

Urbana's Industrial Future: Let's Examine the Facts and the Projected Benefits

Mayor Prussing argues that we need more jobs and we need more people and businesses paying taxes to the city of Urbana.

We agree with that, but the facts do not show that the best way to do this is by creating light and heavy industrial jobs.

Mayor Prussing says Urbana City wants to take 917 acres of prime agricultural land and beautiful prairie landscape around the proposed Olympian Drive extension, and to turn it into an industrial zone. This, she says, will produce 6,000-8,000 jobs in an anticipated 20 years.

How will we meet the Mayor's industrial objectives? What kind of industrial future do we realistically have? Can we really believe that opening up this land will produce many of these many light and heavy industrial jobs?

Here are some relevant facts:

Fact 1. The Prospect of Bringing New Industrial Jobs to Urbana

Mayor Prussing tells us that light and heavy industrial jobs are the kinds of jobs we want, and that the Olympia Drive development will bring them.

She counsels us to look at the Apollo Drive Industrial Development in Champaign which she alleges brought 1500 jobs to Champaign County.

Here are the facts:

- In 2008, the US Census Bureau tells us there were 13,697 manufacturing, wholesale, transportation, warehousing and utilities jobs in Champaign County.
- This is down from 14,394 at the 2000 Census.
- Which, in turn was down from 17,394 at the 1990 Census.

The long term trend is obvious, even in the years of prosperity to 2008. Major Prussing might want an industrial future for us, we're not likely to have one.

Could Apollo Drive possibly have brought in 1500 jobs? We doubt it, but if it did, where did they come from? (If there are new jobs at Apollo Drive, the overall employment numbers tell us that they must have contributed to the further hollowing out of older commercial zones in Urbana and Champaign.)

Before spending \$5 million of the State's money on pre-emptive land purchases to create this new industrial zone, Urbana City needs to do its homework. The City needs to be certain that long term trends, consistent over the past three decades, will be reversed. It needs hard data and credible projections that show that we can add 6,000 - 8,000 jobs on land to be zoned light industrial and industrial. Large decisions like this need to be based on careful analysis, not a hunch or interest-group pressure.

Fact 2. Already Available Industrial and Commercial Land

An analysis of Champaign County Economic Development Board data shows that, as of 22 March 2010, some 2096 acres of land zoned industrial and commercial is on the market.

That's 140 sites with an average size of 14.97 acres.

If the Mayor's projected take-up rates are valid for the new Olympian Drive industrial zone, it will take 57 years just to use the land that's on the market today.

However, these are just the sites that are on the market. But how many unused acres are zoned industrial commercial are there not on the market? Do we multiply the 2096 acres by a factor of two, three, five? (We're going to make a conservative estimate of three - which would mean that there are approximately 6000 acres of already available commercial and industrial land in the county.)

Does Urbana City have an answer to this question of demand for industrial land before it rushes into purchasing land for the Olympian Drive industrial development? How is the City helping business people to buy into these sites and to thrive commercially?

To give her the benefit of the doubt, let's support Mayor Prussing's objective to reverse the declining jobs trend in this sector and imagine that she can attract 6,000 to 8,000 new industrial jobs to Champaign County. Don't we have enough unused land for these new jobs already, without destroying picturesque and highly productive farming land on Urbana's fringe, and ruining the farming businesses currently there?

Fact 3. Currently Empty Industrial and Commercial Buildings

In addition to the 2096 acres of commercial and industrial land on the market, and perhaps 4000 more acres of unused commercial and industrial land that is not on the market, Champaign County Economic Development Board data shows that there are 133 Industrial Buildings currently for sale, with a total of 1,684,492 square feet, an average of 12,600 square feet per building.

This 1,684,492 square feet does not include empty properties that are not on the market. It does not include buildings for rent. And the acres taken by these empty properties are not included in the 2096 acres of empty lots for sale.

At the current rate of take-up, or the historical rate of take-up over the past ten years, how long will it take to sell and occupy just the 1,684,492 square feet of empty space that is now on the market?

Urbana City needs to be able to answer this question before committing to create a new industrial zone to its north.

Like so many other places in the United States, the legacy of excessive speculative development in the 2000s means that it will take a very long time to use existing commercial and industrial real estate stock—if ever, given the industry trend data cited above.

Fact 4. Population Growth

Census data shows that between 1990 and 2000, the population of Champaign County grew from 173,025 to 179,669. It grew again to 193,636 in 2008.

These are hardly spectacular rates of population growth. Even in the boom years of the 2000s, the population only grew on average 1745 per year, or less than 1%.

Meanwhile, Urbana-Champaign sprawled, with many thousands of acres of new residential, commercial and industrial land excised from former farming lands. Every year, spread of the urban footprint of Champaign-Urbana has far exceeded the 1% population increase. In fact, to meet our stated planning objectives, this footprint should be expanding slower than population growth.

Before we push further out into agricultural land, we need to do a thorough analysis of population trends and the extent of land use. Before we launch into the creation further sprawl, we need firm data on the current unused land

capacity. Given the sluggish rates of population growth, there is enormous capacity for infill development.

Fact 5. Infrastructure Costs

The Mayor and several councilors have made erroneous statements about the availability of infrastructure in the proposed Olympian Drive industrial zone—the sanitary sewer does not service this area at all. It currently stops near Oaks Drive. It will have to be built, at great expense, to service this area.

Before proceeding with purchasing land for Olympian Drive, Urbana City needs to examine all the facts and extrapolate all costs and returns in a careful way. To complete the Olympian Drive industrial zone, Urbana City will need to commit to:

- building substantial infrastructure that does not exist, including a sanitary sewer system. How many millions will this cost?
- paying the full cost of the Lincoln Avenue re-routing, without which Olympian Drive makes no sense. How many millions will this cost?
- making a contribution to the \$30m plus development costs of Olympian Drive.

If fully developed twenty years after construction, Mayor Prussing projects that the Olympian Drive industrial zone will attract over \$2,000,000 in tax revenues to Urbana City each year.

However, a report commissioned by Champaign City by fiscal, economic and planning consultants TischlerBise, and published in draft form in May 2009, states as follows:

- Industrial/warehouse development produces annual net deficit to the City of \$63 per square foot. Although the revenue to the city from this kind of development is \$205 per square foot per year, the cost to the city of servicing this infrastructure is \$268 (pp.8, 35).
- Office development generates costs approximately 1.5 times the amount of revenue it brings in. Its public works costs are about \$175 per thousand square feet ... while its police and fire costs are \$205.' Annual net deficit to the City: \$314 per 1,000 square foot. (p.7)

In other words, far from earning \$2,000,000 in taxes, the kind of development proposed would cost the City of Urbana more than it earns in taxes. Using the

data supplied by TischlerBise, it would cost Urbana City more than \$2.6m each year for Urbana City to service the proposed Olympian Drive industrial zone. In other words, even if and when fully developed it would be a burden on the City.

Before starting land acquisition for the Olympian Drive development, the City of Urbana needs to undertake more careful analysis of the value of new industrial development, even if in the most bullish of scenarios it were to come.

To Conclude:

No-one disagrees with Mayor Prussing's objectives to bring more jobs and taxes to Urbana.

The key question is whether her facts and assumptions are correct. Is she basing her enthusiasm for the Olympian Drive industrial zone on well researched data?

Before we commit to land acquisition, let's address the facts and develop credible projections.

Stop Olympian Drive Group

Join us on Facebook

<http://www.facebook.com/pages/Stop-Olympian-Drive-Group/362486134343?ref=nf>

March 22, 2010

On this and the Following Pages:

Some images of our industrial future, hundreds of acres of waste industrial land at the west end of Olympian Drive, waiting for industrial development that shows no signs of arriving anytime soon. Does Urbana want to replicate this at the Eastern end of the same road?





