

# Partners in Time

## Buy Healthy Future for Drayton

Many disaster-stricken communities find themselves facing the difficult job of helping residents and businesses put the pieces of their broken dreams back together.

But there is another challenge as well. It is economic survivability. And it's a problem for which there often are no easy solutions.

One northeastern North Dakota town, in the aftermath of the staggering 1997 Red River Valley flood, conquered that challenge by parlaying ideas and money into a successful public-private venture.

As a result, the local medical clinic has been saved, a growing apparel company has remained in town, a large, vacant building has been given new life, and new dollars have been generated for future business growth. No small order by anyone's standards.

The town is Drayton, population 900. It sits on the banks of the Red River of the North and faces an almost yearly flood threat. And after the '97 flood, the city had a big problem.

The town's only medical clinic, located high on the banks of the river, had flooded. Despite extensive cleaning, sanitizing and disinfecting, the building was sick with mold. Townspeople knew the building would flood again. Moreover, the riverbank was becoming increasingly unstable because of poor soil conditions. It could no longer hold the weight of an emergency dike that could protect the building. It was just a matter of time before the clinic, too, would likely fall.

*Floodwaters rose to a level of 6 inches inside Drayton's medical clinic during a record flood in 1997. The clinic could not be protected by this emergency plywood floodwall because there was not enough ground behind the building to construct a dike. Photo courtesy City of Drayton.*



### Faced with a Dilemma

So the city found itself in a dilemma—how to find a new home for the clinic and an adjoining dental office—and, more importantly, how to pay for it. Though the clinic operation is part of a larger medical system in Grand Forks, some 50 miles away, the city owned the building and therefore needed to find a solution to keep medical services in town.

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At the outset, the city had just slightly more than \$4,000 from a small flood insurance policy to put toward the cost of a new home for the clinic. That put them a long way from doing anything viable, according to Drayton City Auditor Carol Gardner.

So they enlisted the help of the Red River Regional Council, an area planning organization that assists governmental entities in four northeastern North Dakota counties with rural development and community survivability for small towns. Through a variety of grants and programs, the council helps fund and manage projects that support economic growth, job development, natural resource conservation and development, residential rehabilitation, businesses and public facilities.

The city had worked closely with the council on various projects for years and, once again, a new successful partnership was in the making.

“We knew we needed to buy out the clinic because of the conditions inside and because it couldn’t be protected from flooding where it was anymore,” said Sandra Simonson, the regional council’s economic recovery coordinator. “And we knew there were dollars out there.”

The council had already secured a special \$1 million disaster grant from the U.S. Department of Housing and Urban Development for hard-hit Pembina County to help with the 1997 flood recovery. Saving the Drayton clinic seemed a perfect use for some of that money. Pembina County commissioners agreed and gave Drayton \$150,000 toward the cause.

But that still left the city short of money—either to build a new building or to buy and renovate an existing structure.

### **Building Public-Private Partnerships**

So the council pursued a grant from the U.S. Economic Development Administration (EDA) to relocate the clinic, the dental office and other at-risk downtown businesses. EDA agreed with the request and awarded \$441,000 to the Drayton Economic Development Corporation (DEDC) to relocate flood-impacted businesses.

But there was a catch. The grant needed a 25 percent local match. So the DEDC went looking for help. What they found was a partner who could help them cover the match and who they, in turn, could help as well. It was the city of Drayton.



*Relocated to safety: The Altru Clinic (left) and a local business, Originals Casual Wear (right), have moved to larger, safer quarters on the edge of Drayton where they can be better protected in the event of another flood. The entire site was raised 1 foot before the buildings were even built.*

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“We talked the city into combining their grant money with our grant money,” said DEDC board member Ardis Olson. “We would then do the first phase of the renovation, which was the north end of the building, into the clinic. It was ideal.”

The city agreed. In the summer of 1998, the city purchased a 19,000-square-foot building on the edge of town for \$289,000. The building, well-built but vacant and for sale, had once been a large furniture store with a lot of open space, which helped keep renovation costs down.

An even bigger plus was the fact that the entire property, surrounded by a 100-year floodplain, had been raised 1 foot above the base flood elevation before the building was built in 1990. That feature, coupled with the fact that elevated roads on three sides could act as natural dikes, meant the building could be better protected from another flood. All the city would have to do was construct an emergency dike on the fourth side and the property could be shielded from advancing floodwaters.

Renovation for the clinic portion began and attention was turned to leasing the remaining space. Suddenly, there was another roadblock. DEDC officials discovered that higher-than-expected electrical costs would require an additional \$40,000, Olson said. Because the clinic would only occupy a third of the building, the DEDC didn’t want to use more of the EDA grant to cover the costs—leaving a shortfall for finishing the larger space.

So the DEDC contacted other organizations in the community and within a couple of weeks, the money was raised. Donations came from a local gaming organization, the hospital association board (still in existence even though the hospital was long gone) and a civic group made up of individuals who once owned a local business.

Later, an additional \$20,000 to cover more costs was provided by the Drayton Growth Fund, which uses a 1 percent city sales tax to pay for economic development projects.

With that settled, the focus returned to filling the building. The dental office had already relocated to another building in town. The DEDC was considering a mini-mall of small shops and businesses. But renovation costs for that type of project were too high and most of the downtown-area businesses weren’t interested in relocating anyway. Except for one. And it was a big one.

### **Keeping Business in Town**

The business, known as Originals Casual Wear, is a local apparel company that was quickly outgrowing its space and looking for larger quarters, Olson said. Other communities were interested in luring the business away from Drayton because they recognized the benefits the company could bring to a local economy. The DEDC wanted to keep Originals in town. And so did the company’s owner, Cheryl Gjevre.

“I heard that the city was going to be getting the building and it would be for economic development and that if there were any businesses affected by the flood, there was still space available,” Gjevre said. “We wanted to expand at that point and we absolutely needed a larger building. But there was no other building in town that could have housed us.”

Gjevre’s company, which was located about a block west of Main Street, was not physically flood-damaged but did suffer an economic impact from being idle for a time during and after the disaster. Her company screens apparel that is sold in seven Originals stores throughout the upper Midwest and by catalog nationwide. The company, which has been in business since 1987, employs 30 workers year-round and adds staff during the fall holiday season.

“The fact that we could rent as opposed to having to build something was a very big plus for us,” Gjevre said. “We’re a growing business and we needed to put our capital back into our company to expand.”

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Now Originals is aggressively boosting its catalog business. With continued sales growth comes the possibility of even more jobs. And Gjevre says she's very happy she could stay in the town she loves.

Drayton is a winner as well. The project, which has totaled about \$651,000, continues to give back to the community in many ways, local officials say.

Both the clinic and Originals continue to grow. And so does the city's ability to fund future economic development. Because there is no debt service on the building, rental income from both businesses—minus some maintenance expenses—is put into a special fund that is earmarked for future projects.

Also, the city has contracted with the DEDC to manage the leases and the day-to-day operation of the building, Gardner said, which takes a workload burden off of her—the city's only full-time administrative staff person.

Many in Drayton believe the project has been great for the community.

“This is a 100-percent success story,” added Olson.