

THE REBIRTH OF MAIN STREET

A CASE STUDY OF FIVE SMALL TOWNS
AND THEIR ECONOMIC DEVELOPMENT

EMERGING TOPICS
PAPER SERIES
WORKING PAPER #21



2015

SARAH LAWSON
DREW TULCHIN
LIZ KUKKA
CRAIG SLATER

UPSPRING
info@upspringassociates.com
upspringassociates.com



Your Social Enterprise Experts



The Rebirth of Main Street: A Case Study of Five Small Towns and Their Economic Development

Emerging Topics Working Paper #21

2015

Sarah Lawson

Johns Hopkins SAIS

sarahg.lawson@gmail.com

Drew Tulchin

UpSpring

drew@upspringassociates.com



UpSpring serves the social enterprise community with effective and sustainable consulting services. Our mission is local, but we take it global: to generate ideas, spark actions, and measure results to solve real world problems.

info@upspringassociates.com

upspringassociates.com

I. INTRODUCTION

Small towns often rely on a small number of industries and/or businesses, making them particularly vulnerable to economic shocks. The recession of the late 2000's heightened the financial pressures on small towns. This study profiles five case studies of small towns in North America that faced economic hardship due to mine closings and/or large corporate exits. From them, common characteristics to promote resilient communities and manage challenges emerge.

The study was generated to provide comparative opportunities for the Village of Questa, NM, about two hours North of Santa Fe, where a nearly 100 year old Molybdenum mine that employed 300 community members closed in 2014.¹ Questa is planning the growth of a sustainable, diversified economy. Specific opportunities for similar rural communities to Questa are identified and detailed for replication.

The most successful towns profiled in this study both highlighted their own uniqueness and ambitiously reached out to the external world. They used tourism to promote their native arts and music and commemorated their local history and outdoor attractions. Towns also embraced scientific research, renewable energy, and the power of education to jumpstart their economies in creative ways.

II. FOUNDATIONAL PRINCIPLES

The communities in this case study developed their economies by embracing a common set of **Foundational Principles**.

These **Foundational Principles** include:

1. Engaging together in long-term planning, with strong local leadership

Big Stone Gap, Virginia, prepared a 150-page Economic Restructuring and Physical Improvement Plan that laid out specific recommendations and actionable, concrete tasks such as constructing a pedestrian-friendly downtown, a greening initiative, and the construction of a Health and Wellness Center.

2. Creating a town theme and fostering festivals unique to the town

El Dorado, Arkansas hosts the Bugs, Bands, and Bikes festival each May with thousands attending featuring a two-day battle of bands, along with a motorcycle conference and several tons of crawfish from the surrounding region.

Leadville, Colorado branded itself a "legendary frontier mining town." There are themed events and festivals - "Boom Days" including mining competitions and burro racing. There is an annual "skijoring" race, where skiers are pulled by horses.

3. Leverage mining history with a museum, highlight old buildings, and revitalize unique features, like a railroad

Lead, South Dakota established a heritage museum and revitalized their town center with restaurants, art galleries, and rehabilitated the Historic Homestake Opera House.

¹ Molybdenum, often called "moly," is a metal primarily used to strengthen steel.

Leadville, Colorado created a historic train ride through the Rockies, a walking tour of museums, churches, mining hall and a heritage museum, saloons, and bed and breakfasts.

4. Capitalize on mountainous natural environments to foster ecotourism

Leadville, Colorado created the Leadville Trail 100, the “Race Across the Sky,” a challenging three-month series of 8 foot and bike races which has been attended by Lance Armstrong. Race pumps \$15 million annually into town economy.

Kimberly, British Columbia attracted a population of retirement-age individuals looking to settle in a picturesque location. The town also expanded its ski resort, built two golf resorts, and maintains 1,800 acres of hiking trails.

5. Take collective, concerted effort to foster Main Street small businesses through entrepreneurship, small business training, and tax incentives

Big Stone Gap, Virginia decided to support local entrepreneurs through partnering with the Heart of Appalachia Tourism Authority and Virginia Cooperative Extension to provide business training and support for entrepreneurs.

El Dorado, Arkansas’ friendly business environment resulted in the decision of California-based Therma-Flite, a waste management company, to expand its facility and create 50 new jobs. Company is also partnering with South Arkansas Community College to train graduates in welding skills. Development will inject an estimated \$3 million into the local economy.

III. INNOVATIVE STRATEGIES

Resilient communities have been creative in their economic development. They embrace tailored **Innovative Strategies** utilizing their decommissioned mines, profiting from their cultural heritage, and/or embracing the power of education for residents to contribute to the local community.

Select **Innovative Strategies** include:

1. Renewable Energy

Kimberly, British Columbia received excellent press from the SunMine solar farm, a \$5.3 million project, built on the site. It is the first solar facility in British Columbia to interconnect with a hydroelectric facility. The project is a 1MW facility powering 200 homes.

2. Arts and Music

Big Stone Gap, Virginia is a stop on the Virginia musical heritage trail featuring the state’s bluegrass history. Also home to the *Trail of the Lonesome Pine*, the longest running outdoor show in Virginia written in the town.

3. Education Scholarships

El Dorado, Arkansas: The El Dorado Promise program provides local K-12 graduates with a full in-state college scholarship. This has raised school enrollment by an estimated 200 more students per year. 90% of El Dorado High School’s graduating class in 2013 enrolled in college and students are currently enrolled in 59 different colleges throughout the U.S.

4. Scientific Research

Lead, South Dakota built a scientific lab dedicated to the discovery of dark matter 5,000 feet underground in the decommissioned mine using government and philanthropic grants. Also created the first South Dakota Masters in Physics program at the University of South Dakota. Experiments have been credited with the addition of 120 jobs to town’s economy.

IV. SUMMARY TABLES

Demographic & Economic Data

Town	State	Nearest Big City	Population	Unemployment Rate	Median Household Income
Leadville	Colorado	100 miles to Denver	2,580	3.8%	\$39,278
Big Stone Gap	Virginia	260 miles to Louisville	5,548	8.7%	\$31,616
El Dorado	Arkansas	120 miles to Little Rock	18,539	14.1%	\$31,899
Kimberley	British Columbia	250 miles to Calgary	6,100	6.6%	N/A
Lead	South Dakota	50 miles to Rapid City	3,109	3.3%	\$41,305

Source: U.S. Census Data, 2013

Strategies Table

Town	State	Results	Foundational Strategies	Most Innovative Strategy
Leadville	Colorado	Mixed	Mining Heritage; Local Festivals	Wilderness Racing
Big Stone Gap	Virginia	Mixed	Entrepreneurship; Local History	Bluegrass Music & Culture
El Dorado	Arkansas	Positive	Entrepreneurship; Local Festivals	College Scholarships
Kimberley	British Columbia	Positive	Ecotourism; Entrepreneurship	Solar Energy
Lead	South Dakota	Positive	Mining Heritage; Ecotourism	Physics Research

V. CASE STUDIES



LEADVILLE, Colorado

Strategies:

Ecotourism, Mining Heritage, Festival

Problem: Moly mine closure

Results: **Mixed**

Population: 2,850

Unemployment: 3.8%

Income: **\$39,278**

Rural: 100 miles to Denver

Background: Leadville was the site of a large moly mine, Climax, which closed in 1982 after 100+ years. 3,200 jobs were lost. In 1999, the last active mine closed. After the closures, 1/3 of the people left; the town entered a recession. Remaining employers included ski resorts, but work was seasonal. In 2012, Freeport-McMoRan, the mine’s current owner, reopened it with scaled-down operations of about 400 jobs.

Strategies: Ecotourism, Mining Heritage, & Local Festival

Leadville prides itself on being the highest elevation incorporated city in the nation. The area has plentiful skiing, snowboarding, hiking and snowmobiling in the winter.

Ecotourism:

The town created the Leadville Trail 100 - the “Race Across the Sky”; pumping ~\$15 million annually into the local economy. These are a series of 8 challenging foot / bike races, including an ultramarathon, that take place over 3 months in summer. The race has been attended by Lance Armstrong and other prominent adventure racers.

In 1983, the Climax Mine was designated a Superfund site. In cooperation with the EPA and mining companies, the site was converted into a 12.5 mile Mineral Belt Trail providing opportunities for cross country skiing, hiking, and biking, as well as signs commemorating the town’s mining heritage. In 2014, the EPA removed seven of the 12 units of the Superfund sites from its list, declaring them sufficiently cleaned up.

Mining Heritage & Local Festivals:

The town branded itself a “legendary frontier mining town.” Leadville maintains a historic 2.5 hour train ride through the Rockies (priced ~\$40/ride), walking tour of museums, churches, mining hall and a heritage museum, saloons, and bed and breakfasts. There are themed events and festivals - “Boom Days” including mining competitions and burro racing. There is an annual “skijoring” race, where skiers are pulled by horses.



Image source: www.leadville-train.com/ride-rockies-leadville-railroad

Results: Mixed

Although Leadville has been successful in creating well-attended athletic events and capitalizing upon its mining history for tourism operations, the town’s economic fortunes have been uneven.

In 2014, the town’s hospital, responsible for about \$15 million in annual contributions to the economy, announced it would close, along with its ambulance service. The *Denver Post* reported 14% lower tax revenues in 2014 compared with the year before. Grocery stores and restaurants have closed, increasing hardship for the local people.



Image source:
www.jessielearv.com/bigstonegap.htm

BIG STONE GAP, Virginia

Key Strategies:

Entrepreneurship, Tourism, & Local History

Problem:	Decline of mining industry
Results:	Mixed
Population:	5,548
Unemployment:	8.7%
Income:	\$31,616
Rural:	260 miles to Louisville

Big Stone Gap Background: Formerly known as “Mineral City,” the town is in the middle of Appalachia in western Virginia. The coal mining industry prospered for 100 years, but by 1992, the county’s employment rate was 20%. An important textile plant had also closed shop. In 1997, the town completed a downtown Master Plan and physical improvements were completed along main streets of the town.

Strategy: Entrepreneurship, Tourism, & Local History

Business Development:

The town decided to support local entrepreneurs through partnering with the Heart of Appalachia Tourism Authority and Virginia Cooperative Extension to provide business training and support for entrepreneurs. The town also built partnerships with other relevant organizations including the local community college and a development financial institution. Many of the local entrepreneurs are clustered in the ecotourism industry including rafting, biking, camping, and kayaking due to Big Stone Gap’s location in the Cumberland Mountains. The community is within Jefferson National Forest and is nearby the Appalachian Trail.



Image source: www.virginia.org/Listings/Events/GatheringintheGapMusicFestival/

The town prepared a 150-page Economic Restructuring and Physical Improvement Plan that laid out specific recommendations in the areas of economic restructuring and physical improvement. Economic restructuring recommendations include recruiting destination-based

and recreation-oriented businesses; giving businesses free space to work in a coffee shop; and marketing key sites for development with the end goal of diversifying the town's economic base and recruiting a variety of businesses to build and maintain local demand.



Image source: www.nytimes.com/2011/05/22/travel/on-virginias-crooked-road-music-lights-the-way.html?pagewanted=all&_r=0

Secondly, the physical improvement recommendations laid out actions for making the town more visually appealing and pedestrian-friendly with an improved downtown, greening initiative, and wellness activities through particular infrastructure improvements in public parks, streetscapes, and the development of a Health and Wellness Center.

Tourism & Local History:

Big Stone Gap has also benefitted from the fact that the town is a stop on the Virginia musical heritage trail, Crooked Road, featuring the state's bluegrass history. The town is also home to the *Trail of the Lonesome Pine*, the longest running outdoor show in Virginia, which was written in Big Stone Gap. A movie is currently being made of the same name in the town.

Results: Mixed

In 2000, the county's unemployment rate fell to 2.4%-- a significant improvement from 13 years before. Although it appears to be back at almost 9%, the fact that the town has created a clear, multi-pronged strategy of diversification and physical improvement and stuck with it bodes well for future projects.



Image source:
www.mainstreetelorado.org/bugs_bands_bikes.html

EL DORADO, Arkansas

Key Strategies:

Educational Scholarships, Entrepreneurship, Local Festival

Problem:	General economic decline
Results:	Positive
Population:	18,539
Unemployment:	14.1%
Income:	\$31,616
Rural:	120 miles to Little Rock

Background:

Nicknamed “Arkansas’ Boomtown,” the town was the site of a 1920’s gold rush but declined into economic disrepair by 1980. The population dropped by 14% from 2000 to 2010. The town has recently seen a reversal of fortunes. 65 active businesses now reside on its Main Street including restaurants, shops, inns, and an art-deco theater.

Strategies: Educational Scholarships, Entrepreneurship, & Local Festival

Entrepreneurship:

The town has taken action to create change in a variety of sectors from education to infrastructure and quality of life. To organize its economic development, the town formed a high-level financing committee comprised of town government and business leaders. El Dorado has created a new town theme

called “It’s Showtime!” and has encouraged an art scene to thrive. The town validated its activities with a local feasibility study to determine in which initiatives they would invest.

Two companies recently shut down operations in El Dorado, and the town wants to create a business enabling environment in which the three remaining publicly traded companies choose to remain. Nearby, the construction of a new highway will help to ease the town’s rural isolation. Murphy Oil is in the midst of constructing an 86,000 sq ft new headquarters in the town. The friendly business environment likely contributed to the decision of California-based Therma-Flite, a waste management company, to expand its El Dorado facility and create 50 new jobs in 2014. Therma-Flite is also partnering with South Arkansas Community College to train graduates in welding skills. The move is expected to inject an estimated \$3 million into the local economy.

Educational Scholarships:



The most high-profile program is the El Dorado Promise, modeled on a similar program of the same name in Kalamazoo, Michigan. The program is funded with a \$50 million grant from the Murphy Oil Corporation, a local, family-owned company, and provides students who attend K-12 in the city's public schools a full in-state college scholarship or a partial scholarship for 4-year graduates of the city's high school.

Public school enrollment has risen since the program began by an estimated 200 more students per year. 90% of El Dorado High School's graduating class in 2013 enrolled in college, as compared to the 67% national average. Promise students are currently enrolled in 59 different colleges and universities and have received degrees from 35 colleges and universities throughout the U.S.

Only 4 municipalities in Arkansas offer such a "Promise" program, but the initiative is growing in popularity as a best practice for stimulating educational opportunities. In January 2015, President Obama announced a new program for qualifying U.S. students to receive scholarships for two years of community college.

Local Festival:

El Dorado now hosts a popular two-day music festival. Bugs, Bands, and Bikes festival draws about 100,000 people each May featuring a two-day battle of bands, a motorcycle conference, and tons of the regional's local crawfish. In addition, El Dorado also hosts several other festivals including the Mayhaw Festival, a local event featuring a walk/run, music, and a cook-off; as well as two music festivals, MusicFest, and the newly inaugurated in 2014 Southern Folk Festival.



Results: Positive

The town has taken aggressive measures to combat its economic downturn. In particular, the town benefits from the fact that Murphy Oil, an internationally successful company that also has local roots, has committed \$100 million of investment and is taking an active role in managing the funds. Therma-Flite's recent decision to invest in the community can also be seen as a positive step. Although still at 14%, the unemployment rate has the potential to level off in the coming years as the impact of these programs takes effect. Most visibly, the concept of the El Dorado Promise program has launched the town onto the national stage of educational reform. The program has the potential to pay off strongly in the future when future generations choose to stay in the town rather than move to larger cities.

KIMBERLEY, British Columbia

Strategies:

Ecotourism, Entrepreneurship, & Renewable Energy

Problem: Mine closure

Results: Positive

Population: 6,100

Unemployment: 6.6%

Rural: 250 miles to Calgary



Image source: www.bcadventure.com/adventure/explore/rockies/cities/kimberley.htm

Background:

Kimberley is a town of 6,100 located in Western Canada. The town's lead, zinc, and silver mine was open for 92 years and closed in 2001. The mine produced almost \$20 billion of minerals. The town began planning for its post-mine economic development in the early 1990's.

Strategy: Ecotourism, Entrepreneurship, & Renewable Energy

Ecotourism:

The town is now a center of outdoor activities, and has also revitalized its downtown. In 1972, the town adopted a Bavarian theme. The town has one of the largest nature parks in the area, with over 1,800 acres of hiking, biking, cross-country skiing, and snowshoeing opportunities. Kimberley also has two golf resorts and a well-established ski resort. In the late 2000's, over 100,000 skiers used the ski hill every winter and played 70,000 rounds of golf every summer.

In 2010, the Kimberley Conference and Athletic Training Center was built. The area began to be used as a destination for competitive sports events, and a bid was submitted to the Winter Olympic Games. Other attractions include an award-winning campground, white-water rafting, a climbing center, a heritage museum, an art gallery, stables, and a historic railway.



Image source: www.cbc.ca/news/canada/british-columbia/sunmine-solar-farm-construction-begins-in-kimberley-b-c-1.2699478.

Renewable Energy:

The SunMine solar farm, a \$5.3 million project on the old mine site, has received excellent press since decommissioning. The solar farm is the first in British Columbia to interconnect with a hydroelectric facility. Although small at only 1MW powering 200 homes, the project comes out of a partnership with EcoSmart Foundation working with the City of Kimberley, and has been seen as a big success story in coal town revitalization.

Results: Positive

Kimberley can attribute its success to a number of factors, some planned and others where it got lucky. The town made early preparations for mine closure and benefitted from the full support of regional governments and cooperation from the mining operator. In addition, an aging population in western Canada found in Kimberley the retirement location and recreational destination for which they had been searching. Kimberley is also situated in the midst of abundant natural resources and has existing recreational facilities.

Kimberley has performed one of the most successful economic development programs of all of the studied towns, helped by the mixture of factors above—especially beautiful wilderness for ecotourism— and the existence of a retirement-age community nearby. Certainly, long-term planning also played a central role in the effectiveness of the town’s strategy.

LEAD, South Dakota

Strategies:

Sciences, Mining History & Ecotourism

Problem: Gold Mine closure

Results: **Positive**

Population: 3,109

Income: **\$41,305**

Unemployment: 3.3%

Location: 50 miles to Rapid City



Image source:
www.leadmethere.org/attractions.php

Background:

In this South Dakota town near the Wyoming border, Homestake Mine was the oldest, largest, and deepest mine in the Western Hemisphere. It was open for 126 years. When the mine ceased operations in 2002 and began the process of reclamation and decommissioning, hundreds of workers lost their jobs.

Strategies: Sciences, History & Ecotourism

Sciences:

A scientist named Ray Davis helped make Homestake Mine famous in the science world with his experiments on solar neutrinos, for which he won the Nobel Prize in Physics in 2002.

When the mine closed, scientists were already eying the mine as a potential site for experimentation. The density of the rock shuts out cosmic radiation and makes Homestake an ideal location for searching for dark matter, a rare subatomic particle. Scientists are currently searching for that and have installed another experiment studying neutrinos.

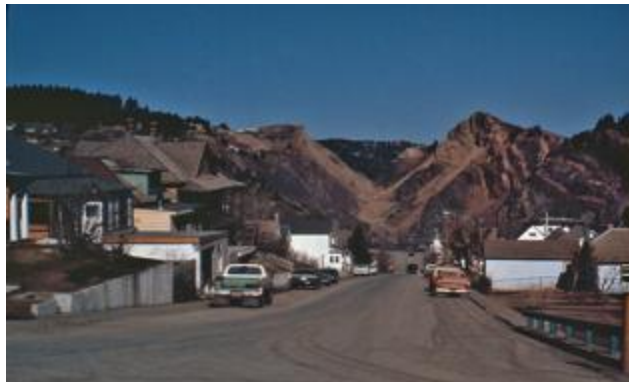


Image source:
http://toxics.usgs.gov/photo_gallery/photos/whitewo od_creek/OpenCutLeadSD_1.jpg

To make the project happen, a collaboration was formed between the Department of Energy, Lawrence Berkeley National Lab, and 17 universities. Funding was provided by the South Dakota

Legislature, the federal government, and philanthropic support. The partners have created the first ever South Dakota Masters in Physics program at the University of South Dakota. The science experiments have been credited with the addition of 120 jobs to Lead's economy.

'[Dark matter] makes up a huge amount of the universe.'

- Kevin Lesko, Lawrence Berkley National Lab

History:

The town profited from its mining history, establishing a heritage museum, rehabilitating the town center with restaurants, art galleries, and the Historic Homestake Opera House. Lead has two million tourists a year including visitors to the nearby town of Deadwood, of HBO TV fame and motorcycle enthusiasts to one of the nation's largest annual rallies.

Ecotourism:

Lead is home to the 114 mile George Mickelson Trail, featuring biking, skiing, and horse-back riding trails; as well as Spearfish Canyon, a 19 mile gorge. It is a gateway to Black Hills National Forest, 3.2 million acres refuge.

Results: Positive

Lead has been successful in drawing upon its proximity to outdoor recreation. It has built upon its history and benefitted from 'Hollywood' with the Deadwood set next door. Most of all, its collective effort to be a center for science leveraged its unique mine situation and made the mine a symbol of cutting-edge science rather than a relic of history².

Text Box Source: www.foxnews.com/scitech/2012/05/30/new-science-lab-turns-lead-into-solid-gold/