

Chapter 6. Economic Development Strategies

6.1 Economic Trends and Resources

Madison has a long history of small-scale agriculture and a cultural heritage that is full of music, craft and strong communities. The towns also have long histories and unique characteristics – Mars Hill has a strong connection with Mars Hill College; Marshall has long been a center for commerce, trade and local government; and Hot Springs has been a tourist destination since the railroad enabled people to travel there more easily. Madison is a rural county, with close ties to the urban center of Asheville, for jobs, educational and medical institutions and goods and services. The County got more connected to the greater region and to tourists and others traveling through and nearby when Interstate 26 was completed in August, 2003. A new Visitor Center was built along the interstate north of Mars Hill that provides information on county and regional attractions and resources.

Madison County's economy is primarily made up of the following business sectors and their related revenues and jobs:

- Agriculture and related products and services;
- Construction;
- Outdoor recreation;
- Arts and music venues and events;
- Heritage and cultural tourism;
- Education; and
- Manufacturing.

The following sections will go into more details regarding employment, number of establishments of various types and the "support structure" for the various industries.

Economic activity can be looked at from a few perspectives – it provides jobs, produces revenue, increases the tax base, often increases other business activity and it represents opportunities for buying/selling products and services. **Economic development** includes efforts that seek to improve the economic well-being and quality of life for a community by attracting, creating and/or retaining jobs and businesses and preserving or improving residents' incomes and the community's tax base.

Economic development is critical to the success of the county not only for providing new jobs, but also for achieving a more balanced tax base. Property taxes make up almost half (approximately 46%) of the County's revenue and 34% of the total revenue comes from residential property taxes (data are from the 2008-09 fiscal year). County population is expected to grow at a moderate, steady rate of 6 to 10 percent each decade for the next couple decades according to the NC Office of State Budget and Management. As the population grows, demand for services and infrastructure increases. For fiscal sustainability and to support the population growth, a diverse tax base should be pursued and maintained. Tax revenues

from businesses can offset the increasing costs to service residential development in the county.

Attracting new business and providing support and assistance to help existing businesses grow need to be part of the County's economic development strategy. This will require identifying areas that are or can be served by adequate public infrastructure and are locations where the County wants to direct growth, along with promotional and recruiting activities targeted to the types of businesses that will fit in with the county's rural character. Factors that businesses consider when looking at places to locate include quality of life, workforce characteristics, road capacity and access, development policies and regulations, housing affordability, quality of the local school system, and more. The County will need to partner with the towns and utility and infrastructure providers to present an attractive set of qualities, infrastructure and amenities to potential new businesses.

Recent Economic Development and Marketing Studies

Two economic studies were completed for the County in recent years – a marketing strategy for the county was done in 2004 and a retail market analysis was prepared in 1998. Both studies are briefly summarized below.

The *"Retail Market Analysis"* (NC Department of Commerce, Mountain Resource Center, 1998) contains a series of tables showing 1996 retail sales by types of stores and by types of merchandise along with tables of population and demographics data. The data show that for most types of stores – all except food and drug stores – a significant amount of money was spent outside Madison County, creating approximately \$64 million in net "lost" sales for the year. Looking at various categories of merchandise, the categories with the highest amounts of net sales outside the county were: clothing; furniture and sleep equipment; drugs health and beauty aids; footwear; appliances and jewelry. The data show there are opportunities for additional retail sales in the county and which types of stores and retail categories have the most demand.

"Marketing Madison County: An Economic Development Marketing Strategy for Madison County and the I-26 Corridor" (Bullock & Haddow LLC, New Orleans, LA; 2004) was prepared for the Economic Development Board in 2004. It provides data on visitation to the county and the primary groups of people who visit Madison County and offers recommendations and strategies to attract more people and encourage them to stay longer and come back for future visits. In addition to marketing to tourists, the plan recommends that the County reach out to potential retirees, second-home buyers and individuals looking to start or re-locate their businesses. It also recommends developing new markets, related businesses and partnerships around its strong agricultural heritage and its wealth of artisans/artists and natural resources.

A term that has become popular describing this type of economic development is "asset-based development" – building economic development strategies on an area's assets and strengths. Madison County has many assets and strengths. The County's main assets are its:

- people;
- communities;
- natural resources;
- scenic beauty;
- farms, farmland and rural character;
- cultural heritage;
- high quality educational institutions; and
- peace and quiet found in multitude of remote locations.

The County's strengths include its:

- strategic location (near Asheville, access to/from I-26) for recreation and tourism;
- wealth of natural resources and outdoor recreation opportunities;
- strong agricultural economy and knowledge-base;
- strong tourism, business and community organizations;
- reliable workforce with a strong work ethic;
- large number of artists and artisans.

The County will benefit from developing and implementing an economic development strategy and plan that is based on and builds upon its assets and strengths.

Current Staff, Boards and Programs

Madison County does not currently have a staff person dedicated to work on economic development. The County Manager plays a fairly active role in economic development and staffs the two county-appointed boards – the Economic Development Board (EDB) and the Tourism Development Authority (TDA). Cooperative Extension staff also play an active role in providing farmers with technical and business training, and looking for opportunities for new products, markets and services.

The **Economic Development Board (EDB)** is an all-volunteer board that reviews economic development issues in Madison County and advises the County Commissioners. Board members are appointed by the Commissioners for three year terms. The EDB has existed for about fifteen years and has had periods of activity and inactivity during the years. It currently meets monthly on the first Monday of the month at 4:30 p.m. at the Very Small Business Center. The EDB website is <http://www.madisoncountync.org/-Development.html>.

The **Tourism Development Authority (TDA)** is an all-volunteer, appointed board that promotes Madison County events, activities and businesses and produces promotional materials for these purposes. It coordinates with the Madison County Visitor Center and other organizations to distribute materials and promote events.

The TDA website - www.visitmadisoncounty.com – contains lots of ideas and information for people who are thinking of visiting the County.



The **Madison County Chamber of Commerce** is a membership organization that serves and supports the business community in the county. The Chamber promotes local businesses by producing a business directory and a visitor's guide, coordinating events which feature or promote local establishments, and encouraging communications and networking through newsletters and gatherings. The Chamber's website contains lots of information on businesses and things to do in the County – www.madisoncounty-nc.com.

The **Very Small Business Center** is a new business support center located in the Marshall High Studios on the island. It opened in the fall of 2008 and offers meeting space, a library of materials related to starting a small businesses and successful small businesses, and opportunities for networking and marketing.

The **Madison County Arts Council** is a community-based non-profit organization that “provides services and resources to artists and organizations and presents and produces culturally diverse programming for the public.” It is the only broad-based arts organization in Madison County. The Arts Council hosts numerous events and classes, serves as a clearinghouse for arts information and promotes the arts at the local and regional level. Their website is: www.madisoncountyarts.com.

Other Local/Regional Economic Development Resources

AdvantageWest Economic Development Group is western North Carolina's regional economic development commission. Chartered by the North Carolina General Assembly in 1994, AdvantageWest is a non-profit public-private partnership whose primary focus is marketing the North Carolina mountains to corporations seeking to relocate or open a new facility, expand an existing business within our region, and those who might otherwise improve the quality of life for citizens within our region through activities such as filmmaking, entrepreneurship and tourism. See www.advantagewest.com for more information.

HandMade in America was founded in 1993 with a belief that economic revitalization wasn't necessarily tied to luring "modern" industry to the region but in making known the hidden heritage and craftspeople that are so vitally a part of western North Carolina. “HandMade has evolved into a nationally recognized, multidimensional institution that has sparked initiatives and creative collaborations in education, small town revitalization and community development, economic development, environmentally sustainable strategies and enhanced opportunities for makers of the handmade object, heritage tourism, and incorporating crafts into building design and furnishing.” (from www.handmadeinamerica.org) HandMade works across western NC, with its office in Asheville. HandMade has initiated or been involved with numerous projects in Madison County, including small town revitalization projects in all three towns, partnerships with Madison County Farms and Madison County Arts Council, the barn quilt project and the establishment of the Very Small Business Center at Marshall High Studios.

USDA Rural Development (RD) administers rural business, housing, utilities and community development programs. The overall mission of USDA Rural Development is to improve the

quality of life for rural Americans. The RD office that serves Madison County is located in Asheville. For more information on Rural Development programs and services, see <http://www.rurdev.usda.gov/nc/>.

The **Asheville Area Chamber of Commerce** has a mission of increasing the region’s livability by advancing its economic vitality. The Chamber is a partnership of over 2,000 businesses, organizations and coalitions supporting the community and each other. The Chamber provides a platform for businesses to come together to work towards common goals. Guided by the Chamber’s Strategic Plan, developed by the board of directors, the Chamber serves as a collective voice to advocate for business issues. See www.ashevillechamber.org for more details.

Employment by Occupation for Madison County Residents	Total employed	Male	Female	Percent of Total	Percent Male	Percent Female
Employed civilian population 16 years and over	8,731	4,836	3,895		55.4%	44.6%
Type of Occupation						
Management, professional, and related occupations	2,436	1,045	1,391	27.9%	21.6%	35.7%
Service occupations	1,232	555	677	14.1%	11.5%	17.4%
Sales and office occupations	1,836	713	1,123	21.0%	14.7%	28.8%
Farming, fishing, and forestry occupations	131	131	0	1.5%	2.7%	0.0%
Construction, extraction, and maintenance occupations	1,235	1,205	30	14.1%	24.9%	0.8%
Production, transportation, and material moving occupations	1,861	1,187	674	21.3%	24.5%	17.3%

Source: 2000 U.S. Census, Summary File 3 (SF3; Sample Data), Table QT-P27

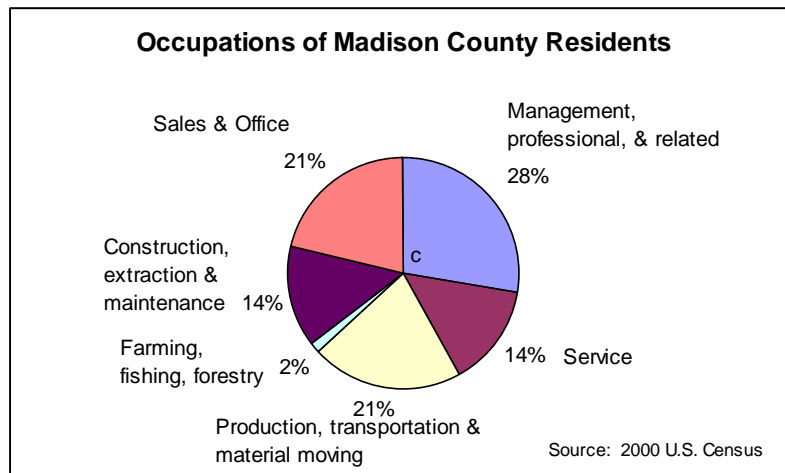
6.2 Employment Trends and Analysis

Employment

Data on types of industries, occupation and employment are gathered from at least two perspectives – one is based on the occupations of employed residents and the other is based on the employment in businesses and organizations that exist in the geographic area. For example, if 800 people, 16 years and older lived in a town and 750 of them were employed, one dataset would contain the occupations of all 750 workers. If this town had 50 places of employment, the second dataset would contain the number of people employed by these businesses/agencies, by the type of business, regardless of where the employees lived.

The following table shows approximately how many county residents work in each general type of occupation; it also breaks down employment by sex showing how many males and how many females work in each occupation. Percentages are shown to provide some perspective on which types of occupations employ a higher or lower percentage of residents and whether there is much of a difference in male vs. female employment. The highest number of people (2,436 people, representing 27.9% of the workforce) are employed in management, professional and related occupations; close to 2,000 people, or 21% of the workforce are

employed in sales and office occupations and a similar amount are in production, transportation and material moving occupations.



The total employed workforce for Madison County in 2000 was 8,731 people; about 55% of those employed were males and 45% were females. More women than men were employed in these occupations: management, professional and related; service; and sales and office. More men than women are employed in these occupations: farming, fishing and forestry; construction, extraction and maintenance; and production, transportation and material moving.

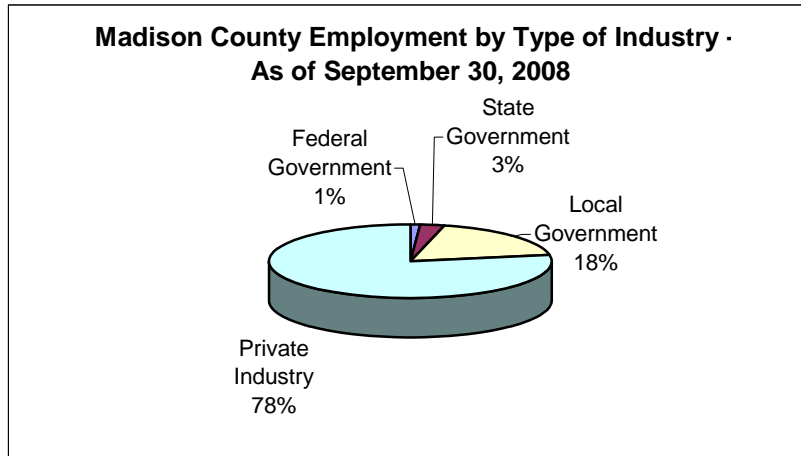
[NOTE: Census 2000 occupation classifications were based on the government-wide 2000 Standard Occupation Classification (SOC) system, whereas the 1990 census occupations were based on the 1980 SOC. The SOC was overhauled in 1998 (with additional revisions in 2000) to create a classification system that more accurately reflected the occupational structure in the United States at the time of the revisions. As a result, comparisons of occupation data from the 1990 census and Census 2000 are not recommended.]

Employment Opportunities in Madison County

At the end of 2008, the NC Employment Security Commission reported that 417 businesses or organizations in the County employed 4,310 people.¹ *Note that farms, unincorporated self-employed businesses and some other types of establishments are either not counted or the data is suppressed, and these categories make up a significant part of Madison County's economy (see footnote).*

¹ These are jobs reported to the NC Employment Security Commission (ESC). ESC data exclude proprietors, unincorporated self-employed, unpaid volunteer or family workers, farm workers, and domestic workers. Salaried officers of corporations are included. Government employment covers only civilian employees; military personnel are excluded. Employees of the Central Intelligence Agency, the National Security Agency, the National Imagery and Mapping Agency, and the Defense Intelligence Agency also are excluded.

Of these “counted” businesses, 380 private businesses provided the overwhelming majority of jobs – 78% – in Madison County. The Education and Health Services industry sector employs about 41% of all the “counted” jobs in the county. Other sectors that provide a significant amount of jobs are: Trade, Transportation and Utilities; Public Administration; and Travel and Leisure. Each of these industries employ between 425 and 500 people.



With the highest number of jobs provided by education and health services organizations, it is not surprising that the two largest employers are educational institutions – Mars Hill College and Madison County Schools. Madison County is the next largest employer, employing 276 people (190 full-time employees; 86 part-time employees). Map 9 shows where the educational institutions are located. Below is a list of the largest employers in the county (from the NC Employment Security Commission, June 2009):

Company/Organization	Industry Description	Employment
Mars Hill College, Inc.	Education & Health Services	500-999
Madison County Schools	Education & Health Services	500-999
Madison County	Public Administration	250-499
Pechiney Plastic Packaging Inc.	Manufacturing	100-249
Stacie’s Personal Care Service Inc.	Education & Health Services	100-249
Ingles Markets Inc.	Trade, Transportation & Utilities	100-249
Hot Springs Health Program	Education & Health Services	100-249
Blue Ridge Group Homes	Education & Health Services	100-249
Paladine Industries	Professional & Business Services	100-249
Tulloch Management Co.	Education & Health Services	50-99
NC Department of Transportation	Public Administration	50-99
French Broad Electric	Trade, Transportation & Utilities	50-99
Honeywell International Inc.	Manufacturing	50-99
Compass Group USA Inc.	Leisure & Hospitality	50-99
Hot Springs Resort & Spa Inc.	Leisure & Hospitality	50-99
Deringer Mfg Co.	Manufacturing	50-99

Madison County	2007 Annual	2008 Annual	2009 1st Qtr
	Avg	Avg	
Labor Force	9,815	10,002	
Employment	9,426	9,421	
Unemployed	389	581	
Unemployment Rate	4.0%	5.8%	9.30%

Source: NC Employment Security Commission, Local Area Unemployment Statistics

Madison Manufacturing Co.	Manufacturing	50-99
---------------------------	---------------	-------

Wages

Wages paid by employers in Madison County are lower, on average, than wages across the state of North Carolina. They are similar to wages in other rural areas of the state. For the last quarter of 2008, the average weekly wage paid in Madison County was \$527 compared to \$793 for the state as a whole. Lower wages contribute to the lower per capita and median incomes found in the county. For example, in 2007, per capita personal income for Madison County residents was \$25,008; it was \$33,735 for North Carolina residents and \$38,615 for U.S. residents.

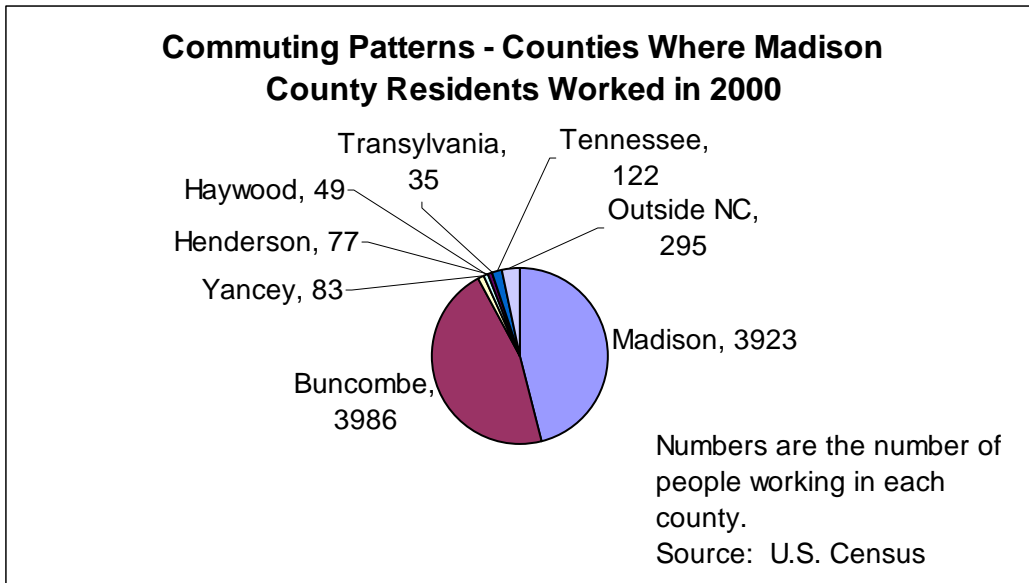
Employment vs. Unemployment

Madison County's unemployment rate has been relatively low over the past few years at around 4 percent. This changed in 2008, correlating with the larger economic downturn occurring across the United States and the world. Unemployment rates in Madison County increased over the course of 2008, with the highest rate in December (7.5%). These higher rates are continuing and increasing in the first half of 2009.

Commuting Information

The 2000 U.S. Census reports that there were 8,570 county residents who worked. A minority of these people worked at home – 318 people, or almost 4%. The rest traveled for an average of 30 minutes to get to work. A little less than half of the workers (46%) worked in Madison

County; the rest left the county to work, with the vast majority traveling to Buncombe County to work.



Looking at the other side of this issue, the 2000 Census reported that almost 1,300 people commuted into Madison County from another county to work. These people represent about one-fourth of the 5,210 jobs reported in the county. About two-thirds of these workers came from Buncombe County.

6.3 Strategies for Strengthening Business Districts and Providing More Job Opportunities in Madison County

The overall goal for economic development is to have increased and sustainable economic activity that benefits Madison County and its residents. Madison County's success and sustainability will rely on having a **diverse** set of businesses, products and services and a key economic development strategy is to build and support this diversity.

County residents want more opportunities to work in the County. Family life is strong in the county and parents would like to see their children and grandchildren stay in the County. In order for this to happen, more job opportunities and more affordable housing options are needed.

From the American Planning Association (APA) website, "Economic Development Toolbox:"

A strategy is a "collection of actions and activities that help achieve a predetermined goal" (Blakely and Bradshaw 2002, 167). The following describe **potential strategies local governments can use, either alone or with other institutions, to carry out their economic development vision:**

- Coordinate economic development programs and support services
- Business development
- Development incentives and financing
- Business attraction and retention
- Workforce education and training
- Land supply analysis for business growth
- Infrastructure investment
- Investment in quality of life factors conducive to business innovation

In order for the County to accomplish the overall goal, it will need to support economic development both directly – by providing staff and funding and developing partnerships – and indirectly – by changing policies and regulations, and working with other organizations to improve infrastructure and workforce training. The following objectives and strategies will help to increase the job opportunities within the County and ensure that county residents have the skills to match the opportunities.

6.3.1 Support economic development programs and services with staff and funding.

- Dedicate a staff member to staff the EDB and TDA and to coordinate and develop economic development activities and initiatives.
- Develop a program that promotes the county as a desirable place to locate and do business. Direct the Economic Development Board and Tourism Development Authority to work together and collaborate with other organizations as appropriate to develop this program.
- Develop a marketing program that targets new and summer residents, to provide information on local products and services and encourage them to "buy local."

6.3.2 Modify zoning regulations to encourage more business activity.

Modify zoning regulations to allow for a variety of businesses along the main transportation corridors in appropriate places (i.e., near towns, main intersections, flat stretches of roadway, etc.). Issues such as scale, orientation, building form, access and parking should be defined in ways to preserve the rural character of the area. See Chapter 11 on Future Land Use for specific recommendations related to preserving rural character.

Modify zoning regulations to allow for multiple streams of income (multiple uses) on properties zoned Rural-Agricultural (e.g., value-added products, arts/crafts, tourism, limited retail, etc.). The allowable uses should be consistent with maintaining the rural character and not large-scale operations that would consistently draw a lot of customers.

6.3.3 Develop incentives to encourage businesses to locate or expand in Madison County.

Incentives can include reduced fees, a streamlined development process, increased density/intensity, decreased parking requirements, etc. Development characteristics that may qualify for an incentive could include providing jobs, preserving a cultural/historic site, building a walkway and/or park, utilizing energy efficient or “green” technologies, and more

6.3.4 Establish partnerships with the towns and with other economic development and related organizations.

- Facilitate collaborations and partnerships of economic development, business, tourism, arts and agricultural organizations for the purposed of planning, marketing and “packaging” a variety of products/offerrings, which will bring more revenue to businesses, farmers and to the County. (See 7.6.4 for more details)
- Support and partner with the Madison County Arts Council and area artists to develop more outlets/venues for local artists to sell their art and crafts.

The arts community has been coordinating more with tourism marketing and opportunities and they have developed a couple new venues in Marshall – French Broad Fridays and studios and events at Marshall High Studios. The Madison Arts Council has developed a strong presence in downtown Marshall. Mars Hill College also offers a number of arts, music and cultural events at the college and the Owen Theater.

- Re-establish a relationship with the Asheville Area Chamber of Commerce, through periodic joint meetings and collaborations on projects and marketing programs.

6.3.5 Work with infrastructure providers to improve communications and utilities infrastructure.

- Work with internet providers to increase the service areas and number of residents served for high-speed internet. Also work to keep costs low, so that the service is affordable to local residents and businesses.
- Work with the towns and other infrastructure providers to provide transportation, communications and water and wastewater infrastructure to locations identified for businesses, mixed-use, and higher density development on the Future Land Use Map.

6.3.6 Expand workforce training to meet the needs of current and future employment opportunities.

County staff and community input have identified the need for improved training in math and reading comprehension as well as technical skills that are transferable to a manufacturing or technical work environment. Teamwork and supervisory skills were also identified as needs. The County should:

- Encourage the School Board and Superintendent to strengthen education in math and reading comprehension in K-12 curriculum and classes.
- Encourage A-B Technical College to offer courses in math and reading comprehension for adults who want to improve their skills.
- Encourage the County Schools and A-B Tech to provide more technical and vocational training, including skills for agricultural and tourism enterprises as well as construction trade skills (plumbers, electricians, heating system specialists, etc.).

Heritage High School in Burnsville has a good vocational education program that teaches construction and services skills through the building of houses.

A-B Tech is partnering with Madison High School on a new vocational program that will teach these types of skills and also entrepreneurship, culinary skills, automated machinery and advanced customer service.

- Facilitate partnerships between the County Schools, A-B Tech and Mars Hill College to develop new training courses that will support local business development efforts, including entrepreneurship.

Selected Resources:

Excerpts from a Washington Post article, dated April 23, 2009: "**Rural Riddle: Do Jobs Follow Broadband Access?**" (<http://www.washingtonpost.com/wp-dyn/content/article/2009/04/22/AR2009042203637.html>)

Simply bringing high-speed Internet to an area does not ensure additional jobs and business activity. Some economists say that bringing high-speed Internet to rural areas is much more complicated:

"For the idea that some sort of magical economic development will occur, there is no evidence that that can happen," said Robert W. Crandall, a senior fellow at the Brookings Institution who has studied the issue. Some potential subscribers may not see the benefit of getting online, while others may not be able to afford the monthly service fees. Residents with limited exposure to technology and low education levels may struggle to meet the job qualifications of tech-sector positions.

"It's Economic Development 101 to try to improve the supply of infrastructure to make a locality more attractive for businesses, but you do need a skilled workforce to fully exploit that," said John Horrigan, director of the Pew Internet & American Life Project. "In rural America, for broadband adoption, skills and relevance still remain a barrier."

Southwest Virginia "**Return to Roots**" program (www.returntoroots.org) is a program to attract former residents who left the area after high school and get them to come back and live and work in southwest Virginia. The website lists job/career and educational opportunities, community events and more and offers ways for people to connect with employers and individuals.