



# Auto Rejuvenation

## Filling Vacated Plants No Easy Task

When Getrag's agreement to produce transmissions for Chrysler fell through in 2008, it left a still-under-construction manufacturing facility in Tipton without a tenant. Abound Solar, a solar panel manufacturer, is slated to fill the void.

**A**nderson. Elkhart. Connersville. Muncie. Name these and other Indiana cities, and there's a legitimate chance its residents can tell you about an automotive or other major production facility that's no longer in business. When these operations shut down, it's not only the crucial jobs that are lost, but the buildings themselves that can soon be on the way to ruin – think of a stripped out Volkswagen van about five years removed from Woodstock.

“These sites are often designed for specific uses, so the flexibility is not great,” remarks Jay Julian, president/CEO of the Muncie-Delaware County Chamber of Commerce and a veteran of economic development efforts. “There are ceiling height issues, space issues, and they can be tough to transform.”

### Connersville

When the Visteon plant in Connersville closed in 2008, the city had a double dose of problems on its hands: many locals left without jobs and a large vacant facility to deal with.

Visteon sold the building to the city for \$1, generating a significant tax break for the company. However, Connersville Mayor Leonard Urban explains some controversy arose because once the company filed for bankruptcy, it was technically unclear if it retained possession of the building. Once the legal process ran its course, the building was indeed transferred to the city in late 2009.

Urban relays challenges of keeping the building functioning until a tenant could be found. Most notably, heating the building during the winter months took some ingenuity and special rigging.

“It never got above 42 degrees, but we just wanted it to not freeze,” he says.

The city borrowed \$5 million from state and federal sources to maintain the building and address environmental concerns. Additionally, Fayette County pays \$20,000 per month for utilities.

The courting process of trying to bring Carbon Motors, an Atlanta-based start-up that produces state-of-the-art police vehicles, to the area was a lengthy one. However, the city feels upfront costs and efforts will not go in vain once the new tenant employs an estimated 1,550 residents by 2017. Carbon Motors is expected to begin production in 2012.

### In the middle

While local economic development organizations and the Indiana Economic Development Corporation (IEDC) play key roles in the state, site selection agencies – like Ginovus in Indianapolis – work with clients across the nation to match them with the right facilities.

“We represent private sector companies who normally want to move in a hurry,” Ginovus Managing Director Larry Gigerich explains. “There are a lot of buildings now, so it's a great market for that.”

Julian concurs, stating, “Site selection is an industry in itself – and a robust one.”

Additionally, Julian notes that construction companies often get involved when they have clients with very specialized needs.

To provide insight into the process, Gigerich relays stories of some work and outcomes with recent clients.

“We had one client in Elkhart interested, but nothing has come to fruition yet as the cost to

**By Matt L. Ottinger**



**Connersville hopes Carbon Motors can come through on projections to bring more than 1,500 jobs to a plant once occupied by Visteon.**

convert the space to an office – and to building the telecom infrastructure – was cost prohibitive,” he offers. “And we had a client interested in a new building along I-69 near Fort Wayne, but they ultimately decided to build on their own facility due to ceiling height and column spacing issues.”

## Challenges

Gigerich notes that many factors can pose problems when trying to fill vacated manufacturing facilities.

“Environmental issues like soil and water problems are certainly at the top of the list,” he says. “Ceiling height is another factor that might be critical. Anything built before the 1980s may have lower ceilings than you’d like. Some that were built in the 1940s may just have 14- to 16-foot ceilings, and typically anything under 24 feet would be a challenge (for a modern manufacturing facility).”

While inflexibility can prove cumbersome, Julian notes that on occasion buildings will offer a unique amenity that wouldn’t otherwise be found.

“One facility I worked with had a 30,000-square-foot cleaning room,” he recalls. “They had very exacting processes to remove contaminants in the air; it was almost like lab space. Something like that can be very attractive to a certain type of business.”

Gigerich adds that most often it’s multiple businesses that will end up filling one large facility, instead of another massive operation.

“It’s not often that it will be just one company filling it;

Carbon Motors in Connersville was a more unusual situation,” he surmises. “Most large older buildings will end up becoming multi-tenant.”

He observes that some facilities have become incubators, as well. For example, when Delco Electronics Corporation in Kokomo closed in 2003, the company donated its nearly 100,000-square-foot headquarters to the Kokomo Howard County Development Corporation (KHDC). It then turned the facility into Inventrek Technology Park, an incubator for technology-driven businesses in the area.

## Tipton

In 2008, the deal to produce 700,000 transmissions for Chrysler at the Getrag plant under construction in Tipton was terminated by the carmaker. That left a new \$530 million factory without a tenant until Abound Solar Inc. – a Colorado-based solar panel manufacturer – announced this summer that with the help of a \$400 million federal loan guarantee in addition to local incentives, it would move into the facility. The company hopes to bring 850 jobs by 2013.

“When we have sites like this, generally the IEDC or a large company itself will contact local economic development,” says Tipton County Economic Development Director Gayle Van Sessen. “We’ll then communicate that the community will work with them in terms of credits, abatements, relocation packets and whatever else we can.

“IEDC was the main partner in this,” she explains. “And while the site was on county property, the city, county and our economic development team all worked together with attorneys to make it happen.”

Blair West, IEDC director of media relations, offers, “We can help leverage federal funding. We can provide site selection services and provide information and lists of available properties that fit certain criteria.”

West says it’s difficult for some to consider such large, empty buildings as assets rather than liabilities, but they can be beneficial in attracting a company to an area.

Van Sessen notes the bid was also given a boost when a grant was received from the Indiana Department of Transportation to enhance the county road next to the plant.

Transportation factors, according to Gigerich, can often prove critical.

“Often, access to an interstate will be the most desirable,” he shares. “Many companies want their plants to be close to an interstate corridor.”

## Other role players

Elkhart has been in the national and statewide spotlight for its economic struggles, highlighted by several visits from President Barack Obama in 2009.

“It was kind of good for us when Obama came to town in terms of drawing attention to the area,” says Kyle Hannon, vice president of public policy and media relations for the Greater Elkhart Chamber of Commerce. “But what’s interesting is that some people contacted us expecting free buildings, but that just wasn’t the case. In some cases, we had some companies

*Continued on page 81*

## Auto Rejuvenation

*Continued from page 71*

bidding against each other.”

Hannon explains that while logistically it's the local economic development organizations that work to coordinate and welcome businesses into town, local chambers can play an important role.

“Our role is to help this go as smoothly as possible,” Hannon contends. “And we can take positions politically that an EDC (economic development corporation) can't. We have some strong communities here like Goshen and Elkhart, and then Nappanee, but everyone seemed to have their own procedures for tax abatements. So we were able to ask those communities to streamline their abatement process.”

At the time of this writing, Hannon reports that was in the process of happening.

“Something else we pushed for that did happen was to recommend a one-stop shop permit center,” he says. “Companies were having to run all over town to obtain permits, so we thought that made sense. These are things the EDC can't really spend time messing with, but in the long run it's a bigger issue and (the Chamber was) happy to help make that happen. We can take the heat for it, too; we have big shoulders.”

### Sound advice

Van Sessen adds that the process can be complicated, and it's critical for local officials to enlist knowledge of those well-versed in it.

“I think it's important that these communities understand they need expert advice and partners – like the IEDC and governor's office, and qualified legal advice,” she asserts. “A lot of the people (in local government) working on this are elected officials, so this usually isn't their area of expertise.”

Additionally, Urban advises smaller towns and rural areas looking to fill such facilities to be aggressive when recruiting potential businesses to the community.

“A small city like us, you need to stretch your neck out,” he discloses. “You have to look out for yourself, or nobody else will. If we hadn't, that building would be deteriorating right now.”

#### INFORMATION LINK

**Resources:** Larry Gigerich, Ginovus, at [www.ginovus.com](http://www.ginovus.com)

Kyle Hannon, Greater Elkhart Chamber of Commerce, at [www.elkhart.org](http://www.elkhart.org)

Jay Julian, Muncie-Delaware County Chamber of Commerce, at [www.muncie.com](http://www.muncie.com)

Leonard Urban, city of Connersville, at [www.connersvillecommunity.com](http://www.connersvillecommunity.com)

Gayle Van Sessen, Tipton County Economic Development, at [www.tiptonedc.com](http://www.tiptonedc.com)

Blair West, Indiana Economic Development Corporation, at [www.iedc.in.gov](http://www.iedc.in.gov)