

2007 Economic Development Deal of the Year Awards

By Business Facilities Editorial Staff



GOLD AWARD

Pennsylvania, the Pittsburgh region, and Westinghouse Electric Company share first place in the 2007 Business Facilities Economic Development Deal of the Year Awards

Project Title: Westinghouse Electric Company Breaks Ground in Southwestern Pennsylvania

Entered By: Pennsylvania Department of Economic Development and the Pittsburgh Regional Alliance/Allegheny Conference on Community Development



Credit: Kevin R. Cooke, Photographer, Graule

Studios

Each year in December, we honor the best economic development efforts in the world so that you, our readers, can gain a better understanding of how much your business expansion means to the communities you operate in, and to what lengths the top economic development agencies will go to win your confidence. We thank the many communities and companies that fielded an entry this year in our contest, taking the time to complete a detailed application against all odds of walking away as a winner. We also thank our judges (see more about our independent judging process and the judges themselves on page 15) for their hard work comparing and scoring entries—and hard work it was in 2007, with the tightest race in recent memory for recognition as our Economic Development Deal of the Year.



Credit: Kevin R. Cooke, Photographer,

Graule Studios

This year, now that all the entries have been filed, scored, and tallied, first place—our Gold Award—goes to the Pennsylvania Department of Economic Development, the Pittsburgh Regional Alliance/Allegheny Conference on Community Development, and Westinghouse Electric Company for the entry titled, “Westinghouse Electric Company Breaks Ground in Southwestern Pennsylvania.”

Westinghouse Electric Company has been a Pittsburgh-area institution for as long as many residents of Southwestern Pennsylvania can remember. Times have been good to the company lately; engineers are being hired at a record pace, making it obvious to the local economic developers that Westinghouse would outgrow its 571,084-square-foot Monroeville, PA campus long before its 2010 lease on the facilities expires.



rendering by LLI/IKM

On the one hand, this kind of growth is an economic developer's dream. On the other hand, a company the size of Westinghouse has an obligation to conduct an objective site search every time it expands, regardless of its historical loyalty to the region in which it's based. The company hired The Staubach Company to handle its site search activities, which in turn organized a bidders' conference for interested locations on April 5, 2006. Naturally, the conference was well attended. Various states submitted their proposals, and the following month, the company announced it had narrowed its search to Connecticut, North Carolina, South Carolina, and Pennsylvania. Both of the Carolinas presented a challenge to Southwestern Pennsylvania, because they were able to propose extremely tempting land options and incentives. South Carolina in particular offered an incentive package worth more than \$70 million, an amount that Pennsylvania could not and would not match.



Kevin R. Cooke, Photographer, Graule Studios

Pennsylvania's main incentive tool to entice Westinghouse was a promise by officials to create a tax-free designation at either of the sites proposed by the state. It required trust by Westinghouse, since the tax status changes would require new legislation that would have to be passed after any project announcement. Meanwhile, Westinghouse's growth was accelerating beyond its own expectations, putting pressure on everyone involved to get a deal signed.

“The aggressive effort by Pennsylvania and the Pittsburgh Regional Alliance to pass necessary legislation and secure local community cooperation to create Strategic Development Areas was impressive in retaining this long-time area employer,” says Economic Development Deal of the Year Award judge Jerry Szatan, principal, Szatan & Associates.

Project Impact Estimates

- Additional \$1 billion annually in regional GDP, including \$296 million in new activity and \$712 million in preserved activity
- 931 direct jobs created; 1,536 indirect jobs created; 2,243 existing direct jobs and 3,813 existing indirect jobs to be retained
- Average salary of new jobs: \$85,700
- \$244 million of new personal income to be created, and \$584 million of income to be preserved
- Capital investment: \$400 million
- Impact estimates calculated by the University of Pittsburgh, based on a date five years from completion of the project

On March 20, 2007 Westinghouse announced it had chosen an 83-acre site in Butler County, PA for its new campus. Scheduled for completion in 2010, it will be the largest single-tenant office campus in the history of the Commonwealth of Pennsylvania. Tax abatements 15 years in length will save the company \$45 million; it will also benefit from a \$2.25 million Pennsylvania Industrial Authority loan, a \$1.65 million Opportunity Grant, a \$1.25 million Infrastructure Development Program grant, and \$860,000 in Customized Job Training program funds.

“This project reinforces the significance of retention of business and a subsequent commitment of growth in a corporation’s backyard,” says Economic Development Deal of the Year Award judge Jan Dickinson, president and CEO, The Dickinson Consulting Group.

Pennsylvania’s ability to coordinate the Governor’s Action Team, the Pittsburgh Regional Alliance, and county, municipality, and school district officials—getting them to work together on the tax relief (and preventing any nasty infighting for the project among the cities involved), along with the project’s large size and historical significance for the region, are what impressed our judges enough to give it the highest total score this year. We’re proud to bestow this recognition of achievement on the state, the region, and the company for a project that will have such a lasting impact on the economic well being of Southwestern Pennsylvania. Our staff, our judges, and your constituents congratulate you!

Picking the Winner

**2007 ECONOMIC DEVELOPMENT
DEAL OF THE YEAR JUDGES:**

Jan Dickinson, President and CEO,
The Dickinson Consulting Group



Stuart MacKay, President,
MMK Consulting



Frank Mancini, Jr., Managing
Member, Harborage, LLC and
Former Board Member at IEDC



Ron Pollina, President, Pollina
Corporate Real Estate, Inc.



Don Schjeldahl, Director,
Facilities Location Group,
The Austin Company



Frank Sherwood, Vice President,
Staubach Corporate Services



Howard Silverman, President &
CEO, The CAI Global Group, Inc.



Jerry Szatan, Principal,
Szatan & Associates



Credit: Kevin R. Cooke, Photographer, Graule Studios

The 2007 Economic Development Deal of the Year represents the 15th annual economic development awards program for Business Facilities. The award recognizes the locations and economic development agencies that landed the biggest, highest-impact, and most challenging corporate expansions announced between July 1, 2006 and the entry deadline of September 29, 2007. With this award, we also seek to demonstrate the vast impact that these companies have on communities through their decisions to invest and create jobs.

For the purposes of this award, an “economic development deal” is defined as any one of the following:

- A project or effort that resulted in the relocation/expansion of a company to a location served by the entering organization;
- A project or effort that resulted in the expansion of a company already within the territory served by the entering organization;
- A project or effort that resulted in the demonstrable retention of a company that would have otherwise left, in whole or in part, the territory served by the entering organization;
- Any combination of the above.

Entries were judged by a panel of eight esteemed site consultants and real estate professionals, seven of whom were drawn from the Business Facilities Editorial Advisory Board, including a former Board Member of the International Economic Development Council (IEDC). The requirements for entry were rigorous, and were divided in two parts: official economic impact numbers produced by the RIMS II, IMPLAN, or REMI certified analysis methods, including direct, indirect, and induced figures for economic output, job creation, and capital investment when available; and a two- to five-page narrative explaining why the deal is worthy of an award.

Applicants were instructed to show the following in their narratives:

- The likely impact the project will have upon the local community;
- The unique challenges this project presented to the company and economic developers; and
- The originality and extraordinary nature of the methods and efforts used by the economic development organizations involved to secure the deal.

Judges evaluated the narrative on these points and took into account the economic impact numbers to form a final opinion and score, from zero to 100, for each project. Judges with a personal or professional connection to any projects entered were asked to recuse themselves from rating those entries. The highest rated entry is our Gold winner and is considered our official Economic Development Deal of the Year; the second, third, and fourth place entries are awarded the Silver, Bronze, and Honorable Mention awards, respectively. Any projects not in the top four that were rated by one or more judge as his or her personal favorite are recognized as a Judges' Favorite.

SILVER AWARD

Mississippi Scores Toyota's Eighth North American Manufacturing Facility

Project Title: Toyota Motor Manufacturing Mississippi

Entered By: Mississippi Development Authority



Toyota Motor Manufacturing Mississippi

After several months of arduous research, planning, and negotiations between Toyota and various government officials, Mississippi finally landed one of the largest industrial development projects for 2007—Toyota’s eighth North American manufacturing facility.

The facility, which will produce the Highlander SUV, is being constructed on a 1,700-acre greenfield site in Blue Springs—a rural Northeast Mississippi village four miles from Tupelo. Toyota is investing a whopping \$1.3 billion as a result of this new project, of which around \$330 million will be invested in buildings, with the remaining \$970 million to be used for equipment. On top of the sizable investment being made, the Blue Springs facility is projected to bring 2,000 direct jobs to the region when production begins in 2010. By its 26th year of operation, it is estimated that the Toyota project will have had an employment impact of nearly 10,000 direct, indirect, and induced jobs, with an annual total income of almost \$640 million.

Mississippi Governor Haley Barbour aggressively cultivated relationships with Japanese business leaders and courted investment opportunities from Japanese companies, helping to create a strong foundation for Mississippi to enter the competition for the Toyota project. Additionally, the state’s leadership at the legislative level was pivotal in gaining approval of incentive-related legislation necessary to help seal the deal. The state’s total investment in incentives for this project stands at around \$136 million for public infrastructure and \$80 million for training, on top of another \$80 million for site preparation, among other things.

“I was particularly impressed by the size of the project attracted, and Mississippi’s success in developing a comprehensive business support package in response to Toyota’s needs,” says Economic Development Deal of the Year Award judge Stuart MacKay, president, MMK Consulting. “In addition, so much of doing business with Japanese companies depends on establishing a trusting business relationship, and it is apparent that Mississippi has excelled in this regard.”

Project Impact Estimates

- \$7.5 million in economic output as a direct result of the project; \$24.7 million indirectly; \$17.2 million induced
- 2,000 direct jobs created; 5,178 indirect jobs; and 1,402 induced jobs
- \$122 million in direct wages; \$177 million in indirect wages; \$28 million in induced wages
- Capital investment: \$1.3 billion
- Impact area modeled: State of Mississippi, five-year time frame

In addition to the governor’s efforts, three Mississippi counties—Pontotoc, Union, and Lee—joined forces to form the PUL Alliance to help secure the Toyota project for the state. By forming this regional alliance, the region’s business professionals, community leaders, and local officials were able to work together seamlessly with state officials to be responsive to Toyota’s requests.

“A great example of both leadership and teamwork,” notes Economic Development Deal of the Year judge Howard Silverman, president & CEO, The CAI Global Group, Inc. “As they say, the sum of the total is greater than its individual parts. This is clearly evident in the team of municipalities, counties, and state that worked together to close the deal. It also required leadership, which was provided by the governor. The individual ingredients formed the right formula for success.”

BRONZE AWARD

The Nation’s Automotive Capital Wins \$1.73 Billion in New Chrysler Investments

Project Title: Michigan’s Big Deal With Chrysler

Entered By: Michigan Economic Development Corporation

Like the Silver Award, the 2007 Bronze Award goes to a state that secured a sizable automotive investment—this time in a location that gets more press for its woes than its successes. That state is Michigan, and this year’s Bronze Award goes to the Michigan Economic Development Corporation for its efforts (along with several local communities) to secure a \$1.73 billion investment from Chrysler. The automaker is investing \$730 million to replace its aging engine plant in the Downriver Detroit community of Trenton, MI; \$700 million to build a new axle plant in Marysville, MI; and the remaining \$300 million to expand a paint shop at its Sterling Heights, MI assembly plant, just outside of metro Detroit.

Michigan had competition for the Trenton plant from Indiana, Ohio, and Mexico, but thanks in part to a state tax credit valued at over \$11.2 million spread out over nine years from the Michigan Economic Development Corporation, Chrysler was persuaded to stay in its home state. The company agreed to make the other two investments as part of the incentive agreement.



Credit: Chrysler LLC

“I was particularly impressed with Michigan’s aggressive approach to securing the investments through its generous combination of incentives and business support programs,” says Economic Development Deal of the Year Award judge Stuart MacKay, president, MMK Consulting. “Michigan’s approach is clear evidence of this state’s willingness to compete with Southeastern U.S. states for auto plant investment.”

Ground was broken in May on the site of the future Trenton Phoenix Engine Plant, which will replace the existing Trenton plant. The old plant opened in 1952 and is scheduled to close in 2015; its buildings will be used as warehouses by Chrysler, and many of the old plant’s 1,200 employees will be transferred to the new plant. This new 822,000-square-foot facility, which will be used to produce a new family of fuel-efficient engines, will employ 485 full-time workers.

On top of the incentives offered by the state, the Trenton community also contributed to the effort to secure the Chrysler investment by offering a form of local tax abatements worth \$66.9 million over 12 years. Trenton Mayor Gerald Brown says the city, as an economically distressed area, was able to offer Chrysler sweeping tax abatements.

Project Impact Estimates

- \$183 million in additional state revenue as a direct result of the project
- 1,242 direct jobs created and 3,649 indirect jobs
- Over \$2.5 billion in direct wages
- Capital investment: \$1.3 billion
- Impact area modeled: State of Michigan, eight-year time frame

“I was impressed with the creativity of Trenton Mayor Gerald Brown and his team for generating a very aggressive incentives package for Chrysler that translated into high-paying jobs for an economically distressed community,” says Frank Sherwood, vice president, Staubach Corporate Services. “His efforts created much needed jobs with an average wage of over \$1,000 per week.”

Chrysler also broke ground in May for the 750,000-square-foot Marysville plant. The company was interested in a site in the adjoining St. Clair Township, but the township was unable to offer the personal property tax abatement needed. In the spirit of cooperation, Marysville agreed to a friendly annexation of the 211-acre St. Clair Township site in order to satisfy Chrysler’s need. This agreement allows both areas to share tax revenue resulting from the project. Marysville will buy the property and will provide for the plant’s water and sewer requirements.

HONORABLE MENTION

Greensboro, NC Lures Honda’s Project “Big Wing”

Project Title: Landing HondaJet

Entered By: Greensboro Economic Development Alliance

In the eyes of most economic developers, securing an airplane manufacturing operation and its world headquarters is an outstanding opportunity in terms of regional impact. Therefore, it’s no wonder that



Credit: American Honda Motor Co., Inc. and Wieck Media

Services, Inc.

Greensboro, NC expedited its incentive process and bypassed red tape when it learned the community was one of the final cities being considered by Honda Aircraft Co. for its Project “Big Wing,” a new 370,000-square-foot headquarters and manufacturing complex.

HondaJet first began conducting test flights at the Piedmont Triad International Airport in Greensboro in 2001. Since then, the Greensboro Economic Development Alliance and its partners had been working with Honda to position Greensboro as the ideal location for Honda’s airplane manufacturing center. By offering a multifaceted compensation package including more than \$1.2 million in incentives from the city and Guilford County, NC, plus job creation grants of \$6.68 million over 12 years from the state, Greensboro beat out cities well known for aviation manufacturing.

Project Impact Estimates

- Economic Output (Direct): \$210 M
- Economic Output (Indirect): \$35 M
- Economic Output (Induced): \$85 M
- Average salary of new jobs: \$76,430
- 385 direct jobs created
- 69 indirect jobs created
- Impact timeframe: 5 years

Honda Aircraft Co. CEO Michimasa Fujino says numerous factors including support from Piedmont airport, favorable weather characteristics, good accessibility and shipping logistics, and a pleasant business and living environment helped to make Greensboro an attractive location. Fujino adds, “I still remember that when I landed at Greensboro, I immediately felt something here. The inspiration was similar to what I had when I drew the very first sketch of the HondaJet.”

JUDGES' FAVORITES

**How Three Projects Spanning Six States
Became the Favorites of Five Judges**



Project Title #1: BlueRay Technologies Project
Entered By: Greater Spokane, Inc.



Project Title #2: Canon USA, Inc.
Entered By: Suffolk County Department of Economic Development & Workforce



Project Title #3: Orion Value Circle
Entered By: Lockheed Martin Corporation/Hickey & Associates, LLC

Three Economic Development Deal of the Year Award entries, while not winners per se, received high praise and personal top scores from one or more judges. BlueRay Technologies' manufacturing facility in Spokane, WA, Canon's new headquarters in Suffolk County, NY, and Lockheed's multi-state aerospace venture all exhibit characteristics of the best entries reviewed this year.

BlueRay Technologies, a pioneer of DVD manufacturing technology, selected Spokane over cities in Southern California, New Mexico, and Iowa for its manufacturing facility. Submitted by Greater Spokane, Inc., this project received judge Frank Mancini, Jr.'s highest score. The company will create 400 new jobs and have more than \$183 million in direct economic impact in the Spokane region. BlueRay's vision to return a share of the DVD manufacturing market back to America from overseas, while staying committed to environmentally friendly operations, was especially noteworthy. BlueRay will use solar heating for its Spokane facility, and rainwater will be captured to help sustain vegetation growing on the building's rooftop. Heat generated from manufacturing equipment in the basement will be reused to heat the levels above. Greater Spokane, Inc., BlueRay, and real estate agents were able to find the company a building that met its specific requirements.

Judges Frank Sherwood and Jan Dickinson both gave perfect scores to the Department of Economic Development and Workforce in Suffolk County, NY for its deal with Canon USA, Inc. The company's decision to locate its \$459 million, 864,000-square-foot headquarters on 52 acres of land on Long Island was influenced by a \$35 million tax relief package put together by the Suffolk Industrial Development Agency. The Suffolk County town of Huntington, NY amended its zoning code to permit Canon's headquarters, which is expected to be completed in 2010. These incentives were offered on the promise that Canon will bring its current 1,260 employees, with an average salary of \$75,000, to Suffolk from neighboring Nassau County, NY, and add 800 jobs in the 10 years following the completion of the new facility. The average wage will then be \$119,000.

Judges Howard Silverman and Don Schjeldahl awarded their top scores to the strategic partnership between Lockheed Martin Corporation and site selection firm Hickey & Associates, LLC, and to the states of Colorado, Florida, Louisiana, and Texas. Lockheed aimed to bid on the Orion contract, which called for the design and production of a new manned spacecraft for NASA. With help from Hickey & Associates, Lockheed approached the four states and informed them of the potential for significant capital gains, new jobs at high wages, and retention of expiring jobs if they helped to lower the spacecraft's production costs. The states seized this opportunity, and an economic development public/private partnership was created to reduce the contract bid cost by \$80 million. As a result of winning the bid, approximately 5,000 jobs will be created or retained and economic activity will be significantly enhanced across the four states. The \$150 million capital investment has the potential to rise to \$20 billion over the contract's 10-year period.

[FacilityCity](#) • [Business Facilities](#) • [BFLiveXchange](#) • [Today's Facility Manager](#) • [The TFM Show®](#) • [TFM Forum](#) • [Group C](#)

©2007-2008 Group C Communications, Inc.. All Rights Reserved.

44 Apple Street, Suite #3, Tinton Falls, NJ 07724 Tel:732.842.7433 • Fax:732.758.6634

[Contact Us](#) • [Terms Of Use](#) • [Privacy Policy](#)