



LOGAN COUNTY

ALLIANCE Logan County Alliance

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TO: Mayor, City Council, and City Administrator of the City of Lincoln

FROM: Logan County Alliance

DATE: March 31, 2016

Pursuant to the "Funding Agreement between the City of Lincoln and the Logan County Alliance (OBA, the Lincoln/Logan County Chamber of Commerce)" executed May 19, 2015, the Logan County Alliance presents the annual report for 2015-16 as required in Section N. As stated in the funding agreement, this report will detail:

- 1) Activities and results of efforts put forth by the LCA in providing economic development services for the City;
- 2) An accountability report on the expenditure and use of the City funds provided pursuant to [the] Agreement; and
- 3) Any recommendations on improving the economic development services afforded the City pursuant to [the] Agreement or any other action of the City Council.

The report, therefore, is divided into the following sections:

- I. Activities and Results
- II. Financial Accountability
- III. Recommendations

The Logan County Alliance would like to thank the City for the opportunity to provide economic development services for 2015 and 2016. We are proud of all we were able to accomplish for the City and its residents. Although we are no longer under economic development contractual commitments, the Logan County Alliance wants to see the Lincoln community, grow, prosper, and move forward. As a result, we will always aggressively pursue and support economic development opportunities that will benefit Lincoln and its business community. Your constituents and our members deserve nothing less.



Working together to serve Logan County

I. ACTIVITIES AND RESULTS

In this Section we list the commitments made by the Logan County Alliance in the FY16 Funding Agreement. Below each commitment is a description of the activities undertaken by the Alliance for such commitment and the results from those activities.

A. Employ an Executive Director and such other staff as the LCA deems necessary to provide development services for the City of Lincoln. This includes providing continuing education and ongoing learning opportunities for said staff.

Andi Hake was employed by the Alliance as its President and CEO until January 29, 2016. In that role she served as the lead economic development staff under this Agreement. She was assisted in her efforts by the Chamber Director (Nicole Cox), Tourism Director (Maggie McMurtrey), Events Coordinator (Cara Barr) and Office Manager (Tina Rusk) of the Alliance. While Hake handled the day-to-day responsibilities for economic development, the multi-staff approach available through the Alliance was invaluable to the City. It allowed responses to inquiries to be made quickly (and not be dependent solely on the availability of a single staff member). It provided up to five professional staff to not only collaborate with the City, but also to be available to identify opportunities across Chamber membership, tourism, and events.

In terms of continuing education and learning opportunities, Alliance CEO Hake completed the Basic Economic Development Course in Naperville, IL in October 2015. (She wrote and received a grant from Ameren to cover the course registration costs. The grant saved the City \$450.00.) It was a week-long course that is the first required to earn certification as a Certified Economic Developer (CEcD) through the International Economic Development Council. The CEcD certification is the leading industry designation for economic developers.

8. Monitor and aid in the retention, expansion, and development of existing businesses as follows:

- 1. Work with the City to identify top priority businesses in Lincoln for phase one, phase two, and phase three site visits plans.*
- 2. Visit and build relationships with existing businesses in Lincoln according to established priority plan.*
- 3. Identify key areas of aid needed for key businesses. Work on a strong workforce development plan for local businesses.*

The economic development services provided by the Alliance were guided by the Development Council, a board made up of volunteers. The Council consisted of Greg Basford (chairman), of Heritage Packaging; David Lanterman, downtown business and property owner; Seth Goodman, of ME Realty; Julie Tartar, owner of Mary Todd's Hallmark and Merle Norman; Keith Snyder, former Mayor of Lincoln; Clay Johnson, City Administrator; and Todd Mourning, Lincoln Alderman, Ward 3. The Council met the second

Thursday of each month to review and approve all economic development activities and initiatives. Throughout the existence of the Council its top priority was the development of a business retention plan.

In their quarterly, in-person reports presented in September and November, the Development Council and the Alliance reported its progress on the creation of the retention plan. The business retention and expansion plan developed by the Council was designed to be continuous and to obtain information to help the Alliance and the City Council to better assist businesses, identify areas of concern, and pinpoint potential threats as well as potential opportunities. To implement that plan, the Development Council needed an information gathering tool as well as a method to gather that information from prioritized Lincoln businesses.

To develop its information gathering tool the Development Council reviewed a community development resource that Ameren uses to promote business retention and expansion. That program is called, "Synchronist." It utilizes on-site visits as the basis for developing information for not only their business development purposes, but for the expansion needs of their clients in local communities.

The Development Council produced its own, Lincoln-specific tool, an "On-Site Visit Form." (The three-page form was presented to the Council in the November quarterly report.) The form was to be used to collect data in the following key areas.

General business-specific information: This general information included updated contact information (often leadership in businesses change and this information was to help the Alliance and the City stay on top of any such changes); products produced; services offered; and markets served. Questions in these areas were to help the Development Council have a better understanding of what the business is and who they serve. Knowing such information also would have created potential opportunities of alignment and/or growth.

Barriers and threats faced by the businesses: It is crucial for the City to understand any obstacles that may be hindering growth or creating frustrations for local businesses. Questions were going to be asked about infrastructure needs and realities and legislation and/or regulations at the local, state, or federal levels.

Workforce: The Alliance had heard for a long time that workforce is a significant issue for our employers. This issue is not isolated to Lincoln. It is a nation-wide trend faced by many communities, especially rural communities. To address the problem, the On-Site Visit Form was designed to produce an understanding of specific workforce issues for each business.

Technology: Understanding each business' reliance on technology, any recent changes in that reliance, and their expected growth in technology usage is important information for any community to know. To compete in the "Information Age," communities need to have available reliable, affordable, and ever updatable access to technology.

Much of the information discussed during the on-site visits would have involved proprietary matters for each business. As a result, the Development Council would have been prohibited from releasing for public consumption the specific data collected from the individual businesses. The collective data, however, would have been aggregated to create a strong, composite, accurate, and up-to-date picture of the business climate in Lincoln.

To determine the appropriate priority for site visits, the Development Council began with a comprehensive list of 589 commercial properties in Lincoln. All of the nearly 600 properties were reviewed to determine whether a business currently operated at each of those properties. An approximate number of employees were then determined for each of those business operations. The resulting list was prioritized based on category of business, business size, and impact on the local business climate.

The Development Council developed a list of 34 Priority One businesses that were going to be visited in-person by the end of February 2016. The businesses were in the categories of: Retail, Hospitality, Healthcare, Transportation, Manufacturing, Property/landowners, and Specialty Areas. The departure of the Alliance's CEO and the Alliance's termination of the economic development agreement with the City delayed the implementation of the business retention and expansion plan. Should the City wish to take on the implementation of this effort, the Alliance will be happy to share the tools and lists it developed for that purpose.

The overriding top issue for all local businesses, large and small, is the lack of quality employees (i.e., their workforce needs). The Alliance formed a workforce development committee to tackle this issue. The focus of the committee was to work on combining all the resources available in the community on this issue so that training could be strengthened and so that more people could participate in these trainings. As work began it became apparent that Community Action needed to be the lead agency to handle this focus. In addition, the Chamber is in the process of completing a Workforce Development survey of the community. This information will be provided to the City when it is complete.

C. Serve as the downtown advocacy organization identified in the Downtown Redevelopment Plan's strategic plan.

The Alliance's Development Council established a Downtown Business Committee to serve as this advocacy organization. The Committee consisted of downtown business owners and others interested in seeing downtown Lincoln flourish. It met monthly and discussed a variety of ways to promote downtown Lincoln and its businesses.

The Downtown Business Committee worked extensively on developing a "Downtown Dollar Days" program as a way to encourage new and additional spending in downtown businesses. The concept is similar to "Kohl's Cash;" a customer who spends a specified amount in participating downtown stores would receive "Downtown Dollars." These

Downtown Dollars could be spent like cash during future visits to any of the participating stores. The concept was developed, fine tuned, and discussed preliminarily with some businesses, but it was not finalized prior to the departure of the Chamber Director (staff for the Downtown Business Committee).

Further downtown advocacy and promotional activities are highlighted in Section G.

- D. Work, in cooperation with the City, as a local liaison with the retail consultant, Retail Strategies, to help foster the recruitment of new retail businesses and the expansion of existing retail businesses through the plan and relationships that Retail Strategies has developed.*

The Alliance stayed in regular contact with Retail Strategies representatives throughout the year. In its role as the local liaison the Alliance provided extensive information on available space and properties to support their efforts. The City has its own contractual relationship with Retail Strategies, but the Alliance provided the "on-the-ground" staff for any local needs of Retail Strategies. It also provided a conduit to pass along information, inquiries, and suggestions from local sources to business recruiters employed by Retail Strategies.

- E. Advise and counsel private businesses on strategies designed to foster the best possible pro-business environment within the City.*

The Alliance hosted a number of sessions throughout this year designed to educate, train, and develop local businesses. In May 2015, a lunch meeting open to Chamber membership was held to discuss the redesignation of the Lincoln/Logan County Enterprise Zone. The process for redesignation was described as were the benefits available for businesses looking to utilizing the Enterprise Zone.

In September a Lunch 'N Learn was held focusing on emergency preparedness for businesses. Dan Fulscher discussed what businesses needed to know, needed to do, and needed to be prepared for in the event of an emergency.

The focus a Lunch 'N Learn held on October 8, 2016 was customer service. It was entitled, "Make 'Em Talk: Customer Service and Your Business."

On November 18, 2015, two sessions were held for local businesses on Google. The Alliance partnered with Google to provide these "Google Seminars" for the purpose of helping local small businesses navigate Google and get their businesses "on the map."

- F. Promote the City as a location for business operations.*

The Alliance secured and hung banners in downtown windows promoting downtown Lincoln as an excellent place to locate a business. The banners hung throughout the 2015 festival season.

The Alliance paid for and produced a series of radio spots that ran on WLCN. The ads ran in the final quarter of calendar year 2015. They highlighted the advantages of starting a business and raising a family in Lincoln.

As a result of the banners and the radio ads the Alliance fielded calls from individuals wanting to start their own businesses. The Alliance shared appropriate information with those callers, suggested next steps, and offered to be a continuing resource to assist them in pursuing their dream of owning a business.

For further promotional activities see the response below to Section G.

G. Plan and implement promotional activities to help retain and protect businesses.

As it has each year, the Alliance took the lead in executing the 2015 summer festival season. Last summer's festivals were the first to be expanded across several weekends in the summer rather than being concentrated on one weekend in August. While the primary purpose of the festivals is to bring in visitors from out-of-town, each festival has the secondary focus of promoting local businesses and bringing customers to their doors that allow them to continue to operate and flourish.

The Up in Smoke on the Square barbeque contest coupled with the Pigs & Swigs event was an unqualified success in its first year. The Arts in the Park festival suffered from some severe heat and some unfortunate restrictions that limited the original vision for this festival, but changes are underway to continue to build that festival this year. The 2015 Lincoln Balloon Festival was perhaps the most successful in history. That is true whether measured by crowd size at the airport that weekend or by revenue generated. A portion of the economic development funding paid to the Alliance by the City (\$5,000) was used to underwrite the City's Prime Sponsorship of the Balloon Festival.

The Alliance planned and executed Small Business Saturday on the last Saturday in November 2015. The public was encouraged to "Shop Small" following the kickoff of the 2015 holiday shopping season on Black Friday. Nearly two dozen downtown businesses participated. Most participants reported measurably increased sales when compared to prior such Saturdays after Thanksgiving without the Shop Small emphasis.

The Alliance planned and executed the 2015 Lincoln Christmas Parade as part of its economic development agreement with the City (\$1,500 of the funds were designated for sponsorship of this event). The parade was held the evening of December 3, 2015 and had the theme of "A Candy Land Christmas." The 2015 parade had 74 entries, an increase of 37% over 2014. Accurate crowd estimates are difficult to determine, but the general sentiment seemed to be that the 2015 Christmas parade crowd was a sizable increase over prior years.

- H. Assist the City Administrator in facilitating and executing a comprehensive economic development branding campaign targeting businesses to locate and grow in the City of Lincoln.*

This item was on hold throughout most of the year as the City participated in the branding development project led by DCC Marketing. As is mentioned in the Financial Accountability Section, the Alliance stands ready to commit Agreement dollars towards City of Lincoln promotional activities once the branding effort is completed.

- I. Serve as an information source for those interested in economic development and provide relevant responses to all requests for economic development information.*

Alliance CEO Hake provided numbers of inquiries received in each of her prior quarterly reports. The Alliance made it a practice to respond to all inquiries within 24 hours. The inquiries received were from prospective business owner leads and also from DCEO leads (the State Department of Commerce and Economic Opportunity looking for prospective sites for business leads they are recruiting). Some of these State leads required a significant time commitment (researching sites, contacting local property owners, explaining opportunities, etc.).

- J. Provide for the support and nurturing of businesses and the development of an entrepreneurial cooperation with other local, county, state, and national economic development organizations.*

The Alliance provided critical assistance to Opportunity Alliance, LLC, on the application for the Lincoln/Logan County Enterprise Zone redesignation. Alliance CEO Hake spent hundreds of hours coordinating information needed for the application. Specifically, she secured support letters and compiled extensive information on employees of local businesses. The multi-volume application was submitted to the State of Illinois by year end 2015. The redesignation of the Enterprise Zone is absolutely critical to Lincoln's future economic development efforts. Most of Lincoln's west side development as well as its downtown development have been dependent on the benefits offered by the Lincoln Enterprise Zone. If those benefits would be lost in the future, the City would lose its most important tool to incent future investment in our community. The Alliance's assistance in this project was vital for the completion of the application.

The Alliance provided support to the City in its efforts to complete the funding package for the Fifth Street Road project. Both Alliance CEO Hake and Development Council Chairman Basford attended separate meetings of the Greater Peoria Economic Development Council with City Administrator Clay Johnson and Mayor Marty Neitzel. The Alliance solicited and collected letters from Fifth Street Road businesses in support of the City's request for CEDS funding for the project.

In December 2015, Alliance CEO Hake wrote an informational column for the community run by local news media outlets entitled, "What is Economic Development?" The piece highlighted that businesses, not politicians, create jobs and that retention and expansion of existing businesses is every bit as important as trying to attract new businesses to a community.

The Alliance met several times throughout the year with SCORE representatives. A partnership was discussed where the Alliance office would serve as the SCORE office for the Lincoln area in exchange for SCORE providing small business training and business mentorships locally.

- K. *Provide a web page to be linked to the City and the LCA websites. The web page shall be updated and revamped continuously to provide the most current information concerning economic development in the City.*

The economic development web page was completed and was fully operational on the Logan County Alliance website. When the Alliance notified the City of its intent to terminate the economic development funding agreement, the web page was taken down so as to avoid any confusion by business prospects or other entities searching for information about Lincoln. The web page had all relevant demographics on the community as well as several property listings. One of the primary functions of the web page was its interface with the LocationOne service (the leading on line economic development site selection tool in the United States). If the City would like to utilize the LocationOne functionality for its website, it would need to reach out to LocationOne to secure appropriate sign-on credentials for the information to be placed on the City's site. We strongly encourage the City to do so.

- L. *Monitor the development activities discussed and considered by the City through attendance at Committee of the Whole meetings and briefings with the City Administrator, other staff, and the Mayor.*

The Alliance CEO, other staff, and Alliance Board members attended numerous City Council meetings throughout the year, usually at least two meetings per month. In addition, Alliance staff, Board members, and Development Council members met many times with the City Administrator and Mayor, formally and informally, to discuss economic development opportunities and community matters.

- M. *Provide an in-person report to the City Council on the development issues and the activities and services being provided pursuant to this Agreement by the LCA no less than once each calendar quarter.*

Alliance CEO Hake and Development Council Chairman Basford presented quarterly updates before the City Council on September 8, 2015 and on November 10, 2015. Copies of those written reports appear on the City website. Basford presented the third quarterly, in-

person report on February 9, 2016. It was at this meeting the announcement was made that the Alliance would be terminating the economic development services it had provided to the City.

- N. *Provide an annual report and submit it to the City Council no later than April 1, 2016 detailing the following:*
1. *Activities and results of efforts put forth by the LCA in providing economic development services for the City;*
 2. *An accountability report on the expenditure and use of the City funds provided pursuant to [the] Agreement; and*
 3. *Any recommendations on improving the economic development services afforded the City pursuant to [the] Agreement or any other action of the City Council.*

This document is the requested annual report.

II. FI NANCIAL ACCOUNTABILITY

During FY16, the Alliance received the following payments from the City of Lincoln:

May 2015	\$5,042.00
June 2015	\$5,042.00
July 2015	\$5,042.00
August 2015	\$5,042.00
September 2015	\$5,042.00
October 2015	\$5,042.00
November 2015	\$5,042.00
December 2015	\$5,042.00
January 2016	\$5,042.00
February 2016	\$5,042.00
March 2016	<u>\$5,042.00</u>
Total	\$55,462.00

The eleven payments received during this fiscal year was the accurate amount. From January 2015 through April 2015, the Alliance received three, rather than four payments. The eleven payments in FY16 added to the three payments received in FY15, brings the total number of payments to fourteen, the correct number for months January 2015 through February 2016.

During FY16, the Alliance expended \$45,176.84 for the activities described in this report. Those expenditures are summarized across the Alliance's account categories as shown in the chart below:

<u>Account</u>	<u>FY16Expense</u>
73001 Membership	\$426.60
73002.1 Salaries	\$29,843.54
73002.2 Computer Exp	\$91.36
73002.3 Copier Exp	\$239.30
73002.4 Website Exp	\$562.16
73002.5 Other Exp	\$56.29
73002.7 Payroll Taxes	\$2,744.04
73002.8 Donations	\$1,000.00
73100.1 Cleaning	\$21.27
73100.2 Cleaning Supplies	\$11.94
73100.3 Office Rent	\$415.87
73100.4 Storage Rent	\$23.08
73100.5 Telephone	\$190.82
73100.6 Gas/Electric	\$147.36
73100.7 Sewer	\$7.64
73110.8 Trash	\$11.46
73100.9 Water	\$11.10
73101.3 Landscaping	\$13.10
73102.1 Accounting Audit	\$274.20
73102.2 Income Tax Prep	\$56.75
73102.3 Insurance Fees	\$195.20
73102.4 Bank Fees	\$12.75
73102.5 Credit Card Fees	\$107.97
73003 Postage	\$147.25
73004 Office Supplies	\$164.47
73005 Training	\$4.50
73006 Mileage	\$185.00
73007 Lodging/Food	\$560.10
73009 Marketing/Advertising	\$7,631.32
73010 Miscellaneous	\$20.40
 Total Exp	 \$45,176.84

Roughly 80% of these expenditures were either specific expenditures directly attributable to economic development or expenditures that were specifically included as part of the funding agreement. The remaining administrative expenses were assigned to economic development pursuant to the formula of 4.57% of the actual expenditure incurred by the Alliance. The figure of 4.57% was used for economic development because that was the percentage of total Alliance revenue that constituted the anticipated economic development funding. The

direct, specific expenditures were as follows:

City Chamber Membership	\$350.00
CEO Salary Supplement	\$26,225.33
Land of Lincoln CEO Sponsorship	\$1,000.00
Balloon Fest Sponsorship	\$5,000.00
Christmas Parade Sponsorship	\$1,500.00
WLCN advertising BEDC	\$1,131.32
course expenses	<u>\$627.70</u>
 Total	 \$35,834.35

In the Alliance's 2nd Quarter Economic Development report presented to the City Council on November 10, 2015, the Alliance presented a budget reflecting the anticipated receipts and expenditures for the 12-month agreement. The following chart compares the anticipated 12-month budget for economic development services compared to the actual expenditures incurred from May 2015 through the end of February 2016:

<u>Category</u>	<u>12 Mo. Budget*</u>	<u>10 Mo. Actual Exp</u>	<u>Difference</u>
Administrative	\$32,869.02	\$34,924.56	-\$2,055.54
Website	\$2,000.00	\$562.16	\$1,437.84
Conference & Education	\$3,000.00	\$632.20	\$2,367.80
Membership	\$745.00	\$426.60	\$318.40
Balloon Fest Sponsorship	\$5,000.00	\$5,000.00	\$0.00
Workforce Development	\$5,000.00	\$1,000.00	\$4,000.00
Christmas Parade Sponsorship	\$1,500.00	\$1,500.00	\$0.00
Promotion & Advertising	<u>\$10,390.18</u>	<u>\$1,131.32</u>	<u>\$9,258.86</u>
 Totals	 \$60,504.20	 \$45,176.84	 \$15,327.36

- Actual Receipts \$55,462.00

Some explanations of some of the budget deviations are in order. The Administrative expenses were underestimated in the 12 month budget. Website development was accomplished for less than was anticipated. Conference & Education expenses would have been higher had the Alliance CEO continued to pursue CEDC certification (as was discussed above). Membership was less than anticipated because the Alliance's membership in International Economic Development Council was not renewed for 2016. The only Workforce Development expense incurred was economic development's support for the Land of Lincoln CEO program. The Alliance will be completing the Workforce Development survey and submitting the results to the City at no additional cost.

The Promotion and Advertising budget only incurred expenses for advertising on WLCN as was described above. The Alliance intended to use the bulk of that line item to purchase promotional materials to implement the branding recommendations developed by the City. Since those recommendations have not been developed, few of those funds were expended. The funding agreement between the City and the Alliance did not anticipate, nor did it call for the return of any unexpended funds. Because the Alliance feels strongly about the importance of the successful implementation of the community branding guidelines to be developed by the City, however, the Alliance will commit to holding \$9,300 to spend on branded promotional materials or activities once those guidelines are adopted. The Alliance is committed to the success of the City's branding initiative. We will be happy to sit down with the Mayor and the City Administrator to work out the details of this commitment.

III. RECOMMENDATIONS

As is evident from all the activities outlined in this report, economic development for the City of Lincoln is not a part-time activity. The growth and prosperity of Lincoln is not something that will ever be accomplished with someone dedicating only a few hours per week to the task. The funding agreement between the Alliance and the City listed 13 separate expectations from the Alliance. We believe we delivered on all expectations to the extent to which we were allowed, and we can tell you that, at times, those expectations required the combined efforts of all five professional staff.

When the Alliance delivered its termination letter to the City, we stated the City would be best served by a full-time economic developer devoting his or her full-time attention to the needs and growth of the City. That recommendation has not changed. Lincoln will be best served in the future, and the City will have its best opportunity to achieve its desired results in economic development, if it finds the resources to engage a full-time economic developer.

Lincoln has its hands tied in competition with most communities its size cross the United States simply by virtue of being located in Illinois. The economic challenges of Illinois and the pressures those challenges place on businesses within our state are well known. Overcoming those challenges will require innovative, out-of-the-box thinking, tireless devotion to the task, and the ability to sell the many positive, and sometimes unique, attributes of Lincoln to businesses who may be inclined to locate elsewhere. It can be done, but it will take two things: One, a focused, dedicated individual willing to put in more than full-time hours and, two, a City Council committed to fully support that person.

Communities across Illinois employ this model with great success. We have heard City Council members relay stories of the successes of such communities they learned at the annual Illinois Municipal League conventions. As was stated at the beginning of this report, the Alliance will always aggressively pursue and support economic development opportunities that will benefit the Lincoln and its business community. We recommend Lincoln enhance and embrace all the opportunities available to it through the engagement of a full-time economic development professional.