A market-based, results-driven plan to increase private investment in four underutilized regional land assets that were vacated as a result of the severe destabilization of the automotive industry.

Stakeholder Interviews - Insights and Implications
Stakeholder Interviews - Insights and Implications

CORE FINDINGS

Organizational Capacity and Resources
Interviews reinforced the need for an entity or organization to take an active role in cleaning up former industrial sites and to facilitate transactions involving brownfield sites. While DMD has a Metropolitan Development Commission (MDC) structure in place to act as the county’s “redevelopment authority”, additional capacity and resources are clearly needed to jump start this structure, allowing it to take a more active role in redevelopment of old industrial sites.

Big Bets
Since the 1970’s, local leaders have shown a consistent ability to organize public-private partnerships to revitalize the City’s urban core. Some of these “big risks” have included:

- 1970 – Uni-Gov: Consolidated City-County Government is adopted by act of the Indiana State Legislature. The effort dramatically broadened the tax base of Indianapolis, significantly reducing the fiscal impact of individual manufacturing plant closures from a property tax standpoint.
- 1979 - Development of White River State Park: Assemblage, remediation and reuse of multiple parcels to develop a regional attraction which is now self-sustaining and self-governing.
- 1982 - The Hoosier Dome: Conceived before the city had an NFL franchise, opened in 1984 as the home of the Indianapolis Colts.
- 1995 - Circle Center Mall: A public-private partnership that led to the development of a downtown mall that has served as a broader anchor for downtown revitalization.
- 2008 – Lucas Oil Field: Major investment linked to demolition of the Hoosier Dome and expansion of the convention center.
- 2010 – The Cultural Trail / Downtown Housing: Downtown Indianapolis has seen a surge in housing construction, with an additional 3,000 units in the pipeline. The cultural trail is seen nationally as a best practice in encouraging urban walkability.
- 2012 - Super Bowl XLVI - Viewed as a transformative event, anchored by a public-private partnership.

Presuming that the current moment in time is a unique and strategic moment, the analysis begs the question of what the next big risk / investment for Indianapolis should be.

An Increasingly Walkable and Urban City
Indianapolis is generally viewed as a low tax, pro-growth region, one that is conservative, affordable, and a good place to raise a family. The Region is anchored by a strong sense of community spirit, which has been demonstrated through projects such as the Cultural Trail, which is seen nationally as a best practice in urban pedestrian mobility.

Freight Movement
Interviews reinforced the potential impact of the recent Indiana Railroad Canadian National Railroad intermodal partnership as well as the CSX / Indiana & Louisville Railroad corridor investment projects, both of which have the ability to increase freight movement through Indianapolis.

Complacency and Concern
The interviews reinforced a sense that Indianapolis is now exiting the Great Recession from a position of weakness rather than strength, and that deliberate steps will be needed to sustain the Region’s recovery from an economic development standpoint. Areas of concern included limited public sector resources for economic development, a lack of prepared sites to support economic development, too many brownfield sites, and an insufficient understanding of the clear downsides of being “too good” at distribution and logistics, sectors which are defined by cost sensitivity rather than value added.

In total, while Indianapolis clearly has several strengths working in its favor, the interviews reinforced deeper underlying concerns that need to be addressed.
INTRODUCTION

FastTrack was intentionally built around an extensive 1-on-1 stakeholder engagement process. Since the project began in January of 2013, more than 100 interviews with public, private, and institutional stakeholders were completed.

Interviews focused on strengths, weaknesses, concerns, opportunities and threats, both to the City of Indianapolis and Central Indiana. Interviews were also used to frame the relative importance of FastTrack site reuse given other priorities in Marion County and the City of Indianapolis.

INTERVIEWED ORGANIZATIONS

The following organizations were interviewed.

**Government-Related**

- Capital Improvement Board of Managers, City of Indianapolis
- Central Indiana Community Foundation
- Department of Metropolitan Development, City of Indianapolis
- Department of Public Works, City of Indianapolis
- Indiana Business Research Center, IU Kelly School of Business
- Indiana Department of Local Government Finance
- Indiana Department of Transportation
- Indiana University Public Policy Institute
- Indianapolis Airport Authority
- Indianapolis Metropolitan Planning Organization

**Regional Council of Elected Officials**

**State of Indiana, Office of Entrepreneurship**

**Sustain Indy**

**US Small Business Administration**

**Economic Development**

- Central Indiana Corporate Partnership
- Conexus Indiana
- Develop Indy / Indy Chamber
- Energy Systems Network
- Indiana Convention Center & Lucas Oil Stadium
- Indiana Economic Development Corporation
- Indiana Manufacturing Association
- Indiana Office of Small Business & Entrepreneurship
# INTERVIEWED ORGANIZATIONS

- Indiana Sports Corporation
- Indianapolis Foundation
- Indianapolis Downtown, Inc.
- Indy Partnership
- Indianapolis Bond Bank
- Indianapolis Local Initiative Support Corporation
- Indianapolis Local Public Improvement Bond Bank
- Manufacturing Extension Service – Purdue University
- Techpoint
- Urban Initiatives
- Visit Indy

### Private Sector
- Ady Voltedge
- Allison Transmission
- Browning Investments
- CBRE
- Canadian National Railroad
- CSX
- Indiana Railroad
- Faegre Baker & Daniels
- IceMiller LLP
- Louisville & Indiana Railroad
- Greenstreet LTD

### Education & Workforce
- Ginovus
- Major Tool
- Matterfab
- Monarch Beverage
- Norfolk & Southern Railroad
- Rolls Royce
- REI Investments
- JLL

### FastTrack Site Specific Interviews
- Ben Davis High School / Ben Davis University
- Employ Indy
- Indiana University-Purdue University Indianapolis
- Indianapolis University
- Ivy Tech
- Walker Career Center
- City of St. Paul, MN
- Citizens Energy Group
- Denny Excavating
- East Washington Street Partnership
- Indianapolis Public Transportation Corporation (IndyGo)
- Indianapolis Power & Light Company
- Indianapolis Zoo
- Irvington Development Organization
- Irvington Historical Society
- Irvington Innovation Zone
- Marion County Assessor
- RACER Trust
- Panattoni Development
- Pure Power Technologies
- SEND CDC
- Stringtown Neighborhood Association
- West Indianapolis Development
- Westside Community Development Corporation
- White River State Park
- Wilhelm Construction

The stakeholder engagement effort started with the formation of three committees:

**Advisory**
Provided formal input to the process, and to support an extensive stakeholder interview process. Representation included staff from Develop Indy, along with DMD and the Mayor’s office.

**Resource**
Identified data and materials to support key findings. Representation included staff from LISC, CICP, Develop Indy, the Indy Partnership, Employ Indy, Indiana University, and Ivy Tech.
Regional Strengths and Weaknesses

Strengths

- Although the Indianapolis Metropolitan Area (Central Indiana) is not among the top 30 US metros in population, Indy continues to play well above its weight economically and socially, anchored by solid brands in professional and amateur sports and collegiate athletics.
- Across the Midwest, Indy enjoys a generally positive, business friendly reputation (low tax, pro-growth), one that is conservative, affordable, and a good place to raise a family.
- The region is anchored by a strong sense of community spirit.
- Organizations such as Conexus have taken leadership in advanced manufacturing and logistics for the State of Indiana. The resulting strategies have focused on workforce development as well as targeted industry clusters.
- Local leaders have taken several “big risks” over the years. These major decisions include development of the RCA Dome / Lucas Oil Field, Uni-Gov, and development of Circle Center Mall. These transformative projects have been critical to the Central Indiana’s growth through 2007.
- Downtown Indianapolis has seen a surge in housing construction, with a reported 2,000 to 3,000 new units in the pipeline. Interviews suggested that urban housing is the “next big risk” that is being undertaken locally.
- The 2012 Superbowl was described in terms far broader than just economic development, as a transformative event, one that demonstrated that Central Indiana could, “…achieve something that we weren’t sure we could do”. Others argued that the Superbowl was a logical extension of other major events that have been held locally for years, i.e. the Indy 500.
- The private sector, government, and non-profits have a history of working well together.
- The City of Indianapolis has benefited from the legacy sustained by several strong/effective mayors, each of whom has sustained a long-term view.
- State finances in Indiana are in better shape compared to adjacent states, like Illinois.
- Indianapolis enjoys a strategic location on I-70, which is the shortest, least tolled route between LA and NYC.

Opportunities

- While interviews lamented the fragmented nature of local government across Marion County, Clearly, from a Midwestern context, local officials in Indianapolis manage with a significantly lower degree of political fragmentation compared to other metro areas.
- “Uni-Gov 2.0” was referred to as “the next big risk / big opportunity”, with the townships being a specific focus of frustration among interviewees.
- Current combined sewer overflow projects will improve water quality, and allow the region to better utilize the White River.
- Gaining greater benefits from being the second largest US Fed Ex hub.
- While Indy is largely a truck-served distribution market, there are opportunities to increase intermodal. The Indiana Rail Road / CN partnership will provide container service from

Project Management

Oversaw month to month implementation of the project. Representation included City staff at the Department of Metropolitan Development and Develop Indy.

As the project evolved during 2013, the structure and representation of the advisory committee expanded to include organizations such as LISC and InDOT.

The stakeholder interview process helped to frame three elements:
- Strengths, weaknesses, opportunities and threats for Marion County and the greater Central Indiana Region
- Potential roles for the public and private sector in moving forward
- Highest and best use implications for the FastTrack sites
Prince Rupert direct to Indy, bypassing Chicago. Currently, BNSF and UP deliver containers to Chicago, which are then moved by truck to Indy. CSX and NS intermodal connections are too close to Chicago for intermodal service. CN and CP could be evaluated as partners to expand local intermodal rail connections.

- In the context of possible rail improvements for the Region, the Belt Line and the Hawthorne Yard should figure in future conversations. The Belt Line property is owned by Eli Lilly, but leased to CSX.

- Recent announcements by CSX regarding their partnership with the Indiana & Louisville Railroad bode well for enhanced rail connectivity, but will also increase freight movement through the region.

- Completion of I-69 through Indiana will lead to improved connectivity with southern US markets and Mexico.

- Existing neighborhoods in and adjacent to the downtown area can provide housing at different price levels while also being more walkable.

- Recent decisions by the state legislature in favor of “Right to Work” status were viewed positively.

**Weaknesses**

- The interviews reinforced a clear shortage of “ready to go” development sites across Marion County that have entitlements and infrastructure in place, including interstate and rail access. Areas with infrastructure in place are approaching built-out, including Ameriplex and Park 100.

- The reality of limited fiscal resources at the local level, along with a generally conservative state legislature, linked with debate about an apparent urban / rural divide across the state.

- The tax structure in Marion County creates challenges linked with reliance on local income taxes, which are collected where workers live, not work. Interviews also suggested that property tax caps and the status of the City of Indianapolis as a non-home rule municipality also factor negatively into the equation.

- The City’s key industrial anchors, including Allison Transmission, Rolls Royce, and Raytheon, all operate in older and arguably obsolete space. Beyond these sites, the City bears the burden created by a legacy of old brownfield sites as well as empty residential properties.

- There is general awareness of the outsized economic importance of Lilly Pharmaceuticals to the Central Indiana’s economy, particularly in light of challenges that the company appears to be facing. Reports pointed to concern over drugs that will go “off patent” by 2014, creating pressures to cut costs. Conversations emphasized the need to ensure that the Central Indiana has achieved a greater level of economic diversification and resilience to better
absorb future challenges, which should be viewed as inevitable in a broader sense.

Other weaknesses included:

• Although the State of Indiana is strong in exports, interviews suggested that local and state-level leadership in growing exports could be improved, particularly if it can help local companies expand their market reach.

• While Central Indiana and Marion County are growing, the larger rural segment of the State of Indiana is not growing. Interviews reinforced the importance of Marion County as a core growth engine for the entire state.

• Transportation investment across Indiana has been traditionally focused on road projects, at the expense of other modes of transportation including freight rail.

• Lack of modern transit in Marion County is a weakness. Interviews noted considerable plans for improvement, tied in with the need for state legislative approval. There was a general sense that residents living within 12 miles of downtown should have better transit service. The lack of a downtown transit connector to serve existing downtown attractions together was also identified.

• Interviews suggested that organizations such as Develop Indy have been too focused on industry attraction, rather than retention and expansion efforts. There was interest in retention and expansion as a priority.

• For manufacturing, there is concern that existing incentives (tax credits and tax abatements) are too closely linked with job creation. For manufacturing to recover, there is an apparent need to re-tool, meaning greater need for incentives to support capital expenditures (capex) rather than jobs. The effective choice is between generally lower paying distribution jobs or projects with larger CAPEX investments to retool, albeit with a smaller number of generally higher-paying jobs.

• With clear expectations that a larger share of freight will move by rail in intermodal shipping containers, there is a concern that existing intermodal terminals in Marion County are in need of improvement and greater capacity. The Indiana Railroad Senate Avenue intermodal terminal is one location where the likelihood of growth is real and capacity constraints are apparent.

• Local governments across Central Indiana have been incentivizing larger-scale distribution uses, particularly in suburban areas. Reports suggest that companies who are at the end of their 10-year abatement are looking for new space with a new abatement. With logistics remaining a highly cost-sensitive sector, and with many distribution centers paying lower average wages, arguments were made that a more deliberate strategy to align incentives with higher value wages or larger capital investments need to be considered. The clear concern is that the logistics sector is continually focused on ways to lower its costs.

• There was a clear need for the public sector to confirm its owned inventory of properties that have been acquired outright, or could be acquired through tax sale and other means. While Uni-Gov has reduced the number of government entities that own land, it is still difficult to get a clear picture of property ownership that can be used to drive redevelopment efforts.

• While interviews espoused the importance of “Regionalism” there was an equal concern about the weakened competitive position of Marion County. Deliberate decisions maybe needed to ensure that Marion’s competitive position as a driver of job growth and economic opportunity can be sustained.

• The structure of economic development in Marion County remained in flux during 2013, in part due to personnel changes at Develop Indy, DMD, and other organizations. For DMD, interviews emphasized the recent role of the organization as only a planning entity, rather than an implementation entity.

Workforce Development Concerns

Indiana has made recent progress in workforce development, as evidenced by Governor Pence’s Indiana Works Council initiative, which is intended to create more deliberate links between the education system and the private sector. The program is expected to help address the reality of a skills gap across the state, in part through expanded technical education at the high school level.
Although progress is being made, concerns are abundant, linked with the challenge of preparing young people for future careers while also ensuring that they actually have practical skills to enter the workforce. Interviews commented on a broad set of issues related to workforce development. First, workforce development dollars are dictated by federal and state laws, which constrain how these monies can be put to use locally. For example, programs such as Trade Adjustment Assistance (TAA) and Workforce Investment Act (WIA) have constraints that limit the ability of laid off workers to combine program dollars such that they can pursue a two-year program instead of short-term training. The resulting workforce system is one that has multiple entry points, making it more difficult for an individual within the system to see the full picture.

Other related concerns build from apparent disconnects between economic and workforce development. For example, across Indiana, workforce investment area boundaries are different from state economic development area boundaries. As well, within Marion County, workforce intermediary contracts are up for renewal every three years. Other concerns include:

- The private sector is not sufficiently vocal in its concerns about Marion County and Central Indiana in regard to workforce development.

- There are on-going concerns related to short-term training particularly in higher skill manufacturing areas as well as a long-term need to replace retiring skilled workers, many of whom are in manufacturing.

- The traditional four-year undergraduate degree is considerably less affordable than it was 10 years ago. Cost increases are linked to reduced state funding in the past several years.

- There is evolving interest in apprenticeships and other programs that provide high school students with additional pathways to a career, beyond a traditional four-year college degree. Programs that allow high school students to graduate with an associates degree show promise, but only modest student interest.

- There is a lack of alignment between education and the private sector. Schools are not producing what companies need, and neither seems to be doing enough to bridge the gap.

- Careers in manufacturing are not encouraged, in spite of higher average wage levels. The result is a conundrum: jobs are available but the skills are not in place. For regions with a manufacturing tradition like Indianapolis, this is a specific challenge.

- Interviews reinforced the argument that there is a significant need for innovation in the space between middle school and traditional universities, with the apparent need for more deliberate thinking to better align workforce development with advanced manufacturing.

- Several organizations are involved in workforce development and entrepreneurship, but it is not clear who is “connecting the dots”, mapping resources, and clarifying the pathways for entrepreneurs. Creating a more deliberate structure could add value for the region.

- Elected officials in Indianapolis have used TIF funds to help support workforce development programs, an interesting development.