

## **Embracing Our Natural Environment in the Cape Fear Region: Alternatives to a Heavy-Polluting, Industrial Economy**

Economic development literature shows clearly that heavy polluting industries, such as Titan's proposed cement manufacturing plant, carry significant risks to other industries that are dependent on visitor perceptions, such as tourism, real estate, recreation, and recruitment of firms from high-growth sectors.<sup>1, 2, 3, 4, 5</sup> These amenity-based and high-growth industries also promise the greatest returns for significant and lasting job creation.<sup>6, 7</sup>

Titan Cement's proposed mine and cement kiln in Castle Hayne would jeopardize the region's booming tourism and recreation industries, and could limit the ability of the region to market itself as a top destination for these and other growing sectors. However, current economic development initiatives elsewhere in North Carolina offer a glimpse of how the Wilmington area can maintain economic productivity along with a high quality of life.

### **Case Study: The Southwest NC Economic Development District**

*The Southwest NC Economic Development District is comprised of seven counties in the mountainous southwest corner of North Carolina. Traditionally rural and industrial, the regional economy has seen a dramatic shift in the past decade to one grounded in the area's abundant scenic beauty. Their regional economic development strategies document their rapid transition to the current "Era of Regional Competitiveness," that emphasizes the place-based assets that have driven second-home real estate, tourism, and an influx of knowledge-based firms and other high-growth industries.*

- The region's 2011 "Comprehensive Economic Development Strategy" identifies their environmental assets as a principal draw for tourism in the district, and public and private groups in the area have been vigorously marketing them and investing in infrastructure to support the types of firms that a high quality of life attracts.<sup>8</sup>
- One of the region's top priorities has been public investment in fiber optic infrastructure to attract tech firms, which are also motivated by the region's substantial natural amenities.<sup>9</sup> This has paid off in unexpected ways, such as when the regional high-speed internet provider was able to "save" the Nantahala Gorge World Freestyle Kayaking Championship in 2013, where organizers were faced with a lack of high-speed internet to accommodate tens of thousands of visitors per day, along with global news coverage that also provides the region with free advertising.<sup>10</sup>
- The work of The Land Trust for the Little Tennessee (LTLT) has had a positive impact on eco-tourism and recreation, as well as helping to protect water quality and the best farmland in the region. LTLT has led in conserving 20,000 acres in the area, attracting \$35 million of conservation capital to the region since that 1999.<sup>11</sup> With nearly \$120 million in similar conservation investments over the same time period, the Cape Fear region easily shares this potential.<sup>12</sup>
- The region's Nantahala River Gorge provides an example of the economic benefits of natural resource protection. A 2009 report conducted by economists at Western Carolina University found that visitors to the gorge create over \$80 million in economic impacts, supporting over 1,000 jobs.<sup>13</sup>

- Although technically outside the Development District, nearby Henderson County is slated to see an addition of 140 well-paying jobs after being chosen by Sierra Nevada for the site of their first East Coast brewery. The company's press release states that clean water, quality of life, and outdoor recreation opportunities were the most important deciding factors behind their location.<sup>14</sup>

#### **Case Study: Transylvania County, NC**

*Transylvania County, also located in southwestern North Carolina, has over a very short time successfully moved their economy from a primarily heavy manufacturing base to one that successfully markets natural resources to attract higher-paying industry and a sustainable tourism base.*

- Originally, the county's economy was centered around the Ecusta paper plant and the Dupont film factory, both of which have since closed their doors. Today, the main economic drivers are second home/retirement home development and tourism.<sup>15</sup>
- An increased focus on natural amenities and recreational opportunities has coincided with considerable growth in other sectors with higher average incomes and regional value-added. In just five years from 2002 to 2007, the most recent years for which the economic census data is available, real estate activity increased 82%; professional, scientific, and technology services increased 53%; health care services increased nearly 40% and retail activity was up nearly 20%. Perhaps even more telling, manufacturing simultaneously dropped by an astounding 70% during this period.<sup>16, 17</sup>
- Compared with other rural counties in North Carolina, Transylvania County has significantly better scores in most measures of social welfare, including income, poverty, unemployment, graduation rates, education levels, and crime rate.<sup>18</sup>

#### **Case Study: Charleston, SC & Georgetown, SC**

*South of the Cape Fear region, two coastal cities in South Carolina have pursued two very separate regional economic strategies, resulting in drastically different results. Charleston's focus on natural resource protection and high-growth industries has given their metro area the lowest unemployment rate in the state,<sup>19</sup> along with consistently higher rankings for such measures as entrepreneurship, economic and job growth, and as a city overall.<sup>20</sup> By contrast, Georgetown's singular focus on traditional manufacturing has given the city an unemployment rate more the 3 percent higher and an economy struggling to repair the damage left by decades of reliance on heavy industry.<sup>21</sup>*

- Charleston has worked to foster the presence of "knowledge-based, technical, and life sciences," citing them as their primary growth concern.<sup>22</sup> After years of experiencing a "brain drain" similar to that seen in Wilmington's college grads, academic and business leaders in the area say that investments in continuing education and the city's "creative class" have reversed this trend.<sup>23</sup>

- Georgetown, on the other hand, has seen its unemployment rate skyrocket after the post-recession closure of their steel mill, one of the two largest employers along with the International Paper mill.<sup>24</sup> In the 1990's the company had been found responsible for pollution so heavy it covered the houses of nearby neighborhoods in chemical stains.<sup>25</sup> Residents alleged in the resultant lawsuit that their property values had been damaged by the steel mill's pollution plume.<sup>26</sup>
- Interestingly, the past couple years have seen Georgetown's government and business leaders begin an effort to rebrand their region as "The Green Coast," with the goal of attracting "environmentally friendly, high-tech businesses."<sup>27</sup>
- In 2013, the Wilmington Chamber of Commerce's keynote speaker for their annual meeting this year identified Charleston as a port city whose growth strategy Wilmington should study.<sup>28</sup>

### **Case Study: The Rails-to-Trails Conservancy**

*The national Rails-to-Trails Conservancy has pioneered one method of transforming outdated, industrial infrastructure into an attractive amenity for residents and visitors alike. By turning unused rail lines into greenways, many communities have realized significant economic boosts through increased visitor traffic, spending, and real estate values.<sup>29</sup>*

- Developers of the Shepherd's Vineyard housing development in Apex, NC added \$5,000 to the price of 40 homes adjacent to the regional greenway. They were still the first to sell, underscoring the importance of natural amenities and quality of place for home buyers.<sup>30</sup>
- In the Outer Banks, bicycling supports over 1,400 jobs, with bicycle facilities such as trails yielding a return of about nine times the initial investment each year.<sup>31</sup>

### **Case Study: Charlotte & Mecklenburg County**

*Instead of incentivizing intensive mining companies to irreparably destroy land, Mecklenburg County has placed considerable emphasis on setting aside public land for parks and green spaces. The Trust for Public Land estimates that the Charlotte/Mecklenburg Park system annually generates over \$28 million in increased property value and tourist spending as a result.<sup>32</sup>*

- The City of Charlotte's 2012 budget identifies environmental sustainability as key to all of the city's other "focus areas," including economic development, safety, transportation, and housing.<sup>33</sup> Their initiatives include:
  - Investment in Energy Efficiency and Conservation Block Grants, which were estimated to save over \$2.5 million in energy costs and create up to 147 jobs in three years.<sup>34</sup>
  - Increasing access to local foods through grants and legislation such as the Neighborhood Matching Grants program, which secures funding for community gardens.<sup>35</sup>
  - Establishment of the nation's first Stream and Wetland Mitigation Bank, which keeps mitigation projects and revenue from "mitigation credits" within the city's watersheds.<sup>36</sup>

## Case Study: The Roanoke River Partners Paddle Trail

*The Roanoke River Partners Paddle Trail offers a clear example of how the underlying value of a natural area can be realized in a way that produces little to no negative impacts on existing businesses, while providing a source of jobs and revenue that can be indefinitely sustained.*

- Northeastern North Carolina has suffered significant losses from severe downturns in the manufacturing industry. The Roanoke River Paddle Trail has offered jobs and revenues which capitalize on visitors seeking the unique natural offerings of North Carolina's Coastal Plain.<sup>37</sup>
- Since 1999, basic, low-cost infrastructure investments along the paddle trail have generated opportunities for entrepreneurs including people advertising paddling trips, outfitters, and musicians playing in venues along the river.<sup>38</sup>

<sup>1</sup> Galbraith and Stiles, 2012. The Impact of Cement Manufacturing on Economic Growth in the Cape Fear Region.

<sup>2</sup> Swarbrooke, John, 1999. Sustainable Tourism Management. CABI Publishing.

<sup>3</sup> Edmiston, K., 2004. The net effects of large plant location and expansions on county employment. *Journal of Regional Science*, 44(2) 289-319.

<sup>4</sup> Scrosson, Scott. July 2010. A Social and Economic Analysis of Commercial Fisheries in North Carolina: Beaufort Inlet to the South Carolina State Line. North Carolina Division of Marine Fisheries.

<sup>5</sup> Mark D. Partridge and M. Rose Olfert. 2011. The Winners' Choice: Sustainable Economic Strategies for Successful 21st-Century Regions. *Applied Economic Perspectives and Policy*. Vol. 33(2), 143–178.

<sup>6</sup> Heintz, James, et al. January 2009. How Infrastructure Investments Support the U.S. Economy: Employment, Productivity and Growth. The Political Economy Research Institute, University of Massachusetts Amherst. [http://www.peri.umass.edu/fileadmin/pdf/other\\_publication\\_types/green\\_economics/PERI\\_Infrastructure\\_Investments](http://www.peri.umass.edu/fileadmin/pdf/other_publication_types/green_economics/PERI_Infrastructure_Investments)

<sup>7</sup> The Employment Security Commission of North Carolina. Current Employment Statistics (CES). Wilmington MSA: Unadjusted; Original Data Value; 1990-2013; All Periods; Employment; Manufacturing; Data Table View.

<sup>8</sup> Southwestern NC Economic Development District, 2012. A Comprehensive Economic Development Strategy (CEDS). <http://www.regiona.org/wp-content/uploads/2011/06/2012-Final-CEDS-9-30-12.pdf>

<sup>9</sup> *Id.*

<sup>10</sup> Ellison, Quintin. 21 September 2013. Still can't hear you ... No easy fix for connectivity in Nantahala Gorge. *Smoky Mountain News*. <http://www.smokymountainnews.com/news/item/5088-still-can%E2%80%99t-hear-you--no-easy-fix-for-connectivity-in-nantahala-gorge>

<sup>11</sup> Southwestern North Carolina Economic Development District, 2011. Comprehensive Economic Development Strategy: 2011. <http://www.regiona.org/wp-content/uploads/2011/06/SW-Commission-EDD-CEDS-2011-Update.pdf>

<sup>12</sup> Crane, Debbie. 2010. The 2010 Green Book: The New Economic Reality. Land for Tomorrow. [http://www.land4tomorrow.org/wp-content/uploads/2011/07/Green\\_Book\\_2010-Highlights.pdf](http://www.land4tomorrow.org/wp-content/uploads/2011/07/Green_Book_2010-Highlights.pdf)

<sup>13</sup> Ha, Inhyuck, et al. March 2009. Smoky Mountain Host Highway 19 Corridor Study: Phase I. Submitted to Smoky Mountain Host of North Carolina. [http://www.americaoutdoors.org/america\\_outdoors/files/pdf/Western%20NC%20study%202009.pdf](http://www.americaoutdoors.org/america_outdoors/files/pdf/Western%20NC%20study%202009.pdf)

<sup>14</sup> Grossman, Brian. On Our Way to North Carolina. 7 January 2013. <http://www.sierranevada.com/blog/north-carolina-brewery/on-our-way-to-north-carolina>

<sup>15</sup> Crane, Debbie. 2010. The 2010 Green Book: The New Economic Reality. Land for Tomorrow. [http://www.land4tomorrow.org/wp-content/uploads/2011/07/Green\\_Book\\_2010-Highlights.pdf](http://www.land4tomorrow.org/wp-content/uploads/2011/07/Green_Book_2010-Highlights.pdf)

<sup>16</sup> US Census Bureau. 2002. American Factfinder: Summary Statistics by 2002 NAICS, Transylvania County, NC. <http://www.census.gov/econ/census02/data/nc/NC175.HTM>

<sup>17</sup> US Census Bureau. 2007. American Factfinder: All sectors: Geographical Area Series: Economy-Wide Key Statistics: 2007, Transylvania County, NC.

[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN\\_2007\\_US\\_00A1](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2007_US_00A1)

<sup>18</sup> N.C. Rural Economic Development Center, Inc. 18 October 2011. Rural Data Bank: County Profiles for Transylvania and Rural Counties.

[http://www.ncruralcenter.org/index.php?option=com\\_wrapper&view=wrapper&Itemid=121](http://www.ncruralcenter.org/index.php?option=com_wrapper&view=wrapper&Itemid=121)

<sup>19</sup> US Department of Labor, Bureau of Labor Statistics. April 2013. Metropolitan Area Employment and Unemployment – February 2013. <http://www.bls.gov/news.release/pdf/metro.pdf>

<sup>20</sup> Charleston Regional Development Alliance. News & Media: Rankings & Recognition. [http://www.crda.org/news/charleston\\_rankings/](http://www.crda.org/news/charleston_rankings/)

<sup>21</sup> US Census Bureau. 2013. 2007 County Business patterns (NAICS). <http://censtats.census.gov/cgi-bin/cbpnaic/cbpsect.pl>. Employment totals for NAICS codes 31 (Manufacturing) and 51 (Information) compared in Georgetown and Charleston as percentages of the total for all sectors at pre-recession levels (2007).

<sup>22</sup> City of Charleston, SC. January 2011. The City of Charleston: Business Development, Analysis & Initiatives. [http://www.charleston-sc.gov/shared/docs/0/CBD\\_2011.pdf](http://www.charleston-sc.gov/shared/docs/0/CBD_2011.pdf)

<sup>23</sup> Tomsic, Matt. 4 April 2013. Charleston brand should include higher ed, economist says. *Charleston Regional Business Journal*. <http://www.charlestonbusiness.com/news/47279-charleston-brand-should-include-higher-ed-economist-says>

<sup>24</sup> City of Georgetown, SC. COGSC.com: Economic Development. 2011. <http://www.cogsc.com/BuildingPlanning/EconDevelopment.cfm>

<sup>25</sup> Gillum, Jack. 11 August 2012. Steel Mill Polluted Town as Romney Firm Profited. *The Associated Press*. <http://bigstory.ap.org/article/steel-mill-polluted-town-romney-firm-profited>.

<sup>26</sup> State of South Carolina Court of Common Pleas. 18 June 1998. County of Georgetown v. Georgetown Steel Corporation. <http://media.courierpress.com/media/static/georgetown-steel-documents.pdf>

<sup>27</sup> Fuller, Kelly Marshall. *Georgetown Times*. Representatives from Georgetown County to meet with Boeing; marketing this area as 'Green Coast.' <http://www.gtowntimes.com/local/County-to-meet-with-Boeing--marketing-itself-as--Green-Coast->

<sup>28</sup> Callison, Jenny. 19 April 2013. Speaker emphasizes leadership link to economic development. *Greater Wilmington Business Journal*.

[http://www.wilmingtonbiz.com/industry\\_news\\_details.php?id=5239](http://www.wilmingtonbiz.com/industry_news_details.php?id=5239)

<sup>29</sup> Rails to Trails Conservancy. [http://www.railstotrails.org/resources/documents/resource\\_docs/tgc\\_economic.pdf](http://www.railstotrails.org/resources/documents/resource_docs/tgc_economic.pdf)

<sup>30</sup> [http://www.land4tomorrow.org/wp-content/uploads/2011/05/green\\_book\\_2011\\_web.pdf](http://www.land4tomorrow.org/wp-content/uploads/2011/05/green_book_2011_web.pdf)

<sup>31</sup> NC Department of Transportation & Institute for Transportation Research and Education. 2006. Bikeways to Prosperity: Assessing the Economic Impact of Bicycle Facilities.

<sup>32</sup> The Trust for Public Land. 2010. The Economic Benefits of the Park and Recreation System of Mecklenburg County, North Carolina.

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<sup>33</sup> City of Charlotte, NC. 1 July 2011. Adopted FY2012 & FY2013 Strategic Operating Plan and FY2012-2016 Capital Investment Plan.

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<sup>34</sup> City of Charlotte, NC. 18 November 2009. Energy Efficiency and Conservation Block Grant: City of Charlotte Proposed Energy Strategy.

<http://www.power2charlotte.com/media/6581/energystrategyrevisednov182009.pdf>

<sup>35</sup> City of Charlotte, NC. 1 July 2011. Adopted FY2012 & FY2013 Strategic Operating Plan and FY2012-2016 Capital Investment Plan.

<http://charmeck.org/city/charlotte/Budget/Documents/FY2012-FY2013%20Strategic%20Operating%20Plan.pdf>

<sup>36</sup> Charlotte-Mecklenburg Storm Water Services. 2013. Stream and Wetland Mitigation Bank (City).

[http://charmeck.org/stormwater/StormWaterAgencies/Pages/StreamandWetlandMitigationBank\(City\).aspx](http://charmeck.org/stormwater/StormWaterAgencies/Pages/StreamandWetlandMitigationBank(City).aspx)

<sup>37</sup> Crane, Debbie. 2011. The 2011 Green Book: The New Economic Reality. Land for Tomorrow. [http://www.land4tomorrow.org/wp-content/uploads/2011/05/green\\_book\\_2011\\_web.pdf](http://www.land4tomorrow.org/wp-content/uploads/2011/05/green_book_2011_web.pdf)

<sup>38</sup> *Id.*