



CLEVELAND-GASTON COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

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EXECUTIVE SUMMARY

The Cleveland-Gaston Comprehensive Economic Development Strategy (CGCEDS) developed as the outgrowth of a \$240,000 grant from the U.S. Economic Development Administration (EDA) and a matching \$60,000 Community Development Block Grant from the North Carolina Department of Commerce (DOC) to Cleveland and Gaston counties in the Ninth Congressional District.

The grant, coordinated by Ninth District Congresswoman Sue Myrick and her staff, was announced September 30, 2002. Its main purpose was to help both counties recover from the dramatic loss of thousands of jobs and dozens of businesses, mostly due to global competition in the textile industry, and to develop effective proactive strategies for reviving their economies and creating new jobs in the early 21st Century and beyond.

New Economic Realities

Across the country, communities in the early 21st Century are being forced to confront a series of sometimes painful realities. Main ones include:

- Rapid technological change
- More global competition
- Producing high quality at competitive prices – a constant challenge
- Human capital – the need for better trained workers
- Homegrown jobs generating more economic growth than industrial recruitment
- Structural change – fewer manufacturing jobs, more service jobs
- Regionalism as the economic entity, not just a county
- Community change – some have prospered, some have declined in recent years

Cleveland and Gaston counties combined have lost more than 12,000 jobs in recent years, most in textile-related industries. Both continue to have high unemployment and below-average per capita income. The main challenge for both counties is human capital – lower high school and college graduation rates than the state and the nation mean unpreparedness for 21st Century jobs in the knowledge economy. This is compounded by the fact that few existing industries require even a high school diploma. The result is a potential trap that county leaders must avoid with concerted efforts to encourage more education in all sectors of the community.

In fact, if there is one most prominent finding of this entire study, it is the vital importance of education as the key to success for all working people in the 21st Century knowledge economy.

Fortunately both counties have fairly diverse economies and other industrial sectors offer potential for growth in output and jobs. Gaston and Cleveland's proximity to Charlotte and their role in the vibrant Charlotte Region are big advantages, although neither has reaped the economic benefits that some other counties in the area have.

Target Industry Clusters

Over 63% of the output and almost 43% of the employment in Gaston County can be clustered in eight industry groups: motor vehicles, textile, construction, chemicals & plastics, regional medical, wholesale & warehouse, machinery & tools, and basic metals. Only the textile portion is not growing, so all others have strong potential. Additionally these core industries are supplied by other clusters which could also be productively targeted and recruited: ready-mix and other concrete products, engineering & architectural services, computer and data processing services, engine electrical equipment, several plastics and synthetic rubber sectors, and communications except radio & TV.

Cleveland has six main industry clusters accounting for 46.6% of output and 29.4% of employment: textile, construction, electric, motor vehicles, wholesale & warehouse, and specialized machinery & aircraft. Its most promising supplier chain industries are: communications except radio & TV, ready-mix and other concrete products, engine electrical equipment, several plastics and synthetic rubber sectors, and screw machine products & bolts etc.

Infrastructure Analysis

Cleveland County's biggest needs in infrastructure could be summarized as:

- Relieve traffic volume through the City of Shelby/Highway 74 with a planned northern Bypass
- Extend municipal wastewater service into areas beyond major cities and towns, although water service in the county is quite extensive
- Increase the supply of raw water available such as a new reservoir

Gaston County's main infrastructure needs are:

- Improve the I-85/US 321 interchange
- Extend water and wastewater service countywide, especially along the planned route of the Garden Parkway south of Belmont, and the northern portion of the county

Real Estate Analysis

Both counties have an excess of empty Class C industrial buildings, mostly abandoned textile-related mills, which have little potential for adaptive reuse except in urban areas like downtown Gastonia. The counties need to focus on providing more Class A and B facilities for recruiting new industry, and preserving undeveloped land for future industrial use instead of it being cut up into smaller parcels by uncoordinated residential developments. Future development should be clustered in master-planned areas to preserve open space and avoid sprawl.

Visions and Strategies for the Future

Both counties want to attract their share of healthy economic and residential growth in the next 8-10 years. More good-paying jobs, more educational achievement, expanded water-sewer

service, healthy downtowns, unified leadership, preservation of natural resources, and increased tourism are envisioned by both, while each seeks to maintain its unique identity.

Five Top Priorities

Strategies to achieve these visions naturally evolved into five top priorities (underlined below), each with several components:

1. Economic Development – Attract, retain and assist the expansion of targeted industries, provide strategic site locations, encourage private development of new high-quality buildings, seek adaptive reuse of empty older buildings, and strengthening downtowns.
 - Prioritize opportunities to recruit targeted industries identified in this study
 - Protect strategically located land for future industrial and business park development
 - Market and encourage the private development of high-quality industrial buildings with modern features and good interstate highway access, while continuing to explore industrial tenants or adaptive uses of empty older buildings
 - Strengthen downtowns as the professional office, civic, cultural and entertainment cores of each community, with special emphasis in Gaston County on revitalizing downtown Gastonia
2. Entrepreneurship – Stimulate the start of new businesses by individuals and groups, support more entrepreneurship education, and expanding existing entrepreneurial organizations.
 - Encourage more entrepreneurship as a vital complement to business attraction and retention
 - Support more entrepreneurship development through education, training and technical assistance, access to financing, and changing the local culture, starting with coordinating all existing efforts
 - Build on existing entrepreneurial organizations in both counties, expanding them with greater participation and support
3. Workforce Development – Expand training and programs for dislocated and existing workers, continue existing collaborative workforce development initiatives, involve more business leaders, and explore more creative approaches.
 - Expand current workforce development efforts to accommodate the unprecedented number of unemployed people in both counties
 - Continue existing collaborative initiatives in both counties while helping them evolve to more organized activities such as convening, campaigning, monitoring and advocacy roles
 - Pursue more involvement of business leaders and seamless provision of services
 - Explore more creative approaches such as individual learning accounts, new learning technologies, Internet-based market information, and regional organization and funding arrangements
4. Infrastructure Development – Increase coordination of comprehensive land use planning among all county and municipal jurisdictions, extend water and sewer into areas targeted for development, preserve natural resources and explore more mass transit options.



- Increase coordination of comprehensive land use planning among all county and municipal jurisdictions, supported by a common database of GIS (geographic information system) and improved communications among professional planning/managerial staff
 - Extend water and sewer into areas targeted for development
 - Explore all financing options besides traditional rates and fees
 - Research and consider regional water-sewer authority models
 - Preserve natural resources and connect them with greenways and other amenities
 - Explore mass or rapid transit connections to Charlotte, and take advantage of the completed I-485 extension at I-85 on Charlotte's western edge
 - See additional recommendations on page 4, Infrastructure, above.
5. Marketing and Communications – Develop marketing and branding strategies to promote each county, create and present marketing materials portraying each county's strengths, market to selected target industries, raise and allocate additional funds for marketing and tourism.
- Develop marketing and branding strategies to promote each county
 - Create PowerPoint shows and printed materials for presenting the county's strengths to internal and external audiences, plus stimulating feedback and dialogue
 - Market to selected targeted industries with direct mail and other media
 - Create a central website to promote the benefits of living in the county
 - Raise additional funding from the private sector to help pay for enhanced marketing efforts and programs
 - Direct more hotel-motel occupancy tax revenues to promote tourism
 - Market downtown buildings to potential buyers in Charlotte and other areas of the region

Implementation

To help keep the CEDS implementation on track and adapt to new changes, a Strategic Coordinating Council (SCC) will have continuing oversight of the five teams in each county, including adapting to future changes and adding or modifying teams as needed. The SCCs will be responsible for updating the CEDS plan once a year and reworking it every five years.

To monitor progress, four types of indicators are proposed, each rooted in the vision statements:

- Benchmarks of general economic well-being such as net population growth, unemployment, per capita income and high school graduation rate
- Regional benchmarks comparing Cleveland and Gaston with other counties in the Charlotte region on measurements such as annual population change, unemployment and per capita income
- Locally collected data such as numbers of companies relocating or expanding, number of new businesses, companies and jobs lost, and industrial space available and absorbed
- Project implementation targets such as infrastructure improvements, progress on workforce development and entrepreneurship development

Funding to help implementation could come from five sources:

- Private sector investors

- Grants from foundations
- County and municipal governments
- Collaborations with state agencies
- Liaison with agencies funded by or having access to resources from federal and state programs such as the U.S. Small Business Administration
- Federal agencies including the EDA, U.S. Department of Labor, EPA and HUD.

Those responsible for implementing these strategies are encouraged to focus on four core values:

- Education and workforce training for all residents
- Jobs – attracted, retained and created
- Interdependence of all elements of the local economy, all population groups and all communities
- Proaction – anticipating change, monitoring the environment, and acting today to ensure high quality of life in the future, requiring a unified effort.

I. INTRODUCTION TO THE NARRATIVE REPORT

The Cleveland-Gaston Comprehensive Economic Development Strategy (CGCEDS) developed as the outgrowth of a \$240,000 grant from the U.S. Economic Development Administration (EDA) and a matching \$60,000 Community Development Block Grant from the North Carolina Department of Commerce (DOC) to the Cleveland and Gaston counties in the Ninth Congressional District. The grant, coordinated by Ninth District Congresswoman Sue Myrick and her staff, was announced September 30, 2002. Its main purpose was to help both counties recover from the dramatic loss of thousands of jobs and dozens of businesses, mostly due to global competition in the textile industry, and to develop effective proactive strategies for reviving their economies and creating new jobs in the early 21st Century and beyond.

This report is organized at three levels:

- An *Executive Summary* on the preceding pages
- A *Narrative Report* on the following pages, written for the public, to be distributed both as a printed document and online at the project website, www.clegas.com.
- A *Technical Report*, including the full-length research studies conducted by members of the consulting team and other required documentation, provided primarily to the U.S. Economic Development Administration's Atlanta office, Chambers of Commerce and economic development organizations of both counties. Others may obtain copies by request from the Chambers or local EDCs.

The Cleveland County Chamber, Inc., (CCC) served as fiduciary agent for the project, and a CEDS Steering Committee was organized in October 2002 under the leadership of CCC President Rob Youngblood, composed of approximately a dozen diverse representatives of each county. Members included leaders from the public sector, economic development, business, employment/training, and community organizations; representatives of women, minorities, aged and disabled; local health, education and energy officials, and others.

After advertising regionally and nationally for proposals from consulting firms, the Steering Committee selected three for in-person interviews. In late October the Committee selected a team of consultants coordinated by Lawrimore Communications Inc. (LCI) of Charlotte, and including the Corporation For Enterprise Development (CFED) of Washington, D.C., and Durham, N.C.; HDR Engineering of the Carolinas and Warren Associates, both of Charlotte; and Dr. John Connaughton, an economist, forecaster and professor at the University of North Carolina at Charlotte.

Early in the study, through group discussions with diverse community leaders, five critical issues or priorities emerged as the major categories including dozens of individual concerns and issues. These five priorities are: economic development (business attraction and retention), entrepreneurship, workforce development, infrastructure development, and marketing/communications. Following a broad overview of new economic realities, most of the narrative report will be organized into those five key areas.



II. Where We Are Now: Situation Analysis

A. New Economic Realities

Across the country, communities in the early 21st Century are being forced to confront a series of sometimes painful realities. Here are some of the main ones:

1. **Rapid Technological Change.** The lifespan of technological innovation – the time that elapses before it is replaced by the next advance – is getting shorter and shorter. Moreover, technology moves very quickly across state and national boundaries, and businesses can readily buy or copy innovations developed by competitors anywhere across the world. This means that for companies to stay competitive they need to know about and use the latest advances, and that without continuous improvement, their competitive edge can be quickly eroded.
2. **More Global Competition.** Although the U.S. has the world's largest and most dynamic economy, it is by no means immune to competition. In terms of value of imports, the European Union, Canada, Mexico, China, and Japan represent the major competition, with other countries in South America and Asia rising fast. Just about every business, including many service industries, is facing unprecedented competition from home and abroad, and it is essential that all companies and communities see themselves as part of the global marketplace.
3. **Quality and Cost.** In the days when U.S. firms had few competitors and technology changed slowly, success came with producing goods at lower costs. Nowadays, it is very hard for U.S. firms to beat the competition on price as there is no shortage of foreign companies with low-wage workforces. The way forward is for U.S. companies to produce high-quality products, specialized products that meet market niches, or are very flexible to changing market demands. For communities this means ensuring that companies have the necessary skilled workers, the technology and communications, and the financing to compete successfully on these terms.
4. **Human Capital.** Skilled and flexible workers are the most important asset for companies and communities. Competitive firms need workers who can identify new product ideas and ways of producing more efficiently, and who can be trained in new technologies. Yet at the same time, training needs are growing, both for those who have been laid off from declining industries and for those coming into the labor market as immigrants. Businesses increasingly look first at the quality of an area's education and training systems and the skills of its workforce before making investment decisions. Changing demographics also have the potential to dramatically impact local economies, both through opening up new market opportunities for health care, recreation, and living services, and by placing greater urgency on educating and keeping young people in the community.
5. **Homegrown Jobs.** Although for many communities the goal of economic development is to attract companies to locate in their area, the primary sources of new jobs in most local economies are existing companies that expand and new firms that start-up and grow. This requires a major shift in focus to homegrown development and entrepreneurship.



6. **Structural Change.** Although manufacturing firms may be employing fewer people, they may now be much more efficient and competitive and the principal source of wealth generation. New jobs are mainly being created in the service sector which can be good news if the companies are exporters (serving clients outside the region) and offer good-paying employment, but a problem if they are of the low-wage, low-skill variety. Increasingly, communities are exploring how manufacturing and service companies are grouped into clusters and how best they can be supported as ecosystems.
7. **Regionalism.** Modern local economies rarely coincide with administrative boundaries as people cross county and state lines to work, shop, and recreate. The metropolitan region is the main competitive unit, and it is vital that communities understand how they fit in and contribute to their regional economy, and just as importantly how necessary it is to collaborate with neighboring communities for mutual benefit.
8. **Community Change.** Cities and urban communities are experiencing fundamental changes in their functions. Those that have prospered have been able to provide the particular human, technological, financial, and communications resources that support the clustering of growth industries. Those that have declined because they have lost their way among the new economic realities are often faced with a downward spiral of decay and poverty. Quality of life, which can include natural amenities, good public services, and cultural diversity, is increasingly a key consideration. Stable and livable small towns, especially in metropolitan regions, are increasingly attractive places for families and young adults looking for community atmosphere, low crime rates, and good education systems.

All of these factors are at play for the counties of Cleveland and Gaston. Global competition and technological change have wreaked havoc on the traditional textile industries, leaving thousands of workers without jobs and few prospects as they find they no longer have the education and skills required by the labor market. Although business recruitment strategies have been successful in the area, ever increasing competition from neighboring states, across the country and the globe suggests that a shift in focus and effort towards more homegrown development will be beneficial. Certainly the counties are experiencing significant community change as illustrated by the demise of downtown Gastonia, the suburban growth of Belmont and Mount Holly, and the reinvigoration of uptown Shelby. But the critical reality going forward is the counties' places as parts of the Charlotte Region – they benefit from the proximity of the city's amenities, its airport, and university, and the region benefits from their position as major manufacturing centers.

B. Economic Analysis Summary

A cluster analysis of the industries of Cleveland and Gaston carried out by Dr. John Connaughton of UNC-Charlotte for this strategic plan provides a number of important insights into the economy of the area. A summary of his study is in the next section; here are a few highlights.

For Gaston County, eight industry clusters produce a combined annual output of over \$6.7 billion or nearly two-thirds of total county output, and employ 42,836 workers or almost 43 percent of total county employment. The clusters are motor vehicles, textiles, construction,

chemical and plastics, regional medical, wholesale and warehouse, machinery and tools, and basic metals. In terms of dollar output, the largest industry cluster is motor vehicles, with 21.3 percent of county output but providing only 6.1 percent of county jobs. The textiles cluster in 2000 was still the largest employer, providing over 10,000 jobs or over 10 percent of the county total, but it is the only one of the eight clusters that is declining, having experienced significant drops in both output and employment over the past five years. The main drivers for growth in output and employment are to be found in construction and regional medical, which between them provide over 15 percent of total jobs.

Cleveland County has six main industry clusters – textiles, construction, electric, motor vehicles, wholesale and warehouse, and specialized machinery and aircraft. Between them these clusters produce a combined annual output of almost \$2 billion or nearly 47 percent of the total county output, and employ 13,774 workers or over 29 percent of total county employment. The largest cluster in both dollar output (13.6 percent) and jobs (8.1 percent) in the year 2000 was textiles, but it is the only declining sector. Construction is the second most important with 8.7 percent of county output and 6.9 percent of county jobs and is growing.

The two counties share a number of common characteristics with a lingering reliance on the declining textile cluster, and strong representation in the motor vehicles, construction, and wholesale and warehouse sectors. Gaston County has additional clusters of chemicals and plastics, regional medical, machinery and tools, and basic metals, whereas Cleveland County has clusters in the electric and specialized machinery and aircraft sectors. Actually both counties have companies in all these clusters.

Between 1995 and 2000, the textile cluster shed over 7,000 jobs (41 percent) in Gaston County, mainly in the yarn and knit fabric mills, and about 3,800 jobs (38 percent) in Cleveland mainly in the yarn and broadwoven fabric mills. The prospects going forward are mixed. Some experts suggest that the worst is over – the shakeout having peaked in 2001 when nationwide 116 textile plants closed with a loss of 67,000 jobs – and that the industry has already taken the major hits from lower cost imports. They also point to technologically sophisticated factories and innovative fabrics and fibers that have applications in aerospace, electronics, and medicine. Others fear the impact of the removal of import quota protections in 2005 will mean that China will “swallow the domestic industry whole.” Some expect the bulk of yarn spinning, which is more labor intensive and still the largest employer within the two counties, to move overseas.

It is hardly surprising that the economic profile of the two counties paints a somewhat gloomy picture. Unemployment is increasing while peer counties and the state are seeing decreases, and population growth has been slowing. Per capita income has lagged that of the state, with wage levels dropping, transfer payments and poverty rates increasing. The main challenge for Cleveland and Gaston counties is the weakness of their human capital. Both counties have a lower percentage of working age adults with college degrees than the state and the nation, in fact Cleveland’s level is just over half that of the nation. High school attainment is also lagging state and national levels. In a recent Cleveland County Skills Survey, 42 percent of employers did not require a high school diploma or equivalent, and of these 80 percent indicated that the job skills did not necessitate such education. Only eight percent of employers reported required training or education above high school diploma level. Post-employment basic skills training was used by

half the survey respondents, with 81 percent using on-the-job training and 14 percent offering apprenticeships. Only about one-third of employers make use of classroom instruction and skill certification offered by community colleges, universities, and private agencies. One quarter of employers reported difficulty in recruiting workers with adequate reading and math skills and with the necessary personal quality skills.

The two counties are in a potential trap. Too many companies demand little in the way of skills from their workforce, and too many workers have little in the way of higher level education and skills. As low-skilled operations disappear in the face of global competition, the prospects for laid-off workers become even bleaker. For the counties to be competitive in the new economy, companies have to compete on the innovation and added-value they bring to their products, and that requires investment in technology and people skills. To break out of the trap, the counties have to attract more companies, encourage existing ones to grow and invest, or foster new company start-ups, all of which demand a more highly educated and skilled workforce. And within the counties, a higher value needs to be placed on education as the route to long-term economic prosperity. The interdependence of education and skills and the economy has never been so critical.

C. Regional Analysis

Cleveland and Gaston counties are an integral part of the sixteen-county Charlotte region of 2.2 million people. They have yet to reap the full benefits of being close to the largest city in the Carolinas, recently included by *Money* magazine as among the “10 Best Places to Live” in the United States. Many observers point to the limited number of bridges over the Catawba River as the principal barrier to expansion west of Mecklenburg County, and look with expectation at the proposal to construct a toll bridge and limited access parkway across Gaston County to the south of Gastonia, intersecting with I-85 to the west of the city and allowing faster access to Cleveland. Already residential development pressures are being felt along the eastern fringes of Gaston County in Mount Holly and Belmont, and over a quarter of Gaston residents commute into Mecklenburg County for employment.

Here are some basic comparisons between the twelve *North Carolina* counties within the region:

	Best	Gaston	Cleveland	Worst
Population 2001	Mecklenburg 713,800	191,100 (2 nd)	96,800 (8 th)	Anson 25,300
Average Annual Change 1991-2001	Union +4.2%	0.7% (12 th)	1.2% (9 th)	Gaston 0.7%
Jobless Rate 2001	Union 3.8%	8.1% (9 th)	11.4% (12 th)	Cleveland 11.4%
Average Hourly Wage 2001	Mecklenburg \$20.29	\$13.51 (7 th)	\$13.01 (8 th)	Alexander \$11.36
Per Capita income as percentage of NC 2001	Mecklenburg 140%	93% (5 th)	83% (10 th)	Lincoln 78%

Gaston is the second largest county in the region but has had the lowest growth rate over the past decade, and is outside the group of three counties (Mecklenburg, Cabarrus, and Catawba) with above-state-average per capita income. Cleveland is one of the smaller counties in terms of population with the highest jobless rate and per capita income at just 83 percent of the state average. Adding the ranks for these measures together, Cleveland ranks 9th out of the twelve and Gaston 7th.

The State of North Carolina encouraged the establishment and provides substantial funding to seven regional partnerships, structured as nonprofit organizations with the primary responsibility of marketing their respective regions and providing coordination across their constituent counties. The largest, in terms of budget and staff, is the Charlotte Regional Partnership, whose region comprises the abovementioned 16 counties. The mission of the partnership is to market the Charlotte Region to the world (“Charlotte USA”), facilitate an effective economic development dialogue for the region, support the economic development efforts of its investors, and build cohesive relationships among the region’s private and public sectors. A recent report on the state’s economic development delivery system prepared by the Kenan Institute for Private Enterprise for the General Assembly reaffirmed the importance of the regional partnerships.

During the course of the CEDS study, there have been strong views expressed both critical and supportive of the partnership, but it is clear that most people recognize that the future of Cleveland and Gaston counties is tightly bound to Charlotte and its region. Indeed, in several CEDS meetings, the proximity of the Charlotte Douglas Airport, the University of North Carolina at Charlotte, and the city’s considerable amenities, have been consistently presented among the most important assets for both counties. Considerable effort is now being expended to ensure that there is a mutually beneficial relationship between the two counties and the Partnership.

D. Key Conclusions Concerning Economic Realities

- Cleveland and Gaston counties have experienced the full force of global competition and suffered a loss of around 12,000 jobs in the textile industry.
- Fortunately, their economies are reasonably well diversified and there are other industrial clusters that offer potential for growth in output and jobs.
- The counties’ main comparative advantages relate to their proximity to Charlotte and their place within the Charlotte region, but as yet the full potential is far from being realized and as a result they are failing to reap the economic benefits that are being felt by other counties in the region.
- The single biggest challenge is the relative lack of preparedness of the workforce to cope with the new economic realities.

E. Cluster Analysis of Existing and Target Industries

The main purpose of this analysis is to utilize a Cluster Approach to identify existing opportunities for economic development in Cleveland and Gaston counties. This process will help develop a targeted economic growth strategy for each County. Potential opportunities exist within the identified industrial clusters, as well as in each cluster’s supplier chain. The result of this report will be a better understanding of the Cleveland and Gaston County economies within the framework of input/output relationships and a list of target economic development industries. This targeted economic growth strategy will focus on attracting establishments that operate in the identified target industries and take advantage of the current structure of the regional economy and existing trends.

Findings for Gaston County

Table 1.1
Gaston County Clusters in 2000

Cluster	Industry Output in Millions of Dollars	Employment	Cluster Output as Percent of County Output	Cluster Employment as Percent of County Employment
Motor Vehicles	\$2,259.266	6,093	21.3%	6.1%
Textile	\$1,432.880	10,232	13.5%	10.3%
Construction	\$865.388	7,521	8.2%	7.5%
Chemicals & Plastics	\$604.830	2,631	5.7%	2.6%
Regional Medical	\$590.461	7,822	5.6%	7.8%
Wholesale & Warehouse	\$498.077	5,265	4.7%	5.3%
Machinery & Tools	\$318.110	2,076	3.0%	2.1%
Basic Metals	\$160.117	1,196	1.5%	1.2%
Total	\$6,729.128	42,836	63.4%	42.9%

Table 1.1 summarizes the identified industrial clusters in Gaston County in the year 2000. The eight clusters were constructed based on the relationships of the industries within the cluster and the overall importance of the clusters to the County’s economy.

The following target industries have been identified based on the potential opportunities within the *supplier chain* of the existing industrial clusters in Gaston County. The first number in the parenthesis is the IMPLAN 3-digit code, and the second number(s) in parentheses are the corresponding 4-digit SIC code(s):

- Concrete Products N.E.C. (243)(3272)
- Ready-Mixed Concrete (244)(3273)

- Engineering & Architectural Services (506)(8710)
- Computer & Data Processing Services (475)(7370)
- Engine Electrical Equipment (381)(3694)
- Miscellaneous Plastics Products (220)(3080)
- Cyclic Crudes – Intermediate & Industrial Organic Chemicals (190)(2865, 2869)
- Plastics Materials & Resins (191)(2821)
- Synthetic Rubber (192)(2822)
- Communications Except Radio & TV (441)(4810, 4820, 4840, 4890)

The following additional target industries have been identified based on growth opportunities within the *cluster core industries* in Gaston County. The first number in the parenthesis is the IMPLAN 3-digit code, and the second number(s) in parentheses are the corresponding 4-digit SIC code(s):

- New Residential Structures (48)(NA)
- New Industrial & Commercial Buildings (49)(NA)
- Sheet Metal Work (285)(3444)
- Fabricated Structural Metals (282)(3441)
- Fabricated Platework – Boiler Shops (284)(3443)
- Plating & Polishing (295)(3471)
- Fabricated Rubber Products N.E.C. (219)(3060)
- Doctors & Dentists (490)(8010, 8020, 8030, 8040)
- Hospitals (492)(8060)
- Other Medical & Health Services (493)(0740, 8070, 8080, 8090)
- Hand & Edge Tools N.E.C. (276)(3423)
- Industrial Machines N.E.C. (354)(3599)

Findings for Cleveland County

Table 1.2
Cleveland County Clusters in 2000

Cluster	Industry Output in Millions of Dollars	Employment	Cluster Output as Percent of County Output	Cluster Employment as Percent of County Employment
Textile	584.368	3,778.038	13.6%	8.1%
Construction	373.650	3,224.595	8.7%	6.9%
Electric	346.081	1,964.879	8.1%	4.2%
Motor Vehicles	324.348	1,406.089	7.6%	3.0%
Wholesale & Warehouse	252.303	2,872.905	5.9%	6.1%
Specialized Machinery & Aircraft	116.974	527.895	2.7%	1.1%
Total	1,997.724	13,774.401	46.6%	29.4%

Table 1.2 summarizes the identified industrial clusters in Cleveland County.

The following target industries have been identified based on potential opportunities in the *supplier chain* in Cleveland County. The first number in the parenthesis is the IMPLAN 3-digit code, and the second number(s) in parentheses are the corresponding 4-digit SIC code(s):

- Communications Except Radio & TV (441)(4810, 4820, 4840, 4890)
- Concrete Products N.E.C. (243)(3272)
- Ready-Mixed Concrete (244)(3273)
- Engine Electrical Equipment (381)(3694)
- Miscellaneous Plastics Products (220)(3080)
- Cyclic Crudes – Intermediate & Industrial Organic Chemicals (190)(2865, 2869)
- Plastics Materials & Resins (191)(2821)
- Screw Machine Products & Bolts Etc. (289)(3450)

The following target industries have been identified based on potential opportunities within the existing *industrial clusters* in Cleveland County. The first number in the parenthesis is the IMPLAN 3-digit code, and the second number(s) in parentheses are the corresponding 4-digit SIC code(s):

- New Residential Structures (48)(NA)
- New Industrial & Commercial Buildings (49)(NA)
- Refrigeration & Heating Equipment (347)(3585)
- Motors & Generators (357)(3621)



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- Relays & Industrial Controls (359)(3625)
- Nonferrous Wire Drawing & Insulating (267)(3357)
- Aircraft & Missile Equipment (391)(3728, 3769)
- Special Industry Machinery (331)(3559)

F. Infrastructure Summary by HDR Engineering

1. Cleveland County - Infrastructure Analysis

a. Transportation Infrastructure

Strengths:

- 1) Sufficient thoroughfare systems present in east-west and north-south directions.
- 2) Overall roadway condition is acceptable.

Weaknesses:

- 1) Excessive traffic volume through the City of Shelby and current US 74 Bypass.
- 2) Access to the interstate system is limited.

b. Wastewater Infrastructure

Strengths:

- 1) The Cities of Shelby and Kings Mountain and the Towns of Boiling Springs and Grover have municipal wastewater service facilities with excess treatment capacity.

Weaknesses:

- 1) Municipal wastewater service area needs to be extended beyond Kings Mountain, Grover, Shelby, Boiling Springs, Fallston, and Kingstown.
- 2) The northern portion of the County does not have a municipal wastewater service provider. Septic tank systems are being utilized for wastewater treatment in this area.
- 3) Municipal sewer service is not available in areas that are likely to experience residential development and business growth. These areas include the area adjacent to the proposed US 74 Bypass, along US 74 in both east and west directions, and around Moss Lake.

c. Water Infrastructure

Strengths:

- 1) Municipal Countywide water service area is extensive.
- 2) The three municipal water purveyors have excess treatment capacity at their facilities.

Weaknesses:

- 1) Raw water supply availability needs to be addressed to ensure that future demands can be accommodated.

2. Gaston County - Infrastructure Analysis

a. Transportation Infrastructure

Strengths:

- 1) Sufficient thoroughfare systems present in east-west and north-south directions.
- 2) Overall roadway condition is acceptable.

Weaknesses:

- 1) Excessive traffic volume through the City of Gastonia.
- 2) Access to the interstate systems is limited.
- 3) I-85 and US 321 interchange is poorly designed.

b. Wastewater Infrastructure

Strengths:

- 1) The major WWTP facilities located in Belmont, Cramerton, Gastonia, and Mount Holly have excess treatment capacity.

Weaknesses:

- 1) Wastewater service needs to be extended to unincorporated areas of the County.
- 2) A municipal wastewater provider is not currently available to provide service along the northwestern side of the Garden Parkway.
- 3) Municipal sewer service has not been extended to multiple areas that are likely to experience residential development and business growth. These areas include multiple locations along the southern side of the Garden Parkway and north of Mount Holly.

c. Water Infrastructure

Strengths:

- 1) Major water purveyors have excess treatment capacity at their facilities.

Weaknesses:

- 1) Anticipated residential development adjacent to the Proposed Garden Parkway and NC 16 in the northeast quadrant provides an immediate need for water service which is not currently available.
- 2) The water service area due north and northwest of Gastonia needs to be expanded.
- 3) In the northern portion of the County, areas between the municipalities of Cherryville, High Shoals, Dallas, and Stanley require water service.

G. Real Estate Analysis By Warren Associates & Barker Corvus

1. Introduction

The primary role of economic development is to market a community’s assets, including real estate opportunities that match the site selection criteria of targeted industries or companies. An adequate supply of competitive industrial and office building space, as well as improved sites, must be available. According to the North Carolina Department of Commerce, over 80% of all prospective companies desire an existing building as opposed to a land site. This is one of the key reasons that communities should understand their building inventory and what is needed to attract prospective companies. Housing is another vital link to a growing and diverse economy, providing for-sale and rental alternatives for all wage earners.

Within this context, the team of Warren Associates and Barker Corvus conducted the industrial and office real estate, housing and port sections of this report. As part of this process, industrial and office parks were surveyed, and commercial property tax data and building/park listings were verified and analyzed. Buildings were divided by type (office, industrial), class (A, B, C) and occupancy (single tenant, multi-tenant). Sites were divided into developed parks and freestanding parcels.

2. Gaston County Real Estate Analysis

a. Industrial Buildings

Based on property data obtained from the Gaston County Tax Assessor’s Office, there are a total of 532 warehouse and manufacturing buildings containing 27.4 million square feet. Class C space commands a 76% share of all square footage, dominated by older textile plants that are often functionally obsolete for modern industrial uses.

INDUSTRIAL BUILDINGS - GASTON CO.			
Class	Buildings	Total Square Feet	% of Total
A	63	2,760,735	10%
B	96	3,800,010	14%
C	373	20,882,625	76%
Total	532	27,443,370	100%

Note: Includes buildings > 5,000 sq. ft.

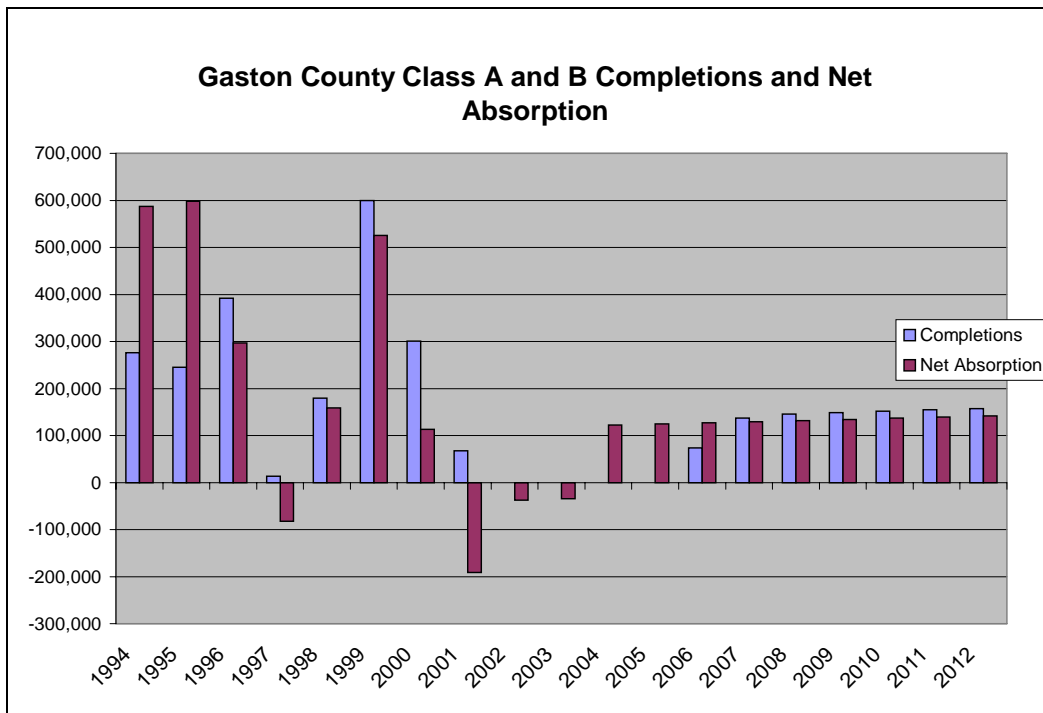
Sources: Gaston Co. Tax Assessor, Barker Corvus, Carolinas Real Data and Warren Associates

There are currently 62 industrial buildings available for lease or purchase in Gaston County, containing a total of 5.4 million square feet. Approximately 83% of the space is concentrated in 48 Class C buildings constructed before 1983.

The composite availability rate in Gaston County is 20%, double the 10% rate for Mecklenburg County. The large Class C segment has the highest availability rate of 22%. The small Class A sector has the lowest vacancy rate of 10%.

b. Gaston County Industrial Building Forecast

Industrial demand, net of textiles, is forecasted to turn positive during 2004, although new and expanded operations will likely be absorbed within the current vacant supply until 2006. Based on this forecast, approximately one million square feet of new space could be required to accommodate industrial growth, or approximately 138,000 square feet annually between 2006 and 2012. The graph below depicts Class A and B supply and demand, excluding older obsolete Class C space that exhibited an even more severe trough over the last three years and will continue to erode.



Industrial vacancy is directly tied to manufacturing and wholesale trade job growth. The textile industry is projected to continue shrinking, although at a significantly reduced rate from the last decade. As a result, the Gaston County Class C vacancy rate will likely continue to climb, but at a slower pace than the previous ten years.

c. Gaston County Industrial Land and Parks

There are 16 industrial parks being marketed in Gaston County, with a total of 2,677 acres available for sale. The Gaston park inventory is divided almost equally among Class A and B acreage. All parcels are located within improved parks; there are no large undeveloped sites being marketed to prospective industrial users, although Gaston does have greenfield

opportunities. The park-only strategy is very advantageous from a recruitment perspective in that companies typically seek to build in a park setting offering superior investment protection and appreciation. Compare this to a greenfield location, which is usually not competitive unless the project is very large and or in need of special infrastructure such as rail.

Although there are no freestanding unimproved sites being marketed in Gaston County, it is important to note there are multiple greenfield opportunities. These locations, which typically have some limitations such as lack of infrastructure, poor topography and inferior access, are less likely to be considered by most prospects.

d. Gaston County Office Buildings

Based on buildings containing a minimum of 5,000 square feet, Gaston County's office space totals approximately 3.3 million square feet, excluding buildings attached to manufacturing plants. Class C is the largest category, representing 51% of the inventory.

The 6% overall office vacancy rate in Gaston County is well within the real estate industry's accepted 5% to 10% range. Most of the vacancy is concentrated in older Class B and C space. Class A has a vacancy rate of only 2%, indicating a potentially undersupplied market. However, weak demand limits development opportunities.

Gaston County could begin to emerge as a viable multi-tenant office market by 2012, based on the following factors:

- I-485 is completed around Charlotte, improving regional labor force access.
- The proposed Garden Parkway (US-321 Bypass) is completed from I-485 in western Mecklenburg County to I-85 west of Gastonia and eventually to US-321 in Dallas.
- Higher-income households capture a greater share of the housing market, generating demand for a wide range of expanded professional services, including local offices.
- Office rents remain measurably lower than in Mecklenburg County.

The following three locations are likely to support new office development, with the type of space described within the parentheses:

- I-85 and NC-273, near Belmont and Mt. Holly (regional office park)
- Gaston Memorial Hospital (medical)
- Union Road between Hudson Boulevard and the Gastonia Airport (small professional buildings)

2. Cleveland County Real Estate Analysis

a. Cleveland County Industrial Buildings

The 15.8 million square feet of industrial building space in Cleveland County is 40% below the Gaston County total of 27.4 million square feet. The 64% Class C share is also lower than 76% for Gaston County.

INDUSTRIAL BUILDINGS - CLEVELAND CO.			
Class	Buildings	Total Square	
		Feet	% of Total
A	18	2,939,596	19%
B	29	2,750,277	17%
C	127	10,122,100	64%
Total	174	15,811,973	100%

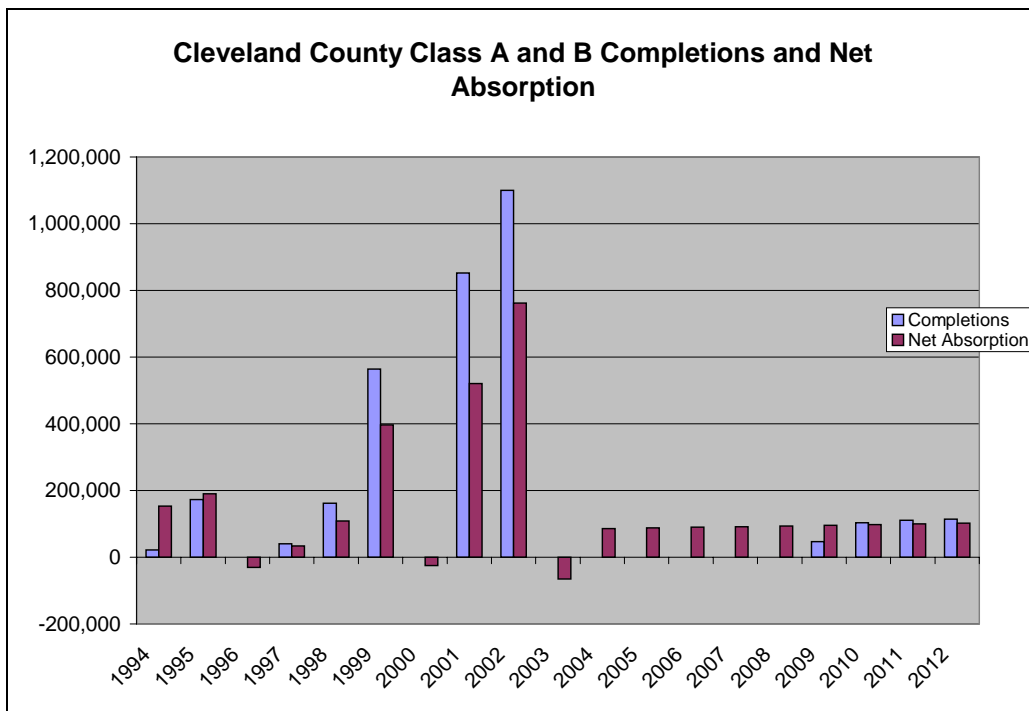
Note: Includes buildings > 5,000 sq. ft.

Sources: Cleveland Co. Tax Assessor, Barker Corvus, Carolinas Real Data and Warren Associates

The 17% vacancy rate for Class C space reflects its limited sale or lease potential. The available building supply in Cleveland County is not as heavily weighted toward vacant textile mills as in Gaston County, where the Class C rate is 22%.

b. Cleveland County Industrial Building Forecast

Based on forecasted industrial employment growth, there should be an adequate supply of industrial space to accommodate new and expanding companies until 2009, when the composite A and B vacancy rate reaches 10%. Between 2009 and 2012, a total of 375,000 square feet of additional industrial space could be completed. The majority of new product will be build-to-suit or single tenant space, although some speculative buildings could be added to the mix.



The Cleveland County Class C vacancy rate has risen dramatically from 7% in 1994 to 17% today, with one million square feet of space abandoned by textile and other manufacturers. The increase in available square footage has not been as extreme as in Gaston County, which has been more negatively impacted by the decline in textile employment.

c. Cleveland County Industrial Land and Parks

There are 34 industrial sites currently being marketed in Cleveland County, including improved parks and unimproved parcels. While there are 2,248 acres available, only 517 acres are Class A, representing 23% of the total.

Based on recent trends of relocations and expansions, Cleveland County can expect to absorb approximately 103 acres per year. This projection is based on past absorption trends from 1995 and is representative of the cumulative average. The 517 Class A acres thereby represent an approximate five-year supply of land.

d. Cleveland County Office Buildings

The Cleveland County office market totals 366,579 square feet, or 11% of the Gaston County inventory of 3.3 million square feet. Like Gaston County, the largest sector is Class C, comprising 44% of the market.

Because of its smaller size, slower household growth rate, greater distance to Charlotte and inferior interstate highway access, Cleveland County will not attract significant office development over the next decade. However, smaller in-fill opportunities could be realized in downtown Shelby and near Cleveland Regional Medical Center.

3. Total Industrial Market Summary and Issues

The 31 million square feet of Class C space constructed prior to 1983 represents 72% of the combined Gaston/Cleveland industrial building supply. From an economic development perspective, most of these buildings have attributes that are inconsistent with the requirements of today's manufacturing and distribution users. Low ceiling heights, deep interior bays, wood flooring, inadequate fire protection, and inefficient truck courts characterize a typical Class C building.

TOTAL INDUSTRIAL BUILDING INVENTORY				
Class	Gaston	Cleveland	Total	% of Total
A	2,760,735	2,939,596	5,700,331	13%
B	3,800,010	2,750,277	6,550,287	15%
C	20,882,625	10,122,100	31,004,725	72%
Total	27,443,370	15,811,973	43,255,343	100%

Note: Includes buildings 5,000 square feet and larger.

Sources: Barker Corvus, Carolinas Real Data and Warren Assoc.

The overall industrial availability rate for Gaston and Cleveland counties is 19%. Gaston County, which has a larger inventory of vacant textile mills, exhibits a slightly higher rate of 20%, with Cleveland County at 17%.

Most of the 6.2 million square feet of available Class C space in the two counties has very little potential to attract prototypical manufacturing and or industrial warehousing operations. Today's market place for industrial space requires high ceilings, concrete floors and high-density sprinkler systems absent from the majority of Class C space.

The compelling issue facing economic developers, building owners and real estate brokers is securing new tenants or alternative uses for vacant Class C space. Many communities have attracted renovation of comparable space into housing, retail or office uses over the last five to ten years. However, most of this activity has been concentrated in larger, faster-growing markets such as Charlotte and Atlanta. The younger, higher-income demographic profiles of larger markets justify the higher rents necessary to cover project costs.

Purchasing and demolishing a Class C structure, and constructing new Class A industrial space, is often cost prohibitive. In addition to cost considerations, many Class C buildings are located in small jurisdictions with inadequate interstate highway access, further deterring user interest. One caveat to this analysis is that well-located buildings on sites large enough to support additional square footage could have redevelopment potential.

Demolishing Class C buildings to create greenfield or brownfield sites for other uses has been discussed as another option. In a few limited cases, this could be physically and financially feasible. However, most projects would not generate sufficient returns to attract developer capital for land assembly and disposition.

Over time, market forces will dictate the type of uses that absorb the available Class C space. A continued focus on industrial product that is functional and marketable should be the strategy of the County. Class C space cannot be utilized as an economic development recruitment tool like Class A and B space.

4. Transportation and Ports

The Charlotte Region including Gaston and Cleveland counties is among the top choices for major distribution operations due to its ideal location for interstate and intrastate commerce. The

Charlotte Region's sophisticated distribution network links not only to local and regional markets but also to national and international ones. The region is served by three major interstate systems: I-77 north-south, I-85 east west, I-40 east west. It also hosts an international airport with regional supporting airports in all 15 surrounding counties, and the hub to over 27,000 miles of rail, with over 200 trains per week.

There are a number of transportation initiatives currently under construction or proposed that will solidify the Charlotte Region's role as a regional distribution center for the Southeast and Mid-Atlantic states, while also improving access to new sites for industrial development. The most significant short-term impact will be the completion of I-485 between I-85 South and I-85 North through western, southern and eastern Mecklenburg County in early 2004. I-485 will allow trucks to bypass central Charlotte and provide an alternative route to the air cargo terminal at Charlotte/Douglas International Airport.

The entire 64-mile I-485 loop will be completed in 2010. As the southwest leg of I-485 is completed within the next 12 months we will expect more growth in Gaston County. The proposed Garden Parkway (US-321 Bypass) through southern Gaston County will traverse primarily undeveloped areas. Planning authorities will presumably make efforts to permit some industrial and office uses along the Garden Parkway's connecting corridors while providing an alternative connector to Charlotte.

A long-proposed \$325 million intermodal facility at Charlotte/Douglas International Airport will eventually expedite transfers of rail, air and truck shipments. Norfolk-Southern is planning to relocate its aging freight yard off North Tryon Street near downtown to a site at the NC-160/I-485 interchange immediately west of the existing cargo terminal and a planned fourth runway. The NC-160/I-485 interchange is scheduled for completion in early 2004, when the intermodal facility could be under construction. The Garden Parkway will provide a vital link between this facility and the Gaston County labor force as well as Cleveland County's. Airport sources believe that Gaston and Cleveland workers can provide unique skill sets tailored to machine and mechanical based technology at the intermodal facility.

III. Where We Want To Go: Visions for 2012

Participants in the planning process developed detailed vision statements for how they would like their counties to be by the year 2012, 10 years from the start of the study. Efforts were made to make the visions tangible and realistic, backed by basic assumptions of what must happen to achieve the visions. Those vision statements are as follows:

A. Gaston County – 2012

1. Defining, Tangible Vision

1. ***Gaston County is the most favored area in the Charlotte Region for locating a new or expanding business, especially in targeted current and emerging industry sectors.***
2. As the second largest county, Gaston is an increasingly prominent partner in making the Charlotte Region one of the most successful economic centers in the country, based on sustainable economic development compatible with a healthy natural environment.
3. The new Garden Parkway, I-485 and attractive housing developments have brought in many new residents, in turn driving increased commercial and office growth.
4. Every person who wants to work and is willing to take the necessary training has a job, and all residents have the opportunity for increased income and success.
5. Coordinated water-sewer extensions support balanced new business and residential growth countywide, and allow higher intensities of land use, preserving more open space and avoiding low-density sprawl.
6. Downtown areas continue to strengthen as business, government, arts and entertainment centers, including a civic center in Gastonia and residences in all larger municipalities.
7. Business, government, education and nonprofit organization leaders are united in an ongoing process of continuous improvement, involving hundreds of interested citizens.
8. Gaston County enjoys a growing reputation as a great place to visit, based on Daniel Stowe Botanical Garden, the Schiele Museum and many other attractions.
9. Gaston County Schools continue to excel among the best in the region and state. Gaston College will continue to provide excellence in student-centered programs and services, and proactive leadership in workforce and economic development. Valuable higher and vocational education services will also be provided by Belmont Abbey College and the N. C. Center for Applied Textile Technology.
10. Each community or area of the county develops its own unique identity, strengths and attractions for desired businesses and residents.
11. Natural resources and recreational facilities are preserved, provided and enhanced among the best in the state.

2. Basic Assumptions

1. The Economic Development Commission becomes increasingly sophisticated, providing innovative, attractive sites and assistance for new business prospects.
2. Competitive local and state tax structures and incentives to attract new and expanding industry are maintained.
3. A combination of legislative lobbying and multi-source funding enables construction of the Garden Parkway, and the desire to use it generates adequate tolls.



4. All jurisdictions work cooperatively to coordinate water-sewer extensions and provide high-quality public services to new-growth areas, and adequate financing is provided.
5. The Comprehensive Land Use Plan is activated and regularly updated.
6. A strong regional marketing campaign is implemented and sustained.
7. A new incubator or entrepreneurial center provides all available resources to encourage the start of new businesses, including attraction of people from other areas.
8. A combination of government staff, educators, business and community volunteers reach out to all unemployed people, providing them with personal support and connecting them with highly organized, user-friendly resources to help them get trained and employed.
9. Government, business and nonprofit organizations consider positive impacts on downtown redevelopment a high priority in all major decisions, especially the location and funding of facilities and personnel.
10. Existing leaders and the next generation are aggressively recruited to participate in on-going leadership development programs to help the entire community adapt to the ever-increasing challenges of the 21st Century, complexity, and interdependence.
11. Business, government and nonprofit organization leaders are united in an on-going process of continuous improvement, involving hundreds of interested citizens.
12. The drop-out rate continues to fall, and academic achievement continues to rise, so that the public school system is recognized as one of the best in the state. Gaston County Schools and Gaston College collaborate to offer a number of unique programs and services for students and the community.
13. The national and international economies experience positive economic growth.

B. Cleveland County – 2012

1. Defining, Tangible Vision

1. ***Cleveland County is recognized as the best community in the Charlotte Region for balancing small town/rural charm with a healthy local economy.***
2. The county is one united community, working together with a high level of cooperation, recognized as an important component in the Charlotte Region and a national model for economic development.
3. Manufacturing has grown and diversified with the addition of large facilities creating many new jobs, requiring higher technical skills and attracting suppliers to also move into the county.
4. Higher literacy levels, a nationally recognized school system, high school graduation rates, and accessible postsecondary workforce training enable local people to fill new jobs and diversify the economy; unemployment is less than 5 percent.
5. Cleveland Community College and Gardner-Webb University continue to make strong contributions to economic development, workforce training, higher literacy and entrepreneurship.
6. Every municipality has a thriving downtown area, with filled storefronts, complemented by more upscale medical, shopping, office and residential areas that are planned to avoid sprawl, preserve natural heritage and protect the environment.



7. Infrastructure has been extended with major sewer lines along major corridors, the First Broad Reservoir is full, and all other necessities such as roads and power are available for economic development.
8. The population enjoys higher per capita income and is more self-reliant, with less dependence on government-subsidized services.
9. Quality of life is enhanced with more recreation and arts opportunities, including a system of interconnected trails from Kings Mountain to the Broad River Greenway, and a new performing arts/civic center complex.
10. Better medical care facilities are accessible throughout the county.
11. Organized public transportation serves the county and links via mass transit to Charlotte.
12. Cleveland County has developed the resources and reputation as a regional/national tourism attraction.

2. Basic Assumptions

1. The national economy is healthy.
2. Water, sewer, roads, power and other infrastructure are planned and developed.
3. Visionary leaders unite the community in working for a better future.
4. People cooperate with and trust each other, and are committed to improvement.
5. The tax structure is rational and business-friendly.
6. A strategic action plan is implemented effectively.
7. More people take advantage of the existing literacy programs at Cleveland Community College and more people get involved in strengthening the public school system.
8. Public and private sectors work together on common issues such as literacy and public transportation.
9. Turf lines are dissolved and egos do not get in the way.
10. Lots of communication gets everybody on board.
11. A system is in place to apply for government and foundation grants.
12. The county is regionally focused, an active player in the region.

IV. How We Get There: The Five Priority Strategies

A. Economic Development

1. County Visions

The 2012 Vision Statements for both counties are distinctive but share a number of common themes that tie back to the new economic realities described in the previous chapter. Both explicitly view their futures with a strong regional perspective. Gaston County sees itself as “the most favored area in the Charlotte region for locating or expanding business, especially in targeted current and emerging industry sectors.” Moreover, “as the second largest county, Gaston is an increasingly prominent partner in making the Charlotte region one of the successful economic centers in the country, based on sustainable economic development compatible with a healthy natural environment.” Cleveland County wants to be recognized both “as the best community in the Charlotte region for balancing small town/rural charm with a healthy local economy,” and “an important component in the region and a national model for economic development.”

There are also common perspectives on downtown areas, the control of urban sprawl, the attraction of tourism, and the preservation of natural and cultural amenities. For Cleveland County, “every municipality has a thriving downtown area, with filled storefronts, complemented by more upscale medical, shopping, office, and residential areas that are planned to avoid sprawl, preserve natural heritage and protect the environment.” The county also anticipates having “developed the resources and reputation as a regional and national tourism attraction.” For Gaston County, the vision is of “balanced new business and residential growth countywide, [allowing] higher intensities of land use, preserving more open space and avoiding low-density urban sprawl.” “Downtown areas continue to strengthen as business, government, arts and entertainment centers, including a civic center in Gastonia, and residences in all larger municipalities.” Gaston County also sees itself as having a “growing reputation as a great place to visit” citing the Daniel Stowe Botanical Garden and the Schiele Museum as principal attractions.

For both counties, however, the key is the attraction and expansion of businesses, with Gaston wanting to be the most favored location for targeted sectors, and Cleveland looking to the growth and diversification of manufacturing through “the addition of large facilities creating many new jobs, requiring higher technical skills and attracting suppliers to also move into the county.”

2. Economic Development Strategies

In many circles, economic development is described as being a three-legged stool – the first being the recruitment or attraction of companies from elsewhere using marketing and a variety of financial and tax incentives. The second refers to efforts to persuade existing industries to stay where they are or induce them to expand, and the third to the stimulation of new businesses. This section is concerned primarily with the first two.

Business attraction is the most visible and media-oriented of economic development activities. When it is successful it can create significant numbers of jobs, enhance the tax base, and boost the county's reputation as a place to do business. Both Gaston and Cleveland Counties have been quite effective in their attraction efforts. Gaston has attracted Buckeye Technologies, DSM Desotech, Cross Co., and the U.S. Department of Agriculture; Cleveland has recruited NVR, Sara Lee, Owens & Minor, and Wal-Mart. Business attraction essentially involves matching a county's assets with the needs of potential investors, so it requires the identification and quantification of those assets – some combination of available sites and buildings, access to interstate highways, airports and railroads, workforce skills and characteristics, incentives, housing choices, quality of life, quality and range of schools, and proximity to universities and community colleges – targeting business sectors that best match these assets, and understanding the needs of these businesses.

However, business attraction is often **highly competitive** – there are some 30,000 other economic development organizations all with similar aims; **very expensive** – bidding wars between areas puts pressure on states and localities to invest heavily in infrastructure, marketing and incentives, a fact of life for border counties such as Cleveland and Gaston; **time consuming**, with staff and resources dedicated for the long haul; and **unpredictable and risky** both in terms of the effort to 'win' the investment and in the eventual scale of job creation, revenues and local economic expansion created.

Business retention and expansion, although less glamorous and press-worthy than business attraction, is widely recognized as a more cost-effective strategy. At least two-thirds of new jobs are created by existing companies. It is sometimes called the 'caring' approach, making it clear that the community values the presence of its own companies. The aim is to encourage local expansion, stabilize the tax base, help companies at-risk, and at the same time encourage local companies sell the area to prospective investors.

The main tools of a business retention strategy might include technical assistance, seminars and training events, awards and appreciation initiatives, export assistance, networking, government procurement and local trading opportunities. These have to be applied in the light of ongoing collection of intelligence about the local economy and its companies, including an understanding of global and national trends, specific issues affecting locally important sectors and companies, and early warning signs when a company is in difficulty. In addition, many of the incentives and assistance packages created for attraction may be appropriate for facilitating expansion of existing companies.

Both counties have active business retention and attraction programs, visiting between them some 125 firms per year at least once, and brokering a range of assistance from federal and state agencies, academic and training institutions, trade associations, and others. However both counties have faced enormous challenges to their retention efforts by the dramatic decline in the textile sector over the past few years.

The context for economic development in Cleveland and Gaston counties is substantially defined by the strategies and policies set by the State Department of Commerce. The department is responsible for administering a wide range of coordination, recruitment, business retention,

entrepreneurship development, and product development activities. Headquartered in Raleigh, the department operates through seven regional offices, including one in Charlotte. The state offers a variety of tax credits and workforce training incentives to relocating or expanding companies, added to which the counties provide local infrastructure incentives.

The two main incentives are tax credits for job creation and for investments in machinery and equipment. The size of the tax credits depends upon where in North Carolina the development takes place, with counties grouped into five tiers according to their average wage levels. Of the twelve North Carolina counties in the Charlotte region, five are in tier 5 (the least distressed), two are in tier 4, and four are in tier 3 including Cleveland and Gaston counties. This indicator of relative distress, while highlighting the somewhat weak economic position of the two counties does mean that higher levels of incentives are available. This coupled with their proximity to Charlotte and Mecklenburg County gives them a discernable advantage in recruitment and expansion efforts.

The North Carolina Economic Development Board's 2002 Strategic Plan¹ designed to address the challenges and opportunities the state faces as it undergoes economic transformation identified seven goals for developing the economy. One of the goals was to "ensure a competitive environment for the recruitment and retention of business, capital investment, and jobs creation." To that end, the plan proposed a series of actions that would among other things involve the review of and improved effectiveness of economic development incentives and tax structure, and the improvement of the work of state, regional, and local economic development agencies.

3. New Opportunities

The cluster analysis referred to earlier describes the main industrial clusters in the two counties. The analysis also identified a number of opportunities for new economic development based on significant demand for products and services by one or more of the clusters, on growth trends within existing markets, and on demand for products currently supplied from outside the area. These opportunities, together with the data provided in the Appendices, are intended to assist the two counties in developing a targeted economic development plan. The aim is to increase the chances of success for newly attracted firms, or the expansion of existing firms, by linking them directly to existing markets or specialized infrastructure, and also to make the best use of scarce economic development resources.

4. Economic Development Initiatives

During the course of the CEDS process, a number of economic development initiatives were identified for further investigation that fell into three categories: the safeguarding of land for industrial and office development, tackling the challenge of the large older industrial building vacancy rates, and the revitalization of the downtown areas:

¹ North Carolina Economic Development Board (2002). *We Are Changing The Way We Do Business: North Carolina's 2002 Economic Development Strategic Plan*.

a. Land for Industrial Development

The Warren Associates/Barker Corvus study of the Cleveland and Gaston County real estate markets provided some important insights into the current status and prospects for industrial land and buildings through 2012.

The study estimated that Gaston County has about 13 years' supply of industrial land available given current absorption rates. Most of the land is within 16 industrial parks, which gives the county a considerable competitive advantage within the region. Moreover, one of the parks includes a single 400 acre site with rail access that could accommodate two million square feet of building, one of few large site opportunities to the west of Charlotte. Cleveland County has just five years' supply but much of this land is in individual "greenfield" sites and only a quarter is classified as high quality. The way forward is for Gaston County to continue with its industrial park strategy, which distinguishes it from many other counties in the Charlotte region, and which is the clear preference for many companies and thus a decided recruitment advantage. Cleveland County would be advised to adopt the same strategy, coordinating its efforts to identify and assemble land for improved industrial parks, and perhaps converting existing industrial sites into parks with the installation of the necessary infrastructure. For both counties, it would be appropriate to look for shared funding opportunities with other jurisdictions so that infrastructure and road improvements can be undertaken while maintaining their competitive land prices.

The key challenge is to safeguard future land for industrial park or site development once the current stock is brought into use. There is considerable concern that increasing pressure for new residential subdivisions will lead to the break up of large developable areas or to pressure to rezone out of industrial and commercial use. The answer will be some combination of zoning in key locations, incentives for private sector procurement for the long-term, and public sector land assembly and acquisition. Within Gaston County, new industrial park locations should be identified, primarily along US-321 North and I-85 West, and land will also need to be identified and secured at one or more key interchanges along the proposed Garden Parkway in the southern part of the county. A more immediate priority would be the development of a high-density warehouse-only distribution park on the east of the county to take advantage of the completion of I-485 to I-85 scheduled for early 2004 and Gaston County's competitiveness as a warehousing and distribution cluster.

There has been much discussion about the need to identify a "mega-site" of around 800 acres to meet a long-stated regional need, and interest has been expressed in identifying, assembling, and safeguarding such a site in Cleveland County close to I-85 to the south of Shelby and Kings Mountain. Cleveland has a potential advantage not being part of the Charlotte MSA, and therefore not being subject to possible restrictions due to poor air quality, as well as qualifying for federal and other grant programs available only to rural areas. In Gaston County, a site has been identified that could offer up to 1,200 contiguous acres with rail and interstate highway access at US-74 and I-85. However, although an industrial recruitment strategy to pursue opportunities in the automotive parts and assembly cluster might dictate large site requirements, the view of the consultants is that a mega-site would not be a prudent recruitment tool. This is

because the close proximity of BMW in Spartanburg, S.C. and Freightliner's group of plants in Gaston and adjoining counties would not be attractive to another similar industry. Nevertheless, the consultants do recognize the attractiveness of potential sites in the southeast quadrant of Cleveland County given their proximity to the interstate, and along the US-74 West corridor, and recommend that funding be sought for infrastructure improvements to selected greenfield sites.

A priority project is the completion of the Gastonia Technology Park adjacent to Gaston College just off US 321. This is a 380 acre site envisioned as being subdivided into some 15 lots of varying sizes from six to 50 acres, but still requires significant investment in internal roads, services, and landscaping. Already some \$6 million has been spent on the first phase, where there is currently one occupant, Pass & Seymour/Legrand, on a 41 acre site with a 155,000 square foot plant, employing 125 people. The intention is to recruit high quality manufacturing companies that need larger sites and that would create training, cooperation, and education programs with the college. The industrial park will be linked to the college campus with sidewalks, and to adjacent recreational parks with a greenway.

The consultants also recommend for both counties that programs be developed to collaborate with third-party brokerage firms to market county-owned property, taking advantage of the firms' connections with prospects.

b. Industrial Buildings

With Gaston-Cleveland vacancy rates for even the best quality industrial buildings the highest in the Charlotte region, there is enough Class A and B availability to absorb forecasted demand through 2006 in Gaston and 2009 in Cleveland. Demand should be adequate to support construction of one million square feet in Gaston County and 375,000 square feet in Cleveland County through 2012. The key challenge for both counties is the large quantity of lower quality buildings, much of which is associated with the textile industry, that fall short of current market requirements for location, materials, and specifications. Indeed three-quarters of Gaston's industrial buildings and two-thirds of Cleveland's fall into this obsolete Class C category.

There are two main options. The first is to look for alternative uses for these buildings, focusing on the limited number of historically and architecturally interesting ones appropriate for residential, office, and/or mixed-use conversion. As the study points out, such developments tend to be found more in larger, more dynamic real estate markets with younger, higher-income demographics, but there has been at least one example in Cleveland of an old mill being converted to smaller industrial units.

Preservation North Carolina, a statewide nonprofit preservation membership organization, which already owns the Firestone building in Gastonia, operates a revolving loan fund to market historic properties for sale to new owners who are able and willing to preserve them. Interest across the country has begun to expand beyond the large urban centers to projects in small and medium-size cities and towns fueled by the federal rehabilitation investment tax credit administered by the National Park Service. In 2002, 1,200 conversions into apartments, office buildings, and hotels were approved totaling some \$3.27 billion. However, it is important to note

that only a handful of the 66 older Class C vacant properties, totaling 6.6 million square feet across both counties, are likely to be suitable for such conversions.

The second option is to purchase and replace with new high quality development either for industrial or some other use, but the economics are generally not favorable except for the few buildings that occupy adequately large parcels in close proximity to I-85. Even then, the cost of demolition and environmental remediation could thwart redevelopment efforts.

Cleveland is also exploring the establishment of a non-profit organization with charitable status which will allow tax-deductible contributions of industrial facilities as well as innovative financing of economic development, entrepreneurial and workforce development projects.

c. Downtown Revitalization

The revitalization of the many downtown areas across the two counties has been described throughout the CEDS process as being an essential component of economic development. For almost the past 25 years, the National Main Street program has spearheaded what is now a national movement to revitalize the country's downtown areas through its "four points" approach. These refer to **organization** through building diverse and sustained partnerships, **promotion** through special events, festivals, and consistent communications, **design** through enhancing visual quality of buildings, storefronts, signage and landscaping, and **economic restructuring** through strengthening existing businesses and proactive promotion of new economic activity and opportunities.

The North Carolina Main Street program, managed through the Department of Commerce, has to date across the state generated \$540 million in new investment and a net gain of 8,400 jobs in downtowns, with 1,900 buildings renovated and 4,400 business start-ups. Belmont in Gaston County has received a Main Street designations and made dramatic improvements in recent years, but one of the first and more successful was and is Shelby, the Cleveland County seat. (Unfortunately Gastonia is a little too large to qualify.)

Established in 1982, the Uptown Shelby Association's mission is to manage, promote, develop and enhance the quality of life and commerce in the Historic Uptown Shelby Business District through facilitating the combined efforts of government, civic, and community groups, property owners and tenants to implement the Main Street Approach. Shelby has been in the national forefront of downtown revitalization with projects such as the Farmers' Market, the Arts Center, Mason Square, Lafayette Place, formation of a Municipal Service District and its award winning promotions such as Freedom Fest, "Alive After 5" and Christmas promotions. Shelby is one of the smallest member cities in the International Downtown Association.

The Association presents a number of arguments to justify why a focus on Uptown Shelby makes economic and community sense – and incidentally as to why it would make sense to a number of other communities across both counties. These arguments include increasing the **tax base** by taking unoccupied or underutilized buildings and converting them to revenue producing businesses; increasing the **retail mix** so that dollars that would be spent elsewhere are circulated

locally; encouraging much needed **building maintenance** and facade rehabilitations; increasing **tourism** and tourism-related dollars; promoting the **image** of Uptown Shelby as a fun, attractive place that serves as the hub of community life; portraying the image and **pride** of the entire community that will be attractive to potential new businesses and industries looking for new locations; instilling pride in the community; and creating **jobs and investment**. Already there are over 2000 jobs within the Uptown area, making it, as an entity, the Association argues one of the largest single employers in the county.

Often cited as being the polar opposite to Uptown Shelby is downtown Gastonia, the Gaston County seat. The Main Avenue area of Gastonia has been the victim of major disinvestment over many years although there are signs that a turnaround is possible.

The Gastonia Downtown Development Corporation was created in 2001 to fulfill a role similar to that of a Main Street association. Through steady and painstaking work with local businesses and property owners, the downtown has seen a net gain of 12 businesses and 112 jobs, 16 buildings renovated, and a total investment of nearly \$800,000. There has been new investment by major banks, and the County is advancing plans to relocate offices to a vacated landmark bank building and to bring in the School District administration to succeed it.

As the urgency of transforming Downtown Gastonia has become more apparent across the community, other ideas have surfaced. These include the development of a civic center as a cultural hub for the city, the use of eminent domain to wrest control of some key empty and deteriorating Main Avenue property, the introduction of incentives for private sector development such as Tax Increment Financing (this will require state legislation), and the promotion of downtown as an entrepreneurship incubator that would provide space, technical assistance, training, and common services to start-up businesses.

Both counties also value the preservation and revitalization of downtown areas in smaller towns and cities and intend to explore those possibilities as economic development initiatives. And a number of Cleveland County residents believe their community has great potential as a retirement center, attracting high-income residents and retiree-oriented amenities.

d. Key Conclusions

- Both counties have compelling and complementary visions for economic development over the coming decade. These visions are regional in scope and ambition, recognize the importance of balancing industrial recruitment efforts with responding to the needs of existing companies, and embrace the idea that protecting and enhancing their quality of life and natural and cultural assets are critical to economic prosperity.
- There are a number of possible opportunities for targeted efforts for business attraction and expansions within both existing core industries and supplier chains that will require more detailed examination. The aim will be increased cost-effectiveness in the use of scarce economic development dollars.
- Although there is sufficient land to meet short-term needs in both counties, there is need to take action to protect future industrial and commercial land from residential development



pressures through a combination of zoning, incentives, and land assembly. Land along the routes of planned bypasses have high priority.

- The highest industrial building vacancy rates in the region and the large amount of substandard textile factory property especially in Gaston County represent an enormous challenge. There is an urgent need to assess the current stock as to its potential for conversion to other uses or for demolition and replacement, with priority given to buildings with easy access to the interstate and/or with architectural merit, taking into account market conditions and limited public funding options.
- Uptown Shelby provides a strong working example of effective downtown revitalization within the two counties. This approach should be promoted with vigor in other town centers such as Kings Mountain, Boiling Springs, Cherryville, Belmont and Mount Holly. However, the priority for Gaston has to be downtown Gastonia, where high-level commitment from the state, county, and city, and a compelling economic and architectural vision will be an essential prerequisite for unlocking private investment and entrepreneurial activity.

3. Entrepreneurship

Entrepreneurship is the “third leg” of the economic development stool. The Economic Development chapter focused on two of those legs, business attraction and business retention and expansion. This chapter deals with the stimulation of new business development or entrepreneurship.

Entrepreneurs – people who create and grow businesses – are the driving force of the economy and are the primary job creators. Many significant employers in Cleveland and Gaston counties were at one time entrepreneurial responses to the needs of a once thriving textile industry. Through the pain of economic adjustment, there is an opportunity for the area to return to its entrepreneurial roots. But there is much to be done, because the entrepreneurial spirit has to be rekindled among a workforce that has long-relied on established industry for lifetime employment.

In the media, much coverage is given to the so-called “gazelles”, those who turn innovations into successful commercial products and in so doing create significant wealth and jobs. However, these represent but a small fraction of total entrepreneurship activity. Entrepreneurs come in many different types and with many different motivations but most have the potential to contribute in one way or another to the economic transformation of a community or region. Although high levels of entrepreneurial energy tend to be associated with technological and academic concentrations, such as Silicon Valley and the Boston region, with the right supports entrepreneurial climates can be created in most communities whether in the inner city or in rural small towns.

States and communities across the country are putting together entrepreneurship development strategies that are designed to do two things. The first is to stimulate the creation of entrepreneurs through education, facilitation, and recognition; the second is the provision of integrated services to support entrepreneurs at different stages of their business, including training, technical assistance, premises, and capital. In most cases, such strategies do not entail

building new programs or institutions, but the redirection and refinement of existing programs and services, and making them work better together, often through public-private partnerships.

Typically, there are four main components to an entrepreneurship development strategy: entrepreneurship education, training and technical assistance, access to financing, and entrepreneurial culture. There are many programs and initiatives underway in the two counties that reflect these components.

a. Entrepreneurship Education

The aim of entrepreneurial education is to create a large and diverse pool of people out of which will flow a steady stream of high achievers with an interest in creating businesses, jobs, and wealth in the community. In addition, the instilling of entrepreneurial attitudes in young people will make them more valuable in the labor force, irrespective of whether they eventually go on to create a business.

Currently there are only limited entrepreneurship education opportunities within the K-12 systems in both counties. In Cleveland County, there are no programs for elementary or middle school youth, although there are entrepreneurship classes within high school marketing programs. Three high schools each have a certified REAL instructor – REAL is a national program pioneered in North Carolina that offers a highly regarded experiential entrepreneurship curriculum. In Gaston, the Chamber of Commerce organizes a Junior Achievement Entrepreneurship program in several elementary and middle schools. This year over 3,000 students participated, and soon the program will be piloted at the high school level.

REAL curriculum modules are incorporated into small business classes at Cleveland County Community College, and all business administration degree students are required to take a REAL entrepreneurship course. At Gaston College, the two-year associate business management degree includes a required course in small business management. At the four-year college level, Gardner-Webb University offers courses at undergraduate and graduate levels on small business management and entrepreneurship.

Entrepreneurship education clearly is available within the two counties, but it is not well-embedded into the K-12 and post-secondary systems and is not yet operating at any significant scale. Investing in entrepreneurship programs within the school system is a long-term strategy, and faces a number of practical and attitudinal obstacles, but it is a critical part of creating an entrepreneurial culture in a community. Making such programs more available in post-secondary education may have more immediate pay-offs, particularly if they extend beyond business courses to engineering, science, and liberal arts departments.

b. Training and Technical Assistance

Aspiring and existing entrepreneurs need access to high-quality entrepreneurial support programs, including topic specific training and technical assistance to increase their chances of success. There is a well-developed set of programs in both counties. The Cleveland County Small Business Center provides three-hour REAL certified seminars and workshops on a variety

of business topics, confidential business counseling, and a business resource library. The Cleveland County Small Business Development Center for Minority Enterprises focuses on minority and disadvantaged entrepreneurs providing occasional workshops, counseling services, and referrals to resources. In addition, the Uptown Shelby Association provides support to business owners within the historic district.

The Gaston Small Business Center provides a one-day introduction to business training, a seven-week seminar series, assessment and technical assistance, and an on-line library. St. Stevens Church offers informal training and technical assistance to minority entrepreneurs, and the Gastonia Downtown Development Corporation works with small business owners within the Main Avenue area.

As well as these county programs, the state also provides a range of counseling and technical help in partnership with Chambers of Commerce through its Small Business Development and Technology Center. Assistance is also available through the Women's Business Centers, and the Manufacturing Extension Service.

Across both the county and state programs, there is extensive networking and referral of clients between agencies, but while the services are well-regarded, they are somewhat under-utilized and under-funded. An important new development might be the introduction of nationally-recognized training programs such as NxLevel and FastTrac that have proved to be effective for adult entrepreneurs.

c. Access to Financing

Access to capital is the mainstay of most entrepreneurship and small business development strategies. Nationally, debt capital in recent years has rarely been a problem except in certain geographic areas or for entrepreneurs with little or no collateral or track record. The banks in both counties have been commended for being "small business friendly" and "the driving force around economic development," and their activities have been complemented by Small Business Administration loan guarantees and loan products, and by microlending from organizations such as the Self-Help Credit Union. However, there is a dearth of equity and venture capital in the two counties, an issue that can best be solved regionally.

d. Entrepreneurial Culture

A cultural and social environment that encourages, nurtures, and raises the profile of entrepreneurs is critical to the success of any entrepreneurship development effort. Networks are a central component of an entrepreneurial culture and comprise aspiring or existing entrepreneurs who share ideas, learn from one another, and do business together. Entrepreneurs thrive in communities where they can successfully network with others, and where their presence is welcomed.

In both counties, the primary formal networks are centered on the Chambers of Commerce. In Cleveland County, these are supplemented by the Small Business Center, the Uptown Shelby Association, the Rotary Club, Civic Clubs and the Center for Minority Enterprise. Similar

gatherings are also to be found in Gaston County, with the addition of the NAACP that is working to connect independent minority contractors to interested businesses. The extent to which these serve the needs of entrepreneurs in different stages of development and competence is something that needs to be tested.

e. Strategies

The Gaston County Entrepreneurial Council established a planning team as part of the CEDS process to identify its priority goals for entrepreneurial development for implementation during the period through 2006. Each of the following eight goals will be pursued through teams of interested individuals who will take responsibility to develop and implement action plans, and their efforts will be coordinated and monitored through the Entrepreneurial Council. Similar strategies are envisioned by a new Cleveland County Entrepreneurial Team, building on the base of an earlier entrepreneurial group as explained below.

1. Provide integrated services to support entrepreneurs.

The aim will be to better connect entrepreneurs to support services through a comprehensive resource directory services based on the Gaston College Small Business Center website and increasing public awareness of these resources and points of access. Through a network of business volunteers it also intended to identify and address needs that may not be currently served.

Cleveland will leverage the resources of the Small Business Center at Cleveland Community College and the Gardner-Webb School of Business, which has new interest in more fully utilizing the capabilities of its faculty, including Harvard and MIT Ph.D.'s with real-world business experience. Cleveland's networking will include existing service providers such as the Cleveland County Business Development Center and the Community Education for Enterprise Development (CEED) program.

2. Establish an on-going mechanism to nurture business development.

The main focus will be the introduction of an incubator to serve the needs of Gaston community entrepreneurs. There are many models already operating within North Carolina and numerous ideas have emerged during the CEDS process for incubator developments as the core of Gastonia downtown revitalization and the partial reuse of the former Firestone building. Critical tasks will be the defining of a long-term management structure and a sustainable funding plan. It will be important for the incubator to be firmly rooted within the network of service providers so that it has strong connections with entrepreneurs across the community.

Cleveland will rely on the resources of Cleveland Community College and is hoping for the donation of a privately owned industrial building to use as an incubator.

3. Integrate education activities into the school curricula that introduce the idea of entrepreneurship as a career option.

The intention in both counties is to work with school leaders at all levels to identify effective tools to promote the entrepreneurial spirit, and to connect interested students to successful entrepreneurs within the community through internships, class visits, competitions, and speakers.

4. Increase opportunities and long-term success for minority business development.

By building on the work of St. Stevens Church and the NAACP in assisting minority small business development, the aim will be to better connect such services to the mainstream of entrepreneurship support within the county. Cleveland County's Business Development Center already has a strong minority business emphasis.

5. Connect entrepreneurs within the Gaston community to opportunities through technology transfer.

Fostering strong ties with the University of North Carolina at Charlotte and the Charlotte Research Institute and with Clemson State University will enable local entrepreneurs to gain access to emerging technology opportunities.

6. Ensure the availability of business capital.

The focus will be on stimulating the availability of and access to equity capital for local entrepreneurs, both through connections to regional resources, and the development of local investment resources and angel networks. In addition, the aim will be to ensure the availability of a full range of debt capital to meet local needs. Cleveland intends to develop a low-interest loan program among local financial institutions and a microenterprise loan program through the N.C. Rural Economic Development Center.

7. Promote a governmental/regulatory environment that is entrepreneur-friendly.

The primary task is to work cooperatively with local governments in reviewing procedures and regulations to streamline processes and improve accessibility and service.

8. Elevate public awareness of entrepreneurship and related activities.

This will be done through publicizing success stories and establishing a competitive award recognition process.

In 2000, a small business and entrepreneurial development strategy was devised for Shelby and Cleveland County as part of a demonstration organized by the North Carolina Rural Economic Development Center and funded by the Charles Stewart Mott Foundation. The demonstration was called the Community Education for Enterprise Development (CEED) program and was led by the Uptown Shelby Association. Although the focus of the effort was Shelby's historic business district, it was argued that action in this area, employing nearly 2,000 people and home to some 250 small businesses, would have positive spin-off effects throughout the county. The strategy had seven goals:

1. Develop and promote small business finance and development incentives.
2. Inform and educate small businesses about potential resources and raise public awareness of small business across the county.
3. Stimulate small business through taking advantage of travel and tourism opportunities.
4. Recognize and support arts and culture as small business development opportunities.
5. Promote greater outreach to minority businesses as a strategy to increase small business opportunities.

6. Work to achieve more responsive and business-friendly municipalities.
7. Establish an on-going organizational process for monitoring and evaluating progress.

Cleveland County now intends to build on this strong foundation with a new Entrepreneurial Council or team, involving the Cleveland Chamber of Commerce, the Small Business Center, the Center for Minority Enterprise, and the Uptown Shelby Association.

f. Key Conclusions Concerning Entrepreneurship

- Entrepreneurship is an increasingly important economic development strategy and its potential for helping re-energize the Cleveland and Gaston economies is attracting attention from a broad range of agencies and institutions.
- Efforts, initiatives, and programs are already underway that support entrepreneurship development through education, training and technical assistance, access to financing, and changing the culture, but work is now needed to expand, institutionalize, and above all coordinate them to achieve the required impact and outreach across the two counties.
- The Gaston Entrepreneurial Council has taken the initiative to develop and implement an ambitious entrepreneurship development strategy for Gaston County, and Cleveland County intends to pursue a similar approach in the near future, building on its Community Education for Enterprise Development (CEED) demonstration program and the strong resources available in the county

C. Workforce Development

At an Open Forum held at Gaston College organized by the Gaston Chamber of Commerce's Education and Workforce Development Committee in April 2003, about 50 business, government, and education representatives and displaced workers heard from Dr. Graham Watt of the North Carolina Commission on Workforce Development argue that the current workforce service delivery system in the state is inadequate to meet the needs of dislocated workers. He also confirmed that North Carolina is no longer able to absorb displaced workers who have limited skills or education, and that without improvements in training and education to prepare workers for the changing economy, these workers are likely to continue to experience more frequent and extended displacements.

Even in the relatively good economic times of the mid-1990s, over 20,000 North Carolina workers were out of work due to mass layoffs; in 2001 this level more than doubled to over 44,000. A recent study by the Corporation for Enterprise Development and the North Carolina Budget and Tax Center found that in 2000, 81 percent of laid-off manufacturing workers in the state were, after six months, re-employed at about three-quarters of their previous wage level; in 2001 the reemployment rate had fallen to 64 percent and the average wage was half of that at their previous job. Gaston lost more jobs (3,619) than any other county in the state over the period 1999-2001, and Cleveland was the fifth most badly hit rural county over the same period with 946 jobs lost.

Research on those who have lost their jobs through a facility shutdown or layoff – commonly known as dislocated workers – shows that they have needs that are distinct from other jobless

people. Dislocated workers often need to be convinced that their jobs really are over and that they must start all over again; they do not need job readiness instruction as they already have a track record in the labor force, but they do need help with job search and information on retraining and relocation. They may require coaxing to upgrade their skills, given their educational backgrounds; they may need income assistance during training, and also psychological support to deal with the stresses of their situation.

1. Lack of Preparedness: The Biggest Challenge

As noted in the introduction entitled *New Economic Realities*, the single biggest challenge facing Gaston and Cleveland counties is the relative lack of preparedness of the workforce to cope with the new economic realities. Gaston County 2012 Vision Statement looks to a time when “every person who wants to work and is willing to take the necessary training has a job, and all residents have the opportunity for increased income and success.” The Cleveland vision is more expansive: “Higher literacy levels, a nationally recognized school system, high school graduation rates, and accessible postsecondary workforce training enable local people to fill new jobs and diversify the economy; unemployment is less than 5 percent.”

To achieve these visions there is an overarching need to create a human investment system that opens up clearer and better-structured career paths for young people, offers better opportunities for the working poor, enables dislocated workers to make smoother transitions back into the labor market, and provides the highest quality worker training. Both counties face major challenges in making moves toward such a system.

The current labor market profiles show that unemployment is high – with Cleveland’s rate in excess of ten percent, and that average wages have been dropping with over 38 percent of Gaston workers earning below the state livable wage level, and one-third of Cleveland workers missing the “self-sufficiency” standard. Moreover, the income levels of black workers is 70 percent of white workers, and black poverty rate is about two-and-a-half times the white poverty rate. Educational measures show that when compared with national and state levels, the counties have a lower percentage of working age adults with college degrees, lower levels of high school attainment, lower mean SAT scores, higher school dropout rates, and lower per pupil spending on K-12 education.

2. Identifying Possible Ways Forward

Public meetings held during the CEDS process identified a number of possible ways forward. Participants focused on the need for a more educated workforce including efforts in high school and continuing education, for greater creativity in reaching out to people in need of a GED or retraining, for businesses and community and church groups to provide mentoring and other support for K-12 schools, for better ways of identifying the skill sets for the new economy, and for a campaign to raise awareness of the importance of literacy and lifelong learning.

Both counties have taken initiatives to tackle these issues: in Cleveland through the Cleveland County Job Development Task Force, and in Gaston through the Chamber of Commerce Education and Workforce Development Committee. The Cleveland County Job Development

Task Force was formed in 2001 to address the complex issues involved in reducing unemployment in the county. It comprises representatives from the private sector, Cleveland Community College, the Cleveland Chamber, Gardner Webb University, JobLink Career Center, the Employment Security Commission, Communities in Schools, the Planning & District Commission, the County Department of Social Services, and other interested individuals, and is co-chaired by two retired industry executives. The Region C Workforce Development Board has also been involved as a key player in workforce development efforts including membership on the task force, assistance with funding for workforce training, workforce analysis and several other related efforts.

The Task Force's objective is to develop a skilled workforce that will attract new industry and enhance existing industry for the county. Its strategy is to coordinate the efforts of a range of existing business, education, government, and civic organizations, rather than seek to create new institutions. Currently Task Force teams are working on a range of activities, ranging from developing a job skill profile of the unemployed workforce, identifying industry skill requirements, coordinating training provision, to identifying government funds to assist job seekers and support training activities.

The Gaston Chamber's Education and Workforce Development Committee is chaired by the Dean of Continuing Education at Gaston College, and includes several representatives from the private sector together with Gaston Chamber, the JobLink Career Center, Gaston County Schools, County Department of Human Services, and the Alliance for Children & Youth. The Committee's purpose is to develop and implement strategies for improving economic development and workforce development initiatives in Gaston County.

The Gaston Committee has three main current priorities. The first is focused on developing a more educated workforce with a special focus on serving underemployed or unemployed adults. Here the emphasis is on support systems needed to survive the financial and emotional devastation of permanent layoffs including funds for transportation, daycare, and education stipends, on tying-in to the activities of community, civic and faith-based groups, and on working with the community college to develop more short-term training programs. The second priority relates to identifying skill sets needed by business and industry working with the chamber, industry and state agencies. Creating an awareness campaign about the value of education and the opportunities and support that is available is the other priority. This might include mentoring programs, marketing of programs through forums, fairs and media coverage, and recognizing responsible employers.

Both of these collaborative efforts represent important steps forward. They give local recognition to the view that enhanced workforce skills are key to retaining, attracting, and creating jobs. Cleveland and Gaston counties will only achieve an international, high valued-added and inclusive economy if the large majority of the workforce is educated, skilled, and motivated to pursue lifelong learning. As many have noted, this will be a long-term effort – there are no quick fix solutions.

To meet the scale of the challenge, the work of the Task Force in Cleveland and the Committee in Gaston will have to be expanded and generally elevated in priority among all the participating

companies, organizations and agencies. Their job will increasingly to encourage new thinking and innovation in delivering education, training, and job placement services, as well as to broaden public awareness of what is required for success in the new economy. All the current activities may eventually evolve into five main tasks:

- Creating a network for all workforce development parties to get to know each other and pursue new partnerships, new initiatives, and greater coordination.
- Running an on-going campaign to encourage the public to embrace and pursue lifelong learning.
- Monitoring progress using a set of clear goal-oriented benchmarks.
- Convening a periodic workforce development summit to herald recent accomplishments, review the current status of workforce development, assess program effectiveness, and discuss new approaches.
- Working closely with federal, regional and state agencies, and with specialist academic institutions to press for improvements in and ensure access to public programs, as well as maintaining awareness of current good practice across the country.

3. Essential Prerequisites for Success

There will be two essential prerequisites for success. The first is business leadership. Without high level business leadership driving the process of defining training and workforce development needs, it has been repeatedly shown across the nation that public training programs rarely produce satisfactory results. Leaders need to be drawn from each of the ten main industrial clusters that comprise the bulk of the two counties' economy: textiles, motor vehicles, construction, and wholesale & warehousing are common to both Cleveland and Gaston with workforce development activities possibly organized accordingly; chemicals & plastics, regional medical, machinery & tools, and basic metals would be the focus in Gaston, and electric and specialized machinery & aircraft in Cleveland. An immediate action would be to commission Dr. John Connaughton at the University of North Carolina at Charlotte to make further data runs of his cluster analyses that would identify the occupational skills required by the new economic development opportunities his study identified.

The second prerequisite is for an integrated array of services for dislocated workers and others needing assistance in navigating the labor market. This means that an individual is not confronted with multiple referrals between different agencies, but provided instead either with a case manager and/or a one-stop shop facility as is the intention of North Carolina's JobLink Career Centers. It may also mean the emergence of new kinds of intermediary or brokerage organizations that seek to match the needs of both employers and workers while catalyzing improvements in the public systems and business employment practices.

To make real progress towards the 2012 vision, there will be a need to explore more creative approaches that may be best taken as part of a new regional initiative. These might shift the focus from a supply-driven system to which individuals are essentially commodities, to a demand-driven system where the individual has the purchasing power to achieve lifelong learning. Such a system, as envisioned by the Corporation for Enterprise Development (CFED) and Dr. Graham Toft of the Hudson Institute, would have four main elements.

The first would be learning accounts, a variant of matched savings accounts promoted by CFED or the Council for Adult Experiential Learning that are being extensively adopted around the country to enable individuals and families of limited means to accumulate assets to lift them out of poverty. These accounts could be established at birth or at enrollment into kindergarten and then added to by a mix of individual, government, and employer contributions over time. The accumulated funds would then be available for paying for (or at least contributing to) education and training as when required.

The second element would be the creation of alternative learning paths for those who are not immediately college-bound, and accessible and affordable adult learning for incumbent and displaced workers to achieve credentials. This might involve the increased use of experiential and distance learning techniques, and would be accessed through the learning accounts. The third element would be Internet-based and user-friendly information on the labor market, education and training options, self-assessment tools, financial aid information, and job search.

The final element would be some element of integration of workforce and economic development at the Charlotte regional level, connecting the dots between workforce investment boards, economic development districts, small business development and technology centers, and state regional offices, with the ability to repackage existing funding streams to pay for learning accounts, new learning technologies, and information markets. This could be a natural extension of regional cooperation in economic development and workforce development which has already begun.

4. Key Conclusions Concerning Workforce Development

- The current state workforce development system is not keeping up with the increasing demands created by large and growing numbers of dislocated workers in the two counties. Current labor market data show that a significant proportion of the working population is struggling in the face of shrinking job opportunities and falling wages. Moreover, the prospects for those with low levels of education and skills look bleak.
- Collaborative initiatives underway in both counties are important steps toward achieving their respective visions for a workforce that is educated, skilled, and motivated to pursue lifelong learning.
- However, in order to match the scale of the workforce development challenge, these initiatives will most likely evolve into a set of important convening, campaigning, monitoring, and advocacy roles, governed by prerequisites for business leadership and the seamless provision of services.
- Looking forward, there may be a need for more creative approaches possibly based on individual learning accounts, new learning technologies, Internet-based market information, and regional organization and funding arrangements.

D. Infrastructure Development

1. County Visions and Cooperation

Improved infrastructure, especially in terms of new highway bypasses and extended water-sewer, is viewed by both Cleveland and Gaston counties as essential for economic growth.

Cleveland's Vision 2012 states that "Infrastructure has been extended with major sewer lines along major corridors, the First Broad Reservoir is full, and all other necessities such as roads and power are available for economic development." Cleveland also envisions "Organized public transportation serves the county and links via mass transit to Charlotte," "a system of interconnected trails from Kings Mountain to the Broad River Greenway, and a new performing arts/civic center complex." Although not part of the Vision Statement, the long-awaited completion of the Highway 74 Bypass north of Shelby is also expected to be completed in the next few years, relieving growing congestion on the current 74 route through the city's south side.

Gaston's Vision 2012 foresees "The new Garden Parkway, I-485 and attractive housing developments have brought in many news residents, in turn driving increased commercial and office growth." Also "Coordinated water-sewer extensions support balanced new business and residential growth countywide, and allow higher intensities of land use, preserving more open space and avoiding low-density sprawl." "Natural resources and recreational facilities are preserved and enhanced among the best in the state."

In both counties, new Infrastructure Teams have met and discussed the need for increased cooperation in planning and development of infrastructure and other structures. In Cleveland, county and municipal staffs are working to update comprehensive land use plans with an unprecedented level of information sharing using new GIS technology and mutual communication, with the hope of developing common land use definitions and terminologies to make both government supervision and private development more user-friendly and consistent.

Gaston County has recently completed a Comprehensive Land Use Plan, but leaders realize that turning that plan into reality will require new ordinances, high-quality standards and "teeth" to make sure unwanted development does not occur. Initiatives being pursued by the Gaston Infrastructure team include:

- Pursue a unified planning coordination group and a unified development plan including the county, CEDS, municipal plans, MPO and others
- Preserve the 485/Parkway corridor with professional planning and development
- Create interconnections among all systems for countywide water and wastewater
- Explore best ways to handle wastewater in the growing southern portion of the county
- Look at all water/sewer financing options in addition to just rates and charges
- Research regional water-sewer authority models
- Get Highway 29/74 Catawba Bridge widened to six lanes to help traffic flow
- Explore light rail on existing lines plus bus rapid transit
- Evaluate multiple connections to Charlotte Airport; maximize its benefits to Gaston

- Develop an Infrastructure Council composed of several teams, including QNRC and other natural/conservation groups

Because of the highly technical nature of infrastructure development, as well as requirements by the U.S. Economic Development Administration which has funded this CEDS process, the consulting team included special studies by HDR Engineering of Charlotte, the Carolinas' largest engineering firm specializing in municipal work, and Warren & Associates of Charlotte, the area's leading specialist in tracking and analyzing commercial and industrial real estate. Warren in turn partnered with Barker Corvus of Shelby and Charlotte, an independent industrial/commercial real estate brokerage firm with extensive knowledge of and experience in Cleveland and Gaston counties. Summary reports by these consultants are provided in Section II, Situation Analysis. Their recommendations are provided below.

2. Recommendations for Cleveland County Infrastructure

- Perform a corridor land use study for all interchanges on the proposed US 74 Extension and Shelby Bypass.
- Perform a roadway widening feasibility and corridor land use study for NC 18 from Shelby to the SC 5/I-85 interchange in South Carolina.
- Pursue an interstate designation for US 74 from I-85 to I-26.
- Perform a road widening feasibility and corridor land use study for NC 150 from Shelby to the US 321 intersection in Lincoln County.
- Develop a plan for extending municipal wastewater service outside of the Kings Mountain, Grover, Shelby, and Boiling Springs municipalities. Priority service areas are the US 74 Extension/Shelby Bypass area, Moss Lake, and areas just outside of the Shelby City limits along US 74. Utility extensions to the Moss Lake Area should be coupled with pollution mitigation efforts to preserve this valuable water source.
- Identify a municipal wastewater provider for the northern portion of the County.
- Review water and wastewater service rate structures. Compare to other local utilities and consider rate increases to fund water and wastewater capital improvement projects.
- Identify funding sources for infrastructure master planning, facility improvements and facility upgrades.
- Utilize excess water and wastewater treatment plant capacities as a business recruitment tool.
- Develop and implement a coordinated infrastructure master plan. Land development, greenway integration, open space management, water resource protection, infrastructure planning, long-term water and sewer rate structures, and economic development can be coordinated and integrated in a master plan.
- Explore a countywide water and wastewater authority or other forms of increased collaboration that would facilitate efficient growth of both infrastructure systems similar to Charlotte-Mecklenburg Utilities Department and the Water & Sewer Authority of Cabarrus

County. Inter-county and neighboring community alliances that would maximize natural resource usage and treatment facility utilization should also be considered.

3. Recommendations for Gaston County Infrastructure

- Perform a land use study for each proposed Garden Parkway interchange.
- Pursue an interstate designation for the proposed Garden Parkway.
- Consider extending the proposed Garden Parkway to NC 16 in the northeast County quadrant.
- Pursue an interstate designation for US 321 from I-85 to I-40.
- Request NCDOT to redevelop the I-85/US 321 interchange to meet current Interstate Highway design standards.
- Perform a feasibility study for US 29/74 to evaluate improvements in traffic flow and route aesthetics, and improvements/widening to bridges that traverse the Catawba River and South Fork of the Catawba River.
- Evaluate NC 279 widening from Cherryville to US 321 to enhance US 321 access. This effort would be coordinated with Cleveland County efforts to upgrade NC 150.
- Work with Gaston Metropolitan Planning Organization (MPO) on mass transit options.
- Develop a plan for extending municipal wastewater service outside of the Belmont, Cramerton, Gastonia, and Mount Holly municipalities. Priority service areas are the proposed Garden Parkway corridor and northeast quadrant of the County.
- Develop a plan for extending municipal water service outside of the Belmont, Gastonia, and Mount Holly municipalities. Priority service areas are the proposed Garden Parkway corridor and northeast quadrant of the County.
- Water and wastewater service area expansions should consider economic development potential relative to the required capital expenditure.
- Pursue funding restoration to the Gaston County Water and Sewer District, which would enable service extensions to unincorporated areas of the County.
- Review water and wastewater service rate structures. Compare to other local utilities and consider rate increases to fund water and wastewater capital improvement projects.
- Identify additional funding sources for infrastructure master planning and facility improvements and upgrades.

- Increase and maintain participation in regional Catawba River Basin planning related to water and wastewater issues, especially Federal Energy Regulatory Commission (FERC) relicensing efforts.
- Utilize excess water and wastewater treatment plant capacities as a business recruitment tool.
- Develop and implement a coordinated infrastructure master plan. Land development, greenway integration, open space management, water resource protection, infrastructure planning, long-term water and sewer rate structures, and economic development can be coordinated and integrated in a master plan.
- Create a countywide water and wastewater authority that would facilitate efficient growth of both infrastructure systems, similar to Charlotte-Mecklenburg Utilities Department and the Water and Sewer Authority of Cabarrus County. Inter-county and neighboring community alliances that would maximize natural resource usage and treatment facility utilization should also be considered.

4. Real Estate Recommendations For Gaston County

- Gaston should continue its park-only site strategy, which distinguishes it from other counties surrounding Charlotte. Most companies will only consider park locations, reinforcing Gaston County's recruitment efforts.
- For industrial parks located within municipal boundaries, Gaston County should develop a program for multi-jurisdictional funding of infrastructure and road improvements to maintain its competitive land prices.
- Gaston County should secure and allocate funding for the road extension into Tech Park to allow for small parcel sales (10 acres and under).
- Automotive parts and assembly as an industry cluster will dictate larger land requirements, thus absorption may accelerate over time.
- Develop a high-density warehouse-only distribution park (as in industry cluster) on the east side of Gaston County to compete with west Mecklenburg County locations. This should be considered a priority given the pending completion of I-485 to I-85 by early 2004. Gaston should take advantage of its improving regional highway access and pursue distribution growth.
- Identify potential new industrial park locations, primarily along US-321 North and I-85 West, and set forth a zoning strategy that will facilitate private sector procurement. Explosive residential development is threatening the assembly of large tracts for future industrial parks. Based on demand projections, Gaston will reach its 5-year minimum land inventory of 535 acres by 2011.
- Concentrate on recruitment of base industry, not mega facilities. A mega site has been a considered need by county officials for several years. Currently, there is a site identified that could offer up to 1,200 contiguous acres with rail and interstate highway access at US-74 and I-85. After careful review of Gaston's inherent strengths and the requirements of its industrial users, a mega site would not be a prudent cost-effective recruitment tool. Most often, mega sites are assembled for automotive manufacturers. Due to the close proximity to BMW in Spartanburg, SC and Freightliner's conglomeration of plants along I-85 in Gaston



and surrounding counties, it is unlikely that an automotive plant would elect to locate close to these competing facilities.

- Identify and secure land at a key interchange along the proposed Garden Parkway in southern Gaston County for future industrial park development.
- Develop a program to collaborate with third-party brokerage firms to market County-owned property. This could enhance absorption trends due to the firms' connections with prospects.
- Investigate joint venture developments to construct speculative space in a County-owned park or other location.

5. Real Estate Recommendations For Cleveland County

- Coordinate efforts to identify and assemble land for improved industrial parks. The County could either convert existing industrial sites into parks by installing infrastructure or identify sites that could be developed into industrial parks internally or by a third party.
- Recognize the importance of interstate highway access as a site selection criterion and identify sites in the southeastern quadrant of Cleveland County for future development.
- For new parks, the County and the respective municipality should share development costs to hold land prices within market expectations.
- Seek funding for infrastructure improvements to non-park locations that have excellent greenfield opportunities, such as Washburn Switch and the US-74 West Corridor.
- Create marketing materials that provide a professional representation of the Cleveland County Industrial Park.
- Develop a program to collaborate with third-party brokerage firms to market County-owned property. This could enhance absorption trends due to the firms' connections with prospects.
- Investigate joint venture developments to construct speculative space in a County-owned park or other location.

E. Marketing and Communications

1. County Visions

The importance of internal and external marketing and communications arose in the very first CEDS discussions on December 9 and continued to evolve through subsequent meetings. Vision statements by both counties clarify this priority as follows:

- Gaston wishes to be perceived as “the most favored area in the Charlotte Region for locating a new or expanding business, especially in targeted manufacturing and service sectors.” Also “Gaston County enjoys a growing reputation as a great place to visit, based on Daniel Stowe Botanical Garden, the Schiele Museum and many other attractions.”
- Cleveland County wants to be “recognized as the best community in the Charlotte Region for balancing small town/rural charm with a healthy local economy.” Also “Cleveland County has developed the resources and reputation as a regional/national tourism attraction.”
- Both Vision statements also include points about re-energized downtowns, filled storefronts and more upscale developments.

This section of the report will begin by summarizing the key ideas developed by general participant discussions as well as Marketing/Communications teams in both Gaston and Cleveland counties. It will then focus on economic development marketing as business attraction/retention, and next on tourism and downtown promotions. That will be followed by some summary observations and concluding recommendations for next steps in the process.

2. Key Ideas From CEDS Participants and Teams

- a. The challenge of involvement – The idea of communicating with and involving large numbers of people in the community came up in several meetings but has proved to be very challenging so far. A large number of news releases and articles have been published, but many people do not read the papers. A project website (www.clegas.com) was produced, but many people either do not have Internet connections or have not taken the time to peruse the site. More than 200 people, including most elected officials and many other leaders, participated in various meetings open to the public and announced in advance, but few “average citizens” came. In brief, leaders cannot depend on the mass media to reach most of the public, and realistically most citizens are not very interested in something as abstract as economic development strategic planning. The Marketing/Communications teams are accepting the responsibility for getting the word out to as many people as possible, using a PowerPoint presentation, printed highlights and other media.
- b. Image, brand and vision – Gaston County residents have long felt they have an image problem, especially in the Charlotte media, which has tended to focus too often on crime news and crises with small “bureau” staffs in Gastonia. The issue is not as painful in Cleveland, which is a little more unto itself, but it is probably accurate to say most people in Charlotte-Mecklenburg have little awareness of what Cleveland County is really like, and sometimes no knowledge is better than a negative perception. So the question remains, what kind of image or “brand” do we want to project for our two counties? In



initial conversations, the two Marketing/Communications Teams have come up with these key phrases:

- *Cleveland County – We’ve Got the Things that Matter!*
- *Gaston County – Take a Closer Look!*

In coming months both teams will work on how to refine those messages into actual media and get the message out to target audiences (see below). The Gaston Chamber with the support of local marketing professionals has already begun using its marketing phrase on a series of billboards at a strategic location on I-85 entering Gaston from Charlotte-Mecklenburg. Technically these marketing slogans are not “branding” statements or strategies, which are more concerned with positioning a product or service against its main competitors. Both teams are aware of this difference and will be exploring authentic branding in future months.

c. Target audiences

- Target Markets – Dr. John Connaughton, a member of the CEDS consulting team, has conducted detailed analysis to identify primary industry clusters in both counties, as well as the suppliers which serve them. Those clusters are outlined in the Economic Development section of this report and provided in full detail in the Technical Report. Although it is extremely hard to predict which industry types will come calling on each county, it would be very advantageous for each EDC to review the clusters identified by Dr. Connaughton and pick those which they believe, based on their own knowledge and experience, have the greatest potential for target marketing. Although national advertising by a county can be prohibitively expensive, direct mail can be a cost-effective way to reach key decision-makers with a compelling message. Cooperation with and influence of the target markets of the Charlotte Regional Partnership should also be pursued by EDC leaders.
- Other External Target Audiences – Many of the prospects funneled into counties around Charlotte are brought or referred by industrial real estate brokers operating in the area. A marketing program which Lawrimore Communications conducted for the Rock Hill EDC in 1985-90 focused intensively on this small group of influential people and was highly successful, based on pre- and post-campaign surveys. With little additional effort, direct mail and other cost-effective marketing can also be sent to top corporate, government and nonprofit executives in the Charlotte region (VIPs), state and federal elected representatives and key staff, and others whose opinions of the local county can be important in channeling prospects this way. Regional as well as national and international audiences can also be addressed by well-designed websites, especially when promoted with major search engines like Google and Yahoo.
- Internal Audiences – Every resident of a county is a potential ambassador who can either praise or criticize his or her home community. Some local people don’t know the community’s strengths or “bragging rights.” This kind of information can be hard to get covered by local media – reporters are naturally somewhat skeptical and focused on hard facts. Besides articles in the newspaper and PowerPoint presentations



to clubs and organizations, a concise, inexpensive “bragging card” could be produced by each county and widely distributed throughout the community, especially to people like hotel clerks and public transportation drivers who often meet visitors. The Charlotte Chamber has long produced a multi-fold, business-card fact sheet like this. The Cleveland marketing team suggested the information could be printed on a bookmark, something many people keep handy and glance at from time to time.

- Other Initiatives – Gaston’s marketing team will explore creating a “Living in Gaston County” website linked to all other county sites. The local TimeWarner Cable operation has also offered to donate a \$10,000 advertising campaign, which could be broadcast to subscribers not only in Gaston but also other counties in the Charlotte Region.
- d. Funding – The need for increased funding for economic development marketing has been recognized in both counties. In Gaston the Economic Development Division (EDD) of the Chamber has already pledged more than \$100,000 a year, and most of that has been raised for the first year. In Cleveland the EDC was consolidated into the Chamber, and additional support provided by municipalities, for much the same reason. The Cleveland Chamber has also considered a major fund-raising campaign in the past and may be ready to undertake one once the full Chamber and Economic Development staff members are in place. But much can be done with volunteers like the Marketing/Communications Teams. If they will produce a good slide show and take it around to local groups, this can have a tremendous impact over time. Additional volunteers may be recruited. “Personpower” can go a long way toward making up for funding limitations.

3. A Checklist for Economic Development Marketing

Chamber and EDC leaders in both counties have requested that this report include specific recommendations for improved marketing and communications. In the past 20 years Lawrimore Communications Inc. (LCI) has provided such services for more than a dozen county and city economic development organizations in the Charlotte Region. However, times and media expectations change, so these are our recommendations for the next several years, starting with the most essential forms of marketing/communications, then gradually raising the bar:

- A complete set of information about the county’s demographics, sites, buildings, educational offerings, workforce, quality of life, government and taxes, incentives and other details often required by prospects, organized by section, constantly updated, available both as Word documents and PDF files, including posting on the website for easy downloads
- A two-page (one sheet) marketing brochure on each developed park and major greenfield site, including all pertinent statistics, aerial photo, site plan, footprints of existing buildings and contact information
- An up-to-date website, with an attractive home page, professional graphics, and all the key information a prospect would need available as PDF downloads, summarized on easy-to-read HTML text pages (scan the text, then download if more information is desired)
- A strong graphic identity system, including a logo, stationery, binders and other printed materials

- An annual report, professionally written, photographed and designed, printed in color, distributed to a mailing list of 500-1,000 key decision-makers, allies, prospects and financial supporters, with extra copies available for use throughout the year
- PDF-format news announcements, emailed whenever there is good news to an email list which is as large as possible, encouraging new sign-ups on the website
- Direct mail brochures specifically created for target industry clusters, sent with a custom-addressed form letter and convenient reply contact information, in a 9X12 envelope with a distinctive message on the front
- A high-quality PowerPoint presentation for prospects and other regional groups, saying in essence, "Here's what's great about our county" for both potential businesses and residents; in addition update/report meetings should be made at least once a year with each main funding organization and other groups whose on-going support is needed
- A high-quality video presentation with a similar message, available in both VHS and DVD formats

4. Marketing For Tourism and Downtowns

Two other important areas besides business recruitment and retention generate economic growth and income for the community: tourism and downtown development. Although each county has its reasons, it is unfortunate that at the very time local economies are struggling and need all the help they can get, hotel-motel occupancy revenues have been diverted to other uses. In Gaston, one-third of the tourism department's budget is being allocated to a planned equestrian center which, although exciting in concept, faces enormous obstacles just getting constructed, to say nothing of annual operations. In Cleveland, most hotel-motel revenues are used for other county budget purposes, and the community has never been able to fully develop and promote its wonderful potential tourism attractions. In both cases, the economic benefits of tourism (over \$140 million a year in Gaston, according to a recent study) deserve a fresh look in terms of full county funding. In other words, let all the hotel-motel occupancy taxes go to promote tourism.

Cleveland County tourism attractions which local officials would like to promote more effectively, given adequate funds, include:

- Development of a textile museum in a now-vacant textile mill, including retail space for local arts and crafts and an art gallery
- A Lineman's Museum using artifacts currently stored at American Safety Utility Corp. They constantly receive artifacts from all over the country and need a good place to display them.
- An Overmountain Victory Trail connecting historic mountain battle sites with local hiking/nature trails
- Renovations and expansions of the Cleveland County Museum currently housed in the 1907 courthouse in the center of the town square
- Music Heritage – Earl Scruggs and Don Gibson both came from Cleveland County, and efforts are currently underway for a National Heritage music and crafts promotion involving 25 counties in western North Carolina.

Cleveland County Commission Chairman Willie McIntosh would like to see his community attract more tourism dollars through amateur athletics. He is an official with the AAU and a

highly experienced karate instructor. He envisions a Sports Council which would coordinate state and regional athletic events hosted in Cleveland County, taking advantage of existing facilities such as county recreation sites and Gardner-Webb, and generating millions of dollars in overnight stays, meals and other economic impact for the county.

A similar impact is hoped for by a group of Gaston County residents who are seeking to build an equestrian center in Cherryville.

Shelby has done an outstanding job of restoring and revitalizing its downtown, although the economics there are still fragile and need continuing government and business support. Gastonia has fallen into neglect and decay and communicates a very negative message about the city and the county. Mayor Jennie Stultz's pursuit of tax increment financing could yield big benefits. Meanwhile downtown Gastonia offers some of the best office/commercial bargains in the entire region. A small but continuing advertising campaign, featuring downtown properties for sale at bargain prices, would make good marketing and financial sense in the *Business Journal*, the *Charlotte Observer*, or both.

5. Communications Beyond Economic Development

As was noted earlier in this section, many leaders, especially minorities and women, have expressed their concerns that a community planning process include large numbers of people from all walks of life, but this is easier said than done. The CEDS process was focused on developing a comprehensive economic development strategy, and over 100 people in each county (over 200 in all) were directly involved through group meetings and telephone interviews in developing this strategic plan. Realistically only a relatively small number of leaders determine the success or failure of economic development in terms of business recruitment and retention. Other people care about it, other people are affected by it of course, but it is not their full-time job or elected position to direct the process. Strategies are offered in other sections of this report for what citizens can do in workforce development and entrepreneurship, as well as general marketing in terms of spreading the good word. But that is not all the concerned CEDS participants were talking about.

Communities today both benefit and suffer from the institutions which control them. All institutions – government, business and nonprofit – were created to solve *past* problems. County governments, economic development organizations and Chambers of Commerce were all created in past centuries or decades when life was much simpler and slower-paced. In the fast-moving, ever-changing, globally interconnected 21st Century, these institutions are severely strained. They cannot keep up, and thus they often serve as a drag on rapid adaptation to change. It is not primarily the *economic development planning* process that needs to include large numbers of people from all walks of life – a plan is just words on paper. It is the ongoing, daily, *community development, leading and guiding* process that needs to be highly inclusive of all people as well as all strategic planning, with new structures allowing more citizen involvement and faster adaptation to change.

In the 1950s, the legendary former general/president Dwight D. Eisenhower established a process known as the American Assembly, which seeks to develop a consensus on key issues involving 150 or more leaders in each community. Gaston County Manager Jan Winters has had very positive experiences with this process in other communities. Similar processes have evolved over time. Today this is often called *community building*, and one of the most effective versions of it is called *Building Community By Design (BCBD)*, developed by MDC Inc., a Chapel Hill community/change consulting firm with close ties to the Corporation For Enterprise Development. Some form of BCBD adapted to local needs would be an ideal “next step” after the CEDS process, including other “non-economic” areas of community life such as public education, health care, arts and culture, and the various concerns of different segments of the population. This would allow an evolving community-building program inclusive of all key areas, issues, plans and groups, developing capacity for necessary change, strengthening relationships, and nurturing the current and next generations of community leaders.

V. Implementation

A. Continuing Oversight

One of the most important outcomes of the CEDS process has been the creation of five teams in each county, focusing on economic development, entrepreneurship, workforce development, infrastructure, and marketing and communications. These are diverse teams that include people who have real power and influence based on their positions in the community. They have been created to shape the action strategies outlined in this document and then to ensure that they are implemented. Some of the teams will function as whole groups, others will establish task forces to take forward individual action items. For example, an Entrepreneurial Council is taking shape in Gaston County that will include teams to work with city government on regulations and procedures, to explore and develop angel funding opportunities to provide venture capital to start-up and small businesses, to help develop more minority businesses, and to assess the feasibility of an incubator. Likewise, the Cleveland County Job Development Task Force functions as a council with eight teams tackling specific issues.

To oversee all the CEDS teams, and ideally coordinate all the groups working for the good of the community, a Strategic Coordinating Council (SCC) will be formed in each county. The SCC will be ultimately responsible for making sure the CEDS is carried out, for changing team leaders as needed, for establishing new teams, and for initiating parallel strategic activities in non-CEDS areas such as social, cultural or quality of life issues. To prepare current and potential leaders to address the increasingly complex challenges of the new century, and to make each SCC a strong, cohesive group, an advanced leadership development program is being strongly recommended.

Each SCC would ideally have a membership of around twelve, and depending on each county's priorities, might comprise the county manager, the largest-city mayor, one or two small-town managers or mayors, the economic development commission director or board chair, the Chamber president or board chair, and representatives of non-CEDS groups. In addition, the group that receives the leadership training should include a number of grassroots people who authentically represent the demographic make-up of each county. This will allow the leaders to keep in touch with the thoughts and feelings of citizens throughout the learning process, help to further diversify the leadership in the counties, and act as a channel of communication and engagement throughout the community.

The two SCCs will come together periodically to prepare an annual public report. This report will document progress achieved on the implementation of the CEDS, make any modifications deemed necessary in the light of new opportunities or challenges, report on changes in economic conditions, evaluate the effectiveness of activities undertaken in meeting the strategy's goals, and look forward to the coming year with an action plan. Every five years, it will be necessary to revisit and update the CEDS.

B. Measurement

An important part of the teams' role will be to work alongside various state and local agencies and institutions both providing guidance and input on program and initiative implementation and holding them accountable for effectiveness and impact within the two counties. This document provides a road map for the two counties: it sets out a vision and describes appropriate strategies for achieving improvement in their economic fortunes. However, if the public, the SCCs, the teams are to get full value from the process, there have to be measures identified that provide a clear indication on whether any progress is being made to achieve the vision.

Four types of indicators are proposed, each of which is rooted in the vision and goal statements:

- **Benchmarks of general economic well-being.** Ten indicators will be used to measure whether the counties' economies are meeting the needs and expectations of all their residents. In each case, the goal will be to achieve or exceed the prevailing state levels (and in some cases the national level) by no later than 2012. The indicators are:
 - Net population growth
 - Unemployment rate
 - Poverty rate
 - Per capita income level
 - High school graduation rate
 - Proportion of adults with post-secondary degree
 - Number of net new businesses
 - Number of new jobs created by new businesses
 - Adult literacy levels
 - Composite index to track disparity between white and minority populations
- **Regional benchmark.** A benchmark comprising average annual population change, unemployment, average hourly wage rate, and per capita income that will enable Cleveland and Gaston counties to compare themselves with other counties within the Charlotte region. The goal will be to move the counties up the rankings so that Cleveland is the number one rural county, and Gaston is the number two urban county (after Mecklenburg).
- **Locally-collected data.** A number of measures will require regular collection and assembly based on primary data or information held by county departments and agencies. These will include:
 - Numbers of companies relocated to the two counties from outside the Charlotte region, classified according to cluster, total size of investment, average wage rates, levels of skill required, proportion of high level managerial, technical or creative jobs, and the cost per job (state and local dollars).
 - Numbers of companies expanding within the two counties, classified according to the above categories.
 - Numbers of companies and jobs lost through closing and downsizing.
 - Number of acres, classified according to size bands, safeguarded and/or prepared for future industrial and commercial development.
 - Quantity of class A industrial and commercial floorspace generated, occupied and available, with comparison to prevailing regional absorption and vacancy rates.



- Quantity/proportion of class C industrial floorspace available, cleared, and adapted for alternative uses.
- Number of new businesses, jobs created, dollars invested, and revenues generated within designated downtown districts.
- **Project implementation targets.** Some of the measures will simply describe progress towards accomplishment or completion of specific goals. For example:
 - Recommendations for infrastructure-related actions, primarily land use and feasibility studies and action plans, for infrastructure improvements within Cleveland and Gaston counties.
 - Progress on implementation of entrepreneurship development and workforce development strategies.

Keeping these measures in mind and using them to assess progress for the annual report should provide a real impetus to the teams and the SCCs – on the premise that *measurement changes behavior*.

C. Funding

There is no certainty that any of the initiatives and projects presented in this document will attract funding support. In most cases, more detailed work will be required by the teams and by technical staff before funding proposals can be submitted, and the success of proposals will be determined by many factors, such as the strength of competition for limited amounts of money, the degree of fit with funding criteria, and timing. These caveats apply to public, private and philanthropic sources of funding, whether at the national, state, or local levels. However, the fact that the initiatives and projects are an integral part of a comprehensive economic development program designed to tackle priority problems within the context of clear community vision, should be a decided advantage.

The investment policy guidelines issues by the Economic Development Administration provide a good insight into what drives current federal funding priorities. Investments have to:

- **Be market-based.** Proposals have to show evidence of market demand for the product, such as whether companies have demonstrated interest in locating in an industrial park, or whether an absence of wastewater treatment capacity is hampering industrial expansion.
- **Be proactive in nature and scope.** Proposals have to be part of a considered strategy for economic advancement and not just an uncoordinated reaction to events.
- **Look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy.** Proposals have to be based on best judgments about the key drivers and influences on the economy and their likely implications over the next decade on the community. Proposals have to be set in a clear regional competitiveness context.
- **Maximize the attraction of private sector investment that would not otherwise come to fruition absent EDA's investment.** Proposals have to demonstrate the potential for substantial leverage of private sector investment. There is a strong sense that the EDA is

concerned with creating the right environment for private investment, not supplanting it with public money.

- **Have a high probability of success.** There are three elements to this guideline: the level of local, state, and private matching funds; the degree of commitment of local political “capital” by elected officials; and the extent of commitment of human resources talent to project outcomes.
- **Result in an environment where high skill, high wage jobs are created.** There is a strong interest in ensuring that investments will lead to long-term benefits for the community, an approach very consistent with the needs of the Cleveland and Gaston economies.
- **Maximize Return on Taxpayer Investment.** The EDA itself is measured by Congress according to a set of performance criteria that show that public money is generating jobs with high wages and leveraging significant returns in non-federal public dollars and private sector investment.

The Cleveland-Gaston CEDS funding strategy has six elements:

- **Continued contact and cooperation with the private sector**, particularly with individuals responsible for making investment decisions that effect existing companies, real estate brokers and developers, and venture capital companies.
- **Seek grants from local and regional philanthropies**, such as the Z. Smith Reynolds Foundation and the Mary Reynolds Babcock Foundation, which have a special interest in community-building and economic development in North Carolina.
- **An assessment of where and how the county and municipal governments can adjust their investment and spending priorities** to support the economic development strategy. All other parties will expect strong evidence of local commitment. Each local government will have its own interests and priorities, and its engagement with the strategy might vary from a willingness to cooperate with neighbors on water and wastewater infrastructure, to jointly investigating and funding the introduction of entrepreneurship curricula into the school system, or a substantial financial commitment to downtown revitalization or an incubator.
- **A concerted collaborative effort with state agencies** to secure funding and other support for transportation studies and investments, for allocations of Community Development Block Grant and Economic Development funds, or issuance of Industrial Revenue Bonds for specific industrial development projects.
- **Liaison with a variety of agencies funded by and having access to resources from Federal and state programs** that can be directed to Cleveland and Gaston Counties. One example is the US Small Business Administration and its networks of Small Business Development and Technology Centers, certified lenders, approved microloan agencies, certified development companies, and Small Businesses Investment Companies.
- **A focus on four federal agencies for investment grants and tax incentives** for major economic development projects:
 - **Economic Development Administration’s Public Works Program** is intended to revitalize, expand, and upgrade physical infrastructure to attract new industry, encourage business expansion, and diversify local economies. EDA defines infrastructure as including water and sewer facilities, industrial access roads, rail spurs, skill training facilities, and technology infrastructure, as well as the demolition,



- renovation, and construction of publicly-owned facilities. Importantly, these investments can support strategies such as business incubators, cluster-based development, redevelopment of brownfields sites, and business development, often in conjunction with funds from other Federal agencies.
- **US Department of Labor’s Trade Adjustment Assistance** provides a range of assistance in the form of training, job search, and income support to workers laid off from companies and their suppliers hit by foreign imports or through production moved offshore following trade agreements.
 - **EPA’s Brownfields Program** has contributed over \$280 million in pilots and grants to spur assessment, cleanup and redevelopment at brownfields – commercial or industrial sites that have been abandoned or under-utilized and have some degree of environmental contamination. It has done this through the funding of assessment demonstration pilot programs to assess sites and test cleanup and redevelopment models, job training pilot programs to provide training for residents of communities affected by brownfields to facilitate their cleanup and prepare trainees for future employment in the environmental field, and cleanup revolving loan funds programs to make loans for environmental cleanup of brownfields sites. A relatively recent initiative to stimulate private investment is the **Brownfields Tax Incentive**, under which environmental cleanup costs are deductible in the year they are incurred, rather than having to be capitalized.
 - **HUD’s Brownfields Economic Development Initiative (BEDI)** provides funds to local governments to support redevelopment of contaminated sites for economic development purposes. Eligible applicants are local government units that participate in the Entitlement, States’ Program or the Small Cities segments of the Community Development Block Grant (CDBG) program. BEDI grant awards have to be made in conjunction with **HUD Section 108 loan guarantee** assistance for the same project. The combination of funds can be used for land acquisition, site preparation and assessment, demolition and clearance, and rehabilitation of property for new economic development uses.

D. Commitment To Core Values

Effectively implementing the CEDS plan for Cleveland and Gaston counties will ultimately involve a commitment to a few core values:

- Education – The importance and necessity of literacy, education and vocational training to enable all people who want to work to enjoy good-paying jobs in the 21st Century
- Jobs – Using all available means to attract, retain and create jobs, focusing not only on recruiting new industries and supporting existing ones, but also on helping potential entrepreneurs start new businesses and grow them successfully
- Interdependence – A local economy is tightly interconnected, and “everybody’s business is everybody’s business.” When one suffers, all suffer. Help dislocated workers, people who lack adequate skills, and be inclusive of all social and ethnic groups. Overcome fragmentation and narrow boundaries and work as one united force for the good of the whole county.
- Proaction – Leaders must move beyond reaction and putting out fires to anticipating change, monitoring the external environment and trends, and acting today to ensure high quality of life for all citizens in the future – as if the future were already here. This will also require a unified effort and a high level of communication.
- Teamwork – Nothing is more important in implementing this plan than sustaining the energies and activities of the five teams in each county, plus others which may be established. Each Strategic Coordinating Council must be vigilant to keep its teams on track, adapt to constant change, and bring in fresh people and energy whenever needed.

As the consultants said on June 18 to those attending a presentation of plan highlights:

*“The future of the community is in your hands.
You’ve got the ball! Don’t drop it – run with it!”*