

Report  
**Business Development Focus Group**

October 29, 2002

The Horizon Project

**Focus for this group**

**Business retention:** Concerns about loss of corporate headquarters, white-collar jobs, and community leaders. How can manufacturing and other businesses adapt and thrive in the face of national and global competition?

**Business attraction:** Concerns about attracting high skill jobs in technology, manufacturing, biotechnology, business services, etc. How to attract the “creative class,” those who are interested in cultural events, public art, preservation of historic sites and districts, museums, galleries, concerts, etc. Will we have the high-skills jobs that our educated young people want?

**Composition of focus group**

This group included 13 persons representing: manufacturing, law, accounting, real estate development, construction, Chambers of Commerce, economic development agencies, and government.

**The Future**

**Vision for the future**

- **Restore the balance:** bring in more white-collar jobs; grow more locally owned businesses; attract businesses that have high professional content; do business with locally owned banks. It may not be possible to restore the balance that is desired. Some communities have done it.
- **Can more white-collar workers be part of our future?** This group is not sure whether or not white-collar workers can be attracted to live in Elkhart County.

**Most difficult issues**

- **Our choice is more blue-collar jobs or more balance.**
- **What kind of jobs do we want to bring in?** It might be the nature of the beast that it is not possible to reverse the trend toward segregated blue-collar and white-collar residential communities. Elkhart County is thus destined to become more and more of a blue-collar community.
- **Underclass is going nowhere:** education, training, and the ways that parents interact with schools need to be strengthened. We need heavy-handed discipline structures to improve the performance of the parents.
- **Turnover in elementary school students:** instability in housing; children shuffled around to family members; live in a rental property for three months without paying and then move on.

## Business development

### Strategies for business development

- **Increase productivity:** we need to be more efficient in order to pay high wages; look at capital investment per employee; labor content is smaller; we need to help each other use more high tech processes and tools.
- **Unified effort:** Now we are unified as a county with one economic development agency; we need to market ourselves.
- **Homegrown businesses:** develop more incubator facilities to nurture homegrown businesses. Karl Tiedemann has several incubators. He takes older buildings and refurbishing them. He uses community money and subsidized loans. The incubator is publicly supported. He runs training programs and publishes a newspaper. Some of his client businesses have grown and built their own facilities. His clients have included a machinery company, door company, printer, and roofer. Most stay in his facilities for about 24 months. He has been to Turkey and Iran talking about this program.
- **Student entrepreneurship:** encourage college students – with faculty support – to start businesses in their dorm rooms.
- **Incentives:** use abatements for companies that bring in high salary jobs – like engineering; use incentives to reside in Elkhart County.
- **Facilities:** build some beautiful facilities downtown.
- **Elkhart East development:** can it attract white-collar industries? It might take 40 years.
- **Target industries:** there is good potential to attract new companies that supply the auto industry; bring in high tech manufacturing and have places for highly trained people.

### Positive factors for business in Elkhart County

- **Low cost:** labor, facilities, taxes, and everything.
- **Good government approach to business:** how can we help you; minimal governmental intervention; less cumbersome governmental requirements – like building permits; lower costs for building permits.
- **Good real estate tax rates:** everyone pays taxes; very few freebees; few abatements.
- **Good work ethic.**
- **We are great at planning and poor at follow-up:** good county planning, like C.R. 6 and C.R. 17. There was a comprehensive land use study in Elkhart County. We need to stay with the principles that were set forth.

### Negative factors for business in Elkhart County

- **Schools:** Elkhart Schools are probably the worst of the bunch; perception is really bad. Student turnover rates are bad; the nature of the student population is the issue. A lot of the people we move in for professional and managerial jobs choose to live in peripheral communities.
- **We are great at planning and poor at follow-up.**
- **Lack of trained employees.**
- **Inventory tax.**

### Current business retention efforts

- **Tax abatement** – that got NIBCO here.

- **Keep property tax rates low:** 11 points here and 16 points in Mishawaka.
- **Meet with companies:** assess where they are in their business life cycle; make them aware of Department of Commerce training programs.
- **RV industry looks good:** have highly trained, high producing people over here.

#### **Business attraction efforts — what have we got to sell?**

- Some tax give-aways?
- Location
- Low construction costs
- Low taxes
- Safety in our small communities, but not Elkhart and Goshen.

#### **Use of financial incentives**

- There are up to 10 financial incentives to bring businesses to a community.
- This is what we are competing against.
- Are you selling your future when you do this?
- Give away tax revenue and have nothing for schools. It is better to spend standard tax revenues on training and infrastructure.
- All the incentives are short-term. We look good long-term.

## **Redevelopment**

#### **Current efforts**

- **Possibilities in Elkhart:** \$30 million by 2010 to take out the old buildings to create the Elkhart Commons, where the river will be used as an entertainment area. The City of Elkhart had \$15-20 million in unused funds. Elkhart is trying to do it with local money. Private developers cannot do it alone in downtown Elkhart. It has to be a partnership. It is a long tunnel to have a profit.
- **Elkhart experience:** in some south-side neighborhoods they put in new streets and sewer and water. Many property owners are fixing things up.
- **Possibilities in Goshen:** we have crumbling buildings where redevelopment may be appropriate: Sash and Door, Western Rubber, and Goshen Rubber. More local money is needed. There is lots of contaminated property, especially Western Rubber. There is a river/race group working in Goshen.

#### **Issues and strategies**

- **Tax abatements:** This is where we should use tax abatements; this is where they have worked.
- **Redevelopment challenges:** there is lots of complexity in downtown locations; every block is a million dollar problem.
- **Redevelopment strategies:** An ombudsman is needed to help developers.
- **Problems in downtown areas:** parking and safety; you need people there 24 hours a day to have it safe.
- **Banks project experience:** public cleans up the property and then private developers take it from there.

### Regional and national perspectives

- **Regional perspective:** a lot of communities west of Chicago did this 10 years ago. They tore down buildings and build up new ones.
- **Mishawaka experience:** they tore down a lot of buildings; they used tax monies generated from Grape Road to clean up the old down town area.
- **South Bend experience:** they are on the move in nearly every neighborhood; they have a long list of tools to use.
- **Renaissance in downtowns:** We will see an anti-retirement movement soon; retired people will be working part-time; they will feel drawn back to the inner cities; this is happening in downtown Chicago, where they are creating live-and-work places.

### Improvement strategies for other sectors

- **Political courage:** other communities have revitalized themselves. The number one component is politics and political courage at the top.
- **Corporate resources:** it is important to have a large corporation to provide money for community revitalization. In Toledo this was Trust Corp., but they got over-extended and folded.
- **Retain educated young adults:** provide college loans that are forgiven when graduates come back in and work in Elkhart County.
- **Traffic system:** push for C.R. 17 as a good traffic artery that will keep the traffic moving.
- **Tax policy:** personal property taxes are too high.
- **Rural development policies:** the three-acre rule is very bad; our county roads are now subdivision streets; the agriculture community controls zoning in the county. Require plats and city water and sewer for every residential building permit.
- **Neighborhood development:** do some HUD projects.

### Government and private sector to working together

- **Elkhart city:** the City Council needs to be educated about economic development issues; they need political will to make improvements; Elkhart is crippled right now – both sides of the isle. It was a fiasco when Meijer was denied a curb cut and then decided not to put in a store.
- **Political action:** we need to support and elect qualified candidates. Most people do not want to have their character assassinated in the press. It is hard to change things from inside the governmental structures. In our cities you need five or six people on a council and a mayor to push things.
- **Unit government:** this is always an option for bringing a unified effort and eliminating duplication.
- **Industrial park development:** Do we need a new industrial park? If so, cities and counties could work together on the next industrial park. The location is the biggest issue. Need to work with a small group of developers. Most areas are already developed in a patchwork fashion so that it is harder to do big projects reachable by municipal services. Some indicate that we do not need a new big site; we need more customers for existing industrial development sites.
- **Re-development:** becomes more important when we run out of good new industrial sites.

## Other perceptions of Elkhart County

### Strengths

- **Regional synergies:** Edison lakes and Grape Road are working for Mishawaka. Grape Road is third largest concentration of retail in the Midwest. Grape road is an asset for us.
- **Regional development:** the Hummer plant is in Mishawaka – some suppliers are in Elkhart county.
- **Suppliers:** more suppliers are coming here, especially automotive related.
- **Communities:** we still have a nice community to live in.

### Weaknesses

- **Loss of white-collar jobs:** the ratio with blue-collar jobs has shifted in an undesirable direction.
- **Residential segregation:** businesses can come here, but the managers and owners will not live here.
- **Low incomes:** Indiana needs a substantial property tax since we have low average incomes and income taxes are not adequate to fund governmental functions.
- **Current jobs:** we have manufacturing jobs, low incomes, mobility, and other social costs.
- **Not attractive place to live:** quality of life and school systems are the reasons the doctors do not live here. The Mrs. will want to live in Granger. We do not have oceans, mountains, or sunshine. The schools bother me; the schools are turning people away. We live in a convenience society. All young professionals move to Granger – good schools and good shopping. Lack of things to do and places to spend money in Elkhart County.
- **Neighborhood deterioration:** in some parts of Elkhart over 50% of the housing is rental; this is a big problem; the neighborhoods have gone to hell.
- **Loss of locally generated wealth:** people retire, sell businesses, and move to Florida.
- **Competitive pressures:** Beyer cannot produce at \$20 hour wages and be globally competitive.

### Opportunities

- **Movement of workers into Elkhart County:** 24,000 workers a day – that would be a good group to study.

### Threats

- **Intensifying competitive pressures:** One company moved 1,300 blue collar jobs out of Elkhart County where they were paying \$20/hour to Mexico where they paid \$4, and then some went to China where they pay less than \$1/hour. We cannot have a low skilled and high paid work force. You can ship components from China; in electronics they have 30% of the world's business.