

Chapter 4. Economic Development

A vibrant regional and local economy is necessary for a community’s long-term success, many of the goals outlined in this document will be better realized if there is strong economic foundation that underpins them. Good jobs that pay well, help employees develop transferable skills, and that help provide local amenities help improve the overall quality of life of residents. This chapter describes current economic conditions in Mechanicsville and identifies the organizations, projects, and policies that will help the community address issues of employment, industry, and commerce in an effective way.

Economic Indicators

The information presented in this section provides a snapshot of current economic conditions in Mechanicsville and the surrounding area.

Employment

Since 2000, Cedar County has seen a great deal of variability in annual employment, many of these extreme shocks to the employment figures can be attributed to external factors such as the 2008 housing crisis and Covid as of recently. Both of these shocks affected lower income production occupations, material moving, and construction occupations which make up nearly 30% of all workers in the county, according to ACS 2019 data. Figure 3 charts the annual employment for Cedar County from 2000-2020, the largest number of employed individuals was 10,933 in 2008 and the lowest period has been 2020 where the employment numbers fell to 9,915 due to the COVID-19 pandemic.

Figure 3. Annual Average employment, Cedar County 2000-2020

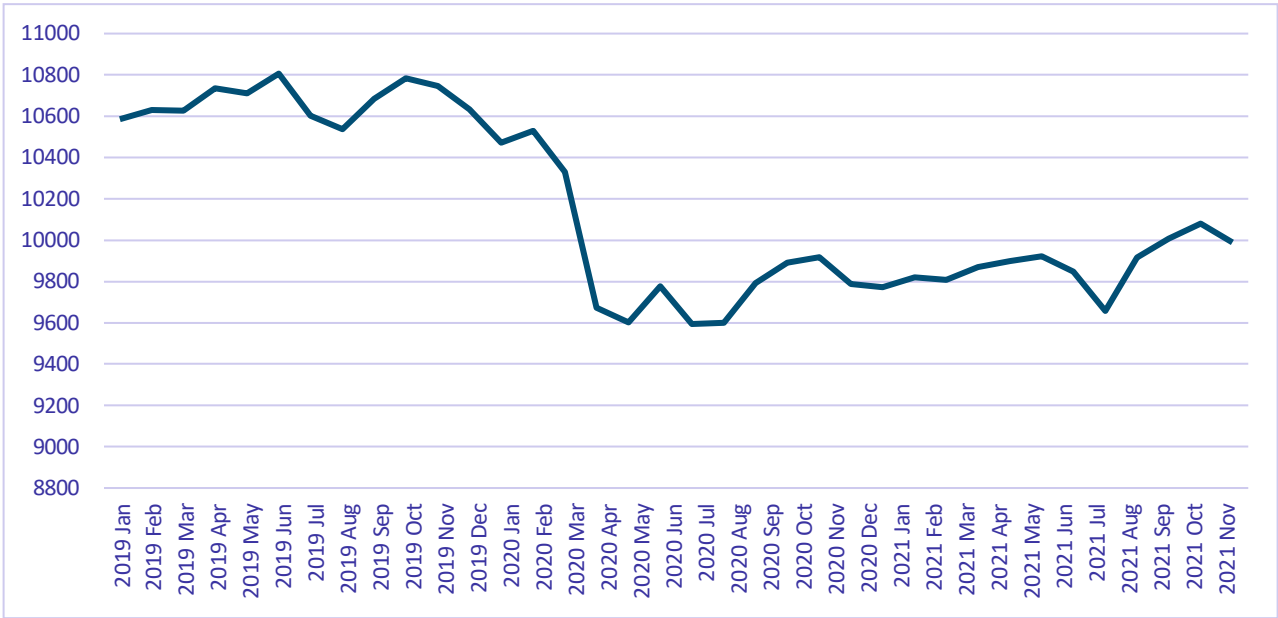


Source: US Bureau of Labor Statistics

In addition to annual employment statistics, it is important to zoom into the monthly trends in employment. In figure 4, we can see that over the last few years there has been larger variability in the employment numbers, this is mostly due to the Covid-19 pandemic. The employment numbers in Cedar County have not yet climbed back to the place they were at previously in 2019. This reduction in overall employment highlights the larger impact of the pandemic on counties that have a high median age; Cedar County has a median age of 42.7 which is higher than many of the surrounding jurisdictions including Muscatine, Clinton, and Linn counties.

Workers that were closer to retirement or more vulnerable to disease took an opportunity to exit the workforce and smaller, demographically older towns like those in Cedar County have been struggling to attract young workers to replace the previous generation. For this reason, it is crucial for housing and economic development issues to be aligned, if there are no housing options for the young or elderly who would like to downsize then it will be difficult to grow the economy in the long run. Further discussion of housing strategies will be discussed in Chapter 5 of this document.

Figure 4. Monthly employment, Cedar County 2019-2021

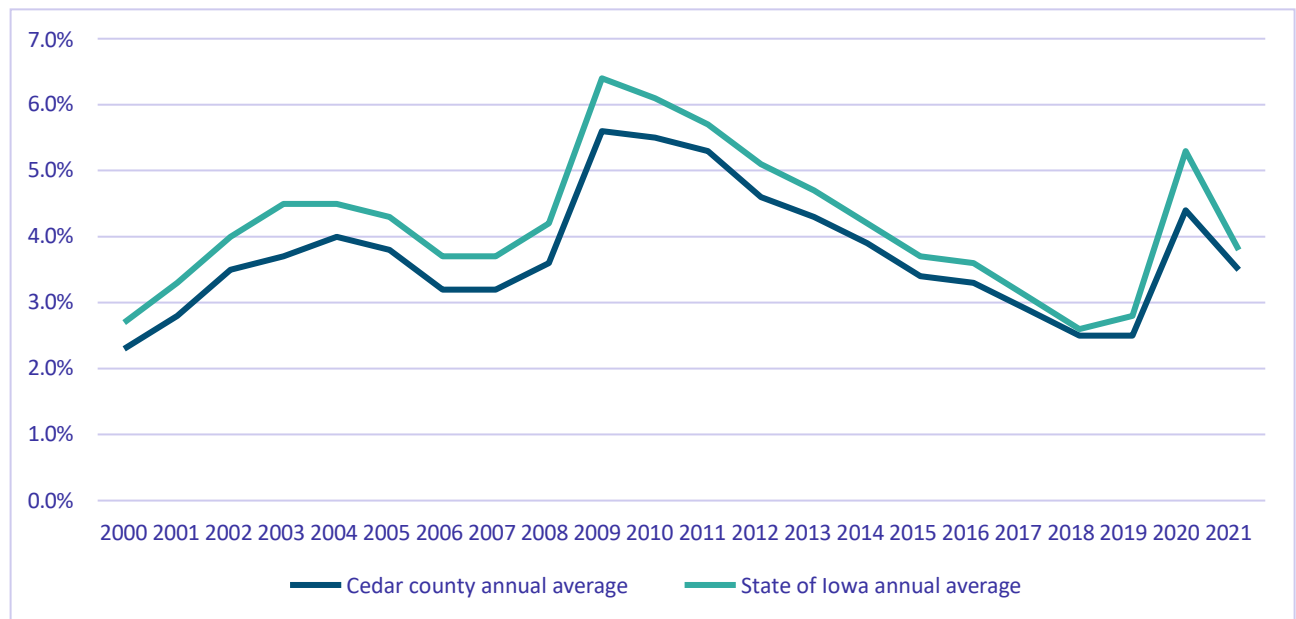


Source: US Bureau of Labor Statistics

Unemployment

The unemployment rate in Cedar County has fluctuated over the years mirroring state wide trends. Still, Cedar County has maintained a lower unemployment rate on average when compared to the state of Iowa as a whole. Unemployment spiked during the housing crisis and subsequent recession in 2008, at this point unemployment spiked to 5.6%. From 2009, unemployment decreased to 2.6% before it would spike again due to COVID-19. Figure 4 charts both the Cedar County and State of Iowa unemployment rates from 2000 – 2021.

Figure 5. Annual Unemployment, Cedar County 2000-2021



Source: US Bureau of Labor Statistics

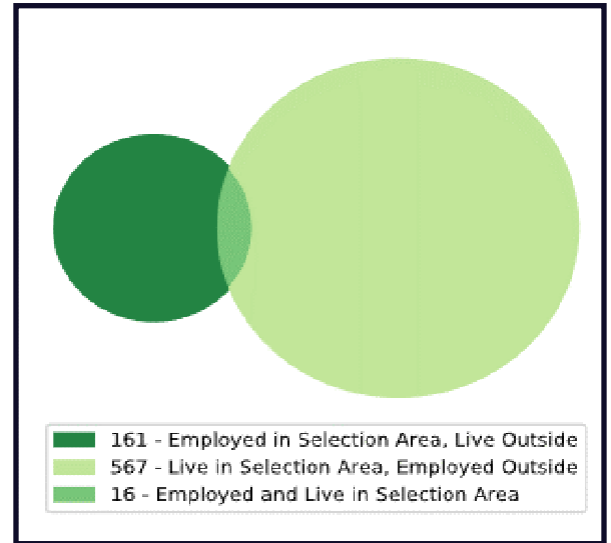
Commuting

The relationship between where people live and where they work is a significant issue that impacts economic development, transportation, and housing. People choose where to live based on a variety of complex emotional and economic reasons that are unique to each individual or family. Still, the location of an individual's work and transportation to work are incredibly important factors that influence where a person or family choose to live. Understanding regional commuting patterns will help Mechanicsville map out its future land use patterns and guide the City's future policy decisions.

Since Mechanicsville is a smaller community, many of the workers that live in Mechanicsville commute to nearby communities for work. Figure 5 shows the number of individuals that live in Mechanicsville and work elsewhere which is 567, and the dark green circle indicates the number that work in Mechanicsville but live outside of it. The overlapping portion of the circles illustrates the minority of individuals who live and work in Mechanicsville.

Figure 6 shows that many people that work in Mechanicsville live in near Cedar Rapids. However, the vast majority are scattered in rural towns in the surrounding area. Most residents who don't work in Mechanicsville are employed in the larger metropolitan areas of Cedar Rapids, Iowa City, and the Quad Cities.

Figure 5. Mechanicsville Worker Flows



Source: U.S. Census Bureau's OnTheMap, ACS 2019
<http://onthemap.ces.census.gov>

Figure 6. Home Location of Workers that Work in Mechanicsville

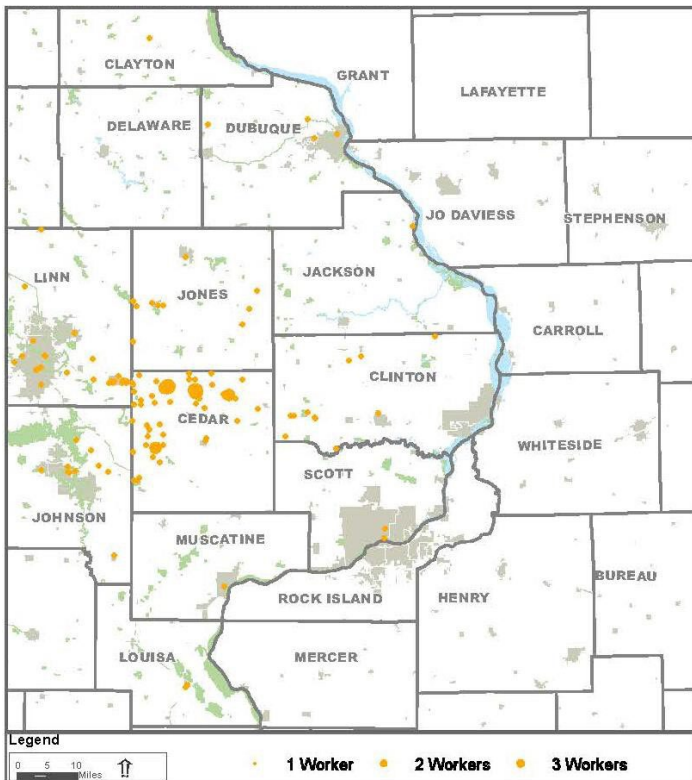
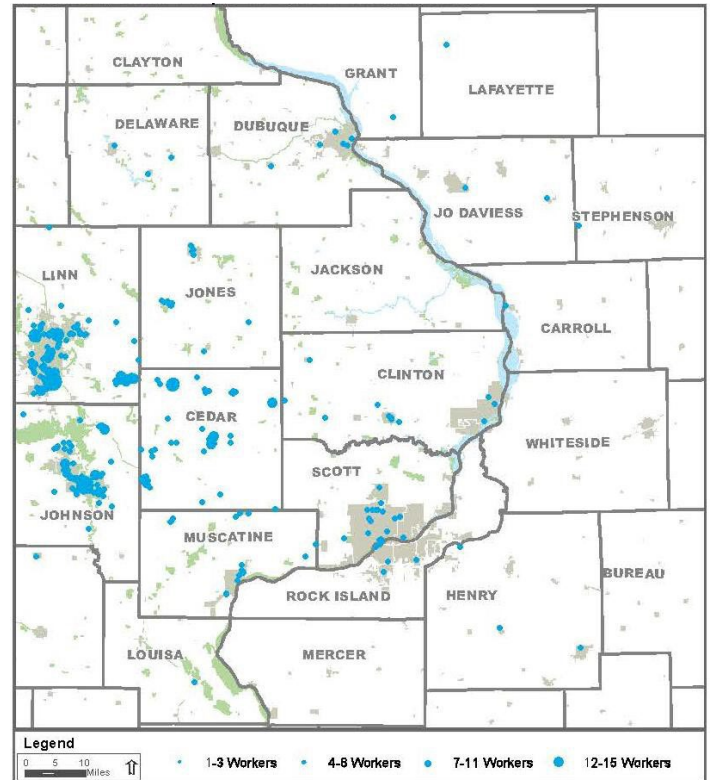


Figure 7. Work Location of Workers that Live in Mechanicsville



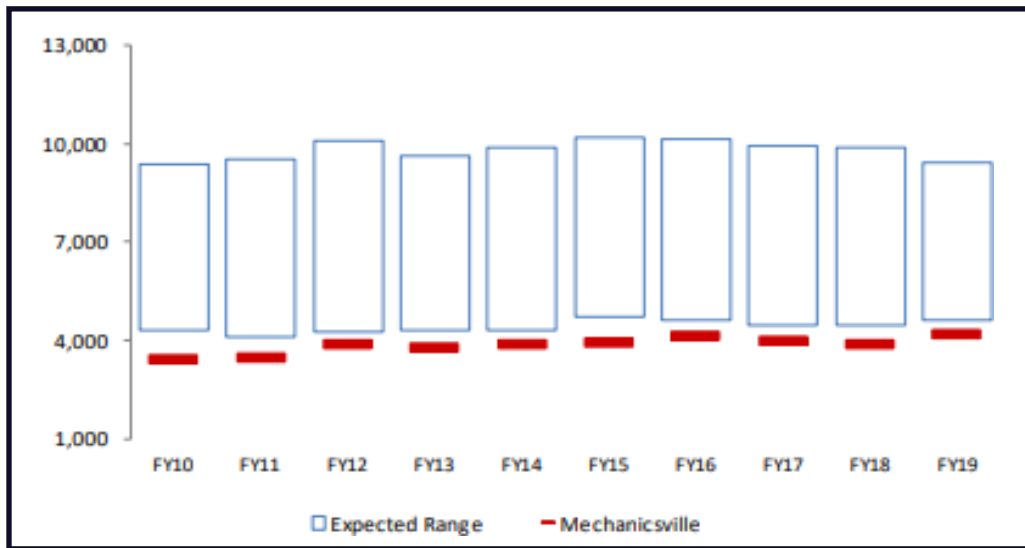
Source: U.S. Census Bureau's OnTheMap <http://onthemap.ces.census.gov>

Retail

Retail sales are an important measure of economic activity in a community, and many people consider access to retail business like shops and restaurants as central to their quality of life. Through the Mechanicsville Community Survey, residents expressed a desire for more retail option in the community.

Iowa State University Extension produces annual Retail sales reports for every community in the state. The chart compares sales level in Mechanicsville to expected values based on sales in similar sized cities in Iowa. The blue rectangle illustrates the range of expected values and the red lines show actual per capita sales in Mechanicsville. From 2010-2019 Mechanicsville's retail sales were below the expected range during every fiscal year.

Figure 8. Mechanicsville Expected and Actual Sales Per Capita 2010-2019



Source: Iowa State University Extension

Retail sales struggles are not unique to the Mechanicsville, many smaller communities struggle with maintaining a successful retail community. The city's location creates an especially difficult environment for retail. Larger nearby cities, like Cedar Rapids, the Quad Cities, and Iowa City, draw in retail sales from smaller surrounding rural communities. With a large number of workers commuting out of the city for work, Mechanicsville's residents have many options for shopping outside the community.

Improving economic conditions in Mechanicsville will take hard work, but incremental economic improvements may help elevate the quality of life and economic performance of Mechanicsville while maintaining the characteristics that make it a unique community. There is room for improvement, and many things residents mentioned in the community survey like restaurants, bars, small grocery stores, could be possible through incremental improvements that strengthen the community over time.

Future Economic Development Priorities

The City of Mechanicsville’s business community is important for the city’s future development. While the city will not be looking to bring in new businesses on a large scale, it should be prepared to react to any opportunities that come up. In the future, the city may be approached by an existing business that is looking to expand or relocate within the community, an entrepreneur looking to start a business, or a business might be interested in relocating to Mechanicsville. In all of these cases, if the business is a fit for the community, the city should be prepared to act and assist the business. The future priorities in this section will help Mechanicsville encourage economic growth in the community.

Identify partners and collaborations

Engaging in partnerships with local businesses, government institutions, non-profits, and other entities can help enhance business ecosystem within Mechanicsville. Collaborating with nearby cities on events, tourist attractions, civic associations, and education opportunities can help bring additional resources towards mutual issues of economic development. Shared events like Trunk or Treat can help attract larger audiences and aid in making connections with residents in nearby towns.

Maintain Infrastructure

Mechanicsville can also encourage economic growth by ensuring that its infrastructure is kept in good working condition. Maintenance of streets, water, and sewer infrastructure will be critical for future business development. Long term planning for infrastructure maintenance can help the community have high quality infrastructure along with affordable usage rates and property taxes that are attractive to business. When considering new developments, the city should make sure that the budget not only allows for initial costs of infrastructure, but the long-term maintenance costs as well.

Create More Commercial Space

Downtown Mechanicsville has a number of vacant commercial units, many of these units are in need of façade repairs and require the removal of debris before they can be fully utilized. If a commercial space is available, but needs some work, the local organizations could consider creating programs to assist property owners in making repairs, or help coordinate volunteers to help clean the property up. The State of Iowa also makes funding available through programs like the Community Catalyst Building Remediation Program. The program assists communities with the redevelopment, rehabilitation, or deconstruction of buildings to promote economic growth or reinvestment in the community. It is also important to identify areas where new commercial development could take place, even if no land is available currently, it is important to plan in advance where these developments may take place so that new opportunities can be taken as they arise.

Identify and Market Downtown

One of Mechanicsville’s most valuable assets is its historic downtown and the city should work towards marketing it as such. Signage that is visible from major roads such Highway 30 can help attract visitors and establish the downtown as a destination. Including information on Mechanicsville’s downtown on the website, event materials, and other outreach materials is critical towards marketing Mechanicsville’s downtown.

Improve and Maintain Community Appearance

Businesses may be more willing to invest in a community, if the community is willing to invest in its appearance. Keep Iowa Beautiful and other community groups have organized volunteers to take on community beautification projects. State programs like the Iowa Department of Natural Resources' Derelict Building Program could also help the community address neglected buildings that have sat vacant for more than six months.

Support Entrepreneurship

While it is critical to create the space for private development, it is equally as important to cultivate the human capital that is required to build businesses. Extracurricular programs through the local school and library may be effective means for helping build the knowledge that is required for individuals to realize new business ventures. There are a number of existing economic institutions that are able to provide resources and guidance for individuals who are seeking to start businesses, these include the Cedar County Economic Development Commission and the Iowa SBDC program which has a location in Cedar Rapids.

Economic Development Partners

The City of Mechanicsville partners with several public and private organizations to help improve the local and regional economy. These organizations provide aid to small businesses, administer state and federal programs, and help create and implement effective local policies to foster economic growth and prosperity.

Cedar County Economic Development Commission

The Cedar County Economic Development Commission (CCEDC) works with the City of Mechanicsville to deliver a number of economic development services. These include resources for small business start-up, revolving loan funds, financial assistance, and local economic development. Through the CCEDC the Mechanicsville Economic Development Company has been actively serving the community for over 50 years.

East Central Intergovernmental Association (ECIA)

ECIA manages a number of economic development programs. ECIA Business Growth Inc., a non-profit corporation formed in 1982, provides low-interest loans to businesses for expansion that creates new or retains current jobs. Business Growth, Inc. operates business loan programs including the SBA 504 Program and a Regional Revolving Loan Fund. Since 1983, the ECIA Business Growth Board of Directors has approved 283 loans totaling \$84,038,699, resulting in the creation or retention of 4,917 jobs.

Potential Economic Development Partners

Iowa Economic Development Authority

The Iowa Economic Development Authority's (IEDA) mission is to strengthen economic and community vitality by building partnerships and leveraging resources to make Iowa the choice for people and business. Through two main divisions – business development and community development – IEDA administers several state and federal programs to meet its goals of assisting individuals, communities and businesses.

Iowa Small Business Development Center

The Iowa Small Business Development Center (SBDC) has multiple location around Iowa including one in Cedar Rapids. The Iowa SBDC offers free counseling services for individuals looking to start a business or grow an existing one. The SBDC offers additional guidance including training programs, cyber security information for small businesses, and a number of other resources.

Recommendations

- Assist local businesses in finding development sites for expansion.
- Support construction and maintenance of infrastructure that supports economic development including housing, transportation, and utility systems.
- Support construction of homes needed to house workers.
- Attract new residents and retain existing residents by continuing to improve quality of life in the community.
- Encourage revitalization and redevelopment of downtown buildings.
- Seek out educational opportunities that serve to aid the development of local entrepreneurs.
- Help connect local entrepreneurs with financial resources.
- Create new partnerships with other local governments to create events and clubs that serve citizens of Mechanicsville as well as those who live in nearby towns.
- Add signage to direct people to Downtown Mechanicsville.
- Continue to promote community through the city's website and Facebook page.
- Use the city's location along US Highway 30 as an opportunity for future business development.
- Identify areas for commercial development in the City's future land use map.