



**QUANTUM GROWTH
PARTNERSHIP** 2007-2011

Transforming the economy of Sangamon County

*The Greater Springfield Chamber of Commerce
Quantum Growth Partnership*

*Report to Investors
Quarter Two, 2007*

July 25, 2007



Executive Summary

The Quantum Growth Partnership (Q5) is an initiative of The Greater Springfield Chamber of Commerce, local governments and business leaders, to build wealth, unity and prosperity in Sangamon County. The Q5 objectives are the creation of 4,500 new jobs while adding \$2.6 billion in wealth to the local economy by 2012. Q5 is transforming the local economy with goals to retain and create jobs, redirect development policy, improve minority participation, develop education and workforce excellence and capture and create emerging economic opportunities.

The following are highlights of Quarter Two Accomplishments:

Retain and Create Jobs

Q5 successfully partnered to retain and create jobs and is now focusing on industry sectors identified as having the highest potential for job creation within Springfield and Sangamon County.

Redirect Development Policy

Q5 is making Springfield an easier place to build and develop and is ensuring the appropriate infrastructure is in place for coordinated and well planned economic growth. Q5 is cataloguing infrastructure needs and rewriting the local land subdivision ordinance.

Improve Minority Participation

Q5 is bringing together partners to discuss methods to improve minority participation and focus on neighborhood redevelopment and engaging homeowners in a discussion about their vision for their neighborhood.

Develop Education and Workforce Excellence

Q5 is focusing efforts to ensure that an educated workforce is available to support a successful economic development environment in Sangamon County. Q5 is matching employees with training to improve effectiveness on the job.

Capture and Create Emerging Economic Opportunities

Q5 is bringing together dynamic leadership in the transformation of the local economy. Q5 is pleased with the emerging success of the new direct flight to Washington D.C. Dulles International Airport via United Airlines.



Quarter Two Highlights

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Retain and Create Jobs

Certified Tank Expands

Certified Tank, a local manufacturing firm, recently secured a \$100,000 grant from the City of Springfield's Community Block Grant Program to assist with the firm's expansion efforts. The grant funds will be used for the purchase of new equipment which will add 12 new primary jobs and \$2 million in sales to the local economy. Q5 staff supported Certified Tank's request to the City of Springfield to secure the grant.

Sunbelt Transformers Locates in Springfield

Sunbelt Transformer, a Texas based company that refurbishes industrial transformers, opened a new Midwestern terminal in Springfield in June. The company will lease space in the former Howden Fan Co. building owned by the Springfield Development Group. City and Q5 staff worked extensively with representatives from the Springfield Development Group in their effort to bring Sunbelt Transformer to Springfield. Sunbelt will initially employ 10 people in their new location.

Kindred Healthcare Breaks Ground

The new 50-bed freestanding long-term acute care (LTAC) hospital is designed to care for critically ill patients whose complex conditions require extended recovery time. The hospital will be located at 701 N. Walnut Street. The Chamber was proud to support Kindred Healthcare by serving as an advocate for Kindred Healthcare during the Health Facilities Planning Board process to secure a certificate of need. Kindred Healthcare will employ 150 people at the new facility.

National Museum of Surveying Announces Downtown Location

The National Museum of Surveying, Inc. announced it has purchased the historic Roberts Brothers building on the north side of Old State Capitol Plaza in downtown Springfield. The museum is scheduled to open in 2008 and will feature changing and permanent exhibits to illustrate the significant contributions land surveyors have made to our country. Q5 and the Springfield Convention and Visitors Bureau actively recruited the museum to locate in our community and engaged in a presentation with the museum board to discuss locating in Springfield.

Q5 Obtains Feedback on the Needs and Concerns of Local Businesses

A strategy for strong economic growth in our community is to retain businesses already located here. To support the retention efforts of The Quantum Growth Partnership, Q5 staff is seeking input and guidance regarding economic issues from businesses in our community. This enables Q5 to address the needs and concerns of local businesses.

The business visitation program utilizing the new *Synchronist* software completed its second full quarter with 75 businesses contacted to date. Large employers from around the county continue to contribute valuable feedback on the Q5 program as well as provide local input regarding the economy, government relations, development policy, workforce issues and community services.

Q5 Focuses Targets for Effective Recruitment and Retention

Carter Burgess, a national site selection and consulting firm, presented the recommendations of the Target Industry Study to the Quantum Growth Advisory Board in April. Deane Foote from Carter Burgess outlined the process that resulted in the selection of three target business sectors for the Springfield Sangamon County area. Carter Burgess staff conducted over 40 interviews with local business, government, labor and community leaders to determine the area's perceived strengths and weaknesses and compared our local growth data to a number of Midwestern communities that the Springfield area competes with. The initial target list was reviewed with input from a number of local development professionals representing the local government, transportation, utilities and real estate brokers. Using all the data that was compiled and considering the input from the local groups, Carter Burgess recommended focusing attraction efforts on Logistics, Customer Care Centers and Patient/Medical Services.

Logistics Study to Demonstrate Cost Advantages Commissioned

Staff has developed a marketing strategy highlighting Logistics/Distribution operations and is working with Carter Burgess to develop a software application that will demonstrate the cost advantages of a Springfield/Sangamon County location. Initial steps in the marketing strategy have already been implemented including Q5 hosting an event for brokers and site selectors in Chicago in June. Marketing plans for the customer care and medical service targets will be implemented in a phased approach over the next 18-20 months. In addition to the targeting initiative, Q5 staff continues to work on attraction and expansion opportunities with our partners in the local brokerage/developer community and our local units of government.

Over \$2.3 Million in Government Contracts Secured with Support of PTAC

The Quantum Growth Partnership hosts the Illinois Procurement Technical Assistance Center (PTAC) of Central Illinois to provide resources that help area businesses earn government contracts. The PTAC provides free technical assistance such as electronic bid matching and a daily notification of opportunities advertised by the local, state and federal governments which match the product and service offerings of Sangamon County businesses. The PTAC also helps area businesses prepare bids, transact business using e-commerce, register with government agencies, and certify as Women-owned or Small & Minority Disadvantaged, a designation that can increase the likelihood of winning contracts with certain agencies.

With the support of PTAC, the total contract dollars reported as awarded to firms in Sangamon County was \$2,339,957.10, during April 1, 2007 – June 30, 2007, bringing the total dollars year to date up to \$5,090,509.51. Further, twenty-seven (27) jobs were retained during this quarter, with a total of 33 jobs retained by firms year to date.

Military Affairs Council Pursues Expansion and New Military Missions

The Military Affairs Council is actively lobbying our U.S. Congressional delegation and other federal authorities to secure funding (\$6.1 million) for the realignment of the entrance road to the Abraham Lincoln Capital Airport. This realignment is needed to secure the perimeter of the Illinois Air National Guard facility and position it to become more strategic in its support of Homeland security missions. Additionally, the local group of public and private sector representatives is working to promote the base of the Illinois Air National Guard as a site for a Total Force Initiative War Fighting Center and the BRAC-directed Centralized Intermediate Repair Facility (CIRF) for aircraft engines. Gaining the War Fighting Center would reduce the negative job impact of BRAC.

MacArthur Blvd Business Association Crafts a New Vision

The MacArthur Boulevard Business Association has embarked on a historic initiative for the MacArthur Boulevard area. On July 10th & July 11th, the Association will hold brief strategic planning sessions to map out the association's vision for the future. Dr. Don O'Neal, University of Illinois at Springfield, will facilitate a series of six, 90-minute working sessions with key stakeholders of MacArthur's future. The six focus groups include: MacArthur business owners; MacArthur business employees, MacArthur property owners, Developers/Financial Institutions; Neighbors; and Consumers. The Association believes that by engaging key stakeholders, a renewed vision and energy for revitalization will emerge for the MacArthur region that can be taken to the next step: implementation.



Redirect Development Policy

DPC Strives to Make Springfield an Easier Place to Build and Develop

The Development Policy Council (DPC), chaired by Dean Graven from Brady Homes, has been convening private and public sector leaders and engaging the expertise of the community to make Springfield a premier community for development. A group of volunteers chaired by Ed Mahoney of ReMax, meets every 14 days to enhance the land subdivision ordinance and make development in Springfield and Sangamon County less complicated and more transparent. The group which has already made significant progress hopes to propose the recommended changes by the end of this year.

Area Infrastructure Needs Assessed

A Development Policy Council workgroup, chaired by Kirk Brown of Hanson Professional Services, is assessing the community's infrastructure needs. The group is currently meeting every week with the public sector to identify all infrastructure needs for Sangamon County, including roads, bridges, sidewalks and sewers. The group hopes to introduce a needs assessment to the Q5 Development Policy Council in August.

Value of Homebuilding Quantified by Q5 Commissioned Study

The Q5 Development Policy Council recently engaged an economist from the National Association of Home Builders (NAHB) to determine the impact of homebuilding on the economy of Sangamon County. Dr. Elliot Eisenberg from the NAHB stated that within four years, a new home generates enough tax revenue to pay for public services necessary to serve the home. Dr. Eisenberg will be in attendance at the July 25 Strategic Leadership Council meeting to discuss the economic benefits as well as enhanced revenue for local governments as a result of building new homes.

Springfield & Sangamon County to Seek Funding for a Comprehensive Plan

Q5 initiated a discussion between county and city officials resulting in the commissioning of an effort to develop a new comprehensive plan for the city and county. After meeting with the Q5 Development Policy Council leadership, Sangamon County Board Chairman Andy Van Meter and Springfield Mayor Tim Davlin, have directed the planning commission staff to secure funding for a new comprehensive plan. A new comprehensive plan will reflect valuable community input as well as enhance the growth potential that is expected for Sangamon County. The Q5 Development Policy Council would like to thank Chairman Van Meter and Mayor Davlin for their leadership on this initiative.



Improve Minority Participation

First Ever Diversity Development Council Formed

The Greater Springfield Chamber of Commerce and the Springfield Black Chamber of Commerce have entered into an historic joint-venture agreement to create a Diversity Development Council. The Council will act as the catalyst and guide for the Q5 Diversity Development Strategy. Appointments to the Council are being made. Its first meeting will be in July.

East Springfield Neighborhood Redevelopment Takes High Priority

The Quantum Growth Partnership Advisory Committee joined with Laborers International Union Local 477 to finance the development of a financial feasibility study for a public/private venture in affordable housing on Springfield's East Side. The Springfield Project and TSPHope (sister organizations focusing on neighborhood revitalization via grassroots involvement) will play a significant role in the project's implementation, and work continues to add detail to the initiative's financial plan. Neighborhood organizations are being asked to determine the project's pace, scope and profile. The Springfield Project, the City of Springfield, the Basic Crafts Council and labor leaders are working with The Chamber and the Springfield Housing Authority to layout phase one that will border on South Grand Avenue East.



Develop Education and Workforce Excellence

Springfield Works Tops 100 Participants

Smart workers, working smarter is the goal of Springfield Works, a workforce training program in cooperation with The Greater Springfield Chamber of Commerce. The program recently enrolled the 101st program participant, a milestone for the project which started just eighteen (18) months ago.

Springfield Works is a collaborative program of thirteen (13) local educational, labor, public and private community organizations which have come together to advance workforce development in the Greater Springfield area. Springfield Works is a new approach to workforce training in that it first focuses on specific employer needs in developing their employees.

The current 101 participants are benefiting from gaining new skills and the ability to qualify for pay increases and promotions. At the same time, the employer receives better trained employees and increased employee retention. These services are provided at no cost to the employer or the employee. The program is currently funded by Grand Victoria Foundation and can cover a range of expenses related to the participants' training including transportation, books, child care, supplies and tuition.

New Business Services Model Being Developed

In partnership with the Land of Lincoln Workforce Investment Board and the Chatham, Taylorville, Petersburg, and Logan County Chambers of Commerce, The Greater Springfield Chamber of Commerce is developing a business services model to provide comprehensive system-wide human resource services. These human resource services include consultation, recruitment, retention, and training for businesses to foster economic growth. The goal of the

coalition is to elevate the role these organizations fill as a convener, facilitator, and broker of resources to address workforce issues in Cass, Christian, Logan, Menard, and Sangamon counties. The first step will be a survey. The results of the survey will shape the model of business services proposals offered to area businesses.

New Labor Study Explored

Within the strategy of creating excellence in workforce and local education, The Chamber and Q5 are launching a comprehensive labor analysis for greater Springfield. This study will establish benchmarks that quantify the skill levels, training needs, and employer perceptions of local labor. In addition to general industry, this study will focus on the three Q5 Target Industries: Logistics, Customer Care Centers and Patient/Medical Services. The completed scope will include 350 residential surveys and 50 employer interviews. Partners include Lincoln Land Community College and Grand Victoria Foundation (Springfield Works). Preliminary results are expected by mid-August with final results in September.

Local Leaders Convene to Develop a Successful Education Continuum

Q5 investors continue to stress the importance of education and workforce development as a component of economic growth. In addition to programs being offered by the Business/Education Partnership and Springfield Works, Q5 has been researching what other communities are doing to demonstrate wide range community support for education. That research also prompted a discussion with the United Way of Central Illinois, that is developing a community impact initiative related to education. Discussions are ongoing with The Chamber and United Way representatives about a strategy that would embrace an education continuum and raise the capacity of Sangamon County's workforce.

BEP Supports Changes in NCLB

Taking a public stand on key education issues like NCLB (No Child Left Behind) is consistent with the mission of the Business/Education Partnership, that of working together with community stakeholder organizations to provide a highly skilled, literate, and productive workforce to support a successful economic development environment in Sangamon County.

Presently, Congress is debating the reauthorization of the No Child Left Behind Act of 2001, the federal government's yardstick by which our nation's public school systems are measured annually. Understanding the importance of accountability in education, members of the Business/Education Partnership's advisory board decided that they should contribute to the reauthorization debate.

As such, the Chamber Board received and ultimately forwarded seven Partnership recommendations to our two U.S. Senators and to members of our Illinois Congressional delegation for their consideration. In summary, those recommendations included the following:

- Amending the Adequate Yearly Progress (AYP) definition to allow states to monitor and give credit for year-to-year student academic growth by using the *same* cohort of students within a school;
- Mandating the use of multiple measures (instead of sole reliance on state standardized tests) to afford school districts an opportunity to achieve AYP;
- Clarifying language about assessments to ensure that tests are used for diagnostic purposes and that educators receive test results in a timely manner;
- Allowing states to use appropriate grade level assessments for special education students based on their respective Individualized Educational Plans (IEPs);
- Providing on-line web-based assessments that are accessible to all student populations;

- Restructuring the current accountability policy from being punitive for not meeting AYP standards to one which practices positive reinforcement by rewarding school systems for developing and executing school improvement strategies; and,
- Ensuring that adequate funding is sustained to enable local schools to satisfy all requirements under the federally mandated NCLB guidelines.



Capture and Create Emerging Economic Opportunities

Q5 Partners Lobby General Assembly for Medical District Funding

Investors with the Quantum Growth Partnership met with leaders of the Illinois General Assembly and local legislators and agreed on a scenario for change that is designed to create broader, bi-partisan support for long-term operational funding for the Illinois Medical District at Springfield. SB 1568 proposes changes to the District's name, governance structure and a new multi-county program area for health care training. The bill has been approved unanimously in the Illinois House of Representatives and is awaiting review in the Senate. Securing operational funding for the Illinois Medical District at Springfield is one of the three priorities of the Q5 Strategic Leadership Council.

Washington Dulles International Connection Made

The first flight of central Illinois' only non-stop, direct service to Washington D.C. Dulles International Airport arrived in Springfield on April 24. Service to Springfield was established by United Airlines after a revenue guarantee underwritten by the Springfield Airport Authority and the Q5 Strategic Leadership Council was accepted by the airline. Reports to date indicate strong ridership on the route.

**Springfield Chamber of Commerce
Quantum Growth Partnership (Q5)
For the 06 periods ended June 30, 2007**

	ACTUAL	YEAR TO DATE CURR BUDGET	BUDGET YEAR
QUANTUM GROWTH INITIATIVE REVENUE			
Investor Income			
Community Investors – Private	556,899.66	673,500.00	(116,600.34)
Community Investors – Public	198,000.00	238,000.00	(40,000.00)
Investors – In-Kind	18,132.14	20,000.00	(1,867.86)
Total Investor Income	<u>773,031.80</u>	<u>931,500.00</u>	<u>(158,468.20)</u>
Other Income	57,092.20	43,822.00	13,270.20
TOTAL Q5 REVENUE	<u>830,124.00</u>	<u>975,322.00</u>	<u>(145,198.00)</u>
 QUANTUM GROWTH INITIATIVE EXPENSES			
Administration Expenses	233,711.82	259,262.00	(25,550.18)
Program Expenses	211,692.69	443,421.50	(231,728.81)
Investor Relations	4,857.57	5,749.00	(891.43)
Other Exp (BEP, MB, IMDS)	18,243.44	18,640.00	(396.56)
Contingencies	.00	19,057.50	(19,057.50)
TOTAL Q5 EXPENSES	<u>468,505.52</u>	<u>746,130.00</u>	<u>(277,624.48)</u>
 TOTAL Q5 NET INCOME (LOSS)	 <u>361,618.48</u>	 <u>229,192.00</u>	 <u>132,426.48</u>

Revenue receipts are on target for the Q5 program. Deficits shown above are the result of timing issues created by auditor adjustments to the year in which a portion of the received Q5 revenue must be recognized (2006 rather than 2007).