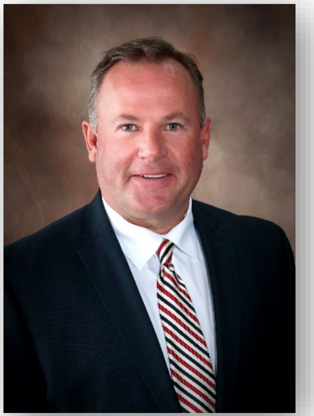
Doing Economic Development at the Speed of Business Key to Cities' Success

SHILOH, IL – April 26, 2021
Article by Kerry Smith, Informationworks

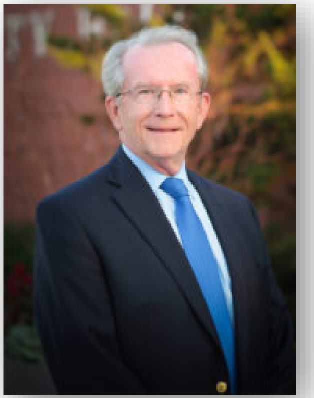
Site selectors, commercial real estate brokers and economic development professionals agree that successful development occurs when municipalities are willing to work at the speed of business.
Steve Zuber, principal at commercial and industrial brokerage firm BARBERMURPHY, says the cities and regions that "get it" are those who own their identity.


Steve Zuber, SIOR CCIM
Principal, BARBERMURPHY

"The communities that get it are the ones that have a vision for what they want, where they want to be and who they want to be, from top to bottom," said Zuber, "from the mayor to the city administrator/manager, economic development director, planning, zoning and city council. All these people need to be in lock step with each other as to what they're trying to attract…then when there's an opportunity, they're able to react quickly, have all their ducks in a row (zoning, incentives) and get it done quickly. If they can work at the speed of business without taking an exorbitant amount of bureaucratic time to approve something, they'll likely be much more successful."

Time is money, Zuber says, yet too many communities don't understand this. Redevelopment agreements, incentives packages, potential site variances, special use permits and rezoning are examples of processes that can take a long time to gain approval. Cities that know how to expedite these processes are the ones that often keep developers and site selectors engaged, he adds.

The City of O'Fallon, IL understands this. With a population of 31,000, the city sits 18 miles east of downtown St. Louis and five miles from Scott Air Force Base. O'Fallon's pro-business mayoral leadership spanning 28 years (under former Mayor Gary Graham and current Mayor Herb Roach) exemplifies the practice of working in lock step to attract appropriate development. Roach began serving as mayor after a 43-year career in international business and banking. Much of his work in the private sector involved establishing more than 15 manufacturing facilities in six countries, ultimately bringing site selection, tax and labor law expertise to his mayoral term, which he began in 2017.


Mayor Herb Roach
City of O'Fallon, Illinois

"Nobody is going to want to come in and develop if you don't have a good, solid infrastructure, if your streets are torn up or your water/sewer lines are unreliable," Roach said. "Companies also want to locate in safe communities and in ones with excellent school districts. A business wants to know there's an educated workforce that's available for hiring. All of these are critical factors in a community's identity. To attract the development that suits your community, you must know who you are and proactively, consistently reflect that identity to others."

Roach is proud of the fact that within the past three years, three companies headquartered outside of Illinois chose O'Fallon over anywhere else in the state to expand their firms. The companies hail from Tennessee, Kentucky and South Carolina.

"All of our communities in this state have much to overcome just because we're in Illinois, but many of us are doing just that," he said.

Prospective development deals that come before the City of O'Fallon are heard first by the mayor and economic development group, who collectively address potential issues. A proposal then heads to a 9-member, broad-based planning commission. Two weeks later, the plans are reviewed by a community development committee and two weeks later by city council. "This expedited process enables us to approve a major project in about two months' time," said Roach. "Of course, this time frame allows for valuable community input and feedback. We've turned down a lot of projects if they don't fit our community and long-term strategic plan. You have to know what's going to complement your community and build upon what you already have."


Eric Whitfield
Senior Manager, Ameren Illinois

Eric Whitfield is senior manager of the Ameren Illinois economic development team. The company's expansive territory spans 43,700 square miles, or about three-quarters of the state of Illinois. Whitfield serves with Zuber on the economic development committee of Leadership Council Southwestern Illinois, a nonprofit entity fostering public and private economic development across the Illinois portion of the Greater St. Louis region. At Ameren Illinois, Whitfield works daily with municipalities in dozens of counties.

"What's the most important ingredient in a successful community that is seeking to attract quality development? Without a doubt, it is preparation," Whitfield said. "Many economic development organizations and consultants agree that those communities that are most prepared are often the most successful. These communities are ready for a business or industry to come long before the firm ever contacts them – with effective zoning, fast-track permitting, a sense of what incentives might or might not be available and how to access them, knowing their infrastructural capacity (utilities, water/sewer), knowing their available sites and knowing any site-specific challenges and having a plan in place to address those challenges. For cities, it's not about size and resources. It's being progressive, pro-business and knowing what you have."

It is common for a site selector's window of time to be condensed, according to Whitfield. "We receive requests for information every day and we often get less than a week's turnaround time," he said. "Our engineering and operations teams do a lot of front-end work with firms like BARBERMURPHY when they have prime leads for industrial development, making sure they understand what infrastructure is needed to serve a prospective customer. As a service, we do a lot of prequalifying with our communities. Economic development most definitely is a team sport."

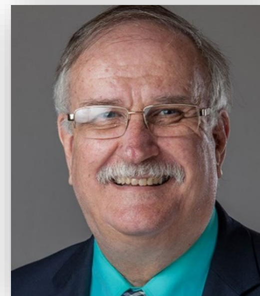
No matter what company you ask, no matter which economic sector, the number-one core factor that attracts development is an available, skilled workforce, Whitfield says. "This is a solution that every community in America is trying to solve," he said. This is closely followed by having a site or building that meets the prospect's needs, followed by the cost of labor, tax environment and then incentives.

"Many people think incentives drive projects, but it's really the cherry on top. If you don't have all these other assets, incentives generally aren't going to matter. Incentives aren't the end-all, be-all," he said.

How do municipalities ensure that a viable development proposal doesn't get bogged down in bureaucratic mud?

"City leaders need to make sure they have the necessary approval processes in place and that they're continuously working to eliminate any potential or actual bottlenecks," Whitfield said. "Leaders need to be asking questions such as, 'Are there measures we can put into place to shorten the process, such as pre-approved limits and do we have the staff in place to make those happen?'"

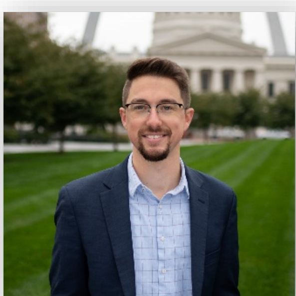
Fairview Heights Director of Economic Development Paul Ellis is a firm believer that continuous improvement and creativity positions a community to adapt and succeed.


Paul Ellis
Director of Economic Development
City of Fairview Heights, Illinois

"So much of this business is built upon dynamic relationships and people you can trust," said Ellis, whose team's successes include re-envisioning Fairview Height's longstanding retail shopping mall, launching a business incubator and creating an economic development website for developer prospects. Ellis says the city is continuously improving the way it obtains and tracks retail sales analytics. As per its city charter more than a half century ago, Fairview Heights relies on zero city property tax revenue and about 70 percent of the budget is fueled by sales tax revenue.

"We're primarily a retail center," Ellis said. "Our city population is 17,000 in the evening but 50,000 during the day with employees and shoppers. Fairview Heights has more than 1 million square feet of developed office space and more than 3.5 million square feet of retail. We track real-time retail sales analytics since so much of our budget is based upon sales tax revenues but state sales tax revenue reporting lags by three months."

The city, as many proactive cities do, updates and reinvigorates its economic development strategic plan every five years, aligning all its programs, goals and processes. "We ask ourselves as a city, 'What do we want to be when we grow up?' and 'How are we going to be that?'" Ellis said.


Adam Stroud
Senior Project Manager, PGAV

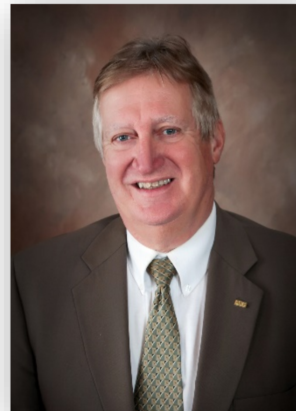
PGAV's 8-member planning team serves as a comprehensive planning and economic development consultant for cities across the bi-state region. Senior Project Manager Adam Stroud says the firm regularly develops feasibility studies for potential projects, advising municipalities in how to make appropriate, doable projects happen.

"We're there to help communities make the best choices and to protect their best interests in the process," said Stroud. "We're often taking phone calls from cities asking, 'Developer X wants to do this…do we need incentives?' Each incentive deals with a different revenue stream and potentially changes the tax structure for a project. While an incentive is a tool, it's not just a carrot to attract development. It can sometimes be a means to an end for a municipality. Cities need to be careful not to overextend themselves."

Commercial and industrial real estate brokers, according to BARBERMURPHY Broker Associate Mike Pierceall. He has actively served on planning/zoning and economic development commissions at the local and regional level for years.

Pierceall's resume includes decades of work in economic development for municipalities and regional organizations. He's a long-time volunteer member of the Edwardsville Plan Commission and has taught economic development as an adjunct instructor at SIUE in the Public Administration and Policy Analysis department.

"Competition is fierce in terms of putting the best communities and sites forward," said Pierceall. "A lot of times, communities look at themselves as the one and only project destination, but it's more far-reaching than that. One community is going to have a tough time telling a regional story to a large employer looking for the best site, an available skilled workforce and more. One community may be part of that story, but there are another eight to 10 chapters in that book."



Michael Pierceall, AICP, CEcD
Broker Associate, BARBERMURPHY

Having an up-to-date database to instantly provide relevant site analytics to interested site selectors and to commercial realtors assisting them is essential, according to Pierceall.

"Communities have to have people and a process, rather than just working from request to request," he said. "Communities must understand that developers are totally in it to make money.

Holding developers hostage by making them jump through bureaucratic hoops, spending their own time and money to try to make a deal work – only to learn weeks or months into the process that the city ultimately isn't going to allow the development to happen – is the best way to fracture a future relationship with that developer and others."

###

Kerry Smith is a full-time freelance writer in St. Louis and the owner of Informationworks. She can be reached at kerry@informationworks.org or 618.225.2253.

MEDIA: For more information, please contact Katy Cafferata at BARBERMURPHY, 618.277.4400