

ITEM NO. _____

**CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL,
ASSEMBLED YOUR COMMITTEE OF THE WHOLE to Whom
was Referred a POLICY/WORKSHOP SESSION Regarding
PRESENTATION by the ECONOMIC DEVELOPMENT
COUNCIL and PRESENTATION by the ECONOMIC
DEVELOPMENT DEPARTMENT for the City of Peoria
Regarding ECONOMIC DEVELOPMENT/BUSINESS
RETENTION**

A Policy/Workshop Session was held on Tuesday, June 22, 2004, in the Council Chambers, Room 400, City Hall, 419 Fulton Street, Peoria, Illinois at 6:15 P.M., with Mayor David Ransburg presiding.

ROLL CALL

Roll Call showed the following Council Members Present: Ardis, Grayeb, Gulley, Morris (arrived at 6:19 P.M.), Nichting, Sandberg, Spears, Thetford, Teplitz, Turner, Mayor Ransburg - 11;
Absent: None.

Others present: City Manager Randy Oliver, Corporation Counsel Randy Ray, Finance Director/Comptroller Jim Scroggins, Assistant City Manager Alan Pennington, Assistant Director of Economic Development Karie Friling, Senior Development Specialist Ben Vyverberg, Police Lieutenant Phil Benne, City Clerk Mary Haynes, Deputy City Clerk Beth Ball, interested citizens and members of the media.

PRESENTATION BY THE ECONOMIC DEVELOPMENT COUNCIL

City Manager Randy Oliver said Mr. Jim McConoughey of the Heartland Partnership would do a presentation as it related to their programs and then City Staff would make a presentation regarding programs that would enhance the Heartland Partnership's programs.

Mr. Jim McConoughey, President and CEO of the Heartland Partnership, said critical decisions would be made over the next six to eighteen months that would affect the community for years to come. He said they named their presentation "Smart Evolution – Growth, Prosperity, and Community Wealth in the Illinois Heartland." He introduced Chairman of the Heartland Partnership, Joe Henderson, and Chairman of the Chamber of Commerce, Jim Montelongo, who were present in the audience, and he mentioned Chairman of the Economic Development Council, Mike Quine, who was not present. He explained the role the Heartland Partnership played in the general region was to generate growth through regional marketing, business attraction and expansion efforts, and small business commercialization and development activities.

Mr. McConoughey said smart growth for the region was based on current assets already in place. He said for the past 25 years in the State of Illinois, business was attracted by a complicated recruiting system, which included induced deals. He said those deals were no longer available in the State and manufacturing jobs were evading the State at the rate of approximately 300 jobs a day. He said complicated tax policies and lack of inducement policies in the State resulted in Illinois being a difficult State in which to develop new manufacturing jobs.

Mr. McConoughey estimated that 850,000 knowledge-related jobs would be generated in the next four years in technology and innovative manufacturing businesses. He further discussed key features of this new concept and critical elements effecting growth. He said a new trend that had developed was that a person would move six to twelve times in a lifetime and would have seven careers in four industry segments. He stressed the need for extended education in the developing workforce. He said he felt this region had some of the most talented groups of people but unleashing that talent would require continuing education and a series of complimentary education processes. He said retraining would be a fundamental activity.

Mr. McConoughey said past growth included agriculture, manufacturing and service-based companies. He discussed changes in the agriculture based economy and if the region was to build on the agriculture base, he said, assets would need to be utilized to drive innovation through value-added ag related activities. He said to build on the region's manufacturing base, the region should capitalize on under-utilized assets from significant manufacturing activity. He said 38% to 40% of these kinds of buildings were presently unoccupied, which was an asset. He added that advanced manufacturing and value added manufacturing processes should also be pursued. He said to build on the region's service based economy, the region should continue to develop the medical sector and build capacity in nature based tourism.

Mr. McConoughey said these areas of growth fit together with the knowledge economy, logistics economy and visitor based tourism economy. He said the evolution would occur through innovation on assets already in place. He discussed Peoria Next and their partners, who were leading discovery, innovation and commercialization, the EDC's work with HITEC and the Turner Center to facilitate commercialization and small business development, and the co-sponsorship of the Chamber, HITEC, and the Turner Center of the NOVUS entrepreneurship network.

Mr. McConoughey said another major area was in the logistics economy. He gave an overview of the Heart of Illinois Regional Port District that had been established and he said EDC had developed aggressive marketing programs geared to develop the growth potential of the Port District. He added the Port District was a unit of government sponsored by the State and their sole purpose was to develop economic logistics management to generate jobs in logistics activities based on utilization of current assets like the river. He said there were currently four major maritime industrial deals in the works at this time. He also stated that the Peoria Area Convention and Visitors Bureau was currently working to develop and promote strengths as a destination for nature based tourism. He gave several examples of unique opportunities for tourism, including one that related to the observance of rare birds that were only found in the Peoria area.

Mr. McConoughey pointed out that all these opportunities together introduced thousands of new people constantly to the area who could be future residents or business owners. He said this was an important introduction.

Mr. McConoughey said this disciplined approach to economic development was based on assets that the region currently had in place and based on resources that were available in the area, and this positioned the region for long-term growth.

Council Member Morris said one of the critical parts of this equation that Peoria did not possess was research level education programs. He questioned what the community could do to encourage the universities to invest in these kinds of Ph.D. programs.

Mr. McConoughey explained as Peoria became more connected with other areas, more opportunities would be established for shared solutions and regional stewardship programs. He said there were many untapped resources for education.

In further discussion with Council Member Morris, Mr. McConoughey stressed the importance of the logistics economy and he said he felt the area would still see a continued manufacturing economy.

In discussion with Council Member Nichting regarding the importance of the Ag Lab being located in Peoria, Mr. McConoughey said the Ag Lab had been in Peoria for over 75 years and there were several reasons more businesses had not been spun off from that facility. He explained there was not a facility in the area for technology to be developed and this was the reason an incubator was being built. He added there was no capital to start early stage companies and there was no focus on technology development. In further discussion, he commended the frame work of the Med-Tech District. He said this District would be a place where people would know they could go for innovation to occur. He said the City would be branded as an innovation City. He said the City's Economic Development Department should be strongly encouraged to create these networks so when the technology businesses were blossoming, they would have assistance in the small business environment.

Council Member Grayeb referred to a recent article he read and he said he felt the best thing the government could do would be to provide strong basic services, and do a good job of maintaining current businesses and solving local problems. He said without strong basic services and capitalizing on the City's assets, the creative class would not develop if the other fundamentals were not present in the community.

Mr. McConoughey said he felt it was fundamental for a City to really want to be a high-thriving growth town. He said the City's attitude needed to reflect those wants.

Mayor Ransburg thanked Mr. McConoughey for his presentation.

**PRESENTATION by the ECONOMIC DEVELOPMENT DEPARTMENT for the City of Peoria
Regarding ECONOMIC DEVELOPMENT/BUSINESS RETENTION**

City Manager Randy Oliver said he would be working with the Heartland Partnership in a number of these efforts. He said the City needed to move closer to the business community to better understand their needs. He said 80% of job growth came from businesses already established in the City. He said their goal was to visit 200 businesses in 2004.

Assistant Director of Economic Development Karie Friling said the targets of the Business Expansion and Retention Program were small, medium and large employers in the City of Peoria. She said the City must actively communicate with businesses to help them grow and the City needed one contact point for seamless economic development service delivery. She explained that direct communication would be established with existing businesses to identify opportunities and address issues affecting their ability to grow at their current location. She said business retention and/or expansion was whatever the customer (the business owner) told the City it was, which may be needed financing, training, snow removal, garbage collection, a stop sign, solve parking issues, etc.

Senior Development Specialist Ben Vyverberg explained that businesses left the City of Peoria for a number of reasons including decisions by owners to move or there was a death. He said marketing decisions or regulations also drove owners to leave the City, but 67% of business owners who left the City felt no one in the City cared whether they stayed or not.

Mr. Vyverberg said that ExecutivePulse, Inc. had been selected to provide training, software and support, and orientation. He said that training had been held in early June and the database was in the process of being constructed and advanced training was scheduled for August 2 and 3, 2004. He said they had partnered with Peoria County, Economic Development Council, the State of Illinois, Illinois Business Finance Services, Workforce Development, Illinois Manufacturing Extension Center, the Chamber of Commerce, Bradley University, Illinois Finance Authority, the private sector (lenders, real estate, utilities), educational partners and any other organization necessary to help the businesses.

Assistant Director Friling discussed the process to identify companies, which included scheduling meetings, identifying issues and opportunities, coordinating and implementing responses from various City departments, and understanding the business trends as they developed. She pointed out again that the Economic Development Department would be the coordinating department for all the City departments involved in an issue for each customer.

Mr. Vyverberg discussed the implementation of the program and he pointed out a critical concept was that over 15,000 economic development organizations pursued fewer than 150 major business expansions or relocations annually. He discussed examples of Oakland, California, and the States of Pennsylvania and Michigan.

Assistant Director Friling explained the key retention objectives were to maintain and/or grow existing businesses and jobs, provide a business climate analysis, identify strengths/weaknesses, identify areas to assist businesses, recognize the commitment/contribution to Peoria made by the businesses, strengthen relationships between the City and existing companies, outline specific concerns/problems of local businesses, gather direct feedback to assist in formulating policies and procedures, and diagnose and assist "at-risk" companies. She added it was much more cost effective to retain existing businesses compared to finding new businesses to relocate in the City.

Mr. Vyverberg discussed long-term effects that would increase the competitiveness of local establishments, would encourage businesses to expand, and would establish and implement a strategic action plan for economic development.

Assistant Director Friling urged the Council to support the program, market the program, and recommend companies to the City's Economic Development Department for them to meet with to discuss their problems. She discussed how the program would be marketed and outlined the members of the City Business Response Team, which included the Council, City Manager's Office, Economic Development Department, Planning and Growth Management Department, Public Works Department, Inspections, and any City department necessary to accomplish their goals. She added that the Economic Development Department would be the one contact location for all the City departments and they would coordinate contacts to other City departments.

Mr. Vyverberg gave an example regarding how a small employer with 15 employees with modest growth could actually contribute \$16.2 million to the City of Peoria over a 20-year period.

Assistant Director Friling said the Economic Development Department's tasks were to increase communication, add value to the businesses, and streamline service delivery.

City Manager Randy Oliver said if there were businesses that needed immediate attention, he requested that Council Members provide that information to him or Assistant Director of Economic Development Karie Friling.

Council Member Turner referred to several companies that had moved out of the City of Peoria a few years ago, and he said he wished there had been some kind of retention program at that time. He questioned if there would be Budget implications to put the retention program in place.

City Manager Oliver said he had found that most businesses were looking for more understanding about their business and assistance in making things work better with the City, such as traffic flow, etc.. He said he did not anticipate budget implications at this time.

Council Member Spears said there were several businesses in his District where there had been ongoing road construction in front of their businesses for well over a year because of the I-74 reconstruction. He said these businesses along Sterling had been negatively impacted and they were all looking forward to the day when the project would be finished. He added that there were two or three businesses moving into that area and he wanted to make sure that those businesses survived until the project was totally completed.

Council Member Thetford said she felt the majority of the Council would support the program and most had been looking for a program to assist businesses in their Districts for some time. She discussed some of the smaller businesses in her district and she said, in many instances, business owners just needed the City to address minor issues to help their business to be more successful. She expressed her hope that this formalized effort was sincere and would be successful.

In discussion with Council Member Ardis regarding the components of the economic development program, City Manager Oliver said the next significant task would be for the City's Economic Development Department to meet with the Heartland Partnership to define roles and responsibilities, which should happen by September. He said there needed to be a clear definition on how this program would work with new business generation and how decisions would be made. He confirmed there would be another Policy Session in the near future to clarify that portion of the program.

Council Member Ardis suggested, as a former small business owner, it may be that in some cases the City needed to do nothing and just leave the small business owner alone to conduct their business. He said many business owners felt the City had a cumbersome process that created additional work for them. He encouraged the Staff to look for ways to make the small business owners' job easier by allowing them to spend more time working in their business. He said another issue that would need to be addressed regarded the role the school district would play in this program. He said there needed to be a stronger sense of value as it related to schools.

City Manager Oliver said there was also a lack of graduate research level education and there was a gap in technical education. He said technical foundation began in the high schools and this was an area that needed to be explored through the City, the EDC and the business community.

Council Member Grayeb pointed out that economic development was not simple. He said the private sector needed to be unleashed, but protection was needed for neighborhoods and historic areas. He said there needed to be a balance and the Council needed to be involved in that balance. He requested to hear comments from Roberta Parks, who had both private sector and government experience in this area, he questioned how the City could be doing a better job to help promote economic development and foster jobs.

Hearing no objections, Mayor Ransburg granted Privilege of the Floor to Ms. Roberta Parks.

Ms. Roberta Parks, COO of the Chamber of Commerce, said she felt the discussion at this meeting was a step in the right direction. She commended the PeoriaCares line that had been recently established, even though it was directed toward the citizens rather than companies. She said customer service and how citizens were addressed when they called or visited City Hall was a big issue. She said government had a clear regulatory role to play in business development, but there needed to be a balance. She said the City's attitude in addressing problems presented by businesses was important. She added that City staff knew how to do their jobs and they should be allowed to do their jobs and find creative solutions. She said the long term benefits of the proposed program would come to all those involved in economic development in the area.

In discussion with Council Member Grayeb regarding how the I-74 upgrade would enhance the area by unleashing economic energy when the project was completed, Director of Public Works Steve Van Winkle said even when simple projects such as sidewalks and curbs were completed, the area was revitalized, so a project like I-74 should spur major economic development in the years to come.

Council Member Gulley said there were several businesses in his district that needed immediate attention and they needed to be placed on a priority list. He indicated he would provide the information to the Staff.

In further discussion with Council Member Gulley, Senior Development Specialist Ben Vyverberg said after they had completed their 200 business contacts in 2004, they would be coming back to the City Council to report the trends that had developed. He said this information would present a picture to the City Council that may not be fully focused on at this point of the program.

In discussion with Council Member Gulley regarding what current programs were in place, Assistant Director of Economic Development Karie Friling explained that there were no current programs in place, which she agreed was a flaw. She said the EDC gathered some of the information but the City did not currently have a tracking system. She said there was a partnership with the EDC and Peoria NEXT for the incubator that would promote growth.

Council Member Gulley said he felt that a new business program needed to be developed so that contacts were made and relationships formed.

City Manager Oliver suggested this would be a good partnership to form with Council Members so the City was aware of what new businesses were coming into the area.

Mayor Ransburg recognized and welcomed County Board Member Phil Salzer who was present in the audience.

Council Member Sandberg expressed concern regarding regulations imposed by the City that discouraged small businesses from establishing their business in the City. He gave an example of a business that planned to develop a space 40 feet by 30 feet, with a coffee shop, but were plagued with regulations regarding handicapped bathrooms, employee bathrooms, and hand sinks within their space area. He said he felt this displayed the fact that the City did not understand what their customers needed at the service level. He gave other examples of regulations that were not customer-friendly. He indicated that unless these types of regulations changed, nothing else would change. He also pointed out businesses who approached the City at their One-Stop Shop meetings, and were discouraged by regulations at that point, were never known to City Council Members.

Council Member Sandberg said he felt that every City employee should be an economic development specialist. He added that the City needed regulations that were flexible and fit the needs, such as the current storm water retention program made good sense for the Fifth District but the same program near the river was a problem. He indicated that this type of inflexibility needed to change. He said the enforcers of the program had to treat the two areas the same unless a majority of the Council changed the regulations.

City Manager Oliver said guidelines needed to be set, but flexibility within those guidelines was also needed. He added he would be glad to discuss specific situations or circumstances.

Council Member Nichting indicated that the City should issue liquor licenses without Health Department approval, which he felt sometimes held up the process. He suggested that the County enforce the Health Department requirements.

City Manager Oliver said he would look into the process.

ADJOURNMENT

Council Member Nichting moved to adjourn the Policy/Workshop Session Regarding Presentation by the Economic Development Council and Presentation by the Economic Development Department for the City of Peoria Regarding Economic Development/Business Retention; seconded by Council Member Turner.

Approved by viva voce vote.

The Policy Session adjourned at 8:38 P.M.

Mary L. Haynes, MMC
City Clerk, Peoria, Illinois

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