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.

Executive Summary
The Need For A Deliberate Approach

On the surface, Indy FastTrack ends as it began, with the basic question of reuse for 4 automotive sites, confirming the need for a proactive and deliberate strategy to unlock the value of these sites to support future higher-wage employment opportunities. At the same time however, FastTrack has also focused attention on fundamental strategic concerns that now face Marion County and Central Indiana:

- The FastTrack sites represent less than 5 years of industrial land absorption in Marion County based on past trends. So while these sites are strategic, their reuse does not materially resolve the limited supply of larger “shovel-ready” development sites in Marion County to support future job creation. To address this issue, Indianapolis needs an organized strategy to assemble, clean, package, and prepare strategic sites, including brownfields as well as blighted areas appropriate for land use change.

- The FastTrack sites are seen in a larger context defined by concern about the competitive position of Marion County, still recovering from the loss of 18,800 manufacturing jobs since 2003, and singularly dependent on the Pharmaceutical sector, which currently sustains an estimated 15% of county-wide output. These salient trends reinforce the need for strategies to grow and diversify the county economy, linked with regionally-defined clusters in concert with a coordinated business retention and expansion strategy.

- While Central Indiana is now exiting the Great Recession in better shape than its Midwestern peers, the analysis still reinforces a fundamental mismatch between the Region’s clear aspirations as a top US metro area, and the reality that Central Indiana has lost ground economically compared to the top 30 metros in gross domestic product and exports per-capita since 2000.

The end of the Great Recession now provides Indianapolis with the opportunity to take advantage of what is a unique moment in time. While many cities remain focused on a return to the status quo, it is increasingly apparent that the US economy has in fact undergone fundamental changes; metropolitan areas that respond and move forward deliberately will be best positioned to compete as the economy recovers.

For Indianapolis, FastTrack demonstrates that the path to economic development can only be achieved through deliberate steps:

- Enable DMD to serve as the redevelopment authority for Indianapolis and Marion County, with a strategic focus on redevelopment, including land assembly and brownfield redevelopment, and an organizational structure that is truly interdisciplinary.

- Integrate transportation and land use planning with economic development and infrastructure re-investment priorities.

- Emphasize business retention and expansion, anchored by targeted clusters and sector champions, with a clear focus on understanding the needs of local companies.

- Confirm the role of workforce development in supporting a business retention and expansion strategy.
1. EXPAND DMD ORGANIZATIONAL CAPACITY AND RESOURCES
   - Use Indy FastTrack to lay the groundwork for a Regional Comprehensive Economic Development Strategy (CEDS)
   - Use Indy FastTrack to leverage EDA support for implementation of FastTrack Phase II
   - Create a Fully Integrated City / County GIS platform to Support DMD Redevelopment
   - Enable Legislation Priorities
   - Develop a Brownfield Redevelopment Program (BRP) Strategy
   - Refocus Transportation Investments Where Manufacturing Jobs can be Sustained
   - Work Toward an Integrated Regional Freight Planning and Economic Development Structure
   - Align Transportation and Advanced Manufacturing

2. RENEW FOCUS ON ECONOMIC DEVELOPMENT
   - Re-engage with the Private Sector
   - Implement an Advanced Manufacturing Business Retention and Expansion (BRE) Plan
   - Expand Economic Development Incentives
   - Identify a Sector Champion for Manufacturing
   - Expand Export Assistance
   - Position as One of the President’s National Manufacturing Hubs
   - Invigorate Regional Entrepreneurship

3. HIGHEST AND BEST USE FOR FAST TRACK SITES
   - **GM Stamping**: Eastern 2/3: Mixed use, anchored by the White River & downtown connectivity; Western 1/3: Harding St. corridor connection to I-70 for strategic employment opportunities. Consideration: Existing infrastructure is a major constraint.
   - **Chrysler Foundry**: Distribution and Industrial Consideration: Costs associated with removal of existing slabs.
   - **Ford Visteon**: Modern Industrial / Business Park Consideration: Improved connection to Shadeland Avenue
   - **Navistar**: Rail linked, distribution and Industrial Consideration: Navistar Corporate decisions needed.
Across the country, impacts of the “Great Recession” continue to be seen, in part through continually slow employment growth. Based on current growth rates the US economy could reach pre-recession employment levels in early 2014; trends for Indiana reflect a similar pace of recovery.

While media reports have reflected on the inability of the US Congress to deal with budget issues, research suggests that significant budgetary decisions were in fact made:

- Between 2010 and 2012, total expenditures grew at an annual rate of 1.3%; the last three-year period where expenses grew more slowly was in the 1950’s.
- Taxes were raised, resulting in revenue growth of about 7% since 2010.
- The US economy did not re-enter recession.

The chart also reinforces the reality of deeper fiscal challenges remaining in place, linked with apparent need for solutions to entitlements, the national debt, and transportation infrastructure funding.
While the “Great Recession” has impacted Central Indiana, it is clear that Marion County has endured deeper structural changes. From an employment standpoint, Marion County has seen its share of Central Indiana employment decrease steadily since 1990, falling from about 60% to about 50%. At the same time, Central Indiana has seen its share of total statewide employment increase over the same period.

Clearly, Central Indiana has undergone structural change, best expressed through evaluation of per capita gross domestic product data. Central Indiana has tended to play “above its weight” in economic terms, as reflected in a ranking of 23rd in per capita GDP (2012). Of concern is the reality that Central Indiana has not kept pace economically in per capita GDP terms with the top 30 metropolitan areas since 2001, falling from 17th to 23rd since 2001. Put another way, per capita GDP for the top 30 MSA’s increased at an annualized rate of 1% between 2001 and 2012; for greater Indianapolis, the comparable annual growth rate was 0.3%, reinforcing the notion of falling behind economically.
STRATEGIC POSITION

The strategic position of Central Indiana and Marion County can be viewed in four ways:

- Within the defined Midwestern "Megaregion" (as defined by America 2050.org).
- I-70 is the shortest and least-tolled interstate route between LA and NY, two of the largest deep water ports in the US, which attract significant expedited truck traffic.
- The I-65 / I-69 corridor continues to be the primary corridor for the auto industry.
- The Indiana Railroad intermodal partnership with Canadian National (CN) to move containers directly into Marion County. CN system intermodal volumes have grown from 1.5 million to 1.7 million containers between 2010 to 2012, (9% annual growth).

For Central Indiana, understanding connectivity to freight corridors, and evaluating opportunities to add value to freight that is currently just passing through are important. That the current center of US population is south and west of Indianapolis (not north toward Chicago) reinforces the clear need to better understand supply chain connections, and work more closely with manufacturers and their third party logistics providers (3PL's), many of whom are increasingly being asked to add value to what they are distributing.
Well before the Great Recession began, both US and Midwestern manufacturing activity had already been impacted. US manufacturing began to experience steady decreases in employment beginning in 1999, which continued through 2010. A not-dissimilar pattern unfolded across Indiana and Marion County, with steady declines in manufacturing. For 2009, the “peak” year of the recession, Indiana was particularly impacted, with a 15% decrease in employment, compared to 12% nationally and about 7% in Marion County.

While manufacturing employment has begun to recover nationally (linked in part with ideas like “reshoring”), the trajectory of improvement is from a 40-year low in employment. As such, deliberate strategies are needed to accelerate the recovery. Federal policy has been supportive, with a clear focus on advanced manufacturing, emphasizing industry sectors that can sustain greater research and development spending and emphasize workers with experience in Science, Technology, Engineering, and Math (STEM) fields.

Nationally, responses have focused on strategies to expand export opportunities for local companies, and better align supply chains with industrial land use and transportation infrastructure. On the economic development side, strategies have focused on the need for focused business retention and expansion, anchored by a workforce development system which is a full partner in the effort.
In 2011, Central Indiana was ranked as the 10th largest inland port in terms of origin-destination tonnage, with the financial resources of the 32nd largest metro area. With clear expectations for further growth in truck-borne freight volumes, there is concern that Indianapolis, Marion County and Central Indiana are not organized to effectively manage an array of resulting congestion and air quality issues and implement solutions that require cooperation across political boundaries.

This situation is not unique to Indianapolis. In most larger cities, there is a clear distinction between transportation planning, which is managed by the regional MPO and state DOT’s, and economic development, which is managed through other local organizations.

Ultimately, AECOM experience suggests that if cities and regions cannot benefit from freight movement, they must instead focus on ways to mitigate impacts. In simple terms, if value cannot be added locally, then measures need to be taken to move goods more quickly through the region.
The analysis identified more than 96 million square feet of industrial space that supports more than 60% of county-wide goods manufacturing employment concentrated within 1.5 miles of the I-70 and I-465 Corridors. Of concern is the average age of this space (1966) and higher average vacancy (11.2%) as well as the reality that these corridors include the principal manufacturing anchors for the region including Rolls Royce, Eli Lilly, and Raytheon.
The analysis reinforces the importance of the I-70 Corridor as an anchor for advanced manufacturing in Marion County. Today, while the I-70 Corridor supports 42% of the manufacturers who are located in Central Indiana, it also still hosts the Region’s industrial legacy, with the four FastTrack sites, plus an array of other brownfield properties that need to be re-purposed. Sites proximate to the interstate, or with rail access need to be further evaluated for reuse.
Current Federal Highway Administration guidance is that US freight traffic will increase by over 60% over the next 25 years, with particular growth in intermodal activity. Regions such as Indianapolis need to be prepared for further growth in freight volumes. Short-term solutions involve deeper partnerships among DMD, DPW, 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. Central Indiana also needs to develop a trucking industry working group, to stay connected with evolving industry trends.
CSX rail network operations in Indianapolis play an important role in the performance of the entire CSX eastern rail network. The CSX mainline, connecting St. Louis with Indianapolis and points east, is an important “interstate” rail corridor, sustaining between 30 and 40 trains per day on average. While railroads in general are hesitant to add spurs to their mainline corridors, there is interest in locating rail served sites along secondary corridors. Nationally, railroads such as CSX and NS have embraced public private partnerships to improve rail corridor capacity.

Within the broader conversation about freight infrastructure, the future status of the CSX Hawthorne Yard needs to be considered. While this yard currently serves a modest role in the Region (secondary switching), the broader yard area is extensive, covering about 2 miles in length or more than 400 acres in rough terms. Opportunities link with the future status of the Navistar site, as well as a host of other properties in this area that could be more deliberately connected with rail infrastructure.
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, concerns about the structural condition of the Union Station viaduct could be a basis for a strategic conversation with CSX, Eli 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. An improved Belt Line will also link with opportunities to add rail served sites around the region.