Leveraging Infrastructure as an Economic Development Tool

March 5, 2019
Tim Jensen, PE, LEED AP

President, Veridus Group, Inc.

Verisite Partner
1. Economic Development Overview
2. Site Certification – Courtney
3. Financial Considerations – Matt
4. INDOT Site Selection and Next Level Roads - Pam
Economic Development
“Depending on which study you believe, and what industry you’re in, acquiring a new customer is anywhere from five to 25 times more expensive than retaining an existing one.”

Harvard Business Review, “The Value of Keeping the Right Customers”, Amy Gallo
Infrastructure and Economic Development?

- Master Planning
- Roads
- Bridges
- Utilities
- Parking
- Parks
- Trails
Tim Jensen, PE, LEED AP

tjensen@theveridusgroup.com
317-450-7653
www.theveridusgroup.com
Courtney Zaugg, CEcD
President, Plaka + Associates
Verisite Partner
What Does Infrastructure Have to do with Workforce?

Site selection decisions are primarily based on workforce and product.

The current economy is robust with record low unemployment. But to even get in the game to promote a community’s workforce, cultural amenities, and other assets, it must first have a ‘product.’
Why Should I Care About “Product”?

Key component in site selection for the next company relocation or expansion is SITE and BUILDING READINESS.

What does this mean? Undertake a comprehensive due diligence process that is consistent with the process a potential user would employ. Identify any issues related to:

- Site conditions
- Required infrastructure
- Entitlements

Then, address the issues OR develop a concrete plan to do so.
How do I get my targeted site ready for (re)development?

Conduct a rigorous, independent third party analysis of the subject property and an honest evaluation of its readiness for development or occupancy.

Options: basic due diligence and site certification.
Site Certification Designation

Any issues that would prevent normal development of the property should be satisfactorily addressed, or a concrete plan should be adopted to do so, along with identifying a source for necessary funding.

A credible program includes an ongoing review and re-certification process to ensure that any changes in land conditions, zoning, adjoining land uses, etc., don’t negatively impact the original certification.
What is the ROI on Site Certification?

ROI for both communities and the end user!

Can significantly shorten the development timeline once site is selected.

Important marketing tool separating a site from others under consideration.

**SPEED TO MARKET!!**
Critical Factor...

Gaining a meaningful site certification designation requires significant cooperation between many parties, including private land owners, economic development officials, governmental representatives, elected officials and state agencies.

This proactive partnership among various stakeholders is a clear signal to site selectors and corporate decision makers that the community is united, organized and serious about attracting economic growth and partnering with new employers.
A Confident Approach: Yorktown, Indiana
Courtney Zaugg, CEd
Courtney@certifiedbyverisite.com
317-517-5390
CertifiedByVerisite.com
Matt Eckerle
Principal, H.J. Umbaugh & Associates
The Local Funding “Toolbox”

- **Local Income Tax (LIT)**
  - Counties
  - Cities/Towns

- **Property Tax**
  - Cities/Towns

- **Tax Increment (TIF) Revenue**
  - Counties
  - Cities/Towns

- **Wheel Tax/Excise Surtax**
  - Counties
  - Cities/Towns (over 5,000 population)

- **State Distributions**
  - Counties
  - Cities/Towns
Characteristics of the Tools

• **LIT**
  
  Certified Shares or Economic Development Distributions

• **Property Taxes**

  Not available for County Projects

  Exceptions for Bridge Related Funds

  City/Town General, Cumulative, or MVH Funds

• **TIF**

  • Existing Allocation Area versus Capturing New Development

  • Geographic Restrictions

• **Wheel Tax**

  • Requires an INDOT-Approved Transportation Asset Management Plan

  • Cannot issue bonds payable from Municipal Wheel Tax
**State Distributions**

- **Direct Distributions to Counties, Cities and Towns**
  - **Local Road & Street**
    - Exclusively used for engineering, land acquisition, construction, restoration, resurfacing or rehabilitation
  - **Motor Vehicle Highway**
    - 50% of the state distribution must be utilized for construction, reconstruction or maintenance
Leveraging Your Local Road Dollars

- **Pay-as-you go funding of projects**
- **Building balances for major expenditures**
- **Bond issues**
  - Revenue bonds utilizing LIT, TIF, MVH or LRS
  - Property tax supported bonds
  - Utilizing multiple revenue sources
  - Prohibitions on pledging Municipal Wheel Tax revenues to debt

- **Develop a Project Plan:**
  - To evaluate different funding options
  - To identify how the project “fits in” with overall needs
  - To understand how funding the project will affect your overall financial position
Combining Local Funds with Other Sources

- It is common to use locally available funds as “matching” funds with state and federal programs.
- Matching can be accomplished through the use of cash or bond proceeds, depending on the program.
Let's Talk

Matt Eckerle

eckerle@umbaugh.com
317-465-1520
www.umbaugh.com
Pam Fisher, CECd

Director of Economic Development, INDOT
Agenda

• Economic Development Overview
• Site Selection
• Next Level Roads
1. **Safe & Secure Travel**
2. **System Preservation**
3. **Economic Competitiveness & Quality of Life**
4. **Multi-Modal Mobility**
5. **Environmental Responsibilities**
6. **New Technology & Advancements**
Economic Development

**Economic Development is a Team Sport**

- Collectively, we need to understand what targeted business sectors need from us:
  - **Government**
    - Investing in infrastructure, incentivizing behavior, technical expertise, regulatory certainty, workforce
  - **Universities**
  - **R&D & Technology Transfer**
  - **Utility Industry**
  - **Electric Vehicle Infrastructure Support**
## Industrial Site Selection Factors Ranked

1. **Highway Accessibility**
2. **Availability of Skilled Labor**
3. **Labor Costs**
4. **Occupancy & Construction Costs**
5. **State & Local Incentives**
6. **Corporate Tax Rate**
7. **Tax Exemptions**
8. **Energy Availability & Costs**
9. **Proximity to Major Markets**
10. **Quality of Life**

Source: Area Development’s “31st Annual Survey of Corporate Executives”
www.areadevelopment.com
Top Three Factors

1. Highway Accessibility

2. Availability of Skilled Labor

3. Labor Costs

Other takeaways:

- Quality of Life is critical to talent attraction

- State & Local Incentives & Environmental Regulation are not ranked in top three
Site Selection Request for Proposal
• Transportation infrastructure
• Recruiting & training
• Tax credits / exemptions/abatements
• Discretionary grant funding
• Permitting & inspections
• Water / sewer infrastructure
• Utility costs
Crunching the Numbers

• **Data is input into client matrix**

• **Items are weighted according to client needs & priorities**

• **The client’s goal is to reduce number of communities under consideration for project**

• **How does your community/region/state/country stay in the race?**
## Site Elimination Process

<table>
<thead>
<tr>
<th></th>
<th>Site A</th>
<th>Site B</th>
<th>Site C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transportation Costs</strong></td>
<td>$X/mile</td>
<td>$X/mile</td>
<td>$X/mile</td>
</tr>
<tr>
<td><strong>Labor Costs</strong></td>
<td>wages+benefits</td>
<td>wages+benefits</td>
<td>wages+benefits</td>
</tr>
<tr>
<td># of employees</td>
<td></td>
<td></td>
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<tr>
<td><strong>Energy Costs</strong></td>
<td>$0.XX/kwh</td>
<td>$0.XX/kwh</td>
<td>$0.XX/kwh</td>
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<tr>
<td><strong>Capital Expenses (Land &amp; Building)</strong></td>
<td>Land = $XX Building = $XX</td>
<td>Land = $XX Building = $XX</td>
<td>Land = $XX Building = $XX</td>
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Key inputs are weighted, calculated & ranked per each site.
CAV Economic Development Opportunities

- **Hardware**
  - Batteries, Electric Motors, Semiconductor Chips, Cameras, Radar, Laser, LiDAR & Other Sensors

- **Software**
  - Communities with tech talent will attract new economic opportunities

Takeaways

• **Transportation costs are a top-3 site selection factor**

• **Economic development is a team sport**

• **Client determines weighting of site selection criteria**

• **Indiana’s CAV supply chain positions it for success**

• **Leverage government-university partnerships**
Next Level Roads Indiana

- **Elevate Indiana’s economic competitiveness and quality of life for all Hoosiers**
- **$30B over the next 20 years in roadway infrastructure investments**
- **Includes $342M annually to help cities, towns, and counties for local roadway projects (Community Crossings Program)**
- **Preservation of existing state and local roadway infrastructure**
- **Finish major projects over the 20-year period**
Next Level Roads

Filter Projects by:

- District
- Status
- Program
- Community Crossings
Planning is a Balancing Act

Quality of Life
- Lower Transportation Cost
- Alternative Modes of Travel Options
- Transportation System Connectivity
- Public Health & Environmental Enhancement

Capital Infrastructure Investments
- Transportation Infrastructure Financing
- Movement of People, Freight & Goods
- Economic Development & Competetiveness
- Improved Access to Jobs & Mobility Accessibility
Pam Fisher, C EcD

Director of Economic Development & Special Initiatives, INDOT

pfisher1@indot.in.gov

317-234-8231

www.in.gov/indot
Questions?