

Granite City area logs nearly \$1 billion in development in 2009

By ALAN J. ORTBALS

While the rest of the country has been struggling through the great recession of 2009, the Granite City area has seen \$1 billion in development with more on the way. The projects have ranged from new coke ovens at U.S. Steel to a new movie theater in the downtown area.

There were actually two large projects at U.S. Steel's Granite City Works last year: new coke ovens and a new co-generation plant. Together they totaled an investment of \$570 million. The new coke ovens, which recently came on line, will eventually replace the existing ovens, according to Jonathan Ferry, director of economic development for the city of Granite City. Gases from the new coke ovens will be used to fire steam turbines to produce electricity for the mill. According to Ferry, the new co-gen plant will produce all of the power needed by the mill with some possibly left over to sell on the power grid.

Also, a new Lowe's Home Improvement store opened on Illinois Rte. 3 in October 2009. Ferry says that Lowe's decision to go ahead with the project in the midst of the recession was a direct result of all the other investment that was occurring in the area.

"There was a time when Lowe's was looking to cut a bunch of stores off of their list of what they were going to build in 2009," said Ferry. "The thing that really kept them here and kept them going forward was all of the capital investment within about 10 miles of here...things like U.S. Steel's projects, the ConocoPhillips

refinery expansion, etc. It was all of those things; they saw the capital investment come into the area and they said essentially, 'If other people are investing there, then we're willing to invest there, too.'"

Granite City recently broke ground on the construction of a new movie theater in the downtown area. The theater will be owned by the city and operated by St. Louis Cinemas under a contract with the city. It is expected to open in April.

At River's Edge - which is partially in Granite City, partially in Madison and partially in Venice - nearly \$300 million of development occurred in 2009 as well. The biggest project was the \$250 million Abengoa Bioenergy ethanol plant which is nearing completion. The plant will employ 60 full-time people and will utilize 32 million bushels of grain per year in the manufacture of ethanol.

Also, River's Edge saw the development of Arizon Structures' facility. Arizon manufactures fabric structures that are supported entirely by air pressure. The company erected an 80,000-square-foot version of its structures at River's Edge last year to house its assembly operations. Arizon also has two other companies that create components of the structures: one that assembles the HVAC systems that heat, cool and generate the air pressure necessary to support the structures, and another that makes the fabric itself. Both operations are in St. Louis County.

The U.S. Army Reserve also built a new \$16 million center at River's Edge,

consolidating several Army reserve centers from throughout the area.

Additionally, the Tri-City Regional Port District, owners and managers of the River's Edge property, signed a build-to-suit lease with ARCH Air Medical Service of St. Louis.

Since acquiring the former military base in 2002, Tri-City Regional Port has focused on improving the infrastructure and finding tenants, according to Dennis Wilmmsmeyer, the district's general manager.

"We faced a tremendous hurdle in that the government knew the property was going to close for many years before it actually closed," Wilmmsmeyer said. "There was a whole lot of deferred maintenance. We had warehouse roofs with major holes in them when we got the property. It's been a balancing act with the funds that we have available for capital improvements, to get them fixed and to get them leased out as quickly as possible to help make more revenue for other projects."

More development is on the drawing board for the Granite City area in 2010. The port is working on new docks south of the locks and Granite City is working with the Granite City Housing Authority on a HUD Hope VI application to help finance the development of new, affordable housing. The city recently approved the expansion of the Wal-Mart store into a Super Wal-Mart with a full grocery and there are nine outlots available on the Lowe's site for additional retail developments.

"We'll cross our fingers that the growth (in 2010) will match this year's," Ferry said.



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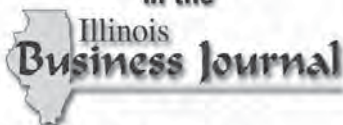
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Illinois Insurance Association disputes auto rate decrease touted by online insurance marketplace

By KERRY L. BEISER

The Illinois Insurance Association takes issue with Illinois auto insurance premium decreases in 2009 as reported by InsuranceRates.com, an online auto insurance marketplace.

According to insWEB, the parent company of InsuranceRates.com, the median six-month auto insurance rate in Illinois has decreased nearly 18 percent from Jan. 1 through Nov. 30, 2009 to \$724.38. The online insurance marketplace, which released similar press releases for a number of U.S. states last month, reports that certain demographic groups - such as men and women ages 60 to 74 - currently pay a median six-month rate of \$600.50, while men and women between the ages of 30 to 39 pay \$710 per six-month period.

Brad Cooper, senior vice president at insWEB, says decreased auto insurance premiums during 2009 can be found in a number of demographic profiles, and not just in Illinois.

"The numbers we put out there are not meant to suggest that insurance companies are decreasing their rates at that pace," said Cooper. "What we're reporting is a notable decrease in the

"The numbers we put out there are not meant to suggest that insurance companies are decreasing their rates at that pace. What we're reporting is a notable decrease in the median rate for consumers. These statistics reflect tens of thousands of consumers and include a combination of factors such as their individual coverage levels, the cars they drive and more. There are a lot of moving pieces in there, but it's (the decrease) indicative of the overall landscape. What we're really trying to show is that consumers can save money...and if they want to save money, what they need to do is shop around."

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Illinois auto insurance rates, according to insWEB, declined at approximately the same rate as the national auto insurance median, which declined 18.1 percent over the same period in 2009. The company uses comprehensive profiles of InsuranceRates.com customers as well as a proprietary system that tracks the rating algorithms of multiple insurance carriers in each state, Cooper says. Kevin Martin, executive director of the

Illinois Insurance Association, calls these findings into question.

"It doesn't make any sense," said Martin. "The Illinois Dept. of Insurance currently has numbers available for 2007. There's about a two-year lag time for those types of statistics. To us, it's very alarming that a group is reporting information across the country about a survey it performed on its own, with information from its own customers rather than from an independent source such as the state department of insurance. To put InsuranceRates.com's 18 percent decrease into some sort of context, the numbers we show from the Dept. of Insurance for 2007 (for Illinois) show only a 2.5 to 3 percent decrease."

Martin says medical liability - coverage for injured parties in an auto accident - is a significant portion of any auto insurance policy and certainly has not decreased over the past few years.

"Again using the most recent Dept. of Insurance statistics we have available (2007), the total decrease in average premium costs for Indiana was 2.1 percent," Martin said. "Missouri experienced a 2.3 percent overall decrease. State by state, for 2007, the largest decrease was 8.9 percent in Mississippi," he added.

Greg Bange, operations manager for Illinois at State Farm, says highly litigated products or highly litigated areas can also contribute to higher insurance premiums, because it costs more for companies to do business in that environment. "The bodily injury medical portion of auto insurance premiums is definitely becoming more expensive," Bange said. "It's increasing at a faster pace than the Consumer Price Index."

IBJ Business News

BARBERMurphy adds Keller

BARBERMurphy Group welcomes Tara Keller as a sales associate in its Swansea office.

IMPACT Strategies finishes dealership

Car Credit City opened its fifth dealership in Herculaneum, Mo. in early December. Leading construction of the

2,600-square-foot facility was Fairview Heights -based IMPACT Strategies. This is the second Car Credit City location constructed by the builder; the other location opened in O'Fallon, Ill. in 2008.

MMR&G celebrates 25 years

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Kwa Mister, Director

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Q&A with Mark Turner

President and Chief Executive Officer, Memorial Hospital, Belleville

IBJ: Health care in Illinois was in a crisis in 2005 as high medical malpractice insurance rates were driving physicians out of the state. The Illinois General Assembly passed medical malpractice reform

legislation in 2005. How have things changed since then?

Turner: It's certainly made it easier to recruit new physicians to

the area. I think it's made it easier to retain physicians who are here and who were considering leaving.

IBJ: Had you lost physicians at Memorial Hospital prior to the passage of the reform legislation?

Turner: Yes, we did, but we've been able to replace most of them and build

upon that. We're back to full service in neurosurgery and many other specialties, and we're seeing a strong recovery as well in terms of being able to recruit and retain physicians.

IBJ: What has happened to your medical malpractice insurance premiums since then?

Turner: I think they've been relatively flat. There have been some specialties where there have been minor increases and some specialties where there have been some minor reductions, but overall, it's been close to flat.

IBJ: It seems like there has been a considerable amount of construction going on relative to health care in Southwestern Illinois. Do you think that that is the result of doctors, hospitals, etc. feeling like they are in a more secure environment now - and feeling more confident in making investments in the area?

Turner: I'm not sure that I can speak for the entire industry. During much of my

career, we have seen hospitals expanding as populations grow. And in communities where the populations are receding, you typically don't see those kinds of expansions. But for us, we're putting up a new medical office building here. The construction will start in 2010. One of the two primary reasons for that construction is the need for more physician medical office space on our campus as we grow and recruit more physicians.

IBJ: Where will you be building this new medical office building, how large will it be and what will it house?

Turner: It will be a little over 80,000 square feet and it will be built right here on our campus. It will be an orthopedic and neurosciences center; we will see the building housing orthopedic surgeons, neurosurgeons, perhaps neurologists, our outpatient physical therapy department and our pain management center - all will relocate there. The building will not be completely full when it is completed, but it will be pretty close. It does free up existing space in our two existing medical office buildings that we will then be able to recruit new physicians to.

IBJ: At the time that the medical malpractice reform legislation was being debated, there were those who claimed that putting limits on damages was unconstitutional. If fact, the case of *Lebron vs.*

***Gottlieb Memorial Hospital* is challenging the constitutionality of the entire statute. It was heard by the Illinois Supreme Court over a year ago, and a verdict is expected at any time. If the Supreme Court strikes down the medical malpractice reform act, will that impact your building plans?**

Turner: I don't believe it would impact our building plans because we're pretty much committed to that at this point. I think it would have an impact again on recruiting and retention from this standpoint. Retention is a concern because we did see physicians leaving the area the last time. I'm not sure how individual physicians are going to predict what it means for them, if that were to happen. I think it will be a matter of seeing what happens down the road. The risk is malpractice insurance rates going up again.

IBJ: You bought some land in Shiloh on Interstate 64. Do you have any immediate plans to build on it?

Turner: No. We bought the property for Memorial Hospital's future needs. We certainly have services now in the O'Fallon/Shiloh corridor. We have an imaging center, a physical therapy center and medical office space there - and we're planning for the future expansion of those services as that need arises.

IBJ Business News

Ehrhardt Tool & Die gets leadership award

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