A Decade of Change – From Economic Downturn to Economic Dynamo

2018 Year End Report
Department of Economic Development
William Schalliol, Executive Director of Economic Development

ECONOMIC OVERVIEW
In Fall of 2007, economic indicators were pointing to the potential of a major market correction. Locally, the economy was starting to show strains as the Elkhart County RV and manufactured housing market were starting to see major dips in sales which in turn slowed production. Major real estate projects like Portage Prairie on the northwest side of South Bend and the recently announced Eddy Street Commons south of the University of Notre Dame campus were in their infancy but were struggling to find lead tenants to help fill out their project plans. In 2007, the Capital Avenue Expressway was not yet complete south of the St. Joseph River and construction planning was underway for a new underpass at the Norfolk/Southern tracks and completion of the four lane segment to connect to the St. Joseph Valley Parkway to coincide with the completion of the underpass. At the General Motors/AM General commercial vehicle production facility, the MV-1 was just beginning production to replace the void left when the Hummer H2 vehicle ceased production in Fall 2006. Lastly, the Mishawaka River Center, the site of the former Uniroyal complex was sitting largely empty with little developer interest while the City continued to move forward with plans to develop Beutter Park, a pedestrian bridge over the river to connect to riverfront trails and other quality of life amenities while they waited for development to occur.

In December 2007, the Great Recession began. The Great Recession impacted commercial markets, residential markets and had major impacts on employment both nationally and regionally. In December 2007, the unemployment rate in St. Joseph County was 4.9%. With a steady rise over the next several years, the local unemployment rate hit a high of 13% in February 2013.

In the ten years since the Great Recession, not only has the local economy recovered, but St. Joseph County has again become the regional center for growth and development in north central Indiana and southern Michigan. Ameriplex 80/90 (formerly Portage Prairie) which was just breaking ground in 2007 is nearing full development buildout and new building projects like CTDI, FedEx, Hubble/RACO, and AM General have transformed this park into a regional logistics hub. Construction plans also point to Amazon taking residence in the park in 2019. Eddy Street Commons, also started in 2007, is complete with the opening of the Embassy Suites Hotel, and Phase II of Eddy Street Commons is well underway and will welcome tenants and residents in 2019. The Capital Avenue Expressway, completed from the Bypass on the south to the Indiana Toll Road entrance to the north is a major economic corridor. Beacon Parkway, being developed by the City of Mishawaka between Capital Avenue and Fir Road is home to a number of Beacon Health System projects and will serve as a major connector into the Main Street/Grape Road commercial corridor to the west. In December 2017, Chinese owned SF Motors became the new owner of the former General Motors/AM General commercial vehicle production facility and will begin production of electric cars (SF 5 and SF 7) in 2019. Lastly, the Mishawaka River Center is home to much new construction with townhome development occurring on the western end of the site, the renovation of the Carnegie Library building into the Jesus Latin Restaurant and Tequila Bar, the Flaherty & Collins Properties Mill at Ironworks Plaza mixed use housing project and parking garage, and the continued redevelopment of Central Park and the Hospice Campus at the eastern edge...
of the park. Early reports suggest that additional multi-level housing projects and a hotel project are planned for the River Center in 2019.

These five projects are just a basic indicator of how St. Joseph County has weathered the economic downturn of 2008 and become an economic dynamo for regional development. This list does not include the continuing redevelopment of the entire downtown of South Bend including new housing projects all over the central core such as the Three Twenty at the Cascades project in the East Bank and the Berlin Flats around the renovated Four Winds Field ball park and the improvements being made to the former Studebaker Building 84 as part of the Renaissance District project. This list of five projects also fails to illustrate the growth and development planned for the Indiana Enterprise Center in the New Carlisle area which was kickstarted by the opening of the first phase of the St. Joseph Energy Center and the development of a batch plant by Smith Ready Mix, or projects like the expansion of the Hydro Extrusion (former SAPA Industries) facility in North Liberty, the opening of the Hiler Media Center in Walkerton or any of the various improvements which seem to be constantly occurring on the campuses of the University of Notre Dame, St. Mary’s College, Holy Cross College or Indiana University South Bend.

In December 2018, the unemployment rate for St. Joseph County was 3.6% (3.2% was the lowest point since the Great Recession and it occurred in May 2017). This low unemployment rate for the County, matched with a 2.8% unemployment rate in Elkhart County, could create a workforce challenge as we look to advance economic development activities in St. Joseph County.

Economic Development in future years will be measured more by investment value, market positioning and core sector continuity rather than jobs creation. Partnering with the South Bend Regional Chamber, the South Bend-Elkhart Regional Partnership and the Indiana Economic Development Corporation as well as our business partners at AEP/I&M, NIPSCO and the local communities will help keep our development efforts focused on positive gains and growth and prosperity development for residents, business and industry partners in St. Joseph County.

**TOP ECONOMIC PROJECTS/NEWS**

- St. Joseph Energy Center (New Carlisle) facility opens in June
- Smith Ready Mix (New Carlisle) opens new batch plant facility in October
- SF Motors purchases former AMG facility in November 2019; plans to add $20M by 2019
- Hydro Extrusions (North Liberty) proposes $9.5M facility expansion
- South Bend Distribution Center II (Ameriplex 80/90) proposes new 210,000 SF facility
- Four Winds Casino opens facility in January
- Opportunity Zone designation for seven sites in St. Joseph County
- Courtyard by Marriott Hotel (Downtown South Bend) opens in April
- South Bend International Airport launches Project Propel (fly local campaign)
- South Bend International Airport announces two daily direct flights to Charlotte and Dallas/Fort Worth on American Airlines
- Beacon Health Systems begins construction on an admin building and a new emergency medical facility on Beacon Parkway
- Liberty Tower, Phase II (Downtown South Bend) improvements begin with additional work on the public spaces associated with the Aloft Hotel and the future residential units
- Vibra Hospital (Mishawaka) planned for Edison Lakes Parkway
- University of Notre Dame releases five year economic impact report which notes $2.46B impact
• Three Twenty at the Cascades project (Downtown South Bend) begins construction project
• Mill at Ironworks Plaza (Mishawaka) mixed use housing project and parking garage
• 300 E LaSalle Project (South Bend) breaks ground adjacent to former Commerce Center
• Embassy Suites Hotel (South Bend) opens at Eddy Street Commons
• Hibbard Building (Downtown South Bend) completes renovation and residential and commercial tenants move in to the facility
• Garth Brooks plays concert at Notre Dame Stadium in October
• Habitat for Humanities Carter Build Project (Mishawaka) builds first phase of project

PERMIT ACTIVITY
Building permit activity and estimated construction value are general indicators on the health of the development activity within a region. The following is a summary of highlights from the year end building reports from St. Joseph County, City of South Bend and City of Mishawaka:

**St. Joseph County**
- 175 new single family home permits and 2 multi-family permits issued
- Commercial permits with an estimated construction value of $24.3M
- Commercial permits for additions/alternations with an estimated construction value of $24.2M
- Public/Semi-Public Building permits with an estimated construction value of $42M
- Public/Semi-Public Building permits for additions/alternations with an estimated construction value of $37.3M
- **Total value of all permits in 2018 was $231.7M**

**City of South Bend**
- 92 new single family home permits and 29 multi family permits issued
- Commercial permits with an estimated construction value of $41.3M
- Commercial permits for additions/alternations with an estimated construction value of $26.3M
- **Total value of all permits in 2018 was $182.4M**

**City of Mishawaka**
- 56 new single family home permits (36 in 2016, 78 in 2017)
- Commercial permits with an estimated construction value of $110.5M
- **Total estimated construction cost of $158M for all permits issued in 2018 (up 16% from 2017)**

GRANT PROJECTS
In an effort to extend County resources and develop projects outside of normal funding measures, the County applied for three grant programs (in addition to those projects applied for by the Public Works Department). The grants were as follows:

**BUILD Grant – Infrastructure Planning Grant for Indiana Enterprise Center**
- Grant administered by U.S. Department of Transportation
- Application was for $2,415,000 total ($1,932,000 federal match – 80/20 grant)
• Not successful with grant as US DOT did not award any Planning Grants

→ NOTE: While not successful with this BUILD Grant application, the County did send a letter of support on behalf of coalition requesting funding for US 20 Bypass extension to I-94; grant approved for funding by U.S. Department of Transportation

Local TRAX Grant – Overpass at Douglas Road
• Grant administered by Indiana Department of Transportation
• Application was for $22,700,000 total ($13,620,000 State match – 60/40 grant)
• Not successful with grant due to size of request and lower amount of crash incidents at intersection crossing

EDA Grant for Fiber Conduit Project (IEC/New Carlisle)
• Grant administered by U.S. Economic Development Administration (Dept. of Commerce)
• Application was for $2,100,000 total ($1,050,000 Federal match – 50/50 grant)
• Grant awarded to St. Joseph County; construction to be completed by 4th quarter of 2019

MAJOR FOCUS AREAS
Over the course of 2018, economic development staff time was divided into five different project categories. The five categories are as follows:

The first major focus of staff time in 2018 was dedicated to advancing the Indiana Enterprise Center. The major planning project started in 2017 continued through the year and much work was spent studying all aspects required to create development opportunities within the existing industrial areas of the Indiana Enterprise Center and in areas within the Town of New Carlisle. The planning project has brought together a diverse team of engineering firms and other professional service providers to assist with the study of utilities, land use, environmental conditions and other development attributes. The Town is separately working on a master planning effort that will be integrated into the larger planning effort once completed. The major economic development projects that occurred within the Indiana Enterprise Center in 2018 was the completion of the St. Joseph Energy Center and the completion of the Smith Ready Mix batch plant on Edison Road. It is the goal of the planning process to finalize the framework of the master plan in 2019 and use the plan as a guidance document for assisting with planning and coordinating new development in the development area.

The second major focus area in 2018 was predevelopment and pre-planning for a project in the SR 933 Corridor (Angela to the State Line) in partnership with Holladay Properties and several development partners to examine the potential to create an economic development area for a section of the SR 933 corridor from Angela to Douglas Road. Holladay Properties is considering the development of an $85M mixed-use project on a tract of land at the northeast corner of SR 933 and Douglas Road and that will be the basis for the consideration of the designation of a development area (Dixie Highway Economic Development Area). As part of the project, the County is working with the State of Indiana to examine the potential for the transfer or relinquishment of the SR 933 Corridor to allow it to be locally controlled. The ability to have local control of the roadway will allow the County and the Town of Roseland to begin a corridor study to examine development potential and infrastructure design and improvements.
The third major focus area involved the Capital Avenue Economic Development Area. Originally designated in 2001 to support the GM commercial division of AM General, the new focus is working with the new owners of the commercial vehicle assembly facility along McKinley Road which was sold to SF Motors in December 2017. SF Motors is a Chinese owned company with a U.S. business office in Santa Clara, California. The County worked with the new ownership team on the transition and planning for reuse of the site. This work culminated in a Development Agreement which supported a personal property tax abatement in exchange for $20M in new private investment and an employment plan that would employ over 240 people within three years as the facility ramps up production capacity. A highlight of working on this project was a site visit to the unveiling of the SF 5 and SF 7 vehicles at a press event at the Santa Clara facility.

The fourth major focus area related to the advancing rail development opportunities in St. Joseph County. The SBN Logistics Park in the south west quadrant of the South Bend International Airport campus is a major focus area for rail development. With the potential to build one rail that could service two trains (NICTD passenger service and CSS freight service) as part of a station relocation project, the SBN Logistics Park can be developed into an air-rail-road logistics center that will complete freight activities at the Airport and Ameriplex 80/90 and the Indiana Enterprise Center. Rail opportunities are also being considered in Walkerton with CSX Rail Road and at a development site along McKinley Avenue in partnership with the Elkhart & Western Rail Road.

The fifth major focus are related to partnership and coordination with the Towns. The Hydro Extrusions in North Liberty moved forward to a successful outcome through coordination with Town officials and officials from Hydro. The Hiler Media Center received a brownfield grant through the South Bend Brownfield Coalition and that assisted with predevelopment costs to examine environmental issues. The County is coordinating the transfer or relinquishment of SR 933 and SR 931 with the Towns of Roseland and Lakeville respectively. There is much activity that could occur in the Towns with some assistance from the County, but the lack of a larger staff team has hampered additional project partnerships.

REDEVELOPMENT COMMISSION ACTIVITIES

- Created a regular monthly meeting schedule to add structure to the Redevelopment Commission. All meeting schedules and minutes are posted to the County website for public review. The Redevelopment Commission met 9 times in 2018.
- Reviewed all Economic Development Areas to verify that the correct parcels were included in each of the development areas. This verified information was used for annual Gateway filing as well as coordination with the County Auditor’s Office for TIF neutralization reports and other annual reporting.
- Created a budget plan to better identify tasks and fund use in each development area. Budgets were presented to the Redevelopment Commission three times during the year to provide better information about fund balances and project status information.
- In February, approved professional service contracts to create a team to develop required information for the designation of the Dixie Highway Economic Development Area.
- In March, approved an agreement to fund the purchase a new fire truck for the New Carlisle/Olive Township Fire Department. Delivery of the vehicle is estimated for March 2019.
- In March, approved the professional service agreement with The Antero Group for the development of an action plan for the SBN Logistics Park.
• In June, approved an agreement to develop a design plan for a grade separation project at Douglas Road. This project serves as the basis for the Local TRAX grant application.
• In August, approved a professional service contract with Danch, Harner & Associates to begin a detailed study for the potential expansion of the Evergreen Industrial Park on McKinley Avenue north of the SF Motors complex. A second land study was also approved to begin the process of master planning the vacated Central Highway Garage site on Lathrop Drive adjacent to the South Bend International Airport.
• In October, approved a two-party agreement with NICTD to study the potential for development of a new passenger rail station in New Carlisle.
• In October, approved the development agreement between the County and SF Motors.
• In December, reported on the status of the three grants submitted to various funding partners.

THE FUTURE OF COUNTYWIDE DEVELOPMENT PROJECTS – ONE STOP SJC

• **One Stop SJC (Building/Development Process Realignment)**
  In April 2018, department leadership from the Area Planning, Building Department, Public Works Department, Economic Development, County Surveyor and Health Department began weekly meetings to coordinate on activities and programs to provide better service across all agencies. One of the major issues identified was the need for a centralized permitting system that could be implemented and use by all departments to better track development progress and assist with moving projects through the system. In Fall 2018, the Board of Commissioners approved a contract with David Fazio to build out a permit system. The system expanded the system presently available in the Building Department. To date, the permit system is being developed and several modules are in use by many of the department users. This is a huge win to move development forward in the County.

  As of the first day of 2019, the new Department of Infrastructure, Planning & Growth launched as a merged department combining Area Plan, Economic Development, Public Works and the Office of the Surveyor. This new office will be a super agency to create a centralized development organization with a forward looking view of development. The goal of this office is to “find ways to say yes to development” while adhering to good planning, design, construction and growth principles. At the present time, the new Department has offices on two floors, but the long term plan is to be centralized in new office space on the 3rd Floor of the Law Building with proximate access to the Health Department (2nd Floor) and Building Department (1st Floor).

CAPITAL IMPROVEMENT PLAN

Items related to Economic Development or projects within the various economic development areas was submitted as part of the Public Works action item list.