

The Proposed Indiana Enterprise Center: The Risks of, and Alternatives to, a Flawed Economic Development Model

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SUMMARY

This report examines the industrial megaplex proposed for the New Carlisle area, the Indiana Enterprise Center (IEC). The report contends that the IEC is a gamble that St. Joseph County should avoid and is based on a flawed and counterproductive model of economic development. The current proposed IEC model takes its central objective to be the attraction of business—and in this case, large-scale, industrial sites—using tax incentives such as tax abatements and tax increment financing (TIF) districts. Pursuing this model has and will add to the tax burden of county taxpayers and deprive local governments of needed funds. In addition, this favored economic development model is often unsuccessful even on its own terms, misunderstands the process of economic growth and development and ignores the real economic development goals of the people of St. Joseph County.

The use of tax abatements gives subsidies to companies. These abatements mean that taxing jurisdictions do not collect all the property tax revenue that they could. For example, the St. Joseph Energy Center, an investment within the proposed IEC area that attracted a lot of attention because of its large size, is estimated to have cost taxpayers \$60 million in lost property tax revenue. Moreover, it created only 20 permanent jobs.

Current tax increment financing (TIF) districts, which finance the proposed IEC, capture tax revenue that otherwise would have gone to the relevant taxing jurisdictions in the New Carlisle area, such as the Town of New Carlisle, Olive Township, New Carlisle libraries, and local school districts. It is estimated that Olive Township has lost tax revenue equivalent to approximately one-fourth of the funds it can spend out of its General Fund; in the case of the town of New Carlisle, approximately one-tenth.

This currently favored but flawed economic development model causes other problems. Arguably, the most important of these is its misunderstanding of the meaning of economic development. What the model takes to be economic development is really economic growth. Economic growth is simply an increase in the value of goods and services produced. It says nothing about the usefulness of the goods and services, the conservation of natural resources for future wealth, nor the impacts of this activity on inequality. Therefore, even economic “growth” may be accompanied by a worsening of the distribution of income and wealth. True economic development has to improve people’s lives, not harm them. Since the majority of

residents in the New Carlisle area are firmly of the opinion that the proposed IEC will harm them and their quality of life, it cannot be considered economic development.

This report also analyzes how the New Carlisle TIF districts have been drawn upon to finance the proposed IEC. As of November 2020, \$8.6 million has been spent on the proposed IEC, with more than \$4.5 million being spent on consultants and more than \$2.7 million for property research and acquisition. This \$8.6 million spending was financed by a bond issued in 2016. In future years, property tax revenue generated by the two New Carlisle TIF districts will have to be devoted to repayment of the bond's \$8.7 million principal and the accompanying \$3.3 million interest on the bond.

In addition to these financial costs of the IEC, there are significant non-financial costs. These include the loss of agricultural businesses and land area; environmental concerns, including water, air, traffic, light, and noise pollution; reduction of services for residents of the county; neglect of needed development in other areas of the county, particularly in Black and brown neighborhoods; and a reduction in the quality of life for area residents.

This report concludes with a discussion of a new vision for economic development for the county. That new vision recognizes that development must provide benefits to area residents and improve their quality of life; that farmland is not vacant space, but rather the location of legitimate economic activity; and that development must be shaped by the needs and concerns of the people, current and future, who will be impacted. This alternate view of economic development values community wealth-building and focuses on broadening prosperity in a sustainable fashion; takes care of our diminishing natural resources, grows our local, existing businesses; and emphasizes, especially for communities of color, rebalancing our economy in order to lessen inequality and to spread ownership.

INTRODUCTION

The Department of Infrastructure, Planning, and Growth of St. Joseph County (IPG) has undertaken a rurally located development planning effort called the Indiana Enterprise Center (IEC). The proposed IEC is an attempt to attract large-format industry by preparing large shovel-ready parcels within the western portion of St. Joseph County. The IEC, as currently proposed, would be located east of the town of New Carlisle and west of the city of South Bend, in Olive Township, St. Joseph County. The IEC draft Area Management Plan presents 7,200 acres of industrial development as the Core Development area of the proposed IEC, of which approximately 2,200 acres has been previously developed.¹

However, the approach to the proposed IEC by St. Joseph County is based on a flawed model of economic development and puts the county in the position of taking a very expensive and risky gamble in order to recruit new businesses. Notably, the county has not laid out specific goals, promises, or outcomes for the proposed IEC with respect to jobs, tax revenue for the county, or increased economic activity. The current proposed IEC plan does not prove that the benefits will be worth the risks taken. It is a gamble that does not acknowledge the full cost and never discloses the possible returns. No fallback alternatives are provided, and if the goals are not realized, no termination date is suggested. The proposed IEC plan is public financial investment for the sake of itself, without any clear promised or demonstrated payback to the whole community.

This report, undertaken by citizens of St. Joseph County, is organized as follows:

- We first critique the flawed model of economic development used by the proponents of the proposed IEC.
- We then look closely at the damage caused by this model in the context of the proposed IEC. We examine first the cost of using incentives to try to attract large-scale businesses to the proposed IEC, specifically the use of tax abatements and TIF districts, followed by an accounting of the funds that the county has devoted to the proposed IEC.
- We then investigate the non-financial costs of the proposed IEC, including the loss of agricultural land, environmental damage, loss of services for residents of the county, the ignoring of areas in other parts of the county that need development, and an undermining of the quality of life.
- Finally, this report proposes an alternate vision, focusing on strengthening and supporting our local community, rather than trying to attract new assets at great risk and cost.

¹ Infrastructure, Planning & Growth, Division of Economic Development, "Indiana Enterprise Center Area Management Plan." St. Joseph County Website. January 2020. <http://sjcindiana.com/1798/IEC-Area-Management-Plan-Draft>

THE FLAWED ECONOMIC MODEL UNDERLYING THE IEC

We consider the model of economic development underlying the proposed IEC to be flawed because it is based on the following unsound assumptions:

- Attracting businesses to our area is the primary way to increase economic development.
- An essential tool for attracting businesses is offering incentives, such as tax abatements and spending from TIF districts.
- The criteria for judging economic development are property values and jobs: the bigger the project and the more jobs it creates, the more successful the economic development effort.
- The businesses attracted to the area will be long-term stable entities.

These assumptions are flawed because, taken together, they are generally counter-productive, adding to the tax burden of county taxpayers, and depriving local governments of needed funds. This model of economic development is often unsuccessful even on its own terms, misunderstands the processes of economic growth and development, and neglects the real economic development goals of the people of St. Joseph County.

Let us examine this model more closely.

Tax Abatements

The St. Joseph County Department of Infrastructure, Planning and Growth (IPG) has followed a pattern of using tax incentives such as tax abatements. Tax abatements reduce a company's property taxes on new buildings and equipment for a given number of years, in some cases by as much as 100%. The rationale for these subsidies is that the tax abatements will be an important inducement in convincing the companies to locate to the designated area, in this case the proposed IEC.

Although site consultants would have us believe otherwise, most research and investigation has concluded that it is fundamental business and quality-of-life criteria that determine business location decisions.² These criteria include, for example, the quality and availability of the workforce, access to markets and customers, adequate transportation facilities, and the quality of education and culture in the area. Tax incentives are much further down the list of criteria and become important only in instances in which several sites offer similar opportunities.

Therefore, in most situations tax abatements are not necessary to attract a business to an area. Moreover, they have important negative effects. One of these is a race to the bottom among municipal governments. Local government officials legitimately want to promote business investment in their area, but they have become convinced that it is necessary to use tax incentives to accomplish this objective. However, if it is true that businesses generally make

² Good Jobs First, "How Site Location Consultants Manipulate Corporate Investment Decisions," <https://www.goodjobsfirst.org/corporate-subsidy-watch/site-location-consultants>

location decisions based on more fundamental considerations than tax incentives, then tax abatements do not drive final business location decisions. The result of offering tax abatements, therefore, is a bidding war with competing localities. The business collects a nice bonus for doing what they had planned to do all along, and the locality and its taxpayers are poorer.

Some people argue that tax incentives are costless. For example, if a business is attracted to the area only because of a tax abatement, then some tax revenue is lost because of the abatement, but some is collected, as compared to nothing that would be collected if the business never located in the area. However, as the research largely suggests, if the business would have located to the area anyway, then the taxes not collected because of the abatement are what is lost.

Moreover, taxes not collected from businesses because of tax abatements, or taxes that are diverted because of TIF districts, are taxes that need to be paid by other taxpayers, including other businesses. The tax burden is shifted to the already-present community. In addition, taxing jurisdictions like the county, libraries, schools, townships are likely to see a reduction in the property tax revenue they are able to spend.³

The promise that the proposed IEC will generate jobs has yet to be realized for any recent developments in the area, despite the large tax subsidies that have been granted. Moreover, even in the “successful” efforts at attracting businesses, the number of jobs created has been disappointing.

For example, the St. Joseph Energy Center caused enormous excitement among economic development staff because of its \$500 million investment. It was granted a 10-year real property tax abatement with 75% of taxes abated each year and a 15-year personal property abatement with an average of 75% of taxes abated each year.⁴ These incentives were estimated to be worth about \$60 million, according to County Attorney Jamie Woods.⁵ However, the Energy Center created only 20 permanent jobs.⁶

Another company with a tax abatement in the IEC, Tejas Tubular, received a seven-year abatement for personal property in 2013, worth roughly \$400,000 in savings. To receive the abatement, it made a commitment to create between 100 and 150 jobs,⁷ but by 2018, it had only created 25.⁸ The County Council reviewed its abatement in 2018. Even though, according

³ Taxpayers pay higher taxes because their tax rates increase. The County loses revenue because the higher rates mean that more revenue is lost to Indiana’s tax caps (1% of gross assessed value for homeowners, 2% for landlords and agriculture, and 3% for commercial and industrial) Indiana Code IC 6-1.1-20.6-7

<http://iga.in.gov/legislative/laws/2020/ic/titles/006#6-1.1-20.6-7>

⁴ St. Joseph County Council, Bill 73-15, [Confirming Resolution for St. Joseph Energy Center](#), September 21, 2015.

⁵ Jeff Parrot, “[St. Joseph Energy Center power plan on track after incentive package trimmed](#),” *South Bend Tribune*, September 23, 2015

⁶ Indiana Form CF-1, Compliance with Statement of Benefits, St. Joseph Energy Center, LLC, February 25, 2019.

⁷ Indiana Form SB-1, Statement of Benefits, Tejas Tubular East, Inc., July 2, 2013

⁸ Ted Booker, “[Tejas Tubular continues to get tax break for plant near New Carlisle despite failing to maintain job commitment](#),” *South Bend Tribune*, August 3, 2018.

to the Council's tax abatement ordinance, it could have ended the company's abatement and asked for repayment of the tax breaks received by the company since the company did not meet the commitments, the County Council gave the company no penalty and continued the company's abatement. Tejas Tubular is now permanently closed.

The Meaning of Economic Development

This lack of job creation is especially significant because it seems that the working assumption among county economic development officials is that business-attraction efforts, and the millions of dollars spent on the proposed IEC, are justified because the main way to promote economic development in the county is to attract outside businesses. This is a misunderstanding, for two reasons.

First, this perspective overlooks the important contributions to economic growth and job creation made by the local economy. County economic development officials should pay more attention to enhancing the economic opportunities of existing businesses and local residents. This would involve, for example, assisting small businesses, improving educational and apprenticeship opportunities for county residents, focusing on county areas suffering from underinvestment, and, in general, improving the quality of life in the county. Such an approach to small local business would help to create a community in which outside businesses would want to invest in the county, even without tax incentives.⁹

The second misunderstanding involves the meaning of economic development. It is not synonymous with economic growth. Economic growth is simply an increase in the value of goods and services produced. It says nothing about the usefulness of the goods and services, and it may be accompanied by a worsening of the distribution of income and wealth. On the other hand, true economic development has to improve people's lives, not harm them. Moreover, since the residents of the New Carlisle area are firmly of the opinion that the IEC will harm them and their quality of life,¹⁰ it cannot be considered economic development.

Tax Increment Financing (TIF) Districts

TIF districts set aside tax revenue within a designated area to fund projects within that area. Under normal circumstances, our property taxes go towards all county needs, funding public services such as the library, public health, and the 911 call center. When a TIF district is created, property tax revenue is split into two streams. The base value of the property in the designated area gets locked in and continues to funnel towards public services without growing over time. If property values increase in that area, the increment, from that time forward, is

⁹ Using 2003-2012 data from Indiana Counties, Hicks, Faulk, and Devaraj explore the efficacy of TIFs, raising similar points and drawing similar conclusions. Michael Hicks, Dagney Faulk, and Srikant Devaraj. 2019. "Tax Increment Financing: Capturing or Creating Growth?" *Growth and Change* 50 (2): 672–88. <https://onlinelibrary.wiley.com/doi/abs/10.1111/grow.12296>

¹⁰ See Appendix A, "Opposition to the IEC by Citizens of St. Joseph County." In the final section of this report, we also share the vision that New Carlisle and Olive Township area residents have for leveraging the farming identity of the community for a positive development strategy for their area.

skimmed off, goes towards paying back any outstanding bond debt, and typically is used for infrastructure spending in the TIF area until the TIF expires.^{11 12}

Using property tax revenue captured from TIF districts could be a way to invest in projects that would serve the community, such as promoting small businesses, public transit, green infrastructure, or affordable housing. However, TIFs often fall short of their promise to revitalize neighborhoods.¹³ In addition, once the money is captured by the TIF district, the finances are no longer visible within the general budget and are less accessible for public scrutiny.¹⁴ This is true in St. Joseph County, with decisions about TIF funds being governed by a 5-person Redevelopment Commission composed of appointed citizen members. The Commission relies on staff support and initiatives from the IPG, and Redevelopment Commission decisions are not necessarily brought before elected officials such as the County Council or the County Commissioners.

An important critique of TIFs is that they divert money away from public services, since any tax revenue from increased property values in the TIF area goes towards paying back debt, such as that created by bonds, and footing the bill for promoting business investment in the TIF district.

An indication of the effect of TIF districts on public services can be seen from the following table. It shows several of the jurisdictions with taxing authority in the area of the TIF districts that are financing the IEC, and how much property tax revenue these taxing jurisdictions lose as a result of the capture of tax revenue by the TIF districts.¹⁵

¹¹ "Tax Increment Financing," Good Jobs First, accessed December 30, 2020, <https://www.goodjobsfirst.org/accountable-development/tax-increment-financing>

¹² TIF's rarely seem to expire but remain favored to continue once in place. For example, contrary to promises made by public officials back in the 1980s, the IN/TEC TIF district did not expire, it was rolled over into a larger new TIF district circa 2016, preventing the county tax districts from benefitting from the full tax assessments.

¹³ Dave Merriman, "Improving Tax Increment Financing (TIF) for Economic Development," Lincoln Institute of Land Policy (2018), accessed December 30, 2020, <https://www.lincolnst.edu/sites/default/files/pubfiles/improving-tax-increment-financing-full.pdf>

¹⁴ Benjamin Schneider, "CityLab University: Tax Increment Financing," Bloomberg.Com, October 24, 2018, accessed December 30, 2020, <https://www.bloomberg.com/news/articles/2019-10-24/the-lowdown-on-tif-the-developer-s-friend>

¹⁵ We thank Steve Dalton, of Cender and Company, for help with the data and analytical framework involved in these calculations. Of course, he bears no responsibility for the final results.

Effect on Taxing Jurisdictions of Tax Revenue Captured by TIF Districts in 2020

| Taxing Jurisdiction | Property Tax Lost ¹⁶ | General Fund ¹⁷ | Property tax lost as % of General Fund |
|----------------------|---------------------------------|----------------------------|--|
| Olive Township | \$37,389 | \$146,114 | 26% |
| New Carlisle Town | \$70,538 | \$710,348 | 10% |
| New Prairie Schools | \$77,179 | \$1,460,490 | 5% |
| New Carlisle Library | \$23,258 | \$680,367 | 3% |
| TOTAL | \$208,365 | | |

As can be seen, the tax revenue captured by the TIF districts has a significant effect on the general funds of the taxing jurisdictions, especially the Town of New Carlisle and Olive Township.

The tax revenue lost as a result of the existence of the TIF districts is equivalent to how much revenue would be gained if the TIF districts released all of their assessed value, so that it is available to be taxed by the relevant taxing jurisdictions. Having a higher assessed property value from which to tax means that the property tax rate can decline for each taxpayer. Using the same framework as that above, we calculate that property tax rates could fall by approximately 27% for Olive Township taxpayers and by as much as 44% for town of New Carlisle taxpayers.^{18 19}

FUNDS THE COUNTY HAS DEVOTED TO THE IEC

The St. Joseph County Redevelopment Commission, often at the recommendation of staff members of the IPG, has already devoted significant funds to the proposed IEC. Much of what the Commission has spent money on, as specified in its report in November 2020, is for consultants and property research and acquisition. So, a significant amount of money has been spent to prepare the proposed IEC for large-scale business investment that has yet to

¹⁶ The amount for the Property Tax Lost is determined by how much tax revenue would be gained if the TIF districts released all of their assessed value, so that it could be taxed by the relevant taxing jurisdictions. The Redevelopment Commission can determine each year if it wants to release assessed value to the taxing jurisdictions.

¹⁷ The data for the General Fund are from the 2020 St. Joseph County Circuit Breaker Report, found at https://www.in.gov/dlqf/4143.htm?WT.cg_n=reportslinks&WT.cg_s=stjosephcounty. The data are for the General Fund Post-Circuit Breaker Levy, the amount that the taxing jurisdiction actually is able to spend out of its General Fund. For the New Prairie Schools, the relevant category is the Post-Circuit Breaker Levy for Operations.

¹⁸ The decline in property tax rates is approximated by first calculating the ratio of released property value to property value currently subject to taxation, and then assuming that the decline in tax rates is in the same proportion as this ratio. In the case of tax revenue, the assumption is that the taxing jurisdiction will gain back in revenue its proportional share (the ratio of released property value to property value currently subject to taxation) of the property tax revenue that its TIF districts had previously lost to the tax caps.

¹⁹ A TIF district cannot release all of its assessed value if it has outstanding debt obligations, which these TIF districts have. However, these calculations are useful to see just how much taxpayers and public entities have given up because of the creation of these TIF districts.

materialize. We detail the amount of this spending below.

- The county has already spent \$8.6 million on the proposed IEC as of November 2020.
- The county issued a bond in 2016 to finance this spending. Property tax revenue from the two New Carlisle TIF districts will be used to repay the principal on this bond and to pay the required interest on the bond.

| Total Spent on the IEC as of November 2020²⁰ | | \$8,606,341 |
|--|--------------|--------------------|
| Consultants and Engineers ²¹ | \$ 4,547,608 | |
| Property Research and Acquisition | \$2,734,933 | |
| Other | \$1,323,800 | |

- As the table above shows, \$8,606,341 has been spent on the IEC as of November 2020, according to the RDC.
- The bond issued by the Redevelopment Commission provided the IEC with \$8,883,861 in funds. In addition, through 2020, \$1,045,491 has been spent on interest on this bond.²²
- So, it could be considered that total spending thus far on the IEC, and the interest costs associated with the bond, amount to a total of \$9.65 million.
- Interest payments remaining on the bond, which will be paid out of TIF funds, amount to \$2,261,250.²³

²⁰ The Indiana Enterprise Center Project Budget table indicates that since 2017, the county has spent \$8,606,340.50 on the IEC through November 9, 2020. This includes payments to consultants and property acquisitions. Redevelopment Commission Meeting Agenda (Final) November 10, 2020, "Indiana Enterprise Center Project Budget as of 11/09/20," page 20, <http://sjcindiana.com/AgendaCenter/ViewFile/Agenda/1065?html=true>, accessed November 29, 2020.

²¹ The Indiana Enterprise Center Project Budget table includes a sub-category of IEC Master Plan & Projects, with a total of \$4,547,607.09 having been paid to contractors such as Lochmueller, Antero Group, and many others. Redevelopment Commission Meeting Agenda (Final) November 10, 2020, "Indiana Enterprise Center Project Budget as of 11/09/20," page 20, <http://sjcindiana.com/AgendaCenter/ViewFile/Agenda/1065?html=true>, accessed November 29, 2020.

²² The bond for the IEC financed by the New Carlisle TIF districts is, "St. Joseph County Redevelopment District, Special Taxing District Bonds of 2016." The upfront costs for this bond included \$226,592 for Cost of Issuance and \$87,300 for Underwriter's Discount. An estimated \$1,045,291 has been paid in interest since 2017. The TIF districts also financed a \$9.375 million bond for the double-tracking project, "St. Joseph County Redevelopment District Special Taxing District Bonds of 2019 (SS Double Tracking)." Information on the bonds is available through Report Builder: Bond/Lease Report, Indiana Gateway, https://gateway.ifionline.org/report_builder/Default3a.aspx?rpttype=debt&rpt=DebtReports&rptName=Bond/Lease. Users must select the following: County – St. Joseph; Unit Type – County; Unit – ST. JOSEPH COUNTY; Debt Status – Outstanding Debt; Debt Type – Bond; Source of Repayment – All Sources of Repayment.

²³ Report Builder: Bond/Lease Report, Indiana Gateway, https://gateway.ifionline.org/report_builder/Default3a.aspx?rpttype=debt&rpt=DebtReports&rptName=Bond/Lease.

- In addition to these costs, the IPG also has an average annual budget of about \$1.5 million per year.²⁴ We do not include this in our total calculation.
- As the table above indicates, a large portion of the cost of the proposed IEC to date has been payments to consultants and outside contractors. In addition, the IPG has included in its budgets for 2019 through 2021 up to \$300,000 for consultants and contractual services.²⁵ Recently, the County Redevelopment Commission authorized the spending of \$120,000 to consultants who would be tasked with marketing efforts to promote the proposed IEC.²⁶
- The Redevelopment Commission has approved public investment spending of \$27.9 million for the New Carlisle Economic Development Area for 2016–2026.²⁷ Although this spending, and the bond repayment commitments, will be paid for by the property tax revenue captured by the TIF districts, we know that the TIF districts will still generate significant property tax revenue in the future.
- We predict future potential spending as follows: Public records show that \$11.4 million in TIF revenue has been received through 2020. In addition, based on the assumption that the next seventeen years will generate at least as much as the \$2.8 million of TIF revenue budgeted for 2021, there will be another \$47.6 million, or a total of \$59.0 million over the period 2016-2037.²⁸
- If one subtracts from \$59.0 million the \$9.65 million already spent, the amount we know will be spent going forward for interest payments on both bonds, \$6.92 million, and the obligated spending for the double tracking project, \$9.375 million, we are left with \$33.0 million in cash, which the redevelopment commission can spend as it chooses, without any county council approval needed.²⁹

In sum, the county has already spent nearly \$10 million on the IEC, will be required to pay another \$2.3 million in interest on the 2016 bond and will have a maximum capacity to spend \$33.0 million more by 2038. In other words, by the year 2038, St. Joseph County could potentially spend up to \$44.8 million on an investment gamble.

²⁴ St. Joseph County 2021 Adopted Budget, pages 125-126, <http://www.sjcindiana.com/DocumentCenter/View/42888/2021-Budget-PDF>, accessed November 29, 2020

²⁵ In 2019, \$73,792 was expended on Consultants and Contractual Services, and in both 2020 and 2021, \$130,000 was budgeted for Consultants and Contractual Services. St. Joseph County 2021 Adopted Budget, pages 125-126, <http://www.sjcindiana.com/DocumentCenter/View/42888/2021-Budget-PDF>, accessed November 29, 2020.

²⁶ Christian Sheckler, “St. Joseph County to spend \$120,000 on consultants to push New Carlisle industrial park,” *The South Bend Tribune*, February 10, 2021.

²⁷ Cender and Company L.L.C., June 14, 2016, “Amended and Restated Economic Development Plan for the New Carlisle Economic Development Area: Prepared for the St. Joseph County Redevelopment Commission,” “Appendix B: Budget for the Amended and Restated Plan,” <https://sjcindiana.com/DocumentCenter/View/18441/New-Carlisle-Economic-Development-Area-Development-Plan-as-amended-6-13-16>, accessed January 24, 2021. This document represents a plan to which the county has officially committed: it expands and renames the New Carlisle Economic Development Area but makes no specific reference to the IEC. No plan that includes the IEC has ever been brought forward for the official approval that this plan received. The plan includes an estimated public investment of \$27,889,000 between 2016-2026.

²⁸ See Appendix B for an explanation of these calculations.

²⁹ See Appendix B for an explanation of these calculations.

In the table below, we show how the reduction of tax revenue due to the proposed IEC adversely impacts the budgets of the county by reducing their income.

| | | |
|--|-------------|------------------|
| Lost Income to IEC and St. Joseph County from land purchases over the next 20 years | | \$591,138 |
| Land Purchases through 2020 | \$2,615,653 | |
| Average Property Tax Rate | 1.13% | |
| Estimated Property Taxes Lost Per Year | \$29,557 | |

- The IEC has purchased several parcels of land for various purposes at a total cost of \$2.6 million.³⁰ As a result, this acquired property no longer will generate tax revenue for the IEC or the county.
- This lost income is difficult to estimate without knowing all the past tax rates applicable but using the average tax rate for St. Joseph County of 1.13%³¹, we estimate nearly \$30,000 of potential tax revenue can no longer be collected each year. Even though this is additional IEC attributed cost, it is not calculated into our total estimated cost of the IEC. This significant reduction in property tax revenue is technically not a cost, but it adversely impacts the budgets of the county and the affected local tax jurisdictions, by reducing their income.
- We can expect other costs in maintaining infrastructure and providing public services to this sprawling newly industrialized area. We know that these costs are higher in areas of sprawl versus dense urban development. Will these prospective new industries be paying their fair share of these new costs to the county?

³⁰ The Indiana Enterprise Center Project Budget table includes a sub-category titled, "Property Acquisition," which includes 11 properties, the cost of which totals \$2,615,653.41. Redevelopment Commission Meeting Agenda (Final) November 10, 2020, "Indiana Enterprise Center Project Budget as of 11/09/20," page 20, <http://sjcindiana.com/AgendaCenter/ViewFile/Agenda/1065?html=true>, accessed November 29, 2020

³¹ The Median Property Tax as Percentage of Home Value in St. Joseph County is estimated at 1.13% according to Property Tax 101, "St. Joseph County Indiana Property Tax" <https://www.propertytax101.org/indiana/stjosephcounty>

NON-FINANCIAL COSTS OF THE IEC

The funds spent by the Redevelopment Commission on the proposed IEC, because they represent captured funds not available to jurisdictions such as New Carlisle and Olive Township, are a significant financial cost. However, there are other costs of the proposed IEC, that, while very troubling, do not easily allow for a price tag. Some of the most significant concerns about the risks of promoting the Indiana Enterprise Center include permanent change to the nature and use of the land itself, as well as the environmental costs. These indirect costs warrant even more of our consideration as, in many cases, the changes could be irreversible.

The non-financial long-term land-use costs of the IEC include:

- Loss of agricultural businesses, agricultural related business and jobs, and land area
- Land speculators driving up the cost of land around the IEC making the cost too high for expansion of current local agricultural businesses
- Environmental concerns for water, soil, air, traffic, light, and noise pollution
- No reuse plan for abandoned, mainly vacant industrial land (brownfields) in other areas of the county or the inevitable future abandonment of businesses inside the proposed IEC
- Impact of reduced budgets for services for residents of St. Joseph County
- Deterioration of the quality of life and the resultant impact

Permanent Loss of Agricultural Land

As of January 2020, 70.8% of land in the proposed Core Development Area of the proposed IEC (the 7,200 acres main portion) was zoned as agricultural.³² One of the strongest impacts and costs of the proposed IEC would be to rezone this area for industrial use.³³ While the county may be able to restrict the amount of heavy industry allowed even within an area rezoned for industrial use, in general, changing the zoning implies permanently changing the nature of the land itself. It is also unclear what mechanisms the county has to ensure that limits placed on heavy industrial use are enforced or obeyed.

Permanent land change in this area has occurred before—in drastic fashion. The land in this area of St. Joseph County had been drained and engineered by 1917 to reduce the Kankakee Wetlands areas (covering over 400,000 acres) and to offer new opportunities for farming

³² Infrastructure, Planning & Growth, Division of Economic Development, “Indiana Enterprise Center Area Management Plan.” St. Joseph County Website. Chapter Three, page 34, January 2020.
<http://sjcindiana.com/1798/IEC-Area-Management-Plan-Draft>

³³ “Agricultural” Zoning goes beyond Agricultural/Production use and classifies the character of the zoned area, to preserve open space, limit building development, and use of property. ([St. Joseph County Zoning Code, Ch. 154](#)) “The A: Agricultural Districts are established to allow Agricultural Uses in accordance with the Comprehensive Plan, to preserve prime agricultural land, to conserve the desirable characteristics of the land, and to protect rural/agricultural areas from the encroachment of scatter urban-type uses and the detrimental economic impacts of urban sprawl. Areas zoned to the A: Agricultural District are those areas being used for agricultural activities, flood plain, natural areas and other rural uses, located beyond the periphery of the incorporated municipalities where intensive urban or suburban uses are not anticipated.”

production and development.³⁴ We must respect the high-water tables and current drainage patterns of the area for the health and continuance of the area, and we should identify and increase natural wetlands. Wetlands are havens for biodiversity and provide invaluable services to human communities. Wetlands' capacity for absorption and filtration of water prevents floods and purifies water. The 2002 Comprehensive Plan indicates that the soil types and hydrology present in the area are not suitable for industrial development.³⁵ However, the current proposed IEC plan seeks to increase industrial development of the area in ways that work against the character and nature of the land.

This fact was recently acknowledged by the St. Joseph County Area Plan Commission in comments regarding a petition to rezone farmland in another part of the county. The planning staff wrote, "In 1979, St. Joseph County rezoned 300 square miles [nearly 200,000 acres] of the county to a new intensive Agricultural Zoning District. The intent of this new district was to strongly enforce the preservation of agricultural land in St. Joseph County. Agricultural land is a natural resource that must be protected to meet the food needs of not only Indiana, but the entire Country."³⁶ Loss of agricultural land to urban or industrial development, by and large, is irreversible. The inflexibility of much urban or industrial land use makes it impractical, if not impossible, to bring such land back into agricultural production. This is not the case when cropland is diverted to forestry, forage production, or recreation uses. Such acreage can be returned to intensive agricultural production, if needed.

Environmental Concerns

There are many additional environmental concerns with the costly industrial use of this land, such as the risk of water, air, soil, light, and noise pollution. These issues will linger even after the industrial use of the land has ended.

The water-use issues associated with development in this area are paramount, and the county must spend much more time assessing the surface water and groundwater issues at the proposed site. The areas selected for the proposed IEC have a rare, unconfined aquifer; that is, the aquifer is fed through the soil that is directly above it. Industrial wastewater often contains traces of heavy metals and hazardous pollutants.³⁷ Even if all internal industrial wastewater is sent to municipal treatment plants, there is a lot of run-off from storage areas, parking lots, and

³⁴Surface Water Hydrology, Historical Perspective, pp. 61-77, accessed January 9, 2021, https://www.in.gov/dnr/water/files/kk_surf_water_hydro_part1.pdf

³⁵The 2002 Comprehensive Plan is a policy document that sets the vision for the county for 2002-2022. The plan was developed with high levels of community participation. Chapter 3, "Natural Environment," points out that, "The floodplain and wet soil conditions in the western part of the county preclude heavy development." HNTB Corporation and the St. Joseph County Area Plan Commission, "Comprehensive Plan for South Bend and St. Joseph County, Indiana, April 2002," page 3-9, <https://www.sjcindiana.com/DocumentCenter/View/1172/Comprehensive-Plan-for-South-Bend-and-St-Joseph-County-2002?bidId=>, accessed January 24, 2021

³⁶Statement by Ryan Fellows, APC Staff report on proposed ordinance to re-zone 54280 Bittersweet Road from A; Agricultural District to R: Single Family District, "The Area Plan Commission of St. Joseph County, Indiana Minutes, June 16, 2020," page 43, from the Area Plan Commission Agenda from Tuesday, August 18, 2020, http://www.sjcindiana.com/AgendaCenter/ViewFile/Agenda/_08182020-1014

³⁷ Legislators in Indiana have recently proposed legislation because of the concerns of PFAS chemicals or "forever chemicals" that are largely unregulated in Indiana. London Gibson, "[South Bend legislators push state bills to regulate toxic 'forever chemicals' in drinking water.](#)" *South Bend Tribune*, February 15, 2021

along roads, which also often contains traces of heavy metals and hazardous pollutants. Retention ponds do not always capture all of this run-off and all retention ponds have an overflow provision that dumps overflow water straight into the county drainage facilities. The county should not wait until a series of industrial groundwater users overwhelm and pollute one of the largest freshwater aquifers in the country. Instead, the county should do a thorough groundwater study before rezoning any parcel of agricultural land and the county should develop criteria for retainage ponds that are over unconfined aquifers to have requirements that are more stringent than just getting an IDEM approval. Creating wetland areas to offset building and hard-surface footprints should also be a requirement for any new development to replace the water infiltration area lost to the aquifer from the development and to mitigate pollutants.

Water basin studies performed, or released, from the county to date seem to be related to a previously defined Core Development Area of the proposed IEC that included 22,000 acres³⁸. It does not appear that more detailed or updated studies relating to the newly redefined 7,200 acres Core Development Area of the proposed IEC have been publicly released, if they have been performed.

In current planning efforts, little consideration has been made of the negative effects that such large-scale industrial development and the future influence of climate change have on pollution in the area. Noise and light pollution, air and water pollution, soil degradation, and traffic congestion are all major potential costs.

Finally, to be in consideration for the future, corporations with a national or global reach have been known to abandon facilities as soon as greener pastures become available or if corporate raider takeovers, mergers, or consolidations put pressure on the company to concentrate on short-term profits in lieu of long-term well-being of the area.

Reduction of Services for Current Residents of St. Joseph County

The county has taken great risks already in the proposed IEC to recruit potential business. Promoting and building infrastructure for the proposed IEC continues to be costly, and setting aside TIF revenue reduces the funding, attention, and priority given to other pressing needs within the county. The County Health Department is greatly underfunded, and there are large areas of previously developed industrial land that remain underutilized and vacant. The proposed IEC plan, by chasing growth for growth's sake, loses the opportunity to prioritize current quality-of-life issues for residents of St. Joseph County.³⁹

³⁸ Donohue, "Hydrogeological Background Analysis Summary Update," March 12, 2019, <https://www.sjcindiana.com/DocumentCenter/View/28510/Peerless-Midwest-Aquifer-Report---Executive-Summary-03-12-19>

³⁹ One example of this has been noted at the township level. At the February 19, 2019 New Carlisle/Olive Township public hearing to establish a Fire Territory it was stated that 10% to 15% of the fire runs were to the industrial area of the existing IEC industry yet the TIF areas did not contribute to the tax structure of the Fire Territory beyond what the agricultural land paid in property taxes before the TIF. Additionally, Because of Indiana's property tax caps, creation of the new Fire Territory decreases the amount of tax funding to the other tax districts. At some point, roughly \$500,000 will be cut from the New Prairie United School Corporation's annual budget and devoted to the Fire Territory and the New Carlisle Public Library will see a reduction in their budget at of over \$200,000. (As mentioned in

No Reuse Plan for Industrial Land in Other Areas of the County

County Economic Development staff have focused their attention on areas outside of the two main cities in the county, South Bend and Mishawaka. This is understandable since the county has a separate redevelopment commission that does not make decisions about properties in South Bend and Mishawaka. However, it would make sense, and ultimately have the highest benefit to the county, to coordinate efforts with development staff in those cities.

Why should the county focus all its efforts on luring businesses to the New Carlisle area, where residents oppose their efforts, when there are areas of South Bend where residents desire business investment? These areas include neglected neighborhoods that need redevelopment and parts of industrial parks that remain underutilized. The areas in which Black and brown residents live have been overlooked for too long.

Quality of Life

Farms and natural areas are precious assets that benefit all county residents. Well managed, they protect soil fertility, water quality, and biodiversity. They provide a beautiful, healthful setting for outdoor recreation and make durable contributions to the local economy. They are also irreplaceable: once a farm or natural area is turned into an industrial site, a residential neighborhood, or a strip mall, it can never be restored to its former condition. Land use has a much wider context of responsibility than the creation of employment opportunities.

The Cost of Uncertainty and Adjacency

It should be also noted that even the prospect of the proposed IEC has already had a negative effect and cost on residential uses, and on current homeowners, at the perimeter of the proposed IEC area. Current residents have indicated that they have had increased difficulty in selling homes that border the proposed IEC. Current adjacent residents also report noise, air, and trash pollution impacting their homes with the current industries that are present. As examples, residents located near the car shredder report explosions happening often. Also, loose debris can often be found in yards and streets near highway 20 near New Carlisle from the shredder and truck traffic, and traffic and accidents on Indiana SR 2 have increased dramatically.

“Open Letter to the Town of New Carlisle”, *New Carlisle Gazette*, by Jordon Budreau, March 8, 2019.
<https://www.newcarlislegazette.com/single-post/2019/03/03/open-letter-to-the-town-of-new-carlisle>)

A NEW VISION OF ECONOMIC DEVELOPMENT

The current model of economic development used by the proponents of the proposed IEC has proven inadequate to improve the quality of life of area residents. Some of the problems, as discussed previously, include the following:

- 1) The proposed IEC's understanding of economic development extends only to a particular kind of narrow economic growth, and its strategy of luring businesses to the proposed IEC with financial incentives has been costly. It has not delivered on its promises of jobs and revenue and there are few guarantees that it will.
- 2) The proposed IEC threatens to bring negative, unintended side effects such as air and water pollution, displacement of residents' homes, and loss of quality of life via noise or heavy traffic.
- 3) The proposed IEC has spent so much money already that it appears that the cost of each job, even if some are attracted to the area, will be relatively high. There have been no assurances concerning the quality of wages or jobs, or if the jobs will go to persons living in the county as opposed to commuters.
- 4) Because of the heavy use of incentives, it appears that tax-paying residents are being asked to assume all the risks while the new businesses and their often-distant shareholders pocket the profits.

So, what would true economic development in the New Carlisle area look like? It would need to begin from different principles, which would be expressed in a new policy framework. We suggest the following guiding principles.

Guiding Principles for Alternatives to Current Economic Development Policies

1. Community-Based Planning

Require that any development plans include public participation by all interested parties, certainly local business leaders, but also the public: individuals, non-profits, young people, students, teachers, faith leaders, etc. Organize community forums to solicit ideas on job creation and what kinds of businesses are needed. Insist that public input be scheduled near the beginning of the process, not after paid consultants take a year or more to produce a report. Such reports have so much invested in them that it is difficult to modify them constructively. The process should begin with imagining the best possible future for the entire county, then determining the programs and policies that will get us there. Any development plan should include detailed estimates of both the long-term costs and benefits.

2. Limit Sprawl and Create Efficient Infrastructure and Development

Avoid developments that are spread out from urban centers and necessitate expensive upfront infrastructure costs such as sewer lines, water lines, and road projects and upgrades. In addition, like all infrastructure, new infrastructure has a limited lifetime, and will just add to the extent of necessary periodic maintenance. Who will pay to maintain the

enlarged infrastructure: participating businesses, or county government? The costs of poorly designed and sprawled-out development do not simply go away.⁴⁰

3. Agricultural Land is Productive Land, not “Vacant Land”

Recognize and shift the bias against agriculture as undeveloped or vacant land. Farmers significantly contribute to the local economy through employment and tax revenue, and by purchasing from other local businesses. At a time when food insecurity becomes daily more apparent, we need to recognize the value of food that does not need to be transported across the country or from another country to our grocery stores. In addition, climate change is likely to increase drought out west where farmers are pumping down their aquifers, mountains get less snowpack, fights over water rights increase, transportation cost in dollars and carbon emissions accelerate climate change. Locally grown food will likely become more valuable in the near future and it has just a fraction of the carbon footprint of far-off production.

Good farmland is not an unlimited resource; once paved over it is gone practically forever. Our topsoil is the result of eons of accumulation. Well-stewarded soil use can capture carbon at a time when we need to address the climate crisis and traditional farm-oriented publications are already talking of carbon offset payments. Creative solutions exist whereby agriculture can be profitable and attract tourists as well as incoming residents who are looking for a community with a rural feel. Finally, let us imagine that we proactively invite farmers to join a conversation on how to make our local farm economy better for all of us.

4. Consider Agricultural Land Use as a Component of Quality of Life and Therefore Economic Growth Attraction

Celebrate local agriculture and open spaces as part of high levels of quality of life for residents. Focus on promoting St. Joseph County as a beautiful place to live, work, and visit. Current parks, agricultural uses, and open spaces improve quality of life for all county residents. Expansion of agritourism, improved open space amenities, and the agricultural character of rural portions of St. Joseph County are tremendous assets that could be expanded, rather than contracted.⁴¹

5. Prioritize Redevelopment of Neglected Areas over Development and Re-Zoning of New Industrial Sites

Work with the city of South Bend to select and contribute to the redevelopment of neglected

⁴⁰ We suggest working with an organization like Urban3, Strong Towns, or Incremental Development Alliance to discover and guide development most appropriate and effective for our community. The Department of Planning and Natural Resources in the City of South Bend already has had a working relationship with Urban3 for several years and is working on its second major report. See <http://www.urban-three.com/>, <https://www.strongtowns.org/>, incrementaldevelopment.org.

⁴¹ Goal 1 of the 2002 Comprehensive Development Plan for South Bend is to “Minimize the amount of new development in areas with high agricultural importance.” The 2002 Comprehensive Plan is intended to guide county policy for 20 years and was created with high levels of community input. HNTB Corporation and the St. Joseph County Area Plan Commission, “Comprehensive Plan for South Bend and St. Joseph County, Indiana, April 2002,” Chapter 5, “Policy Plan” <https://www.sjcindiana.com/DocumentCenter/View/1172/Comprehensive-Plan-for-South-Bend-and-St-Joseph-County-2002?bidId=>, accessed January 24, 2021.

areas, particularly those in Black and brown communities, and particularly those on South Bend's West Side. The competition between South Bend and St. Joseph County is counterproductive. It has been argued that some desirable development would not fit into the smaller sites found inside the city. Perhaps the answer to this is to focus on smaller, human-scale projects instead of an industrial megaplex, which residents have clearly said they do not want.

6. Develop the Skill Level of the Existing Workforce

Increasing the skill level of the workforce in the county would improve the productivity of businesses and be rewarding for employees. Identify specific educational areas most needed and set up training sites to address these shortages. Invest in some marketing research. Develop more programs in consultation with Ivy Tech Community College and other local educational institutions.

Economic development officials should pay more attention to enhancing the economic and educational opportunities of existing small businesses and residents. This would involve, for example, assisting small businesses, improving educational and apprenticeship opportunities for county residents, helping areas suffering from underinvestment, and, in general, improving the quality of life in the county. Such an approach on small local businesses would help to create a community in which outside businesses would want to come in and invest, even without tax incentives.

7. Increase Quality of Life for all County Residents, as a Business Growth and Recruiting Method and Model

Raising the quality of life for all county residents makes the county a more attractive place to work, live, and raise a family, which in turn induces businesses to start up or move here. Reduction of current brownfield areas, supporting the growth and revitalization of existing neighborhoods, building a reputation for excellent public schools, increasing the quality of county green spaces and active space – all of these quality-of-life issues are measured by businesses when they evaluate potential new building sites.

8. Invest in the Growth of Small and Local Businesses

Consider stimulation of job growth through a grant program for small business owners who will commit to creating new jobs. For example, \$3,000,000, the equivalent of approximately one year of TIF revenue, could fund 100 successful applicants at \$30,000 each, or 30 grants of \$100,000 each. Another method of investment in business growth could be providing business incubator sites that are fully staffed, programed, mentored, and funded, for new entrepreneurs.

9. Encourage Community-Benefit-Minded Entrepreneurs and Businesses

Encourage entrepreneurs, especially minorities, who renovate housing and train and hire workers in the building trades. There are currently numerous good paying job opportunities available for those who have the necessary training. What are some ways that the county can support these ventures?

10. Crowdsourcing Innovation and Ideas

Consider utilization of crowdsourcing and open platforms such as InnoCentive,⁴² and provide incentives for new development ideas, subject to approval.

11. Consider the Principles of Community Wealth Building

New approaches to economic development could focus on the generation and building of wealth throughout the entire community, at all levels. Community wealth building focuses on broad local ownership, active and democratic participation within the community, collaboration, and building lasting relationships of mutual support.⁴³ It focuses on broadening prosperity in a sustainable fashion, taking care of our diminishing natural resources, and growing our local, existing businesses. Community wealth-building emphasizes, especially for communities of color, rebalancing our economy in order to lessen inequality and spread ownership.

Putting Principle into Practice for New Carlisle and Olive Township

Since the first guiding principle for a better approach to development is community-based planning, as part of the preparation for this report we convened a meeting between OSAA representatives and New Carlisle residents in March 2021 to begin to develop a positive vision for community economic development. The farmers and residents in the area are best situated to evaluate what types of economic activity are suited to their community.

The community's positive vision for economic development included these ideas:

1. Agricultural Development

Community members recognized farming's vital role as an economic driver in the area and its essential contributions to the community's quality of life. They are aware that the increasing importance of regional growing is already driving new agricultural development in the area (e.g. the new greenhouse associated with the ethanol plant and a burgeoning flower-growing sector) and spurring diversification in farming beyond commodity crops. In this context, they shared many ideas for taking adaptive approaches to address food insecurity and build up the agricultural sector. Some possibilities included the use of development funds to help current farmers diversify their crops to include high-value products like tomatoes, flowers, hops; creating grant programs to attract young local farmers and help them overcome the upfront costs of getting into farming; using county-owned land to create a small-farm incubator site that would also assist new farmers in establishing themselves and building the capital needed to purchase land (a model that has had significant success in other parts of the United States⁴⁴); growing agricultural research businesses, which could include hydrological research engaging with the regional aquifers.

⁴² Innocentive is a crowdsourced innovation website: <https://www.innocentive.com/>

⁴³ Good resources for Community Wealth Building principles, examples, and ideas can be found at <https://community-wealth.org>

⁴⁴ See <https://nesfp.org/NIFTI>, the website of the National Farm Incubator Training Initiative.

2. Destination Development

Community members spoke of utilizing the strength of the region rather than undermining it. This could be done by leveraging the historic nature of the town to attract visitors looking to step back in time and slow down their pace. Residents shared ideas such as making the area more bike-able (with a map), creating bed-and-breakfasts with options for day activities at nearby lakes, bogs, and the Indiana Dunes National Park.

3. Business Incubation

South Bend has been a hub for business incubation projects, and this could be expanded to the rural outlying regions of St. Joseph County, focusing on businesses sized to integrate into small-town economies.

4. Attract Residents who can work-at-a-distance

With the Coronavirus pandemic forcing a nation-wide experiment in remote work, it has become apparent that the type of people who have jobs that allow remote work are looking for places to settle with a high quality of life and low cost of living. The New Carlisle area can attract people because it is a well-connected community, peaceful and aesthetic with minimal traffic. Keeping the New Carlisle area as a small, charming community with character will be much more appealing than industrial sprawl. In order to attract residents who are doing remote work, it would be necessary to invest in high-speed internet that would be available to residential users.

5. Develop Housing for Seniors

The New Carlisle area already has a strong school system and health care access in nearby cities such as South Bend, La Porte, and Michigan City. Residents identified a need for a centrally located senior living space to help people transition from home ownership to assisted living. Community members identified this as a need which could help bring residents with some financial resources who would be looking to spend money locally.

At the core of these ideas is the principle that preserving the quality of life can be the driving force for development efforts. It is time that county economic development officials listen to farmers and residents instead of ignoring their opinions. Failure to incorporate the community in a participatory process has damaged the quality of life of everyone in the area.

CONCLUSION

The proposed IEC has had, and promises to have, a net negative effect on the residents of St. Joseph County. The outdated model of economic development that has been used to rationalize the proposed IEC makes luring large-scale industrial investments to the western part of the county its primary objective. County economic development staff have used tax abatements and TIF financing in pursuit of this goal. These business subsidies have raised tax rates for other county taxpayers and deprived taxing jurisdictions such as New Carlisle, Olive Township, libraries, and schools of needed funds. The Redevelopment Commission has already spent nearly \$10 million to finance the proposed IEC, and it is likely to spend even more in the near future unless it changes its priorities.

The non-financial costs of the proposed IEC may be even more significant than the accounted expense. Non-financial costs include the loss of agricultural businesses and land area; environmental concerns, including the risk of water, air, soil, light, and noise pollution; the reduction of services for residents of the county; ignoring other areas in the county that need redevelopment; and a deterioration of the quality of life and the sense of community.

These huge costs and concerns have spurred county residents, especially in the New Carlisle area to vigorously oppose the proposed IEC. This opposition to the proposed IEC is not an opposition to development, but to harmful development not in the community's interest.

Through this report, OSAA is sharing a better model of economic development, drawing on existing best practices. This model recognizes that development must provide benefits to area residents and improve their quality of life, that farmland is not vacant space but rather the location of legitimate economic activity, and that development must be shaped by the needs and concerns of the people who will be affected. The ideas that emerged from OSAA's conversation with residents of New Carlisle, shared in the final section of our report, could be a starting point for the reorientation of development in our county through an active, engaged process of community-based development planning.

This re-orientation, by making quality of life the benchmark for the value of development, could direct development to areas of the community that have been neglected, promote development that fits the character of existing communities, and invest in locally-driven economic development. Many community and neighborhood organizations are already working to enhance our community. A broad-based conversation, convened by county government and including residents, community groups, and city and town governments, would generate many more excellent development opportunities.

This conversation about better development for our county communities is urgently needed. With the American Recovery Act slated to send as much as \$126 million to local governments in St. Joseph County, we are about to be presented with an extraordinary opportunity to enhance the lives of county residents. We cannot afford to have the \$126 million go the way of the \$10 million squandered on the proposed IEC.

Appendix A

Evidence of Opposition to the IEC by Citizens of St. Joseph County

1. Publications by Citizens of St. Joseph County

Viewpoints – South Bend Tribune

- [It's not economic development unless it improves the quality of life of area residents](#)
Marty Wolfson, Sept 26, 2020
- [St. Joseph County officials seemed to favor big business over community concerns](#)
Jennifer Betz, Sept 17, 2020
- [Rationale for New Carlisle plan is shortsighted, off-base](#)
John DiTillo, Nov 17, 2019
- [Idea for funding 911 call centers in St. Joseph County worth exploring](#)
Marty Wolfson, Sept 15, 2019

Letters to the Editor - South Bend Tribune

- Jack Daly, [Slow down the march to industrialize western St. Joseph County](#), January 23, 2021
- Wanda L. Mangus, [St. Joseph County should adopt a protection plan to save our farms](#), September 16, 2020
- Jennifer Reinoehl, [Rezoning](#), September 13, 2020
- Becca Méndez, [Disappointing](#), September 13, 2020
- Robert Asplund, [Living soil necessary for sustaining life](#), Jun 27, 2020
- Bob Humbarger, [Blank Check](#), June 10, 2020
- Jeff Hathaway, [Better Stewards](#), May 4, 2020
- Amy Radcliff, [Moratorium](#) - March 9, 2020
- Debra DuRall, [Groundwater](#), December 8, 2018

Letters to the Editor - New Carlisle Gazette

- Bob Humbarger, [Watch How They Behave, then Vote](#), September 2020
- Amy Radcliff, [There is a Better Way](#) - Amy Radcliff, September 4, 2020
- Jack Daly, [The Time is Now](#), February 2020
- Daniel Caruso, [Those Who Don't Read History are Doomed to Repeat It](#), March 2019⁴⁵

⁴⁵ See also, Ted Booker, "[Elwood vs. New Carlisle: Could proposed industrial park backfire on St. Joseph County?](#)" *South Bend Tribune*, March 24, 2019

2. Door-to-door survey of New Carlisle Residents

In November 2019, OSAA members along with a few residents of the New Carlisle Economic Development Area conducted a door-to-door canvass about the IEC.⁴⁶ They canvassed 102 residents within the development area, of whom:

- 81 residents were opposed to the IEC (79%)
- 17 residents were unsure (16%)
- 4 were in favor in favor (5%)

3. Indiana Enterprise Center Area Management Plan

The IEC plan refers to a May 2018 meeting between the Executive Committee, Project Team, and OSAA. The report documents the concerns (copied below) which to date have not been addressed:

- “Protection of agricultural land and soils.
- Storm water management impacts due to addition of impervious surfaces.
- There is concern about the existing water table and aquifer.
- The application of tax increment financing (TIF) and related tools.
- There is an interest in retaining the region’s cultural amenities.
- Reduction of impacts due to additional truck and vehicle traffic is a concern.
- Community members wish to understand the impacts and benefits to area schools.
- Protection of area wetlands and open spaces was highlighted by many.
- Potential air, noise, and water pollution impacts due to new development.
- Promoting sustainable businesses that have a lasting positive impact on the region is critical.
- There is concern over the type of businesses being attracted to the IEC.”⁴⁷

⁴⁶ Canvassers gathered the name and address of the person with whom they spoke, and asked the following questions:

1. In general, are you for or against the IEC development (Against / For / Not Sure)
2. Do you have concerns about water quality due to development (Yes / No / Not Sure)
3. Are you concerned about eminent domain being used to take your land? (Yes / No / Not Sure)
4. Are you looking to sell land you own in the Economic Development Area? (Yes / No / Not Sure)
5. Do you want to see that land remain in agricultural use, if possible? (Yes / No / Not Sure)
6. Are you interested in selling land for industrial use? (Yes / No / Not Sure)
7. What do you want to tell county officials about development issues in this area?

⁴⁷ Infrastructure, Planning & Growth, Division of Economic Development, “Indiana Enterprise Center Area Management Plan.” St. Joseph County Website. January 2020. <http://sjcindiana.com/1798/IEC-Area-Management-Plan-Draft>. The IEC Area Management Plan also refers to “Appendix C” with a more complete report of community input, but no such appendix is available.

4. Comments on the IEC Plan Draft

In the summer of 2020, citizens were invited to make comments on the IEC plan: there are 305 pages of comments.⁴⁸ The majority of the comments were in opposition to the IEC. As of the publication of this report, the citizens have not received a response to those comments.

5. Concerns Expressed by County Officials

- Former Director of the St. Joseph County Planning Department wrote a letter to County Council Members upon his retirement:
[Letter by Larry Magliozzi to County Council Members, June 6, 2020](#)

6. Editorials of the South Bend Tribune

- [Our Opinion: St. Joseph County's industrial park dream has been a communication nightmare.](#)
South Bend Editorial Staff, February 21, 2021
- [Our Opinion: Valid concerns, and a troubling mess, surround St. Joseph County industrial park](#)
South Bend Editorial Staff July 5, 2020

⁴⁸ Infrastructure, Planning & Growth, Division of Economic Development, "IEC Management Strategy Public Comments." St. Joseph County Website. Accessed November 8, 2020.
<http://sjcindiana.com/DocumentCenter/View/39347/IEC-Management-Strategy-Public-Comments-7120>

Appendix B

Detailed Breakdown of Expected Total TIF Revenue and Expenses by 2038

| | | |
|---|----------------------------|----------------------------|
| New Carlisle TIF Districts Revenue 2016 – 2037 | | \$ 59,010,409 |
| Past Revenue | | \$ 11,424,154 |
| 2016 | \$ 1,524,659 ⁴⁹ | |
| 2017 | \$ 1,483,972 ⁵⁰ | |
| 2018 | \$ 2,362,470 ⁵¹ | |
| 2019 | \$ 3,182,077 ⁵² | |
| 2020 | \$ 2,870,966 ⁵³ | |
| Estimated Future Revenue | | \$ 47,586,264 |
| 2021 budget | \$ 2,799,192 ⁵⁴ | |
| Years Remaining (2021-2037) | 17 | |
| Past IEC Expenses | | \$ 9,651,832 |
| Total Spent on IEC though 2020 | | \$ 8,606,341 ⁵⁵ |
| 2016 Bond Interest Paid through 2020 | | \$ 1,045,491 ⁵⁶ |
| Known Future IEC Expenses | | \$ 2,107,389 |
| Unpaid 2016 Bond Interest | | \$ 2,261,250 ⁵⁷ |
| 2016 Bond Principal minus Proceeds | | \$ (153,861) ⁵⁸ |
| South Shore Double Tracking Obligations | | \$14,191,655 |
| Total 2019 Bond Interest | | \$ 4,566,655 ⁵⁹ |
| Double-Tracking Project Spending | | \$ 9,375,000 ⁶⁰ |
| 2019 Bond Principal minus Proceeds | | \$ 250,000 ⁶¹ |
| Revenue Available to Spend on the IEC by 2038⁶² | | \$33,059,533 |
| Total IEC Expenses 2016-2038 (estimate)⁶³ | | \$44,818,754 |
| Total Overall Expenses | | \$59,010,409 |

⁴⁹ St. Joseph County Auditor

⁵⁰ St. Joseph County Auditor

⁵¹ [TIF Viewer: Gateway \(ifonline.org\)](http://gateway.ifonline.org)

⁵² [Annual Report of the St. Joseph County RDC, 2019](#)

⁵³ SJC RDC Agenda & Packet 11-10-2020 <http://sjcindiana.com/AgendaCenter/ViewFile/Agenda/1065?html=true>

⁵⁴ SJC RDC Agenda & Packet 11-10-2020 <http://sjcindiana.com/AgendaCenter/ViewFile/Agenda/1065?html=true>

⁵⁵ SJC RDC Agenda & Packet 11-10-2020 <http://sjcindiana.com/AgendaCenter/ViewFile/Agenda/1065?html=true>

⁵⁶ Special Taxing District Bonds of 2016. Information on the bonds is available through Report Builder: Bond/Lease Report, Indiana Gateway,

https://gateway.ifonline.org/report_builder/Default3a.aspx?rpttype=debt&rpt=DebtReports&rptName=Bond/Lease

⁵⁷ Special Taxing District Bonds of 2016

⁵⁸ Bond Principal: \$8,730,000; Net Bond Proceeds: \$8,883,861.

Since the bond proceeds exceeded the bond principal (repayment due in 2038), the bond expenses were reduced by the surplus (in addition to interest).

⁵⁹ Special Taxing District Bonds of 2019 (SS Double Tracking)

⁶⁰ Special Taxing District Bonds of 2019 (SS Double Tracking)

⁶¹ Bond Principal: \$9,375,000; Net Bond Proceeds: \$9,125,000. Since the bond proceeds did not exceed the bond principal (repayment due in 2038), bond expenses increased by the difference (in addition to interest).

⁶² Revenue available to spend was calculated by subtracting all known and estimated expenses and obligations shown in this table from total TIF revenue.

⁶³ IEC expenses include all expenses shown in above table except South Shore Double Tracking Obligations.