

ECONOMIC DEVELOPMENT

INTRODUCTION

Overall the City of Vandalia is in excellent financial shape. Like most Ohio municipalities, income tax is the City's most significant revenue source. Therefore, continued economic development is important to continuing the existing level of City services that residents have become accustomed to receiving. According to Moody's Investors Service, Inc. the factors most important to maintaining a high credit rating include the City's ability to diversify and expand the tax base, local demographics, sound management practices, and the ability to maintain significant cash balances while accommodating growing needs.

BACKGROUND INFORMATION

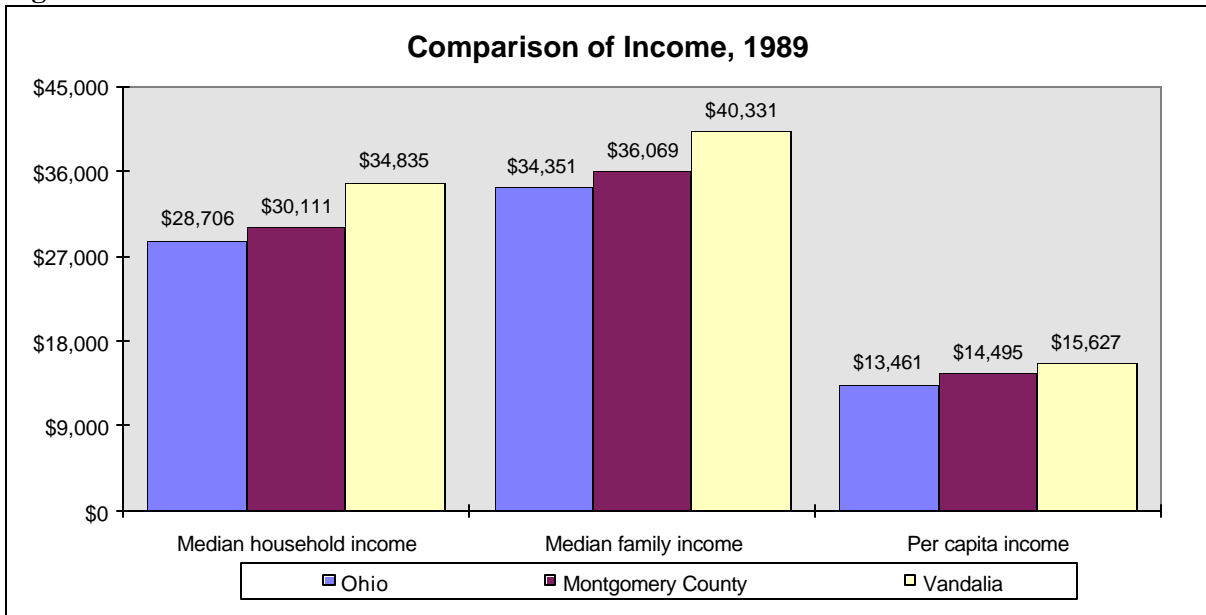
There are many measurements that can be used to determine the economic health of an area. One such measurement is income. Table 6.1 shows the distribution of Vandalia's households by income category. The figure shows that a majority of the City's 1989 households fell into middle-income categories. Vandalia's median household income in 1989 was \$34,835 and its per capita income was \$15,627.

It is particularly useful to look at income data in comparison with the surrounding state and county. Figure 6.1 shows a comparison of income levels between Ohio, Montgomery County, and Vandalia. Vandalia has a higher median household income, median family income, median non-family household income, and per capita income than both the state and county.

Table 6.1

Comparison of Household Income in 1989			
Income Range	Percentage of Households		
	<i>Ohio</i>	<i>Montgomery Co.</i>	<i>Vandalia</i>
< 5,000	6.6%	6.4%	2.1%
5,000-9,999	9.5%	8.8%	6.7%
10,000-14,999	9.0%	8.5%	7.2%
15,000-24,999	18.4%	17.8%	17.0%
25,000-34,999	16.8%	16.4%	17.3%
35,000-49,999	18.8%	19.5%	24.7%
50,000-74,999	14.1%	15.0%	18.2%
75,000-99,999	4.0%	4.5%	4.3%
100,000-149,999	1.9%	1.9%	2.1%
>150,000	1.1%	1.1%	0.5%

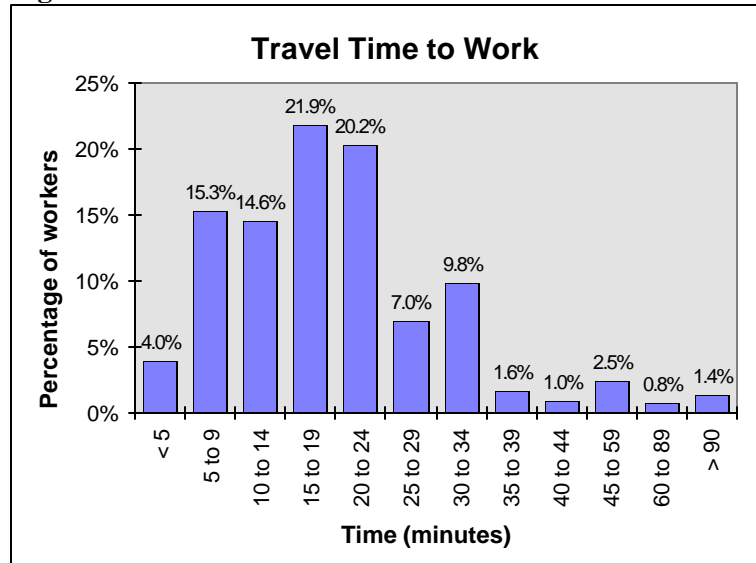
Figure 6.1



Source: 1990 US Census Bureau

In Vandalia, the highest per capita income is found in the southern area of the city where the newest housing is also located. Areas west of the CBD are also above the average per capita income in the city. The lowest per capita incomes are located in an older area of the City south of National Road and to the west of Dixie Drive. Lower per capita incomes are also located in the northeast where a large area remains in agricultural use. Comparing this data to the demographic information obtained, it appears as though the highest income residents of the City frequently live in the newest areas of Vandalia, as well.

Figure 6.2

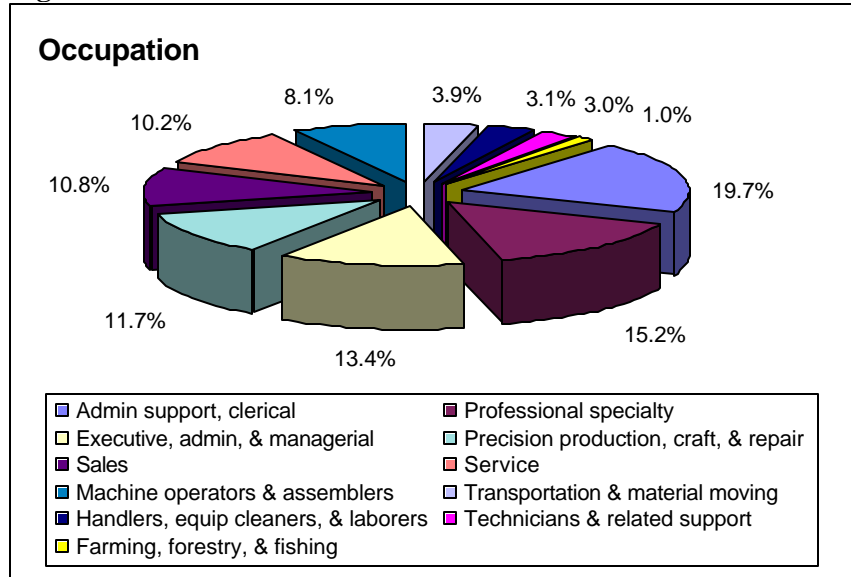


Source: 1990 US Census

Over half of the working population in Vandalia lives less than 20 minutes from work, and 76 percent live within 25 minutes of work as seen in Figure 6.2. Less than ten percent of workers in the City travel longer than 35 minutes to their place of work. The average travel time to work (one-way) is 18.5 minutes. In comparison, the mean travel time for all Montgomery County workers is 19.7 minutes and for all Ohio workers is 20.7 minutes.

Vandalia has many employment opportunities for its residents. There are 16 businesses located within the City that employ over 100 workers. These businesses are involved in a wide range of activities. They include manufacturers such as Delphi, TRW-Lucas, Unibuilt, EFTECH, and Leland; company headquarters including Iams, Mazer Company, and Evenflo; and research and development firms such as Whirlpool. However, only a small percentage of the population actually live and work in the City. The Miami Valley Regional Planning Commission (MVRPC) estimated that in 1990 the total employed workforce of Vandalia was 9412 persons. Of this number only 1551 persons live in the City itself. This represents approximately 16.5 percent of the working population.

Figure 6.3

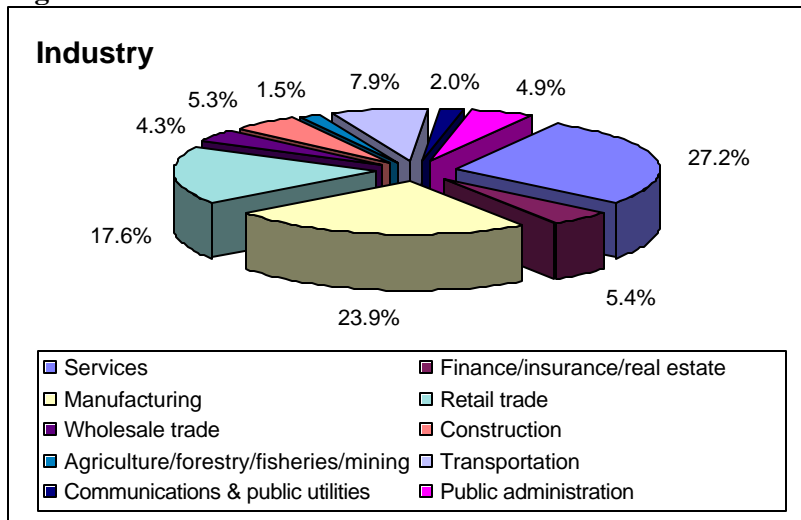


Source: 1990 US Census Bureau

According to the report from MVRPC, Vandalia draws workers from all parts of Montgomery County. Vandalia businesses also employ workers from several surrounding counties, especially Miami County.

Vandalia's working population is represented in a large variety of occupations as illustrated in Figure 6.3 above. Approximately half of the City's population works in administrative, and administrative support, and professional occupations. Significant numbers of the working population are also concentrated in the occupational fields of precision production, sales, service, and machine operation.

Figure 6.4



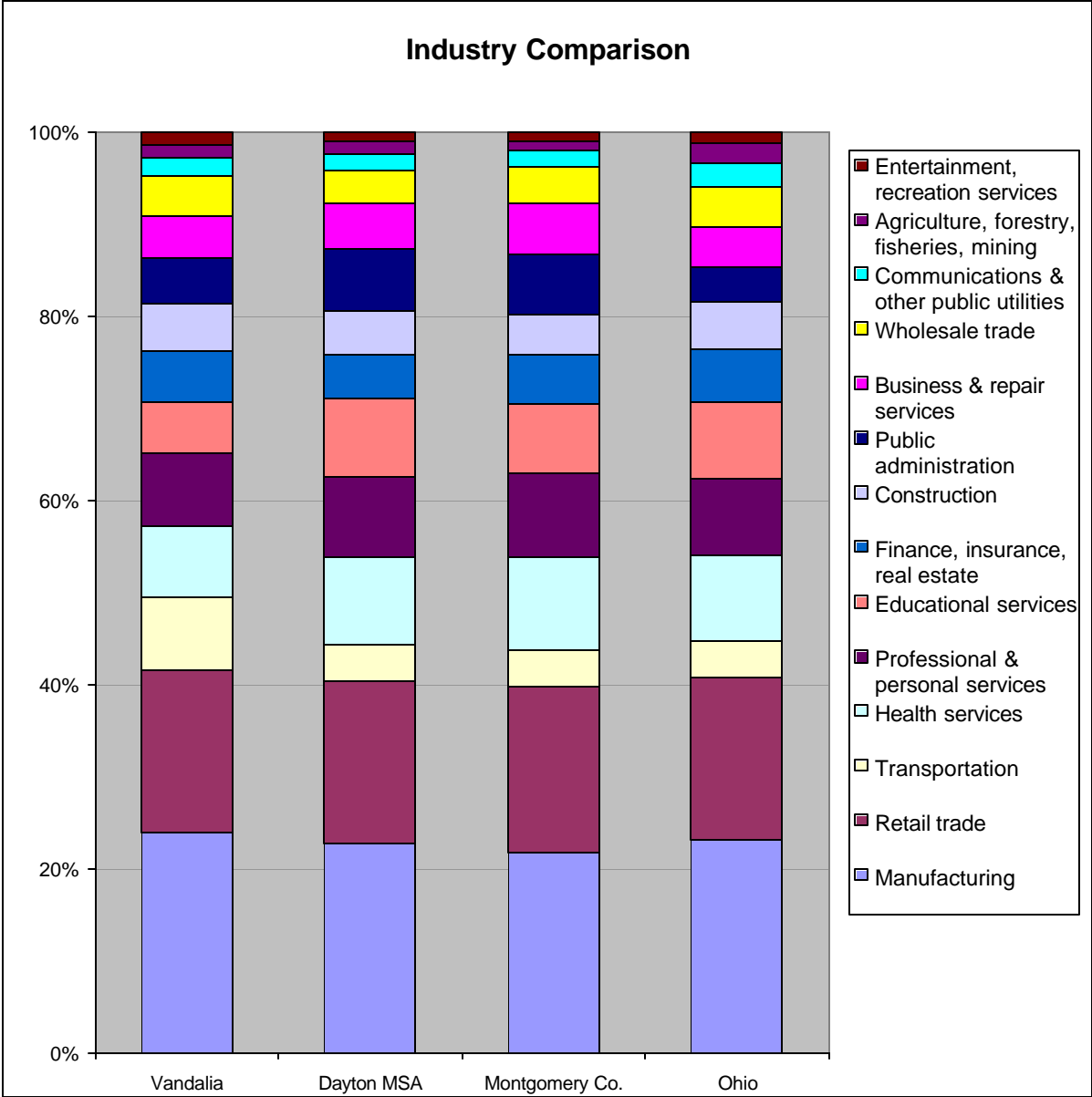
Source: 1990 US Census Bureau

Figure 6.4 indicates in which sectors of the economy Vandalia's workers are employed. In 1990, the service and manufacturing sectors had the largest number of employees. All persons in service occupations constitute approximately 27 percent of the

labor force while workers in manufacturing make up 24 percent of the labor force. Retail also employs a significant portion of the labor force at approximately 18 percent. Retail establishments in Vandalia are limited. Therefore, those individuals who work in the retail industry are commuting to areas outside the city limits.

Figure 6.5 shows a comparison of employment by industry between Vandalia, the Dayton metropolitan statistical area, Montgomery County, and Ohio. Based upon this data, Vandalia has a higher percentage of employment in both manufacturing and transportation than in the greater region. However, Vandalia has fewer than the average percentage employees in health, education, and professional services.

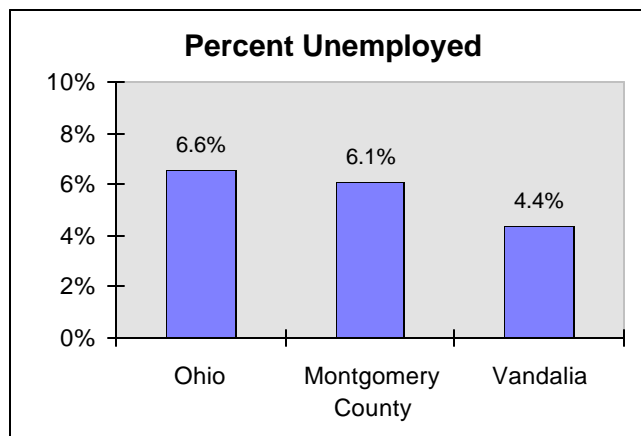
Figure 6.5



Source: 1990 US Census

Unemployment rates are often used as indicators of economic health. As shown in Figure 6.6, Vandalia's percentage of unemployed persons in 1990 was 4.4 percent, lower than the unemployment rates for both Montgomery County and Ohio. This indicates that at the time of the Census nearly every person who desired to work had a job. For employers, however, a low unemployment rate can mean that there are fewer qualified workers to fill vacancies. Since 1990, unemployment rates have decreased nationwide. According to the Ohio Bureau of Employment Services (OBES), the seasonally adjusted unemployment rate for Ohio in May 2000 was 4.0. In May 2000, Montgomery County had an estimated 281,300 persons in the labor force with an unemployment rate of 3.2.

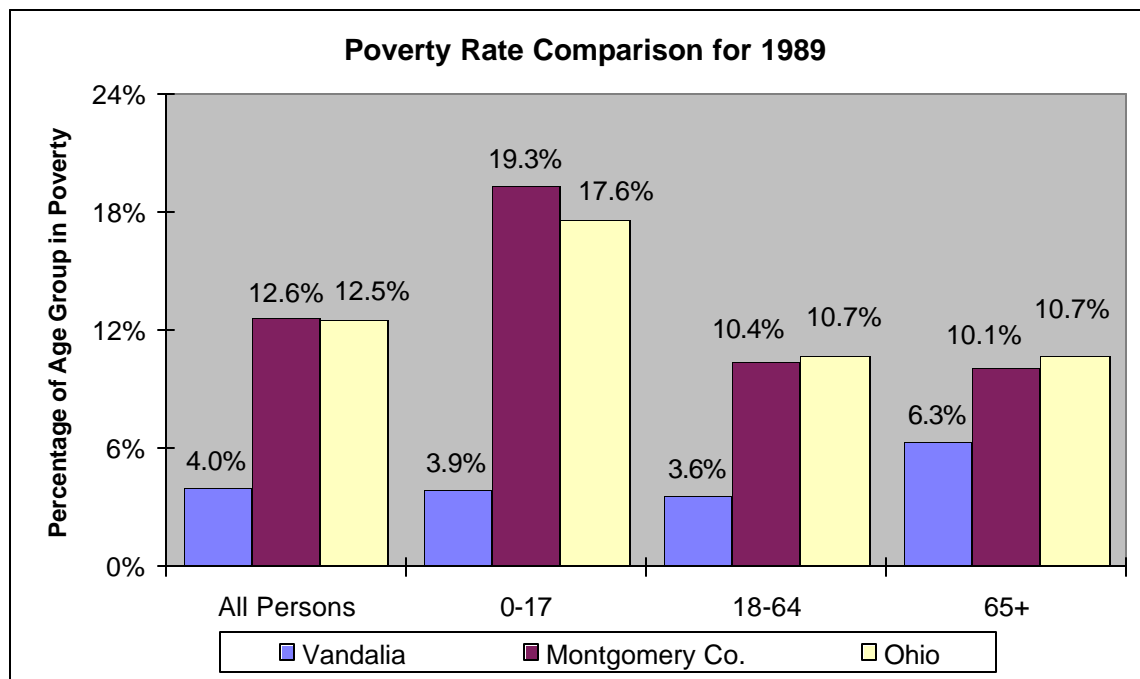
Figure 6.6



Source: 1990 US Census Bureau

Poverty statistics are another way to describe a city or region's economy. In comparison with Ohio and Montgomery County, Vandalia has significantly lower poverty rates in every age category. One interesting observation is that the county as a whole has rates nearly the same as the state. Also, note that in both the state and county, persons below the age of 18 are most likely to be living below the poverty line while Vandalia has a low poverty rate for children. This information is presented in Figure 6.7.

Figure 6.7



Source: 1990 US Census Bureau

In Vandalia, the percentage of all families below the poverty level is 3.4 percent. In contrast, the percentage of female householder families below the poverty level is 17.9 percent.

CITIZEN INPUT

Interviews were conducted with several City officials and members of Vandalia's business community regarding economic development. In the interview, they were initially asked to identify the major development pressures facing the City. Officials cited competition from neighboring communities, lack of available / affordable land for commercial and residential uses, and the new I70 / I-75 interchange as the most serious development pressures. Representatives of the business community also cited the new interchange, as well as the airport expansion. City officials and the business community also agreed that the City must play a role in both promoting and managing economic development.

Interview participants were questioned as to what businesses they thought fit best in Vandalia. City officials offered a wide range of businesses including light industrial, manufacturing, warehousing, corporate offices, services, and technical fields. In contrast, the business community replied that retail best fit the City and was needed to support other businesses. A focus group at a town meeting also discussed what businesses would fit best in the City. The most frequent response was small businesses as people would be more likely to both work and shop in the area and because of the City's limited growth opportunities.

Focus group respondents were questioned whether there are types of businesses of which the City needs more or less. Focus group members replied that Vandalia needs more light manufacturing, durable retail, and anchor stores (other than of the type like Kroger). They suggested zoning as a way to assist growth in the City.

Interviewees were asked what types of support the City offers its business community. City officials most frequently cited Business Appreciation Day, the use of incentives, and close contact with each business through the economic development staff. In contrast, the business community representatives cited the City's public services, fire department, and police.

Similarly, focus group members were asked why businesses located in Vandalia as opposed to other regions. They responded that the City offers good highway accessibility, city services, police and fire, and school system. Additionally, Vandalia has high property values, and it is an attractive location for businesses that want to be in northern Montgomery County.

In interviews, representatives of the City and Chamber of Commerce were asked what Vandalia could do differently to support economic development. Responses varied greatly and included ideas such as creating a more defined partnership with businesses, improving communication, and forming a full time economic development department.

Representatives of the business community were also interviewed about the interaction between the City and businesses in Vandalia. First, they were asked if they knew of any community contact with businesses contemplating leaving the City. None of the individuals knew of any such contact. Two suggestions were forming a support network for businesses and having the City play a larger role. Second, business representatives were questioned as to what the City and / or Chamber of Commerce was doing to market Vandalia as a favorable location. Some responded that the City used tax incentives, mailings, and other means while some respondents did not know or said the City / Chamber did nothing to market the area. Third, interviewees were asked what the City / Chamber's role was in promoting economic development through marketing and infrastructure improvements. The respondents generally answered favorably saying that the City provided tax abatements, services, police, new member packets, and promoted the transportation system (i.e., the new interchange).

Focus group participants were asked whether they believe that the economic prosperity can continue in Vandalia. The focus group members gave mixed responses. The factors encouraging economic wealth include the location of the City in proximity to I-70 and I-75 and the City's position opposing the airport. Negative factors discouraging economic prosperity include the lack of space to expand, the cost of land, noise, and the uncertainties / fears the airport expansion has created.

The focus group was next asked what the City would have to do to maintain its current edge. They suggested rezoning and more clearly defining and publishing the City's zoning plan. Furthermore, the respondents believe that Vandalia needs to maintain the quality of its city services, promote types of businesses other than office parks, and promote more moderately priced housing between the extremes of the very expensive and the very inexpensive.

Focus group participants were also asked if the City should address any other issues. The majority of the respondents were concerned with the proposed airport expansion. Specifically, the residents believe the City should keep citizens well informed, take a proactive position in opposing the expansion, and bring the issue to resolution as soon as possible. In addition to concerns over the airport, respondents also replied that Vandalia should take steps to enforce current ordinances and work toward city beautification.

ECONOMIC DEVELOPMENT INCENTIVES

The majority of communities across Ohio offer economic development incentives. Typically economic development incentives are tax incentives such as tax abatement and tax increment financing. Opponents of tax incentives state that they hurt the school system. However, the City of Vandalia provides a variety of incentives to attract and retain business in the community.

When businesses are looking for potential sites, factors other than the incentives also become important. These factors include the proximity to major highways and an international airport, the quality of the school system, quality and affordability of housing

stock, and overall quality of life found in the community.

COMMUNITY REINVESTMENT AREA (CRA) TAX INCENTIVES

The City of Vandalia provides CRA tax abatement in all of its major industrial and commercial areas. One hundred percent (100%) of the additional value to real estate is abated. The abatement period generally varies from five to fifteen years. City Council decides the specific length of the abatement period after reviewing the business' application for job creation and unabated taxes. All the current Community Reinvestment Areas were created under the former State law that does not require job creation contracts.

VANDALIA INCENTIVE PROGRAM (VIP)

For the first time in 1997, the City of Vandalia created a VIP fund to foster greater and higher quality job creation within the community. The program funds may be used in any lawful manner to assist a business in locating or expanding to Vandalia. Some eligible uses of VIP Funds, in order of preference, are:

1. Construction or improvement of municipal infrastructure such as water and sewer lines, roads, and sidewalks.
2. Construction or improvement of other public utilities such as gas and electric lines, telephone, and cable.
3. Land purchase or subsidy.
4. Improvements to property.
5. Employer required improvements to leased space.

The use of the fund is generally limited to industry and other non-retail businesses that bring new money into the local economy. Employers eligible for tax incentives and with projected payrolls under \$1 million are generally not considered for this program. The amount of the VIP incentive is not set by formula, but is dependent on the number of jobs created, the size of the payroll, and the amount and type of private investment involved.

GENERAL ECONOMIC DEVELOPMENT RECOMMENDATIONS

1. Intensify retention efforts. Re-institute visits to existing industrial / commercial ventures. Develop a one-to-two month schedule. Include City Council, Department Heads, and Chamber of Commerce.
2. Establish a roundtable for discussion. Membership should include City Council and administration representatives, Chamber representatives, airport representatives, and key business representatives.
3. Consider entering into economic development agreements with adjoining townships.
4. Negotiate more comprehensive incentive packages with the Vandalia-Butler School District.

MAJOR INDUSTRIAL AREAS

Vandalia has four major industrial parks: Airport Corporate Center, Dayton Center, Northwoods Center and Scholz Industrial Park. None of these industrial parks are completely built-out at this time.

The Airport Corporate Center has the most potential for office development. It is fully served by utilities and is located on National Road less than a quarter mile east of the proposed Alkaline Springs / Airport Access Road interchange. The site offers lots of one to ten acres for office use and has a 3.4-acre site zoned for industrial/office use. In spite of the park's excellent location and availability of land, develop has been slow. Overall office development in the northern Miami Valley suburbs is weak. In addition, the airport has also been experiencing slow growth. If an interchange is developed on Airport Access Road, as proposed in the Transportation Thoroughfare Plan, the Airport Corporate Center will become a more attractive place for future development because of its direct linkage to the interstate system.

Northwoods Center is a perfect location in terms of access. It is fully served by utilities and has easy access to I75 at the Northwoods Boulevard exit, which is two miles from I-70. The industrial park offers lots of 1 to 100 acres that are zoned office and industrial. CSX Railroad, the property owner and developer of the park, has not made any recent attempts to expand infrastructure and promote future development.



Northwoods Industrial Park.

Dayton Center and Scholz Industrial Park are both located in mixed neighborhoods just east of I-75. Citizens living in nearby residential areas have complained about the truck traffic on S. Brown School Road. Now the Scholz Industrial Park is expanding to the south. This is causing friction with the neighboring residential development along Waldsmith Way.

Vandalia also has other economic centers that were not developed as industrial parks. The area bounded by Poe Avenue, Webster Street, and Stop Eight Road has developed into a mix of office and light manufacturing. Traffic congestion and accessibility have been major issues for this area and all parties agree that the new interchange will be beneficial. However, businesses along Poe Avenue stated that they were concerned about the transition period between the closing of the Little York interchange and the opening of the Benchwood / Wyse interchange. When the new interchange is completed, this area will become even more attractive to developers. However, land in the area is limited.

RECOMMENDATIONS

1. Modify zoning requirements to increase buffering and landscaping in industrial developments abutting residential areas.
2. Encourage development on underutilized properties by invoking the use of tax increment financing and other development tools as appropriate.
3. Create partnerships with the private sector in order to develop and/or redevelop underutilized properties.
4. Using Ohio Revised Code 1724-10, create a Community Improvement Corporation to facilitate the creation of a City industrial park.
5. Participate in the development and/or redevelopment of underutilized sites by purchasing and land banking properties when feasible.
6. Change the agricultural zoning around the Airport Access Road to allow for the development of a mixed-use area containing commercial, office and industrial.
7. Work with the Dayton Municipal Airport, local business leaders, entrepreneurs, and other airport users to identify and understand the economic development issues surrounding the airport and facilitate changes to enhance economic development and ensure the future success of the Airport Corporate Center.

MAJOR COMMERCIAL AREAS

Vandalia has several commercial areas in the community. The National Road corridor is composed of several commercial strip centers as well as small offices and restaurants. This corridor also contains several new and used car dealerships and hotels. These strip centers are aging and in need of redevelopment. Traffic counts along National Road are high. However, the majority of the traffic does not stop and shop at these local establishments. In addition, traffic congestion along National Road discourages many residents of the City from shopping in the area. There is a lack of employment centers along the corridor, especially from I-75 west to Dixie Road, which would provide daytime customers for many of the businesses located in the corridor. The area is not pedestrian friendly and therefore does not encourage citizens from local neighborhoods to “walk and shop”.

Commercial activity can also be found along North and South Dixie Road. This area also has aging strip centers that are in need of redevelopment. Older single-family homes have also been converted into small offices or commercial establishments. This has created an access management problem. To preserve the integrity of the corridor, standards for the conversion of homes into office/commercial establishments must be developed. In addition, as redevelopment occurs, require the re-aggregation of parcels for major developments.

The Poe Avenue – Little York area is another major commercial area. This area contains several restaurants, hotels and businesses that support the offices in the vicinity. This area also has existing land available for development into either office or commercial uses. Because of the number of potential customers working in the surrounding offices and industries, more commercial establishments could be supported in the area. After the Poe

Avenue interchange is closed, many businesses that cater to highway traffic may experience a decrease in business. However, the decrease in congestion will make this area more appealing as a destination to residents and businesses in the area. By upgrading many of the roadways, as illustrated in the Transportation Thoroughfare Plan, this area can remain a commercial area. However, the City should monitor this area closely to ensure continued vitality.

RECOMMENDATIONS

1. Identify niche markets for the five major commercial strips. Involve the tenants and property owners in this process.
2. Adopt design guidelines for the major commercial centers, especially the National Road corridor and the Miller Lane area.
3. Identify commercial and retail areas that fall below “design guidelines or development standards” and initiate a program to upgrade these areas through the use of incentives and city partnering.
4. Develop programs and incentives to assist in the attraction and development of new small businesses.
5. Create a planned mixed-use district in the zoning code that allows for the development of commercial, office, and industrial uses.
6. Discourage the development of new strip commercial areas and focus future activity in such areas to create a more clustered pattern of commercial development.
7. Provide a link to the Vandalia Chamber of Commerce homepage.
8. Strengthen the relationship between the City of Vandalia and the Vandalia-Butler Chamber of Commerce.

During the planning process, the Steering Committee identified several “hot spots” in the community that are of significant economic concern. The following section discusses in depth three of these hot spots with a focus on economic development impacts and additional physical and functional issues.

