

## II. DEVELOPMENT ASSESSMENT

During the August 2001 site visit to Jefferson County, Marketek, Inc. received a project orientation by local residents, elected officials, government employees, the Madison Main Street Program and the farming and non-farming businesses community. The consulting team participated in a driving tour of the county including its rural portion, the town of Hanover, downtown Madison and Madison's "Hilltop" area. In addition, approximately six focus group sessions were conducted with local retailers, bankers/realtors, tourism businesses, farmers/rural retailers, the Collaborative Marketing Project and city and county elected officials. The following *Development Assessment* is based on information gathered during this process.

### A. Location Assessment

#### Jefferson County

- Jefferson County, Indiana is located in the southeast region of the state, with the southern edge bordering Kentucky. The Ohio River runs along the southeastern border of the county. The county is characterized by rolling hills, valleys, farmland and forests.
- Jefferson County has easy access to the interstate system and the metro areas of Indianapolis, Louisville and Cincinnati. From the Madison area, Interstate 65 is approximately 22 miles; Interstate 71 is 20 miles; and Interstate 64 is 61 miles. In addition, U.S. 421 and state highways 7 and 256 intersect the county.
- Jefferson County is predominantly rural with more than 222,000 acres. The unincorporated areas are comprised of approximately 348 square miles. Forty-two percent (42%) or 93,017 acres of Jefferson County are used for agricultural purposes. The major crops are soybeans, tobacco and corn.
- Residential and commercial uses are concentrated in the cities of Madison and Hanover. There are limited commercial uses in the communities of Canaan, Deputy, Dupont and Brooksbury and along the county's major roadways. A handful of new residential communities have "sprung-up" in the county including Scenic Hill Estates overlooking the Ohio River. Vineyards have also become a popular attraction in the rural portion of the county.



- The Hanover, Madison and Jefferson County Comprehensive Plan designates two areas for future industrial development. Marble Hill and the cantonment area of the Jefferson Proving Grounds comprise more than 3,500 acres that could be used for industrial purposes.
- There are several historically significant sites in the county including an array of historic buildings and homes in Madison, Hanover College, Eleutherian College, Springdale and Dougherty-Miller Cemeteries and the State Hospital Complex, to name a few.

### Madison/Hilltop Area

- There are two distinct portions of Madison. One is downtown Madison, which is the historic gem of the county and located along the banks of the Ohio River. The second is the Hilltop area, which sits above the downtown and has attracted residential development as well as several national retail establishments along the Highway 62 corridor (Clifty Drive).
- Historic downtown Madison is on the Ohio River across from Kentucky and connected via the Ohio River Bridge (US 421). Downtown Madison is nationally recognized for its distinguished architecture. Built primarily in the 19<sup>th</sup> century, the Madison Historic District covers 2,160 acres, virtually all of the downtown area. The Madison historic downtown district includes an array of merchandise and two grocery stores, much of which is concentrated on Main Street between Broadway and Jefferson Street, spilling down to Second Street and, to a lesser extent, up to Third Street. As the county seat, downtown also hosts several institutional anchors.
- Madison is comprised of approximately 26,000 acres. The largest land use category in the city's planning jurisdiction (which extends two miles beyond the city limits) is agriculture, followed by wooded hillsides that give the city an idyllic setting. Residential development is the third largest land use within the city's planning jurisdiction and largest within the city limits. Madison's residential development is at the center of city, separating downtown from commercial and industrial areas located in the northern portion of the city limits. According to the 2000 Census, there are 6,971 housing units within the Madison Township, 69% of which are owner-occupied and 31% are renter-occupied. There are 967 commercial establishments and 172 industrial establishments in Madison. Almost 6,000 acres are undeveloped.



- Madison contains a large amount of land used for parks and recreation. Clifty Falls State Park and a multitude of municipal parks offer a range of amenities. Clifty Falls serves as an anchor on the west side of the community providing a buffer from potential commercial development along Highway 62 and the intersection of Highway 62, Highway 258 and Highway 56.
- Commercial development in the Hilltop area is generally a mix of strip shopping centers, national chains (including Wal-Mart), motels, restaurants/fast food establishments, service businesses, and auto-related businesses almost all of which are concentrated on Highway 62. Ivy Tech State College's southeast campus is located at the eastern edge of the Hilltop area. The Hilltop area is increasingly becoming a regional shopping area, drawing customers from throughout the county and surrounding areas.



### Hanover

- With approximately 10,000 acres, Hanover is primarily rural with more than 7,000 acres designated as agricultural. There are approximately 978 single-family residential units in Hanover. Commercial and industrial uses total less than 0.5% of the town's land uses. The majority of these uses are located off Highway 56.
- Hanover's main commercial development is located on Highway 56 (LaGrange Street). The corridor includes a limited number of businesses (37 commercial establishments), eating and drinking establishments, various service businesses and two grocery stores. Hanover residents reportedly rely on the Hilltop area for many of their shopping needs.
- Hanover is a mix of students, college related professionals, low to moderate income households in and to the north of the center of town as well as more upscale communities south of Highway 56 (e.g., Logan's Point). A new assisted-living facility was recently developed north of downtown.
- There is little commercial activity on Main Street, which runs from LaGrange Street to the college.



- Hanover College owns almost 2% of the land in the Town. The college is located on the eastern border of the town and dates back to 1827. Several of the faculty members live on campus as well as students. As such, the campus is a sort of “town within a town.”

#### **B. Key Issues and Opportunities Affecting Retail Development**

The starting point for changing perceptions, increasing consumer spending and developing a sound market position in each of the four study areas is a clear understanding of current attributes, conditions and potential opportunities within the retail marketplace. The following summary of issues and opportunities was developed through focus group meetings, individual interviews, in-store visits and site visit observations. The issues and challenges identified are factors that may limit the extent of or speed with which the retail industry can be expanded and enhanced. Many demand long term, ongoing solutions. Opportunities are “good bets” for improving the retail base and overall market conditions and are based upon existing community strengths and assets.

#### Rural Jefferson County

##### *Issues*

- Agriculture, the principal industry in rural Jefferson County, is undergoing dramatic change. The most profitable crop, tobacco, is in decline with production down 30-50% over recent years due to reduced demand and, in turn, production controls, depressed prices and shrinking margins.
- Soil quality was identified as an obstacle to new crop production.
- Assessed property values are gradually rising, creating economic pressures for small farmers to convert their land to residential and, in some cases, recreational uses (e.g., golf courses).
- The majority of Jefferson County farmers are part time, deriving their principal income from wages outside the family farm.
- Retail leakage related to farm supplies and equipment is estimated to be 90% as farm stores and implement dealers have declined.
- Many farmers are reportedly frustrated about the changing conditions and circumstances and have difficulty being open to adapting to the changes they face.

- Farmers feel that the community they have supported and contributed to for generations, no longer values them.

### *Opportunities*

- With the decline of agricultural retail supply outlets in Jefferson County, the farming community is eager to identify ways to keep more of this spending at home. Through this market analysis, insights and conclusions will be made regarding to how best to capture these dollars, looking beyond traditional retail operations.
- Leadership within the agricultural community is interested in educating the Jefferson County community about the resources, the contribution and the interests of farmers. This will likely occur through the formation of new business and community alliances, demonstration projects and other outlets.
- Many opportunities were identified during Marketek's site visit for alternative, value added farm operations and for agri-business and agri-tourism ventures. Among these were farm tours, dairy tours, corn mazes, vineyard tours, pioneer farm center, innovative livestock production techniques, fish hatcheries, weekend hunting retreats, secondary wood product operations, horseback riding/ranching among others. During the course of this project, these will be explored in more detail.
- The potential for an expanded farmers market as a vehicle for agri-demonstrations, community education and an attraction for locals and visitors alike was identified as an important opportunity.
- The potential for a business incubator focused on agriculture was also noted as a vehicle for testing and developing some of the new business opportunities being discussed.

### Downtown Madison

#### *Issues*

- Downtown Madison is a relatively large commercial district with approximately 240 commercial structures. This makes it especially challenging to manage for even an outstanding Main Street program, as Madison is known to be.
- While ground floor vacancies in downtown Madison are few in number, the few that do exist are a concern for downtown. Some of the vacant structures are large and prominent and will require a customized and planned business development strategy.

- While a handful of upper story space in downtown Madison has been redeveloped, many remain vacant or used for storage. In downtowns throughout the state and country, these spaces are successfully being converted to residential and office uses. Residential reuse has proven particularly effective in expanding the retail base of downtowns by creating 24-hour communities.
- Information and direction about available parking downtown was noted as an important issue for visitors and locals alike.
- Business hours are a concern to some. In particular, there are extremely limited dining options for visitors or locals on Sunday and Monday evenings. Several business owners are reportedly unwilling to open their stores on weekends, even for special occasions such as to accommodate riverboat passengers.

### *Opportunities*

- Tourism has become a major industry in Jefferson County, generating approximately \$36 million in revenue in 2000. Downtown Madison is reported to be one of the top five visitor destinations in the State of Indiana. Its historic district rivals that of any small community in America and its many unique assets ranging from Civil War history to river commerce, together with fine specialty and antique shopping, offer visitors an abundance of interesting activity. Madison's close proximity to Indianapolis, Cincinnati and Louisville are also tremendous assets for marketing to visitors. Most encouraging during the Marketek site visit was the fact that the Convention and Visitor's Bureau has recently begun to aggressively court visitor segments, such as the corporate market, and is organizing packages that will enhance Madison's ability to be a seven day a week, year-round destination.
- Downtown may be the front door to the community for tourists, but once in Madison, all Jefferson County attractions and commercial areas have the potential to benefit from visitor spending. In addition, an often overlooked spin-off benefit of the visitor industry is that countless visitors return to strong and attractive communities like Madison to become full time residents. Many become entrepreneurs. One bed and breakfast owner commented that three of his guests returned to live and establish businesses in the downtown.
- Downtown Madison is Jefferson County's principal business service center with powerful anchors and attractors such as city hall, the county courthouse, major banks and the King's Daughters' Hospital, which is truly a regional draw.

- Specialty shopping, restaurants and entertainment are downtown's retail emphasis but the shopping district has the opportunity to develop targeted marketing campaigns to multiple audiences: visitors, downtown residents, Hilltop residents, Hanover students/families and downtown employees who must number over 2,000. The hospital alone employs 825 people.

### Hilltop Madison

#### *Issues*

- Hilltop Madison is home to four strip commercial centers and dozens of freestanding business enterprises. In less than ten years, the amount of retail on Highway 62/Clifty Drive has reportedly increased by over 30% and local leaders report there is demand for more. Vacant structures are being filled – one such example is a plumbing supply store that located in an old K-Mart spot. The central issue for Hilltop expressed during the site visit was that the area was 'out of space.' No more sizable land lots exist for development and yet, the pressure for commercial expansion is strong.
- The Hilltop commercial area is an automobile-dependent shopping area that is bisected by a state highway. As such, in appearance, it is much like every other strip commercial highway development across America. Long term, the business community and the city may wish to identify ways that this area could undertake physical improvements that would instill a "sense of place" rather than allow it to further develop as a ubiquitous "anywhere USA" commercial corridor. Rear parking, landscaping, signage controls, lighting, sidewalks and other streetscape elements are all considerations to soften the presence of asphalt everywhere and help the Hilltop make a friendlier impression.
- Madison as a whole appears concerned about insufficient grocery store operations. Any large chain grocery is likely to locate on the Hilltop; however, securing enough land in the right location is an issue.
- While national chains on Clifty Drive (e.g., Wal-Mart) have been successful at attracting customers from throughout the region, retail sales are increasingly "leaking out" to newly developed shopping centers in nearby cities.

#### *Opportunities*

- Clearly, the abundance of merchandise and services on the Hilltop enables it to pull customers from at least a 25-mile radius or more, making Madison a regional shopping/service center for the local population base. Building upon this strength will be evaluated during the course of this project.

- Businesses and risk takers are investing in the Hilltop. Rallys and Cabana Joe's sport bar are the most recent locally owned, new business ventures attracting attention.
- The Hilltop area has a number of customer market segments nearby that could be better targeted through marketing and promotion campaigns to keep more shopping local. The Hilltop area is home to the majority of Madison residents as well as Madison employees at the nearby industrial park and at the hundred or more commercial establishments. Nearby Ivy Tech State College brings in nearly 1,100 students on a daily basis, which could generate another source of regular shoppers.
- The Cragmont Road extension on the Hilltop will open more than 50 acres for business development. Caution needs to be taken to respond to specific market needs so that the retail base does not spread too thin and become oversupplied in general merchandise categories.

#### Hanover Issues

- Hanover has two distinct identities: as a 'low to moderate' income bedroom community of about 2,900 year round residents and as home to Hanover College adding another 1,100 to the population base nine months out of the year. Serving these two very different market segments challenges Hanover to develop a business base that can provide goods and services to both.
- With the existence of a Super Wal-Mart just 10 miles from Hanover and the daily out-commute of the working population, retail leakage is a significant issue.
- Hanover's shopping district offers few places for students to eat and shop. Chicago's Pizza is the main attraction. Subway will be a good additional tenant.
- Hanover's commercial district lacks a critical mass or core business center. Situated on a curve of Highway 56 and consisting mainly of a series of freestanding, destination businesses, it is difficult for potential shoppers to identify the area as a 'shopping district.' The organization is fairly random.
- Related to the challenging layout and land use patterns, Hanover lacks any unifying elements that might encourage passers-through to slow down and stop. In the absence of contiguous, similar storefronts, these elements might range from consistent signage to flower baskets, streetlights, banners or other plantings.

- Assuming that there is potential demand for additional convenience goods and services, Hanover needs a specific plan for land lots and development areas within the existing commercial area that are suitable and ready for commercial development.

### *Opportunities*

- Hanover has numerous assets to encourage future growth: it recently upgraded its sewer system, possesses excellent parks and has potential industrial park land. Investment is in fact occurring, which is an excellent indication of confidence in Hanover's future. Among the new or developing establishments are: a new Subway food chain, a 60-unit assisted living facility and an 18-hole golf course with 11 or more adjacent homes (which is being developed through the use of tax abatements). The city reports three to four developers who are making investments in Hanover.
- Highway 56 through Hanover has high traffic volumes, 17,000 average daily vehicles, which provides excellent exposure for the community. Nearby at the intersection of Clifty Drive (Highway 62) and Highway 56, a new Super 8 motel has just been built. Hanover is in a good location to capture some of the convenience shopping needs of these visitors.
- Hanover business owners report that many shoppers are loyal to specialty businesses that exist or businesses with specialty services such as Pride Grocery that is known for having excellent meats.
- Hanover's best opportunity is Hanover College with 1,100 students and 300 faculty and staff. Identifying and responding to specific niches in eating and drinking establishments and convenience goods through the retail market survey should be a priority for the community.
- 'Old town' Hanover, on and near Main Street, is a unique historic area with a number of fine homes and interesting commercial structures. Hanover students can easily walk to this small quaint district, which might offer good locations for student-oriented businesses. Additionally, bed and breakfast opportunities for visitors to the college should be explored.

### **C. General Assets**

Two critical resources for the development of Jefferson County's retail base regardless of location are the Madison Area Chamber of Commerce and the Collaborative Marketing Project. The leadership, collaboration and quality services

demonstrated by these organizations are exceptional and should be marketed to the fullest. The Venture Out Business Center is one example of an outstanding business resource. These organizations provide essential support to the small business community and will be essential to successfully expanding the retail base.

In addition to having pro-active city, county, business and community leadership, there appears to be a general attitude that people are committed to working together toward the common good. Among the themes Marketek consultants observed during the August site visit were: "It's time for a change. Let's do things in Jefferson County that haven't been done before." This attitude is crucial to effecting positive change in the future.