

ECONOMIC DEVELOPMENT COMMITTEE

DATE: January 23, 2008

CALLED TO ORDER: 5:08 p.m.

ADJOURNED: 6:01 p.m.

ATTENDANCE

ATTENDING MEMBERS

Jeff Cardwell, Chair
Jose Evans
Robert Lutz
Brian Mahern
Barbara Malone
Mary Moriarty Adams
Kent Smith

ABSENT MEMBERS

AGENDA

Presentation:

Jeb A. Conrad, Executive Director, Indianapolis Economic Development, Inc – Update on economic development, expansion, attraction, and retention of business.

ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee of the City-County Council met on Wednesday, January 23, 2008. Chair Jeff Cardwell called the meeting to order at 5:08 p.m. with the following members present: Jose Evans, Robert Lutz, Brian Mahern, Barbara Malone, Mary Moriarty Adams, and Kent Smith.

Presentation:

Jeb A. Conrad, Executive Director, Indianapolis Economic Development (IED), Inc., distributed a handout detailing his presentation (Exhibit A). He said that it is important for the Council to be familiar with the organization's role in Indianapolis' economic development. He said this is a 501(c) 6 organization and has been around for approximately 30 years. Originally, it was a division of the Greater Indianapolis Chamber of Commerce (GICC) and mainly concentrated on attracting business to Indianapolis, but not exclusively. The organization left the GICC, became the Indianapolis Economic Development Corporation, and became part of the Indy Partnership. He said that, at one time, Indianapolis made up half the population of the region, but that has since changed. Clients now look at Indianapolis as part of Central Indiana, and the organization's business attraction efforts are focused on the region. As a result, businesses wishing to relocate would have to work through several counties and local governments to get information. The Indy Partnership helps those businesses by working with the counties and local governments to make it easier for companies to access the information they need.

Mr. Conrad said that last summer IED separated from the Indy Partnership to become its own local economic development organization. He said their mission is to provide business attraction and existing business retention and expansion for Marion County. Eighty to eighty-five percent of economic deals are existing business expansions or relocations. A typical scenario includes a company that has outgrown their location and needs to relocate. They do not want to leave their current workforce or customer base. Other counties and states are also trying to get these companies to relocate to their locales, instead of expanding. Because this is the most common scenario, IED pays close attention to businesses currently in the area.

Mr. Conrad added that IED has five staff members, and the Mayor will appoint a new board of directors this year. IED has a contract with the Department of Metropolitan Development (DMD) to provide services to various businesses. There are three sources of funding for the organization: the first is through DMD, the second is through the GICC, and the third is through private sector investment. He said that the GICC provides their fiscal and accounting work. IED offices are located in the GICC offices. He said that IED focuses its attention on commercial and industrial business, not retail or residential projects. He said that they are interested in retail and residential business, but there is not enough staff.

Mr. Conrad stated that IED analyzes local incentives and makes recommendations to businesses. Most businesses look for incentives, and the most common is the tax abatement because the

recruitment and expansion tools are the ones given to local governments. He said that the state offers worker training, but not much else.

Mr. Conrad stated that IED is looking forward to working with the new economic development director. He said that the previous administration had several policy initiatives to which IED was allowed to supply input prior to adoption. He said IED provides an economic impact analysis that includes rating what kind of employer the company is, what wages they will provide, and if they are good taxpayers. He said that the competitiveness of any deal is one policy factor that cannot be pre-determined. One of the limiting factors for Marion County is the small amount of acreage that is available. Other counties often have much larger plots of land. He said the most common stories carried in the media are those that focus on new business attraction deals. In reality, existing business deals make up 85% of the work being done. IED looks at the impact of these businesses, including the impact of their departure, the cost of keeping them, and the cost of luring them back to the area. IED currently receives 50-60 real estate inquiries per week. IED provides marketing and communications work to help existing businesses for relocating. He said IED makes about 400 visits to local businesses, and will do more at a Councillor's suggestion. In addition to the visits, IED sends monthly mailings to remind businesses that IED will continue to provide services, such as research, data collection, and real estate location.

Mr. Conrad said that IED's key audience includes site consultants, professional organizations, governments, and media. Site consultants are third parties that come in and out of markets and assess the markets for clients. They also take their clients to the markets for final destination decisions. He said that of the major deals that were made in 2006, a third-party consultant facilitated 72% of them. Professional organizations include real estate professionals, attorneys, accountants, and others that have influence over their clients' decisions. City and State Government is a critical part of these decisions. Government ideologies include things like Edge tax credit, which is a payroll tax credit for new employees based on a company's projected payroll. He said that IED is a member of the Indy Partnership, which focuses on the region as an economic development area. This group makes strategic decisions on how to sell central Indiana to businesses. He said that they utilize their resources to garner positive coverage on the community, the businesses that are already here, and the opportunities that exist for new businesses.

Mr. Conrad said the IED measures their success through the number of successful projects, closing percentages, overall capital investment from the private sector, number of new and retained jobs, increase in payroll taxes, increase in local and state taxes generated, and the overall economic impact on the community. A direct impact on the community would include things such as utility usage, purchasing local goods, and spending power of employees. He said that the analysis of 2007 numbers is not quite complete, but IED was engaged in 40 successful projects that will create 4,587 new jobs, retain 4,335 jobs, and invest \$347,767,980 in the community over a one to three-year period. He said that this is the first time the creation of new jobs outnumbered the amount of retained jobs. IED's successes include Veolia Water opening a division headquarters and training facility. AT&T will add 300 – 325 positions to their downtown offices. Fusion Alliance and Arcadia Resources will remain in Indianapolis. Beckman Coulter will relocate 212 life science jobs from their California location, and Redcats, formerly known as Brylane, will expand their U.S. operations on Southeastern Ave.

Mr. Conrad said 2008 will bring an expansion for IED. The expansion will include a new organizational structure, increase in business visits, input into economic development policy, increase in staffing, greater focus on services, and an increase in out-of-market site visits. He said that he believes that they will be able to position Indianapolis/Marion County in a more effective way.

Chair Cardwell asked what kind of sales pitch IED gives to out-of-town visitors. Mr. Conrad stated that this is a great environment. There are key elements to the sales pitch, but the emphasis changes depending on the industry sector. He said that accessibility is one of the key elements. Sixty-five percent of the population of the United States and Canada is within a one-day drive for trucks. He said the interstate system, new airport terminal, and FedEx's large presence showcases the logistics selling point. He said that Indianapolis is the second largest FedEx hub in the country. Other issues are workforce related. He said operating costs are extremely competitive, which include utilities, taxes, worker's compensation, and wages. He said that the cost of living is low when compared to the rest of the country. He said that IED would like to see growth of personal wealth for workers, but it is a selling point to site consultants. He said that the overall business climate is friendly. The types of businesses that have selected and stayed in Indianapolis is a key point; such as Eli Lilly, Dow Agro Sciences, WellPoint, and Emmis Broadcasting. Four years ago, IED conducted a survey of site consultants and real estate professionals outside of the market and discovered that only 28% knew that Eli Lilly and Company was located and headquartered in Indiana. He said that IED has many testimonials from businesses that have discovered that Indianapolis residents and Central Indiana has a cost-effective workforce that is skilled and extremely dedicated. He said as an example, a company with similar operations in Canada has a 42% turnover rate as compared to a 22% turnover rate in Indianapolis.

Chair Cardwell stated that there are probably several business that do not know about IED or the services that they provide. He asked Mr. Conrad to give out contact and cost information to those who may be watching. Mr. Conrad stated that IED provides services at no cost to individuals, because many programs are driven by commitments to stay and grow the company. The website is <http://www.indianapoliseconomicdevelopment.com>. They can be reached through the Indy Partnership website at <http://www.indypartnership.com>. He said the Indy Partnership has a lot of data and information regarding Marion County for anyone interested in locating here. IED's phone number is 317-464-2200.

Councillor Smith asked if there is a strategic plan to bring manufacturing plants to the area. Mr. Conrad stated that they are absolutely committed to that. He said that employment has changed over time, but the area is still known for manufacturing. He said the good news is that a Chicago Federal report showed that Indianapolis was the only Midwest city that showed positive job growth between 2000 and 2005. It was a change in focus, because advanced manufacturing is the new trend. It means that a higher skill set is required to manufacture. He said the life sciences is an advanced manufacturing industry and is replacing some lost manufacturing jobs. IED regularly looks at various publications and websites to look for companies that succeed in new manufacturing techniques and products. He said they often ask and mail out a lot of

information to these companies. He said they have a goal to bring manufacturing into the area, but they also focus on retaining those businesses that are already here.

Councillor Malone asked if they could pinpoint what caused deals to be unsuccessful. Mr. Conrad stated that there is no one key item that caused deals to fail. However, Marion County's biggest challenge is the lack of large pieces of real estate, due to building and growth. He said Medco chose to locate in Boone County, because Marion County did not have the available acreage that they would have liked. He said that Indianapolis competes well with other cities in both private and public sectors. He stated that the last non-competitive period for the county was during the last tax restructuring because of the associated uncertainty that came along with it. The restructuring would not allow IED and others to create 10-year projections for companies. Currently, this is not happening with the property tax issue that is currently taking place. He said that in comparison with Chicago, Indianapolis wins on cost every time, but the surrounding counties are tough competition because of available land. He said that IED will continue to look at ways to redevelop through remodeling of obsolete buildings or teardowns. They would like to engage the committee and the public in brainstorming sessions.

Councillor Lutz asked if there were any ways that the Council could assist IED. Mr. Conrad said that he would like the Council to come up with creative ways to support redevelopment and reuse that would level the playing field. Input from government, businesses, and members of the public is always appreciated, because information is the key to success.

There being no further business, and upon motion duly made, the meeting adjourned at 6:01 p.m.

Respectfully Submitted,

Jeff Cardwell, Chair

JC/cmc



Presentation to the
Economic Development
Committee
Indianapolis
City-County Council



Mission

To provide business attraction; existing business retention, expansion; and location services in Indianapolis/Marion County, serving as a catalyst for capital investment and quality job growth.



About IED

- 501c6 not-for-profit
- Five staff members
- Board of directors to be appointed by Mayor Ballard
- Three key funding sources
- Co-located with Greater Indianapolis Chamber of Commerce (GICC)



Cont. About IED

- IED provides economic development services for attraction, retention and expansion of commercial and industrial business for Indianapolis (Marion County)
- We are not focused on retail or residential projects



Services

- Local incentive analysis, and recommendation
- Real Estate
- Marketing & communications
- RFP/RFI response
- Existing business outreach
- Data & research



Key Audiences

- Marion County existing businesses
- Site consultants
- Professional organizations
- City government
- IEDC
- Indy Partnership
- Community
- Media



Measurements for Success

- Number of successful projects.
- Capital investment (real & personal property).
- Number of jobs (new & retained).
- Increase in new payroll.
- Increase in taxes generated.
- Overall economic impact.



2007 Results

- 40 successful projects
- 4,587 new jobs
- 4,335 retained jobs
- \$347,767,980 in committed investment



Key 2007 Successes

- Veolia
- AT&T
- Fusion Alliance
- Arcadia Resources
- Beckman Coulter
- Redcats



What's In Store For 2008?

- New organizational structure
 - Increase in strategic partnerships
 - Better positioned to market Marion Co
- Increase in existing business visits
- Input into econ. dev. policy
- Increase in staffing
- Focus on services
- Increase in out-of-market sales visits

