

Certified Technology Parks

Community Partnerships Making Progress

By Rebecca Patrick

Last May, Indiana's first certified technology park was designated in West Lafayette. Nine such labels now dot the state. At the rate of one every six weeks, the words of then-Lt. Gov. Joe Kernan at that initial announcement seem even more appropriate today, "We are showing the world that we are serious about developing and supporting technology companies in our state."

Indeed the activity looks good, but what's the reality – both for those already having received this new status and those contemplating application for it. And, will that old adage of too much of a good thing emerge somewhere down the road?

Eligibility and approval

The establishment of certified technology parks in Indiana was included in House Enrolled Act (HEA) 1001ss, which was passed as part of the 2002 special session of the General Assembly. Any Indiana city, town or county with a redevelopment commission is eligible to have an area designated as a certified technology park, provided that certain additional requirements are met.

Heading that prerequisite list, according to Angie Dye, director of public affairs for the Indiana Department of Commerce, are three basics: significant support from an institution of higher education; the existence, or proposed development, of a business incubator; and a demonstrated assurance that the park will be used primarily for high technology activities or as a business incubator.

What's more, a firm commitment must be in hand from at least one business that is primarily engaged in a high-tech activity, resulting in the creation of a significant number of jobs that will be located within the park.

Because the designation criteria are so specific, Dye says no application has been denied. "The commerce staff also typically works with local communities in putting their applications together," she adds, essentially eliminating any errors in the application process.

Designation benefits

One of the immediate benefits of receiving the certified technology park designation is the ability to apply for (and hopefully receive) funding under the Technology Development Grant Fund. In April, Shelbyville's Intelliplex Park received the first announced grant – to the tune of \$1.2 million. Karl LaPan, president and CEO of the Northeast Indiana Innovation Center (NIIC) in Fort Wayne, is looking forward to the operating funds his facility was recently awarded.

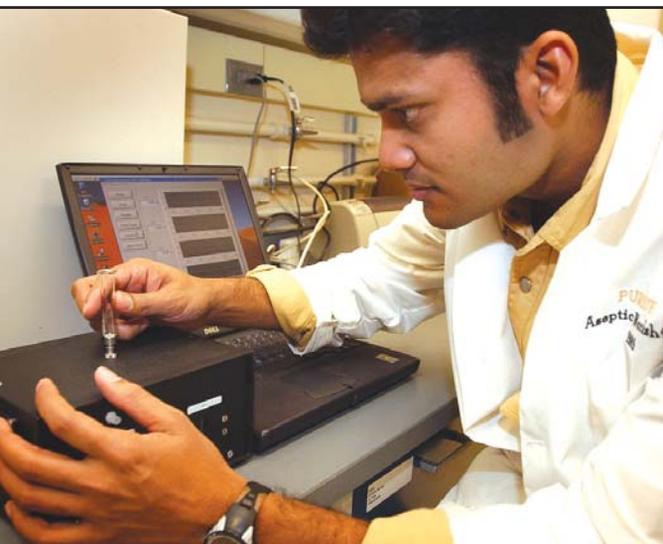
"That money will help support the marketing and development of the infrastructure, to expand the activities and create the blueprint for the certified technology park," LaPan states. "Over time, the ability to continue to apply for funding will be vital to the attraction and development of start-up and existing companies when looking to where they might want to locate."

The other significant benefit, spread over time, is the tax revenues generated by the facility. Joe Hornett, senior vice president and treasurer of the Purdue Research Foundation in West Lafayette, explains, "For any growth that occurs now within the area that has been designated as the park, we will pick up the increments of tax revenue that go along with property tax, sales tax, as well as income tax associated with the jobs (up to a limit of \$5 million)."

Offers Tony Lennen, president and CEO of Major Hospital, the major partner in the park in Shelby County, "That money reverts back to the local redevelopment commission and then that money has to be recycled into the certified technology park, which is going to allow us to be extremely competitive in amenities and deals we can make to attract businesses to the park."

"The key is to attract high paying jobs into those sites and then hopefully attract some retail. For every \$5 million in payroll we get, we receive more

Vista Biosciences LLC's lead engineer Kislaya Kunjan works on a new kind of glucose detection system at the Purdue Research Park.



than \$100,000 a year that can be put back into the site," he notes. "Our bottom line goal is to plow, almost on a dollar for dollar basis, tax revenues from those industries back to them as an incentive to get them to come here."

The act of the designation apparently is an enticement itself for many businesses. "Technology companies like to be clustered where there is a critical mass of technology activity, so I think it should help in the recruiting and development of young companies on the campus," LaPan says.

According to Hornett, "We live, rightly or wrongly, in a credentials-oriented world where letters like 'MD' or 'JD' after somebody's name implies a certain level of expertise and status. Clearly, in terms of trying to attract business, they do look for those kinds of things and it gives legitimacy to the efforts being done."

"In terms of our recruiting efforts, we've already seen an increased interest," Hornett notes. Lennen has found similar reaction, "We've actually had more interest in our site than I would have ever imagined."

Business-education partnership

With the certified technology park designation, a key emphasis is put on establishing an integrated economic development strategy involving partnerships between business and higher education. While like efforts were previously occurring, the convenience factor of some tech parks being in close proximity to a higher education institution will pay obvious dividends.

"We're located adjacent to the university (Indiana University-Purdue University Fort Wayne), which opens up opportunities for research at the university, for better collaboration with our university partners and also access to the infrastructure," LaPan states. "There is an enormous infrastructure that we can benefit from greatly in terms of providing scale advantage, higher connectivity and capabilities with Internet and shared services with our companies."

"Likewise, it's an attractive element of the university to demonstrate to the students that we are there, right on campus. It shows where the job opportunities in the future are going to be created."

While university partnership is front-and-center in some of the tech parks, that's not the case in all. The approach in Shelby County has had to be different.

"For all of the cities in Indiana that are not near one of our

major universities, I believe it is a mistake to try to do incubators," Lennen asserts. "Our objective is, if someone has a viable idea, and then wants to put that idea into production, we think we are the best site for businesses like that. We are not purporting to be sort of a research-based site."

Making progress

The state's nine tech parks are at various stages of development. The Shelby County park has building after building right on schedule, with one to be completed this fall, then the Cancer Center thereafter.

"We also have plans for another building that will be roughly 36,000 square feet that's going to house a local business, and then we have at least four sub-tenants in that building," Lennen shares. "The big thing for us now is to get going on phase two of our infrastructure, with all the roads and everything done here by September."

"When we get that done, we will be able to compete with anybody. I don't think anybody in central Indiana can touch us with the packages we're putting together, so we're pretty bullish," he surmises.

Lennen also thinks it's important for more areas of the state, like his, to be developed that are not so closely connected to a major city or university. "Shelby County kind of mirrors much of the state. Not every business can go to Carmel or West Lafayette so we have to find ways to make other parts of the state attractive for these types of businesses, and that's clearly what we're trying to do."

While Hornett says it's "too early to tell" whether the tech park designation will have a bigger impact on the smaller communities, he does believe Shelbyville will be a bright spot for the state. "I think that's one that's going to actually surprise a number of people."

Things couldn't look brighter for Hornett's facility, the Purdue Research Park, located just north of the campus on U.S. 231.

In June, ground was broken for another 50,000-square-foot facility that will house start-up companies. "The designation is already going to be paying back significantly in terms of the jobs that are being attracted to the park," according to Hornett.

Things won't end there either, he says. "The game plan is that we will use the funds out of this designation to complete the development of that 50 acres, and then what we would



The site of the Intelliplex Park in Shelbyville, currently under construction (left), and the architect's rendering of the completed facility

hope to do is that we would then seek certification of another part of the park.”

“So rather than expanding, we would actually go for another certified technology park designation on another part of the property yet to be developed. And, again, part of that is because of the \$5 million cap in place,” he explains.

The Purdue Research Park is also assisting other technology parks or areas of the state that want to achieve certified technology park status. “We have been acting as consultants, for instance in Kokomo and Anderson, with the idea that, at some point, we will probably assist with putting a gateways-like program in place to assist start-up companies,” Hornett details.

Ground breaking is now underway at the NIIC in Fort Wayne. “We’re really excited about kind of creating that critical mass for future success, and I think it’s important to have this visible commitment to technology across the state,” LaPan says. “It’s important that we recognize, in order to be competitive as a state, we’re going to have to invest in and support and nurture technology businesses.

Where They’re Located

Indiana’s nine designated technology parks (as of June 15 2004):

Purdue Research Park (West Lafayette)
Flagship Enterprise Center (Anderson)
Intelliplex Park (Shelbyville)
Downtown Hammond
Northeast Indiana Innovation Center (Fort Wayne)
IUETC (Indianapolis)
InfoTech Park (Columbus)
Community Campus (Scottsburg)
Daviness County

“The certified technology park is a way of bringing visibility and awareness and critical mass that’s essential for us to demonstrate we’re going to successfully compete in the future for the quality jobs that are going to make the difference.”

More the merrier?

With nine tech parks receiving designation in one year, is the sky the limit, or should there be a limit to decrease the likelihood of competition among them?

“The more of these tech parks we have, then it becomes like any other business.

How do you differentiate your park from somebody else’s? So I do think that that may become an issue,” Lennen admits.

Hornett doesn’t see a potential problem. “Because of the legislation, you have to have, as it stands right now, some type of university affiliation and there are only so many universities within the state to begin with. Also, you’ve got to have a strong prospect of having a business locate immediately in the area. So, in some respects, just the pure economics of what it takes to become a certified technology park, I think is going to limit these to the more major geographic centers of the state,” he observes.

LaPan believes a key to diminishing the potential competition issue is to make sure the tech parks adequately represent the resources

of the communities in which they’re spawned.

“On top of that, if, in fact, there’s critical mass in communities throughout Indiana that meet the requirements of the designation, then I think we should strive to have a well-balanced state map of locations so that communities in the future can prosper from the ability to attract and retain these kinds of assets,” he declares. “I’m not sure I would say there should be a limit as much as I think we should make sure we have a well-balanced representation statewide.

“And, above all, make sure that we are investing in this infrastructure in locations throughout the state that typically don’t receive the fair share of investment. A lot of the investment ends up in West Lafayette, Bloomington, Terre Haute – we need to make sure we have a well-proportioned geographic representation,” LaPan cautions.

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