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ANNUAL GUIDE 2020

NORTHWEST BUSINESS MAGAZINE

Deploying New Methods in a New Economy



Paula Hendrickson July 2, 2020

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As challenging as the past few months have been for our local

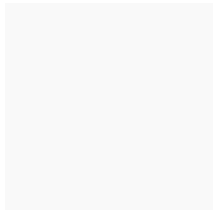
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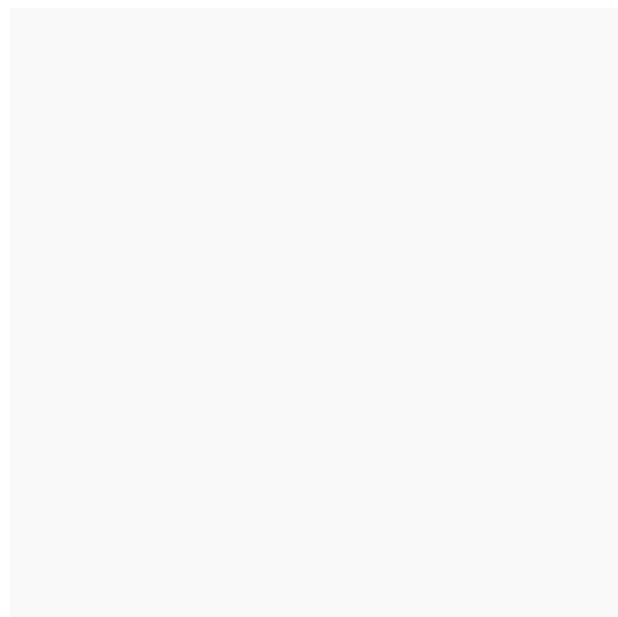


businesses, it's not the first time our region has seen serious economic hardships – and risen from the ashes. In the shifting reality of this new economy, regional leaders are embracing the uncertainty and doubling down on the strategies and mindsets that have led to serious growth over the past decade.

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Last year was a banner year for our region, with new project announcements, positive employment numbers and countless other economic victories happening throughout northern Illinois and southern Wisconsin.

Even though the COVID-19 pandemic brought everything to a screeching halt this spring, our region's economic advantages remain firmly intact and ready for the coming recovery.

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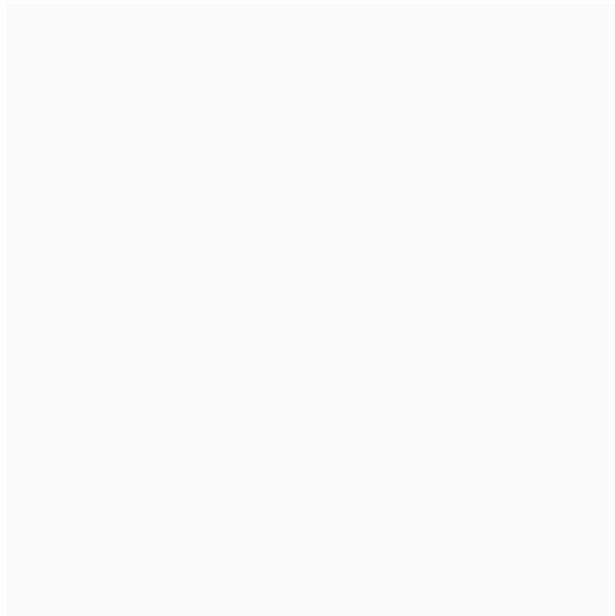
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Talent development, for one thing, continues to be a high priority for schools, communities and corporations. New developments continue to take shape, and leaders in economic development continue to embrace innovative approaches to growth.

Pandemic or no, there remain many signs that the region is putting its assets to work, to keep the region thriving through this time of uncertainty.



 Amazon's massive 1 million square-foot distribution center in Beloit is spurring additional development in the city's Gateway Business Park.

Beloit: Location, Location, Location

Not only does Beloit's location along Interstate 90 make logistics easier for companies to do business, it makes the area more accessible to workers.

“The interstate corridor opens up all of our employers to a very large watershed of employees as far away as Belvidere to the south and Madison to the north,” says Andrew Janke, executive director of the Greater Beloit Economic Development Corporation (GBEDC). “If you go into any parking lot for any of our major employers in greater Beloit, you’re going to see license plates from Wisconsin and Illinois.”

That prime location no doubt helped seal Beloit’s biggest coup in recent memory: The Amazon fulfillment center, currently under construction on an 80-acre site at the Gateway Business Park, located just off I-90.

“They’re building a facility that’s going to be, when completed, over a million square feet, which is an enormous building. They’re going to employ 500-plus people there, and their investment is going to be over \$105 million, so it’s a pretty big project,” Janke says, noting that the online retailer’s decision to set up shop in Beloit should be a boon to surrounding areas, as well as the Chicago Rockford International Airport.

He says Amazon’s investment has already spurred Hendricks Commercial Properties to plan a 208,000-square-foot industrial building, on spec, to be situated on a 40-acre site across the street from Amazon.

“They believe the market is strong enough that it’s very likely they’ll be able to attract one or more tenants,” Janke says. “In fact, this will be the third building they’ve built under spec. With the first two, they had tenants lined up before they finished construction. They think that can continue to happen, so they’re proposing, eventually, two buildings totaling over 400,000 square feet.”

Gateway Business Park is also home to NorthStar Medical Radioisotopes, currently in the third phase of a major construction project.

“They’re building a 20,000-square-foot building to house the equipment that they’re going to be using for production of their radioisotopes,” says Janke. “It’s about a \$35 million project in and of itself, and this is just after they completed phase two, which was a 50,000-square-foot addition. Having a high-tech company like that is really exciting.”

Other key projects include ABC Supply’s new four-story, 132,000-square-foot building at its campus in downtown Beloit.

“Initially, it’s going to be home to 200 to 300 employees, and it has the capacity for up to 600 people to be working out of that building. That’s a \$30.5 million project,” Janke says.

The expected influx of employees means workers will need somewhere to live. Hendricks Commercial Properties plans to begin construction on Wright & Wagner Lofts – three new multifamily buildings, totaling 54 units and 58,000 square feet – at the 200 West Grand property downtown.

“The availability of quality housing, whether it’s professional class, workforce housing or affordable housing – there’s a need to attract more developers to create more housing,” he says, adding that housing projects are being developed near the new Amazon location as well as downtown.

Another quality-of-life issue facing Beloit is lack of retail business.

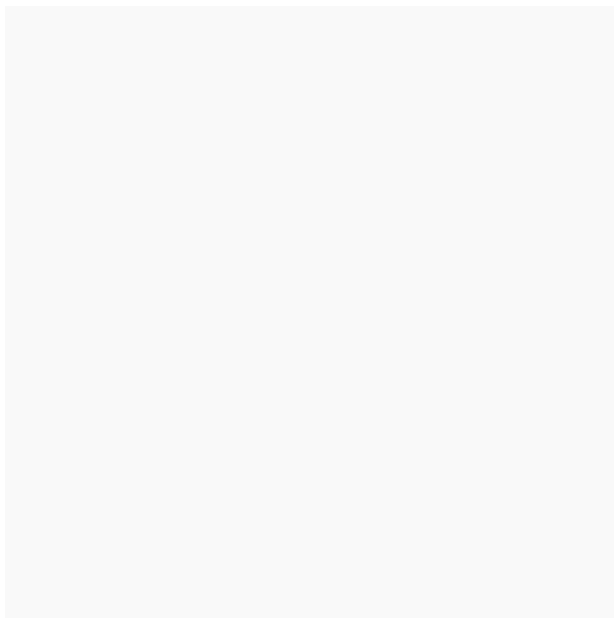
“We have a very prosperous, healthy downtown – I think the vacancy rate has been under 4 percent, and I think there are only maybe two or three storefronts available. Nevertheless, if you were to ask the average Beloiters, ‘What’s the big miss in Beloit?’ It’s the ability to shop locally,” Janke says. “Brick and mortar retailing across the country has gone through a major contraction, and I suspect it will continue to do so. We’re trying to address that. We’re collaborating with some of our partners to put together a retail study to identify some opportunities out there so people can consider reinvesting.”

Beloit's proposed casino may be awaiting final approval from the Bureau of Indian Affairs, but another entertainment project has plans to break ground soon: A privately funded professional baseball stadium for the Beloit Snappers.

"It will be a 5,000-seat facility. It's a \$34 million project located on what we call the Riverbend site in downtown Beloit," Janke says.

Janke remains impressed with Beloit's recent economic growth and believes it will continue when the economy begins its recovery.

"We'll see what, potentially, other collaborative-type businesses might want to be located close to the Amazon facility," he says. "I don't know if that will pan out, but there's hope that it could happen."



Downtown Rockford continues to grow

☐ with the addition of businesses like Indoor City Market and Division & Co., on Madison Street.

Rockford: Flexibility, Adaptability, Time

Over the past couple of years, the Rockford Area Economic Development Council (RAEDC) has shifted its approach to courting new business.

“We’ve watched an extraordinary amount of construction and job creation take shape over the past three years or so,” says Nathan Bryant, president and CEO of RAEDC. Because the global economy is constantly changing, it’s important for area businesses to be flexible enough to adapt to those changes.

Among the Rockford area’s “key wins,” Bryant lists Amazon’s Prime Air hub at the Chicago Rockford International Airport, Siffron constructing a 350,000-square-foot facility in Loves Park, Ill., and Collins Aerospace’s continued investment in the area.

“Collins has been investing and re-investing into their talent in the market,” Bryant says. “We saw investment in their electrification lab called The Grid. If you need to test electrical parts that go on any plane, you have to come to our region to do that.”

He's also enthused about Collins' skunkworks project in downtown Rockford. "Their goal is to own the industry when it comes to hybrid gas-electric engines for airplanes."

Drawing yet more multi-national companies to the area requires a nimble approach that Bryant is confident the area can deliver with an inclusive and welcoming message.

"We've got companies coming to the region that are very diverse in their approach," Bryant says, citing L&T Technologies, a contract engineering service provider for Collins Aerospace. "They're a wholly owned company out of Mumbai, and the face and culture of that company is drastically different."

Quality of life issues are at play, too.

In the past, people applied for jobs they wanted. Today, younger talent often thinks first about the kind of community they want to live in, then looks for positions in places with positive quality-of-life rankings.

"For the past two or three years we've engaged in an outward-bound messaging campaign that talks about all of the things that make our community great," Bryant says. "It talks about inclusion and diversity. It talks about talent development. And it

talks about all of the amenities we have in the greater Rockford region – the Park District, Rockford City Market, things you can do in the summer on any given night of the week. It's telling the story of what makes us great."

A key advantage Bryant stresses is the short commute time.

"Having a short commute is a big deal for executives," he says. "I tell them that 15 minutes after work I'm anywhere I want to be. We're able to play quickly after we're done working. It ties into a great selling point for us: Time. Time is the only thing in life you cannot make more of. Treating it like precious gold is important to our organization. That message resonates with families, employees and executives."

Another time-saver that companies like Hennig have already introduced is Quick Response Manufacturing (QRM).

Most manufacturers focus on the efficiencies involved in producing parts, but QRM expedites how quickly those parts move through the process, reducing the amount of time parts sit in bins awaiting the next step of the fabrication process.

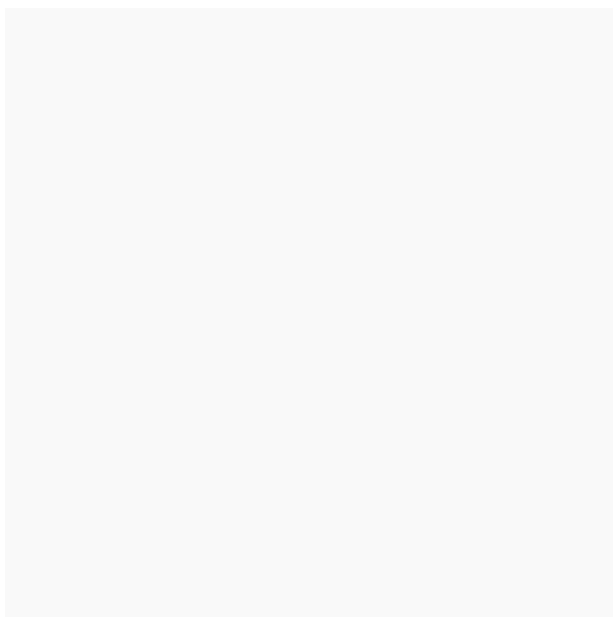
The ability to shave delivery time from eight weeks down to 10 or 12 days is a game-changer.


“Time is more valuable than price, most often,” Bryant says. “Now that you can turn that part in 12 days means you’re no longer competing on price. So, we’re looking to leverage these opportunities inside our market to put our region at a competitive advantage.”

Doing that, he says, requires a similar approach to the Critical Core Manufacturing Skills talent development pipeline developed a few years back. “We’re looking to do the same with QRM and build a programmatic system that companies can invest in to help propel them forward.”

Hospitality remains an important economic driver. An Embassy Suites hotel is set to open downtown this summer. The proposed Hard Rock Casino is currently awaiting approval by the Illinois Gaming Board. While construction could take two or three years, Bryant says the interim casino at Giovanni’s Restaurant & Convention Center could be running within months of approval.

“I’m confident it will take shape and it will be a good feather in our cap, with a good operator. Whether you’re pro-casino or not, we’ve got one of the most recognizable brands in the world coming right here to Rockford.”



 Freeport is working on ways to build its workforce as it welcomes new growth in manufacturing firms like Tri-Star Metals and Honeywell. (Photo provided)

Freeport: Enterprise, Infrastructure, Education

The city of Freeport issued \$20 million worth of building permits this past year – nearly half of Stephenson County’s \$43 million total – but those figures reflect only part of the area’s recent growth. Over 600 jobs were created countywide, and Freeport/Stephenson County was awarded a new Enterprise Zone that promises to spur growth.

“In December 2019, we were awarded a new enterprise zone for an additional 15 years, and the zone is expanded so it encompasses not just the city of Freeport, but Stephenson County – and part of Jo Daviess County as well,” Winter says. “That really is a huge catalyst in enabling

businesses to expand and grow their facilities as well as their workforces.”

In addition, an existing Downtown Revitalization Loan Fund in Freeport was beefed up in mid-2019.

“The revolving loan is a gap financing tool to make reinvestment and redevelopment of downtown buildings possible,” Winter explains. “There’s a microloan component as well, to help new and existing businesses with overhead or small infrastructure issues – like if a restaurant needs a new grill or hood installed.”

While most of downtown Freeport’s ground-floor spaces are leased, Winter says another goal of the fund is to turn vacant or underutilized second- and third-floor spaces into residential space.

“Here, the rental market is tight, whether we’re talking apartments or house rentals. And we need to have quality workforce housing available as we’re trying to grow,” Winter says. “We’d like our workers to live and work in Stephenson County, and having great options to choose from makes it more interesting to relocate here.”

Recent projects expected to draw more workers include Tri-Star Metals relocating its headquarters to Freeport, which included a \$2 million addition to its facilities; Elkay investing \$1.2 million in its

flagship distribution center; Honeywell reopening its plant; a \$1.5 million renovation of Freeport's two McDonald's restaurants; and construction of a \$1.4 million state-of-the-art tunnel car wash.

It might not be as visible as other industries, but agriculture continues to be big business throughout Stephenson County. McNess has doubled in size in the past decade, while Devansoy is the nation's largest producer of soy powder and soy milk, and Pearl Valley Farms is the nation's largest producer of cage-free eggs and related chicken-based products. Berner Foods, CoreFX, Torkelson Cheese, Kolb-Lena and Nuestro Queso are growing as well.

Perhaps the most important investments soon to impact the greater Freeport area involve infrastructure.

"Replacing aging water and sewer lines is necessary, but it's not sexy," Winter says. "But when you put back the streetscape and nice sidewalks, lampposts and street furniture, you make it a pedestrian-friendly atmosphere."

Improving infrastructure along the Adams Street and Chicago Avenue corridors isn't all that's happening. "The installation of 5G infrastructure within the city of Freeport has been spearheaded by City staff," Winter says. "The 5G network is going to transition the city into becoming a Smart City."

Winter says those improvements – along with the Park District’s new master plan, a new downtown art plaza, and a series of green projects that include a solar farm on city-owned property and switching to LED streetlights – will increase Freeport’s quality of life, which should in turn attract new businesses and workers.

Workforce development remains a big focus of the Greater Freeport Partnership.

“We’re laying out a long-term workforce pipeline,” Winter says. “The high school has gone to a career academies model, and our office has been instrumental in bridging the gap between the educational institutions – be it Freeport School District, Freeport High School or Highland Community College – and the business community.”

That Academies of Freeport model includes the Create, Lead and Heal categories, and it allows students to tour facilities and job shadow workers to get a better idea of the actual working world.

Another novel way of bolstering the workforce is Stephenson County’s new Probation Job Readiness Class, which is already helping ex-offenders thrive in the workforce.

“The population it serves can often find employment, but might have a difficult time retaining employment,” Winter says. “They

don't have the right tools and a lot of the soft skills needed to keep employment, so there's a high turnover rate."

The four-week course culminates with graduation and job interviews. Given the tight job market that existed until early this year, employers have been more open to hiring former offenders. "The response from the manufacturing community has been overwhelming. Staffing agencies, too," she says. About 71 percent of graduates retain their jobs.

Winter says working in conjunction with local government and business partners is the formula for future success. "I see a community that's continuing to go through a change. Change, though hard at times, is necessary for survival. If we're not changing, we're dying. So, this is an exciting time."

A New Approach

Beloit, Freeport and Rockford have all previously struggled with economic challenges, but the three cities – and their surrounding areas – have rebounded in the past decade by seizing and creating new opportunities to attract businesses and investors.

In the midst of the COVID-19 pandemic, leaders continue to think creatively.

Bryant and the RAEDC team are providing rapid-response strategies to help businesses remain vital and nimble through this crisis. While exploring worst-case scenarios, they've helped local leaders to explore how our region might pivot to provide critical needs, now and in the future.

Examining available healthcare workforce, for example, the conversation has turned toward educational institutions, as the RAEDC team, along with educational leaders, question how curriculum could be adjusted, standards could be reviewed, and available talent can be deployed quickly in the event they're needed.

"We've been asking, 'If we have a lot more need, how are we going to get it?'" says Bryant. "We've been a resource to our educational and training partners and said to them, 'If and when the care standards change – and they have been changing – could you bring people to bear faster?'"

What recovery looks like is still a guessing game, but it's sure to require an outpouring of support for small businesses that were shuttered.

As our region begins returning to normal, RAEDC, Greater Freeport and GBEDC are maintaining helpful websites with resources

and links related to the COVID-19 recovery effort.

In Rockford, RAEDC resources include information on emergency funding and health department-approved protocols to keep workers safe. Freeport resources include a local online shopping guide and list of restaurants serving carry-out.

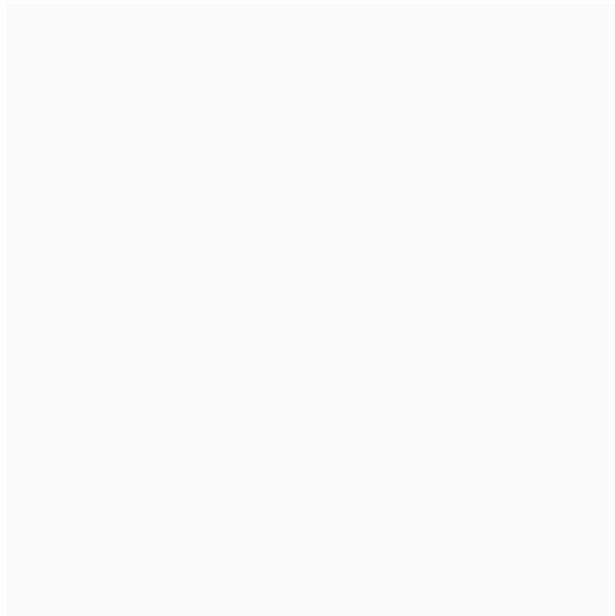
“Right now, we’re focusing on quick, efficient communication to Stephenson County residents and businesses,” says Winter. “We are partnering with county and municipal governments, as well as healthcare organizations, to deliver accurate information to the community and about the state, federal and local assistance programs available to our business community.”


In the past, Freeport has seen difficult economic times. But seeing neighboring communities overcome similar slumps by celebrating what makes them unique proves anything is possible.

“When you see your neighbors do that, you think, ‘If they’re doing it, we can, too.’ We just need to start thinking about ourselves differently,” says Winter. “There are a lot of great things already here in the community. We have opportunities to grow – and we are growing.”

There's no one-size-fits-all solution for growing the local economy, but the recent successes of Beloit, Freeport and Rockford indicate they're all doing something right.

"Seldom do I think any problem can be solved in a vacuum anymore," Winter says. "It takes a collaborative effort. I think most communities are seeing that you all have to work together to solve those problems and make it a great place to live. That translates into safe communities, economic development, great educational institutions – all of it."



 Crews working with SupplyCore distributed masks, glove and hand sanitizer to more than 100 local businesses in late May.

Supporting Small Businesses through the Recovery

By Chris Linden, executive editor

When the local and national economy came to a near standstill this spring, the Rockford Area Economic Development Council (RAEDC) never hit pause. Typically a force for business retention and attraction, the group made a critical pivot and began deploying rapid-response solutions aimed at small businesses.

When manufacturers were designated “essential,” the RAEDC team developed protocols to keep workers safe and facilities clean. Throughout March and April, the RAEDC team provided research, asked critical questions, and thought in new ways: How can our colleges adjust their practices if we need more healthcare workers? Can our manufacturers provide critical tools like ventilators and masks, if needed? Could we build a prototype team?

As the shutdown dragged on, it became apparent that local businesses needed help acquiring the personal protective equipment (PPE) – masks, gloves, hand sanitizer – their employees needed to keep safe on the job. In early

May, RAEDC partnered with Rockford-based SupplyCore, a specialist in logistics and supply chain, to create a bulk order for PPEs. More than 100 companies, from mid-sized manufacturers to restaurants and nonprofits, jumped at the chance to buy essential gear affordably.

“Trying to find hand sanitizer, wipes, PPE was almost nonexistent the last 4 or 5 weeks for a company my size,” says Skip Trotter, president of Trotter Manufacturing, a specialist in hydraulic components. He collected his order on May 20.

For the past few months, Trotter and his business partner, Jeff Cassaro, have spent hours drumming up masks and other supplies. When Trotter did find supplies, they were often short on quantity and high in price. “It takes a huge load off, and thank God we didn’t have to keep searching for this stuff,” Trotter adds. “I’m so glad there’s an entity that’s supporting us here in Rockford.”

Meanwhile, it became apparent to RAEDC that “nonessential” businesses were struggling to maintain cash while on lockdown.

Although the federal government created a failsafe through the Small Business Administration (SBA), some local businesses needed the cash fast.

So, lenders from nine local banks reinstated the Northern Illinois Development Cooperative and provided funding in the form of bridge loans. The program is administered by the nonprofit Rockford Local Development Corporation (RLDC).

“We figured they needed a bridge loan, to get them from the point of application until they get their money, which we’re figuring may be as much as 60 days,” says John Phelps, of RLDC, which manages about \$10 million in local revolving loan funds. “So, we give you a loan, you pay your bills and keep some employees on payroll, and then when you get your SBA loan, you pay us back.”

Funding comes through the Northern Illinois Community Development Corporation as well as Illinois Bank & Trust, Associated Bank, Wintrust, Midwest Community Bank, Blackhawk Bank, Northwest Bank, Stillman Bank, Sunil Puri, the City of Rockford and

Winnebago County.

“Stillman Bank is honored to continue our support of the local communities we serve during these unprecedented times of uncertainty,” says Ed Munguia, executive vice president of Stillman Bank.

Eligible businesses must be for-profit entities, have fewer than 100 employees, be experiencing a business interruption or cash flow issue, meet an average credit score, and have a full year of operations or other financial information. Once the first applicants repay their loan, the money goes back to RLDC and into the hands of new applicants.

“We started it, but that’s the only part we can take credit for,” adds Nathan Bryant, president and CEO of RAEDC. “That’s nothing more than facilitating a conversation with lenders. But, that’s what we do. We connect these areas that others aren’t.”