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Flood Prevention Council considers legal action to block FEMA re-mapping process

By ALAN J. ORTBALS

The Southwestern Illinois Flood Prevention District Council is considering filing an injunction to block the Federal Emergency Management Agency from implementing its revised maps. The new maps will show virtually the entire American Bottom as a high-hazard flood plain and they are due to take effect this summer.

At issue is what triggered FEMA's actions over the past 28 months. At a meeting with local officials in August 2007, FEMA officials announced that they were undertaking the re-mapping of the American Bottom area relative to flood risk. FEMA officials have claimed that that announcement and all subsequent actions were based on notification by the U.S. Army Corps of Engineers that it was decertifying the levees protecting the American Bottom.

Les Sterman, chief supervisor of the flood prevention district, says he requested evidence of such notification



Pictured (above) are Dept. of Homeland Security director Janet Napolitano and FEMA director Craig Fugate. In March 2003, FEMA became part of the DHS. The SWIL Flood Prevention Council is considering legal action to block FEMA's re-mapping process.

of FEMA by the Corps several months ago. He submitted a letter to the Corps in September and filed a Freedom of Information Act request with FEMA at the same time. FEMA has acknowledged its receipt of the FOIA request but has not responded further.

Sterman says he asked for any information that the Corps had provided to FEMA or that FEMA had in its files that supported the decision to de-accredit the levees that it announced in August of 2007.

"The decision to de-accredit the levees is what caused the maps to be redrawn and the area to be declared a high-hazard flood area which kicks in the flood insurance requirements and kills development," Sterman said.

In the regular meeting of the Southwestern Illinois Flood Prevention District Council on Dec. 15, Chris

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IDOT low bids make \$11 million extra stimulus project possible

By KERRY L. BEISER

Due to conservative long-term cost projections and a recent decrease in costs, Illinois Department of Transportation District 8 is able to fund an \$11 million transportation project with excess federal stimulus dollars.

Jeff Church, project implementation engineer for IDOT District 8 - which encompasses 11 counties in Southwestern Illinois - says allocated American Recovery and Reinvestment Act dollars were scheduled to fund a total of seven regional roads and bridge efforts, but that lower-than-expected job costs enabled the local district to embark on an eighth project.

Since IDOT's budgeting and estimation on project costs has to be done several years in advance of the actual work, sometimes the result is positive - as in the

case of the current economic environment - once allotted funding is compared to the current cost of performing the job.

"Over the past year, we've probably been averaging 15 to 20 percent below our engineers' program amount with our low bids," Church said. "District 8 received a total of \$54 million in stimulus funds... thanks to all the low bids, decreases in some materials costs and an abundant supply of available labor, we're able to leverage \$11 million of that total on a new job from our existing list of future projects."

That extra stimulus-funded project is the resurfacing of Interstates 55/70 from just east of Illinois Rte. 157 to Canteen Creek, a 3.63-mile distance. The job was programmed as part of IDOT's 2011-2015 budget, Church says, but could be started

on right away since plans were ready to go and no rights-of-way or utility easements were needed.

"Basically, we were able to take advantage of a very competitive labor environment," he said. "A lot of contractors were - and are - hungry for the work."

There were an average of more than five

bids per IDOT stimulus project, according to Church. "Competition remains fierce in terms of bidding. And on the materials side, although costs in general aren't going down, the cost of asphalt is less than it was last year when gas was \$4 a gallon.

Work on a new interchange at Illinois

■ See IDOT, page 22

'Clarified' version of controversial prevailing wage bill became law Jan. 1

By KERRY L. BEISER

While pro-business lobbyists, the Illinois Municipal League and cities across Illinois were rejoicing that a controversial Illinois Senate bill on prevailing wage was defeated, the General Assembly overwhelmingly passed a similar "clarification" bill - one that took effect Jan. 1 - that mandates prevailing wage pay for any public works projects located in an enterprise zone.

Senate Bill 43, sponsored by Sen. James Clayborne Jr. (D-Belleville) and State Rep. Jay Hoffman (D-Collinsville), would have amended the Prevailing Wage Act to require that prevailing wage be paid to all projects, public and private, located in an economic development project area - enterprise zones and tax increment financing districts included. The bill, introduced early on in the regular session, was fiercely contested by the Illinois Municipal League, the Illinois Chamber and local municipalities. SB 43 did not succeed - but in its place materialized a

similar bill, Senate Bill 223 (Public Act 96-0058).

"While we were worrying about Senate Bill 43, Senate Bill 223 slipped through as a 'clarification' bill," said Todd Maisch, vice president of government affairs at the Illinois Chamber of Commerce. "SB 223 is going to be important to anyone building within a TIF district. For the first time, they're (the state) going to require that anyone receiving a TIF grant is going to have to pay prevailing wage for the work that is being done. When businesses and cities saw SB 43 not passing, we all thought we were off the hook, but we got caught. SB 223 was portrayed as a 'clarification' of an existing law, but it went well beyond that," he added.

Although SB 43 had two Metro East-area sponsors, Clayborne and Hoffman, SB 223 had no legislative sponsors from Southwestern Illinois. The lead

■ See BILL, page 22



photo courtesy of the Illinois Dept. of Transportation

A new interchange at Illinois Rte. 162 and I-55/70, the biggest stimulus-funded project in District 8, continues into 2010. The \$24 million project is estimated to be completed by Summer 2012.

See Inside For Southwestern Illinois
2009: Economic Development
Year In Review

News from Around the Nation

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As wage theft rises, states and cities crack down

By SOPHIA TAREEN and
LAURA WIDES-MUNOZ
Dec. 17, 2009

CHICAGO (AP) - Fabian Gutierrez logged more than 60 hours a week slicing meat and stocking shelves with cheeses and milk at a neighborhood grocery for less than minimum wage and no overtime.

The 32-year-old Mexican immigrant said he put up with the situation for months because he was desperate to support his wife and young daughter. And like many co-workers, he was afraid to challenge his boss. "All of us took abuse. We were disrespected," said Gutierrez, who found help at a workers' rights center, joined with other workers to sue the owner of La Fruteria and now works at another grocery store that he says treats him better.

Across the nation, the long-simmering problem of employers who don't pay their workers appears to be getting worse, especially for immigrant laborers.

In the absence of aggressive federal action, some states and local governments have begun to tackle the issue on their own. They say employers who don't pay overtime or minimum wage are unlikely to pay into state workers' compensation or unemployment insurance funds - billing taxpayers even as they're cheating workers.

Workers rights centers say wage theft has become the No. 1 complaint they've heard in recent months.

In Chicago, Working Hands Legal Clinic, which is helping Gutierrez, received 161 complaints of wage theft from January through June 2008. That jumped by more than 60 percent to 252 complaints during the same period this year.

Los Angeles-based National Day Laborer

Organizing Network says at least 50 percent of day laborers - of 120,000 daily in the U.S. - experience some form of wage theft.

About 68 percent of low-wage workers reported wage theft in 2008, regardless of citizenship status, according to a recent study that surveyed 4,400 low-wage workers in major U.S. cities.

"It's not confined to the margins, or a few rogue employers. Employers realize that workers are desperate," said Nik Theodore, a professor at the University of Illinois at Chicago and lead author of the study. "It looks like standard business practice in many industries."

Wage theft has even emerged in industries where there haven't previously been many complaints, like fairs and carnivals, according to the Workers' Rights Law Center of New York. Earlier this year, Dreamland Amusements Inc. agreed to pay \$325,000 in back wages to Mexican workers in New York after the company was accused of forcing them to work 70 hours a week at less than minimum wage.

Low-wage immigrant workers are particularly vulnerable because most are paid in cash, making record-keeping difficult. Many fear a call to immigration authorities, even if they have legal status to work in the U.S.

Gutierrez, a soft-spoken, husky man who declined to discuss his immigration status, said he and other workers were scared to bring up the problems with their employer because they feared they might be deported. Eventually he overcame his fear because he wanted to make sure others weren't wronged.

Gutierrez's former boss, Tony Macias, owns several grocery stores throughout Chicago. His attorney, William J. Raleigh, said Macias didn't know he had to pay

overtime.

Until recently, such lawsuits have been the main way for workers to fight back. But lawyers often won't take the cases since they take months to resolve, the payoff is low and collection is difficult.

"Even if we win, that's usually just the beginning," said Milan Bhatt of The Workers' Rights Law Center. "By the time the litigation is resolved, they've closed shop and moved elsewhere."

Some states are looking for creative solutions. California and New York created multi-agency task forces that raid problem industries, such as car washes and grocery stores.

Advocates say enforcing wage and hour laws even for laborers in the country illegally keeps wages for all workers from being driven down and ensures that employers who follow the rules can compete.

California has also required some businesses to pay a state registration fee, which pays workers if violations are later found and funds a collections department.

Some worker advocates say combining efforts for massive raids is good publicity but nets little for workers because the focus is on recovering unemployment or Social Security taxes for the state rather than overtime wages for the employee.

In response, New York Labor Commissioner M. Patricia Smith has worked with community-based groups and even unions, often the first to receive labor complaints, in a nationally recognized effort to identify employers violating labor laws.

"Unlike with a state agency, people don't feel nervous coming to us and sharing their stories, even undocumented folks," said Andrew Friedman, co-executive director of Make the Road New York.

Washington, Oregon and Massachusetts are beginning to adopt some similar approaches, adding such things as hefty fines and online complaint filing.

In Miami-Dade County, a nongovernmental wage theft task force is pushing to create a low-cost, streamlined complaint process. San Francisco already has a similar ordinance, and Los Angeles and New Orleans are considering such proposals.

Still, advocates say the federal government needs to step up enforcement. Despite reports that wage theft is on the rise, the Department of Labor reported a 25 percent drop in registered complaints from low-wage workers from the start of the Bush administration through 2008.

A recent Congressional report slammed the DOL for frequently failing to investigate or even register some complaints; a bill in the House would extend the federal statute of limitations on some violations to give the department more time to investigate them.

Labor Secretary Hilda Solis has added about 250 wage and hour inspectors, and last week, the department signed an agreement with the New York labor department, Mexican Consulate and several other groups to create a call center that will provide Hispanic workers in the New York area information about their labor rights.

For now, Gutierrez and his former employer are trying to work things out in court, but he's unsure if he'll get all the back pay he says he's owed. "I want my voice to be heard," he said. "We don't do the work for free."

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Madison County offering \$11.9 million in 'recovery zone' stimulus funding, applications due March 15

By **KERRY L. BEISER**

In an effort to stimulate the local economy, Madison County is accepting applications - through March 15, 2010 - for "shovel ready" projects that can close on financing on or before Nov. 30, 2010. The county is authorized to issue up to \$11.9 million in recovery zone economic development and facility bonds derived from the American Recovery and Reinvestment Act of 2009.

"Madison County is able to designate which areas of our jurisdiction are the recovery zones," said Madison County Board Chairman Alan Dunstan. "This designation is a requirement before any of these bonds can be issued. We've chosen to designate all of Madison County as a recovery zone as of Oct. 21, 2009. That means projects located anywhere in our county - projects that meet the eligibility requirements for this funding - can be considered," he added. "The goals of this program are to create, retain and protect from the loss of jobs. We're also seeking to encourage private investment and reutilize vacant and underutilized properties."

The allocations will be in the form of tax-exempt bond issuances for economic development projects. According to the federal government, the term "qualified economic development purpose" means expenditures for purposes of promoting development or other economic activity in a recovery zone. These can include: capital expenditures paid or incurred with respect to property located in such zone; expenditures for public infrastructure and construction of public facilities; and expenditures for job training and educational programs.

Dunstan says that recovery zone

economic development bonds, or RZED bonds, are sold as taxable bonds with one of the following options: 1) a bondholder tax credit, wherein the bondholder receives a federal tax credit equal to 35 percent of the bond interest; or 2) a cash subsidy paid to the issuers (as a refundable credit) directly from the U.S. Treasury, equal to 45 percent of the bond interest.

To use the RZED bond program, Dunstan says, the funds must be used on a qualified economic development purpose - one that promotes development or economic activity locally. "These bond proceeds are designed for public infrastructure projects and cannot finance private business use," he said. "And the bonds must be issued before Jan. 1, 2011."

Recovery zone facility bonds or RZFBs - the second category of bonds available - require that 95 percent of the bond proceeds be used for property in a recovery zone. Property must be constructed, reconstructed, renovated or acquired by the borrower after the date the recovery zone was designated.

"Used equipment and existing buildings are eligible," said Dunstan, "but have substantially more rigid requirements which may eliminate some projects." Substantially all of the use is in the recovery zone, he says, and first used in the active conduct of a qualified business. "These bonds can be used to finance depreciable capital projects and facilities such as hotels, office buildings, shopping centers, etc. However, the acquisition of land is not an approved use of these bond funds," Dunstan said. Unlike economic development bonds, recovery zone

facility bonds are tax exempt; they do not have a federal interest subsidy.

Projects must meet the following criteria to be considered for ARRA bonds: 1) Meet the minimum requirements of published IRS guidelines. Those include any trade or business except residential rental, golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack, gambling business or sale of alcoholic beverages for off-premises consumption; 2) Investment can only occur after the date the recovery zone goes into effect; 3) Must have a commitment to purchase the bonds from a financial institution or bond underwriter demonstrating that the project is credit worthy.

Proposals for tax-exempt bonds which meet the appropriate threshold criteria will be considered based on the extent to which a project addresses the following evaluation factors: 1) The amount of or new property taxes to be generated by the project; 2) The project will be a catalyst for development or for multiple redevelopment opportunities in Madison County; 3) The amount of investment in buildings and equipment; 4) The project allows a business to expand in the county, retains a significant number of jobs in the county, prevents the loss of jobs and/or will add jobs; 5) The project is eligible for LEED certification or uses other green building best practices; 6) The project includes other investment in neighborhood revitalization or public infrastructure improvements, or makes use of other public and private financing tools to maximize redevelopment benefits; 7) The project will enhance an area of Madison County and/or cause

additional investment; 8) The project is "shovel ready" and can be completed in a timely fashion. 9) The project shows evidence of under-utilization or disinvestment; 10) The project is consistent with Madison County's master plan; and 11) The project has a broad regional benefit.

Applications are due March 15, 2010 by 4 p.m. A final decision will occur no later than the June 2010 Madison County Board meeting. Approval shall be based on an evaluation of the following criteria, including but not limited to the following: total economic impact of the project, potential to create jobs and economic development in and around project areas, potential to retain jobs or prevent the loss of jobs and economic development in and around project areas, experience of the borrower, "shovel ready" status of the project, support of local municipality, use of green building techniques and the use of local (within Madison County) labor, supplies and materials.

There is an application fee of \$750. Any other legal or processing costs incurred by the applicant or the county related to processing the applicant's application will be the applicant's sole responsibility.

Applicants should submit a signed original application and eight copies of the application form, including any attachments, to: Madison County Community Development, 130 Hillsboro, Edwardsville, Ill., 62025. For more information, contact John Herzog, Madison County economic development coordinator, at (618) 692-8940 or jherzog@co.madison.il.us.

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Collinsville bucks stagnant national economy with extensive new development

By ALAN J. ORTBALS

Despite economic upheaval that has pushed unemployment past the 10 percent figure and chilled credit markets, extensive new development is coming to Collinsville from one end of town to the other.

Community development/TIF director Paul Mann attributes it to Mayor John Miller and the city council setting out a clear strategic plan and the staff following through. The city has defined six strategic initiatives: a financially sustainable city providing superior municipal service, safest city in the region, strong balanced economy, top quality infrastructure and facilities, a vibrant uptown and a preferred place to live.

These goals translate into plans to revitalize specific areas of the city. One such area is the Northeast Business District which runs along and around the intersection of Vandalia Street and Beltline Road.

"There was an exodus of businesses that left that area due to Wal-Mart moving down to Collinsville Crossing," Mann said. "Now we're going through a gentrification and redevelopment process for which we have created a business district with a one-cent sales tax and using that instrument to help encourage and finance reinvestment by the private sector into that area."

As part of that revitalization effort, the Orchards Shopping Center on Vandalia was sold to a new owner who is undertaking a \$3.2 million facelift of the property and bringing in new tenants. Jack Schmitt Ford has moved to the east side of Vandalia and put a new face on its building. Just last month, Kohl's department store's plans to demolish the former Wal-Mart store in the Lakeview Shopping Center on Beltline Road was approved by the city. Kohl's will be

"It's always been very frustrating for me because I would hear about potential development opportunities and we never were considered. The town was always pretty well split between pro-development and anti-development factions and, I think, leaning more toward keeping it as a bedroom community. But, we just couldn't survive like that. Now, you can see everything that's going on all over this city. It's a new era in Collinsville and there's a new feeling. More and more people are excited to talk and think about Collinsville."

Kevin Weinacht
President, Weinacht & Associates

building a new \$7.5 million store in its place this year. And, a new development will be coming to the intersection of Vandalia Street and Pine Lake Road; it will consist of a new CVS Pharmacy and a 10,300-square-foot, multi-tenant commercial building. This \$6.5 million project will be completed in 2010 as well.

Mann says that while the city is not frivolous with the use of incentives, it's not afraid to use them where they are justified, where they produce a good return on investment and where they can catalyze other development in the area. The Northeast Business District is a case in point, he says.

"With those three main anchors I've been able to generate a lot of interest along that corridor for reinvestment, development and other scenarios," Mann said. "The Kohl's and these other

developments have helped maintain the Lakeview Shopping Center, keep tenants there and actually attract new tenants."

Another target area is along Collinsville Road on the southern edge of the city. Mann says the city is considering the creation of a business district along that corridor from Fairmount Park Racetrack up to St. Louis Road. Recently, Rural King announced that it was buying the building that formerly housed the Value City store and will be locating one of its stores there. Rural King, headquartered in Mattoon, sells such products as livestock feed, farm equipment, agricultural parts, lawn mowers, work clothes, fashion clothing, housewares and toys. It has 43 stores scattered across six Midwestern states.

"Now that Rural King has closed on the property and they've bought the old Value City site," said Mann, "Shop 'n

Save has renewed its lease on that site and I think it will serve as a catalyst for other development initiatives that we are going attack next year."

These projects are in addition to numerous new developments in the Eastport Plaza area including the \$9 million Doubletree Hotel and Porter's Restaurant project that was completed in 2009. And all of this was preceded by the very successful Collinsville Crossings project that opened in 2008, Mann says.

Kevin Weinacht is president of Weinacht & Associates, a manufacturers' representative company located on Bluff Road in Collinsville. Weinacht is also the chairman of Collinsville's Economic Development Commission. He attributes Collinsville's recent success to several factors: a great location at the intersection of Interstates 55/70 and I-255 and 10 minutes from downtown St. Louis; an aggressive and proactive approach on the part of the city government; and professionalism on the part of city staff, which he says makes it easy to do business in Collinsville.

"I grew up in this town, went to high school here and have a business here," Weinacht said. "It's always been very frustrating for me because I would hear about potential development opportunities and we never were considered. The town was always pretty well split between pro-development and anti-development factions and, I think, leaning more toward keeping it as a bedroom community. But, we just couldn't survive like that," he said. "Now, you can see everything that's going on all over this city. It's a new era in Collinsville and there's a new feeling. More and more people are excited to talk and think about Collinsville."

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