



Pro-Business Mississippi Town Bucks Manufacturing Trend

Story and photos by Susan C. Thomson

At Luvata, a maker of commercial and industrial coils, James Jones brazes together an assembly to be installed on a coil. Luvata is Grenada's largest employer.

Pablo Diaz, executive director of the Grenada County Economic Development District in Grenada, Miss., proudly calculates that about 30 percent of local jobs are in manufacturing. That's astonishing at a time when that slumping sector accounts for only about 8 percent of jobs nationally, according to the Bureau of Labor Statistics.

Grenada's manufacturing prowess can be chalked up chiefly to the staying power of a single enterprise established in town in the mid-1950s. A Minnesota company, attracted by the South's relatively low production costs, hired a handful of employees to make coils for heating, ventilating and air-conditioning applications.

Coils consist of tubing (typically copper) sandwiched in metal (typically aluminum). Over the years, they have come in ever more sizes and shapes for ever more residential, commercial and industrial temperature-control uses. Grenada (pronounced gre-NAY-dah) is fortunate today in having landed an early piece of what became a growth industry.

“It just got bigger and bigger,” recalls Buddy Harbin, interim director of the Grenada Area Chamber of Commerce.

As the original plant grew, it went through a number of out-of-town owners and resulting name changes. It eventually evolved into two companies—Advanced Distributor Products (ADP) and Luvata. The former, owned by Lennox International Inc., makes coils for residential applications. The latter, a unit of a private European investment firm, serves the commercial and industrial markets. Together, the two companies account for 20 percent of Grenada’s jobs, Diaz says.

Where industrial development led, commercial development followed. Jimmy Brown, Grenada-based president of Regions Bank’s North Mississippi area, describes the town today as a trading center, drawing customers from up to 50 miles away. Wal-Mart, a presence there since the early 1980s and now a 24-hour-a-day supercenter, is an obvious draw. Unusually for a town so small, Grenada also boasts seven auto dealers and a large farm-equipment dealer, Brown points out.

The 156-bed Grenada Lake Medical Center is yet another regional asset, serving patients from Grenada County plus eight surrounding ones, according to the chief executive, Charles “Chip” Denton. In early 2009, the county-owned facility completed \$20 million worth of construction. That price tag covered the renovation of 20,000 square feet and the addition of 50,000.

The center takes its name from 36,000-acre Grenada Lake, three miles northeast of town. The U.S. Army Corps of Engineers created it in the mid-1950s to control flooding of the Yalobusha River and still manages it. Its amenities include a visitors center, tennis and basketball courts, boat launches, campsites, hiking trails, picnic pavilions, and beaches. A nearby state park boasts the award-winning 18-hole Dogwoods golf course.

The task of promoting all this falls to the Grenada Tourism Commission, financed by



Grenada’s city-owned general-aviation airport includes a wooden structure dating to World War II. One of the three runways is 7,000 feet long and capable of handling big jets. The Mississippi National Guard uses the airport for weekend training exercises, and the Grenada Tourism Commission sponsors aerobatic competitions there.

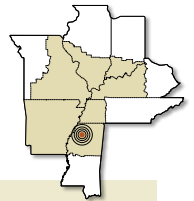
sales taxes of 1 percent on food at the town’s more than 30 restaurants and 2 percent on its 718 motel rooms. Collections for the fiscal year ended Sept. 30 rose 7 percent from the year before, says the commission’s executive director, Walter McCool.

Those motel rooms are clustered around Grenada’s exit on Interstate 55, a natural stopping point 100 miles south of Memphis, Tenn., and 115 miles north of Jackson, Miss. So, overnight visitors also add to the tourism budget.

The lake is by far the top generator of tourism dollars, logging 2 million visits a year, McCool says. Besides the locals making day trips, there are many out-of-towners coming to commission-sponsored fishing tournaments and fox hunts. For hospital chief Denton, the proximity of the lake is “a wonderful selling point” when the medical center recruits physicians, who are often reluctant to move to small towns.

But, as he acknowledges, “Grenada is surviving largely because of our manufacturing jobs.” He notes, as well, that the town has been lucky in not losing “any big-time players.” A major exception was a hosiery maker that dated back to the 1930s and went out of business a few years ago. The closing left vacant a 400,000-square-foot city-owned building, now a candidate for retail development.

Hosiery simply went out of style, as did automobile hubcaps, which a Michigan



Grenada/Grenada County, Miss. by the numbers

	CITY	COUNTY
Population	13,092	22,971 *
Labor Force	NA	9,800
Unemployment Rate	NA	11.2% **
Per Capita Personal Income	NA	\$24,172 ***

* U.S. Census Bureau, 2010 census
 ** BLS/HAVER, October 2011, seasonally adjusted
 *** BEA/HAVER, 2009

LARGEST EMPLOYERS

Luvata	1,150
Advanced Distributor Products	750 †
Grenada Public Schools	698
Grenada Lake Medical Center	485
Wal-Mart Supercenter	385 ††
Grenada Stamping and Assembly	200

SOURCES: Self-reported, except Wal-Mart

† In peak season, April through September
 †† SOURCE: referenceusa.com



Luvata employee Helen Tharpe works on tubing for a coil assembly.



Employees of Grenada Stamping and Assembly make housings for air compressor tanks, one of several new products that have revived the company, which used to specialize in automobile wheel covers, or hubcaps.



Tameka Black brazes distributor tubes onto a coil at Advanced Distributor Products, which makes coils for residential applications.

company started making in Grenada in 1961. As many automakers stopped using hubcaps in favor of one-piece metal alloy wheels in the late 1980s, the plant that had become known as Grenada Stamping and Assembly almost went under as well. Then, in 2005, Ice Industries of Sylvania, Ohio, bought and revived the operation, which today makes a diverse line of stamped metal products, including housings for air compressors and frames for solar panels.

In the past two years, Ice has committed to investing \$2.8 million in the plant and has won \$775,000 in grants from the Mississippi Development Authority (MDA), contingent on the creation of 115 jobs. Grenada County and the city of Grenada have granted \$25,000 and \$15,000, respectively, to what is now Grenada's fastest-growing employer.

Diaz praises the MDA as exceptionally efficient. Its grants, available to communities to help companies that are investing in their businesses and adding or retaining jobs, are the incentives of choice for the Economic Development District (EDD).

In 2010, the local agency was instrumental in securing a \$135,000 MDA grant for ADP in connection with a \$1.5 million expansion. The money went toward a new building, renovations to the company's existing one and its promise of 26 more jobs. "They are very open to our needs and very responsive to our needs," ADP's human

resources director, Joe Trevino, says of the EDD's intermediary role.

In 2011, the EDD served as go-between for Luvata and the MDA, which granted the company \$221,250. The grant is linked to the company's pledge to keep 25 jobs and invest more than \$1.5 million in one of its three Grenada plants.

Grenada's manufacturing base boosts local incomes and living standards, Harbin says. It doesn't, however, buffer the area from economic headwinds. Unemployment in Grenada County—where the city is the seat and only incorporated area—has lately been running a percentage point or two above the national average. That's down from a spread of more than four points two years ago. Says Brown, "We feel like we're weathering the storm."

The EDD, meanwhile, is aggressively prospecting for new business. "We are actively recruiting in other parts of the country," Diaz says. In doing so, he promotes a state that is "really pro-business," with well-maintained highways and a cost of labor that remains "a great competitive advantage."

Brown describes Grenada's workforce as high-quality, too, drawn from an area with a tradition of farming and the work ethic that goes with it.

"Industrial leaders say (new hires) may not be skilled, but they're easily trained," Brown says. "They grew up working on cars

ECONOMY AT A GLANCE




Fishing is one of the many recreational activities and amenities that attract 2 million visitors a year to 36,000-acre Grenada Lake, three miles out of town and Grenada's big tourist attraction.

and tractors. They have a great attitude and desire to work.”

Two of the brightest prospects these days are in industries unimaginable half a century and more ago, when Grenada began its rise to manufacturing standout.

A biofuels startup, HCL CleanTech of North Carolina, has announced plans to build a small “demonstration-scale” plant in Grenada and larger commercial plants in Natchez, Booneville and Hattiesburg, Miss. Details have yet to be worked out. Says Diaz, “If everything goes well, (the Grenada plant) could have a big impact.”

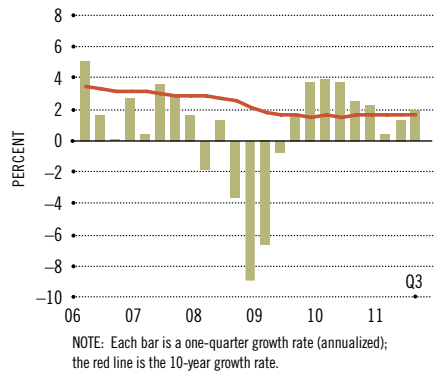
So would a data center—one of a new generation of huge, off-site computer installations now favored by big-city banks and retailers. A 2010 study by Deloitte Consulting of Chicago, commissioned by the Tennessee Valley Authority, identified a site in Grenada among 13 in the TVA's service area as particularly suited for one of these setups. Grenada's candidate property is development-ready, complete with all utilities and fiber optics, Diaz says.

Data centers require precise temperature control. In the competition to attract one of them, Grenada can offer its expertise in making coils for that very purpose. 

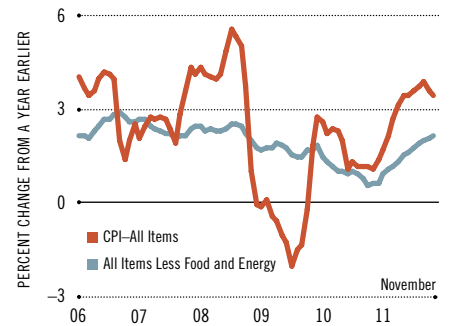
Susan C. Thomson is a freelance writer and photographer.

Eleven more charts are available on the web version of this issue. Among the areas they cover are agriculture, commercial banking, housing permits, income and jobs. Much of the data is specific to the Eighth District. To see these charts, go to stlouisfed.org/economyataglance

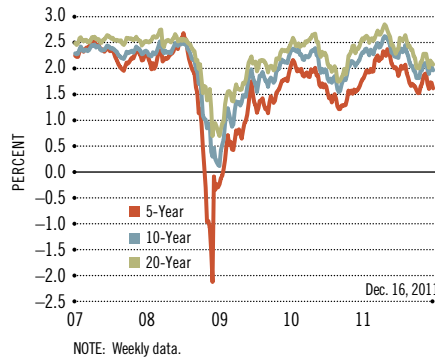
REAL GDP GROWTH



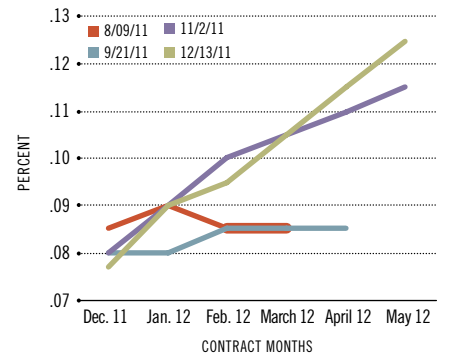
CONSUMER PRICE INDEX



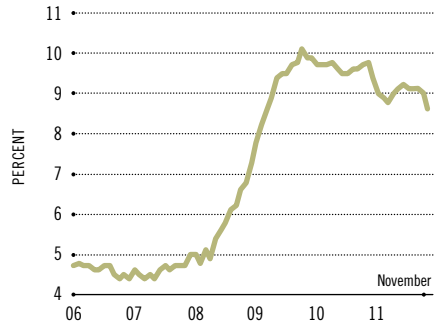
INFLATION-INDEXED TREASURY YIELD SPREADS



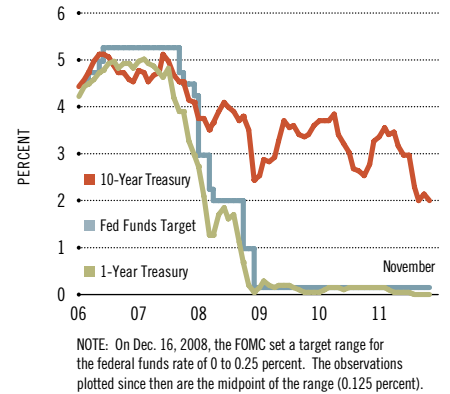
RATES ON FEDERAL FUNDS FUTURES ON SELECTED DATES



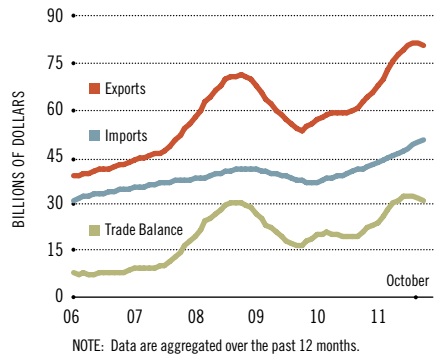
CIVILIAN UNEMPLOYMENT RATE



INTEREST RATES



U.S. AGRICULTURAL TRADE



FARMING CASH RECEIPTS

