

# THE MORNING CALL

## What led Fortune 500 company ADP to bring up to 1,600 jobs to Center City Allentown?

Anthony Salamone, Reporter of *The Morning Call* – September 19, 2018

Earlier this year, City Center Investment Corp. altered plans for a concert hall originally proposed for its Five City Center office and apartment complex in Allentown. But J.B. Reilly, president and CEO of City Center, is hardly singing the blues.



*Developer J.B. Reilly, CEO of City Center Investment Corp., is pictured from his offices on Hamilton Street in downtown Allentown overlooking construction of Five City Center. Reilly says Fortune 500 company ADP will occupy 10 of the 13 stories at Five City Center*

That's because he has landed a major corporate anchor for the 13-story building that's rising along Hamilton and Eighth streets and is expected to open next Sept. 1.

Payroll processing giant ADP eventually will bring up to 1,600 employees to the Five City Center office building, making it the city's largest downtown employer by far — even eclipsing stalwarts such as PPL Corp. and Lehigh Valley Health Network.

About half — 850 employees — will be relocating from three area sites, according to the ADP. Based on the company's intention to fill 10 of the 13 floors of the high rise, Reilly has no doubt it is one of City Center's biggest corporate catches in its seven-year existence.

"They're taking two-and-a-half times as much space as they have now," Reilly said of ADP. "When you can retain a Fortune 500 company and facilitate the expansion of a business like this, it's a huge benefit to the Valley and to Allentown."

Developer J.B. Reilly, CEO of City Center Investment Corp., is pictured from his offices on Hamilton Street in downtown Allentown overlooking construction of Five City Center. Reilly says Fortune 500 company ADP will occupy 10 of the 13 stories at Five City Center. (Harry Fisher / The Morning Call)

Ahead of a Thursday ceremony to commemorate the placing of the last steel beam at Five City Center, Reilly spoke at length to The Morning Call about the significance of landing the Fortune 500 company.

Speaking at times in measured words at his company's sixth-floor headquarters at Two City Center at 645 Hamilton St., Reilly said City Center began discussing the move with ADP officials about a year ago.

"Our understanding was they were evaluating a variety of options both in state and out of state," Reilly said.

He and others also knew that ADP, which has about 650 employees at the Iron Run Corporate Center in Upper Macungie Township, was unable to expand there, and it had been looking at relocating to an urban setting. It also has about 200 employees in downtown Allentown, at Two City Center and The Morning Call building, both owned by Reilly and in the city's Neighborhood Improvement Zone.

ADP, or Automatic Data Processing Inc., is a publicly held company that offers software and services to manage payroll, benefits and time and attendance. ADP has served more than 740,000 clients in 140 countries and found itself at No. 243 on the most recent Fortune 500 list with about \$13.3 billion in revenue for its most recent fiscal year, up about 8 percent from a year earlier.

An inside sales position at ADP in the area would typically pay \$35,000 to \$45,000 in base salary annually, with bonuses tied to performance, a source familiar with the company's operations told The Morning Call in June.

ADP spokeswoman Joanna DiNizio said via email the company made a “strategic decision” to consolidate in Five City Center. Though Reilly and others have pegged the total number of jobs that ADP eventually will bring to Five City Center at about 1,600, DiNizio would not confirm the number. When repeatedly pressed on the issue, DiNizio said the initial number of jobs downtown would be 850, but that “growth is anticipated.”



*This is a rendering for the proposed Five City Center in Allentown. (City Center Investment Corp.)*

Five City Center is designed to accommodate 2,000 workers, City Center spokesman Jeff Vaughan said.

She also said the company, which first arrived in the Valley in 2006, was drawn here because of the region’s colleges and strong talent pool.

“We will continue to tap these opportunities, and others, whenever we are looking to fill open positions,” she said.

While neither Reilly nor DiNizio elaborated on the genesis of the deal, Don Cunningham, CEO and president of Lehigh Valley Economic Development Corp., said the process that married ADP and the developer began nearly two years ago. ADP was looking at three or four different markets to consolidate and grow, Cunningham said, and site selection experts scouted the Valley along with other markets.

City Center became involved and was able to convince ADP on Five City Center, Cunningham said. The project's code name, "Project Inside Sales," reflects the work at local ADP offices. DiNizio said the new offices will be known as a "Sales Center of Excellence."

"And obviously the NIZ is a big selling point on price," said Cunningham, referring to Allentown's unique taxing district. Under the NIZ, developers like Reilly can tap their tenants' state and local nonproperty tax payments, including the income tax withheld from employee paychecks, to help pay their construction loans. That allows those developers to offer tenants reduced rents.

"Consolidating regional offices has been kind of a strength for the Lehigh Valley, and we can continue to grow it," Cunningham said.

Many large companies such as ADP have been moving to urban centers, said John Boyd Jr. of The Boyd Co. Inc. of Princeton, N.J., a corporate site selection firm.

"Companies want their head and back offices, and regional headquarters, to be in the downtown settings," said Boyd, who said he does not have ADP as a client. The Valley, he said, is different from major cities for its lower cost of living, among other attributes.

"This will be another signature win for northeastern Pennsylvania's highly regarded and very successful economic development," Boyd said.

"To be able to retain a company like this, that is expanding by more than doubling their operation, and to keep that company in Pennsylvania and also in an urban environment, is a huge coup for Pennsylvania and, obviously, a huge coup for Allentown," Reilly said.

He noted ADP's decision is "extraordinarily significant" for Allentown revitalization and shows a company committed to a major investment in jobs and growth. He said the decision speaks of the Valley's educated workforce with the number of post-secondary schools turning out thousands of graduates each year.

The last time the Valley saw this kind of business expansion, Reilly said, was when Olympus relocated its corporate headquarters during the mid-2000s, bringing 700 white-collar jobs to Upper Saucon Township.

## **ADP**

**Year it came to Lehigh Valley: 2006**

**Year founded: 1949**

**Headquarters: Roseland, N.J.**

**Number of employees: 57,000 worldwide**

**Number of clients: 740,000 in more than 140 countries**

**Website: [adp.com](http://adp.com)**

**Fortune 500 ranking: No. 243, down three spots from 2017**

**Business: Sells human resource services, including benefits management and electronic payroll systems**

**Fiscal year 2018 revenue: \$13.3 billion, up 8 percent from prior year revenue of \$12.4 billion**

**Fiscal year 2018 profit: \$1.6 billion, down nearly 6 percent from prior year net income of \$1.7 billion**

**Source: ADP**