



2008 Annual Awards Program

Program Excellence Awards Nomination Form

Deadline for Nominations: March 14, 2008

Complete this form and attach to your descriptive narrative.

SECTION 1: Information About the Nominated Program

Program Excellence Award Category (select only one)

- Community Health and Safety
- Community Partnership
- Community Sustainability
- Strategic Leadership and Governance

Name of program being nominated: Centralia Opportunity Fund

Jurisdiction where program originated: City of Centralia, IL

Jurisdiction population: 14,136

Please indicate the month and year in which the program you are nominating was fully implemented. (Note: All Program Excellence Award nominations must have been fully implemented by or before January 31, 2007 to be eligible. The start date should not include the initial planning phase.)

Month: November Year: 2006

Name(s) and title(s) of individual(s) who should receive recognition for this award at the ICMA Annual Conference in Richmond, Virginia, September 2008. (Each individual listed MUST be an ICMA member to be recognized.):

Name: Grant Kleinhenz

Title: City Manager Jurisdiction: City of Centralia, IL

Name: Scott Sellers

Title: Assistant City Manager Jurisdiction: City of Centralia, IL

Name: _____

Title: _____ Jurisdiction: _____

SECTION 2: Information About the Nominator/Primary Contact

Name of person who should be contacted with questions regarding the nomination:

Grant Kleinhenz

Title of nominator: City Manager Jurisdiction of nominator: City of Centralia, IL

Street address: 222 So. Poplar St.

City: Centralia State/Province: Illinois

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The City of Centralia Opportunity Fund

Background

The City of Centralia, IL (pop. 14,136) was incorporated in 1859 as a railroad community in the heart of rural south-central Illinois. Over the years the City benefitted from coal mining, oil exploration and small manufacturing. In 1947 an explosion in a coal mine killed 111 miners and began the end of the mining era in the City. Not long after the oil supply depleted leaving the City in a difficult economic time. Fortunately, the City was able to attract some light manufacturing which led to a stable population increase until the 1970's. However, globalization began to hit the area and many manufacturing jobs were outsourced to other areas. Between 1990 and 2004 Centralia documented a population decline of 6.07%. Thousands of jobs were also lost during this time.

Problem Assessment

In the face of many industry closures, the City of Centralia found itself scrambling to retain the industries that were still in the City, but in jeopardy of closing due to the depressed economic situation. The out-migration of so many industries also left many buildings vacant in the City, which created blight and were not contributing to the tax rolls. The City reevaluated its strategy for business retention and attraction and found that it was using the same incentives that it had been using for years to attract and retain businesses, many of which were inflexible and didn't address the needs of those industries that were leaving or had already left. While a variety of economic programs existed in the form of loans, grants, tax credits, and technical assistance, each had their limits. Tax Increment Finance districts and Enterprise Zones had district boundaries, C.D.A.P. loans and grants had low to moderate income requirements, and each had their

unique project eligibility costs and scheduling restrictions. With these limitations, City staff needed to design a program that could be used in a flexible manner, either in conjunction with other programs or on its own. The Centralia Opportunity Fund was created as such a tool.

Program Implementation and Costs

The Centralia Opportunity Fund was unanimously adopted November 13, 2006 by the Centralia City Council. The Fund was established as a part of the 2007 budget process with a start-up injection of \$100,000 from the general fund reserve, and 70% of all unexpended, unencumbered Contingency Fund Line Items at the end of fiscal year 2006. Each year thereafter, 70% of all unexpended, unencumbered Contingency Fund Line Items by the end of November would be transferred into the Centralia Opportunity Fund. The establishment of the Centralia Opportunity Fund was proposed to promote, compliment and enhance economic and business development opportunities throughout the City for industrial, commercial, and residential projects. Under the terms of the Fund the use of funds shall be given to a Developer/Investor/Business for a specific project within the corporate limits of the City. The City may provide funds in the form of a grant, forgivable loan, or a low-interest loan. The amount and type of funding provided will depend on the scope or scale of applicant's project and its economic impact to the community in terms of jobs, investment, and tax revenue generation. Funds may be used for a variety of purposes including: 1) land acquisition, 2) building demolition, construction, and/or rehabilitation, 3) site preparation, 4) extension of utilities, 5) machinery and equipment, 6) inventory, and 7) working capital. Funds shall not be used for: a) refinancing, b) on projects having an overall negative impact on the community,

or c) on projects outside the City limits. The funding conditions include 1) evidence of need and project feasibility, 2) evidence of project financing, 3) project schedule, 4) operational/agency approval, and 5) applicant clearance.

Tangible Results

The City of Centralia has used the Opportunity Fund nine times since program inception. Each use of the Fund has been a dramatic success in the City, illustrated by the following synopsis of each use:

June 11, 2007. A façade improvement was approved to accommodate a bookstore and coffeehouse named Characters. Because this project was located outside the boundaries of the nearby T.I.F. district, staff proposed the use of \$5,000 out of the Opportunity Fund. This use created four new part-time jobs.

July 23, 2007. A \$56,000 loan over 5 years at 4% interest was given to Window World of Southern Illinois to assist with the expansion of their business. Window World has already purchased a new sales territory and an adjacent lot. On this lot they constructed a 3,600 square foot warehouse, made on-site improvements, and has begun marketing their products and services in the new sales territory. This loan allowed Window World to add five new full-time positions

August 13, 2007. The Insurance Partnership (TIP) requested a \$25,000 loan over 5 years at 4% to assist with the renovation of a downtown building. The project included a) \$73,000 of interior renovations, b) \$37,000 in exterior improvements including new façade, and c) \$20,000 in furniture and fixtures. This project created six new positions.

August 27, 2007. The City loaned Gilster Mary Lee \$14,184 from the Centralia Opportunity Fund to purchase an abandoned rail spur. The loan led directly to the

creation of 8 positions, the construction of 60,000 square feet of warehouse space and retained 250 existing jobs.

November 13, 2007. A façade improvement was approved to accommodate a new Biggeez Convenience store in downtown. The façade improvements included the repair of the existing canopy along with the addition of improved lighting and aesthetically pleasing signage. Because this project was located outside the boundaries of the nearby T.I.F. district, staff proposed the use of \$5,000 out of the Opportunity Fund. This project created seven new part-time positions and four full-time positions.

December 19, 2007. A façade improvement was approved to accommodate a tattoo shop and a retail store space. The façade improvements included the removal of the existing aluminum awning and installation of new cloth awning and a new sign. Because this project was located outside the boundaries of the nearby T.I.F. district, staff proposed the use of \$5,000 out of the Opportunity Fund.

February 11, 2008. New Metal Fabrication opened for business in April 2007. Currently, they employ 13 people. The business is planning to expand capabilities and workforce by upgrading software and computer systems. This upgrade will increase productivity, and create 1 new job immediately and 1-2 additional jobs within one year. Staff proposed the use of \$1,500 out of the Opportunity Fund for this technology grant.

February 11, 2008. A façade improvement was approved to accommodate a new tenant in downtown for an insurance agency and for improvements to an existing office building. The façade improvements include the installation of new cloth awnings for both structures, two new signs, and other improvements to the façade including soffit

work, lighting, and landscaping. Because this project is located outside the boundaries of the nearby T.I.F. district, staff proposed the use of \$5,000 out of the Opportunity Fund.

In Progress. The City is working to relocate its Senior Citizen Center, which is currently located in a downtown building. A company has approached the City with plans to rehabilitate the building and create a mixed-use structure in the heart of downtown. The City will provide a \$40,000 loan from the Centralia Opportunity Fund to relocate the Senior Citizen Center.

Lessons Learned & Conclusion

The creation of the Centralia Opportunity Fund has served as a new instrument in the City's economic development "toolbox". The use of the Centralia Opportunity Fund has greatly enhanced our ability to entice development in Centralia. These funds are attractive because they are more flexible to use and can be used "up front" for a given project. The rules and provisions for governing the use of funds ensure that funds will be used judiciously and in conjunction with other programs.

In the past the City has not been able to meet the needs of many of our existing or potential businesses because they did not meet certain criteria of existing incentive programs. The creation of the Centralia Opportunity Fund has eliminated this problem, and has been used very successfully since its inception to retain, attract, and revitalize business in Centralia. Instead of being a City that has been considered hostile to business, the local business community has been vocal in praising the City for its proactive approach to economic development. Such a program will be used successfully for many years to come and is sure to be replicated by other communities that are engaged in economic development.