

A close-up photograph of a shovel's handle and blade stuck into the ground. The shovel is dark-colored, and the blade is partially buried in a patch of green grass. The background is a dense field of similar grass.

By Tom Schuman

Ready! Set! Dig!

New Program Aims to
Speed Site Development

Larry Gigerich has been involved in the economic development world for 18 years. When he first started, the many months and years it would take for a company relocation or expansion to occur were accepted as part of the process.

“Now, people want to make their decision in three to six months and be in operation in 12 to 18 months,” says Gigerich, managing director of Indianapolis-based economic development services firm Ginovus. “They want to make those decisions more quickly than ever.”

State government is trying to match those business expectations. A common theme throughout Gov. Mitch Daniels’ campaign and during his initial six months in office has been increasing the pace of government. A bill most commonly known as the “shovel ready” legislation moved quickly through the General Assembly and was signed by the governor in mid-April.

The goals include certifying industrial sites to help companies more easily navigate the permitting process and local communities to have those sites prepared and ready for development.

“Being a business person, the governor knows time is money,” states Ryan Kitchell, who worked at Eli Lilly & Company before being tapped by Daniels as executive director of the Indiana Finance Authority (IFA), formerly the Indiana Development Finance Authority. “At Lilly, with a new plant, we knew the faster we could get a shovel in the ground, the more enticing the site.”

Calvin Kelly, deputy director of the IFA and the point person in developing the certification program, describes the mission as “increasing the number and quality of immediately available sites with high economic development potential. The immediate focus, he adds, will be on those higher-end sites. “Time is money from state government’s perspective as well.”



There may not be an actual certificate to share, but Indiana looks to send a message to developers and companies through its site certification program.

Agency interaction

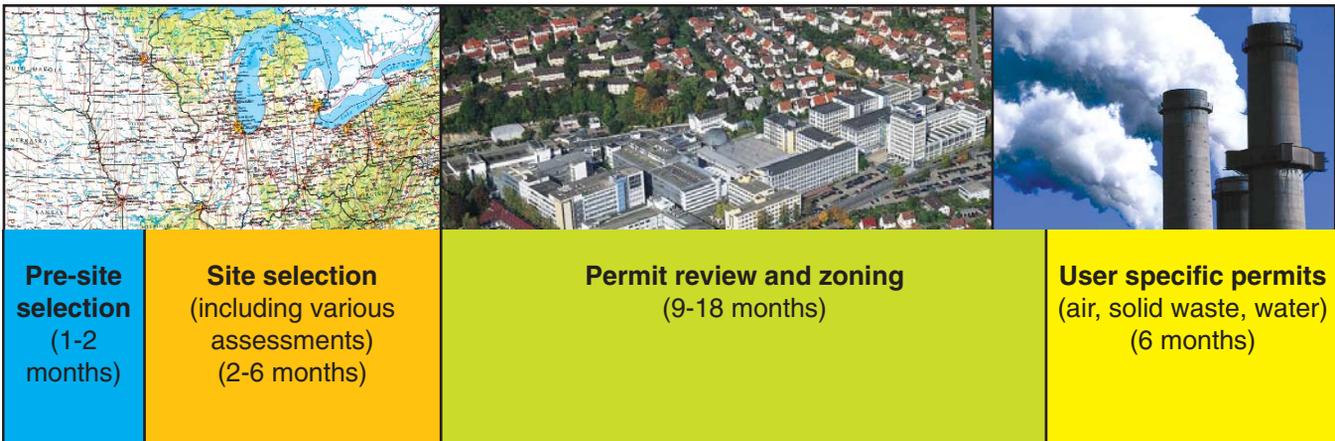
The IFA focus is to work with businesses and communities to implement financing tools that help grow the economy. The development legislation places IFA as the mediator between the new Indiana Economic Development Corporation (IEDC) and the Indiana Department of Environmental Management (IDEM).

Kelly says there has been “open dialogue” between the state agencies, with a number of suggestions already made on changes to process and prioritization.

“The appropriate people, processes and thought patterns are in place. We have a very strong commitment from Commissioner Tom Easterly at IDEM,” Kelly notes. “When (IEDC President) Mickey Maurer brings a potential project to the table, it’s a project requiring permitting right then. At the time IEDC has these live projects, we’ll know so much more about these sites.”

The up-front knowledge is due to an inventory process currently taking place. While local communities or regional entities may have targeted particular types of business or industry in the past, the state has not compiled such comprehensive information. The end result will be a clearer understanding

Typical Site Selection/Permitting Timetable



Total: 18-32 months

of what sites are best suited for particular developments.

Gigerich applauds the more strategic approach. Previously, he points out, his company or others working on behalf of a client would be inundated with information about sites that may or may not be appropriate for that particular development.

"Indiana has to be more strategic from a state perspective. The state has to have the courage to say this might not be the best location for a life sciences project or for a distribution center if it's not within a certain number of miles of the interstate," he claims.

In Gigerich's opinion, less will be more – at least at the beginning.

"I recommend they not designate dozens and dozens of sites as shovel ready," he offers. "If they designate 100, you start to lose some of the cache value you need to have with this program."

Kelly agrees, saying that the application process will be open, but, "We want to be selective in what we actually move through. It's not reasonable to think every community is going to achieve a shovel ready certification."

Ticking clock

The specifics of the certification process are still being determined. Kelly puts a company's normal site selection/permitting timetable (see graphic on previous page) at 18 to 32 months. Shovel ready will impact the first 12 to 26 months of that time period.

"What we'd like to do is decrease that by roughly 25% to 30%," he says. While the time frame for the certification process is not known yet, the true payoff will come in business interest

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once the site is pre-certified. "Once a site has gone through the process and achieved certification, it can be a very short time until it is ready for initial activity at the site."

In other words, time and money are being invested up-front by state and local partners. This will save interested companies and developers when they are in the decision-making phase.

"It's a tool for local communities and local economic development officials," Kitchell contends. "Landing companies and jobs can't take place unless the local community buys into the process."

Kelly adds, "The greater community buy-in, the better. It's a way to demonstrate local commitment to economic development. There's nothing that says local government has to own the site. There can be a strong public-private partnership at the local level."

That partnership also will likely include at least some of the money to pay for the certification process. State funding for the program was not appropriated.

"We think communities will recognize the value of the concept and put their own resources behind certification," Kelly relates.

Deeper understanding

Removing environmental barriers and enhancing local understanding of the development process are two very positive



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measures, according to David Valinetz, president and CEO of SESCO (Supreme Environmental Service Company) and the Brownfield Development Group (BDG). The companies work on development projects (including both brownfield areas and greenfield sites) in Indiana and across the country.

“The process should be more user-friendly,” Valinetz argues. It’s difficult, he says, to get many government officials to understand the developer or economic development professional’s perspective. “Anything about shovel ready that tends to help people understand, that’s a great thing. As a developer, I don’t have two years to wait.”

Zoning concerns are one of the major issues that delay potential development. An 18-month zoning battle – and the various financial costs associated with the delays – hampered one Indiana project for SESCO. The frustration levels are high for companies and developers when it comes to zoning matters.

A deeper realization of how the economic development process works will help form stronger partnerships, Valinetz believes.

“It does have to be a true partnership, a long-term partnership,” he states. “The benefits one sees may often be later rather than sooner.” The IFA, as an independent player in the game, can help local officials see that “developers have a number of costs, and that they have to give their share. A streamlined IDEM approach, getting the bang for the buck on sites based on how they will be utilized (will be a positive move).”

(Kitchell and Kelly have heard from site selection consultants that greenfield sites are the “first and primary emphasis” for development. They say that significant changes in the state’s brownfields program are also on the way. Although there is no immediate push for bringing the two programs together, they envision opportunities for brownfield sites to achieve some level of certification).

Making the move

The topic comes full circle in relation to speed and how fast the IFA can move with the certification process. In New York state, the model that Indiana is following in developing its program (see sidebar story above), nearly six years were spent putting the backbone of its program in place. Gov. Daniels, according to Kelly, probably has a timetable much closer to six months than six years.

Kitchell is the one who must respond to Daniels’ inquiries. “How many sites will be up by a certain time? That is the type of question he asks. He expects the program to be implemented and successful.”

The exact time needed to develop and build the program is not known yet. Kitchell and Kelly say an initial goal is having 10 sites, well represented geographically, moving through the process by the end of the year. That would require completion

Certified Success in New York

No one ever claimed that certifying sites as being ready for business development was an original idea. Other states are doing bits and pieces of what Indiana looks to accomplish, with New York generally considered the best example of a full-fledged program.

Dave Bradley is with the Governor’s Office of Regulatory Reform in Albany, New York. He has worked to develop that state’s shovel ready program as part of a larger Build Now economic development initiative.

In the six-plus years of the program, Bradley says there have been three rounds of funding totaling \$3.5 million in grants and loans. Approximately 70 sites have been certified. At 30 sites completed in Phase I, there has been \$600 million in capital investment, 2.5 million square feet of space built and 5,000 new or retained jobs.

The grants, which come through the state’s economic development appropriation, are typically \$50,000 to \$100,000 per site and require a 50/50 match. The goal of the agency and state is to “cut that time clock” necessary to prepare a site as “companies don’t want to wait two years before putting a shovel in the ground.”

There are no shortcuts to development, he says. The key element, however, is a team effort.

“You have to get buy-in from all the affected parties. Developers have a natural suspicion working with state agencies. Regulators have a natural suspicion working with developers,” Bradley evaluates. “The real successful sites are ones where people are motivated to do this on their own. Our money just primes the pump. If they want to create jobs in their community, they need to have a stake in it.”

Bradley works at the state and federal levels on environmental concerns, including wetlands determination, historic preservation, stream disturbances and environmental contamination. He also coordinates transportation issues.

Factories with thousands of jobs, Bradley contends, “don’t just show up in cornfields anymore.” Many of the New York successes, he says, are local companies that are growing and need more space.

Resource: Dave Bradley, New York Governor’s Office of Regulatory Reform, at dbradley@gorr.state.ny.us

of program criteria by the end of the summer and being ready for the first round of applicants.

Gigerich believes government can make adjustments to control some aspects of the process. He lists prioritization and allocation of staff time and resources as ways “government has flexibility in how fast it moves.” Rezoning, with its legal notices and public hearings, may continue to be a challenge, but time can be saved in the permitting and site preparation processes.

Kelly says it’s not enough just to be the best in the Midwest. “What we’re after is a national reputation for certifiable shovel ready sites,” Kelly continues. “The only way that will have meaning is if site selection consultants or companies that exhaustively research sites have good, accurate information. When they identify sites, we want to have already taken several steps in the process.”

INFORMATION LINK

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