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DeKalb County Government
Sycamore, Illinois

**Economic Development Committee Minutes
February 3, 2015**

The DeKalb County Economic Development Committee met on Tuesday, February 3, 2015 @ 7:00p.m. in the Administration Building's Conference Room East. Chairman Brown called the meeting to order. Members present were Ms. Leifheit, Mr. Pietrowski Jr., Ms. Polanco, Mr. Porterfield and Mr. Whelan. Mr. Bassett was absent. A quorum was present.

Others present were Mr. Gary Hanson, Mr. Paul Borek, Ms. Christine Johnson, Mr. Tracy Jones, Mr. Gene Fogel and Mr. Greg Millburg.

APPROVAL OF THE MINUTES

It was moved by Mr. Whelan, seconded by Ms. Leifheit, and it was carried unanimously to approve the minutes from January 2015.

APPROVAL OF THE AGENDA

Chairman Brown said that since the representative from the Foreign Trade Zone was not present that he would like to move Mr. Borek's presentation up to speak first. He also mentioned that County Clerk Doug Johnson needed to have his item pulled from the agenda regarding Marriage Certificates.

It was moved by Mr. Pietrowski, Jr., seconded by Mr. Porterfield, and it was carried unanimously to approve the amended agenda.

PUBLIC COMMENTS

There were no public comments.

WELCOME AND INTRODUCTION OF NEW COMMITTEE MEMBERS

Chairman Brown welcomed new committee member Mr. Christopher Porterfield to the meeting. Mr. Porterfield introduced himself to the committee and gave a brief background on himself.

ENTERPRISE ZONE UPDATE – MR. PAUL BOREK

Mr. Paul Borek, Executive Director for the DeKalb County Economic Development Corporation, gave a brief update on the DeKalb County Enterprise Zone application.

Mr. Borek said that he submitted a 648 page application on behalf of the County for the Enterprise Zone. He said that the size of the Zone equaled 13.14 square miles. He also mentioned that the Local Labor Market Area (LLMA) for the DeKalb County Enterprise Zone consists of Census Tracts from the 10 surrounding counties that provide workers that do or would be most likely to commute into the Zone for current and potential employment. All of the LLMA Census Tracts are from DeKalb County and the ten (10) surrounding counties that include: Boone, Bureau, Grundy, Kane, Kendall, LaSalle, Lee, McHenry, Ogle, and Winnebago.

Mr. Borek then highlighted the ten (10) criteria that needed to be met for the application (attached to these minutes). He mentioned that the compelling need for the Enterprise Zone was that over recent years, we have lost 10 significant industrial development projects since we do not have an Enterprise Zone. These projects would have amounted to \$1.1 billion in investment and 5.5 million square feet of development and 2,890 jobs. The availability of an Enterprise Zone in DeKalb County could have made a difference in competition for these ten projects. The County needs an Enterprise Zone to more effectively compete for industrial investment, jobs and tax base.

The committee thanked Mr. Borek for all of his hard work on this project.

Mr. Borek then gave his Executive Report on the Economic Development Corporation (EDC). He said that during 2014 the DeKalb County Economic Development Corporation responded to 30 inquiries regarding business attraction prospects and prepared 24 detailed proposals. DeKalb County made the short list in Illinois of 4 major prospects. An Italian Food Processing Company was delayed. Project Carbon Green selected a nearby Enterprise Zone community. Project Christie selected Indianapolis and Project Diamond is also focusing outside of Illinois. Three attraction projects were completed and one is pending.

Mr. Borek then informed the committee that NIU is working on creating a campus business incubator to support student entrepreneurship. Members of the Industrial Initiative Committee have expressed interest in making building/manufacturing space available to house an incubator. A business plan is needed to define and quantify this opportunity.

Thirteen business expansion projects were completed during 2014, including SK Express, Superior Industrial Equipment, Alfredo's Iron Works, 84 Lumber and Houser Ross Eye Clinic. At one of the Industrial Focus Tours, Ideal Industries described plans to expand in Sycamore.

Mr. Borek said that fundraising exceeded projections during 2014 and the EDC is generating revenue and managing a budget that is 58% larger than its stabilized budget during 2010. Much of this increase involves dedicated contributions to DeKalb County Economic Development Corporation's Industrial Workforce Coordination Pilot Program.

Mr. Borek also informed the committee that EDC initiated a Data Center Tax Policy legislative effort to enhance Illinois' competitiveness in attracting data center investment. With the leadership of Representative Robert Pritchard and Senator Dave Syverson and the collaborative efforts of the ChicagoWest Business Center and ComEd, the Illinois Chamber of Commerce was persuaded to form a coalition of data center site selectors, developers, builders, operators and corporate users including: Digital Realty, Ascent, Microsoft and Caterpillar. It is anticipated that action on the Data Center Tax Policy will be considered during 2015. A data center campus would represent over \$100 million investment and could kick-off development of a technology park.

Mr. Borek then introduced Mr. Gene Fogel regarding the DeKalb/Ogle County Industrial Workforce Development Consortium.

Mr. Fogel, who is the Industrial Workforce Coordinator, said that they are making significant student/business introductions and coordinating numerous career development activities in cooperation with local high schools. He said that the Pilot Program is a little over a year old now. They have held their first Heavy Metal Tour on Manufacturing Day which is in the Fall each year. He further stated that they have had tours totaling 300 students so far. This tour helps the students to see what types of jobs they could work if they were hired by these manufacturers. They educate the students by bringing business people into the schools and have helped students in shadowing or interning at these various manufacturers. He said that DeKalb High School was able to spend an entire day at DrivLok and see what they do.

BRAINSTORMING ON WAYS TO EXPAND ECONOMIC DEVELOPMENT EFFORTS

The committee then discussed the economic development coordinator survey results. There were only 4 people that responded to the survey. The final copy of the job description was updated from the results.

Mr. Borek said that EDC's Ad Hoc Leadership Committee met on this issue last week and discussed this proposal. They are very enthusiastic about the proposal and the County's part in our interest in economic development. He said that the expansion of the tax base is crucial. DeKalb County has had a relationship with EDC for 28 years now and the County is one of the founding members. EDC appreciates the support that they receive from DeKalb County.

EDC does recognize that small business, entrepreneurship, retail, technology, etc. is crucial to our economy in the County. They do like the proposal. However, they strongly recommend that an important foundational step be taken before tasking and marketing certain things. The most important role of the county, they feel, could be to convene a county-wide leadership meeting to determine what we aspire DeKalb County to look like in 30 years. Look at strategic goals and how can we become more business friendly. We need to help our citizens and business leaders understand how our economic growth contributes to our prosperity. A great deal more can be accomplished by having a common vision with our business leaders and citizens. We can become a very powerful marketing force. The EDC is very pleased to work with the County on this issue.

The committee discussed whether or not they wanted to go forward with the job description for an economic development coordinator. They felt that by collaborating with the DeKalb County Economic Development Corporation they could reach more people. They would need to see who they would invite to this meeting. A broad scope of stakeholders should be included in this group.

Ms. Leifheit felt that we as a County should not hire someone right now. We need to get a more concrete idea. If we put money into something, we should have something that says, "a, b, c."

Mr. Pietrowski, Jr. said that this is all part of the brainstorming discussion of what this committee could do. As a committee how can we move this type of idea through, we can discuss who do we want to attract to our community?

The committee discussed that they should hold an Economic Development Summit in possibly May of this year to see what our strategic vision is for economic development.

MONTHLY REPORT – MS. MARY SUPPLE

Ms. Supple gave a brief report to the committee regarding the DeKalb County Convention and Visitor's Bureau (DCCVB).

She mentioned that the McDaniels Marketing Company that the DCCVB has hired has put a travel writer in touch with Ms. Deb Armstrong. He writes for a new publication, which is called "50 Plus News & Views" focusing on people 50 years plus. It offers its readers information on health and lifestyle. Fifteen thousand copies go out to Peoria residents and 8,000 go to Bloomington/Normal. It should be published in early February 2015.

Ms. Armstrong also mentioned that Governor Rauner signed Bill 15-08, which stated no new grant funding will be issued unless it is required by law as of November 14, 2014. She will be discussing what this could mean for next year at the Governor's Conference.

There is a new distillery in the County, Whisky Acres Distillery that should open in late spring. Ms. Armstrong will be touring the facility this week.

Before adjourning, Chairman Brown mentioned that he was going to have Mary Supple email out and invitation to everyone on the committee to attend a Friends of Shabbona Lake meeting on February 19, 2015 at 7:00p.m.

ADJOURNMENT

It was moved by Mr. Whelan, seconded by Mr. Pietrowski Jr., and it was carried unanimously to adjourn the meeting.

Respectfully submitted,


Chairman Robert Brown


Mary Supple, Recording Secretary

DeKalb County Enterprise Zone Application

Executive Summary

1. Participants

- a. Designating Units: DeKalb County, Cities of DeKalb, Genoa, Sandwich, Sycamore, Town of Cortland and Village of Waterman
- b. Participating Units: DeKalb School District #428, DeKalb Public Library, DeKalb Sanitary District, DeKalb Township, Genoa-Kingston School District #424, Indian Creek School District #425, Kishwaukee College and the Sycamore Library District.

2. Size: 13.14419 square miles

3. Local Labor Market Area (LLMA) –

- a. The LLMA for the DeKalb County Enterprise Zone consists of Census Tracts from the 10 surrounding counties that provide workers that do or would be most likely to commute into the Zone for current and potential employment.
- b. All of the LLMA Census Tracts are from DeKalb County and the ten (10) surrounding counties that include: Boone, Bureau, Grundy, Kane, Kendall, LaSalle, Lee, McHenry, Ogle, and Winnebago. These counties:
 - i. Provide the largest potential pool of workers who might commute to the zone to work,
 - ii. Have a history of a substantial commuting patterns into the county, and
 - iii. Are close enough in proximity to the Zone to provide a reasonable commute time to jobs.

4. Annotated Summary of Competitive Factors (The DeKalb County Enterprise Zone Designation Application meets all or parts of Criteria 1, 2,3,4,5,6,7,8 and 9)

a. Criteria 1 – Unemployment:

- i. The LLMA has an overall unemployment rate of 10.5% which is 114.1% of the state's unemployment rate, which is slightly below the threshold for the unemployment rate criteria which is 120%.
- ii. The LLMA has 112 tracts that exceeded the 120% threshold, which is nearly 55% of all the tracts included in LLMA.
- iii. This indicates there are significant pockets of unemployment in the LLMA which may not be adequately represented in the total average unemployment rate.

b. Criterion 2 - Substantial Employment Opportunities:

- i. The DeKalb County Economic Development Corporation (DCEDC) generated projections based on projects in the pipeline and well as projected growth and increase in development activity due to Zone availability. The projected growth resulted from a review of past development activity, average growth and absorption rates and the impact of known development projects which were lost due to the lack of an Enterprise Zone.
- ii. Western Illinois University and RETAC conducted an IMPLAN based economic impact analysis utilizing anticipated project employment and capital investment projections should the DeKalb County Enterprise Zone be approved. Direct, indirect and induced jobs as a result of the projects significantly increase employment opportunities across multiple sectors according to the modeling. The complete report is included in the Appendix Section.
- iii. Near term projections include 3,715 jobs, the construction of renovation of 3,775,000 square feet of space and capital investments of \$173,000,000.

- c. **Criterion 3 – Poverty**
 - i. The LLMA has an overall poverty rate of 13.5%, 54 Census Tracts in LLMA exceeded the 20% threshold, which is nearly 26% of all tracts in the LLMA.
 - ii. The LLMA has an overall Free/Reduced Lunch indicator of 48.2 %.
 - iii. LLMA has an overall percent of households receiving SNAP benefits of 11.1%, 42 tracts in LLMA exceeded the 20% threshold, which is nearly 20.2% of all tracts in the LLMA.
- d. **Criterion 4 – Abandoned Coal Mine, Brownfield or Federal Disaster Area:**
 - i. The LLMA has eight sites designated by the Illinois EPA Site Remediation database as having Environmental issues.
 - ii. The Greater DeKalb County Area was impacted by one FEMA Federal Disaster Declaration FEMA 4116-DR Severe Storm & Wind Damage
- e. **Criterion 5 - Large Scale Plant Closings:**
 - i. The LLMA has had 136 events affecting 18,492 workers.
 - ii. The LLMA has two reported State Facility closings - the Fox Valley Adult Transition Center and H. Douglas Singer Mental Health Center.
- f. **Criterion 6 – Vacant Structures:**
 - i. The LLMA has 17,146,560 square feet of industrial vacancies which includes 231,555,800 square feet of total space.
 - ii. The LLMA has 13,270,467 square feet of retail/commercial vacancies which includes 198,601,792 square feet of total space.
 - iii. The LLMA has 19 demolished industrial structures representing 1,747,934 square feet.
 - iv. The LLMA has 37 demolished Commercial structures representing 692,318 square feet.
- g. **Criterion 7 - Tax Improvement Plan:** Western Illinois University and RETAC prepared an IMPLAN economic impact model based on projected Zone performance as outlined in Criterion #2. The model, which has been approved by DCEO for purposes of documenting this criterion, is attached in the Appendix Section.
 - i. Construction activities will generate or support \$1,089 million in total Economic Output and almost \$516 million in total Value-Added, more than 6,340 jobs-years, and \$364 million in Labor In-come.
 - ii. Annual operations for the anticipated projects will also provide significant economic gains to the region. By Year 15 of the Enterprise Zone, its 280 projects will generate or support 20,216 jobs with \$938 million (2014 dollars) in labor income annually.
 - iii. Over the 15 year life of the enterprise zone, the projects will generate or support \$30.274 billion in total Economic Output, \$15.497 billion in total Value-Added, and more than \$9.017 billion in labor income, cumulatively.
 - iv. Construction and operations associated with the projects will also deliver significant benefits through increases in public revenues. Construction activities will result in cumulative gains of \$34.8 million and \$66.3 million among Illinois and local governments and federal agencies, respectively.
 - v. Over the life of the enterprise zone, business operations among the new projects will result in increased public revenues totaling more than \$1,379 million and \$1,879 million, State/Local and Federal, respectively.
- h. **Criterion 8 - Public Infrastructure Improvement Plan:**
 - i. An inventory of public infrastructure demonstrating that significant capacity exists in the LLMA to support economic development at the time of the application.

- ii. A 3 to 5 year public infrastructure improvement and development plans for each municipality and/or county government in the zone. The plans include: a listing of the capital improvement projects, financing plans, timetables for the construction/ completion and justification for the projects.
 - iii. Plans were submitted from the City of DeKalb, DeKalb Sanitary District (DSD), DeKalb Sycamore Area Transportation Study (DSATS), DeKalb County, City of Sycamore, Town of Cortland, City of Genoa, City of Sandwich and the Village of Waterman.
- i. **Criterion 9 - Manufacturing Skills Programs:**
- i. The LLMA has 64 high schools that offer ACT Work Keys.
 - ii. The LLMA has 13 community colleges with Manufacturing/Industrial Centers and certified manufacturing and industrial training programs.
 - iii. The LLMA is home to Northern Illinois University which has a vast array of training and development programs available for the workforce including Engineering and Engineer Technology, and Operation Management and Information Systems.
- j. **Criterion 10 - Equalized Assessed Valuation (EAV): Does Not Qualify**

5. DeKalb County Enterprise Zone 3-Year Plan

- a. **Compelling Need for Enterprise Zone** - Through the efforts of DCEDC, the City of DeKalb and local developers, DeKalb has been selected as an Illinois finalist for 10 significant industrial development projects in recent years. These projects would have amounted to \$1.1 billion in investment in 5.5 million square feet of development and 2,890 jobs. The availability of an Enterprise Zone in DeKalb County could have made a difference in competition for these 10 projects. Instead, these project located in other Enterprise Zone communities or other states. DeKalb County needs an Enterprise Zone to more effectively compete for industrial investment, jobs and tax base.

DeKalb County Enterprise Zone Application Evidence of Need - Projects Lost to Competing Enterprise Zones					
Project Name (Year)	Type of Use	Investment	Size (S.F.)	Jobs	Competitive Factors
Project Red (2014)	Hydroponic Production	\$ 8,000,000	300,000	30	Selected Enterprise Zone site in Rochelle.
Project Diamond (2014)	Tire Manufacturing	\$ 200,000,000	800,000	800	Final Illinois site /Opted for out-of-state sites with extensive incentives.
Project Christie (2014)	Walmart Distribution Center	\$ 100,000,000	1,200,000	500	Located in Indianapolis for Indiana incentives
Project Pace (2013)	Data Center Campus	\$ 300,000,000	200,000	100	Final Illinois site. Disadvantaged by lack of Enterprise Zone and data center tax incentives in competing states.
Inception Holdings (2013)	Refrigerated Distribution	\$ 18,000,000	100,000	85	Lost out to Aurora site due to Riveredge Zone incentives.
Inception Holdings (2013)	Data Center	\$ 20,000,000	40,000	15	Lost out to Aurora site due to Riveredge Zone incentives.
Project DC (2011-12)	Meljer Distribution Center	\$ 200,000,000	800,000	400	Aggressive Wisconsin incentives led to acquisition & expansion of existing WI DC.
Lowe's (2004)	Distribution Center	\$ 125,000,000	1,500,000	500	Located in Rockford Enterprise Zone
UPM Raflatac, Inc. (2008)	Adhesive Label Manuf.	\$ 109,000,000		160	Located in Dixon, Lee Co. Enterprise Zone
Rayovac (2007)	Distribution Center	\$ 20,000,000	570,000	300	Located in Dixon, Lee Co. Enterprise Zone
Total Foregone Impact:		\$ 1,100,000,000	5,510,000	2,890	

b. Economic Development Plan Outline

- i. Business Attraction Marketing
- ii. Business Development
- iii. Industrial Growth and Workforce Development
- iv. Business Climate Enhancement
- v. Business Retention/Expansion
- vi. Strengthen Public/Private Partnership
- vii. Economic Goals & Objectives

c. Economic Goals & Objectives –

- i. The Economic Development Plan outlined above describes detailed work plan elements initiated, planned or proposed to improve our business climate and strengthen our workforce in order to facilitate accelerated business attraction, expansion and new business formation. While this plan is extensive and comprehensive, business and community partners are vested and prepared to lead and support these activities found to be crucial to the success of DeKalb County.
- ii. At this time, the following quantitative 3-Year Objectives are provided, based in part on the experience of the past 25+ years of DCEDC operation, accelerated appropriately in recognition of the economic stimulus and visibility that would be afforded by the designation of the proposed Enterprise Zone. Designation of an Enterprise Zone in DeKalb County is clearly needed to reach these objectives.

DeKalb County Enterprise Zone Application 3-Year Plan Objectives						
Year	No. of Projects	Construction (Square Feet)	Land & Building Investment	Total Investment	New Jobs Created	Jobs Retained
2016	8	472,500	\$ 21,900,000	\$ 48,300,000	162	323
2017	11	708,750	\$ 32,850,000	\$ 72,450,000	243	485
2018	15	945,000	\$ 43,800,000	\$ 96,600,000	323	647

- iii. Attainment of these objectives is required to reach the following broad goals of the DeKalb County Industrial Growth Initiative and Enterprise Zone Plan:
 1. Increasing the percentage of Industrial EAV as a portion of total EAV;
 2. Increasing the Industrial and Commercial Equalized Assessed Valuation (EAV);
 3. Decreasing the area's unemployment rate;
 4. Increasing average salary/wages;
 5. Increasing the median family income; and
 6. Reducing property tax rates.