Iowa Communities of Distinction: A Summary Analysis of Lessons Learned, Best Practices, and Community Vitality Indicators from In-depth Studies of Selected Iowa Communities *

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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 1,000 to 12,000. 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 participants were given an opportunity to review the drafts for their community prior to publication.

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A Summary Analysis of Lessons Learned, Best Practices, and Community Vitality Indicators from In-depth Studies of Selected Iowa Communities

Many policy makers and community leaders across Iowa are interested in the factors that lead to community vitality. While the definition of community vitality may vary over time, by community, and by individual preferences and objectives, many themes relating to the definition appear to be held in common across several communities and leadership groups.

This topic is of heightened interest in Iowa, a state that has lagged behind some neighboring states in population growth and household and family income. It is of particular interest in recent years due in part to the overall weakness in the general economy and fiscal pressures on state and community public and private sector entities.

Statewide growth can be defined as the collective sum of the growth present in the state's metropolitan commercial centers, agricultural and natural resource areas, and nonmetropolitan communities. While each component has important linkages to the other two, addressing factors of growth for two of three components will not necessarily stimulate the third. Decision-makers should not be surprised to find stagnant growth in the overall state economy if any one of the three major components is severely depressed or lacking in attention. The extent to which the state economy under-performs due to the under-performance of any one of these three major components can be referred to by the authors as the "weakest link" phenomenon or theory.

Iowa's metropolitan centers gained added economic and political momentum in recent decades as indicated by the county-by-county patterns in population, retail sales, and income growth. New institutions have been created to increase awareness and promote the agenda of Iowa's metropolitan commercial centers. While many analysts and media reports have noted the decline in rural representation within the Iowa General Assembly, agricultural interests have historically been well organized and have demonstrated considerable ability to influence policy matters affecting the agricultural sector.

For many purposes, rural America is considered to be the population base of nearly 60 million people that reside outside of counties that are designated to be metropolitan for federal statistical purposes. This represents approximately one in five Americans. The various definitions of rural come with limitations. The nonmetro county definition of rural America generally includes the farm population and communities up to about 50,000 in population, but excludes people in rural parts of metropolitan counties. Nonmetro economic contributions are even more important to economic performance of states that do not have mega metro areas. This includes many states in the Midwest, West, and South.

In Iowa, the network of nonmetro counties includes 88 of the state's 99. The nonmetro number is based on the designations in use during the 2000 Census as well as the recent designation of Story County as metropolitan. According to the 2000 Census, these 88 counties accounted for 52 percent of Iowa's population, 50 percent of the Iowa labor force, and 47 percent of the state's aggregate income. These figures show the significant contribution to Iowa's economic vitality that is represented by the state's nonmetropolitan areas.

The basic statistics suggest that all three components of Iowa's economic foundation are important. If any one of the three components falter, the state's economy will likely falter as well. Iowa's economy is not likely to achieve its potential unless all three parts are achieving their maximum potential contribution. The Community Vitality Center commissioned this series of in-depth community studies to identify local perceptions about indicators of community vitality or lack thereof, strategies that generate growth and vitality, and lessons learned about managing policy and resources related to community growth and decline.

I. Community Selection Criteria and Methods

The primary method for selecting communities for this study was to identify a fast growing community in each quadrant of Iowa that exceeded the state's average population growth rate during the 1990s. Total population was considered in the selection process to provide assurance that a range of community sizes was included in the sample. Second, a paired community of similar size that lost population during the 1990s was identified in each quadrant to reduce the influence of regional attributes that may alter community performance characteristics.

The communities ranged between 1,000 and 12,000 in population and included Mount Pleasant and Fort Madison in southeast Iowa along with Postville and Guttenberg in the northeast. The southwest communities studied were Bedford and Corning, while the northwest Iowa communities included in the study were Sioux Center and Cherokee.

A multi-disciplinary team conducted interviews with a cross-section of leaders from local government, economic development, education and healthcare. The stated purpose was to (1) identify local perceptions about the reasons for community success or lack thereof, (2) compare and contrast the secondary data and local perceptions to identify lessons learned, and (3) to develop ideas about appropriate indicators of community vitality that may be of use to policymakers and leaders of other communities.

II. Comparison of Selected Community Vitality Indicators

Comparisons of community characteristics are helpful in understanding the unique contexts, circumstances, and opportunities faced by each of the eight communities. Table 1 provides selected characteristics and community vitality indicators for each community to more fully understand the differential challenges faced by community leaders. Important differences can be seen, not just in population, but also in age structure, income, education levels, and tax policies. For example in one case, a high growth, high-income community had lower property tax rates but residents may have paid more in property taxes per household because housing market and valuations were higher than in other communities.

Table 1. Communities of distinction: comparisons of selected characteristics, 2000.

	Population		1990-2000 Population Change		Median Age (years)	Median Household Income	Median Housing Value[1]	Mean Commute Time to Work (minutes)	Resident Diversity (percent minority)	Percent Divorced[2]	Percent 4-Year College Degree or More[3]	Consolidated Property Taxes	
	1990	2000	Number	Percent								FY04 Levy[4]	City Rank
Mt. Pleasant	7,959	8,751	+792	+10.0	35.6	$35,558	$81,700	11.8	10.4	13.1	18.1	$35.25	261
Ft. Madison	11,618	10,715	-903	-7.8	39.8	34,318	53,700	16.2	10.1	14.5	14.7	37.21	150
Sioux Center	5,074	6,002	+928	+18.3	25.5	42,775	106,200	10.3	6.3	1.7	27.8	31.84	472
Cherokee	6,026	5,369	-657	-10.9	42.6	31,240	54,500	13.4	3.4	10.0	13.3	38.60	94
Postville	1,472	2,273	+801	+54.4	34.8	32,667	64,300	12.4	23.1	6.8	16.8	32.37	435
Guttenberg	2,257	1,987	-270	-12.0	45.3	29,151	82,200	17.6	1.6	8.2	13.5	32.22	447
Bedford	1,534	1,638	+104	+6.8	42.2	28,125	38,500	18.5	2.6	10.4	10.9	40.56	46
Corning	1,806	1,783	-23	-1.3	42.3	28,977	50,700	18.3	1.2	8.0	10.0	41.25	34

[1] specified owner-occupied housing units
[2] age 15 and over
[3] age 25 and over
[4] per $1,000 valuation
Source: U.S. Census Bureau, 1990-2000; Property Tax Data FY04, Iowa Department of Management.

III. Lessons Learned.

The researchers identified lessons learned from analysis of the secondary data and field notes from the 75 interviews conducted during the site visits and the community assessments.

1. Loss of a major employer was a key factor in communities with population loss.

Every community that lost population could identify one or more major private and/or public sector employers in the region that had downsized or moved out. In some cases, communities that lost population organized effectively to rebound from the loss, but had simply not yet recouped the full amount of the earlier loss. High growth communities generally did not lose major employers or at least were able to attract more jobs and firms than were previously lost.

Communities were affected not only by their own employment changes but that of nearby communities as well. At least one high growth community benefited from spillover from being located next to neighboring community that experienced growth in the region. In the same fashion, one of the communities with population loss had experienced job loss when a manufacturer in a nearby community downsized.

2. Lack of effective local collaboration can limit success.

The high growth communities generally demonstrated a high level of collaboration, communication, cooperation and general agreement within and among local leadership groups regarding the mix of tools and strategies for implementing growth in the community. Leaders in these communities said they did not always agree, but they communicated with each other, worked through and resolved their differences, and then worked together to take action that would generate outcomes for the good of the community.

While not true in all cases, some communities that lost population appeared to lack agreement among leaders groups regarding the incentives and strategies that should be deployed. These communities may have been less able or willing to implement effective actions to generate outcomes. In some cases, leaders and groups appeared less able and willing to regularly communicate or commit to coordination of efforts.

3. It takes community "spark plugs" and commitment focused on growth.

Nearly all of the high growth communities went "the extra mile" to make a project work for both the benefit of the private sector project sponsor and the benefit of the community. These communities were willing to finance a position for at least one paid economic development professional to augment the efforts of volunteers and prominent community leaders. Leaders in these communities appeared willing to put in the time and effort to make things successful.

The high growth communities often traced efforts to one or two leaders who created the initial spark that put things on track one or two decades earlier. Local leaders indicated that succeeding generations of leaders have incrementally built on the past successes. A sense of history about the key decisions, risks, and relationships that generated the initial growth served to inspire confidence, respect, and continuing interest in innovation, culture, and due diligence for community efforts to continue a record of growth performance.

4. Taxes, the services provided, and tax incentives for development are among many factors related to community growth, but causality appears to vary by circumstance.

Some high growth communities had high property tax rates while some communities with population losses had low tax rates. In some communities, high property taxes were seen to be the result of natural disasters, loss of large public and/or private sector employers, and lack of growth. Others suggested that taxes were one of many factors such as labor, trade agreements, and global competition that may have contributed to loss of a private sector employer. In addition, regional differences in farmland values and other property values appeared to have a major underlying influence on local tax rates.

State policies regarding rollbacks, exempted property, and differential assessment practices across property types generated local impacts that varied depending on the local tax base of the community. Preference for and timing of investments in downtown revitalization, in community infrastructure, schools, and community attractions also contributed to differences in tax rates. In other cases, previous annexation strategies or lack thereof, also appeared to have influenced the current level of property tax rates for the community.

All high growth communities appeared to exhibit extensive use of tax incentives and abatements for industrial, commercial and residential uses. The use of tax incentives and abatements for business and housing development varied across communities that lost population.

5. Regional cooperation is not universally viewed as being necessary for high growth.

One high growth community attributed success to internal community efforts and competition with other communities, particularly those within the region. Although some elements of shared services and regional tourism efforts were identified, this community exhibited strong sentiments against collaboration in the county and region for most economic development initiatives.

However, leaders in other high growth communities said regional collaboration efforts generated local successes and were enthusiastic about the benefits from such partnerships. They also said that participation was more likely to occur if local benefits were clear. Unfortunately, such regional collaboration can work both ways. One high growth community had to find other resources when a decade-long, 3-way collaboration failed after one of the partners pulled out.

6. Education and attracting young people are important.

The k-12 school district is often one of the largest local employers in nonmetro communities. High growth communities tend to have a lower median age of residents, attract young people, and possess more community support for education and education's role in the community. All of the growing communities had built new schools or additions during recent years and had good success in passing bond issues to finance construction, local option sales taxes for schools infrastructure, and other school physical plant and instructional support levies.

Post-secondary educational institutions also play a role in several of the high growth communities. Colleges maintain high levels of employment, provide a source of training for skilled labor and professional occupations, and keep the community young. Four-year degree programs were seen as an added element of attraction for community leadership.

7. Healthcare is an engine of growth that may often be ignored.

Hospitals are typically among the largest local employers in nonmetro communities. These institutions attract medical offices, physicians, and many other healthcare providers that serve the needs of not only the immediate community but usually draw from surrounding areas as well. While some of the jobs in the healthcare industry involve low pay, healthcare also provides some of the highest paying jobs found in rural communities. The health care institutions in the communities visited appeared to be very entrepreneurial and often appeared to operate more independently from other local leadership groups. This implies healthcare can often be undervalued by economic developers who may focus more on other traditional industries.

8. Entrepreneurship has been important in the past and leaders expressed a desire to increase it as a priority in the future.

Each community, whether high growth or not, could identify at least one major employer that was homegrown. Entrepreneurs had taken their original ideas and developed them into thriving businesses that were among the large employers in each community. Current efforts to assist local entrepreneurs were typically informal and uncoordinated. Leaders in all communities expressed interest in entrepreneurship, but did not know what could be done on a cost effective basis.

9. Agriculture, in some form, continues to be important.

Although the higher growth communities had moved away from a strict reliance on agriculture during the past several decades, agriculture still remains an important part of their economies. While some high growth communities relied on diversification beyond agricultural sectors as a strategy and source of economic growth, agriculture and value-added enterprises constituted important employment and growth in their local economies. In other cases, value-added agriculture represented one of several central strategies for growth and had expanded into animal processing, specialty meats, ethanol production, and biogenetics.

10. Exceptions to almost every generalization.

While there were patterns of similarities and differences that were consistent across most of the communities, there always seemed to be one or two communities for which the generalizations didn't apply. For example, in some paired comparisons, there was little difference between the passion of leaders, willingness to work together in the community, and development strategies deployed even though one community had grown and the other had lost population. In other paired comparisons, differential levels of collaboration and commitment to growth among local leadership groups may well have contributed to differential scenarios for community growth.

IV. Consensus Observations and Best Practices

Several observations and practices appeared to be pervasive across all of the interviews conducted.

- Leaders in all communities indicated that they focused most of their resources on retention and expansion programs for existing local businesses.

- While all communities appeared to be positioned to receive new industrial prospects as the economy improves, only two communities indicated they were actively involved in recruiting during the period of the site visits. All leader groups indicated the weak economy had reduced the number of business prospects in recent years, and some expressed concern about a low level of prospects even when the economy recovers.

- All expressed concern over current and future prospects for their retail sectors due in large part to the development of "big-box" retailers. Larger regional malls in the state also were perceived as pulling sales from locally owned businesses.

- Leaders in all communities expressed interest in entrepreneurship but did know what could be done on a cost effective basis.

- All the communities had previously implemented one or more major downtown revitalization initiatives. For several communities, the effort focused on the downtown district was extensive. Some communities were in the statewide Main Street program and had made progress in restoring historic buildings and storefronts.

- Leaders in nearly all communities could identify existing foundations that had been involved in successful community fund raising projects to improve community vitality. However, most also identified local potential for greater and more consistent efforts in community philanthropy and some identified local donors to projects outside the community who were never asked to give something back to their hometown.

- All communities expressed displeasure with state and local fiscal relationships and the state budget reductions in aid to city and county funding. Most community leaders expressed that rural communities were abandoned and ignored by recent state economic development initiatives that were perceived to be primarily for metropolitan areas.

- Although state boundaries exist, leaders in the border communities appear to consider opportunities in both Iowa and neighboring states as they plan economic development strategies, seek development services, and partner with private and public sector entities.

- Most of the communities had made efforts to add community attractions and recreational amenities. These were aquatic centers, bike trails, river and boating access, parks, and lake development. For some communities, these additions were oriented to increasing tourism. In others, the main focus was recreational amenities for local residents. While community attractions and recreational amenities are important aspects of quality of life, they may add to the community tax rates and may not necessarily generate a sustainable economic engine for the community.

- All communities had experienced events and circumstances that were beyond their control. These included events such as natural disasters, state legislative decisions, labor negotiations, trade agreements, and global competition. Leaders expressed concerns about job losses to China, Mexico, and lack of local influence over what previously were local companies. While leaders wanted to be proactive with regard to community and economic development, in some situations local leaders were only able to react and adjust to decisions made elsewhere than in the local community. Leaders from high growth communities, were generally not willing to take "no" for an answer.

- Leaders in nearly all communities were concerned about attracting and retaining young people in the community. In addition, many expressed a need for a younger generation of leaders to begin to take the places of the current aging generation.

V. A Broad List of Community Vitality Indicators

Rural communities are diverse in many respects. A typical rural community may have a dozen or more sectors that represent separate economic engines for the community. Each sector of the economy has its own unique indicators representative of industry goals and performance. Thus depending on the intended use, any given list of general community indicators may be overly simplistic for use with the unique mix of industries and sectors present in the economic base of the community. In addition, a narrow and limited list of indicators that are not linked to identified community objectives may not fully inform leaders and citizens about the circumstances, challenges and progress being made toward community goals.

The list of 40 indicators provided below represent reoccurring themes emerging from local interviews and is intended to represent a broad list of indicators. Some indicators were of less importance in some communities or of more importance to some leadership groups in the community relative to others.

Practitioner List of Local Community and Economic Development Indicators

1. Clear goals and cooperative collaboration among local leaders
2. Aggressive leadership on use of tools and tax incentives to make projects work
3. Response and reaction after loss of major employer
4. Existing business expansion projects and new jobs created
5. Existing businesses retained and jobs retained
6. New firms attracted/relocated locally during past few years and jobs created
7. New business startups and jobs created
8. Change in personal income per capita
9. Employment surplus or leakage
10. Retail sales surplus or leakage
11. Value of new growth and capital investment in infrastructure, construction, & housing
12. Housing starts and availability of housing alternatives
13. Updated infrastructure, water, sewer, streets, electricity, gas, telecommunications
14. Proximity to interstates, rail commerce, commercial airports and metro areas.
15. Success in attracting state and federal grants and/or investment
16. Aggressive retention and expansion assistance programs to support existing businesses
17. Available industrial/business park space and facilities with utility/transportation access
18. Availability of entrepreneurial centers, support networks, mentors, and expertise
19. Availability of seed capital, venture capital, and angel investors
20. Aggressive annexation for economic base building and prevention of future problems
21. Competitive utility rates and/or city-owned utilities
22. Regional collaboration/competition approach in economic development
23. Government consolidations, joint ventures, outsourcing, and public/private partnerships
24. Change in farm numbers, agribusiness, and value added agricultural ventures
25. Industry cluster strategies that complement existing businesses
26. Active foundations and collaborative nonprofits that channel resources to enhance vitality
27. Wellness centers, recreational amenities, events and quality of life attractions
28. Religious and faith-based organizations that encourage productive and harmonious culture

Education

29. Change in enrollment and net direction of open enrollment/tuition students
30. Student performance indicators
31. Newness of school facilities
32. Passage of school bonds, local option sale taxes, and other school support levies
33. Collaborative/supportive private schools and community use groups
34. Local presence of college or university

Healthcare

35. Percentage non-Medicare patients
36. Market penetration for service area
37. Newness of healthcare facilities and technology
38. Number of medical specialists with scheduled local visits
39. Hospital operating balance
40. Special federal hospital status