



# Strategic Directions

for Carroll County Economic Development Corporation

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**Prepared by:**

**Office of Building Better Communities  
Ball State University**



**The St. Claire Group**



# STRATEGIC DIRECTIONS FOR CARROLL COUNTY ECONOMIC DEVELOPMENT

## CONTEXT

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### **THE PROJECT**

Carroll County Economic Development Corporation retained Ball State University's Office of Building Better Communities and St. Claire Group to provide strategic marketing direction to the development corporation to achieve its mission. In this endeavor, Ball State and St. Claire reviewed economic and demographic information, prepared and reviewed a situation analysis with CCEDC leadership, and considered a wide range of possible strategy options. Selected documentation of this due diligence is contained in the Addendum to this document.

### **STRATEGY DEFINED**

Organizations employ strategy as a means to organize and align resources to best accomplish their missions. Sustaining a strategic advantage in a competitive environment requires implementing a business strategy driven by effective implementation of a focused marketing strategy.

After all, they share common objectives: measuring customer expectations and gearing an organization to meet them. To be effective, they should also share clarity and simplicity. In other words, effective strategy is simple strategy: it must be easy to understand, to articulate, and to execute. Organizations that execute clear and simple strategies focused on customers' expectations win. It's that simple.

### **STRATEGIC IMPERATIVES**

Ball State University and St. Claire Group provide here three strategic imperatives for Carroll County Economic Development Corporation to guide it in further accomplishment of its mission to grow and diversify the county's economy and tax base via retention and attraction of business.

- 1. BUILD ON LEADERSHIP IN AGRICULTURE.**
- 2. CREATE A REAL ESTATE DEVELOPMENT PLAN.**
- 3. RAISE THE MONEY.**

Each imperative is described in greater detail on the following pages.

## **STRATEGIC IMPERATIVE 1: BUILD ON LEADERSHIP IN AGRICULTURE**

### ***Situation***

Carroll County is one of Indiana's giants in agriculture, ranking first in hog production and hog processing, and among the state's leaders in other livestock categories, as well as crop yields and production. Recent success in expansion of agriculture includes the announcements of two new dairy operations. Over 34% of the county's assessed valuation is agricultural property, nearly four times the state average, and covered employment in agriculture and related industries accounts for 73% of private sector employment among establishments with greater than five employees.

Asset-based community development focuses on building communities and their economies around existing foundations of competitive advantages and unique strengths. If Carroll County led in prosthetic devices, microchips or software, there would be little, if any, question about building on its strengths. Instead, it is Carroll County's leadership in agriculture that is undisputed. This competitive advantage offers Carroll County an opportunity to expand on its leadership in agriculture while simultaneously diversifying its economy by encouraging growth among industries that support agriculture, but whose business base is not solely dependent upon it.

**A. Address existing challenges head-on.** Modern agriculture has come under intense public scrutiny by neighbors and interest groups concerned about such issues as environmental impacts, property values and animal health. Like most hot issues, some concerns which underpin the intense scrutiny are real, others perceived.

**CCEDC can help balance key concerns.** CCEDC should provide county officials with information on how locally-available resources can be applied to foster best practices in livestock operations. County government has at its disposal tax incentives and public works resources, for example, it can employ to encourage setbacks, screening and odor mitigation practices by livestock operations that go beyond minimum zoning requirements.

**CCEDC should actively seek partnerships** with livestock operators, industry groups, Purdue University, the Indiana State Department of Agriculture, USDA and others to explore research or demonstration project opportunities in Carroll County targeted to animal health, environmental protection, and mitigation of negative impacts on property values. CCEDC should maintain a strong partnership with IPC and other livestock-related operations in the county to identify opportunities to collaborate on research funding, demonstration projects, best practices and similar efforts to further the common interests of agriculture and other sectors of the economy and the community.

**Finally, CCEDC should aggressively promote community education** in the practices of operating modern livestock facilities. It is not widely understood, for example, how large modern livestock operations' environmental and monitoring compliance requirements differ from accepted agricultural practices. Open houses, field trips, grower presentations and similar methods designed to increase local knowledge and promote acceptance of modern livestock operations are key to the realization of becoming not only a county with a substantial agricultural base, but also a model for integration of modern agriculture amid a healthy environment in a place that maintains its status as a great place to live.

*Failure to address such challenges poses a material threat to Carroll County’s ability to successfully sustain the largest segment of its economy and use it as a base for economic growth and diversification among allied industries.*

**B. Leverage agricultural business opportunities for diversification**

According to economic impact analyses conducted by Ball State University for this project, the livestock industry in Carroll County purchases over \$33 million in goods and services annually from outside the county and the slaughtering industry purchases in excess of \$130 million from outside. While not all of these ‘imported’ inputs present real opportunities for existing business expansion, new business start-up or business attraction, they serve as a sound base for further refinement by CCEDC as a targeted approach to growth and diversification. Potential Industry opportunities to be explored by CCEDC include:

<u>Input</u>	<u>Customer</u>	<u>“Imported” purchases</u>
Wholesale trade	Slaughtering	\$ 3.23 million
Packaging and containers	Slaughtering	\$ 3.97 million
Banking, accounting, legal, ins.	Slaughtering	\$ 2.18 million
Management, consulting, research	Slaughtering	\$ 2.77 million
Real estate services	Production	\$ 1.76 million
Farm machinery and vehicle parts	Production	\$ 1.32 million
Gasoline	Production	\$ 2.22 million
Animal food manufacturing	Production	\$ 11.4 million
Other inputs	BOTH	\$ 8.44 million

While these business sector descriptions lack the specificity to develop a list of the exact businesses for targeting, they do provide the direction for focused discussion with existing producers and processors to better understand what products and services they import and which ones present real opportunities for Carroll County.

In some cases, the out-of-county suppliers may be part of an integrated chain with common ownership, and therefore provide little, if any real opportunity for expansion. Other potential opportunities presented here and in the Addendum to this report may be confirmed by area producers, processors and others as bona fide opportunities for business growth in Carroll County.

It is CCEDC’s role to initiate these conversations and further the research into determining which sectors and then which individual businesses present real opportunities. This process begins via focused discussions about the topic with existing businesses. It should also be noted that these discussions may produce other opportunities overlooked by the economic impact analysis model employed by Ball State and St. Claire Group. The sectors presented here should be used only as a resource for beginning the discussion with area producers and processors about exploring such opportunities for the county and for its existing agricultural base.

## **STRATEGIC IMPERATIVE 2: A REAL ESTATE DEVELOPMENT PLAN**

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### **General**

A situation analysis conducted for this project identified suitable real estate for business development as a material shortcoming. Without physical places for business development, Carroll County sentences itself to a structural disadvantage in competing for business investment and economic growth.

In this context, 'suitable real estate' has two meanings: one for areas adjacent to the proposed Hoosier Heartland Highway and another for more 'basic' economic development.

### **A. Adjacent to Hoosier Heartland Highway**

Carroll County is certain to attract new business investment near interchanges along the planned Hoosier Heartland Highway without public incentive to encourage it. The question is whether these new investments – resulting from what can rightly be described as a “once in a century” opportunity – will further residents’ common vision for a better Carroll County, or just move existing commerce centers from the county’s cities and towns to the interchanges.

Existing comprehensive plans did not anticipate this opportunity: one that will reshape a significant part of the county’s economy and its visual landscape. The expected economic impacts can reasonably be likened to what followed the coming of the canal and railroads to Carroll County. These impacts will also be effectively permanent in nature.

Those interested in economic and community development must *immediately* engage in county-wide efforts to update zoning codes – and potentially comprehensive plans – to capitalize on this opportunity in a way consistent with county residents’ collective vision. Leading this effort is outside the scope of this project, but Ball State and St. Claire recommend this process begin immediately, with or without outside assistance, as it represents the single most important occurrence certain to impact economic development in Carroll County.

This process could legitimately produce rules as open or as strict as the most-affected communities deem appropriate. For example, a general business zoning designation for these areas can be expected to encourage investment opportunities for the broadest diversity of development types on the earliest time frame and with the least community involvement. At the same time, this approach might also attract unwanted businesses such as adult book stores, lower value-added transportation and lodging facilities, and the like.

Alternatively, more specific zoning designations – perhaps ones not yet defined nor codified – can serve as tools to help attract private investment that furthers a ‘higher’ realization of residents’ common visions for their communities and gateways, consistent with generally-shared community values and expectations.

While the Carroll County Area Plan Commission and the Flora Planning Commission have statutory responsibility for making recommendations to the County Commissioners and Flora Town Council for approval of Comprehensive Plans and Zoning Ordinances, the Ground Rules organization appears well-positioned to coordinate stakeholders’

involvement and encourage plan commissioners' attention to realizing broadly favorable outcomes resulting from this major investment. To be effective within the given time frame, community and economic development leaders must immediately begin to identify and engage a cross-section of county stakeholders, seek public input, propose broad outcomes with specific examples, and make recommendations for actions to the plan commissions and eventually the County Commissioners and the Flora Town Council.

### ***B. For business expansion and attraction***

Suitable real estate for basic business and industry expansion and attraction is characterized as a selection of vacant or developed land alternatives

- adjacent to or served by utilities with available capacity
- zoned to accommodate business uses,
- clearly for sale at an agreed-upon asking price,
- served by good roads, and in some cases railroads,
- properly drained,
- with water pressure, capacity and flow capable of supplying fire protection,
- served by sanitary sewer
- with easy access to natural gas supplies suitable for industrial service,
- having favorable Phase I Environmental reviews in place and soil/geotechnical reviews that identify the land's suitability for construction, and
- with covenants in place to help manage buyers', developers' and neighbors' expectations.

Areas with robust growth, such as those near large metropolitan hub international airports or in rapidly growing urban areas require little, if any, pro-active role by the public to attract business investment: simply set aside areas zoned for specific developments and most often, they will come. But in slow growth areas, such as most of rural Indiana, community economic development leaders *must* take an active role in identifying, gaining control and developing land for economic development purposes if they are to realize sustained success in attracting business investment. For-profit developers simply have better opportunities for return on their real-estate investments.

To further realization of this strategic imperative, CCEDC should lead a process focused on developing real estate under the control of CCEDC or its strategic partners for the purpose of attracting desired economic activity such as manufacturing, processing, logistics, life sciences, office operations, and other value-added enterprises.

While specific tactics, such as the number of such projects and their intensity of use, should be determined by area leaders in tune with their constituencies, it is recommended that CCEDC consider a variety of developments designed to reflect each incorporated community's strengths and range of opportunities. For example, this might exhibit itself in developing entirely different kinds of properties in the Flora area than those around Delphi, Camden, or Yeoman.

The process should begin with a commitment to this one-to-two year goal. It should engage leadership, public and private, from each incorporated municipality in the county and involve consultation with outside partners in development, including IEDC, electric and gas utilities, railroads, highway departments and area planners.

Numerous models exist. CCEDC should engage county economic development leadership in visitations to similar communities that have successfully developed property for economic development. This will help leaders understand various models working elsewhere so they can evaluate and create a structure designed to work in Carroll County.

Specifically, CCEDC should visit Clinton County, a community with approximately 50 years experience in this field. Others for consideration include Marshall County/Plymouth and Jay County. Learning from others presents a viable opportunity for Carroll County to structure a workable model from among many alternatives employed by rural Indiana counties.

Following such exploration, CCEDC should be charged with identifying specific sites/buildings for economic development use. Identification will necessarily include discussion and negotiation with property owners and estimating the costs of real estate improvements and on-going ownership.

Given the public nature of this endeavor, CCEDC *must* develop local allies in this process. Such allies should include, at a minimum, local elected officials at the county, city and town levels, chamber(s) of commerce, and existing businesses. Other allies should also be pursued, such as school corporation leadership, service clubs, and more vertical business classifications, such as downtown merchants, banks, local media editorial boards/staff, neighborhood associations, and others.

***A. Develop a plan***

Attracting funding will require a plan as to how the proceeds will be invested and how they will produce returns. The plan should include estimates for the amount of funding needed to develop properties for economic development. To this end, CCEDC should

- identify potential sites for development
- quantify development costs
- identify the timetable for investment including
  - due diligence
  - land acquisition
  - extension or construction of utilities
  - site improvements, and
  - on-going ownership costs.

The plan should not specify properties under consideration for this purpose. Instead, it should identify the estimated magnitude of this task, an approximate timetable for each phase, and how each municipality will be involved in developing plans to capitalize on its own unique opportunities. Neither should the plan's authors assume that potentially diverse real estate developments throughout the county will occur at the same time. It is much more likely that some economic development real estate projects can be identified and scoped quickly, while others will require more time in planning and due diligence.

Phasing in this way also allows CCEDC to capitalize on shorter-term projects first by allocating collective resources to those with the shortest timetables to completion, while simultaneously permitting longer-term projects to be fully considered, evaluated, and defined in scope, cost, time to complete, and impact.

Completing this plan for real estate development should precede any official approach to funding sources, public or private, requesting their investment in this strategy.

***B. Where is the money?***

Carroll County already has in place a funding mechanism appropriate to this task, the local option Economic Development Income Tax (EDIT). This source has been used creatively by dozens of Indiana counties: for roads, for capital projects such as jails, and for more traditional economic development activities such as those proposed here.

With its existing County Adjusted Gross Income Tax at 1%, Carroll County is capped for EDIT at .25% (one quarter of one percent). The county currently collects .1% (one tenth of one percent). The difference between the existing EDIT rate and the legislatively-imposed cap is .15%. According to figures provided by the Indiana Department of Local Government Finance, Carroll County's .1% EDIT tax generated over \$625,000 in 2003 and 2004 combined, or an average of approximately \$312,000 per year.

Increasing the local tax to the maximum rate of .25% is estimated here to produce an additional \$468,000 (1.5X existing revenues) per year for the initiatives proposed herein without impacting the county's existing EDIT tax spending appropriations.

Recognizing that raising local taxes is seldom a goal of locally-elected officials, a carefully-thought out plan to return these funds through prudent management of resources will be necessary to make a successful case for this investment. Examples of such prudence in asset management might include commitments such as:

- reinvesting proceeds from property sales into the development fund for re-use under the same terms
- leveraging other financial sources, such as private ownership of land with long-term purchase options
- estimating new economic activity (and resulting tax proceed increases) to be realized
- considering a long-term commitment to the development, such as 7-10 years with a 'sunset' on the tax

An approach to the county for approval of this request should be endorsed, both in writing and public testimony, by a broad representation of Carroll Countians including leadership from the cities, towns, townships, businesses, and civic organizations operating within the county.

The impact of a .15% increase in income tax translates into less than \$68 per year, or \$1.30 per week, for the median income household in Carroll County in 2004. After subtracting exemptions and deductions from gross income to determine taxable income, the median income household in Carroll County would more likely invest about \$50 per year – about \$1.00 per week – in this endeavor. Prudent management of this strategic imperative can reasonably be projected to provide returns in excess of such an investment.

## **STRATEGIC DIRECTIONS ACTION PLAN**

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### ***Getting Started***

- 1) Seek endorsement of the Strategic Directions plan by CCEDC Board of Directors
- 2) Organize to implement the plan
  - a) Who will coordinate?
  - b) Who needs to be involved?
  - c) Who will carry on the conversations?
  - d) Who are the key audiences?
  - e) What are the consistent messages?
  - f) Who will be the spokesperson/persons?
  - g) Who will write the plan?
  - h) Who will present the plan?
- 3) Formalize an approach to existing businesses
  - a) Offer the same “packages” for existing businesses as those for prospective business
  - b) Gather competitive intelligence on targeted companies for attraction
- 4) Prepare the real estate development plan
  - a) Seek endorsement of the plan by partners in development:
    - i.) Chamber(s) of commerce
    - ii.) Business associations
    - iii.) City and towns
    - iv.) Individual businesses
    - v.) Residents
    - vi.) Community organizations
    - vii.) Business development organizations, such as IEDC and utility economic developers
  - b) Consult with county elected officials
- 5) Organize a request for county EDIT funding
- 6) Finalize land control agreement(s), due diligence process, project financing and pricing
- 7) Begin physical development and marketing of the properties