

Citizens,

This week has been the darkest week during the first six months of my tenure as your Mayor. I was met on Monday with the news that the Home Depot Distribution Center had accepted an offer from the City of Dallas and intended to move their warehouse facility from Corsicana. While this will not affect the retail store, it will mean a loss of jobs to the community. Then later in the week another bombshell was dropped when I learned that Lance intended to close their snack manufacturing facility in Corsicana. A total of at least 250 jobs have been lost in less than 5 days.

I believe that Corsicana is beginning to feel the “trickledown effect” of the nation’s poor economy. Until now, we have only heard on TV, radio and news, the effects around the country and now it appears to be hitting home. Our region has been insulated from the rest of the economic woes of the nation. As the economy appears to be in a double dip recession, more businesses are slowing. They are looking for ways to streamline and consolidate business centers to be more cost efficient, stay profitable, or in some cases stay in business. The harsh reality is that it may get worse before it gets better, according to the economist’s predictions.

In the case of Home Depot, an outstanding offer was made by the City of Dallas and their many partners. Home Depot took the opportunity to consolidate business centers and increase the capacity of the warehouse. This is not the first time Corsicana has seen this happen. In the case of Wolf Brand Chili, the company consolidated the chili making operation with the Gatorade manufacturing operation into one facility in Dallas. The move lowered overhead and combined a work force. Home Depot is doing the same thing.

Obviously, Corsicana offered a great package for Home Depot to encourage them to locate here. Tax abatements were offered to the company by the City, the County and Navarro College. In 2009, at the request of the company, the three entities voted to amend the requirements of the incentive package to help the company to comply with the terms of the agreement. In addition, when Lance purchased Tom’s Foods, tax abatements were offered to assist in expanding the product line. I believe that Lance’s decision to close the Corsicana plant was based on a market shift; specifically the products being manufactured here in Corsicana were no longer profitable. A City cannot pay enough incentives to change a market pattern for a company the size of Lance. Cities can only offer so many incentives to attract a company. Attracting a company is much different than keeping a company. Individuals with an understanding of business recognize very quickly the many factors that go into a decision to relocate or close.

The City’s role in economic development is to offer incentives within the guidelines and legalities set forth for a city to bring new business. It is the Council’s responsibility to offer these incentives without placing the City’s long term future in jeopardy. The City should work with all of our partners, like the Chamber of Commerce and the Small Business Development Center, to retain businesses and help them grow. The taxpayers should not shoulder the burden of making a company profitable, but the City should create an environment for a business to have the opportunity in which to succeed and earn a profit.

The good news is that despite the poor economy many businesses and industries in the city are doing very well. According to Eric Meyers, Sr., Oil City Iron Works is having a record year and business is strong. They are looking cautiously to expand. Russell Stover has expanded their product line three times within the last year. CorsiTech has purchased additional property to expand their operations. Guardian Glass has rebuilt their furnace and is expanding their product lines. Many of the other industries and retail businesses in town appear healthy. A fact indicated by the steady increase in sales tax revenues, which have been up 5 out of the last 6 months as compared to the same period last year.

The City is assisting the owners of the Home Depot and Lance buildings by contacting companies and creating opportunities for new businesses to move into these locations. So let's count our blessings, aggressively market the real estate to other companies and remember to shop locally this Christmas. I continue to be proud to be your Mayor.

Sincerely,

Chuck McClanahan
Mayor