

THE DAVIS PLAN | **A NEW ECONOMIC VISION: OPPORTUNITY EVANSVILLE!**

THE PROBLEM

Like the rest of the nation, Evansville has suffered staggering unemployment over the past few years of “The Great Recession.” As recently as July 2001, Vanderburgh County’s unemployment rate stood at just 3.5 percent. In July this year, the county and the Evansville metropolitan area both had unemployment rates of 7.3 percent. Compared to the state and the nation, this sounds relatively good – until you realize that 7.3 percent represents 13,700 metro-area residents who have no job, possibly no income, and are faced with a bleak future.

The metro area includes other communities such as Henderson, KY, and Warrick County, IN. But it’s important to include these numbers because the City of Evansville is the economic engine that drives the Tri-State-area economy.

Today’s unemployment statistics are unacceptable. They are unacceptable for the families devastated by joblessness. They are unacceptable to the communities called upon to provide emergency aid to those families. They are unacceptable as our city begins to reconstruct its economic future.

A NEW BEGINNING

Evansville needs a new economic strategy to help us emerge from the current ruinous recession and to thrive in the second decade of the 21st century.

It is going to take immediate and effective action by our state and local business and government leaders for Evansville to get moving forward again.

Our economic future is not dismal. With the right leadership, Evansville can take advantage of our historic strengths and build on the resources that have made us successful in the past. A new Davis Administration, dedicated to working tirelessly on this problem of economic recovery, will provide the leadership Evansville needs right now to attract new business and help current businesses expand.

With our wonderful workforce and outstanding schools, universities and health care facilities, our city has much to offer prospective employers looking to build new businesses or expand existing operations. When I think of Evansville, its natural resources and human capital, I think of the word “opportunity.” There is opportunity for new businesses to thrive here and to utilize our resources. There is an opportunity for our current businesses to utilize existing resources better so they can hire new workers and find new markets. There is opportunity for our displaced workers to gain new skills and market those skills to new business. There is an opportunity for our young people to plan and begin their careers right here at home. That’s why I am calling my plan, “Opportunity Evansville.” It involves, in part, making our youth a focal point of economic development.

Because our national and local economy is in a very fluid state, this plan is a living document. The City of Evansville must be willing to adapt and act quickly to take advantage of

opportunities that exist or may be created due to changes in state or federal law and economic changes over the next few months. So if any citizen of Evansville has an idea that can help improve our economy, please email it to Rick Davis at contact@PickRickDavis.com.

In the meantime, here is my “Opportunity Evansville” plan of action:

JOBS FOR AMERICA’S GRADUATES

Economic development is the long-term result of numerous short-term steps. Our youth are one of our greatest resources. They require the skills and vision it takes to compete. Keeping our youth in Evansville after they have gained these valuable job skills, and helping them start their careers, are essential long-term components of our economic development strategy.

That’s why the Davis Administration will use Community Development Block Grant (CDBG) dollars to place counselors in each of our local high schools with the task of: Helping keep at-risk youth enrolled in school until graduation; assist students in securing entry level jobs leading to career advancement opportunities; and to make a difference in the personal, professional and career life of participants.

One way to do this without having to reinvent the wheel is to build on the very successful Jobs for America’s Graduates (JAG) program, www.jag.org. Jobs for America’s Graduates, which has been in operation for over 30 years, is now in operation in middle schools, high schools, community colleges, and community-based organizations in 32 states. I encourage those interested in economic development and helping our young people to visit this site and see how rewarding this program would be for our youth and our community.

Among the goals of the JAG program are keeping young people in school through graduation or completion of a GED and helping them to pursue postsecondary education and/or gain an entry-level job that leads to a career.

Other southwestern Indiana communities, including Tell City High School, Vincennes Lincoln High School, and Pike Central High School, have found success with the JAG program, and I believe it’s time that the City of Evansville assist the Evansville-Vanderburgh School Corporation in implementing this important program.

The Grow Southwest Indiana Regional Workforce Board has been instrumental in making sure these three local programs have been a success. Recently, the three schools were recognized for surpassing the national JAG organization’s performance outcomes, including a graduation rate of 90 percent; positive outcomes rate of 80 percent; employment rate of 60 percent; full-time jobs rate of 60 percent; and full-time placement rate of 80 percent.

There are currently 76 JAG programs in the state of Indiana, including 52 in-school programs (specialists serving up to 90 students in one building); 17 out-of-school (drop out recovery programs); and 7 alternative school programs.

Locally, students in grades 11 and 12 would participate in the program. Funding required for each school would be about \$42,000 per year, which includes the counselor salaries.

BUSINESS RETENTION AND EXPANSION FUND

One of the first actions of the new Davis Administration would be to put about \$1.5 million of Department of Metropolitan Development (DMD) funds in an Economic Development Administration Loan fund for business expansion and retention.

According to statistics published by the Small Business Administration (SBA), seven out of 10 new businesses survive at least two years and 51 percent survive at least five years. A paper released by the Lowe Foundation's Institute for Exceptional Growth Companies notes that between 1990 and 2008, existing companies generated 71 percent more new jobs than startup companies.

While "going fishing" for new businesses and industries is an important part of economic development, "whale hunting" – searching for big companies like Alcoa or Toyota to move into the area – is not as prominent in economic development as growing a one-pound bass into a two-pound bass.

By using the DMD funds and partnering with local banks, we can make a positive impact on business retention and expansion in the City of Evansville. Under my administration, the City of Evansville would take the \$1.5 million in DMD funds – which have been sitting unused for a decade – and ask three local banks to each come up with \$500,000, or a combined \$3 million, to form a Business Retention and Expansion Fund. This money would earn interest from loans to existing businesses that are struggling to otherwise get a loan in this economy to purchase equipment or add to their payroll. The loans would be 5-to-7-years in length with a low annual percentage rate. Interest earned will be shared equally by the four entities. The City's interest would revert back to the fund – and then equaled again by the banks – to be loaned out again in the future.

A Board of Directors consisting of seven members: banking executives, an accountant, an attorney, a mayoral appointee and a City Council appointee, would inspect the applications from each business seeking a loan to ensure that the City's risk is minimized.

If a penny saved is a penny earned, then I believe a job saved is a job earned. If during my first 4-year term the City, through DMD funding, can loan money each year to 10 businesses with 25 employees each, it would help existing businesses improve their financial and capital conditions, and they could expand and hire new employees. Those loans could possibly save a business through a trying time, meaning we possibly could have saved or help grow 1,000 local jobs in that 4-year period, which is nearly as many jobs as were eliminated when Whirlpool left Evansville for Mexico.

TRANSPARENCY IN JOB CREATION

Every candidate running for every level of office is currently talking about “jobs” as part of their platform. But unfortunately, our local government is doing very little to reassure our residents that government is doing everything possible to bring quality, high-paying jobs to Evansville.

The mayor has joined other elected area officer holders and business leaders as part of a Regional Workforce Board, which convenes on a monthly basis. The workforce board currently meets at the Toyota Motor Manufacturing-Indiana Visitor’s Center in Princeton. I propose that this board meet at the Civic Center in one of the council chambers and be open to the public to reassure it that their civic leaders are working to promote the Evansville area to economic development activity. This form of transparency will help the entire public join in our economic rebound.

FRONT DOOR PRIDE

For a variety of reasons, the Front Door Pride program in Evansville is not working. On paper, it seemed like a good idea. But in practice, it has not been successful. Currently, about half of the homes that have been built are vacant.

I propose that we offer the remaining homes for sale to potential police and fire department recruits, emphasizing on minorities. This solves many problems in one step.

- We will boost our minority representation on our police and fire departments, which is badly needed.
- We will put a public safety officer in our inner city neighborhoods, which by itself should help promote public safety.
- Children growing up in that neighborhood will “look up” to the police and fire department officer, and may want to grow up to be just like their neighbor one day, which helps improve our minority representation in our police and fire departments in the future.

Neighbors who live in the inner city tell me they feel like Code Enforcement is out to get them, not protect them. They see their neighbors “fined” out of their homes; those homes purchased at tax sale or commissioner sale by the City or an arm of the City; and then those vacant homes demolished to make room for Front Door Pride Houses. So neighbors feel like the City is out to “chase them” from their neighborhoods.

Rather than spending \$200,000 on a single home, and tearing down one or two homes in the process, I propose that the City/DMD partner with local 501(c)(3) organizations such as Habitat For Humanity and refurbish existing modest, single-family homes in the targeted Front Door Pride neighborhoods.

Many folks who live in these homes cannot afford to repair their properties for a variety of reasons. In essence, many of these homes need a new roof; new insulation; new windows; new front/storm doors; and new siding. We could spend \$50,000 each on four homes and keep

people in their neighborhoods rather than chasing people out of their homes and replacing the vacant structures with one home that may be overpriced for its location. Not all of our vacant homes can be saved, however, and some vacant structures must continue to be targeted for demolition in order to improve our neighborhoods.

Vacant homes are a plague in our city. According to statistics, nearly 14% of all homes in the City of Evansville are vacant. These buildings would make perfect “first homes” for many of our youth. Partnering with organizations such as Habitat For Humanity to fix these homes up would benefit our neighborhoods and give our youth their first home, perhaps keeping them from leaving Evansville to seek work in another community.

For instance, a recent Glenwood Community Development Initiative led to a \$100,000 grant to weatherize about 100 homes. That’s about \$1,000 per home, but it was money well spent. After an energy audit, the homes received caulking, blown-in insulation in attic spaces and vapor barriers installed around doorways. The payoff was tremendous to homeowners. The average “air infiltration” was reduced 22%, including one home that was improved 56%. This initiative resulted in money that can be saved by homeowners and reinvested in the home rather than being spent on utility bills.

TAX ABATEMENT/INCENTIVES

Just about every city or town in America, roughly 16,000 entities, are all going “fishing” for major businesses and manufacturers to build or relocate in their communities. In a typical year, those 16,000 entities are competing to land one of 300 opportunities. One of the most basic forms of “bait” for these cities is tax abatement. The City of Evansville, in order to be competitive, must offer these incentives to major businesses in order to lure quality, high-paying jobs to Evansville.

However, I feel that if the residents of the City of Evansville have to pay slightly higher property taxes in order to allow tax abatement for a new business to come here or an existing business to expand, then there should be accountability to the taxpayer.

I propose a “sliding scale” for businesses. After receiving their tax abatement, they must appear annually in front of the City Council for the lifespan of the abatement and offer a report card on their progress. If they promised they would create or expand an additional 100 jobs in order to receive tax abatement, but due to economic hardships the business were only able to add 60 jobs, then that business should then receive only 60% of its original abatement.

This rule is fair to everyone involved: The business that chose to relocate here or expand here – and to the taxpayer.

While vacant homes are a problem for the City of Evansville, so are vacant industrial areas. Under HB 1005, vacant industrial facilities at least 15 years old; that have been vacant for at least one year; and are at least 50,000 square feet in size qualify for state tax credits. The City of Evansville needs to help identify and market these facilities in order to help move businesses

back into the heart of the city rather than having them sprout up along cornfields on Hwy. 41 North.

I would encourage the City Council to target large areas of the city that contain facilities that that would be eligible to receive this tax credit and label these areas accordingly in order to capitalize on this opportunity. The properties may then be marketed appropriately in order to attract industry back into the heart of the city.

ACTION NOW

Recruiting and retaining jobs along with raising wages must top our list of priorities. On Day One of my new administration, I will convene a jobs and income-generating task force to attract quality, high-paying jobs to our city. This task force will represent all sectors of the economy, employers as well as workers and university experts. It will meet regularly throughout my term in office and be action oriented. Among other things, it will evaluate our city's historic strengths, including utilizing our core industries and universities to position ourselves strategically for job creation and to attract and develop quality jobs for the future. In addition, the task force will assist existing businesses to prosper and hire new talent. This will go a long way toward reversing the recent economic damage that has disrupted the lives of so many of our citizens.