Introduction

Indiana is not homogeneous and different parts of the state have different strengths and opportunities. Recognizing this, the Indiana Department of Commerce (IDOC) announced a regional approach to the delivery of economic development services late in 2002, following a study by Market Street Services on the best practices for economic development in today's changing economy. The twelve multi-county regional offices were established in 2003 to place representatives from the Indiana Department of Commerce closer to their constituents and to begin to build the regional partnerships that are needed to grow the local economy and strengthen the state. In the first year, there was already evidence that this approach increased the awareness of and utilization of state programs by local businesses, while providing state officials with a clearer understanding of the needs of each region.

Advisory Councils were formed in each region to serve as steering committees for planning and to provide feedback and recommend suggestions to the Regional staff. To ensure coordination in their planning efforts statewide, the Indiana Department of Commerce engaged the Indiana Economic Development Council (IEDC) to direct and manage a regional planning process in conjunction with efforts also underway to update the Statewide Plan for Economic Development. This partnership will result in plans that are inter-related at the state and regional levels and help to ensure that the tools and engagement necessary for implementation are in place.

Indiana is standing at a critical juncture in its history with choices that can guarantee Hoosiers a strong economy and a good quality of life. In the state and regional plans, known collectively as *A New Path to Progress*, decision makers at all levels will find the policy recommendations that lead to that better future. The Indiana Economic Development Council is proud to be a partner in this effort, along with our team member Policy Analytics, LLC. We want to express our gratitude to the many individuals in Region 2 who have contributed so extensively to this planning process and to the many other economic development efforts across the region that were examined to insure that the Commerce Region 2 staff is positioned to provide the most needed services and leadership to the businesses and residents of this region.

In 2005, the IDOC elected to reduce the number of regions from twelve to five. We believe that the work presented in these regional reports will be more critical than ever in assisting the Commerce staff and policy makers in these larger regions as they seek to strengthen their local economy.
Greetings!

In July 2002 then-Lt. Governor Joe Kernan announced the historic restructuring of the Indiana Department of Commerce (IDOC). The IDOC reorganization created 12 regional offices to better serve the individual needs of Indiana’s various economies.

Each of the regional offices is responsible for the following: developing and maintaining partnerships with regional business and community organizations and their leaders; collaborating with regional governments and local organizations on economic development projects; and educating the public on IDOC programs and services.

The regional offices have now been in operation for two years. Each office has had a significant impact in on their local areas and each has had some noteworthy accomplishments.

The regional offices have also been given the responsibility of evaluating regional development needs and formulating a regional strategic plan. The Indiana Economic Development Council (IEDC) has partnered with the IDOC to develop these plans. Additionally, the IEDC will use the information gathered through the regional planning process to develop a Statewide Strategic Plan that will be delivered to the General Assembly when they convene for the 2004-05 session.

Much thought and effort has been put into this plan, but much more needs to be done to make this plan a reality. This is the first step in a journey that will take some time to realize. However, it is important that we lay out a vision for what we want our state and region to be.

Thank you to each of the Region 2 Advisory Council members and others who participated in this process. I look forward to working with you in the future to advance our hopes and dreams for North Central Indiana into reality.

Sincerely,

Barkley P. Garrett
Director, Region 2, 2004
Executive Summary

The Indiana Department of Commerce and the Indiana Economic Development Council have partnered to create a new state economic development strategy and a set of strategies for IDOC Region 2. At the regional level the planning process has been overseen by the region's Advisory Council. The Advisory Council consists of fifteen members representing small and large employers, economic development organizations, educational institutions K through 16, and local government.

The Indiana Economic Council has identified seven key drivers of the state economy, which have served as the basis for the planning process:

- Globalization
- Thinking Regionally
- Business Innovation
- Workforce/Education
- Smart Government
- Infrastructure
- Quality of Life

The Region 2 Advisory Council (RAC) held three planning sessions. Purdue University and the Indiana University Business and Research Center provided statistical information on the state and regional economy for these sessions. In addition to these sessions, a public meeting was conducted. Guided by this information, the Advisory Council has adopted a goal under each driver and a set of objectives defining the activities to achieve each goal.

The Region 2 Advisory Council has chosen seven goals for its economic development strategy. These goals are:

1. Position all businesses in the region to compete in the global marketplace
2. Recognize the needs of the region and promote collaborative solutions
3. Promote business innovation through region-wide cooperation, diversification, and enhanced venture capital opportunities
4. Collaborate with higher education organizations to provide leadership in workforce training and economic development
5. Promote cooperation among communities in order to capitalize on regional economic assets
6. Utilize and enhance regional infrastructure assets to progress regional economic development
7. Promote a high quality of life throughout the region
Region 2 consists of Elkhart, Fulton, Lagrange, La Porte, Kosciusko, Marshall, Pulaski, St. Joseph, and Starke Counties. Along its northern border, the region is bounded by Michigan. The region lies between Region 1 and Region 3. Interstate I-80/90 traverses the northern portion of the region from east to west. I-94, which connects Chicago and Detroit, passes through the northern portion of La Porte County. Region 2 does not have any north-south interstates. The primary north-south corridor is US 31.

The region includes the South Bend, Elkhart, and Michigan City Metropolitan Statistical Areas. The City of South Bend, with a 2003 population of 105,540, is the region’s primary economic hub and the state’s fourth largest city. Elkhart, with a 2003 population of 51,682, is the region’s secondary economic hub. The region’s communities are mostly rural and suburban, with the exception of urbanization within South Bend and Elkhart. In 2003, Region 2’s population was 780,166. Between 1990 and 2000, the region's population grew at a rate of 9.8%, which is statistically similar to the state's growth rate of 9.7% for the same time period.
Profile of Region 2

Region 2 has many assets that will help the region to develop a vibrant economy. Region 2 is home to a large and developing biomedical and life sciences cluster. The life sciences cluster is centered on Warsaw, where both Biomet and Zimmer are headquartered.

Additionally, Region 2 is home to many prestigious institutions of higher education including Notre Dame, Indiana University-South Bend, Purdue North Central, and St. Mary’s among others. Due to the presence of such institutions and a burgeoning life sciences economy, Region 2 enjoys a Brain Gain rather than a Brain Drain. Further, Region 2 has a strong transportation network, including excellent east-west linkages and a regional airport located in South Bend. The region is close to the Chicago, Indianapolis, and Detroit markets.

The unemployment rate for Region 2 stood at 4.6% for November 2004. The rate is 0.3 percentage points lower than Indiana’s overall unemployment rate.

In 2003, the region’s largest industrial sector, in terms of numbers employed, was manufacturing with 32.1% of the workforce or 110,458 employees. The total manufacturing workforce for the state of Indiana was 20.3%, a number indicating that Region 2’s economy is considerably less diverse and much more reliant on manufacturing. For 2003, the largest manufacturing cluster in Region 2 was transportation equipment manufacturing, where Region 2 has a location quotient of 7.3. In 2003, transportation equipment manufacturing\(^1\) represented 10% of Region 2’s total employment. The 2003 average transportation equipment manufacturing wage for Region 2 was $43,290. This wage is $11,020 (34.1%) greater than the region’s average wage and $2,162 (4.8%) less than the average wage for the state.

Between 2001 and 2003 Region 2 lost 2,781 jobs. In contrast, the transportation equipment-manufacturing cluster has added 4,452 during the same period. In the Milken Institute’s 2004 Best Performing Cities, the South Bend MSA ranked 97 out of 200 of the largest metropolitan areas for total job creation.

\(^1\) NAICS 336
Region 2 Cluster Analysis

Over the last ten to fifteen years, cluster analysis has emerged as a new way of looking at economic development, integrating regional differences in development and economic specialization. An increasing number of states and regions in the US and overseas have modified their economic development strategies to focus and capitalize on the business and industry clusters where they have, or would like to have, a competitive advantage. In adopting a cluster strategy, states and regions hope to maximize their competitive advantage in existing industries and to build new strengths in the emerging industries that will replace older, declining sectors.

Fourteen potential clusters were studied during the current process of creating the State economic plan. The same fourteen clusters that were studied for the State of Indiana as a whole were also examined for Region 2 and each of the remaining 11 IDOC regions. Owing to issues of data suppression for confidentiality reasons at the regional and local level, and to issues regarding the switch from SIC to NAICS codes, the regional cluster analyses have been conducted using a slightly different data sequence from the State analysis. Regional clusters have been studied for the period 2001-2003 (third quarter data) giving a slightly different snapshot of the regional clusters. Subsequent analyses will be needed to expand this time series and improve knowledge about trend directions in the regional clusters. The analysis of Region 2’s cluster data nevertheless reveals some important points about the regional economy.

The fourteen statewide clusters are:

1. Advanced Business Services
2. Advanced Logistics
3. Advanced Manufacturing
4. Advanced Materials
5. Agribusiness, Food Processing and Technology
6. Arts, Entertainment, Recreation, and Visitor Industries
7. Biomedical/Biotechnical (Life Sciences)
8. Chemicals
9. Earth Products
10. Educational Services
11. Environmental Technology
12. Forest and Wood Products
13. Information, Communications, and Media Industries
14. Information Technology

Because of the short, two-year time period (2001-2003), the analysis of these clusters should be seen as a snapshot of the regional economy and might not necessarily indicate long-term trends. These clusters were analyzed from several perspectives, including total employment, employment growth, wages and the growth in specialization in each cluster relative to that same cluster nationally. Chart 1 shows the size of employment in each of Region 2’s clusters, the degree to which employment in each cluster is concentrated in the area (compared to the nation) by the size of its location quotient, and the percent change in the size of the location quotients over the period.

A cluster can be categorized by the growth of its employment specialization. A “Star” cluster is one that is already specialized and is becoming even more concentrated. A “Mature” cluster refers to those that are specialized but are currently becoming less concentrated.
Chart 1 – Region 2 Clusters

Region 2 Cluster Location Quotients and Change in Concentration, 2001-2003

Source: IEDC and Purdue University Cooperative Extension Service, with data provided by Indiana Business Research Center, 2004

The “Emerging” clusters are defined as those that are currently not specialized, but are becoming more concentrated in their particular grouping. The “Transforming” clusters are not specialized, and appear to be decreasing in concentration. In using these categorizations, however, it is important to note that the relative position of clusters can be changeable in the short term.
Table 1 - Region 2 Changes in Employment and Concentration

| Region 2 Cluster Totals, Change in Employment and Concentration, 2001 - 2003 |
|-------------------------------------------------|------------------|------------------|------------------|------------------|
| Cluster Name                                    | Total Employment 2003 | % Change in Employment 2001-2003 | Cluster Location Quotients 2003 | % Change in Location Quotients 2001-2003 | Average Payroll Wages per Capita 2003 |
| Total, all industries                           | 362,363            | -0.8%             | 1.00              | 0.0%             | 31,167               |
| Specialized, Increasing Concentration           |                   |                   |                   |                   |                     |
| Advanced Manufacturing                          | 67,211             | 1.8%              | 3.57              | 18.1%            | 38,930               |
| Advanced Materials                              | 8,053              | -12.1%            | 1.70              | 1.9%             | 40,657               |
| Educational Services                            | 9,951              | 5.7%              | 1.01              | 0.2%             | 34,182               |
| Specialized, Decreasing Concentration           |                   |                   |                   |                   |                     |
| Forest and Wood Products                        | 20,573             | -2.8%             | 2.61              | -0.2%            | 33,281               |
| Chemicals                                       | 15,174             | -6.5%             | 2.18              | -0.3%            | 33,940               |
| Not Specialized, Increasing Concentration       |                   |                   |                   |                   |                     |
| Information, Communications and Media           | 6,215              | -7.3%             | 0.62              | 4.9%             | 32,562               |
| Earth Products                                  | 1,813              | -4.4%             | 0.72              | 4.0%             | 35,405               |
| Arts, Entertainment, Recreation and Visitor Industries | 6,626          | 2.9%              | 0.51              | 2.8%             | 15,519               |
| Agribusiness, Food Processing and Technology    | 8,116              | -1.9%             | 0.94              | 0.7%             | 26,802               |
| Not Specialized, Decreasing Concentration       |                   |                   |                   |                   |                     |
| Information Technology                          | 7,295              | -13.7%            | 0.43              | -0.5%            | 42,677               |
| Advanced Business Services                      | 11,859             | -1.6%             | 0.41              | -0.9%            | 40,093               |
| Advanced Logistics                              | 7,709              | -5.9%             | 0.71              | -1.5%            | 34,314               |
| Biomedical/Biotechnical (Life Sciences)         | 43,526             | 3.4%              | 0.97              | -1.5%            | 38,961               |
| Environmental Technology                        | 3,874              | -5.5%             | 0.86              | -5.0%            | 37,765               |

Source: Indiana Economic Development Council and Purdue University Cooperative Extension Service, from data supplied by the Indiana Business Research Center, January 2005

Region 2 had three clusters in the “Star” category from 2001 to 2002: Advanced Manufacturing, Advanced Materials and Educational Services. These three sectors represented 23.5% of the region’s total workforce. These sectors employed 85,214 for 2003.

- Advanced Manufacturing continues to serve as an important cluster for Region 2. This sector employs over 67,200 people, which is 18.5 percent of total jobs in Region 2. With a location quotient of 3.6, employment in the Advanced Manufacturing cluster is over three and a half times more concentrated in Region 2 than in the nation at large. This cluster experienced average per capita wages of $38,930, or roughly 124.9% of the region’s average per capita wage for 2003. The Advanced Manufacturing cluster experienced a 1.8% increase in its overall employment between 2001 and 2003.

- The Advanced Materials cluster, in part a sub-cluster of the Advanced Manufacturing cluster, employs over 8,000 workers in Region 2. It has a location quotient of 1.7, indicating that Advanced Materials is almost twice as concentrated in Region 2 as in the nation. This cluster experienced a reduction of 12.1% in its workforce between 2001 and 2003. Advanced Materials had the second highest average per capita wage amongst all 14 clusters. Its average per capita wage for 2003 was $40,657, or $9,490 more than the average per capita wage for the region.

- The Educational Services cluster employs almost 10,000 people and is weakly concentrated in the region. During the period 2001 to 2003 employment in this cluster essentially stagnated, although the cluster remains slightly more concentrated in Region 2.
than in the nation as a whole. Given the presence of Notre Dame University in the Region, there is potential for growth in this cluster.

Region 2 had two clusters that fell into the “mature” category in 2003: Chemicals and Forest and Wood Products. For 2003, these two clusters employed 35,747, or 9.9% of Region 2’s workforce.

- The Chemicals cluster in Region 2 employed almost 20,600 people in 2003. While the cluster’s concentration in Region 2 has declined slightly from 2001 to 2003, it maintains continues to be highly specialized compared to the nation with a location quotient of 2.2. Chemicals and pharmaceuticals are important engines of economic growth for the state as a whole. On average, this cluster experienced slightly higher wages than the region's average per capita wage for 2003. Chemicals had an average per capita wage of $33,940, roughly $2,800 more a year than Region 2's average.

- The Forest and Wood Products cluster continues to be important in the region, although it has declined slightly in concentration and employment between 2001 and 2003. The cluster employs almost 15,200 people, and although the cluster’s industries are declining nationally, Region 2 has several strengths in cluster sub-sectors.

Of Region 2's four “emerging” clusters, Arts, Entertainment, Recreation and Visitor Industries showed the highest increases in both employment and concentration during the three years from 2001 to 2003. This cluster employed over 6,600 people and had a concentration that was half that of the nation. Even though this cluster has shown growth during the period, it also had the lowest average per capita wage for 2003 at $15,519. This average per capita wage is $15,648 less than the region's average per capita wage.

The Biomedical / Biotechnical business cluster has a strong presence in Region 2. This cluster employs over 43,500 people within the region, which is 12 percent of total jobs in Region 2. Its specialization within this field has decreased slightly between 2001 and 2003, and that level remains below the national average. During that same period Region 2’s employment in Biomedical / Biotechnical increased by more than 1,400 jobs. Because of the aging of the Baby Boom generation, this cluster has the potential to be an increasing part of the region’s economic foundation, even though it has declined slightly in concentration in the last three years. Biomedical/Biotechnology jobs paid an average per capita wage of $38,961 or approximately 25% more than the average per capita wage for the region.

Advanced Business Services and Information Technology are also “transforming” clusters for the region. Region 2’s level of specialized employment in these clusters is declining and remains far below the national average. This is significant because these are the key support clusters needed to sustain the growth of the major driver clusters such as Chemicals, Advanced Manufacturing and Advanced Materials.

The average payroll wage per capita for the region in the third quarter of 2003 was $31,167. The four clusters with the highest average payroll wage per capita in Region 12 were Information Technology at $42,677, Advanced Materials at $40,657, Advanced Business
Services at $40,093, and Biomedical / Biotechnical at $38,961. The four clusters with the lowest average payroll wage per capita in 2003 were Forest and Wood Products at $33,281, Information, Communications and Media at $32,562, Agribusiness, Food Processing and Technology at $26,802 and Arts, Entertainment and Recreation at $15,519.
Region 2 Vision, Goals, and Measurements

Region 2 Vision 2016:
Region 2 will provide coordinated efforts to meet community and economic sector needs in a drive to develop the region as a premier location for business and investment and the enhancement of its quality of life.

A vision reflects the values of its residents. To achieve the vision, an effective strategy requires one or more large goals – priorities that will lead to the future. The Region 2 Advisory Council has chosen seven goals for its economic development strategy.

Goal 1 - Position all businesses in the region to compete in the global marketplace.

Measurements: To measure this goal a comparison of job growth numbers with changes in unemployment is useful. If Goal 1 were obtained, one would see overall job growth and a decrease and leveling off of the unemployment rate.

Goal 2 - Recognize the needs of the region and to promote collaborative solutions.

Measurements: The number of new business establishments is a good indicator of regional collaboration. As the region is successful in collaborating its resources, the number of new business establishments should increase. As the number of business establishments increases, the region should experience increases in average wages and an increase in job growth.

Goal 3 - Promote business innovation through region-wide cooperation, diversification, and enhanced venture capital opportunities.

Measurements: To measure the success of this goal, it will be important to examine the amount of research and development dollars spent as a percentage of total business expenditures for the region. As the region becomes more innovative, research and development expenses should increase as a percentage of total business expenditures. Additionally, it can be assumed that as this number increases so should the number of patents per 100,000 people and overall investment in research and development, both also indicating an increasingly innovative business environment.
**Goal 4 - Collaborate with higher education organizations to provide leadership in workforce training and economic development.**

**Measurements:** The percentage of the population that graduates from high school, obtains post-secondary training, receives a bachelor’s degree, and those who earn master's and professional degrees will increase. As institutions of higher education are better integrated with the concerns of local government and the needs of local businesses, the region should experience higher rates of education at all levels in its workforce.

**Goal 5 - Promote cooperation among communities in order to capitalize on regional economic assets.**

**Measurements:** Number of new business establishments is a good measurement for this goal.

**Goal 6 - Utilize and enhance regional infrastructure assets to progress regional economic development.**

**Measurements:** A good measure for this goal is job growth. As job growth is increased through modernization of Region 2’s infrastructure, the number of new business establishments should also increase.

**Goal 7 - Promote a high quality of life throughout the region**

**Measurements:** Increase in the numbers of skilled and educated workers is a good indication of successful promotion of the region’s quality of life. Not only should a high quality of life attract skilled and educated workers new to the region, but also the region should experience a higher retention of locals who pursue advanced education.
Drivers, Goals and Objectives

Driver 1: Globalization

To succeed in the new economy, Region 2 must participate in the socio-economic forces that make up the global economy. The region’s businesses and communities must be adept at taking advantage of opportunities created by the global economy including emerging markets and increased foreign investments. Region 2 must focus on helping businesses within the region to position them in the global marketplace. Region 2 school systems and higher education institutions can develop global economy education and training programs.

Goal One: Position all businesses in the region to compete in the global marketplace.

2005 Action Items

1. Strengthen the Michiana World Trade Council through better local partnership support.
2. Ensure that all marketing materials for Region 2 present Region 2 as a strategic location for international business expansion seeking to reach the American markets from a central location
3. Adopt a comprehensive foreign trade policy to stimulate regional exports and to increase foreign investment
4. Support statewide adoption of daylight savings time

Long-term Directions

5. Position Region 2 as an international leader in advanced manufacturing and life sciences
6. Create programs that provide opportunities for college and graduate students to either stay in or return to the region
7. Develop and strengthen collaborative relationships across business clusters and industries
8. Aggressively pursue opportunities for investment in Region 2
9. Create programs that encourage international students educated in Region 2 to develop business relationships with the region
10. Build communications, transportation, and education infrastructures appropriate to the needs of companies doing global business
11. Increase support in K-12 for student exchanges, global economy studies, and foreign languages
12. Provide information for smaller businesses on aspects of operating in the global economy
Driver 2: Regional Thinking

Economies are regional and communities benefit greatly when they act beyond political boundaries and build coalitions tailored to address specific development issues. Region 2 must recognize its diverse infrastructure needs and promote collaborative solutions.

Goal Two: Recognize needs of the region and to promote collaborative solutions.

2005 Action Items

1. Adopt a single definition of Region 2 boundaries for the delivery of services by economic development organizations
2. Give preferences to economic development funding to multi-jurisdictional proposals
3. Strengthen and support regionally sponsored workforce training programs

Long-term Directions

4. Engage businesses and government leaders across geo-political lines to attract and retain jobs
5. Continue to educate public and private leaders on the interconnectedness of communities within the region
6. Ask central cities (South Bend, Michigan City, Elkhart) to reestablish their role as the economic core and engines for Region 2
7. Support policy initiatives to stimulate multi-county business and industrial parks by funding regional infrastructure with shared tax revenues
8. Build relationships with other organizations such as MACOG to enhance and promote a regionalized identity
Driver 3: Business Innovation

Successful new economy businesses are characterized by continuous innovation and a critical mass of advanced business services to bring products to market. Region 2 must promote business innovation through region-wide cooperation, diversification, and enhanced venture capital opportunities. Region 2 needs to transfer technologies from the research & design phase to the market place to strengthen existing clusters and create sub-clusters in sectors such as orthopedic devices and advanced business services.

Goal Three: Promote business innovation through region-wide cooperation, diversification, and enhanced venture capital opportunities.

2005 Action Items

1. Create a technology task force to inventory current technology assets and deficiencies in the region and develop awareness of education programs
2. Create a technology and productivity committee to offer guidance in business start up and business diversification
3. Further explore cluster analysis to identify and develop business sectors that are of current and future importance to Region 2's economy
4. Create and re-energize networks of businesses seeking and supplying early stage and venture capital
5. Design a marketing plan and marketing team to solicit early stage and venture capital into the region

Long-term Directions

6. Pursue research parks, technology parks, and business incubation
7. Develop collaborative relationships between business community and higher education institutions
8. Seek diverse economic opportunities so that Region 2 does not to rely on a single industry
9. Adopt policies that increase the availability of capital at all stages in the commercialization of new technologies
10. Facilitate the entrance of minority owned businesses into Region 2 communities
11. Transfer brand new technology developed in existing research parks (i.e. Purdue Research) into Region 2
12. Strengthen relationships between businesses and universities
13. Create/build a network of businesses seeking and supplying capital
Driver 4: Workforce Education

In the new economy, education and skill attainment and access to continuing education and training will be among the most important factors for competitive success. Region 2 must collaborate with higher education organizations to provide leadership in workforce training and economic development.

Goal Four: Collaborate with higher education organizations to provide leadership in workforce training and economic development.

2005 Action Items

1. Continue to assess and re-evaluate regional business needs in workforce
2. Further develop inventory of education programs that match regional business needs
3. Develop K-12 programs focusing on global economy and entrepreneurial education
4. Increase graduate and post-graduate services for continued workforce education and development
5. Expand use of the Work Keys measurement system to evaluate workforce readiness in meeting Region 2’s business needs
6. The Region 2 Office should develop a relationship with the Department of Workforce Development and its WorkOne and Workforce Investment Boards offices in the Region to promote/help design programs

Long-term Directions

7. Strengthen regional awareness of workforce research and transition findings to program development
8. Support a mindset of lifelong learning within the workforce
9. Create and strengthen formal linkages between area school districts, universities, regional businesses, and workforce organizations
10. Direct highly competitive incentives to businesses creating high skill and high wage jobs
11. Produce a multi-lingual workforce proficient in science and technology
12. School systems in Region 2 must make “life skills” an outcome of K-12 education
13. Build relationships between Purdue North Central and localized businesses for business training programs
15. Develop and fund a strategy to market technical careers
**Driver 5: Smart Government**

Government can either hinder or facilitate economic development. Smart and adaptable governments are invaluable economic assets. Region 2 will explore collaborative relationships between governments to create a welcoming regulatory environment for business development.

**Goal Five: Promote cooperation among communities in order to capitalize on regional economic assets.**

**2005 Action Items**

1. Encourage the consolidation of local government units to simplify service delivery and increase accountability
2. Encourage local governments to identify new sources of funding for Urban Enterprise Zones
3. Provide mandatory economic development and planning training to government officials
4. Use organizational structure of groups that already exist, such as Indiana Association of Cities and Towns (IACT), for economic and planning training

**Long-term Directions**

5. Support leadership training for government officials
6. Restructure county and local services to become more efficient and effective
7. Identify and eliminate excessive bureaucracy and agency overlap
8. Using regional partnerships, identify creative financing means for economic development in Region 2
9. Coordinate and streamline the regulatory and permitting process at the local, state and federal levels
**Driver 6: Infrastructure**

Each community must have adequate infrastructure that will enable it to compete. Infrastructure includes: broadband services, water, sewer, power, and transportation. Region 2 must utilize and enhance regional infrastructure assets to progress regional economic development.

**Goal Six:** Utilize and enhance regional infrastructure assets to progress regional economic development.

**2005 Action Items**

1. Accelerate the redevelopment of secondary road system to strengthen north-south corridors
2. Identify water and sewer needs in rural areas
3. Develop strategy for the upgrade and extension of sewer lines
4. Inventory areas that are not covered by broadband service
5. Utilize findings from MACOG freight study to enhance and maintain efficient road networks
6. Accelerate the redevelopment of US 31 as a primary north-south corridor
7. Provide assistance to small towns for planning infrastructure (increase funds in and access to the state revolving fund)

**Long-term Directions**

8. Connect regional transportation assets into a world-class multi-modal transportation network
9. Provide local incentives to adopt broadband technologies
10. Develop public education program on the benefits of broadband technologies
11. Develop better access to air transportation by enhancing/expanding services of existing regional airports
12. Pursue the Small Aircraft Transportation System (SATS) program
**Driver 7: Quality of Life**

In the new economy people have higher expectations about the quality of life in their communities that play a great role in business location decisions. Region 2 must promote a high quality of life throughout the region. Region 2 will continue to develop cultural resources, human capital resources, and its natural resources.

**Goal Seven: To promote a high quality of life throughout the region.**

**2005 Action Items**

1. Continue to develop a marketing team and a marketing plan to publicize positive perceptions of the region
2. Focus on developing recreational, cultural, and tourist amenities
3. Eliminate non-attainment designations by improving air quality throughout the region
4. Promote livable communities and community redevelopment as crucial to economic development
5. Increase marketing and advertising of Amish communities to attract visitors to the region
6. Market area lakes and natural resources

**Long-term Directions**

7. Attract a talented and creative workforce
8. Retain college graduates through linking businesses to educational institutions
9. Reduce pollution to meet environmental standards
10. Increase regional support for the arts
Appendix 1

Region 2 SWOT: Strengths, Weaknesses, Opportunities and Threats Analysis

Introduction

The Region 2 Advisory Council developed a set of issues based upon an extended discussion of the region’s economic strengths, weaknesses, opportunities and threats.

Strengths

1. Strong Recreational Vehicle Manufacturing Cluster
2. A developing and lucrative Biomedical Manufacturing Cluster
3. Skilled workforce due to manufacturing presence and heritage
4. Diversified economy with a demand for a workforce that has “high-tech” skills
5. Home to esteemed colleges and universities, including Notre Dame, Indiana University-South Bend, Purdue University North Central, St. Mary’s, Ivy Tech, and many other small private institutions
6. As a result of top-notch higher education institutions and the presence of Biomedical Manufacturing, Region 2 enjoys a Brain Gain
7. Low Crime Rates in the region
8. Diverse housing base and an overall low cost of living
9. Favorable tax structures for businesses in the communities within the region
10. Located within close proximity to the Chicago, Indianapolis, and Detroit markets
11. Good east-west transportation linkages

Weaknesses

1. Communities within Region 2 have spotty and mixed K-12 education records
2. A significant portion of the workforce in Region 2 is unskilled and untrained and requires midlevel skill development
3. The younger workforce in Region 2 needs increased life skills
4. Continual challenges to reach a diversified economy with a good balance of industries
5. Manufacturing mentality and reputation that inhibits capital investments
6. Lack of universal Broadband coverage and access
7. Communities in Region 2 have minimal collaborative agencies, boards, and task forces
8. Access to air transportation is not fully leveraged as an asset in the region, resulting in low demand
9. Poor north-south transportation linkages
Opportunities

1. Increase collaboration and momentum economic development strategies
2. Create cooperative relationships between governments, businesses, and higher education systems to develop a competitive workforce
3. Governments can work collaboratively in pursuing universal coverage and access to broadband services
4. Leverage easy access to air transportation through regional airports
5. Pursue air transport needs analysis
6. Continue to explore the Small Aircraft Transportation System (SATS) programs
7. Foster tech transfer and commercialization of research through partnering with higher education and local businesses
8. Capitalize on strong foundation in the Biomedical sector, which can spur supporting clusters to emerge
9. Further develop and market tourist and recreational assets outside the region
10. Redevelop many brown fields

Threats

1. Future of the airlines and their continuing financial problems
2. Continued job loss through globalization of the economy and off-shoring
3. An embedded resistance to proper planning
4. Lack of effective training for planning commissions
5. Can suffer from improper land use planning
6. Broadband and telecommunications industries are resistant to open architecture
7. Deregulation of energy supply
8. Increase the capacity of utilities (energy) to meet expanding business demand
### Region 2 Economic Development – Planning Meetings 2004

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<td>Planning Session 2</td>
<td>September 21, 2004</td>
<td>Kosciusko Development Inc, Warsaw, Indiana</td>
</tr>
<tr>
<td>Planning Session 3</td>
<td>October 25, 2004</td>
<td>Christo’s, Plymouth, Indiana</td>
</tr>
<tr>
<td>Public Meeting 1</td>
<td>November 4, 2004</td>
<td>St. Joseph County Public Library, South Bend, Indiana</td>
</tr>
</tbody>
</table>
Appendix 3

Region 2 Economic Development - Council Members and Participants

Larry Andrews  Nappanee Econ. Devel. Corp.
Bradley Bishop  Zimmer Corp.
Tom Bonnell, General Manager  Braun Motor Works
Gene Blastic  Starke Co. Development
Bill Bradley  Elkhart Econ. Dev. Corp
Dr. James Dworkin, Chancellor  Purdue University - North Central
Dennis Horhoro  AirVac Corp
Corey Hull  MACOG
Bob Kawaguchi  Explore Starke Co.
Ms. Sharon Kendall, Director  Community & Economic Development
Terry Kimmel, Starke County
Bob Kovach  IVTC
Joy McCarthy-Sessing  Kosciusko Econ Dev. Corp.
Mr. Patrick McMahon, Executive Director  Project Future
Karen Mackowiak  MACOG
Ms. Teresa Mollencupp, Executive Director  Pulaski Alliance for Community Education (PACE)
Chris Murphy  First Source Bank
Mr. Kevin Overmyer, President, Fulton County Commissioners
Mr. Chris Pieri, Manager Business Development
Mr. Joe Pierce, President  Northern Indiana Public Service Company (NIPSCO)
Mr. Robert Schaefer, President  Community Dynamics
Mr. Sam Schlosser, President  Plymouth Foundry
Mr. Gary Zehr, Owner  Simple Sounds

LEDO, assisting with naming individuals.
Partners in the Region 2 Planning Team

Region 2 Office
   Barkley P. Garrett, Director

Kathy Noland, Indiana Dept. of Commerce

Policy Analytics, LLC
   William Sheldrake, President
   Kurt Gilmore

Indiana Economic Development Council, Inc.
   Jackie Nytes, President
   Le Anh Long, Research Director

Purdue University Extension Services
   Christine Nolan, Area Educator

Indiana Business Research Center
   Jerry Conover, Executive Director
   Carol Rogers, Associate Director

Insight Consulting, LLC
   M. Jean Woods, Principal
   Peggy Morrow

About William Sheldrake and Policy Analytics, LLC

William J. Sheldrake is President of Policy Analytics, LLC – an Indiana based company specializing in public finance, policy analysis and economic research. Bill was formerly President of the Indiana Fiscal Policy Institute where, under his leadership, the IFPI conducted research on human capital shortages in Indiana, examined public pension funds, and assisted in the development of Indiana tax restructuring legislation, among many other projects. Before serving with the IFPI, Bill worked for 10 years with the Indiana State Budget Agency, where he served as Indiana's chief revenue forecaster, head of tax analysis, and Deputy Budget Director. He is also a former member of the National Board of Trustees of the Governmental Research Association and the Governmental Accounting Standards Board Advisory Council. Bill holds a master's degree with a public finance concentration from Purdue University.