

# **MEMPHISED**

MEMPHIS AREA ECONOMIC DEVELOPMENT PLAN

May 21, 2009

Councilwoman Wanda Halbert  
Chairperson  
City Council O&M Budget Committee  
City Hall  
125 North Main, Suite 514  
Memphis, TN 38103-2086

Dear Chairperson Halbert:

In advance of the **MEMPHISED** presentation to the O&M Budget Committee scheduled for Tuesday, May 26<sup>th</sup> at 6:15 pm, enclosed please find background materials the Committee may find useful in your deliberations. Specifically a:

1. Report to Council on the four (4) components of **MEMPHISED** that the City currently funds;
2. Status Report providing an update on all fifteen (15) components of the **MEMPHISED** Plan;
3. 2008 **MEMPHISED** Annual Report; and a
4. Copy of the **MEMPHISED** Plan.

We look forward to the opportunity to discuss the program with you in more detail. If, at any time, you or members of the Committee have any questions about the **MEMPHISED** program, please do not hesitate to contact me by phone (901-543-3541) or e-mail ([RDulberger@MemphisChamber.com](mailto:RDulberger@MemphisChamber.com)). Thank you.

Cordially.



Reid Dulberger

Vice President, MemphisED Administration  
Greater Memphis Chamber

c: Committee Vice Chairman Morrisson; Committee Members/Councilmen Collins, Flinn, Ford and Strickland; Council Chairman Lowery.

**FY2009 CONTRACT STATUS REPORT TO THE  
MEMPHIS CITY COUNCIL O & M BUDGET COMMITTEE  
May 21, 2009**

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**MEMPHISED** is a 5-year, broad-based public-private plan to advance the economy of Memphis/Shelby County, through a partnership of 16 organizations, pursuing 15 strategies designed to meet 5 goals:

**MEMPHISED GOALS:**

1. Develop a Culture of Innovation and Entrepreneurialism
2. Market Memphis/Shelby County
3. Pursue Key Targets: Bioscience, Logistics, Tourism, Music/Film
4. Grow Existing Firms
5. Make Memphis A “Place of Choice” for Knowledge Workers

Pursuant to the Extension of Contract Number 23916, the City of Memphis provides funding for **MEMPHISED** through the Memphis Chamber Foundation, acting as fiscal agent. That funding is specifically targeted to **MEMPHISED**:

- **GOAL 2/STRATEGY 5** – Business Attraction & Marketing
- **GOAL 3/STRATEGY 7** – Logistics/Aerotropolis
- **GOAL 3/STRATEGY 8** – Bioscience Development
- **GOAL 4/STRATEGY 12** – Existing Business Development

This report summarizes activity in those four areas to-date; it mirrors the quarterly reports provided to the City as part of the contract review process.

**HIGHLIGHTS – BUSINESS ATTRACTION & EXISTING BUSINESS DEVELOPMENT:**

1. During calendar year 2009 the Chamber has worked with 27 business attraction opportunities, conducting 25 site visits and completing 15 company “Requests for Information.”
2. During calendar year 2008 the Chamber “landed” 10 business attraction projects, totaling 507 new jobs and \$28.5 million of new investment. Among those projects were:
  - a. **Blue Earth Solutions:** Recycling firm acquired a 25,000 square foot facility and invested \$5 million total, creating 100 new jobs.
  - b. **Homestead Performance:** Atlanta-based entity acquired local packaging firm and added 75 new jobs.
  - c. **Syncreon US:** Auto parts distributor leasing 418,000 s.f. and creating 52 new jobs.

- d. **Sandvik Medical Solutions:** Acquired local medical device manufacturing facility, retained 112 existing jobs while adding 45 new jobs and investing \$15 million.
  - e. **KMA Manufacturing:** Nucor supplier is investing \$5 million and creating 40 new jobs.
3. During calendar year 2009 the Chamber has worked with 16 existing business expansion opportunities, resulting in 9 completed projects, totaling 1,126 new jobs, investing \$70.8 million and constructing/absorbing 215,000 square feet of building space. Among the CY 2009 projects are:
  - a. **Ozburn- Hessey Logistics:** \$1.2 million expansion adding 69 new jobs.
  - b. **KTG USA:** \$20 million expansion of paper manufacturing facility, adding 27 new jobs.
  - c. **Memphis Biofuels:** \$7 million project adding 10 new jobs.
  - d. **Flextronics:** \$22.7 million expansion adding 740 new jobs.
  - e. **Sitel:** Call center expansion adding 200 new jobs.
  - f. **KMA Manufacturing:** \$5million expansion adding 40 new jobs.
  - g. **Treadmill Doctor:** \$1 million expansion adding 25 new jobs
  - h. **Vibrant Hotels Group:** \$12 million expansion.
  - i. **J.M. Smucker:** manufacturing expansion adding 15 new jobs.
4. In CY 08 the Chamber assisted 33 existing companies with their expansion projects, totaling 2,195 new jobs and \$512 million of new investment.
5. The combined impact of the business attraction (Strategy 5) and business retention/expansion (Strategy 12) activities in 2009 to-date is: 9 “landed” projects with a projected: 1,126 new jobs, \$70.8 million of new investment, and the construction/absorption of 215,000 square feet of building space. The average wage for new jobs was \$35,377, which equates to \$39.8 million of new annual payroll added to the local economy.
6. In CY 2008 the total was 43 projects with 2,702 projected new jobs, and \$540 million of new capital investment.
7. The current “pipeline” of active projects (both attraction and existing business expansions) totals 39 projects with a potential of 9,055 new jobs, \$1.74 billion of new capital investment, and the construction/absorption of 2.4 million square feet of building space.
8. To assist local companies, Chamber staff and other members of the “Existing Business Team” meet 1-on-1 with local firms and conducted existing business consultations. Since January the Chamber has met with 124 local firms, 46 of whom are women/minority-owned.
9. During CY 2008 Chamber staff participated in 437 visits, including 129 with women/minority-owned. The Existing Business Team is comprised of 27 organizations that do outreach and provide services/support to local firms. Chamber staff coordinates this effort.
10. Business attraction marketing activities include: advertising, target industry trade shows/conferences, media/consultant “red carpet tours,” public relations media placements and the web site.
  - a. Recent Advertising includes *Fortune*, *InBound Logistics*, *Site Selection*, *Southern Business & Development* and *NWA World Traveler*.

- b. Recent Target Industry Trade Shows/Conferences (16) include BIO 2008, the American Academy of Orthopedic Surgeons, Musculoskeletal New Ventures, Venture 2008, National Association of Industrial Brokers and National Council of Operations & Fulfillment.
- c. Recent Public Relations/Media Placements include 27 national/international articles in the Wall Street Journal, Financial Times, Journal of Commerce, Canadian Transportation, Canadian Globe and Mail, InBound Logistics and Outsourced Logistics.
- d. *HUB* and *BioWorks* inserts distributed in alternating quarters (2x per year each) in *MBQ* (*Memphis Business Quarterly*), to 132,000 nationwide.
- e. New website launched, averaging 450,000 hits/month, including visitors from 40+ foreign countries.

**HIGHLIGHTS – LOGISTICS/AEROTROPOLIS:**

- 11. Efforts organized around the “4 Rs” – runway, road, rail and river.
- 12. The Aerotropolis report was completed and four working groups formed to begin implementing the recommendations:
  - a. Gateways & Beautification.
  - b. Corridor Development.
  - c. Transportation & Access.
  - d. Marketing & Branding.
- 13. A Chamber-led team visited the ocean ports of Rotterdam (Netherlands) and Antwerp (Belgium), as well as the airports in Liege (Netherlands) and Paris (FedEx’s European hub), to promote the movement of European freight through Memphis. While in Liege Chamber staff courted bioscience firms and entered into a Memorandum of Understanding for joint bio-tech development.
- 14. A Memorandum of Understanding was executed with Halifax (Canada) to jointly market the port and its rail link to Memphis. A similar agreement exists with the Port of Prince Rupert (Vancouver) on Canada’s Pacific coast.
- 15. Discussions are underway with both the Canadian National and the Burlington Northern Santa Fe Railroads to jointly market their respective Memphis inter-modal facilities.
- 16. A 3-state/16-county Infrastructure Strategic Plan is scheduled for completion during the first half of 2009.
- 17. Working with partners, and with financial resources from a National Science Foundation grant, to complete Transportation Distribution Logistics (TDL) curricula for high school, certificate and associate degrees. Curricula will be offered in 2009.
  - a. Working with Career Center System to advance TDL jobs.
  - b. Focusing on Career Readiness Certificate to document basic skills for eligible workers through Career Center System. This is free to the client and documents the basic skills required by companies. The Career Center reserved up to 300 slots for this program. The combination of the Career Readiness Certificate and the technical school certificate is expected to increase placement rates significantly.

18. The *Global Green Initiative: Transportation in Transformation* conference was held April 20-23, at the University of Memphis FedEx Institute. Georgia Tech and Northwestern University also participated.
19. A "Red Carpet Tour" bringing the nation's leading logistics media and consultants to Memphis was scheduled to coincide with a Multi-Modal freight conference and the opening of the Burlington Northern Santa Fe's expanded multi-modal facility, on May 11-12, 2009. *HUB* magazine distributed to 33,000 nationwide, twice annually.
20. The October 2008 issue of *inbound logistics* magazine, one of the nation's premiere logistics publications, featured a 15-page section on Memphis, "North America's logistics center."
21. The October 2008 issue of Northwest Airline's *NWA World Traveler* included a 28-page section on Memphis, including logistics and bioscience development.

**HIGHLIGHTS – BIOSCIENCE DEVELOPMENT:**

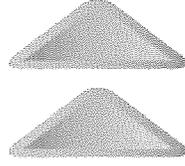
**HIGHLIGHTS – BIOSCIENCE DEVELOPMENT:**

22. The Memphis Bioworks Foundation is moving forward with the UT-Baptist Research Park.
  - a. The Regional BioContainment Building (30,000 square feet at a cost of \$26 million, opening in June 2009) and the UT School of Pharmacy (190,000 square feet at a cost of \$43 million, to be completed in 2010) are under construction.
  - b. An internationally-known design and construction team headed by Perkins + Will has been retained for the next phase of the UT-Baptist Research Park: the Specialty Lab (70,000 +/- s.f.) and Multi-Tenant (200,000 +/- s.f.) buildings. The facilities will contain state of the art features, maximum flexibility to meet tenant needs and will be LEED-certified.
  - c. When completed, the Research Park is expected to generate 4,000 direct new jobs, 5,000 indirect new jobs, and \$240 Million additional annual salaries.
  - d. Bioworks has added additional bioscience incubator space, now totaling almost 35,000 square feet, including specialized wet labs. There are currently 11 entities with 39 employees occupying space.
23. A wide variety of new ventures are being served through the incubator program including companies developing a potential treatment for systemic scleroderma, a vaccine development company that was a recent finalist for the Vaccine of the Year award normally dominated by major pharmaceutical companies, a dental implant company, and a company with an innovative digital coupon processing system.
24. In January 2009 Bioworks established a new program to assist start-up companies. TECworks (Technology, Entrepreneurship and Commercialization) is headed by an entrepreneur with 15 years experience who has started two successful technology-based companies himself and worked with one of the most successful venture capital companies in the North Carolina Research Triangle before being recruited to Memphis. TECworks will:
  - a. provide counseling and coaching to early stage entrepreneurs and potential entrepreneurs,

- b. provide business start-up training sessions, including the nationally-known Kauffman Foundation *FastTrac* training program, and
  - c. facilitate the development of a local network of angel investors to provide capital for local start-up companies.
- 25. Bioworks received State funding to create a 25-farmer network to grow new crops, participate in value-added processing, and partner with biofuel and biobased product producers. A two-day conference was held at the University of Memphis in November; approximately 140 people attended.
- 26. The 25-farmer network controls more than 60,000 acres of farmland in this region and is currently planting demonstration plots to test the profitability of alternative crops such as switchgrass, canola, high eurasic acid rapeseed, miscanthus, and sunflowers, as potential alternatives for use in biofuel production and in the production of other biobased products.
- 27. Bioworks Ag-Bio program is also currently exploring possibilities to assist a Memphis minority-owned fermentation facility to convert unused processing capacity for use in ethanol production.
- 28. The Memphis Bioworks Foundation was featured in the Tennessee Department of Agriculture's 2008 Annual Report for its work in bioagriculture.
- 29. *Memphis Bioworks* magazine is distributed to 33,000 nationwide, twice annually.
- 30. New/updated plans to help the region capitalize on biomedical, biologistics and bioagriculture opportunities are underway. A **preliminary** report (final report is due in July 2009) from the Battelle Technology Partnership Practice shows:
  - a. The local bioscience sector employs more than 33,000.
  - b. All subsectors in this field show employment growth from 2003-2007 that is substantially higher than national averages:
    - i. Hospitals: 9.7% growth (6.2% national avg.)
    - ii. Medical Devices and Equipment: 36.3% growth (5.9% national avg.)
    - iii. Research, Testing, & Medical Labs: 17.6% growth (15.5% national avg.)
    - iv. Drugs & Pharmaceuticals: 25.4% growth (1.0% national avg.)
    - v. Agricultural Feedstock & Chemicals: 22.2% growth (-2.2% national avg.)
  - c. The preliminary report also indicates several areas where additional effort should be focused. These include:
    - i. Federal research grant funding;
    - ii. Venture capital for investment in start-up bioscience companies. And
    - iii. Clinical trials being conducted to perfect new treatments and concepts for transition into commercialization.

**FOR ADDITIONAL INFORMATION PLEASE CONTACT:**

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Greater Memphis Chamber  
901-543-3561  
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## MemphisED Status Update

The Memphis Economic Development Plan (*MemphisED*) is part of the comprehensive community development initiative known as *Memphis Fast Forward*. Initiated by Mayor Herenton, Mayor Wharton, Memphis Tomorrow and the Greater Memphis Chamber, *Memphis Fast Forward* has four inter-related components: Operation Safe Community (public safety), People1st! (education), City/County Efficiency, and *MemphisED*. The entire *Memphis Fast Forward* initiative is managed by a Steering Committee comprised of public officials, business and community leaders.

*MemphisED* is a partnership of 16 local organizations, working on 15 specific strategies to help Memphis/Shelby County achieve five important goals:

1. Develop a Culture of Innovation & Entrepreneurial Activity
2. Market Memphis and Shelby County
3. Pursue Key Target Industries -- Bioscience, Logistics, Tourism, Music and Film
4. Grow Existing Firms
5. Make Memphis a "Place of Choice" for Knowledge Workers

In addition to being one of the 16 Partners, the Greater Memphis Chamber has responsibility for administering the *MemphisED* program. For more information, contact Reid Dulberger, Vice President for MemphisED Administration, Greater Memphis Chamber, 901-543-3561 or [RDulberger@MemphisChamber.com](mailto:RDulberger@MemphisChamber.com).

# MemphisED Status Report -- May 2009

GOALS	ACTION ITEMS		STATUS
Create a Culture of Innovation and Entrepreneurial Activity	Strategy 1	<i>Innova</i>	<b>Innova (Memphis Bioworks Foundation)</b> -- 5 equity investments plus 2 loans for young, high-potential companies, which leveraged \$3.9M of addition funding. Negotiated 40 licenses to access additional, complementary intellectual property. 24 new jobs created averaging \$126,000 per annum.
	Strategy 2	<i>Expand Incubator Space</i>	<b>EmergeMemphis</b> -- Renovate 4th floor (15,000 s.f.) for use by 1Q2010, resulting in new/additional tenants, employees, and patents/trademarks/copyrights.
	Strategy 3	<i>Improve University of Memphis Office of Technology Transfer</i>	<b>Office of Tech Transfer/FedEx Institute/University of Memphis</b> -- 2 Intellectual Property licenses, 18 Patent applications and 16 Invention Disclosures since inception; hosted Medical Technology and Software "Showcases" to highlight campus research.
			<b>Mid-South Minority Business Council</b> -- Center for Emerging Entrepreneurial Development (CEED) incubator launched; 5 internal/1 external tenants. Companies total 120 jobs (incl. job sites) and \$2.9M in sales. Revolving Loan Fund to support W/MBE participation in local construction projects reviewing first applications.

Internal & External Marketing Campaigns	Strategy 4	<i>Internal marketing campaign</i>	<b>Greater Memphis Chamber</b> -- internal marketing plan completed. <i>Mpower!</i> campaign launched. Collaborating with other MemphisED Partners. Full campaign awaiting funding.
	Strategy 5	<i>External marketing and business attraction campaign</i>	<b>Greater Memphis Chamber</b> -- Promote community through trade shows, print/on-line advertising, public relations, targeted national/international distribution of 122,000 MBQ/HUB/Bioworks magazines, and new website (450,000+ hits/months; 40+ foreign countries). In 2008 worked with 45 external entities and successfully attracted 10 firms, totaling 547 new jobs and \$28 million of new investment. Staff fielded 53 Requests for Information (RFI) from entities considering a Memphis/Shelby Co. location, and conducted 112 site visits.. In 2009 working with 26 external firms, completed 15 RFIs and hosted 25 site visits.

# MemphisED Status Report -- May 2009

GOALS	ACTION ITEMS		STATUS
<p><b>Pursue Key Target Industries</b></p>	Strategy 6	Local tax/incentive structure	<p><b>Memphis/Shelby Co. Office of Economic Development and Greater Memphis Chamber</b> -- changes to Payment-In-Lieu-Of-Tax (PILOT) incentive program approved by City Council and County Commission. Secured "distress" status from U.S. Department of Commerce, improving access to federal incentive programs. Working with State Legislature on enhanced TN Jobs Tax Credit program for Shelby County, and taxation of medical device manufacturers.</p>
	Strategy 7	Logistics and Aerotropolis	<p><b>Greater Memphis Chamber</b> -- spearheaded efforts for joint marketing agreements with Port of Prince Rupert (Vancouver) and Halifax, Canada -- both linked to Memphis via the Canadian National RR. Led delegation to Liege and Rotterdam (Netherlands), Antwerp (Belgium) and Paris to promote flow of international goods through Memphis. Working with FedEx to co-market their 3-hub strategy (Memphis/Paris/Guangzhou, China). Working with the Canadian National and Burlington Northern Santa Fe Railroads to market their Memphis intermodal facilities. Aerropolis Study completed; new UM study shows Airport has \$28.6 billion annual economic impact and effects 220,154 local jobs. Infrastructure Strategic Plan (16 counties in 3 states) complete by June. Memphis Multi-Modal Conference May 11-12 included logistics industry consultant/media "Red Carpet Tour."</p>
	Strategy 8	BioScience, BioAgriculture, and BioLogistics	<p><b>Memphis Bioworks Foundation</b> -- Launched TECworks -- to promote Technology, Entrepreneurship and Commercialization. UT-Baptist Research Park progressing -- Regional BioContainment Bldg (30,000 s.f., \$26M) and UT College of Pharmacy (190,000 s.f., \$43M) under construction. Created area's only bioscience incubator; space expanded to 34,600 s.f., have 11 tenants with 39 jobs. 25-Farmer network created for experimental plantings of alternative crops. Bioworks Foundation featured in TN Dept. of Agriculture 2008 Annual Report for bio-ag activities. New/updated biomedical, bio-agriculture and biolistics plans in progress.</p>
	Strategy 9	Establish Center for Memphis Music/Musicians Resource Center	<p><b>Memphis Music Foundation</b> -- Musicians Resource Center (since June 2008) -- 494 clients receiving business development services, 1,800 supporting members and 4,377 workshop attendees. Helped attract Urban Network's Memphis Music Summit, June 10-13. "Hosted "Memphis Music@South By Southwest Showcase," featuring 7 bands, VIP reception and expo at nation's largest music conference, March, in Austin, Texas. Held first "Plug-In " music industry trade show in January.</p>
	Strategy 10	Grow film & TV production	<p><b>Memphis/Shelby Co. Film &amp; TV Commission</b> -- New exchange program with Berlin launched. Memphis named 8th best community in US for independent film makers by <i>MovieMaker.com</i> . In FY 2009 assisted 4 feature films, 2 short films, 11 TV programs, 3 TV commercials, 8 documentaries and 5 music videos shooting in Shelby Co. Web site expansion and new Directory underway.</p>
	Strategy 11	Grow tourism industry	<p><b>Memphis Convention &amp; Visitors Bureau</b> --In 2008 distributed 751 convention and tourism sales leads for 847,000 hotel/motel room nights; 194,000 booked -- including 58,813 for sporting events. Economic impact of meetings booked was \$138.6 million. Launched "Memphis Comeback" marketing campaign with media blitzes in 5 key feeder markets, supplemented by local "staycation" promotion. CVB won two awards for marketing from American Society of Association Executives.</p>

# MemphisED Status Report -- May 2009

GOALS	ACTION ITEMS	STATUS
<p><b>Grow Existing Firms</b></p>	<p>Strategy 12 <i>Retention/expansion and supplier diversity</i></p>	<p><b>Mid-South Minority Business Council Activities</b> -- Launched new "Model Corporate Diversity Initiative" with 9 large local employers, to promote comprehensive approach to minority inclusion. Thru Feb. 2009 clients received in new contracts through Matchmaker and other services. In CY 08 8 <i>Matchmaker</i> events held, generating 600 targeted "matches" between 250 W/MBEs and 33 corporate buyers, resulting in \$35 million of new contracts. In 2009 to-date held 6 Matchmaker events with 17 corporations, 146 W/MBEs, and 253 targeted matches.</p> <p><b>Greater Memphis Chamber</b> -- In 2008 assisted 33 local firms expand, creating 2,195 new jobs and investing \$512M. Completed 399 existing business consultations, including 135 with W/MBEs. 2009 to-date assisted 9 companies, with 1,126 new jobs and \$70.8 million in new investment; completed 123 consultations, 46 with W/MBEs.</p>
<p><b>Make Memphis a "Place of Choice" for Knowledge Workers</b></p>	<p>Strategy 13 <i>Downtown and Riverfront</i></p> <p>Strategy 14 <i>Shelby Co. Parks/Shelby Farms</i></p> <p>Strategy 15 <i>Recruit/retain knowledge workers</i></p>	<p><b>Riverfront Development Corp</b> -- \$33M Beale Street Landing project underway; 2010 completion. Spring 2009, Chickasaw Heritage Park improvements including paved walking trail w/picnic table/benches. Mud Island Revitalization Plan underway; completion Jun 09. Initial design completed for \$5.8M Historic Cobblestone Landing rehabilitation; completion Summer 2011. Design underway for new UM Law School connection to Confederate Park, with bridge spanning Court Ave.</p> <p><b>Center City Commission</b> -- Projects in service area underway (\$1.8B), recently completed (\$255M), and in planning (\$952M) - total \$3 billion. In CY 08 \$561M of new projects plus \$7.15M of public infrastructure (incl. Wolf River Greenway and Medical District streetscape) announced, office occupancy rate increased by 1.3 percentage points, number of events sponsored/produced doubled, and downtown remained safest part of City.</p> <p><b>Shelby Farms Park Conservancy</b> -- 1st 107 of 1 million new trees planted. 28 new bison added to heard (now 45 total). Design work for \$100 million Phase 1 Master Plan projects underway; secured \$20M matching grant. Catalyst for new Park area business association.</p> <p><b>MPACT Memphis</b> -- Membership has grown by 91% since August 2008 (454 total). 60+ events held in 2008 with 2,400+ attendees. In 2009 to-date, 40 events held with 2,689 participants.</p> <p><b>Leadership Academy</b> -- Made 136 "Connections" (building ties between young professionals and the community). Assisting 47 companies attract talent to Memphis. Recruiting companies to participate in Year 2 of <i>Memphis - The Summer Experience</i> program for interns.</p> <p><b>Leadership Memphis</b> -- 102 graduates from <i>Fast Track</i> Spring and Fall programs. Participants demonstrated significant increase in their community knowledge (17.5% - 66.7% in the Spring depending on the specific question and 19.4% - 48.3% in the Fall) and their attitude about it.</p>