

# EDA *America*

Quarterly Insights and Best Practices in Economic Development  
Winter 2008 Issue



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**In this issue:**  
**2008 EDA Excellence  
in Economic  
Development Awards**

**Jackson County Development  
Council, Inc.**

▶ page 2

**City of Duluth Economic  
Development Authority**

▶ page 3

**Silver City, New Mexico**

▶ page 4

**Bladen's Bloomin'  
Agri-Industrial, Inc.**

▶ page 4

**Desert Alliance for Community  
Empowerment**

▶ page 5

**Ben Franklin Technology Partners**

▶ page 6

**East Baltimore Development Inc.**

▶ page 7



## EDA Excellence in Economic Development Award Winners

President George W. Bush has said that “the role of government is to create the conditions in which jobs are created.” The December 2008 issue of the *EDA Update* electronic newsletter highlights some of the agency’s key accomplishments over the last eight years in helping to create this environment. One of EDA’s most important accomplishments is the development of a platform to help us learn about what is working in 21st century economic development. We are proud of the success of the EDA Excellence in Economic Development Awards program in identifying and recognizing economic development best practices and ideas.

This issue of *EDA America* is dedicated to the winners of the 2008 EDA Excellence in Economic Development Awards. This year’s winners represent some of the nation’s premier practitioners in several key concentrations of economic development.

The competitive EDA Excellence in Economic Development Awards program is open to nonprofit organizations, local, state and regional government entities, universities and colleges. Nominations for each category are reviewed by a selection panel of highly qualified and independent

economic development practitioners, academics and government representatives. The winners for 2008 were announced earlier this year.

The 2008 award winners, which exemplify President Bush’s vision for creating American jobs, share their successful strategies in the following pages of this issue of *EDA America*. These stories are inspiring, and I hope you find them valuable.

I would like to congratulate the 2008 award winners for their excellence, and thank the authors for sharing these success stories. Finally, thank you for your commitment to the economic future of the regions you serve. I wish you a happy and safe holiday season.

Sincerely,

Benjamin Erulkar  
Deputy Assistant Secretary  
for Economic Development  
and Chief Operating Officer

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## Excellence in Rural Economic Development

*Jackson County Development Council, Inc.  
Marianna, Florida*

*Selected for the development of a market-based economic development strategy that capitalizes on advances in energy technologies.*

Located in Florida's Northwest Panhandle, Jackson County has had a long history of success and prosperity in the traditional industries of textile, agriculture and timber. All of these sectors have faced tough times in recent years, but Florida's timber industry has been especially hard hit. During the 1990s, Florida's timber industry collapsed and twelve mills were shut down. Jackson County, led by the Jackson County Development Council (JCDC), first focused on responding to the downturn, but soon turned its attention to identifying potential prosperous economic futures for the region.

The region's legacy in the timber industry also made it an ideal candidate for renewable energy, with particular attention focused on industries using wood pellets or other forms of wood fiber products. The JCDC, in cooperation with Port Panama City and Florida's Great Northwest, soon began targeting industries in these sectors. Soon, Project "PELLET" was born.

Project "PELLET" was the local code word for the regional effort to attract Green Circle Bio Energy to locate its new production facility in Cottondale, FL. Green Circle produces wood pellets that

are used in both home heating and in many of Europe's electric power plants. Green Circle is a subsidiary of Sweden's JCE Group AB, which operates around the globe and enjoys annual revenues of roughly \$1 billion.

Thanks to a strong partnership with JCDC, Green Circle plans to establish the world's largest wood pellet facility with a capacity to produce 600,000 tons of pellets per year. The firm expects to purchase 1.5 million tons of timber per year, thus providing a major influx of investment into the local timber industry while also generating lots of new jobs and tax revenue. An equally important benefit is that Green Circle is committed to sustainability. The plant managers intend to operate the facility using 100 percent renewable fuels—mainly methane gas. In addition, Green Circle and JCDC are partnering with local universities to identify new methods to improve the efficiency of the plant's production processes.

The success of Project "PELLET" comes down to the power of local partnerships. JCDC's list of project partners is massive, but it had to be as the Project required buy-in from state political leaders, the local business community, and key state and local departments, especially those concerned with transportation and environmental protection. JCDC also benefited from its designation as a Federal Rural Enterprise Community, and has utilized infrastructure investments from EDA and training funds provided by the Northwest Florida WIRED initiative.



Pictured (L-R): Chuck Lockey, Chairman, Jackson County Board of County Commission; Kelly O'Brien, Director, Public Affairs, U.S. Economic Development Administration; Congressman Allen Boyd (D-Fla.); and James Elmore, Mayor of Cottondale, Fla.

## Excellence in Economic Adjustment Strategies

*City of Duluth Economic Development Authority  
Duluth, Minnesota*

*Selected for the strategic development of an aeronautical manufacturing cluster in response to a major air base closing.*

If you read the business pages to find out what's happening in the aerospace industry, it's mainly doom and gloom as airlines continue to suffer massive losses and increasing customer complaints. But, there's also a revolution going on in the industry, especially in the development of new smaller, single engine planes or air taxis. These smaller planes are fuel-efficient and able to quickly transport passengers directly to smaller airports, without suffering through transfers via large hub airports. Emerging entrepreneurial companies are already providing services of this sort.

This new side of aerospace industry is being driven by innovative airplane producers located in smaller communities outside of the traditional aerospace hubs in Seattle or Southern California. These include firms like Duluth's Cirrus Air.

Cirrus Air has long been a world leader in the production of single engine aircraft, and they have enjoyed rapid growth thanks in part to a close partnership with the City of Duluth, this year's EDA award winner for Economic Adjustment. Duluth's response to the 1982 closure of the Duluth Air Base provides an important set of lessons for how to recover from a military base closure.

The Air Base's shutdown occurred long before the start of the Defense Base Closure and Realignment Commission (BRAC) process. As such, Duluth's lead-



Pictured (L-R): James Oberstar, Chairman of the House Transportation and Infrastructure Committee; Roger Reinhert, President, Duluth City Council; U.S. Assistant Secretary of Commerce for Economic Development Sandy K. Baruah; and Tom Cotruvo, Executive Director, The Duluth Economic Development Authority.

ers spent some time learning by doing. They soon succeeded in attracting Cirrus Aviation to the community. Cirrus had originated in Wisconsin, but was looking for a new site with runway access, room for new facilities, and a supportive community. Duluth fit the bill, and Cirrus moved its headquarters there in 1993.

Cirrus expanded its local footprint in 1997 and again in 2001, this time with support from the EDA. Today, the firm employs more than 1,200 people. In 2007, Cirrus exported eighty-two aircraft, a thirty-fold increase over its initial export sales.

Even more importantly, Cirrus has helped spawn the development of an impressive aviation cluster in the region. A whole host of suppliers have set up in the region, creating a strong base of local aviation talent and skills. These skills are further honed by close partnerships with state and local officials, and local educational institutions. For example, Lake Superior College and the University of Minnesota-Duluth both offer special programs related to aviation manufacturing. In addition, an EDA-backed Duluth Aviation Incubator is helping to seed new start-ups and grow existing firms that work in this industry.

Duluth's Congressman, Jim Oberstar, summed it up well: "Duluth has maintained a steady and concerted effort to attract companies in the aviation industry and their work has paid off. Companies like Cirrus Aviation and Northstar Aerospace are diversifying the region's economy and creating hundreds of good paying jobs."

Oberstar pointed out that Duluth Economic Development Authority has been actively engaged in bringing aviation businesses to Duluth since the early 1990's. "This has been a long term effort that has spanned the administrations of three mayors and carried into the tenure of a fourth, Mayor Don Ness. Duluth has shown that it can stay focused on a long term plan for economic success."

"You would not see this level of success in Duluth if it were not for the efforts of the EDA," Oberstar continued. "Investments of public dollars and the expert advice and counsel of EDA personnel have helped this industry grow in Duluth. Every dollar EDA invests in job creation returns seven dollars in new revenues to the treasury. I would call that a very sound investment," said Oberstar.

# Excellence in Historic Preservation-led Strategies to Enhance Economic Development

*Silver City, New Mexico*

*Selected for the use of regional historical assets to advance economic revitalization strategies.*

There's a reason why Silver City, New Mexico has its name: "there's silver in them thar hills!" Ever since it was settled in 1870, Silver City was known for silver. Yet, unfortunately, the local silver industry began hitting hard times in the 1980s. Not surprisingly, the local economy started declining along with it.

Faced with the decline of their leading industry, Silver City's leaders vowed to diversify the local economy so it was no longer dependent on one primary industry. As part of Silver City's subsequent push to diversify, the town's business and government leaders sought to promote a host of local industries, including banking, health care, tourism and arts and culture. Silver City's Main Street Project was an integral part of this effort.

Silver City was blessed with an historic downtown area, but, in the 1980s, the neighborhoods were in need of revitalization. In response, city leaders embraced



Silver City Main Street

the Main Street program, becoming one of New Mexico's first Main Street communities.

Since 1985, the Silver City Main Street Project has helped leverage more than \$4.9 million of outside investments in the downtown area. Today, more than 200 businesses operate in downtown's five historic districts. The Project has helped spur revitalization of dozens of buildings, including the town's signature Silco Theater, which now also serves as a venue for various community events.

Silver City Main Street has been widely recognized for its outstanding achievements. In addition to numerous awards for historic preservation, Silver City has been recognized as one of America's "Coolest Small Towns" (*Newsweek*), one of America's top ten small towns (*Sunset* magazine), and an "instant adventure" (*National Geographic Adventure*).

All of these awards might convince a casual observer that Silver City's success followed a smooth path. While proud of the community's achievements, Silver City Main Street Manager Frank Milan notes that success requires that community leaders commit to the long haul. Among the Main Street Project's biggest challenges was keeping strong relationships between two sets of partners—government agencies and local businesses—that can often be at odds. As he noted, this is "a real balancing act." He attributes their success to the project's ability to enjoy regular incremental progress while also keeping a comprehensive view of their broader long-range goals. Silver City Main Street has been involved in this balancing act for 20 years with great success. As Frank Milan notes, (we've) "succeeded in creating a sense of community pride in our roots."

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# Excellence in Innovation in Economic Development

*Bladen's Bloomin' Agri-Industrial, Inc.,  
Elizabethtown, North Carolina*

*Selected for the creation of an economic development program that harnesses innovation and public-private partnerships to capitalize on regional assets in a rural area.*

Bladen County, North Carolina has faced some tough economic times. Its previous anchor industries, textiles and apparel manufacturing, and tobacco farming, are gone. Bladen's challenge has been to replace these with a more diverse base of industries — a challenge made harder by Bladen's rural location.

Bladen County's leaders knew they faced a tough task, but doing nothing was not an option. Bladen's location created some challenges. The rural county is not located near major interstate highways. Moreover, the county's small size meant that it was not home to real estate developers willing to build new industrial facilities.

So, in 2002, the county created Bladen's Bloomin' Agri-Industrial, Inc., a non-profit real-estate development entity that markets local industrial properties and plows the proceeds back into local economic development programs. Bladen's Bloomin' Inc.'s Director, Chuck Heustess, noted that he generally prefers the private

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sector to take the lead in developing new projects and facilities. But, in this case, there was no potential private sector partner to build the needed facilities. By creating a private non-profit to fill this gap, Bladen County was occupying an important and underserved market. As Heustess noted this “market void created a great opportunity.”

Bladen’s Bloomin Agri-Industrial has targeted two primary sectors, manufacturing and agribusiness, that build on the region’s existing strengths. This approach has paid dividends as Florida-based Palmer Marine has agreed to locate a boat-building facility near Bladenboro. In addition, three agribusinesses—Sue Bee Honey, Birdsong Peanuts and Lac Bell Ami Winery—have moved into the area.

The county has also set up two business incubators that now house a fast-growing local robotics firm (Westwood Robotics) and Del-Ton, Inc., a firearms and weap-

only manufacturer. The community has also embraced what Heustess calls rural sourcing, the movement of outsourced jobs to rural America. The organization built a call center that is now home to the North Carolina Department of Motor Vehicles. Overall, Bladen’s Bloomin has helped to attract 489 new jobs and nearly \$146 million in new investments. And, even better, all of these proceeds are plowed back into new community projects.

When asked to describe their biggest challenge, Heustess makes a surprising point. Bladen’s Bloomin Agri-Industrial was more successful, faster, than the community expected. As a result, the organization’s biggest challenge today is how to manage growth and keep cash flow steady.

Heustess points to the power of partnerships as a critical ingredient in their success. Leading partners include North Carolina’s Southeast Commission, local



Pictured (L-R): U.S. Representative Mike McIntyre; Robert Hester, President Bladen’s Bloomin Agri-Industrial, Inc.; Patty Sheetz, Director, Legislative and Intergovernmental Affairs, U.S. Economic Development Administration; and Chuck Heustess, Executive Director Bladen’s Bloomin’ Agri-Industrial, Inc.

elected officials, the University of North Carolina system and Bladen Community College. In addition, local projects have received support from the state Department of Commerce, the Golden Leaf Foundation, the North Carolina Rural Center and several local cooperatives.

## Excellence in Community and Faith-Based Social Entrepreneurship

### *Desert Alliance for Community Empowerment Coachella, California*

*Selected for the development of a holistic, community-led approach to economic redevelopment.*

In 1999, the communities spanning over 4,000 square miles in Riverside County Southern California were designated a Round II Federal Rural Empowerment Zone. Eight counties and four tribal regions all suffered from a combination of high unemployment and poverty levels combined with poor community infrastructure. But that wasn’t their only challenge; the large geographic areas have distinctive characteristics, diverse demographics and population sizes that range from 400 to 7,500.

Community leaders set out to invest the initial funding (\$16 million) to result in long-term growth and opportunities for

these communities. With six overarching strategic priorities – Economic Development, Education, Community Development, Community Capacity, Health and Housing – there was a lot of work to do and a lot of communities to be served.

The Desert Alliance for Community Empowerment (DACE) is the non-profit operating organization for the empowerment zone. Its vision is driven by its diverse leadership that represents each of the communities it serves. DACE’s board of directors is comprised of 12 residents, nine are voted in by their representative community, two are tribally appointed members and the final member is the

County’s 4th District Supervisor. The board is socially, ethnically and economically reflective of their constituents and their vision is the cornerstone for equitable distribution of services and support as identified and supported by each community.

In fact, DACE’s approach to economic development stems from its community-led approach to each project. The holistic approach begins with the community vision for change, which DACE then turns into investing in real estate assets and planning designs that are scalable in each community.

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Pictured (L-R): Max Schoenrock, Board President of The Desert Alliance for Community Empowerment; U.S. Representative Mary Bono Mack; and U.S. Assistant Secretary of Commerce for Economic Development Sandy K. Baruah.

One great example occurred in the City of Coachella. Thirty-thousand residents in five, primarily Hispanic communities were served by one financial institution. DACE leased a dilapidated fire station from the City of Coachella, restored the historic features and replaced non significant portions with modern construction and leased the site to Altura Credit Union. At the time, Altura Credit was interested in expanding into a new area. The project not only met the community objective but also created Altura's most successful branch. It was completed with a \$650,000 investment of public and private funding. This example shows DACE's model for taking a community's vision and helping

them achieve that vision through real estate assets and planning that can be leveraged into development.

DACE has leveraged that initial \$16 million investment into over \$220 million toward public and privately funded projects that meet the core needs of these diverse communities.

DACE executive director, Jeffrey Hayes, summed it up nicely, "DACE is a Grassroots organization with a for-profit development structure. We treat everything with the idea of creating a business enterprise – but tie it back into the community and the vision that the community has set for itself."

## Excellence in Technology-led Economic Development

*Ben Franklin Technology Partners  
Harrisburg, Pennsylvania*

*Selected for the successful promotion of high-growth, technology-focused entrepreneurship to advance economic diversification.*

Twenty-five years ago, Pennsylvania was entrenched in a changing economy driven by shifts in its core industries – manufacturing, mining and textiles to name just a few. While looking for ways to fuel its economy, capitalize on regional assets and employ its diverse workforce, Pennsylvania invested in Ben Franklin Technology Partners (BFTP).

BFTP's charter is to promote technology-led economic development through innovation and partnering with industries, companies, universities, investors and other economic development programs. Since its inception, BFTP has been reauthorized four times and embraced by five different governors and the Pennsylvania General Assembly.

It's not just their long history that makes BFTP one of EDA's 2008 Award winners. BFTP has found tremendous success

while investing in some of the highest-risk businesses – early-stage technology companies.

"There's always been a real void in early stage funding for technology companies," said Terry Singer – Director, Statewide Affairs, BFTP. "Many investors – angel and venture capitalists – don't want to get involved too early in development of a company. Our premise is to fill this void with public investment. We're going to take risks, because that is what this type of investment requires."

These investments range from \$25,000 to \$500,000 and the average single investment is \$250,000. However, with over 25 years under its belt, BFTP has seen a positive return on investment. An independent study has shown that the commonwealth's investment in the BFTP

Pictured (L-R): Mr. R. Chadwick Paul, Jr., President and CEO, Ben Franklin Technology Partners, U.S. Representative Charles W. Dent, EDA Director of Legislative and Intergovernmental Affairs Patty Sheetz.



has yielded substantial returns for Pennsylvania taxpayers. From 1989 to 2001, BFTP boosted the state's economy by \$8 billion and helped to create 93,105 jobs. In addition, during the same period, every public dollar invested by BFTP yielded nearly \$23 of additional state income.

Equally important are the hundreds of innovative technologies and scientific discoveries that BFTP has supported, including process control systems used in the U.S. Navy's defense operations; anti-viral agents for treating HIV/AIDS; pioneering medical devices; advanced automated microstructure metrology tools for the semi-conductor industry; proprietary software products that accelerate the pace of scientific research

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and discovery; state-of-the-art training tools for new drivers; and enhanced recycling processes and systems.

But the numbers are just part of this story. In addition to making financial investments, BFTP also becomes actively involved with the businesses as partners, providing an extensive network of advisers, service providers and investors, and creating a powerful and comprehensive

support program for clients. Additionally, BFTP provides a crucial link between the companies and the wealth of knowledge, facilities and manpower resources in the state's higher education institutions. Each of BFTP's four regional centers work directly with the technology transfer offices at their area's colleges and universities. Lastly, BFTP also assists some companies through the venture capital process for further growth and expansion.

When asked about its long and successful history, Singer is quick to point out that all of this success is possible due to the success of the entrepreneurs that BFTP has worked with over time. "Ben Franklin (Technology Partners) is enabling the success of entrepreneurs who are creating jobs. The entrepreneurs deserve the recognition. They are the ones taking risks, working day and night. It's a privilege to be able to be affiliated with people like this."

## Excellence in Urban or Suburban Economic Development

*East Baltimore Development Inc.  
Baltimore, Maryland*

*Selected for advancement of 21st century high-growth businesses in a large and widely underutilized urban area.*

The Johns Hopkins University has long been known for its medical institution, as well as its advancements in science and other medical services. Located in East Baltimore, Johns Hopkins Medicine is a mecca for research and development, yet the community surrounding it has faced significant disinvestment over the last 30 years resulting in high vacancy rates and a lack of community infrastructure.

In 2003, recognizing the vast potential of this community, East Baltimore Development Inc. (EBDI) was established to successfully attract market-oriented investment, development, population and enterprise to the East Baltimore community. In doing so EBDI set out to not only harness the economic power of its neighboring university, but to also bring renewal – physical, economic and human – to the neighborhood in one comprehensive plan.

"What we have learned over the last 30 years is that the challenges that are confronted in communities such as in East Baltimore can't be solved by taking

on one part of the problem," says Jack Shannon, Present and CEO of EBDI. "Creating housing is fine. But you have to address the critical issue of education opportunities, workforce development programs and basic needs such as retail, human services and other community improvements or, you will run the great risk of having only temporary successes."

So what does this transformation look like?

EBDI has recognized that many businesses (new, existing and global) are vying for the opportunity to be located near Johns Hopkins Medicine. As such, EBDI and its partners have funded the Science and Technology Park which will include five life sciences buildings – the first of which was just completed and is expected to bring in at least 800 permanent jobs. The Life Sciences Park is expected to generate up to 6,000 jobs and an infusion of 400,000 sq. ft. of new business and office activity.

But it's more than just a business park. EBDI has also made strides in its human



Park View in East Baltimore

services commitment. This commitment includes a comprehensive array of health services, including 2,100 units of mixed income housing, grocery stores, parks, and a community school campus (pre-k to 8) that is incubating next fall and expected to be fully operational in 2012.

This holistic approach to urban redevelopment and renewal has aided the organization's fund-raising efforts. "One critical component of our success has been our ability to align resources with investors self-interest," said Shannon. "Philanthropic entities are looking for a different ROI than government and private entities. We have something to offer everyone."

And something for everyone has proven to be worthwhile for EBDI and this East Baltimore community. To date, the project has \$1.8 billion in new investments from diverse sources.



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## **Congratulations to the 2008 EDA Excellence in Economic Development Award Winners!**

### **Excellence in Rural Economic Development**

Jackson County Development Council, Inc.,  
Marianna, Florida

### **Excellence in Economic Adjustment Strategies**

City of Duluth Economic Development Authority  
Duluth, Minnesota

### **Excellence in Historic Preservation-led Strategies to En- hance Economic Development**

Silver City, New Mexico

### **Excellence in Innovation in Economic Development**

Bladen's Bloomin' Agri-Industrial, Inc., Elizabethtown, NC

### **Excellence in Community and Faith-Based Social Entrepreneurship**

Desert Alliance for Community Empowerment  
Coachella, California

### **Excellence in Technology-led Economic Development**

Ben Franklin Technology Partners  
Harrisburg, Pennsylvania

### **Excellence in Urban or Suburban Economic Development**

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