:

1. Decide **why**
2. Think about **how**
3. Consider **who**
4. Determine **what and when**
5. Calculate **how much**

You see, it’s actually quite simple. But deciding **why** is still the first step. The next section of this manual—*Community*—will help you with that.

In part two—*Economic Development*—we will give you some ideas about **how, who, what, when and how much**, and we try to clarify the relationship between community development and economic development. In addition, we have organized the tactics for effecting economic development within the community framework presented in part one, so the efforts of community groups can **make sense** outside their focus of activity.

In part three—*A Comprehensive Economic Development Plan*—we present an outline of a comprehensive economic development program that can be used in any size community and an explanation of the type of information that is usually included in a CEDP.

Also provided is a section of *Resources* which contains useful information to support economic development efforts. We have included a *Model Comprehensive Economic Development Plan* that may provide some ideas about how one can be structured. We have

also provided worksheets for several of the analytical tools, organizational and assessment activities.

In addition, as we have already indicated, much of the material presented here is not new; take a quick look at the *Annotated Bibliography* and you will see how much we have drawn on the work of others in preparing this manual. We suggest that you use the bibliography to find out more about the puzzles that are community and economic development.

Until then, let's begin with the first piece....

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# Chapter 1 -- COMMUNITY

*...success is first of all a success of unity, a triumph of ensemble. The whole is better than any of its parts and greater than all its parts.*

**Montgomery Schuyler (1894)**  
Architecture Critic

In this section of the manual, we will focus our attention on the concept of community. A clear understanding of how we use that term and why it is central to this discussion of economic development is essential.

Let's begin by making a distinction between our use of the word "community" and terms such as "city" or "town." They are often used interchangeably, yet it is important to take note of the difference between them.

Size, for example, is often thought of as a determining characteristic in distinguishing a city or town from a community, yet size alone is not a good way to identify the differences. A large incorporated place which is referred to as a city may in fact be very much a community, while a small town may not exhibit the characteristics that we regard as essential in establishing an identity as a community.

The distinction we prefer follows more along the lines suggested by sociologist Ferdinand Tonnies who used the concepts of *gemeinschaft* and *gesellschaft*. *Gemeinschaft* was used by Tonnies to refer to a locality in which there was "emotional cohesion, depth, continuity and fullness." *Gesellschaft*, on the other hand, was characterized by "large scale, impersonal and contractual ties."

"Community" is a place that is characterized by close personal interactions, where people feel a sense of belonging, security and fulfillment. That same place, on the other hand, can exist with little emotional exchange between its inhabitants; where the "circle of trust," as James Fallows calls it, is very small. A large place, easily identified as a "city," may embody the idea of a community very well, just as small towns may have none of those attributes at all. For the purpose of this manual, that concept of community is of primary importance.

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## Community Components

To further explain and delineate the concept of community, we offer a framework for considering whether a given locality fulfills its community functions. As used in this framework, a community is defined as a collection of components. These components are:

(1) systems which exist over (2) time in a (3) place that is easily identified by its natural and built environments.

The components may be more precisely defined as follows:

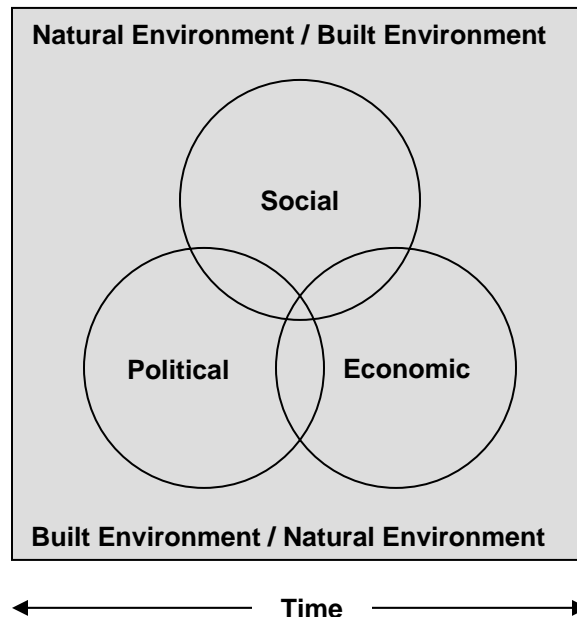


Figure 1

## Social System

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The “systems” of a community are those interconnected components that determine and/or influence the association or interaction of people. These associations are more satisfying and productive if the systems are balanced and working together. Equilibrium is the essence of community development. Residents of a community in which one system dominates have difficulty in leading creative, fulfilling, productive lives.

The “social” system, as used in this framework, is that aspect of community which embodies its culture, values, traditions and norms. The social system is the community’s view or image of itself; to use a word currently in vogue, the social system of a community is its “paradigm.”

A community’s social system is the product of the exchange of ideas and information within the community over time. A community’s image of itself and the image that it projects to those outside its boundaries changes. These changes occur in both deliberate and in unplanned ways. The social system changes as people enter and leave the community, either bringing with them new information, attitudes and models of life, or taking with them important attributes that cannot be easily replaced. The community’s paradigm changes as

the world “outside” changes and as the people of the community make conscious decisions to adopt or reject these new models of existence.

It is important to understand that we use “social system” in a very specific way in the context of this community framework. The social system of a community cannot be easily seen or touched; it is the underlying set of beliefs and accumulated experience of the people of that locality. The social system is not tangible, but its effects are made evident by other systems of the community. Nonetheless, the social system is real and must be understood for the community to be complete and balanced.

## **Political System**

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The “political” system is the way that we organize ourselves to carry out the work that we identify as important in the community. The political system is the set of organizational structures a community develops to manage its paradigm.

The political system are those structures that carry out not only the legal contracts developed between people, usually embodied in laws, rules and regulation, but they also serve to develop and maintain the unwritten customs and habits of interacting that make a locality a community in the meaning of the term used earlier. The political system, as defined here, is not simply the government but includes the elected and/or appointed governmental bodies of the community, the educational system, neighborhood and civic groups, religious and charitable organizations, clubs, associations, families and friends.

In short, the political system is that aspect of the community that develops, maintains, transmits and revises the community’s social system; in addition, the political system produces, distributes, and consumes resources that are the commodities of the “economic system” described below. It is the tangible manifestation of the community’s identity and efforts.

## **Economic System**

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The “economic” system, like the social system, manifests itself in as many intangible as tangible ways. The economic system may be thought of as the way that we support the continued existence of the community. The economic system encompasses the exchange of resources among the residents of a community and between residents within the community and those outside the community. The economic system utilizes the social and political systems to provide the rules for those exchanges and the structure to carry them out. The next section –*The Theory of Resource Exchange*—defines these concepts in more detail.

## **Physical Environment**

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The systems of the community operate in a place that includes both the pre-existing physical aspects of the environment and the environment as it has been altered to be more useful to

the inhabitants. Individual systems can function independently of their connection with a particular place, but the utility of those systems is influenced by “place.”

For example, it is easy to see that the systems in operation in the northern Missouri plains are different in many ways from those in the Ozarks. The physical environment of the two areas influenced the establishment of organizational structures which conveyed specific cultural meaning and values, at the same time that it made certain types of resource exchanges more effective. The natural environment continues to have an influence on those areas, as it does on all parts of the state. In addition, the environment as it has been changed is both a reflection of the systems now in place and a legacy of those that came before. Each generation shapes, organizes and utilizes space to serve its unique purposes.

## Time

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All of these elements—the systems and the place—exist over time. A community exists, in fact, in three separate times: the past, the present and the future. We read the history of the community in the written record and the artifacts of earlier eras left behind. A community’s history is a critical part of its existence. It’s influence is quite often not even seen, let alone understood. Yet those events that took place before shape the actions that are possible today and in the future.

And our day-to-day lives are accounts of the present. They interpret the past and define the future. A community also exists in the future (barring some cataclysmic event which wipes it from the face of the earth, in which case its future is only its past). That future can be one that is planned and prepared for or one that is only experienced. The one type necessitates intent and purposeful action; the other acquiescence.

Once again, a community is a *concept* and an *entity* that consists of three components which, acting together, create the whole: systems of interaction, a physical environment, and existence over time.

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## The Theory Of Resource Exchange

Human society has developed into an elaborate array of systems and behaviors which are designed to satisfy spiritual, psychological and material needs. In order to exist in a community successfully, it is important to understand how the systems operate, including the types of “exchanges” that take place between them.

## Needs

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We associate with others in order to meet our daily needs for shelter and nourishment, affection and respect. Abraham Maslow identified a “hierarchy of needs” and the principle that as a “lower” need is fulfilled, a new, “higher” need emerges to engage the energies of the

individual. Maslow's hierarchy, shown in figure 2, includes, from lowest to highest: physiological, safety, love and belonging, esteem, self-actualization, the desire to know and understand, and aesthetic needs.

The lines between these needs are not clear cut; the type of shelter we seek, for example, may reflect our need for respect. We may satisfy (at least temporarily) our need for affection by substituting nourishment. But in the end, an individual, family or community finds it difficult (Maslow would say impossible) to move to a higher plane if needs at the lower levels are not fulfilled.



Figure 2

## Resource exchange

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Another way of looking at the construct of existence contends that life is a series of extended exchanges between people using the economic and non-economic resources available to us. As figure 3 shows, the major resources/needs (as identified by Foa and Foa) that humans call upon or are called upon by others to satisfy are: love, status, services, information, goods, and money. Love is defined as “an expression of affectionate regard, warmth, or comfort.” Status is “an expression of evaluative judgement which conveys high or low prestige, regard or esteem.” Information, according to Foa, includes: advice, opinions, instructions, or enlightenment.” Money is “any coin, currency, or token which has some standard unit of exchange value.” Goods are “tangible products, objects, or materials.” And services consist of “activities on the body or belongings of a person which often constitute labor for another.”

The six resources/needs are arrayed along the dimensions of concreteness (tangible), from symbolic to material, and particularism (specific to another individual) from universal to



Over the long term there is not across-the-board substitutability between the resources. In the long-term, non-economic needs (primarily love and status) cannot be totally satisfied using or acquiring economic resources (money, goods, services). At the same time, intangible resources cannot be freely substituted for economic deficiencies.

This concept of resource exchange is important because it influences how decisions are made in a community and under what conditions. Many of the conflicts and misunderstandings between groups arise because they attempt to exchange inappropriate or unneeded resources.

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## **Essential Conditions for Community Progress**

In addition to understanding human needs and the exchanges that are the basis for the “economic system” in every community, it is critical to appreciate the larger motivations of people in the community. Hadley Cantril has summarized the “patterns of human concerns” that are experienced in all places. These concerns shape the actions that people take in developing their communities.

1. People must satisfy their “survival needs”, or be relatively certain that those needs will be satisfied, before they can be further engaged with their environment.
2. People must have a sense of both physical and psychological safety in order to protect the progress that they have made and to be able to move farther ahead.
3. People crave relative order and certainty in life to be able to judge with a degree of accuracy what will or will not happen if they do or do not act in certain ways.
4. People continuously seek to enlarge the range and enrich the quality of their satisfactions.
5. People are creatures of hope and are not psychologically nor genetically designed to resign themselves to failure.
6. People have the capacity to make choices and have the desire to utilize this capacity.
7. People require freedom to carry out the choices they have made.
8. People want to experience their own identity and integrity, and a sense of their own worth.
9. People seek a system of beliefs or values to which they can commit themselves.
10. People want of a sense of confidence that the society of which they are a part will allow them to fulfill their aspirations.

When these conditions are fulfilled, or when a community is purposefully engaged in attempting to fulfill them, balance will be evident in the community systems and the environment.

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## Community Development: A Resource for Change

Anita Sullivan, in her book *The Seventh Dragon*, describes piano tuning as the process of insuring that all individual notes on the piano are tuned to their correct tones (frequencies) and of making sure that each note is in harmony with its immediate neighbors up and down the scale and with the other notes that make up its chord family. Talk about a big task!

Think how difficult it is, unless one is possessed with perfect pitch, to make certain that middle “C” is in tune. Certainly a tuning fork makes the job easier, but still experience and skill are needed to get it right. Then...consider what is involved in making sure that middle “C” and “B” sound right together and that “C” and “C#” work, just two other notes in the neighborhood.

What happens when you play a “C major” chord? You also have to throw in “E” and “G”. You’ve gone outside the immediate territory and have to pull together and harmonize notes over a spectrum of sound. Even more patience and experience are need to produce a result that is “in tune” and pleasing to the listener.

How does this happen? Sullivan says that the secret is not so much in making sure that the individual notes are correctly tuned but in understanding what happens “between the notes.” Even though individual notes may be in tune, they are almost never played individually; they are generally a part of a chord which is contained in a measure that is part of a score of something we call music. The notes work together to produce something that is harmonious and agreeable to the listener. The music, she says, is the result of the vibrations of the individual notes in sympathy with one another.

In may ways, piano tuning is like the practice of community development. Communities are made up of individuals. Though these individuals hardly ever exist separately and apart from the other individuals in the community, they do have unique perspectives on and approaches to life. Individuals have distinctive goals and criteria by which they analyze whether they are reaching their goals and their desires.

Individuals also make up families, neighborhoods, civic organizations, religious groups and circles of friends. In the typical situation, they attempt to “harmonize” and work with these other people to reach their collective goals. Sometimes they are successful; sometimes they fail. When they succeed, we celebrate; when they fail, there are mechanisms by which society attempts to bring them back “in tune.”

The effort to harmonize, to be in tune and stay that way also happens in the larger society between and among the groups that make up a community (for the present, we will not consider the world outside the community, though the mechanisms are much the same beyond those boundaries). It seems, because of the complexity that is inherent at this scale of society, that it is more difficult to bring about and maintain the harmony that we seek when multiple groups are involved in the “community music-making”. But it can be done when those that are a part of the process recognize their interdependence as well as independence.

Community development is the process of helping people in communities identify common goals and work together to achieve those goals. The process of community development involves not just individuals or one or two groups, but, ideally, the entire community since the entire community gains or loses through the action of any member of the community. Like tuning a piano, this is a big task. But as in piano tuning, when any one aspect of the community is out of tune, the entire community is affected.

Many people believe that progress in a community can come as a result of the actions of or by acting upon one small part of the community. For example, we often hear the following:

“If we could just stop the drugs, this would be a great place to live.” or

“Think of all the tourists that would stop here if we just fixed up the downtown.” Or

“Our problems would all be solved if we could just attract an industry so people wouldn’t have to drive to Hicksville to work.”

While the sentiments embodied in these statements are all admirable, they reflect the view that the world is a series of problems to be confronted, of obstacles to be overcome, of difficulties to be met. And, they also reflect the view that community success hinges on being able to solve a single difficulty upon which all other difficulties hang. It is the “big bang” theory of community progress.

Intuitively, we all know that that is not the way communities work, yet we persist in acting as if we can change them overnight, with only a little effort. Community development, on the other hand, makes use of our intuition about the nature of communities: that they are complex and ever-changing entities that require active involvement, wide-spread participation, the skills and experience of all residents, and patience in the face of an unknown future.

Community development also sets in motion the inherent optimism of human beings by providing a mechanism through which positive futures can be achieved. While “problem-solving” and “prevention” have been useful tools for community developers, the process is at its core, one of “potential enhancement”.

All communities possess resources and capacities for deciding upon and working toward positive goals. By carefully identifying those resources and capacities and channeling them toward the achievement of mutually agreed-upon priorities, residents of a community can insure that everyone moves forward together. Economic development is an important part of the process of creating and using resources for progress. Community development is the process that energizes that forward motion.

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## Chapter 2 -- ECONOMIC DEVELOPMENT

*...there are times in the field when a deluge of variant or new types and combinations lead to a state of utter confusion on the part of the observer. There is then no alternative to stopping for as long as is necessary to identify the pieces and fit them into place.*

**Fred Kniffen**  
**Geographer, 1965**

Economic development at the local level is a complex activity. Not only does it demand the commitment of time and financial resources, it also requires that those organizing and implementing the programs have a thorough understanding of a variety of theories of economic growth, familiarity with techniques for analyzing local economies, and a grasp of the tactics, strategies and methodologies for setting those theories in motion.

In this section, we will review some of the more well-known theories of growth and development, outline the major techniques used to evaluate the economy at the community level, and provide an overview of the tactics and strategies that are used to influence the direction of economic change. Finally, we will present a tool for deciding on an appropriate mix of tactics and strategies for a community.

But first, we need to consider a fundamental question.

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### Why economic development?

In order to establish a firm link with our earlier discussion of community and to provide a context for examining the concepts related to economic development, we pose this question:

*Why should a community establish an economic development program, what should the purpose of that program be, and how should it relate to other community activities?*

In our opinion, the answer to those questions is clear:

*The purpose of an economic development program is to support the creation and/or maintenance of an environment in a community in which the opportunity exists for each individual to reach his or her chosen goals.*

Perhaps it would be useful to explain precisely what we mean by this statement.

“...to support the creation and/or maintenance of an environment” reflects our contention that an economic development program is one part of a process by which the people of a city, town or region continually define and redefine the place in which they live. Such a process takes into account the area’s history and traditions, and the values and beliefs that served to fix its position in the past and to define its capacity for the future. It is reasonable to think that most people engage in this process in an optimistic manner, believing that the actions they take will serve to bring about a positive outcome.

The second part of this statement of purpose may sound a bit clichéd, perhaps even somewhat cynical, given recent events and circumstances in this country—“*opportunity exists for each individual to reach his or her chosen goals.*” “Opportunity” has come to be code word for the abdication of the obligations and interdependence that is the essence of community, placing all responsibility for personal growth and development on the individual. But in the sense in which we use it here, “opportunity” is a critical part of the resource that each person can draw on to become a partner in the task of a community development. It also denotes that each person must assume responsibility to assure that *every other member of the community* has access to the resources and institutions available to make those opportunities real and valuable.

Implicit in our definition is also the idea that goals may be very different from one individual to the next, yet if the opportunity exists for each member of the community to make decisions about how he or she wants to live and to reasonably follow through on those decisions, respecting the rights of others to likewise decide and act, the community must honor and support that individual.

So at its simplest level, economic development is a process which supports “community development” and individual choice. And in that context, economic development is part of a constructive, hopeful endeavor, one that we believe is an essential *component* of the process of community development.

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## Theories of Economic Development

In order to understand the changes that occur in the economy and to help to make those changes manageable, a number of models of economic performance have been proposed. Some of the models are theoretically based, others are the result of observation and research. Whether deductive (theoretical) or empirical (research-based), the models are useful in identifying the reasons for economic change in a community and for shaping the decisions about future tactics for bringing about desired change. The following is a brief review of the major theories of economic development.

### Neoclassic Economic Theory

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Neoclassic economic theory contends that economic systems operate in such a manner as to reach a natural equilibrium if resources, primarily capital and labor, are allowed to “flow”

without artificial restrictions. This theory holds these two resources are absolutely mobile and will move to areas that will provide the highest return on “investment”. For example, workers will move from low-wage areas to high-wage areas and capital will flow in the opposite direction: from those areas where wages and real estate prices are the highest to those where they are the lowest.

The theory further states that this flow will continue until a state of equal distribution of both labor and capital are achieved. Much of the deregulation of industry during the 1990’s was based upon this model of parity in the marketplace.

While the theory has been tested and shows some limited validity at the national and regional levels, its application to smaller areas is suspect. In certain situations, labor does move to areas that provide higher wages. The migration from rural areas to urban centers in the 1930’s, ‘4’s, and ‘50’s is a case in point. But despite this movement, differences between areas continues and equilibrium has not been achieved. If the model worked precisely as it is proposed, the central areas of most large metropolitan areas would have previously experienced massive reinvestment, without government inducements, because prices for land and labor have probably reached a sufficiently low point to make investment attractive. Such is not the case, however, in most cities at this point.

While the theory does provide some useful concepts and can in fact help to explain some of the reasons for growth and decline in rural areas, it has limitations in its utility. Experience shows that labor is not perfectly mobile as the model suggests. People stay in low-wage areas for a variety of reasons: family and community ties, lack of information about opportunities in other areas, deficiencies in skills or training demanded by employers in high-wage enterprises, or a preference for the “lifestyle” or environment where they are.

Neoclassic economic theory has had great acceptance in the past and its proponents persist. It is the most obviously “free-market”, anti-interventionist of the major economic theories and so enjoys periodic revivals at varying levels of decision-making. When this model is in favor, communities should argue forcefully for the investment of resources to help them reach the state of equilibrium promised by the theory.

## **Central Place Theory**

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Central place theory has had its advocates throughout recent history because of its proposition that there is a hierarchy of places and that resource allocations should be made based upon this hierarchy. Much of the early rural economic development assistance allotted by the Federal Government was based on this theory. Current “Overall Economic Development Plans” required by the U.S. Economic Development Administration designate regional or county growth centers which will be the focus of economic assistance efforts of various kinds.

Central place theory has fallen in and out of favor as resources have ebbed and flowed, but it does have applications on a regional basis. In long periods of economic instability, as some areas of the country have experienced, it may make sense to concentrate development efforts

in some localities which either do already or have the potential to serve a wider area. Functional specialization may be appropriate for some communities, in particular those located near natural recreational areas or along transportation corridors.

## **Location Theory**

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Location models of development are similar in some aspects to both neoclassic and central place theories (in fact some economist contend that these models are actually subsets of location theory). The principle feature of location theory is its emphasis on the importance of distance and the costs that are associated with overcoming that distance. These theories assume that the cost for transporting both raw materials and finished products is the most critical factor in determining the location of economic activities.

Location models have been applied primarily to manufacturing and agricultural production and research would indicate that transportation factors are among the most critical for those sectors. However, those enterprises also take into account the costs of labor, energy, waste disposal, and raw materials, as well as factors related to environment, communications, education and training, and local government in considering the appropriate site for their activities.

These models also have some utility in determining where services should be located. How far will people drive for medical, financial, or retail services? The answer depends to a great extent on how critical it is to obtain the service, how good the transportation network is, and the concentration or dispersion of the particular service in a given area.

The application of location theory in economic development has been changed in the last decade by new developments in technology, particularly in computers and telecommunications. No longer is being on an interstate highway, rail line or airline route the most essential factor for businesses to consider. Many new economic activities can function regardless of location, assuming that some link can be made to other communications systems such as satellites, telephone trunk lines and fiber optic cables. Activity in these economic sectors will undoubtedly quicken in the next few years as communities off the major traditional transportation lines become competitive because of quality of life factors.

## **Cumulative Causation Theory**

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While neoclassic economic theory suggests that because capital and labor continually seek to move from high cost/low wage areas to low cost/high wage areas, the market place creates equality among neighborhoods, cities, states and nations. Experience shows, however, that that is far from the reality except in isolated instances.

Myrdal showed that the opposite is the case in an overwhelming way. He suggested that some areas experience more than their "fair share" of growth and some more than their share of decline because of the "cumulative effect" of many discrete and, sometimes, unplanned

events. For example, the relocation of a highway or a natural disaster may have a major effect on local economic activities. Something as intangible as the “image” of an area may play as important a role in its economic future as its more tangible assets. In such a case, the economic development program will need to focus on changing the intangible aspects of the community as much as on activities which might be related to specific economic projects.

## **Product Cycle Theory**

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The product cycle theory of economic growth has been a staple of economic development for thirty years and is the basis for much of the industrialization that has occurred in non-metropolitan areas of the county. It has also been used to promote such concepts as “entrepreneurship” and “home-based business”, though with less success.

The theory, sometimes referred to as “trickle down development”, suggests that once products or processes become sufficiently routine, they will spread to areas where labor or capital costs are low (once again relying on neoclassical theory to support the concept) and that people in those areas will either adopt the production methods and establish enterprises based on those methods, will find new ways of accomplishing the same ends, or be motivated to try new, but related activities.

The theory relies on the concept of the cycle of product development—innovation, growth, and standardization (though those who champion it often leave out the fourth stage in the cycle: decline). Innovation is a primary component of the theory and a concentration of resources to support innovation is necessary in the early stages of its application. These resources are normally found in urban areas where well-trained and highly skilled workers, research and development, and capital assets converge. Once innovation has occurred, the growth cycle begins, spreading first through urban centers, then to peripheral areas where standardization takes place. According to the theory, movement to more remote regions further reinforces the standardization and provides increased economic activity in those areas as people begin to engage in the production process or in other activities as described above.

While the theory helps to explain much of the economic activity across the country, its deficit is the lack of acknowledgement of the final stage in the product cycle, that of decline. The first three stages are used repeatedly to promote development activities, but little attention is paid to the almost inevitable day when the product is no longer needed or the process no longer applicable. The rapid growth and decline of high technology firms, as well as the more common decay of traditional manufacturing enterprises, shows the importance of understanding the full product cycle when applying this model to the local development process.

## **Economic Base Theory**

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One of the theories that has had a great acceptance in Missouri in the last decade is the economic base theory. In its simplest form, the theory proposes that economies grow as those sectors that produce goods for export to other regions grow. As income and

employment in these export (or *basic*) sectors increase, other sectors (which are referred to, of course, as *non-basic*) distribute the additional money that is available in the local economy.

Traditionally, natural resource-based activities, including agriculture, forestry, fishing, mining, and manufacturing were the most important export enterprises. As the theory has been tested and modified, other activities such as tourism, services which draw consumers from outside the local area, and government offices and activities which are not directly local in nature have been shown to be part of the basic economy, since they may also bring money into the local economy from the outside.

Much of the state, regional and local economic development effort has been focused on this theory (often without full understanding of its application). It has been used at times to target resources exclusively to firms or enterprises which have an export base and as a justification for trying to attract firms from outside the local area. Many measures adopted by local governments, including providing tax relief, upgrading infrastructure and developing job training programs for local workers, are aimed at removing barriers which might serve to keep basic firms from being established in or moving to the community.

Economic base theory has been particularly useful in helping to understand both growth and decline in non-metropolitan areas which have been dependent to a large extent on resource-based and extraction industries as well as manufacturing. The theory is perhaps most valuable in its application as a descriptive tool to show what *has* happened, rather than what is *likely to* happen in the future.

The theory's primary weakness is that it is based entirely on assessing and acting on demand from outside the community rather than on a more balanced approach that also considers and responds to internal development possibilities. In addition, the theory is imprecise in identifying which activities in the local economy are basic and which are non-basic. Perhaps its most serious deficiency is its ease of misapplication; since the theory is relatively straightforward and easy to understand, it is sometimes used to the exclusion of other more applicable theories or models.

## **Industrial Attraction Theory**

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Of all economic theories, the one that has been used most often is the industrial attraction theory. More a methodology than a theory, industrial attraction has been the subject of more books, articles, magazines stories, news releases, courses in universities and colleges, workshops, seminars, political speeches and coffee-shop discussions than all the other theories combined. Despite a good body of research that shows it to have utility in only specific circumstances, it is the theory of choice of most economic development organizations.

Industrial attraction theory draws upon location, economic base and neoclassic theories for support and rationale. At the center of this theory is the proposition that the local economic character can be sustained or modified through the use of incentives and subsidies to add new

export enterprises which are currently located in other areas. Any incentive and subsidy offered will subsequently be recovered by the increase in local taxes or growth in other economic sectors.

The process of applying this theory is well-known, generally involving actions such as making changes to the infrastructure (building industrial parks with new roads, water and sewer systems and the like), developing “customized” job training programs for workers for anticipated industries, advertising the advantages of the subject community over all other communities, and negotiating with industries that are likely candidates to move from one locale to another.

While these activities, apart from any subsidies which might be provided, can be quite expensive and success is certainly not guaranteed even for the most sophisticated program, the failure to engage in industrial attraction can be a real liability for community leaders in a highly competitive and unstable economic situation.

On the negative side, industrial attraction as a theory upon which to base an economic development program is limited in its application and in its ability to mold the local economy to local needs. Nearly every city, county, region and state in the nation invests its resources in attempting to attract the relatively few industries that move or establish branch operations each year. Local development groups may spend years waiting for the one industry to locate in its community after spending many thousands of dollars to prepare itself appropriately for that industry. The failure to attract even one industry can have a devastating effect on community self-image and can deplete limited resources which could be used for other important projects.

On the positive side, industrial attraction theory is easy to understand and to communicate to the community at large. The payoffs are tangible and evident, when they come, providing community pride and a sense of progress. The jobs created by new enterprises moving to the community are often available for segments of the population which are most in need and new revenues, in the form of increased retail sales taxes and other income and property taxes, are thus made available for civic purposes. Industrial attraction, as a method for intervening in the economy, can be an easily-organized activity and one that provides actual returns on the investment of local funds.

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## **Philosophical approaches to changes in the economy**

To begin the discussion of the concepts and processes of economic development, we believe that it is important to make a distinction between two philosophical approaches to economic change which are employed at the local level (these approaches are used throughout the economy, but are perhaps most evident in the “microeconomy” at the community level) and which utilize different elements of the theories of economic development discussed above: **expansion of the economy** versus **development of the economy**. While both of these approaches are referred to as economic development, a **comprehensive** economic

development program probably incorporates more of the elements of the latter than of the former.

## Expansion

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Much of the emphasis over the last thirty years has been on activities designed to **expand** the economy of the nation, states and cities by increasing jobs. The proponents of this philosophical approach (including almost everyone who has engaged in some type of economic development activity) point out that jobs are a basic, common denominator by which economic activity can be gauged. “Work” is a value that is pervasive in our culture and not only are communities judged on the success that they have in attracting jobs, but the status, merit and worth of individuals are based to a large degree on their “jobs”.

This approach to the economy is the easiest to understand and to initiate at the community level because it is readily “quantifiable”. It continues to make use of resources already being utilized, it provides relatively known outcomes, it has a evident local impact, and it allows comparisons between similar entities (one community, state, or nation can judge its success against another community, state, or nation rather easily).

The primary activities consist of seeking out new enterprises to move to the community, assisting current enterprises to expand their operations, or helping new ventures get started. The essential feature of this approach is that, in general, it provides the community with more of what it already has and any structural change in community systems is minimized. But while it is politically popular, reliance on economic expansion as the sole way of dealing with the local economy is risky because this approach makes rapid responses to new or changing circumstances, either internal or external, very difficult.

## Development

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An alternative philosophical view of intervention in the local economy is a **development** approach (not to be confused with traditional economic development activities) which involves using new information and tactics, together with a thorough understanding of local resources to bring about positive **change** in community systems. The development approach **may** mean an increase in jobs or income, but it is just as likely that the only changes to occur in the community will be in the political or social systems or in the physical environment. The development approach is future-oriented, making use of information about trends and changes that are taking place not only in the economic system but in all community systems and in the environment.

The development approach to the economy requires that local officials, leaders and professionals be flexible, adapting to and creating change as needed. While changes that take place through economic expansion are easy to recognize and to track, changes which are the result of a development strategy are more explicitly qualitative and may be harder to identify immediately.

The development approach is more difficult to “sell” at the local level because it brings about long-range, structural changes in the economy and will probably require the investment of more resources on the part of the community.

### **Expansion versus development: an example**

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In order to make the differences between expansion and development clear, let’s look at how two communities might use the philosophies to produce two different outcomes.

Suppose that community Y has just had a new “SuperMart” discount store open. The store was built on the edge of town near the intersection of the recently relocated state highway. The store employs 150 people, most in part-time, minimum wage positions. Sales taxes are projected to increase in the community by seven percent the first year and the school will receive a substantial “in lieu of taxes” check for five years. By most criteria, the economy has expanded.

In response to this new enterprise, two of the community’s neighborhood grocers decide to close, resulting in the loss of eight “checkers”, four butchers, eleven stock clerks/baggers, and the retirement of the two owners. In addition, the town’s auto parts, sporting goods, and men’s clothing stores close because of their inability to compete successfully with the “buying power” of the chain. Fifty-six jobs are lost in these businesses.

The net increase in jobs in the community is nearly one hundred, but has the “expansion” of the economy strengthened it? Has this economic expansion been positive for the community?

On the other hand, take a look at community X. Around the town square are several small businesses that are struggling to survive. While the town is the center of a rather large trade area, the merchants have not kept up with the times. They have neglected maintenance to their buildings, been slow to change their display and marketing practices, and have not seen the need to institute modern financial accounting procedures with the result that they have trouble collecting what is due them and paying what they owe.

One of the merchants attends a conference on downtown revitalization and decides that with a bit of work, the square could be crowded with shoppers and tourists as it as “back in the good old days”. With the help of professionals in downtown revitalization secured by the local chamber of commerce, several of the stores renovate their exteriors with new paint, signs and awnings. A series of workshops is held over the course of several months on topics such as merchandising, customer relations, and accounting, with the result that a number of the shop owners change their window displays, institute different store hours to serve the local customers better, and a few buy computers to handle their bookkeeping tasks.

The result of this activity has been a small increase in sales *and* a feeling that downtown is a good place to do business again. This *development* approach has not resulted in an extraordinary numbers of new jobs, but it has made a significant change in the attitudes of the merchants and the residents of the community toward downtown.

Similar examples could be presented using typical activities in other economic sectors, but it is evident that there are differences in the outcomes when the two approaches to the economy are employed. Clearly, not all changes that come about because of a development approach are categorically beneficial; for many people in the community, the long-term changes don't come quickly enough. For the unemployed or underemployed, jobs and income are essential immediately. Local institutions must have income in the short-run in order to operate. For a community that has a subsistence economy, development tactics may be inadequate.

On the other hand, there are certainly many positive aspects to economic expansion. It does provide jobs and income to those who need them. It is a simple and direct method of supporting community improvement and as such provides a source of community pride. And finally, economic expansion fits the values and traditions of most communities.

Now that a context has been established and alternative philosophies presented, let's take a look at the three essential ingredients in a successful economic development program: goals/community analysis, plans and action.

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## Elements of an Economic Development Program

The planning literature is full of models of economic development programs. Most of these models discuss the steps involved in great detail, suggesting layers of considerations and decisions before getting to the meat of the activity—making it happen! In our work with communities on all types of projects, we have discovered that most members of community groups are very tolerant of the experts (including us!) who try to lead them through these multi-layered, complex and confusing decision-making processes; but in those cases where the groups were *really* effective, they were able to cut through unnecessary parts, in spite of the experts, and simplify the process to the three basic components: goals, plans and action. There is very little need, in our opinion, to subdivide the process any farther. Figure 6 shows the process as we believe it works.

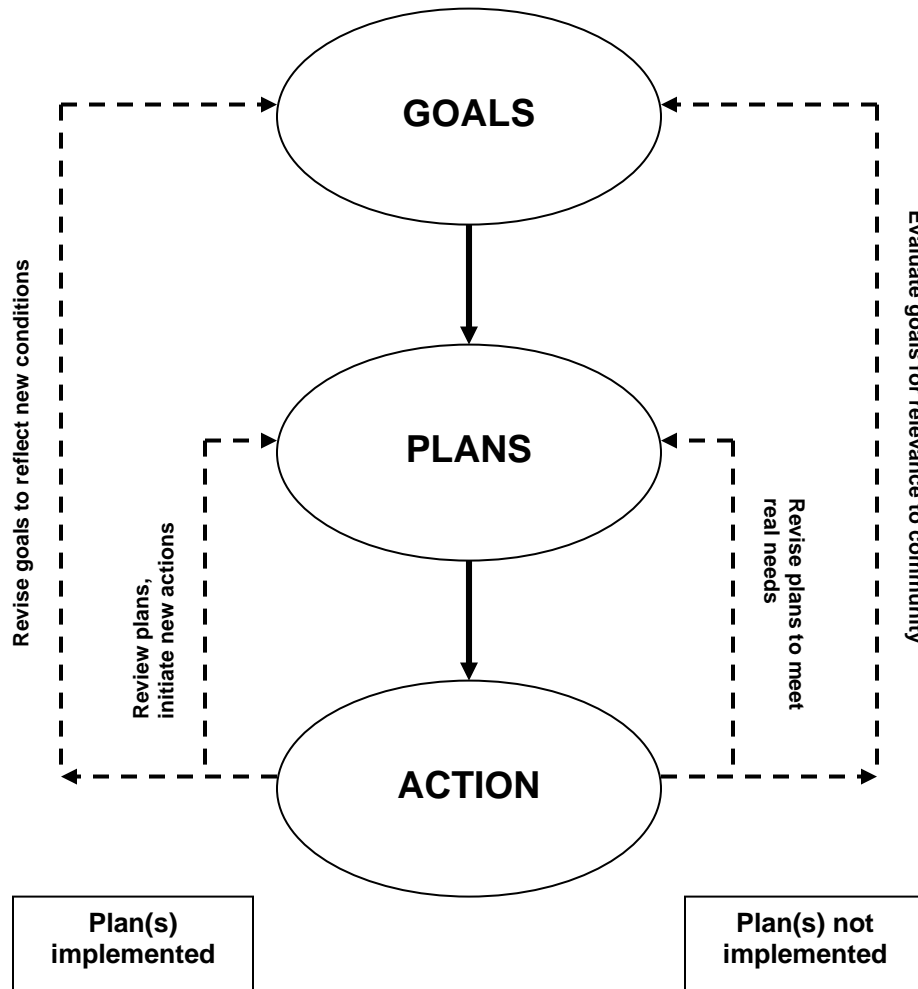
### Goals

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Except for a few academicians and expensive management consultants, no one can *really* explain the difference, in any ways that truly matter, between terms such as “mission”, “purpose”, “goals” or “objectives”. And even though terms such as “futuring” and “visioning” are currently in vogue, these activities are greeted by most people with little enthusiasm or conviction as to their utility or applicability in community settings.

So, we recommend simplifying the process of deciding what is important (the “why” of economic development) to a discussion of “goals” for the program. These should be stated in very general terms, but should take into consideration, in particular, those aspects of the social system that make the community singular. Goals should reflect the values of the community as well as its traditions and unique contributions to the larger society.

Community goals related to economic development generally fall into four broad types: growth, development, stability, and economic freedom and justice. All communities should consider and include in their activities the positive qualities embodied in all of these goals, but depending upon local circumstance; some goals may be of more importance at a particular time than others.



**The Development Process**

Figure 4

**Growth goals** are perhaps the easiest to understand, communicate to the general public and to tackle by an economic development organization. Usually, growth goals indicate an intent to expand the economy through an increase in the number of jobs available, growth in personal income, broadening of the tax base, or increase in investments in the community. Growth goals are those that are usually adopted when expansion of the economy is the primary concern.

**Development goals** are those which are usually identified as a way of increasing the local capacity to reach agreed upon aims. Forming a group to undertake economic developments programs would be an example of a development goal. Using information about historic preservation methods to upgrade local housing stock or initiating a comprehensive energy conservation plan are other types of development goals.

**Stability goals** are closely related to development goals but are based upon a desire to provide more balance in the local economy. As an example, many communities are dependent upon one or two major industries to supply jobs and income to residents. Unless those industries are ones that are not affected by economic cycles, the local economy may go through periods of “boom-and-bust” which are probably more damaging than beneficial in the long run. Establishing goals for economic stability which promote diversification of the economic base may help the community over these high and low periods.

**Economic freedom and justice goals** involve a conscious decision about the extent of equity and opportunity that will be available in the community. In theory, there should be no policies that favor one group of residents over the other, either in access to opportunities or in the responsibility embodied in living with others in a community. However, decisions are often made that affect groups unequally. Goals related to the freedom of individuals to make appropriate choices in economic activities are essential, as are goals which have as their aim the fair distribution of the benefits and costs of community.

## **Specific Goals**

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In addition to these broad goals, most communities will consider some of the following specific goals which are contained in the broad goals listed above. Not all of them will be appropriate for all communities; adoption and ultimate realization of any of these depends upon the availability or lack of resources locally.

**Increase the number of jobs** – increasing the number of jobs may be a goal that is appropriate for many communities. Most economic development plans include this as the primary, if not only, goal. But simply increasing jobs may not lead to an overall increase in the quality of life or standard of living. The principle criterion for judging the worth of new jobs created or brought into the community should be whether they provide a net increase in the overall standard of living for individuals and families.

**Raise per capita income** – unlike increasing the number of jobs, raising per capita income has few negative aspects, unless the rise occurs because of a substantial change in only one economic sector. In such case, there may be a widening of the income gap between those at

the top of the range and those at the bottom. Careful attention must be paid to the income structure when developing activities in this area.

**Expand the economic base** – as discussed earlier, the economic base of the community includes those activities that produce goods or services for export. Expanding the economic base, as we have suggested before, usually involves three activities: assisting existing enterprises to expand their exports, developing new enterprises which export goods or services, or attracting manufacturing and service activities which export their products.

**Change the composition or size of the population** – many rural areas have seen their population's decline over the last three decades. With this decline has come, in general, an increase in the average age of the residents. Many communities have been able to use this to their advantage by increasing the types of services needed and wanted by the older population. For others, this declining population/increasing average age coincided with the closing of businesses and community institutions and a contracting social system. Goals should be developed which directly address these situations. If younger residents are desired, resources and activities which they want will need to be developed. Likewise, if the community is interested in attracting more retirement age residents, medical, recreational, housing and financial services may need to be increased.

**Increase the proportion of income that is spent and invested in the community** – most chambers of commerce and other economic development groups try to encourage residents to “spend at home” with varying degrees of success. Changing transportation and communications patterns make it more difficult for small communities in general to offer the range of goods and services that their resident's demand. In addition, investment opportunities and returns on those investments may be more attractive outside the community. A thorough analysis of the spending and investment patterns may reveal opportunities to encourage residents to keep more of their incomes in the local economy.

**Increase efficiency in the use of local resources** – resources such as land, buildings, capital, labor, institutional and human assets are underutilized in many communities. Quite often, the local government embarks on a program of annexation to increase the tax base while neglecting the vacant or underutilized land already inside the city limits. Financial institutions invest their excess funds outside the community rather than in critical needs at home. And organizations in the community work at conflicting purposes or without a clear set of individual goals. Goals which address these difficulties can pay off in significant economic gains.

**Expand opportunities for “at-risk” residents** – the economic stability of many families and individuals has collapsed over the last two decades with the result that the social, political and economic systems in many communities have eroded. Goals which are designed to address issues of social and economic recovery for this “at-risk” segment of the population are essential. Programs which help them discover and use community institutions and organizations more effectively are critical.

## Community analysis

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An essential part of the goal-setting process is community analysis. This activity is often presented as a separate step in economic development planning, but it is one that in reality must be done in tandem with decisions on the goals for the community. It is difficult, if not impossible, to set goals and decide on a course of action to reach those goals without a clear understanding of the current resources and deficiencies of the community. Later in this section, we describe several methods by which the local economy can be analyzed and in **Chapter 3 – The Comprehensive Economic Development Plan** – we provide and outline and explanation of how that data should be used in the development of a plan. Community analysis is a critical part of the goal-setting process and should be undertaken in a thorough, diligent manner.

## Plans

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Once community goals for economic development are decided upon, specific plans must be made to reach those goals. It is essential that the planning process be thought of as open-ended, both in terms of its “completion” date and in the opportunity for participation by community residents. Too often plans are developed and approved by an official body in the community, never to be modified or even considered again. A planning process that allows for the discovery and incorporation of new information at any time will be one that continues to be relevant to community needs.

The planning process must also be open to all residents. Each resident has a unique perspective on the needs and potentials of that community. If these views are not considered, the plan will be one that provides opportunity to only a small part of the community. Such plans will most certainly not meet the goals of freedom and justice, and will probably not meet growth, development or stability goals, either. It is obvious that not everyone in the community will choose to participate directly in the planning process, but it should be open to participation by those who so choose. Plans developed in this manner will meet with more acceptance and support in the community as well.

Plans are normally of two types: long-range and short-term. Both types incorporate similar elements, but for different time frames. We should clear up a misconception about the relationship between long-range and short-term plans: Short-term plans are not necessarily subparts of long-range plans. Often, short-term plans are discrete activities which contribute to the realization of community goals. Long-range plans will certainly include activities which will be accomplished in the short-term, but they are not simply collections of short-term plans.

The next section will provide some of the specific information that should be included in a comprehensive economic development plan, but it may be useful now to enumerate the general types of information that should be included.

The economic development plan should be able to provide answers to these questions:

1. **What** will be initiated in the community? The specific projects to be undertaken should relate directly to the goals that were established and to the information that was obtained as a result of the community analysis.
2. **When** will the projects be initiated and when will they be completed? Specific timelines should be established for each aspect of the project. Starting and anticipated ending dates give certainty and reality to the projects. These dates should be regarded as targets so that changing conditions can be accommodated.
3. **How** will the project be undertaken? Are there specific or special circumstances that must be considered, such as legal, financial, or physical changes that must be made?
4. **Who** will be affected by the project? Who will coordinate the project? Who will be responsible for each specific activity undertaken as part of the project?
5. **How much** will each part of the project cost and how will the necessary funds be raised? Who will be responsible for fiscal control?

## Action

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Of all aspects of economic development, the least understood is perhaps the “action” phase. Planning literature in general gives little attention to this part of the process, perhaps because it depends so much on the earlier aspects of goal-setting, community analysis and planning. The assumption is that realistic goals, reliable analysis and solid plans lead to actions which are easy to carry out and to evaluate. Such is not always the case.

In order to engage in action, people must be committed to the action, have sufficient resources to bring to the action, and believe that there will be reasonable “return” on their participation. Commitment begins when they participate in the decision-making process, concluding that the goals are appropriate and consistent with their view of the world. They must also believe that their investment of knowledge, experience, time, or economic resources is relevant and useful. And finally, most people expect that they will receive something for their participation, either in a tangible way, or in some psychological sense.

People also participate in different ways. Their actions are normally contributions of one or more of the following: work, wisdom, or wealth. Many of the actions that must be taken in an economic development program consist of physical labor. For large projects, this might involve the use of only paid, skilled workers. The preparation of an industrial park, the construction of a manufacturing facility, the building of a highway are all examples of this

type of “work”. Smaller projects, such as the remodeling of a storefront, might utilize the skills of people who are not engaged in construction on a full-time basis.

Many tasks related to local economic development require the investment of “wisdom” from members of the community. This investment is usually seen in the early goal-setting and planning stages of a project, but continuing evaluation and modification is essential. Much of the wisdom in economic development programs is focused on developing and maintaining a consensus about the goals of the project while monitoring changing conditions internally and externally.

A third type of participation involves the investment of resources, which we will call the “wealth” of individuals and groups in the community. Many people prefer to participate in community activities anonymously or at least not in person. These individuals are willing to invest their financial resources in community projects that they judge will provide some tangible or intangible return to them.

One of the primary tasks of the economic development program is to realistically assess the potentials for participation that are represented in the community and to match those potentials to the jobs that must be done. An effective economic development program is able to do so even in the midst of changing circumstances.

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## **Methods of Community Analysis**

Over the last thirty years, economist and other social scientist have become quite adept at analyzing changes in the economy. Some of the measures which have been developed can be applied at almost any level of activity; others are only useful at a county level or above. The following methods of economic analysis are applicable at the community level.

The information needed for the analyses included here is usually available from public data sources such as the U.S. Census. Some information can be obtained from state or regional planning agencies or from data collection centers at most universities and colleges. None of these analytical tools require the use of computers, though programs are available to speed the computational processes and will make the task more manageable.

Before any of the following statistical analyses is undertaken, a simple assessment of the strengths and weaknesses of the community should be done. Such an assessment will give the community an overall view of its assets and liabilities. From this initial assessment more detailed evaluations can be performed which, together with the statistical picture that emerges from the following appraisals, can guide decisions about actions to take to make changes in the local community economy.

## Cost/Benefit Matrix

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Making a decision about a course of action to follow is often confusing because the options are difficult to visualize. All projects have *costs* and *benefits* associated with them. The following matrix (Figure 5) shows, in a very simple way, the mix of options related to costs and benefits that are possible.

It is rather obvious that the preferred course of action in most cases is to undertake those projects which provide the highest benefits for the lowest costs. Prudent stewardship of public resources demands no less. However, that course of action is not always possible. On both sides of the equation, a range of inputs and outcomes is possible. Certain situations demand higher resource investments; in those cases, a decision has to be made about the acceptable level of benefits.

<b>COST</b>	<b>BENEFIT</b>
High	High
High	Medium
High	Low
Medium	High
Medium	Medium
Medium	Low
Low	High
Low	Medium
Low	Low

Figure 5

Is a medium return adequate or is high return the only outcome that can be approved? Can low benefits be tolerated as long as low costs are involved?

An added factor in the equation is that of time. Does the project have a high short-term cost with a low long-term benefit? If so, it will probably be rejected with good reason. Few local economies can afford to invest large amounts of resources for negligible benefits that will only be felt at some distant time in the future. On the other hand, a high short-term cost may be offset by high long-term benefits; in essence, a life-cycle costing approach is being applied to the project in which the per-year input may be relatively modest.

Setting goals and developing projects using this cost/benefit matrix can help to take some of the confusion out of the decision-making process. However, it cannot be used in isolation; other measures of the local economy must be undertaken.

## Population/Employment Ratio Analysis

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One of the clearest, most straightforward analyses of the economic condition of a community is the population/employment ratio. The ratio, once derived, can be used to determine the proportion of jobs that are produced by individual economic sectors. The ratio is primarily used to gauge the number of trade or service jobs supported by the local population, but it can be an indicator for any economic sector.

One of the principle uses of a population/employment ratio is to compare competing cities in a geographic region to determine their relative strengths. In such a case, the average of the ratios of the communities being compared would be used as a baseline from which local conclusions could be drawn. A ratio larger than the average would indicate that each worker is producing less or selling to more customers than in similar-size communities.

The computation of the ratio is very simple, involving the division of the population of the community by the number of employees in a specific economic sector. The following table shows the population/employment ratio for a number of communities which are in the same region of the state as “Bedford Falls,” a town which we will use as an example throughout this section.

City	Population	Employment in all services	Population/ Employment Ratio
Bedford Falls	10,000	675	14.8
Pottersville	7,500	500	15
Hendersonville	9,250	750	12.3
Average	8,920	650	13.7

Table 1. Population/employment ratio analysis

The average population/employment ratio for the three communities is 13.7. In this case, both Bedford Falls and Pottersville have slightly higher ratios than average, indicating that there may be an opportunity to increase employment in this sector in both towns. Hendersonville employees serve fewer than the average customers, indicating that there may be an over-supply of employees in service industries in that community.

Calculating population/employment ratios for each economic sector is a useful first step in assessing the local economic situation. Interpretation of the results must be done carefully, however. A ratio that is higher than average in one sector may be a positive indicator, while that same ratio in another sector may mean that the economy is performing at less than optimum efficiency. In addition, local factors must be weighed when drawing conclusions from the data. A significant deviation from the average may be the result of conscious decisions on the part of local employers or reflect specific local circumstances. As in all analyses of economic conditions, experience and judgement are as critical as expertise in evaluating the statistical data.

## Location Quotient

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Another relatively simple measure of the local economy is the location quotient which compares the employment in a given economic sector at the local level with the corresponding sector at the state or national level. A location quotient can give an indication of the strength and self-sufficiency of an economic sector and its export capability.

The formula for a location quotient is:

$$\frac{\text{CE}_x/\text{TCE}}{\text{SE}_x/\text{TSE}}$$

Where employment in a community in sector  $x$  ( $\text{CE}_x$ ) is divided by total employment in the community (TCE), divided by employment in the state in sector  $x$  ( $\text{SE}_x$ ) is divided by total employment in the state (TSE).

The following table illustrates the location quotients for several sectors for Bedford Falls.

<b>Sector</b>	<b>(CE) Bedford Falls Employment, 2000</b>	<b>(SE) State employment, 2000 (000's)</b>	<b>Location Quotient</b>
A	1,087 (.385)	2,210 (.178)	2.163
B	332 (.118)	1,142 (.096)	1.229
C	1,280 (.454)	6,898 (.579)	.784
D	121 (.043)	1,667 (.140)	.307
Total	2,820	11,917	

Table 2. Calculation of location quotients

Employment in two of Bedford Falls' economic sectors is greater than the corresponding state share of employment and two are below that share. It is possible to conclude from these figures that the sectors with location quotients above 1.0 are capturing their local share of consumer dollars through the sale of goods and services and are exporting the excess, bringing additional dollars into the economy. On the other hand, the two sectors with location quotients below 1.0 are probably not capturing all the local dollars that are available. Some focus on these sectors might uncover potentials for increasing local sales and employment opportunities.

While employment is the most commonly used measure in location quotients, other variables might provide additional insights into the economy. Earnings, sales or number of customers for retail establishments will also give useful information about the economy.

## Shift Share Analysis

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Shift share analysis, used in conjunction with location quotients, is a useful technique for understanding changes that have taken place in the structure of a local economy in relation to a larger unit, such as a county, state or national economy.

To be most useful, the analysis should be done for at least three decades to provide a clear understanding of the pattern of economic change.

Blakely suggests analyzing the economy based on performance in three areas:

1. The economic growth of the locality is measured by examining the aggregate employment changes in sectors of the local economy with respect to changes in the same sectors in the reference [state or national] economy.
2. The proportional shift measures the relative change, that is, growth or decline, in the locality compared with the larger reference economy. This measure will allow us to ascertain whether the local economy is concentrated in industries that are growing faster or slower than the reference economy.
3. The differential shift assists in determining how competitive local industries are in comparison to the reference economy. Thus, if the differential shift of a particular industry is positive, then it is more competitive than the reference economy in the same area.

While the technique is primarily used to determine changes that have taken place in employment in local economic sectors compared to some other unit of population, it can also be used to track changes in income in those sectors. Utilizing both sets of information will give a more complete picture of the changes that have taken place, though it will take a greater investment of time and effort to produce the results.

The calculation of the employment shift share for a community requires information about employment by economic sector or by standard industrial codes (SIC). This information can be obtained from *County Business Patterns*, published by the U.S. Bureau of the Census, from the Bureau of Economic Analysis, and other data sources. In Missouri, the Office of Social and Economic Data Analysis is the best source for information if this type.

A typical analysis might use the following data:

1. Total state employment in 1990 and 2000
2. Total community employment in 1990 and 2000
3. Employment by economic sector in the state in 1990 and in 2000
4. Employment by economic sector in the community in 1990 and 2000

Suppose that the community of Bedford Falls has four economic sectors which had changes in employment, compared to state changes, as follows:

Sector	Bedford Falls employment			State Employment		
	1990	2000	Growth rate	1990	2000	Growth Rate
1	986	1,087	0.1024	1,987	2,210	0.1122
2	245	332	0.3551	1,002	1,142	0.1400
3	1,190	1,280	0.0756	6,578	6,898	0.0486
4	134	121	-0.0970	1,566	1,667	0.0713
Total	2,555	2,820	0.1037	11,133	11,917	0.0704

Table 3. Sectoral growth rates

Using shift share analysis, we can make the following observations about the local economy from the following table:

Sector	Sectoral changes In local economy	Proportional share	Differential share
1	-0.0013	0.0320	-0.0098
2	0.2514	0.2847	0.2151
3	0.0281	0.0052	0.0270
4	-0.2007	-0.1674	-0.1413

Table 4. Shift share analysis

1. Changes occurred in the local economy among the four sectors (column 2). While sectors 1, 2, and 3 all grew, sectors 2 and 3 increased their proportions of local employment, while 1 and 4 declined. These changes are derived by subtracting the growth rate of employment from 1990 and 2000 in each sector from the overall employment growth rate during the same period for the community.
2. Column 3, Proportion Share, shows that all sectors of the local economy, except 4, had growth rates above that of the state economy. The proportional share is calculated by subtracting the overall state growth rate from the growth rate in each local sector. Sector 2 shows the strongest proportional share among the local sectors.
3. The “differential share” (column 4) is calculated by subtracting the growth rate in each state sector from the growth rate in each local sector. Two of the local sectors, 2 and 3, show strength when compared to their corresponding state sectors. Sector one, on the other hand, though showing an increase in employment from 1990 to 2000, had a somewhat smaller growth rate than the growth in its corresponding state sector. Of the four sectors, number 4 is the weakest, with declines in its share among local sectors, in its proportional and differential shares of the state economy.

Examination of shift share in the local economy can help to pinpoint growing or declining areas more precisely than simply looking at the number or percentage of jobs that were gained or lost.

## Trade Area Analysis

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Another type of analysis that can be of great benefit in assessing the strength of the local economy is trade area analysis. Trade area analysis is actually made up of three parts: an estimate of size and shape of the community's trade area; a calculation of trade area capture; and determination of the pull factor for each retail sector.

**Trade area map** -- Determining the community's trade area is done by using Reilly's Law, which is an estimate of the distance that customers will travel to shop in one community compared to another. The calculation is a simple one, requiring only the population of the two communities being compared and the distance between them. Let's suppose that Bedford Falls has a population of 10,000 and Potterville has a population of 7,500. The distance from Bedford Falls to Potterville is 30 miles. The formula that we use to find the trade area of Bedford Falls compared to Potterville is:

The distance from Bedford Falls to Potterville divided by 1 + the square root of 10,000 (Bedford Falls population) divided by 7,500 (Potterville population).

or

$$\frac{30}{1 + \sqrt{10,000/7,500}}$$

The result of this calculation, 11.76, is the distance that Potterville's trade area extends toward Bedford Falls. People who live within 19 miles of Bedford Falls are more likely to shop there than to travel to Potterville.

In order to determine the entire trade area of a community, similar calculations should be made comparing it with other similar-size, competing communities along the major transportation corridors. These calculations can then be used to draw a map of the area from which the community will likely draw customers. Some intelligent guesswork may be needed in drawing the map, since some natural features, such as rivers, may destroy the distances arrived at in the calculations.

After the trade area map is drawn, census data can be used to determine the number of people within the area as well as other important characteristics of the population, such as income, age and education. This type of information is useful in making decisions about the kinds of retail trade that is possible in the area.

**Trade area capture** -- Once the trade area map is drawn, a second type of analysis can be undertaken. Trade area capture is a way to estimate the number of potential customers for particular types of retail purchases. The calculation is based on actual retail sales of a merchandise type compared to the state per capita expenditure for that merchandise type, adjusted by relative income. The formula is:

*Trade area capture for merchandise type X equals the actual amount of sales for merchandise X divided by the state per capita expenditure for X multiplied by the community per capita income divided by the state per capita income.*

As an example, let's assume that in 2002, residents of Bedford Falls spent a total of \$500,000 for floor wax. That year, the state per capita spending for floor was \$35.75. The per capita income in Bedford Falls was \$17,345 and the state per capita income was \$15,600. The calculation of the trade area capture is as follows:

$$\$500,000 \div [\$35.75 \times (\$17,345 \times \$15,600)] =$$

$$\$500,000 \div (\$35.75 \times \$1.11) =$$

$$\$500,000 \div \$39.68 = \underline{12,600}$$

This figure, 12,600, represents the number of people who purchased floor wax in the Bedford Falls trade area, assuming that they purchased it at the average rate of all residents of the state. If 12,600 is more than the population of the Bedford Falls trade area, it indicates that the community is attracting spending from outside its trade area. On the other hand, if the number is smaller than the trade area population, it is possible that the community is not capturing the money spent by its residents on floor wax or they are spending less than the state average.

To be most useful, trade area capture should be calculated for different periods of time, perhaps in five year intervals. Such data will indicate whether the community is gaining or losing spending and corrective actions can then be planned.

**Pull factor** -- Another type of analysis that can be used to determine the retail strength of the community is known as the pull factor, which estimates the percentage of sales that are being made to residents outside the community. The pull factor is based on the trade area capture for individual merchandise types. A pull factor of one or greater indicates that the community is relatively successful in capturing the potential customers in its own trade area. A pull factor of less than one suggests that customers are going elsewhere for the specific merchandise type.

The pull factor formula is:

*Trade area capture for merchandise Y divided by the trade area population*

Let's assume that the Bedford Falls trade area capture for baseball bats is 14,765. The population of Bedford Falls is 17,897, so the pull factor for baseball bats is:

$$14,765 \div 17,897 = .825$$

The pull factor of .825 indicates that Bedford Falls may be losing customers for baseball bats to nearby communities. There may be an opportunity for an expanded line of sporting goods in one of the local retail stores.

## **Economic Base Analysis**

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One of the more useful tools for looking at the local economy is the economic base analysis. The concept was previously described in the discussion of major economic theories. To summarize, the economic base model divides the individual economic sectors in the community into those that produce goods and services for export to other units of the economy and those sectors which support the export activities and distribute internally the money generated by the exports.

Basic activities in communities have traditionally been represented by the following economic sectors:

- *Agriculture, agricultural services*
- *Forestry and fishing*
- *Mining*
- *Manufacturing*
- *Federal government*
- *Transfer payments and social security receipts*
- *Commuters who work in other communities*

Non-basic and mixed activities (those that produce some goods and services for export and some for local consumption) include:

- *Construction*
- *Transportation, communications and utilities*
- *Wholesale trade*
- *Retail trade*
- *Finance, insurance, and real estate*
- *Services*
- *State and local government*
- *Dividends, interest, and rent*

An economic base analysis involves distributing the employment or income of local residents among the economic sectors to determine how much of the total is export-oriented and how much is primarily local. Step two compares this distribution to averages for other cities in the region to determine whether the community's economy is relatively balanced or whether it is dominated by one or two sectors. If the results indicate that a community has a much-greater-than-average concentration of employment or income in certain areas, with resulting deficiencies in others, consideration can be given to undertaking activities which can change the mix of basic and non-basic jobs or income.

The calculations required to complete an economic base analysis are complex and are best done using one of the computer programs available to do so. However, for those development groups who do not have access to a computer system, a worksheet is included in the *Resources* section which can be used to calculate the basic and non-basic sectors for employment and income for the community. In addition, an example of these calculations is included in the “Comprehensive Economic Development Plan for Bedford Falls” also in *Resources*.

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## **Strategies and Tactics for Economic Development**

In military parlance, a strategy is an overall plan for a large-scale combat operation while a tactic is a technique for securing an objective identified in the strategy. In some ways, economic development is like a military operation. Often, the development organization is called upon to defend a territory (a local business experiencing declining sales, for example) against the threat from an outside enemy (recession, new technology, changing consumer tastes). Other times, the organization decides to mount an offensive, seeking to take new territory (a greater share of the tourism market) and must defeat the opposition (another town down the road).

In both of these examples, the organization is required to formulate a strategy and employ different strategies in order to meet its objectives. Making decisions about which strategy to employ and which tactic to use is often a difficult and confusing job. The differences between tactics are often small and the same tactic may have applications in several or all of them. Adding to the confusion, the difference between tactics and strategies is also subtle; some of the approaches we call strategies are classified as tactics by other practitioners and vice versa.

These problems shouldn't discourage the organization working to develop a plan for economic expansion or development. This section is intended to provide assistance with those tasks. We will review the primary tactics that are in use today and describe the strategies that are appropriate for each of them. The matrix in figure 6 shows the relationship between these two aspects of the economic development process. We will discuss the matrix in more detail later, but present it here to provide a context for discussing the link between tactics and strategies.

Strategies Tactics	Conserve and Enhance Existing Resources	Import Substitution	Value Added	Export Development
Capture Existing Income				
Retain and Expand Existing Businesses				
Capture Outside Income				
Create New Enterprises				
Recruit Compatible Enterprises				

Figure 6

## Strategies

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Economic development practitioners have identified three “strategies” that communities use to influence economic change. These three strategies are: conservation and enhancement of resources, import substitution, and value added production. While these three appear to cover the opportunities for economic growth and diversification, we believe that an additional tactic should be added: export development. We realize the distinction between value added activities and export development is subtle, but it is one that is important to make, which we will do in the following paragraphs.

**Conserve and Enhance Existing Resources** -- Perhaps the most effective economic development strategies are those that are the most conservative, for a conservative approach to development uses resources in the most productive manner. Conservative, however, is not a word that is used very often to describe economic development efforts; indeed, earlier we described the primary difference between expansion of the economy and development of the economy as being the incorporation of change and change is not thought of as being a conservative concept. Yet change demands stewardship and stewardship is a concept that incorporates and accommodates change in a very deliberate manner.

Conservation and enhancement of existing resources is a tactic that is well suited to most economic development organizations, but it is one that is not adopted by many because it is viewed as having so few tangible results and consequently so little public relations value.

Community resources fall into three categories: physical, human and institutional.

1. *Physical resources include the natural environment and the infrastructure that has been put in place over the years.*

2. ***Human resources*** are rather obvious: the people in the community and their involvement in community-building activities.
3. ***Institutional resources*** include the organizational structures through which the community fulfills its needs.

You may have noticed that these resources resemble some of the aspects of community that we discussed chapter two. Once again, we reiterate our contention that maintaining or creating a balanced community should be the goal of any development activity and the place to begin is with what you have.

An essential part of any economic development program should be an effort to protect the natural environment. Development activities which damage that environment in the long-run for presumed short-term benefits should be rejected. The most conservative treatment of the natural environment is the most advantageous for development over time. A thorough community analysis will show natural areas that should be protected from development, both commercial and residential, because of features such as steep slopes, fragile soils, wetlands, habitats for birds, fish and/or animals or scenic views.

As a corollary to protecting the natural environment, maintaining the infrastructure that is already in place is the one of the most cost-effective development practices a community can choose. The built environment, whether it consists of the roads and water and sewer systems which support community activities or the residences and businesses of individuals, represents a major public and private investment. Protection of this investment is a prudent course of action. While the abandonment of supposedly outmoded or unused structures and infrastructure is a common practice, many communities are beginning to discover that there are substantial financial returns to be realized from the revitalization of downtown's, the restriction of building in undeveloped areas, and the adoption of ordinances which require owners to meet minimum maintenance standards for their properties.

Enhancement of human resources begins with the acknowledgement of the inherent worth and dignity of all the people of the community, regardless of their differences or unique circumstances. A good place to begin with the enhancement of human resources is to assess how well people in the community are doing related to Maslow's Hierarchy of Needs. Few communities are in the fortunate position of having satisfied even the lowest-level needs of all their residents. This should be a primary goal of the development program and the focus of activities in this tactic.

Biologists contend that the strongest natural systems are those that have a variety of adaptive mechanisms which can maintain the functioning of the larger system even if one part of the system fails or is injured. Successful communities have discovered that this principle also applies to them. Those communities which are most able to adapt to and survive changing situations are the ones that are the most diverse. Diversity is a positive aspect that communities should attempt to protect and promote.

As primary needs are met, a focus in the community should be on enhancing institutional capabilities and insuring that all residents have access to institutions and opportunities which will increase their capacities to lead creative, productive and satisfying lives. Increasing access and participation are essential components of the development process and attention should be given to strengthening community institutions of all types. Activities which might be of help include holding regular “town meetings”, starting leadership training programs, and establishing a “skills bank” which contains information on volunteers and volunteer opportunities in the community.

**Import Substitution** -- While the proceeding tactic focuses on improving the non-exchange aspects of the community as a way of maximizing the products of that system, import substitution is at the center of the exchange milieu. Every economy is a mix of imports of goods and services from outside the community and exports of locally produced goods and services to other communities. Each community tries to maximize its exports (and income there from) and minimize its imports (and the resources sent out of the community to pay for those imports), with varying degrees of success. Since every community has a different resource base, this maximizing/minimizing process, when viewed on a regional or national scale, is quite complex. At the local level, however, it is one that can be identified and affected.

Information is the key to the successful use of the import substitution tactic. An economic base analysis is the first step in identifying whether the community is a net exporter or a net importer of goods and services. The economic base can provide clues to areas in which the community has an excess or deficiency of income or employment. Once these areas are identified, further investigation, using population/employment ratios, trade area capture and pull-factors, can help pinpoint opportunities for development.

No community can be completely self-sufficient, but most communities can take steps to produce locally at least some of the goods and services that it “purchases” from other localities. Such activities can mean more jobs locally and more resources which can be used to enhance the community’s quality of life.

**Value Added** -- Most manufacturing processes are “value-added” activities: a raw material (an agricultural product such as corn, for example, or a natural resource product such as timber) is extracted and shipped from its original location to a plant which transforms it into a commodity (corn meal, or dimension lumber) which is once again shipped to another location which “finishes” the commodity by turning it into a consumable product (corn bread or bookcases). At each of these steps—extraction, transformation, and transportation from one location to another—the original raw material gains value and increases in cost for the next “consumer”.

This process of adding value through the stages of extraction, transformation, and transportation is the principle way in which economic growth and development takes place in communities. Unfortunately for most communities (particularly small, rural communities), the benefits of the process are not evenly distributed. Many communities rely on only one part of the process to provide their economic base: agricultural and mining communities are

the most obvious examples, but any community that relies on a single type of industry fits this category.

In the 1950's, many communities were division points for the railroads. All of the economic activities of those towns were geared to the switching or make-up of trains carrying commodities or passengers from one area to another. As the interstate highway system was developed and more and more products began to be carried by trucks, these "division towns" lost much of their economic function. Some simply died, others were able to diversify their economies and survive. All would have had a better economy if they had understood the principle of value-added. If the division towns had developed activities to transform the products passing through into a higher level of commodity, their influence as transportation centers would have been even greater.

Since decisions to undertake value-added activities depend upon reliable information about local resources and the capabilities of existing enterprises, a thorough community analysis is essential. In addition, a system of monitoring changes in external demands for goods and services can provide information which can be critical to businesses that have the potential for engaging in this type of production process.

**Export Development** -- Closely akin to value added activities, export development is aimed at producing goods and services specifically for markets outside the community. Such development may make use of locally extracted raw materials or raw materials that have been transported from another location, or may involve the assembly of components produced elsewhere. Unlike value added, however, there is very little intention to consume the resulting products locally or to convert existing industries into export enterprises, though this may be a logical activity if an existing business is not successful in its current market. Export development is the primary tactic employed by most economic development organizations. It also "fits" the recruitment strategy most closely, though it should not be overlooked as an element in creating new enterprises.

## **Tactics**

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There are five generally accepted tactics for influencing and directing economic change at the local level: (1) capture existing income; (2) retain and expand existing businesses; (3) capture outside income; (4) create new export enterprises; and (5) recruit compatible enterprises. Each of these requires the active application of information derived from the community analysis, should explicitly meet identified community needs, and be firmly connected to community goals before it is adopted.

**Capture existing income** -- As we suggested earlier, the distinction between strategies and tactics is sometimes subtle. Of more importance than either the differences or similarities, however, is the understanding that using the "intersection" of tactics and strategies as a method of analyzing potential action is a good way to insure that those actions are relevant to the situation and reflect the community's agreed upon goals. For example, "capturing existing income" resembles both "import substitution" and "conserve and enhance existing

resources” strategies. The differences among the three perhaps show up more in focus and implementation than in other areas, as we will try to show.

A development organization which undertakes action in this strategy will probably direct its efforts to two groups, consumers and producers/suppliers, and to three opportunities: (1) assisting current businesses to better target internal markets that they may be missing or poorly serving; (2) helping individuals and institutions or take advantage of savings in transportation costs as a result of using local suppliers of goods and services and to feel good about their decisions to purchase in the community; and , (3) identifying community-wide resource leakage’s that could be controlled.

A “buy locally” campaign is a staple of nearly every merchant organization and chamber of commerce in the country, yet few of them are truly effective because they rely too heavily on instilling a sense of guilt in consumers. The message often is: “You are being disloyal to your community if you drive to Big Town to buy spark plugs or notebook paper or toothpaste.” This message is often accompanied by comparison charts that show that the prices on Pond Waters are almost as low as the prices in Big Town and platitudes about “hometown service”.

If these groups understood consumer behavior better, they would see that price and an offer of service (which often isn’t backed up with action) are only two components of the buying decision. People choose to spend their money in different ways and in different locations for a variety of reasons. The criteria people use to make decisions is also different from one commodity to the next. Price, selection, quality, service, convenience, comfort and safety, aesthetics, and personal characteristics of the individual all play a part in deciding whether to purchase an item in a local store, in another (generally larger) community, or through a specialty outlet such as mail-order catalogues or televised “shopping services”.

Information about local consumers, both individuals and institutions such as schools, government, and other businesses, is critical, and will come from systematic and consistent data-gathering activities. Some of these will be formal—surveys of consumer-buying habits, for example—while some will be more informal, but nonetheless, systematic and organized.

In addition to data-gathering activities about potential local consumers, the development organization should also focus attention on assisting businesses and suppliers of goods and services to do so in a way that *attracts* customers rather than just *waits for them to show up*. Perhaps as much as anything, this requires helping business owners to adopt a new attitude about their businesses and about the customers they serve.

In many small communities, businesses are not operating at their maximum efficiency because the owner is quite satisfied with the volume of business that he or she has now. Those who are trying to organize merchant groups or downtown revitalization efforts are often surprised when they run into proprietors who are not interested in new ways of operating. In some instances, nothing can be done about this situation except hope that the owner will retire soon or sell to someone who is interested. Often times, though, the business owners need help in understanding the interdependence of all businesses in the community

and in making changes that will not only increase their income but also their standing in the community.

In addition to activities which will help local businesses capture more of the potential consumer dollars, many actions are possible under this strategy to keep resources in the community. For example, it is estimated that as much as 75% of all money spent on energy leaves the community. An intensive energy conservation program if instituted community-wide could save at least one-third of this flow of money out of the community. If every house, public building and business were made more energy-efficient, the community would have a tremendous “new” pool of money at its disposal. The cost of such a program would be recovered in just a few years.

**Retain and Expand Existing Businesses** -- Capturing existing income is the most cost-effective development strategy which can be applied to the overall community. In a similar way, retaining and expanding existing businesses is the most cost-effective strategy for a development organization to adopt related to the specifically economic activities of the community. A program which assists current businesses to operate more efficiently and more competitively in their unique market can bring substantial returns to the community.

This strategy involves focusing on those needs that businesses in the community have and working to meet them in a timely way. Information to implement this strategy will come in part from the community analysis, but additional information may be needed from individual firms related to specific problems. Data gathering may involve doing case studies of the local firms to understand their methods of operation, or existing and potential markets. Evaluations of policies, both local and external, that affect their operations may also be needed.

Implementation of the strategy may involve linking the existing businesses with programs which can supply training for employees, capital for expansion or assistance with government rules and regulations. The essential parts of this strategy, though, are the development and continual verification of information on community conditions and external trends which may affect the way businesses operate, and regular contact with local enterprises to be sure that the community is providing an environment which fosters development.

**Capture Outside Income** -- Once physical, human and institutional resources are enhanced and the efficiency of existing businesses is improved, the development organization is ready to focus its attention on outside sources of income that may be passing the community by. This strategy is closely related to the previous two because many of the opportunities for capture involve using existing resources in the community and strengthening existing businesses.

In the state of Missouri, two of the fastest growing income sources are tourism and transfer payments. Tourism related to recreation has been a mainstay of the economy for quite some time. Many areas of the state have excellent recreational facilities for families and individuals. Water-based recreation is a significant component of the Missouri recreation

industry; several areas of the state also have recreational opportunities related to other natural resources, such as caves, hiking and biking trails and organized sports. Recreational opportunities are abundant in the metropolitan areas of the state as well.

Over the last twenty years, tourism related to scenic and historic sites has increased dramatically in this state and across the country. Indeed, this type of tourism is increasing worldwide and Missouri enjoys a significant number of foreign visitors every year.

Tourism represents an important opportunity to capture outside dollars for many communities. The community analysis should help to identify those resources that might attract visitors from outside the region. A careful and realistic evaluation of these resources must be made, however. Many communities convince themselves that they have natural or historical assets that visitors are dying to see and are disappointed to find that their efforts to attract tourists are unsuccessful because they did not develop a unique “product” and identify a specific market for that product. On the other hand, many communities overlook aspects of their setting or history that people from outside the area would be interested in experiencing if they knew about them.

Another growing part of the Missouri economy is that related to transfer payments from Federal, state or private sources. When the term “transfer payments” is used, many people think that it means “welfare”. While transfers of economic assistance are indeed a reporting component of this economic sector, most of the transfers that are made to individuals come from pension funds of various types. As the median age of the population of the state continues to increase, the amount of money involved in transfer payments will also increase.

A few communities are beginning to understand that retirees and other transfer payment recipients are not the drain on the local economy as once thought but instead are a substantial source of wealth in the community. Smart development organizations are adopting strategies which will make their communities more attractive for this group of people.

Much of the work that must be done is in the area of resource conservation and enhancement since “quality of life” is very important to this segment of the population, but there are also opportunities for retail and service enterprises which can supply some of the needs of transfer payment recipients. Success depends, though, on a thorough understanding of the needs that they have and then on being able to adjust merchandise quality, price and availability accordingly. A survey of buying habits may reveal that the retirees in a community leave during a particular season; a good retailer will adjust his or her merchandise to meet the needs at those times.

Retirees are generally concerned with the investment of their money, yet many communities have no investment professionals except those in the local bank who may not have specific training in this area. With telecommunications technology expanding at a phenomenal rate, every community can have access to the latest information about markets and investments. Identifying people in the community who can provide professional investment counseling can be an important initial step in making the community attractive to retirees.

Capturing dollars from consumers from outside the community is probably a more complex task. The economic cycle has had the effect of expanding and contracting trade areas in Missouri in a variety of ways over the last 150 years. There is no reason to believe that this expansion and contraction will not continue as internal and external factors influence consumer wants and needs.

No community can reasonably expect to capture all the *potential* dollars in its trade area just as it will not be able to capture all the dollars flowing *through* the trade area at any one time. Activity in this strategy should rather be focused on capturing *as much as possible* at a given time. Results from analyses of trade area capture and pull-factors for specific retail types will help in establishing targets for development.

**Create new enterprise** -- An expanding or developing economy has a continual demand for new enterprises which can satisfy both the needs of local consumers and external markets. Economic development organizations have had a tendency to look outside for new ideas for businesses, yet every community has a reservoir of talent which might be channeled into new enterprises. The keys to success in this strategy are flexibility and receptiveness to opportunities, and a thorough understanding of the local economy.

There is a great deal of emphasis on developing goods and services for the “global market” these days, yet there are many communities that *import nearly all of their goods and services!* The plain fact is that every community is someone else’s “global market”. Identifying and then taking steps to supply local needs locally should be a critical part of a comprehensive economic development plan and a primary strategy for every development organization.

When local markets have been identified and served, attention can be turned to external opportunities for new products or services. There are a number of ways in which the local development organization can provide assistance and encouragement in the area of new business development, including forming or facilitating the formation of investment groups which can provide capital for such businesses.

Research indicates that most new enterprises are established with the private resources of the entrepreneurs involved. Very quickly, though, a need for additional capital for materials, labor, or marketing arises. Local financial institutions may be willing to provide money to businesses that have capital assets or other types of collateral, but many of the most promising new ventures are those that do not have the backing necessary. A local equity or capital investment pool may be a way to provide the funds necessary to sustain new enterprises in their early months of operation. Such a pool could be formally established as a community development corporation or as an informal agreement among local financial institutions to share the “risk” associated with new business start-ups.

Another important ingredient in the success of new ventures is support during the initial phases of operation. Many new businesses need help in selecting and training employees, developing, testing and marketing products, establishing management and operating procedures, and meeting government regulations. The local development organization can

provide assistance in all of these areas through a variety of arrangements. One of the most discussed, but perhaps least acted upon, ideas is to establish a business incubator for new enterprises.

A number of incubator models have been tried with a wide variety of successes. For small communities, an “incubator without walls” may be the most appropriate. The concept involves developing a *system of support* for new businesses. The support primarily consists of an active referral network which serves to link the business owner or operator with others in the community or outside who can provide the necessary assistance in a timely manner. An additional aspect of this system is consistent communication with the new enterprise in order to provide encouragement in difficult situations and to help identify problems before they become “fatal”.

In larger communities, particularly those with colleges or universities with research capabilities, a traditional site-based incubator may be a possibility. Such a facility could provide a variety of services needed by the entrepreneur, including reasonable rent, management services, product testing and development, and assistance with marketing of products. Such ventures require a long-term commitment on the part of the development organization and good management to be successful, but they can be a valuable part of a comprehensive economic development program.

**Recruit compatible enterprises** -- Probably the best understood economic development strategy is that of attracting industry to the community from somewhere else. The elements of this strategy are straightforward: develop the infrastructure necessary or anticipated to be needed by a manufacturing or service firm, usually in the form of an industrial site, perhaps with a “spec” building; identify prospective industries for the site or building or develop a broad marketing campaign to reach selected areas of the country which may have businesses interested in expanding or moving; establish a portfolio of incentives to attract an industry; and/or develop a network within which the community can be promoted.

This strategy has been used extensively across the United States and is beginning to be used around the world as other countries try to attract firms from this country to theirs. Too often, however, it has been used indiscriminately with the result that the industry attracted to the community did not provide the anticipated benefits (jobs and income) to those who needed them, did not remain in the community long enough to contribute to development, or worse still, harmed the community as a result of bad employee practices, poor financial management, or degradation of the physical environment. Certainly steps to avoid these situations should be taken by all development organizations.

One of the easiest and most beneficial ways of insuring that a new enterprise will be a positive addition to the community is to establish a policy of “compatibility”. Compatible industries and businesses are those that help the community reach its overall goals for growth, development, stability, and equity and freedom. Compatible enterprises may fill gaps in the community’s economic base and provide new income for local needs.

As with other economic development tactics, recruiting compatible enterprises requires well-defined goals, up-to-date information about the community, and an organization that can analyze trend and use that analysis for action.

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## The Development Matrix

Putting the tactics and strategies together in a “development matrix” is an essential part of a comprehensive approach to program planning and implementation. The development organization can use the results of such an activity to guide its initiation of specific projects in the community. A carefully constructed matrix will provide a framework for action.

The matrix is arrayed horizontally with *strategies* along the top and vertically with *tactics* along the side. As strategies progress from left to right, the costs associated with implementation, *in general*, increase. Many (though not all) of the activities associated with programs to “conserve and enhance existing resources” can be carried out with volunteer participants and minimal institutional or public costs. Likewise, import substitution may simply involve reconfiguring some parts of a business enterprise to take advantage of local markets. Starting value-added and export development enterprises, on the other hand, may require substantial investments of private capital and institutional resources.

Similarly, tactics increase in cost as they move down the matrix. Capturing existing income is probably the least costly of the tactics, with the shortest *payoff* and the longest *payback*, while recruitment of compatible enterprises can require a large investment of both financial and institutional resources, from individuals and businesses and from the development organization.

All of these are generalizations, of course, and specific projects will have specific costs. From an organizational standpoint, however, it probably makes sense to begin with the least costly strategies and tactics and move to the more costly ones as the organization gains strength and support in the community. Initial successes with “internal” projects may set the stage for more externally focused ones, providing good will and resources which can be drawn on as they are needed.

Let’s look at a couple of examples of how a development matrix might be used to identify projects in a community.

Strategies \ Tactics	Conserve and Enhance Existing Resources	Import Substitution	Value Added	Export Development
Capture Existing Income	<b>A</b>			
Retain and Expand Existing Businesses			<b>B</b>	
Capture Outside Income				
Create New Enterprises				
Recruit Compatible Enterprises				

**A** -- Residents are currently paying high rates for solid waste collection and disposal. Begin curbside recycling program to reduce landfill costs.

**B** – Demand for corn-based cereals increases. Opportunity for local manufacturer to add production lines.

In each of these examples, the matrix helped focus on possible actions from two directions. Often, decisions are made based upon a single point of view. The matrix provides an additional dimension to the process of deciding upon alternative actions. While a development organization should look at all “cells” in the matrix to determine if there are opportunities for activity, not every plan will be able to identify needs or projects for every cell. A comprehensive plan will have some project for each strategy and each tactic, however, and the matrix can be a useful tool in analyzing those possibilities.

An 8 ½” x 11” copy of the matrix is included in the *Resources* section of this manual.

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## Chapter 3 -- THE COMPREHENSIVE ECONOMIC DEVELOPMENT PLAN

*...most of the time, the trends we can't predict are more important than the ones we can. In the 1950's, IBM...estimated that the potential worldwide market for computers would be fewer than ten machines.*

**James  
Follows  
Journalist, 1991**

*The American Heritage Dictionary* (1985) gives several definitions for the word “model”, among which are the following:

1. *A small object, usually built to scale, that represents another, often larger object.*
2. *A preliminary pattern serving as the plan from which an item not yet constructed will be produced.*
3. *A tentative description of a system or theory, that accounts for all of its known properties.*
4. *An example to be imitated or compared.*

Each of these explains in part what this section of the C/ED Manual is all about. Here we are presenting a small “replica” of a process and product that every community should have. Just as each community needs a plan to guide its physical development, so too should it have a **comprehensive economic development plan (CEDP)** to provide a framework for actions which will support the type of economic change appropriate for the community. Each community’s CEDP will be different, depending upon the goals identified by its citizens, its resources and its ability to carry out the actions identified as important.

We hope that the model CEDP (both the outline presented in this section and the actual model, called “A Comprehensive Economic Development Plan for Bedford Falls”, contained in ***Resources***) can serve as something to be “imitated”. Models are useful tools for communities just beginning to construct their plans.

So, in this section of the manual you will find suggestions about the process of producing the plan, including the sort of organization that would be useful in managing both its development and implementation, and a detailed outline of the types of information that should be included in the CEDP.

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## The Outline

A typical comprehensive economic development plan will be organized according to the following outline. Some of the sections may be different depending upon local conditions.

1. The CEDP Coordinating System
  - 1.1. Statement of Purpose
  - 1.2. The CEDP Organization
    - 1.2.1. Members
    - 1.2.2. Legal Authorization
    - 1.2.3. Planning Process
2. Goals for Economic Change
  - 2.1. Goal Selection Process
  - 2.2. Long-term and Short-term Goals
  - 2.3. Monitoring and Evaluation Activities
3. Community Analysis
  - 3.1. Community History
  - 3.2. Physical Resources
    - 3.2.1. Location
    - 3.2.2. Climate
    - 3.2.3. Topography, Geology and Mineral Resources
    - 3.2.4. Water Resources
    - 3.2.5. Land Use
  - 3.3. Community Facilities
    - 3.3.1. Water and Wastewater Systems
    - 3.3.2. Transportation Facilities
    - 3.3.3. Energy Systems
    - 3.3.4. Solid Waste Systems
    - 3.3.5. Recreation Facilities
    - 3.3.6. Housing
  - 3.4. Institutional Resources
    - 3.4.1. Municipal Government
    - 3.4.2. Economic Development Organizations
    - 3.4.3. Education
    - 3.4.4. Cultural Resources
    - 3.4.5. Human Resource and Services
    - 3.4.6. Health and Mental Health Services
    - 3.4.7. Financial Resources
    - 3.4.8. Communications
  - 3.5. Social and Economic Resources
    - 3.5.1. General Population Characteristics
    - 3.5.2. Population Projections
    - 3.5.3. Labor Force and Employment
    - 3.5.4. Income and Expenditures
    - 3.5.5. Trade Area Analysis
    - 3.5.6. Economic Base Analysis

4. Strategies and Tactics for Achieving Goals
5. Action Timetable

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## Details of the Plan

1. **The CEDP Coordinating System**—This section of the plan will describe the system and organization established to formulate and carry out a comprehensive economic development plan for the community.

1.1. **Statement of Purpose**—Creating and implementing a plan for economic development is a major undertaking in any community. Organizing and managing the process is time-consuming, costly and requires the involvement of a large number of people. The CEDP should clearly state “why” the community is embarking on a program designed to create change in the systems of the community and what it hopes to accomplish. In Addition to being a plan for community building, the CEDP is a statement of the community’s “theory” of itself; it should spell out precisely how the activities listed in the plan support and maintain the values of the community.

### 1.2. The CEDP Organization

- 1.2.1. **Membership**—Involvement at every stage of the process is critical. Because of the process is so complex, the impulse is to turn it over to either a small group of people or to a trained professional. We have already pointed out that that is probably not a very good strategy. So what are the alternatives?

The decision to begin a CEDP is usually one that is made, in larger communities, by the mayor and city council or by an organization such as a chamber of commerce. In small communities, on the other hand, the decision might be made by the “community betterment” organization or by a group of people sitting in the local coffee shop. In either case, the initial circle of “initiators” should be widened to include other groups in the community who will be effected by the process as well as those who will affect the process.

Here is a list of the groups that should, at a minimum, be included in the CEDP coordinating system, a procedure designed to insure that a comprehensive economic development plan is created in a thorough and inclusive fashion:

1. City government
2. Chamber of Commerce
3. Education
  - a. Public and private schools
  - b. Higher education

- c. Adult continuing education
- 4. Special district representatives
- 5. Human service network
- 6. Economic development committee
- 7. Job training organizations
- 8. Organized labor
- 9. Civic clubs
- 10. Library personnel
- 11. Representatives of state and Federal agencies
- 12. Local historical society
- 13. Unique special interest groups (such as downtown development organizations)

The reason for including some of these groups may not be evident at first. For example, why include someone from the historical society on an economic development group? The answer is quite simple: the history and traditions of the community are essential elements of decisions about the future of the community, as we have pointed out before. Unless there is someone in the group who has a primary, substantial interest and knowledge about a particular field, it is quite possible that that area will be submerged in the discussions. Broadening the circle of intelligence will insure that all critical information is included in the plan.

1.2.2. Legal Authorization—Depending upon local circumstances and needs, there are a variety of ways to organize, ranging from operating as a subcommittee of an existing organization such as a chamber of commerce to incorporation as a for-profit activity. In most instances, the organization guiding the development of the CEDP and its implementation will probably be an incorporated entity under state and Federal IRS rules. The goals of the organization will determine the type of legal structure that is most appropriate.

1.2.3. Planning Process—A good way to begin developing a CEDP is to hold a “town meeting” to set goals and identify community strengths and weaknesses. A town meeting is also a good way to recruit people who can contribute to the planning process. As we pointed out before, using the “3W’s” is a good way to determine the kinds of human resources your community has and the manner in which they may be used effectively.

In addition to holding a town meeting there are a number of survey techniques that might be used to discover important information to include in the CEDP. The *Annotated Bibliography* lists several guides that give detailed descriptions of these techniques.

The critical thing to remember is that no matter which technique is employed, the information gathered will be analyzed and synthesized in a manner that corresponds with local traditions and values. Care must be given to this analysis and synthesis process; there is often a great temptation to transform the information gathered so it agrees with the preconceived notions of the planning body. When that happens, the results are not as useful as they might otherwise be. A planning process that uses what might seem to be conflicting opinions and information outside conventional wisdom is one that will have a better chance of producing a valuable plan.

In a larger community (over 5,000 population, for example), it may be useful to hire or contract with community development, economic development or planning specialists to do some of the technical analysis needed and to guide the implementation of the plan. A small community, on the other hand, may not need a full-time professional, but may be able to take advantage of the technical assistance provided by specialists in state or regional agencies or educational institutions.

It is critical, however, in both large cities and small towns to resist the temptation to turn over the job of developing and implementing CEDP to a professional and then sitting back to wait for the flood of new economic activity into the town. Rather, the process of developing a plan and program that is reasonable and workable requires the involvement of **many** people in the community, people who know first-hand how the community works. The planning process that was used to produce the plan should be clearly described in the CEDP.

## 2. **Goals for Economic Change**

- 2.1 **Goal Selection Process**—Town meetings and surveys will provide valuable information for the development of goals for community change. A method should be established for selecting and prioritizing these goals. The selection and prioritization should be an open, democratic process that provides the opportunity for the entire community to participate. The process used to select and prioritize the goals should be described in this section of the CEDP.
- 2.2. **Long-and Short-Term Goals**—Some goals may take a number of years to reach; others will be accomplished in a short period of time. The CEDP will include both types and these should be clearly described.
- 2.3. **Monitoring and Evaluation Activities**—As projects are undertaken in the community, progress will need to be monitored to be certain that goals are being reached or to determine what types of modifications need to be made in the plan. Such monitoring and evaluation activities are critical to the success of the plan, yet they are often either overlooked or not carried out adequately.

A system for gathering information about activities related to the plan and for making needed direction changes should be established and described in the CEDP.

3. **Community Analysis**—The basis for determining potentials for change is a thorough understanding of the current conditions in the community. A careful community analysis will reveal both resources and deficiencies that will dictate tactics for implementation.

- 3.1 **History of the Community**—In order to provide a context for discussion of current community resources, goals for the future and development plans, a brief history of the community should be provided. The history should include information about when the area was settled and by what groups of people (ethnic or national origin), significant events in the development of the community and a sense of its connection with the surrounding region and state.

The “history” section might also contain a summary of past development activities and a brief description of the economy of the region. While subsequent sections will focus on the economy in more depth, it will be helpful to have a sense of how the community developed through time.

- 3.2. **Physical Resources**—Physical resources play an important role in determining the potentials for a community. While no two communities have identical resources, comparisons often are made based upon those attributes. A thorough inventory and assessment of a community’s physical resources is critical.

- 3.2.1 **Location**—The location of the community should be specified in terms of geographic location within the state and in relation to other important natural and constructed physical features.

For example, major highways should be listed and distances to other population centers should be indicated. A map that shows the community’s location in the state should be included.

- 3.2.2 **Climate**—Provide information about the area’s climate, including temperature extremes and averages for each season, precipitation and characteristics of the climate.

- 3.2.3 **Topography, Geology and Mineral Resources**—The topography and geology of the community and area are important characteristics which should be included in the development plan. Mineral resources which have been or are present should be described. These attributes will assist in determining the appropriate areas for specific types of

development. A base map with topographic and geologic information should be provided.

- 3.2.4. Water Resources—Most economic activities rely on the availability of a dependable water supply, either from surface or subsurface sources. In addition to the sources of water for human and animal consumption, for agricultural or for manufacturing, water resources for recreation or other purposes should be described.
- 3.2.5. Land Use—Current land uses for agriculture (including forest land), residential, retail and wholesale, manufacturing, transportation, and public use areas should be shown both graphically and on a base map of the community. In addition to current uses, maps showing historical uses of the land, zoning and planned or anticipated land use changes should be included.

**3.3 Community Facilities**—Not all communities have complete and up-to-date facilities, but those that are present or planned will have an impact on the success of development projects. A significant aspect of the CEDP is an inventory of these facilities and a description of needed improvements.

- 3.3.1. Water and Wastewater Systems—A map showing both the municipal water and wastewater systems should be included, along with a description of the capacities of both systems and any planned or needed changes to the systems.
- 3.3.2. Transportation Facilities—Transportation systems serving the community should be detailed, including major highways, airports, railroads, river and port facilities and bus lines, if applicable. Anticipated or needed changes in any of these systems should be discussed.
- 3.3.3. Energy Systems—Both public and private electric utility systems should be included in the CEDP, as well as natural gas supply and distribution systems.
- 3.3.4. Solid Waste Systems—Waste collection, disposal and recycling systems should be detailed in the plan. Future changes to these systems should be described.
- 3.3.5. Recreation Facilities—Recreational facilities, including areas of open space, should be described. These would include areas for organized recreational activities and areas that may be set aside for passive use. Private facilities should be included as well.

Public facilities that are operated by city or county government as well as educational institutions are important local recreational resources. A map showing all areas or facilities designated for recreation should be included as well as the number of acres or square feet devoted to each activity. Any additions or changes to the system should be noted.

3.3.6. **Housing**—One of the most important parts of the CEDP is that dealing with housing. Information that is essential in this section includes total number of housing units, number of occupied units, condition and age of units in the community. A map showing the housing stock in all categories (i.e., single-family, multi-family, etc.) should be included. Separate maps showing age and condition of housing stock by neighborhood is also helpful.

3.4. **Institutional Resources**—Institutional resources are the “political systems” in the community that were discussed earlier; in other words they are the resources that should be in place to provide structure and direction to the economic development efforts. The following are some of the essential resources that should be evaluated and included in the plan.

3.4.1. **Municipal Government**—An elected governmental body with appropriate form and membership should be in place to provide support to the economic development efforts. The governmental form will depend upon the size and desires of the community. Municipal governments can play critical roles in supplying the physical infrastructure necessary for economic development. Such infrastructure usually includes streets and roads, water and wastewater systems, and solid waste disposal systems.

The local government is responsible for establishing ordinances and regulations governing the type, location and development of various community activities. For example, most communities above 2,500 population have a system of planning and zoning, which governs the location of public and private facilities. Building codes and regulations, and their enforcement are also important functions of municipal government that impact economic development.

The municipal government usually supplies a number of services to the residents of the community which are essential to growth and development. The community should have as a minimum a system of law enforcement, fire protection, and emergency management and budgeting, fiscal control and personnel systems to support these activities. The exact form and composition of these services will be a function of the size of the community.

The CEDP should include a description of the governmental system, the functions it performs and how it relates to economic development efforts in the community.

- 3.4.2. Economic Development Organizations—Most communities have at least one economic development organization, usually a chamber of commerce. Large communities may have other groups that are cooperating to carry out some aspects of the CEDP, such as an economic development corporation, downtown revitalization group, tourism commission, or redevelopment organization. These groups should be working together to implement the plan and should be in frequent communications to insure coordination of activities. The CEDP should clearly delineate the roles and functions of each of these organizations.
- 3.4.3. Educational Programs—Education is one of the most important aspects of the economic development plan. The CEDP should describe the educational system in place in the community, including elementary and high schools, both public and private, opportunities for adult and continuing education, colleges or universities that serve local students, and any job training programs that operate in the area.
- 3.4.4. Cultural Resources—The cultural resources of a community are often overlooked as potentials for development, yet tourism related to history and the arts is one of the fastest growing segments of the industry. An inventory and assessment of those resources should be included in the CEDP. Resources listed in this section might be those generally treated through “cultural conservation”, architecture and archeology, as well as those which are the subject of “heritage conservation”, traditions, customs and folklore. Each of these resources can add substantially to the opportunities for local development.
- 3.4.5. Human Resource Services—Every community has a system to provide for the needs of its residents, especially those that are considered to be “at risk”. The systems include both formal and informal responses to needs, provided through public and private sources. The CEDP should describe these human resource services in detail.
- 3.4.6. Health and Mental Health Services—An important aspect of community-building is providing for the physical and psychological needs of the residents of that community. A description of the health and mental health facilities available locally and within a fifty-mile radius should be included in the CEDP. In addition, a list of the health specialties available locally should be provided. Any deficiencies in health care should be noted.

- 3.4.7. **Financial Resources**—Development of the community requires the investment of financial as well as human resource. A thorough review of the financing capability of local institutions should be made to insure that they are able to provide the capital or guarantees necessary for development projects. This section should also include a review of the financial programs available from Federal or state sources that might be used in local projects.
- 3.4.8. **Communications**—An inventory of local and regional communications systems should be made a part of the CEDP, including newspapers, radio, TV, cable TV and telephone systems. And special communications networks that are available to the community, such as cellular phone service or satellite downlinks, should be listed.
- 3.5. **Social and Economic Resources**—Social and economic resources are those aspects of the community that are reflected in the demographic characteristics of the population and the exchanges that take place between individuals and among groups in the community. Decisions about economic tactics and techniques to employ depend directly upon a thorough analysis of these resources, both from the standpoint of the strengths of the community in these areas and from the weaknesses or deficiencies that are evident.
- 3.5.1. **General Population Characteristics**—The population of the community should be described using a number of characteristics: total population by age, sex, race, and ethnic origin. These characteristics should be compared over a period of years and with regional, state and national changes. Total births, deaths and migration are important statistics to include in this section. If the community has experienced periods of rapid population increases or decreases, these should be noted and discussed. In addition the distribution/density of the population within the community may be shown on an appropriate map.
- 3.5.2. **Population Projections**—Population projections for the next twenty years should be made for the community. A table showing the historic pattern of population change and future projections should be included in the CEDP.
- 3.5.3. **Labor Force and Employment**—A number of statistics related to labor force and employment are important to an understanding of the local economy. A table showing the annual average labor force over the last two decades, as well as employment and unemployment counts and unemployment rates should be presented. Any typical seasonal fluctuation in the labor force or extraordinary commuting patterns should be discussed. Tables that differentiate the labor force by age, sex and race are helpful in analyzing local economic conditions.

In addition to describing the characteristics of individuals in the labor force, employment by economic sector and by occupation should be included. Changes in all of these areas over the last twenty years should be shown, as well as comparisons with regional, state and national figures.

- 3.5.4. **Income and Expenditures**—An analysis of income for individuals and households, by occupation and economic sector, is an important set of data to include in the CEDP. All of this data should be compared over a period of years to determine significant changes. Expenditures for consumer goods and services should be included in this section, as well as an estimate of overall consumer spendable income.

In addition to analyzing income and expenditure changes in the community over a period of years, it is also important to compare local data with that for the region, state and nation to determine whether the local economy is “keeping up” with the broader economies.

- 3.5.5. **Economic Base**—An economic base analysis for the community should be a part of the CEDP. The analysis will show which sectors of the local economy are exporting goods and services and how this compares to the average for other communities in the state. If imbalances are evident, tactics to address the situation may be necessary.

- 3.5.6. **Trade Area**—Using the techniques described earlier, a trade area analysis should be undertaken. The analysis should include calculating a population/employment ratio, location quotient and shift share for each major sector of the economy.

An analysis of the retail and service sector should also be done, including calculating the trade area capture and pull factors for major retail expenditures. A trade area map should be included in this section. If trade areas are significantly different for a number of retail and service expenditures, it may be helpful to provide trade area maps for each of these.

4. **Tactics for Achieving Goals**—Once information has been collected for each of the preceding sections, the CEDP coordinating group will need to transform it into tactics and strategies for community and economic change which correspond to the goals established earlier. The *Development* and *Cost/Benefit* matrices will be helpful in identifying appropriate tactics and strategies which match local goals and current and projected conditions.

This section of the CEDP will probably reflect the need and intention to undertake actions in nearly all of the cells of the Development Matrix. Not all, however, will require the same amount of activity or involvement on the part of the different development groups in the community. This differing level of responsibility will be specified in the *Action Timetable*.

5. **Action Timetable**—the Action Timetable represents the “who, what, when, where, and how much” of the CEDP. In this section, the CEDP coordinating group will show in detail how the community will reach its specific goals.

This section should be organized by strategy and show how each aspect of the strategy will be achieved, where the responsibility for the strategy lies, when specific parts of the strategy will be achieved, the estimated costs and how those costs will be met. The Action Timetable represents the end of planning for community change and the beginning of the realization of that change.

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## RESOURCES

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### Annotated Bibliography

The following is a list of the books and articles that were used in the preparation of this manual. In order to improve readability, no specific references were incorporated in the text of the manual, but all sources used are included here.

ADAMS, JOHANNA, WILLIAM E. ROBERTSON, and CHARLES ST. CLAIR, 1993. *Town Meetings That Work! A Guide to Organizing the Process*. Columbia, MO: University Extension, University of Missouri and Lincoln University.

*A method for assisting communities in assessing their resources and planning activities to meet agreed upon goals is presented in this guide. Philosophies and techniques are discussed in detail.*

BLAKELY, EDWARD J., 1988. *Planning Local Economic Development: Theory and Practice*. Newbury Park, CA: SAGE Publications, Inc.

*Blakely does a thorough job covering the field of economic development in a (mainly) non-technical fashion. He provides examples of practical applications for the theories and methods he presents.*

BRASCHLER, CURTIS, JOHN A. CROLL, JOHN A. KUEHN, and BRYAN PHIFER, 1988. *Understanding Your Community's Economic Base*. Columbia, MO: University Extension, University of Missouri and Lincoln University.

*This guide explains the concept of economic base analysis and shows how to calculate it for a community or county. A more detailed discussion of the procedure is contained in "Foundations of an Economic Base Study," by John A. Croll and John Tharp, available from the MU Department of Community Development.*

DALY, HERMAN E. and JOHN B. COBB, JR., 1989. *For the Common Good: Redirecting the Economy Toward Community, the Environment and a Sustainable Future*. Boston, MA: Beacon Press.

*Daly and Cobb have written a book that should be required reading for every economic development professional, mayor, city council member, economic development committee member and anyone else who is interested in their community. The message they deliver is that economics and economic development can be beneficial activities if those practicing them think about "why they are in the business. This is not a book for the complacent.*

DARLING, DAVID L., JR., ed., 1984-1990. **Community Development Series**. Manhattan, KS: Cooperative Extension Service, Kansas State University.

*This series of guides provides easy access to some of the more technical aspects of economic development.*

DEWAR, TOM, 1987. "**Putting 'Community' before 'Development'.**" Partner. Minneapolis, MN: The Charles Stewart Mott Foundation.

*This short article shows why 'community' too often gets sacrificed to plans for 'development' and how that approach is counterproductive over the long term. He suggests ways to reverse that thinking and make 'community' the focus of efforts again.*

GOOD, J.W., and R.F.GOODWIN, 1992. **Waterfront Revitalization for Small Cities**. Corvallis, OR: Oregon State University Extension Service.

*While this may seem like a rather specialized publication, it includes many useful techniques for planning and implementing community improvement projects. Of particular interest are the lists of citizen involvement techniques and sources of financial assistance that can be applied to most development programs.*

HARRIS, THOMAS R., GARY W. SMITH, AND MICHAEL B. MOONEY, 1990. "**An Alternative Approach to Trade Area Analysis,**" *Journal of the Community Development Society*, 21(2).

*Harris, Smith and Mooney 's article shows an alternative method of calculating a "pull factor" for a commercial sector. The method is less data-intensive than the traditional approaches, but provides useful information.*

HENRY, MARK, MARK DRABENSTOT, and LYNN GIBSON, 1986. "**A Changing Rural America,**" *Economic Review*. Kansas City, MO: Federal Reserve Bank of Kansas City.

*Rural America has changed dramatically since the 1940's and Henry, Drabensstott and Gibson detail those changes and give suggestions about their effects for the near term. They conclude that rural America will have many years of decline as a result of structural problems that will be difficult to correct.*

HUSTEDDE, RON, RON SHAFFER, and GLEN PULVER, 1984. **Community Economic Analysis: A How To Manual**. Ames, IA: North Central Regional Center for Rural Development.

*Hustedde, et al., cover the primary methodologies for conducting an economic analysis. This is a good introductory manual for communities just beginning the analysis process.*

KALE, STEVEN, 1989. "*Theoretical Contributions to the Understanding of U.S. Non-metropolitan Economic Change*," *Economic Development Quarterly*. 3(1).

*This paper summaries the major theories of economic change and suggests ways that they may be applied in communities undertaking development programs. The strengths and weaknesses of each theory is presented and discussed.*

MCNAMARA, KEVIN T., 1991. ***Recruiting Manufacturing Firms as a Community Development Strategy***. West Lafayette, IN: Purdue University Cooperative Extension Service.

*McNamara takes a close look at the factors which are important to industries considering a new plant location. While the focus of the paper is on Indiana, the results are useful to states throughout the Midwest.*

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT, 1990. ***Basics of Economic Development***. Jefferson City, MO: State of Missouri, DED.

*This monograph discussed a variety of economic development techniques with particular emphasis on industrial attraction. The attraction process is described in detail and suggestions are given for specific activities which communities can initiate to increase the opportunities for success.*

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT, 1990. ***Missouri Corporate Planner***. Jefferson City, MO: State of Missouri, DED.

*The Corporate Planner is a compilation of basis information about Missouri that businesses and industries can use in decision-making about location possibilities. It is also a good model for communities in developing their own attraction materials.*

NORTH CENTRAL REGIONAL CENTER FOR RURAL DEVELOPMENT, 1983. ***Proceedings of the Community Economic Development Strategies Conference***. Ames, IA: NCRCD, Iowa State University.

*This set of proceedings covers a variety of topics related to community economic development. Of particular interest are papers by Glen Pulver, Kenneth Deavers, John Quinn, and James Howell.*

OFFICE OF RURAL DEVELOPMENT, MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT, and UNIVERSITY EXTENSION, THE UNIVERSITY OF MISSOURI AND LINCOLN UNIVERSITY, 1992. ***Rural Economic and Community Development Catalogue***. Jefferson City, MO: State of Missouri, DED and the University of Missouri.

*This catalogue lists programs that are available to assist communities and businesses in the state.*

PULVER, GLEN C., 1986. ***Community Economic Development Strategies***. Madison, WS: Cooperative Extension Service, University of Wisconsin-Madison.

*Pulver presents a thorough discussion of the strategies which are currently used by communities to increase economic development, along with the changes that have taken place in the national economy which will affect the efforts of these groups in the future.*

STONE, KENNETH E. and JAMES C. MCCONNON, JR. "***Trade Area Analysis Extension Program: A Catalyst for Community Development***" Unpublished paper.

*Stone and McConnon give step-by-step directions for preparing a trade area analysis and discuss the underlying theories of the methodology.*

THARP, JOHN, 1988. ***Developing Economic Goals for Your Community***. Unpublished paper.

*This is an excellent discussion of the wide variety of goals that are appropriate for local economic development organizations. Each goal is explained and examples are provided.*

UNITED STATES SMALL BUSINESS ADMINISTRATION, 1992. ***Business Opportunities Workbook and Business Opportunities Casebook: A Rural Revitalization Program for Community Leaders***. Washington, D.C.

*These companion volumes present methods and cases for increasing economic opportunities in small town. The Workbook shows how to organize community meetings to set goals and the Casebook presents examples of successful programs around the country.*

WESTERN RURAL DEVELOPMENT CENTER, 1982. "***Marketing the Uniqueness of Small Towns***," Small Town Strategy, Corvallis, OR: WRDC, Oregon State University.

*WRDC has published a series of guides to economic development for small communities. Each provides examples of practical approaches to development. This guide discusses how a small community can undertake a marketing program that will show success.*

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## Worksheets

### Worksheet for Population/Employment Ratio

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This worksheet will help you find the population/employment ratio for each economic sector or economic activity in your community. Use a separate worksheet to calculate and record each one.

Economic sector (retail trade, services, etc) or activity (pharmacies, accounting services, etc)\_\_\_\_\_\*

City	Population	Employment in sector	Population/ Employment ratio
<b>Your community</b>			
<b>1.</b>			
<b>2.</b>			
<b>3.</b>			
<b>4.</b>			
<b>Average</b>			

Step 1. In column 1, list the communities within a fifty-mile radius which "compete" with your community for customers. List only those which are no more than twice your community's population nor less than half its population.

Step 2. Divide the population for each community (column 2) by the number of employees (column 3). The result is the number of people "served" by each employee (column 4).

\*This calculation should be done for each major economic sector and each activity within these sectors that employ a substantial number of people.

## Worksheet for Location Quotient

---

This worksheet will help you find your community's location quotient for each major economic sector.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Sector*</b>	<b>Your community's employment, 2000</b>	<b>Sector share</b>	<b>State employment, 2000</b>	<b>Sector share</b>	<b>Location quotient</b>
<b>A</b>					
<b>B</b>					
<b>C</b>					
<b>D</b>					
<b>Total</b>					

\* Major economic sectors should be analyzed.

Step 1. Divide number of employees (column 2), for each sector, by the Total number of employees for the community and put the results in column 3. Do the same for state employees and put the results in column 5.

Step 2. The location quotient (column 6) for a sector is found by dividing the number in column 3 by the number in column 5.

## Worksheet for Shift/Share Analysis

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This worksheet will help you find the shift/share for economic sectors in your community.

1	2	3	4	5	6	7
	<b>Your community's employment</b>			<b>State employment</b>		
<b>Sector</b>	<b>1990</b>	<b>2000</b>	<b>Growth rate</b>	<b>1990</b>	<b>2000</b>	<b>Growth rate</b>
<b>A</b>						
<b>B</b>						
<b>C</b>						
<b>D</b>						
<b>Total</b>						

Step 1. List the major economic sectors for your community in column 1.

Step 2. Enter the employment in those sectors for 1980 and 1990 for both your community and the state in columns 2, 3, 5, and 6.

Step 3. For each economic sector, subtract column 2 from column 3 and divide the result by column 2. Enter this number in column 4.

Step 4. Use the same procedure for economic sectors at the state level, subtracting column 5 from column 6 and dividing the result by column 5. Enter this number in column 7.

The numbers in columns 4 and 7 will be used to determine the changes in the community share of employment in the following table.

1	2	3	4
<b>Sector</b>	<b>Sectoral change in local economy</b>	<b>Proportional share</b>	<b>Differential share</b>
<b>A</b>			
<b>B</b>			
<b>C</b>			
<b>D</b>			

Step 5. For each sector, subtract your community's growth rate (column 4) from the overall growth rate for the community (column 4, Total). Enter this in column 9.

Step 6. For each sector, subtract the overall state growth rate (column 7, Total) from your community's growth rate (column 4) and enter this number in column 10.

Step 7. For each sector, subtract the state growth rate in that sector from your community's growth rate in that sector. This number should be entered in column 11

## Worksheet for Trade Area

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This worksheet will help you find your community's trade area.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Population of competing communities</b>	<b>Distance from competing community to your community</b>	<b>Population of your community divided by column 1</b>	<b>1 + square root of column 3</b>	<b>Column 2 divided by column 4</b>
1.				
2.				
3.				

Step 1. In column 1, enter the population of each of the competing communities in your area.

Step 2. Enter the distance from your community to each of the "competing" communities in column 2.

Step 3. Divide the population of your community by the population of each of the other communities and put this number in column 3.

Step 4. Find the square root of each number in column 3 (use a calculator), add this result to 1 and put the results in column 4.

Step 4. Divide each distance you recorded in column 2 by the number in column 4. This is the distance your community's trade area extends toward the other community. Use this information to draw the trade area around your community.

## Worksheet for Trade Area Capture

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This worksheet will help you find your community's trade area capture for specific retail purchases.

1	2	3	4	5	6
Consumer items	Total spent in your community for items in column 1	State per capita spending for column 1 itmes	Community per capita income	State per capita income	Potential customers
1.					
2.					
3.					
4.					
5.					

Step 1. In column 1, list the items for which you wish to figure the trade area capture. These will be typical consumer purchases such as automobiles, groceries, appliances, etc.

Step 2. In column 2, enter the total amount spent in your community for each item listed in column 1.

Step 3. In column 3, enter the state per capita spending for each item listed in column 1.

Step 4. Enter the per capita income for your community in column 4 and the state per capita income in column 5.

Step 5. Divide column 4 by column 5. Multiply this number by column 3, and divide column 2 by the result. Enter this number in column 6. This is your community's trade area capture for each item. This number represents the number of potential customers for particular consumer purchases.

## Worksheet for Community Pull Factor

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This worksheet will help you find your community's pull factor for specific retail purchases.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Consumer items</b>	<b>Trade capture from previous worksheet</b>	<b>Your community's population</b>	<b>Pull factor</b>
<b>1.</b>			
<b>2.</b>			
<b>3.</b>			
<b>4.</b>			

Step 1. For each item in column 1, enter the trade area capture from the previous work sheet in column 2.

Step 2. In column 3, enter the population of your community.

Step 3. Divide column 2 by column 3 and enter this in column 4. This is the pull factor for each item.

## The Development Matrix Worksheet

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		Strategies			
		Conserve and Enhance Existing Resources	Import Substitution	Value Added	Export Development
Tactics	Capture Existing Income				
	Retain and Expand Existing Businesses				
	Capture Outside Income				
	Create New Enterprises				
	Recruit Compatible Enterprises				

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# MODEL COMPREHENSIVE ECONOMIC DEVELOPMENT PLAN

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## The Comprehensive Economic Development Plan for Bedford Falls

### 1. The Comprehensive Economic Development Plan Coordinating System

**1.1 Statement of Purpose**-Bedford Falls has been a good place to live and work for more than 150 years. In that time, the community has seen many individuals and families move here from other parts of the state and nation, and they have contributed greatly to our progress. They moved here for a variety of reasons-our good schools, the fine medical care available at the hospital, our low crime rate, the churches and synagogue, our parks and recreation system, and the jobs that give them a good standard of living.

Recently, Bedford Falls has experience problems because of the national economic situation which, among other things, caused two of our major manufacturers to close. Several other small businesses also closed as a result. While we have been able to help many of the people who lost their jobs to find new ones, we realize that many of them are not making the same level of wages that they did before. We have found that more of our residents have had to apply for food stamps, Medicaid and other forms of government assistance. The whole community suffers when any of our citizens are suffering. That is one of the reasons we have written this plan.

Even if we had not seen an increase in unemployment and public assistance, though, this plan would have been necessary. The economy is changing at the national and international levels, and we must work to take advantage of those changes. This plan provides a blueprint for changes that this community will initiate in the next twenty years.

In doing researching for this plan, we discovered that many people had ideas about how the community should change, but felt that their voices would not be heard. This community can only grow and prosper if all people have an opportunity to participate and that is why we have taken so much time making sure that everyone had the chance to make his or her views known. We think that the plan fairly represents the desires of the people of this community, but we realize that circumstances change, so this is not the end of the planning process; it is just the beginning. Not only has there been opportunity for people to make their views known, we promise to give them the opportunity to work to make this plan a reality!

### 1.2 The Bedford Falls CEDP Organization

**1.2.1 Membership**-The Bedford Falls Comprehensive Economic Development Plan Task Force was organized in July, 2001 to explore the possibility of writing a plan which would guide our development for the next twenty years. The original task force was made up of members of the Bedford Falls Economic Development Committee, the Chamber of Commerce, the mayor of the Bedford Falls, and the president of the League of Women Voters. It became apparent very quickly that this group needed to expand if it was going to complete the task.

In October, 2001, a number of groups were invited to send representatives to an organizational meeting. In addition, an announcement was put in the Bugle-Standard, inviting any other group or individual to attend. As a result of that meeting, the Task Force was expanded to its current membership, which currently includes the following groups and individuals.

The City of Bedford Falls  
Bedford Falls Area Chamber of Commerce  
Bedford Falls RII School District  
Bedford Falls Economic Development Committee  
League of Women Voters  
Jersey County Historical Society  
The Daughters of the Joans Charitable Society  
Bedford Falls Youth Betterment Committee  
Jersey-Guernsey Community College  
Mid-State Regional Planning Commission  
Lions Club  
Rotary Club  
Jersey County Senior Association  
Parents Without Partners  
University Extension  
State Department of Economic Planning and Development  
Jersey County Consolidated Library District  
Ministerial Alliance  
Bedford Falls Quilters' Guild  
Bedford Falls Garden Club  
Bedford Fall Community Betterment Association  
Downtown Bedford Falls Association  
United Neighborhoods of Bedford Falls  
Harry Winkler-citizen  
Sylvia Plant-citizen  
Betty Berry-citizen

**1.2.2 Legal Authorization**-In January, 2002, the Bedford Falls Economic Development Committee was chosen as the official organization to coordinate the implementation of the CEDP. The BFEDC is a not-profit corporation under the laws of the state and is a 501 (c) 3 corporation designated by the IRS.

**1.2.3 Planning Process**-After the initial meetings of the task force in late 2001. it became apparent that a good deal of information was needed to write a plan that would be accurate and useful. Beginning in January, 2002. The task force initiated a series of town meetings to find out what people in Bedford Falls wanted to see happen in the community. Meetings were held in four neighborhoods in February to identify some of the issues of importance. In March, a random-sample survey was distributed to 325 households in Bedford Falls and was tabulated and analyzed with the assistance of the State University Extension Service and a sociology class at J-G Community College.

A communitywide meeting was held in April, at which time, the results of the neighborhood meetings and survey were presented. The purpose of this meeting was to let people discuss their feelings about the findings and develop some preliminary goals. All of this material was published in the Bugle-Standard and a special call-in edition of "People to People" was shown on KWWK-TV to get further feedback. A second community meeting was held in May to decide on goals for development. This meeting was attended by 212 people and the results were published as a special supplement in the Bugle-Standard.

## **2. Goals for Economic Change**

**2.1 Goal Selection Process**-Specific, priority goals for economic development were chosen by the CEDP task force, using a nominal group process, after comparing the goal statements developed at

the community meeting with the broad goals of growth, development, stability, and economic freedom and justice.

**2.2 Long- and short-term goals**-The following goals were selected as long-term goals for the community:

- To protect the natural environment as a resource for the future.
- To ensure that economic opportunities are available to all residents.
- To protect those who are least able to protect themselves.
- To grow, consistent with our resources.

The following short-term goals were selected:

- To increase the number and quality of jobs available in the community.
- To assist existing employers to stay in business.
- To establish waste-recovery programs to decrease the money spent on the landfill.
- To revitalize downtown.
- To support and expand the use of car-pools and the InterUrban Express.
- To attract two medium-size manufacturing or service enterprises which will be compatible with existing businesses and utilize the skills of current residents.

**2.3 Monitoring and Evaluation Activities**-A permanent committee is being established in the BFEDC to monitor implementation of this plan. In addition, the City of Bedford Falls has established a position for an intern from J-G Community College who will be responsible for working with the committee in monitoring and data-gathering activities.

### 3. Community Analysis

**3.1 History of the Community and Area**-Bedford Falls is the county seat of Jersey County. The county was first settled in 1832, three years before the state was admitted to the Union. The first European settlers in the county were German immigrants who trapped and traded with the Native American tribes in the area. Within two years, new families had taken advantage of the good soil in the northern part of the area and started small farms, while more German settlers in the south planted vineyards in the rolling hills.

Bedford Falls was founded by two brothers, Gustav and Holst Stein, at the confluence two rivers which they named for their wives who each happened to be named Joan. As the name of the town suggests, a waterfall formed a short distance below the confluence of the rivers and though it is not certain why the brothers named the new town Bedford, it is known that it quickly became a prosperous community on the frontier. Because of the good water transportation, the town became the embarkation point for many settlers traveling west. The Stein brothers engaged in the mercantile trade, shipping supplies up the Joan Rivers and selling them to the pioneers heading to Colorado, Idaho and Oregon.

As the brothers' fortunes grew, so did Bedford Falls. When the county was incorporated in 1843, Bedford Falls became the seat of government. Jersey County is shaped like an inverted letter "L"; Bedford Falls is located in the northeastern part of the county. Because of the brothers' wealth and prestige, they were able to persuade the interim county commissioners to choose Bedford Falls over a rival community, Pottersville, located in the northwestern leg of the county.

Since Jersey County is located near the center of the state, it has always been influenced by the unique character of its surrounding territory. Bedford Falls is located on two major U.S. highways, one giving it easy access to the State Capital, thirty miles north, the other making it possible for its young people to attend the State University twenty miles to the east. While this contributes to Bedford Falls'

prosperity, the lower part of the county suffers from a poor transportation system and difficult geography.

Though Bedford Falls saw steady (and at times spectacular) growth for its first one hundred years, the Depression, and particularly Prohibition, hit hard. Many winegrowers were forced to close their cellars and vineyards and the small farmers in the north saw the start of the long process of consolidation of farms. As a result of these reversals, many businesses in Bedford Falls closed. In addition to the agricultural changes that took place, the city lost population in the 1970's and 1980's with the closing of the two major industrial plants. Bedford Falls' economy has shifted from a dependence on manufacturing and agriculture to services and retirement income.

One development during the 1970's that is beginning to pay dividends was the establishment of the BLM InterUrban Express, a commuter rail line that links Bedford Falls with the state capital, Madison, and with Lewistown, the home of the state university. This commuter system brings just over 1,200 people to work in Bedford Falls each day, while approximately the same number travel to the state capital and to the state university to work. As a result, Bedford Falls has a core of professionals in a variety of fields that contribute to the economic, social and cultural life of the community.

### **3.2 Physical Resources**

**3.2.1 Location-**A map showing Bedford Falls' location within the central section of the state is shown on the next page (Figure 1).

**3.2.2 Climate-**The climate of the area is a temperate, humid, continental type with hot summers and relatively mild winters. Summer temperatures average 78 degrees, with forty to fifty days above 90 degrees. Winter averages are 30 degrees, with about thirty days below 32 degrees and an average of five days below zero. Precipitation averages 40 inches per year, with January being the driest month and May the wettest. Average annual snowfall is 17.5 inches.

**3.2.3 Topography- Geology and Mineral Resources-**Bedford Falls is divided into two areas: the area north of the South Joan River has steep slopes, while the area south and west of the South Joan River begins in floodplain and rises to gently rolling hills. The city is underlain with shale and limestone in the north and some deposits of coals in the southwest which were strip-mined in the 1940's and 50's.

**3.2.4 Water Resources-**Bedford Falls has an abundance of water resources, including the Joan River and its two tributaries, the North and South Joan Rivers. In addition, Muddy Creek is impounded in a 1.200 acre lake (Muddy Creek Lake) in the southwest section of the city and Falls Creek feeds 120 acre Veronica Lake in the east central section of the city.

**3.2.5 Land Use-**The city has a mix of uses, including residential, commercial, industrial, recreation and open space and public. An update of the land use plan was completed in 1989. No further annexations or major changes are anticipated in the next ten years. Several areas of the city are slated for revitalization during that time period, with upgrades to the infrastructure including water and sewer systems, streets and sidewalks, and utilities.

### **3.3 Community Facilities**

**3.3.1 Water and Wastewater Systems-**Much of Bedford Falls' water distribution system was installed before 1925. The water plant is scheduled for completion of its upgrade in 2004 when the final installment of a matching grant is received from the state. Likewise, the wastewater and sewer systems are being upgraded, with completion expected in 2007.

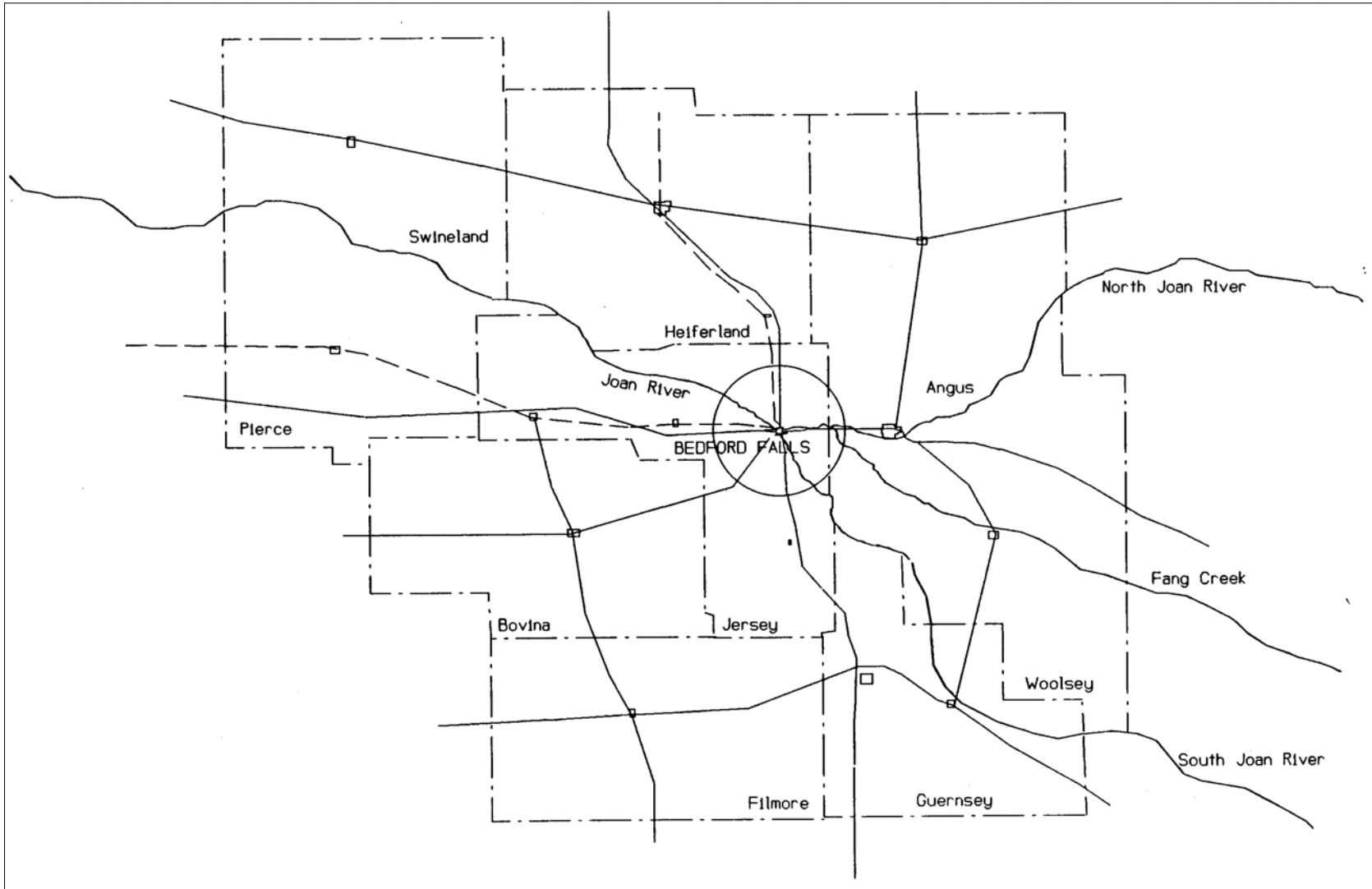


Figure 1. Bedford Falls and vicinity

**3.3.2 Transportation Facilities**-Bedford Falls is served by Interstate 48 and U.S. 73. The city is also served by a commuter airline fifteen miles east at the Jersey-Angus Airport. The Jersey County Port Authority has recently expanded its grain-handling capabilities northwest of the city. The BLM InterUrban Express commuter rail line serves the city with four daily trips to the capital city, Madison, and to Lewistown, the home of the state university.

**3.3.3 Energy Systems**-Until 1988, the city owned its own electric generating facilities, but sold them that year to United Public Electric. Natural gas is supplied by Consolidated Public Service, Inc.

**3.3.4 Solid Waste Systems**-One of the more troublesome problems facing the community is the imminent closing of the Jersey County Landfill. The city is participating in the newly formed Regional Solid Waste Coordinating Committee and working to locate a new site for a multi-county landfill and recycling center.

**3.3.5 Recreational Facilities**-Bedford Falls is fortunate to have an extensive recreational system, including 120 acre and 1,200 acre lakes inside the city limits. These two lakes comprise the backbone, along with the riverfront open spaces, of the recreational facilities for the city. Three additional neighborhood parks provide opportunities for many citizens. There is a public golf course and a private country club, in addition to the YMCA which provides a number of indoor recreational programs throughout the year.

**3.3.6 Housing**-Housing in Bedford Falls is varied, from 160-year old homes in the central part of the city, to new subdivisions in the south and southwest. There are a total of 590 housing units available in the community, with 72 percent owner-occupancy. The annually, an average of six percent are for sale. Housing conditions vary from neighborhood to neighborhood. Approximately 2.3 percent of the units lack complete plumbing and four percent are classified as crowded. Just over one-half (52.8) of the units in the community were built before 1929.

#### **3.4 Institutional Resources**

**3.4.1 Municipal Government**-The City of Bedford Falls has an elected mayor-council form of government with an appointed professional city manager. In addition to fire, police, transportation, land use planning and code enforcement functions, the city provides solid waste disposal and animal control services. Accounting and budgeting functions are performed by trained professionals.

A variety of council committees cooperate on activities which support economic development in the city. The mayor serves as an ex officio member of the CEDP task force and the BFEDC.

**3.4.2 Educational Programs**-The Bedford Falls RII School District serves 2,921 pupils in Bedford Falls and portions of Jersey County. The district operates one high school, two middle schools, and three elementary schools. Bedford Falls' drop-out rate is 17.4, below the state average of 23.7. The illiteracy rate for adults over 25 years of age is 10.1. also below the state average.

The Jersey-Guernsey Community College has an enrollment of 782; many of the faculty have joint appointments with the State University in Lewistown. The J-G Vo-Tech school offers eight technical degrees to just over 280 students annually.

	<b>Bedford Falls</b>	<b>Jersey County</b>	<b>State</b>
<b>Enrollment (K-12)</b>			
1990	3,509	5,299	892,786
2002	2,921	5,009	803,789
Percent change	-16.7	-5.5	-9.9
4-Year Dropout Rate	17.4	19.5	23.7
<b>Illiteracy Rate Persons 25 Years and Older</b>			
Number	1,170	1,890	365,679
Percent	101	10.2	10.9

Table 1. Selected Public School Data

**3.4.3 Cultural Resources**-Bedford Falls' rich history contributes much to its cultural resources. The Jersey County Historical Society operates a museum dedicated to showing the life of early settlers to the area through displays and living history festivals each spring and fall. J-G Community College has a theater department that hosts a summer professional repertory company and a nine-week music camp for young people.

There are two historic districts in the city and a third in the process of designation. The homes of four early governors and two former U.S. Senators are located in the Jefferson Heights neighborhood, which brings many tourists to the area. In addition, the central business district has many historic and architecturally significant buildings which are being restored through the city's participation in the state Main Street program.

**3.4.4 Human Resource Services**-A number of state-sponsored programs are offered for "at-risk" populations in the community. In addition, the Bedford Falls Human Services Coalitions meets monthly to determine needs and establish programs to meet those needs. A consortium of churches, cooperating with the BFHSC, has established food pantries in two locations and transitional housing.

**3.4.5 Health and Mental Health Services**-Bedford Falls Medical Center is a 100-bed facility which provides a full range of emergency and short-term services. More comprehensive medical and mental health services are available in Lewistown, at the State University Medical Center, just twenty miles east.

	<b>Bedford Falls</b>	<b>Jersey County</b>
Physicians per 10,000 population	14	12
<b>Teenage Pregnancies</b>		
1990	47	53
2000	98	105
Number of women receiving inadequate prenatal care	90	123

Table 2. Selected Health Indicators

**3.4.6 Financial Services**-Three banks and two savings and loan institutions serve Bedford Falls, as well as a branch of the State Employees Credit Union.

**3.4.7 Communications**-Two radio stations (WWW-FM and WWO-AM) serve Bedford Falls. Television comes from KWWK-TV in Lewistown and via cable TV. The Bugle-Standard is a daily newspaper which has been published by the Stein family since 1841.

**3.5 Social and Economic Resources**

**3.5.1 General Population Characteristics**-The following tables give general population characteristics for Bedford Falls.

	<b>Bedford Falls</b>	<b>Jersey County</b>	<b>State</b>
1940	15,689	33,679	2,887,345
1950	16,458	32,456	2,998,897
1960	17,990	31,098	3,678,564
1970	18,734	30,007	3,994,237
1980	17,956	28,349	4,673,980
1990	17,008	26,090	5,578,238
2000	17,562	26,511	5,714,522
2010	17,900	26,990	5,900,000

Table 3. Population Change and Projections 1940-2010

	<b>Bedford Falls</b>	<b>Jersey County</b>	<b>State</b>
Percent Change 1980-1990	-4.2	-5.5	17.0
Percent Change 1990-2000	-4.2	-6.0	5.0
Natural Increase 1980-1990	346	624	110,345
Natural Increase 1990-2000	(1112)	(2295)	124,551

Table 4. Components of Change

As can be seen from these tables, Bedford Falls' population has been variable in the last fifty years, reaching a high in 1970, but declining slightly since then as a result of economic setbacks in the late 1970's and early 1980's. From 1980 to 1990, more than 1,000 people moved from Bedford Falls to other parts of the state and nation. Since 1990, however, the city planning department estimates that approximately 250 new residents have moved to Bedford Falls and the population is expected to increase to around 17,500 by the year 2,000.

	<b>Under 5</b>	<b>6 to 19</b>	<b>20 to 44</b>	<b>45 to 64</b>	<b>Over 65</b>
<b>Bedford Falls</b>					
1990	6.1	18.5	36.4	18.6	20.7
2000	5.3	15.4	33.3	20.8	25.2
<b>Jersey County</b>					
1990	6.9	17.9	38.6	15.5	21.1
2000	5.7	15.2	31.1	21.6	26.4
<b>State</b>					
1990	7.9	19.9	40.6	15.5	21.1
2000	6.0	15.9	36.1	17.6	24.4

Table 5. Age Structure

The age structure in Bedford Falls shows that the population is getting older compared to the overall state statistics. While forty-six percent of the residents of Bedford Falls are over forty-five, only forty-two percent of the state's residents are in that category. In addition to the general aging of the population throughout the country, one reason for this higher percentage in Bedford Falls is the effort the community has made to attract the retirement-age population to the community. The new Don Knots Village Retirement Center provides assisted living for 275 residents at this time.

	<b>Bedford Falls</b>	<b>Jersey County</b>	<b>State</b>
<b>Households</b>			
1990	6900	10900	1797700
2000	7160	10260	1888000
<b>Person per household</b>			
1990			
2000	2.8	3.1	2.8
	2.4	2.6	2.6
<b>Percent change</b>	<b>3.8</b>	<b>-5.9</b>	<b>5.0</b>

Table 6. Household Composition

While the number of households increased between 1980 and 1990, the size of those households declined, reflecting the aging population and more single-parent families and families without children.

	<b>Caucasian</b>	<b>African-American</b>	<b>All Others*</b>
<b>Bedford Falls</b>			
1980	16,739	1963	32
1990	15,855	1989	112
2000	14,707	2031	452
<b>Jersey County</b>			
1980	27,899	2076	32
1990	24,387	2175	116
2000	22,043	3254	793

Table 7. Race and Ethnicity

\*includes Native Americans-12; Asian-375; Hispanic-65

Between 1980 and 1990, Bedford Falls saw a relatively large increase in residents of Asian nationality. Several of these new residents are affiliated with the Bedford Falls Medical Center and Don Knots Village; a large number are engineers and technicians at the nuclear reactor operated jointly by United Public Electric and the State University.

**3.5.3 Labor Force and Employment**-Bedford Falls employment structure had changed substantially since 1980. Nearly 85 percent of those employed in 1990 were working in services, trades or government, over ten percent more than the state average. Manufacturing jobs declined by 7.5 percent from 1980 to 1990, with those people who found new jobs going to the service and government sectors.

The unemployment rate was consistently above the state average throughout the 1980's. The number of people employed declined by over 80, while the labor force remained relatively unchanged despite the entry into the work force by a large number of women and young adults. One of the critical needs in the community is more daycare for young children. Table 13 shows that nearly 500 working women have children under six years of age, yet the total capacity of the 17 licensed daycare facilities is only 119.

The number of businesses, as shown in table 10, changed during the 1980's. While the number of mid-size and large businesses declined, the number of small businesses employing fewer than 20 people increased dramatically. This reflects the necessity that many people had to start their own businesses when the larger manufacturing enterprises closed.

	Number employed	Number Unemployed	Percent unemployed
Bedford Falls			
1990	7799	689	8.8
2000	7716	787	10.2
State			
1990	1,233,546	80,180	6.5
2000	1,652,078	104,080	6.3

Table 8. Labor Force

	Bedford Falls		State	
	1990	2000	1990	2000
Total	7799	7716	1233546	1652078
Farming	2.0	1.3	10.9	9.8
Manufacturing	17.8	10.2	24.8	17.4
Services and Trade	58.7	65.8	45.7	57.6
Government	15.8	18.2	12.8	15.5
Other	5.5	4.5	5.8	6.7

Table 9. Employment by Category

	Small	Mid-Size	Large
Bedford Falls			
1990	341	23	6
2000	378	21	2
2002	425	20	2
Jersey County			
1990	567	56	7
2000	645	61	2
2002	795	70	3

Table 10. Number of Businesses

**3.5.4 Income and Expenditures**-While the number of people employed in the community declined, personal and per capita income increased from 1980 to 1990, though both lagged behind the state averages. State personal income increased by 157 during the period, while personal income in Bedford Falls increase by only 115. Per capita income lagged even farther, with the state average at \$25,705 in 1990 while Bedford Falls' per capita income was only \$17,500.

Income sources, as shown in Table 12, clearly reflect the importance of transfer payments, services, trades and state/local government to the local economy. The largest source of income, however, is dividends, interest and rent, which also indicates the importance of senior citizens in the community, since most of these assets are owned by those over 55 years of age.

	Bedford Falls	Jersey County	State
Personal Income			
1990	140,000	232,000	46,900,000
2000	302,000	465,000	121,000,000
Percent Change	115	100	157
Per Capita Income			
1990	7,796	8,183	10,002
2000	17,500	17,120	25,705

Table 11. Personal and Per Capita Income

	Bedford Falls	Jersey County
Agriculture	120	6310
Mining	0	0
Manufacturing	15326	32130
Federal Government	3302	5689
Transfer Payments	32208	58958
Construction	8756	10768
Transport/Utilities	16879	32416
Trades	61793	73613
Finance/Services	53768	67980
State/Local Government	43564	45629
Dividends, Interest, Rent	66765	77560
Total	302,506	456,682

Table 12. Income Sources  
(in \$000's)

	<b>Bedford Falls</b>	<b>Jersey County</b>	<b>State</b>
Working women w/ kids under 6 (2000)	478	878	152978
Percent of all women with kids under 6	46.1	46.9	50.2
Licensed Day Care 1996	8	9	1432
2000	17	21	2789
Day Care Capacity (2000)	119	147	76890

Table 13. Working Women and Daycare

**3.5.5 Economic Base**-An economic base analysis was done for Bedford Falls and the results are presented in Table 14 on page 20. Basic employment accounts for just over 60 of the total employment in Bedford Falls, which is slightly more than the average (57.9) for communities in this state. Over 50 of the basic income of the community now comes from transfer payments, which is well above the average in the state (32.7), confirming the importance of retirees to the economy of Bedford Falls. Another significant sector is the commuter population, which accounts for 23 of the employment of the community.

**3.5.6 Trade Area**-The economic performance of several sectors was analyzed for Bedford Falls and the results are presented in Tables 15-17. A trade area map is included as Figure 2 on page 23.

**4. Strategies and Tactics**-In analyzing the information contained in the tables related to population, employment and income, it is apparent that activity needs to be initiated in several areas. Each of the strategies for development has some application to Bedford Falls. Within these strategies, tactics will be used as appropriate. The following is a summary of the strategies and the tactics that will be used, along with a description of activities that need to be undertaken.

**Strategy: *Conserve and Enhance Existing Resources***

**Tactic: *Capture Existing Income:***

The large retirement population and the number of commuters from and to the community suggest that activities need to be started that will capture more of this income source. For both retirees and commuters, Bedford Falls has positive location and population/employment quotients, which shows that the community is in a favorable position to capture this income. Additional businesses which cater to these groups are needed, however, as suggested by the lower population/employment ratio for Bedford Falls in retail trade.

Much of the current spending in Bedford Falls by the commuter group is after 6:00 p.m. and on week-ends. While shops in the mall stay open until 8:00 p.m., few of the downtown merchants do so. Some adjustment in store hours would help to capture more of the income that is available in the community.

**Strategy: *Import Substitution; Value Added; Export Development***

**Tactic: *Retain and Expand Existing Businesses***

The closure of a number of businesses and manufacturers in the last ten years indicates that much work needs to be done in this area. There are opportunities to use the strategies of *Import Substitution*, *Value Added* and *Export Development*. Manufacturing seems to be an obvious place to begin, since there are a number of small enterprises that have indicated they are having difficulty reaching their markets and expanding their product lines. A business retention and expansion committee will be added to the BFEDC to assist these businesses. In addition, the Downtown Bedford Falls Association will continue its participation in the state Main Street program and begin a cooperative program with the

State University Department of Consumer Technology to increase assistance to downtown merchants in the areas of merchandising, marketing and cost control.

**Strategy: *Conserve and Enhance Existing Resources***

**Tactic: *Capture Outside Income***

Bedford Falls' trade area has decreased in the last ten years as a result of aggressive efforts on the part of merchants in Lewistown to capture more of their student retail trade, which previously had been traveling to the Bedford Falls mall. One area of opportunity for the community is in the continued development of the tourist sector of the economy. While the local historical society and neighborhood groups have done a good job promoting the community, other possibilities need to be explored and encouraged. Use of one of the city's major resources, the Joan Rivers and open spaces around those areas has lagged. A new marina should be built south of downtown allowing access for boating and other recreational activities. Additionally, the establishment of a heritage corridor to highlight the importance of the rivers in the development of the community and state would increase tourism and spending.

**Strategy: *Import Substitution; Value Added; Export Development***

**Tactic: *Create New Enterprises***

New enterprises need assistance to get started and to prosper. In order to facilitate establishment of new businesses in Bedford Falls, a committee of BFEDC will be established with the purpose of working with the State Department of Economic Planning and Development and the State University Small Business Development Center to identify gaps in the local economy and ways to fill those gaps. Some areas of focus are already apparent. Currently, a number of products are being "imported" by institutions and businesses which could be produced here. In addition, several Bedford Falls manufacturers are suppliers of parts to assembly plants out of state. An effort will be made to establish finishing operations here.

Two activities will also be initiated to support creation of new businesses in Bedford Falls: (1) in cooperation with the College of Engineering and Technology at State University, a small-scale business incubator will be established in the former Blue Shoe warehouse. This facility will provide space and support for start-up companies for a period of up to two years. (2) An enterprise zone has been approved by the legislature for the industrial area north of the North Joan River. The enterprise zone, once established, will be important in supporting new businesses and in attracting others to the community.

**Strategy: *Import Substitution; Value Added; Export Development***

**Tactic: *Recruit Compatible Enterprises***

Much of the economic development efforts of the BFEDC over the last ten years has been focused in this area. This effort will continue, but with an eye to recruiting enterprises that can utilize local resources more efficiently. Specifically, enterprises which will either use waste products from existing manufacturing facilities or which will produce by-products that can be used by those manufacturers will be targeted. Special efforts will be made to recruit enterprises which will engage in (1) import substitution manufacturing and (2) in value added activities.

In addition to manufacturing enterprises, BFEDC will be actively involved in recruiting small- and medium-size businesses which will support the growing retirement population and the emerging tourism opportunities. A target area for location of these businesses is the downtown central business and historic districts.

**5. Action Timetable**-Implementation of strategies and tactics has already begun in several areas. The following gives a five-year projection of the priority of focus that has been adopted by the Bedford Falls Economic Development Committee and the City Council. Committees will be established to direct implementation of each of the tactics, with overall coordination remaining the responsibility of BFEDC.

### Action Timetable

Tactic	Year 1	Year 2	Year 3	Year 4	Year 5
Capture Existing Income	<b>XXX</b>	<b>XXX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>
Retain and Expand Existing Business	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>XX</b>	<b>XX</b>
Capture Outside Income	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>X</b>	<b>X</b>
Create New Enterprises	<b>X</b>	<b>XX</b>	<b>XX</b>	<b>XXX</b>	<b>XXX</b>
Recruit Compatible Enterprises	<b>X</b>	<b>X</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>

First Priority - **XXX**  
 Second Priority – **XX**  
 Third Priority - **X**

As can be seen, the efforts in the first year will be directed to tactics 1 and 2, since these are the most cost effective in implementation. Retaining and expanding existing business will remain a first priority throughout the five-year period. More emphasis will be given to strategies 3, 4, and 5 as structures are developed to implement projects in these areas.

<b>Basic Sector</b>	<b>Bedford Falls Employment</b>	<b>Sector Average</b>	<b>Allocation to Basic Employment</b>	<b>Basic Employment</b>	<b>Percent of Basic Employment</b>
Agriculture	89	8.7	All	89	2
Mining	44	1.0	All	44	1
Manufacturing	812	10.3	All	812	5
Federal Government	178	2.1	All	178	3
Transfer Payments	2678	28.3	All	2678	50
Commuters	1211	7.5	All	1211	23

<b>Non-Basic Sectors</b>					
Construction	134	3.0	268	0	0
Transportation, Communications and Utilities	223	2.8	250	0	0
Wholesale Trade	286	2.5	223	53	1
Retail Trade	937	9.8	875	62	1
Finance, Insurance, Real Estate	321	3.3	295	26	.5
Services	1178	12.5	1116	62	1
State/Local Government	830	8.2	732	98	2
Total Employment	8927	8927	5313	60	

Table 14. Economic Base Analysis for Bedford Falls

<b>Sector</b>	<b>Employment in Sector</b>	<b>Population/ Employment Ratio</b>	<b>State Population/ Employment Ratio</b>
Agriculture	89	.5	2
Mining	44	.25	2
Manufacturing	812	4	7
Federal Government	178	1	1
Transfer Payments	2678	15	12
Commuters	1211	7	5
Construction	134	.7	1
Transportation, Communications and Utilities	223	1	1
Wholesale Trade	286	1	1.5
Retail Trade	937	5	6
FIRE	321	2	2
Services	1178	7	6
State/Local Government	830	5	2

Table 15. Population/Employment Ratio

<b>Sector</b>	<b>Employment in Sector</b>	<b>State Employment in Sector</b>	<b>Location Quotient</b>
Agriculture	89	78987	.45
Mining	44	35657	.798
Manufacturing	812	809789	.881
Federal Government	178	24656	1.023
Transfer Payments	2678	1110002	1.987
Commuters	1211	42221	1.233
Construction	134	83248	.589
Transportation, Communications and Utilities	223	72234	.782
Wholesale Trade	286	63892	1.258
Retail Trade	937	608123	1.247
FIRE	321	62845	1.586
Services	1178	789276	1.539
State/Local Government	830	876298	1.962

Table 16. Location Quotients for Bedford Falls

<b>Town</b>	<b>Town Population</b>	<b>Distance to Town from Bedford Falls</b>	<b>Trade Distance</b>
Madison	20567	35	15
Lewiston	19785	21	9
Pottersville	7658	14	9
Hendersonville	10239	19	12

Table 17. Trade Area for Bedford Falls

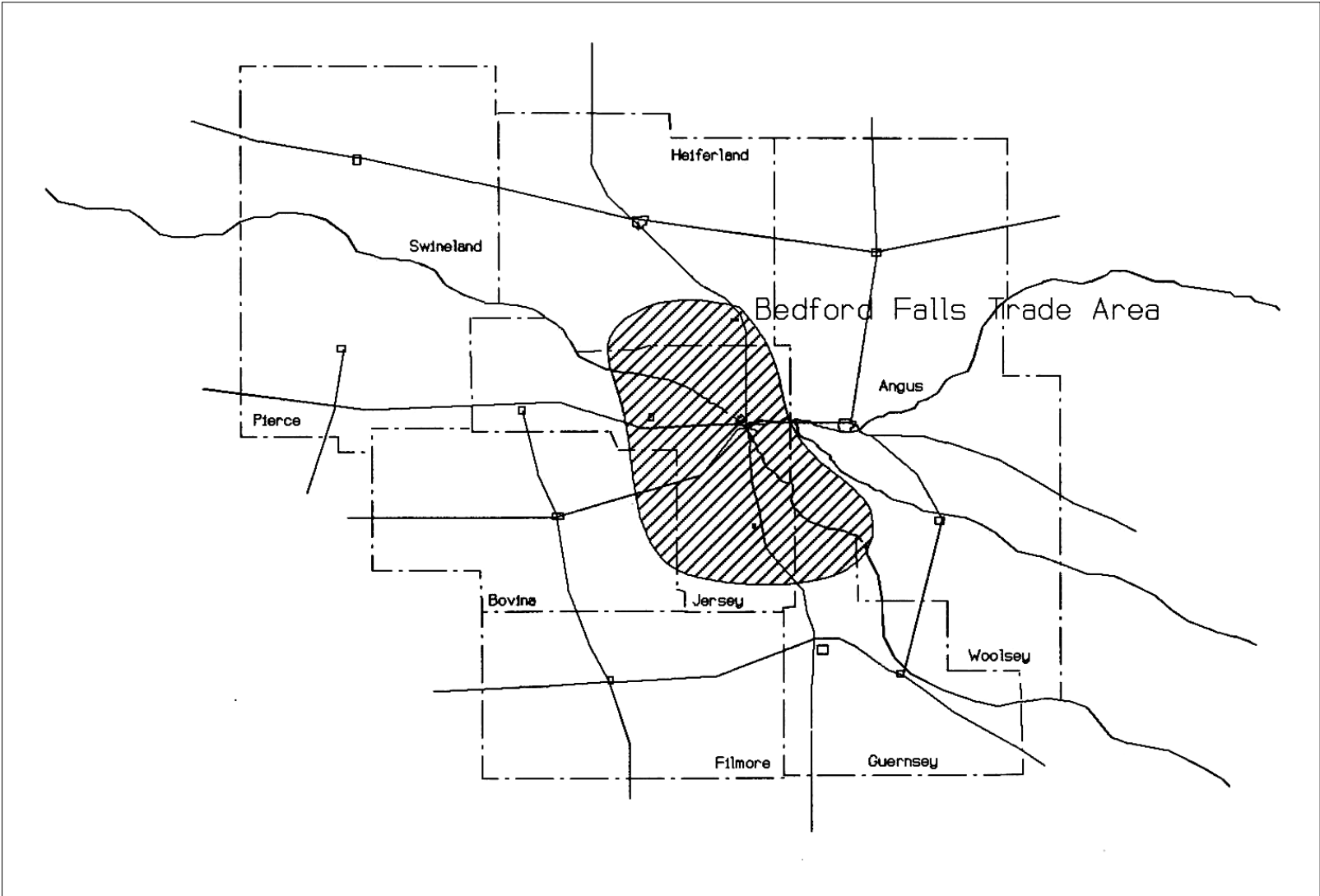


Figure 2. Bedford Falls trade area