

Community Assessment

of

Rabun County, Georgia



Prepared by:



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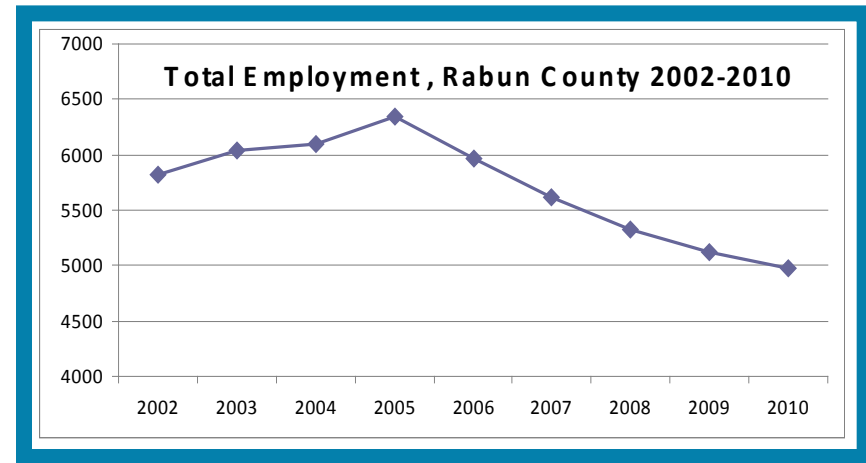
Introduction

- This community and economic development assessment of Rabun County, Georgia, was sponsored by Georgia Power and conducted by Janus Economics. The report is comprised of four parts: 1) economic overview; 2) development assessment (including incentives review); 3) target industry analysis; and 4) marketing recommendations.
- Information for this assessment came primarily from a one and a half day visit to the County during which two Janus professionals toured the area and conducted confidential interviews (and focus groups) with elected officials, business owners, city/county employees and other stakeholders. Georgia Power provided data from Economic Modeling Systems, Inc. for the demographic and economic overview. However, this is not a detailed statistical study or engineering-based assessment, but rather an analysis of the community as a visiting company executive or consultant evaluating potential sites would see it – both tangibles and intangibles. Recommendations are also included.
- Georgia Power Company (GPC) is a significant investor in economic development efforts across Georgia. GPC is the largest electrical utility in the state and is a subsidiary of Southern Company, a major utility holding company that spans the southeastern United States. GPC provides a number of services that directly support economic development activities in the areas they serve. These include community development (economic development preparedness), industrial park planning (conceptual master planning and utilities assessments), and site selection services (GPC works directly with companies, consultants and economic development allies to attract investment to Georgia). The Georgia Resource Center, located in Atlanta, provides state-of-the-art information on Georgia and her communities.
- Janus Economics, LLC, is a leading provider of economic development, site selection, real estate, and related consulting services to private and public clients across the country and abroad. Economic and community development services include competitive assessments and SWOT analyses, visioning and strategic planning, organizational evaluations, target industry studies, marketing plans, site certification, website development and the spectrum of related activities. Real estate and transportation services include local, national and international site searches, site comparison and evaluation, facilities evaluation, feasibility studies, market studies, re-use studies and similar activities. Janus Economics was founded and is owned by industry veterans Robert Pittman and Jennifer Tanner who together have over 45 years of experience in economic development and business location consulting.



Economic Overview

- Economic data is 4th quarter, 2010 from Economic Modeling Specialists, Inc. (EMSI) and provided by Georgia Power, unless otherwise noted.
- Total employment (jobs in county, 4th quarter, 2010) is 4,974, representing a significant 22% decline from peak employment of 6,343 in 2005.
- The unemployment rate in the county (GA Dept. of Labor, preliminary November, 2010) is 11.7%
- At an aggregate 2-digit NAICS Code level (North American Industry Classification System)¹ level, the five largest industries by employment in Rabun County are retail, government, accommodations and food services, manufacturing, and health care. Construction is the sixth largest employer in the County.



Rabun County Employment by 2-Digit Industry Sorted by Number of Jobs, 2010

NAICS Code	Industry Description	No. of Jobs		Change in Jobs		Location Quotient		Earnings per Wrkr	Num of Estabs
		2002	2010	Number	Percent	2002	2010		
44-45	Retail Trade	846	930	84	10%	1.27	1.69	\$29,085	92
90	Government	967	862	(105)	(11%)	0.96	0.95	\$46,825	25
72	Accommodation and Food Services	683	820	137	20%	1.51	1.95	\$15,512	67
31-33	Manufacturing	1,543	559	(984)	(64%)	2.29	1.27	\$38,110	25
62	Health Care and Social Assistance	243	392	149	61%	0.41	0.64	\$36,634	31
23	Construction	528	319	(209)	(40%)	1.78	1.52	\$34,234	112
52	Finance and Insurance	200	187	(13)	(7%)	0.80	0.89	\$52,420	26
81	Other Services (except Public Administration)	128	150	22	17%	0.68	0.91	\$23,843	32
61	Educational Services	109	138	29	27%	1.26	1.47	\$20,790	4
11	Agriculture, Forestry, Fishing and Hunting	55	116	61	111%	0.99	2.72	\$13,431	6
71	Arts, Entertainment, and Recreation	44	112	68	155%	0.56	1.54	\$23,187	9
54	Professional, Scientific, and Technical Services	134	101	(33)	(25%)	0.46	0.36	\$37,282	35
56	Administrative and Support and Waste Management and	77	95	18	23%	0.23	0.34	\$27,671	23
53	Real Estate and Rental and Leasing	61	56	(5)	(8%)	0.68	0.76	\$26,520	32
48-49	Transportation and Warehousing	55	45	(10)	(18%)	0.25	0.25	\$42,718	12
51	Information	26	32	6	23%	0.17	0.31	\$55,675	5
22	Utilities	26	31	5	19%	1.01	1.45	\$124,069	4
21	Mining, Quarrying, and Oil and Gas Extraction	21	16	(5)	(24%)	0.93	0.64	\$42,133	1
42	Wholesale Trade	66	14	(52)	(79%)	0.27	0.07	\$26,731	6
	Total	5,814	4,974	(840)	(14%)			\$32,879	549

¹ The North American Industry Classification System (NAICS) is the system used by the U.S. Government to classify industries by type. The two-digit level covers major sectors or industries at an aggregate level (e.g. retail industry, manufacturing industry). The classification system goes down to four, five and six digit levels and lists specific industries within each 2-digit sector.

- Industries in which the County has relatively high levels of concentration (higher location quotients in 2010) include agriculture and forestry, retail, accommodation and food services, educational services and construction. The location quotient is a measure of relative concentration of industry in the county compared to the U.S. If the quotient is greater than one, the County has a higher concentration (percentage of total employment) of that industry than the nation as a whole. The location quotient measures concentration rather than absolute size.
- Drilling down to the 4-digit NAICS level provides insight into which specific industries are growing or declining the fastest. Reflecting the County's relatively high concentration in retail, tourism and construction, among the fastest growing industries (change in employment from 2002 to 2010) and with higher levels of employment are: General Merchandise Stores (404%), Amusement and Recreation (197%), Restaurants (69%), Building Material and Supply Dealers (59%) and Building Equipment Contractors (49%).

Job Creation: Fast Growing Industries in Rabun County

NAICS Code	Industry	Job Growth 2002-10			No. of Estabs
		2010 Jobs	Number	Percent	
4529	Other General Merchandise Stores	267	214	404%	8
7221	Full-Service Restaurants	301	123	69%	28
4441	Building Material and Supplies Dealers	196	73	59%	8
7139	Other Amusement and Recreation Industries	104	69	197%	7
3364	Aerospace Product and Parts Manufacturing	64	64	--	1
6231	Nursing Care Facilities	50	50	--	1
11A0	Crop and animal production	99	47	90%	2
5617	Services to Buildings and Dwellings	61	35	135%	14
2382	Building Equipment Contractors	100	33	49%	20
6111	Elementary and Secondary Schools	135	31	30%	2
4451	Grocery Stores	163	31	23%	8

Disappearing Jobs: Declining Industries in Rabun County

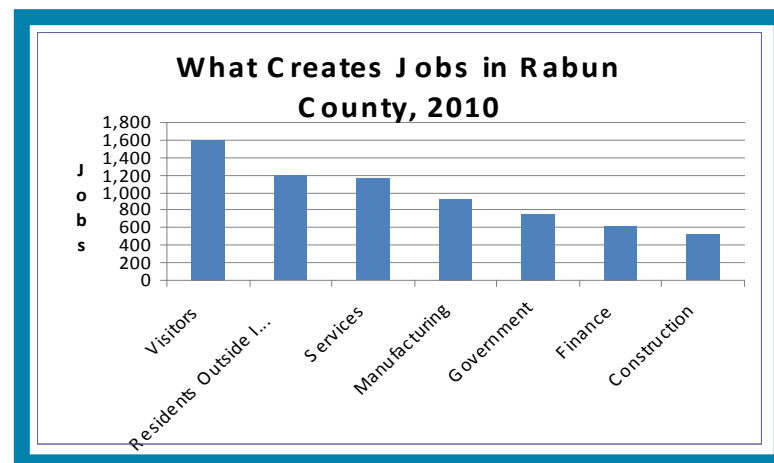
- Industries that have declined in the County since 2002 include traditional manufacturing jobs in Cut and Sew Apparel (201 jobs lost), Fiber, Yarn and Tread Mills (807), Residential Building (134), and Foundation and Structure Contracting (46).

NAICS Code	Industry	Job Decline 2002-10			No. of Estabs
		2010 Jobs	Number	Percent	
3132	Fabric Mills	0	(20)	(100%)	0
3325	Hardware Manufacturing	0	(23)	(100%)	0
3114	Fruit and Vegetable Preserving and Specialty	13	(25)	(66%)	1
9200	State government	54	(32)	(37%)	8
2381	Foundation, Structure, and Building Exterior C	34	(46)	(57%)	13
9300	Local government	734	(64)	(8%)	14
2361	Residential Building Construction	106	(134)	(56%)	46
3152	Cut and Sew Apparel Manufacturing	0	(201)	(100%)	0
4521	Department Stores	0	(252)	(100%)	0
3131	Fiber, Yarn, and Thread Mills	338	(807)	(70%)	2

- Another way to examine the economy in Rabun County is by sector instead of industry (economic base analysis). For example, tourism encompasses a number of NAICS industries such as restaurants and traveler accommodations. Another example is residents who work outside of the County or receive retirement or investment checks. This brings money into the County, helping to create jobs and increase local incomes.
- The exhibits below show which of these sectors create the most jobs and earnings in the County (data and models from Economic Modeling Specialists, Inc.). The top five sectors, accounting for almost three-quarters of jobs and earnings in the County are Visitors (tourism), Residents Outside Income (including retirees), Services, Manufacturing, and Government. According to EMSI data and models, Construction accounts for seven percent of jobs and earnings in the County.

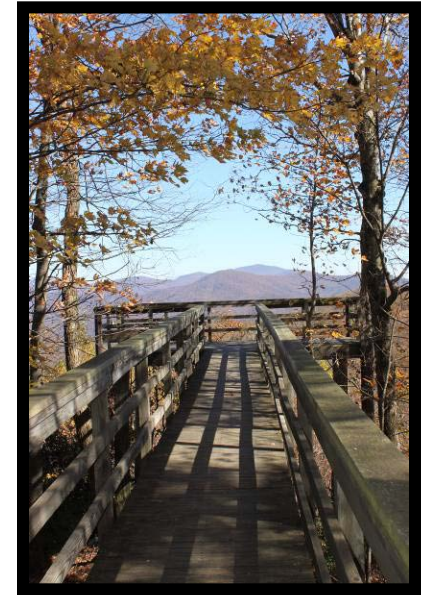
Sector	Total Earnings		Jobs %	Earnings %	Earnings per Wrkr (000's)
	Jobs	(000's)			
Visitors	1,606	\$39,540	21%	18%	\$25
Residents Outside Income	1,198	\$28,629	16%	13%	\$24
Services	1,169	\$27,945	15%	13%	\$24
Manufacturing	919	\$30,520	12%	14%	\$33
Government	761	\$30,939	10%	14%	\$41
Finance	628	\$21,968	8%	10%	\$35
Construction	527	\$15,627	7%	7%	\$30
Exogenous Investment	327	\$8,963	4%	4%	\$27
All Other	198	\$9,242	3%	4%	\$47
Agriculture	169	\$4,204	2%	2%	\$25
Mining	51	\$1,841	1%	1%	\$36
Communications	11	\$458	0%	0%	\$40

Notes - Residents Outside Income: What Rabun County Residents earn outside of the County - Exogenous Investment: Investment in local businesses from outside the County



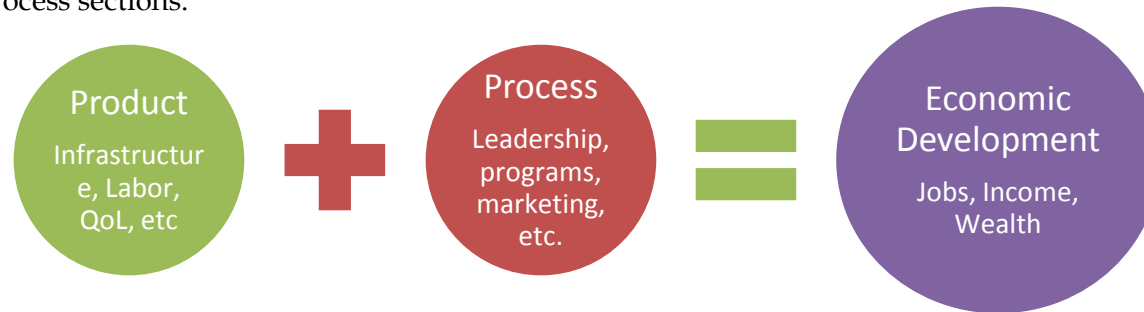
Summary Observations

- The manufacturing sector, once the largest employment sector in the County, has significantly declined from 26% of employment in 2002 to 11% today – a loss of 1,543 jobs.
- Economic base analysis shows that 75% of employment in Rabun is due to 5 sectors: tourism, residents outside income, services, manufacturing and government. With the exception of local government, these sectors are “export industries” meaning that they bring in money from outside the area to fuel growth, rather than just recirculating money already there. Services are mixed – some services are “exported” outside the County while others mainly serve only the County. This sector analysis indicates that tourism, activities attracting outside income (e.g. retirement), and export based services are logical key target industries for recruiting and growing. As discussed below, selected manufacturing industries are also logical target industries.
- Industries that have created jobs in the County over the past decade are a mixture of export industries (e.g. aerospace parts manufacturing) and industries serving the local market (e.g. schools, nursing care facilities). In a county like Rabun with a significant visitor market, other fast-growing industries such as general merchandise stores and restaurants cater to both tourists and people passing through (bringing in outside money) and local residents (recirculating existing money). In most places, residential construction is not an export industry since it caters to local residents. However, because of the second-home and retirement industries in the County, construction is both an export and local industry.
- With the decline of the low-skilled manufacturing and the home building sectors, the County has become more dependent on tourism and residents’ outside income. Given Rabun’s quality of life and scenic beauty, these sectors will remain key components of the local economy. Modern advanced manufacturing and certain service sector jobs have higher average skill levels and earnings. To diversify the economy and increase incomes, Rabun County should target growth industries in these two sectors while continuing to build on the traditional foundations of tourism (including retail) and residents’ outside income. Growth in these sectors will ignite growth in other key sectors such as construction and retail.
- In order to attract modern advanced manufacturing and export-based service sector jobs, a skilled, well-educated local workforce is required. While there are companies in the County that praise the skilled workers they employ, education levels (a proxy used by some for skills) are below the state and nation. One challenge facing Rabun is to improve the skills of its workforce while preserving and growing some of its traditional industries and its existing economic development assets.



Development Assessment

Janus Economics believes in the simple formula below for economic development success. Therefore, the SWOT analysis is divided up into Product and Process sections.



Product

The process of business location and expansion is very competitive. Generally, executives and consultants screen many communities on paper by looking for knock-out factors to narrow the list down to the few communities they will visit. “Fatal flaws” such as lack of suitable available land or building space can eliminate a community at the outset of a site search. The same logic applies to existing businesses that want to expand or entrepreneurs who want to start a new business – if a community doesn’t have the necessary resources or has a bad business climate, this will inhibit job creation.

Strengths to build on

- Quality of life and place.
 - People from all walks of life are attracted to Rabun, which is a strength in itself.
 - Local employers report that recruiting people to the County is relatively easy.
 - Rabun County boasts:
 - Scenic beauty (mountains, lakes, state parks)
 - Outdoor recreation (hiking, camping, boating, rafting)
 - Three state parks (only county in Georgia)
 - Strong arts community



- Low cost of living
- Low crime rate
- Sense of community, taking care of own
- Easy access to several urban areas (Atlanta, Greenville/Spartanburg, Asheville)
- Access to air transportation (urban areas above)
- Mild 4-season climate
- Variety of housing available to support different life styles (lake and mountain homes, standard single family)



➤ K-12 Education.

- Very strong for a rural area.
- Good public schools
- Two internationally recognized private schools (Rabun Gap-Nacoochee and Tallulah Falls schools)

➤ North Georgia fiber optic network (coming).

- Studies show that broadband encourages growth in rural areas.
- This will enable Rabun to attract new types of industry (see Target industry section).

➤ New Rabun Business Park.

- Without available, development-ready land and building space, it is difficult to even get prospects to visit a community.
- This is a critical component for economic development success in the County.
- N. Georgia fiber optic network greatly broadens market appeal.

➤ Good north/south highway access.

- Hwy 23-441 provides quick 4-lane access to Rabun from Atlanta and Asheville (remaining 3-lane section in Rabun County is scheduled for widening to 4-lane), and serves as a trucking/distribution route.



➤ Good labor force.

- Business interviewees provided excellent testimonials regarding the regional labor force, and compared Rabun very favorably to other places they had worked.
 - Loyal, good work ethic
 - Good productivity
 - Competitive labor costs
 - Good labor availability
 - Can recruit special skills from outside of area

➤ Brand (name) recognition.

- Many people in Georgia and surrounding states are familiar with Rabun and have a positive image of it from past vacations, visits to lake, mountains, and state parks.
- This is certainly good for tourism, but the image does not necessarily extend to business location. However, the image can have a strong appeal to business decision makers who put quality of life high on the list of location criteria.



➤ Strong tourism assets.

- These assets include:
 - Scenic beauty
 - Outdoor recreation
 - Hotels and inns
 - Dillard House and Conference Center
 - State parks
 - Retail
 - Arts
- Tourism is economic development because it brings in outside money and creates jobs and income in an area.
- However, another value of tourism is often overlooked – when business decision makers, consultants, meeting attendees, etc. visit it provides valuable exposure and builds brand recognition. Steps should be taken to tie tourism and “traditional” economic development (e.g. recruiting new companies) together more closely.

Weaknesses to address

➤ Limited availability of agriculture and lower-wage workers.

- This could be a significant barrier to the expansion of existing agriculture-related companies in the County, and to new ones locating or starting-up in the County.

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➤ No rail service in County.

- While this would prevent some industries from considering Rabun as a location, the County is not really well suited to heavier, rail served industry. This is not consistent with the scenic nature of the County and its tourism and second-home industries.
- There are many non-rail using industries to attract to Rabun County (see Target Industry section).

➤ Water and sewer.

- While some steps are being taken or planned to help the situation (e.g. extend sewer along 441 south from Dillard), the water and sewer infrastructure situation is a significant economic development weakness.
- The City of Clayton's sewer system is under an expansion moratorium from the State EPD, thus effectively limiting development in many areas served by the system. In addition, Clayton's water system has a large loss rate.
- System limitations and problems have contributed to political fights and lawsuits over water/sewer access and fees.
- The cost to repair and upgrade antiquated systems will be very high.
- Uncertainty over availability and cost of water and sewer service can be a knock-out factor in a site search.
- Fortunately, the Rabun Business Park has both water and sewer treatment facilities on site.



➤ Scarce flat land for development and relatively high land cost.

- This can also be a knock-out factor in a site search, but incentives to offset this can be offered if necessary. The Rabun Business Park provides an inventory of available land and building space for the present.

➤ Limited downtown redevelopment.

- The downtown areas of Rabun County including the largest retail centers of Clayton and Dillard have not been redeveloped or streetscaped to increase their appeal.
- There are over 50 cities in the Georgia Main Street program, but no Rabun County cities belong.
- An appealing, vibrant downtown not only attracts tourists, retirees, and second homeowners, it also makes a positive impression on prospects and consultants in a site search visit.

➤ No community college in county.

- The distance to North Georgia Technical College, located approximately 30 minutes away in Habersham County, can be a barrier for some students and employers. Employers interviewed stressed the need for access to community college educational resources.
- Distance learning courses that will be offered in the new Employment Center in the renovated former county hospital building will expand the availability of college courses to many in Rabun County.
- To overcome distance barriers, many communities work with colleges to offer on-line courses and physical courses at off-campus locations. In addition, many community and technical colleges partner with companies to offer customized training at company facilities.

- North Georgia Tech partners frequently with businesses to offer on-site customized training, and prospects should be made aware of this as lack of a community college in a county can be a knock-out factor in a site search.
- No public general aviation airport in County.
 - Businesses in Rabun County that utilize or wish to utilize general aviation have to drive out of the County to find an airport.
 - There is an airstrip in the Heaven's Landing development in the County that has been used to fly in prospects. This arrangement helps compensate for the lack of a public general aviation airport.
- Aging health care facilities
 - The Mountain Lakes Medical Center has won awards for its patient care. However, as many interviewees commented, it is an older complex lacking some newer facilities and equipment. Health care is especially important in places like Rabun County with larger concentrations of retirees and older second home owners.
 - Some interviewees expressed the concern that there are relatively few younger physicians in county.
 - The new hospital and health complex to be constructed will be a great asset for the County, turning a potential weakness into a strength. Having to fly a prospect into an airport in an adjoining county would be a disadvantage.

Process

The Process of economic development is just as important as the Product. Without effective strategies, programs and implementation, the likelihood of success in economic development is greatly reduced. Georgia Power uses a pyramid to illustrate the key components in the economic development process; below we assess these components for Rabun County.



Leadership

- Limited communication and cooperation among city and county governments for economic development.
 - No established system for regular communication and economic development planning among county and cities.
 - No direct funding from cities to Development Authority of Rabun County (DARC), and very limited direct funding of CVB by cities. A common practice is for cities to financially support county- or regional-level economic development organizations (EDOs).
- Political disputes do not inspire investor confidence.
 - Public disputes among elected officials within a city, between cities, or between cities and the County often aired in local media outlets do not inspire confidence that Rabun is a good location for business. The same applies to recent disputes among the Chamber, Development Authority and CVB.
 - Companies prefer locating in areas where cooperation among political jurisdictions is good and disagreements are amicably resolved.

- No public/private partnership for economic development.
 - Economic development funding is solely public; common model is combination of public and private funding (national average around 50% each).
 - Strong public/private cooperation and leadership for economic development provides stability and continuity, and inspires investor confidence.
- Rabun Business Park is a positive example of cooperative leadership to build on.
 - This accomplishment demonstrated success from working together and provided Rabun County with an available industrial building and land to attract prospects.
- The Joint Development Authority among Rabun, Habersham and Banks counties is an important indicator that these counties recognize the importance of regional cooperation for economic development.

Recommendations:

- Reinstate Leadership Rabun to help young adults in the County grow to be more effective leaders. This will benefit local businesses as well, as some interviewees commented that more leadership abilities in the workforce would be a plus.
- Help Rabun's promising young leaders attend Leadership Georgia or similar leadership training programs.
- Establish a system of regular communication among the County and cities for economic development.
 - Establish a regular meeting or lunch for representatives of the County and the cities to update their counterparts on economic development discussions, events and plans in their jurisdictions. Representatives from DARC and CVB would also attend to inform the attendees of their activities, and to benefit from the briefings by other attendees.
 - Local governments and key organizations (e.g. DARC, CVB, Water & Sewer Authority) should ensure that minutes and results of meetings pertaining to economic development are distributed to each other.

Strategy



- No shared vision for economic development.
 - Without a shared vision for future of a community, it is hard to reach consensus (if the destination is unknown, it's hard to agree on the route). What kind of jobs are we seeking? What should be our priorities (activities and funding)?
 - In community and economic development, many if not most disagreements over what to do stem from lack of agreement on where to go
 - There are many examples of people with different viewpoints in a community forging a common vision and plan and achieving success (e.g. Tupelo, MS).

- No long-term strategic plan for economic development.
 - An economic development strategic plan starts with a vision statement, establishes goals and objectives tied to the vision, and sets forth specific action steps to accomplish the goals and objectives.
 - The strategic plan is periodically revisited and revised as circumstances change.
 - The strategic plan contains milestones and performance measures so progress (or lack of) can be clearly gauged.

- A strategic plan guides the economic development effort and resource allocation
 - Without a plan, priorities and resource allocations are often inefficient and even inconsistent
 - DARC's budget is not firmly established from year to year; it relies mainly on the discretion of the County Commission.

Recommendation:

- Conduct a county-wide facilitated economic development strategic planning process (including tourism, see below) and develop a vision and written strategic plan.
 - This is a structured process over several weeks where all stakeholders are heard and have input into the strategic plan
 - The marketing and promotion program is an integral part of the strategic plan
 - Successful communities build on points of agreement and develop processes to work out disagreements over time
 - Success is not 100% agreement on everything; instead, it is compromise and progress on some key issues

Services

- DARC performs a number of community and economic development services. While visits from and trips to prospective companies garner the headlines, that is the tip of the iceberg. An EDO must do countless tasks to make the community development ready and identify prospects before any trips or commitments occur. DARC's activities include:
 - Creating Rabun Business Park (feasibility studies, issuing RFPs and securing contractors, issuing bonds, etc.)
 - Securing grants for itself and helping others secure grants
 - Managing a small but important revolving loan fund
 - Workforce development (job fairs, helping secure Employment Center - local office of GA Dept of Labor)
 - Expanding new fiber optics loop deeper into the County (including downtown Clayton)
 - Professional education and training (a definite best practice)
 - On-going marketing work of the Business Development Task Force

- A key service – creating industrial land and building space suitable for prospects and immediately available – has been successfully performed by the DARC, County and other related parties.
 - Lack of development-ready available land and building space suitable for modern prospects is usually a knock-out factor at the outset of any site selection project (the Product part of the economic development success formula).
 - Next, the Process part of the formula comes into play. The resources allocated to economic development and how the efforts are organized should now receive priority attention.

- DARC staff and budget resources are below best practice levels
 - Economic development budgets and allocations depend on individual situations, but surveys can provide useful data to measure economic development efforts. According to a 2006 survey by the Southern Economic Development Council (SEDC):
 - In the Southern states, 85% of EDOs have an annual budget in excess of \$200,000; the median budget level (half above, half below) is \$350,000 (2006 data, so current spending would undoubtedly be larger). DARC's budget for 2010/2011 is \$130,000.
 - EDOs in the South spend an average of 25% of their budgets on marketing activities and 55% on personnel; DARC spends only 15% of its budget on marketing, but approximately the same share (55%) on personnel. However, the overall budget level is below many similar communities, as indicated by the above survey data.



- On average, funding sources break down as follows: 65% public, 23% private, 12% self-generated or other. DARC's approximate corresponding shares for 2010/2011 are: 87% public (all County), 0% private, 13% self-generated (Business Park revenues and interest income).
- A 6 month marketing contract for \$20,000 (for 3 days/week) has been issued to a former DARC board member. On an annual basis, this would add \$40,000 and one part-time person to the budget. However, currently the Executive Director of DARC is shared with the Chamber on a 70% economic development, 30% Chamber basis.
- Other common economic development practices based on the experience of the Janus Economics include:
 - Counties similar to Rabun in size and potential that are serious about and successful in economic development commonly have at least one experienced professional staff member solely devoted to economic development, and many have an additional staff member to assist in a variety of ways. DARC currently has a director shared with the Chamber of Commerce and no other permanent employee in place.
 - City governments commonly contribute funds to the county economic development organization based on a per-capita formula. In other words, these cities (especially in small population areas where resources are limited) acknowledge that the county is the best level at which most key economic development services should be performed. This is not the model in Rabun County.
- This budget and staff analysis does not include the considerable amount of money spent to develop Rabun Business Park.
 - Product (available land and buildings) is critical to success in economic development and the Business Park addressed a major problem and site search knockout factor.
 - Here we are assessing economic development programs, efforts and budgets – the Process part of the equation, not the Product.
- As a result of resource limitations (staff and budget), many best practice economic development services are not performed by DARC
 - Marketing and recruiting new companies is perhaps the most visible activity of an EDO (95% of EDOs do this, according to SEDC survey). Unless the temporary 6 month marketing contract or its equivalent is made a permanent part of the budget, DARC's marketing resources are below the typical industry level.
 - Most new jobs in the majority of communities are created by the retention and expansion of existing businesses (BRE) and new business start-ups. Accordingly, EDOs commonly have BRE and new business start-up assistance programs (95% and 75%, respectively according to the SEDC survey). DARC does not have formal BRE and new business start-up assistance programs.

- Lack of a new business start-up program is a missed opportunity particularly for Rabun, since the County is home, on a permanent basis (retirees, people who commute to work elsewhere, etc.) or part-time basis (second-home owners, etc.), to individuals who have strong business backgrounds. Furthermore, Rabun's quality of life can help attract young entrepreneurs who can operate a business from the County. The North Georgia Fiber Optic Network will help facilitate new business start-ups.
- Downtown and retail development/re-development is performed or coordinated by 36% of EDOs (SEDC Survey) or by downtown development authorities, but there is no organization in Rabun County with the mission to help facilitate downtown development.
- However, DARC performs many additional tasks commonly performed by EDOs, including community development (80% of EDOs in the South do this, according to the SEDC survey), assisting with/provide loans or grants including revolving loan funds (63%) and property development/re-development (54%).

Recommendations:

- Bring DARC staff and budget resources more in line with best practice levels.
 - Maintain at least two permanent full-time equivalent employees solely dedicated to economic development.
 - Bring the DARC budget level and composition more in line with industry best practices regarding budget and staff. Work to secure financial support from the private sector and municipalities in the County.
 - The scenario below based on 2010-2011 budget data from DARC shows one example of how the private sector and municipalities could contribute to the DARC budget. The 2010-11 budgeted numbers may change somewhat and the final amounts will be the subject of negotiation, but this scenario illustrates the concept. In the "Initial Target" scenario, the total DARC budget is increased by 30.7 percent to just over \$170,000. The County's contribution and projected income from the Business Park are held the same (but their shares fall). Contributions from the private sector are set at \$25,000 (14.7% of income vs. average 23% in Southern states) and contributions from municipalities are set at \$15,000 to begin with.

DARC Annual Budget Scenarios

Source of Funds	Base 2010-11		Initial Target		Business Park Growth	
	Amount	Percent	Amount	Percent	Amount	Percent
County	112,700	86.6%	112,700	66.3%	97,700	57.4%
Rabun Business Park	15,000	11.5%	15,000	8.8%	30,000	17.6%
Other (interest)	2,400	1.8%	2,400	1.4%	2,400	1.4%
Private Sector	0	0.0%	25,000	14.7%	25,000	14.7%
Cities	0	0.0%	15,000	8.8%	15,000	8.8%
Total	130,100	100.0%	170,100	100.0%	170,100	100.0%
Change from Base			40,000	30.7%		

- Many economic development agencies derive substantial income from owning and operating industrial facilities, as is the plan for the Rabun Business Park. However, assuming an EDO's goal is to create jobs, earning revenue should never trump providing land and/or buildings in a competitive fashion. In addition, there is often a tendency for local governments to divert revenues from industrial properties to other uses at the expense of economic development. As the Business Park grows, very careful budget decisions will have to be made in this regard. The "Business Park Growth" scenario in the table above assumes that annual income from the Park increases to \$30,000, with contributions from the private sector and municipalities remaining the same. The County's contribution falls to \$97,700 (57.4% - however, devoting income from the Business Park to DARC is still a contribution).
- Financial commitment from the private sector and municipalities will not only help DARC reach a higher best practice level of funding and resources, it will signal that the County is more united in the economic development effort. Financial contributors should also have a seat on the board. A significant advantage of this model of county/municipal/private partnership is that it adds continuity and broader support to economic development.
- More staff resources and broader support does not imply that the community can step back and "let the paid professionals do it." Successful economic development is a team effort, with board members, elected officials, and citizens of all stripes volunteering to get things done. In addition to serving on committees and leading task forces as Rabun residents do now, they can play an active role in business retention and expansion (e.g. surveying and interviewing businesses), entrepreneurial development (assisting planning and growing new businesses) and many other community and economic development activities.

- One note of caution regarding economic development boards and volunteers. It is a clear economic development best practice that the role of boards is to set overall policy and hire the right top executive to get it done. The micro-management of any organization by board members is a recipe for trouble. There is a big difference between a board member or volunteer being a team player and working alongside staff on agreed-to activities vs. a member or volunteer pursuing his/her own agenda and activities in an uncoordinated (and often contradictory) fashion.
- Bring DARC service offerings up to best practice levels to capitalize on Rabun's unique development assets.
 - With additional funding and broader support, DARC will be able to bring its services more in line with best practices:
 - Increase marketing activities for the new Business Park and the County in general
 - Offer a formal business retention and expansion (BRE) program
 - Offer enhanced new business start-up assistance
 - Increase the market awareness of Rabun County among companies, consultants and lead-generating organizations around the state and beyond.
 - Rabun County, like many rural areas whose economic base of "traditional" industries has declined, faces an unprecedented challenge. Jobs utilizing the "old" skill sets of displaced workers have gone elsewhere and are not coming back. The County faces a two-pronged challenge:
 - 1) Create jobs by attracting new and different companies, helping existing companies grow, encouraging new business start-ups and further enhancing key sectors such as tourism, agriculture and the second-home industry.
 - 2) Train current residents (including displaced workers) to fill these jobs.
 - For many communities, this challenge is of the same magnitude as the transition generations ago from an agricultural base to an "industrial" (primarily manufacturing) base. Communities that succeed in this 21st Century transition will be the ones that work together well, embrace change, create a vision and a plan to get there, and allocate the necessary resources to get the job done. Rabun County has many economic development assets (Product), but without a commitment to provide the necessary economic development resources, efforts and programs (Process), success will be elusive. Successful communities look at economic development efforts as investments that will generate healthy dividends, not just dead-end expenditures.

Tourism

- The section above primarily addresses the business recruitment, retention and start-up side of economic development. As noted in the economic base analysis, Visitors (including tourism) is the number one industry in Rabun County, accounting for one in five jobs and almost 20% of total earnings in the County. However, the potential for tourism is much greater:
 - 2008 Average Daily Traffic Counts provided by the Georgia Department of Transportation record that 15,950 automobiles travel through Clayton on US 411 on a daily basis. With an average of 1.7 passengers per vehicle, this represents 10 million potential visitors.
 - The Rabun County Welcome Center operated by the chamber of commerce reported 14,708 visitors in 2008 to the Georgia Department of Economic Development which is less than 1% of the potential represented by traffic counts at that location on US Hwy 441.

- Increasing competition in the tourism market has led to a greater emphasis on “destination marketing” which emphasizes a unified approach.
 - A destination marketing organization (DMO) is a stand-alone entity – government, corporate, or non-profit – that is responsible for leading and coordinating all of the marketing efforts on behalf of a particular destination ²
 - Nationally, 53% of total hotel/motel room tax revenues are allocated to the DMO (Destination Marketing Organization). The average operating budget of DMO’s in Georgia is just under \$389,000 annually (GA Association of Convention and Visitors Bureaus).
 - DMO’s spend almost half (48%) of their budget on sales and marketing efforts, with media advertising the top activity (18% of total expenses). The remaining is spent on personnel (39%) and administrative expenses (13%).
 - A destination has, on average, two visitor centers. DMO’s operate the majority (83% of these centers).

- With its unique attractions, Rabun is well suited for destination marketing, but this is not happening in the County.
 - Only a small portion of hotel/motel tax monies collected by municipalities (\$5,000 from Dillard) is shared with the CVB for tourism promotion.
 - The vast majority of tourism promotion funds are spent independently by the cities and other organizations (e.g. Chamber, merchants associations, etc.) with very little coordination and thought regarding a unified destination marketing concept.
 - There is uncertainty and sometimes open disagreements between the CVB and Chamber regarding their roles and responsibilities in tourism promotion.
 - As a result of the fractured approach to tourism in Rabun County, the full potential for tourism (as illustrated by the traffic counts given above) in the County is not being met.

² Destination Marketing Association International, from Wikipedia Encyclopedia and their report *Profile of a Destination Marketing Association*.

Recommendations

- Develop a more unified plan for destination marketing of Rabun County.
 - Include tourism in the in-depth economic development strategic planning process recommended above.
 - The prevailing view of Rabun citizens on the role of tourism should be a key part of the visioning and goal setting part of the process.
 - However, because tourism is such a large industry in Rabun involving so many players, development of a unified strategic plan for destination marketing of the County (if that is what the vision calls for) should be conducted as a separate but related exercise.

- Attracting more visitors will have widespread and significant positive impacts on the County's economy.
 - If destination marketing can increase the tourism industry by a modest 20%, that would create into over 300 more jobs and almost \$8 million additional annual income, extrapolating from the EMSI data on tourism in the economic overview section.
 - Key sectors of the tourism industry in the County (e.g. restaurants, retail shops, hotels/motels, art galleries, etc.) will be stimulated. Empty storefronts will fill up as retail vacancy rates go down.
 - As noted elsewhere in this report, there are strong synergies between tourism marketing and marketing for other important sectors in the County including target manufacturing and service industries, the retirement industry, and second-home industry. This will increase the economic impact of money spend on tourism promotion.

Local Incentives

Overview

- Most states and communities offer incentives to attract and retain companies. In most cases, an incentive package is necessary to be competitive with other locations and win a project.
- There are two types of incentives: 1) statutory or “as of right,” incentives that are on the books and available to any company meeting the criteria for them; 2) negotiated incentives unique to a particular location or expansion project.
- Local incentives are usually more limited than state incentives. States have a variety of tax abatements, credits and deferments sometimes tied to specific industries, as well as training programs, cash and loan funds, etc. State taxes are often more burdensome on businesses than local taxes, so incentives at that level can have more value. Local incentives generally revolve around free or discounted land or buildings, “deal closing” cash funds, loans, site/infrastructure improvement, and property tax abatement.
- In most location projects, incentives make the difference at the margin – after a company has chosen a few finalist sites that are best given all the important location factors – labor, transportation, etc. These operating costs go on forever and incentives usually last 5-7 years. Incentives, therefore, are often tiebreakers. However, to win projects, communities should have a competitive incentives program.
- While a competitive incentive package is important, communities should be judicious about awarding them.
 - Communities should beware of prospects asking first about incentives and not other location factors – that is usually a sign that a company is using a community to negotiate a better package where it already is located, or the company is undercapitalized and less likely to survive and create jobs on a permanent basis.
 - Cost/benefit analyses should be performed to show the return on an incentive “investment.” What will be the benefit to the community (jobs, incomes, etc.) vs. the cost on the incentive package.
 - Specific commitments should be obtained, if possible, from a company in return for incentives.
 - Clawbacks, or the forfeiting and sometimes payback of incentives should be a part of an incentive deal.
- Often when new companies moving into a community receive incentives, existing businesses become upset. Comments like “I’ve been employing people in this town for years and I’ve never received any help” are often heard in these cases. This potential issue is often dealt with by offering existing businesses a comparable incentive package tied to jobs created when they expand.

- Some recent trends in incentives include:
 - Companies sometimes request that a stream of incentives be capitalized so they receive up front the equivalent discounted present value of future incentives. This can give a community an advantage.
 - With tight local budgets given the current economic situation, many communities are relying more on incentives like tax abatements that do not involve up front out-of-pocket expenditures.
 - Infrastructure and land improvement related incentives are gaining favor because they can be viewed as a capital investment in the community.

Rabun County Incentives

- The table below lists the various types of local incentives and whether or not (and in what variation) they are offered by DARC. This incentive analysis is at the county level. Other city-specific local incentives may be available.
- Observations and recommendations:
 - DARC offers a typical package of incentives mainly including free or discounted land or building space and tax abatement. These are the usual “bread and butter” incentives.
 - The old saying “Cash is King” applies to business location decisions. They typically try to minimize upfront cash outlay, and anything a community can do to help is usually valued by companies. The Consultants have seen and been involved in location decisions where up-front cash from a “deal closing” fund did just that – closed the deal. Companies and consultants are weighing many factors when making the final decision and cash can overcome any number of objections and problems with a site. DARC should give consideration to creating a deal closing fund.
 - As discussed in this report, workforce development is important to economic development in Rabun County. Traditional, relatively low skill industries have laid off large number of workers in the area that need retraining. While Georgia is a leader in worker training programs (e.g. Quick Start Program), enhanced local innovative training programs and subsidies could help make Rabun County more attractive to employers.



Incentive	Description/ Examples/Notes	Rabun County Has?
Cash/loans		
Cash or grants	<ul style="list-style-type: none"> - Cash given to company to offset start-up costs or help with operating costs - Some communities have “deal closing funds” which can be used for cash payments, site preparation, etc. 	<ul style="list-style-type: none"> - DARC has no “deal closing fund.” - DARC recently offered a \$175,000 grant to help local company expand into Business Park
Low or no interest loans	<ul style="list-style-type: none"> - Same as above 	<ul style="list-style-type: none"> - DARC has a revolving loan fund with a balance of \$50,000 and has been used recently
Land and building		
Free or discounted land and/or building	<ul style="list-style-type: none"> - Very common offering by communities and expected by many companies and consultants 	<ul style="list-style-type: none"> - DARC has offered free or discounted land in Business Park
Site and building preparation and improvements	<ul style="list-style-type: none"> - Improve roads and access, grading, compacting, install utility lines, etc. 	
Regulations/fees		
Waiver of local fees, expediting permits, etc.	<ul style="list-style-type: none"> - Fees such as impact fees, water/sewer tap-on fees; assisting with and expediting permits; “one stop shops” for all local permits and fees 	
Taxes		
Tax abatement	<ul style="list-style-type: none"> - Real and/or personal property - Mostly general fund portion is abated, not education portion 	<ul style="list-style-type: none"> - DARC offers through “cashless” bond sale-leasebacks
Freeport tax exemption	<ul style="list-style-type: none"> - Local Freeport in Georgia can offer companies state inventory tax exemption 	<ul style="list-style-type: none"> - Rabun does not have, but the possibility is being discussed
Other		
Free or subsidized training	<ul style="list-style-type: none"> - Sometimes in conjunction with local community college - Could be on site 	<ul style="list-style-type: none"> - None to date
Subsidized utilities	<ul style="list-style-type: none"> - Water/sewer most common - Could be electric or gas if municipal system 	<ul style="list-style-type: none"> - None to date

Target Industries

Overview

- The term “target industry” refers to those industries and economic activities that are suitable and a good location match for a particular city, county or region, and hence of high priority for recruitment, business retention and expansion and new business start-up. Identifying target industries is a time-tested economic development strategy and helps communities make the best use of scarce marketing resources. Of course, there is never any guarantee that target industries or any industries will locate in an area in response to marketing efforts, but target industry analysis helps increase the odds of success.
- Janus Economics’ proprietary methodology for identifying target industries is a multi-phase approach:
 1. Conduct an economic base analysis to understand the industries and economic activities in the region.
 2. Screen over 1,100 North American Industry Classification System (NAICS) industries using key criteria to identify target industry candidates for further scrutiny. For this study, the most detailed 6-digit NAICS code definitions were used for better industry analysis.³
 3. Choose the best industries from among the candidates using professional judgment based on knowledge of the County’s economic development strengths and weaknesses and recent industry trends.
- Target industry analysis is not just a data exercise; the statistical analysis must be tempered by seasoned professional judgment and knowledge of the local area. Ideally, target industries should be selected that both play to the existing strengths of an area (location match) and help diversify the local economy. Where practical, industries from different sectors (e.g. manufacturing, service, etc.) should be selected to help with diversification. In addition, target clusters, or groupings of individual industries according to similarity of product, common labor force needs, or input/output links should be identified. Clusters can provide a comparative advantage to local companies and enhanced growth opportunities for the future.

³ Some sectors that would make good targets for recruitment and expansion may not be readily defined by a NAICS Code. For example, the “tourism” industry is composed of many different sub-sectors from retail shops to restaurants to lodging establishments, all with different NAICS codes.

Target Industries for Rabun County

According to the economic base analysis, visitors (tourism), residents' outside income (including retirees), services, and manufacturing account for 65 percent of jobs and earnings in Rabun County. As noted in that section, tourism, residents' outside income (including retirees) and manufacturing are clearly export industries (e.g. bringing outside money into the economy) whereas service industries are mixed. When a local resident gets a haircut and eats in a restaurant in the County, that does not bring new money into the economy, but if a tourist does the same, those services are "exported" and new money comes into the local economy. Export industries drive the economy; therefore, target industry analysis should focus on those activities. Our target industry recommendations fall into three groups: tourism (visitors), retirees and related, and manufacturing and service industries.

Tourism

Even though tourism is the largest industry in the County, there is much untapped potential for this sector as discussed above in the SWOT section. The current and potential future impact of tourism has been noted, as has marketing synergies between tourism and other sectors in the County. Because of its current and future potential, tourism is a priority target industry for the County. Some recommendations regarding tourism promotion are contained in the Marketing section of this report.

Retirees, Part-Time Residents and Related

While data are not available to quantify precisely, two major components of the second largest jobs and earnings creating sector in the County, Residents' Outside Income, are undoubtedly retirees and commuting workers (people who work elsewhere but choose to live in the County). In addition, part-time residents with vacation homes in the County contribute to the local economy, stimulating construction and retail. Janus offers the following observations and recommendations on this important target sector:

- Persons over 50 control 77% of all personal assets and do 70% of tourism spending.⁴
- Many retirees come to an area first as visitors. They often build vacation homes there for later use as primary retirement residences.
- Much of retiree income comes from pensions, social security, investment income and other outside sources that bring new money into the community. Unlike, many other industries, this income is generated without associated costs such as industrial water and sewer treatment, truck traffic, etc.

⁴ Data and findings on retirees and economic development is from the study "Retirement Development and Job Creation," Dr. Mark Fagan, Jacksonville State University, Jacksonville, Alabama, June 2005.

- Retirees do not consume many expensive services from local governments such as education.
- According to one study, one retiree household supports over two jobs in a community.
- Rabun County has many amenities that would attract more retirees: scenic beauty, moderate climate, low cost of living, arts, outdoor recreation, and proximity to larger cities, to name a few. In addition, the new hospital will improve local health care.
- Many communities actively recruit retirees by making their areas more “retirement friendly” and through proactive marketing programs. The American Association of Retirement Communities (www.the-aarc.org) is headquartered at Jacksonville (AL) State University.
- Like retirees, residents who work outside of the county new money into the local economy and spend much of it on housing, restaurants, retail shopping, and other goods and services. Many of them, however, may demand more in public services such as education than retirees.
- Finally, part-time residents with second homes in the County (many of which are high-end and expensive to construct) also bring in outside money and spend it locally. Historically, this sector has been a major driver of the construction industry in the County.

Recommendation:

The sectors discussed in this section- retirees, part-time residents, people working outside of the County - are related in ways that make them well suited for a joint marketing effort. The common denominator is the quality of life and amenities of Rabun County. A marketing theme and program to increase awareness that Rabun County is a great place to live and work, and vacation and retire would be relevant to all these sectors. Last but not least, a tourism pitch would also be a natural and complementary part of such a marketing program. Put another way, the quality of life (moderate climate, scenic beauty, state parks, outdoor recreation, etc.) appeals to retirees, persons who might want to live in the County and work elsewhere, vacationers (with or without second homes here), and tourists. A marketing program emphasizing these common denominators could yield a high return on investment.

Manufacturing and Services

- Moderate to low skill traditional industries such as textiles that employed generations of Rabun County residents have largely moved off-shore due to lower labor costs. While manufacturing as a percent of total employment has declined significantly in the U.S. over the past few years, many manufacturing industries are growing in this country, particularly the Southeast⁵. For manufacturing targets, the key is to identify growing industries that are suited to Rabun County. For targeting service industries, most of which are growing, the key is to identify those that are more export-oriented and therefore will bring in outside income.
- Janus Economics screened over 1,100 manufacturing and service industries using several criteria including employment and growth in Georgia and the four adjoining states (except Florida) and in 10 counties in the Rabun County area in Georgia, North Carolina and South Carolina⁶. Industries that have a significant presence in the surrounding counties and Southeast and that are growing are more likely to require new facilities and be receptive to locating in Rabun County. Industries were also screened using location quotients, a measure of relative employment concentration and a possible indicator of location comparative advantage.⁷
- This initial screening produced a list of several dozen candidate target industries. The final list of target manufacturing and service industries shown below were chosen by Janus Economics based through qualitative assessment based on the competitive assessment in this report and the consultants' experience and professional judgment. For the manufacturing industries, the specific advantages of the Rabun Business Park, both the building and land, were factored into the decision process.
- It should be kept in mind that employment in 2010 reflects the recession of 2008-2009 and the subsequent "jobless" recovery. This implies that the few target industries that had negative growth between 2002 and 2010 are not necessarily in secular decline. Furthermore, it makes the industries showing positive employment growth during the past eight years look even more impressive.
- Descriptions of the target industries are provided in the Appendix.

⁵ *Southern Business & Development* magazine tracks corporate investments in the amount of \$30 million or more or with at least 200 jobs. In 2010, there were 368 such projects in the South; 228 were manufacturing while 140 were non-manufacturing.

⁶ Six counties in Georgia: Habersham, Lumpkin, Stephens, Towns, Union, and White. Three counties in North Carolina: Clay, Jackson, Macon. One county in South Carolina: Oconee.

⁷ Location Quotients (LQs) are ratios of an area's distribution of employment for a specific industry compared to a reference or base area's distribution. In this analysis the reference area is the U.S. If an LQ is equal to 1, then the industry has the same share of employment in the local area (Southeast, surrounding counties or Rabun County) as it does in the U.S. An LQ greater than 1 indicates that an industry has a greater share of employment in an industry in the local area than it has in the U.S., and this implies local specialization or comparative advantage.

Cluster	NAICS Code	Industry	Regional Counties			Regional States			
			2010 Jobs	% Change	Loc Quot	2010 Jobs	% Change	Loc Quot	Earnings
Contact Centers	561422	Telemarketing Bureaus and Other Contact Centers	<10	--	--	38,959	58%	0.96	\$31,057
Food	311423	Dried and Dehydrated Food Manufacturing	0	0%	0.00	130	584%	0.11	\$57,175
Food	311941	Mayonnaise, Dressing, and Other Prepared Sauce Manufacturing	26	--	2.77	1,271	1%	0.93	\$45,995
Food	311822	Flour Mixes and Dough Manufacturing from Purchased Flour	0	0%	0.00	1,066	(2%)	0.65	\$57,591
Food	311830	Tortilla Manufacturing	0	0%	0.00	1,573	30%	0.83	\$35,707
Food	311930	Flavoring Syrup and Concentrate Manufacturing	0	0%	0.00	4,657	(6%)	4.54	\$209,881
Metal Fabrication	332311	Prefabricated Metal Building and Component Manufacturing	68	278%	0.73	5,295	(17%)	1.73	\$51,586
Metal Fabrication	332312	Fabricated Structural Metal Manufacturing	92	74%	0.71	13,085	(11%)	1.46	\$57,739
Metal Fabrication	332322	Sheet Metal Work Manufacturing	17	--	--	9,604	7%	0.97	\$49,401
Misc Manufacturing	333995	Fluid Power Cylinder and Actuator Manufacturing	136	103%	12.49	789	(5%)	0.50	\$55,787
Misc Manufacturing	336360	Motor Vehicle Seating and Interior Trim Manufacturing	11	--	0.36	9,251	29%	2.07	\$56,113
Misc Manufacturing	336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	0	0%	0.00	7,326	35%	0.71	\$72,116
Misc Manufacturing	339113	Surgical Appliance and Supplies Manufacturing	1,180	14%	16.11	14,727	15%	1.40	\$80,983
Order Fulfillment	454111	Electronic Shopping	18	--	--	3,972	47%	0.42	\$54,133
Order Fulfillment	454113	Mail-Order Houses	25	(72%)	0.23	11,715	(4%)	0.74	\$40,915
Plastics	326111	Plastics Bag and Pouch Manufacturing	195	--	8.27	4,246	50%	1.25	\$69,785
Plastics	326121	Unlaminated Plastics Profile Shape Manufacturing	0	0%	0.00	2,708	19%	1.16	\$56,705
Plastics	326199	All Other Plastics Product Manufacturing	269	47%	1.41	27,177	(14%)	0.99	\$47,896
Whousing and Storage	493110	General Warehousing and Storage	89	48%	0.22	60,559	19%	1.04	\$44,807
Whousing and Storage	493120	Refrigerated Warehousing and Storage	<10	--	--	5,689	12%	1.07	\$45,095
Whousing and Storage	493190	Other Warehousing and Storage	51	183%	1.55	6,083	29%	1.28	\$45,220

Source: EMSI 4th Quarter 2011

➤ Some particular reasons for selecting each of these sectors include:

- **Contact Centers** include facilities handling incoming calls (e.g. customer or technical support) and outgoing calls (e.g. telemarketing, customer surveys, etc.). While earnings per worker are not very high, there are 632 such establishments in the Southeast, and employment grew by 58% in the industry in the Southeast from 2002 to 2010. There is a trend to bring contact center jobs back to the U.S. because of high customer dissatisfaction with some overseas support operations (language difficulties, etc.). Fiber optic presence at the Business Park can help attract companies in this industry.
- The **Food industry** has always been one of the largest in the U.S. Food production facilities are widely dispersed across much of the U.S., and they are often very sensitive to water and sewer service and capacity when making location decision. Rabun Business Park has an advantage over many sites in this regard. Many of the food industries (e.g. dried foods, tortillas, etc.) exhibited healthy growth rates during the past eight years.
- **Metal Fabrication** is already successfully present in Rabun County in Gap Partners. The company performs precision sheet metal fabrication, machining and mechanical assembly. It is classified as NAICS Code 332322: Sheet Metal Work Manufacturing. This industry and two related industries were selected to form a Metal Fabrication cluster. Collectively, these industries showed strong location quotients, indicating that they are relatively concentrated in the Southeastern U.S. Growth rates in the Rabun area counties was strong.

- **Miscellaneous Manufacturing** contains assorted industries that “made the cut” and were selected as target industries based on a number of reasons. Many of them have high location quotients for the Southeastern U.S. as well as the Rabun-area counties (indicating a strong presence in the area). Growth rates were generally strong. Of special note, 336413 Aircraft Parts and Auxiliary Equipment is the industry for AID Corporation in Rabun County. They have demonstrated that this industry is viable in the County. The aircraft parts industry has grown significantly in the Southeastern states and the earnings per worker are high.
- The **Order Fulfillment** group includes 454111 Electronic Shopping which is growing significantly and has over 800 facilities in the Southeast. This industry includes order taking and customer service (so it is related to the Contact Centers industry above) as well as order fulfillment. A related industry, 454113 Mail-Order Houses is included in the group as well. While its growth is not as high, there are a significant number of these facilities in the Southeast. Fiber optics can help attract firms in this industry. Flex office space is also an asset in attracting these types of firms.
- The **Plastics** cluster includes several industries across the gamut of the large overall industry. These industries showed strong growth in the Southeast and have high location quotients. Even though Rabun County does not have rail service, these industries are included because their raw materials typically include resin pellets and recycled plastic scrap that is commonly transported by truck.
- Moving and storing goods is always a sure bet in the U.S. economy. With the 441/23 4-lane corridor from Atlanta to I-40 just west of Asheville (the short remaining 2-lane portions are scheduled for upgrade) running through the County, we believe Rabun has potential for **Warehousing and Storage**. Furthermore, the large floor plate of the Rabun Business Park is suitable for this activity. Three are included in the cluster based on strong growth rates in the Southeast and Rabun area counties, and high location quotients.

Back Office Operations and “Farmshoring”

- “Back office operations” is a term used to describe company operations that are not tied to a specific location for whatever reason – proximity to customers, transportation, etc. They often can be located in rural areas where costs are cheaper. Back office jobs are often characterized by lower skilled labor, data storage and manipulation, and customer service. There is no NAICS code for “back office operations.” For example, back office operations of a vehicle leasing firm would be classified in NAICS 522220: Sales Financing.
- The extension of the N. Georgia fiber optic network to the Business Park greatly enhances its marketing appeal to back office and data operations.
- Many companies have relocated these jobs overseas, but there others have begun to bring them back to the U.S. in a phenomenon known as “farmshoring” (e.g. Technologent, a Sun Microsystems partner; and CGI-AMS, a joint-venture partner with Northrop Grumman.).
- While NAICS-code lists of back office or farmshoring “industries” are not available, DARC should be aware of the County’s potential comparative advantage in these operations, including a large building with space suitable for that type of use, and particularly the new fiber optics network

New Small Businesses

- Rabun has a relatively large number of full-time or part-time residents that are successful business executives and/or proven entrepreneurs among its retirees, second-home owners and out-commuters. Some of these people would like to more proactively contribute to economic development in the County. If they aren’t a full time resident, some of them may aspire to become one.
- A proactive program by DARC to identify and assist these people with start-up businesses, or get them involved in DRAC marketing activities could pay handsome dividends.

Marketing

- The principles of marketing a community to expanding or relocating companies are basically the marketing any product or service:
 1. Develop marketing message and materials
 2. Identify and contact the marketing audience



Marketing Message and Materials

- Marketing message should define a community and be distinctive and concise
 - Describe in just a few sentences why Rabun County is a good place to do business and live
 - Draw on unique combination of assets
 - Beautiful rural lifestyle (lakes, mountains, outdoor recreation, etc.) and high quality of life
 - Geographic location (major highway, proximity to metro areas). This might be considered a negative by some firms, so make it a positive
 - Strong on key business location factors (available industrial land and building, labor force, etc.)
 - Develop a one-sentence marketing slogan based on the marketing message
 - Example: Henderson County, NC (next to Asheville): "Smart business location with a Metropolitan Blue Ridge Life-Style."
- Observations/suggestions on marketing materials:
 - Newcomer's Guide is a nice looking document, and will serve as an economic development marketing supplement describing quality of life.
 - Business Guide (in development) is good but long - too much material for a general handout piece.
 - Without Appendix it could be used as stand-alone general brochure (needed).
 - One option is to use a 2-pocket folder nicely printed with Rabun County on it; one side holds the 3-4 page general brochure and the other pocket the Appendix material (desk-top printed because it changes regularly).
 - Business park brochure is the right length with good pictures (e.g. aerial) and basic data.
 - Obtain testimonials from local business owners and executives (and celebrities, see below) and include them in marketing materials.
 - Web site should reflect the organization and structure of these marketing materials.

Identify and Contact Marketing Audience

- Many leads in rural areas come from state and regional lead-generating organizations such as state departments of economic development, utilities, railroads, etc.
 - It is important to treat these organizations just like clients and market to them
 - If these organizations know Rabun's message and target industries, they are more likely to think of Rabun when they get leads that would be a good match for the County.
 - DARC is actively implementing this approach (e.g. group meeting with Georgia Department of Economic Development).
 - When these larger state economic development organizations travel to trade shows or otherwise contact industries of interest to Rabun (especially target industries listed in this study), a representative of DARC should consider accompanying them, if possible.

- Innovative rural communities develop their own direct marketing campaigns to obtain more leads
 - Leads on companies looking to expand or relocate can be found by networking with real estate professionals, company executives, etc. in the state and region. DARC is doing this.
 - A direct marketing campaign based on the target industries in this report should be developed. Below is one suggested method.
 - Obtain lists with contact information (key executives names, phone numbers, email if available) of high-growth companies in the target industries (purchased from a database company). Choose a few hundred higher priority companies from these lists based on growth rates, current location, and general information known about them.
 - Send the appropriate executive(s) in those companies a single letter signed by a local executive (preferably the company's letterhead and envelope) inviting the company to consider Rabun County for expansion or for a visit. Mention the business park.
 - Two weeks later, follow up with a letter, brochure and information from DARC referencing the previous letter.
 - Finally, call the company executives that received this material.
 - Stagger the mailings and contacts so the mailings and calls can be timed exactly right.

- Some specific marketing ideas unique to Rabun County:
 - Arrange for "familiarization" tours of Rabun County by Atlanta area location consultants. This is common practice (and some consultants get burned out) but Rabun's reputation as a premier vacation destination would attract them. Host 2-4 at a time for a one-night, day and a half visit.
 - Identify successful business executives and entrepreneurs that are full or part time residents due to retirement, pre-retirement, second-home, etc. and solicit their involvement in economic development - recruitment, retention and expansion and new business start-ups. The same applies to well-known public figures that have a presence in the County. Also, solicit endorsements of the County from them.
 - Many of these people have strong business connections, and could help greatly with word-of-mouth marketing.

- Discuss these ideas with lake associations in the County.
 - As discussed above, a marketing message covering manufacturing and service industries, tourism and the second home industry could be crafted in a consistent manner for Rabun County, unlike many areas.
 - The combination of fiber optics and flexible office/production space is a powerful marketing advantage for the Business Park. This should be emphasized in marketing materials and activities.
- Develop a written marketing plan covering the above as part of the overall County strategic planning process.

Rewards

- The tip of the economic development pyramid shown above is Rewards. This is a crucial part of marketing and success in economic development.
- Progress in economic development is more than just announcements of new companies moving into town.
 - Everyone likes to get rewarded for hard work. Economic development is hard work, but often the most tangible results (e.g. recruiting a company and creating new jobs and incomes) take a long time to come to fruition.
 - Communities that understand the Product + Process formula for success realize that work to improve the Product (e.g. creating good business sites and available buildings or repairing/upgrading local infrastructure such as water/sewer systems) as well as the Process (better strategic planning, better communications, etc.) significantly increases the likelihood of recruiting new companies, retaining and expanding existing ones and starting up new businesses.
- Celebrate accomplishments large and small.
 - Announcements of new companies moving into an area, existing ones expanding (e.g. Gap Partners moving into the Rabun Business Park) or new ones being started up generate excitement and front page headlines. These tangible economic development successes should be celebrated as the fruits of good cooperation, planning and implementation.
 - However, product improvements (e.g. solving infrastructure problems) and process improvements (better teamwork and cooperation for economic development purposes) should also be celebrated as milestones along the road to improving the local economy.
- Regular acknowledgement of efforts and accomplishments is important to all citizens in the County.
 - Keeping elected officials and citizens informed of progress is vital to maintaining support for economic development programs. Failure to do this has derailed many an economic development effort.
 - This is sometimes referred to as “internal marketing.”

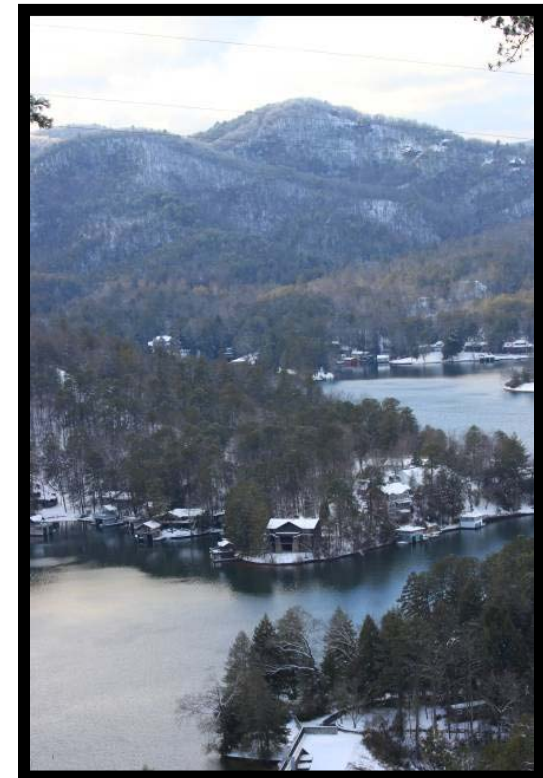


Concluding Observations

- Rabun County has strong economic development potential.
 - People want to live and work in the County (quality of life, scenic beauty, proximity to urban areas and airports, etc.)
 - There are many economic development assets to build on, including a good, hardworking labor force.

- A new more proactive formula for economic development success is necessary for Rabun County in the 21st Century economy.
 - The economic development and job creation formula in the past was simpler than it is today.
 - Historically, Rabun County has enjoyed a relatively strong economy based on tourism, the second home industry and construction, and traditional manufacturing industries including textiles and apparel.
 - Jobs in low-skill manufacturing industries will not return to Rabun County.
 - Rabun faces same challenges as thousands of rural communities across the nation.
 - The County can be competitive in attracting modern, advanced manufacturing jobs, but workforce development is critical to this process.
 - Export-base service sector industries should be the focus of economic development efforts as well.
 - New business start-up opportunities are particularly good because of the County's many full- and part-time residents with strong business backgrounds. Programs to encourage new business start-ups should be a key component of economic development efforts.
 - Not everybody in Rabun is qualified for a skilled job, but attracting these jobs is the key to growing the local economy and creating jobs at all skill levels.

- Tourism, the second home industry and related activities can continue to play an important role in growth and job creation.
 - A consistent marketing message for these activities and the manufacturing and service sectors can be crafted.



- Resolving issues regarding the structure of and relationship among the DARC, CVB and Chamber should be a top priority.
 - These three entities have at various times in the past been part of the same organization or under the same roof. Interviewees described turf battles and personal disagreements over the past few years which have led to the current situation of three separate organizations.
 - According to interviewees and the DARC response to Janus' request for information, discussions are ongoing on ways to combine these organizations to achieve operating and financial synergies.
 - Many communities large (e.g. Asheville) and small benefit strategically and financially from consolidating the three functions of economic development, tourism promotion, and chamber activities under one organization and/or roof. However, there are pros and cons to consolidation, and in Janus' experience, the right answer for a given community depends on history and political reality as much as operating efficiencies and budget numbers.
 - As discussed in this report, Janus believes there are particularly strong synergies between tourism and "standard" economic development (e.g. business recruitment, business retention and expansion, business start-up and related activities) in Rabun County. Because of this, a consolidated marketing message could be very powerful and economical.
 - The answer to the question of how or if to consolidate two or all three of the organizations should be resolved in good faith as part of the recommended in-depth strategic planning process for economic development in the County.
 - Above all, it is important for Rabun County to show unity and cooperation among all economic development and tourism related organizations to prospects and consultants. They almost always search the media and conduct local interviews to identify any problems or issues in the communities they are considering. Disagreement among economic development and tourism team members sends a very negative signal that a community is not good at teamwork and solving problems.



Appendix: Target Industry Descriptions

The target industries are defined by the NAICS system as follows:

Contact Centers

561422 Telemarketing Bureaus and Other Contact Centers -

This U.S. industry comprises establishments primarily engaged in operating call centers that initiate or receive communications for others-via telephone, facsimile, email, or other communication modes. These establishments do not own the product or provide the services they are representing on behalf of clients.

Food

311423 Dried and Dehydrated Food Manufacturing -

This U.S. industry comprises establishments primarily engaged in (1) drying (including freeze-dried) and/or dehydrating fruits, vegetables, and soup mixes and bouillon and/or (2) drying and/or dehydrating ingredients and packaging them with other purchased ingredients, such as rice and dry pasta.

311941 Mayonnaise, Dressing, and Other Prepared Sauce Manufacturing -

This U.S. industry comprises establishments primarily engaged in manufacturing mayonnaise, salad dressing, vinegar, mustard, horseradish, soy sauce, tarter sauce, Worcestershire sauce, and other prepared sauces (except tomato-based and gravy).

311822 Flour Mixes and Dough Manufacturing from Purchased Flour -

This U.S. industry comprises establishments primarily engaged in manufacturing prepared flour mixes or dough mixes from flour ground elsewhere.

311830 Tortilla Manufacturing -

This industry comprises establishments primarily engaged in manufacturing tortillas.

311930 Flavoring Syrup and Concentrate Manufacturing -

This industry comprises establishments primarily engaged in manufacturing flavoring syrup drink concentrates and related products for soda fountain use or for the manufacture of soft drinks.

Metal Fabrication

332311 Prefabricated Metal Building and Component Manufacturing -

This U.S. industry comprises establishments primarily engaged in manufacturing prefabricated metal buildings, panels, and sections.

332312 Fabricated Structural Metal Manufacturing -

This U.S. industry comprises establishments primarily engaged in fabricating structural metal products, such as concrete reinforcing bars and fabricated bar joists.

332322 Sheet Metal Work Manufacturing -

This U.S. industry comprises establishments primarily engaged in manufacturing sheet metal work (except stampings).

Misc. Manufacturing

333995 Fluid Power Cylinder and Actuator Manufacturing -

This U.S. industry comprises establishments primarily engaged in manufacturing fluid power (i.e., hydraulic and pneumatic) cylinders and actuators.

336360 Motor Vehicle Seating and Interior Trim Manufacturing -

This industry comprises establishments primarily engaged in manufacturing motor vehicle seating, seats, seat frames, seat belts, and interior trimmings.

336413 Other Aircraft Parts and Auxiliary Equipment Manufacturing -

This U.S. industry comprises establishment primarily engaged in (1) manufacturing aircraft parts or auxiliary equipment (except engines and aircraft fluid power subassemblies) and/or (2) developing and making prototypes of aircraft parts and auxiliary equipment.

339113 Surgical Appliance and Supplies Manufacturing -

This U.S. industry comprises establishments primarily engaged in manufacturing surgical appliances and supplies. Examples of products made by these establishments are orthopedic devices, prosthetic appliances, surgical dressings, operating room tables, etc.

Order Fulfillment

454111 Electronic Shopping -

This U.S. Industry comprises establishments engaged in retailing all types of merchandise using the Internet.

454113 Mail Order Houses -

This U.S. industry comprises establishments primarily engaged in retailing all types of merchandise using mail catalogs or television to generate clients and display merchandise.

Plastics

326111 Plastics Bag and Pouch Manufacturing -

This U.S. industry comprises establishments primarily engaged in (1) converting plastics resins into plastics bags or (2) forming, coating or laminating plastics film and sheet into single wall or multiwall plastics bags. Establishments in this industry may print on the bags they manufacture.

326121 Unlaminated Plastics Profile Shape Manufacturing -

This U.S. industry comprises establishments primarily engaged in converting plastics resins into nonrigid plastics profile shapes (except film, sheet and bags), such as rod, tube, and sausage casings.

326199 All Other Plastics Product Manufacturing -

This U.S. industry comprises establishments primarily engaged in manufacturing plastics products (except film, sheet, bags, profile shapes, pipes, pipe fittings, laminates, foam products, bottles, plumbing fixtures, and resilient floor coverings).

Warehousing and Storage

493110 General Warehousing and Storage -

This industry comprises establishments primarily engaged in operating merchandise warehousing and storage facilities. These establishments generally handle goods in containers, such as boxes, barrels, and/or drums, using equipment, such as forklifts, pallets, and racks.

493120 Refrigerated Warehousing and Storage -

This industry comprises establishments primarily engaged in operating refrigerated warehousing and storage facilities. The services provided by these establishments include blast freezing, tempering, and modified atmosphere storage services.

493190 Other Warehousing and Storage -

This industry comprises establishments primarily engaged in operating warehousing and storage facilities (except general merchandise, refrigerated, and farm product warehousing and storage).