

MICHIGAN MUNICIPAL EXECUTIVES WINTER INSTITUTE

Joe Sobieralski
President & CEO
Battle Creek Unlimited



JOE SOBIERALSKI, MPA

Battle Creek Unlimited

- 2016 – President & CEO
- 2015 – Vice President



Prior to Battle Creek Unlimited

- Executive Director
 - ❖ Southwestern Michigan Economic Growth Alliance
- City Manager
 - ❖ Bangor, MI
- Village Manager
 - ❖ Village of Stevensville, MI

PRESENTATION OVERVIEW

Traditional economic development (factory and job chasing) is expensive, time consuming, and few and far between these days. A historical look at Battle Creek's economic development efforts. From one of the most successful industrial parks in the nation, that includes foreign direct investment, to today's paradigm shift with an emphasis on community development.



WHO WE ARE AND WHAT WE DO...

Battle Creek Unlimited (BCU) is a private, nonprofit 501(c)3, economic development corporation.

Mission - Build a strong community by driving strategic investment and job creation.

Vision - Engage the community to meet the economic opportunities and challenges of the future.

BCU guided the nation's first and most successful military base conversion into the fully developed modern 3,000-acre Fort Custer Industrial Park.

HISTORICAL OVERVIEW

1969

Battle Creek first acquired abandoned military land 1,800 acres

1972

BCU Established 501(c)3

1974

BCU's first delegation traveled to Japan

1976

Customs Port of Battle Creek Designation

1978

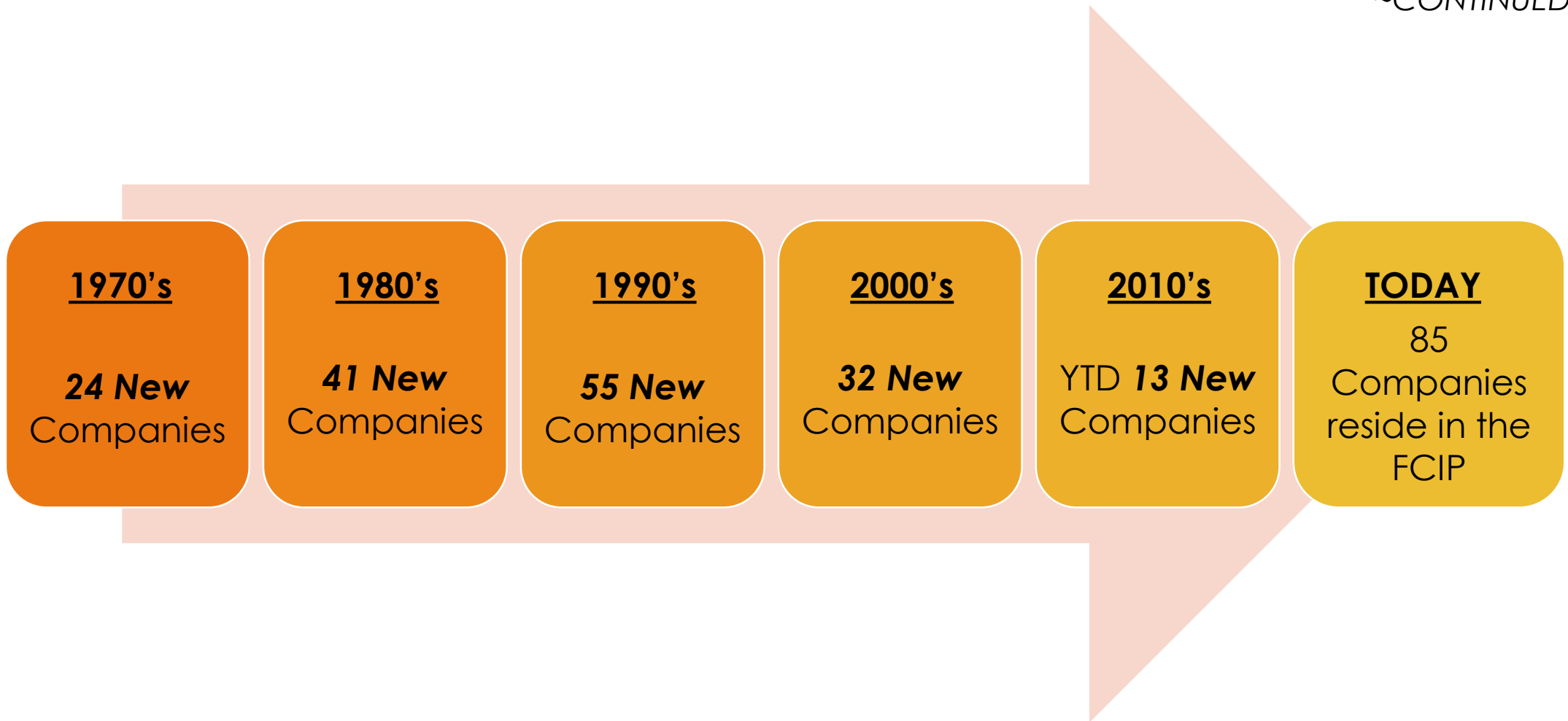
Foreign-Trade Zone 43 Grant of Authority

1980

Battle Creek TIFA Established

HISTORICAL OVERVIEW

~CONTINUED~



HISTORICAL OVERVIEW

~CONTINUED~ **1970'S**

1972 – The Master Plan was completed. BCU established their first office to market & manage the FCIP.



1973 – Embossing Printers, Inc. (EPI) & Archway moved into FCIP from landlocked antiquated downtown facilities.

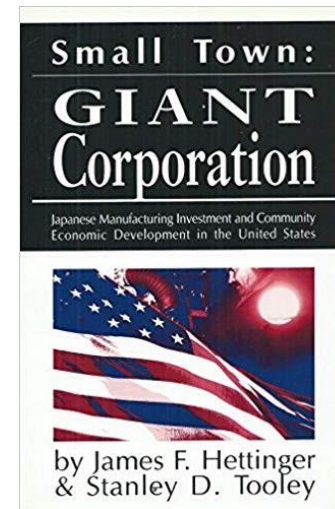
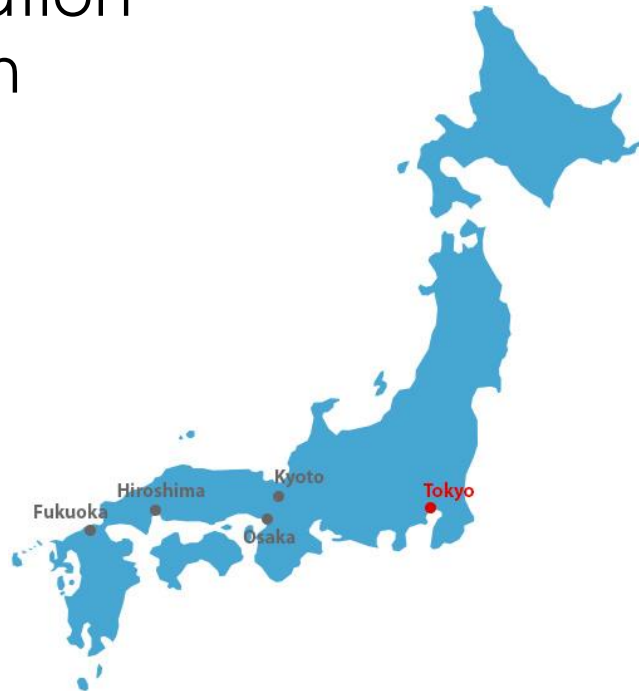
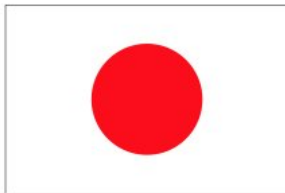


HISTORICAL OVERVIEW

~CONTINUED~ **1970'S**

Began Foreign Direct Investment Attraction

1974 - First delegation traveled to Japan



HISTORICAL OVERVIEW

~ CONTINUED~ **1970'S**

1976 – Battle Creek U.S. Customs Port of Entry was established.

1978 – The Customs Cargo Center facility was constructed with funding from the U.S. Department of Commerce Economic Development Agency and the City of Battle Creek Economic Development Commission Revenue Bonds.

1978 – The Foreign-Trade Zone 43: Grant of Authority was established.

1979 – The Customs Cargo Center was renamed and dedicated in honor of Frederick R. Brydges' ten-year tenure as Battle Creek's Mayor.

HISTORICAL OVERVIEW

~CONTINUED~ **1970'S**

By the end of the 1970's,
the Fort Custer Industrial Park was home to **24 companies**.



HISTORICAL OVERVIEW

~CONTINUED~ **1980'S**

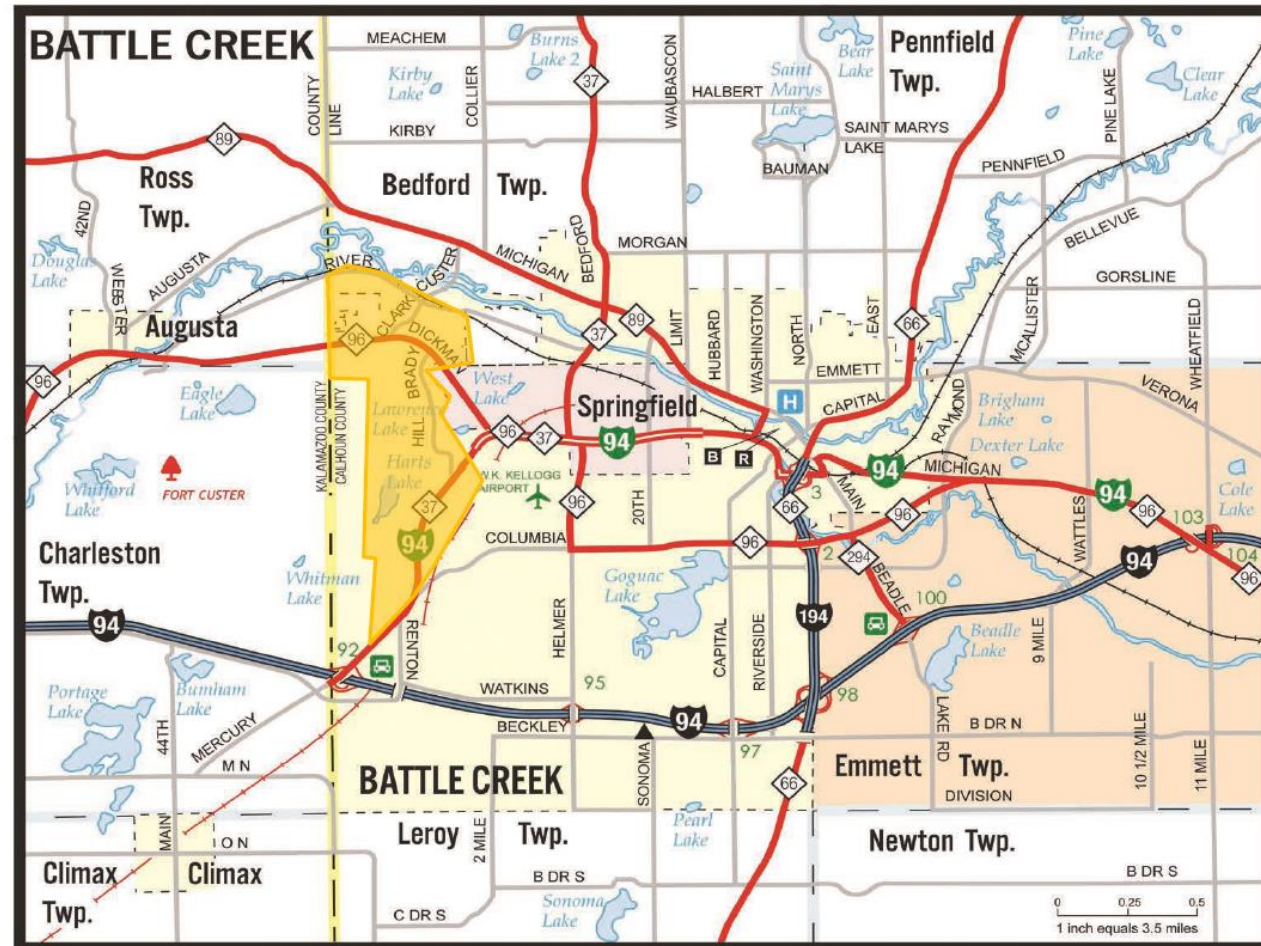
1980 – The Kellogg Company announced plans to build a Research and Development facility in Battle Creek.



HISTORICAL OVERVIEW

~CONTINUED~ **1980'S**

1981 – Public Act 450 – Tax Increment Financing, Battle Creek Tax Increment Finance Authority to become the first industrial TIF in Michigan.



HISTORICAL OVERVIEW

~CONTINUED~ **1980'S**

1983 – The Kellogg Company broke ground for the Kellogg Company Headquarters in downtown Battle Creek.



1983 – Battle Creek and Battle Creek Township merged, growing the population from 35,000 to 56,000 and reducing city tax rates.

HISTORICAL OVERVIEW

~CONTINUED~ **1980'S**

1984 – Cortez Customhouse Brokerage Co. leased space in the Frederick R. Brydges Customs Cargo Center.



1984 – Battle Creek's Japanese Saturday School, which started in BCU's conference room, was registered with the Ministry of Education in Japan.

HISTORICAL OVERVIEW

~CONTINUED~ **1980'S**

1986 – Battle Creek Nippondenso was the first OEM facility constructed by Nippondenso in the U.S. The 500,000 sq. ft. Nippondenso facility was built on 65 acres for \$104 Million.

Governor James J. Blanchard noted this was the largest Japanese investment in the State of Michigan.



HISTORICAL OVERVIEW

~CONTINUED~ **1980'S**

By the end of the 1980's,
the Fort Custer Industrial Park was home to **41 companies**.

While **7 companies expanded** in the Fort Custer Industrial Park



HISTORICAL OVERVIEW

~CONTINUED~ **1990'S**

1990 – The Regional Manufacturing Technology Center (RMTC) was constructed to provide innovative, community-driven training programs.



1991 – Battle Creek became the sister city location to Takasaki, Japan.

1994 – Western Michigan University College of Aviation broke ground on the nation's first international school of aviation.



HISTORICAL OVERVIEW

~CONTINUED~ **1990'S**

By the end of the 1990's,
Fort Custer Industrial Park became home to **55 additional companies**.

While **32 companies expanded** in the Fort Custer Industrial Park.



HISTORICAL OVERVIEW

~CONTINUED~ **2000'S**

2000 – The new decade started with a total of \$46.9 million in private investment projects underway at nine (9) existing and two (2) new companies.

2003 – Denso Manufacturing announced back to back expansions, doubling its size – 1,300,000 million square feet.

2004 – The OC - 48 Ethernet Fiber Ring and sub-rings were completed, connecting downtown Battle Creek, Fort Custer Industrial Park, and the W.K. Kellogg Airport.

2004 – BCTIFA provided financing to facilitate ramp improvements at the W.K. Kellogg Airport to support Duncan Aviation's expansion.

HISTORICAL OVERVIEW

~CONTINUED ~ **2000'S**

Battle Creek has a large military presence. BCU works in partnership with the military and strives to protect our military assets.

ANNUAL ECONOMIC IMPACT:
Over 175,000 service members
Approximately \$100,000,000



HISTORICAL OVERVIEW

~CONTINUED~ **2000'S**

2009 – The W.K. Kellogg Institute for Nutritional Research expanded.

2009 – An energetic downtown transformation began focused on adding beautiful streetscape, creating a stunning outdoor space, and updating building facades.

By the end of the 2000's,
Fort Custer Industrial Park became home to **32 additional companies.**

While **20 companies expanded** in the Fort Custer Industrial Park.

HISTORICAL OVERVIEW

~CONTINUED~ **2010'S**

Year to date for the 2010's,
Fort Custer Industrial Park became home to **13 additional companies.**

While **29 companies expanded** in the Fort Custer Industrial Park.

From **2010 – YTD**, the investment total in the Fort Custer Industrial Park is
\$977,323,556.13.

The Fort Custer Industrial Park is currently home to **85 companies**, including
26 international companies – 19 Japanese firms.

HISTORICAL OVERVIEW

~CONTINUED~

Japanese Investment

To date - Battle Creek has the largest concentration of Japanese investment in the State of Michigan. There are 19 Japanese companies located in the Fort Custer Industrial Park.

There are roughly 500 Japanese firms in the entire State of Michigan that employ 50,000 Michiganders.

Of those 19 Japanese companies, they employ over 7,000 people in our community. Battle Creek's population is 52,000.

ECONOMIC IMPACT

FCIP - 3rd Largest Industrial Park in the Midwest



Abandoned military base becomes Fort Custer Industrial Park – era 1970's



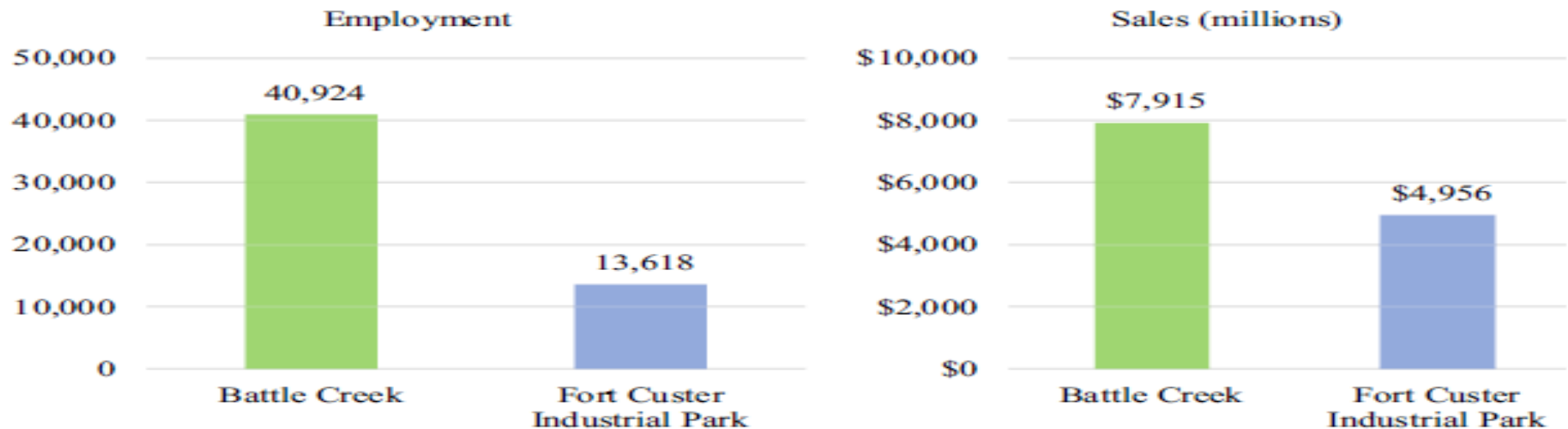
Fort Custer Industrial Park Today – 85 businesses and over 13,000 employees

Average Salary
\$51K per Year

ECONOMIC IMPACT

~CONTINUED~

FIGURE 1. Battle Creek and Fort Custer Industrial Park Sales and Employment, 2016



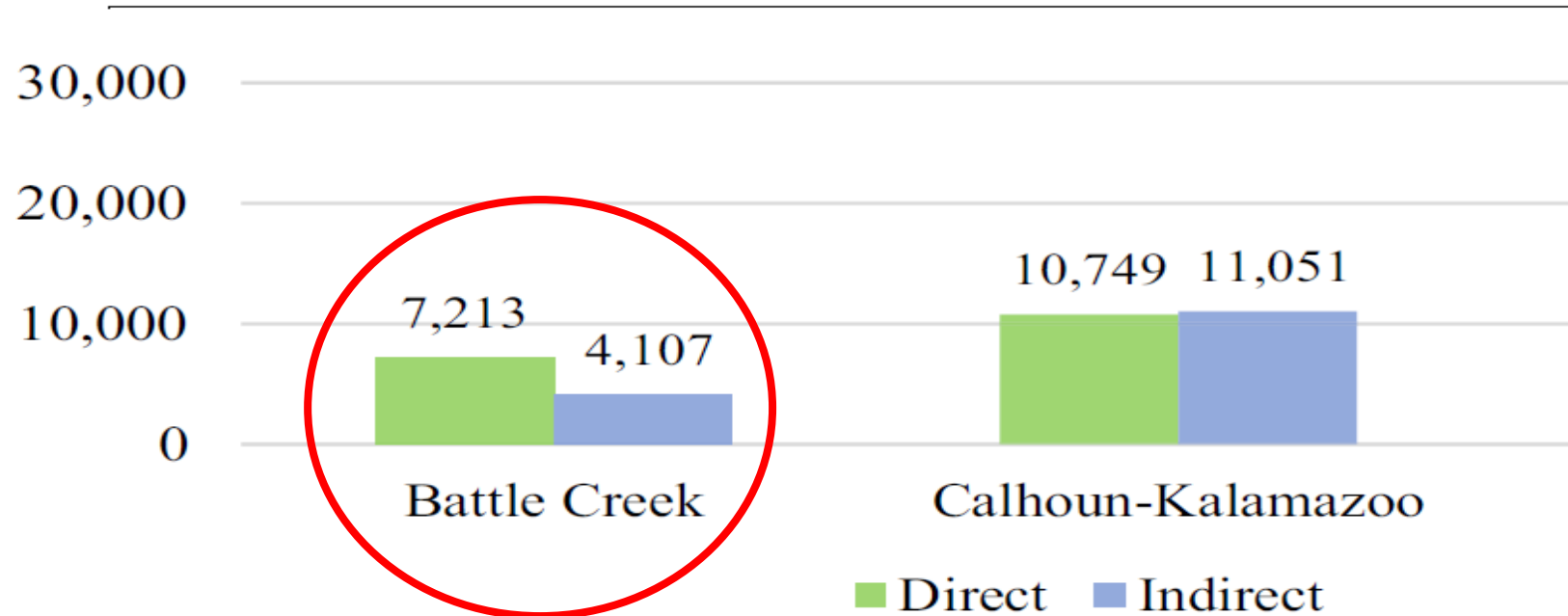
Sources: Anderson Economic Group analysis of base data from Battle Creek Unlimited, Esri Business Analyst.

The park's \$5.0 billion in earnings support an additional \$1.0 billion in indirect output in the city, resulting in a total economic scope of \$6.0 billion in Battle

ECONOMIC IMPACT

~CONTINUED~

FIGURE 4. Fort Custer Industrial Park Direct and Indirect Employment by Region, 2016

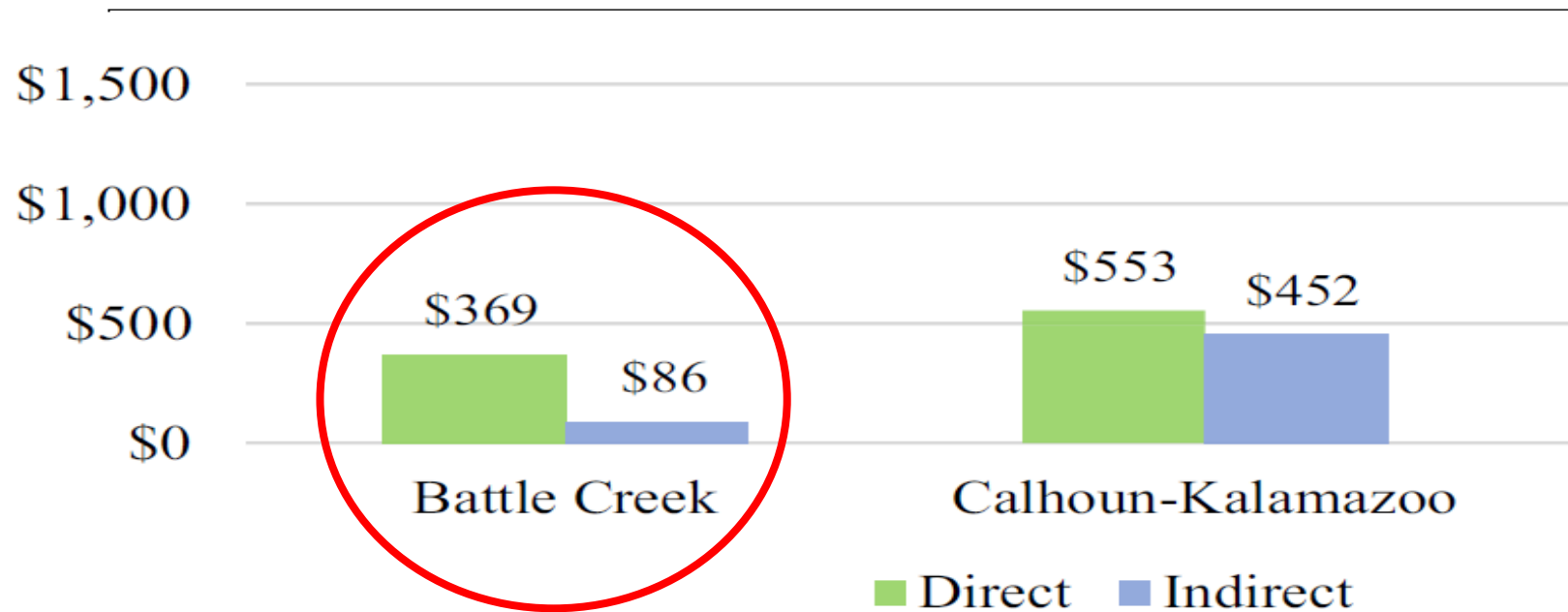


Source: Anderson Economic Group analysis of base data from Battle Creek Unlimited, U.S. Bureau of Economic Analysis RIMS II Multipliers.

ECONOMIC IMPACT

~CONTINUED~

FIGURE 3. Fort Custer Industrial Park Direct and Indirect Earnings by Region, 2016 (millions)



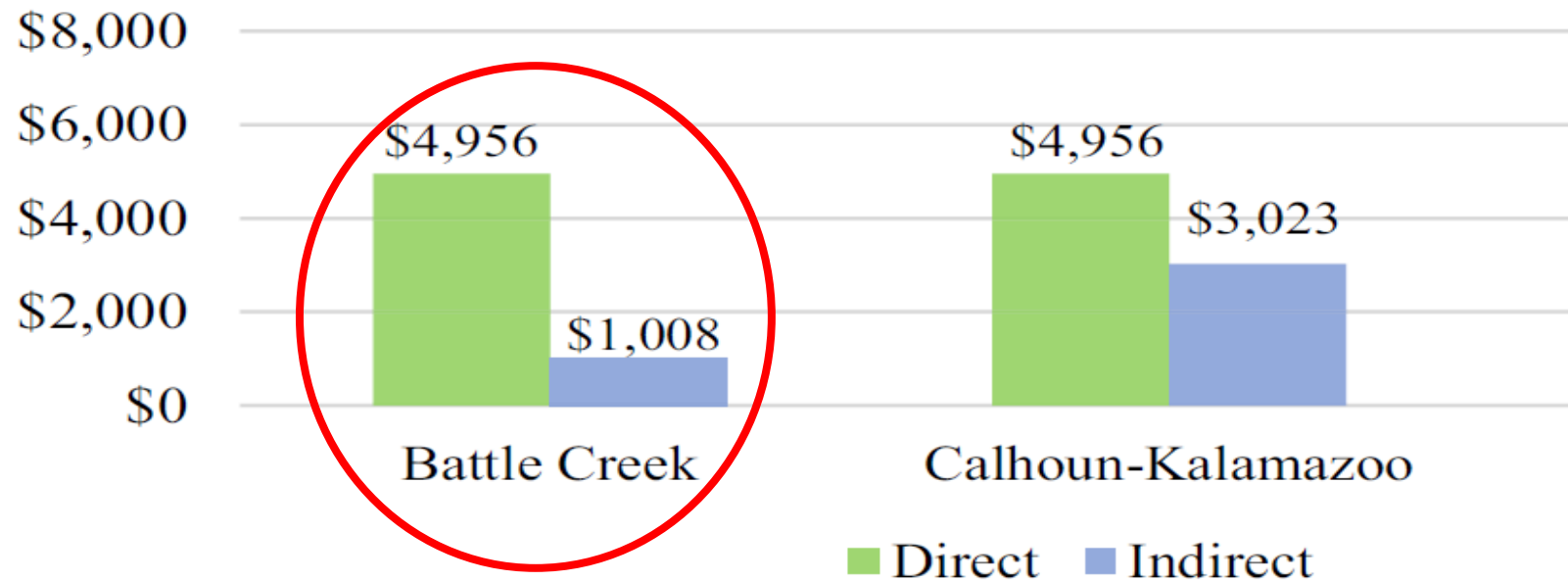
Note: Earnings totals do not include temporary worker earnings.

Source: Anderson Economic Group analysis of base data from Battle Creek Unlimited, U.S. Bureau of Economic Analysis RIMS II Multipliers.

ECONOMIC IMPACT

~CONTINUED~

FIGURE 2. Fort Custer Industrial Park Direct and Indirect Output by Region, 2016 (millions)



Source: Anderson Economic Group analysis of base data from Battle Creek Unlimited, U.S. Bureau of Economic Analysis RIMS II Multipliers.

ECONOMIC IMPACT

~CONTINUED~

TABLE 2. Fort Custer Industrial Park Fiscal Scope by Jurisdiction, 2016

Jurisdiction	REVENUE TYPE			Total Revenue
	Property	Sales	Income	
Battle Creek	\$930,838	\$0	5,599,429*	\$6,530,267
Education**	\$5,966,311	\$0	\$0	\$5,966,311
Calhoun County	\$524,329	\$0	\$0	\$524,329
State of Michigan	\$1,610,307	\$35,727,244*	\$61,206,802*	\$98,544,353

*Does not include sales or income tax revenue attributed to temporary workers.

**Includes Battle Creek and Lakeview School Districts, Calhoun ISD, and Kellogg Community College.

Sources: Anderson Economic Group analysis of base data from Battle Creek Unlimited, U.S. Bureau of Economic Analysis RIMS II Multipliers, U.S. Bureau of Labor Statistics Consumer Expenditure Survey, Battle Creek TIF Authority Development Plan and FY 2016 Financial Statement, Battle Creek Assessor's Office.

PROMOTIONAL VIDEO

FCIP!



GRAND RAPIDS - 64 MILES

DETROIT - 122 MILES

CHICAGO - 168 MILES

MODERN DAY LOOKBACK


The world began to change exponentially, but we did not.

INDUSTRIAL REVOLUTION



The industrial revolution begins. Mechanization of manufacturing with the introduction of steam and water power

1st
Revolution



Mass production assembly lines using electrical power

2nd
Revolution



Automated production using electronics, programmable logic controllers (PLC), IT systems and robotics

3rd
Revolution



Autonomous decision making of cyber physical systems using machine learning through cloud technology

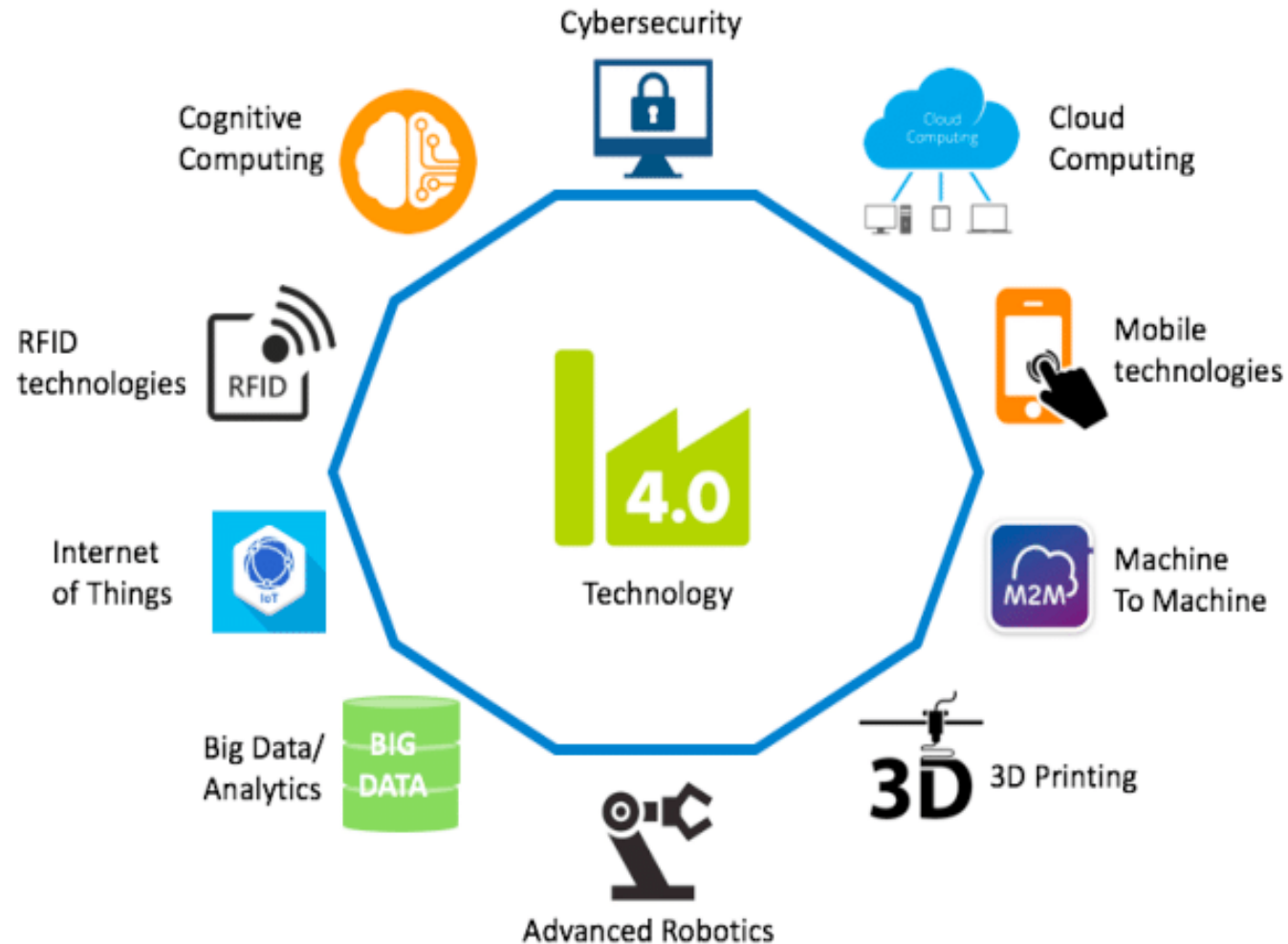
4th
Revolution

MODERN DAY LOOKBACK

~CONTINUED~

Technology

Industry 4.0 - Technological pillars



MODERN DAY LOOKBACK

~CONTINUED~

People are mobile – population shift

Higher education – 20 to 30 years of degreed people

Economic shifts – FDI

Rise in the millennial effect

Labor – low unemployment – labor participation rates

Amazon

Recession of 2007

LEARN HOW TO WORK
ALONGSIDE ROBOT

CREATIVITY & PROBLEM
SOLVING SKILLS

FACTORY + EDUCATIONAL
INSTITUTE

VOCATIONAL &
TECHNICAL COLLEGE

UP &
RESKILLING

CULTURE
CHANGE

TECHNOLOGY IN
CLASS ROOM & FACTORY

WORKFORCE 4.0

Education , Training & Workforce

Data Analytic Skill Needed



LABOR MARKET NEED

University



more **STEM** education



LIFE LONG
LEARNING

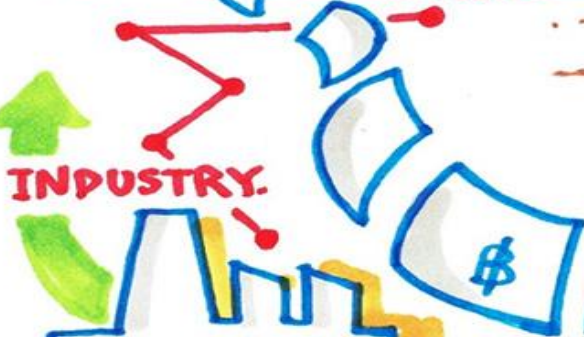
CONTINUOUS ON JOB TRAINING



INDUSTRY.



Government Incentives



OEM'S ARE SHIFTING TO THE SOUTH

EST.	OEM	FACTORY LOCATION
1982	Honda	Marysville, OH
1983	Nissan	Smyrna, TN
1986	Toyota	Georgetown, KY
1988	Subaru	Lafayette, IN
1989	Honda	East Liberty, OH
1992	BMW	Greer, SC
1993	Mercedes-Benz	Vance, AL
1995	Hino	Williamston, WV
1996	Toyota	Princeton, IN
1999	Honda	Lincoln, AL
2002	Hyundai	Montgomery, AL
2003	Toyota	San Antonio, TX
2003	Nissan	Canton, MS
2008	Honda	Greensburg, IN
2009	Kia	West Point, GA
2010	Tesla	Freemont, CA (site of the Toyota/GM NUMI factory)
2011	Toyota	Blue Springs, MS
2011	VW	Chattanooga, TN
2016	Karma Automotive	Moreno Valley, CA
2017	Mahindra	Detroit, MI
2018	Volvo	Ridgeville, SC
2018	Mercedes-Benz	Ladson SC
2018	Hino	Mineral Wells, WV
2020	Rivian	Normal, IL (former Mitsubishi factory)
2020	Lucid	Casa Grande, AZ
2021	Mazda	Huntsville, AL (JV with Toyota)
TBD	Faraday Future	Hanford, CA

OEM'S ARE SHIFTING TO THE SOUTH



Marysville, Ohio, Honda factory workers install an engine on a 1983 Accord sometime in late 1982.

Marvin T. Runyon, right, president of Nissan U.S.A., waves to Nissan workers as he drives "Job 1" off the assembly line at the new Nissan plant in Smyrna on June 16, 1983.



December 1985: Toyota announces Kentucky will be the location of its first wholly owned U.S. automotive manufacturing facility.

Boeing's labour problems

Moving factories to flee unions

An example of "anti-union animus"?

Why are these Southern downtowns seeing a rebirth?

Study highlights lack of fair access to urban green spaces

ESSAY

HOW THE SOUTH USES ITS 'ANTI-UNION ARSENAL' TO KEEP WORKERS FROM ORGANIZING

At a Mississippi Nissan Plant, New Global Owners Wield Old Local Politics Against the United Auto Workers

Outlook for Leisure & Recreation Services Industry Looks Bright

How turning Ellsworth into an 'experience' revived its downtown

Six systems in 7 years and Michigan students still lag.

Now comes A to F.

Volkswagen to build electric vehicles at Tennessee plant

Study: Access to urban green spaces favor the rich, educated

Higher income improves life rating but not emotional well-being

by Princeton University



WE UNINTENTIONALLY TOOK OUR EYE OFF THE BALL

- We're behind and exponentially need to catch up
 - Deploying resources in a non-traditional way
 - Administrative turnover (value in longevity)
 - Desired work environments/flexibility
 - Collaboration

PARADIGM SHIFT – WHAT ARE WE DOING?

- No-strings attached approach
 - Timing
- Next generation technologies

Workforce

Housing

Mobility

Education

Places

Small Business

PARADIGM SHIFT – WHAT ARE WE DOING?

~CONTINUED~

WORKFORCE

Manufacturing Consortium

FORD NGL*



**Also fits under education*

PARADIGM SHIFT – WHAT ARE WE DOING?

~CONTINUED~

EDUCATION

May 5, 2018



W.K.
KELLOGG
FOUNDATION™

\$51,000,000, for education

PARADIGM SHIFT – WHAT ARE WE DOING?

~CONTINUED~

HOUSING

Heritage Tower

\$32.3 Million Project with housing



W.K.
KELLOGG
FOUNDATION™

HR&A

PARADIGM SHIFT – WHAT ARE WE DOING?

~CONTINUED~

PLACES

Unconventional RFP's

Brewery

Restaurant

Arts & Entertainment?



PARADIGM SHIFT – WHAT ARE WE DOING?

~CONTINUED~

PLACES

Proven Results:



**\$200,000 Incentive
=
\$3,850,000 Investment**

+

**\$200,000
Incentive
=
\$1,700,000
Investment for
Mixed Use &
Brewery**

PARADIGM SHIFT – WHAT ARE WE DOING?

~CONTINUED~

MOBILITY



PARADIGM SHIFT – WHAT ARE WE DOING?

~CONTINUED~

SMALL BUSINESSES



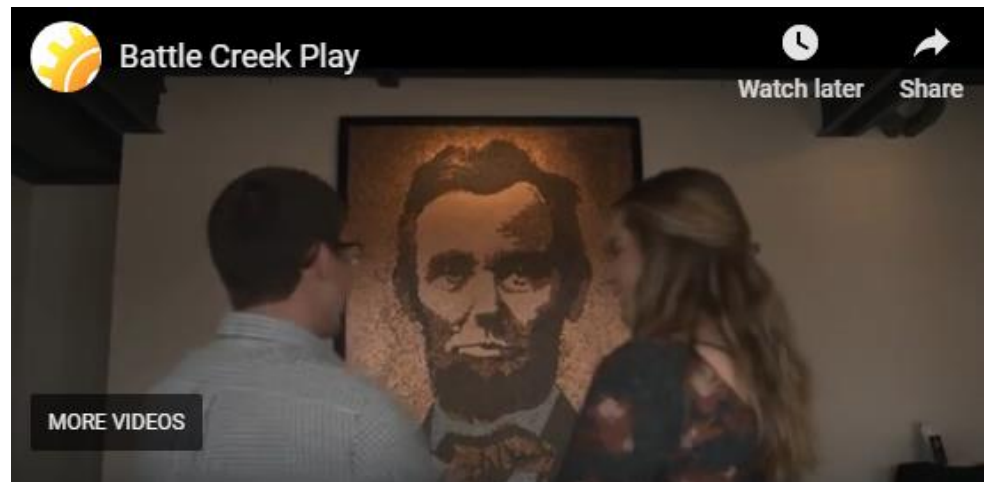
PROMOTIONAL VIDEOS



WORK!



LIVE!



PLAY!



CLOSING/TAKEAWAYS

Times have changed, and the world will continue to exponentially change.

The days of only focusing on primary employment are not over, but few and far between with labor situations and market size.

You must simultaneously focus on both primary recruitment and community development.

CLOSING/TAKEAWAYS

~CONTINUED~

Its costly (both with human and capital resources) to catchup.

It requires public private partnerships and buy-in from everyone to be successful.

At the end of the day, we are all working at the speed of light towards a common goal with fewer and fewer recourses, both human and capital.

THANK YOU!

Joe Sobieralski, President & CEO
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