



Ord, Nebraska

	Ord
Population (2000)	2,300
Municipal budget (2006)	\$16 million ⁴⁵
Per capita income (2000)	\$15,340
Median household income (2000)	\$27,300
Poverty rate (2000)	10%
Minority population (2000)	2%
Proximity to urban center	165 miles to Lincoln, Neb.
Proximity to interstate highway	70 miles
Strategic approach	Industrial development Entrepreneurship, Philanthropy Leadership development
Time frame	2001–2007

In the face of dramatic population decline, Ord builds local capacity to pursue its four pillars of community economic development: youth outreach, leadership development, philanthropy and entrepreneurship.

In 2005 Ord was honored as the governor of Nebraska's Showcase Community. Ord was the first community in Nebraska to become a state-certified community for economic development, and it has been featured in *The New York Times* and the Kellogg Foundation annual report. "This community has done an amazing job of selling itself and all that it has to offer," Gov. Dave Heineman said. "Ord's mix of strong local leadership, an active business community and an ability to make use of available resources to meet development goals has been particularly impressive. This is an example of how a coherent vision for economic development can pay dividends in terms of helping to attract new jobs to a community."⁴⁶

Five short years before the governor praised the community, the 2000 Census put a number to a trend Ord officials already recognized: the town's population had declined 10 percent over the previous decade. It was around this time that civic leaders decided to do something to reverse the decline. Between 2000 and 2006, Ord undertook a comprehensive revitalization effort with programs in four main areas: youth outreach, entrepreneurship, leadership development and philanthropy. Each component is linked and coordinated with the others, and these pillars have become a foundation for traditional economic development activity, including industrial recruitment and expansion.

⁴⁵ Email communication from Sandy Kruml, city clerk/treasurer, January 2, 2007. Figure includes expenditures for the city's utility department (electric, water, and sewer) and is considerably higher in 2006 because of a major downtown revitalization project and a large water project for a new ethanol plant.

⁴⁶ Press Release from the office of Gov. Dave Heineman, December 21, 2005.

The community and its history

Ord, the county seat of Valley County, is a small rural town in central Nebraska located 60 miles from the closest stoplight. It sits along the picturesque Loup River and is the quintessential Midwestern small town, surrounded by hundreds of miles of rich agricultural land and grain elevators. Recently, a massive ethanol production facility was constructed nearby. Ord grew along the rail lines. In 1874, land was purchased from the Burlington and Missouri River Railroad Co. to establish the new town of Ord. At a time when violence between settlers and Native Americans was common, Ord was protected by Fort Hartsuff, 10 miles to the north. Given its proximity to the fort and the railroads connecting it to the outside world, Ord prospered as a market for farmers selling their produce and as a regional hub for commerce. The population grew steadily throughout its first 100 years.

In the rural Midwest, access to water is one of the most critical issues for a community's survival. Fortunately Ord is blessed with an abundant supply. In the early 1980s, when many rural towns in Nebraska were struggling to survive, the state and federal governments funded a dam construction project on the Calamus River 23 miles from Ord. For five years, the construction brought engineers and construction personnel to town, pushing the population to its peak of 3,000. When the dam was completed in 1986, it also created a secondary water source for Ord. "Were it not for the Calamus Dam project, this town might have died," one long-time business person said.

Today the Ord Chamber of Commerce and the Valley County Economic Development Board are the major driving forces for economic and community development in Ord. These organizations share two paid professional employees, each of whom coordinates volunteer-led efforts. "Economic and community development in Ord have to be one and the same because nobody wants to live where there are no amenities," said Bethanne Kunz, the executive director of both organizations. There are four local banks, two grocery stores, a hospital, a nursing home, several dentists and a chiropractor. The downtown square, which surrounds a turn-of-the-century courthouse, thrives with local retailers, restaurants, professional offices and a historic movie theater. The community recently completed a project to pave a biking trail around the local reservoir, which sits adjacent to the nine-hole public golf course. Other assets include abundant parkland and green space, great schools and active civic organizations. In addition, construction is under way to rehabilitate downtown streets, sidewalks and building facades.

Ord's new prosperity is apparent despite the fact that from 1950 to 2000, Valley County experienced a 35 percent decrease in population, with a majority of its emigrants between the ages of 15 and 25. Census data from 2000 indicated a 10 percent population loss for the preceding decade. Such a population loss is certainly a problem in terms of a community's

youth and vitality, but a dwindling population also creates serious financial implications. The local school district receives state funding based on the number of students enrolled. Every student in the system translates into \$7,500 per year from the state. Every student lost is a net drain on the school system. In 2000 Ord's most pressing challenge was to stabilize its population.

The strategy

In early 2001, Ord put in place two tools that catalyzed the community's turn-around. First, the City of Ord and Valley County, in partnership with the Chamber of Commerce, worked out an interlocal agreement under which the three entities committed to work together and to share the costs of and revenues from community and economic development. The city, county and chamber each agreed to contribute \$15,000 per year for a three-year contract to build a cohesive program. Second, residents passed a 1-cent local option sales tax for economic development. Revenue from this tax could be used for business loans and other incentives or leveraged as matching monies for grant funding.

Given these two important tools, Ord has taken a multifaceted and holistic approach to economic development. In a nutshell, Ord has professionalized and diversified economic development.

This strategy begins in the schools, where local leaders have been active in creating curricula and programs in entrepreneurship and business development. Ord links the generations together (ages 18 to 72) through a nine-month local leadership development program called Leadership Quest. The town is building a community endowment by tapping into the wealth transfer from land-rich farmers, the interest from which is being used to finance economic development projects. Thanks to a growing revenue stream from the local option sales tax, the town staffed an economic development office that markets the area to outsiders, works with existing small businesses and entrepreneurs, and attracts new industries into the town.

As mentioned above, Ord's economic development strategy rests on four pillars.⁴⁷ The first of these is outreach to youth, the roots of any community's long-term economic vitality. The local high school curriculum features classes in personal finance, business law and entrepreneurship. The entrepreneurship course includes a project in which students develop business plans and conduct analyses of market conditions in Ord. According to one resident involved in the project, "Kids are taken completely through a business cycle. They are taught about entrepreneurship, they're allowed to select their own project, they write a business plan, they have a banker counsel with them, they develop the project and learn about marketing, they cut their

⁴⁷In 2002 Ord served as a pilot community for the Hometown Competitiveness Program spearheaded by the Nebraska Community Foundation. The program focuses on four main pillars to sustain a community: entrepreneurship, youth, leadership and charitable assets. Ord has adopted and adapted each pillar of this program to suit its community's needs. See <http://www.htccommunity.org/>.

own spots for the radio, they have a business fair, and they make money.”⁴⁸ Training in entrepreneurship and opportunity analysis provides a solid foundation for Ord’s future leaders.

Second, Leadership Quest is the leadership development component of Ord’s economic development strategy. Leadership Quest is a nine-month class that helps participants develop interpersonal and conflict management skills. Topics covered include policy making, business and public service. Participants range in age from high school students to retirees. There is a strong focus on learning how to identify individual personality traits and work around differences.

The third pillar of Ord’s economic development strategy involves philanthropy. To get as many residents as possible involved in philanthropy, Ord established a community endowment and a founders’ club. Momentum for building the endowment was generated by an initial \$1.2 million gift from a pair of local residents. Interest earned on the endowment is being used to finance community and economic development projects. The fund is managed by the Nebraska Community Foundation, and the Valley County Economic Development Board awards grants from the endowment. Among other things, earnings from the endowment are used to provide relocation assistance as an incentive to attract young professionals to Ord. Ord’s founders’ club requires a minimum donation of \$1,000. Ord’s original goal was to get 47 local residents into the club, but the tally is now up to 65.

The fourth and final pillar is entrepreneurship. In addition to the youth entrepreneurship component, the Chamber of Commerce put together a community resource team made up of lenders, accountants and attorneys who provide one hour of free service to small business owners and entrepreneurs.

Ord is also extremely active in marketing, small business support and business recruitment efforts. In 2007, the town’s collaborative energy and ample water supply attracted the attention of a company seeking a location for a \$75 million dry mill ethanol plant (due to open later this year). The town markets itself to outsiders as well as to natives who have moved away. The Valley County Youth Initiative is an effort to stay in close contact with high school alumni as they attend college and keep them informed about job openings, business ownership opportunities and various community improvements. The chamber conducts annual existing industry surveys. The members of Ord’s economic development team – including the Chamber of Commerce, the City of Ord and Valley County – pool their resources, such as incentive packages created as a result of the local option sales tax, to attract new businesses that will complement and add value to Ord’s unique community.

⁴⁸Kellogg Foundation interview with Bob Stowell, August 2005.

The outcomes

Outcomes that can be attributed to Ord's strategy for economic development include:

- From 2000 to 2004, retail sales in Valley County increased 20 percent (compared with 16 percent statewide).
- From 2000 to 2003, personal income increased by 21 percent in Valley County (compared with 11 percent statewide).
- From 2000 to 2003, per capita income in Valley County increased by 22 percent (compared with 9 percent statewide).
- In 2005 the Chamber of Commerce held 14 ribbon cuttings and three groundbreakings for new and expanding businesses.
- A 2005 random sample survey of Ord businesses revealed that economic development efforts had resulted in \$4 million in new investment, 25,000 square feet of expansion and the creation of 24 jobs.
- Ord attracted a \$75 million dry mill ethanol plant with 35 permanent jobs (200 during construction). The plant will provide \$50 million in tax revenue over the next 10 years.
- As of 2006 the Ord Community Foundation had secured approximately \$7 million in gifts from local residents.
- Ord has witnessed a significant increase in residents' willingness to volunteer and devote time to public service. According to the president of the city council, "The whole community's attitude has changed in the last five years."
- There are discussions about establishing a satellite campus of the Central Nebraska Community College System in Ord. The campus will attract students from across the region and create additional revenue and investment opportunities that will benefit the town.

How and why the strategy is working

Given Ord's success with its four-pillared approach to small town economic development, the question then becomes, how and why has this small town in rural Nebraska been so tremendously successful? First, the shifting farm economy created an opportunity for the town to take some new risks. At the same time, civic leaders in Ord were deliberate about building consensus around a strategy for comprehensive economic development. They also created a self-perpetuating financial structure and used some of the early proceeds from the local option sales tax to partially finance a professional staff to initiate and direct community and economic development. Finally, Ord made a concerted effort to build and sustain partnerships to do the hard work of small town development.

The shifting farm economy. There is no doubt that Ord is a small town built on a farm economy. When the prices of corn and soybeans are up, the town prospers. When prices are down, Ord suffers. Given this volatility and the tendency of farmers to avoid risk, economic development (which requires a certain amount of risk) has not been easy for the general population. But as one farmer explained, "The structure of farming is changing. Farmers in Valley County have adopted the position that they don't want to put everything into agriculture and prefer to spread their eggs across a variety of baskets." This shift applies to community diversification as well. Farmers are becoming willing investors in new approaches to community and economic development, hoping that a diverse range of investments will pay off. This paradigm shift provided fertile ground and willing investors for Ord's economic and community development.

Willingness and ability to build community consensus around strategy. In Ord much of the momentum for economic development comes from one-on-one conversations. The professional staff and volunteers have taken the time to meet individually with members of the community. "In a small town, where everybody knows everybody else, you cannot underestimate the importance of anticipating your opposition and bringing them into the discussion at the outset," said Bob Stowell, a local attorney. When leaders started discussing the sales tax option, Stowell and others were purposeful about making various consultations and inviting each constituency to the table. This openness and inclusiveness prevented an organized opposition to the policy. The process of building consensus through one-on-one conversations has been a cornerstone of Ord's development strategy.

Self-perpetuating financial structure. Stowell, who is also a board member for the Nebraska Community Foundation, noted that grant funding is not sustainable and small towns must therefore be creative when it comes to long-term funding for development efforts. The first part of Ord's strategy for creating long-term funding is its philanthropic community endowment, which will not only earn interest but also provide a trusted mechanism for residents to donate to local causes. Income from the endowment will be used for community and economic development. Secondly, the 1 percent local option sales tax structure used to finance economic development is expected to attract additional investments to Ord. This, in turn, will increase property tax values (and revenues). When opponents of the public financing of economic development complained about being over-taxed, proponents responded that the purpose of the tax is to attract enough new people and investment that eventually the tax would be unnecessary. Thus proponents convinced doubters that public financing for economic development was Ord's only option. In fiscal 2005, sales tax receipts for economic development activities were up 14 percent over the preceding year.

Professional and paid staff lead the charge. In 2000 the Valley County Economic Development Board and the Ord Chamber of Commerce decided that the town should make an investment in its future and hire a full-time economic development director. The Chamber of Commerce and the Valley County Economic Development Board shared the cost and hired an executive director to lead development efforts. A part-time business development officer also was hired. According to a prominent local manufacturer, “My interaction with folks in the economic development office has been outstanding.”⁴⁹ Having a professional and friendly staff, whether full or part time, is crucial for keeping local employers and public officials engaged with economic development efforts.

Substantive partnerships and a collaborative approach to development. The willingness of Ord, Valley County, the Ord Area Chamber of Commerce and the Valley County Economic Development Board to work together has been a key ingredient in Ord’s recipe for success. It was also important to have a formal interlocal agreement to clarify the responsibilities and payouts for each entity. These organizations recognize that an investment in a partner’s organization or territory will benefit each entity. In fact, the ballot measure that established Ord’s local option sales tax for economic development allows for proceeds from this tax to be used anywhere in Valley County. The tax is collected within city limits but may be dispersed beyond its boundaries. A collaborative approach to economic development is a major factor in Ord’s success.

What are the lessons from this story?

Financial resources and organizational capacity make a difference. Ord is fortunate to have a dedicated revenue stream for economic development at the local level (the local option sales tax). The community also benefits from having a professional paid staff to act as “organizational capacity” for economic development. These two factors distinguish Ord from many communities of similar size and give the community a competitive advantage.

Measure and monitor the impacts of a development strategy. The staff at Ord’s Chamber of Commerce and its economic development office have made it a priority to measure and continually monitor the economic, social, and civic outcomes from Ord’s economic development efforts. Documented impacts are useful for both external and internal audiences. Good data can be used to attract additional investment from outside sources and, by demonstrating a reasonable return on investment, can be used to build local support.

Communication is crucial. Ord bombards the community with information. Economic development staff members spend an ever-increasing amount of time publishing newsletters and writing articles for the local newspaper. They send e-mails to as many residents as possible and appear on radio broadcasts regularly. The idea is to replace rumors and “coffee shop chatter”

⁴⁹ Interview with Zane Dexter, December 5, 2006.

⁵⁰ Interview with Bob Stowell, December 4, 2006.

with accurate information about what the organization is trying to accomplish. According to one prominent leader, “Creating a positive flow of information into the community is very important.”⁵⁰

A team approach to economic development is ideal. According to Helen Cullers, chair of the Valley County Board of Commissioners, a crucial component of Ord’s strategy for economic development was persuading folks the approach was right and convincing them to join in the effort. “Small town economic development must be a team exercise,” she said. “Even though it can take more time and hand-holding, you have to convince as many people as possible to join your team and to be willing to lend a hand.”⁵¹

Preparation means opportunity. Ord’s ability to attract the \$75 million ethanol facility demonstrates how the town’s preparation created an opportunity that would not otherwise have existed. The state-level authority working with the ethanol company knew about Ord’s development efforts (again, thanks to the town’s communication strategy) and contacted the Valley County economic development director. The timeline for this project was extremely tight, and the company needed a partner that was ready to go. Within hours, revenues from the sales tax were used to fund an environmental study of the project site. An infrastructure and incentive package was put together within days. The lesson here is that Ord had a team in place and ready to act when opportunity knocked.

Rural philanthropy can be a tool for building a sustainable pool of resources. New research suggests that rural residents in Midwestern and southeastern states have developed a culture of philanthropy that the coasts and Southwest, for all their wealth, do not yet have.⁵² The key is to create and market a local structure for aging residents to bequeath assets to local civic causes. The intergenerational wealth transfer over the next 50 years will be enormous, and small towns can position themselves to benefit from it.

Contact information

Bethanne Kunz

Executive Director

Valley County Economic Development and Ord Area Chamber of Commerce

Ord, Nebraska

308-728-7875

valleycountyed@frontiernet.net

Nancy Glaubke

Business Development Coordinator

Valley County Economic Development

Ord, Nebraska

308-728-7875

nglaubke@frontiernet.net

⁵¹ Interview with Helen Cullers, December 4, 2006.

⁵² Leonhardt, David. “Philanthropy from the Heart of America,” New York Times, October 11, 2006.