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Local Technical Assistance **PROGRAM EVALUATION**



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Local Technical Assistance Program Evaluation

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Executive Summary

The Center for Policy Analysis & Public Service (CPA&PS) was selected by the Economic Development Administration (EDA) to conduct an evaluation of the Local Technical Assistance Program (LTAP) for the fiscal years 1997 and 1998. The purpose of EDA's LTAP is to provide grant funding to help communities solve specific problems, respond to economic development opportunities, and build and expand local organizational capacity in distressed areas. The LTAP program expends approximately \$1.5 million per year in mostly small grants (in the \$25,000 to \$50,000 range).

Methodology

This evaluation employed three analytical methods. First, we examined and analyzed LTAP project files and data obtained from EDA headquarters in Washington, DC, and the six EDA regional offices in Seattle, Austin, Chicago, Denver, Atlanta, and Philadelphia. Second, we mailed a questionnaire to the 121 grant recipients for the period (see Appendix A) to collect information about the projects and recipients' perspectives. Third, we conducted two on-site case studies in each EDA region to gain a clearer understanding of the role of the LTAP projects, how they were implemented, and their results.

Evaluation Overview

Our study found that LTAP is frequently responsible for two important preconditions for economic development. One of these is *stakeholder buy-in*. Typically a number of individuals and organizations must be involved in any major economic development undertaking for it to be successful. The relatively small amounts of money available through LTAP provide a "nucleus" around which organizations come together for a common purpose. Another is *ignition of the process*, or overcoming inertia. Once LTAP gets the ball rolling, other activities follow.

The most common products of LTAP projects are feasibility studies, plans, capacity-building services, and conferences. These tangible deliverables are intermediate steps in economic development. They do not achieve, by themselves, the ultimate goals of creating better jobs, lowering unemployment, increasing incomes, and other traditional outcomes of economic development. Thus, the real impact of the typical LTAP project comes in the form of investments and actions taken *after* the LTAP project has been completed. For example, in Moss Landing, California, an LTAP project invested \$50,000 in a storm drain master plan because the community's economic development was stymied by serious problems of standing water. As a result of the LTAP project, the community's largest corporate neighbor is giving the community \$3.4 million to help fulfill the plan and fund community projects over the next thirty years. This is a dramatic example, but not an isolated one.



Conclusions to the Evaluation

Ten questions guided the evaluation. A synopsis of our conclusions is presented below.

1. Has the LTAP program influenced the design, implementation, or timing of local economic development projects?

Yes. LTAP projects, largely because they are for start-up activities, affect the timing and design of local economic development projects. For instance, an East Grand Forks, Minnesota, grant to develop a flood recovery strategy for the city enabled the community to begin planning to rebuild quickly after a flood in 1997 devastated the local economy. In Butler County, Kansas, a grant to develop a brownfield redevelopment feasibility study helped with economic development design by focusing on redevelopment of an old tank farm and development of a new transportation hub.

2. Has the program helped distressed communities undertake or eliminate specific economic development projects from their overall strategy?

Yes. A grant to the City of Grand Forks, North Dakota, enabled the community to undertake a marketing campaign explicitly designed to attract customers back to the commercial district after a flood. A grant to the City of South Bend, Indiana, for a feasibility study for an aquaculture project as a means to employ people who are leaving welfare was instrumental in the decision to cancel this possible project from the city's overall economic development strategy because it would not achieve the desired goal.

3. Has the program helped distressed communities build and expand local organizational economic development capacity?

Yes. Grant recipient responses and case studies indicate that organizational economic development capacity was expanded because of the LTAP project. Of the 47 surveys received, 27 respondents reported increased general capacity to provide economic development service as a direct result of the project and 13 respondents stated that the project helped the community build or expand local organizational capacity. Additionally, 24 respondents indicated that the project fostered new local economic development approaches, which could also expand organizational capacity. The case studies also showed this same benefit. For example, Brockton, Massachusetts, experienced a dramatic increase in its minority population and minority-owned businesses in the 1980s and 1990s. The grant to Old Colony Planning Council, an Economic Development District, to develop a minority business development program institutionalized local programs to assist minority-owned businesses after starting from scratch with the LTAP grant.



4. Has the program supported innovative economic development approaches and given local officials needed technical expertise?

Yes. For example, Moss Landing, California, used the LTAP grant to enlist engineers to design an environmentally sensitive way to deal with storm water by using the excess to create wetlands. Santa Cruz County, California, hired consultants from the entertainment industry to develop an attractive and informative approach to marketing tourism. Rhode Island worked with the state's hospitality industry to bring together displaced workers and employers seeking help in the tourism sector by partnering with unemployment offices, industry, and educational and training facilities.

5. To what extent have the projects and/or programs targeted distressed areas?

LTAP projects have targeted distressed areas, though the indicators of distress vary widely. For example, the state unemployment rate qualified Rhode Island as distressed. In New Mexico the anticipated loss of jobs in this defense-industry-dependent state justified targeting assistance to that area. The City of Augusta in Butler County, Kansas, was trying to get back on its feet after the oil company on which the town depended was shut down. Grand Forks, North Dakota, and East Grand Forks, Minnesota, were distressed areas after a 500-year flood took a large toll on their economies.

The average unemployment rate of the counties in which the projects were located was above the national average. The counties in the sample averaged 5.6 percent unemployment, but the national averages for 1997 and 1998 were 4.9 percent and 4.5 percent, respectively. Twenty percent of the counties in which LTAP projects were located had per capita incomes of less than half the national average. Average per capita income for all of the project areas was about eight percent lower than the national average.

6. Were projects completed in a timely and cost-effective fashion?

According to EDA records, only 10% of the LTAP projects in the sample had "project close dates" within the originally scheduled standard 1-year LTAP grant period. However, 72% of the projects were closed within 24 months. Although 25% of the projects were closed a year or more beyond the initial deadline, it should be noted that a project's product had to be delivered before the final payment and official project close date, so the project duration periods are overstated. LTAP projects are *cost-effective* in that they frequently leverage considerable post-project dollars from nonfederal sources. One of the reasons why LTAP projects are cost-effective may be the fact that the grant enables distressed communities to engage technical experts on a project basis—experts who would otherwise be unaffordable.

7. Were there common features that contributed to project success?

Yes. One of the common features that made LTAP projects successful, according to survey respondents, was *cooperation* with other partners in the community. The tourism employment project in Rhode Island began



yielding results before the project was complete because the grant recipient had developed a good working relationship with the industry association. Another success factor was the *talent* recipients hired through the grants. Over and over we heard that a particular LTAP project was successful because the recipient was able to hire “the right person at the right time” to give them the technical expertise, advice, or assistance that was needed. For example, East Grand Forks, Minnesota, credits an architect with expertise in developing plans for rebuilding urban centers after a disaster for their successful plan for redevelopment. Santa Cruz, California’s, project owed its unique approach to tourism marketing to a consultant from the entertainment industry with a track record in marketing major attractions. The minority business development program in Brockton, Massachusetts, got off the ground because of the drive, commitment, and energy of a particular individual who had a knack for eliciting clientele involvement when there had been no existing program.

- 8. Could specific outcomes be tracked back to the completed LTAP projects?** Yes. Community leaders in Moss Landing, California, are convinced that they would not have obtained the multimillion-dollar commitment from a large corporation in their community were it not for the written plan their project funded. In Butler County, Kansas, the environmental engineer employed by the private company that owns a brownfield used the LTAP feasibility study as the basis for his analysis of various options. In greater Grand Forks, North Dakota, a successful marketing program to draw customers back into the flood-ravaged retail areas of the community is directly the result of an LTAP project. In Albuquerque, New Mexico, but for the LTAP project, venture capitalists would not have funded particular technology start-ups. Also, the prudent decision not to start an aquaculture enterprise in South Bend, Indiana, is attributable to an LTAP feasibility study.
- 9. To the extent that LTAP projects were not successful, what features or conditions contributed to that situation?** Grant recipients identified a number of reasons why certain projects did not reach their potential or were not as successful as they might have been. One of these is failure to have a key community organization spearhead the project, because that group would have championed the project to completion. Some projects extended beyond the grant period due to a lag between the award date and the commencement date. For example, if the grant recipient had to hire a staff person to do the work on the project, it could take three or more months from the date of award until the project actually begins. Although, completion delay does not necessarily inhibit project success, timing in economic development projects can often be critical (e.g., jeopardizing agreements for leveraged dollars, interest rate changes, and other economic fluctuations). The purpose of LTAP projects



is generally to eliminate a barrier or create conditions that will lead to fulfillment of the ultimate goal of economic development. However, there is evidence from our survey and the case studies to suggest that a lack of follow-through keeps some LTAP projects from reaching the final goal.

10. Were there any unintended or unexpected outcomes of the projects that had broader impacts on the grantees? Yes.

For example, in Moss Landing, California, the project was designed for mitigating a stormwater problem, but their plan had the added environmental benefit of creating wetlands with the problem water. A common unexpected outcome of LTAP projects is that the grant recipient collaborates with a group with which it did not plan to partner in the beginning.

Recommendations

Based on our analysis, we offer the following recommendations for the LTAP program:

1. Allow recipients a longer period of time to complete LTAP projects, which is more realistic given the lag between the date of award and the length of time it has actually been taking projects to be completed.
2. EDA should attempt to streamline the award process to shorten the amount of time between when an application is submitted and when the grant is awarded.
3. EDA should judiciously apply the investment guidelines to LTAP, taking into account that LTAP projects are often the catalyst for longer-term economic development efforts.
4. Fund the projects at an average of \$35,000 to \$50,000 and avoid very small or very large projects.
5. Provide better tracking of projects awarded and not awarded (Program Review Committee [PRC] minutes were not readily available for analysis—some filed in individual project files instead of being compiled into a trackable list).



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Chapter 1 – Introduction

The Center for Policy Analysis & Public Service of Bowling Green State University (CPA&PS) was selected by the Economic Development Administration (EDA) to conduct an evaluation of the Local Technical Assistance Program (LTAP) for grants made during FY 1997 and FY 1998. This report documents that evaluation.

The mission of EDA is to “enhance community success in attracting private capital investment and lucrative job opportunities” (EDA 2002a). In line with those principles, LTAP is intended to help empower distressed communities to develop and implement their own economic and revitalization strategies.

Overview of the Program

The purpose of LTAP is to provide grant funding to help communities solve specific problems, respond to economic development opportunities, and build and expand local organizational capacity in distressed areas. The LTAP program expends approximately \$1.5 million per year in mostly small grants (in the \$25,000 to \$50,000 range) for the above economic development purposes. The average size of the typical grant in our sample was \$26,260. In addition, two projects of \$1 million each were funded under EDA’s Defense Adjustment Program. LTAP consists of grants awarded to public or private nonprofit national, state, area, district, or local organizations; public and private colleges and universities; Indian tribes; local governments; and state agencies. According to EDA, these grants are designed to help “fill knowledge and information gaps that may prevent leaders in the public and nonprofit sectors, especially those in distressed communities, from making optimal decisions on local economic development issues,” (EDA 2002b) and often consist of feasibility studies. EDA states in its 1999 annual report that the strength of the program lies “in its flexibility to support a broad range of activities to address local economic development needs and opportunities” (EDA 1999).

LTAP first appeared in the Catalog of Federal Domestic Assistance in 1969. The funding history of LTAP has remained relatively steady from 1994 to 1998 with an average grant size of \$25,200 for that period.



Recent History of Local Technical Assistance Program Funding

Table 1.1

Fiscal Year	LTAP Appropriation	Average LTAP Grant
1994	\$1,500,000	\$27,000
1995	\$1,500,000	\$24,000
1996	\$1,530,000	\$23,000
1997	\$1,638,000	\$27,000
1998	\$1,596,000	\$26,600

Source: EDA Web site at <http://www.osec.doc.gov/eda/html/locltech.htm>, and <http://www.aiea.ualr.edu/EDA/programs/edaplan6.html>.

LTAP was last evaluated in 1989. That evaluation concluded in part,

“The EDA TA [LTAP] program through the provision of a very small amount of grant funds, has been able to lay the seeds of some very innovative and potentially effective economic development projects throughout the U.S. While many of the projects did not reach their full potential because of factors which constrained their implementation, the few potential successes justify the failures (Mt. Auburn 1989).”

The purpose of this 2002 evaluation of LTAP is to identify common and variable features of representative projects, glean more detailed information about selected projects from site visits, evaluate the effectiveness of LTAP, and make recommendations, as needed, for improving the program.

Study Method – The research team took a three-pronged approach to study LTAP. The projects awarded in fiscal years 1997 and 1998 form the basis of this evaluation (see Appendix A for list of projects supplied by EDA). The research team examined 101 project files from 38 states and the District of Columbia. In addition, the study team reviewed policy documents relating to LTAP. The second approach involved a survey of the grant recipients for the prescribed period to learn more about the projects and recipient opinions (see survey in Appendix B).



The third approach was the use of case studies involving twelve site visits by the research team. The purpose of the site visits was to obtain detailed project information from people with personal experience on the projects, which would provide an overview of the effectiveness of the program and lead to potential recommendations for program improvement.

Plan of the Report

This report is organized in five chapters. Chapter 1 introduces the evaluation and includes an overview of LTAP, the purpose of the evaluation, the scope of the project, the study method, and the plan of the report. Chapter 2 presents the methodology used by research team. Chapter 3 presents our findings based on the project files, relevant policy documents, and the grant recipient survey. Chapter 4 identifies the common and variable features of the twelve selected case studies and presents the case studies themselves. Finally, the conclusions and recommendations are presented in Chapter 5. The chapter answers the evaluative questions asked by EDA and provides recommendations to EDA based on our interpretation of the findings and conclusions as they relate to the program's goals and purposes.



Chapter 2 – Methodology

In this chapter we present the methods the research team used to evaluate the LTAP program. We used three approaches to study the program: project file analysis, analysis of a mail survey to recipients, and focused case studies. This three-pronged approach provided the research team with the necessary analytical tools to answer the following evaluative questions posed by EDA:

- Has the program influenced the design, implementation, or timing of local economic development projects?
- Has the program helped distressed communities undertake or eliminate specific economic development projects from their overall strategy?
- Has the program helped distressed communities build and expand local organizational economic development capacity?
- Has the program supported innovative economic development approaches and/or given local officials needed technical expertise?
- To what extent have the projects and/or programs targeted distressed areas?
- Were projects completed in a timely and cost-effective fashion?
- Were there common features that contributed to project success or failure?
- Could specific outcomes be tracked back to the completed projects?

Each part of our three-pronged approach is described in the following sections.

EDA Data Analysis

EDA tracks LTAP projects from application to approval, award, and completion, and enters basic information (name of the applicant, amount of grant, key dates) into a database. This data set helped us develop a profile of LTAP projects. In addition to this management information data kept by EDA in Washington, the EDA regional offices maintain hard-copy files on each project. We requested a spreadsheet of the computerized information kept in Washington and obtained 101 project files from the EDA regional offices. We developed a data set for evaluation purposes based on EDA's tracking data and the hard-copy files, which included the following:

- Name of project
- Dollar amount of project
- Activity type
- Grant recipient
- Responsibility for implementation (e.g., local governments, Economic Development Districts, private/nonprofit non-governmental organizations)
- Grantee type
- Delivery performance (on time or late)
- Economic distress in project area
- Direct economic impact
- General impact
- Project status

We analyzed these data to provide an objective overview of the projects in the subpopulation EDA asked us to evaluate. One advantage of this approach is that it is unobtrusive, so the investigators are not (even unintentionally) influencing responses. These data already existed. The study team simply extracted this information and analyzed it. These data allowed us to quantify answers to such questions as the extent to which projects are delivered on time and, to the extent that they are late, to measure how late they are. These data also enabled us to analyze the recipients (by type) and location (urban, rural), and the dollar amount of grants. This data analysis consisted primarily of descriptive statistics such as frequency distributions and measures of central tendency (mean, median, and mode). In other words, we were able to generalize about how the projects were being implemented based on objective information contained in project records.

We also sought the minutes of regional PRC meetings to help us understand the rationale for selecting and rejecting projects. Unfortunately, they were not readily available from all regional offices. The records we were able to obtain were unrevealing. For example, one entry showed the denial of a project as noncompetitive, without explanation. Moreover, to use the small sample of meeting minutes we were able to obtain would not lead to representative findings.



Mail Survey of Recipients

The research team developed a written questionnaire and mailed it to the contact person listed for all 121 projects. These surveys probed responses about the following areas of interest:

- Characteristics of the community (urban or rural, economic distress)
- Evolution of the project (origination, phases of the project, grant amount, total cost, and additional sources of funding for the project)
- Characteristics of the project (purpose, impact, results, influence on economic development approach of the community)
- Effectiveness of the LTAP program (strengths and weaknesses of the project, unexpected results, whether the project would have been undertaken without LTAP, the LTAP experience, and suggestions to make LTAP more effective)

This survey provided us with information pertaining to the evaluative questions from the grant recipients' point of view. Also, it allowed us to obtain data that could not be obtained from the files.

Case Studies

The third approach was to conduct twelve on-site case studies. The purpose of the case studies was to help us answer specific evaluative questions about LTAP projects, because existing records did not contain the information we needed. Also, by focusing on a particular project and spending time with interviewees, we were able to obtain rich detail, nuances, and opinions about projects that could not be elicited in a survey. In addition, we were able to capture a number of different perspectives. Our interviews in the field included discussions with grant recipients, beneficiaries, and partners. By talking with these different LTAP actors, we were able to understand more about how the projects work; their outcomes, lessons, and challenges; and other issues.

The following questions were used as a guide with interviewees in the field:

1. How has your LTAP project influenced the design, implementation, or timing of other local economic development projects? Please give some specific examples.
2. Has the project helped your community undertake or eliminate specific economic development projects from its overall strategy? Can you give an example of a project that has been eliminated because of the LTAP project?
3. Has the project helped your community build and expand local organizational economic development capacity? How so? Please give details.
4. Has the project supported innovative economic development approaches and/or given local officials needed technical expertise? Please explain and give examples of innovative economic development approaches fostered by the LTAP project.
5. To what extent has the project been targeted to distressed areas in particular?
6. Were projects completed in a timely and cost-effective fashion? (To get at this question we looked at data from the files prior to the particular interview, and asked questions about project management and procedures to ascertain how they managed their time and project resources.)
7. To what extent did the project achieve its expected outcomes?
8. What features contributed to your LTAP project's success?
9. To the extent that your project was not successful, what features or conditions contributed to that situation?
10. Please identify specific larger, nonproject outcomes that can be tracked back to your completed LTAP project. In other words, "but for" the LTAP grant, could certain economic development outcomes have occurred?
11. Please give examples of unintended or unexpected outcomes of the project (either positive or negative). These could include social, economic, and environmental impacts.

Imbedded in these interview questions are the evaluative questions EDA asked us to answer in our evaluation.



We also asked recipients if they had any suggestions to make the LTAP program easier to work with, more effective, or better in other ways. We included their comments in our analysis. In addition, we discussed the recently developed investment guidelines EDA uses to award project funding. While these guidelines did not exist at the time these recipients were awarded their project funds, we sought insights into how to improve the program in the future by probing the extent to which past LTAP projects were already meeting these guidelines. The seven guidelines are shown below.

Figure 2.1

EDA Investment Policy Guidelines

- The proposed investments are market-based.
- The proposed investments are proactive in nature and scope.
- The proposed investments look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy.
- The proposed investments maximize the attraction of private sector investment and would not otherwise come to fruition absent EDA's investment.
- The proposed investments have a high probability of success
 - Level of local, state, and private matching funds.
 - High degree of commitment of local political "capital" by elected officials.
 - Commitment of human resources talent to project outcomes.
- The proposed investments result in an environment where high-skill, high-wage jobs are created.
- The proposed investments maximize return on taxpayer investment.

Effective Date: October 1, 2001

Source: http://www.osec.doc.gov/eda/html/1b1_misc_EDAInvest.htm

Analytical Frameworks

We used the “Logical Framework” (U.S. Agency for International Development 1972) shown in Fig. 2.2 to evaluate particular aspects of LTAP grants and to understand the role of LTAP projects in a broader scheme. The Logical Framework makes explicit the underlying assumptions on which program success is based. This enabled us to test the validity of the underlying assumptions of the projects. This analytical approach also uses objectively verifiable indicators to measure program success in converting inputs to goals. The components in the framework are Inputs→Outputs→Purpose→Goals. The basic approach is to delineate the inputs, outputs, and purposes of programs and to measure their impacts from beginning to end while testing underlying assumptions all along the way. This tool was also used for identifying unintended consequences (positive and negative) of projects.

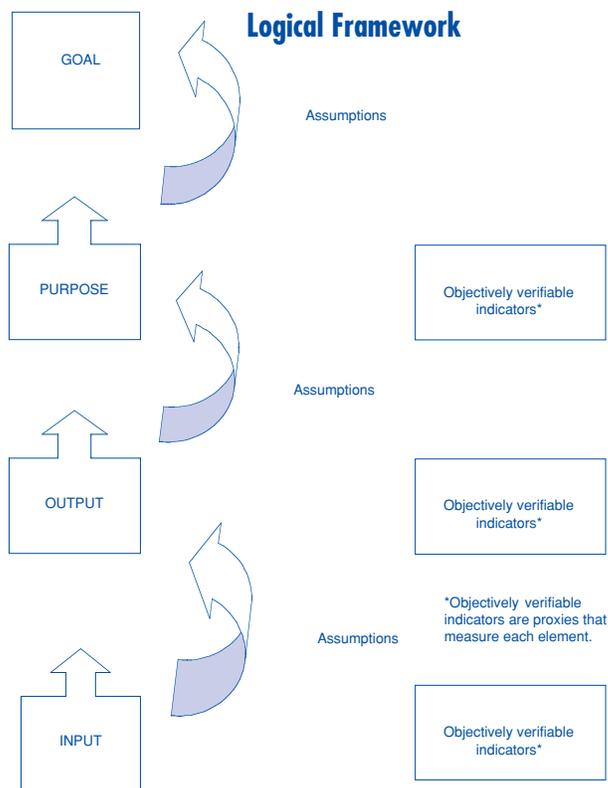


Figure 2.2

Source: Adapted from U.S. Agency for International Development, Evaluation Handbook, Washington DC: USAID, 1972.



The Capacity-Building Framework

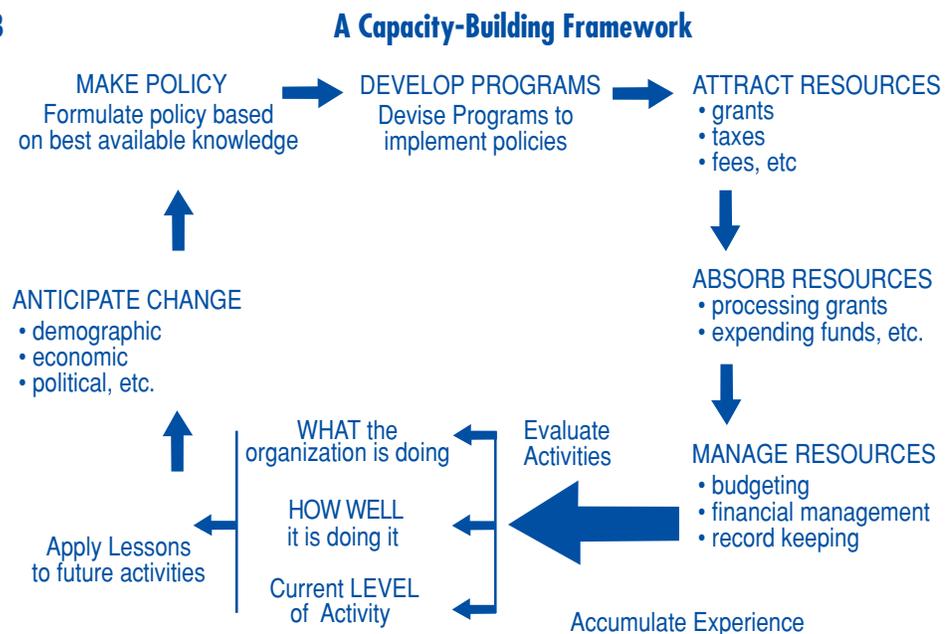
We also used a capacity-building framework (see Figure 2.3) developed by the Principal Investigator (Honadle 1981). This analytical tool depicts an entire public policy cycle, including the following:

- The societal need the policy is intended to address (e.g., economic distress)
- The development of policy (e.g., increased local ability to do economic development)
- The development of programs (e.g., LTAP)
- The attraction, management, and absorption of resources (e.g., grant dollars, information, time)
- The evaluation of project activities to guide future action

This framework poses three questions, which are relevant to the LTAP program:

- What is the program doing?
- How well is it doing it? (How effective is the program in achieving its objectives?)
- How much is it doing? (Is the level at which the program is operating appropriate?)

Figure 2.3



Source: Beth Walter Honadle, "A Capacity-Building Framework: A Search for concept and Purpose," *Public Administration Review*, Vol. 41 Sept./Oct. 1981, pp. 575–80

Summary

In short, the research team used a variety of approaches to obtain information about LTAP projects to help us answer specific evaluative questions posed by ourselves and EDA. Each of these approaches had strengths and limitations. For example, one limitation of surveys and case study interviews is the potential for recall bias. That is, in the years since these projects were completed, people may not recall information accurately or completely. There is also more potential for respondents to tell the researchers what they think the interviewer wants to hear. However, the subjectivity and potential for bias inherent in any survey or interview method has to be weighed against the gains to the study from the different perspectives and focused questions made possible by the latter two approaches. The relative strengths and limitations of the three approaches may be summarized as follows:

Strengths and Limitations of Research Approaches

	Records Analysis	Mail Survey	Case Studies
Strengths	<ul style="list-style-type: none"> ● Objective ● Already collected ● Unobtrusive 	<ul style="list-style-type: none"> ● Focus on evaluative questions ● Elicit opinions ● Capture recipients' perspective 	<ul style="list-style-type: none"> ● Most detailed picture of each case ● Includes multiple perspectives on projects ● Nuanced answers ● Permits follow-up questions
Limitations	<ul style="list-style-type: none"> ● PRC minutes and project file availability ● Data were not developed with evaluation in mind 	<ul style="list-style-type: none"> ● Subjective ● Respondent bias ● Perspective limited to respondent ● No opportunity for follow-up questions ● Recall bias 	<ul style="list-style-type: none"> ● Subjective ● Small sample size (only 10% of projects represented) ● Recall bias

Table 2.4

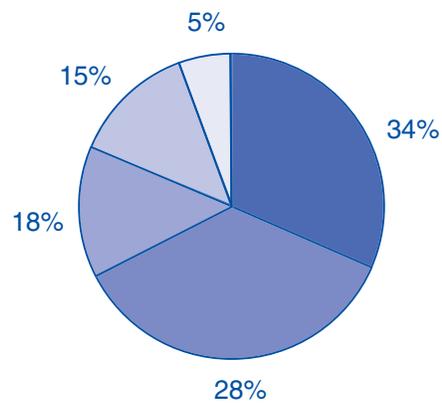


Chapter 3 – Findings - Projects and Survey

The research team assembled project data from a variety of sources. EDA provided us with project information from its central tracking system. We then augmented these data with information from the project case files and additional government sources such as The Census and Bureau of Labor Statistics.

The total amount of LTAP funding for projects in the sample was \$3,177,461. In addition, two projects of \$1 million each were funded under EDA's Defense Adjustment program. Excluding these unusually large dollar grants, the average amount of a "typical" grant was \$26,260 and the median was \$25,000 dollars. The maximum amount granted—again excluding the two \$1 million projects—was \$124,000 and the minimum was a \$982 project amendment award. The average EDA share of total project cost, according to EDA's tracking data, was 62% and the median was 72%.

The study group included a variety of grantee types. City and county governments accounted for the largest share of the grants, whereas state governments had the smallest.

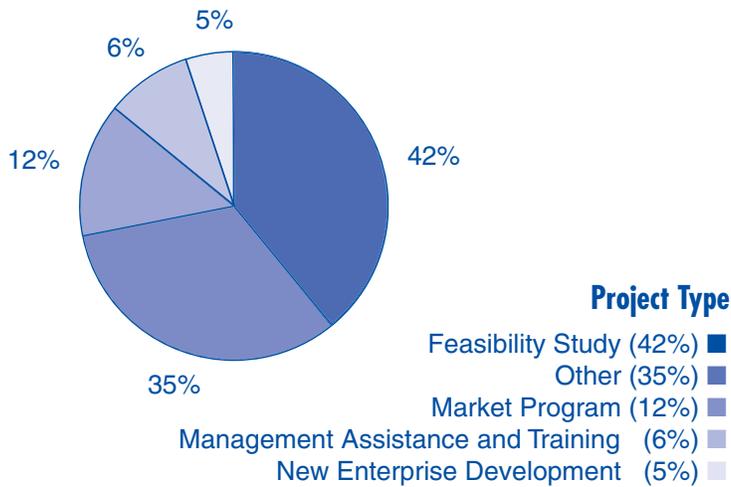


Grantee Type

- City or county government (34%)
- Economic Development District (28%)
- Private/nonprofit non-governmental organization (18%)
- University or Indian tribe/village (15%)
- State government (5%)

Feasibility studies accounted for 43% of the projects and marketing studies were another 12%. Feasibility studies show development potential of projects and in some cases help grantees eliminate projects from their economic development strategies.





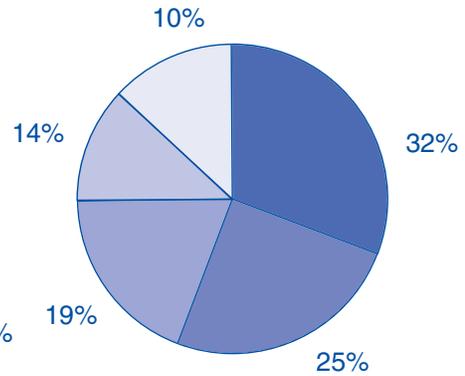
New enterprise development and management assistance accounted for 5% and 6%, respectively. Only two projects in the group used the funds for infrastructure development or export assistance.

Although current regulations regarding grant rate eligibility criteria (13 CFR 301.4) were not in place at the time of application for these projects, a retroactive look at the projects in relation to those criteria revealed noteworthy information. EDA's Project Summary and Approval records showed that twenty-four percent of the project localities had unemployment rates greater than 225% of the national average; a per-capita income of less than 50% of the national average was cited by 20% of the grantees; and sudden economic changes and out-migration were cited in 10% and 14% of the projects, respectively.



Economic Distress Factors of Project Area (as reported on Project Summary and Approval Forms)

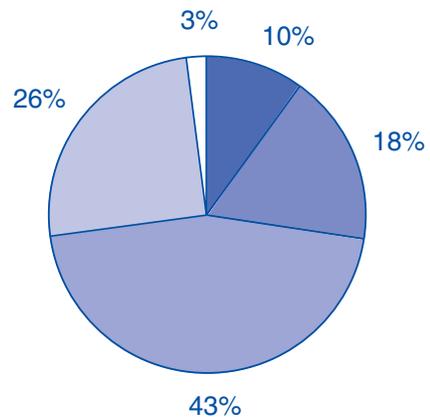
- Other (32%)
- Unemployment at least 225% of national average (25%)
- Per capita income no more than 50% of national average (19%)
- Sudden economic changes due to downsizing or loss of industry (14%)
- Out-migration (10%)



According to EDA's central tracking data, only 10% of the projects were completed by the initial deadline. However, 18% were completed within three months of the initial deadline and 43% were four months to one year late. Thus, 72% of the LTAP projects in the sample were completed within 24 months. Although about 25% of the projects were closed a year or more beyond the initial deadline, it should be noted that a projects product delivery date is likely to precede the final payment and official project close date, so the project duration periods may be overstated (EDA does not routinely track the product delivery dates of the projects).

Delivery Performance

- On Time (10%)
- 30 to 120 days late (18%)
- 121 days to 1 year (43%)
- 1 year or later (26%)
- Not Closed (3%)



County Economic Profiles of the Project Locations

The research team compiled county economic data for each project location to ascertain the extent to which the projects were targeted to areas of economic distress. The economic data came from a variety of sources including the Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis.¹ While an in-depth economic profile of the individual counties is beyond the scope of this work, we have highlighted a few common characteristics of the project counties to understand their economic environment at the time of the project.

Over half of the projects (55%) were conducted in rural communities and one quarter (25%) were in urban areas. One project had a statewide (Rhode Island) focus and the balance were in combined or transitional urban/rural areas.

The unemployment rates in the projects' counties (at the time of the award) ranged from a high of 15.2% to a low of 1.5%. The average unemployment rate of the sample was 5.6% while the national averages for 1997 and 1998 were 4.9% and 4.5%, respectively. The median county household income (\$34,444) of the project sample was 8% lower than the national average. Per capita income in the project areas was also about 8% lower than the national average. The sample counties experienced the same ten-year growth rate in per-capita income as the nation, with both growing at 4.5 percent. The project counties had a lower percent of minority firms, 12% versus 14% for the nation.

In sum, the projects were predominantly in rural counties that exhibited clear economic distress. As illustrated in the case study chapter, in many cases the immediate project locations had much higher levels of economic distress than the broader county level data show.

Mail Survey of Recipients

The research team developed a written questionnaire (see Appendix B) and mailed it to the contact person listed for each of the 121 projects in the 2-year group specified by EDA. The questionnaires were of an anonymous response design and provided the grantees

¹ County economic data were selected because of the inconsistencies and lack of availability of lower-level data. City or zip code data are often estimated and therefore not appropriate for cross-project comparisons.



an opportunity to explain their project design and offer suggestions for LTAP program changes. The survey's response rate was 40% of the completed projects in the sample representing 47 completed surveys.

When asked if the LTAP project helped undertake or eliminate specific economic development approaches, 53% of the recipients answered yes. Twenty-eight percent thought the project helped the community build or expand local organizational capacity. About half (51%) believed the project fostered a new economic development approach. When asked to identify the specific outcomes created by the project, 51% stated that the project created or retained jobs in their region. When asked if the project increased the general capacity to provide economic development service in their region, 57% stated it did. Nearly 70% stated that the project helped retain or attract new business to the region and 23% said the project would increase the efficiency of existing firms.

When questioned about the origination of the project, more than half said the idea for the project came from someone in their Economic Development District or a member of a private nonprofit agency. The remainder originated from someone in the federal, state, or city government. Forty-five percent of the respondents said that an Economic Development District was involved in the development of the project. In more than 80% of the cases, a government official (federal, state, or local) was involved. Seventeen percent involved someone from a university or college. Government agencies were involved in the implementation phase of 77% of the projects. Economic Development Districts were involved in 34% of the implementation phases. When asked if the project would have been undertaken without an LTAP grant, 81% said no.

When asked to describe the strengths of their project, most of the survey participants described how the project provided focus to the local development agencies:²

Strengths of Their Project

- “The ability to focus directly on economic development issues of the District”
- “Provided a firm basis to make economic development decision. Provided the basis for the future development of an industrial site.”

² Material in brackets indicate places where the CPA&PS authors edited the response only to replace details that might identify the respondent. Minimal corrective editing was applied elsewhere.



- “Identified projects that would work and demonstrated what had a low possibility of success and those investments were avoided.”
- “(1) Gave us the information we needed to determine feasibility; (2) Gave us the ‘ammunition’ to go after funding; (3) Gave outside ‘3rd-party’ credibility to the need for the incubator.”
- “Created roadmap plan to guide community through redevelopment process. Also identified targets for redevelopment and alternative uses for contaminated areas including community and economic activities.”
- “Really caused us to think about what economic development we really wanted.”
- “The EDA representatives who reviewed the grant and facilitated its implementation were extremely helpful. They understood the challenges the County faced and worked with county staff to overcome these challenges.”
- “The community’s ability to use the Master Plan to leverage considerable private-sector funds to implement the plan was a positive result of the project. Most businesses would not underwrite the planning phase of this project [however] having the document available [helped] facilitate...the securing of private funds.”

When asked to describe the weakness of their project, most cited financial factors. Many believed the grant amount was too small. Timing was also an issue in two senses (1) they cited a lag between the time of the application and approval (2) some believed that it was not realistic to complete the project within the one-year grant period. The respondents stated the following:

Weaknesses of Their Project

- “Not as detailed as I’d hoped – more detail was of course more expensive.”
- “The project was not spearheaded by one of the community organizations that would champion it to completion.”
- “The difficulty [our] county encountered with this project was ensuring that all funds were available at the same time. Because of different [funding] cycles, the County was forced to wait almost one year from the time LTAP funds were confirmed and the last of the [matching] grant funds were confirmed.”



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- “Lack of capital.”
 - “Grant funds limited in comparison to geographic service areas.”
 - “No full-time economic development staff person available to take [the] project [to the] next phase.”
 - “Lack of local coordination. This has improved significantly as a result of the project.”

The respondents were also asked to rate their overall experience with the LTAP program. They were asked to rank their satisfaction with the program on a scale of one to five, with five being the highest level of satisfaction. The vast majority of the respondents (85%) rated the experience a four or a five (28% selected four and 57% selected five), the highest possible on the survey scale. Only one respondent rated the program in the lowest category.

When asked to offer suggestions to improve the LTAP program, several respondents said that no changes were needed. The suggestions that were made include the following:

- “Increase funding levels”
- “Turnaround time from application to approval needs to be short.”
- “Lighten the paperwork.”
- “What else? More \$\$”
- “Generally, it would be very helpful if all federal grant programs (for economic development) used the same report formats. In this particular project the County received grants through the LTAP program, [and a variety of other federal programs.] [One program] only required the County to submit copies of all LTAP reports. [Another program] required separate forms and information for the same project and resulted inefficient use of staff, time, and resources.”
- “A quicker turnaround time from pre-application to grant award notice.”
- “Quicker turnaround from time of submission of proposal/ application.”
- “When LTAP funds are sought it is usually our response to some local emergency. Any reasonable means of expediting the review approval and release of funds for local use would be very beneficial.”



Overall, the survey showed the grant recipients were very satisfied with the program. When asked if they would apply for another LTAP grant, 89% said they would.

Summary and Conclusions

Fifty-three percent of the survey respondents reported that the LTAP program has helped them undertake or eliminate specific approaches from their overall economic development strategies. Twenty-eight percent thought the project helped the community build or expand local organizational capacity. About half (51%) believed the project fostered a new economic development approach.

To qualify for the program, applicants must be able to demonstrate some measure of distress. Our study found that LTAP projects are targeted to distressed areas. The counties in which LTAP projects were awarded had higher unemployment rates and lower median incomes than the national average. Twenty-four percent of the specific project areas qualified as “distressed” by having an unemployment rate greater than 225% of the national average. A per capita income of less than 50% of the national average was cited by 20% of the grantees to qualify as distressed. Sudden economic changes and out-migration were cited in 10% and 14% of the cases, respectively.

Our research attempted to study the timeliness of the projects by reviewing EDA tracking data on completion dates. Only 10% of the projects were completed by the initial deadline. However, 18% were completed within three months of the initial deadline and 44% were three months to one year late. Thus, 72% of the LTAP projects in the sample were completed within one year of the initial deadline. Project completion is often delayed by a time lag between award and start-up.

Successful projects exhibited high levels of cooperation, helped build the capacity of local economic development organizations, and helped coordinate future economic development. Some of the weaknesses of projects were a lack of coordination, lack of a single entity to spearhead the project, and lack of a full-time staff person available to take the project to the next phase.



The nature of the LTAP program makes it difficult, if not impossible, to trace specific economic development outcomes back to the project. For example, a typical LTAP project is a feasibility study, which may or may not lead to the direct creation of jobs or income. Similarly, an LTAP project may enhance the organizational capacity of economic development bodies, but this does not directly translate to economic development outcomes. As another example, some LTAP programs funded training seminars which again did not lead directly to economic development impacts.

However, grant recipients did cite such benefits of their LTAP projects as job creation, job retention, increased general capacity to provide economic development service, retention or attraction of businesses, and increased efficiency of existing firms. How the LTAP program contributes to these benefits is the subject of the case-study chapter.



Chapter 4 – Findings - Case Studies

This chapter presents twelve case studies of LTAP projects. The purpose of conducting the case studies was to gain a deeper, more detailed understanding of the LTAP program through close analysis of a sample of projects. This approach allowed us to examine how the program works and the role that LTAP-funded projects play in economic development.

The Sample

The case study sample represents approximately ten percent of the projects funded in fiscal years 1997 and 1998. To achieve a broad geographical distribution we selected two case studies per EDA region (regional offices are located in Atlanta, Austin, Chicago, Denver, Philadelphia, and Seattle). Figure 4.1 shows the locations of the twelve case-study sites. We also sought a mix of projects by size of grant, with grants ranging from \$25,000 to \$1 million. Excluding the million-dollar grant, the average size of the grants in our case-study sample is \$29,252, which makes this a fairly representative sample. In addition, we chose various types of LTAP projects, including projects for planning, feasibility studies, and training. The grant recipients were also diverse: states, a nonprofit corporation, Economic Development Districts, a city, and counties. The sample also has a mix of rural and urban projects. Finally, practical considerations also influenced the selection of case-study sites, including proximity to major airports and willingness of local contacts to host a site visit. In some cases, the project contact had retired or taken another job upon completion of the project, so no informants were available for interview. Table 4.2 summarizes the twelve case studies.

Map of Case Studies

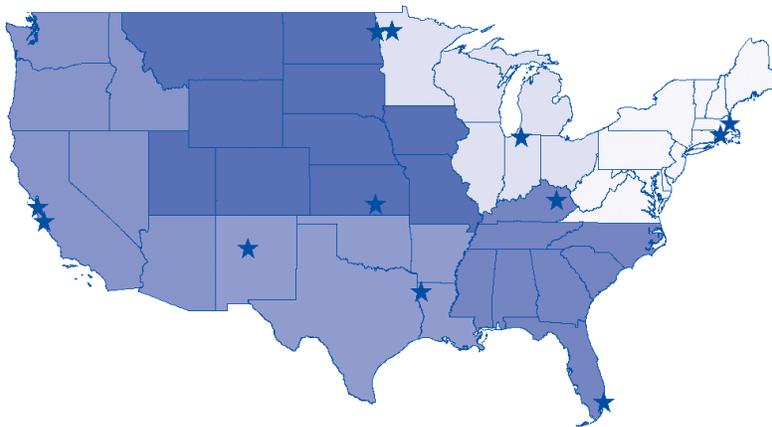


Figure 4.1



Table 4.2 - Case Study Summary

Project Location	Responsibility for Project	EDA Project Title	Region	Grant Amount	Purpose
Albuquerque, NM	Technology Venture Corporation	Defense Technology Commercialization	Austin	\$1 million	Promote commercial business opportunity for defense-dependant enterprises through private investment in potential new business start-ups
Brockton, MA	Old Colony Planning Council	Minority Business Assistance	Philadelphia	\$25,000	Assist minority-owned businesses with technical assistance, identification of opportunities and resources, communication, and improvement of financial ability
Butler County, KS	Butler County Economic Development Board	Brownfield Feasibility Study	Denver	\$25,000	Develop a guide other communities can use to renovate brownfields based on the Butler County case
East Grand Forks, MN	City of East Grand Forks, MN	Develop a Comprehensive Long-Term Flood Recovery Strategy for the City	Chicago	\$35,000	To help the City recover from the Red River flood of 1997



Table 4.2 - Case Study Summary - Continued

Project Location	Responsibility for Project	EDA Project Title	Region	Grant Amount	Purpose
Grand Forks, ND	City of Grand Forks, ND	Rebuilding Image of Grand Forks	Denver	\$39,774	To develop a marketing plan to attract customers back to the retail district after the Red River flood of 1997
Hollywood, FL	South Florida RPC	Brownfields Urban Revitalization & Environmental Restoration	Atlanta	\$24,000	Support ongoing activities related to brownfield redevelopment and the revitalization of <i>Eastward Ho!</i> corridor
Menifee Co., KY	Gateway Area Development District	Feasibility Study: Water Treatment Plant	Atlanta	\$24,000	To determine the most cost-effective solution to the area's water shortage problem
Moss Landing, CA	County of Monterey, CA	Update Infrastructure Master Plan in Moss Landing	Seattle	\$50,000	To develop a plan to bring roads and streets up to code and to drain storm water properly
Providence, RI	Rhode Island Economic Development Corporation	Hospitality Training	Philadelphia	\$25,000	Launch a tourism work force development plan to help offset unemployment by shifting resources to the tourism industry



Table 4.2 - Case Study Summary - Continued

Project Location	Responsibility for Project	EDA Project Title	Region	Grant Amount	Purpose
Santa Cruz, CA	County of Santa Cruz, CA	Feasibility and Site Analysis for the Proposed Marine Discovery Center in Santa Cruz County	Seattle	\$25,000	Feasibility and siting study for a visitor center for Monterey Bay Marine Sanctuary
Shreveport, LA	Caddo Bossier Parish Port Authority	Strategic Plan to Evaluate Port Dev; Determine Financial Capabilities; Explore Target Market; Examine Optional Use	Austin	\$25,000	To update the port's strategic master plan
South Bend, IN	Workforce Development Services of Northern Indiana (WDS)	Urban Aquaculture Feasibility Study	Chicago	\$24,000	A feasibility study that explored the establishment of an indoor aquaculture facility in South Bend intended to create stable employment opportunities in their Urban Enterprise Zone for its welfare-to-work clients



The purpose of the case studies was to gain information from LTAP projects to help us answer evaluative questions about the program. The following are vignettes based on field visits across the United States over a six-month period in 2002. They provide a variety of views of the program from a local perspective. We will draw conclusions about the program based on the experiences reported in these cases.

Albuquerque, New Mexico: Growing New Businesses¹

The “Defense Technology Commercialization Project” (DTCP) \$1 million LTAP grant represents an EDA investment that is focused on the future and anticipates changes in the local and regional economy in order to avert a problem.² It is geared toward attracting private capital investment in an economy that was heavily government-dependent.

New Mexico has been among the states hardest hit by Department of Defense cutbacks in recent years, as it was ranked number one in defense spending in the Austin EDA Region. Technology Ventures Corporation (TVC) was incorporated by Martin Marietta in 1993. It was chartered as a nonprofit corporation to create jobs by attracting equity investment to commercial technology start-ups in the region. TVC does not take fees or invest in companies it tries to create. Its three-part mission is to

- facilitate technology commercialization in the region;
- assist in the creation, expansion, retention, and relocation of technology-based business; and
- attract private equity investment money and provide management and business assistance to technology-based companies.

¹ This vignette is based on a variety of sources, including EDA files, project reports, and interviews conducted by Beth Walter Honadle on April 9, 2002, at Technology Ventures Corporation in Albuquerque, NM, with George Friberg, Director, Project Development & Business Assistance, and Randall B. Wilson, Director, Business Operations at Technology Ventures Corporation; Leland Traylor, President and CEO, Pumping Solutions Incorporated; and Jim L. Novak, Business Development, Innovaq.

² This was a \$1 million LTAP grant, however, only \$500K was for TVC (to serve New Mexico). The other \$500K went to the Texas Engineering Extension Service (to serve Texas, Oklahoma, Arkansas, and Louisiana). TVC did act as the fiscal agent for the entire \$1 million.



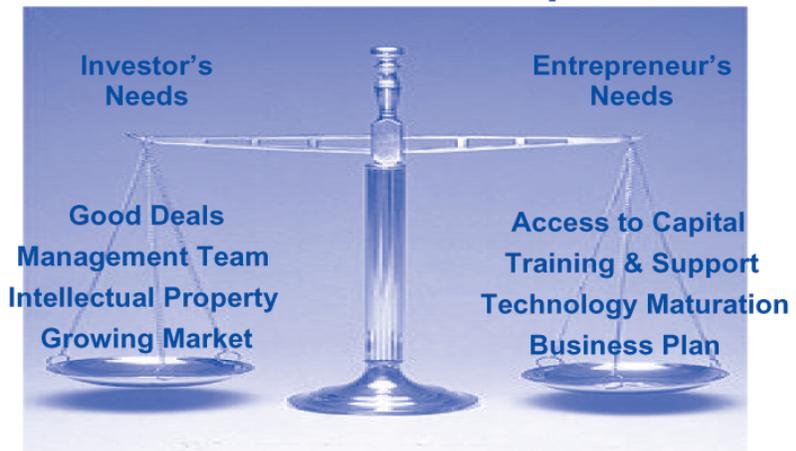
TVC's three-part process is identifying the technology and entrepreneur, developing the business case around technologies, and finding the investors. TVC has secured investments ranging from \$250,000 to \$301 million, with most in the \$2–5 million range.

TVC sees its role as balancing the needs of its two customers, entrepreneurs and investors. Fig. 4.3 below depicts the two sides of this balancing act.



The Scales of Development

Figure 4.3



Provided by Technology Ventures Corporation, Inc., Albuquerque, New Mexico



TVC provides its services both in one-on-one settings and in groups. TVC's educational seminars teach entrepreneurs such things as how to write a business plan and how to develop their financials. This training creates an advantage for both of their customers; it prepares the entrepreneur so that investors know that when they look at a business plan from one of TVC's clients, it is well thought out. TVC's training for entrepreneurs, in the words of the company's officers, gives entrepreneurs "new vehicles to find money." TVC's track record is impressive: 31 out of 95 companies that have submitted their business plans at their annual equity capital symposia have been funded, compared to the usual rate of approximately 1 in 1,000. From 1993 to 2001, TVC claims to have helped create 5,003 jobs (directly and indirectly), 46 new companies, 29 business expansions, 4 business relocations, and \$306 million in outside funding commitments. Of the 46 companies started, 38 are still going concerns, so the failure rate is well below industry norms. The core funding for TVC still comes from Lockheed Martin Corporation.

This project has influenced other economic development projects at the state level in New Mexico. TVC was influential in the development of legislation to get the state to invest in resident venture capital firms. As a result, state funds are invested in New Mexico businesses. In addition, TVC is a clearinghouse for state technology-based economic development issues.

This project has also helped the local community of Albuquerque eliminate specific economic development projects from its overall strategy. That is, the City of Albuquerque's economic development arm has relied heavily on TVC for technology start-ups. Through TVC, the city and (to a lesser degree) the state have added to their overall strategies the ability to develop quality business plans and facilitate introductions of entrepreneurs to venture capitalists. Additionally, the city and state have moved toward doing more marketing.

The Defense Technology Commercialization Project has helped build local organizational economic development capacity by changing the focus of economic development. The results of TVC's activities have been well publicized, which has stimulated some imitation of their efforts. In addition, the project supported an innovative economic development approach. It was innovative because TVC is a nonprofit organization that does not charge a fee for its services or take equity positions in the companies it helps start. The project also gave state policymakers needed technical expertise in the area of venture capital funding that TVC provides.



While this project was not particularly targeted to distressed areas, it was targeted to a potentially distressed community because of it being Defense-dependent. The goal here was to create a more diverse economy and create private-sector jobs not dependent on Defense.

Some of the features that contributed to this project's success were (1) the fact that TVC is a nonprofit organization that accepts no fees and takes no equity position in the companies with which it works; (2) that it receives core funding from a major corporation (Lockheed Martin); (3) the structure of TVC with project managers; and (4) TVC's ability to generate quality deals and attract investors.

In this case, one shortfall of the project was that a one-year duration was not long enough. A year is too short a time to bring a company through the business maturation process. According to TVC's managers, the business maturation process is at least two years. TVC existed prior to the infusion of LTAP funding. The LTAP funding made a difference, because, without it, defense dependent start-up companies would have been underserved because of the lack of staff. It is safe to say, however, that what TVC does with LTAP funding appears indistinguishable from the mission it was carrying out without the EDA grant to serve defense-dependent businesses. The grant just enabled TVC to do more because it gave them additional resources.

Leland Traylor, a mechanical engineer, is president and CEO of PSI Pumps. He is on leave from Sandia Labs. He has invented a new type submersible pump to pump both oil and gas efficiently and environmentally responsibly. He held a patent and had previously started a few companies and needed financing. Traylor went to TVC to put together a business plan and present his idea at the TVC Equity Capital symposium. From Traylor's perspective, TVC contributed to his business development in several ways. First, TVC brought to the table their vast networking contacts. Second, most laboratory scientists and engineers are non-business people and TVC connects them with appropriate resources to get them "financeable" with sound business practices. Third, TVC does some filtering of people for entrepreneurs to work with and shows the entrepreneurs what a good deal looks like. Traylor and PSI were funded a couple of months after the symposium by individual "angel" investors. However, Traylor thought TVC might take a look at a more incremental approach. According to Traylor, TVC takes a large venture-capital approach. Traylor went for "base hits rather than home runs" that institutional venture funding looks for. He has to raise money several more times with his approach, but it has worked well for him.



The second entrepreneur with whom we spoke was Jim L. Novak, an electrical engineer who started SenSolve. He had been a scientist at Sandia for nine years. He'd recently earned an MBA, which broadened his perspectives. He finished a business plan in 1996 at the end of his MBA. At about that time he became a TVC client. He had been involved in the technology development at Sandia, and TVC helped him get a license to the technology for SenSolve from Sandia, which held the patent. This entrepreneur was building the business out of his garage for two years. In 1999 he presented his business idea at the TVC equity capital symposium, which resulted in his closing on an \$800,000 venture capital deal with one investing company. From Mr. Novak's perspective, TVC provides two things of value: specialization and no cost to the entrepreneur. Because of their no cost and high quality, according to Mr. Novak, TVC's success rate is high. Unfortunately for Mr. Novak, his company was the victim of bad timing. It made parts that went into large robotic manufacturing cells and the demand for his product was depressed at the time he was starting his company.

To summarize, TVC had been in existence well before the LTAP project grant. The LTAP grant basically enabled TVC to do more of what it had been doing—bringing entrepreneurs and venture capitalists together. This was a proactive project in that it anticipated difficult economic times in New Mexico because of its heavy dependence on the Defense industry. Thus, TVC's goal was to commercialize defense-related technology in order to create more private-sector jobs. By several measures (e.g., businesses started, venture capital investments, jobs created), TVC's approach appears to have been quite successful.

Brockton, Massachusetts: Starting a Minority Business Development Program³

Brockton, Massachusetts, is located just south of Boston in Plymouth County. From the Civil War to just after World War II, Brockton was a major supplier of shoes to the world. In 1929, almost 30,000 people were employed in that industry. In recent times, the city has seen a deterioration of its infrastructure; the area has suffered economic distress

³ This vignette is based on a variety of sources, including EDA files, project reports, and interviews conducted by Beth Walter Honadle on June 5, 2002, at Old Colony Planning Council, Brockton, MA, with Pasquale (Pat) Ciaramella, Executive Director, OCPC; Daniel M. Crane, Executive Director Emeritus, OCPA; Bruce G. Hughes, Economic Development Specialist, OCPC; Jason Wheeler, now with Plaza Pharmacy, formerly manager of Small Business Programs at Brockton 21st Century Corporation; and Michael J. Mattos, Economic Development Planner, Brockton 21st Century Corporation.



in the face of global competition. Today, the only remnants of this once dominant shoe industry are a producer of golf shoes and some shoe parts producers.

In the mid-1990s, local leaders noted an increasing minority population in Brockton and the surrounding area. As the socioeconomic composition of the area changed, there were a growing number of minority-owned businesses that needed assistance. The Economic Development District, Old Colony Planning Council (OCPC), thought it needed to provide assistance to this segment of the business community, especially in Brockton (pop. 100,000) and Stoughton (pop. 30,000).

Minority businesses faced a number of obstacles that a focused program of assistance could address:

- A sense of isolation (many of the businesses were operated out of people's homes)
- A lack of access to capital (these businesses did not fit the standard loan profile making it more difficult for them to obtain financing)
- A lack of access to technical assistance, especially "after hours"
- A lack of marketing expertise

Many of these obstacles are common to small businesses that are trying to get started, but these problems were exacerbated by language and cultural barriers.

OCPC submitted an application in 1996 to EDA to provide technical assistance to the minority business community. This application was not funded. The organization submitted another application in fiscal year 1997. This time OCPC's LTAP proposal was funded.

OCPC specifically wanted to hire a minority person to administer the program and advertised the position in minority newspapers until they found a suitable candidate. They hired Monica Barrows, described as an Hispanic single mother who was studying business.

Ms. Barrows, whose position was funded by the grant, started the program from scratch. One of the first things she did was compile an inventory of names and addresses of the minority business community, which resulted in a minority business group called the "Minority Small Business Organization."

At the conclusion of this \$25,000 project, the Brockton 21st Century Corporation assumed responsibility for the program and it continues to the present time under the leadership of a "Small Business Specialist." (The 21st Century Fund is a public-private partnership with a combination



of money that comes from city bonds and a private, family charity.) The Minority Business Development Council, an active group of minority-owned businesses who network with each other and provide mutual support and receive services as a group, is part of the 21st Century Fund's ongoing minority business development program.

This project influenced the design, implementation, and timing of local economic development. The whole idea of the grant was to be a catalyst for minority-owned small businesses. Today the majority of businesses on Main Street are minority owned. Barrows was a clearinghouse for these small businesses to SCORE (Service Corps of Retired Executives), advertising services, and the like. She was also a conduit between these businesses and the City (e.g., helping them make their way through the permitting process) to get them up and running.

The project also helped the community undertake specific economic development activities as part of its overall economic development strategy. Specifically, OCPC had long wanted to have its own business loan program. By Barrows identifying and coordinating minority-owned businesses, SEED (Southeastern Economic Development Corporation), an existing loan program, was willing to come into the area. The city contributed funds to the loan pool. Thus, the establishment of a loan program is an example of the addition of a component to the locality's overall economic development strategy because of the LTAP project.

In addition, the project helped the community build and expand local organizational economic development capacity. A good example is that the local Chamber of Commerce and OCPC started a Business Information Center, or BIC. The BIC has a library, computer access, and other resources to aid small businesses in the community.

This project has supported innovative economic development approaches and given local officials needed technical expertise. It has also demonstrated a need for special outreach to the minority community. This kind of targeted outreach had not been done in the Brockton area prior to the LTAP project. In fact, the minority community had initially been suspicious about business assistance programs, but they accepted the approach of forming a group of them. This project established a core group of minority businesses and also opened up opportunities for minority groups to participate in other programs by creating a mailing list.

This project targeted a particularly distressed area. The project was focused on the lowest income and highest level of distress in the region, which occur in the core of the city of Brockton. The center strip of Brockton and part of Stoughton were "Economic Target Areas" (a state designation) for tax increment financing and other programs.



The project was not completed by the original deadline. OCPC asked EDA for a six-month extension, and EDA granted it. The reason for the project being behind schedule had to do with timing. OCPC received its notice to proceed on the project in the summer. Since they wanted to hire students to work on the project, this was not a good time to advertise for the position. The project's managers thought that an eighteen-month window would be ideal because it would give the grant recipient time to hire staff to implement the project.

From the grant recipient's perspective, the project achieved or exceeded all expected outcomes. The project resulted in the establishment of a minority business enterprise program in the city. It also produced a sustained effort because the City of Brockton assumed the program after the EDA funding ended.

Those involved in the project credit several features for its success. First, the project enjoyed broad-based community support, including involvement of OCPC, the Chamber of Commerce, the Brockton 21st Century Corporation, the Brockton mayor's economic development advisors, the Private Industry Council, and the Workforce Investment Board. Second, the individual hired to implement the program, Monica Barrows, was seen as the right person at the right time. She brought a great deal of energy and enthusiasm to the position. Being a member of the minority community herself may have helped gain her acceptance when she (literally) went door to door seeking participation by minority businesses. Jason Wheeler, an African-American man with business acumen and more of a business background than Barrows, succeeded Ms. Barrows and took the program to the next level.

The project would have been more successful had it received more funding. With additional financial resources, the grantee would have been able to also employ a staff person and engage consultants, and thus provide more support for the minority business development specialist. Even though there were no project resources to provide refreshments for the events sponsored by the project, the staff was able to obtain donations of food and beverages for this purpose. A challenge for the project, as mentioned earlier, was the small window of time within which the project had to be implemented. Lengthening the time allowed for completion, in recognition of the necessity to recruit and hire a qualified person to run the project, might be more realistic. Perhaps the greatest challenge the project faced was the difficulty of getting minority businesses involved, given their initial skepticism and suspicion. The project literally started from nothing and created a program that continues to provide services to the minority business community around Brockton.



There are specific outcomes that can be tracked back to the completed LTAP project. One of these is the existence of the minority business specialist position at the Brockton 21st Century Corporation, which has been held by two people since Monica Barrows was hired under the grant on a temporary basis. Second, the project created the community's first minority business inventory, which was an essential first step in delivering services to the target group. Third, the project led to the loan program for minority businesses, the Brockton loan pool of SEED. Also, the small business specialist at the 21st Century Corporation, himself a member of the minority community, served on several loan committees. Fourth, there are many more opportunities now for informal networking and education for the minority business community, such as "Talking Shop," a networking opportunity after hours in which participants are encouraged to bring their business cards and interact with other business people. Sometimes the gatherings have an educational program on a topic, such as how to open a restaurant, licensing, business plans, advertising, and how to obtain financing, but often it is simply to facilitate interaction among the businesses.

The project did result in unintended or unexpected outcomes. For example, the minority community is much more involved in local politics than before the project and some of this involvement is believed by local people to have been an outgrowth of the activity stimulated by the project. One indicator of greater minority involvement in the community is that Brockton has its first minority elected official. The program helped the minority community develop a sense of identity (in part by creating the list of minority small businesses). Also, interaction between minority groups, such as the Cape Verdean Association and the South Shore Haitians United for Progress, helped these groups provide better services to the communities they represent.



From left, Thomas F. Lyons, CEO of BankBoston's south region and event co-sponsor, Ellen Milligan-Sexton of BankBoston, Monica Barrows, Minority Business Specialist, Old Colony Planning Council, Daniel M. Crane, Executive Director of the Old Colony Planning Council and Robert Jenkins of Brockton Community Corp. pose at the first City of Brockton, MA Minority Business Networking Dinner held in February, 1998. Photo by Dick Fallon, "The Enterprise" (local newspaper).



Butler County, Kansas: Providing a Vision for Brownfield Redevelopment⁴

Until 1915, Augusta, Kansas, was a farming and ranching community. In that year, however, oil was discovered in the area and Augusta was transformed into a boomtown. An oil refinery was built and by 1918 was processing almost 28 million barrels of crude oil a year (Kansas State Library 2002). The Mobil Oil Company purchased the facility in 1939 and operated the refinery until 1983 when Mobil closed it and sold the pipeline and tank farm to the Williams Pipeline Company.

The old Mobil refinery brownfield site remains an environmental hazard and limits the economic growth of the city by taking up nearly 300 acres of land two blocks from downtown Augusta. The purpose of the LTAP project was to write a report detailing the cleanup and redevelopment of the Mobil refinery site. This report evolved (with the encouragement of the EDA local representative) from being exclusively a case study about the Augusta brownfield site into a “how-to” guide for general use in communities facing similar problems.

The project originated with Jim Michael, a consultant with expertise in brownfield redevelopment, who was a relative newcomer to the area. He believed that a lack of knowledge about brownfields was an obstacle to cleaning them up for redevelopment, so he suggested writing a report on the subject with the Mobil Refinery site as an example. This concept was brought to the Butler County Economic Development Board (BCED) and the project was born.⁵

The LTAP-funded report, *From Brownfield Burden to Community Pride: A Layperson’s Guide to Reclaiming Brownfields in Kansas Communities*, contained two major parts, the “how-to” guide and the application of that guide to the Augusta Case. The first part of the report is concerned with defining a brownfield and ensuring that the definition is understandable by the layman. The report then leads to methods and sources from which to secure funding from local, state, and federal sources. The next chapters were dedicated to the cleanup process, pertinent laws, pollution abatement

⁴ This vignette is based on a variety of sources, including EDA files, project reports, Web sites with historical background data on the community, and interviews conducted by Beth Walter Honadle on February 7, 2002, with Larry Powell, Executive Director, Butler County Economic Development; Jim E. Michael (consultant who wrote the study report), Land Service, Inc.; Betty A. Corbin (Chair of the Butler County Economic Development Board at the time of the project), Manager, Corbin Investments, Inc.; and Glen Thompson, Project Manager for Environmental Services, Williams Energy Service.

⁵ Butler County Economic Development Board at the time of the project, Manager, Corbin Investments, Inc.; and Glen Thompson, Project Manager for Environmental Services, Williams Energy Service.



plans, landowner liability, and voluntary cleanups. The second part of the report applies all of the above to the Augusta refinery and is presented in a series of steps detailing how to undertake each action.

The report helped the BCED plot a strategy for Augusta and laid a foundation for communication between the community and the company. Glen Thompson, an environmental engineer employed by Williams as a project manager for environmental services, reviewed and analyzed the proposed redevelopment project. He used a decision analysis process which entailed a statistical approach to an evaluation of possible outcomes. His analysis went through alternative scenarios for redevelopment of the brownfield, including selling the liability as it is now, selling the property to a developer as opposed to Butler County, and remediating the site to the property line and fencing it off. In other words, his study took the information contained in the LTAP-funded report and applied it to an analysis of whether it could be done and whether it would be economical to do so. Thompson concurred with the conclusion that this was a feasible economic development opportunity because the type of business use (a mixed-use business park) lowered the level of cleanup needed.

At the time of the LTAP study, the future of the refinery site was uncertain. However, the project had several impacts. First, it formed the basis for dialogue about what to do about the site. It has helped state and federal environmental protection units reach a consensus about who bears responsibility for what aspects of cleanup (above ground and below). Discussions between the community and Williams Pipeline continue. Second, the report has been widely distributed to other communities who have requested it, so it has been a source of technical assistance outside of the immediate Augusta area. To date, 200 copies of the report and 100 executive summaries have been distributed. Third, Williams has spent over \$2 million since 1998 on cleanup of the site. Williams would have had to clean the site up in any case. However, the study demonstrated to Williams and regulatory agencies a visionary concept for how the site can be utilized. This future utilization vision set the standard for cleanup activities. If all parties adopt a common vision, it would eliminate the need to clean the site up to a level comparable to a school site.

The report has influenced the design of local economic development projects by focusing on one alternative, the redevelopment of the property. It also helped eliminate other options from the overall strategy for economic development of the area; had the report not been done, the company would have probably left the land idle and abandoned the site, leaving the land contaminated and letting nature reclaim the site. The cleanup activities that would have taken decades is now compressed to a few short years.



The project was instrumental in building local organizational economic development capacity. Specifically, a Community Resource Team (CRT) was created at the time the project started. This group had a 5-member board, met monthly, and included local businesses, banks, and governmental entities. It helped to foster community buy-in at a time when it was needed to support the redevelopment effort. The CRT brought parties together, including local people from Augusta who had not been involved prior to the project in discussions about the site. It was important to have the city's involvement because the city has water, sewer, electrical power, and fire protection, which would be helpful in the development of the site as a business park. Although the site is outside the city limits, it might be possible to have contractual agreements for the city to deliver services to the site.

This LTAP project was targeted to a distressed area. When the oil refinery closed, unemployment soared to around 18 percent. Since then, many people have found jobs in Wichita, but the community itself is still lacking the prosperity it had. From a psychological standpoint, Augusta had been a "Mobil" town. When the plant shut down, the local people did not know how to recoup their image. Eliminating the tank farm and redeveloping it to productive uses was intended to relieve the distress and deterioration of the community that occurred when the plant closed.

The project has not achieved its ultimate goal of brownfield cleanup and redevelopment of the site. One reason for this setback was a flood in October 1998 of the Whitewater and the Walnut Rivers, which converge south of the city. This flood exposed the site to movement of pollutants on the surface and possible contamination of the sampling wells. Thus, all data had to be reconfirmed and all wells had to be pumped dry and checked for surface or known contaminants. Further, since the flood redirected local energy into home protection and business rehabilitation due to flood damage, less emphasis was placed on the brownfield redevelopment activities. In addition, some of the flooding occurred as a result of a breach of a dike on the brownfield site. Controversy has arisen over the issue of rebuilding the dike and to what level of flood protection, which has some impacts on how the site will eventually be developed and how much money Williams and the community will put into on the flood-control structure.

The extent to which the project has been successful is largely attributable to the CRT and getting as many stakeholders as possible involved. As the chair of the BCED at the time of the project, Betty Corbin, said, "If you don't have grassroots, you don't have anything," referring to the need for broad-based community involvement. Another



key to the success of this project was the availability locally of a consultant who possessed a wealth of knowledge on the topic of brownfield redevelopment. The resistance or opposition that had existed prior to the report stemmed from a lack of knowledge or vision for what the brownfield could become and how it could become an economic asset to the community. The community is now using the report as a basis for coordinating all of the future activities for the cleanup of the site. However, according to one of the individuals involved in this project, the lack of an identifiable person to champion the redevelopment effort is preventing further action. The report has also been a success in that it has created a common vision among all parties involved and provided them with the direction of what they need to do in the future to accomplish that vision.

East Grand Forks, Minnesota: Developing a Long-term Flood Recovery Strategy⁶

The East Grand Forks project was intended to help the city rebuild and grow after the 1997 flood of the Red River. The city staged a dramatic comeback, thanks in part to the strategic plan supported by the LTAP grant. The project was to formulate a recovery plan. Among the items the project was designed to address were the labor force, business, housing, public infrastructure, education, and flood mitigation. This plan would then be used by the city to begin the actual rebuilding of the town.

Immediately after the flood occurred, the community received all kinds of help from other places that had experienced floods as well. The mayor of Valmeyer, Illinois, emphasized the importance of community input. The consultant hired by the City of East Grand Forks, John Field, was also an advocate for involving the community. In addition, the Blandin Foundation provided the community with assistance and helped them involve people from the arts, recreation, business, education, and other sectors. So, East Grand Forks had strong encouragement to reach out to citizens for their ideas on the rebuilding of their community.

The project began with a community input session that enabled citizens to express their ideas and concerns on the rebuilding of the area.

⁶ This vignette is based on a variety of sources, including EDA files, project reports, the Chamber of Commerce Web site, and interviews conducted by Beth Walter Honadle on February 20, 2002, at City Hall in East Grand Forks, MN, with Valerie Gravseth, the city's paralegal and administrative assistant to the mayor of East Grand Forks, and James Richter, Executive Director, Economic Development Housing Authority, East Grand Forks, MN.



The Citizens Advisory Rebuilding Team (CART), representing key stakeholders, was formed. CART consolidated input from the community, drew out major points, and formed them into ideas for the plan. Such things as maintaining a vibrant economy, clarifying who pays for downtown development, expansion of educational opportunities, and restoration of a sense of safety were rated among the highest priorities. The results of the CART planning were incorporated into the master plan that was funded with LTAP money.

The grant influenced the timing of local economic development projects by allowing the community to plan quickly after the disaster. It also enabled them to get the community to buy in on the plan. This planning project allowed the community to undertake an ambitious agenda. A major accomplishment was the building of a floodwall. This project in turn spurred the location of a large Cabela's (outfitter) store in East Grand Forks right next to the river. In the words of the assistant to the mayor, Val Gravseth, "We didn't run from the river; we embraced the river," meaning that they decided to take advantage of their location on a river for economic development. It is important to understand that, in the rebuilding of the community, a lot of disparate activities were going on at once and it is not possible to neatly delineate each effort's unique role in the overall effort to rebuild.

The planning project also helped the community eliminate specific economic development projects from its overall strategy. The city had been considering construction of a wintergarden, or public area. This would have been a large community center with shops surrounding it. Instead, the community chose to invest \$7 million to build the Cabela's building to attract this large retailer to the city.

The project did help them to build and expand local organizational capacity. The planning process, which began with CART, is a prime example of this. Jim Richter, the executive director of the city's Economic Development Housing Authority, had the following theory about how this process worked:

First there was the flood fight with the sandbagging and all. Then they lost that battle and the flood came and everyone scattered all over the country to get away from it. Third, people came back and were asking, 'What about *me*?' That is, it was an individual thing. Finally, CART helped bring everyone back to the *community*, and that's where [the LTAP grant] was instrumental.



This project supported innovative approaches and gave local officials needed technical expertise. East Grand Forks was fortunate in finding a consultant who had specialized expertise in helping to design architectural solutions for communities that have been through major floods. The floodwall that this city built was innovative for this area of the country. It was based on a European design. What makes it different from many flood walls is that the planks that form the wall retract as needed, thus preserving the view of the river unless and until it is necessary to erect a barrier to channel flood water away from the community.

This project clearly targeted a distressed area. The entire downtown area and most of the homes were flooded. The devastation from the 1997 flood was widespread and deep. All but 7 homes were damaged directly or indirectly by loss of electrical services or water and sewer. Fortunately, very few jobs were lost. Only three businesses did not return in some form. Many businesses were closed down during the recovery process. The total destruction of the downtown buildings left the business community with a severe shortage of useable space in which to reestablish their businesses. This along with the high demand for contractors to reconstruct the few buildings that were not classified as substantially damaged, put additional strain on the downtown businesses. Downtown East Grand Forks was somewhat distressed before the flood event. This natural disaster placed a very heavy burden on the businesses that were holding their own in the central part of the community. Some of the major issues with the downtown area were: low values on the real estate, condition of the existing real estate, and a very well established retail shopping district on the south end of Grand Forks.

The project was cost-effective in a couple of ways. First, the \$35,000 grant allowed the community to hire specialized expertise on a consulting basis, which it could not have afforded as a permanent staff position. Second, as a result of the plan this grant supported, the community has been able to attract other investments to help them rebuild. For example, EDA has also helped the community build a new fire station, a business incubator, and other projects. In addition, tens of millions of private investment dollars have gone into the city because of its plan. The city spent over \$26 million in direct grants or loans to the business community for recovery through CDBG funds. It invested well over \$10 million on the reconstruction of infrastructure that supports the development of downtown with support from the Federal Emergency Management Agency, the Minnesota Department of Transportation, the Department of



Housing and Urban Development’s Community Development Block Grant funds, the city of East Grand Forks Insurance Fund Proceeds, and of course EDA.

There were several keys to the success of this project:

- Community participation
- Specialized expertise
- Good, strong leadership, including a city council that worked together
- Timing (officials moved swiftly after the flood to begin the recovery process)

The project had some special challenges to overcome in completing its long-term goals. For instance, the demand for contractors, builders, and labor after the flood made it difficult to complete work in a timely fashion. The project developed into a focused, comprehensive plan to help diversify the post-flood economy. The plan has developed into a rebuilding blueprint for the city on almost every level.

Grand Forks, North Dakota: Bringing Business Back After a Natural Disaster⁷

Grand Forks, North Dakota, is located on the Red River directly across from East Grand Forks, Minnesota. Location on the river provided Grand Forks with a prosperous history. The city was incorporated in 1881. By the early 20th century, the University of North Dakota was a foundation of the community and continued growth of the area was based on education, agriculture, and retail. By the 1960s, the city had an air force base and was steadily expanding outward (Tweton 1986). Grand Forks was a thriving town in the late 1990s until the asset that had served the city for so long turned into a liability when the Red River flooded the valley in 1997. The top three employers in Grand Forks are services (9,414), retail (8,425), and government (8,352).

The project was designed to attract business and tourism back to the area after the flood in 1997. In the words of Kristin Shea, who sells advertising and was involved in the project, the idea was “to change the image from burned-down flooded-out place” to one that welcomed customers back to the shopping area, which was ready for them. The ad

⁷ This vignette is based on a variety of sources, including EDA files, project reports, and interviews conducted by Beth Walter Honadle in February 2002, in Grand Forks, North Dakota at city hall with Susan Mickelson, Account Executive, SimmonsFlint, and Kristin M. Shea, Century Creations.



campaign opened up with radio, and then moved on to include other media. The first message communicated was that the city was “open for business.” This was an important message since some people erroneously had the impression that businesses were still closed up after the flood and the major fire had consumed much of the downtown area during the flood. This initial ad campaign was followed by “we’re open for the holidays” around Christmastime. The primary slogan used was “Grand New Greater Grand Forks.”

The flood was devastating but the advertising campaign that the LTAP grant supported was a major part of the rebuilding of the businesses in the city. The project helped to keep businesses in the downtown area.



The project was based on the idea that Grand Forks needed to market itself after the flood; to attract and keep business in the flood-devastated areas. The inspiration for the campaign was through the community’s Task Force on Rebuilding, which had a communications committee and a subcommittee on marketing. Volunteers from throughout the private sector with marketing, media, and advertising experience were recruited to serve on this subcommittee to develop the marketing plan. The Chamber of Commerce, the Convention and Visitors Bureau, and the city government also funded the project. The budget was mainly to be used on a volunteer-driven media campaign that would reach the residents of “Greater Grand Forks” (both sides of the river) and people within a 100-mile radius that came to the city for their needs. The primary message that was put out was that the city was open and ready for business.

The project was developed by SimmonsFlint, a Grand Forks marketing firm. The project was not developed to attract new business, but primarily to keep customers and show the surrounding area that the city was ready for business. The campaign was confined to an area that would benefit the local economy. The personnel were high-caliber volunteers; and this, combined with the excellent rates given by local media, helped to provide a good campaign for less money.



This grant influenced the design, implementation, and timing of an important local economic development project. The timing for this ad campaign was critical for the revitalization and retention of businesses in the disaster area. The project helped the community undertake a particular economic development project as part of an overall strategy of rebuilding. This campaign was very much focused on attracting existing customers in the immediate area and within a 100-mile radius with a fine-tuned message—that they were open for business. The project also helped build local organizational economic development capacity by supporting community groups like the Chamber of Commerce, the Convention and Visitors Bureau, and the Task Force on Rebuilding. This project supported innovative economic development approaches and gave local officials needed technical expertise by showing local businesses that marketing is an effective tool that works. The city also learned from the campaign that advertising was an important part of the puzzle and that the city could benefit from other media campaigns. The project was targeted to a particularly distressed area because the local businesses had lost their customers after the flood and they needed to take immediate action to let them know that they were open for business again.

The project was both timely and cost-effective. It was very important for the survival of businesses in the flood-ravaged area to have a successful holiday season. Therefore, implementing the ad campaigns before and during the holiday season was very timely. In addition, the heavy reliance on volunteers and contributions from community groups multiplied the impact of EDA's \$39,774 LTAP investment. The project was deemed a success by the degree to which it helped to build a positive atmosphere within the city and the downtown businesses. The campaign also helped to rejuvenate the depressed local media, especially radio and television. The people involved with the project felt that the whole thing worked in bringing people back into the city. As the main message of the campaign said, it was "business as usual."

A number of factors contributed to the success of this project. Among these were the planning and collaboration of community leaders and volunteers with the right kinds of expertise in media, advertising, and marketing. In addition, the media representatives gave especially good rates for advertising, which helped stretch the budget. Although the project had the desired effect of bringing customers back to the community, it was not without challenges. Besides the fact that they could have used even more money on the ad campaign, there were some people in the community who had a hard time accepting the "Grand New Greater Grand Forks" message because it meant giving up some local identity in order to market the area as a whole. This was a new concept for some people.



There was no attempt to measure the impact of this ad campaign on drawing customers back to the area. However, those involved with the project cite the people who came back into the community as evidence of a successful outcome. In particular, they note that the *Grand Forks Herald* decided to stay downtown after considering another location. Other outcomes, like the “overall atmosphere of positive thinking,” are intangible, but nonetheless important.

Hollywood, Florida: *Eastward Ho!* and Brownfield Redevelopment⁸

The population of south Florida is projected to experience tremendous growth in the next twenty years. The already-crowded area is expected to gain an additional 1.2 million residents by 2020. Absorbing this growth will be a real challenge to the area. The South Florida Regional Planning Council (SFRPC) puts it best:

What happens when you throw 4.5 million people, six million cars, a half-dozen or more professional sports arenas, three international airports, two major seaports, thousands of shopping malls, over 500 schools, 100 golf courses, and three national parks in an area with a population larger than 26 states? (SFRPC 2002)

What you get is chaos if you don’t have a very good plan. The demand for land and urban services will be extensive. Water, parks, schools, energy, and health care will all be in short supply if the necessary infrastructure is not upgraded.

The SFRPC received a \$24,000 LTAP grant in 1998 to support its ongoing activities related to brownfield redevelopment and the revitalization of its *Eastward Ho!* corridor. The *Eastward Ho!* is a public policy initiative designed to provide information and guidance to developers and government entities in South Florida. Actual or perceived environmental contamination has caused pockets of underdevelopment in the south Florida area. The Brownfields Partnership was created in 1997, and brings together local, state, regional, and federal agencies with private-sector, nonprofit, and community organizations to improve the quality of life for residents of southeast Florida’s historic

⁸ This vignette is based on a variety of sources, including EDA files, project reports, and interviews conducted by Michael C. Carroll on August 1, 2002 at the offices of the South Florida Regional Planning Council. Present from the SFRPC were Carolyn Dekle, Teresa Manning, Isabel Cosio Carballo and Natalie Sanbe.



urban core. It was formed to address the problems associated with this urban backfill development (redevelopment of small sites). The Partnership, (26 member organizations of county, city, and environmental groups) is targeting the remediation and sustainable reuse of contaminated and abandoned or underused sites as part of the larger *Eastward Ho!* effort. The Partnership has been very successful, and in March 1998 it was designated as a National Brownfields Showcase Community.

The LTAP funds were used to meet a variety of technical assistance goals. First, SFRPC designed and developed a database containing information on brownfields projects and resources. The database provides a bridge for local private-sector firms and various city and county organizations. The database contains contact information and the Web site addresses of developers and local funding sources. It provides a “one-stop-shop” for those interested in redeveloping the brownfield areas. SFRPC also interviewed the directors of economic development organizations and development companies to assess their data needs. Therefore, the database constructed is what the field practitioners wanted. In too many cases, the design of such things is completed without interaction with the ultimate users.

The project was successful on a number of fronts. First, it accomplished its intended mission of creating the brownfields database. SFRPC was able to create a single point of contact for public and private developers. The database includes a wide variety of contacts, is well maintained, and is widely used.

The brownfields project also dovetailed remarkably well with other south Florida development projects. It fit very well with the *Eastward Ho!* initiative, for example. The sustainable development opportunities identified in the brownfields project will certainly contribute to the *Eastward Ho!* goals for regional development. Economic development in south Florida is limited by spatial restrictions. There are no traditional development frontiers for south Florida to exploit. Bounded by water and the Everglades protected lands, the potential for development really lies in the backfill opportunities.

The project was very successful for a number of reasons. First and foremost was the very high caliber of the SFRPC staff. They were able to take the relatively small LTAP grant and produce a quality piece of research because they had the necessary skills in-house. The project would not have been feasible if the SFRPC had to recruit the needed expertise and were not able to spread some of the overhead costs incurred in this type of project.



A second reason for the project's success was SFRPC's ability to form partnerships and bring together a wide variety of talents to the task. The SFRPC has a long history of cooperative actions in the region. They routinely seek to foster interaction from various agencies and this project was a very good fit.

Menifee County, Kentucky: Formation of a Regional Water Commission⁹

Economic development activity had virtually stopped in Menifee County, Kentucky. There were no new factories, new business expansions, or housing developments because of a water shortage. The Division of Water had issued a line extension ban for the Frenchburg Water Sewer Commission and Bath County Water District. This has created a severe water shortage with more than 400 current residents now on the waiting list for water service. Many have been on the list since the mid-1990s. In the words of State Rep. John W. Stacy (as quoted in the *Licking Valley Courier*, December 20, 2001), "Addressing critical water issues will alleviate public health concerns and allow advances in economic development opportunities for the region."

In 1998, EDA awarded \$24,000 to the Gateway Area Development District to determine the most cost-effective solution to the problem. After first determining the current and future water usage for the county, the project team began to evaluate a variety of options. Working with the U. S. Army Corps of Engineers and a private engineering firm, the Gateway staff estimated the costs of purchasing water from surrounding communities. It was determined that the entire region was at or near production capacity and the purchase of additional water from other cities was not a viable option. For example, The Bath County Water District was contracted to provide 250,000 gallons of water per day, but was actually supplying in excess of 280,000 gallons per day. This was creating a strain on distribution to its other customers. Furthermore, the Morehead Utility Treatment Plant, the facility that treats the water, was already running at 95% of capacity.

The Gateway team then conducted a cost analysis of expanding the existing water production facilities and compared this to the estimated

⁹ This vignette is based on a variety of sources, including EDA files, project reports, and interviews conducted by Michael C. Carroll on July 15, 2002, at the offices of the Gateway Area Development District with Pam Farmer and Teresa Shields (both of the Gateway Area Development District of Owingsville, KY).



costs of building a new plant. The feasibility study found that the expansion of the existing facilities would be very expensive and might not yield the necessary production to meet the forecast demand. The Gateway team found that it was more cost-effective to build a new plant. Therefore, this project was able to help the community eliminate economic projects that would not have been as successful.

Pursuant to the conclusion of the LTAP-funded study, the Cave Run Water Commission was formed in May 2001. The Cave Run Water Commission is only one of four regional water commissions in the state and it was selected for a National Association of Development Organizations (NADO) 2002 Innovation Award. The Commission is composed of appointed members from Menifee County, the City of Frenchburg, Morgan County, the City of Jeffersonville, and the City of Campton. The purpose of the Commission is to construct a regional water treatment plant on Cave Run Lake in Menifee County, Kentucky. The plant would provide the additional water required for local community residents and businesses. The Commission is responsible for the operation and maintenance of the treatment facility. The water would be sold to the communities represented by the commission at a wholesale rate.

Finding a cost-effective solution to the water shortage is critical for the economic and social health of the community. Menifee County is a redevelopment area and 35% of its population was living below the poverty line at the time of the application. With a 1995 per capita income of only \$11,349, any development opportunities were desperately needed. After the study and consequent water commission formation, economic expansions are now underway. The Means Industrial Park, a local industrial site that was unused, now has one factory on site and land allocated for another. King Bag and Richard's Industries (two existing firms) have also expressed interest in expanding into the Park. Richard's Industries is one of the highest-paying employers in the area. These additional jobs are expected to have a significant impact on the area's employment opportunities, and this job creation could be tracked back to this project. Much of the county lies in the Daniel Boone National Forest and borders Cave Run Lake. This area has significant tourism opportunities and has already begun to develop. In recent years, private developers have built more than 1,000 summer cabins.

The initial LTAP money has leveraged significant additional grants. The city of Frenchburg has received Appalachian Regional Commission money to complete a strategic plan for downtown redevelopment. The Cave Run Water Commission has received \$4 million in Kentucky Infrastructure Authority (KIA) 2020 Grant Funds.



It is clear that without the initial feasibility study funded by EDA, none of these development or funding opportunities would have been possible.

According to participants, the key to the project's success was the extensive cooperation between local, state, and federal officials. The local city councils and county officials have worked closely with the Gateway group to ensure the project was completed in a timely manner and that future state and federal funding flows would ensure the construction of the \$11 million water facility.

Moss Landing, California: Updating an Infrastructure Master Plan¹⁰

Moss Landing is a small community (300 residents) on Monterey Bay in California (Moss Landing Chamber of Commerce 2001). Moss Landing was first developed in the mid-1800s by Captain Charles Moss for the commercial shipping trade. The town developed into the 20th Century with a harbor being constructed in the mid-1940s to attract the commercial fishing trade. A community landmark since the 1950s is the twin smokestacks of an electrical power generating plant constructed by Pacific Gas & Electric and purchased two years ago by Duke Energy Power Services of North Carolina.

Today, Moss Landing is supported by small industrial and agricultural bases, commercial fishing, marine research institutions, retail shops, and tourism. Moss Landing is also currently home to California's only Harbor District. Wastewater collection service is provided by a county sanitation district; water service is provided by a private water company.

The project report, *Community of Moss Landing Storm Drain Master Plan for County Roads*, was designed to provide a detailed evaluation of storm drainage needs for county roads in the community and an engineering basis for proposed street and storm drain improvements to meet county drainage standards and policies. The project was conceived and developed by the Monterey County Public Works Department. The idea

¹⁰ This vignette is based on a variety of sources, including EDA files, project reports, and interviews conducted by Beth Walter Honadle on February 5, 2002, in Moss Landing and Salinas, California, with Louis R. Calcagno, Supervisor, Third District, County of Monterey; Mark Silberstein, Executive Director, Elkhorn Slough Foundation; Mary J. Claypool, Economic Development Coordinator, County of Monterey; David A. Foote, P.E., Principal, Schaaf & Wheeler, Consulting Civil Engineers; Paul H. Greenway, P.E., Senior Design Engineer; Department of Public Works, County of Monterey; Darby Marshall, Associate Administrative Analyst, Office of Economic Development, County of Monterey; and Melanie A. Mayer Gideon, Melanie Mayer Consulting.



of the Moss Landing Road portion of the project was to relieve localized street flooding and use the runoff to restore wetlands. One of the goals of the project is to improve water and sediment quality problems of storm drainage discharged from county roads to the harbor, and the strong movement to restore wetlands in the area. In the words of County Supervisor Lou Calcagno, the project is really about “turning a headache into an amenity.”

On the economic side, the project would help to save money both by allowing Moss Landing Road and Sandholdt Road to be water free in the aftermath of a storm. Currently, businesses lose substantial revenue because customers cannot access the stores during and after storms. The project would also improve the “view shed” for tourists (e.g., bird watchers) who are anticipated to be an increased source of revenue for the county’s economy.

The desire to maintain Moss Landing’s unique local character was a major consideration in the shape and form the master plan took. The need for involvement from the community was also seen as essential. Among those involved in the project were Duke Energy; the Moss Landing Chamber of Commerce; local residents; landowners; the Monterey County Departments of Public Works, Planning & Building Inspection, and Water Resources; the Moss Landing Harbor District; the California Coastal Commission; the State Department of Fish and Game; the Moss Landing Marine Laboratories (affiliated with California State University, Monterey Bay); the Monterey Bay Aquarium Research Institute (MBARI); and the Elkhorn Slough Foundation.

Funding from the LTAP grant was essential to get the project started and moving it forward, according to Melanie Mayer Gideon, president of the Chamber of Commerce. The key to the project was a good written plan (the better the plan, the better the cost estimates) and good communication with the community, according to the chamber president. There were three steps in the entire project. First, the CDBG (Community Development Block Grant) for the Moss Landing Economic Revitalization Plan was implemented. As a result, it was identified that Moss Landing lacked many of the services available elsewhere in the county. The Public Works Department informed them that they could complete the plans recommended by the study. The second step was the feasibility study, which is the LTAP-funded master plan. The final step in the process was to obtain EDA Public Works monies to renovate the infrastructure of the town, including the draining of the runoff water.



The Public Works Department retained the services of Schaaf & Wheeler, Consulting Civil Engineers, to prepare the *Storm Drain Master Plan*. The Plan was developed so that when funds became available the project could immediately start. Involving the community was an important part of the process. This “buy-in” process was seen as essential to the success of the project and led to an informal community relationship; the main point of the project was the establishment or enhancement of wetlands. The political decision making in the community was done through the County Board of Supervisors. The main key to the project was the money to implement the plan that was developed with the EDA monies. A combination of County monies and grant funding from Duke Energy, as well as other monies enabled the project to be developed from the plan.

This project greatly influenced the design, implementation, and timing of local economic development projects because the plan funded by EDA’s grant provided a way to remove a major impediment to economic development. The plan has helped developers in the community of Moss Landing undertake specific economic development projects because it showed the key stakeholders a way to remedy the flooding problem and enhance the environment at the same time. This project helped the community build and expand local organizational economic development capacity by enhancing communication between the local Chamber of Commerce, the county, the Harbor District, and the scientific research community. This planning project was innovative and gave local officials needed technical expertise. The concept of using stormwater to create wetlands is a very novel approach and, without the grant, the community could not have engaged the technical expertise it needed to develop the plan. The project was targeted to a distressed area because the small businesses in the area where the flooding occurred were often not able to reopen their businesses because of the water surrounding them. This \$50,000 investment was very cost-effective. Once the community had the plan it was able to go to Duke Energy and secure \$3.4 million in pledged grant funds (\$710,000 already given to the community) for community projects, including the storm drain master plan. The community was able to sell the ideas to their corporate neighbor because of the strength of the plan.

The project achieved its expected outcome. On October 16, 2001, the Monterey County Board of Supervisors approved the project’s master plan.



Rhode Island: Hospitality Training¹¹

Unlike most of the other projects in this study, this is a statewide project rather than a strictly local one. Given Rhode Island's small size and the fact that this is a work force development project, the appropriate area was the state rather than a smaller geographic unit within the state. That is, workers commute to jobs, so a work force draws from a larger area than, say, simply Providence.

The purpose of this \$25,000 project was to launch a tourism "manpower" development plan to help offset recent base closures and other unemployment by shifting these human resources into the tourism industry through workshops and projects to facilitate the transfer of skills. This project is the culmination of a three-year planning program that includes the following:

1. *Industry assessment* to see where the needs were and where the displaced workers were located
2. *Project development* (development of a database inventory of people who needed jobs, and employers needing workers and training programs so people could learn more about the hospitality industry in order to transfer their skills to that industry)
3. *Implementation* (conduct the workshops, research additional funding sources, implement a marketing plan for the work force)

The project grant influenced the design, implementation, and timing of economic development projects. When the Rhode Island Economic Development Corporation (RIEDC) applied for this grant, it was very timely because much of Rhode Island's nontourist industries were closing or declining. This left a pool of unemployed workers. Now that the program has been implemented, Rhode Island is also using the program for other target groups, including recent college graduates and displaced workers.

The project helped the state undertake and eliminate specific economic development projects from its overall strategy. That is, it has helped assist the Department of Labor and Training (DLT) in its mission of placing unemployed people in paying jobs through both school-to-work and welfare-to-work programs. The tourism industry is taking the lead to fit

¹¹ This vignette is based on a variety of sources, including EDA files, project reports, and an interview conducted by Beth Walter Honadle on June 5, 2002, at the Rhode Island Economic Development Corporation (RIEDC) with Jayne E. Panarello, Program Manager, Rhode Island Tourism Division of RIEDC.



people into its work force. This project has eliminated steps (training and job search) from the “middle person,” or the DLT. RIEDC would inform the DLT that there were jobs in the tourism industry. No other industry had done this before in Rhode Island and no other industry is taking this kind of proactive role today.

The project has also helped the state expand local organizational economic development capacity. Johnson and Wales University is the world’s largest hospitality training college. Its home campus is based in Providence, Rhode Island. Through this program in work force development, they are working to retain people in the area—working in tourism, spending money, and paying taxes.

The hospitality training project was an innovative project for Rhode Island in that it was industry-specific. Training workers for the hospitality industry, matching those workers with openings in the industry, and working directly with DLT to place unemployed workers directly in a specific industry was a new approach.

The project was targeted to distressed areas because Rhode Island’s unemployment rate was high at the time the state applied for the grant. Some of this distress was due to military base closures.

The project was completed in a relatively timely and cost-effective fashion. RIEDC was granted an extension of three months to complete the project. They received their award in late June, but they were not able to begin the project until September. So, the project only took one year to complete, as proposed, but it was delayed by one quarter because of time needed to initiate the project.

The project was expected to put a plan in place and launch it. It was expected that within a one- to two-year period, they would start placing people in industry. However, they were already placing people in jobs before the first year was up. Thus, the project met its expectations earlier than envisioned. The main factor in the success of this project was the needs assessment that preceded it. A survey had been administered to key players in the tourism industry (e.g., accommodations, dining, attractions) asking them what it would take to increase their revenues. Many of them had indicated that they needed a good work force.

The project’s success is also attributed to the outreach, networking, and collaboration that was done. The program involved many non-tourism industry people, human resource departments, the DLT, colleges, and universities. Therefore, when it came time to place people, they already had the network. In short, because of outreach, the network was working before they were done with the planning and launching of the program.



The project could have been more successful had more money been available, or with money designated for follow-up programming. For example, they could have enhanced the training video, installed a dedicated computer for the tourism industry in unemployment offices, and done more outreach at the start of the project.

Jayne Panarello, who was responsible for this project, cited several outcomes that can be tracked back to its successful completion. She believes that the number of people who went from welfare to tourism and the number of people who went to Johnson and Wales and other colleges for hospitality training are indicators of the project's impact.

Santa Cruz, California: Feasibility and Site Analysis for a Tourist Attraction¹²

While the Santa Cruz economy had historically depended on industries such as logging, lime processing, and commercial fishing, in the late 20th century, Santa Cruz experienced a boom in oceanic research. The abundant biological diversity in the Monterey Bay has attracted the University of Southern California's Long Marine Labs and the adjoining Seymour Marine Discovery Center to conduct research. Not surprisingly, the mild climate and scenic beauty of the area have also attracted a large tourism industry. The tourist center of the city is the Santa Cruz Beach Boardwalk, which faces both the Monterey Bay and the Pacific Ocean. The Boardwalk is a traditional large amusement park on the waterfront like many large cities once had. The Boardwalk has survived and forms an integral part of the city's tourism attraction with such museums as the Santa Cruz Museum of Natural History and the National Surfing Museum (Schiffrin 1986).

The project started after Monterey Bay was designated a National Marine Sanctuary in the early 1992 by an act of Congress. This put the sanctuary under the management of Marine Sanctuaries within the National Oceanic and Atmospheric Administration (NOAA) of the United States Department of Commerce. The Monterey Bay National Marine Sanctuary is the largest of nine marine sanctuaries in the United States

¹² This vignette is based on a variety of sources, including EDA files, project reports, and interviews conducted by Beth Walter Honadle on February 4, 2002, in Santa Cruz, CA, and surrounding areas with Susan Pearlman, Senior Administrative Analyst, County of Santa Cruz; Michael Warren, Legislative Aide to State Senator Bruce McPherson, 15th District; David K. Vincent, District Superintendent, Santa Cruz District, State of California Department of Parks and Recreation; and Stephanie Harlan, Council Member, City of Capitola and Chair of Santa Cruz County Interagency Task Force for Monterey Bay National Marine Sanctuary and Chair, Sanctuary Advisory Council to the National Oceanic and Atmospheric Administration (NOAA) of the United States Department of Commerce.



and is the second largest in the world. (The Great Barrier Reef in Australia is the world's largest.) The designation as a national marine sanctuary allowed the County of Santa Cruz to look at the opportunities resulting from proximity to the Bay. The Sanctuary Interagency Task Force (SITF) received an earlier LTAP grant of \$50,000, which allowed the community to explore options.

The task force's report identified a visitor center as the preferred opportunity among several options SITF considered. The Task Force saw the sanctuary as an "amazing natural resource that was under water" and explored the question of "how you could interpret it without getting wet," according to Susan Pearlman, Senior Administrative Analyst, County of Santa Cruz, the person responsible for the LTAP project that is the subject of this case study.

The \$25,000 project engaged the services of an entertainment consulting firm, Garland Productions, based in Anaheim, California, to conduct the study. It was a conscious decision not to do "a usual economic study," Pearlman said, but rather a study that could show them a vision for what this visitor center could be. The main impetus for the project was to develop an idea that was "doable," which is how a small attraction came to be designed. Much of the consultants' time was spent interviewing people, including politicians, in the area to gain local perspectives. It was the consultants' report that refocused the task force away from two concepts that had been favored, a large- or medium-sized facility.

Driving the project forward was the need to attract visitors. Santa Cruz had lost many jobs through the loss of major employers, including chewing-gum makers, Wm. Wrigley Jr. Company, iced tea giant Lipton, and Texas Instruments. The visitor center was seen as potentially a major piece of the recovery of jobs.

The report recommended a visitor center designed to capitalize on tourism and provide a destination to encourage tourists to stay overnight. The center was designed as a virtual reality tour of Monterey Bay, with the ability to shift displays and make the center adaptable. The center is currently searching for a site that will maximize tourist visibility and provide a location that allows easy access to the rest of Santa Cruz's attractions.

This project influenced the design of a local economic development project. The design of an entertaining virtual tour of the marine sanctuary was a direct product of the project. In addition, the project helped the community eliminate two strategies that had been under active consideration from its overall economic development strategy.



Specifically, the task force abandoned the idea of creating either a medium- or large-sized facility in favor of the small, “doable” visitor center that would be the jumping off point to give people a taste of what the entire area surrounding Monterey Bay has to offer.

The project appears to have expanded the local organizational economic development capacity in the area by supporting the work of the SITF and also by providing a point of departure for ongoing discussions from various entities involved in the decision about where to site the visitor center. This feasibility study supported an innovative economic development approach and gave local officials needed technical expertise by focusing on the entertainment aspects of the visitor center rather than doing a more traditional feasibility study of an economic nature. This met the desires of the local decision makers, so the project seems to have met local needs.

The project was targeted to a distressed area because a number of major employers had recently closed, resulting in the loss of 2000 well-paying jobs over a three-year period. Also, Santa Cruz—the least affordable county in the country in which to live—includes a run-down slum area adjacent to Beach Boardwalk.

The project was completed in a timely and cost-effective fashion. In addition to EDA’s \$25,000, the local community provided \$15,000 in match. Also, a great deal of volunteer time has been donated by individuals and a number of state, federal, and local agencies have been working together to try to make the visitor center a reality. The project did achieve its expected result, the feasibility study.

However, the ultimate outcome or goal sought has not been achieved. The extent to which the project has been successful up to this point is attributable to the grant allowing them to conduct the feasibility study, which has formed the basis for focused discussion and collaboration among all the various stakeholders. It appears that the feasibility study has been the impetus for discussions which otherwise might not have occurred.

To the extent that the project has not been successful, there are a number of conditions and features that help explain this situation. Again, the number of players involved in this particular project is considerable. With NOAA having oversight over the bay, the county and the city involved, the task force made up of representatives of communities adjacent to the sanctuary, and at least one state agency (parks and recreation) involved and interested in having the visitor center at Seacliff State Beach, it is inevitable that action has not come quickly. Also, there is resistance on the part of landowners next to Seacliff Beach because of



their feared loss of an ocean view if the visitor center is built at one site under consideration.

At the time of this writing, the visitor center had not been built, but the concept was still being actively discussed and there appeared to be a consensus building that a center along the lines of the design presented in the LTAP feasibility study should be built. It is not clear at this point whether, when, and where such a center will be built. However, without a study such as the one supported by EDA's grant, it seems reasonable to conclude that no visitor center could be built.

Shreveport, Louisiana: Strategic Master Plan¹³

The Port of Shreveport-Bossier (the Port) primarily serves northwestern Louisiana, southwestern Arkansas, southern Oklahoma, and much of northeastern Texas. The Port is a relatively new facility, which became operational in June 1995. The Port achieved its one-million-ton milestone after only 37 months of operation. The Port has received a number of awards during its short tenure. In 2000, the Port received an award of "Merit" in the National Waterways Conference Waterways Literature & Promotional Materials Competition. It also was awarded Harrah's Shreveport Casino Constellation Award for 1998–99 for new business development.

In 1997, the Port received a \$25,000 LTAP grant to update its strategic master plan. The Port issued a Request for Proposals to conduct the project. After staff evaluation and interviews with the top three firms, the Port decided on a team of consultants rather than a single firm. The research team was headed by BYL International, Inc. The consulting firms of DiMatter & Associates, Inc. and Trinity Marine and Transportation Consulting were also participants.

The plan was intended to make recommendations to the Port management on systems evaluation and provide guidance for future activity. The plan is unique in its heavy marketing orientation. The Port is a government agency but it operates in a highly competitive transportation industry. Therefore, it was decided that each of the operations of the Port would be set up as profit centers. This reinforces the customer service and a competitive "mindset." It also makes it easier to track and receive the necessary management information.

¹³ This vignette is based on a variety of sources, including EDA files, project reports, and interviews conducted by Michael C. Carroll on August 2, 2002, at the Shreveport-Bossier facility with John Holt and Eric England.



The consulting team worked with the Port's management to develop a new mission statement for the Port that emphasizes its economic development role. The mission moves away from its previous waterborne transportation emphasis. The revised version states, "the mission of the Caddo-Bossier Parishes Port Commission is to provide water transportation and economic development for the region through the Port of Shreveport-Bossier." The emphasis on economic development is very significant. The new mission empowers the Port to conduct a wide variety of economic activities that are not traditionally associated with ports. For example, the Port has its own fire department. The Port is located several miles from the city of Shreveport and fire service to the facility was limited. With construction of the new fire station, the Port now has an A1 rating and this causes a substantial insurance cost reduction for its customers. The Port also purchased EMS vehicles. This increases the emergency medical service coverage to the Port itself as well as the city.

The Port has reexamined all aspects of its operation and now is willing to look at any project that provides economic benefit. If the Port has the space and the necessary expertise, no economic activity is summarily ruled out. A good example of this is the Port's short-line railroad. A comprehensive rail network provides service to and with the Port. The Port complex includes eight miles of railroad track that links to Union Pacific main line rail. An on-dock rail spur and a rail switchyard are also on site. The Port can store 310 rail cars and can offload cargo from barge to rail or trucks.

The Port now houses a production facility of Southern Composite Yachts. Southern builds high-end sport fishing catamarans that have a price tag of \$900,000 to \$1.1 million each. The company opened its yacht building plant at the Port in 2001 and now employs about 10 people in its operation. The company expects to hire an additional 20 by the end of the year. The high-tech material and electronics used in the construction may have spin-off implications for the regional economy. The Port is hoping that Southern Composite Yachts could become the center of a high-technology cluster. The firm is already planning a new slip with three additional docks.

The project was highly successful because the management team at the Port is very capable and future-oriented. The Port also is involved with other development agencies in the region. The City of Shreveport and the Parishes of Shreveport and Bossier work close in cooperation with the Port. The new development opportunities at the Port will greatly enhance the competitiveness of the region. The Port has the potential to be a real economic driver in the region.



What makes this Port so innovative is the market mindset of the management. Other port facilities around the country have strict waterborne transportation goals. The willingness of the Shreveport-Bossier management to actively be engaged in other activities is remarkable. The profit center structure of the Port's organization makes them constantly reevaluate and make changes. A good example of this is the management of the dock facilities. The Port used to contract the day-to-day management of its dock facilities to a private company. On the advice of the LTAP-funded consulting team, the Port now runs its own dock operations and can use the cost savings to fund future development projects.

The Port of Shreveport-Bossier is an excellent example of a well-run facility that has significant potential to foster economic development in the area. The future orientation of the management and clear planning process will definitely be an asset to the region.

The Port offers a wide variety of transportation and development services:

- Shallow-draft navigation channel 9 feet deep by 200 feet wide.
- Lock and dam structures, all of which are maintained by U.S. Army Corps of Engineers. The locks allow six-barge tows—two wide, three deep.
- 2,000-acre complex with land available for lease along the Red River and adjoining properties. Property zoned for industrial development. Full utilities.
- 220 acres devoted to river usage infrastructure.
- 3,200-foot-long slack water harbor and turning basin.
- Comprehensive rail network provides service to and with the Port, including links to Union Pacific main line rail. Switching to KCS and BNSF available.
- On-dock rail spur and switchyard on site. Two locomotives for immediate rail car switching.
- Convenient access to I-20, I-49, and proposed I-69 corridor.
- Class I Fire Rating.
- General cargo and liquid wharves. Tank storage available.
- Foreign-Trade Zone, Enterprise Zone, U.S. Customs Port of Entry.
- Industrial property tax exemption.

Source: <http://www.portsb.com/about.html>



South Bend, Indiana: Indoor Aquaculture Facility¹⁴

Economic opportunities are not abundant in many parts of South Bend, Indiana. The Workforce Development Services of Northern Indiana (WDS) wanted to create stable employment opportunities in their Urban Enterprise Zone for its welfare-to-work clients. The ultimate goal of WDS was more complex than simple economic development and the creation of low-skill jobs. Their real goal was to use these jobs to instill in the welfare-to-work clients the entrepreneurial and social skills needed to manage wealth and take a stewardship role in economic development. The WDS wished to create an economic entity that could employ the residents in the local public housing project and eventually turn the facility over to the residents after the necessary skills were created. To accomplish this goal, the WDS explored the creation of an indoor aquaculture facility in South Bend, Indiana.

In 1998, the WDS was awarded a \$24,000 LTAP grant to fund a feasibility study that explored the establishment of an indoor aquaculture facility in South Bend. The WDS assembled a project team that included members of the WDS staff, outside business consultants, and aquaculture biologists. The team researched the cost structures in the aquaculture industry and estimated various market demands for South Bend and the surrounding area. They also performed a number of site visits to examine the possible locations. The team hoped to locate the site in the Urban Enterprise Zone close to the welfare-to-work clients.

The WDS research team concluded that the project did not accomplish the WDS goal of creating welfare-to-work opportunities and therefore should not be undertaken. The feasibility study cited a number of limiting factors. First, given the high level of technology associated with the industry, the entire operation could be run by a full-time manager and a half-time staff person. Since the goal was to provide initial employment as well as the creation of a mechanism through which the necessary human capital skills could be taught, the project was not undertaken. It was determined that additional employment could be created if the operations were expanded to include flash freezing and distribution of the fish. The additional operations would significantly increase the start-up capital requirements and, therefore, they were not considered feasible.

¹⁴ This vignette is based on a variety of sources, including EDA files, project reports, and interviews conducted by Michael C. Carroll and Robin R. Weirauch at the offices of the Northern Indiana Workforce Investment Board in South Bend, Indiana, on March 20, 2002, with Juan Manigault, Northern Indiana Workforce Investment Board (formerly WDS); Doug Johnson, Staff Contract Manager, WDS; and Bill Derrah, Economic Advisor.



The second challenge was the high failure rate in the industry. The failure rate is related to the growing cycle of the species under consideration. The time-to-market of the fastest growing species (Tilapia) would require at least eight months to harvest. Other species such as yellow perch or arctic char would require eighteen months to two years.

The third challenge of the project was the lack of collateral for the project's start-up. The WDS is a not-for-profit agency and therefore lacked the access to traditional funding streams.

This case is an excellent example of how the LTAP program greatly reduced the risk and sunk costs for a local economic development organization. Without the feasibility study funds provided by EDA, the project might have progressed into construction phases without the employment impact being seen. The goal of providing a training mechanism kept the project from being undertaken. This is not to say that the project would have been unsuccessful. The project would, in fact, have been successful from an economic perspective. The WDS project team determined that "although it is not feasible for the WDS to undertake an aquaculture venture, the revenues provided by EDA advanced the research and concept for those in the local community who appear to be willing to take a moderate risk to start such a venture" (Johnson 1999, p. 2). The project's principal researcher, William Derrah, subsequently pursued the potential start-up operations independent of the WDS. He has initiated discussions with New Energy Corporation to use the "runoff" warm water and grain residue from the company's ethanol production. The runoff needs only nominal nutrient upgrading to be the principal diet for several species of fish. This greatly reduces the operating expenses and may therefore become more viable for a private production.

Conclusions

These twelve case studies are the basis for a number of conclusions. First, the evidence we gathered shows that the LTAP program is very flexible. It can be used for feasibility studies, training, direct assistance to business, and community economic development plans. Flexibility is a strength of the program because it allows local economic development organizations to tailor LTAP grants to meet a wide range of local needs.

The versatility of LTAP should not be construed to mean that the program lacks functional integrity. On the contrary, the program performs a very identifiable function in the economic development process. Using the logical framework described in Chapter 2 to delineate the steps in each of the twelve case studies, (see Table 4.4), we find that they are all



designed to lead to the ultimate goal of economic development, defined as increasing incomes and wealth, the number of jobs, and the productivity of resources. *How* each project does this (the specific outputs of the projects) varies, but in some manner involves technical assistance, education, training, plans, or studies. In other words, the essential output that all LTAP projects have in common is an increase in knowledge. The grants usually allowed a local organization to hire a consultant or project staff with specialized expertise that was needed to address a particular problem.

LTAP projects have a focused range of purposes that can be summarized as removing some kind of barrier to achieving the ultimate goal of economic development. That is, most projects do not, in themselves, constitute economic development. They are not bricks-and-mortar projects creating things like industrial parks, water and sewer systems, or businesses. The LTAP project's role, rather, is to make the attainment of these ultimate goals possible. For example, until the brownfield in Augusta, Kansas, is cleaned, there cannot be economic development of the site. This project studied the feasibility of brownfield redevelopment and narrowed the range of options down to the most cost-effective one that can be pursued. This feasibility study sets the stage for economic development to occur. Likewise, in Moss Landing, California, it was the master plan supported by the LTAP grant that showed how a negative could be turned into a positive by redirecting storm water into wetlands. This process simultaneously alleviates an impediment to economic development, while creating an amenity for attracting tourism dollars and protecting the environment. In Rhode Island, the grant trained workers so the tourism industry will have a pool of qualified workers. Again, the LTAP project does not create the jobs; but the jobs would not be filled if there were no trained workers available.

Second, the program is a catalyst for economic development. Projects are often the initial events in a chain of actions that can lead to economic development. For example, in Brockton, Massachusetts, a burgeoning minority community needed business development assistance. Old Colony Planning Council got the ball rolling with their LTAP project grant. They hired the community's first minority business specialist. This person created a directory of minority businesses and initiated a modest outreach program. The project demonstrated the value and importance of a minority business development program, so now the Brockton 21st Century Corporation has adopted the program. The program is being sustained by a combination of local public and private funds.



Third, the program has fostered cooperation among stakeholders in the local community. LTAP projects are the nucleus around which organizations come together to work toward a common purpose. In part, this may be due to the requirement for local matching funds. By asking grantees to provide matching funds, the project may be giving local economic development organizations the incentive to work collaboratively. It may also be that local people and local organizations give weight or credibility to an idea that has been endorsed and received financial support from the federal government. In any case, it is clear that collaboration is a key ingredient in the success of LTAP projects. For example, the RIEDC in Rhode Island began placing people in tourism jobs ahead of schedule because of the networking that had occurred through the project. By the same token, it takes more than collaboration to reach the ultimate goal of economic development. Partnerships are often a necessary condition for economic development. But, they alone are not sufficient. It also takes leadership too. Referring back to the logical framework table (Figure 2.2), EDA can insist that the output promised in the application is delivered. That is, the feasibility study, training, plan, or whatever other deliverable is proposed must be completed. But, whether the project attains its intended purpose, let alone the ultimate goal of economic development, depends on factors that go well beyond the control of EDA and even the grant recipient. As we said in Chapter 2, there are certain assumptions that must be present in order to convert these LTAP outputs into economic development (the ultimate goal). One of these assumptions is that there be leadership as well as collaboration. In Butler County, Kansas, it appears that the project is not moving forward because there has not been a key person or entity that is championing the fulfillment of the vision spelled out in the LTAP-funded feasibility study.

Fourth, many of the projects have helped leverage large amounts of funds to implement the grant-funded plans. There is no question that it is easier to attract investment in an idea that is well thought out and formally presented in writing than just one that has not been studied or committed to paper. Moss Landing, California, is a good example of how a \$50,000 grant led to millions of dollars of private-sector contributions to carry out a plan. The plan was used to “sell” the concept to Duke Energy for implementation.



Table 4.4. Logical Framework Analysis of the Cases

Case	Input	Output	Purpose	Goal
Albuquerque, NM	Dollars (to fund staff of TVC), commercialize technologies, entrepreneurs	Training, technical assistance, symposia	<ol style="list-style-type: none"> 1) Commercialize technologies in region 2) Create, expand, retain, and relocate technology-based business 3) Attract risk investment, facilitate technology commercialization, and provide management and business assistance to technology-based companies 	Economic development: increasing incomes and wealth, number of jobs, and the productivity of resources
Brockton, MA	Dollars (to fund OCPC minority business specialist)	Outreach to minority businesses, inventory of minority businesses, clearinghouse, advertising services, liaison between businesses and the city; meetings and gatherings for networking and skills development, education	<ol style="list-style-type: none"> 1) Alleviate sense of isolation of minority businesspersons 2) Help minority businesses gain access to capital 3) Provide minority businesses with technical expertise (e.g., financing, advertising, marketing) 	
Butler County, KS	Dollars (to hire a consultant), technical expertise, volunteers	Preparation and distribution of a feasibility study; <i>From Brownfield Burden to Community Pride: A Layperson's Guide to Reclaiming Brownfields in Kansas Communities</i>	Articulate a vision for an economically feasible option for clean-up of a tank farm so the property can be converted to a mixed-use business park	



Case	Input	Output	Purpose	Goal
East Grand Forks, MN	Dollars (to hire a consultant), technical expertise, advice and assistance from nonprofits and other local governments, volunteers and community participation (Citizens Advisory Rebuilding Team)	Plan for rebuilding the city after a major flood	Diversify the post-flood economy and rebuild the downtown area	Economic development: increasing incomes and wealth, number of jobs, and the productivity of resources
Grand Forks, ND	Dollars, volunteers (e.g., Task Force on Rebuilding, Chamber of Commerce), marketing expertise	Advertising campaign	Attract customers back to the area after a flood had temporarily forced the closing of local businesses	
Hollywood, FL	Dollars (for grantee to conduct technical assistance)	Technical assistance (e.g., Web site, etc.) to provide bridge between private sector and local government agencies	Brownfield redevelopment and backfill pockets of under development	
Menifee County, KY	Dollars (to hire engineering firm)	Prepare feasibility study to determine long-run solution to regional water supply for Menifee Co. and surrounding communities	Create a water facility to help local residents and businesses	
Moss Landing, CA	Dollars (to hire consulting engineers with expertise in stormwater and environmental issues), citizen participation	Infrastructure master plan	Alleviate flooding from stormwater, which was impeding commerce, and create an amenity (a wetland, which would attract birders, who were seen as a source of tourism dollars)	



Case	Input	Output	Purpose	Goal
Rhode Island	Dollars (to pay for staff), needs assessment of industry with respect to work force	Hospitality training, matching workers with job openings in tourism industry	Create employment for unemployed, dislocated workers and for recent graduates (school to work); fill jobs in the tourism industry	Economic development: increasing incomes and wealth, number of jobs, and the productivity of resources
Santa Cruz, CA	Dollars (to hire entertainment consulting firm), volunteers (e.g. Sanctuary Interagency Task Force); expertise in attraction development and marketing	Preparation and distribution of a feasibility and site analysis for a visitor center for the Monterey Bay National Marine Sanctuary	Market the attractions available in the region to tourists; expand the tourism season; create employment for displaced workers	
Shreveport, LA	Dollars (to hire consulting team)	Preparation of market-based strategic master plan (to examine non-waterborne opportunities for the port)	Provide economic development and economic opportunities to region	
South Bend, IN	Dollars (to hire aquaculture biologist and business plan consultant)	Prepared feasibility study to explore building an indoor aquaculture facility	Provide employment for low income/unemployed residents of the Urban Enterprise Zone and welfare-to-work clients	



The case studies also helped us formulate answers to the evaluative questions that drove our investigation. Our conclusions (based solely on the case studies) are as follows:

1. The LTAP program has influenced the design, implementation, and timing of local economic development projects. Three cases are illustrative on this point. The brownfield redevelopment plan has clearly influenced the design of any subsequent economic development of the site that was studied. The master plan that would convert storm water to wetlands has influenced the way this community is going about economic development. The design for a virtual visitor center to market all of the tourism attractions in a region was provided by a project grant.
2. The program has helped communities either undertake or eliminate specific economic development projects from their overall strategies. Before the Butler County project, redevelopment of the brownfield site was hampered, in part, by not having a single, economically feasible alternative. When requirements included making the site “squeaky clean” (meeting strict standards for school buildings and other similar purposes), redevelopment of the site seemed unattainable. The LTAP project showed how the project could meet less stringent standards (e.g., by capping off parts of the site, monitoring, etc.) and be economically feasible for business development. While it remains to be seen what will be done at the site, it is clear that some ideas have been eliminated because of the project. In Santa Cruz, California, there had been visions of a rather large visitor center for Monterey Bay. This concept has been scaled down in favor of the smaller, entertainment-oriented center that gives tourists a taste of what attractions are available in the area.
3. The program has helped communities build and expand local organizational economic development capacity. A good example of this is occurring in Brockton, Massachusetts, where a pilot project of minority business assistance has become institutionalized in the form of a permanent business development specialist in a public-private economic development organization. In Albuquerque, New Mexico, the grant allowed a major expansion of an organization that was helping entrepreneurs commercialize defense technologies.
4. The program has supported innovative economic development approaches and given local officials needed technical expertise. The directing of storm water into wetlands was a very innovative approach requiring the expertise of engineers. The building of a floodwall designed to not obstruct a flood-prone community’s view of the river that had shaped its economy throughout its history was an innovation



that required technical expertise. The brownfield redevelopment feasibility study provided needed technical expertise about laws, the economics of redevelopment, and other complex matters.

5. LTAP projects have been targeted to areas with varying degrees of actual and anticipated distress. In some communities (e.g., Brockton, Massachusetts, and Augusta, Kansas) it is clear that the loss of a major industry had left the area bereft of employment opportunities. In other communities (e.g., Grand Forks, North Dakota, and East Grand Forks, Minnesota) there was undeniable distress in the wake of a flood that devastated the local economy. In several of the cases we studied, we found that the projects were intended to avert impending distress. In Albuquerque, the grantee was anticipating the economic consequences of a decline in defense spending, so it sought to diversify employment by the creation of private-sector jobs through the commercialization of defense technologies.
6. The 12 cases we studied were, by and large, completed in a timely and cost-effective fashion. However, this statement needs some qualification. Most of the projects were completed within the amount of time that the applicant said they would be done, but they started late. In the Brockton, Massachusetts, case, the delay was simply the lag between receiving the grant and being able to hire a staff person to undertake the project. In Rhode Island, there was a delay of three months between grant approval notification and the start of the project. Furthermore, some grantees thought that one year was an unrealistic period of time for completing these projects. TVC staff working on the project in Albuquerque, New Mexico, noted that it takes time for start-up businesses to mature, so a one-year time horizon is not reasonable.

The program is cost-effective for several reasons. First, there is a requirement for local match, so the federal government is not paying the full cost of the LTAP projects. Second, there is considerable nonfinancial, volunteer effort contributing to the projects. While we did not attempt to calculate a dollar value of this volunteer contribution, it is very instrumental to the completion of the projects. Third, we observed that projects were responsible for communities garnering very large amounts of money based on the plan or feasibility study funded by the project. For example, Moss Landing would probably not have obtained the millions of dollars it is receiving from Duke Energy were it not for the LTAP-funded master plan. Fourth, the program is cost effective when it prevents unwise investment in projects that are not economically feasible.



The project in South Bend, Indiana, is a good example of this. While this project used \$24,000 of LTAP project funds, it saved a large investment in a fish farm that would have created only two jobs.

7. The program achieves its expected outcomes for the most part. That is, the grant recipient delivers what it promises in the application. However, this does not mean that the ultimate goal of economic development is necessarily achieved at this stage. Our survey and file analysis (see Chapter 3) show that grant recipients claim almost no credit for job creation. This does not mean that the program is not successful. Creating jobs, wealth, incomes, productivity, and so forth are not the purpose of projects. The purpose of the program is to create pre-conditions for economic development.
8. Several common features contributed to LTAP project success. One of these is collaboration. In almost every case study we heard that the projects worked well because of networking (e.g., Rhode Island's interaction with the tourism industry and unemployment offices); and the involvement of key economic development organizations (e.g., Butler County, Kansas, and Brockton, Massachusetts); community participation (e.g., East Grand Forks, Minnesota). Second, "the right person at the right time" was cited as a key factor for success in places like Butler County, Kansas; East Grand Forks, Minnesota; and Brockton, Massachusetts. These individuals were credited with having certain traits or competencies that the communities needed to meet the projects' needs. Third, the existence of the LTAP grant itself was a key feature in the success of the projects in many cases. The grant was the stimulus that got the ball rolling; by overcoming inertia, other activities were able to occur.



Chapter 5 – Conclusions and Recommendations

This evaluation of EDA's Local Technical Assistance Program has answered ten evaluative questions as follows:

- 1. Has the LTAP program influenced the design, implementation, or timing of local economic development projects?** Yes. LTAP projects, largely because they are for start-up activities, affect the timing and design of local economic development projects. For instance, in East Grand Forks, Minnesota, a grant to develop a flood recovery strategy for the city enabled the community to begin planning to rebuild quickly after a flood in 1997 devastated the local economy. In Butler County, Kansas, a grant to develop a brownfield redevelopment feasibility study helped with economic development design by focusing on redevelopment of an old tank farm and development of a good transportation hub.
- 2. Has the program helped distressed communities undertake or eliminate specific economic development projects from their overall strategy?** Yes. A grant to the City of Grand Forks, North Dakota, enabled the community to undertake a marketing campaign explicitly designed to attract customers back to the commercial district after a severe flood. A grant to the City of South Bend, Indiana, for a feasibility study for an aquaculture project as a means to employ people who are leaving welfare was instrumental in the decision to remove the project from the city's overall economic development strategy because it would not achieve the desired goal.
- 3. Has the program helped distressed communities build and expand local organizational economic development capacity?** Yes. Grant recipient responses and case study information indicate that organizational economic development capacity was expanded because of the LTAP project. Of the 47 surveys received, 27 respondents reported increased general capacity to provide economic development service as a direct result of the project, and 13 respondents stated that the project helped the community build or expand local organizational capacity. Additionally, 24 respondents indicated that the project fostered new local economic development approaches, which could arguably expand organizational capacity. The case studies showed this same benefit. For example, Brockton, Massachusetts, experienced a dramatic increase in its minority population and minority-owned businesses in the 1980s and 1990s. The grant to Old Colony Planning Council, an Economic Development District, to develop a minority business development program institutionalized local programs to assist minority-owned businesses.



4. Has the program supported innovative economic development approaches and/or given local officials needed technical expertise? Yes. For example, Moss Landing, California, used the LTAP grant to enlist engineers to design an environmentally sensitive way to deal with street flooding by using the storm water to create wetlands. Santa Cruz County, California, hired consultants from the entertainment industry to develop an attractive and informative approach to marketing tourism. Rhode Island worked with the state's hospitality industry to bring together displaced workers and tourism employers seeking workers by partnering with unemployment offices, industry, and educational and training facilities.

5. To what extent have the projects and/or programs targeted distressed areas? LTAP projects have targeted distressed areas, though the indicators of distress vary widely. For example, the state unemployment rate qualified Rhode Island as distressed. In New Mexico, the anticipated loss of jobs in this defense-industry dependent state justified targeting assistance to that area. The City of Augusta in Butler County, Kansas, was trying to get back on its feet after the oil refinery on which the town depended was shut down. Grand Forks, North Dakota, and East Grand Forks, Minnesota, became distressed areas after a major flood took a large toll on their economies.

The average unemployment rate of the counties in which the projects were located was above the national average. The counties in the sample averaged 5.6 percent unemployment, but the national averages for 1997 and 1998 were 4.9 percent and 4.5 percent respectively. Furthermore, twenty percent of the counties in which LTAP projects were located had per capita incomes of less than half the national average. Total per capita income for all of the project areas was about eight percent lower than the national average.

6. Were projects completed in a timely and cost-effective fashion? According to EDA records, only 10% of the LTAP projects in the sample had project close dates within the standard 1-year LTAP grant period. However, 72% of the projects were closed within 24 months. Although 25% of the projects were closed a year or more beyond the initial deadline, it should be noted that a project's product had to be delivered before the final payment and official project close date, so the project duration periods are overstated. LTAP projects are cost-effective in that they frequently leverage considerable post-project dollars from nonfederal sources. One of the reasons why LTAP projects are cost-effective may be the fact that the grant enables distressed communities to engage technical experts on a project basis —experts who would otherwise be unaffordable.



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7. **Were there common features that contributed to project success?** Yes. According to survey respondents, one common feature was *cooperation* with other partners in the community. The tourism employment project in Rhode Island began yielding results before the project was complete because the grant recipient had developed a good working relationship with the industry association. Another success factor was the *talent* recipients hired through the grants. Over and over, we heard that a particular LTAP project was successful because the recipient was able to hire “the right person at the right time” to give them the technical expertise, advice, or assistance that was needed. For example, East Grand Forks, Minnesota, credits an architect with the needed expertise in developing plans for rebuilding urban centers after a disaster for their successful plan for redevelopment. Santa Cruz, California’s project owed its unique approach to tourism marketing to a consultant from the entertainment industry with a track record in marketing major attractions. The minority business development program in Brockton, Massachusetts, got off the ground because of the drive, commitment, and energy of a particular individual who had a knack for eliciting clientele involvement when there was no existing program.
8. **Could specific outcomes be tracked back to the completed LTAP projects?** Yes. Community leaders in Moss Landing, California, are convinced that they would not have obtained the multimillion-dollar commitment from a large corporation in their community were it not for the written plan their project funded. In Butler County, Kansas, the environmental engineer employed by the private company who owns the brownfield used the LTAP feasibility study as the basis for his analysis of various options. In greater Grand Forks, North Dakota, a successful marketing program to draw customers back into the flood-ravaged retail areas of the community is directly the result of an LTAP project. In Albuquerque, New Mexico, but for the LTAP project, venture capitalists would not have funded particular technology start-ups. Also, the prudent decision not to start an aquaculture enterprises in South Bend, Indiana, is attributable to an LTAP feasibility study.
9. **To the extent that LTAP projects were not successful, what features or conditions contributed to that situation?** Grant recipients identified a number of reasons why LTAP projects did not reach their potential or were not as successful as they might have been. One of these is failure on their part to have a key community organization spearhead the project, because that group would have championed the project to completion. Some projects extended



beyond the grant period due to a lag between the award date and the commencement date. For example, if the grant recipient had to hire a staff person to do the work on the project, it could take three or more months from the date of award until the project actually begins. Although, completion delay does not necessarily inhibit project success, timing in economic development projects can often be critical (e.g., jeopardizing agreements for leveraged dollars, interest rate changes, and other economic fluctuations).

10. **Were there any unintended or unexpected outcomes of the projects that had broader impacts on the grantees?** Yes. For example, in Moss Landing, California, the project was designed for mitigating a stormwater problem, but their plan had the added environmental benefit of creating wetlands with the problem water. A common unexpected outcome of LTAP projects is that the grant recipient collaborates with a group with which it did not plan to partner in the beginning, facilitating both the LTAP project and future joint activities.

The study took a three-pronged approach, including analysis of data in EDA's project tracking system and project files, a survey of grant recipients, and case studies. Each of these methods had advantages as well as limitations. The EDA computer-based data were the most objective information we used in our evaluation. They also represented all of the projects in the sample. However, the EDA project tracking system did not contain several critical variables that would have helped us answer evaluative questions, so we collected this information through the mail survey and case studies.

By contrast, the survey had the advantage of being designed to collect information that would help us answer specific questions. It also had the benefit of providing us with the perspective of grant recipients. However, the survey response gave us information on fewer cases than the EDA database or project file data.

The case studies provided the richest detail and enabled us to answer all of the evaluative questions, but the cases represented only about ten percent of the projects in our sample. A strength of the case studies was that they generally provided us with not only the grant recipients' perspective, but also the views of project collaborators and beneficiaries.



In short, there were trade-offs among the sources of information used in the study. The richer the data source in terms of detail and usefulness for evaluation purposes, the smaller the number of observations. The larger the number of observations, the less detailed were the data.

Here are three important questions any program evaluation should address: *what* the program is doing, *how well* it is doing it, and *how much* it is doing (Honadle 1981, p.578). Regarding the first question (*what*), we concluded that the program fills a critical niche in the local economic development process. LTAP projects, by themselves, usually do not create economic development. Therefore, we recommend that EDA apply its Investment Policy Guidelines—which is a list of criteria EDA uses for funding decisions—judiciously to LTAP projects. The guidelines, as currently written, are more appropriate for projects that create economic development directly. Alternatively, we recommend that EDA tailor the investment guidelines to make them more suitable for funding decisions regarding LTAP projects.

Without the outputs of LTAP projects (e.g., feasibility studies, training, plans) much economic development would not occur. The project is the nucleus around which a number of economic development organizations come together to form partnerships, develop and implement plans, and seek additional funding. So, indirectly, LTAP projects are important catalysts in the overall economic development process. It would be a mistake to conclude that the private-sector investment generated by LTAP projects is only a portion of those amounts listed in project applications as nonfederal matching funds (as important as those matching dollars are).

Our study concludes that, for the most part, the program is being implemented rather well. One indication of this is that almost ninety percent of the grant recipients who responded to our survey said that they would seek additional LTAP grants. However, some of the projects started later than anticipated and were not completed within the standard one year grant period (e.g., when the recruitment and hiring process for individuals delayed the project start date). Therefore, we recommend that the actual start date of the project be negotiated with the grant recipient (based on pertinent circumstances) to allow completion of the project within the standard grant period.

We heard from a number of interviewees that the time frame for their project was not realistic. For example, in the project that sought to bring entrepreneurs and venture capitalists together to create new businesses, the project managers expressed the view that the maturation of business plans requires more than one year to see a business start-up through to fruition. All of the projects are one-year projects.



While “no-cost” extensions of time appear to have been granted readily, we recommend that EDA consider allowing some projects to have up to two years for completion. As we stated earlier in this evaluation, all LTAP projects have the ultimate goal of economic development. The purpose of LTAP projects is generally to eliminate a barrier or create conditions that will lead to fulfillment of that goal. However, we have evidence from our survey and the case studies to suggest that a lack of follow-through is a stumbling block that keeps some LTAP projects from the final goal.

EDA’s tracking system for LTAP projects that was in use at the time of our evaluation was not adequate for project monitoring purposes. One problem we encountered was some discrepancy in whether all of the projects included in the central tracking system are funded from the same source of funds. Thus, one project that is clearly a local technical assistance project (in the functional sense) may actually have been funded from a different stream of EDA dollars. It would be most appropriate if only LTAP projects, funded from the LTAP program allocation were in the data base pertaining to LTAP.

In addition, we were not able to obtain information about LTAP projects that were not funded. It would be very helpful to know on what basis LTAP projects that are rejected are denied funding. We tried to obtain minutes of Project Review Committee meetings, but most of these were unobtainable and, when we did obtain them, they were not detailed enough for us to draw any conclusions. Reasons like “project is not competitive” do not give insights into what the committee is looking for and the basis on which they make selection decisions.

We recommend that EDA develop a more complete and accurate monitoring and tracking system for LTAP projects (this may have already been addressed by EDA since our 1997/1998 sample). This system should include and identify projects that are denied funding as well as those that are funded. It should also track the date of project completion (i.e., product delivery), not just the closing date of the project file. Projects that originated from different funding streams and projects that were merely amendments to previous projects should be clearly identified as such (including the name of funding source and the year of the original project, respectively) in the tracking system. This would greatly enhance the ability of future evaluators to characterize and analyze the numerous grants within any given period.

Answering the *how much* question is pretty straight forward. The LTAP program has had an annual appropriation of approximately \$1.5 million since at least 1994. The average grant size has also remained relatively stable (approximately \$25,000).



Our key conclusion is that, by and large, LTAP grantees have been able to accomplish a great deal with relatively modest amounts of money. However, to enhance the ability of applicants to attract matching funds and leverage further private investment, we recommend that EDA consider funding projects at approximately \$35,000 to \$50,000 on average.

Finally, it would be a mistake to conclude that the private sector investment generated by LTAP projects is only those amounts listed in project applications as nonfederal matching funds from the private sector (as important as those matching dollars are) for justifying the LTAP investment in the first place.



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Appendix A – List of Projects

FY	Project No.	Appl Short Name	State	RO	EDA \$	General Project Description
1997	010603604	EDC of Northeastern PA	PA	Phil	\$98,000	Phase II of the preparation of a draft environmental impact statement
1998	010603737	EDC of Northeastern PA	PA	Phil	\$92,000	Preparation of additional material for an ongoing EIS for the Moosic Mountain Industrial Park to address concerns involving deficiencies in the draft EIS
1998	010603758	District of Columbia	DC	Phil	\$50,000	To help the District of Columbia to develop plans and strategies for the development of a number of areas seen as having economic growth potential; strategic investments, areas, and industries will be studied
1997	010603691	Boricua College	NY	Phil	\$40,000	Hispanic business assistance
1997	010603650	Southside PDC	VA	Phil	\$40,000	To develop an economic impact study regarding the negative economic effects on tourism caused by the growing presence of vegetation in Lake Gadson
1998	010603785	Housing and Urban Dev.	DC	Phil	\$25,000	Transfer from EDA to HUD for EDA's share of expenses incurring on its behalf in co-sponsoring the 1998 White House Empowerment Conference to include workshops tour of Balto. EZ, session on technology, and various panels
1997	010603592	Nueva Esperanza, Inc.	MA	Phil	\$25,000	Urban fish farming
1997	010603638	Old Colony Planning CNCL	MA	Phil	\$25,000	Minority business enterprise program



FY	Project No.	Appl Short Name	State	RO	EDA \$	General Project Description
1997	010603617	Cncl for EC & Bus Opp	MD	Phil	\$25,000	To aid minority contractors in applying software technology and various panels
1997	010603624	Town of Farmington	NH	Phil	\$25,000	
1997	010603690	Central New York RPDB	NY	Phil	\$25,000	Lakefront feasibility study
1998	010603716	Town of Warrensburg	NY	Phil	\$25,000	Well feasibility study
1998	010603740	Rhode Island EDC	RI	Phil	\$25,000	Hospitality training
1998	010603704	New River Valley PDC	VA	Phil	\$25,000	To allow for the expansion of, and the expanded use of the Virginia Procurement Pipeline
1998	010603703	Town of Windsor	VT	Phil	\$25,000	Industrial expansion feasibility study
1998	010603775	Town of Glocester	RI	Phil	\$21,000	
1998	010603701	Cncl for Urban Econ Dev	DC	Phil	\$20,000	Philadelphia regional office conference
1997	010603646	County of Salem	NJ	Phil	\$20,000	Industrial park feasibility study
1998	010603794	City of Millville	NJ	Phil	\$20,000	Activate foreign trade zone
1998	010603805	Fulton County Med. Ctr.	PA	Phil	\$20,000	Physical and financial feasibility studies required for a new facility, if not constructed, the center would likely be forced to close, losing 300 jobs
1997	010603644	Region 4 P&DC	WV	Phil	\$20,000	For the preparation of site feasibility studies in Webster, Pocahontas, and Greenbrier counties



FY	Project No.	Appl Short Name	State	RO	EDA \$	General Project Description
1997	010603597	Pennsylvania-Made Crafts	PA	Phil	\$19,730	For the preparation of a feasibility study and for a business plan for a possible crafts incubator
1998	010603799	Union Street Corridor CD	MA	Phil	\$15,000	
1998	040604310	AL Tombigee Reg Comm	AL	Atl	\$25,000	Economic influence of hunting/hunting related activities in the ATRC region
1997	040604233	Assoc Trng & Educ Corp	GA	Atl	\$25,000	Implementation of West City Center Job Creation Initiative
1997	040604268	Middle GA RDC	GA	Atl	\$25,000	Redevelopment plan for Woolfolk Chemical works site in Fort Valley, GA
1997	040604296	City of Morganfield	KY	Atl	\$25,000	Conduct feasibility & marketing analyses for Morganfield Industrial Park
1998	040604389	Murray State Univ	KY	Atl	\$25,000	Resource for data and analysis of economic business and demographic trends of Western Kentucky
1998	040604315	Mars Hill College	NC	Atl	\$25,000	Business plan for regional knowledge center/technology park
1997	040604257	SC Budget & Control BD	SC	Atl	\$25,000	To units of general local government
1998	040604253	SC Budget & Control BD	SC	Atl	\$25,000	To units of general local government
1998	040604377	Southeast AL RPDC	AL	Atl	\$24,000	Regional internet network project
1998	040604390	South Florida RPC	FL	Atl	\$24,000	Brownfields urban revitalization & environmental restoration
1998	040604377	Gateway Add	KY	Atl	\$24,000	Feasibility study: water treatment plant



FY	Project No.	Appl Short Name	State	RO	EDA \$	General Project Description
1997	040604252	Tennessee Valley Auth	TN	Atl	\$24,000	Provide management and technical assistance for interagency agreement operations on behalf of Southern Appalachian Man & The Biosphere Cooperative
1998	040604322	Tennessee Valley Auth	TN	Atl	\$24,000	Provide management and technical assistance for interagency agreement operations on behalf of Southern Appalachian Man & The Biosphere Cooperative
1997	040604294	Western Kentucky Univ	KY	Atl	\$20,000	Retiree attraction program
1998	040604348	First TN Dev Dist	TN	Atl	\$18,000	Continued development of Tennessee regional development teams
1997	040604256	Tri-County Cmty College	NC	Atl	\$17,999	Feasibility study to establish Tri-County Community College as a residence campus of Western Carolina University
1997	040604282	Martin County	NC	Atl	\$15,000	Industrial park development plan
1997	040604237	Central Midlands Reg Plg	SC	Atl	\$15,000	Economic incentives evaluation
1998	04060419901	NC Rural EC Dev CTR, Inc	NC	Atl	\$982	Develop public/private partnership to create economic development activities to support public infrastructure improvements
1998	050603059	Grand Forks, ND	ND	Den	\$39,774	Rebuild Image Grand Forks
1998	050603100	South Central Kansas EDD	KS	Den	\$25,000	Brownfield feasibility study
1997	050602944	Western Heritage Center	MT	Den	\$25,000	Implementation projects



FY	Project No.	Appl Short Name	State	RO	EDA \$	General Project Description
1997	050602964	Roosevelt-Custer RC	ND	Den	\$25,000	Value added products
1997	050602915	Indian Center, Inc.	NE	Den	\$25,000	North Plains Indian Center
1997	050602985	Santee Sioux Trb of Nebr	NE	Den	\$25,000	Economic development strategy
1998	050603052	Utah State University	UT	Den	\$25,000	Business conference center
1998	050603056	Mountainland EDD	UT	Den	\$25,000	Small business incubator
1998	050603080	Anaconda Local Dev Corp	MT	Den	\$24,999	Old Works development plan
1998	050602996	San Juan Cnty Hist Soc	CO	Den	\$21,000	Business incubator project
1998	050603120	City of Cortez	CO	Den	\$20,000	Cortez community intranet
1997	050602956	University of Kansas	KS	Den	\$20,000	Business retention program
1997	050602943	Montana ED Assoc	MT	Den	\$20,000	MT telecom technical workshop
1997	050602979	Ute Tribe, Utah	UT	Den	\$20,000	Bottle Hollow study
1997	050602953	Bear Paw Dev Corp	MT	Den	\$18,000	Straw particleboard plan
1998	050603035	Heart of theRockies	UT	Den	\$16,000	Tourism marketing coop
1997	050602989	Montana State U North	MT	Den	\$14,500	North business internet incubator
1997	050603019	County of Lake	CO	Den	\$14,400	Business park plan
1997	050602990	North East Wyoming EDC	WY	Den	\$13,904	Telecommunications study
1998	050602958	Twin Cities Indl Corrido	MO	Den	\$13,000	Feasibility/s agriculture
1997	050602958	WY Sci/Tech/Energy Auth	WY	Den	\$12,500	Telecom study
1997	050602998	Wendover, Utah	UT	Den	\$12,355	Airport industrial park
1997	050602992	Iowa Dnr	IA	Den	\$10,000	Conference on sustaining community
1998	050603124	Iowa Ded	IA	Den	\$7,500	Mgt/s business network
1998	050603101	Sbdc - Sda 15	IA	Den	\$7,000	Marketing study



FY	Project No.	Appl Short Name	State	RO	EDA \$	General Project Description
1998	04060296401	Roosevelt-Custer RC	ND	Den	\$6,500	Value added products
1998	060602946	South Central IL RPDC	IL	Chi	\$42,000	Hire a consultant to assist the city of Effingham in alleviating distress caused by plant closure
1997	060602837	Headwaters Reg Dev Comm	MN	Chi	\$35,000	Develop a partnership with businesses, job service providers educational institutions and social services agencies to design and implement strategy to improve the region's workforce
1997	060602883	City of East Grand Forks	MN	Chi	\$35,000	Develop a comprehensive long-term flood recovery strategy for the city
1998	060602887	Western Illinois Univ	IL	Chi	\$34,000	Cooperative GIS Project
1997	060602874	University of Minnesota	MN	Chi	\$32,500	Publication and dissemination of the proceedings from an economic development conference
1997	060602862	Board Trustees Univ IL	IL	Chi	\$25,000	Provide technical assistance to two empowerment zone clusters and assist two communities in developing a health industry oriented strategy
1998	060602942	West MI Shoreline RDC	MI	Chi	\$25,000	Marketing industrial park
1998	060602940	ACEnet	OH	Chi	\$25,000	Marketing study for specialty food processors
1997	060602851	Village of Cahokia	IL	Chi	\$24,500	Feasibility study for the reuse of Parks College property



FY	Project No.	Appl Short Name	State	RO	EDA \$	General Project Description
1998	060602934	Workforce Dev Serv	IN	Chi	\$24,000	Urban aquaculture feasibility study
1997	060602843	Southern IN Dev Comm	IN	Chi	\$22,920	Evaluation, identification and determination of suitable future industrial sites within Knox County
1998	060602941	Washington County CIC	OH	Chi	\$22,000	Preparation of study to determine the feasibility of business incubator
1997	060602881	Natl Cncl Urban EconDev	DC	Chi	\$20,000	Coordinate the FY 98 CRO Planning Conference
1998	060602943	Natl Cncl Urban EconDev	DC	Chi	\$20,000	Coordinate The Regional Office Planning Conference
1998	060602892	Southwest Reg Dev Comm	MN	Chi	\$20,000	Livestock impact analysis for land use and sustainability
1997	060602838	Bay-Lake Reg Plan Comm	WI	Chi	\$18,000	Develop a business plan for high technology machine tool teaching factory to serve northeastern Wisconsin; maps and products for Regional Planning Commissions
1998	060602907	City of Ladysmith	WI	Chi	\$18,000	Small log; mill feasibility study
1997	060602864	Cornerstone Alliance	MI	Chi	\$15,000	Introduction/training/support of area businesses in the use of the Internet
1998	060602947	Ohio Valley Reg Dev Comm	OH	Chi	\$13,000	Completion of land use plan alternatives
1998	060602912	City of Houghton	MI	Chi	\$12,000	To assess the parking needs of the downtown area



FY	Project No.	Appl Short Name	State	RO	EDA \$	General Project Description
1997	060602875	City of Chicago	IL	Chi	\$5,765	Identify the technical and market feasibility as well as the costs of converting three buildings into urban telework business retraining incubators
1997	070603664	Emerging Technologies IN	CA	Sea	\$1,000,000	Business assistance for technology transfer & export growth to accelerate rate at which new high tech companies begin to export products made in the area; tech transfer will be primary focus & direct hands-on assistance
1997	070603665	Tri-County Econ Dev Corp	CA	Sea	\$50,000	California Rural Venture Capital Project - establish a systematic way to bring equity capital to new and expanding businesses.
1998	070603749	County of Monterey	CA	Sea	\$50,000	Update infrastructure master plan community in Moss Landing
1998	07060376901	SE Arizona Governr Or.	AZ	Sea	\$35,000	Rail reconnection between the U.S. and Mexico; amendment will look at the issues and types of activities EDA should be involved with along the Mexican and Canadian borders
1998	070603783	County of Hawaii	HI	Sea	\$30,000	Feasibility/s food processing and visitors center
1997	070603638	City of Hanford	CA	Sea	\$25,000	Study the waste water pre-treatment facility needs in the Kings Industrial Park
1997	070603658	County of Santa Cruz	CA	Sea	\$25,000	Feasibility & site analysis for the proposed Marine Discovery Center in Santa Cruz county
1997	070603693	New Economics For Women	CA	Sea	\$25,000	Create informational video on economic development & sustainable community



FY	Project No.	Appl Short Name	State	RO	EDA \$	General Project Description
1998	070603831	Pala Band of Mission Ind	CA	Sea	\$25,000	High-technology feasibility study
1997	070603660	Palouse Econ Dev Council	WA	Sea	\$25,000	Economic development network implementation
1997	070603705	Tacoma Urban League Inc.	WA	Sea	\$25,000	Occupational training planning for low income in Tacoma
1997	070603706	Southeast Development	WA	Sea	\$25,000	Business area revitalization
1997	070603659	Alaska Ctr for Approp Tech	AK	Sea	\$24,400	Fiberboard manufacturing industry feasibility
1998	070603771	City of Rathdrum	ID	Sea	\$24,000	Downtown revitalization plan
1998	070603784	Colville Indian Tribe	WA	Sea	\$24,000	Quarry Falls Destination Resort feasibility study
1997	070603697	University of Arizona	AZ	Sea	\$23,233	Development plan for the Lechec Chapter of the Navajo Nation
1998	070603769	SE Arizona Governr Or.	AZ	Sea	\$20,000	Examination of the feasibility of continued rail service
1998	070603785	University of Hawaii	HI	Sea	\$20,000	Establishment of distance training & education links to Guam and American Samoa
1998	070603779	Lake County-Bd of Commiss	CA	Sea	\$15,000	Feasibility/analysis hotel, convention center, performing arts theatre
1998	070603876	Pacific International Center	HI	Sea	\$10,000	Begin planning process for preparation of OEDP and reactivation of economic development district
1997	070603753	CA Work Force Assn	CA	Sea	\$5,000	Preparation of a Web site
1998	080603165	Technology Ventures Corp	NM	Aus	\$1,000,000	Defense technology commercialization project



FY	Project No.	Appl Short Name	State	RO	EDA \$	General Project Description
1997	080603115	Univ of New Orleans	LA	Aus	\$124,000	Technical assistance to RLF operators, managers, and affiliates
1998	080603194	Univ of TX at Arlington	TX	Aus	\$110,000	Develop regional policy for trade impacted communities
1998	080603195	Texas Tech University	TX	Aus	\$100,000	Feasibility study to design economic development initiative at Texas Tech University
1998	080603193	Univ of Texas Austin	TX	Aus	\$95,000	Science, technology & job creation: study & conference
1997	080603130	Cncl For Urban Econ Dev	DC	Aus	\$25,000	Annual region-wide conference
1998	080603138	Natl Assn Dev Orgs-NADO	DC	Aus	\$25,000	Develop training conference in Santa Fe
1997	080603082	Caddo Bossier Parish Port	LA	Aus	\$25,000	Strategic plan to evaluation of port development; determine financial capabilities; explore target market; examine optional use
1997	080603102	City of Henryetta	OK	Aus	\$25,000	Planning for infrastructure in Brownfield site
1998	080603144	County of Caldwell	TX	Aus	\$25,000	Market feasibility study for specialty food collaborative
1998	08060313001	Natl Cncl Urban Econ Dev	DC	Aus	\$10,000	Supplement for annual region conference



Appendix B

Quantitative Responses to LTAP Grant Recipient Survey

The responses to the quantitative project survey questions are summarized below:

Was the funded project in a rural or urban area?

- (39) Rural
- (8) Urban

What kinds of economic distress did your project area have before the LTAP grant was received?

- (25) Low income (per capita income no more than 50% of national average)
- (20) Unemployment (people overqualified for their jobs)
- (20) Out-migration (people moving away contributing to net population decline)
- (19) Sudden economic changes due to downsizing or loss of industry
- (14) High unemployment (at least 225% of national average for 24 consecutive months)
- (8) Other
- (5) Economic impact of natural disasters or other emergencies
- (4) Impacts of foreign trade
- (3) Closing or realignment of defense bases or cutbacks in defense procurement
- (3) Actions of the federal government (such as environmental requirements) that curtail or remove economic activities



How did the project originate? (Required qualitative response)

Who was responsible for the origination of the project idea, the development of the project, and later, the implementation of the project?

	Origination	Development	Implementation
Federal government representative	2	10	8
State government	4	7	7
County government	6	10	9
City government	7	10	7
Township government	3	2	4
Economic development district	15	21	16
Private/nonprofit, nongovernmental organization	13	11	10
Private industry	5	1	5
College or university	8	8	7
Indian tribe or village	1	2	0
Other(s)	5	2	3

What was the LTAP grant amount?

What was the total cost of the project of which the LTAP grant was a part?

Please list any additional sources of funding for the project, and how much funding was provided for each source.

What was the primary purpose of the project?

- (20) Feasibility study
- (14) Other
- (7) New enterprise development
- (6) Real estate and infrastructure development
- (4) Marketing program
- (3) Management assistance and training
- (2) Technology transfer
- (1) Export assistance program



What was the general impact of the project on the community?

- (25) It helped the community undertake or eliminate specific economic development strategy
- (24) It fostered new local economic development approaches
- (13) It helped the community build or expand local organizational capacity

Specifically, which of the following were direct results of the project?

- (27) Increased general capacity to provide economic development service
- (17) Attracted businesses
- (16) Created jobs
- (14) Retained existing businesses
- (12) Revitalized vacant or underdeveloped land
- (11) Developed new markets or new jobs for existing businesses

How did the project influence the economic development approach of the project area?

- (18) Enhanced new business formation
- (12) Other
- (11) Increased the efficiency of existing firms
- (7) Reduced the flow of dollars out of the project area
- (5) Helped the community reacquire tax dollars from higher levels of government
- (5) No influence
- (4) Increased sales of local goods and services outside the region

In your opinion, what were the strengths of the project?

(Required qualitative response)

In your opinion, what were the weaknesses of the project?

(Required qualitative response)

Describe any unexpected results (positive or negative) of the project.

(Required qualitative response)

Realistically, would the project have been undertaken without an EDA LTAP grant?

- (38) No
- (6) Yes



Do you plan to apply for another LTAP grant? Why or why not?

(36) Yes

(5) No

On a scale of 1 to 5 (1 being unsatisfactory, 5 being satisfactory),
how would you rate your experience with the EDA LTAP program?

(27) rating of 5

(13) rating of 4

(5) rating of 3

(1) rating of 1

(0) rating of 2

What suggestions do you have to make the LTAP program more
effective? (Required qualitative response)



Notes



Notes

