

1
2 **BILL NO. R-17-11-25**

3 **RESOLUTION NO. _____**

4 **A RESOLUTION APPROVING THE**
5 **ESTABLISHMENT OF THE SUMMIT CITY**
6 **ENTREPRENEUR AND ENTERPRISE**
7 **DISTRICT (SEED).**

8 **WHEREAS,** Fort Wayne's Common Council previously
9 designated an Enterprise Zone based upon I.C. §5-28-15-9; and

10 **WHEREAS,** based upon the outstanding success of the
11 Enterprise Zone in Fort Wayne, Indiana and Lafayette, Indiana,
12 legislation was passed unanimously and signed into law by the
13 Governor in July, 2017 for the establishment of an Entrepreneur and
14 Enterprise District ("District") within each of these two Indiana cities
15 pursuant to I.C. §5-28-15.5-1 *et seq.*; and

16 **WHEREAS,** I.C.. §5-28-15.5-1, *et seq.* authorizes the City of Fort
17 Wayne to establish an Entrepreneur and Enterprise District to support
18 entrepreneurship, small business and technology development and
19 innovation, and

20 **WHEREAS,** the Mayor of the City of Fort Wayne, acting in
21 accordance with I.C. §5-28- 15.5-2, has designated an Entrepreneur
22 and Enterprise District within the City of Fort Wayne which is more
23 particularly depicted on Exhibit "A" and is commonly known as Summit
24 City Entrepreneur and Enterprise District ("SEED"), and

25 **WHEREAS,** the Common Council finds that it is in the best
26 interest of the City of Fort Wayne to approve and confirm the Mayor's
27 designation of SEED pursuant to I.C. §5-28-15.5-2.

28 **NOW, THEREFORE, BE IT RESOLVED BY THE COMMON**
29 **COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:**

30 **SECTION 1.** The Mayor's designation of SEED as more fully
depicted on Exhibit "A" is hereby approved.

SECTION 2. SEED's Board of Directors ("Board") shall consist of

1 the Urban Enterprise Association Board established under I.C. §5-28-
2 15-13.

3 **SECTION 3.** SEED's Board shall develop metrics for
4 reporting information about SEED to the Mayor and Common
5 Council, and shall submit those metrics to the Mayor and Common
6 Council for their approval on an annual basis before September 1
7 of each year.

8 **SECTION 4.** Each district business that receives an incentive
9 shall pay a registration fee as required pursuant to I.C. §5-28-15.5-
10 4(a)(2)(A) and shall also assist the district board by paying a
11 participation fee in the amount of 20% of the tax savings received from
12 the incentive pursuant to I.C. §5-28-15.5-4(b).

13 **SECTION 5.** SEED's Board shall perform all other functions
14 required of it pursuant to I.C. §5-28-15.5-1 *et. seq.*, as amended from
15 time to time.

16 **SECTION 6.** The SEED designation shall be effective January 1,
17 2018 and shall terminate on December 31, 2022 unless otherwise
18 extended pursuant to I.C. 5-28-15.5-3.

19 **SECTION 7.** That this Resolution shall be in full force and effect
20 from and after its passage and any all necessary approval by the Mayor.

21 _____
22 Council Member

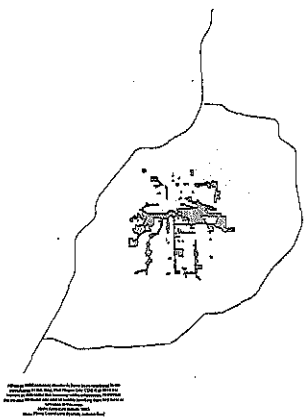
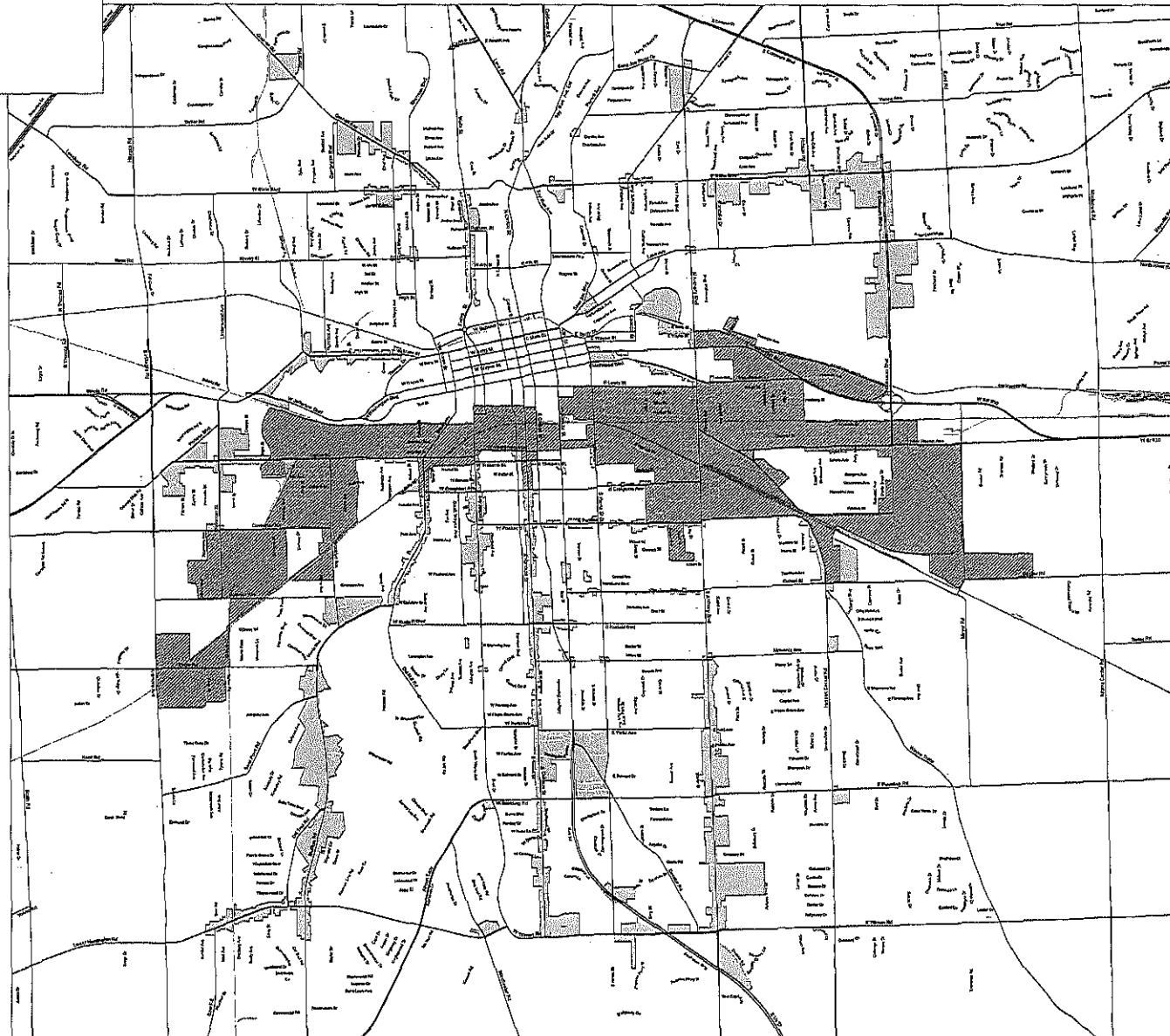
23 APPROVED AS TO FORM AND LEGALITY

24 _____
25 Carol Helton, City Attorney

PROPOSED ENTREPRENEUR and ENTERPRISE DISTRICT

Exhibit "A"

-  Proposed EED — 6.9 Square Miles
(Includes EDTAs Partially or
Wholly within the proposal)
-  Urban Enterprise Zone



Memorandum

To: Fort Wayne City Council Members

From: Fort Wayne Urban Enterprise Association Board of Directors,
Gina Kostoff, Executive Director, Fort Wayne Urban Enterprise Association

Date: November 20, 2017

Re: Fort Wayne Summit City Entrepreneur and Enterprise District (SEED) Resolution

Summary

The City of Fort Wayne is one of two Indiana communities that has the opportunity to participate in the Indiana Entrepreneur and Enterprise District Pilot Program. This program was established by the Indiana State legislature in the spring of 2017 and is designed to enable communities to leverage the past success of their Urban Enterprise Zones into districts of entrepreneurship and innovation more relevant to today's economic environment. This pilot program will enable Fort Wayne to redefine the boundaries of strategic investment beyond that of the existing urban railroad corridor into other urban commercial corridors pre-defined as economic development target areas. Incentives will be redefined to spur innovation and commercial in-fill development/redevelopment. Program participation will provide the opportunity for up to \$1 million per year for five years. A programming strategy is being developed by the Fort Wayne Urban Enterprise Association (FWUEA) Board to activate entrepreneurship and small business development in collaboration with a number of stakeholders in the business of spurring and supporting entrepreneurship and small business development. A resolution is being presented to Fort Wayne City Council to consider the adoption of the Summit City Entrepreneur and Enterprise District (SEED) by the end of 2017. More direction regarding programming will be received from the Indiana Economic Development Corporation in early 2018 and City Council will be consulted with to approve district metrics for annual reporting by mid-2018.

Background

The FWUEA was created in 1984. The purpose of the FWUEA was to revitalize Fort Wayne's industrial core along the Pennsylvania Central Railroad just south of downtown. Fort Wayne City Council also designated and declared by resolution an area within the City of Fort Wayne known as the Enterprise Zone based upon Indiana Code 5-28-15-9. Over the past 30+ years, the FWUEA has taken a holistic approach to their work within the 3.99-square-mile Enterprise Zone (UEZ) by fostering growth of new and established businesses, creating and retaining jobs, making physical improvements, and enhancing the well-being of area residents.

The FWUEA is a quasi-governmental agency with a 12-member board of directors. Six appointments are made by the Mayor of Fort Wayne, four by the City Council, and two by the Governor of the State of Indiana. The FWUEA is organized as a 501(c)(3) not-for-profit corporation. The organization currently has three staff including a Director, an Office Manager, and a Receptionist. Existing goals of the organization are:

- To provide for economic and physical revitalization in the enterprise zone;
- To influence location, investment and employment decisions of new and existing businesses in the zone;
- To improve the social and economic conditions in the zone; and
- To foster job creation, particularly targeted to zone residents.

The primary sources of revenue for the FWUEA comes from a 20% participation fee on property tax investment deductions in the district, rental income, utility reimbursements, interest income, and in-kind revenue. Total annual revenue has been around \$420,000-\$460,000 from 2013 to 2017 with participation fees increasing from approximately \$250,000 to \$350,000 or from 60% to 75% of the budget revenue.

Over the past five years, the programs offered by the UEA to UEZ businesses and residents include: operation of the Fort Wayne Enterprise Center (a small business incubator located at 1830 Wayne Trace); investment properties; sidewalk construction, roadway improvement, and railroad crossing/lighting improvement projects; graffiti removal efforts; neighborhood grants; brownfield redevelopment; administration of a revolving business loan program, and a college/university scholarship program.

There also several state enabled tax incentives offered to businesses and residents located within the UEZ including a tax credit for UEZ employers, tax deduction for UEZ residents, a loan interest income tax credit and an investment cost credit. In addition, property tax investment deductions are available for the increased value of an Enterprise Zone business property due to real and personal property investment by the businesses. The deduction is equal to the total assessed value minus the base year assessed value for the qualified investment. The added valuation may be deducted for up to 10 years. Eligibility is determined by the Allen County Auditor. Qualified investments include:

- Costs associated with the repair/rehabilitation/modernization of an existing building
- Construction of a new building
- Onsite infrastructure improvements
- Purchase of new manufacturing or production equipment
- Costs associated with retooling of existing machinery
- Purchase of a building

Despite the obstacles faced by the FWUEZ, particularly when compared to greenfield sites in other areas, the FWUEA has reduced barriers, improved the local economy and created a better business environment. Over the past five years (2012 – 2016), the average annual employment within the zone has been 2,974 with an average in total annual wages and salaries of \$127,770,132. The average wage/salary for this time period is \$42,962.38 or \$20.65 per hour which is slightly higher than the Greater Fort Wayne area of \$42,250 or \$20.31 per hour (May 2016 Metro & Non-Metro Area Occupation Employment & Wage Estimates, Bureau of Labor Statistics). From 2012 – 2016, \$21,683,850 in new capital investment has occurred in the UEZ aided by \$1,416,763 in local incentives. This is a local return on investment of \$15.31 to every \$1 in tax savings.

Entrepreneur and Enterprise District Opportunity

In light of the success of urban enterprise zones across the state, the State of Indiana is interested in modifying this economic development tool to create a new type of district that is aligned with and more relevant to the current economic environment. Globalization and technological growth have created a more dynamic, connected economic environment. Changes are evolving in regard to how and where we work, how goods and services are produced, and the types of resources and skills needed for businesses to succeed. Therefore, it stands to reason that incentives and programs need to change as well.

The Fort Wayne Enterprise Zone is set to expire due to sunset legislation on December 31, 2018. During the spring 2017 State of Indiana Legislative Session, legislation was passed into Indiana Code 5-28-15.5 by a unanimous vote in both the house and senate to enable the Entrepreneur and Enterprise District Pilot Program within the cities of Fort Wayne and Lafayette due to their current exemplary standing.

Parameters of the program as detailed in Indiana Code include:

- The executive of the municipality designates the entrepreneur and enterprise district.
- The territory of the district designated may not exceed the greater of four (4) square miles; or ten percent (10%) of the territory of the municipality.
- Designation of the district must be approved by the legislative body by the end of 2017.
- After approval of the district, the mayor shall designate the board of directors of the district by either, designating the Urban Enterprise Association as the board of directors for the district, or appoint a board of directors consisting of seven members as follows: Four members selected by the mayor and three (3) members selected by the fiscal body.
- District expires December 22, 2022.
- Grant money may be applied for in years 2018 – 2022 that may not exceed \$1 million per state fiscal year. Funds are granted through the Indiana Economic Development Corporation from the Indiana twenty-first century research and technology fund.
- Grant funds must be used for programs that support entrepreneurship, small business development, technology development, and innovation.
- Incentives are available to the district including:
 - Removal of the 30% floor for appreciable depreciation of personal property in the district.
 - Expansion of the previously allowed property tax investment deduction to include: the purchase of new information technology equipment; new logistical distribution equipment; or new research and development equipment within the district.
 - Abatement deductions for vacant buildings within the district. (with legislative approval)

Recommendation

A resolution has been prepared for City Council's consideration to approve the establishment of the Summit City Entrepreneur and Enterprise District (SEED). The resolution establishes a boundary that is 6.9 square miles (See Map Attached). This boundary includes the original UEZ boundary. The area has also been expanded to include the City's urban corridors, which have been identified to be important areas to foster entrepreneurial activities as the downtowns to our urban neighborhoods. Urban corridors have been cited in the Plan-it Allen Comprehensive Plan as areas to be supported for commercial infill investment. The expansion area is also comprised of several previously determined economic development target areas (EDTAs).

The resolution maintains the 20% participation fees to go toward the administration of SEED activities. The UEA Board has been actively preparing to take on this new role and is currently working on a strategic plan to focus investment activities toward a mission of **activating entrepreneurship and small business development within the SEED**.

Preliminary goals established are in alignment with enabling state legislation.

Goal #1: Enhance communication and connection between entrepreneurs, businesses, government, and other stakeholders.

Goal #2: Lower barriers to success through wide-reaching programming.

Goal #3: Lower barriers to success through targeted programming.

Goal #4: Cultivate an environment where technology and innovation thrive.

The Indiana Economic Development Corporation has not yet provided the details and parameters to access grant funding. More details will be known after the beginning of the year. As programming is established, metrics for the annual reporting of information will be submitted for approval to the legislative body and the mayor.