



# ECONOMIC VITALITY

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## FINDINGS AND KEY QUESTIONS

### Findings

- While the Town and the BN metro area have always enjoyed a stable economy, recent changes such as the closure of Mitsubishi Motors and the expansion of State Farm in other markets pose challenges to the local economy. Lackluster construction permit activity in the metro area is yet another indication of the regional economic challenges. To address these challenges, the community banded together to create a regional economic development strategy called BN Advantage. The Town of Normal, City of Bloomington, and McLean County adopted this strategy in 2015 and are actively working toward its implementation.
- BN Advantage recommends the following five sectors as suitable targets for the region: Entrepreneurship, Information Communication and Technology, Agribusiness/Food Processing, Transportation and Logistics, and Advanced Business Services. It particularly emphasizes the importance of entrepreneurship in diversifying the local economy. Entrepreneurship is not a sector, but rather an overarching community culture that is critical to grow and sustain businesses in all sectors.
- The land use and infrastructure needs for industries within these target sectors vary greatly. Some businesses, especially startups and smaller businesses, are infill-capable and thrive in mixed-use urban environments that are walkable, bikable, and accessible by public transportation. Others require large acreages, adjacency to complementary uses, and connections to major transportation networks like highways and railroads. Regardless of the type and scale of business, all businesses need access to up-to-date technology infrastructure.
- The Town's revenue sources are fairly diverse. Sales taxes are by far the largest revenue source, bringing in a little over 21% of the Town's revenue. The property tax accounted for about 11% of the Town's revenue. Normal's property tax rate is the lowest among the seven largest downstate cities in Illinois.
- There are nearly 1,000 acres of vacant land zoned for commercial, office, and industrial purposes within the Town's corporate limits. The vacant land and the Town's many underutilized properties, including the recently vacated Mitsubishi Motors site and vacant properties under institutional ownership, represent opportunities for commercial, office and industrial development.

### Key Questions

- How can land use and the comprehensive planning efforts complement the BN Advantage strategy? What types of housing, transportation choices, public spaces, cultural offerings, and amenities do we need to attract and retain qualified workers?
- The land, building, and infrastructure needs of businesses within the targeted sectors vary greatly. Normal is positioned well to accommodate most of them, but which industries best embrace the Town's core values? How can the Town position itself to attract those most suitable to locate here?
- What should economic development incentives look like in this knowledge-based, 21st-century economy? Can economic incentives also be used to further broader community goals such as smart growth? How can they be used to foster retail development without creating undue competition with the neighboring communities?

Throughout its history, Normal and the BN metro region have enjoyed a growing and vibrant economy. Major employers, a strategic location in the state, access to broader markets, a talented workforce, and superior quality of life amenities have all contributed to that success. However, the regional economy is beginning to face some challenges. Issues such as State Farm's (the top employer in the community) expansion in other markets and the closure of the Mitsubishi plant in 2015 are undoubtedly topics of immediate concern, but the region's ability to adapt to the changing, globalized, and knowledge-based 21st-century economy is a much broader and longer-term priority.

At this critical juncture, many public and private, local and regional, for-profit and nonprofit entities in the Bloomington-Normal metro region have banded together to create and implement a unified regional economic development strategy called BN Advantage. The first half of this chapter briefly discusses the structure of BN Advantage, with a particular focus on the land use and infrastructure needs of the targeted sectors. The second half of the chapter is a brief discussion on the Town's economic profile including its revenues and expenses, tax base, availability of commercial and industrial properties, redevelopment activities, and other indicators of the Town's readiness to accommodate growth.

This baseline assessment makes it clear that Town of Normal is positioned well to accommodate the targeted sectors of BN Advantage. The visioning process, scheduled to begin in April 2016, will help further define the target businesses or industry sectors that best embrace the Town's core values and meet its long-term vision.

## BN ADVANTAGE: A REGIONAL ECONOMIC DEVELOPMENT STRATEGY

In response to the changes in the BN metro area economy, five regional agencies

(Bloomington-Normal Economic Development Council, McLean County Chamber of Commerce, McLean County Regional Planning Commission, Central Illinois Regional Airport, and Convention and Visitors Bureau) commissioned a joint study in 2014 to formulate a future economic development strategy for the region. The study was completed in fall 2015 by IO, Inc., and the strategy was subsequently branded "BN Advantage."

BN Advantage highlighted many of the region's enviable economic assets, such as the presence of major corporations, universities, medical institutions, a productive agriculture base, a young and talented workforce, high median incomes, and superior quality of life amenities. However, it also pointed out the overreliance on a few large employers and the long-term challenges likely to result from that overreliance (which the community has already started to witness). It emphasized the need to diversify the economy.

To further that goal, industries best suited to our region were identified based on a number of qualitative and quantitative factors, such as the area's high quality of life, regional and state economic growth, average wages, location quotients (LQs)<sup>(4.1)</sup>, and the growth rate of a given sector. The target industries are:

1. Entrepreneurship
2. Information Communications and Technology
  - McLean County LQ: 0.92 (IL: 1.01)
  - Educational requirements: Bachelor's to Graduate Degree
3. Agribusiness/Food Processing
  - McLean County LQ: 1.43 (IL: 0.76)
  - Educational requirements: HS Diploma to Graduate Degree
4. Transportation and Logistics
  - McLean County LQ: 0.81 (IL: 1.36)
  - Educational requirements: HS Diploma to Associate's Degree
5. Advanced Business Services (ABS)

## Related Definitions

**4.1. LQ or Location Quotient** is a statistic that measures a region's industrial specialization relative to the nation as a whole. For example, an LQ of below 1.0 means that the region has a lower concentration of that industry than the nation; an LQ above 1.0 means that the region's concentra-

tion is higher than the nation's.

**4.2. Shared Services** is a way of organizing administrative functions to optimize the delivery of cost-effective, flexible, reliable services in a business environment.

## SNAPSHOT OF SELECT ECONOMIC ASSETS

SOURCE BN ADVANTAGE REPORT

### DEMOGRAPHICS

**32.2**  
MEDIAN  
AGE

**\$62,089**  
MEDIAN HOUSEHOLD  
INCOME

**\$30,460**  
PER CAPITA  
INCOME

Strengths include low median age, above average income levels and a trend towards increasing household and per capita incomes.

**4**  
HIGHER EDUCATION  
INSTITUTIONS

**49%**  
WITH ASSOCIATES  
DEGREE OR HIGHER

**77%**  
LABOR FORCE  
PARTICIPATION RATE

### WORK FORCE

Workforce strengths include high educational attainment with a large share of residents in management and financial occupations that offer competitive wages.

### EMPLOYMENT

**44%**  
EARN MORE THAN  
\$3,333/MO

**179,100**  
TOTAL JOBS  
PROJECTED BY 2040 IN THE METRO AREA

**1.5%**  
ANNUAL EMPLOYMENT  
GROWTH RATE

Strengths include above average long-term employment growth projections, and an above average earnings profile for the resident workforce relative to comparable areas.

**1**  
REGIONAL AIRPORT  
WITH 9 DAILY DEPARTURES AND 8 NON-STOP  
DESTINATIONS

**2**  
CLASS ONE  
RAIL CARRIERS

**3**  
INTERSTATES  
I-39, I-55, I-74

### MARKET ACCESS

Strengths include local access to multiple interstates and rail carriers; excellent connections to major freight centers in Chicago and St. Louis; and a regional airport with non-stop service to major destinations in the Midwest and Southeast.

### REAL ESTATE

**\$13/sq. ft.**  
OFFICE/BUSINESS  
PARK

**\$3.5/sq. ft.**  
INDUSTRIAL

**102.7**  
CONSTRUCTION COST INDEX  
(NATIONAL AVG 100)

Strengths include a good inventory of for-lease space for smaller users, comparable office and industrial lease rates, and lower construction costs relative to the Chicagoland area

(Construction Index of Chicago Land Area is 117.2).

- a) Financial and Insurance Services
  - McLean County LQ: 7.13 (IL: 1.18)
  - Educational requirements: Bachelor's to Graduate Degree
- b) Shared Services<sup>(4.2)</sup>
  - McLean County LQ: 0.22 (IL: 1.34)
  - Educational requirements: Bachelor's to Graduate Degree

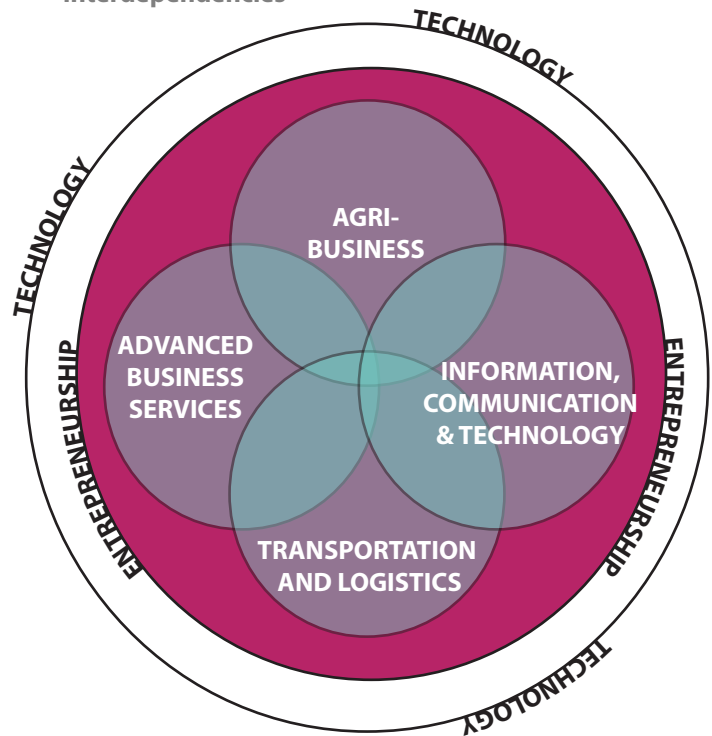
As illustrated in Figure 1.4.1, these sectors are not mutually exclusive. LQs for Agribusiness and the Financial and Insurance sectors are greater than 1, reflecting high concentrations of those businesses in McLean County, while ICT, Shared Services, Transportation and Logistics are less concentrated. Education requirements vary; while some targeted industries require Bachelors degrees or higher, others are open to workers with a broader spectrum of education levels.

It is important to note that entrepreneurship is not a sector, but rather an overarching community culture that is critical to grow and sustain businesses within the targeted sectors and beyond. Likewise, almost all 21st Century industry growth, regardless of sector, is tied to technology (availability, cost, reliability, and speed).

BN Advantage urged the community to move forward swiftly and proposed a framework for implementation (see Figure 1.4.2) with many actionable items over the short, medium and long terms. Metrics were also developed to assess its progress over time.

Upon its completion, BN Advantage was officially adopted by the Normal and Bloomington Councils and the County Board as the economic strategy for the region. Over 100 private, public, civic and educational leaders are serving on the Leadership Council or one of several Task Forces assigned to particular aspects of economic development. This unified action, taken within less than

**Figure 1.4.1. BN Advantage target sectors and their interdependencies**



six months of the plan's completion, is a testament to the community's commitment to economic growth and vibrancy.

So as not to duplicate the efforts of the aforementioned Task Forces, this chapter does not cover many of the topics usually discussed in the economic development chapters of a comprehensive plan—trends in employment, median wages, workforce issues, etc. Instead, it provides a preliminary understanding of the physical needs—land, buildings, and infrastructure—of businesses in the targeted industries. This information helps provide an understanding of the community's ability to accommodate forthcoming changes and to plan ahead to do so in a fiscally sustainable manner.

Each targeted sector has been analyzed separately to understand its unique needs. An examination of these needs together will reveal that

**Figure 1.4.2. BN Advantage implementation framework**



some businesses, especially startups and smaller businesses, are infill-capable and thrive in mixed-use urban environments that are walkable, bikable and accessible by public transportation. Others require large acreages, adjacency to complementary uses, and connections to major transportation networks like highways and railroads. These different land use requirements can conflict without proper planning.

Regardless of the type and scale of business, all businesses need access to technology infrastructure. Access to up-to-date technology, undoubtedly a moving target, is key to the success of existing and emerging enterprise.

ENTREPRENEURSHIP

Pointing to the more than 12% of area jobs provided by large employers, compared to 2% found in many regions in the United States, BN Advantage proposed entrepreneurship as a means to diversify the Bloomington-Normal economy. Unlike the other sectors, entrepreneurship is not a sector in and of itself. Rather, entrepreneurs are innovators, leaders and risk takers who are at the forefront of technological and social movements and startup businesses within their respective sectors. Entrepreneurs come in various sizes (see Table 1.4.1) and have varying needs.

One of the most important building blocks to fostering entrepreneurship in a community is its ability to enable a strong, supportive ecosystem. Factors such as finance, business support, policy, markets, human capital, R&D, infrastructure, and the culture of the community help determine the overall success rate of entrepreneurship in a given community.

BN Advantage highlights the rather lackluster startup activity in the region. A dedicated task force for entrepreneurship is addressing this

Table 1.4.1: Stages of entrepreneurship

- 1. Sole proprietor: 1 employee
- 2. Stage 1 Firms: 2 to 9 employees
- 3. Stage 2 Firms: 10 to 99 employees
- 4. Stage 3 Firms: 100 to 499 employees
- 5. Stage 4 Firms: 500 or more employees

Source: YourEconomy.Org

deficiency. Led by the Bloomington-Normal Economic Development Corporation (EDC), this task force is working toward identifying strengths and challenges in an effort to support the entrepreneurial ecosystem in the BN metro region. The work of this task force is crucial to cultivating the culture of entrepreneurship needed to take advantage of the burgeoning array of technologies expected to arrive over the next 20 years.

Successful Startup Communities

The American Planning Association, in its PAS Memo dated July/August 2015, identified four common threads in communities that have had success in facilitating “startup communities” with an entrepreneurial culture: urban placemaking, innovative land use planning, future-oriented thinking, and collaborative action. These are inherently intertwined and mutually reinforcing (see Figure 1.4.3).

- *Urban placemaking* is the formation of a unique identity and feel (a “sense of place”) that makes an area stand out as more than just another neighborhood or office park.
- *Innovations in land use planning* allow for impressive but human-scale architecture; mixed-use development to create dense, livable neighborhoods that integrate residential, commercial, cultural, institutional, and other uses; infrastructure that accommodates pedestrians, cyclists, and buses; and well-designed public spaces. All of these amenities work together to provide a framework for making



Figure 1.4.3. Planning framework for startup communities  
Source: PAS Memo dated July/August 2015; Credit: Lucas Lindsey

a place attractive to both entrepreneurs and their potential employees—especially young people, who tend to seek out vibrant urban environments with these characteristics.

- While increasing the number of startups in the community is a viable and useful short-term goal, *future-oriented thinking* is needed to make sure that nascent businesses have the support they need to move beyond sole proprietorship. As enterprises grow, their needs will vary significantly. For example, a sole proprietor may be able to have informal meetings in a coffee shop or a park; a stage two business (10-99 employees), on the other hand, will likely need a larger, dedicated space, and may prefer to locate in a distinctive business district with unique architecture, well-designed streets, and public places.

Successful startup communities exhibit patience and a willingness to make long-term investments. *Collaborative action* among all parties—public and nonprofit organizations, the business community, and residents—ensures that everyone is working toward these

goals and everyone understands their stake in the outcome.

## Planning Considerations for Entrepreneurship

Local governments play varying roles in enabling small business growth in their communities. Some review and update their antiquated zoning ordinances to ensure they are not stifling growth. This may be in the form of updating regulations on home-based businesses and other types of live-work arrangements, or adding new definitions and use permissions for pop-up retail<sup>(4.6)</sup>, flex space, and small-scale manufacturing facilities. Others are choosing to invest in publicly owned incubators<sup>(4.3)</sup>, accelerators<sup>(4.4)</sup>, co-working spaces<sup>(4.5)</sup> (such as the Town's investment in Slingshot), community kitchens (see Agribusiness), or open workshops ("makerspaces") to help entrepreneurs with what could otherwise be prohibitive costs in the early stages of their businesses.

In recent decades, "innovation districts" have become popular in a number of urban areas around the country. As defined by the Brookings Institution, these are "geographic areas where

## Related Definitions

**4.3. Business incubators** support entrepreneurs in a variety of ways. Business incubators offer mentoring, networking, management training, coworking spaces, and technical assistance to help entrepreneurs. Incubators work with businesses at a wide variety of levels of advancement, including some fledgling businesses that have not fully fleshed out their ideas. As a result, they operate under a wide variety of timelines, sometimes spending only a few weeks and sometimes over a year with a single business. Over 90% of incubators are run by governments, academic institutions, and nonprofits for the purpose of job creation and other economic development goals, though a few are for-profit businesses. About 20% take an equity stake in the businesses they assist, with for-profit incubators being particularly likely to do so.

**4.4. Accelerators** offer equity investment financing and a short (a few weeks to a few months), intense, "boot camp"-esque environment in which entrepreneurs develop existing ideas into solid business models with the help of mentors and gain access to vital networks. Accelerators tend to focus more on businesses that are already past the initial stages of development, and the most famous and successful (such as Y Combinator) are extremely selective about the businesses they accept into their programs. Some accelerators operate as nonprofits, though in general accelerators are more likely to have profit motives than business incubators.

**4.5. Coworking centers** are traditionally part of the business incubator model; as standalone entities, they are a relatively new phenomenon, and most have been founded since the Great Recession. Coworking centers are office environments in which "solopreneurs"—both aspiring and established entrepreneurs who have no or few other employees—share the costs of offices, conference rooms, IT systems, and other facilities that are cost-prohibitive for many startups. Users benefit not only from these physical features but from being able to exchange ideas with other entrepreneurs. Many coworking centers, including Slingshot in Normal, have both formal and informal connections to investors who see opportunities in these aggregations of talent.

**4.6. The pop-up economy** typically manifests itself as a shop or an event, although its uses go beyond these. A pop-up shop is typically a business that occupies a vacant storefront or a parking lot for a limited time. It can be a retail shop, restaurant or an art gallery. Pop-up shops give local entrepreneurs and artists a venue to test their product and the market. Pop-up events are often one-offs executed with small budgets and held in unusual or nontraditional locations to showcase those locations (e.g. particular neighborhoods or buildings). Pop-up planning, a way of implementing new ideas within the public realm temporarily, has also become very common.

leading-edge anchor institutions and companies cluster and connect with startups, business incubators and accelerators. They are also physically compact, transit-accessible, and technically-wired and offer mixed-use housing, office, and retail.” They often include shared physical spaces such as coworking and public meeting facilities to encourage collaboration and the exchange of ideas. Some have formed more or less organically; most, however, are the result of intensive, collaborative planning between local governments, businesses, and institutions.

Another model, which has become more common since the recession in 2009, is the “pop-up economy<sup>(4,6)</sup>”. The ability to offset risk in a variety of ways has made the pop-up economy attractive to entrepreneurs, especially retailers, restaurateurs and artists. Pop-ups are typically located where there is demand (foot traffic). They typically start out as e-commerce ventures before becoming pop-ups.

These temporary retail spaces improve sales tax revenues for local governments but come with their own set of complications. Traditional brick-and-mortar stores frequently disapprove of these establishments and claim that they have an undue advantage. Communities across the United States are trying to strike a balance between regulation and facilitation of these enterprises.

## **INFORMATION, COMMUNICATIONS AND TECHNOLOGY**

The BN metro area has distinctive attributes that directly align with the locational requirements of this sector. These include:

- Access to a talent pipeline and educational opportunities.
- Multi-functional transportation networks that include highways, air, passenger and rail service.
- Attractive quality of life amenities that include schools, recreational opportunities and cultural attractions.
- 

Target businesses within this sector fall into the following subsectors: Computer Systems Design (CSD) and Related Services, Custom Computer Programming Services, and Datacenters.

**CSD and Related Services** integrate hardware, software, and communications technology services, including office automation, LAN management, and design.

### **Custom Computer Programming Services**

**(CCPS)** is a very software-specific subsector. Establishments in this industry are engaged in writing, modifying, testing and supporting software.

The growth in these two subsectors is tied to other targeted industries that are increasingly reliant on technology. The costly and specialized nature these services make them great candidates for outsourcing, preferably to businesses located within the same community.

While these sub-sectors have both large and small firms, the majority are small. In 2014, about 78% of CCPS establishments employed five or fewer people. Most of these small establishments are startups hoping to capitalize on a specific market niche.

Workers in these sub-sectors tend to be young, college-educated, and in possession of up-to-date technological skills. Those who start their own companies often have experience at larger firms and have the knowledge base, networks, and business know-how to develop their own startups. These startups often provide support services to the entrepreneur’s former employer or a similar client base.

The availability of clean and quiet office spaces, the ability to work on-site at the end client’s facilities, and the ability to link remotely to the client’s computers (which is facilitated by high-quality telecommunications infrastructure) are all important factors in where such firms locate and thrive.

**Datacenters** are the physical facilities used by enterprises to house computer, server and networking systems and components for the company’s IT needs, which typically involve storing, processing, and serving large amounts of mission-critical data to clients in a client/server architecture. In order to achieve as close to 100% uptime as possible, datacenters usually require extensive redundant or backup power supply systems, cooling systems, networking connections, and policy-based security

systems. There are two types of datacenters: retail or colocation centers<sup>(4.7)</sup> and cloud computing services<sup>(4.8)</sup>. There are many differences in technological offerings between these two, but the land use planning considerations are similar. While datacenters do not generate huge employment gains, they bring high-paying jobs and contribute greatly to property taxes.

#### *Location criteria*

a) **Environment:** A weather-resilient building (thick walls, secure foundations, and closed roofs without skylights or other openings) is of course important, but ideally a datacenter would be situated in a location where the incidence of severe weather or natural disasters is minimal—for instance, outside of floodplains and far away from fault lines. Cool weather that minimizes cooling costs is also a plus.

b) **Utilities:**

- **Electric power** (availability, cost, and redundancy): Datacenters require a great deal of power to run equipment. Access to more than one power grid enhances a potential location's profile. The maturity of the grid and fuel mix are also part of the consideration.
- **Telecommunications infrastructure** (availability, cost, and redundancy): Since telecommunications infrastructure is critical to datacenter operations, redundancy of infrastructure and multiple carriers are vital to minimize risk.

c) **Construction and operating costs:** Datacenter projects have the potential for high construction costs. Property tax rates can also have a profound impact on the location of a datacenter facility. The initial capital investment to construct and equip a datacenter, along with ongoing operating expenses (led by energy costs and property taxes), are



#### **Related Definitions**

**4.7. Retail or colocation datacenters** house many companies simultaneously. Companies lease space for IT equipment in flexible increments: by the rack or partial rack/cabinet. In other words, these are outsourced locations for companies' own hardware or software.

**4.8. Cloud computing** is the latest technological revolution in data storage and services. A cloud provides turnkey solutions with managed services, the hardware, and the software for a monthly fee.

significantly higher than for most other types of facility projects. This results in operating expenses being near the top of the list of site selection criteria.

Illinois has 79 colocation datacenters, 73 of which are in the Chicago area. There are two local colocation datacenters. A concentration of two datacenters in a relatively small market like Bloomington-Normal is noteworthy.

#### *Local datacenter managers say...*

- Access to existing office space, weather resistant building options, the availability of critical infrastructure, and relatively low maintenance costs all played a role in their choice of location in Bloomington-Normal.
- Both datacenters have significant room to grow (over 90% availability). While this is not financially detrimental to their business model, they hope to see a higher demand for their space and services.
- Obstacles cited for potential growth in this area included marketing and "lagging last mile" fiber connectivity issues, particularly to smaller businesses (their target clientele).

#### **Planning considerations for ICT**

- **Infrastructure:** In the 21st-century economy, in which many businesses are born in the cloud, access to high-speed Internet is not a luxury but critical infrastructure. The speed, quality, reliability, choice, and cost of broadband are key considerations within this sector. While there are many providers offering high-speed fiber in the BN metro area, the same quality fiber availability to end users such as small businesses or residences is lacking. This lagging last mile is a critical infrastructure issue that needs to be addressed in order for businesses in this sector to thrive.
- **Entrepreneurial ecosystem:** With the majority of firms employing five or fewer people, this sector has a high concentration of small to mid-size firms. Availability of clean and quiet office space and an entrepreneurial ecosystem are key to the success of these sectors.
- **Urban environments:** In recent years, this industry has begun to thrive in mixed-use urban

environments (such as Uptown) rather than isolated office complexes.

#### *Additional considerations for datacenters*

- **Marketing:** Datacenters tend to cluster with other datacenters. Bloomington-Normal's profile as a datacenter hub needs to be elevated for existing datacenters to thrive and for new ones to locate here. BN Advantage identified the need to attract a large, name-brand datacenter to the region.
- **Land use and zoning considerations:** These establishments can be noisy (depending on the size and design), and are typically located away from residential uses in intense commercial or light industrial zones.

### **AGRIBUSINESS**

"Agribusiness" refers to any businesses involving farming and farm products (inputs, production or outputs). McLean County is a natural fit for a strong agribusiness sector. McLean County's advantages in this sector include:

- A long-established agricultural history
- A regional agriculture-based talent pool
- Multi-faceted transportation facilities that can easily tap into national and worldwide markets
- The presence of established educational facilities considered national and world leaders in agricultural education, both in the community and within an hour's drive

Noting McLean County's lead role in the state as a corn and soybean producer, BN Advantage urges support for this industry, including funding for improvements to roads, bridges and other transportation infrastructure, a lynchpin of growth and prosperity for this and other sectors. Along with supporting commodity production, BN Advantage identifies sub-sectors for targeted growth in the county: food processing and distribution, local food system, and agricultural biosciences (precision ag, renewable energy).

**Food processing**, in simple terms, is the transformation of raw ingredients, by physical or chemical means, into food, or of food into other forms. Processed foods can be placed on a continuum that

ranges from minimally processed items such as bread to more complex preparations. Similarly, the food processing industry can range from a small operation washing and packing salad greens to a major operation preparing "ready-to-eat" foods such as cereals or carbonated beverages.

Businesses producing food at the "minimal" end of the food processing continuum might include home-based "cottage food" operations that produce baked goods, jams, etc. on a small scale. (The Illinois Cottage Food Operation Act allows certain types of foods prepared at home to be sold at local farmers' markets, though there are limits on the amount of sales revenue cottage food producers are permitted to take in.)

Value-added agriculture generally entails changing a raw agricultural product into something new through cooling, drying, extracting, or any other process that adds value to the original raw commodity. This can be understood as the next level on the food processing continuum. Examples in McLean County include Ropp Jersey Cheese, the DESTIHL restaurant and microbrewery, Rader Farms, and White Oak Vineyards. Value-added agriculture typically targets niche markets where smaller farmers can be most successful.

Both cottage food producers and small- to medium-scale value-added agriculture businesses face the same general challenges other entrepreneurs face, including organizing, marketing their businesses, obtaining financial assistance, and navigating the regulatory environment. In addition, these businesses need facilities to safely process, pack, and label their products to support their growth.

Finally, the "highly processed" end of the continuum includes large businesses in which processed foods are designed and mass-produced as industrial products. These enterprises are not engaged in farming, though they use farm products as raw materials. Many have their own research and development operations and use technology to achieve certain flavors, shelf stability, or other desirable qualities.

These enterprises are essentially manufacturers and thus have different needs from smaller food processors. As research in agriculture continues to grow, many new products are being developed using corn, beans, and livestock as raw

materials (all of which can be found in McLean County). Several major food manufacturers are located in the state of Illinois. As evidenced by the presence of prosperous food manufacturers such as Nestle USA, McLean County has the ability to attract new food manufactures to the county. BN Advantage recommends focusing on meat/poultry processing, snacks that use corn and soy products, confectionery, and other food manufacturing to build on this existing cluster.

*Location criteria for food processing or manufacturing:* The International City/County Management Association (ICMA) has published the following guidelines for making a community appealing to this industry.

- Site requirements: a quality industrial park with light industrial neighboring uses, good highway accessibility, an assortment of rail and non-rail properties, third-party cold storage facilities, and the presence of other food processors in the area.
- Utility requirements: a nearby electricity substation with excess capacity; natural gas lines at property boundaries; quality, reliable water

with strong pressure and excess capacity for potential expansion; and a sewer system with the capacity to accept high volumes of effluent and room for potential expansion.

Like other industries, the food processing industry is facing increasing costs of doing business. Water and wastewater treatment costs, energy costs, and available incentives all play a role in their site selection processes.

**Local Food System:** From jobs to community development to health and quality of life, local food offers many important community benefits. According to the US Department of Agriculture (USDA), there is no consensus on what constitutes a “local food system” in terms of the geographic distance between production and consumption. But defining “local” based on marketing arrangements, such as farmers selling directly to consumers, is well recognized.

The Leopold Center for Sustainable Agriculture at Iowa State University identified local food systems as one of the fastest-growing, most promising markets in agriculture. BN Advantage

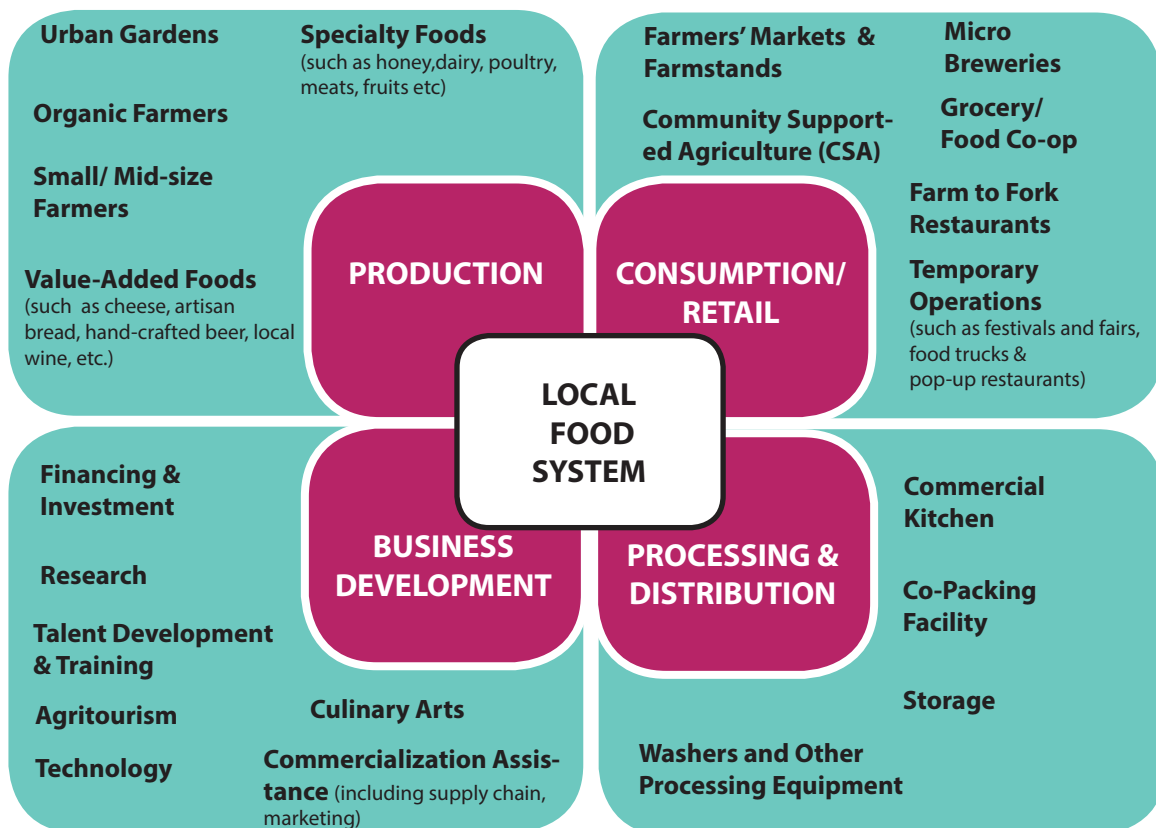


Figure 1.4.4. Components of local food systems and their interrelationships

urges the community to capitalize on the growing locavore (a person interested in eating food that is locally produced) concept and support local food, including but not limited to culinary arts, agri-tourism, value-added food processing, vineyards and local wines.

There is a strong local food movement and a growing local food presence in Bloomington-Normal and McLean County. Organic farms, specialty crops, farmers markets, urban farms, community-supported agriculture, farm-to-fork restaurants, a growing wine industry, microbreweries, meat, poultry, cheese and honey are just a few of the local foods and food-related businesses that can be found in Bloomington-Normal.

However, there are many gaps in McLean County's local food system. While it is difficult to neatly model the complexities of local food systems, Figure 1.4.4 illustrates four essential components (production, consumption/retail, processing and distribution, and business development) that must be present to connect local food producers to consumers. No one component is more critical than the others, and gaps in any part of the system affect the whole.

Recognizing the deficiencies in McLean County's local food system, in 2010 Heartland Community College (HCC), in cooperation with the Edible Economy project, sought to establish a network of food hubs<sup>(4.9)</sup> to help farmers bridge the gap between themselves and consumers. This effort was funded by the USDA's Rural Business Enterprise Grant. Unfortunately, progress on this important initiative stalled when the grant expired.

In 2012, another grassroots movement began to close certain gaps in the supply chain.

A group of committed individuals in Bloomington-Normal began working toward building a food cooperative<sup>(4.10)</sup> called Green Top Grocery (GTG). In its 4th year, GTG has over 1,000 owners and is in the final phase of fundraising to build its store. When completed, this store will provide another venue for both farmers and consumers to sell and buy local food. While GTG will help bridge a few gaps in the system, it does not address all the existing gaps.

Local food systems have far-reaching economic impacts. Businesses in this arena create a variety of jobs, both full-time and part-time, using both skilled and unskilled workers. They create local retail and commerce, and they help diversify the economy. Local food systems also contribute to a progressive culture that tends to appeal to Millennials. Other target subsectors such as food processing (at smaller scales) are also dependent on the community's ability to provide the necessary framework for a local food system to develop. Such a critical framework cannot rely solely on grants or grassroots efforts for support and stability. Public and private sector investments in this area are crucial to build the necessary infrastructure.

**Agribiosciences:** This emerging field relies heavily on research and technology and has applications spread across many industry sectors. Noting McLean County's lead role in corn and soybean production, robust transportation infrastructure, market access, universities, and the presence of existing industry, BN Advantage recommends Precision Agriculture and Biotechnology (including bioenergy) as suitable targets for McLean County.

### Related Definitions

**4.9. Food Hub:** USDA defines a local food hub as "a business or organization that is actively coordinating the aggregation, distribution, and marketing of source-identified locally grown food products from primarily small to mid-sized producers."

**4.10. Food Co-Op or Cooperative Grocery** is like a grocery store except that it is member-owned, -operated, and -financed. It purchases food directly from producers and sells it to members and the general public. Most co-ops sell local, organic foods and operate under democratically defined "social responsibility" principles. Food co-ops play an important role in local food systems by offering alternatives to large

grocery store chains, which typically offer few local options.

**4.11. Food Innovation Districts (FIDs)** are innovation districts that focus solely on local food systems. FIDs contain clusters of firms and institutions providing storage, processing, distribution, markets, and food business incubators, allowing local food producers to close the gaps between themselves and consumers. Aside from the clustering benefits of locating these mutually reinforcing entities in one place, an explicitly defined and strongly promoted FID could act as a focus and a force multiplier for public and private development and marketing efforts.

*Precision agriculture* integrates information technology and data to improve agricultural production decisions. The prolific presence of this technology in agricultural implements (such as tractors) makes it nearly impossible for farmers to not use it at some level. However, the McLean County Farm Bureau estimates that only about 30% of area farmers fully utilize the technology to improve their farm productivity and enhance profitability.

The power of precision agriculture technologies throughout the supply chain is not yet fully exploited. There are numerous entrepreneurship opportunities in this arena.

*Biotechnology*: Merriam-Webster defines biotechnology as “the manipulation (as through genetic engineering) of living organisms or their components to produce useful, usually commercial products (as pest resistant crops, new bacterial strains, or novel pharmaceuticals)”. Biotechnology is not limited to agriculture, but it is ingrained in all aspects of agriculture, from food to biofuels, and a region with excellent agricultural resources is in a good position to contribute to and benefit from this field.

BN Advantage underscores the potential for growth in this area and recommends convening a task force to examine the potential of advancing the region as a prime market for agricultural biosciences and biotechnology.

Given the emerging nature of this technology and its wide array of uses, defining the land, building and infrastructure needs is impossible until the aforementioned task force is convened and parameters further narrowed down.

### **Planning considerations for Agribusiness**

- *Farmland protection*: McLean County is the largest county in Illinois and is home to some of the world’s richest, most fertile and productive soils. McLean County ranks #1 in the state in the total market value of agricultural products sold. Limiting urban sprawl and protecting the county’s rich and productive farmland should be a major priority.
- *Transportation infrastructure*: McLean County has major road, rail, and air transportation connections that are critical to the growth of agribusiness and other industries in the area.

In addition, there are nearly 2,000 miles of rural roads and over 600 bridges. Maintaining rural transportation facilities in good condition is essential to connect producers to markets, accelerating the movement of agricultural products from farm fields to local and regional intermodal shipping hubs.

- *Food processing*: The BN metro area has many sites that fulfill the site selection criteria identified for this industry. The cost and availability of water and wastewater treatment capacity need to be carefully assessed for this sector.
- *Local food system*: Most of the jobs in this area are entrepreneurial in nature and need support. Businesses in this sector have specialized space needs. These include kitchen incubators, storage and processing facilities, year-round markets, etc. Like businesses in other industries, they benefit from proximity to each other (clustering).

Many communities across United States are making local food central to their economic development strategies and designating special geographic districts focused on food. This approach facilitates branding the area as the “place to be for all things food” —in other words, food-based placemaking. Communities use existing tools such as Overlay Zones and Planned Unit Developments (see definitions in Land Use and Development chapter), or create entirely new zoning districts to encourage a broad array of uses within such a district.

Food Innovation Districts<sup>(4.11)</sup> in Michigan are a great example of how *producer-oriented elements* (storage, distribution, processing, and other services needed to move produce from farms to consumers), *community-oriented elements* (such as education and local food purchasing programs) and *placemaking elements* (such as restaurants, pop-up restaurants, festivals and fairs) can, when brought together, accomplish the desired economic outcomes.

- *Precision agriculture*: The growth of businesses in this area greatly overlaps with other targeted sectors (see ICT and Entrepreneurship).

### **TRANSPORTATION AND LOGISTICS**

The Transportation and Logistics industry is critical to moving goods both domestically and

internationally. The services provided within this sector include transportation carriers, warehousing and storage, packing, customs, clearance, and freight forwarding services. Pressures to increase efficiency and cut costs in the supply chain, along with technology advancements, have forced many businesses to outsource these services. This provides huge opportunities for growth in this sector.

The BN metro's many attributes position the area well to attract and retain businesses in this sector. These include:

- Strategic location in the state
- Multiple modes of transportation (three interstates, two major rail carriers, and a regional airport)
- Market access (78 million customers and a major manufacturing base within a one-day trucking distance)
- Lower operating costs compared to other major transportation hubs like Chicago
- State-level focus on the transportation and logistics industry

The sector includes many aspects of transportation such as providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Establishments in these industries use transportation equipment, or transportation-related facilities, as productive assets. The type of equipment depends on the mode of transportation.

There is some established base of trucking

and warehousing in the county that primarily supports the agricultural industry. There is also an existing employment base at the Bloomington-Normal Airport Authority. Targeted subsectors in this area were identified to complement existing clusters. Those include:

- 1. Warehousing and storage:** These businesses are primarily engaged in operating warehousing and storage facilities for general merchandise, refrigerated goods, and other warehouse products. These establishments provide facilities to store goods. They do not sell the goods they handle. These establishments take responsibility for storing the goods and keeping them secure. They may also provide a range of services, often referred to as logistics services and related to the distribution of goods. Logistics services can include labeling, breaking bulk (extraction of a portion of cargo), inventory control and management, light assembly, order entry and fulfillment, packaging, pick and pack, price marking and ticketing, and transportation arrangement.
- 2. Support services for transportation:** Industries in this subsector provide services that support transportation, including air, rail, water, road, freight, and other activities.

Technology has produced a wide range of innovations in logistics, including barcode scanning, automated storage and retrieval systems, state-of-the-art material handling equipment, computerized freight tracking, voice recognition

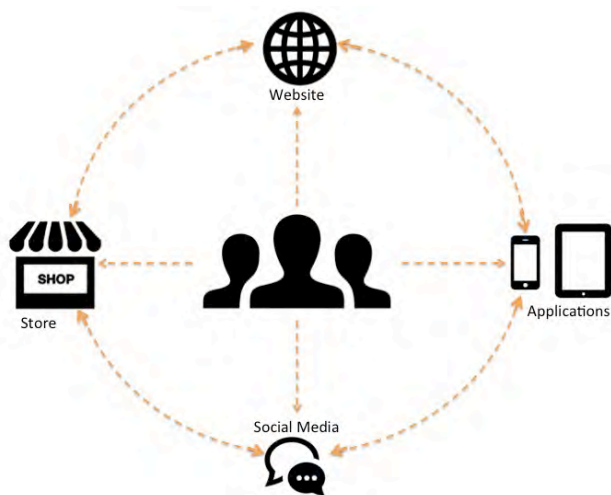
## Related Definitions

**4.12. Just-In-Time (JIT)** is an inventory strategy companies employ to increase efficiency and decrease waste by receiving goods only as they are needed in the production process, thereby reducing inventory costs.

**4.13. Omni-channeling** is a multichannel sales approach that provides the customer with a seamless shopping experience, whether shopping online (desktop or mobile device), by telephone, or in a brick-and-mortar store .

**4.14. E-commerce** refers to any commercial transactions done electronically

**4.15. Click and collect** means you can pick up on a day and at a time that suits you.



and advanced communications systems, and the automated purchasing, production and sales systems that support just-in-time <sup>(4.12)</sup> inventories and distribution, making it one of the fastest growing subsectors in this industry. Other growing trends in this sector include omni-channeling<sup>(4.13)</sup>, e-commerce<sup>(4.14)</sup> and click and collect<sup>(4.15)</sup>.

The Commodity Flow & Logistics Assessment, conducted by St. Onge Engineering Company in 2005, indicates that the BN metro area has a distinct advantage in connecting the northern cluster of interstate highways (I-90, I-94, I-80, and I-88) to the central cluster of interstate highways (I-74, I-55, I-70, and I-57). The I-39 Corridor is the most connected in the country for domestic and international trade.

The region also benefits from the surrounding intermodal rail hubs in Joliet, Rochelle and Decatur, which allow, for example, commodities coming in from the Pacific Rim via water ports to be put on trains and routed around Chicago to avoid severe rail congestion. Central Illinois Regional Airport, located in Bloomington-Normal, provides yet another vector by which perishables or smaller goods can gain access to regional markets.

One limitation on e-commerce in Bloomington-Normal and McLean County is the lack of manufacturing and population density compared to other areas like Chicago, Indianapolis or St. Louis. In addition, the model, based on omni-channeling, is pushing distribution facilities to be closer to urban centers to reduce the lead time for delivery to 12 hours or less.

### Location criteria

- **Site and Building:** Many operations require at least 50 contiguous developable acres, with a few operations spanning up to 250 acres. The topography should be relatively flat and out of the floodplain. Typical warehouse facilities can be up to one million square feet with 30-foot-plus ceiling clearances and many truck doors to accommodate higher stacked pallets and the rapid movement of goods. As the movement of freight within distribution centers accelerates, cross-docking is also growing in importance. With cross-docking, goods come in one door and go out another with minimal delay. A package that might have once spent five days in a distribution center is now processed through in 24 hours or less.
- **Multimodal access:** The growth of intermodal service, i.e., containers and truck trailers carried on trains over long distances, has meant additional options for cost-conscious shippers as fewer distribution centers are needed to cover much larger areas. While interstate and highway access is critical, sites served by rail, or in close proximity to rail that have the capability of access by a spur, have a competitive advantage. Major highway visibility can be a plus.
- **Air transportation** is important for some businesses, especially for operations handling products with a limited shelf life that are needed in the “click and collect” model and those with limited weight whose shipping costs are relatively low. Surface access within 60 minutes to a commercial airport with jet service is preferred.
- **Infrastructure:** While the availability of electricity, gas, water and sewer are all important, the expanding use of technology for daily logistics operations places greater importance on the technology infrastructure a site can offer.



- Proximity to support facilities such as trucking companies, truck mechanics, and other service providers; technology, computer, and telecom specialists; temporary staffing services; office and industrial supply warehouses; and courier services are important as well.

### **Planning considerations**

- **Infrastructure:** The costs of building and maintaining transportation infrastructure have grown consistently over the last few decades while revenues have been falling. Addressing these challenges faced by federal, state, and local governments in terms of funding infrastructure needs is critical for the economy as a whole, but particularly for this sector.
- **Regional transportation planning:** Regional transportation plans should take into account freight-generating land uses, evaluate the regional transportation networks carefully, and have a dedicated freight plan or strategy. However, in the past, reliable freight data for McLean County has been difficult to access, and the freight management discussion in the Long Range Transportation Plan (LRTP) is severely lacking in specificity. Currently MCRPC is updating the LRTP for McLean County. EDC's task force on the Transportation and Logistics sector and other entities interested in promoting this sector should become more involved in facilitating better freight information and planning.
- **Land use and zoning:** Due to high-volume truck traffic and potential continuous, round-the-clock operations, noise and lighting levels can become a concern. These uses should be located away from sensitive uses such as schools and residences. Direct access via an interstate interchanges and routes designated for trucks would be ideal. If such an arrangement is not possible, travel to and from the highway should avoid congested commercial, retail corridor or residential streets. The comprehensive plan should consider the competing land requirements of this sector and the agribusiness sector and encourage transportation and logistics businesses to be sited so as not to impinge on productive agricultural land.
- **Environmental:** Freight-related uses could potentially have negative air quality impacts. The

Ecology Action Center (EAC), in its Greenhouse Gas Inventory (2014), points out that private transportation accounts for 98% of greenhouse gas emissions. The BN metro area is currently classified as an "attainment area," meaning that measured levels of the primary pollutants fall below the levels that violate air quality standards set by United States Environmental Protection Agency (USEPA). Although the region has not yet reached the level of "non-attainment," it fluctuates close to it (see the Air Quality section in Chapter 1.5 Infrastructure and Public Safety). Such a designation would mean additional regulatory requirements at many levels, for both public and private entities.

### **ADVANCED BUSINESS SERVICES (ABS)**

ABS encompasses financial and insurance services, shared service centers, back office operations, customer-contact centers and other strategic business functions that are value- and cost-driven. Major corporations like State Farm and Country Financial are headquartered in Bloomington-Normal, boosting the concentration, Location Quotient (LQ) of this industry to nearly seven times higher than the national average. In certain subsectors, LQ is as high as 32.

Given the long history and high concentrations of this sector in BN Metro area, there is a good understanding of the site, building, and infrastructure needs of this sector. Therefore, additional analysis has not been conducted.

## TOWN OF NORMAL ECONOMIC SNAPSHOT

While the Town's economic future is intertwined with that of the rest of the BN metro area, its ability to provide infrastructure, services, and land determines its tax base and sets the stage for economic development within the Town's corporate limits.

This section examines major employers, the Town's revenue sources and expenses, and potential development and redevelopment opportunities to gauge its ability to attract new businesses and to retain and grow existing businesses.

### EMPLOYMENT BASE

The largest employers in the Town comprise a mix of education, healthcare, manufacturing, and government sectors. Excluding manufacturing, these sectors are known for their stability and growth over time. Four are publicly funded, including Illinois State University (ISU), Unit #5 Schools, Heartland Community College, and the Town of Normal.

Given that America's aging population needs medical care, and the knowledge economy of the 21st century demands an increasingly skilled and educated workforce, universities and hospitals ("Eds and Meds") are frequently characterized as essential pillars for stable local and regional economies. Both are personal service industries that require face-to-face interaction. Many refer to them as locationally "sticky" as they are unlikely to uproot themselves or outsource jobs.

While Eds and Meds do not themselves

**Table 1.4.2. Major employers in Normal**

Illinois State University .....	3,289
Unit 5 Schools .....	1,576
Advocate Bromenn Medical Center.....	791
Bridgestone/ Firestone Off Road Tire Co. ....	435
Town of Normal .....	371
Heartland Community College .....	308
The Baby Fold .....	277

\* Mitsubishi Motors, which employed over 1,200 employees, ceased local operations in late 2015.

Source: Extracted from the Economic Development Council of the Bloomington-Normal Area's 2014 demographic profile.

increase property tax revenue (they are typically tax-exempt), they do positively impact the neighboring property values and also act as anchors of employment. Both provide specialized and high-paying jobs, contributing greatly to the growth and stability of the communities in which they are located. The significant presence of these pillars is an indication of long-term stability in Normal and is reflected in the Town's population growth (See Chapter 1.2: Demographics and Projections).

However, the recent budget impasse at the state level has had a significant negative impact on many higher education institutions throughout Illinois, threatening some public universities' existence. While ISU is positioned to absorb the worst of the impact, the impasse has certainly made operations much more difficult.

### FINANCIAL SNAPSHOT

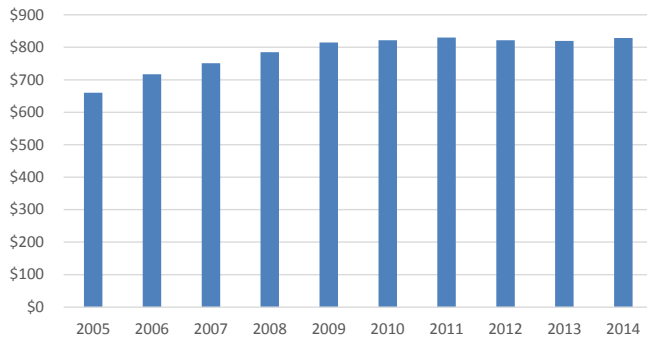
The Town's Finance Department creates an annual Financial Trends and Conditions Report (hereafter "the Trends Report") that examines the current fiscal year in the context of historical information. That report discusses a variety of issues that impact the Town's finances either directly or indirectly. The report is divided into the following sections:

- *Community Growth* examines assessed property values by type, construction permits, average home sale prices, usage of Central Illinois Regional Airport and Amtrak, and labor force issues.
- *Revenue* analyzes and discusses trends in the Town's revenue sources.
- *Expenses* discuss all the Town's expenses, with the primary focus on Fire, Police and personnel costs.
- The *Balance Sheet* examines all funds and cash balances.
- The *Fiscal Strategy Review* provides a forward-looking review of the Town's major fiscal operations and how they align with financial management strategies.

The following findings from the Trends Report (FY 2014-2015) are particularly relevant to the Comprehensive Plan:

- **Community Growth:** The report noted a mixed outlook in this area. The Town saw mini-

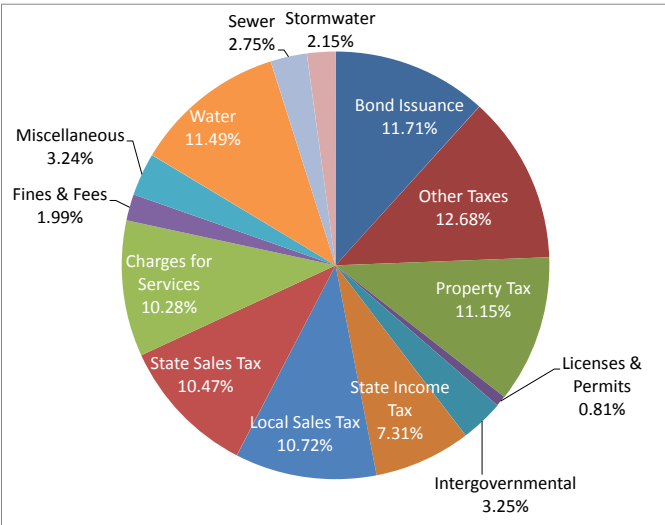
**Figure 1.4.6. Assessed values (\$ millions)**



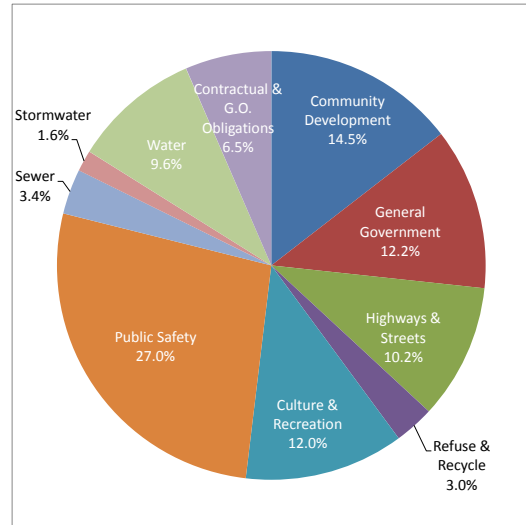
**Figure 1.4.7. Average home prices in BN metro**



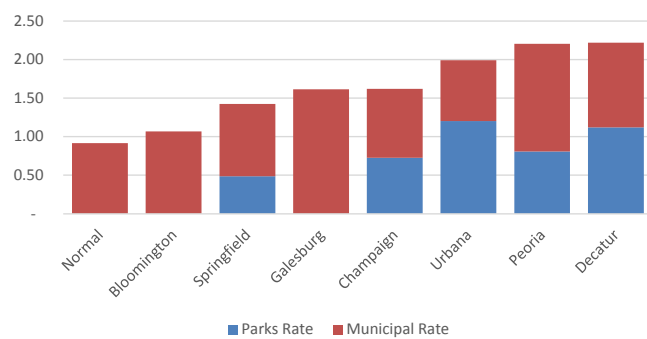
**Figure 1.4.8. Revenue Sources**



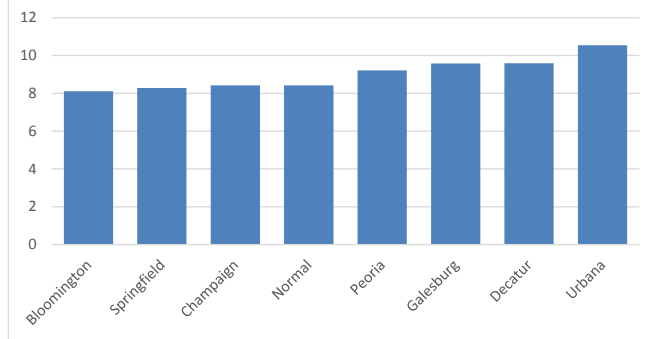
**Figure 1.4.9. Expenses**



**Figure 1.4.10. Municipal property tax rates**



**Figure 1.4.11. Community property tax rates**



Some cities have parks and recreation operations that are funded through a separate taxing district. The graph above has combined the park districts (blue portion of the graph) with the appropriate city for an accurate tax rate comparison between cities with a park district and cities that provide those services without a separate tax levy.

Source: Town of Normal Financial Trends and Conditions Report

mal growth (1%) in assessed values (see Figure 1.4.6). Residential values made up nearly 68% of assessed value, while commercial properties accounted for around 30%.

Not counting roof permits, overall construction permits were down 37% compared to the year prior. Average home prices in the metro area remained flat (also see Chapter 1.3: Land Use and Development).

The report stated that the current unemployment rate is low, but noted that the Mitsubishi plant closure and the continued drop in the size of the workforce at the county level add an element of uncertainty to the Town's employment outlook.

- **Revenue:** The Town's revenue sources remained relatively diverse (see Figure 1.4.8). Sales tax receipts (state and local combined) were by far the largest source of revenue. Receipts rebounded from recession-era lows, and staff predicted mild but continued growth in this revenue source.

The property tax accounted for about 11% of the Town's revenue. The Town's property tax rate was the lowest among the seven largest downstate cities (see Figure 1.4.10). The overall community's property tax rate, which includes all government districts that assess a property tax within the municipality, also remained lower by comparison (see Figure 1.4.11).

After three years of steady growth post-recession, the report noted fairly flat income tax revenue (<1% increase) in FY 2015 and expressed caution due to financial concerns at the state level.

"Other taxes" are mostly made up of utility taxes and the food and beverage tax. Utility tax revenue was significantly lower than the years past. Staff projected lackluster performance in this area going forward. However, staff noted a strong performance in the revenue stream from the food and beverage tax and expects to see this grow in the future.

- **Expenditures:** Public safety (27%) accounts for the largest percentage of expenditures (see Figure 1.4.9). Included within public safety are the Police and Fire Departments and Inspections. Community development expenses include Uptown redevelopment projects.

- **Balance sheets:** The General Fund, Pension Funds and Water Fund performances are reported as positive. The sewer fund, while solvent, was identified as not financially strong. The report notes that staff plans to undertake a comprehensive rate structure study.

This annual analysis carefully monitors the Town's financial performance and provides policymakers important financial information in a historical context while also alerting them of potential upcoming issues before they become too huge to tackle. The Town's strong financial practices have afforded it strong ratings from all three national investment services (Moody's, S&P, and Fitch). Such high ratings help the Town get better interest rates when they issue or reissue bonds for redevelopment or other projects critical for community development.

Some of the economic uncertainties identified by the Trends Report (such as flat home prices and the drop in the size of the workforce) are regional in nature and not specific to Normal. These are currently being examined at a regional level as part of the BN Advantage project, in which the Town is an active participant.

Approximately 27% of the Town's properties are tax-exempt (see Chapter 1.3 Land Use and Development). While it is not unusual to see such a high proportion of tax-exempt properties in university towns, Normal is somewhat unusual in that its property tax rates are lower than in other university and non-university towns (see Figure 1.4.10). The fact that the Town has been able to keep property taxes low despite having an abundance of tax-exempt properties is partly a reflection of the strong local economic base, but also the Town's sound fiscal management. One point of concern is that a relatively high percentage of the Town's assessed value (68%) is tied to residential properties. Because the revenue generated by residential uses merely offsets the cost of providing services to residents, it may be necessary to carefully examine future land use and vacancy rates to achieve a fiscally optimal land use mix.

Relatively low property tax rates and a strong financial position allow for a lower cost of living and doing business within the Town of Normal. Many stakeholders interviewed for this project

call Normal (and its leaders) forward-thinking and visionary. Several interviewees also commended the Town for its Uptown redevelopment efforts and their impact on the community's brand (see stakeholder input in section 2: Community Outreach). These stakeholder impressions are a reflection of community satisfaction with the Town and bode well for future growth prospects.

### REDEVELOPMENT AND INCENTIVES

As outlined in the previous chapters, the Town of Normal has a proven history of successful

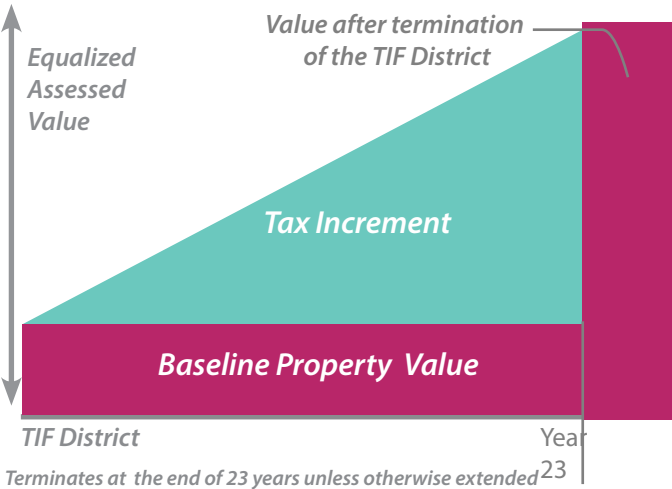
redevelopment. While Uptown Normal continues to be the most notable project, there are many other development and redevelopment projects throughout the community (e.g., the Shoppes at College Hills and numerous projects along Main Street).

It is common for municipalities to offer incentives to existing or potential businesses to persuade them to build, stay, or expand within their boundaries. The Town has used a variety of tools, including tax increment financing (TIF), sales and property tax abatements, an enterprise zone,



### Related Definitions

**4.16. Tax Increment Financing (TIF)** districts are created to fund economic development projects in areas where development would not otherwise occur. Property tax revenue derived from increases in property value that occur after the district is established, or the “tax increment,” is used to fund projects within that district. The Town of Normal currently has five (5) active TIF districts: One Normal Plaza, Main/Osage, Main/I-55, North Normal Warehouse, and Uptown Normal. Some encompass wide areas; others are site-specific (also see



Map 1.4.1).

**4.17. Sales tax rebates** are used to attract or retain sales tax-generating developments like shopping centers, auto dealerships, discount stores, and home improvement stores. This is a popular tool among Illinois municipalities, as sales tax revenues often exceed the costs of serving these developments.

**4.18. Property tax abatements:** Any district that extends a property tax can abate (or decrease) any portion of its taxes for certain properties. In McLean County, there are well over 100 taxing districts. Implementation of property tax abatements requires municipalities and counties to solicit the participation of underlying districts, such as school districts and

townships, if they wish to abate their share of property taxes, or a portion thereof. Property tax abatements are often used for projects that generate jobs, such as commercial or industrial developments, or projects that improve the quality of life in the community, such as affordable or low-income housing.

**4.19. Development agreements** are contracts between municipalities and developers that set the standards and conditions that govern the development of property. They provide certainty to both the developer and the municipality. Cities use these agreements to ensure higher design and development standards, provide for infrastructure improvements and public open space, and much more.

**4.20. Enterprise zone:** Businesses located (or those that choose to locate) in a designated enterprise zone can become eligible to obtain special state and local tax incentives, thus providing an economic stimulus to an area that would otherwise be neglected. Map 1.4.1 shows the boundaries of the Bloomington-Normal enterprise zone. This zone is regional and spans the BN metro area and beyond. The enterprise zone has been instrumental in spurring a great deal of economic activity in the community. The current zone is set to expire in June 2016. The BN metro area’s enterprise zone renewal application is currently under review by the state.

**4.21. Metro-zone** is an agreement between Normal and Bloomington that was approved in 1984 to provide for orderly and planned growth and development on the West Side of the Community. This agreement calls for the host city to share certain revenues (property tax, utility tax, sales tax, use tax, income tax, and any other tax, license and fee), deducting the costs incurred from the development located in that zone. This zone was instrumental in attracting Diamond Star (later Mitsubishi Motors), a car manufacturing business, to the community and continues to be a great example of regional cooperation.

a metro-zone, and development agreements (see related definitions 4.16 through 4.20) to bring high quality growth and development into the community. In some cases, more than one tool has been used to attract the kind of development that fits the Town's and region's long-term vision.

Many economic development projects that may have been viable in the past without public sector assistance are no longer possible. The result of the financial crisis of 2008 and 2009 is a dramatic decline in credit availability and a tightening of underwriting criteria, which have reduced the level of economic development activity at a time when it is most needed by municipalities.

Those same economic conditions also limit discretionary spending by local governments. While local governments continue to provide incentives in recognition that significant new economic development is unlikely or will occur very slowly without them, they must be very judicious and see a need for creative solutions to balance financial risk.

At this juncture, many local governments are redefining their economic incentives to suit the new economy. The Town of Normal is at the forefront of such an effort. The International Economic Development Council, in its publication *Incentives for the 21st Century* (2015), published the following best practices to promote startups and small businesses, many of which can be seen in action in Normal.

- **Financial:** Financial incentives for entrepreneurs are not tied to an increase in property taxes or the number of jobs created, but rather to foster sole proprietorship, keep small businesses alive, and increase the number of corporate "headquarters" within the community. The incentives include loans for startups and small businesses, equity investment programs, mentorship and accelerator programs, small-business-only incentive programs, impact investment programs, increasing growth-company embeddedness, angel investment tax credits, and complimentary business services (see Related Definitions 4.22 to 4.27).
- **Placemaking:** An overwhelming body of research suggests that the physical and cultural characteristics of a place have a clear influence

on the attraction and retention of talent, businesses, and investment. The report states that places where residents have a strong emotional connection to their community also have the highest rates of GDP growth. One example cited in the report is the Lower Town Artist Relocation Program in Paducah, Kentucky, where artists led the revitalization of a derelict neighborhood, generating higher rents and property values. Historic preservation is also an important component of distinctive places. Communities use a variety of incentives to help preserve historic structures.

- **Smart growth:** Smart growth is the effort to promote compact development patterns that facilitate the usage of public transit, bicycling, or walking between housing, workplaces, retail, and other amenities. Although smart growth is not the same as placemaking, developments that follow smart growth principles often have qualities that make them attractive as places. Smart growth is thus an important factor in attracting young professionals.

The report highlights high business densities in smart growth environments and notes their positive economic impact. Just a one percent increase in regional business density can increase GDP by as much as 38 percent, reduce unemployment by as much as 20 percent, and increase patents by as much as 52 percent.

Incentives to promote smart growth include live/work units, employer-assisted housing (EAH), zoning bonuses, as-of-right zoning, tax and fee exemptions, expedited permits for infill, reduced parking requirements, reassessment of fee structures, ride share programs, and transit-oriented development (TOD) tax credits (see Related Definitions 4.30 to 4.36).

- **Energy efficiency assistance:** Energy represents a significant business cost. In certain energy-intensive industries, such as manufacturing and datacenters, the cost of doing business is even higher. This study points out that LEED-certified buildings afford businesses lower operating costs.

Communities offer a range of incentives in this area. Examples cited in the report include the City of Redmond, WA, which offers dedicated staff time to offer technical assistance and

## Related Definitions

**4.22. Equity investments:** The community (public/private partnership) creates seed funds. The equity made by those funds is invested in entrepreneurs or small businesses. These are typically targeted towards startups that have moved beyond the concept stage.

**4.23. Small-business-only incentive programs:** These are tax credit and grant programs specifically geared toward small businesses. Example: Kentucky's Small Business Tax Credit is available only to businesses with fewer than 50 employees.

**4.24. Increasing growth company embeddedness:** The owners of growth-oriented companies often aim to sell their companies to larger firms, and purchasers often move stage 2 operations closer to their headquarters. This strategy aims to keep them local. Example: Michigan's Entrepreneur in Residence Program.

**4.25. Impact investment** is a private sector investment to spur for-profit, community-oriented venture capital funds. The idea is for local venture capitalists to fund local ventures.

**4.26. Angel investment tax credits:** These have the potential to create a vibrant angel investment community, and in turn, provide an additional source of financing for entrepreneurs. Many of these are created at the state level. For example, the Illinois Angel Investment Credit Program allocated \$10 million in tax credits annually from 2011-2016. The program offers a tax credit to qualifying claimants in an amount equal to 25% of the claimant's investment made directly in a qualified new business venture. It is unfortunate that only two McLean County businesses, Prairie Gold Inc. and SproutEcon, LLC., have benefited from this program thus far. According to the Illinois Department of Commerce and Economic Opportunity, \$7,976,256.65 is available in this program for FY 2016.

**4.27. Complimentary business services:** An alternative approach to assisting startup companies is to give entrepreneurs free or low-cost business services that would otherwise cost entrepreneurs significant amounts of money. For example, the City of Hamilton, Ontario gives entrepreneurs free meeting space and access to a group of volunteer lawyers, real estate agents, and accountants.

**4.28. Relocation incentives** are a new twist on workforce incentives. Instead of increasing the skills of current residents, relocation incentives focus on attracting skilled workers from elsewhere. Example: Kansas Rural Opportunity Zones (ROZ).

**4.29. Leveraging local talent:** Some programs work to ensure that locals are hired into at least some of the jobs at an incentivized business. Example: The Central Market and Tenderloin Area Payroll Expense Tax Exclusion in San Francisco, California.

**4.30. A live-work unit** is a way of referring to a building that is both the residence and place of business of the owner.

**4.31. Employer-assisted housing** help employees live close to work, which reduces their commute time and allows for a greater choice in transportation modes. In such an arrangement, the employer will contribute to the down payment when an employee purchases a home in the designated district. In turn, the employer will receive a tax benefit while also helping increase homeownership in their surroundings. Many communities in Illinois including Evanston, St. Charles, and Chicago have these programs. REACH Illinois, a not-for-profit organization, helps Illinois communities navigate the legal, technical, and financial aspects of the program.

**4.32. Zoning bonuses for business uses** allow for greater lot coverage and height for employment uses in designated compact development areas, such as near rail stations.

**4.33. As-of-right zoning:** Complex and unclear land use planning policies frequently serve as significant disincentives to transit-oriented development, especially in downtown areas. The prospect of long review processes, followed by the uncertainty of obtaining approval from zoning boards and other political bodies, can be enough to drive some developers to pre-zoned greenfield locations. Defining "acceptable" development on various sites, and communicating those definitions clearly, allows developers to build some forms of compact development "as of right."

**4.34. Reassessing fee structures:** Public safety, school, and water fees should be reviewed periodically to determine whether they accurately reflect the costs of servicing compact development.

**4.35. Rideshare programs:** An important element of smart growth is ensuring that workers can get to workplaces. The Memphis Area Rideshare program provides no-cost vanpool services to employers including passenger vans, maintenance and insurance to employers, and a ride-matching program for employees. The benefits of participation in the program include less congestion, reduced parking needs, decreased employee absenteeism, and an expanded labor market.

**4.36. Transit Oriented Development (TOD) tax credits:** Under Illinois' Economic Development for a Growing Economy (EDGE) incentive, businesses are awarded corporate income tax credits based on the value of personal income tax revenue that will be created at companies that are relocating or expanding. The Business Location Efficiency Incentive Act revised the EDGE incentive to better align with the state's goal of promoting compact development and defines a location-efficient project as one that "avoids or minimizes additional government expenditures for new infrastructure, and has nearby affordable housing or has accessible and affordable mass transit." Companies that locate in location-efficient sites get a 10 percent bonus on EDGE payments.

expedited planning review for green buildings; and Ponca City, OK's Sustainable Alternative Green Energy program, which illustrates the mechanics of a quasi-loan program for green energy.

- **Broader community goals:** Financial incentives tied to broader community goals typically have a maximum rate of return. These could include developing vacant or infill sites, employing the chronically underemployed, restoring culturally significant buildings, revitalizing derelict neighborhoods or commercial corridors, and contributing to smart growth. Some communities also have relocation incentives to attract a highly skilled workforce (see Related Definitions 4.28).

As mentioned earlier, much of the redevelopment activity within the Town over the past couple of decades has followed best practices such as smart growth, placemaking, multimodal transportation, and environmental sustainability. Uptown Normal, in particular, has many of these features within a dense, mixed-use, urban environment. Slingshot, opened in Uptown in 2015, is the community's first co-working space. This project could not have come to fruition without the freely provided space, completely outfitted by the Town with the necessary technology infrastructure.

While there is more work to be done, the Town's extensive redevelopment efforts in and around Uptown Normal have become the nucleus for entrepreneurs and startups in the metro area.

## POTENTIAL FOR GROWTH

As outlined in the land use chapter, approximately 15% of the Town's total land is zoned for commercial uses, and 20% of the total land is designated for office/manufacturing uses. As identified on Map 1.4.1, there are nearly 1,000 vacant acres in those zones. In addition to vacant land, there are a number of underutilized properties as well.

Along with these, there are a few vacant lots under institutional ownership that hold great potential for redevelopment. ISU's roughly 300-acre Gregory Street property, located at the north-east corner of Parkside Rd & Gregory St (see Map 1.4.1), is a notable example. In 2005, ISU adopted a

development plan for that property that incorporates many smart growth principles. It envisions a central academic campus district surrounded by mixed-use neighborhoods and integrates many human and natural elements throughout the site. Unfortunately, the implementation of this plan was stalled by the recession and the subsequent financial troubles at the state level. While the Town has little control over the site, it continues to hold great development potential because of its location and proximity to the main campus.

Vacant lots and underutilized sites within certain sections of the Town, outlined below, are a natural fit for some of the businesses targeted by the BN Advantage strategy. These include:

**Mitsubishi Area (Sub Area 1 on Map 1.4.1):** Most of the underutilized properties on the west side of the community are attributable to the recent closure of Mitsubishi Motors and its subsidiaries.

Almost all of the land in this area was annexed by the Town of Normal in the early 1980's with an intent to accommodate manufacturing uses, and it is zoned accordingly. It has high visibility from the highway and is accessible both by road (I-74, Mitsubishi Motorway, College Avenue) and rail (Norfolk Southern) networks. The access streets are designed to accommodate up to 40,000 vehicles a day with design standards appropriate for truck traffic.

The area is in Corn Belt Energy's territory, but the Mitsubishi site has its own substation and is serviced by Ameren Illinois. This area is part of the metro-zone<sup>4,21</sup>. While most of the public services, including fire, police, and sewer are provided by the Town, water is provided by the City of Bloomington. Bloomington's water study for the pump station serving this area indicates that it is about 2.5 to 3 Mgd (million gallons of water per day) under capacity, served at 65 psi. This area also has access to fiber optic services.

The 2.5 million sq. ft. Mitsubishi building, sited on nearly 700 acres, is currently on the market. A community task force led by the Economic Development Corporation (EDC) is currently in the process of helping Mitsubishi find a new owner for the facility. Ideally, the task force will be able to find a new owner for that facility for a similar use. In case that does not come to fruition, it is import-

ant for the community to be prepared with an alternative plan.

As discussed in the BN Advantage section, there are new opportunities for cutting-edge industrial growth in food processing and biotechnology sectors. Many of these can hugely benefit from the access and amenities offered in this area. One possibility for the area, drawing on examples from other communities, is an industrial park, offering varying sizes of office, industrial and flexible manufacturing spaces.

As we look 20 years into the future, this comprehensive planning process can be a forum for discussions of how this land should be used, although a specific area plan that takes a closer look at the site may eventually be warranted. Regardless of the specific plans, it is important to preserve this land for employment uses.

**Uptown (Sub Area 2 on Map 1.4.1):** In 2000, the Town Council adopted what was then known as the Downtown Normal Redevelopment Plan. It was subsequently branded “Uptown Normal”. The heart of the plan, which was based on New Urbanism concepts, called for a new circular plaza at an otherwise confusing intersection anchored by the multimodal transportation facility.

Town earmarked portions of sales and food and beverage tax revenues and also established a TIF district to fund its implementation. The Town was also successful in securing approximately \$22 Million in TIGER <sup>(4.37)</sup> grants to fund a multimodal transportation facility, the centerpiece for the Uptown Plan.

While the plan is a continuous work in progress, many core improvements have been in place for over five years now. Uptown has become a major urban design success. Uptown Circle was certified under the pilot version of the LEED <sup>(4.38)</sup>

Neighborhood Development Program in 2009. It set the standard for what smaller communities could accomplish and brought national recognition to Normal as a leader in multimodal transportation and sustainability. This sustainable, mixed-use, dense, urban, pedestrian-oriented district has become a major community destination.

With that success under its belt, the Town hired the same planning firm that created the original plan, Farr Associates, to create a plan to redevelop the south side of the railroad tracks (“Uptown South”). The new plan, called Uptown 2.0, is also based on the New Urbanism model and proposes a development plan with goals more robust than the original plan. These include:

1. *Take advantage of current market opportunities:* The plan points to strong retail demand (70,000 sq. ft.) and housing demand (over 900 units) and proposes that the new redevelopment program try to meet both to the extent possible. It suggests gearing the housing toward non-students, especially young professionals and empty-nesters looking for a more urban lifestyle.
2. *Improve mobility for all users:* The plan provides specific guidance to make the streets immediately surrounding Uptown more pedestrian- and bike-friendly.
3. *Connect Uptown across the tracks:* Uptown Station needs a grade-separated crossing. After exploring three separate options, the plan proposes a well-designed underpass that reinforces the sense of place and increases property value south of the tracks.
4. *Increase development capacity on the remaining Uptown North sites:* Pointing to the scarcity of available sites in Uptown, the study suggests increasing development densities and limiting the remaining developable property to



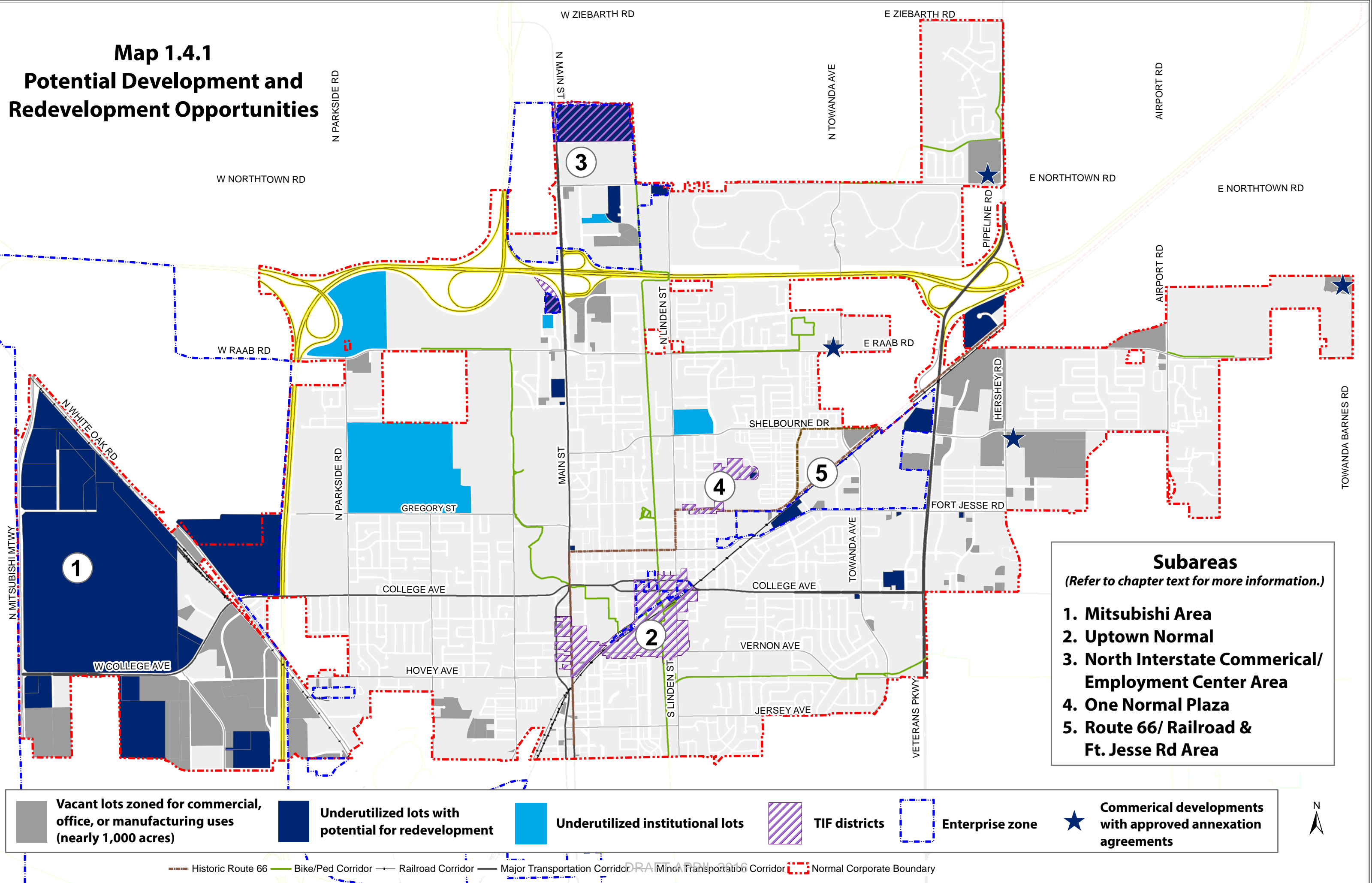
Related Definitions

**4.37. The Transportation Investment Generating Economic Recovery, or TIGER** discretionary grant program, provides a unique opportunity for the Department of Transportation (DOT) to invest in road, rail, transit, and port projects that promise to achieve national objectives. Annually, DOT receives hundreds of applications to build and repair critical pieces of our freight and passenger transportation networks. The TIGER program enables DOT to examine these projects

on their merits to help ensure that taxpayers are getting the highest value for every dollar invested.

**4.38. Leadership in Energy and Environmental Design (LEED)** is a rating system devised by the United States Green Building Council (USGBC) to evaluate the environmental performance of a building or neighborhood and encourage market transformation towards sustainable design.

# Map 1.4.1 Potential Development and Redevelopment Opportunities





non-student housing and office space with retail on the lower levels.

5. *Redevelop Uptown South:* The large parcel remaining is the eight-acre site on which the old City Hall and Police Station are currently located. The plan proposes a high-density development with a mix of uses, including a relocated library, office space, a grocery store, higher-density residential, and green space.
6. *Intensify development in the neighborhoods:* Even with the Uptown North and Uptown South fully developed, there will still be an unmet potential market for urban-style housing. To provide a place for these residents and to bring more people within walking distance to Uptown, the surrounding neighborhoods and primary approach routes should be rezoned to promote higher densities.
7. *Raise the bar for sustainability by participating in the Living Communities Challenge:* The International Living Futures Institute sets the highest standards for sustainable communities. Projects that meet their challenge go beyond the

goal of simply minimizing harm and aim for self-sufficiency and substantial contributions to the health of the environment.

It is obvious from these stated goals that Uptown 2.0 is not a small endeavor. However, given the Town's proven history of implementation, much of the plan could potentially come to fruition within the next decade.

It is absolutely critical to recognize that these mixed-use urban districts are not just a trend, but a critical economic development tool for the new economy. In that sense, Normal is not only positioned well but continues to move in the right direction to foster 21st-century growth.

**North Interstate Commercial/Employment Center Area (Sub Area 3 on Map 1.4.1):** Most of this area is zoned for Manufacturing or Commercial uses. This area is uniquely located at the intersection of I-39, I-55 and I-74. There is a state-wide initiative promoting the I-39 corridor for transportation and logistics uses.



A sketch up view of Uptown 2.0 showcasing a potential built out scenario: Source: Uptown 2.0 plan.

Given the current concentration of uses and the statewide emphasis on this corridor, this area appears to be a fit for transportation and logistics uses. However, it is currently surrounded by farmland and is also in close proximity to Nicor Gas operations. In addition, it is a prominent community gateway. This area needs additional analysis and planning prior to targeting an industry sector that could potentially demand vast acreages of land.

**One Normal Plaza and the surrounding area (Sub Area 4 on Map 1.4.1):** This area, located along Historic Route 66, has a unique mix of institutional, recreational, commercial, and residential uses. It has buildings old and new and caters to all age groups.

The 22-acre One Normal Plaza park, formerly the site for the Illinois Soldiers and Sailors Children's School (ISSCS), includes the Community Activity Center, a baseball field, a picnic shelter, two playground areas, a youth football field, and

an abundance of open space areas suitable for recreational sports activities such as youth soccer. It is also home to an inline hockey rink. The general area encompasses a private cooperative school, a swimming school, businesses, and residences.

Recently the Town planted the Refuge Food Forest, consisting of a diverse planting of fruit, nuts, and perennial vegetables. The produce in the food forest will be free and available for anyone in the community. This is the first of its kind in the state to be located in a city park.

Even with all these diverse uses, this area can truly be described as one of the best-kept secrets in the community. People who utilize the park or one of the private uses within the area are aware of One Normal Plaza and are complimentary of the area. However, many community members are totally unaware of its existence or associate it with its historical uses alone (such as the old ISSCS function).

This area has been a subject of discussions within various plans for a long time, including the 2015 Vision Report. In 2009, the Town approved a TIF district to revitalize this area. Given the unique character of this space, its proximity to railroad and the surrounding industrial uses (Sub Area 5 on the Map 1.4.1), this area has the potential to become a district that supports the local food system such as a Food Innovation District (Figure 1.4.12). Such a district can contribute to and benefit from the Route 66 tourism efforts and the Uptown Normal redevelopment efforts.

Depending on their scope and maturity, the aforementioned local food districts can accommodate a variety of uses such as community gardens, office, warehouse, cold storage, processing centers, distribution hubs, wholesale commerce, retail, community kitchens, and waste management.

These districts are typically multimodal and thrive with public plazas, public art and food related festivals, fairs and events, all of which enhance the sense of place. The One Normal Plaza area not only can accommodate a diverse set of uses but also enhance such a district with its unique characteristics.



The "Circle of Friends" memorial at One Normal Plaza, dedicated to the people who lived and worked at the former Illinois Soldiers and Sailors Children's School site.

Figure 1.4.12: Figure illustrating variety of uses in a Food Innovation District

Source: MSU Practicum Team 2012; Part of Food Innovation District report from Michigan State University

## Food Innovation District

