March 14, 2018

Testimony to the Cook County Finance Committee

From **Kristi DeLaurentiis, South Suburban Mayors and Managers Association**

Re: **18-1604 Prevailing Wage Substitute Amendment**

- We're here today representing 38 Cook County municipalities. Joined by over 50 mayors, municipal and industry leaders.
- You know us, since last year we've come down repeatedly to testify that the good intentioned tweaks and fixes and amendments have complicated a tax incentive program that was working.
- In the past, Cook County took concrete steps to incentivize beneficial growth opportunities through the County Tax Incentive Program, even crafting special requirements to fast track investment and spur investment in the five south suburban townships that have struggled for decades.
- In the last months I've sometimes felt like it's been ground hog day for me. Here's why: I combed my files and found an article I wrote in 2004—15 years ago— that calls attention to the need to have ALL tools available to reinvigorate the Southland, citing data that shows the south suburbs did not benefit from the 1990's boom that successfully grew and expanded industries throughout other parts of metropolitan Chicago.
- Guess what. We still haven't caught up.
- You know what the economic development priorities of Southland communities were in 2004? Same as today:
  - recruiting new business and industry
  - Retaining and expanding existing companies
  - Reversing the decline of the local economy.
  - Same as today.
- Unfortunately, while suburbs to the north, northwest, west, southwest by-and-large are enjoying economic success, the municipalities of the South Suburbs still continue to suffer economic blight— and today the gulf between "haves" and "have nots" may get a whole lot wider. As you'll hear from other's testimony, economic vitality throughout the County is at risk because of this ill-conceived amendment.
- I want to take a moment and to not only call attention to the mayors that are here— collectively representing nearly 700,000 people. They've taken the time to testify, petition, and plead with you to defer the decision on Prevailing Wage Amendment until

such time as we can address the unintended consequences and ensure that all sides on this issue win.

- But also to recognize the hundreds of opponents that cast their vote some 20-1 in opposition to this measure through the website. They come from all over the County and their comments indicate their concern too about how this measure will slow down business investment and drive out businesses and eventually people from Cook County. They are not just in the South Suburbs but throughout the County and have weighed in in opposition.
- The mayor of Hoffman Estates, business owners from Bartlett to Willow Springs, a restaurant owner in Franklin Park and another in Burr Ridge, small contractors from throughout the County. All have expressed concern that the Prevailing Wage amendment will hurt business and drive investment to the collar counties and neighboring states.
- We know that's the devastating truth in the South Suburbs. Nothing in this amendment will grow the local economy. Instead it will increase cost to businesses and all redevelopment projects, will negatively impact investment and growth, and does not guarantee that local workers benefit.
- As I said last week. No business investment means no construction jobs and no employees either. How does that help anyone? Let's defer taking action on this ordinance until we can sit down and take a comprehensive look at how to make sure everyone wins and the Tax Incentive program works.

Thank you.

March 14, 2018

Testimony to the Cook County Finance Committee
Given by: Kristi DeLaurentiis, Executive Director, SSMMA
Re: 18-1604 Prevailing Wage Substitute Amendment

The South Suburban Mayors and Managers Association (SSMMA), the Chicago Economic Development Corporation, and our member communities want to express opposition to the Prevailing Wage Amendment before you today. By now you know us. The SSMMA, representing 38 Cook County municipalities, has been before you numerous times in the last year to address the tweaks and changes and good intentioned amendments to the existing Incentive Ordinance. Now the Prevailing Wage amendment is another one.

But this measure won't create jobs in our communities. In fact it will do the opposite. Passage of this amendment would dis-incentivizes investment in our communities. It will drive costs for projects up, add red tape, and reduce the viability of the incentive program as you'll hear from the very people who will be affected. It will stymy growth and investment (and jobs) in Cook County and our local communities. It's too easy to avoid Cook County and move on to neighboring Counties that are less costly and easier to navigate process. No projects, means no construction jobs and no employees either.

The County Board should not consider taking action without a comprehensive assessment of the impact and cost of a prevailing wage requirement on market driven business decisions. We participated in a discussion Monday hosted by the Bureau of Economic Development and economic development practitioners from around the County expressed concern that it would not only would it diminish the usefulness of incentives to recruit and maintain business it would be catastrophic to the South Suburbs. Labor representatives at the table expressed that their concerns were for wages for local workers and conformity of contracting services—and not tax policy. That's true—their interest is not tax policy—but it should be yours when there is evidence that adding prevailing wage rules—unprecedented anywhere else in the Country!—will drive up the cost of doing business and ultimately drive out business in Cook County.

Again, no projects, means no construction jobs and no employees either.

We've collected and are prepared to provide you with information on the businesses throughout Cook County—some 4000—that will be potentially impacted by this Amendment. We will also leave behind current tax rate information that maps community by community the current tax rates so you can see how devastating it will be to slow or halt growth and development, particularly in the south suburbs.

So it comes down to this: Is the Tax Incentive Program going to be allowed to promote economic development or, through the Prevailing Wage amendment, impede it? It will not ADD jobs in our communities—it will halt growth and investment, and impede the POTENTIAL FOR JOBS across the Southland AND throughout Cook County. No projects, means no construction jobs and no employees.

I want to remind you that there are unresolved issues related to affidavit requirements that call for taking a comprehensive approach on these interrelated issues.

We are asking you to vote NO or stay action on the Prevailing Wage Amendment when it comes before you and to instead convene a Task Force so that, together, we can find common ground on ways to improve the usefulness of the tax incentive program for the betterment of economic development and business growth throughout the County.

Thank you.

MetropolitanPlanningCouncil

Supporting Community Economic Development in Chicago's Southland

A report to the Illinois Department of Commerce and Economic Opportunity submitted by the Economic Development Roundtable.

By Kristi DeLaurentiis
February 24, 2004
Post a comment

A report to the Illinois Department of Commerce and Economic Opportunity submitted by the Economic Development Roundtable.

Introduction

The State of Illinois provides literally hundreds of different programs and services for business planning, development, and support. Recognizing the need to be competitive in the global arena, Illinois, with one of the most diverse economies in the nation, has committed resources and developed policies designed to foster economic vitality. As the state's lead economic development agency, the former Department of Commerce and Community Affairs (DCCA), had been charged with enhancing the state's economic competitiveness by providing technical and financial assistance to businesses, local governments, workers and families. Gov. Rod Blagojevich has called for new economic development policies and started by organizing DCCA into the Department of Commerce and Economic Opportunity (DCEO). With a revised mission and mandate to focus on job creation and expansion of economic activities, DCEO programs are being designed to support balanced community development and foster economic vigor.

DCEO's plans to enhance economic opportunities include supporting small businesses and manufacturers and providing better service. With a new, streamlined and more responsive department, DCEO is poised to improve Illinois' economy. Even with the state's current fiscal constraints, Director Jack Lavin has called a strategy for job creation the best long-term policy for growth, and promised to focus especially on hard hit areas such as the southern suburbs that have been "left behind." Building on local plans for economic development will be essential to ensure accountability and efficiency in spending limited state resources to support local strategies.

Many southern suburbs were left behind in the economic development boom of the 1990's that successfully grew and expanded industries throughout other parts of metropolitan Chicago and Illinois. An ethnically and economically diverse region, overall its economic indicators have declined, following demographic and social changes over the past decade. The attractiveness of the region as a place to conduct business and raise a family has suffered. This reputation is reinforced by new investment bypassing the Southland in favor of other parts of region. The south suburbs, formerly home to large industrial and manufacturing operations, now have an economic engine driven by small business. These same small business ventures are finding it increasingly difficult to prosper and grow without support and intervention from municipal and state government.

Many organizations and governmental bodies have sought to address the disparity between "have" and "have not" communities, recognizing the long term affects for the latter: falling farther and farther behind with the loss of commercial and industrial properties; growing property tax burdens on homeowners in areas devoid of economic development; lack of reinvestment in infrastructure improvements affecting future investment; distressed education systems. Real impacts are felt by the decline or outmigration of south suburban businesses. Without a stable business environment, conditions continue in a downward spiral for once-vibrant communities. The Southland, home to more than 2 million residents, is of critical state importance and its success or failure to thrive has statewide implications — the prosperity of this region acts as a forecaster of Illinois' economic success. A strategy that focuses state resources on goals and invests in programs that support balanced community development has to be a priority in order to ensure that Illinois — all of Illinois — continues to grow and prosper.

This report highlights how stakeholders, through better coordination and planning, have supported efforts to turn around the Southland's distressed communities, slow the decline in disinvestment, reverse the trend of business departures and fuel new growth and development. The state's economic development programs have been critical to these efforts, and continue to be a necessary component of any redevelopment or reinvestment plan for the Southland's future. Even with budget constraints and the need to be more strategic in use of limited resources, the Southland must be considered a priority investment area, and helped toward becoming a region on the rebound. With coordination and pooling of resources, through planning and efficiencies, the economic potential of the south and southwest suburbs can be harnessed and the region can once again flourish. The passage of the Local Planning Technical Assistance Act last year provides a unique opportunity to reward communities, like those in the Chicago Southland, that have been engaged in local planning efforts to spend both local and state resources wisely. Serving as a model to other parts of the state, these coordinated planning efforts increase the capacity to anchor economic development.

Background

Many organizations have been working to bring economic growth to Chicago's south and southwest suburbs. Over the past two years, the Economic Development Roundtable (EDR), a forum where stakeholders can collaborate on initiatives to revitalize existing communities, has begun work to strengthen the area's overall competitiveness. At the EDR, south suburban and regional groups, representing business, labor, non-profits, economic development and education organizations have joined forces with local government agencies to attract and retain businesses and address issues that effect quality of life for local residents. While each stakeholder has his or her own agenda, the common goal of building a framework that supports area businesses and community economic development brings them together. Much of the impetus for the group's work has been to address economic development issues within the context of the Cook County tax system and the resulting fragile economy in the south suburbs. Competitive disadvantages for business is especially great in south suburbs that border both Will County and Indiana. While existing financial and related state programs have provided the ability to "remain in the game" and have attempted to put the Southland on an equal footing with its competitors, EDR members are working together to overcome the region's challenges, relying on greater efficiency and coordination to affect change.

Critical Programs

Economic development policies should target resources to hard hit areas that have been engaged in coordinated planning efforts to enable both local and state resources to be used wisely. While the 72 communities that make up the south and southwest suburbs vary significantly in terms of urbanization, population, demographics and employment levels, inter-jurisdictional efforts have been made to improve the region's economic well being and vitality. Sandwiched between expanding O'Hare communities to the west, the bustling Loop to the north, growing and inexpensive rural lands to the south, and aggressive, incentive-fortified Indiana towns to the east, the Southland continues to be at an ever-increasing disadvantage. Regional efforts to combat this disadvantage and stabilize the business environment are underway, along with measures to create the necessary foundation for balanced community development.

Southland stakeholders know they must work together and establish greater scales of efficiency in order to be effective. Aligning regional priorities with the state's objectives has begun to produce benefits to local communities and stall the disinvestment cycle that has taken place for the last several decades. A plan to restructure economic development in the Southland is underway with a newly formed Economic Development Corporation, which will serve as the single portal or "one-stop-shop" for economic development activities in the Southland region. Efforts to streamline activities and institute greater accountability will expedite the economic development priorities of Southland communities.

Those priorities include:

- recruiting new business and industry;
- retaining and expanding existing companies;
- reversing the decline of the local economy;
- supporting local planning capacity to anchor economic development;
- providing better access to good jobs, housing and education for residents;
- increasing transit options and accessibility;
- marketing and promoting the region as a place to live, work and visit;
- improving environmental quality;

- supporting resources and programs that realize economic benefits to the region; and
- developing initiatives that improve the area's overall competitiveness.

In addition to creating an Economic Development Corporation, Southland communities, area business organizations and others have undertaken a collaborative planning and marketing effort in order to spur balanced economic growth. Public and private partnerships have formed to secure economic development projects and have been successful utilizing several programs administered by DCCA (new DCEO), including programs that provide workforce assistance, financing and tax credits and incentives. Such business incentives have been critical to the success of these partnerships, especially as south suburban communities are forced to compete for investments with neighboring Indiana.

The Southland must continue to be a priority for Illinois' economic development programs, or face disinvestment and rising unemployment. Programs with benefits critical to the South Suburbs include Illinois FIRST, State Treasurer's Economic Program (STEP), Economic Development Program (EDP), Large Business Development Program (LBDP), Economic Development for a Growing Economy (EDGE), Business Development Public Infrastructure, Participating Loan, Enterprise Zone, Tax Increment Financing and Industrial Training programs. Each has had significant impacts on the economy and been essential to maintain the base, benefiting residents of the Southland region.

Partnership Examples

Many examples of public/private partnering on economic development activities exist within the Southland. Success stories illustrate the effect that cooperation at the state, county, township and municipal levels can have, such as stabilization of the business environment and reversal in the decline of the local economy. Long-range planning goals that promote sustainable, balanced growth and create jobs have been a key component of multiple efforts, including the Chicago Southland Tomorrow Corridor Initiative (CSTCI). This multi-year initiative, involving more than 70 municipalities and many Southland-based organizations, focuses on the development and implementation of economic analysis tools that improve the region's technical capacity and help communities, and the creation of a coordinated regional marketing strategy aimed at attracting new investments and retaining existing business. Leveraging state funds with a locally raised match, the CSTCI will poise the Southland well for the future.

There are other examples where public programs have spurred private sector investment to grow prosperous industries and create many high paying jobs. A strategic, multi-agency approach was used to retain and expand several key businesses, including Rohm and Haas in Lansing and Mi-Jack Products in Hazel Crest. After doing business for 40 years in Lansing, Rohm and Haas, a $7 billion international company that operates several facilities in Illinois, was weighing the choice to build a $12 million technical center in neighboring Indiana, or expanding its facility in Lansing. A unified effort involving the village, county, state and other economic development representatives, utilizing workforce assistance, financing and tax credits and other incentives resulted in Rohm and Haas' decision to stay and expand its operations in Lansing. The new facility will employ approximately 50 area residents, but, more importantly, the decision to remain in Illinois ensures that 450 existing jobs remain.

Similarly, Mi-Jack Products, an international company producing intermodal rail and port equipment and other industrial products, was considering relocation to and expansion in an Indiana location. Working with local and county business development agencies and utilizing state services and economic incentives, local officials convinced Mi-Jack owners to remain in Hazel Crest and expand the business in its present location. Mi-Jack's recommitment plan, which involved investing millions of dollars to upgrade existing buildings and build new facilities, is already underway. In addition to the 350 jobs that were saved in Hazel Crest, 50 new jobs for skilled laborers were created, adding to the vitality of the local economy.

Business development and loan programs combined with local incentives attracted a new sports venue to the region- the Southland Sports and Expo Center. Located on 39 acres in Lynwood, the 115,000 square foot arena is a one-of-a-kind multi-use facility. In addition to several indoor and outdoor soccer fields, a 77,000 square foot exposition center is available for trade shows and conventions. Illinois FIRST dollars, infrastructure and financing funds available through DCCA and tax incentives and abatements provided by the school districts, village and township were part of the package that made this venue possible. In its first year, the Southland Sports and Expo Center has already hosted more than 4,500 athletes and their families, as well as thousands of spectators. The impact on the regional economy is significant: in addition to new jobs for area residents, hotels, restaurants and retail stores in the Southland will benefit from activities generated by Sports and Expo Center visitors from around the country.

Other, more publicized partnerships have also stimulated economic activity. Through cooperative agreements among several taxing bodies, combined with state programs, Riverdale's steel plants are back in business, returning 190 former steel workers to work and adding to Riverdale's stability. Nearby, Ford's supplier campus will benefit numerous occupants, provide more than 800 new jobs, improve environmental conditions and revitalize a distressed area. Clearly, these cooperative redevelopment projects will add to the economic vigor of the region.

Attention on Retention and Expansion

As important to attracting new businesses to Illinois and the Southland is retention of existing businesses. Illinois needs to fund retention and expansion efforts at the same level as attraction efforts, and coordinate them with workforce development activities. Finding creative ways to keep local businesses from leaving the region and overcoming attractive proposals from neighboring states are key to fostering the continued growth and prosperity of our communities. Many Southland businesses have been lured away to other locales with offers of smaller tax bills and other incentives. Programs like EDGE have been particularly helpful because they help to fend off these offers. Removal or weakening of EDGE and similar programs adds considerable vulnerability to local business retention and expansion efforts at a time when Chicago's south suburbs can least afford it.

Economic development programs that support small to medium size businesses improve the efficiency of existing operations and provide tax incentives for modernization needs would further sustain existing businesses. Focusing state resources on reinvestment and redevelopment supports balanced growth and revitalizes existing communities, serving to strengthen the Southland's overall competitiveness.

Shared Vision for Community Economic Development

EDR participants recognize the integral role that DCEO plays in fostering economic development and want to ensure that necessary programs continue to be in place for future revitalization projects. The Southland must continue to be a priority investment area and helped toward becoming a region that is once again flourishing, allowing those "left behind" communities to experience revitalization. For many communities, Illinois' economic development programs are a critical component of any reinvestment plan. Strategies that enhance the return of private capital and, through coordinated planning, increase the capacity to anchor economic development, make sense and should continue. These valuable business tools, with multi-agency cooperation, have contributed substantially to the success of local development efforts and slowed decline, spurred investment, fueled the local economy, benefited area residents and positively affected quality of life in local communities. Effective partnerships, including those that will continue with the new DCEO, are critical to the health and life of many distressed south suburban communities, going far beyond jobs created, jobs saved, skilled workers trained and dollars invested.

Priorities

While there are many important state programs that bolster the Southland economy, the key objectives for reinvestment in the Southland should be:

1. attracting new business
2. retaining existing business
3. retraining the workforce
4. supporting planning for community economic development

As a priority investment area for the State, the Southland's success hinges on the ability to turn around decades of disinvestment and better support small businesses. Working together with DCEO to revitalize and invest in existing communities will do more to strengthen the region's competitiveness than just allow its base to be maintained: it will help support the unified direction of the Southland up the economic ladder of success.

Submitted by Economic Development Roundtable members:

- Chicago Southland Alliance
- Chicago Southland Chamber of Commerce
- Chicago Southland Development, Inc.

- Chicago Southland Convention and Visitors Bureau
- enterpriz Cook County
- Metropolitan Planning Council
- Metro Southwest Alliance
- South Suburban Mayors and Managers Association
- Southwest Council of Mayors

Keywords

Cook County, economic development, Regional development, regional planning, Technology, Will County

Comments

No comments

Press Release
For Immediate Release

SSMMA and Others Oppose Regressive Amendment to Cook County Tax Incentives Program, More than 50 Mayors and Business Leaders Testify for Second Week in a Row Tomorrow

Press Conference Availability: South Suburban Mayors, Developers and Industry Leaders
When: Wednesday, March 14, 2018, 8:30 a.m.
Where: Elevator bank outside of County Board Room of the Cook County Building
118 N. Clark Street, 5th Floor, Chicago, IL 60602
Contact: Kristi DeLaurentiis
708-567-5156 / kdelaurentiis@ssmma.org
www.ssmma.org

EAST HAZEL CREST, IL (March 13, 2018) — It may be one step forward and two steps backwards for economic development in Cook County after March 14 of this year. Tomorrow, at 9:00 A.M, the Cook County Board's Finance Committee is considering an ill-conceived amendment to the Tax Incentive Ordinance that could severely impact local community efforts to attract and retain businesses. Economic development—a proportionately disadvantaged endeavor in the south suburbs due to the competition from pro-development oriented communities in nearby Indiana and Will County—could come to a grinding halt if this counter-productive measure is passed.

The South Suburban Mayors and Managers Association (SSMMA) which represents 45 south suburban communities, has 38 community leaders with grave concerns about the potential negative impacts of the proposed Ordinance 18-1604 known as the "Prevailing Wage Tax Incentive Amendment". Tomorrow, once again, they'll attend the County Board Finance Committee Meeting to make their opposition known.

In the past, Cook County took concrete steps to incentivize beneficial growth opportunities through the County Tax Incentive Program, even crafting special requirements to fast track investment and spur investment in the five south suburban townships that have struggled for decades. Unfortunately, while suburbs to the north, northwest, west, southwest by-and-large are enjoying economic success, the municipalities of the South Suburbs still continue to suffer economic blight— and the gulf between "haves" and "have nots" is about to get wider.

The amendment before the County's Finance Committee, sponsored by Cook County Commissioner and McCook Village President Jeff Tobolski, seeks to impose regressive big-government cost increases on sorely needed private businesses. If passed, this counter-productive proposal would impose a costly requirement on any private property owner and businesses who utilizes the County's tax incentive program for business expansion, and in future year's property maintenance and modernization, too.

SSMMA and other Cook County communities oppose Ordinance 18-1604 on the grounds that it conflicts with the intent of the County Tax Incentive program, increases cost to businesses and redevelopment projects, will negatively impact investment and growth, and does not guarantee that local workers benefit.

"This measure won't create jobs in our communities," said SSMMA President and Hazel Crest Mayor Vernard Alsberry. "In fact, it will do the opposite. Passage of this amendment would eliminate the use of investment incentives throughout the Southland. It will drive-up costs for projects, add red tape, and reduce the viability of the incentive program. It will stymy growth and investment and jobs throughout Cook County but most especially in our south suburban region and local communities."

Without a stable business environment, the south suburbs, once booming with jobs and industry, are falling farther and farther behind with the loss of commercial and industrial properties and a growing tax burden which has shifted to homeowners in areas devoid of economic development. "So much is at stake here," testified South Holland Mayor Don DeGraff before the Cook County Board of Commissioners' Finance Committee at the March 1 hearing on the amendment. "In my history of 25 years as an elected official, I've never experienced or had legislation put before me that has been more detrimental to my community and the South suburbs as a whole."

Mayor John Ostenburg of Park Forest agrees, saying, "The one tool that has been of great benefit to the municipal leaders of the south suburbs in fighting economic blight and inequity has been the Class 8 incentive program. I personally can attest to how the program has created business where none had existed for years; overwhelmingly, the businesses being assisted through Class 8 are locally owned and operated not national firms that are taking dollars out of the Chicago region as Commissioners have falsely been led to believe." Ostenburg adds, "Furthermore, NO tax dollars are being given to these companies; rather they are paying taxes that were not previously being generated on these properties, only at a lower rate in order to incentivize them to invest."

Other organizations are weighing in with their concerns for the proposed amendment, including the Association of Industrial Real Estate Brokers, Calumet Area Industrial Commission, Chicagoland Chamber of Commerce, Chicago Southland Convention and Visitors Bureau, Chicago Southland Economic Development Corporation, Illinois REALTORS, Metropolitan Mayors Caucus' Executive Committee, the Society of Industrial and Office Realtors. These groups collectively represent thousands of constituents, business owners, investors, and other stakeholders that could be impacted.

"It is worth noting the detrimental and very real negative impact this ordinance would have on current and much needed future investment in the Southland, including on small and diverse businesses," states Jack Lavin, President and CEO of the Chicagoland Chamber of Commerce. "This proposed ordinance is being viewed in a vacuum, with no concern for the larger economic context, including Cook County's burdensome taxes and regulations that harm the business climate. We would welcome a thoughtful conversation about a comprehensive approach to economic development that includes all stakeholders, including our labor friends. But, a continued piecemeal approach to the property tax incentive program would be detrimental to economic development and would have numerous other negative unintended consequences."

Orland Park Mayor Keith Pekau concurs stating, "As mayor of Orland Park, the third largest tax generator for Cook County, I'm disturbed by another onerous, ill-conceived and unfunded mandate from the county. Even Orland Park, bordering Will County, needs incentives to recruit and retain businesses within Cook County. What's proposed makes it harder for all of us to do so."

"The Property Tax Incentives program has worked very well for years, repeatedly achieving the goals of growing the tax base and adding jobs," states Beth Wanless, government affairs representative, Illinois REALTORS. "When an investor or employer is incentivized to invest in a Cook County property, several economic benefits come to the local community. This incentive has been a good economic development tool for Cook County. To reduce its efficacy—with a costly new burden— would be a harmful move."

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The South Suburban Mayors and Managers Association is a council of government (COG) providing technical assistance and support services to 45 municipalities representing a population of nearly 750,000 in southern Cook and eastern Will Counties. Our member communities include thriving suburbs, struggling-yet-stable communities home to moderate income families, and some of the most resource-strapped and economically distressed towns within the Chicago region. SSMMA members work cooperatively on transportation, legislation, housing and community development, land use, economic development, recycling, purchasing, stormwater and open space planning, infrastructure, human resources and public safety.