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New Outline: Governor's Rural Summit

Opening Story:

- Changes in rural "jobs landscape": jobs leave, people leave, quality of life declines

The city of North Augusta

Story Synopsis

- Prior to the founding of North Augusta, three other towns existed on roughly the same site, all built on a specific industry. When that industry disappeared, so did the town --
 - Savannah Town built on the fur trade – when it disappeared, so did the town
 - Campbell Town built on the tobacco trade – same thing happened
 - Hamburg built as a steamboat terminus – same phenomenon
- The phenomenon has played itself out over and over in South Carolina in your communities – whether it be textiles, tobacco, railroad, etc...and it's forced all of us to rethink economic development in rural South Carolina

Detailed Story

- **In about 1700**, on the site of present day North Augusta, English settlers established a little town called Savannah Town. At the time it was one of the most important Indian trading centers in SC.
- At the time, it was literally considered the end of civilization, and the gateway to Indian nations as far west as the Mississippi. Fur traders shipped their goods from Savannah Town to Charles Town, where they were shipped to England.
- The town failed when enterprising merchants set up trading posts on the Georgia side of the river to intercept the goods from the west before they reached Savannah Town. By 1750, the town was dead to this intense competition from its rival across the river.
- **Flash to about 1800** -- Campbell Town is founded near the same site by John Hammond. Also established as a trading post, its focus was on tobacco.
- Campbell Town prospered for about 60 years before the lucrative tobacco market started to slip to the Georgia side of the river due to increasing competition between tobacco warehouse owners.
- Competition between tobacco growers and warehouse owners grew so intense that river boat ferries were destroyed, John Hammond was killed, and his house was burned. With the tobacco and fur trade bypassing Campbell Town, the town did not survive.
- **After Campbell Town**, a third town Hamburg, was founded by George Schultz. It was the home dock of a thriving steamboat business between Hamburg and Charleston, and in five years had grown into a flourishing town.

- The down-river tobacco and cotton trade was so good that Charleston merchants financed and built a railroad from Charleston to Hamburg. Mr. Schultz built a 26 mile plank road all the way to Edgefield to enable the wagons to keep moving during the rainy season. After only 20 years, Hamburg had become a boom town.
- But Augusta wanted a bigger piece of the action. The Augusta canal was built to allow upcountry planters to use the river and pass straight into Augusta. A railroad built a trestle bridge to Augusta, changing Hamburg from being a terminal point to just a stop along the way to Augusta. After about 50 years, Hamburg, like its predecessors, perished.
- In 1902, James U. Jackson, who as a boy envisioned a new town in the bluff areas above the flood plains, developed the plans for 600 acres that would make up the new town. He hired the best designers from New York to design this new town--North Augusta.
- Critics in Augusta told him that since the Fifth Street bridge would be the only access to the town and people would have to travel through the slums of what remained of Hamburg to get to the new town, nobody would be interested in going there.
- James Jackson was a visionary and continued to pursue the vision he had for the town. He traveled to New York to get financial backing and built a new bridge to North Augusta--the Thirteenth Street/Georgia Avenue bridge. The town of North Augusta became a reality and was incorporated in 1906, and the rest is history.

What's the point of all this?

- Savannah Town built on the fur trade – when it disappeared, so did the town
- Campbell Town built on the tobacco trade – same thing happened
- Hamburg built as a steamboat terminus – same phenomenon
- The phenomenon has played itself out over and over in South Carolina – whether it be textiles, tobacco, railroad, etc...and it's forced all of us to rethink the way we do economic development in rural South Carolina

Quite frankly, the old strategy won't work anymore – we marketed South Carolina, and particularly rural SC, as cheap land, cheap labor and right-to-work. Now, if you want really cheap land or really cheap labor, you're going to go to China or India or Mexico.

2
CHARTS

What
mean

change is
constant

and our
world has
died

Where do you come from here -

① recognize Base is Oklahoma.

What is our rural strategy?

- Bottom line: To Improve the Competitiveness of Rural SC
 - o Fair Share [Community and Rural Development]
 - o Transitioning SC into the 21st century economy [Business Development, Clusters]
 - o Creating jobs & raising income levels [Business Solutions - increase opportunities for small business]

② Michael Porter -

- better than other rural -
- still need to see power
power in cities.

Quality infrastructure:

1. Our Goal: Making sure SC gets its fair share

- ex: Renaissance Project

↳ Money for rural -> keep it rural

- Situation a few years ago in Spartanburg:
- At the request of the Governor's Office in approximately late 2001 or early 2002, Commerce made a commitment of \$6 or \$6.5 million in support of the Spartanburg Renaissance Project.

Business MAN

- Problem was, the state was going through budget cuts and there was no money. In March 2002, the Budget & Control Board called a special meeting to approve two loan agreements between Commerce and two divisions of the B&CB in the collective amount of \$6.5 million to satisfy the commitment:
 - \$3.5 million from the Insurance Reserve Fund; funds paid to Spartanburg in March 2002.
 - \$3.0 million from the Division of Local Governments; funds paid to Spartanburg in July 2003.
- [The Division of Local Governments is the division the many of the folks at the rural summit had gone to address rural needs in infrastructure.]
- The minutes of the March 2002 meeting reflected the expectation of the Governor and Senator Leatherman that "these loans would be repaid out of the bond bill or some other means if a bond bill is not passed."
- **Bottom Line:** Because of this type of deal making, \$3 million less was available to address rural needs, and Commerce is still in the process of paying it back in installments -- in 2003, the General Assembly appropriated \$750,000 to cover the first installment.

↳ Rural -

> does it mean open spicot - NO - (if bad deal - bad deal)
> Bib Fair - would you put own money in?

KENT WILLIAMS

WE HAVE

- 1. people committed -
- 2. history - civil war, rural war, ice storms -

Focus limited \$

2. Commerce Strategy: Community and Rural Development

- Strategic planning on a county level with assistance from Commerce
 - Four years ago, virtually no rural counties had strategic plans for business development. Working with Commerce, now 22 of 24 rural counties do.
 - Part of it goes back on the counties: where do you want to go, Commerce will help you get there. Commerce working toward collaborating with counties to develop strategic plan for every county in SC
- More financial assistance on improving targeted downtown areas
- **Great example -- Mullins, SC:**
 - Mayor Wayne George, a lifelong resident of Mullins, is currently in his 16th year as Mayor. His leadership has led to a successful downtown revitalization program. (He will be speaking later in the morning) --- Involved the renovation of five buildings in downtown Mullins to create 21 apartments for the elderly and 4 retail spaces.
 - Before the project, the City was going to condemn 3 of the 5 buildings. There was also a waiting list for affordable units of 3 months to 1 year.
 - When this project was funded, the City had 10 vacant buildings in the downtown area -- thanks to this project, all of these buildings are now being rented. As of 2004, 2 of the 4 retail spaces under these 5 buildings have been rented by new businesses that have opened up in downtown (real estate company and antique shop).
 - Help from CDBG funds (Commerce) -- about \$330k. Other's that pitched in -- the city, the State Housing Authority, private developer [Between all of these sources, \$2.1 million was used to complete project]
- Improve workforce skills of local citizens in targeted areas.
 - Commerce is in the process of developing two pilot initiatives in which they will work with local government, schools and tech schools to help educate adult population and improve workforce
- Improve infrastructure
 - Infrastructure is a quality of life issue, and an economic development issue
 - In 1990, rural South Carolina received \$7,922,498 in funding.
 - In 2003, rural South Carolina received \$12,955,294 in funding.
 - (Combinations of CDBG and Rural Infrastructure Funds -- used for water, sewer, downtown development, affordable housing, site preparation etc.)
 - Before 1990, there were 1,676 miles of sewer lines and 3,046 miles of water lines in rural South Carolina.
 - Today, there are 2,293 miles of sewer lines and 4,327 miles of water lines in rural South Carolina.

#2
Focus
Ag
For us

helping
downtown

Focus #3 - (Clemson extension service
(teen pregnancy))

Transitioning into the 21st century economy:

1. Our Goal: Implementing Monitor Report

- Competitiveness guru Michael Porter - key is in clustering. Lots of opportunities for clustering in rural SC (agriculture, etc.)
- Commerce is close to forming a public/private partnership with the Palmetto Agribusiness Council and assisting their members in becoming an Agribusiness Cluster. This Cluster may represent \$35 billion in economic activity and over 460,000 jobs in our state. We are working with the State's Ag department in this effort.
- In addition, we are about to create a similar relationship with the South Carolina Forestry Association, in partnership with the South Carolina Forestry Commission, to support the growth of the state's Forestry Cluster, which represents \$14.7 billion in annual economic activity and 40,000 jobs in our state.
- Some of the topics under discussion between Commerce, state universities, and the USDA's Beltsville Agricultural Research Center (BARC) include the development of high-value products from waste poultry feathers, new soybean uses, crop and microbial genomics and poultry immunology. DOC will be taking a delegation to visit BARC on March 15th.
- Two examples:
 - a. Polymers from Poultry - Poultry feathers waste is a good source of the structural protein keratin, a tough, strong, polymeric material with properties that match or exceed commodity polymers derived from protein. Keratin is inherently bio-compatible and is ideal for use in biomaterials or biomedical applications.
 - b. Nutraceuticals - natural, bioactive chemical compounds that have health promoting, disease preventing or medicinal properties. Industries that could be big for nutraceuticals in the future include the food industry, the herbal and dietary supplement market, and the pharmaceutical industry. Here in SC, Clemson, MUSC, and South Carolina Research Authority have joined together to create the National Nutraceuticals Center (housed at Clemson). The Center's aim is to "make Nutraceuticals an integral part of mainstream American healthcare by providing an environment for basic and applied research, clinical trials, Pilot Projects, and deployment."

Focus 4

Ag

Forestry

Some - rural
Some - urban

Focus 5 Commerce

2. Commerce Strategy: Business Development

- Create a minimum of 1,500 new jobs and \$225MM in new investment in rural SC in 2004.
 - Some of the things we've announced this year in rural SC –
 - Dollar General in Union (600 jobs, \$50 million)
 - Reliable Automatic Sprinkler in Pickens (350 jobs, \$25 million)
 - Identify industry groups, and specifically companies within those groups, who favor rural locations. (Goes back to clustering examples above)
 - Provide specialized marketing & concentrate on the work that we have done over the past few years in newly constructed or updated industrial parks and speculative buildings.
 - Since 1990, 14 speculative buildings have been constructed in rural South Carolina with the assistance of Commerce. Of those 14, 7 have sold leading to the creation of 700 jobs and \$47.5 million in investment.
- The existence of those speculative buildings generated 6 additional projects involving companies who came to look at a spec building and chose not to move to the spec building, but because company representatives were impressed by the county, chose to build elsewhere in the county. These 6 projects have generated 900 jobs and \$43.5 million in investment. (4 of the 14 are currently in process.)
- There have been 9 new industrial parks built in rural South Carolina since 1990. The construction of these parks has yielded 2,312 jobs and more than \$200 million in investment.

> Small business
entrepreneurs

> Expanding small
business development
efforts

Creating Jobs and Raising Income Levels

1. Our Goal: Improving Underlying Soil Conditions

- Any farmer from rural South Carolina will tell you that you can't grow crops in bad soil – what we're trying to do is enrich the soil in SC
 - Record jobs loss in SC – income tax one way to address that
- **Florida:** No income tax, over the same period (1998-2002) that we lost jobs and small businesses, Florida saw more than 35,000 small businesses created, and more than 10 percent employment growth
- **Beacon Hill Study:** New Jersey lowered rate from 7 percent to 5.68 percent, led to the creation of 25,000 new jobs
- **American Legislative Exchange Council:** From 1990 to 2000, Income tax-cutting states saw 270 percent the rate of job growth and 146 percent the rate of personal income growth versus income tax raising state

Focus 6

> Soil conditions
Harrisville
Sonoco

end of day
all in
together –

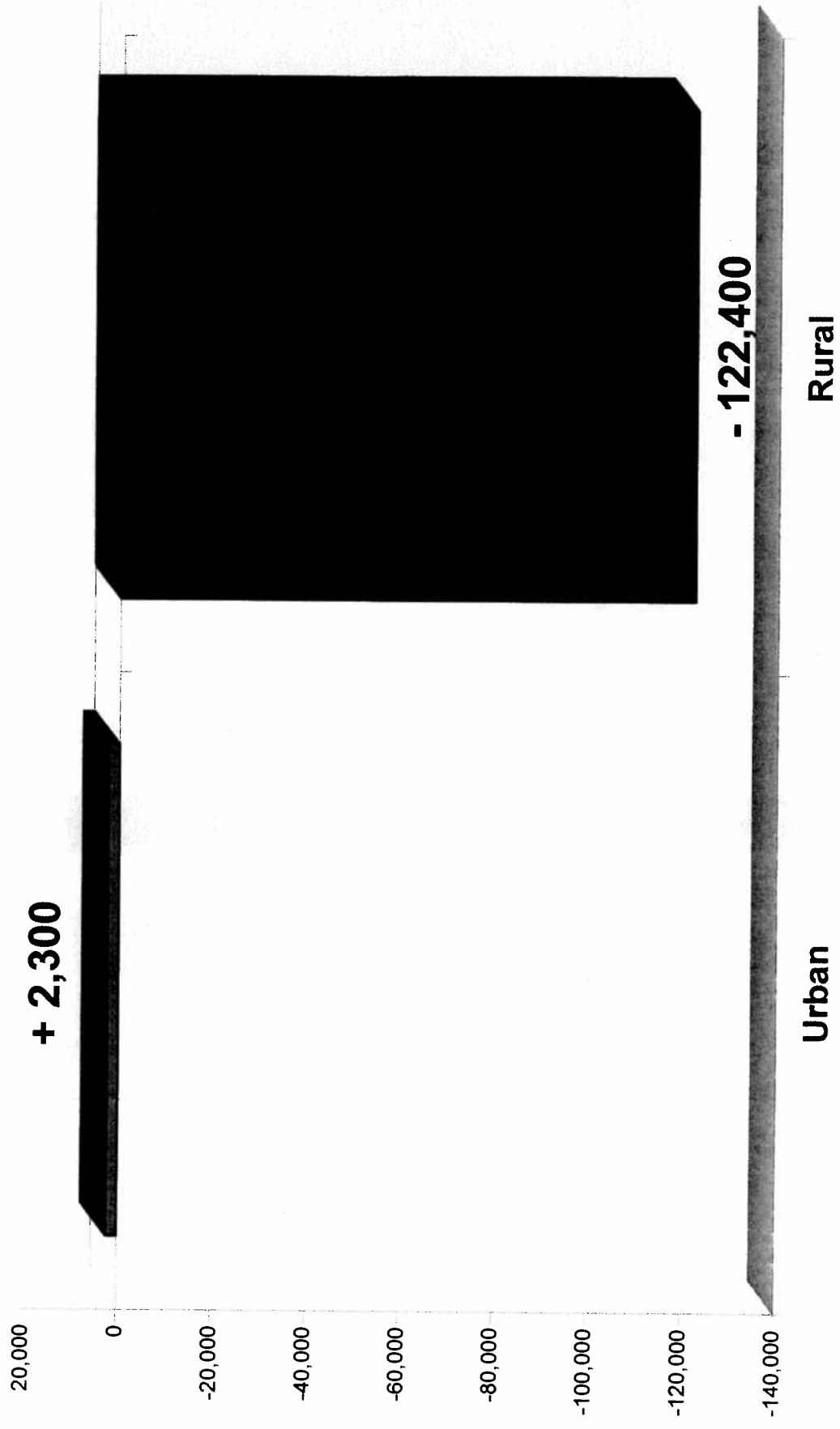
① restructuring

② income tax

③ (workers taking)
infrastructure
F.I.D

SC Job Loss, 1998-2003

Net



Population Percent Change, 1997-2001

82

