



Oxford, North Carolina

	Oxford
Population (2000)	8,530
Municipal budget (2006)	\$20.8 million ¹⁵⁴
Per capita income (2000)	\$16,700
Median household income (2000)	\$30,700
Poverty rate (2000)	21%
Minority population (2000)	56%
Proximity to urban center	30 miles to Durham, N.C.
Proximity to interstate highway	2 miles
Strategic approach	Industrial development Partnership development
Time frame	2002-2007

Located 30 miles north of the booming Research Triangle Park, Oxford is partnering with Granville County and its neighbors to implement a “mini-hub” approach to economic development. The strategy is to prepare relatively low-cost industrial sites that are attractive to companies that need to be near the Research Triangle, but not in it.

Oxford, the seat of Granville County, has tethered its local economy to the development of the Kerr-Tar Mini-Hub. The mini-hub project involves four counties sharing the costs and revenues from regional economic development. Between 2000 and 2003, the Kerr-Tar region of north-central North Carolina lost 5,600 jobs from plant closures and another \$655 million in revenues from reductions in tobacco quotas. The mini-hub is a regional response to these setbacks. It consists of four technology parks, one in each of the participating counties. The Town of Oxford’s role is to supply water and sewer infrastructure to the mini-hub site in Granville County. After signing an interlocal agreement and raising more than \$5 million, county and municipal leaders are forging ahead with the mini-hub.

The community and its history

Oxford is located in the Kerr-Tar region of north-central North Carolina, which includes Franklin, Granville, Person, Vance and Warren counties. The region is sandwiched by the Research Triangle Park (RTP) to the south and the Virginia border to the north. Tobacco farming brought prosperity to Oxford and the region in the 1700s, and the crop remained an important local commodity until 2000. Between 2000 and 2003 federal tobacco quotas for growers in the Kerr-Tar region were slashed by 70 percent, resulting in a loss of \$655 million in local tobacco-related revenues. In addition, the five counties lost an estimated 5,600 jobs to plant closures over the same three year period. Richard

¹⁵⁴ Interview with Steve McNally, Town of Oxford, June 21, 2007.

Seekins, community and economic development director for the Kerr-Tar Regional Council of Governments, described his organization's reaction to the job loss: "We were thinking, 'How do we solve this problem? It's not going away fast.'"

In 2003, a report from the Center for Competitive Economies at the University of North Carolina at Chapel Hill recommended the development of mini-hubs in the regions surrounding RTP, a center of high-tech research and manufacturing.¹⁵⁵ Mini-hubs, or enhanced technology parks geared toward mid-tech businesses, would benefit counties surrounding RTP by attracting businesses that needed to be near the park, but not in it. The mini-hub was envisioned as a network of sites, offering a variety of enhancements to businesses. It was likely to require a more substantial investment than any single community could provide. Neil Mallory, the former executive director of the Kerr-Tar COG, was convinced that his region's relatively inexpensive land and proximity to RTP would make Kerr-Tar a perfect location to test the mini-hub concept. The region's county managers and economic developers agreed. With a nearly unanimous voice, leaders from across the Kerr-Tar region decided to move forward with a mini-hub strategy.

The strategy

Oxford's role is to supply targeted infrastructure to the mini-hub site in Granville County. By providing water and sewer infrastructure, Oxford is contributing to the regional cooperative arrangement and thus pursuing new mid-technology jobs for residents at any or all of the participating counties' sites. If all goes well, officials estimate the entire hub will employ 3,000 workers within 15 years.¹⁵⁶ In 2004, Mallory and regional officials selected four sites, one each in Franklin, Granville, Vance and Warren counties. (Person County, an early participant, dropped out of the regional effort.) In total, 2,111 acres were dedicated to the mini-hub, with each site targeting a specific industry sector, from biomanufacturing to informatics. After selecting sites, hub leaders then created the Kerr-Tar Regional Economic Development Commission (EDC), a nonprofit organization, to manage and oversee the mini-hub. The commission is led by four officers – one county commissioner from each of the participating counties. Since forming in late 2004, the Kerr-Tar EDC has received more than \$5 million in funding for the mini-hub.

In November of 2005, participating county officials made an impressive commitment to regionalism by signing an interlocal agreement. The agreement required each county to contribute \$40,000 each year to the Kerr-Tar EDC and, in exchange, to share the tax revenues generated from the hub. Timmy Baynes, executive director of the Kerr-Tar COG, explained the agreement's importance. "Companies don't care about jurisdictions," he said. "What's attractive to them – and unique about us – is that we have four counties working together in ways rarely seen. We're getting international attention."

¹⁵⁵ Luger, Michael. "The Feasibility of Mini-Hub Development in the Research Triangle Regional Partnership Region." Office of Economic Development, University of North Carolina at Chapel Hill, February, 2003.

¹⁵⁶ Hagel, Jack. "Growth north, newcomers." *The News and Observer*, February 19, 2007.

With the interlocal agreement signed, preparation of the various sites began in 2006. At this point, Oxford provided key leadership in developing the Granville County site. While the Granville site is located outside of Oxford's jurisdiction (meaning no property tax revenue), the town contributed to the regional effort by providing critical water and sewer infrastructure. Thanks to an upgraded sewer plant, Oxford had more than enough capacity to meet the needs of the new technology park site. Using a \$900,000 grant from the N.C. Department of Commerce, Granville County contracted with Oxford in 2006 to extend infrastructure to the site. Overcoming the infrastructure hurdle is allowing the Granville site to open earlier than the other sites in the hub. Further, Oxford town manager Thomas Marrow said, the new sewer and water lines running to the Granville site also will be used for residential development. "We want to preserve what we have," Marrow said, "while also being open to new residents and new development."

What are the lessons from this story?

Interlocal cooperation on economic development projects is an emerging and promising strategy. Small towns, especially rural communities with limited resources, face major challenges in developing industrial parks or other infrastructure for industrial development projects. Counties and municipalities that cooperate on economic development infrastructure projects can, according to a recent report, "enjoy economies of scale and cost savings and pursue projects that otherwise might not be feasible."¹⁵⁷ In exchange for its investment in water/sewer infrastructure, Oxford, as a municipality in the Kerr-Tar region, expects to share in the economic spillovers that result from increasing regional investments.

Look broadly at the regional resources that might be built upon to support economic development. The mini-hub concept being employed in the Kerr-Tar region benefits from the resources and opportunities being created in RTP. The communities in this region, including Oxford, have been willing to look outside the immediate area to tap into assets that may drive the decisions of firms to locate in their mini-hub parks.

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¹⁵⁷ Morgan, Jonathan Q., and David M. Lawrence. "Economic Development." Article 26 in *County and Municipal Government in North Carolina*, 2007.