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# Dalton/Whitfield County: The Next Chapter

## Redesigning the economy

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When you're known as the "Carpet Capital of the World," what do you do for an encore – after the industry that fueled your growth for decades matures and stabilizes?

For Dalton and Whitfield County, the answer is not simply diversifying. It means building on your strengths as a manufacturing center to redesign the local economy for sustainable growth.

Dalton has a number of strengths to build on: an accessible location on I-75 between Chattanooga (33 miles to the north) and Atlanta (90 miles south), a track record as a manufacturing and logistics center, a large skilled labor force, plenty of land and a low cost of doing business. But as the number of jobs and companies in the floor covering industry continues to shrink, Whitfield County is putting serious thought and effort into how to grow for the future.

"We're described by many nationally and internationally as a one-horse town," says Brian Anderson, president and CEO of the Dalton-Whitfield Chamber of Commerce. "If we hadn't been so tied to flooring – which is linked closely with the housing market – we wouldn't be the Georgia community most affected by this economic downturn" and the accompanying double-digit unemployment rate. Community leaders have started the road to diversification, he adds. "But when you're as tied to carpet as we are, you don't turn that battleship overnight."

Private and public leaders began mapping a new long-term future several years ago. Tactics include adding economic development expertise to the local team; developing a new industrial park; luring overflow growth from the new Volkswagen plant near Chattanooga; expanding infrastructure to support residential and commercial development; and offering more services to further improve the quality of life in Whitfield County.

Some of the carpet industry jobs that were cut in recent years are never coming back, says Mike Babb, chairman of the Whitfield County Board of Commissioners. The Dalton MSA (Whitfield and Murray counties) “has lost 6,000 jobs but we still have 60,000 manufacturing jobs in our metro area,” he continues. Over the past several years, the carpet industry has moved from the more labor-intensive spun yarn to extruded fibers technologies. That migration means companies have shut down obsolete spun yarn plants, eliminating jobs and consolidating into a few large companies.

Anderson says a 2006 economic development study found that “Dalton is 10 times more aligned with and impacted by the carpet industry than Houston is affected by energy,” Anderson notes. “Around here, people don’t ask you what you do. It’s which carpet company you’re with.”

Volume from the carpet industry peaked around late 2005, Anderson says, and Dalton is now “off about 40 percent from that high point. We believe at some point we will get back to the same number of yards and maybe exceed that as new home construction rebounds and replacement rebounds.” However, carpet industry employment will never return to the heady days when the sector was creating jobs “faster than there were people to take them.”

In fact, since 2009, Whitfield’s unemployment rate has ranged from 11.8 percent to 13 percent, and the Dalton MSA has the highest jobless rate of any Georgia metropolitan area.

## **Building On Strength**

Still, the floor covering industry remains the largest in Whitfield County, so officials want to build on that platform. “We probably have the second largest manufacturing base in Georgia behind Fulton County,” adds Andrew Walker, chairman of the Dalton-Whitfield County Joint Development Authority (JDA). “We want to build on our strength.”

Walker says the JDA grew out of the Grow Greater Dalton (GGD) initiative. The JDA provides the community with a unified approach to economic development, Walker says. “We need the private sector, the city and the county all singing from the same song page.”

According to Anderson, the Grow Greater Dalton campaign began in late 2008 with a goal of raising \$4.5 million. When the campaign ended in 2009, the campaign had more than \$6.1 million in funds or pledges. The impact can already be seen, he says. Economic development budgets in recent years have ranged from \$150,000 to \$300,000; the current budget is more than \$900,000. “That really puts us in the markets where we can compete.”

One result of the campaign was the hiring of Elyse Cochran, an economic development professional who is executive director of the JDA and senior vice president of economic development for the chamber. Cochran has spent 18 years of her 24-year career in Georgia, coming to Dalton from Gastonia, N.C.

Anderson says Whitfield leaders deliberately targeted someone who already had connections in the area. “The Georgia economic development model is very project manager driven,” he says, “relying on connections to local communities, state project teams and utility partners. Elyse reactivated the network and quickly got us back in front of people.” Someone without a Georgia background would have spent 18 months “just understanding who was who,” he adds.

## **Complementary Industries**

Cochran says Dalton is not backing away from its title as the carpet capital of the world. "That's who we are," she explains. "We have a worldwide brand. A community would have to spend billions of dollars to get recognition in the period of time that Dalton has internationally."

However, she continues, "While we appreciate our heritage and we will continue to build upon our solid infrastructure for the floor covering industry, there are so many compatibilities with that infrastructure to other targets." The community has decided it will focus on chemicals, plastics, advanced manufacturing, automotive, data centers and high-end retail projects, she adds.

For example, Anderson says, Volks-wagen presents "a fantastic opportunity for this region." Like the new Kia plant in the West Point area, the Volkswagen facility will bring suppliers to surrounding states such as Alabama, Georgia and North Carolina. "We'll be working the auto sector heavily," he adds. "But we're not sitting back and counting on it – we'll be working chemicals and plastics just as hard."

Anderson notes that most of the counties around Chattanooga have had positive growth except for Hamilton County, where Chattanooga is located. Like Catoosa County, Whitfield believes it can attract the same kind of residential growth. "We are seeing residential impact as far south as Dalton, where some of the Volkswagen executives have chosen to live," Cochran adds. "The biggest attractor is the quality of our public education system."

The recent announcement that IVC, an international vinyl company based in Belgium, has chosen Dalton for its North American headquarters "put us on a lot of [site selection] lists we'd never been on before," Babb says. The \$70-million investment will add more than 125 jobs, with hiring beginning in 2011. He says the county assembled a 40-acre tract "together from private owners in a pretty quick rush."

Despite the IVC success and a multitude of private parcels available, one shortcoming for economic development was not having an established industrial park in the hands of elected officials. Babb notes the county has purchased 160 acres at the Carbondale Road exit off I-75 just south of Dalton. In June, commissioners approved a \$12-million bond issue to start developing infrastructure at the park.

The JDA's Cochran acknowledges that studies have shown Whitfield County needed a greenfield site controlled by local officials. State research indicates the new business park site at the Carbondale Road exit is the only tract of property of its size in Georgia located right on the interstate.

Cochran adds the mixed-use commercial park has covenants "to make sure it remains a desirable park" and is designed to complement the industries local officials are targeting.

Anderson says the community needed to gain control of a large site so it could respond more quickly to prospects. "We now have the full package so we can answer almost any inquiry that somebody brings to us," he says.

Chamber and other officials understand that Dalton-Whitfield is playing catch-up after decades of not prioritizing new economic development. When the carpet industry was doing well, Walker says, "There was a time in the past when we may not have been as active in wanting to bring business to Whitfield County. Now the worm has turned." As the county rebuilds, it is also taking advantage of the opportunity to diversify for the future.

"We would like to become a Center of Innovation," Walker says, referring to the state educational and training initiative.

New projects such as Volkswagen provide an “opportunity to start building more high-tech, innovative, white-collar businesses that support those industries.”

Babb agrees that when the carpet industry was stronger, there was little need for economic development. State officials “had been trained through our own efforts to bypass Whitfield County when someone was looking in Georgia.” It had been at least 20 years since the county used incentives to get a company to Whitfield. “Now we’ve found that if you don’t incentivize, you’re not even in the race,” he says.

Dalton and Whitfield leaders are optimistic about their plans for luring future growth. “We understand there are 159 counties trying to do the same thing,” Babb says. “We just hope we do it better.”

## Looking North

Cochran notes that Whitfield County is “more in the Chattanooga business region than in Atlanta.” That reality is most evident in the northern end of the county, where Whitfield commissioners are working with Dalton Utilities to expand sewer service. Babb says that with the Volkswagen assembly plant, plus a planned Wacker manufacturing plant just across the state line in Tennessee, “We think a lot of those folks will decide to live in Whitfield County and commute.”

Don Cope, president of Dalton Utilities, says the north Whitfield expansion aims to “foster higher-quality residential and retail development” in the small cities and unincorporated areas such as Varnell, Pleasant Grove, Tunnel Hill and Cahutta. Cope adds the area “should see significant residential growth” because of the industrial developments in Tennessee’s Hamilton and Bradley counties.

Dan Peeples, the mayor of Varnell, says the city is taking several steps to increase the quality of life and draw new residents to the city – particularly those who will work at the new Volkswagen plant in Chattanooga (just 13 miles north of his city limits) or the Wacker facility near Cleveland, Tenn.

“We know Varnell is probably always going to be more a bedroom community between Chattanooga, Dalton and Cleveland,” Peeples says. “We’re fine with that.” The new sewer line should bring more homes and businesses to Varnell. “We need a restaurant where people can have a glass of wine and steak,” Peeples adds. “But a lot of those businesses won’t come unless you have sewer.”

Dalton Utilities is also prepared to provide services for the new industrial park on Carbondale Road, Cope says. “Since its inception, Dalton Utilities has been involved in economic development,” he notes. The utility provides “more than sewer and water: It’s electricity, natural gas, telecommunications – whatever infrastructure a business requires, we provide it.”

In addition to new construction, Cope notes there is also a need to use the existing infrastructure in Dalton that is no longer being used by the carpet industry due to “modernization, shifts in the marketplace and the economic downturn.” He notes brownfield development within Dalton would “increase the overall economic vitality and produce revenue and resources that allow us to expand out into the far reaches of the county.

“It is not good business practice,” says Cope, “to leave infrastructure that was designed to provide service and produce revenue unutilized – and to have it underutilized while you are trying to build new infrastructure. You’ve got to do both simultaneously.”

## Encouraging Visitors

Another area of renewed attention is tourism. Brett Huske, who became executive director of the Dalton Area Convention and Visitors Bureau in January, says one of his focuses is the group meeting market. The Northwest Trade & Convention Center has more than 140,000 square feet of meeting space, and there are 1,200 rooms between the Rocky Face and Walnut Street exits. An event such as this summer's Jehovah's Witnesses meeting is expected to have a \$1.2 million economic impact locally.

The sports market is also an important source of visitors. New events such as the nationally sanctioned Dalton Half-Marathon in October should draw 1,000 participants and bring \$350,000 in spending, Huske says. Senior softball tournaments are also a huge draw, with September tournaments bringing members of four different age groups and an anticipated economic impact of \$1.6 million. Huske adds the city is looking at tennis, soccer, police and firefighter games and other events to leverage existing facilities.

In addition to those events, Huske notes, tourists still come to Whitfield County for the Prater's Mill arts and crafts festival near Varnell, the Cahutta Fish Hatchery, the Civil War reenactment at Tunnel Hill and trainspotting at the Dalton Welcome Center (see sidebar).

Tourism is closely tied to quality of life issues. Mayor Peebles of Varnell says the city is planning to start a Blackberry Festival next year to draw more visitors, and officials are renovating the 1847 Varnell House as a community center, revamping playgrounds and ball fields, building a new walking track, and working to bring more restaurant chains to town.

David Pennington, the mayor of Dalton, says his priority is "creating a community that young educated people want to live in." He says leaders feel they can build on the area's strengths as a manufacturing center so "other industries can thrive here. But it's going to take young, educated people to show us how to use those assets." Pennington says the city is tackling those issues through the University of Georgia's Archway program and an internship project with the Savannah College of Art and Design (SCAD). "Downtown Dalton needs to get a lot more lively," Pennington adds. "We need to attract entrepreneurs."

Dalton could expand from floor coverings into a home furnishings design center, Pennington says. The city is also looking at new ways to use the former carpet mills, such as manufacturing batteries for the automobile industry.

"Ten to 15 years from now, a lot of people in this country will be employed in industries we've never heard of today," Pennington predicts. "I don't pretend to know what those industries are. But I do know who's going to start them: young educated people. If we can get those people here, with our infrastructure and our assets, the rest will take care of itself."

## Community Snapshot

### Local Leaders

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**Population**

(2008, estimated)

County, 93,748; Dalton, 33,648

### **Per Capita Income**

(2010)

Dalton, \$31,323

### **Unemployment**

(May 2010)

County, 11.5 percent; Georgia, 10.1 percent

### **Major Employers**

Shaw Industries, Mohawk, Beaulieu Group, Hamilton Health Care System, Tandus

### **Sources**

Dalton-Whitfield Chamber of Commerce, Georgia Department of Economic Development, Georgia Department of Labor, U.S. Census Bureau, 2010 Georgia County Guide