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.

Onward: Action Plan

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ONWARD: ACTION PLAN

When Indy FastTrack started in October of 2012, there was a clear need to focus on four specific industrial sites. Now 14 months later, the effort has sharpened its focus as a deliberate and multi-faceted economic development strategy for advanced manufacturing and freight transportation. The effort is defined by recommendations that deliberately expand the capacity of existing organizations to foster an environment where organic growth in capital spending, wages, and employment associated with advanced manufacturing can occur. Recommendations include the following.

EXPAND DMD ORGANIZATIONAL CAPACITY AND RESOURCES

Use Indy FastTrack to lay the groundwork for a Regional Comprehensive Economic Development Strategy (CEDS)
- The CEDS is an essential step in being positioned for future financial support from the US Economic Development Administration (EDA).

Use Indy FastTrack to Leverage EDA Support for Implementation of FastTrack Phase II
- Use EDA resources to expand organizational capacity within the City of Indianapolis Department of Metropolitan Development, enabling it to properly serve as the Redevelopment Authority of the City of Indianapolis.

Create a Fully Integrated City / County GIS Platform to Support DMD Redevelopment
- Economic development officials need a complete view of property ownership in order to make effective long-term decisions regarding redevelopment. The Marion County Assessor is viewed as critical to making any needed database/GIS improvements.
- Assessed valuations and opportunities for growth in value are at the heart of the conversation.

Enable Legislation Priorities

There are fundamental fiscal constraints that impact the City of Indianapolis’ ability to implement identified economic development efforts associated with FastTrack; constraints which ultimately limit the City’s future rate of growth, and by association the rates of growth in Central Indiana, and the entire state. Targets for enabling legislation conversations with the State of Indiana are apparent:
- Redefine and retool local and state economic development incentives to better align with business retention, expansion, and incubation. Resolve the mismatch between state economic development incentives (focused on tax credits for job creation), and manufacturer priorities (capital investments for retooling).
- Seek a temporary, five-year economic development sales tax to fund county-wide improvements in transportation infrastructure and workforce development.
- Evaluate opportunities for implementation of synthetic or non-geographic-based TIF districts linked with brownfield property and railroad property across Marion County.
- For a city the size of Indianapolis, the lack of home rule status is a practical constraint in terms of local revenue generation.
Develop a Brownfield Redevelopment Program (BRP) Strategy

The Brownfield Strategy is an extension of existing DMD policy, which over the last three years has shifted from reactive to deliberate, using a combination of carrots and sticks to work with and increasingly compel property owners to clean up sites through litigation. This program also remains resource challenged, with funds currently being derived from grants or litigation proceeds.

As state law regarding brownfields now emphasizes a site-specific, risk-based approach, the FastTrack strategy builds from the requirement for a strengthened GIS platform, one that can aid policy makers in establishing four classifications of brownfield sites, with the goal of moving a majority of sites from category 1 (unknown) to category 2, 3, or 4:

1. Sites which had historical uses commonly associated with environmental contamination but the actual environmental conditions are unknown
2. Sites where contamination is both known and extensive, and there is a clear need to secure the site for the long-term
3. Property that can be readily reused for industrial development, including the Ford/Visteon, Navistar, and Chrysler Foundry sites
4. Property that has potential for higher-value commercial reuse or transitioned to other land uses consistent with the location

The strategy also acknowledges the physical proximity between pre-1950’s industrial plants and the residential neighborhoods where their workers worked. With the loss of these industrial anchors, these residential enclaves are increasingly isolated, incompatible with remaining industrial activity / truck impacts, and potentially contaminated the legacy of proximity. The City should evaluate its existing brownfield and industrial inventory to determine what, if any, vacant residential property can be aggregated to expand the amount of available industrial property.

The plan recommends several concepts that have potential to expand resources for remediation and reuse for sites in categories 3 and 4:

- Creation of a “synthetic” brownfields tax increment financing (TIF) district linked with an estimated $1.002 billion in assessed valuation across Marion County that is currently locked up in brownfield property (about 1.8% of countywide assessed value). The intent of a synthetic brownfields TIF is to use tax increment financing to unlock this value. The premise behind “synthetic” TIFs is that they do not have formal geographic boundaries. Implementation would likely require state enabling legislation.
- For a smaller group of brownfield property owners who are current with their property taxes and plan to maintain the status quo with their property indefinitely, look at the resulting stream of property taxes over a 20 to 50-year future period; to evaluate whether resulting tax payments can be used to support debt service that can remediate these sites and put them into more productive use in the near term. This approach is only realistic if a redevelopment authority can take a long-term view with specific properties.

While both ideas noted above do involve reallocation of existing property taxes from the General Fund, the amounts are modest (about 2% of county-wide valuation), and the opportunity for enhanced valuation through reuse from just a portion of what could be a $1-billion-dollar pool of property is significant.

The study recommends that City staff implement an alternative permitting process for known and suspect brownfield sites, primarily to ensure that existing buildings are demolished only under specific circumstances, and with the specific approval of DMD / Brownfields staff.

One additional brownfield resource element relates to solar power. Although solar is clearly not a legislative priority in Indiana at present, ongoing decreases in installed cost per watt are placing solar power on a trajectory toward parity with coal-fired electrical generation. The US Environmental Protection Agency has established a new program called “Re-powering America’s Land” to focus attention on the use of renewable energy sources on contaminated sites; projects in other communities have been implemented on RCRA and Superfund sites. Also, companies such as Brightfields LLC are proposing brownfield solar projects as interim (20 year) uses, particularly for heavily contaminated sites that also have access to more robust utility grid connections. While the economics of solar are still improving, the idea of aligning larger brownfield sites with utility-scale solar installations has promise and should be considered as an interim (20-30 year) site strategy. Importantly, opportunities for solar in Indiana are linked with policy decisions at the Indiana State Legislature.
Refocus Transportation Investments Where Manufacturing Jobs can be Sustained

As the City prepares to initiate Plan 2020, decisions regarding the Comprehensive Plan and the Thoroughfare Plan move to center stage. Deliberate steps need to be taken to align future transportation spending and manufacturing land use to ensure that limited transportation dollars are used to unlock the value of strategic sites that can support non-retail job growth. The emphasis here is on sites that are proximate to I-70 and I-465 south and or directly adjacent to rail assets. Specific target areas include:

- Harding Street from I-465 to Washington Street should be evaluated in the thoroughfare plan. This includes further study of grade separations for CSX and the Belt Line in that area.
- The length of Shadeland Avenue inside of I-465, should be evaluated with the end goal being a limited access corridor that can better connect sites with I-70.
- The “Mass Ave Triangle”, bounded by Massachusetts Ave to the south, College Ave to the west and 25th Street to the north is a strategic area. Existing at-grade crossings with CSX will need to be evaluated and infrastructure will need improvement. A number of sites within this area could benefit from enhanced connectivity to I-70.
- Property surrounding the Indiana Railroad, Senate Avenue Terminal is expected to see growth in intermodal-related activity and should be addressed in the thoroughfare plan.
- Evolving CSX plans for a new intermodal yard separate from their Avon Yard need to be seen as a priority opportunity for new industrial development in Marion County.

- Plans to extend I-69 south of Indianapolis should focus on industrial development opportunities along I-465 near the Harding Street interchange.
- For sites near Holt Road @ I-70, and along Shadeland Avenue and Massachusetts Avenue, identify sites that can be used to support CNG / LNG fueling of trucks, in partnership with major trucking firms.

Work Toward an Integrated Regional Freight Planning and Economic Development Structure

With the expectation for growth in freight volumes through Indianapolis, it is apparent that the City and Region are not organized to identify these issues, much less implement solutions. Economic development is not a core mission of the Indianapolis Metropolitan Planning Organization, and Develop Indy does not have an explicit role in transportation planning. While this issue is not unique to Indianapolis, the extent of freight movement through Marion County elevates the need for more deliberate solutions. Ideas include:

- Short-term solutions involve deeper partnerships among DMD, Develop Indy, IndOT and the MPO to establish annual monitoring regimes that include truck counts on key arterials across Marion County. At present, there is no information about truck impacts on local streets. There is also a broader need to re-evaluate existing truck routes and identify improvements, including turning lanes, signal timing, etc.
- Develop a trucking industry working group, to stay current with industry trends.
- Re-allocate the current assessed valuation of railroad property in Marion County (roughly $26 million) from the general fund and use resulting tax proceeds to fund additional organizational capacity, support matching dollars for federal grants and specific investments in rail infrastructure.
- Partner with railroads and industrial developers to identify sites that can sustain long-term growth in intermodal freight movement, as well as rail-served industrial sites.
- Leverage the strategic geographic position of Indianapolis as the 10th largest logistics hub in the US with the resources of the 32nd largest metropolitan area to pursue federal funding for transportation projects that increase rail connectivity and reduce the Region’s dependence on freight movement by truck, currently the dominant mode of freight transportation through Indianapolis. Expanded rail and intermodal access into Marion County is the goal.

- As Indianapolis will continue to be a strategic node in the CSX rail network, City leaders need to prepare for further growth in rail volumes. In this context, use concerns about the structural condition of the Union Station viaduct serve as the basis for a strategic conversation with CSX, Ely Lilly, IndOT, and state elected leaders about the looming need for a public-private solution that allows CSX to shift a larger share of pass-through traffic from the CSX Main Line to the Belt Line.

- For the long-term, the Central Indiana Region will need to consider the eventual need for a regional port authority structure that would be tasked with making more deliberate regional connections between freight transportation and industrial land use. As Central Indiana grows, the resistance created by inefficient connections between modes will grow.
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RENEW FOCUS ON ECONOMIC DEVELOPMENT

Re-engage with the Private Sector

- With the recession now fading, local economic development officials must re-engage with private sector manufacturers, as well as companies involved in warehousing and distribution, including third party logistics providers (3PL’s). Initiating outreach with local suppliers that support local advanced manufacturing should be an initial priority. This will help to define evolving industry needs as the economy recovers. Develop Indy’s recent decision to hire a retention program specialist is an important first step.

- Expand connections with the Purdue University Manufacturing Extension Partnership and other organizations in support of advanced manufacturing in Indianapolis.

Implement an Advanced Manufacturing Business Retention and Expansion (BRE) Plan

- National experience indicates that about 75% of new jobs are created by existing local companies, rather than through industry attraction. BRE plans build from this notion, focusing on engagement and annual retention visits to local companies. The structure is helpful in better understanding local supplier networks, employer needs and challenges, and providing early warning of challenges.

- The BRE toolkit must include workforce development resources which are consistently at the table. As the City has recently used TIF to support workforce development, consideration should be given to expanding the program, such that a pool of local workforce incentive dollars can be created to support business retention and expansion.

Align Transportation and Advanced Manufacturing

- Use zoning overlays to protect industrial areas from encroaching commercial and residential uses, and more deliberately link industrial building types to their anticipated trucking requirements.

- Preserve existing rail corridor right-of-way. The Pennsy Trail is a good example of an existing rail corridor for which ownership ultimately fragmented, and corridor continuity was lost. These corridors are immensely valuable.

- Canadian Class 1 Railroads have developed detailed guides for compatible uses along rail corridors. Elements relate to defined minimum setbacks from corridors to mitigate vibration and noise. These ideas should be incorporated in future zoning code updates.

- For industrial sites directly adjacent to rail yards, develop a permitting process and design standards to ensure that roads can serve as overweight truck routes, allowing overweight containers to be unloaded and moved to adjacent distribution centers without penalty. Future zoning code updates will need to consider several elements related to manufacturing:
  - The traditional light and heavy industrial categories found in many industrial zoning codes are less relevant today. Increasingly, these buildings are being relied on for assembly of components rather than traditional "heavy manufacturing".
  - Distinguish between suburban greenfield industrial sites and infill redevelopment on more dense urban industrial sites. For greenfield sites, codes should incorporate a flexible program that incorporates minimum standards for building design and setbacks, with particular emphasis placed on truck access and truck court security. These standards are more difficult to apply in infill situations, where minimum setbacks and stormwater requirements can render some sites undevelopable, unless adjustments are made.
  - For industrial areas there is a clear need to create buffers to prevent residential development from encroaching on rail yards, rail corridors, and truck intensive corridors.
  - Future zoning updates, for health and noise considerations, will need to consider zoning changes for property adjacent to I-70 inside I-465 that would effectively prohibit new residential development within a ¼ mile buffer of the interstate.
  - Conduct annual reviews of existing industrial zones to evaluate consistency of current outdoor storage practices with current regulations.
Expand Economic Development Incentives

- For the short-term, local economic development incentives for advanced manufacturing should prioritize capital investment, rather than job creation.
- Work toward an incentive structure that ties increased incentives to value added manufacturing, and more limited incentives to pure distribution, and other uses with lower value added.
- A 2014 study by the Florida Legislature, Office of Policy Analysis and Government Accountability reinforces the need to be deliberate and pragmatic with incentive awards. Their surveys showed that the majority of companies (about 75%) who received incentives in Florida indicated that incentives were, “one among many factors, as opposed to being the key decision factor”. About 40% indicated that incentives were the primary reason for their decision.

The FastTrack manufacturing sector study yielded several approaches for evaluating priority sectors. These approaches are as follows.

Sectors that have added jobs since 2010 This includes:
- Coating, engraving and heat treating;
- Machine shops and metalworking;
- Electrical equipment, including HVAC; and
- Chemicals.

Sectors that have location quotients greater than 1.0 including:
- Hardware mfg;
- Grain and oilseed milling;
- Printing;
- HVAC equipment;
- Medical equipment; and
- Pharmaceuticals.

Sectors that have experienced the fastest rate of growth in their location quotient since 2001 include:
- Computer & peripheral equipment;
- Communications equipment;
- Glass products;
- Cut and sewn apparel;
- Forging and stamping, and
- Magnets & optical media mfg.

Of equal importance are sectors that have seen the greatest declines in LQ since 2001, including:
- Turbine and transmission equipment;
- Motor vehicle parts;
- Foundries; and
- Pharmaceuticals.

Re-engagement with all the companies in this last tier is vitally important, for obvious reasons. It should be a key component of the BRE Plan.

Identify a Sector Champion for Manufacturing
While Conexus has provided strong leadership at the state level, with clear delineation of the advanced manufacturing cluster, recovery across Marion County would benefit from focused leadership from a sector champion.

Expand Export Assistance
Expand resources to help local companies better target opportunities to engage global markets, particularly in Asia through enhanced access to trade education, market intelligence, referrals and sales contacts, and trade missions.

Position as One of the President’s National Manufacturing Hubs
Through February of 2014, manufacturing hubs in Youngstown, OH and Raleigh, NC have been announced. Indianapolis, not yet a designated hub, should make every effort to attain this designation.

Invigorate Regional Entrepreneurship
Enhance entrepreneurship across Indianapolis. Local strategies include:
- Catalog all the regional entities that are involved in entrepreneurship with the simple goal of clarifying the varied paths to market entry for people who have good ideas. The Indy Chamber has shown leadership in this area; more is needed.
- Work with local educational institutions to expand research and commercial spin-off opportunities. This conversation needs to include IUPUI, an institution which in some ways is being "held back". For example, there are regulations in place that cap the number of on-campus beds for students, reinforcing this institution’s on-going role as a commuter campus.
- Evaluate city permitting, zoning, and licensing processes to ensure that current regulations are not unnecessarily inhibiting the process of starting a business. Approaches include “one-stop-shopping” to streamline these processes and moving away from permitting costs set as a percentage of project cost.

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**OUTCOMES**

Ultimately, the intention of the FastTrack effort is to lay the ground work for future conversations with the US Department of Commerce, Economic Development Administration (EDA) to ensure that the City of Indianapolis and Marion County are eligible for EDA funding of “Phase II” implementation efforts that align with defined federal priorities, which include:

- Collaborative Regional Innovation: Strategies that support the development and growth of innovation clusters based on existing regional competitive strengths.

- Public/Private Partnerships: Strategies that leverage public and private sector resources and complementary investments.

- National Strategic Priorities: Strategies to encourage job growth in advanced manufacturing; IT infrastructure; communities impacted by automotive industry restructuring; urban waters; and innovations in science & health care.

- Global Competitiveness: Initiatives that support high-growth businesses to expand in global markets.

- Sustainable Development: Investments that promote job creation by enhancing environmental quality and develop and implement green products, processes, places, and buildings.

- Economically Distressed & Under-served Communities: Investments that strengthen diverse communities that have suffered disproportionate economic job losses.

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**Focus on Workforce Development**

The structure of workforce development today is linked inexorably to the Workforce Investment Act of 1998, which created the Workforce Investment Boards and “one stop shops” which serve as local conduits for workforce resources. While there is broad agreement that the national workforce system is not meeting the needs of a 21st century workforce, solutions are equally difficult to identify. In this context, the following recommendations are offered:

- Engage with local manufacturers to quantify evolving concerns over worker retirements, and resulting demand for new workers.

- Work toward deliberate connections between high schools and private sector employers. The intent is to create conduits of students who are career-ready leaving high school, in sectors where employers actually need workers.

- Expand existing programs that provide high school students with access to alternative career pathways, including expanded vocational training, apprenticeships, and access to associate degree programs at the HS level.

- Seek out programs that place vocational training on the shop floor of existing and potential local manufacturers.
PERFORMANCE METRICS

Tracking plan performance is critical for two reasons. First, organizations such as EDA are clear that tracking performance over time is an essential aspect of any economic development strategy. Second, the uneven pace of recovery from the recession has generated considerable “noise” in existing data, driving the need to revisit key metrics on a quarterly basis.

For this effort, there are a number of metrics that will require annual tracking:

GIS / Parcel Database Validation:
- Work toward a validated database of sites in public ownership, linked with sites that have brownfield issues. Quarterly reporting of parcels that have been validated is needed.

Industrial:
- Occupancy, market values and linkage with assessed valuation for industrial and brownfield sites
- Change in the number of manufacturing establishments, broken down by sector
- Change in the number of manufacturing jobs and wages paid

Freight Indicators:
- Truck counts at key interstates and arterials
- Train counts along key rail corridors

Broader Economy:
- New capital investments in key industry sectors
- Jobs (new / retained) in specific manufacturing sectors
- Growth in metropolitan area exports and gross regional product
- Change in unemployment rate
- Changes in average wages
- Workforce indicators, including HS students moving through new job training conduits

Fiscal:
- Growth in population, linked with growth in provision of public services
- Growth in general fund revenues and assessed valuation