

# **Economic Impacts of Highway Bypasses on Communities in Iowa**

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*Midwest Transportation Consortium*  
Fall 2007 Student Paper Competition

## **Abstract**

Highways in Iowa were originally built with the intention of providing all weather access for rural populations to town and back to their farms. At that time no thought was given to the idea of traffic going through the town. These routes typically went through the middle of a community and its central business district (CBD). As automobile travel increased these routes started becoming traffic impediments and communities found themselves having to deal with traffic congestion, noise, and safety issues.

In the 1960's the Iowa DOT began to experiment with highway bypasses to move traffic from the central city to around the edge of the city. This removal of traffic led to community concerns about the loss of potential sales revenue from travelers stopping in their towns to purchase goods or stay at hotels. Businesses feared going out of business because of the movement of traffic to outside the city. However, congestion, safety, and economics of transportation led the push to build highway bypasses around communities with a majority of these bypasses being built in the last 15 years.

The purpose of this paper is to evaluate whether the concerns of community leaders and merchants about bypasses having negative impacts on their town economies were justified.

## Introduction

It has been widely debated what exactly the impacts of highway bypasses have on small town economies. Many believe that re-routing traffic takes away potential sales revenue from businesses in small towns. Others believe that the effects are felt only by gas stations and motels. Lastly are those who believe that there is no impact and that bypassed communities are better off having traffic routed around the community in terms of quality of life.

## Background

Past research on the topic of Economic Impacts of Highway Bypasses has been completed by the Iowa Department of Transportation (DOT), Iowa State University Department of Economics, other state DOT's, and private consulting firms. A book was even written by former Iowa State University Professor of Civil Engineering, Robely Winfrey titled Economic Analysis for Highways.

The Iowa DOT documents are primarily interviews conducted with local officials, business owners, and citizens about the impacts that bypasses have had on their communities. These publications also included condensed versions of research conducted including Prof. Winfrey's book and Prof. Otto's report, The Economic Impact of Rural Highway Bypasses: Iowa and Minnesota Case Studies.

## Research Objectives

The purpose of this research is to evaluate and report on the economic impacts of highway bypasses on selected communities in Iowa. This report conducts literature reviews on past research projects in the state regarding this topic, and then evaluates economic and population data from prior, during, and after the construction of the bypasses for the selected communities. The economic data consists of retail sales, number of firms, and pull factors all which provide a good look at the economic characteristics of a community. By correlating this data with the bypass completion dates it can be seen whether a community's economy was affected by the bypass project. Bypass community data is then compared to a control city that is similar in population and location, but has not been bypassed.

## Research Locations

<u>Community</u>	<u>Highway Bypass</u>	<u>Population (2005 est)</u>	<u>Year Bypassed</u>	<u>Control Community</u>
New London	U.S. 34	1,871	2000	Mediapolis
Olds	U.S. 218/ IA 27	244	1999	Brighton
Denver	U.S. 63	1,642	1996	Tripoli
Raymond	U.S. 20/I-380	637	1986	Dunkerton

## Literature Review

### Economic Analysis for Highways (1969)

Professor Robley Winfrey, Iowa State University

In 1969 Professor Robley Winfrey wrote the book Economic Analysis for Highways where he says, “effects of bypasses on traffic are easily observed and measured. But the economic and social consequences of bypasses on urban communities are difficult to observe and more difficult to measure.” He adds that “effects of bypasses are greatest when the population is small and when a high percentage of total trade comes from through traffic.”

Professor Winfrey identifies four types of bypasses:

1. Simple Bypass that starts on the outer edge and swings right or left away from the existing arterial that leads through the center of town.
2. Full Freeway/Expressway
3. Circumferential, Beltway, or Outerbelt that makes a full circle around an urban area connecting at interchange points with main highways leading into the city center.
4. Expressway or Freeway that goes from one outer side of the city center to the other passing near the central business district.

Local traffic also benefits by having through traffic separated from local. This creates less congestion which results in fewer delays and quicker vehicle movement in the community. These benefits can last for a long time until the community grows which will bring back traffic congestion.

Winfrey's states that the effects bypasses have on traffic is more easily measured and observed than economic and social effects. Investigators in the past have used economic and social indicators to isolate and measure activities affected by the bypass such as retail trade, number of retail establishments, retail trade employment, land use changes and other indicators. This information was then compared to a control area which is usually a town of similar size with similar highway conditions and traffic counts. Winfrey refers to the economic and social effects of bypasses as “Community Consequences”. He talks about opposition from business interests and how that adversity is minor in comparison to bypass benefits, which experience has proven, is “economically and socially desirable.” Some of these consequences include reduced noise and air pollution and building vibration from trucks. Reduced traffic in the central business district results in more business as residents find the area to have reduced congestion and improved parking.

Effects of bypasses are felt more by smaller communities and when area trade comes from through traffic. Automotive service stations, restaurants, taverns, and other businesses that cater to highway traffic are expected to feel negative impacts from bypasses, while trade in the central business district is likely to increase. Winfrey makes sure to point out in this section that, “Most all studies of retail trade as affected by bypass routes have shown that the volume of business coming from the through traveler was much less that local merchants and officials thought it to be.”

Consequence to retail trade, according to Winfrey, are results of “local factors” such as “population, type of economic community, traffic mix and volume, percent of through traffic, location of retail trade establishments with respect to through traffic and proposed location of the bypass.” It is believed that service stations, restaurants, bars and other retail establishments on

the edge of towns get their business from through travelers, but experience is showing that business comes from local people within a range of 5 miles.

**Economic Impact of Rural Bypasses: Iowa and Minnesota Case Studies** (1995)

Professor Daniel Otto of Iowa State University's Economic Department  
Connie Anderson a Graduate Research Assistant.

The research was based on 11 communities in Iowa and 10 in Minnesota that had bypasses opened since the late 1970's. The emphasis was to assess Economic Impacts of rural highway bypasses using overall retail sales data and comparing that information to "control" communities. The "control" communities were chosen for each bypass community based on comparable populations, traffic volume, and distance from a metropolitan area. This report took the retail sales data and broke it down into categories such as general merchandise, eating and drinking, apparel, and other categories. Bypass city performance was compared to the control cities and then against cities of comparable population range throughout the state. Survey data of business operators was also gathered to assess their attitudes toward the bypass impacts.

Professor Otto's report compares performance for a comparable period rather than only before and after. This is done because of the effects on rural retail by regional shopping malls, discount marketing, and stresses on rural income. Measures were conducted with retail sales per capita, adjusted for income and city size, as a measure of retail sales performance, as well as Pull Factors, actual per capita retail sales for the sample city divided by the expected per capita retail sales for control cities. The main measure of impact used in Otto's research was the average pull factor.

After breaking down the retail sales data into categories, Otto was able to see impacts by category. Although overall sales did not appear to be significantly affected by the bypass, he states that individual retail businesses, such as gas stations, may be affected because of their reliance on through traffic. Pull factor analysis was used on businesses in each category in both bypassed and control cities to investigate impacts of the bypass. The results showed that bypassed cities did experience some loss compared to non-bypassed communities in auto sales, furniture sales, miscellaneous sales, and wholesale trade. However the bypass cities did show gains in apparel, building supplies, and general merchandise.

The survey was completed to gain perspectives of individual business owners and how the bypass affected them. The survey inquired about the effects the bypass had on traffic noise and volume, accident rates, parking problems, shopping environment, number of customers and overall quality of life. The results varied by the type of business, location, and other factors related to their community and personal situation. For instance the longer a business had been in operation, the more likely the merchant was to favor the bypass. Otto believes these results suggest that over time merchants had learned to adapt to the presence of a bypass and adjust their marketing strategies.

Survey showed that overall people believed quality of life was better or the same. Many business people agreed that highway noise and truck traffic had been reduced leading them to believe that the reductions had led to improvements in their community shopping environments. Merchants in eating and drinking establishments, motels, and service stations believed they had experienced reduced numbers of customers because of the reduced traffic. Overall, half of the merchants surveyed believed that the bypass had no significant impact while others believed that if business had dropped off it was due to a downturn in the economy overall not the bypass.

Businesses in two communities did report negative impacts on businesses, customers, and the over all shopping environment. One of the communities boasted the largest number of people opposed to the bypass because their economy relies greatly on tourism. This community had shown negative economic results of the bypass as a result of tourist, who visit the area for its natural beauty, being diverted around and past the community.

### **A Literature Review of Urban Bypass Studies (1992)**

Iowa DOT

The Iowa Department of Transportation has conducted bypass studies for many years compiling them into the Literature Review of Urban Bypass Cities. These reports are based on interviews with community leaders and businessmen whose towns have been bypassed. The report also includes summations of prior research projects.

This collection of reports shows that many, if not all, towns had opposition to the bypasses before they were built, but were for them after they were completed. Increased quality of life factors in those towns have been identified as the reasons for the changes in opinion. Less traffic resulted in less congestion, better parking, safer streets for pedestrian, and more importantly, less truck traffic which greatly reduced noise and air pollution in the community. Letters from business leaders point to less traffic making their business areas more attractive to shoppers.

Many of the interviews reflect community fears that having a bypass would reduce sales generated by travelers, only to find out that purchases by travelers were minimal. Opposition still exists, particularly from owners of hotels and restaurants who felt that the bypass created a negative effect on their businesses because truckers would continue on down the road to another town or city.

Professor Winfrey noted in his book, economic and social benefits of bypasses are difficult to measure. For some of the businesses that felt they were negatively affected by the bypasses, persons in the community feel that those effects may have been the result of something other than the bypass such as the closing of a local manufacturing plant or management of the business.

Some of the readings show that businesses willingness to market themselves or modify their business plan to fit the new situation can increase their sales using the bypass to their advantage. Additionally communities can help businesses attract customers through land use planning.

An example would be Red Oak, IA, which was passed by U.S. Hwy 34 in the 1960's. By making changes to land use and zoning near the highway their economy benefited from the bypass, evidenced by increased commercial and industrial use. Corning, IA, east of Red Oak on U.S. Hwy 34 (bypassed at the same time), on the other hand apparently did not experience the same benefit. The piece does not cover what factors may have caused this, such as it was because traffic continued past Corning on to Red Oak, or perhaps Corning did not make a similar move to change land use and zoning codes near the highway. It is apparent that it was the willingness of Red Oak to adapt to the bypass to stimulate business.

This document ends with a "Summary of Findings" which compiles the observations and inferences from the surveys, report summaries, and letters from communities about the effect the bypasses had on their communities. Some of the findings included, larger cities (2000+) deriving greater benefits than adverse impacts from highway bypasses, communities with 500 or fewer residents felt the greatest adverse economic impacts because a greater percentage of their total area trade comes from through traffic, advertising on the bypass helps to alleviate the

negative impacts, service stations which do more than just sell gas experience little or no noticeable decrease in overall sales. An additional note about gas stations is that some survey respondents felt that negative impacts on their businesses could also be attributed to automobiles getting better gas mileage requiring fewer stops to fill up.

## **Newspaper Articles**

The articles were gathered from the Iowa Department of Transportation library's collection and organized by date in order to gain potential perspective into the evolution of thoughts and opinions on highway bypasses in the state. For instance, an article in the Burlington Hawk Eye about the U.S. Highway 34 expressway project planning in 1992 starts out with the writer stating,

“The ingredients for a successful highway project include an interesting mixture of money, convenience, safety and emotion. Homes are destroyed or uprooted. Valuable farmland is swallowed up. Small forests disappear. Millions of tax dollars are spent. Most important, government is forcing change on people.”

Many articles have been written in regards to the U.S. Highway 75 and Iowa Highway 60 Expressway in Northwest Iowa. The Le Mars Daily Sentinel talks of the city seeing the completion of their bypass as real opportunity for development. In response the area Chamber of Commerce has implemented a campaign, which includes the installation of signs directing travelers of the bypass to downtown, to encourage people on the bypass to stop in Le Mars to see what the town has to offer.

A 1996 article about the bypassing of U.S. Highway 63 around New Hampton, IA shows that people were starting to see the benefit of having the highway bypass their community and requesting more of the DOT so that the highway provides benefits to the community such as the building of interchanges to allow comprehensive and safe access to the community as well as provide access to businesses in different locations of the town.

The Des Moines Register reported in 1998 on the Highway 163 project from Des Moines to Oskaloosa that people in the small towns along this heavily traveled route looked forward to having traffic moved away from the towns. The residents of one town, Otley, were very excited to have the bypass built as traffic was going by within 50 feet of some homes and speeding through town was a major safety concerns. Additionally congestion in the town was becoming an inconvenience for those living there. A service station owner in Pella had worried that fewer people would stop at his establishment for gas after the bypass opened in 1994, but by 1998 he had seen the bypass as more of an asset.

From these articles it appears that as more communities are bypassed in the state, and communities learn how to make the bypass benefit them, the more future bypass cities are open to the idea of having traffic routed around their town, although opposition will remain. A professor from Iowa State University states in one of the articles that easier access to town might attract businesses and residential growth. “What you’re doing is reorganizing the reason for living in a place.”

## **Economic Data and Site Visits**

The economic data for this report was gathered through the Office of Social and Economic Trend Analysis (SETA), which is a database of Economic information on Iowa communities maintained by the Economics Department at Iowa State University. Data collected from this site include retail sales, number of firms, pull factor, and population and was collected for both the bypass and control communities for comparison purposes.

Site visits to the bypass communities were conducted to gather first hand information on the effects of bypasses in Iowa. The site visits included interviews with community leaders and business owners in the towns as well as gather photos and making observations of the design and routing of the bypass. This information was then compared to the economic data from SETA and with prior research in the literature reviews.

### **New London**

New London is a community of approximately 1,800 persons located in Southeast Iowa 20 miles west of Burlington and 7 miles east of Mount Pleasant on U.S. Highway 34. The community was bypassed in 2000 with an expressway that features one interchange and two intersections on the west and east sides of town where the old highway used to be.

From the meeting with local leaders (mayor and chamber of commerce president) and business owners it was apparent that New London had not seen much if any economic growth in many years. The economy took a hit in the 1980's with the farm crisis and today many people commute to jobs in Mount Pleasant. Starting in the 1970's the town began to lose its retail businesses which have been replaced with service businesses. Most recently the town lost its hardware store which was replaced with a reception hall. As the data shows below, retail sales (figure NL-1) did fall off between 1980 and 1990 but rebounded between 1990 and 2000 (during and after the bypass was completed). This boost could be attributed to a large gas station and convenience store at the interchange which opened shortly after the completion of the bypass. Unfortunately the data shows that New London's economy in the 2000 decade has stagnated. The lack of growth could be attributed to the community's location between two larger cities and the improved access the expressway provides to those cities.

The community of Mediapolis was selected as the control community because of its similar population and location in the region. As the graph shows, Mediapolis has had a stronger retail sales history than New London which could be attributed to its somewhat remote location in southeast Iowa. The increase between 1990 and 2000 and the nearly level retail sales since could show that the community economies are tied to the regional economy. The pull factor (retail sales per capita adjusted for income and city size) also reflects this regional economic influence. It shows that even though retail sales recovered after the 1980's, neither town recovered their ability to attract retail sales from outside their community. Any reduction in income because of the farm crisis could be the cause for this, as could the effects of larger communities nearby such as Mount Pleasant or Burlington.

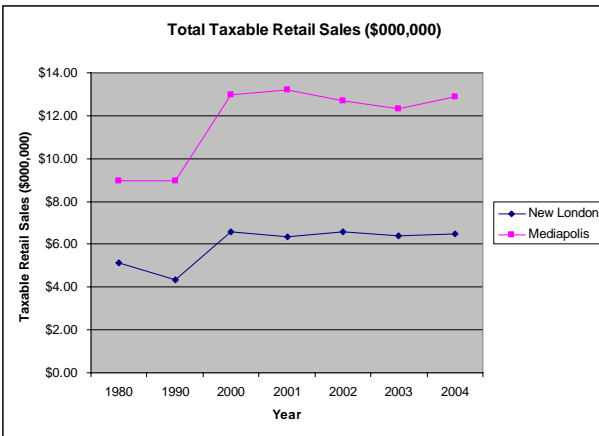


Figure NL-1

Data Courtesy of Office of Social and Economic Trend Analysis

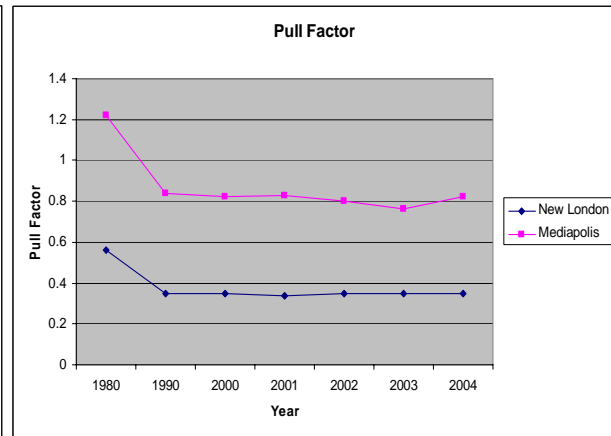


Figure NL-2

Both the site visit and SETA data show that the community has not seen many new firms in their town (Figure NL-3). In the late 1990's a funeral home, gas station and convenience store, and an engineering firm came to town. The SETA data between 1990 & 2000 seems to conflict with information shared during the interview with residents as it does not sound like the community had seen 20 firms come to town or start up in that period. The drop in firms in 2004 does seem to fit with what was learned at the interview about the loss of a hardware store and pharmacy in that time period.

Population information from the group and SETA are in agreement in that both show that the communities have not seen population increases in this 24 year period (Figure NL-4). This data also shows similarities in the two communities' populations fluctuating at similar rates which could show another regional connection.



Figure NL-3

Data Courtesy of Office of Social and Economic Trend Analysis

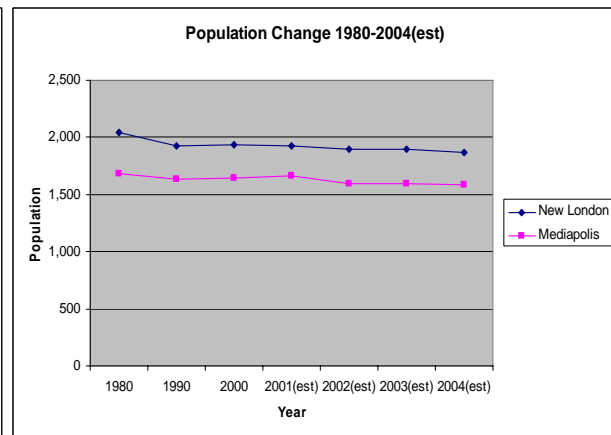


Figure NL-4

From the interview, it was learned that the New London economy had been going down hill long before the bypass was even proposed. Those in attendance attribute the decline to the farm crisis of the 1980's and recent impacts on a regional level, such as the closing of manufacturing plants in Mount Pleasant. One business owner, who has been a life long resident, stated that the downtown area, till about 25 years ago, used to have a number of retail businesses including a hardware store, clothing stores, automobile dealership, and other merchants. She believed that people did not leave town to shop in Mt. Pleasant or Burlington as many goods were available in New London. Once the farm crisis hit many people took up manufacturing

jobs in Mt. Pleasant, therefore many people working in Mt. Pleasant also shop there at places such as Wal-Mart.

The group is happy to have local doctor offices still in town, but are uncertain about those offices closing as the doctors near their retirement. They attribute the recent closing of the local pharmacy to new management at the nursing home who stopped buying medications from that pharmacy. Employment in the community is largely in the local school district and an engineering firm. Again, many in the community commute to Mt. Pleasant to work at the Wal-Mart distribution center and other manufacturing jobs.

Observations from the site visit include New London's central business district is mainly service oriented businesses such as insurance agents and construction contractors. The local hardware store was turned into a reception hall and three of the four service stations in the downtown have stopped selling gas and converted into auto service only. The Ford dealership is now vacant, but due to the owner passing away. A small number of businesses do exist on the edge of the community. The Casey's gas station moved from an old location on the old US 34 to a location at the new interchange leaving one empty building on the east side of town. Otherwise businesses on the edge of the community (bowling alley, restaurant, engineering firm) doing well according to those interviewed.

The city is currently evaluating potential use of land between the south end of town and the bypass, but are unsure as to what kind of development they would like to see in that area. The community does not have a comprehensive plan to help guide development of the community.

Group members agree that the town is much more enjoyable because of the reduced amount of traffic going through town. Before the bypass, traffic congestion was so bad that one could not drive across the highway, but instead would have to turn on to the highway and go a couple of blocks before being able to turn to complete the crossing. Although they wish that they would not have lost the businesses they once had, the people are happy to have a community they feel safe walking and driving in.

## **Olds**

Olds is a small town of about 250 persons located about 9 miles north of Mt. Pleasant along U.S. Highway 218/IA Highway 27 at the intersection with IA Highway 78. The community was bypassed by an expressway in 1999 as part of the Avenue of the Saints project and features one at grade crossing for access into the town. IA 78 still follows the old US 218 route through town. With the town being a smaller community, it was not easy finding a group of people to meet with to discuss the economic impacts of the bypass therefore an interview was conducted with the city clerk, who has been a resident since the 1960's.

Businesses in Olds are located in the central business district with the exception of the gas station along US 218. According to the city clerk the central business district has not changed in years as far as businesses. Currently it is composed of the post office, grain elevator, heating/cooling contractor, and the city hall that used to be a restaurant. The town's economic history was as a local center for banking and agriculture related business.

After the bypass the gas station that was in town went out of business, however shortly after that a new station was built next to the new expressway. The local eatery had closed a couple of years before the expressway was completed, but the city clerk did not attribute that so much to the bypass as he did to the restaurants management. Both retail sales and pull factor data show a rebound after bypass completion, but then a falling off period from 2002-2004.

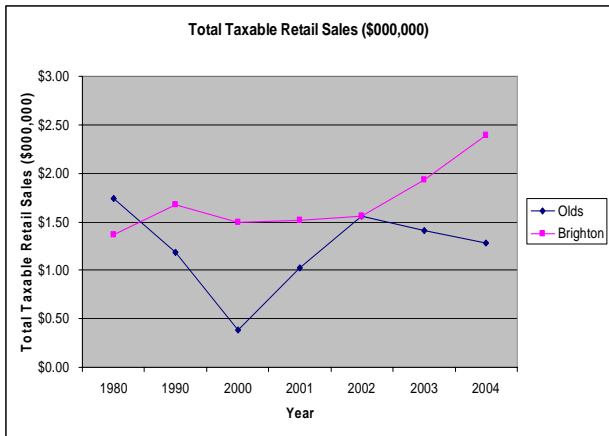


Figure O-1

Data Courtesy of Office of Social and Economic Trend Analysis

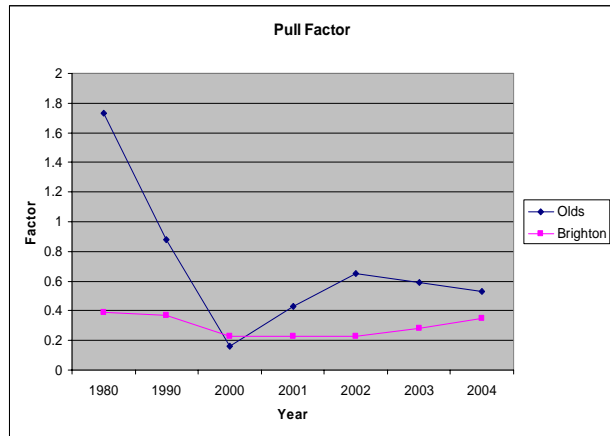


Figure O-2

The number of firms in Olds has fallen some in this 24 year time period while Brighton lost a few firms between 2000 and 2002, but is now showing signs of rebounding. Olds has managed to maintain a constant population since the 1980's with a small increase between 1990 and 2000. The lack of change in the population of Olds could be attributed to its role as a bedroom community to employment centers in Mt. Pleasant and Iowa City. Brighton's population decline in the 1980's perhaps reflects a regional loss of population much like New London and Mediapolis.

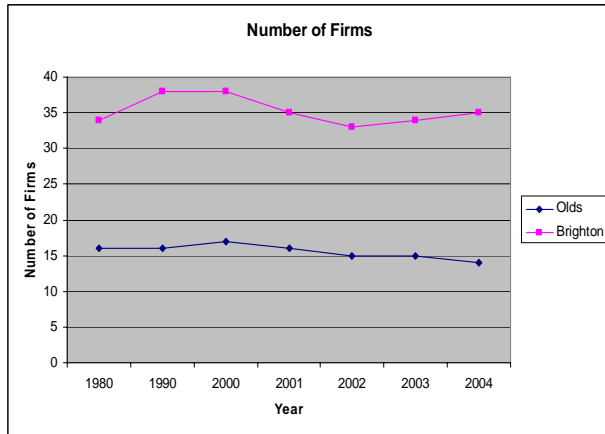


Figure O-3

Data Courtesy of Office of Social and Economic Trend Analysis

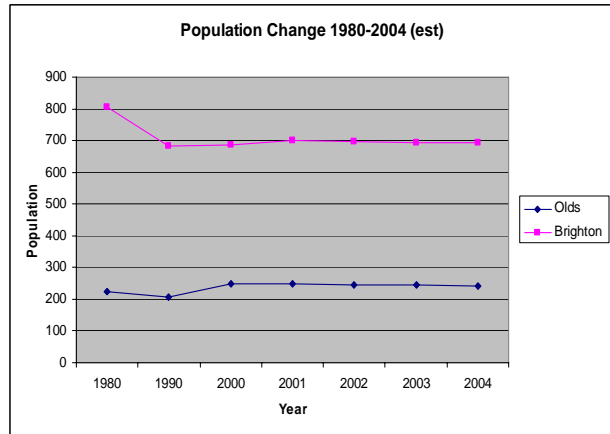


Figure O-4

According to the city clerk, there is talk of some light industrial development being built near Olds. Some residential housing has been built in the last few years, but the biggest change has not been economic, but more in the quality of life. Much like New London, the town has enjoyed the reduced amount of traffic coming through town, although IA 78 and the grain elevator do still bring trucks through town, the town is much quieter with the majority of traffic routed east of town. He added that, "The overall the character of the town has not changed because of the bypass."

## Denver

The next community that was visited was Denver in Northeast Iowa. This community of 1,600 people is located 10 miles north of Waterloo and was bypassed by the US Highway 63 expressway project, completed in 1996. The expressway was routed around the west side of the town and has one interchange near the center of town and at grade crossings on each end of town.

After visiting Denver and the control city of Tripoli, it is evident that their economies are both doing well. As seen in figure D-1, the retail sales for both communities have continued growth for the last 20 years. Denver's Mayor attributes there strong economy to a strong median household income as well as the towns proximity to the highway bypass which makes it easy for travelers passing through to stop into town quickly for purchases such as gas or food. Additionally Denver has a very large athletic complex that hosts many athletic events for the region bringing in sales revenue from visitors in town for athletic competitions.

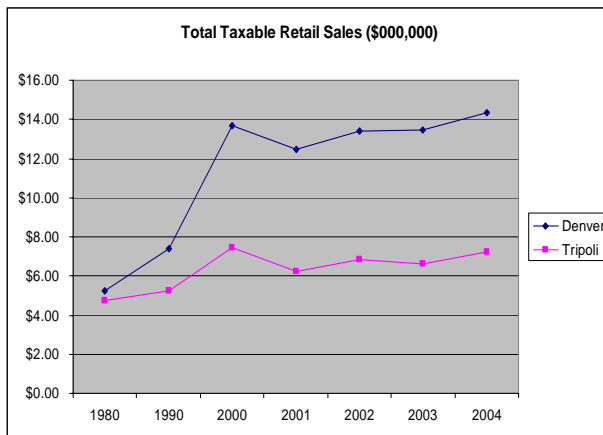


Figure D-1

Data Courtesy of Office of Social and Economic Trend Analysis

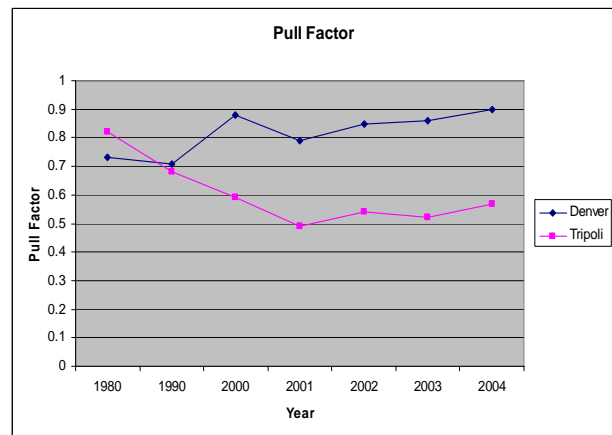


Figure D-2

The group did not feel that there had been any negative impacts from the building of the bypass. Even with Denver being located near the Waterloo/Cedar Fall Metro area, they manage to keep much of their retail sales in town. Nearly 90% as shown by the pull factor data. They take pride in being able to maintain a grocery store and other businesses that towns of similar size have not been able to do. However talk of a Hy-Vee and Home Depot being built in Waterloo along U.S. 63 does concern the interviewees with the potential loss of business particularly regarding the town grocery store.

In the interview it was also discussed whether any population change had taken place, which figure D-4 shows has remained constant for many years. New housing has been going up since the building of the U.S. Highway 63 Bypass/Expressway has made commuting to Waterloo more convenient. More housing units are planned for the south end of town which could mean an increase in Denver's population over the next 5 years. The town has responded to this expected growth by replacing aging infrastructure such as storm and waste water sewer lines to handle increased usage.

The main employers in the city are Schumacher Elevators and the local school district and as figure D-3 shows, there is a good number of other businesses in Denver as well as Tripoli. The central business district in Denver did have a couple of shops close during construction and after bypass completion, but the group did not feel those closings could be attributed to the bypass. The central business district includes a health clinic, grocery store, banks, eateries, two

gas stations, and few, if any, empty store fronts. There did not appear to be any retail or service businesses outside of the central business district. Tripoli's central business district is also full of businesses including a car dealership, several eateries, and service companies.

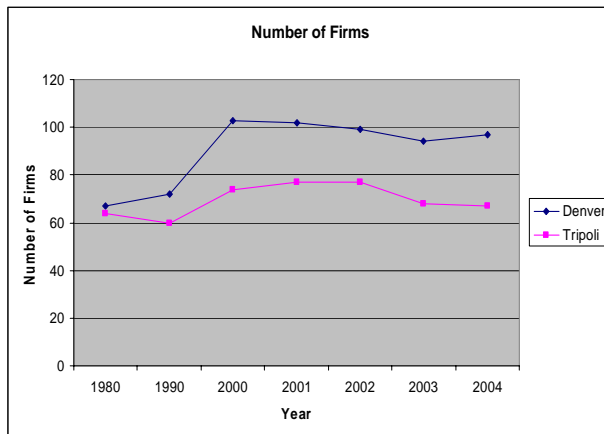


Figure D-3

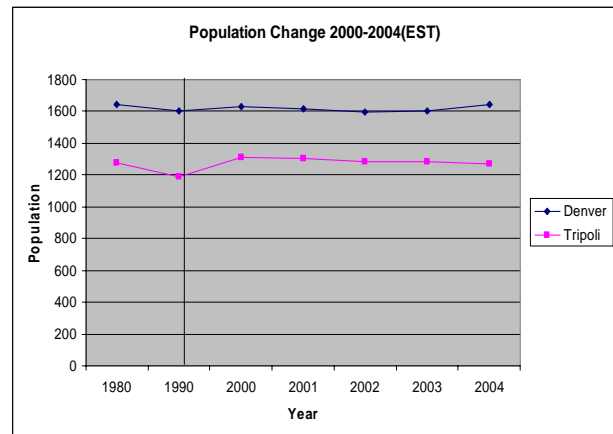


Figure D-4

Data Courtesy of Office of Social and Economic Trend Analysis

Denver has a Land Use and Comprehensive Plan to help direct growth and development decisions. These plans were completed after the bypass and make use of the bypass to increase potential benefits to the town. The group agreed that following the comprehensive plan has contributed to their success and will continue to be important in future growth.

As with the other towns visited, the interviewees point out that quality of life has increased substantially with the removal of highway traffic from the main street. They feel better about allowing their children to ride their bikes to the grocery store and other businesses in the central business district now that all through traffic has been re-routed. They feel that this sense of safety is another reason for the large number of families in the town.

Again the group that participated in this interview believed that there were no negative economic impacts caused by the building of the bypass. They attribute the success of their town to making good use of the bypass and its location near the town, land use and comprehensive planning, and a solid base of volunteers and people willing to donate money and get involved in community projects.

## Raymond

Raymond is located on the old US Hwy 20 east of the Waterloo metro area. It was bypassed in 1986 by US Hwy 20 and I-380 and currently has an estimated population of 637. The Waterloo Cedar Falls Courier reported that Raymond is the fastest growing community in Black Hawk County with growth estimated at 29% since the 2000 census. A site visit was conducted and questions were exchanged with the town mayor over email.

The bypass was finished in the mid 1980's and could be the cause for the drop in retail sales between 1980 and 1990. The farm crisis of the 1980's, and the eastward expansion of the Waterloo metropolitan area, may be contributors to the decline of Raymond's economy as Waterloo and its retail options became more accessible through the new interstate.

The site visit to Raymond revealed a town with very few businesses. The one gas station in town has been closed for a couple of years. Convenient access of nearby towns/suburbs of Waterloo has probably drawn much business out of Raymond. The Mayor supports these observations with her comment, "Raymond's position in the region is as a bedroom community

to the Waterloo/Cedar Falls metropolitan area.” But she adds, “I actually think we will see an increase in businesses due to the growing number of new homes being built.”

When asked about what types of businesses exist in Raymond, the Mayor provided the following, “Raymond is home to an elementary school, tavern, auto repair shop, bank, trucking company, quarry, and small businesses based from homes. A lumber and furniture store did operate in Raymond, but closed 10 years ago.” The mayor believes that rising fuel prices was the cause for the convenience store/gas station to close. It was observed in the site visit that there are large truck stops in nearby Elk Run Heights, which could have added to this stores difficulty in competing for business.

The mayor stated that the local government is updating their land use plans and hopes to build an industrial park on the west side of town. Additionally they are reviewing their infrastructure to see what modifications will be needed to accommodate growth.

The control community for Raymond is Dunkerton, which is locate northeast of Waterloo on Iowa Highway 281. As the data shows in Figure R-1 and R-2, Raymond’s economy went downhill from 1980 to 1990 while Dunkerton spiked between 1990 and 2000. It is not know how much of this could be attributed to the bypass/interstate, and how much could be attributed to the economy of the 1980’s. The pull factor data backs up the retail sales data showing a very large decline from 1980 till 2000 showing that Raymond was just barely maintaining any kind of retail sales.

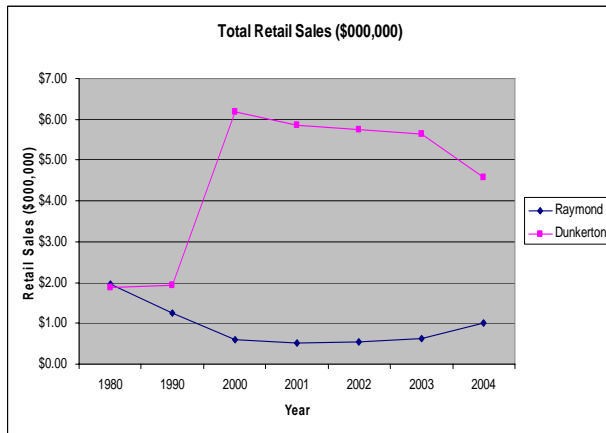


Figure R-1

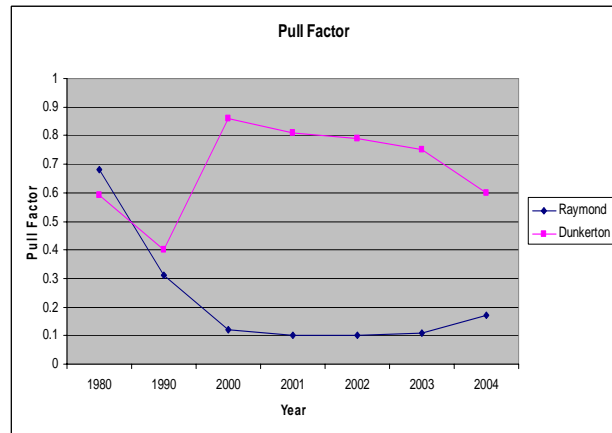


Figure R-2

Population, according to SETA data, is shown to be increasing in Raymond (Figure R-4). Evidence of population increase was observed in Raymond by new home construction. Through the site visit, comments from the Mayor, Raymond’s location on the bypass and proximity to Waterloo, the town appears to be a prime location for growth.



Figure R-3

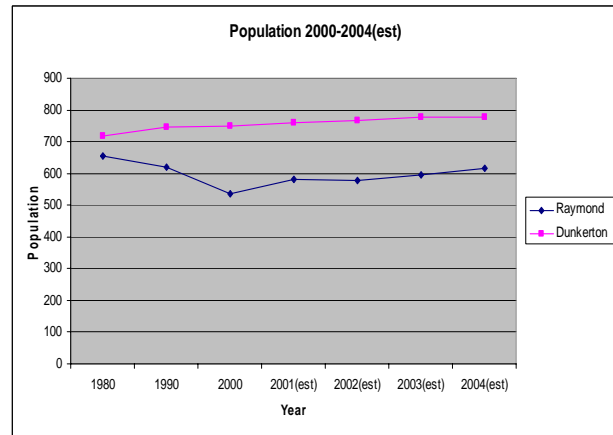


Figure R-4

Data Courtesy of Office of Social and Economic Trend Analysis

## Blue Grass

Blue Grass is a community of about 1,300 people located west of Davenport along U.S. Highway 61 and was bypassed by an expressway in 2001. Because of scheduling conflicts with community leaders a visit to Blue Grass was conducted. However, an article was written for a website called qconline.com, which contained some information that a site visit would have produced.

In this article the mayor states, “I don’t think it hurt the town at all”, “The businesses are still here, now hopefully there are going to be some additions and there’s also going to be another housing areas as a result of the bypass.” In addition to housing, the article points that the town is also seeing construction of new commercial buildings.

Town leaders feel that the residents have the best of both a close knit community and easy access to the Quad Cities. The town maintains its own doctor’s office, grocery store, convenience stores, and pizza places. The local bank president says in the article that the town has changed from a primarily agricultural community into a bedroom community of the Quad Cities.

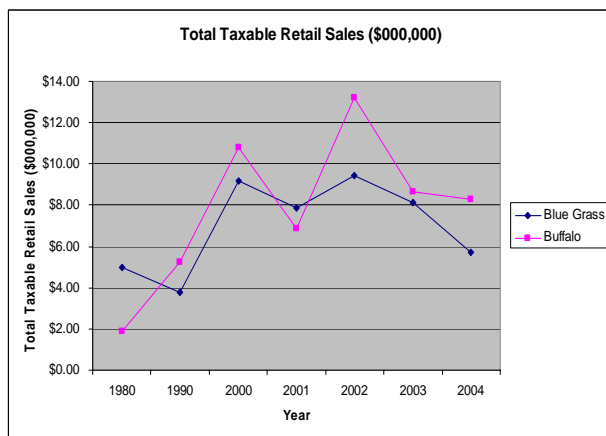


Figure BG-1

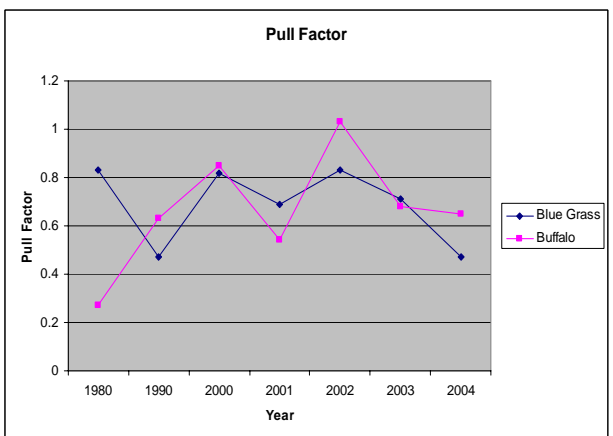


Figure BG-2

Data Courtesy of Office of Social and Economic Trend Analysis

The data shows us that in Blue Grass taxable retail sales, pull factor, and the number of firms increased in 2000. This increase could have been a result of residents shopping more in their communities due to the construction of the expressway to Davenport. The increase in retail sales is also evident in the pull factor for Buffalo of over 1 in 2002, meaning sales were generated outside of the community. Also evident is the downturn in retail sales and pull factor in 2003 and 2004 perhaps attributed to the opening of the expressway and the increased accessibility of retail stores in the Quad Cities.

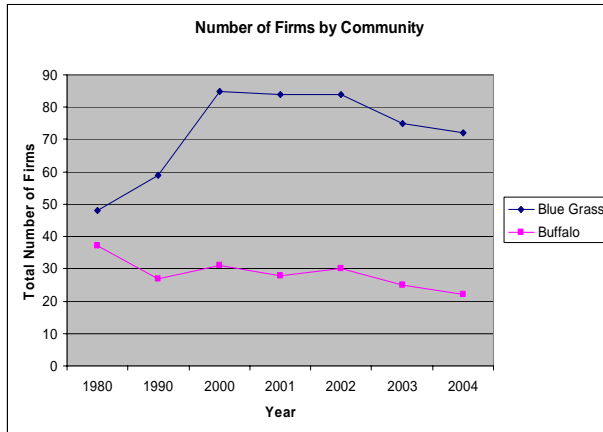


Figure BG-3

Data Courtesy of Office of Social and Economic Trend Analysis

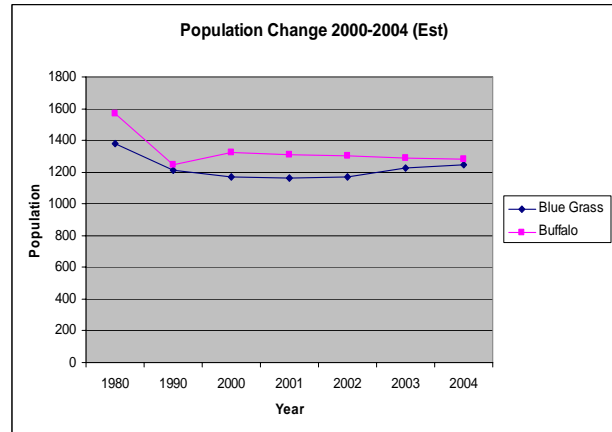


Figure BG-4

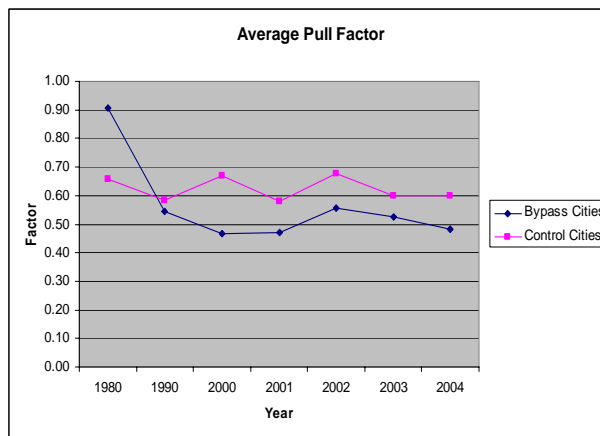
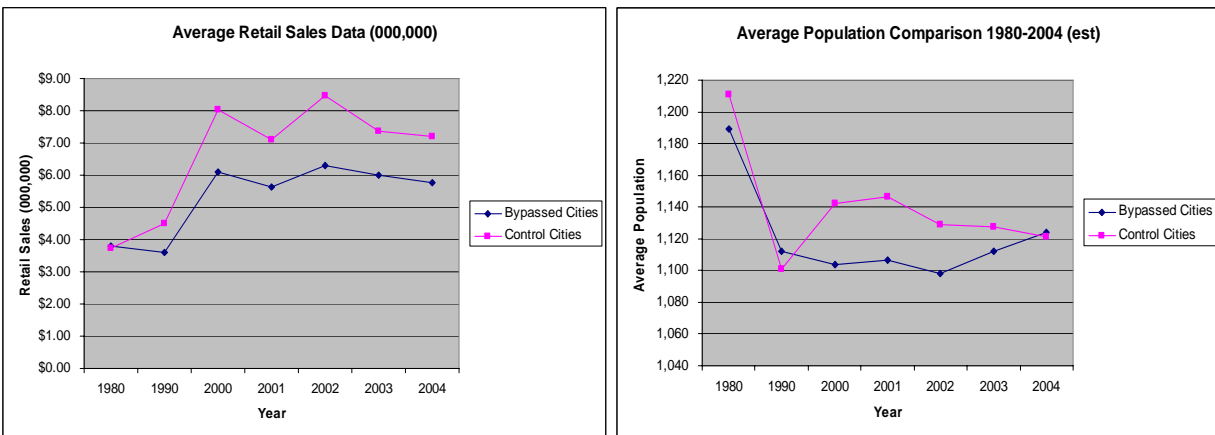
Figure BG-3 shows that even with bypass construction and completion going on, the number of firms in Blue Grass increased and held steady till the downturn in 2003. A reduction in the number of firms between 2002 and 2004 could be the reason for reduced retail sales.

Buffalo had the large increase of retail sales from 2001 to 2002 and yet appear to only have added 1 or 2 firms in that time. Like Blue Grass, the drop off in retail sales in 2003 could be attributed to a smaller number of firms between 2002 and 2003.

Estimated population of Blue Grass has been increasing, while Buffalo has been fairly stable since 2002. The proximity of these two towns to a large metropolitan area combined with increased accessibility are likely the cause for the population increases as more people look for alternatives to urban living that do not greatly increase work commute times.

## Averages

Averages were calculated on the economic data to get an overall look at how the bypass communities compare to the control (non-bypassed) communities. The information is interesting showing that although the average populations in bypass communities have increased. Their average pull factors and average retail sales have not kept up with the control communities. What this reflects is many of these bypass communities moving from roles as local hubs of retail to a role as “bedroom” communities. In fact all the bypass towns in this report are within distances to make commuting an option and all are connected to a nearby center of employment, such as Mt. Pleasant or Waterloo, by the bypass and expressway making commuting more efficient than what was possible before the bypass/expressway was built.



The economic data shows that average retail trade in both the control and bypass communities fluctuate at almost the same rate with the control cities seeing more of an increase in the 1990's. This could be a result of decreased sales in the bypass communities due to construction making access to business difficult.

## **Summation of Site Visits and Economic Data**

In summation each of these towns has been through economic changes mainly associated with the downturn in the agricultural economy in the 1980's. None of the towns point to the bypass as the reason for any kind of negative economic events experienced by their communities. All the community representatives interviewed in this report talked more about how great their towns are now because the traffic has been moved to the bypass than they did about their economies. Some of the literature reviewed in the previous section points to more sales revenues seen in towns where bypasses reduced traffic making their central business districts friendlier to shoppers and pedestrians. Whether the improved quality of life in these towns will translate into improved economic environment remains to be seen.

The towns of Denver, Raymond, and Blue Grass are benefiting from their locations near metropolitan areas and the expressways providing quick access and therefore are seeing more housing being built. Additionally, from the interviews, it was found that these communities have land use and zoning plans in place to guide and organize their growth. New London and Olds have positive locations near cities and are connected by expressways, but are not seeing the home building or other development taking place. The difference? New London and Olds do not have land use plans in place. Certainly the amount of development seen in the other towns could be results of other factors, but the communities with land use plans in place are the ones showing development. This is also backed up by the lit review article about Red Oak and how that community utilized land use planning for the US 34 bypass in the 1960's and benefited economically compared to Corning which, although bypassed at the same time, had not put land use plans in place and did not see any economic benefits from their bypass.

## **Conclusion**

As in the literature reviews, the data collected for this report shows that bypasses are not the likely reason for negative economic impacts felt by small communities. Interviews with community and business leaders revealed that negative economic impacts are attributable to events such as the farm crisis of the 1980's. Many of the bypassed communities appear to be experiencing a transformation from a role as a local economic hub to a role as "bedroom" communities to larger towns and cities nearby that are connected by the bypass.

Overall the communities do not blame the bypasses for much if anything and instead praise them for having removed traffic, congestion, and pollution from their towns. This shows that the bypass communities value the quality of life their towns have to offer more than they desire to have retail merchants. That is not to say they wouldn't mind having more options in their communities, but do not feel overly inconvenienced by shopping outside their community. Additionally communities who actively try to integrate the bypass into their community through land use plans, signage directing traffic to business areas, or other methods appear to be more stable than those communities that do not attempt to integrate the bypass.

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