

Point: Illinois Jobs Creation

Illinois must start 2010 by embracing a jobs agenda

Jobs. The overriding issue is jobs.

Illinois must start 2010 by embracing a jobs agenda.

The health or demise of the Illinois economy rests upon lawmakers and employers working together to pursue pro-growth policies to restore jobs. If there is to be a renaissance in investment and job growth for our state, employers - the true job creators - deserve more attention and respect from lawmakers. And, employers must step up more often and work harder to engage elected officials in constructive and instructive dialogue about the many challenges to running a successful business in Illinois.

Employers need confidence their business can grow and prosper in Illinois. The anti-business rhetoric from politicians must end and a new era of business friendliness must begin. Job creation and population growth are economic catalysts.

How bad is job loss in Illinois?

October 2009 statistics revealed that more than half of Illinois' 102 counties, including the most populous ones, reported unemployment in excess of 10 percent. Winnebago County (Rockford) reported the highest rate at nearly 16 percent. Nearly 700,000 people were unemployed that month. True unemployment is worse, because those statistics do not reflect people who never collected government

benefits, have exhausted government benefits, have given up the job search or have left the state.

The state has lost 302,100 manufacturing jobs this decade. The departure of those manufacturing jobs no doubt contributed to our status as having the third-worst record for job creation in the nation. Illinois has experienced the outward migration of 750,000 people - third-highest behind only California and New York.

Illinois remains the fifth-largest industrial state and home to numerous dynamic, successful businesses and institutions contributing to a diverse economy that others envy. Unfortunately, the trajectory of many comparative business climate measures has been downhill for years. It is time for a conscious and concerted effort to reverse the slide by focusing on job growth.

What is making the problem worse?

Elected officials and candidates for public office often fail to understand that the best economic safety net is not growing costly government programs. It is jobs.

The recession has been blamed, but much of the current fiscal crisis confronting Illinois governments can be directly attributed to the steady erosion of private-sector employment over the past decade.

Government inattentiveness to employers and failure to acknowledge the economic consequences of adverse political decisions have contributed to disinvestment in our communities. Some employers have packed up and moved to more hospitable locales. Others have chosen to make new investments in other states.

Do elected officials understand they

must support private sector job growth?

President Barack Obama recently acknowledged that the solution for economic recovery and job growth remains with the private sector. He said, "... ultimately true economic recovery is only going to come from the private sector... It is only when the private sector starts to reinvest again, only when our businesses start hiring again and people start spending again and families start seeing improvement in their own lives again that we're going to have the kind of economy that we want. That's the measure of a real economic recovery."

Gov. Pat Quinn also has been saying and doing the right things. He has acknowledged Illinois unemployment numbers are unacceptably high. He repeatedly says how important it is for every able-bodied person in Illinois to be working. The governor has appointed an Economic Recovery Commission and meets with businesspeople who have interests, needs and visions for economic growth in our state.

What should the role of government be in job creation?

Simply put, Illinois government officials should embrace change, adapt to challenges of global competitiveness, promote technological advances and reduce barriers so free enterprise can succeed. Government can create conditions for economic growth by:

- Assuring employers the public's investments in education yield qualified and productive workers.
- Making timely and adequate investment in maintaining

and modernizing the state's transportation, water and telecommunications infrastructure.

- Streamlining and expediting government agency decision making and permitting.
- Paying vendors on time.
- Reducing the cost of doing business in Illinois by realigning taxes, fees, workers' compensation costs and employer mandates.
- Getting out of the business of helping unions organize.
- Aggressively assisting Illinois businesses and institutions in becoming global leaders in research and development, technology, innovation and entrepreneurship.
- Providing opportunities for small business to successfully compete.

What is the call to action for the business community?

We desperately need engaged private sector and community leaders to champion initiatives that put people to work while putting candidates for public office on notice that their attention needs to be on growing jobs, not driving them away.

We cannot say it often enough: **Jobs. The overriding issue is helping the private sector prosper and grow jobs in Illinois.**

Doug Whitley is president and chief executive officer of the Illinois Chamber of Commerce.



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Counterpoint: Illinois Jobs Creation

Jobs, jobs and more jobs: An inventory of ideas

When I was a very small child, I learned an important lesson about the current unemployment situation and business cycle. What I learned is embodied in the phrase "save for a rainy day." This is a phrase that my grandmother and her contemporaries used.

What did she teach me? "Save for" taught me that you need to be prepared for adversity; the "rainy day" indicates the inevitability of adversity. She understood that there were good times and bad times even though she did

not know language like recession and expansion. In short, she taught me that a business cycle exists. Unfortunately, my never learned this lesson, or perhaps, they forgot it.

Major lessons from the recent recession

Lesson One: The business cycle is still alive and well. Twice during the past 60 years we have declared the business cycle defeated. During the 1960s with "fine tuning" fiscal policy and then with the "new economy" we were sure that the business cycle was defeated. I assure you the cycle is alive and well.

Lesson Two: Financial institutions still matter. The soundness of banks, investment institutions and insurance companies is critical to economic well-being.

Lesson Three: There are limits to what we can do and it is still true that "there is no free lunch." Everything we do has a cost, including unwise and misguided behavior such as the subprime mortgage market.

Some unemployment information

1. The U.S. rate of unemployment is in excess of 10.2 percent.
2. The Illinois unemployment rate is 11 percent.
3. Unemployment varies by county in our region: St Clair (10.8 percent), Madison (9.5 percent), Macoupin (9.9 percent), Clinton (7.6 percent) and Washington (8.3 percent).
4. Teenagers have a 26.7 percent rate.
5. The rate for men over 20 is 10.5 percent, but for women is only 7.9 percent.
6. Education helps. For people over 25, the rate is 15 percent with less than high school, 10 percent for high school graduates, but only 5 percent for college graduates.
7. Race is relevant. White, African American and Hispanic rates are 9.3 percent, 15.6 percent and 12.7 percent.

A SWOT analysis

With the prior information in place, the remainder of this discussion is cast as a SWOT analysis - Strengths, Weaknesses, Opportunities and Threats. This planning model permits an organization of the prospects and problems in solving the employment or jobs issue.

Strengths

We have passed through the trough of the recession, the financial crisis is behind us and financial institutions are recovering. As the economy improves, we will continue to rebuild household net

worth. Net worth is still 20 percent below its peak level of October 2007 but far above its low point in March 2009. The U.S. will continue to be a major exporter of various products and services.

Weaknesses

The greatest weakness we have is that about eight million jobs have been lost nationally and almost 1.5 million new workers enter the labor force each year.

Housing and construction are still weak. Commercial real estate could still have problems similar to those seen in residential housing.

The relatively high minimum wage rate certainly increases unemployment among teenagers and other low-skilled workers. The federal rate is \$7.25 and the Illinois rate is \$8 per hour. If these rates are lowered, many young and low-skilled workers would be able to enter the workforce and get jobs.

Opportunities

Job creation is primarily a private-sector activity, where jobs are created in response to increasing demand for products. Employment will grow as business inventories are replenished and as consumers begin to purchase new consumer durables like white goods and autos.

The single-greatest opportunity for the economy is reduced taxes. What is needed is an across-the-board reduction in federal income tax rates for individuals and businesses. Reduction of payroll taxes, investment tax credits and accelerated depreciation will boost demand and promote job growth. Government spending for "roads and bridges" and

other infrastructure projects would generate employment in a direct way.

Threats

The greatest threat to economic recovery is the impatience of those who forgot, or never knew, that improvements in employment lag improvements in productivity and output. Employment will return but only as we move into the upswing of the cycle.

The other major threat to lowering unemployment is missteps in fundamental monetary and fiscal policy. Increases in interest rates, reduced money supply, increased federal taxes and excessive government regulation including health care are the most obvious and serious threats to recovery.

Two other items are potential threats to recovery. Passage of some version of the Employee Free Choice Act could have a chilling effect on small and medium-size business. Additionally, any movement in the direction of protectionism - such as tariff increases or other trade restrictions - is a serious roadblock for a sustained recovery.

Conclusion

If we realize that the business cycle is alive and well, then our normal economic course will lead to job creation and growth. We must play to our strengths and take advantage of our opportunities. At the same time, we must minimize the impact of our weaknesses and avoid the threats. Then we will have jobs, jobs and more jobs.

Frank Spreng is professor of economics and director of the MBA program at McKendree University.

IBJ Business News

Clues joins Horner & Shifrin

Kyle A. Clues has joined Horner & Shifrin's O'Fallon office as an engineer in the structural engineering department.

BARBERMurphy's Zuber earns SIOR designation

Steve Zuber of the BARBERMurphy Group has achieved the SIOR - Industrial Specialist Designation awarded by the Society of Industrial and Office Realtors. Individuals who earn their SIOR designation adhere to the highest levels of accountability and ethical standards. Only the industry's

top professionals qualify for the SIOR. Today there are 3,000 SIOR members in 580 markets throughout 26 countries.

UMB breaks ground on Collinsville's first sustainable building

UMB Bank broke ground Dec. 10 on its future Collinsville headquarters. The structure will be the city's first sustainable building. The LEED certification is a nationally-recognized designation that verifies the facility follows sustainable practices during construction as well as when it is fully operational.

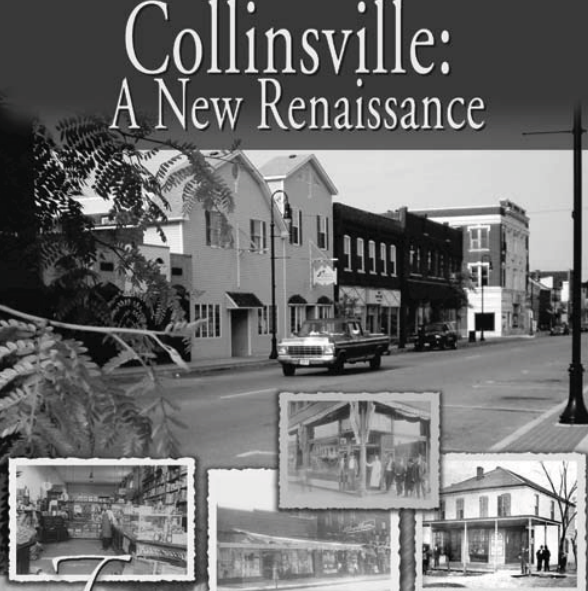
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Collinsville: A New Renaissance



Today, downtown Collinsville is in the midst of a renaissance, rebirth and redevelopment campaign that is creating new opportunities for shops, restaurants, businesses and entertainment venues. (Recent improvements to the streetscape have further enhanced the area named 'Best Improved Main Street in Illinois' in 2003 by the State.) The downtown district is home to Collinsville's public library, a newly restored D.D. Collins house, the MCT Transfer station, a post office, a new city museum, a restored historic theater, historic city hall, township building, senior citizens center, schools, professional offices, retail establishments, unique restaurants and churches.

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2009 Year in Review: Southwestern Illinois Developments

IBJ rolls out Southwestern Illinois 2009 Development Year in Review

Welcome to the January 2010 edition of the *Illinois Business Journal*. It's our privilege to take you on an editorial tour

of just some of the highpoints in development during year 2009.

This edition of the journal - our 112th - contains brief spotlight features on an array of public and

private-sector projects that were under construction or reached completion by the close of 2009.



Beiser

It was a tough task, choosing which projects to feature. But isn't it great that, despite sluggish economic conditions, we have an abundance of projects in the works to choose from? It's amazing to us, particularly during these times - when much of the nation is at a development standstill - that Southwestern Illinois continues to move forward with viable projects. It's also refreshing to realize that more than nine years and 100-plus editions later, the *Illinois Business Journal* has a wealth of positive, ongoing business development news to report about Southwestern Illinois.

It's also an example of the long-term, professional relationships between our public and private sectors. Mega-

projects such as Prairie State Energy Campus (see spotlight on page 18) are being accomplished through efficient coordination, hard work and a visionary approach to Southwestern Illinois' future needs.

The number of significant developments taking shape in Granite City, in the heart of the American Bottom, is noticeable both during 2009 and in the year ahead (see story on page 5 and spotlights on pages 14 and 15). Particularly during a time when development is slower even in the bluff communities across the region, Granite City's economic development pipeline is remarkably full.

Collinsville is another American

Bottom city blessed by substantial development and redevelopment (see story on page 4 and spotlights on page 11). Collinsville's pro-business, pro-development stance - and its reputation among developers as being easy to work with - continues to produce more projects there.

We hope you enjoy this January "Year in Review" edition. Happy 2010. May the quality development continue. And may economic conditions improve so development in our region will not only continue, but thrive.

Kerry L. Beiser
President and CEO
Illinois Business Journal

Community Counseling Center, Alton

By **KERRY L. BEISER**

The Community Counseling Center in Alton - a \$7 million project being built by Contegra Construction Co. - is a brick and mortar example of how Madison County has been successful in using Illinois' New Markets Tax Credits Program.

The three-story, 37,500-square-foot facility, scheduled to be completed in May 2010, will be the new Alton headquarters for the agency. Community Counseling has offered a broad spectrum of mental health services to low-income families and individuals in Madison County since 1959. Its services include screening, assessment, counseling, psychiatric treatment, outpatient substance abuse treatment, 24-hour crisis intervention/suicide prevention, in-home services to senior citizens and their caregivers coping with depression and dementia, diversion programs in

coordination with Madison County courts and assistance for families with children with emotional disturbances.

The CCC has been operating in a former church and another facility, with staff split between the buildings.

The federal New Markets Tax Credit Program was enacted by Congress in 2000. It permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities. Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39 percent of the cost of the investment, and is claimed over a seven-year credit allowance period.

In 2009, Illinois joined a growing number of states in enacting its own New



Market Tax Credit Program to match the federal NMTCs.

Anne Tyree, development manager of Community Counseling, credits Madison County Community Development and the National Development Council for providing the necessary expertise that enabled the agency to tap into new markets tax credits funding. The NDC had an allocation of NMTCs and agreed

to provide \$5 million in credits for the CCC project, which will generate about \$2.5 million in cash. Community Counseling was able to provide \$2.5 million in its own funds; Madison County Community Development worked to help CCC fill the remaining funding gap by procuring a HUD 108 loan from the U.S. Dept. of Housing and Urban Development.

Power Maintenance & Constructors LLC, Belleville

By **KERRY L. BEISER**

Power Maintenance & Constructors LLC - the primary maintenance contractor for electricity producer Dynege Inc. for over a decade - has a new office/warehouse headquarters in Belleville.

Built by Fairview Heights-based IMPACT Strategies Inc., the 25,000-square-foot facility - 10,000 square feet of office and 15,000 square feet of warehouse - celebrates its grand opening this month.

IMPACT Strategies president Mark Hinrichs says PMC oversees maintenance services at five Dynege plants including the Baldwin Energy Complex in Randolph County and the Wood River Power Station in Alton.

The \$2.2 million project broke ground in mid June, according to Hinrichs, and was completed in December, on schedule and nearly 7 percent under budget. IMPACT worked in tandem with architect Gray

Design Group Inc. of St. Louis.

Serving as a conduit to the trades, Power Maintenance & Constructors had outgrown its existing Belleville facility on N. 17th Street. The company employs some 400 people.

The company's new facility is located on one of the last available pieces of ground in Belle Valley Industrial Park's phase two development. The city of Belleville is actively pursuing funding for phase three expansion of the park.

Tilt-up construction is a distinct feature inherent in PMC's new building, according to Hinrichs. Gray Design and IMPACT Strategies' tilt-up motif can also be seen in other Southwestern Illinois-based projects including the Sanford-Brown College campus in Collinsville, which IMPACT completed in 2004.

PMC's work in Belleville includes boiler installation and erection/commissioning,



general engineering, carpentry services, industrial instrument installation, instrumentation system installation, contract labor, pipe instrumentation and electrical contract fitting services, air turbine installation, wrought ironworkers and other ironwork.

Another project IMPACT Strategies completed in 2009 is the Hospice of Southern Illinois' new community hospice

home in Edwardsville. The site is the only residential hospice facility for the care of terminally ill patients in the state of Illinois, south of Interstate 80. IMPACT built the facility on a 17-acre site near Illinois Rte. 143 and Marine Road. White & Borgognoni Architects PC provided design services. The 16-room building spans 20,600 square feet and was completed last fall at a total cost of \$7 million.



Maryville Professional Building
Maryville, IL



Vatterott College
Fairview Heights, IL



Residence For Hospice of Southern Illinois
Edwardsville, IL



Belleville East High School Renovations
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2009 Year in Review: Southwestern Illinois Developments

St. Louis Downtown Airport New Fire Station, Cahokia

By KATE GENO

Construction on the brand-new fire station for St. Louis Downtown Airport in Cahokia began in July and is slated for a June 2010 completion.

The airport established its own specially equipped and dedicated fire department in July 2008. Since that time, the department has been functioning out of a temporary aircraft hangar with an RV camper as its administration center. Funds from the American Recovery and Reinvestment Act enabled the airport to draw up plans for the new fire station.

The two-story building will total 15,500 square feet with a construction budget of \$3.9 million. Three equipment bays spanning 5,500 square feet will accompany a 10,000-square-foot administration facility. Living quarters for the four firefighters

on staff will be located on the second level with an attached living room and exercise room. The lower level will consist of offices, the operations center and the equipment bays.

The design of the building, completed by Hanson Professional Services Inc., is meant to reflect a vintage fire station style. There will be bright red doors and windows with a brick façade.

According to airport director Bob McDaniel, the station will possess state-of-the-art emergency communication capabilities that tie in directly with the airport traffic control tower. When the tower sounds an alarm, only three minutes are allotted for the fire truck to leave the station and get to the most remote part of the airport. As a result, the central location of the new fire station was an



important decision.

The station will be outfitted with an energy-efficient automated system, meaning that when an alarm sounds, the station doors open automatically, the heat shuts off and a broadcast signal comes in directing the firefighters to the exact location of the emergency. Back-up power will also allow

the station to stay operational despite severe weather or other disturbances.

Poettker Construction Co. of Breese is the general contractor on the project. McDaniel says construction is progressing on schedule and the building should be closed off by early January to allow work throughout the winter.

Doubletree Hotel & Porter's Steakhouse, Collinsville

By KERRY L. BEISER

A total of \$9 million in major renovations were completed in April 2009 to what is now the Doubletree Hotel, site of the former Holiday Inn, in Collinsville. The massive project also included renovation of the adjacent Porter's Steakhouse, a popular destination for business guests.

With the purchase of this hotel, owner Lodging Hospitality Management now owns 12 hotel properties across the greater St. Louis area.

LHM president and chief executive officer Steve O'Loughlin says one of the company's strongest fortes is taking a property and re-energizing it by doing a spectacular renovation.

The redesign and renovation of the former Holiday Inn included removing the fire pit in the lobby to make room for a different type of a fitness experience. O'Loughlin says that if a hotel is equipped with a fitness center in a converted guest room and only have a couple of pieces of equipment, it just doesn't get used. LHM's redesign of generous square footage that was formerly being used solely as a lobby but now has an extensive fitness is one of the reasons the Doubletree is a major draw to business travelers.

Opening up the bar area and improving the flow of traffic to Porter's has attracted in-house guests and dinner/entertainment seekers from the local community.

Porter's Steakhouse's upscale redo includes local sports memorabilia and nostalgic photos adorning the walls,



as well as a breakfast buffet and a new fireplace. Doubletree Collinsville's guest rooms carry the theme of the city's eye-

catching, giant ketchup bottle. The Doubletree Hotel is run by general manager Stacy Cutler.

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