

Iowa Communities of Distinction: An In-depth Study of Sioux Center, Iowa: Internal Collaboration & External Competition *

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* This report includes an analysis and summary of factors identified in a series of in-depth community studies completed for a project called Iowa Communities of Distinction sponsored by the Community Vitality Center. The purpose of this project is to examine local perceptions regarding the factors that contributed to community vitality or the lack thereof during the decade of the 1990s in order to provide lessons learned, best practices and innovative ideas for other community leaders in Iowa and other states. Researchers identified eight non-metro communities ranging in population from 1,100 to 11,000. Two communities of similar size were selected from each regional quadrant of the state. One of the two communities from each quadrant exceeded the state average population growth rate for the decade of the 1990s. The other lost population. An interdisciplinary assessment team conducted on-site interviews with a cross-section of local leaders from local government, economic development, education, and healthcare in each community. A total of 75 community leaders from the eight communities were interviewed for this project. Draft reports were developed from field notes and local interviewees were given an opportunity to review the drafts for their community prior to publication.

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Sioux Center, Iowa: Internal Collaboration & External Competition

Sioux Center is located in northwest Iowa in Sioux County, which borders South Dakota. The town was first settled in 1870 and incorporated in 1891. Sioux Center's Dutch and Christian heritage remains present in many aspects of everyday life and provides a shared history for many of its residents, 70 percent of whom have Dutch ancestry. During the 2000 Census, Sioux Center counted 6,002 residents. This was an increase of 18.3 percent or 928 from the 1990 population of 5,074 residents. Unlike many rural communities, Sioux Center has grown 164 percent since 1960. Sioux Center's population even grew during the farm crisis decade of the 1980s, even though the county population did not.

Sioux County grew from 29,903 residents in 1990 to 31,589 in 2000. This was a 5.6 percent increase for the county. Sioux Center's increase accounted for 55 percent of the countywide increase of 1,686 people during the decade. Sioux County is somewhat unique in that the lowest county population for the 20th century was in the 1900 Census and the highest was in the 2000 Census. Sioux County's population has generally grown throughout the whole century except during the 1950s and 1980s.

What Changed Sioux Center in the 1990s?

Leaders indicated the seeds for Sioux Center's growth during the 1990s were planted in earlier decades. They say that in the 1950s, Sioux Center was a typical agricultural community. A creamery was the primary local industry. Instead of accepting the trends, one visionary church leader, B. J. Haan, gained community support in organizing a Christian Junior College in 1953. Instruction was started in 1955 with 35 students. The name was changed to Dordt College in 1956. Today 1,400 students from 25 states and 15 countries are attracted to the quality of education and the environment provided locally. Dordt has been named one of America's best Colleges by *U.S. News and World Report*.

Also serving in earlier decades was a visionary Mayor, Maurice TePaske, who laid the groundwork for cooperation among local entities such as the college, community schools, and the city. Since the early 70's the community has been involved in several sharing projects, including Open Space Park, community pool, TePaske Theatre, and the Gymnastics/Recreation Center on the Dordt campus.

In the 1950s, the City of Sioux Center also began to develop an aggressive track record in attracting and creating new businesses. Sioux Center now boasts a diverse industrial core. Pella Corporation, a maker of windows and doors, selected Sioux Center for a new manufacturing plant in the late 1990s. Nemschoff Chairs, Inc., which makes furniture for hospitals and clinics, located a plant there as well. While the location decisions were based on business considerations, linkages with local religious heritage played a role in attracting these two companies. Also, a local entrepreneur who was a truck driver in search of a better truck ride founded Link Manufacturing in 1980, which makes truck suspension products.

Production agriculture remains an important element in the local economy. The 1997 Agricultural Census reported 1,752 farms in Sioux County. This is nearly double the number of farms in Iowa's average rural county. Until recent years, Sioux County's decline in farm numbers had been slower than statewide trends. However, between 1992 and 1997, there was a decline of 12 percent or 246 farms.

Sioux Center has also emphasized entrepreneurial agribusiness development. Sioux Center has capitalized on new value-added agriculture and animal biotechnology enterprises. An ethanol production plant was recently built west of town. Sioux Preme Egg Products, Inc. received state agri-venture capital support to process eggs. A Patrick Cudahy/Golden Crisp plant is going in to process bacon. The Vet Pharm Company is a wholesale distributor of veterinary supplies. Boehringer Ingelheim Vetmedica, Inc., an international pharmaceutical manufacturer, makes animal vaccines in Sioux Center in a plant that was started locally as NOBL Laboratories and then bought by the corporate giant. Two recent companies, started by an entrepreneur-scientist, process bovine trachea and other animal slaughter by-products into proteins and enzymes used in nutritional and health specialty products. Finally, Trans Ova Genetics was started as an embryo transfer company by a local veterinarian. With state Values Fund support, it will continue expansion of animal cloning and genetic technology as an important business focus.

Perhaps the most noticeable change in Sioux Center during the 1990s was a unique city-led initiative that totally repositioned the former downtown retail district into a downtown regional mall. As an initial step, the city bought approximately 25 mostly wooden buildings that were deteriorating in the 2-3 block downtown area. They were demolished. Then the city issued bonds that were mostly purchased locally to build an enclosed shopping mall with a Fareway Store as one anchor. The city continues to own and manage the mall facility, which is now fully occupied. Some leaders did say that its early years were troubled as stores went in and out and it took a number of years before the city found the retail mix for the mall that led to stable occupancy. The Assistant City Manager functions as the local director of economic development and closely collaborates with the Chamber of Commerce.

A few years before the mall opened, Wal-Mart also opened a store in the community. Local leaders said they decided not to fight Wal-Mart because they would rather have Wal-Mart in the community supporting the tax base and deal with the consequences than have shoppers going to neighboring towns to make their purchases.

One of the newer projects for Sioux Center, a new recreational complex, opened in 2003. The All Seasons Center includes several indoor and outdoor swimming pools and an indoor ice arena for skating and hockey. According to city sources, funding for the complex came from a combination of sources that included a city bond issue referendum that passed with 77 percent approval; more than \$3.5 million in contributions from Dordt College, Sioux Center Community Schools, and the City; \$3 million from the state's Vision Iowa program, and \$3 million raised from the community. Local leaders expressed pride in the All Seasons Center and in successful partnering among public and private groups that made the facility possible.

Sioux Center's web page describes its residents as "People who like to live and educate their children in a wholesome Christian environment." This serves to indicate that the Dutch and Christian heritage of a majority of the community's residents remains present in their day-to-day lives. Although several denominations have churches in Sioux Center, two-thirds of the churches are affiliated with either the Reformed Church in America or the Christian Reformed Church. Both of these denominations stem from the Protestant Reformation era in the Netherlands and have a strong orientation toward biblical principles and other teachings of the Reformation that are family oriented.

One leader related that when the churches wanted to have Wednesday as church night rather than the traditional Thursday, the retail businesses switched their evening for open hours to Thursday from Wednesday and the community's Little League agreed to not have games on Thursdays as well. Retailers such as Wal-Mart and HyVee accommodate the churches by being open only from 1-5 on Sunday. As one respondent phrased it, "This is a lonely place on Sunday morning." The faith-based culture creates a sense of common goals and values that shows up in local business productivity, education, entrepreneurialism, perceptions about community investment, perceptions about the role of government, and beliefs about what the community's commonwealth can accomplish.

Healthcare

According to local leaders, Sioux Center's healthcare system expanded during the 1990s. Outpatient care at the community hospital grew from 200 visits per month in 1996 to 900 per month in 2002. During this time, the hospital's budget nearly doubled and hospital employment increased 36 percent, making it the community's second largest employer. Several family physicians and nurse practitioners have practices in Sioux Center and the hospital provides space for specialty clinics with physicians from Sioux City and Sioux Falls, SD. The hospital also provides a downtown office devoted to skin care, laser hair removal, foot treatments, and massage therapy. These entrepreneurial ventures provide services and promote wellness. Although the hospital has developed a successful entrepreneurial track record, its recognition as an entrepreneurial node of local vitality may be under-valued among diverse community leader groups perhaps because other local sectors are also very entrepreneurial.

Local leaders gave mixed ratings to the facilities oriented to seniors. Several leaders expressed a view that Sioux Center often appeared to be more concerned with and did more for the younger generations than for older residents. Some leaders suggested a need for upgrading and expanding the nursing home facilities. The hospital and the new Crown Pointe senior living apartments were viewed quite favorably. The hospital partnered with the city in new bonding for the Crown Pointe addition, which provides another example of collaboration among local entities within the community. The hospital has a home health care program and also offers hospice services for the terminally ill. It is the hospital that owns and directs a number of residential facilities for disabled, ill or older residents. Among these are facilities for nursing care, both skilled and long-term, assisted living, and independent living apartments.

Education

Sioux Center leaders report high support for education at all levels and for both the public and private schools. Education is mentioned as a high priority by both the Reformed and Christian Reformed Churches. The community is served by one public K-12 district and a K-8 private Christian school. Many of the students at the Christian school attend Christian high school in either nearby Hull or Orange City. Although the potential for Sioux Center to be heavily divided over its schools exists, the consensus of its officials is that there is good cooperation and support between the public and private systems. Leaders cite shared busing, field trips, superintendent meetings, and churches allowing use of facilities to the public system. Leaders also say that public district bond issues pass—not with resistance, but with support from private school supporters. For example, a middle school bond issue passed in 1995 by a 70 percent majority in Sioux Center.

Higher education is available in Sioux Center from Northwest Iowa Community College and from Dordt College. The community college has its campus in nearby Sheldon, but long-distance courses are offered in Sioux Center through a facility of the Iowa Communications Network and also online through the internet. Dordt College is a four year accredited institution associated with the Christian Reformed Church that offers bachelor degrees, an associate degree, engineering degrees in mechanical and electrical engineering and a master's degree in education. Training Christian teachers was the impetus for founding the college in 1955. Today, business administration is the largest program. Education is second. Agriculture, engineering and liberal arts programs are also important. Many leaders interviewed said Dordt's importance in Sioux Center went beyond its academic programs. It was a key partner in the community affairs, business and development efforts. The All Seasons Center was given as an example.

Development Limitations and Concerns

Leaders in Sioux Center recognize that while they have done many things right, there are some areas of dissatisfaction. One of these is rental housing, apartments, and low-income housing. Although Sioux Center's population has grown, new residents may not be able to find an apartment or house to rent. Leaders say that new housing is being built, but that the new single-family homes are more expensive than what many people can afford. Sioux Center already has a relatively high cost of housing compared to surrounding communities, and many people work in Sioux Center but live in surrounding towns with lower housing costs.

The shared Dutch European heritage by most local residents appears to enhance the spirit of cooperation that leaders report. Some said that the community's homogeneity may give the appearance of unanimity and that Sioux Center might be perceived as a closed community. However, others suggest that some ethnic changes have occurred in recent years as new immigrants, many of whom are Hispanic, have moved to the area. The Census indicates that 4.7 percent of the county population is Hispanic. Now Sioux Center has several Mexican stores and a restaurant, the Catholic Church offers a Mass in

Spanish, a Christian outreach ministry has started, the public school has programs for English language learners, and the hospital provides interpretation services. Leaders noted the community is attempting to be open and accepting as these new residents settled locally, although they acknowledge more can be done in the future.

Officials expressed some concerns that the community may get complacent about its accomplishments. While they report that Sioux Center is positioned well for the future, they believe that they must not take current circumstances for granted and need to continue to plan and work so that their current level of momentum continues.

Local leaders identified the need for a stronger retail sector, especially a department store. While the retail sector has gained momentum as a non-metro regional commerce center, the proximity to two larger metro shopping areas imposes some limits to development. Sioux Center is less than 60 miles from Sioux City and Sioux Falls, SD, via U.S. 75, a two-lane highway. Local leaders mentioned some interest in improving the airport and discussions by the city had occurred with neighboring Orange City about a regional effort. However, local leaders suggested that within the county, the competition model of behavior has worked much better for economic development than has regional collaboration, which is somewhat counter to the state's recent emphasis on regionalism.

Development Assets and Strategies for the Future

Sioux Center clearly has accomplished many economic development successes over the past decade. When asked what the community's vitality might be attributed to, local leaders had several views to offer. First, most said that growth came because people in Sioux Center knew how to cooperate and collaborate with each other. Although not without a "naysayer" group and some controversies, local leaders repeatedly said that the ability of the city, business, the schools, the Chamber, and Dordt College to work together was the key factor in their success. The community is a clean community that devotes resources to maintaining its attractiveness.

A second factor to which vitality was attributed was the foresight, vision, enthusiasm, and willingness to take some risk of both recent and past community leaders. One person said that Sioux Center's leaders had been highly enthusiastic "for the last 50 years." Additional factors mentioned were that the community had people who had financial resources and who were willing to invest them there, that hard work was necessary to make it all happen, and that they had a focused sense of values and family.

City government in Sioux Center functions more assertively than in many other towns in Iowa. According to local leaders, the city is perceived as a "mover and shaker" and the community looks to the city for leadership in ways that other towns might not. A prime example of this is the development and ownership of the downtown mall, which in other places might be viewed as government encroaching on the activities usually left to the private business sector. The city owns the electric and natural gas utilities and is now offering a program for wind energy. The city has industrial and commercial business parks with space available. Both are inside city limits and add to community valuation

growth. While some suggested that the local community foundation could be better utilized, the website information provided by Sioux Center's Community Foundation is more extensive and informative than that of many other communities.

When asked to say what their primary development strategy was, officials replied that they used, at one time or another, all three of the basic strategies, including recruitment of new companies, expansion of existing firms, and entrepreneurship. The Pella window plant illustrates a successful recruitment of a new business, Trans Ova has expanded several times, and Sioux Pharm and Sioux Biochemical were entrepreneurial start-ups. Regarding economic development tools, the city uses tax increment financing, tax abatement, and revenue bonds for industrial development. In addition, there is a convincing perception that if a project is feasible, the city will go an extra mile to make it work for the company and the community. Local option sales taxes go to property tax relief, downtown improvement, and schools. The city also has a hotel/motel tax. City leaders look to the future of Sioux Center with plans every 2-3 years and do a comprehensive plan every 8-10 years.

Although Sioux Center has several successful entrepreneurs, local leaders said entrepreneurship is not promoted in an organized fashion. A countywide revolving loan fund has provided some funds for businesses but officials say there is no organized seed fund specifically for start-ups. Such ventures are done informally. Sioux Center does not have a small business development center and some expressed some interest in more business seminars to aid owners and managers. Leaders report that women are holding more positions in business and finance and may be interested in entrepreneurial support. Some leaders suggested the community might focus more efforts to market Sioux Center as a senior retirement community.

Some areas of Iowa have developed strong regional linkages and associations as a key component of development. Leaders in Sioux Center, however, say that their approach relies on and is focused very much on their own community. They do not have a countywide economic development group nor is there collaboration among the Chambers of Commerce. Partnering does periodically occur. For example, Sioux Center shares fire protection with Hull, works with Orange City on electric utilities and landfill, and the community's hospice is a regional service. Still, several people reiterated that a strong sense of competition among the communities in the area was an ingredient to their economic development successes. As a result, there was often less willingness to share and collaborate on many projects and ventures. Some exceptions cited included broader regional multi-county initiatives for tourism. Regional recreational opportunities also include the Big Sioux River and Lake Okoboji is an hour's drive.

As an indicator of competitiveness and vitality, Sioux Center exhibits a FY04 consolidated property tax levy rate of \$31.84 per \$1,000 in valuation. This ranks 472nd out of Iowa's 950 cities. Sioux Center's focus on young families and youth is evidenced by the city's median resident age of 25.5 years, which is below the statewide median age by more than 10 years. The mean travel time to work is 10.3 minutes, which is a fraction of the time experienced in larger metro areas in other regions of the country.