



Southern Comfort

Regions Strive to Enhance Economic Efforts

By Matt L. Ottinger

From the Brown County forestry down to the quaint appeal of historic river towns like Madison or the bustling commerce of Evansville, Southern Indiana exemplifies all there is to love about being a Hoosier.

But just like anywhere else, it's an evolving region, especially in terms of economic development. Speaking with the heads of local organizations, one comes away with a sense of optimism, although challenges remain. Global economic doldrums notwithstanding, concerns persist with manpower, infrastructure and transportation.

'Derby City' horse race

Michael Dalby, president/CEO of One Southern Indiana, notes that even though the region's largest city, Louisville, is in Kentucky, it still is quite beneficial for Southern Indiana, namely Clark and Floyd counties.

"Louisville drives a lot (of commerce) on this side of the (Ohio) river," he says. "There are many suppliers here, and their vibrancy depends largely on Louisville. There are a lot of educational opportunities and health care facilities in Louisville, too."

He adds that Louisville is logistically a great help to Indiana as well.

"Louisville excels in distribution and has a UPS air hub, which brings many businesses to this region," Dalby remarks. "There's a river, a port and a major switching yard in the area."

Dalby points out that many consider Jeffersonville, New Albany and other communities to be "north Louisville," as it acts much like an inner suburb, with many Hoosiers having shorter commute times to the city than some in Kentucky.

He observes, however, that his region must face the same ebbs and flows of Louisville.

"Louisville has always been heavily into the automotive and appliance sectors," Dalby offers, adding that the decline of the automotive industry has been well documented, but that appliances have also been impacted due to the downturn in the housing market.

He notes, however, that Southern Indiana is "blessed with a diverse economy," which cushions the collective impact.

Kerry Stemler, owner of construction and trucking businesses in New Albany and active in a variety of economic development initiatives, explains that business owners in the region have had to make difficult decisions.

"We've had to reduce some staff," he offers. "We have had some very good people, but you have to have great people in this economy. We must be in survival mode, so the workforce must work diligently. I think in the future, employers will have to be more selective and cautious in

More seamless regional travel is the goal of the Ohio River Bridges Project. Existing connections between Jeffersonville and Louisville would be supplemented by a new downtown bridge (illustrated at the bottom of the photo).

their hiring, and this is a certain component that will change forever. It will reset to a new way of doing business.”

Connectivity is king

The Ohio River Bridges Project, a \$4.1 billion undertaking between Indiana and Kentucky, began preliminary construction in 2006 and is slated for completion by 2024 based on current funding levels. The project will feature the assembly of two new bridges and the reconstruction of the Kennedy Interchange (which includes the convergence of interstates 64, 65 and 71), commonly referred to as “Spaghetti Junction.” Indiana’s share of the funding is estimated to be \$1.15 billion, and Kentucky is scheduled to contribute \$2.92 billion.

“That’s been in the works for many years, but it’s now closer than ever to being done,” Dalby notes. “There are plans for Indiana and Kentucky governments to come together on this. It would mean more transportation choices and accessibility, which could create many jobs.”

Stemler adds the Ohio River itself is also an advantage to the area.

“The Port of Jeffersonville is the fastest growing inland port in the United States,” he says. “Logistically, this is a supply chain part of the state.”

Additionally, the River Ridge Commerce Center project (underway since 1998) is slated to transform several thousand acres of land along Indiana Highway 62 in Clark County into a modern business park. Currently, 280 acres have been developed, and an estimated 75% of the jobs created there are in manufacturing and distribution.

“River Ridge has already created 2,700 jobs and is a major economic driver of the region,” Dalby shares.

Letha Cupp, public relations and communications assistant at the River Ridge Commerce Center, reveals that thus far, real estate developers and their tenants have made \$139 million in private investment toward the project, the River Ridge Development Authority has added \$4 million in infrastructure reinvestment and \$2 million has been contributed in federal and state funds.

Columbus and crew (South Central Indiana)

Jim Plump, president of the South Central Indiana Economic Development Group (which serves 10 counties: Bartholomew, Clark, Decatur, Floyd, Harrison, Jackson, Jefferson, Jennings, Scott and Washington), also touts the diversity of the Southern Indiana economy. However, he admits his region has been privy to a rather peculiar twist of fortunes during the past decade.

“It’s ironic; I think up until last year, our biggest challenge was our workforce,” Plump surmises. “We’d been on a good roll (in terms of attracting businesses to the area), but had a challenge with companies in rural areas finding workers with proper skills. We’ve worked hard to overcome that so it’s not a challenge anymore, but now it’s hard to identify companies with the capital to expand in this environment.”



The River Ridge Commerce Center, a Clark County business park, has already created nearly 3,000 jobs and featured almost \$140 million in private investment from developers and tenants.

He outlines the importance of promoting the region across the country, as well as abroad.

“By and large, we came through a period in the past 10 to 15 years where a lot of positive things occurred; then things took a turn for the worse,” Plump says. “So we’re trying to get our name out. We do receptions in Chicago and even did one in Japan last year. We’re actually contemplating more international trips. We just have to be in position – in terms of marketing, workforce and infrastructure – so that when the economy turns, we’re ready.”

Plump adds that a key selling point of his region is that a business is no more than an hour from one (or more) of three metro areas (Indianapolis, Louisville and Cincinnati).

When asked if the counties work well together, he figures that some competition does exist when recruiting businesses. But, he contends that bringing companies to the region trumps any cross-county battles simply because most areas will benefit.

“Boundaries are more for politicians; companies are not as concerned about it,” Plump argues.

‘River City’ shuffle (Southwest Indiana)

When asked about progress in Evansville and Southwest Indiana, Greg Wathen explains there are many factors at play. Wathen is president/CEO of the Economic Development Coalition of Southwest Indiana (covering Gibson, Posey, Vanderburgh and Warrick counties).

“It depends on the sector,” he relates. “In general, we’re holding our own. We took our hits early (in the recession), but we haven’t seen many business closings – just downsizing. We’ve found companies are still investing, but being more strategic about it. It’s a much more amplified theater.”

Wathen believes the greatest challenge is the lack of knowledge regarding the area.

“Part of our problem is that we don’t have much of a perception (as a business hub),” he reflects. “That’s part of our challenge – to overcome that. For example, many people probably have no idea that Evansville is home to the state’s largest (Indiana-owned) bank (Old National).”

Wathen notes that life sciences will be instrumental in the region’s economic growth.

“We’re looking at life sciences, though it will be different



Toyota's Princeton plant continues to be an integral part of the regional economy. The facility recently produced its one millionth Sienna minivan.

from life sciences in other parts of the state," he offers. "And we have Mead Johnson, a company focused on nutritional development."

He adds that the expansion of I-69 will ultimately help to logistically enhance commerce, and that energy development will play a factor as well.

"We'll be focusing on the positive aspects of energy development," Wathen explains. "We have Babcock & Wilcox (in Mount Vernon), a developer of nuclear energy. There is interest in wind technology in the region now, too."

According to Jim McKinney, president/CEO of Regency Properties, an Evansville-based property developer and manager, the area's diversified economy provides a neutralizing force during economic fluctuations.

"In Southwest Indiana, there is not as great a downturn due to our somewhat diversified industrial base; reliance on agriculture, which has not dropped off; and continued Toyota expansion," he says. "When times are good, we grow, although not at the rapidness of some growth areas. When there is a recession, we pull back and the impact is not nearly as great."

In early July, Toyota confirmed it would invest \$500 million to revamp its Princeton plant so it could produce the Highlander SUV. The facility and its 4,600 employees are critical to the region. The plant had previously produced the Tundra pickup, but the smaller Highlander, which has better gas mileage, was deemed a better fit for the facility as the Tundra's manufacturing was consolidated in Texas.

McKinney adds that apartments in the region are seeing higher occupancy rates than those in other parts of the country, although the mixed-use development market is stagnant.

"People are not speculating ahead and money is not available," he surmises. "The lending climate is very, very cautious."

Trio in harmony?

A unique characteristic of Southwest Indiana is that the economic region is comprised of three states (Indiana, Illinois and Kentucky). According to Wathen, that begets both challenges and opportunities.

"We all share part of the same labor shed and they're part of our market," he says. "There are 23 counties and 750,000 individuals in this region. It's difficult to discount that. In fact, in Indiana, a large portion of our 92 counties border other states. That needs to be factored in more (when state authorities cultivate incentives). The Evansville Regional Airport serves three states, for example. We definitely have a tri-state economy."

He says his organization hosted a regional summit last year for 28 counties.

"There are advantages in working together," Wathen notes, adding that his coalition and its partners helped attract \$309 million in new investment and 1,600 new jobs to the region last year.

Revelations

Stemler notes that one key issue plaguing Southern Indiana is that it doesn't connect well with Central Indiana, or even state government.

"I think we have to change that," he contends. "We have to drive up there and talk about it. I think we have a governor who will recognize the whole state and embrace you if you communicate."

All told, Stemler is one business owner who expects Southern Indiana to thrive in the future, asserting, "Everybody should fasten their seat belts, because this part of the state will be doing some good things for Indiana."

INFORMATION LINK

Resources: Michael Dalby, *One Southern Indiana*, at www.1si.org

Jim McKinney, *Regency Properties*, at www.regency-prop.com

Jim Plump, *South Central Indiana Economic Development*, at www.southcentralindiana.com

Kerry Stemler, *KM Stemler Company*, at www.kmstemlerco.com

Greg Wathen, *Economic Development Coalition of Southwest Indiana*, at www.southwestindiana.org