



# Downtown Revitalization in Lost Nation, Iowa Best Practices & Recommendations

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*In partnership with*  
**East Central Intergovernmental Association**



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December 1, 2016

Jenna Soyer

East Central Intergovernmental Association

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Dear Jenna,

We appreciate the opportunity to offer our services in revitalizing the downtown district of Lost Nation, Iowa. Based on the information previously provided, our team has developed recommendations based on our researched objectives.

Attached is our final report containing our expected deliverables, along with our recommendations for implementation.

Sincerely,

University of Iowa Consulting Team

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### ***Executive Summary***

The University of Iowa Consulting Team (UICCT) worked closely with Jenna Soyer from the East Central Intergovernmental Association during the University of Iowa Fall 2016 semester. Our agreed upon project objectives include: researching and gathering data to conduct an environmental analysis, while comparing Lost Nation to other rural cities; discover current distinguishable characteristics for potential opportunities; identify specific markets and target audiences; recommend types of businesses/industries to recruit to the downtown area; and, identify ways of attracting these businesses to the downtown district. Our project deliverables included a weekly report outlining team progress, sharing our findings on the environmental analysis, presenting marketing ideas to attract businesses, and a final report that includes all of our research and recommendations.

For the methodology, we identified specific markets and trends, conducted an environmental analysis, and looked into types of businesses to recruit to the downtown area. To accomplish this, we traveled to Lost Nation to meet with community stakeholders, communicated with neighboring towns within proximity to Lost Nation, and had the privilege to speak with two economic development specialists with the Iowa Economic Development Authority. We identified viable market options that Lost Nation's current and potential business owners can tap into, and researched cities with similar characteristics. We looked at these towns' industry trends, what contributed to the the city's revitalization process, and the unique characteristics they possess in order to develop our recommendations.

The University of Iowa Consulting Team discovered many applicable grants and programs for which Lost Nation could qualify. They could help fund the initiatives in revitalizing the downtown district, and also support local entrepreneurs when starting a new company. We identified multiple target audiences within proximity to the town that can benefit from Lost Nation's current assets and the recommended additions. Next, we identified two potential business entities to implement into the downtown district. To attract and convince entrepreneurs to start these businesses, we identified types of loans and tax incentive programs for which Lost Nation citizens for which could qualify.

Our recommendations focus on giving ideas for a potential harvest festival, similar to Rustic Days, providing a list of grants and programs for which Lost Nation may qualify, demonstrating that there are viable markets within proximity to Lost Nation, and identifying business/industry additions we deem feasible for the downtown area.

***Project Purpose***

The purpose of the project is to extensively research the three objectives Jenna Soyer and the University of Iowa Consulting Team (UIC) agreed upon at the beginning of the fall semester. UIC will then give recommendations based on the research and the results found. The three project objectives we agreed upon include:

1. Research and gather data. Conduct an environmental analysis for Lost Nation. Comparing Lost Nation to other rural cities, we will discover current distinguishable characteristics as well as potential opportunities for Lost Nation.
2. Identify specific market trends and target audiences in which local businesses may tap into, preferably within proximity to Lost Nation, by utilizing the research found in objective 1, via environmental analysis.
3. Recommend types of businesses/industries to recruit to the downtown area. Research marketing methods of attracting these businesses to the downtown area.

The five Project Deliverables agreed upon include:

1. Proposal identifying our objectives, scope of work and a timeline.
2. Weekly reports outlining team progress via email every Thursday.
3. Findings on the environmental analysis for Lost Nation and other rural cities.
4. Marketing ideas to attract businesses to the downtown area.
5. A final written report detailing the results of our research and final recommendations.

***Company History***

The East Iowa Intergovernmental Association is a regional government in eastern Iowa that includes Cedar, Clinton, Delaware, Dubuque and Jackson Counties. ECIA exists because of the need for local governments in our constituent counties to share resources they could not afford individually and to cooperate in finding solutions to similar problems. The services and programs provided by ECIA cover six broad categories: Community Development, Economic Development, Housing Assistance, Employment and Training, Transit, and Transportation and Planning.

## ***Environmental Analysis***

### **Strengths**

Lost Nation has a variety of strengths that are unique and encouraging. The most attractive strength is the relatively low cost and availability of real estate. Multiple vacant buildings can be found on Main Street. The buildings themselves are not repairable, but the plot is usable and in the heart of the town. Other advantages related to real-estate include: inexpensive rent (\$200-\$300 per month), property tax, and utilities. If you own a business in Lost Nation there is minimal red tape, fast high speed internet, opportunities for grants, and in addition to those, the local newspaper advertises for local businesses for free. This is a viable medium for advertising because the majority of the town receives the newspaper, therefore the locals will be informed and kept up to date on the current downtown district.

The community as a whole is very strong. The town has maintained a reputation for its safety and low crime rate. The culture is friendly, the spirit is high, and the people are welcoming. The town also provides support programs, such as a booster club, the Lions Club, volunteer fire department, and multiple churches that are actively involved. These programs welcome all and offer a variety of services that include: funding, volunteer work, guidance, and overall support. Within the town there are also private contractors, insurance brokers, and out of home babysitters. There is a high demand for these small business owners because there are minimal commercial services. The families also benefit because the services are less expensive. Each year on the third weekend of July, the town holds a festival called Rustic Days. During Rustic days there are baseball and volleyball games, tractor pulls, fun runs, and many other activities for friends and family. On average, the festival brings in about 500-600 people per year. This is a great time for local businesses to promote, but also build relationships with members inside and outside the community.

### **Weaknesses**

When visiting Lost Nation, we learned some things that raised some concern. On Main Street there are multiple unoccupied buildings that are in a state of disrepair. This might detour business owners looking to move to Lost Nation. This might also make it more challenging to attract start-ups and entrepreneurs to the town.

When talking to the mayor and citizens of Lost Nation we discussed how these buildings became unoccupied. Fortunately, businesses were not failing or moving out because they did not like Lost Nation, but rather because no one was taking over the business after the owner passed away. We found it surprising that the majority of kids who go off to college, usually never come back to Lost Nation. The loss of local community members who are familiar with

the town and its history, has a negative impact on the economy of Lost Nation. The town is forced to attract outsiders to come in and takeover local companies.

There is little in Lost Nation to attract young kids. There is a nice park, but its facilities are not up to date. The towns people informed us that there is a limited supply of activities and opportunities for children and teens to get involved in Lost Nation.

### **Opportunities**

Even a rural town like Lost Nation has potential opportunities for success. The opportunities compelling enough to analyze involve vacant community buildings located in downtown Lost Nation available for tenants to create a business. This town has encountered many types of businesses that have shown promise, yet failed in the long run. There are two vacant buildings, one of which being the vacant gymnasium of the closed high school, and the other being a commercial building located next door to the city hall/library. We see great opportunity associated with these vacant buildings for a specific set of industries we deem feasible.

Another great opportunity associated with these vacant buildings is the inexpensive cost of renting. Cost of real estate is lower in Lost Nation than surrounding cities. We believe this may appeal to certain distribution or manufacturing industries searching for low cost warehousing.

We can also see great opportunity for community events. Bringing the community together while attracting visitors from nearby cities may have a positive effect for Lost Nation. We see opportunity for additional community events and activities that may aide in community togetherness and involvement, while drawing consumers from neighboring areas.

When we visited Lost Nation, on Saturday afternoon, we noticed one of the bars was closed. We witnessed multiple people try to open the door to the pub, but it was locked. On college and NFL game days, pubs in the downtown district could benefit from being open.

The stakeholders of Lost Nation are willing and able to obtain grants and funds in order to aide in building renovation and construction. This presents opportunity for any business owner wanting to start a company in Lost Nation.

There are also multiple vacant buildings not structurally sound enough for a tenant. We see this as an opportunity for specified business owners who wish for the low cost of real

estate, as well as constructing a new business building tailored to their preferences for business.

### **Threats**

Through our analysis of the weaknesses of Lost Nation, we were able to formulate and calculate the threats that may be plaguing the town and preventing growth. The underlying issue is that businesses, entrepreneurs, and potential entrepreneurs (children), are all leaving Lost Nation, which poses a great threat to the town. This shows that critical players are not interested in returning to their hometown, and are looking for opportunities elsewhere, leading to the depopulation of the town.

Lost Nation's neighboring towns, such as Maquoketa, have greater potential to grow their populations because they provide everyday conveniences for their citizens, such as schools, groceries, retail outlets, events, and the superstore Walmart. It is inevitable that without these essential businesses, the citizens must travel to these cities to purchase goods and acquire the basic necessities of life. These factors may be contributing to the depopulation of Lost Nation, Iowa.

In addition, younger generations are reluctant to move to Lost Nation. It is hard to attract these younger generations to a town that has little opportunities for families to grow socially, culturally, and academically. The town provides no school system, sports teams, or youth groups, which is contributing to the groups of youth roaming the streets. This is because the town is lacking activities for children, which also pushes new families to move to the neighboring towns with more activities and opportunities.

Finally, one of the greatest threats Lost Nation faces is the lack of diversity on the town's city council. We observed that the town's council is made up of a select age group, rather than a combination of all ages. This could lead to non-innovative action steps and inhibit diversity in thinking.

## ***Methodology***

The UICT has broken down the objectives in order to create the methodology used to complete the research necessary to provide feasible recommendations that will promote the revitalization of downtown Lost Nation. We have worked to identify specific markets and trends, conducted an environmental analysis, and are looking into types of businesses to recruit to the downtown area.

We conducted both primary and secondary research to complete a SWOT analysis. We had the privilege to travel to Lost Nation to meet with the Mayor, the clerk, and multiple business owners. They provided valuable insight into the current state of the town along with its historical background. We also communicated with multiple citizens of neighboring Iowa towns such as Maquoketa, Delmar, La Motte, and Bernard. This helped to provide primary sources for outside thoughts and opinions of Lost Nation. Through analyzing secondary research relative to these towns' market and industry trends and economic background, we were able to discover both beneficial and detrimental characteristics separating Lost Nation from the neighboring cities. Our team has also identified rural towns that overcame situations similar to Lost Nation. This helped us to identify potential opportunities to recommend.

We researched deeply into market and target audience trends for Lost Nation and its neighboring cities through our SWOT analysis. We used SimplyMaps, IBIS World, and other sources to gather secondary information regarding market trends and the consumers within them. We thoroughly analyzed this data to discover viable market options to recommend for Lost Nation's current and potential business owners.

To discover potential businesses or industries to attract to Lost Nation we first spoke with people of Lost Nation. We were able to gather opinions from some of the town's people on which businesses or industries may be necessary or desired, and which businesses or industries they believe will have little chance for success. We then conducted research within the industries the people of Lost Nation had provided. We researched cities with similar characteristics which have managed economic growth from a state similar to Lost Nation's. We looked at these towns and analyzed which industries have shown success and has benefitted the city's revitalization. We also researched which characteristics of the successful town may have attracted these industries and may be sustaining the business' success. We analyzed the data collected and we were able to find multiple business industries that may have success in the area, while having benefit to the town's growth.

### ***Findings and Results***

The team has compiled the following findings and results from the research completed on the three objectives. The first objective was to research and gather data, conduct an environmental analysis for Lost Nation, and to compare Lost Nation to other rural cities to discover current distinguishable characteristics as well as potential opportunities for Lost Nation.

Lost Nation has a handful of vacant buildings on Main St., either unused or incapable of usage. The sidewalks, billboards, and street signs share a run-down appearance. The condition of these buildings and sidewalks were a distinguishable characteristic of Lost Nation's downtown area. There is great opportunity for Lost Nation to find ways to improve these conditions.

Information that we gathered in our visit tells us that most of these buildings were once businesses whose owners had either died or retired and moved. We made contact with Jim Engle who is an Economic Development Professional with the Iowa Economic Development Authority, and he provided insight into this being a reoccurring issue in rural towns throughout Iowa. In researching manageable methods of combating this issue, we discovered numerous programs in place for rural communities to provide services, grants, and organizations to assist in revitalizing the appearance of downtown areas applicable for the City of Lost Nation. Additional information including case studies and applications for the programs may be found in Appendix A.

**Table 1:** List of revitalization programs applicable for the City of Lost Nation

Program	Organization	Description
Stronger Economies Together (SET)	USDA	Community partners aided in creating economic development blueprint as well as implementation
Community Outreach Grant Program	FRS	Funding meant for communities to administer first steps towards rebuilding and sustaining economic development
Derelict Building Grant Program	DNR	Provides services and funding for small towns in Iowa to address concerns posed by abandoned commercial or public buildings
Paint Iowa Beautiful Program	Keep Iowa Beautiful	Through a partnership with Diamond Vogel Paint of Orange City, Iowa groups can receive paint for community enhancement projects
Yo-Ho Tool Grant	Keep Iowa Beautiful	Grants permit community groups and organizations to purchase up to \$200 in Yo-Ho quality tools to

		assist volunteers in clean up and beautification projects
Main Street Iowa Finance Authority Loan Program	State of Iowa	Program provides mortgage loans for multi-family housing and commercial development in Main Street districts
Main Street Iowa Challenge Grant	State of Iowa	Provides dollar for dollar match funding for local main street projects, properties, and businesses
Downtown Revitalization Fund	Community Development Block Grant	Provides grants to communities for a variety of projects and activities contributing to comprehensive revitalization in historic city centers
Brownfield/Grayfield Tax Credit Program	Redevelopment Tax Credit Program	State and federal incentive program to make the purchase and redevelopment of a Brownfield site to promote economic health by reducing environmental hazards, and eliminating neighborhood eyesores
Community Facilities Direct Grant and Loan Program	USDA	Provides affordable funding for development of essential community facilities in rural areas
Community Facilities Technical Assistance and Training Program	USDA	Provides grants to public bodies in rural areas and help to identify and plan community facility needs in their area. Once identified, grantees will help provide and locate funding for these projects as well as assisting in training for proper implementation

Research has been shown that festival tourism is one of the fastest growing forms of tourism. Festivals are especially becoming increasingly popular in rural areas as a way to revitalize local economies. They provide a variety of opportunities for the community including volunteerism, social, cultural and economic developments. Economically, tourism can create jobs directly through employment within the tourism industry and indirectly by transportation and retail. When visitors come and spend money on goods and services, it leads to what is called the “multiplier effect” creating more jobs. The industry also provides opportunities for small business enterprises, which is especially important in rural communities. Local artists, craftspeople, and vendors will be very helpful in making the event successful. Festivals have been revolutionizing businesses and creating a huge economic development across the globe. Talking to Jim Thompson, who works for Iowa Economic Development Authority, believes that bringing people into the area is the first step in bringing businesses into downtown Lost Nation,

Iowa. Showing that there is life to the area and that there is traffic moving through the area will attract business to open up downtown.

Hunting season opens as early as October 1 and ends as late as March 31. To hunt birds in the state of Iowa, the open months are October and September. Big game hunting starts as early as September 17 and the season ends in January. With fishing, fishermen can fish all year round. Hunting expos across the country have a variety of things to do for hunters and fishers. Some expos have archery ranges for the youth to be able to get experience with shooting a bow. Several contests have been created to make fun for everyone. For example, bringing in game sheds to get judged, gun shows, or live auctions.

Looking at towns that are in proximity to Lost Nation, we looked at the Anamosa's Festival, Vintage Rally, that they have put on for 6 years. This particular event is where people bring in their vintage motorcycles to show off. The event is held at the National Motorcycle Museum. The Vintage Rally brings in a variety of people and motorcycles. In 2016, the rally had the biggest turnout ever with the most vendors they have ever had. Ed Vanaman won best of the show for his BMW custom bike. He traveled all the way from Ohio for the Vintage Rally for the guests to see. They also add new displays each year to attract a different kind of crowd. In 2015, the rally added an "Art Tent." The tent included imaginative animal and insect inspired creations that the artist made from salvaged metal.

In Delmar, just 12 miles from Lost Nation, there is an annual car show. This event has been running for 19 years and is very family friendly. In 2013, Delmar added music, food concessions, activities and a playground for kids. The admission is free for this event. Similar to the Anamosa festival, Delmar added an art fair featuring local artisans. The Delmar vintage car show is located at the Delmar Railroad Depot Museum. This event does have a Facebook page, but it has been inactive since the 2015 event.

Lastly, we looked at another town that has had success hosting a hunting themed festival. It is a bit bigger than Lost Nation, but in a rural area with similar characteristics. The name of the town is Broken Bow, Nebraska. They have an event every year that is called One Box Pheasant Hunt. This event brings in thousands of people over a span of 3 days. The hunt benefits the youth shooting sports programs, the One Box Habitat program, the shooting club facility, and local scholarships. On the One Box Pheasant Hunt website, they encourage you to have a celebrity in your group. In the past, the festival has brought in very famous people such as Neil Armstrong. This event is based around giving back to the community and creating a sense of pride within the community.

Objective two, was to identify specific markets and target audiences that local businesses can tap into, preferably within proximity to Lost Nation. Lost Nation may be out of the way but it has many great opportunities to draw from existing consumers in the region. There are many attractions within a close proximity to Lost Nation such as Maquoketa Caves, Highway 61 Drive-In Movie Theater, and the National Motorcycle Museum, all of which have local and regional consumer support.

The Maquoketa Caves draws spelunkers, bird watchers, and hiking enthusiasts from all around the state of Iowa. Lost Nation is located only 21 miles south of the State Park, making for a short 20-minute drive. The State Park remains open a majority of the year from early April to the 31<sup>st</sup> of December offering a welcoming family atmosphere and numerous events throughout the seasons. These events are not only listed on the caves website, but also on their Facebook page "Friends of The Maquoketa Caves State Park."

Along with the close proximity of the state park, hunting and fishing are also popular outdoors activities for these northeastern Iowan's. In Iowa, there are over 522,000 people who fish and over 216,000 hunters, who during the year of 2011, spent upwards of \$278 million dollars on fishing and over \$405 million dollars on hunting. There are a variety of hunting seasons all year round, which bring in large amounts of people to the region.

The National Motorcycle Museum, located just a short drive of 30 miles from Lost Nation, offers another opportunity to pull in consumers. The museum, which offers 400 motorcycles on display, brings in motorcycle enthusiasts from around the country and vast amount from here in Iowa. The motorcycle museum hosts many successful events throughout the year as well including concerts/festivals, motocross/minibike racing, motorcycle rallies, motorcycle and car showings, and numerous motorcycle rides which go all over the country. Iowa has over 2,200,000 licensed motorcycle drivers, making this a booming industry.

Another attraction, only 11 miles east from Lost Nation is the Highway 61 Drive-In movie theater which plays the newest movies on a weekly basis with its new state-of-the-art digital projection system. The Drive-In is open seasonally, from April to November. Drive-In theaters are nostalgic for baby boomers, but are also proving to be a popular attraction for new generations and families. In a world where everyone watches movies on demand or Netflix, Drive-In's provide a retro experience. Iowa only has 5 Drive-In theaters left in the state, and this happens to be one of them, making it a destination for people across region. We did find however that Drive-In movie theaters in the US have been steadily decreasing from 593 in 2005, to only 349 in 2015.

In relation to objective three, research was conducted to find relevant information pertaining to Lost Nation's local assets, current businesses, and the potential for new businesses. The process started by analyzing Lost Nation's demographic data in order to

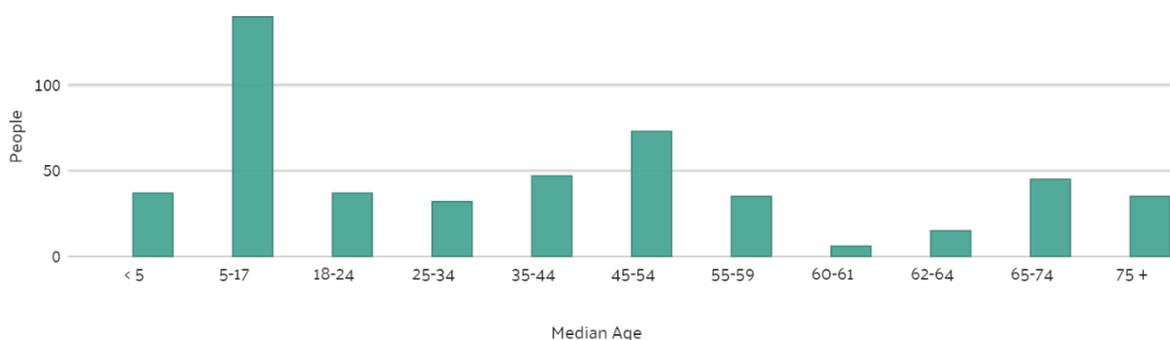
identify trends. Next, we conducted research on the surrounding metropolitan areas to compare Lost Nation.

Lost Nation is one of many small communities struggling because their economy was built largely on economic sectors that have changed significantly. According to the Retail Trade Analysis from the Iowa State Community Indicators program, from 2000 to 2014, there was a population change of (-13.7%). This change in population is leading to the change in sales. From 2012 to 2015, the taxable sales in Lost Nation decreased from 1.7 to 1.5 million. Poverty rates are at an all-time high of 32%, which could be the effect of the lagging employment growth rates since 2008. Lower unemployment rates often mean a region is better able to attract and retain new retails, industries, and skilled workers. The State of Iowa has had continual employment growth since 2010, which indicates that Lost Nation has an inverse relationship compared to the average. These rising levels of unemployment may be contributing to a decline in the areas competitive strength and an increase in the areas household economic stress. Many of these factors are also leading to low consumerism, which has primed the decrease in low tax money used to fund various public goods and initiatives for economic development.

A primary factor for the decrease in population is caused by the incidence of young adult migration. In each decade from 1950 to 2000, there has been a significant rural outflow of young adults aged 20 to 29. Decades of youth migration have led to a decrease in rural births. This is because many rural counties have few young adults of childbearing age, and many older adults who have a greater risk of mortality. For people over the age of 50, there has been a net influx in rural counties in all decades but the 1950's. Figure 1 shows the distribution of age groups residing in Lost Nation.

**Figure 1:**

### Age by Nativity in Lost Nation



Lost Nation's median household income is very low compared to the national average and surrounding cities (Figure 2). This could be attributed to the education levels of the people

living in Lost Nation. According to Data USA, only 16% of those residing in Lost Nation have a bachelor’s degree, and 85% received a diploma.

The largest cities nearest to Lost Nation include Dubuque (pop. in 2013 = 58,253), Iowa City (71,591), Davenport (102,157), and Cedar Rapids (128,429). These towns thrive on a growing population, industry growth, business expansions, low unemployment rates, college attendance, etc. A local quoted, “There are not a whole lot of jobs here. We can’t keep our young people here. They go to college and never come back.” It is common for locals to relocate to these metropolitan areas because there are more opportunities, greater chances at upward mobility, as well as economic and social advantages. There is evidence that rural towns near metropolitan areas have traditionally been much more likely to experience growth than more remote counties. This growth occurs when metropolitan areas sprawl outward and the population eventually spills over boundaries. There is a common view that rural counties adjacent to metropolitan areas are an excellent compromise between rural and urban life. Opinion polls consistently show a preference among Americans to live in smaller places that are proximate to urban areas, rather than urban core (Brown et. al. 1997)

Within Lost Nation, manufacturing and retail trade are the largest industry sectors, with finance/insurance and whole sale trade being the most minimal (Figure 3). There is opportunity in Lost Nation for college educated workers to earn a sustainable income, but there are a select few industries to choose from. The highest paid are professional, scientific and technological services (Figure 4).

In Maquoketa, the highest paid are executives, health technicians, and physicians. The largest industries include retail trade (25.7%), manufacturing (15.3%), and health care and social assistance (15.2%). Maquoketa has a very large group of people aged 25-34, which is 13.1% of the total population. In Lost Nation, this group makes up only 6.4% of the population. This suggests that Maquoketa is attracting more college graduates, and could be employing workers living in Lost Nation.

**Figure 2:**

### Median Household Income in Lost Nation

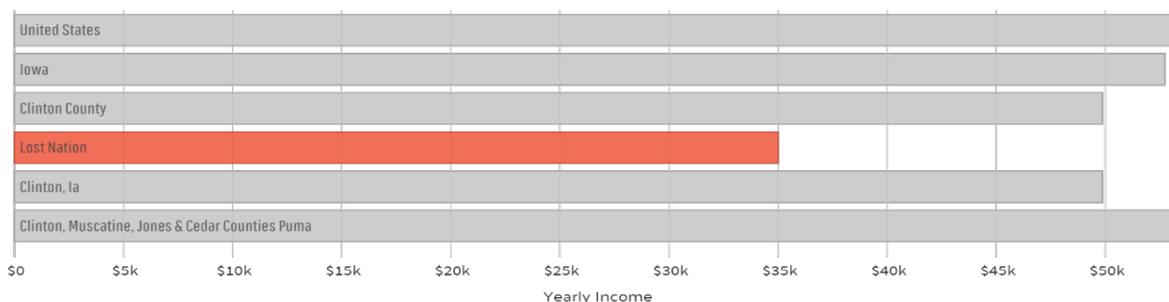


Figure 3:

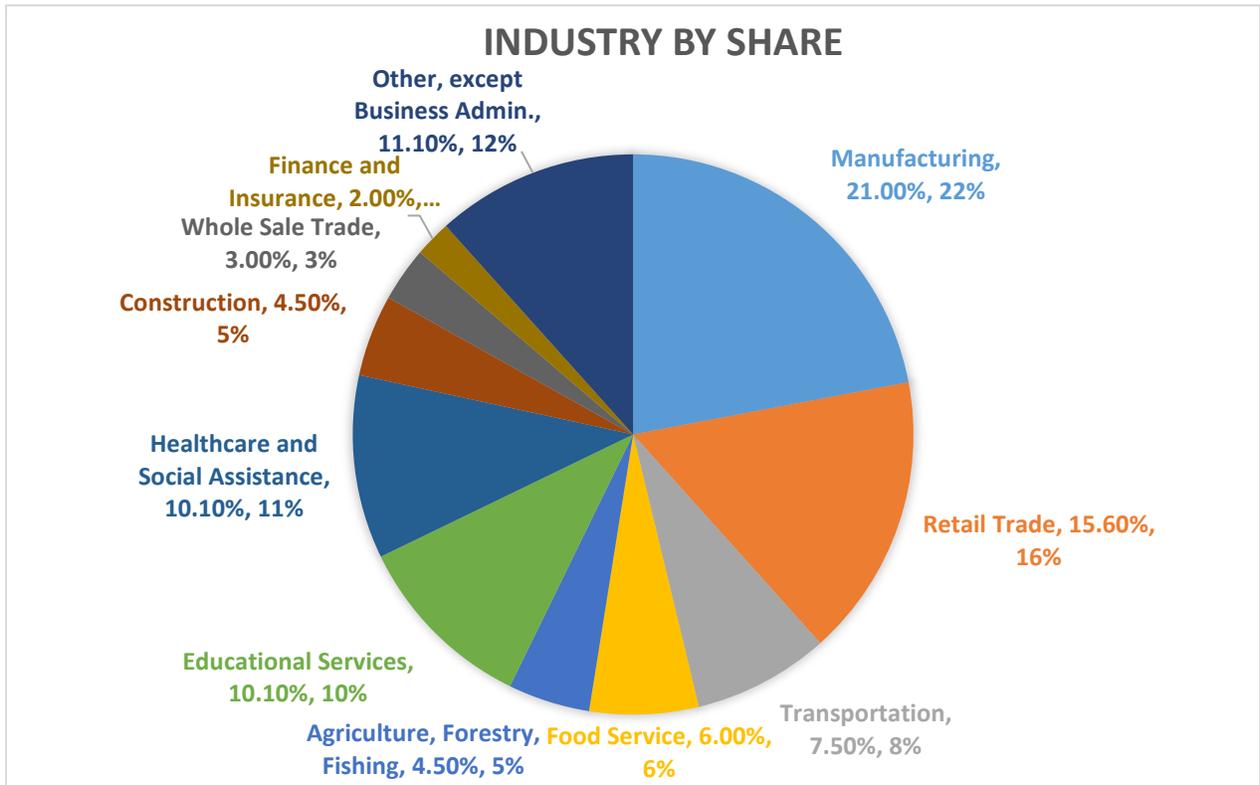
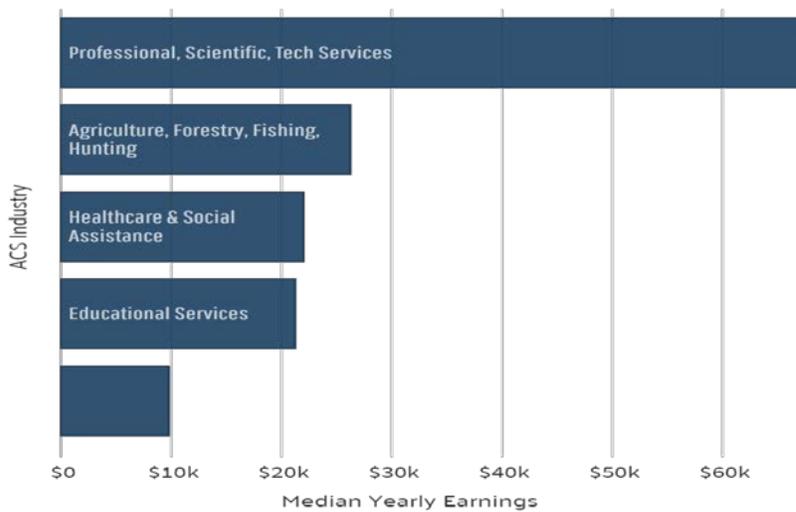


Figure 4:

Highest Paying ACS Industries in Lost Nation



The smaller towns within direct proximity to Lost Nation include Maquoketa (6,064), Wheatland (670), Lowden (769), Delmar (499), Grand Mound (554), Clarence (907), Olin (668), and De Witt (5,297). A local quoted, “We’re in the country – middle of nowhere, but we’re close enough. It’s not a huge inconvenience to go to Davenport, etc. We’re in the hub of a lot of larger places. Lost Nation is in the middle of nowhere and close to everywhere.” These small towns are frequent destinations for the locals. There is not a school in Lost Nation so the majority of students travel 30 miles to Davenport Central, 13 miles to Maquoketa, 23 miles to DeWitt or to a few others within a half hour drive. The elementary and middle schools are spread out across Clinton County.

Many locals also travel for work, which has a negative effect on the employers of Lost Nation. Through our interview, we were told that the majority of these locals will shop in the towns where they work. A popular store that many locals travel to is the Maquoketa Wal-Mart. Its advantages: convenient after work, larger supply, better quality, and cheaper than the small groceries closer to Lost Nation.

The annualized number of reporting firms in Lost Nation as of 2015 was 18, which is on a slow decline. Businesses are leaving and not being replaced. For example, a grocery store was closed a decade ago and to this day there is no local grocery. The locals voiced a desire to have one, but they also acknowledged the difficulty of it being a viable business based upon Lost Nation’s population. We were told it was closed due to lack of local support. When the downtown district thrived, residents were less mobile and more dependent upon local merchants. This was also at the time when online shopping did not exist. For businesses to survive in these small town districts, they require a minimum threshold of customers in order to operate. The challenge is getting beyond the threshold to make a profit. These businesses must also compete indirectly with their regional competitors by specializing in unique services and merchandise. In return, this will increase local consumerism and tourism. It will also lead to a positive business climate, which will eventually attract new business ventures and create a more conducive climate for entrepreneurial ventures.

In our initial meeting with the citizens of Lost Nation, the citizens expressed a great deal of need for a number of different types of stores they believe would be supported by the community, most notably, a butcher shop, grocery store, coffee shop, and an ice cream parlor. With these primary ideas, we researched markets and trends across the state of Iowa to validate the potential success of these industries and found positive results. In our phone conversation with Jim Thompson, rural small business expert at the Iowa Economic Development Authority, we learned about the prevalent dynamics of successful downtown businesses. He explained that small businesses thrive in small towns by targeting multiple industries and markets in their business operations, in order to expand consumer bases and generate greater traffic and into their stores. He exemplified the business strategy that Casey’s

general store uses and their vast presence in countless small rural communities. Casey's is able to serve as a multifunctional general store, providing communities with services such as gas station, liquor store, small convenience grocery, and restaurant.

The local city council committee informed us that the children of Lost Nation are unproductive once they return from their schoolday. They rarely get involved and are usually seen roaming the neighborhoods. We recognized that there are limited recreational facilities, groups, teams, and hangout places for younger people to get involved. We were told in an interview that locals are willing to volunteer, and that the need for it is crucial, given the environmental state of the town.

Repeatedly throughout the interview process, the three churches and their willingness to work together on cooperative activities were viewed as something very special, unique, and important. The community was described as friendly, quiet, peaceful, safe, and convenient. A newer resident said that they can trust the people of Lost Nation, and they felt warmly accepted. Others believed you were considered an outsider if you were not raised there. Formalizing a process to make new residents feel welcome is very important for small towns. It creates a conducive environment, creates common ground, and increases the chances of a town working together for a common goal.

### **Recommendations**

For objective one, which was to compare Lost Nation to other rural cities, and discover current distinguishable characteristics as well as potential opportunities for the town, we recommend that the Lost Nation city council appoint leaders from the community or within the town's council to head up both a Social committee and an Economic Development committee. According to the Main Street program which provides support to small towns across the nation, organization is the first key tool to sustain long-term, comprehensive community revitalization. A social committee leader would be responsible for prioritizing youth engagement, organizing the Harvest Festival, and citizen involvement campaigns (clean ups, etc.). They would do so by being a leader and uniting the already existing organizations such as the churches and booster clubs to accomplish the overarching goal of revitalizing the town.

The Economic Development committee chair would be responsible for uniting the city council in order to accomplish the planning strategies for downtown project applications for state and national grants. According to Jim Engle, the rural downtown development expert at the Iowa Economic Development Authority, planning the development of projects is vital for being awarded grants. This is because they are highly competitive, which makes the success of this position crucial for driving the revitalization of downtown. This position will also be responsible for the recruitment of downtown businesses. They will need to have a working knowledge of the recommended small business grants and tax incentives, in order to target and attract potential business owners with the options and benefits for starting a new business.

We recommend that Lost Nation apply for the Derelict Building Grant Program in order to receive assistance in funding projects to revitalize the structure and appeal of the downtown area. This program has been established for only 5 years and already assisted 56 rural communities in the state of Iowa. The program is specifically targeted for rural Iowa communities and will provide 100% reimbursement for costs of inspection and assessment of buildings as well 50% reimbursement for cost of a renovation or deconstruction project up to \$50,000. We have researched many case studies regarding current and completed projects through the Derelict Building Grant Program. In particular, we discovered 2 cities, Hedrick and Preston, who have been accepted to the program. Both cities with population at or below 1000, and both utilizing the grant program to deconstruct buildings in their downtown areas for the purpose of economic development. The evidence found through research on possible methods of revitalizing the appearance of downtown Lost Nation represents this program to be the most beneficial and impactful opportunity. A URL to the application for this program may be found in Appendix A. We would also recommend Lost Nation apply for at least one or more of the remaining 10 programs described in Table 1 of the results and findings section.

We also recommend that Lost Nation implement another festival, similar to Rustic Days, to attract visitors and people within proximity to Lost Nation to the downtown area. This event should focus on being a hunting and fishing themed, and should target the large market of sportsmen in the Iowa area. The Fall Festival should be held in the months of September or October when hunters are active and farmers are harvesting. The festival will start Saturday morning and continue until Sunday. This festival will capitalize on the large population of hunters with events such as a gun show and a game feed. The festival will also access the farmers and local growers in the area with food swaps and other produce centered activities. To get families and kids involved, small competitions and games should be created and hosted such as sports competitions, pumpkin carvings, and picnics.

For the second objective, which was to identify specific markets and target audiences that local businesses can tap into, preferably within proximity to Lost Nation, we recommend that Lost Nation focus on targeting two groups of people. Children ages 5-17 and hunters/fishers within proximity to Lost Nation. We found that the largest population in Lost Nation are kids ages 5-17. This group makes up 27.9% of the total population. The townspeople expressed that there is a lack of town involvement, especially for this group of individuals. Regarding the hunters and fishers, in Iowa, there are over 522,000 people who fish and over 216,000 hunters. During the year of 2011, this group of individuals spent upwards of \$278 million dollars on fishing and over \$405 million dollars on hunting. The people and businesses of Lost Nation can target these audiences at the Fall Festival.

For objective three, which was to recommend types of businesses/industries to recruit to the downtown area, and marketing methods of attracting these businesses to the downtown area, we recommend that Lost Nation open a butcher shop combined with a grocery store into the downtown district. The butcher would focus on the preparation and sale of a variety of meats. The abundance of hunters in the Eastern Iowa area, can then utilize the convenience of processing their meats near home. Once the butcher gains the trust of these hunters, the town will have captured a new market of visitors that will continually come to Lost Nation. This will also attract new consumers to the area and increase the amount of traffic, thus providing local businesses with a new market of customers. The grocery will focus on the sale of produce, non-perishable items, and meats that are processed by the attached butcher. After the initial meeting with the towns' city council, a main concern that came to light was the need for a local grocery. This grocery will provide a more convenient stop for locals to buy everyday food items.

We recommend that Lost Nation recruit an ice cream/coffee shop to put into the downtown area (similar to a "Dunkin Donuts and Baskin Robbins" combination.) During the winter months, the coffee shop can provide fresh hot cocoa. This shop will offer a place for

business owners to conduct meetings, a convenient place to buy coffee before work, and a place for the kids in the town to spend their free time to hang with friends or to complete homework. A shop like this in the downtown area of Lost Nation would address many of the issues that were brought up during our meeting with the townspeople concerning lack of professional areas to meet for business people, and the absence of after school activities for children. This could provide a local “hangout spot”, which would ensure consistent patrons, while the older population would provide frequent business year round.

Jim Thompson explained that small businesses thrive in small towns by targeting multiple industries and markets in their business operations in order to expand consumer bases and generate more traffic. He recommends the business strategy that Casey’s General Store uses and their vast presence in countless small rural communities. Casey’s is able to serve as a multifunctional general store, providing communities with services such as a gas station, liquor store, small convenience grocery, and restaurant.

For our final recommendation, we recommend that when recruiting businesses and startups to come to Lost Nation, the town must become knowledgeable and inform potential entrepreneurs of all options available for financing. Jim Thompson provided us with a variety of different types of loan and tax incentive programs the Iowa Economic Development Authority utilizes, that Lost Nation citizens would qualify for. Most notably, the SBA 7(a) programs allow small business owners who operate in rural areas to apply for low interest loans to establish a new business or to assist in the acquisition, operation, or expansion of an existing business. This type of loan in combination with the SBA 504 program, which provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings, would provide business owners with a fertile environment to develop. These are just a couple of the loans and grants that would be applicable to the area. Please see Appendix A for a list of more programs.

In order for the city to legislatively attract more businesses, we suggest they use Tax Increment Financing (TIF). TIF is a method to incite businesses to locate or expand operations in an area by directing the tax revenues generated within the TIF district for investment in the district. The City council could use the property taxes resulting from the increase in taxable valuation caused by the previously recommended construction or rehabilitation of commercial facilities to provide economic development incentives within the downtown district.

## **Appendix A**

Additional information regarding grant and loan programs and their applications are providing in the links given.

### **USDA Programs**

#### Stronger Economies Together

- Links
  - <https://www.rd.usda.gov/about-rd/initiatives/stronger-economies-together>
  - <http://www.srdc.msstate.edu/set/>
- Case Studies
  - <https://www.rd.usda.gov/about-rd/initiatives/sustainable-rural-downtowns-case-studies>
- Application
  - <http://www.srdc.msstate.edu/set/apply>

#### Community Facilities Direct Grant and Loan Program

- Links
  - <https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program>
  - <http://reconnectingamerica.org/resource-center/federal-grant-opportunities/>
- Application
  - <https://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD1942-40.PDF>

#### Community Facilities Technical Assistance and Training Program

- Link
  - <https://www.rd.usda.gov/programs-services/community-facilities-technical-assistance-and-training-grant>
- Case Studies
  - <http://www.woodburycountyiowa.gov/board-of-supervisors/board-meetings/137-liaison-and-committee-assignments/3843-rural-economic-development-committee>

## Foundation for Rural Services (FRS) Program

### Rural Community Outreach Grant Program

- Link
  - <https://www.frs.org/rural-community-outreach/grant-program>
- Application
  - [https://www.frs.org/images/GRANT\\_Procedures\\_Fillable.pdf](https://www.frs.org/images/GRANT_Procedures_Fillable.pdf)

## Iowa Department of Natural Resources (DNR) Program

### Derelict Building Grant Program

- Links
  - <http://www.iowadnr.gov/Environmental-Protection/Land-Quality/Waste-Planning-Recycling/Derelict-Building-Program>
  - <http://iowabusiness.tips/grants-available-to-help-small-iowa-communities-with-abandoned-commercial-properties/>
  - [file:///C:/Users/Bobby/Downloads/derelictbuilding\\_factsheet%20\(1\).pdf](file:///C:/Users/Bobby/Downloads/derelictbuilding_factsheet%20(1).pdf)
- Case Studies
  - <http://whotv.com/2016/06/03/small-towns-across-iowa-get-help-to-remove-old-buildings/>
  - <http://www.icosc.com/wp-content/uploads/2014/02/Derelict-Building-Grant-Program.pdf>
  - City of Preston, Iowa
    - Funding Year: 2016
    - Project Type: ACM Inspection/Structural Engineering Analysis
    - Description: City would like to deconstruct old school building and make way for six housing units for senior living.
    - Amount Awarded: 4,500.00
  - City of Hedrick, Iowa
    - Funding Year: 2014
    - Project Type: Deconstruction
    - Description: Abate asbestos and deconstruct abandoned commercial building. City plans to market vacated site for commercial development.
    - Amount Awarded: 21,000.00
    - Tonnage Diverted: 45.00
    - Percent Diverted: 35

- Savings to Landfill: 2,415.00
- Application
  - <file:///C:/Users/Bobby/Downloads/5420119.pdf>
  - [http://www.iowadnr.gov/Portals/idnr/uploads/waste/derelictbuilding\\_factsheet.pdf](http://www.iowadnr.gov/Portals/idnr/uploads/waste/derelictbuilding_factsheet.pdf)

## **Keep Iowa Beautiful Programs**

### Paint Iowa Beautiful Program

- Link
  - <http://www.KeepIowaBeautiful.com/grants/paint-iowa-beautiful>
- Case Studies
  - <file:///C:/Users/Bobby/Downloads/Paint+Iowa+Beautiful+News+Release-2016.pdf>

### Yo-Ho Tool Grant

- Link
  - <http://www.KeepIowaBeautiful.com/grants/yo-ho-tool-grant>
- Case Studies
  - <file:///C:/Users/Bobby/Downloads/KIB-Yo-Ho+Tool-AWARDS-news2016.pdf>

## **Community Development Block Grant**

### Downtown Revitalization Fund

- Link
  - <http://www.iowaeconomicdevelopment.com/CDBG/DowntownFund>
- Application
  - <https://iowagrants.gov/insideLinkOpps.jsp?documentPk=1350318970894>

## **State of Iowa Programs**

### Main Street Iowa Challenge Grant

- Case Studies
  - <http://www.iowaeconomicdevelopment.com/NewsDetails/6468>

## Redevelopment Tax Credit Program

### Brownfield/Grayfield Tax Credit Program

- Links
  - <http://www.iowaeconomicdevelopment.com/Regulatory/brownfield>
  - <https://www.epa.gov/brownfields>
  - <http://www.iowaeconomicdevelopment.com/userdocs/documents/ieda/261.65.pdf>
- Application

<https://taxcredit.iowa.gov/>

## **Appendix B**

### **Small Business Loans and Tax Incentives**

#### **Small Business Linked Investments for Tomorrow (LIFT) Program**

[www.iowalift.com](http://www.iowalift.com)

The Small Business Linked Investments Program will inject capital into small businesses owned and operated by Iowa residents. One-half of the moneys invested will be available for qualifying small businesses which are 51 percent or more owned, operated, and actively managed by one or more women, minority persons, or persons with disabilities.

#### **Targeted Small Business Program**

<http://www.iowaeconomicdevelopment.com/Entrepreneurial/TSB>

The Targeted Small Business (TSB) Program of Iowa is designed to help women, minorities and the disabled overcome some of the major hurdles to starting or growing a small business in Iowa. The TSB program makes microloans available to qualified Iowa small business owners.

To become certified, a business must:

- be located in Iowa;
- operate for a profit;
- have less than \$4 million in annual gross income, computed as an average of the preceding three fiscal years;
- be majority-owned (51 percent or more), operated and managed by a female, minority group member or a person with a disability.

The Iowa Department of Inspections and Appeals (DIA) handles the certification. For more information on how to get a business TSB-certified, visit <http://www.dia.iowa.gov/page7.html>. The loan program is managed by the [Iowa Center for Economic Success](#). To learn more: Amelia Lobo  
alobo@theiowacenter.org Phone: 515.421.9154

#### **504 Program**

<http://www.sba.gov/content/cdc504-loan-program>

The SBA 504 loan program is a long-term financing tool for economic development within a community. The 504 Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings.

**SBA 7(a)**

<http://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/7a-loan-program>

The 7(a) Loan Program includes financial help for businesses with special requirements. For example, funds are available for loans to businesses that handle exports to foreign countries, businesses that operate in rural areas, and for other very specific purposes.

**Rural Business Loans**

<http://www.sba.gov/content/rural-business-loans>

The Small/Rural Lender Advantage (S/RLA) initiative is designed to accommodate the unique loan processing needs of small community/rural-based lenders by simplifying and streamlining loan application process and procedures especially for loans under \$350,000.

**Advantage Loan Initiatives**

<http://www.sba.gov/advantage>

Small Loan Advantage and Community Advantage 7(a) Loan Initiatives SBA is committed to expanding access to capital for small businesses and entrepreneurs in underserved communities so that we can drive economic growth and job creation.

**Dream Big Grow Here**

<http://www.dreambiggrowhere.com>

Dream Big Grow Here is an online business grant program designed to provide lowans money to start or expand their current for-profit business.

**Tax Increment Financing TIF**

<http://www.extension.iastate.edu/communities/sites/www.extension.iastate.edu/files/communities/3%20Tax%20Incremental%20Financing.pdf>

TIF is a method to incite business to locate or expand operations in an area by directing the tax revenues generated within the TIF district for investment in the district. City councils or boards of supervisors may use the property taxes resulting from the increase in taxable valuation caused by the construction or substantial rehabilitation of commercial facilities to provide economic development incentives within the district.

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