



To: Center City Development Corporation (CCDC) Board of Directors
From: DMC Staff
Date: November 14, 2018
RE: Indigo Ag– Commercial Office Development Grant

Indigo Ag is a company dedicated to harnessing nature to help farmers sustainably feed the planet. In 2016, Indigo Ag established a small commercial and sales office in Midtown Memphis with 5 employees. Research continues to be located in Boston and sales offices are being established across the world. Indigo Ag would like to establish their new Headquarters for North America Commercial Operations in Memphis. The company has been growing fast and currently has 75 employees in the Toyota Center building via a short term lease but expect to employ 275 employees by the end of 2019 and reach 700 employees by the end of 2021. The average wage of the jobs is \$92,313. Indigo Ag intends to enter into an 8.5 year lease in the Toyota Center to accommodate their growth. The company plans to invest \$1.2 million in equipment and business tools as well as tenant improvement costs of \$3.9 million.

The attraction of this headquarters is aligned with the City's focus to diversify its concentration of Distribution and Logistics and to attract industries such as Ag Tech as well as attract companies which have diverse network of suppliers and partners, bringing more attention to Memphis.

- A. Indigo Ag is requesting a grant in the amount of \$100,000 to be used for tenant improvements that are permanent in nature. Such funding is essential to the company's decision that its long term move to Downtown Memphis would be feasible.
- B. Indigo Ag is requesting assistance in securing parking spaces at an average monthly rate of \$65 per space. DPA will integrate growth needs into the parking study and work with the company to ensure parking needs are met and ensure that the company can secure one space per net new employee at \$65 per space or less.
 - o *Staff estimates that the cost of this incentive will be from \$0 to \$70,000 per year at current employment rates and could grow to a maximum of \$200,000 per year at 850 employees and no ability to lower the cost of parking.*
 - o *Parking spaces will be located within 1,000 feet of the prospective site.*
 - o *The company agrees to accept covered and uncovered parking options.*
 - o *This incentive is offered for the initial term of the lease.*

- C. In addition, Indigo Ag has agreed to participate in a Commute Option test program. The DMC is currently undergoing a Parking Study and Downtown Master Plan which should inform our strategy and incentives. We believe that Indigo Ag is a great candidate to provide additional information for these studies to help us best craft a successful strategy to reduce the city’s reliance on parking lots and garages. As they grow and attract employees who want to live nearby their workplace, Indigo Ag will encourage utilization of Commute Options.

The company will work with Commute Options staff for first year of occupancy and allow Commute Options staff to train Indigo Ag Human Resources staff to interface with each new hire on this matter. To the extent that a parking space is not needed as noted below, the following incentives will be awarded to the Company over a three year period:

<u>Adoption Rate</u>	<u>Total Incentive (each of 3 years)</u>
0-9.9%	No incentive
10% - 19.9%	\$300 per employee utilizing alternative commute options (\$100 per year, per employee plus Bus Pass/Combo Pass)
20% - 29.9%	\$500 (\$167)
30%-39.9%	\$750 (\$250)
40%	\$1000 (\$333)

Adoption Rate	Annual Cash Incentive	Total Cash Incentive	Approx Value of Commute Option*	# Employees	# Adopted	Year 1- (11% adoption)	Year 2 - (20% adoption)	Year 3 (25% adoption)	TOTAL
0-10.9%	\$ -	\$ -							
11-19.9%	\$ 100	\$ 300	\$ 9,652.50	351	39	\$ 3,861.00			\$ 13,513.50
20-29.9%	\$ 167	\$ 500	\$ 20,500.00	410	82		\$ 13,694.00		\$ 34,194.00
30-39.9%	\$ 250	\$ 750	\$ 31,250.00	500	125			\$ 20,875.00	\$ 52,125.00
40%+	\$ 333	\$ 1,000							\$ 99,832.50

NOTE: Assumes mixture of transit and bike share adoption.
 * Blended rate of \$250 per year.

- o *Measurement will be made annually based on the average number of employees to parking spaces leased. Company must not utilize on street parking for permanent employees. Employer must provide evidence of number of employees to parking spaces leased and identify total percentage of employees using each commute option (bus, carpool, Explore Bikeshare, or walking) on an annualized basis.*
- o *Commute Options represent a 24 hour benefit to the employee as the passes can be used anytime as compared to a parking space from 7 am to 6 pm.*

The DMC’s Strategic Plan encourages facilitating and accelerating real estate development and incentivizing Downtown development when necessary to increase investment and economic development. Supporting Indigo Ag’s selection of Downtown Memphis for its North America Commercial Operations Headquarters is consistent with DMC’s Strategic Plan and its initiatives in that it increases and retains office tenants and supports the campus we are cultivating for a vibrant Downtown. Downtown has benefited from other recent office relocations to downtown through new food and beverage businesses, increased vibrancy during the day and relocation interest from other companies.

The DMC staff recommends approval of the \$100,000 grant and variable parking incentives subject to the following conditions:

- The project must be compliant with all applicable woman and minority-owned business and disadvantaged business mandates, to include the DMC Equal Business Opportunity (EBO) Program.
- Tenant improvement grant funds will be disbursed after the improvements are completed and space has been occupied by Indigo Ag for at least 30 continuous days.
- The grant shall be repaid to CCDC if the 700 employees are relocated out of Downtown Memphis before the initial term of the lease ends or the North America Commercial Operations Headquarters status is eliminated. CCDC will rely on EDGE (Economic Development Growth Engine for Memphis & Shelby County) to verify jobs in accordance with Personal Property PILOT)

This grant represents a collaborative investment alongside EDGE and the State of Tennessee Department of Economic and Community Development. These agencies are also providing reimbursement grants and a personal property Jobs PILOT.