

In Bid to Hang On, Miner County, S.D., Downsizes Dreams

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HOWARD, S.D. -- With farm jobs disappearing at a rapid clip, almost every small town on the American prairie dreams of getting bigger.

Some wait for Wal-Marts. Others push for new factories and jobs. Still others lobby for new roads, new highway exit ramps or new airports.

This town has a different plan, evident to anyone driving the two-lane blacktop that cuts east to west through Miner County. At the eastern edge of Howard, an old slaughterhouse that had been vacant for 30 years is up and running again, this time in the production of organic beef. Just south of the town's busiest intersection, where cattle once grazed, a new housing development is under construction, bringing seven low-cost homes. Two wind turbines tower over the western end of town. At their feet sits a small turbine-repair shop staffed by former farmers and tractor repairmen.

Howard and the surrounding Miner County are at the center of an unusual campaign to rescue farm towns from extinction. Backed by \$6 million in foundation grant money, residents here have adapted a survival strategy that is both radical and modest. They plan to let some of the dying pieces of the economy die and focus instead on niches in which small businesses can compete -- like organic beef and wind-turbine repair.

The key, residents say, is that they're willing to accept the county's dramatic population losses -- down to about 3,000 residents from a peak of 8,500 -- as long as they can come up

with enough high-quality jobs to prevent further declines.

"We don't need to be a Watertown or a Madison," says Randy Parry, a former basketball coach and high-school teacher who leads the revitalization effort, referring to towns with populations of 20,000 and 6,500, respectively. "We don't need to be big."

Some economists think Howard's approach might be the last best chance for towns that have seen family farms vanish and their economic bases crumble.

"In these communities, you don't really need much," says Stephan Weiler, an economist at the Center for the Study of Rural America at the Federal Reserve Bank of Kansas City. Many of those communities still have a relatively strong supply of skilled workers, Mr. Weiler says. The challenge is keeping them. "People need to ask, 'What do we have and what can we do that the market will value?'"

Miner County is fighting against a strong tide. The population is still falling and some of the county's experiments have failed to take root. In building an economy without a strong business base and heavily dependent on a handful of small ventures, the county is plotting a risky strategy. If consumers lose interest in wind energy or organic beef, or if Miner County businesses can't keep up with competitors in those industries, the economic revitalization will have to start all over again.

"We're the guinea pigs," says Mr. Parry, director of Miner County Community Revitalization. "Rural America is slipping by the way-

side. If we don't do something about it in time, it will be too late."

Miner County sits about 65 miles northwest of Sioux Falls, a city of some 125,000 that's been growing about as quickly as many of its rural neighbors have been shrinking. For decades, the county was a thriving chunk of middle-American heartland, with hundreds of small farms raising corn and soybeans, and railroad cars crisscrossing the flat earth. At its peak in the 1920s and 1930s, even the county's smaller towns each supported a bank, a diner, a gas station, a grocery, a school-house, and a bar or two.

As the smallest towns vanished, Howard, the county seat, became the life raft, with displaced residents clinging to its relative prosperity. But even Howard has been losing a dozen or so residents every year, and its population is now down to about 1,000.

One idea for turning things around came from the younger generation. In 1995, students at Howard High School surveyed Miner County's 1,000 registered voters and found that about half of all respondents were shopping in larger towns outside the county. The students calculated that if residents spent 10% more of their disposable income at local businesses, they would add more than \$7 million to the local economy, assuming the money continued to circulate in the community at the normal rate. In the year after the survey, discussed widely in town, taxable sales in Miner County increased 40%.

Advising the students was Mr. Parry, 56 years old. Besides coaching basketball, he worked as the school's business teacher and ran a popular ice-cream shop called Coach's Corner. The student project gave him ideas.

He says he began to think of the community as he thought of some of his basketball squads. Once a team started winning, Mr. Parry observed, players seemed to practice and play harder. Crowds got bigger and cheered more loudly. As a coach, he called it momentum.

Though sales-tax revenue continued increasing for several years after the student survey, the economy was not so easily transformed. In 1996, the community's biggest manufacturer, Wrapit, which

made wrappers for baseball cards, laid off 75 of its 210 workers. Soon after, Mr. Parry used a \$20,000 grant presented to the high school to form the Rural Resource Center, which brought together students and adults to discuss ideas for improving the community.

They developed focus groups on housing, employment, health care and education. Instead of looking to outsiders for growth, they focused on how to lure back former residents who had moved away and keep the next generation from doing the same.

Meanwhile, a Minnesota-based nonprofit called the Northwest Area Foundation was looking for an innovative way to help a rural community. In 1997, it decided to offer a small town millions of dollars and other support over a span of 10 years. The community would determine how the money should be spent.

In November 1998, foundation officials arrived in Miner County the day after an enormous snowstorm. Small roads were almost impassable. Farmers were busy corralling animals that had climbed over snow banks and strayed from their land. Still, 80 of Mr. Parry's 82 committee members showed up to meet the out-of-towners.

Impressed, the foundation gave Miner County \$500,000 in seed money to help it map a long-term strategy.

Mr. Parry quit his job at the school and devoted himself to the community-building work. The more he talked to residents, the more evident it became that no one wanted Miner County to get a lot bigger, or to change in a dramatic way. In other words, says Mr. Parry, they wanted the town "to feel like it used to be."

Local committees began organizing projects to build community spirit and demonstrate to the foundation that Miner County residents were ready to go to work. Residents pulled hundreds of tree stumps from downtown Fedora. They cleaned and painted old homes in Howard. Farmers attended seminars on how to make money on organic beef or alternative livestock such as elk and deer.

"It was grass-roots," Mr. Parry says. "It was grind work."

County leaders gave the foundation a 35-page plan that promised among other things to create affordable housing, build a child-care center, update land-use plans, help farmers explore niche markets and set up a business-assistance program. The key was getting the entire community involved and making better use of the assets already on hand.

In February 2001, the Northwest Area Foundation awarded Miner County about \$3.8 million and the South Dakota Community Foundation, a nonprofit, kicked in \$2 million more.

Not long after that, the first wind turbine went up in Howard. It was the work of a former Howard High School student, Joe Kolbach, who decided to open a repair shop for the machines in his old home town. He said he knew that many people who fixed tractor engines could learn to fix turbines.

"A small town with low overhead is what a young company needs," says Mr. Kolbach, president of Energy Maintenance Services of Gary, S.D.

The two turbines -- one purchased by the town of Howard, the other by Mr. Parry's group -- earned the town energy credits from one of the local power companies, reducing bills for everyone. They also served as a sign that things were changing. "To be honest," Mr. Parry says, "I still get goose bumps every time I drive by."

Mr. Parry's group created a revolving loan fund to help businesses start or expand. It helped establish a day-care center with preschool and Head Start classes in downtown Howard. The group pushed to get cellular phone service for the area. It helped convert a vacant school in Canova to a wellness center, with exercise equipment and a miniature-golf course.

When Robin Hattervig, the county's only dentist, began thinking about moving elsewhere, Mr. Parry's organization helped him apply for a federal grant that would pay him to see more Medicaid patients. Now, low-income patients drive from across the state to Dr. Hattervig's clinic, and he has hired another dentist.

Scott Lively, whose wife grew up in a small town in South Dakota, said he wanted to set up an organic-beef business in a community that needed jobs, even though he probably could have improved his profit margins by locating closer to a major highway. When he heard about an old slaughterhouse for sale in Howard, Mr. Parry's group offered to help him negotiate the purchase. "These guys were relentless," says Mr. Lively, 33, who lives in Martha's Vineyard with his family but has been spending much of his time lately in Howard.

Now, Mr. Lively's Dakota Beef is one of the more promising ventures in town. One local farmer already feeds cattle for Dakota Beef, and two more farmers have expressed interest in having their farms certified organic, Mr. Lively says. Dakota Beef employs 20 full-time workers and expects to triple that number by the end of the year, he says.

Still, Mr. Parry's group faces long odds in its fight to keep Miner County from slipping away. From 2000 to 2003, the county's population dropped a further 5.8%, according to Census Bureau estimates. From 2000 to 2001, 5.5% of all nonfarm businesses disappeared. Even some businesses launched with the revitalization group's help discovered there wasn't enough money to be made. A café, a cheese-making plant and a fish farm all came and went.

Only about one in four Howard High graduates who went to college in the late 1990s has returned, according to a recent survey. "The more highly skilled they get, the less likely they are to come back," says Larry Holland, who teaches at the high school and also serves as its guidance counselor, athletic director and part-time bus driver. "How would we employ an engineer in Howard? Those kinds of jobs aren't there."

The local high school and elementary school have suffered. As people leave Miner County for jobs elsewhere, they take their children and property-tax contributions, leaving the schools short of bodies and cash. Those left behind have voted to accept property-tax increases, but educators say the money coming in still isn't enough.

Howard High has been forced to lay off teachers and cut back on available classes. Even Mr. Parry's old business class that got the community revitalization started a decade ago wasn't spared.

Many students say they're encouraged by the recent burst of economic activity, but staying in Howard "would be the failure of my life," says Brianna Hanson, a 17-year-old junior, whose father works as a veterinarian for the state and whose mother is a nurse at a local nursing home. "When you see your parents struggling, it really peels a lot of your hope away."

As he drove through town one day in his pickup truck, down Main Street, out to Route 34, and over to the town's new industrial park, home of the turbine-repair shop and other small businesses, Mr. Parry acknowledged that economic forces will continue to wipe away many small towns.

"I read somewhere that someone said it wouldn't matter if everything between Sioux Falls and Rapid City were covered in ash," he says. He thinks at least a few of those small towns can be saved. For now, he says, one will do.