
COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

Lake County, Illinois

February 2013

Prepared for:



Lake County Partners

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1 EXECUTIVE SUMMARY

A. INTRODUCTION

Lake County Partners, the leading non-profit economic development corporation whose mission is to maintain economic vitality and quality of life in Lake County, has undertaken a major initiative to revise its strategic plan with significant assistance from the private and public sectors. The resulting Comprehensive Economic Development Strategy (CEDS) for Lake County sets forth Lake County Partners' strategic framework and highlights key projects that we must undertake to move forward.

The Lake County CEDS has been developed with assistance and grant funding from the Economic Development Administration of the U.S. Department of Commerce (EDA) and financial support from ComEd, Comcast and Midwest Generation.

B. WHAT IS A COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY?

A CEDS is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen regional economies. The CEDS should analyze the regional economy and serve as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, and identifying investment priorities and funding sources. A CEDS integrates a region's human and physical capital planning in the service of economic development. Integrated economic development planning provides the flexibility to adapt to global economic conditions and fully utilize the region's unique advantages to maximize economic opportunity for its residents by attracting the private investment that creates jobs for the region's residents. A CEDS must be the result of a continuing economic development planning process developed with broad-based and diverse public and private sector participation, and must set forth the goals and objectives necessary to solve the economic development problems of the region and clearly define the metrics of success. Finally, a CEDS provides a useful benchmark by which a regional economy can evaluate opportunities with other regions in the national economy.

C. THE CEDS PROCESS

To execute the CEDS project successfully, Lake County Partners and its consultant RKG Associates, Inc engaged in a process that was significant in its community engagement and inclusiveness. It was important that leaders from the private and public sector were involved in the CEDS process throughout to ensure that Lake County Partners is focused on the right strategies and leveraging our most important assets.

The EDA requires that a CEDS project be led by a Strategy Committee, which must represent the main economic interests of the region, and must include Private Sector Representatives as a majority of its membership. Lake County's CEDS was led by a Strategy Committee that was engaged and passionate about the future economic success of our community. Lake County Partners would like to thank the members of the Strategy Committee for their continued participation, direction and valuable input.

In addition to the six Strategy Committee meetings and individual meetings with key stakeholders, the following focus groups gathered as part of the initiative:

- Arts & Entertainment
- Biopharma
- Education/Workforce
- Finance
- Healthcare
- Municipal
- Real Estate

A critical component included in the CEDS is an in-depth analysis of the economic development problems and opportunities that identifies strengths and weaknesses in the regional makeup of human and economic assets, and problems and opportunities posed by external and internal forces affecting the regional economy.

D. DEFINED OUTCOMES

1. Goals

The CEDS Strategy Committee defined strategic overarching goals to ensure the plan would be relevant to Lake County Partners' mission and supportable by local and regional stakeholders. The goals that guide this effort can be classified into "implementation goals" and "operational goals". The operational goals focus on having an economic development effort that maximizes LCP's ability to leverage its limited resources. Specifically, the Strategy Committee recognizes the need to establish a plan that rallies support from internal and external partners, fully leveraging the assets available to the Lake County Partners for implementation. The implementation goals reflect the expectations the Strategy Committee has established. These goals are listed below:

IMPLEMENTATION GOALS

- To retain and attract primary jobs to Lake County.
- To diversify the County's tax base.
- To enhance local workforce development and training.
- To improve access and availability to business financing and investment.
- To improve marketing efforts for business retention and business attraction activities.

OPERATIONAL GOALS

- To refine LCP's focus and improve awareness of the organization's benefits and successes.
- To provide new opportunities for strategic investment areas.
- To support improvements to infrastructure connectivity.
- To provide greater entrepreneurial development focus.

2. Principles

From the beginning of the CEDS effort, Lake County Partners leadership, Lake County Partners staff, and the Strategy Committee have participated in defining LCP goals and objectives and establishing a "road map" for Lake County Partners to follow to achieve success. An exercise to refine Lake County Partners guiding principles was held at the kickoff of the project. Through a series of presentations and work sessions, these principles were revisited and modified based on data presented by the Consultant and feedback provided by the stakeholder groups. The finalized principles, which all action items have been measured against include:

- Educate citizens, civic leaders, and business leaders on the value and importance of a proactive economic development effort.
- Advise legislators as subject matter experts on economic development issues.
- Support the development of vital infrastructure improvements in critical growth areas.

3. Target Industries

Industry cluster analyses involve examining the economic relationships among commercial and industrial sectors. From the cluster analysis, RKG Associates identified those industries that may enjoy a competitive advantage within the greater Lake County region, but would also benefit from Lake County's strategic location. The underlying assumption of the cluster analysis is that companies concentrate in areas where they enjoy some competitive advantage. These advantages, whether related to location, natural resources, vendor relationships or other factors, allow companies to compete more successfully.

a.) Biopharma

Biopharma is a dominant industry sector and employer throughout Lake County, which serves as many of the best known and industry leaders in the field including such firms as Abbott, Baxter, Hospira and Takeda. Overall, the firms identified in the sub-sectors represent only about 0.5% of all businesses in Lake County, but accounts for nearly 6.3% of the employment. The concentration of economic activity this cluster represents, in part, Lake County's highly-skilled and highly-educated workforce. Discussions with representatives of these industry sub-sectors indicated a continuing need for more support to "backfill" their industry and to provide services to their employees. The three most immediate efforts that can be undertaken are [1] building the industry's vertical supply chains locally – both production based and services based; [2] providing the support services for employees to enhance their experience (i.e. dining options); and [3] initiate a more formalized RDI program to retain spinoff concepts and attract talent from around the world.

b.) Medical Instrument, Precision Tooling

The Medical Instrument and Precision Machinery & Tooling cluster and its sub-sector industries are important in and among themselves (accounting for 2.4% of all businesses but accounting for 6% of Lake County jobs), but also serve as economic support for the pharmaceutical and overall health care industries in Lake County. While this is not particularly a growing industry cluster in Lake County (or nationally), Lake County has a strong presence in many of the sub-sector industries and the continued retention and possible expansion of employment in these sub-sectors is important, noting that such manufacturing firms as Cardinal Health, Hollister, Medline and Spectris and Grainger Industrial all have a presence in Lake County.

c.) Healthcare

The Health Care industry cluster represents another target sector for Lake County and an existing strong local employment base (including the headquarters for Walgreens). Overall, the sub-sector industries in this cluster account for slightly less than 3% of all businesses but nearly 8% of employment. While this cluster includes major hospitals, it also represents a variety of outpatient services and clinics. As a result, Lake County businesses and residents have access to high quality healthcare, the second most important quality of life factor. The recently announced \$4 million, 71,000 SF expansion of the Northwestern Lake Forest Hospital, in Grayslake, attests to this. The fact that health care is readily available would be considered a positive attribute for companies looking to locate in Lake County.

d.) Professional and Technology Services

This Professional and Technology Services industry cluster includes many corporate operations; business-to-business consulting/technical advisory services; and, general employment and business support services. The diversity of businesses in this cluster represents nearly 2,500 firms and account for almost 13% of all county businesses. Similarly, the sub-sector industry employment represents nearly 17.5% of all employment countywide. As such, the businesses in this cluster's sub-sectors serve to support a vast array of other businesses and enterprises throughout Lake County. Strengthening the presence of these businesses also strengthens the capacities of other Lake County businesses to "keep it local". However, the Motorola relocation is a strong indicator that an effort needs to be implemented to stop further losses; and grow/attract the small and mid-size businesses in this field.

e.) Arts, Culture and Entertainment

Although not a traditional target industry for furthering economic development the Arts, Culture and Entertainment industry cluster is applicable for Lake County, capitalizing on the many recreational facilities throughout Lake County including nearly 40 golf courses; the Illinois Beach State Park and lakefront; Six Flags Great America; Gurnee Mills (outlet shopping); and, the many town and village centers offering their own unique dining and entertainment venues. In 2010, approximately 440 businesses in these sub-sectors accounted for 2.3% of all private sector establishments in Lake County and comprised a little more than 3% of the employment. While these percentages may not be spectacular, in and among themselves, the activities represented in this cluster are important to attracting and maintaining residents, employees and employers, noting that opportunities for recreational and cultural activities are among the top 10 sought quality of life factors.

Lake County already has a good foundation in arts and entertainment venues to build upon. This is not surprising given the market attraction of the Six Flags theme park and the disposable income in the County. However, the analysis indicates there are other opportunities to formalize economic development efforts in the arts and entertainment industry. Most notably, there are opportunities to "stretch" visitations to Lake County from the traditional one-day visitor (i.e. hiker, golf, Six Flags) and to capture the through traffic going from Chicago to areas such as Lake Geneva. Much of this effort is coordination of marketing and outreach. However, there are more "bricks and mortar" opportunities.

E. IMPLEMENTING THE VISION

The implementation strategy organizes the action steps into three topic areas most relevant to Lake County Partners' current needs, opportunities and constraints. These categories include: [1] Job Creation, [2] Marketing & Outreach, and [3] Organization & Coordination. The policy direction of the plan was shaped through combining the vision of the Strategy Committee, the expectations of civic and government leaders, current market conditions, identified opportunities, and projected future market influences. At the forefront is the recommendation that Lake County Partners increase its marketing and recruitment efforts. However, a series of "priority actions" were defined by the Strategy Committee. The following highlights the implementation actions defined through the CEDS process.

1. Target Industry Recruitment

The Strategy Committee expressed a strong desire for Lake County Partners to focus recruitment and retention efforts to diversify the County's economic base in terms of industry clusters and company size. In other words, the final business plan should seek a balance of effort to support and attract everything from large employment centers to small start-up businesses. The target industry marketing campaign involves three basic steps: [1] target identification, [2] target communication, and [3] recruitment. Each step builds on the success of the previous step. However, the steps should be

repeated on a regular basis as new companies are developed, leadership within companies change and the local, regional and national markets consistently shift. Furthermore, the marketing process will vary from company to company, oftentimes requiring a long 'courtship' process.

- **Target Identification** – Target identification involves developing, maintaining and expanding a list of businesses within the identified industry clusters to actively contact and recruit.
- **Target Communication** – Target communication includes all interaction between Lake County Partners and the prospects from initial contacts and follow-ups to face-to-face meetings. The communication process should be initialized through a direct mailing campaign, using the target list developed in the last step. The mailing should include information about Lake County, the target industry specific brochures, and other pertinent documentation.
- **Recruitment** – Communication beyond the initial phase of contact needs to be tailored based on the response of the prospect. The recruitment process may require several contacts, meetings at professional trade shows and/or multiple attempts through the initial communication process. The ultimate goal should be to get the prospect to visit the community either on a one-on-one basis or as part of a recruitment /networking visit. Regardless of the timeline, continued contact is important in developing a rapport with the prospect.
- **Target Visits** – Strategic site visits that identify between 10 and 15 prospect companies within a confined geography for one-on-one visits should occur on a regular basis.
- **Hosted Events** – In addition to outreach trips to industry targets, Lake County Partners should consider hosting individual and groups of prospects. Hosted events should be themed in nature (i.e. vertical supply chains for existing companies, target industries), lasting between 2-3 days. The event should be highly structured, integrating social events with ambassadors/local industry leaders with information sessions and strategic site visits.

2. Entrepreneurial Development

As detailed through the CEDS effort, Lake County has potential to develop a dynamic entrepreneurial program that expands upon existing County resources such as the Small Business Development Center at the College of Lake County. The Strategy Committee envisions a process where Lake County Partners becomes a connection point for property owners (physical space), investors (funding), mentors (business planning), and entrepreneurs (products and ideas) in creating opportunities for companies to grow and prosper in Lake County. The entrepreneurial program should be modeled after the National Business Incubation Association (NBIA) best practices approach and vetted through the entrepreneurial advisory panel. In parallel of the entrepreneurial idea, the CEDS Strategy Committee recommends Lake County Partners develop a Proof of Concept Center in life sciences as well. Specific steps for both concepts are as follows:

- **Initiate a virtual entrepreneurial program** – The Consultant recommends Lake County Partners initiate this effort through a virtual approach, not limiting the program to a specific industry or service. Initial interest will help Lake County Partners determine an approach before any substantial investment of money.
- **Partner outreach effort** – Concurrently to the virtual program launch, Lake County Partners should initiate a comprehensive outreach effort to potential partners (i.e. property owners, investors...) to gauge interest and investment requirements. This effort is a critical component of this effort, and likely will define the potential for program expansion. Seeking investors,

partners, and funding sources simultaneously with identifying potential users will aid in the business planning process.

- Development of a business plan – Once Lake County Partners are able to identify interest patterns from prospect, investors, and mentors, the staff will be better positioned to create a viable business plan. The business planning effort should solicit input from the property owner and investor groups that express interest during the outreach phase.
- Establish public-private partnership to operate the program – While Lake County Partners should lead the creation of an entrepreneurial program, the time and resources necessary to run the program likely will require a partnership of several entities (public and/or private). It is recommended that a joint venture/PPP be created to spread the responsibility and the risk.
- Secure physical space – If the process reaches this phase, the implementation entity should identify the appropriate space. It is important to note that the cheapest space is not always the most advantageous. Amenities such as shared reception, shared cost centers (i.e. phone, internet, publishing, marketing...) also have value.
- Replicate efforts as needed – Given the size of Lake County (from both a population and physical standpoint) a single facility may not accommodate the potential demand/opportunity for small business development in Lake County. Additional facilities will be necessary if the initial concept focuses on a specific industry or service.

3. Priority Actions

The following actions are considered “priorities” for the Strategy Committee, and should be considered for implementation within the first 12 months. Other implementation actions are recommended as follow-up, or mid-term, strategies.

a.) Job Creation

- Create all marketing collateral for target industries
- Identify and target 50 prospects within the target industry clusters
 - 10 prospects should be provided by existing industries
- Implement and market virtual incubator concept
- Develop and attend a prospect visit trip in the precision manufacturing sector
 - Preference of international focus
- Prepare and submit EDA grant application for life sciences Proof of Concept center
- Prepare and submit EDA grant application for Sheridan Crossing gap financing application
- Prepare and submit EDA grant application for fiber optic ring connecting Waukegan and North Chicago to existing fiber grid

b.) Marketing & Outreach

- Organize all ten advisory panels and host four quarterly meetings with each group
- Host one town hall-style meeting to provide public with progress report
- Implement second annual business survey
- Hold 50 existing business retention visits
 - Coordinate an additional 100 visits with implementation partners
- Publish 12 monthly eNewsletters
- Organize and host four real estate/site selector networking events

c.) Organization and Coordination

- Fill the vacant economic development analyst position

- Contract creation of marketing materials to be completed immediately
- Hire marketing director within 6 to 12 months
- Identify and train 8 ambassadors
- Identify and train 4 community advocates
- Acquire appropriate CRM software to manage coordinated databases
- Build and activate central databases
 - Industry contact list
 - Municipal contact list
 - Real estate professional partner list
 - Local, county, state, and federal incentives list

F. PRIORITY PROJECTS

Based on the goals and strategies reported above, the Strategy Committee reviewed and prioritized the major capital improvement projects throughout Lake County. The prioritization was established using the following criteria:

- Regional Impact
- Purpose and Need
- Future Growth Potential

A preliminary list was presented to the Strategy Committee and modified based on extensive discussion. The result of this discussion was a list of the highest priority projects for the all of Lake County. The projects are subdivided into three project types: [1] job creation, [2] infrastructure development and [3] transportation improvements.

Priority Economic Development Projects Lake County, Illinois

Project ID	Description	Estimated Cost	Municipality
JOB CREATION			
J-1	Gap financing for Sheridan Crossing project	\$19,900,000	North Chicago
J-2	Waukegan TOD development along METRA line	\$7,500,000	Waukegan
J-3	Mundelein TOD development along METRA line	\$5,000,000	Mundelein
J-4	Development of grocery and pharmacy in North Chicago	\$10,000,000	North Chicago
J-5	Building acquisition for business incubator (Lake County Innovation Center)	\$10,000,000	Bannockburn
J-6	Building acquisition for cultural arts education and gallery space	\$5,000,000	Waukegan
J-7	AMTRAK stop in Lake County	TBD	TBD
J-8	Land acquisition for Winthrop Harbor Development	\$15,000,000	Zion
J-9	Building acquisition for artist live-work space	\$3,500,000	North Chicago
J-10	Extension of Illinois Route 53 to Interstate 94, including Illinois Route 120 improvements	\$2,700,000,000	Multiple
J-11	Lake County Life Sciences Proof of Concept Center	\$5,000,000	Riverwoods/Deerfield
J-12	Northeastern Illinois Innovation and Technology Corridor feasibility study	\$250,000	Multiple
J-13	Land acquisition along Interstate 94	\$12,500,000	Multiple
INFRASTRUCTURE DEVELOPMENT			
I-1	North Chicago-Waukegan fiber optic ring	\$2,500,000	N. Chicago-Waukegan
I-2	Electricity distribution modernization and expansion	\$6,500,000	Countywide
I-3	Expansion of Waukegan Regional Airport runway and supporting improvements	\$92,000,000	Waukegan
TRANSPORTATION IMPROVEMENTS			
T-1	Extension of Illinois Route 53 to Interstate 94, including Illinois Route 120 improvements	\$2,700,000,000	Multiple
T-2	Widening of Illinois Route 120 from McHenry County line to Illinois Route 131	\$19,000,000	Multiple
T-3	Widening of Illinois Route 137 from Butterfield Road to Illinois Route 83	\$20,700,000	Libertyville
T-4	Widening of Illinois Route 60/83 from US Route 45 to Illinois Route 176	\$54,500,000	Mundelein
T-5	Expand interchange at Illinois Route 173 and Interstate 93 for both directions	\$100,000,000	Wadsworth
T-6	Increase commuter service during weekday peak and weekend for METRA North Central Service	TBD	Multiple
T-7	Increase "reverse commute" train service on all four METRA rail lines in Lake County	TBD	Multiple
T-8	Widening of US Route 45 from Washington Street to Illinois Route 132	\$21,300,000	Gurnee
T-9	Widening of US Route 45 from Illinois Route 60 to Illinois Route 21/22	\$39,500,000	Vernon Hills
T-10	Widening of Illinois Route 131 from Sunset Avenue to Wisconsin state line	\$81,900,000	Multiple

2 INTRODUCTION

According to the Economic Development Administration (EDA), Comprehensive Economic Development Strategies (CEDS) are designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen the regional economies. First, the CEDS is intended to provide an accounting of regional strengths, weaknesses, opportunities and threats. For this analysis, the community required to analyze and document demographic, socioeconomic and market data. Second, the CEDS must include a prioritized listing of the goals and objectives for the region. This effort is largely based on input generated from the Strategy Committee representing a wide variety of local and regional interests. Finally, the CEDS must include an implementation strategy that prioritizes all investment opportunities, identifies local and regional agencies that will be responsible for executing these opportunities and potential funding sources that will help bring these opportunities to fruition.

Lake County Partners is the leading non-profit economic development corporation whose mission is to maintain economic vitality and quality of life in Lake County. A public-private initiative since 1998 with more than 90 private, public, and non-profit contributory entities, Lake County Partners maintains economic vitality and quality of life in Lake County by creating and retaining quality jobs, stimulating capital investment, pursuing economic diversity and improving the County's business climate. Through its tenure, has proven to be an effective leader in job creation and wealth building.

Lake County Partners, with financial support from the EDA, ComEd, Comcast, and Midwest Generation, has undertaken this major initiative to revise its strategic plan with significant assistance from the private and public sectors. To execute the CEDS project successfully, Lake County Partners and its consultant RKG Associates, Inc. led a comprehensive process that was significant in its community engagement and inclusiveness. It was important that leaders from the private and public sector were involved in the CEDS process throughout to ensure that Lake County Partners focuses on the right strategies and leverages the County's most important assets. The resulting Comprehensive Economic Development Strategy for Lake County sets forth Lake County Partners' strategic framework and highlights key projects that we must undertake to move forward.

The report includes the following chapters:

- Chapter 1 – Executive Summary
- Chapter 2 – Introduction
- Chapter 3 – Partnerships and Outreach
- Chapter 4 – Demographic Analysis
- Chapter 5 – Real Estate Analysis
- Chapter 6 – Industry Target and Cluster Analysis
- Chapter 7 – Implementation Strategy

3 PARTICIPATION AND OUTREACH

A. INTRODUCTION

Lake County Partners is the leading non-profit economic development corporation whose mission is to maintain economic vitality and quality of life in Lake County. A public-private initiative since 1998 with more than 90 private, public, and non-profit contributory entities, Lake County Partners maintains economic vitality and quality of life in Lake County by creating and retaining quality jobs, stimulating capital investment, pursuing economic diversity and improving the County's business climate. Through its tenure, has proven to be an effective leader in job creation and wealth building. Lake County Partners has three professional staff and one administrative staff. The organization is run by president/CEO, with two senior managers, and an administrative assistant. The Lake County Board of Governors is comprised of 22 public and private sector representatives

The Lake County Partners staff, with assistance from RKG Associates, Inc., managed the day to day operations necessary to complete the CEDS as per the Economic Development Administration (EDA) guidelines. RKG Associates prepared the economic analysis and industry cluster analysis detailed in chapters 4, 5, and 6. Lake County Partners and RKG convened a Strategy Committee (detailed below) and held a series of progress report meetings to guide the action plan and project prioritization shown in chapter 7. The CEDS effort was undertaken following a simple mission statement:

“Lake County Partners Comprehensive Economic Development Strategy – Leading the Lake County Economy with a Roadmap for Continued Economic Success and Growth.”

B. CEDS STRATEGY COMMITTEE

The Lake County CEDS Strategy Committee is comprised of 50 representatives from Lake County's private, non-profit, and public sectors (Table 3-1). This group encompasses leaders and subject matter experts from all facets of economic development including industry, real estate, financial, health care, education, workforce development, elected officials, community revitalization, tourism, and preservation. In accordance to EDA regulations, over 50% of the Committee members represent private sector interests.

C. STAKEHOLDER OUTREACH

Although a comprehensive economic development strategy is founded in empirical analysis, substantial stakeholder outreach is required to collect anecdotal data, identify market nuance, verify empirical findings, and foster buy-in and support for the implementation strategy. As part of the Lake County CEDS process, Lake County Partner staff and RKG Associates, Inc. implemented a comprehensive, strategic outreach initiative. In total, more than 50 interviews, 7 focus groups, 5 Strategy Committee meetings, and 2 online surveys were held over the seven-month process. In addition, Lake County Partners and RKG Associates held weekly conference call progress meetings to coordinate the analysis and outreach efforts.

Table 3-1
Lake County CEDS Strategy Committee
2012

Name	Title	Organization
Marvin Bemby	Director, State and Local Government Affairs	Abbott
Valery Gallagher	Director for State Government Affairs	Baxter International, Inc.
Suzanne Zupec	President	Campanella and Sons, Inc.
Lisa May	City Councilwoman, 7th Ward	City of Waukegan
Jerry Weber	President	College of Lake County
Roneida Martin	Executive Director, Workforce and Professional Development Institute	College of Lake County
Frank Deuel	Manager of Governmental Affairs	Comcast
Ed Sitar	Economic Development Manager	ComEd
Diane Emerson	External Affairs Manager	ComEd
Myndee Balkan	Planning Manager	Condell Medical Center
Mary Pat Resch	VP Processing Services & Administration	Discover
Jim Bender	Vice President/General Manager	Graebel Companies, Inc.
Catherine Finger	Superintendent	Grayslake Community High School District #127
Joseph Luna	First Vice President, Middle Market Commercial Banking	JPMorgan Chase Bank, N.A.
Kelly A. Waters	President	Labor Management Cooperative Committee
Barry Burton	County Administrator	Lake County Administrator's Office
David Stolman	County Board Chair	Lake County Board
Pat Carey	County Board Member	Lake County Board
Stevenson Mountsier	County Board Member	Lake County Board
Michael H. Stevens	President & CEO	Lake County Partners
Bill Whitmer	Vice President of Economic Development	Lake County Partners
Roycealee Wood	Regional Superintendent	Lake County Regional Office of Education
Martin Buehler	Executive Director	Lake County Transportation Alliance
Bill Westerman	Senior Vice President	Libertyville Bank & Trust
Elizabeth Suerth	Regional Director for Northern Illinois	Manpower, Inc.
Jeffrey Pozen	Partner	McGladrey & Pullen LLP
Todd Mundorf	Administration Manager	Midwest Generation
Captain Randall Lynch	Commanding Officer	Naval Station Great Lakes
Commander Robert Sullivan	Executive Officer	Naval Station Great Lakes
Jesse Peterson Hall	President, Highland Park Hospital	North Shore University Health System
Marsha Oberrieder	Vice President, Operations	Northwestern Lake Forest Hospital
Larry Falbe	General Counsel	Quarles & Brady LLP
K. Michael Welch	President and CEO	Rosalind Franklin University of Medicine and Science
Steve Kermisch	Director, State Government Affairs	Takeda International
Brad Harper	Branch Manager	Uline Inc.
Charles Lamphere	President	Van Vliissingen & Company
Ghida Neukirch	Deputy Administrator	Village of Buffalo Grove
Maureen Riedy	President	Visit Lake County
Gail Edgar	VP, Corporate Facilities Services	W.W. Grainger
Violet Ricker	Executive Director	Waukegan Main Street

a.) Strategy Committee

The Lake County CEDS Strategy Committee met five times during the course of the project. Each meeting was planned in coordination with specific project milestones. At the first four meetings, RKG Associates presented findings related to the specific milestone, holding a question and answer period for the Committee members. The final meeting was held as an open forum for the Strategy Committee to discuss the implementation strategy and provide final approval for actions and prioritization. The meeting schedule included:

- May 7, 2012 – Project kickoff meeting and SWOT discussion
- June 18, 2012 – socioeconomic conditions and goal verification presentation
- August 22, 2012 – Real estate market analysis and target industry presentation
- October 10, 2012 – Implementation framework presentation
- November 7, 2012 – Open discussion on implementation strategy

b.) Surveys

Lake County Partners hosted two online surveys as part of the Comprehensive Economic Development Strategy during the month of August. The surveys were advertised through a series of media including Email blasts, local newspaper editorials, Lake County Partners website and Strategy Committee member networking. While the response rate was not strong enough to develop statistically significant findings, the effort initiated a series of individual contacts and additional research that helped the Strategy Committee better focus recommendations in the implementation strategy. The two surveys targeted community leadership and business leadership.

- Community Leadership - The first survey targeted community leadership including County, municipal, taxing body, service district, and institutional leadership. The 12-question survey focused on identifying existing economic development activity, potential partnership/coordination opportunities, inventorying incentives, and gathering individual perceptions of how effective Lake County Partners has been. In total, 53 individual responded to the survey providing key insight into opportunities for Lake County Partners to work with these entities more strategically.
- Business Leadership – Similar to the government leadership survey, the business leadership survey collected input intended to help shape the implementation strategy for Lake County Partners. This 18-question survey focused on current and projected market climate, current and projected business needs, and perceptions about Lake County’s competitiveness to operate and grow businesses. More than 80 business leaders responded to the survey. Lake County Partners used the findings of this effort as a catalyst to reinvigorate the existing business outreach effort.

The Strategy Committee recommends these surveys continue to be implemented each year as part of a new longitudinal analysis effort to track market trends and business needs within Lake County. It is anticipated that next year’s effort will have a more robust marketing campaign to increase response rates.

c.) Focus Groups

RKG Associates met with representatives from all disciplines and perspectives relevant to creating a countywide economic development plan. However, certain topics and issues required a more focused, collaborative discussion. In these instances, RKG Associates and Lake County Partners coordinated to host focus groups. Each focus group included between 8 and 25 representatives from that discipline deemed to be essential to identifying needs and opportunities, developing potential solutions, and participating in the implementation of those solutions. Through this effort, focus groups were held in the following topic areas:

- Arts & Culture
- Biopharma/Life Sciences
- Education/Workforce
- Finance
- Health Care (Attempted)
- Municipal Leadership
- Real Estate

For each focus group, a frank and substantive discussion was moderated by Lake County Partners and RKG Associates on topics and issues reflected in the final implementation strategy. Lake County Partners is recommended to continue meeting all seven groups as part of the larger coordination and outreach effort.

d.) Individual Outreach

RKG Associates, in coordination with Lake County Partners staff, conducted more than 50 in-person and telephone interviews during this process. These interviews were held with leaders and subject matter experts from the private, non-profit, and public sectors. Each of the Strategy Committee members were offered private interviews in addition to the Strategy Committee meetings. RKG Associates utilized the information collected from these interviews in coordination with the empirical research to provide Lake County Partners and the Strategy Committee with holistic assessments of the current market conditions and projected market needs/challenges. The implementation strategy focus and phasing is heavily influenced by both the statistical and qualitative efforts.

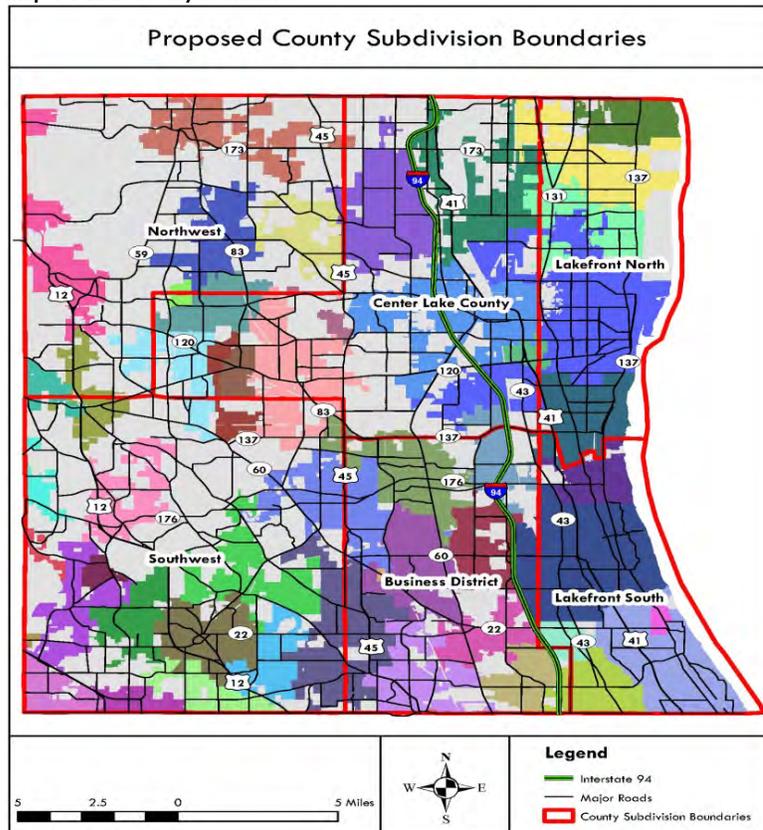
4 DEMOGRAPHIC ANALYSIS

A. INTRODUCTION

This section provides an overview analysis of demographic trends and characteristics of Lake County and its submarkets, comparing them to one another and to the greater Chicago metropolitan area and the State of Illinois. In general, data for 2000 and 2010 are presented as well as projections to 2016. For the purposes of further delineating the Lake County market, the county has been segmented into six submarkets as shown in Map 4-1. Those submarkets include:

- Northwest
- Center Lake County
- Lakefront North
- Southwest
- Business District
- Lakefront South

Map 4-1 Lake County Submarkets



B. POPULATION TRENDS

The first demographic indicators reviewed in this analysis are population, including absolute counts, as well as race and ethnicity indicators and age distribution. The total population¹ of Lake County was 644,400 persons in 2000, exhibiting a 9.2% growth to 703,500 persons in 2010 (Table 4-1). Within the county, both lakefront districts lost population during the past decade; while growth in the Business District was nominal; and growth in the remaining submarkets far outpaced the county as a whole. By contrast, the population change in the Chicago metropolitan area was around 4%, a slightly better growth rate than for all of Illinois. In terms of population projections, Lake County is forecast to realize a nominal 0.3% growth to 705,300 persons by 2016, which is a higher growth rate than that projected for the Chicago metro area, but slightly less than that for Illinois, as a whole (3.3%). Interestingly, both the Lakefront North and Lakefront South submarkets in Lake County are projected to see gains in population, reversing their trend during

¹ Throughout much of this narrative, data is rounded for ease of the reader, while unrounded data appears in the various tables and charts, where applicable.

the 2000 to 2010 period. Conversely, the Northwest and Center Lake submarkets, which experienced a high growth rate from 2000 to 2010, are projected to experience a nominal population decline by 2016. The projected population for the Chicago metropolitan area is projected as flat out to 2016, with the State of Illinois growing at less than 1%.

Table 4-1
Population Trends and Projections
Lake County and Region

Area	2000 Population	2010 Population	Percent Change	2016 Population	Percent Change
Lakefront South	83,071	80,747	-2.8%	82,451	2.1%
Lakefront North	157,894	157,062	-0.5%	158,635	1.0%
Business District	111,279	116,180	4.4%	117,401	1.1%
Southwest	97,587	116,041	18.9%	116,640	0.5%
Northwest	74,379	96,831	30.2%	95,935	-0.9%
Center Lake	120,145	136,601	13.7%	134,224	-1.7%
Lake County	644,356	703,462	9.2%	705,287	0.3%
Chicago Metro	9,096,690	9,459,496	4.0%	9,457,752	0.0%
Illinois	12,419,293	12,830,632	3.3%	12,933,499	0.8%

1. Population Diversity

In 2000, the Lake County population was approximately 80% white, in comparison to 67% for the Chicago metropolitan area and 73% for Illinois (Table 4-2). By 2010, the white population of Lake County represented 75%, compared with 65% in the Chicago metropolitan area and 72% in the state. This change indicates that the region is experiencing a diversification of the population.

Area	2000 % of Population	2010 % of Population	Share Change	2016 % of Population	Share Change
Lakefront South	12.9%	11.5%	(0.014)	11.7%	0.002
Lakefront North	24.5%	22.3%	(0.022)	22.5%	0.002
Business District	17.3%	16.5%	(0.008)	16.6%	0.001
Southwest	15.1%	16.5%	0.014	16.5%	0.000
Northwest	11.5%	13.8%	0.022	13.6%	(0.002)
Center Lake	18.6%	19.4%	0.008	19.0%	(0.004)

Source : DemographicsNOW and RKG Associates, Inc.

Within Lake County, the white population declined in the Lakefront South, Lakefront North and Business District submarkets, while increasing in the other three submarkets. Despite a 1% increase in the white population in the Central Lake submarket, the overall composition of the population changed from around 82% white to 72% white, further indicating increased racial diversification. All areas realized an increase in the number of Hispanic persons (an ethnicity, not a race) from a 24% increase in the Lakefront South submarket to nearly 198% in the Northwest submarket. Similar to Lake County and its submarkets, persons of Hispanic heritage increased in the Chicago metro area and in statewide.

Table 4-2
Population Diversity
Lake County and Region

Area	2000 Population				2010 Population				Percent Change in Population			
	White	Black	Other	Hispanic	White	Black	Other	Hispanic	White	Black	Other	Hispanic
Lakefront South	76,218	1,221	5,632	5,425	72,629	1,212	6,906	6,717	-4.7%	-0.7%	22.6%	23.8%
Lakefront North	86,194	35,637	36,063	50,826	80,184	34,239	42,639	65,991	-7.0%	-3.9%	18.2%	29.8%
Business District	96,089	1,346	13,843	9,548	91,369	1,696	23,115	13,082	-4.9%	26.0%	67.0%	37.0%
Southwest	89,878	781	6,929	5,982	100,238	1,377	14,425	11,676	11.5%	76.4%	108.2%	95.2%
Northwest	70,125	952	3,302	3,213	85,416	2,370	9,046	9,564	21.8%	148.9%	173.9%	197.6%
Center Lake	97,930	4,469	17,745	17,481	98,864	7,743	29,994	33,506	1.0%	73.2%	69.0%	91.7%
Lake County	516,189	44,741	83,426	92,716	528,204	49,033	126,225	139,987	2.3%	9.6%	51.3%	51.0%
Chicago Metro	6,080,866	1,691,636	1,324,188	1,494,525	6,182,452	1,645,990	1,631,054	1,956,791	1.7%	-2.7%	23.2%	30.9%
Illinois	9,125,471	1,876,875	1,416,947	1,530,262	9,177,879	1,866,408	1,786,345	2,027,573	0.6%	-0.6%	26.1%	32.5%
Area	2000 Population				2010 Population				Share Change in % of Population			
	% White	% Black	% Other	% Hispanic	% White	% Black	% Other	% Hispanic	White	Black	Other	Hispanic
Lakefront South	91.8%	1.5%	6.8%	6.5%	89.9%	1.5%	8.6%	8.3%	(0.018)	0.000	0.018	0.018
Lakefront North	54.6%	22.6%	22.8%	32.2%	51.1%	21.8%	27.1%	42.0%	(0.035)	(0.008)	0.043	0.098
Business District	86.4%	1.2%	12.4%	8.6%	78.6%	1.5%	19.9%	11.3%	(0.077)	0.003	0.075	0.027
Southwest	92.1%	0.8%	7.1%	6.1%	86.4%	1.2%	12.4%	10.1%	(0.057)	0.004	0.053	0.039
Northwest	94.3%	1.3%	4.4%	4.3%	88.2%	2.4%	9.3%	9.9%	(0.061)	0.012	0.049	0.056
Center Lake	81.5%	3.7%	14.8%	14.6%	72.4%	5.7%	22.0%	24.5%	(0.091)	0.019	0.072	0.100
Lake County	80.1%	6.9%	12.9%	14.4%	75.1%	7.0%	17.9%	19.9%	(0.050)	0.000	0.050	0.055
Chicago Metro	66.8%	18.6%	14.6%	16.4%	65.4%	17.4%	17.2%	20.7%	(0.015)	(0.012)	0.027	0.043
Illinois	73.5%	15.1%	11.4%	12.3%	71.5%	14.5%	13.9%	15.8%	(0.019)	(0.006)	0.025	0.035

Source : DemographicsNOW and RKG Associates, Inc.

2. Age Characteristics

The portion of the population age 25 to 54 years, often considered to be the household formation and peak earning/spending years, was the predominant age cohort for all locations with the exception of the Lakefront North submarket in 2000 (Table 4-3). Also in 2000, only the Lakefront North and the Center Lake submarkets had a lower percentage of retirement (aged 65+ years) population than Lake County, as well as the Chicago metro and Illinois.

Table 4-3
Age Distribution
Lake County and Region

Area	2000 Population Cohorts				2010 Population Cohorts				Percent Change in Population Cohorts			
	<25	25 to 54	55 to 64	65+	<25	25 to 54	55 to 64	65+	<25	25 to 54	55 to 64	65+
Lakefront South	28,745	32,130	8,558	13,639	30,959	33,075	8,416	8,297	7.7%	2.9%	-1.7%	-39.2%
Lakefront North	72,163	61,146	10,572	14,013	55,784	68,275	17,825	15,178	-22.7%	11.7%	68.6%	8.3%
Business District	39,846	47,517	7,236	16,680	43,998	47,257	12,777	12,009	10.4%	-0.5%	76.6%	-28.0%
Southwest	34,226	42,344	7,891	13,126	44,350	46,803	12,666	12,222	29.6%	10.5%	60.5%	-6.9%
Northwest	25,759	33,970	5,449	9,201	36,467	39,138	11,029	10,197	41.6%	15.2%	102.4%	10.8%
Center Lake	46,587	55,962	7,613	9,983	50,967	55,598	15,910	14,125	9.4%	-0.7%	109.0%	41.5%
Lake County	246,865	272,900	48,026	76,564	262,699	290,121	78,540	72,102	6.4%	6.3%	63.5%	-5.8%
Chicago Metro	3,309,212	3,811,258	755,125	1,221,094	3,308,515	4,047,681	1,016,726	1,086,574	0.0%	6.2%	34.6%	-11.0%
Illinois	4,456,787	5,063,184	1,058,993	1,840,328	4,425,259	5,364,693	1,420,646	1,620,034	-0.7%	6.0%	34.2%	-12.0%
Area	% of 2000 Population Cohorts				% of 2010 Population Cohorts				Share Change in % of Population Cohorts			
	<25	25 to 54	55 to 64	65+	<25	25 to 54	55 to 64	65+	<25	25 to 54	55 to 64	65+
Lakefront South	34.6%	38.7%	10.3%	16.4%	38.3%	41.0%	10.4%	10.3%	0.037	0.023	0.001	(0.061)
Lakefront North	45.7%	38.7%	6.7%	8.9%	35.5%	43.5%	11.3%	9.7%	(0.102)	0.047	0.047	0.008
Business District	35.8%	42.7%	6.5%	15.0%	37.9%	40.7%	11.0%	10.3%	0.021	(0.020)	0.045	(0.047)
Southwest	35.1%	43.4%	8.1%	13.5%	38.2%	40.3%	10.9%	10.5%	0.031	(0.031)	0.028	(0.029)
Northwest	34.4%	45.7%	7.3%	12.4%	37.7%	40.4%	11.4%	10.5%	0.030	(0.053)	0.041	(0.018)
Center Lake	38.8%	46.6%	6.3%	8.3%	37.3%	40.7%	11.6%	10.3%	(0.015)	(0.059)	0.053	0.020
Lake County	38.3%	42.4%	7.5%	11.9%	37.3%	41.2%	11.2%	10.2%	(0.010)	(0.011)	0.037	(0.016)
Chicago Metro	36.4%	41.9%	8.3%	13.4%	35.0%	42.8%	10.7%	11.5%	(0.014)	0.009	0.024	(0.019)
Illinois	35.9%	40.8%	8.5%	14.8%	34.5%	41.8%	11.1%	12.6%	(0.014)	0.010	0.025	(0.022)

Source : DemographicsNOW and RKG Associates, Inc.

Between 2000 and 2010, the fastest growing population cohort was among those aged 55 to 64 years, often considered empty nesters and in their peak discretionary spending years, with the exception of the Lakefront South submarket where this sector actually declined. While the population aged 65 and older declined in the Lakefront South, Business District and Southwest submarkets over the last decade (as well as in the county as a whole), this trend may reverse itself in the coming decade if the population retires in place.

Table 4-4
Household Formation Trends and Projections
Lake County and Region

Area	2000	2010	Percent Change	2016	Percent Change
	Households	Households		Households	
Lakefront South	29,321	29,301	-0.1%	32,029	9.3%
Lakefront North	46,484	46,262	-0.5%	49,953	8.0%
Business District	38,918	42,754	9.9%	46,353	8.4%
Southwest	33,059	40,889	23.7%	43,980	7.6%
Northwest	27,310	35,624	30.4%	37,842	6.2%
Center Lake	41,205	46,883	13.8%	49,406	5.4%
Lake County	216,297	241,712	11.8%	259,564	7.4%
Chicago Metro	3,279,326	3,474,941	6.0%	3,593,510	3.4%
Illinois	4,591,779	4,836,972	5.3%	4,965,413	2.7%
Area	2000 % of Households	2010 % of Households	Share Change	2016 % of Households	Share Change
Lakefront South	13.6%	12.1%	(0.014)	12.3%	0.002
Lakefront North	21.5%	19.1%	(0.024)	19.2%	0.001
Business District	18.0%	17.7%	(0.003)	17.9%	0.002
Southwest	15.3%	16.9%	0.016	16.9%	0.000
Northwest	12.6%	14.7%	0.021	14.6%	(0.002)
Center Lake	19.1%	19.4%	0.003	19.0%	(0.004)

Source : DemographicsNOW and RKG Associates, Inc.

C. HOUSEHOLD TRENDS

There were approximately 216,300 households in Lake County in 2000, concentrated in the Lakefront North and Center Lake submarkets. In 2010 there were 241,700 households, representing roughly a 12% growth rate, which exceeds the 9% population growth rate (Table 4-4). The Southwest (20.7%) and Northwest (30.4%) submarkets each experienced household growth rates well above the county average of 11.8%. The household growth in Lake County exceeded that for the Chicago metropolitan area (6.0%) and the state (5.3%), between 2000 and 2010, and is

projected to continue to do so through 2016. All locations are projected to realize household growth over the 2010 to 2016 period, with the Lakefront South and Lakefront North submarkets reversing their declines of the last decade.

1. Household Composition

As indicated in Table 4-5, the majority of the households for all regions in 2000 were without children, averaging around 56% countywide. Within the Lake County submarkets, this varied from 53% in the Lakefront North submarket to slightly more than 60% in the Lakefront South submarket. However, in all submarkets the percent of households without children was less than that for the Chicago metro or Illinois, as a whole. Between 2000 and 2010, the number of households without children increased in all submarkets as well as in the Chicago metro and the state. The number of households with children increased in only three of the submarkets, and not in the Chicago metro or the state.

Table 4-5
Household Composition
Lake County and Region

Area	2000 Household Composition				2010 Household Composition				Change in Household Composition			
	With Children	% of Total	Without Children	% of Total	With Children	% of Total	Without Children	% of Total	With Children %	w/ Share	Without Children %	w/out Share
Lakefront South	11,677	39.8%	17,643	60.2%	11,059	37.7%	18,242	62.3%	-5.3%	(619)	3.4%	599
Lakefront North	21,848	47.0%	24,635	53.0%	19,859	42.9%	26,403	57.1%	-9.1%	(1,989)	7.2%	1,767
Business District	17,480	44.9%	21,438	55.1%	17,194	40.2%	25,560	59.8%	-1.6%	(287)	19.2%	4,122
Southwest	14,878	45.0%	18,181	55.0%	17,149	41.9%	23,740	58.1%	15.3%	2,271	30.6%	5,558
Northwest	11,051	40.5%	16,259	59.5%	14,285	40.1%	21,339	59.9%	29.3%	3,234	31.2%	5,079
Center Lake	19,251	46.7%	21,954	53.3%	19,925	42.5%	26,958	57.5%	3.5%	674	22.8%	5,004
Lake County	96,035	44.4%	120,262	55.6%	99,345	41.1%	142,360	58.9%	3.4%	3,310	18.4%	22,098
Chicago Metro	1,233,220	37.6%	2,046,106	62.4%	1,230,244	35.4%	2,244,680	64.6%	-0.2%	(2,976)	9.7%	198,574
Illinois	1,663,878	36.2%	2,927,901	63.8%	1,640,474	33.9%	3,196,375	66.1%	-1.4%	(23,404)	9.2%	268,474

Source : DemographicsNOW and RKG Associates, Inc.

D. HOUSING TENURE

Lake County's home ownership rate in 2000 was nearly 75%, which was well above that in the Chicago metropolitan area (61.8%) or the state as a whole (63.2%). The ownership rate in 2010 was also above the metro and the state and it is projected to remain so in 2016 (Table 4-6). Within Lake County in 2000, the Lakefront North submarket had an ownership rate of only 55%, while the ownership rate in the Southwest submarket was near 89%. While there is some variation in owner-occupancy rates for all areas, over the 2000 to 2016 period, the changes are generally nominal. The greater variation is witnessed in declining renter-occupied housing and an increase in vacant housing. Nationally, homeowner rates have steadily dropped due to the recent housing and mortgage crisis.

Table 4-6
Housing Tenure
Lake County and Region

Area	2000 Housing Tenure				2010 Housing Tenure				2016 Housing Tenure			
	Owner	Renter	Vacant	% Vacant	Owner	Renter	Vacant	% Vacant	Owner	Renter	Vacant	% Vacant
Lakefront South	23,651	5,134	944	3.2%	24,143	4,479	2,091	6.8%	26,279	4,983	2,317	6.9%
Lakefront North	26,579	19,055	2,681	5.6%	27,388	17,807	4,964	9.9%	29,482	19,275	5,367	9.9%
Business District	31,511	6,696	1,224	3.1%	33,685	8,081	2,288	5.2%	36,408	8,835	2,514	5.3%
Southwest	29,720	2,735	969	2.9%	35,983	3,966	2,331	5.5%	38,688	4,239	2,505	5.5%
Northwest	21,910	4,901	2,363	8.1%	29,121	5,675	3,799	9.8%	30,926	6,010	4,098	10.0%
Center Lake	31,848	8,604	1,279	3.1%	36,233	9,578	2,639	5.4%	38,074	10,149	2,792	5.5%
Lake County	168,301	47,996	9,622	4.3%	190,911	50,760	18,598	7.1%	204,760	54,801	20,142	7.2%
Chicago Metro	2,138,070	1,141,256	182,094	5.3%	2,369,841	1,105,015	321,020	8.5%	2,454,921	1,138,582	332,245	8.5%
Illinois	3,088,884	1,502,895	293,836	6.0%	3,353,350	1,483,610	459,743	8.7%	3,442,472	1,522,961	471,912	8.7%
Area	% of 2000 Housing Tenure				% of 2010 Housing Tenure				% of 2016 Housing Tenure			
	Owner	Renter	Vacant		Owner	Renter	Vacant		Owner	Renter	Vacant	
Lakefront South	79.6%	17.3%	3.2%		78.6%	14.6%	6.8%		78.3%	14.8%	6.9%	
Lakefront North	55.0%	39.4%	5.5%		54.6%	35.5%	9.9%		54.5%	35.6%	9.9%	
Business District	79.9%	17.0%	3.1%		76.5%	18.3%	5.2%		76.2%	18.5%	5.3%	
Southwest	88.9%	8.2%	2.9%		85.1%	9.4%	5.5%		85.2%	9.3%	5.5%	
Northwest	75.1%	16.8%	8.1%		75.5%	14.7%	9.8%		75.4%	14.6%	10.0%	
Center Lake	76.3%	20.6%	3.1%		74.8%	19.8%	5.4%		74.6%	19.9%	5.5%	
Lake County	74.5%	21.2%	4.3%		73.4%	19.5%	7.1%		73.2%	19.6%	7.2%	
Chicago Metro	61.8%	33.0%	5.3%		62.4%	29.1%	8.5%		62.5%	29.0%	8.5%	
Illinois	63.2%	30.8%	6.0%		63.3%	28.0%	8.7%		63.3%	28.0%	8.7%	

Source : DemographicsNOW and RKG Associates, Inc.

1. Housing Turnover

Approximately 39,500 households in Lake County, or 18% of the total housing stock turned over in 2000 (Table 4-7). This turnover rate was similar to both the Chicago metropolitan area and the state. The turnover rate was slightly higher in the Lake County submarkets of Lakefront North and Center Lake, both exceeding 20%.

By 2010, the average annual turnover rate in the county was 17%, slightly above that for both the Chicago metro and Illinois. Within Lake County three of the submarkets experienced a higher annual turnover rate, but only marginally so.

Table 4-7
Household Formation Trends and Projections
Lake County and Region

Area	Estimated Annual Housing Turnover			
	2000	2000 (%)	2010	2010 (%)
Lakefront South	4,208	14.4%	4,550	15.5%
Lakefront North	10,180	21.9%	8,304	18.0%
Business District	7,079	18.2%	7,713	18.0%
Southwest	4,251	12.9%	6,125	15.0%
Northwest	5,386	19.7%	5,821	16.3%
Center Lake	8,777	21.3%	8,608	18.4%
Lake County	39,474	18.3%	41,067	17.0%
Chicago Metro	615,529	18.8%	550,431	15.8%
Illinois	835,245	18.2%	740,540	15.3%

Source : DemographicsNOW and RKG Associates, Inc.

E. HOUSEHOLD INCOME

This section presents household income characteristics for Lake County and its submarkets, as well as for the Chicago metropolitan area and Illinois as a whole. The average household income in Lake County far exceeds that for either the Chicago metro area or Illinois, in 2000, 2010 and projected for 2016, although the growth rates are generally similar (Table 4-8). Within Lake County, the submarkets of Lakefront South, the Business District and the Southwest all exhibit average household incomes greater than the county average, while the remaining three submarkets exhibit average household incomes that are less than the county average, notable among these is the Lakefront North submarket where the average household income is about one-half that of Lake County, for all years.

Table 4-8
Average Household Income
Lake County and Region

Area	2000 Avg HH Income	2010 Avg HH Income	Percent Change	2016 Avg HH Income	Percent Change
Lakefront South	\$157,789	\$197,793	25.4%	\$215,931	9.2%
Lakefront North	\$51,718	\$59,368	14.8%	\$65,289	10.0%
Business District	\$109,122	\$134,932	23.7%	\$148,386	10.0%
Southwest	\$115,305	\$133,668	15.9%	\$146,828	9.8%
Northwest	\$70,501	\$88,568	25.6%	\$98,033	10.7%
Center Lake	\$77,180	\$92,404	19.7%	\$102,343	10.8%
Lake County	\$93,893	\$113,925	21.3%	\$125,544	10.2%
Chicago Metro	\$67,436	\$84,653	25.5%	\$92,376	9.1%
Illinois	\$61,544	\$77,858	26.5%	\$85,325	9.6%

Area	% of 2000 Avg HH	% of 2010 Avg HH	Share Change	% of 2016 Avg HH	Share Change
Lakefront South	168.1%	173.6%	0.056	172.0%	(0.016)
Lakefront North	55.1%	52.1%	(0.030)	52.0%	(0.001)
Business District	116.2%	118.4%	0.022	118.2%	(0.002)
Southwest	122.8%	117.3%	(0.055)	117.0%	(0.004)
Northwest	75.1%	77.7%	0.027	78.1%	0.003
Center Lake	82.2%	81.1%	(0.011)	81.5%	0.004

Source : DemographicsNOW and RKG Associates, Inc.

1. Household Income Distribution

Table 4-9 presents the distribution of households, by selected income bracket, for Lake County and its submarkets, with the following observations:

- Approximately 22% of the households in Lake County earned less than \$35,000 in 2000, but almost 40% of the households in the Lakefront North submarket earned less than \$35,000. By comparison, 33% of the households in the Chicago metro area and 37% of the households statewide earned less than \$35,000 annually.
- In 2000, 29% of the households had annual incomes exceeding \$100,000, as compared with 18% of the households in the Chicago metro and 14% of the households statewide. Among the Lake County submarkets, however, Lakefront South had 51% of its households earning more than \$100,000, while for the Business District and the Southwest each had 40% of their households earning \$100,000 or more annually in 2000.
- Between 2000 and 2010, the number of households earning less than \$35,000 had decreased nearly everywhere, with the exception of the Southwest submarket (realizing a 3% increase) and the Center Lake submarket (realizing a near 8% increase). Only the Northwest submarket experienced an increase in the number of households earning \$35,000 to \$50,000 (nominal at 30 households or 0.8%). All regions realized an increase in the number of households earning \$100,000 or more.
- In 2010, nearly 40% of the total households had incomes in excess of \$100,000, compared with 28% of the households in the Chicago metro and 24% of the Illinois households. All Lake County submarkets except for the Lakefront North district had one-third or more of their households earning \$100,000 or more in 2010.

Table 4-9
Distribution of Households By Income
Lake County and Region

Area	2000 Household Incomes				2010 Household Incomes				2000 to 2010 Change in HH Count			
	<\$35k	\$35k to \$50k	\$50k to \$100k	>\$100k	<\$35k	\$35k to \$50k	\$50k to \$100k	>\$100k	<\$35k	\$35k to \$50k	\$50k to \$100k	>\$100k
Lakefront South	4,660	2,605	7,106	14,950	3,613	2,109	6,517	17,062	(1,047)	(495)	(590)	2,112
Lakefront North	18,498	8,831	15,202	3,952	15,539	7,820	16,125	6,778	(2,959)	(1,012)	923	2,826
Business District	5,798	4,163	13,693	15,265	5,531	3,969	12,745	20,508	(267)	(194)	(947)	5,244
Southwest	4,751	3,237	11,655	13,416	4,908	2,928	12,158	20,895	157	(309)	503	7,479
Northwest	6,213	3,905	11,955	5,237	5,926	3,935	13,292	12,471	(287)	30	1,337	7,234
Center Lake	8,514	5,892	17,201	9,598	9,257	4,997	16,648	15,981	744	(875)	(554)	6,383
Lake County	48,340	28,490	76,489	62,978	44,855	25,668	77,089	94,100	(3,485)	(2,822)	600	31,122
Chicago Metro	1,088,539	507,312	1,111,167	572,308	963,292	427,692	1,120,974	962,983	(125,248)	(79,619)	9,807	390,675
Illinois	1,699,284	745,007	1,484,481	663,007	1,479,944	628,342	1,560,354	1,168,332	(219,340)	(116,665)	75,873	505,325
Area	% of 2000 HH Income Distribution				% of 2010 HH Income Distribution				2000 to 2010 Change in HH Count (%)			
	<\$35k	\$35k to \$50k	\$50k to \$100k	>\$100k	<\$35k	\$35k to \$50k	\$50k to \$100k	>\$100k	<\$35k	\$35k to \$50k	\$50k to \$100k	>\$100k
Lakefront South	15.9%	8.9%	24.2%	51.0%	12.3%	7.2%	22.2%	58.2%	-22.5%	-19.0%	-8.3%	14.1%
Lakefront North	39.8%	19.0%	32.7%	8.5%	33.6%	16.9%	34.9%	14.7%	-16.0%	-11.5%	6.1%	71.5%
Business District	14.9%	10.7%	35.2%	39.2%	12.9%	9.3%	29.8%	48.0%	-4.6%	-4.7%	-6.9%	34.4%
Southwest	14.4%	9.8%	35.3%	40.6%	12.0%	7.2%	29.7%	51.1%	3.3%	-9.5%	4.3%	55.7%
Northwest	22.7%	14.3%	43.8%	19.2%	16.6%	11.0%	37.3%	35.0%	-4.6%	0.8%	11.2%	138.1%
Center Lake	20.7%	14.3%	41.7%	23.3%	19.7%	10.7%	35.5%	34.1%	8.7%	-15.2%	-3.2%	66.5%
Lake County	22.3%	13.2%	35.4%	29.1%	18.6%	10.6%	31.9%	38.9%	-7.2%	-9.9%	0.8%	49.4%
Chicago Metro	33.2%	15.5%	33.9%	17.5%	27.7%	12.3%	32.3%	27.7%	-11.5%	-15.7%	0.9%	68.3%
Illinois	37.0%	16.2%	32.3%	14.4%	30.6%	13.0%	32.3%	24.2%	-12.9%	-15.7%	5.1%	76.2%

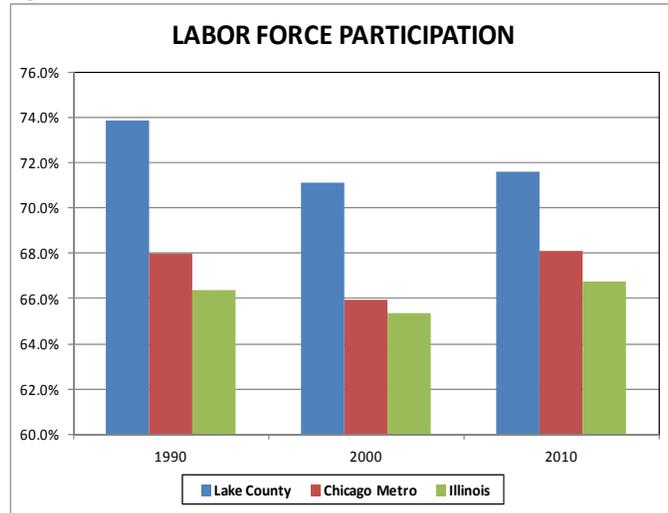
Source : DemographicsNOW and RKG Associates, Inc.

F. LABOR FORCE

1. Labor Force Participation

This section details the labor force characteristics of Lake County, as compared to metropolitan Chicago and Illinois as a whole. Working aged Lake County residents (16 years-old and above) historically have participated in the labor force at a higher rate than the Chicago metro area and the state as a whole (Figure 4-1). Since 1990, more than 71% of all working-aged County residents have either been employed or actively seeking employment. Once an unemployed person stops actively seeking employment over the previous four-week period, they are no longer considered a member of the labor force. However, their labor force status is easily regained once they resume their employment search.

Figure 4-1



Source: DemographicsNOW and RKG Associates, Inc.

Labor force participation rate is influenced, in part, by the availability of employment in a given area, as well as the employment capabilities (i.e., education and skill levels) of the work force. To a lesser extent household affluence can impact the number of wage earners in each household. From an economic development perspective, companies are attracted to locations where the labor options are greater and participation rates are higher. The recent decline in participation rates in all areas is largely due to the slow growth economic conditions across the country and higher unemployment. As the economy recovers and jobs become more plentiful, participation rates should rise.

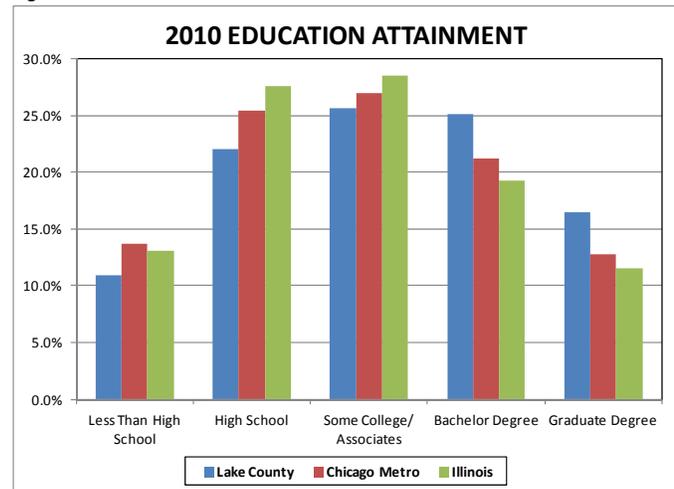
2. Education Attainment

As mentioned previously, education and skill attainment are related to the County's high labor force participation rates. However, they also correlate strongly with the general employability of the work force, their earning potential and ability to advance in their chosen areas of employment.

Historically, Lake County residents have attained education levels exceeding those of Chicago Metro and state residents age 25 or older. According to the 2010 Census, over 42% of the local population age 25 and older possessed a bachelor's degree or higher (Figure 4-2). Another 25% reported at least some post-secondary education or had received a two-year degree. This level

of education attainment is almost on par with what RKG has observed in some college towns. However, without a major college or university within Lake County, this indicates a highly educated population. With labor force quality being one of the top ranked industry location factors, the Partnership can promote the capabilities of its workforce to new and expanding companies. With higher education attainment, comes higher skill levels and the wage expectations of local workers. This may create a mismatch between traditional low wage, low skill industries and their ability to access labor in Lake County. Local policy makers must decide if the employment base is sufficient to meet the needs of lower skilled workers that often have fewer employment options.

Figure 4-2



Source: DemographicsNOW and RKG Associates, Inc.

3. Occupation Skill Levels

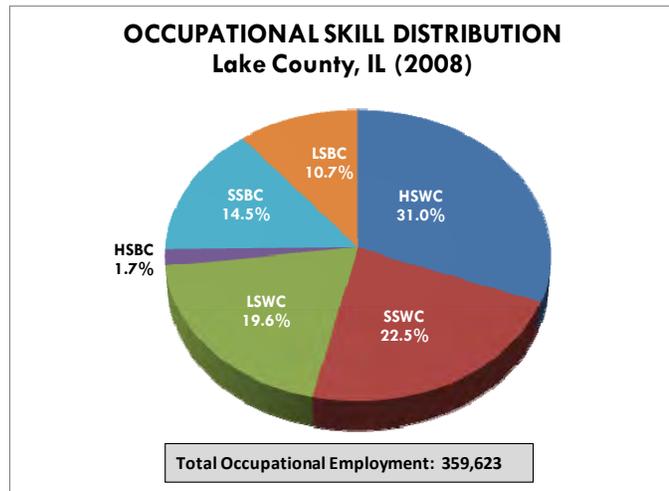
RKG Associates conducted an analysis of occupational employment levels in Lake County for 2008 to create an occupational profile of the workforce. The analysis required the grouping of occupations into various skill categories. Occupational data was collected from the Illinois Department of Employment Security. RKG Associates categorized this data by general occupational group (e.g., white collar and blue collar) and skill level (e.g. lower skilled, semi-skilled, and higher-skilled). The following analysis provides a general sense of the skill level of the county's workforce.

The occupational skill level groupings were derived from the consultant's experience and knowledge regarding the skill and educational requirements of general occupational categories. Although it is difficult to group occupational categories in this manner with great precision, the results provide some indication of the distribution and diversity of skills available within the labor force. The occupational categories and their descriptions are as follows:

- Higher-Skilled White Collar (HSWC) – a professional position requiring a college degree, with supervisory/management responsibility or specialized training while working within a white-collar work environment.
- Higher-Skilled Blue Collar (HSBC) – a trade or non-professional position requiring less than an advanced degree, but some post secondary education, a certificate, or specialized training or skill while working within a blue collar work environment.

- Semi-Skilled White Collar (SSWC) – a professional position requiring less than an advanced degree, but some post secondary education, a certificate, or specialized training or skill while working within a white collar work environment.
- Semi-Skilled Blue Collar (SSBC) – a trade position requiring less than an advanced or trade school degree but requiring some specialized training or skill, while working within a blue collar environment.
- Lower-Skilled White Collar (LSWC) – a position within a white collar work environment requiring no degree or formal schooling beyond high school, but requiring some on-the-job training.
- Lower-Skilled Blue Collar (LSBC) – a position within a trade profession requiring no advanced degree or formal schooling, but requiring some on-the-job training.

Figure 4-3



Source: Illinois Department of Employment Security and RKG Associates, Inc.

Approximately 73% of occupational employment in Lake County was categorized as white collar in 2008 (Figure 4-3). Traditional “white collar” and “blue collar” labels are becoming increasingly less relevant in today’s economy as many occupations blur the line being these definitions. Work environments change over time and job titles are less distinctive than they once were. However, the current proportion of white collar and blue collar occupations is typical of much of the U.S. economy.

What is more important is the skill distribution of the occupational workforce. Close to 33% of Lake County’s occupations were classified by RKG as having high skill and education requirements. This category include such occupations as: business operations specialists (15,113 jobs), primary & secondary school teachers (13,915 jobs), and computer specialists (9,002 jobs). The largest blue collar high-skilled occupation was supervisors of production workers at 2,605 jobs.

Semi-skilled occupations comprise a slightly larger share of total employment accounting for 37% of all occupations. This category has a more balanced distribution between white collar (22.5%) and blue collar at 14.5%. This skill category includes: construction trade workers (14,104 jobs), metal and plastic workers (7,974 jobs), administrative support workers (10,657 jobs) and sales representatives (7,367 jobs).

4. Unemployment Rates

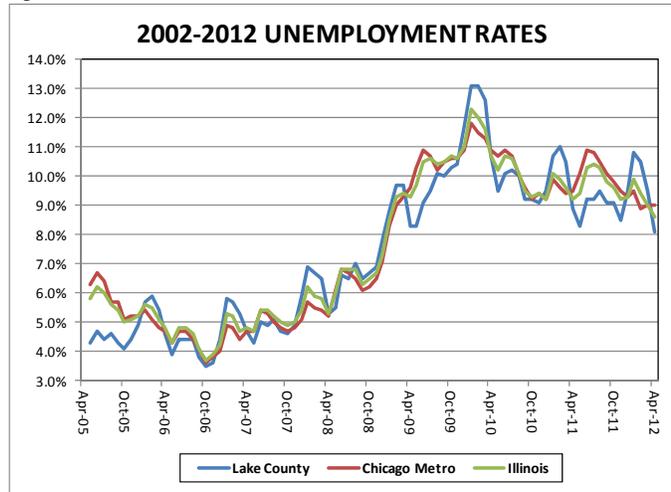
The most salient finding is the overall impact of the national economic downturn on employment locally and regionally. Unemployment rates in Lake County increased from a low of 3.5% in October of 2006 to 10.2% in October of 2009 before partially recovering to 9.1% in October of 2011 (Figure 4-4). Both the Chicago metropolitan area and the State of Illinois experience similar fluctuations in unemployment during this period.

It is important to note that employment in Lake County is more sensitive to seasonal changes than the rest of metropolitan Chicago and Illinois. Since 2005, unemployment rates have spiked in the months between October and April within the County. This finding is not surprising, given the presence of

venues such as Six Flags Over America, which season ends at Halloween and does not begin again until the spring.

That fact notwithstanding, Lake County generally has maintained a “peak season” employment level at or below regional and state levels. For example, County unemployment rates ranged between 8.0% and 9.0% from April to October of 2012. In comparison, the Chicago metropolitan area (9.5% to 11.0%) and the State as a whole (9.0% to 10.5%) had consistently higher unemployment levels. In addition to the benefit of the seasonal jobs, Lake County residents generally have greater education attainment and higher work skills than the larger areas. These factors are valuable to employers, particularly in an economic downturn when companies forced to downsize generally protect the most skilled workers.

Figure 4-4

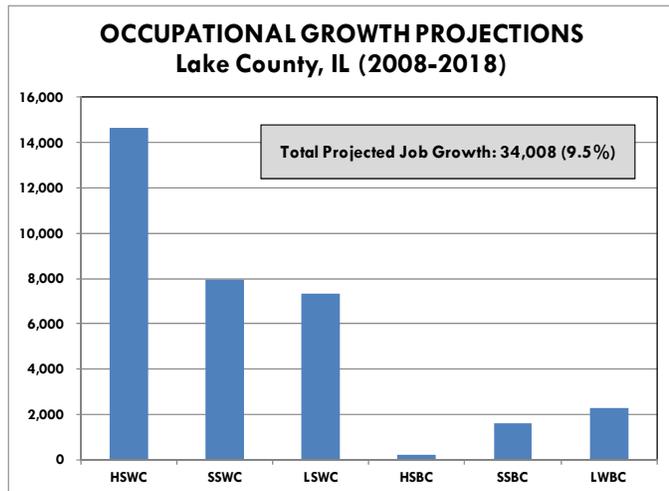


Source: Bureau of Labor Statistics and RKG Associates, Inc.

5. Occupation Growth Projections

Between 2008 and 2018, occupational employment in Lake County is projected to increase by 9.8% (34,008 jobs), for an average annual growth rate of just under 1%. This is considered steady growth in a well established metropolitan county like Lake County. The largest share of this employment growth is projected to occur in the high skill white collar occupations, where more than 14,000 new jobs are to be created (Figure 4-5). Semi-skilled and low-skilled white collars jobs should account for roughly 15,000 new jobs during the same period.

Figure 4-5



Source: Illinois Department of Employment Security and RKG Associates, Inc.

Similar to national trends, the loss of many construction and manufacturing jobs is reducing the long-term demand for all types of blue collar occupations. These projections can fluctuate, particularly in the number of construction industry occupations which are tied to cyclical changes in the economy. As economic growth and new home production returns, new opportunities will be created in that sector.

Table 4-10 shows the top growing and declining occupations over the 2008-2018 projection period. Not surprisingly, the vast majority of growth occupations are white collar jobs, with the fastest growth rates occurring in nursing, psychology, home health aides (28.5%), other personal care/service workers (25.4%), and health diagnosing & treating practitioners (21.7%).

The fastest declining occupations are heavily weighted toward blue-collar jobs, most of them in the semi-skilled category. The most rapid job losses are projected for plant and system operators (9.9%), metal workers and plastic workers (-8.4%) and printing workers (-7.7%).

Table 4-10
Occupational Growth Projections, Net Changes
Lake County; 2008-2018

Occupation	2008	2018	Change	Net Change	Skill Level
Total, All Occupations	364,674	399,044	34,370	9.4%	N/A
Primary/Secondary/Special Education Teachers	13,915	16,296	2,381	17.1%	HW
Business Operations Specialists	15,113	17,329	2,216	14.7%	HW
Food and Beverage Serving Workers	12,146	14,314	2,168	17.8%	LW
Health Diagnosing/Treating Practitioners	8,583	10,449	1,866	21.7%	HW
Retail Sales Workers	23,307	25,147	1,840	7.9%	LW
Other Personal Care/Service Workers	5,434	6,812	1,378	25.4%	LW
Construction Trades Workers	14,104	15,397	1,293	9.2%	SB
Building Cleaning & Pest Control Workers	10,350	11,520	1,170	11.3%	LW
Health Technologists & Technicians	5,343	6,495	1,152	21.6%	HW
Computer Specialists	9,002	10,119	1,117	12.4%	HW
Grounds Maintenance Workers	4,084	5,188	1,104	27.0%	LB
Information and Record Clerks	14,033	15,099	1,066	7.6%	LW
Nursing, Psych & Home Health Aides	3,682	4,732	1,050	28.5%	SW
Metal Workers and Plastic Workers	7,974	7,308	(666)	-8.4%	SB
Assemblers and Fabricators	6,726	6,540	(186)	-2.8%	SB
Supervisors, Production Workers	2,605	2,450	(155)	-6.0%	HB
Plant and System Operators	846	762	(84)	-9.9%	SB
Printing Workers	1,079	996	(83)	-7.7%	SB
Top Executives	5,009	4,940	(69)	-1.4%	HW
Textile/Apparel/Furnishings Workers	1,357	1,301	(56)	-4.1%	SB
Communications Equipment Operators	402	365	(37)	-9.2%	LW
Extraction Workers	119	113	(6)	-5.0%	SB

Source: Illinois Department of Employment Security and RKG Associates, Inc.

5 REAL ESTATE MARKET ANALYSIS

A. INTRODUCTION

The following section contains an analysis of the office, industrial and retail markets in Lake County and the greater region. The purpose of this analysis was to document recent real estate trends, as well as conditions as they exist within the study area. Prevailing trends are critical to understanding the market forces that have shaped the region and the county over time. Although this section examines existing conditions and commercial space inventories within the county, the analysis takes a broader macro view of the Chicago and suburban markets and tries to identify the supply and demand forces that are creating the development conditions that are present in early 2012.

The study presents data at various submarkets comprising the region. Typically, submarket boundaries are established by the local real estate brokerage community to track different real estate segments (i.e., industrial, office, retail, etc.). These submarkets do not often follow political boundaries, but rather are defined by major transportation corridors or changes in development patterns and real estate types, pricing, and quality of development.

B. OFFICE MARKET OVERVIEW

The following section providing an analysis, as of the first quarter of 2012, of the office market in greater Chicago, including the central business district (CBD) and the remainder of the metropolitan area, with a focus on Lake County. This overview is not intended to be a definitive analysis of the office market conditions throughout the metropolitan area, but rather to serve as a general indicator of the current prevailing conditions with respect to indicators such as vacancy, absorption and rents. Much of the office inventory, vacancy and rent data were obtained by CBRE, a national real estate brokerage firm that tracks metropolitan markets across the county.

1. Chicago's Central Business District

Currently there is more than 128.5 million SF (square feet) of office space in the Chicago central business district as of the first quarter of 2012 (Map 5-1/Table 5-1). Of this total approximately 13.6% is vacant and when coupled with the sublet vacancy of 1.3%, the total estimated vacancy for CBD office space 14.9%. There was however, positive absorption of nearly 288,000 SF during the first quarter of 2012, representing the seventh consecutive quarter of positive absorption. Office absorption is measured as the net change in total occupied building square feet from one period to the next, accounting for changing in the inventory due to new construction and demolition activity.

The gross asking rent varies from \$27/SF in the River North section of the CBD to as much as \$36/SF in the West Loop, averaging \$32/SF across all of the CBD. In most instances, there was a general parity between the inventory and the direct vacancy among the different locations, e.g., the Central Loop comprised 32% of the total inventory and 30.8% of the direct vacancy. The exceptions to this include the North Michigan Avenue sector, which comprised 9.3% of the inventory but 12% of the direct vacancy and the River North sector, which accounted for 5.6% of the inventory but only 2.4% of the direct vacancy.

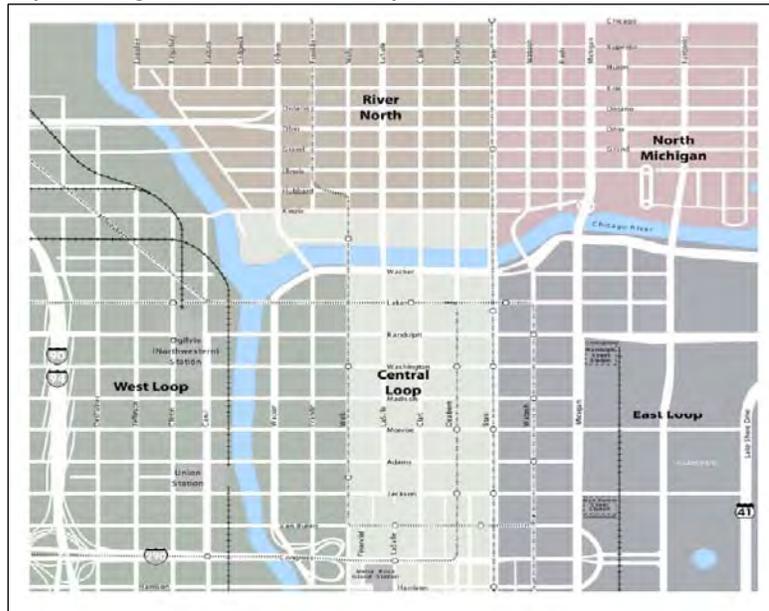
Table 5-1
Chicago Central Business District; By Submarket
First Quarter 2012

CHICAGO CBD	Total Rentable SF	Direct Vacant SF	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate	1st Quarter Absorption	Gross Ask \$/SF
Central Loop	41,099,407	5,376,525	13.1%	1.4%	14.5%	114,222	\$31.08
East Loop	24,413,552	3,558,556	14.6%	0.9%	15.5%	297,078	\$30.06
North Michigan Avenue	11,912,173	2,091,083	17.6%	1.0%	18.6%	(122,876)	\$34.65
River North	7,178,307	426,911	5.9%	4.5%	10.4%	84,530	\$26.63
West Loop	43,941,567	6,020,126	13.7%	0.9%	14.6%	(85,009)	\$35.53
Totals/Averages	128,545,006	17,473,201	13.6%	1.3%	14.9%	287,945	\$32.26

Source : CBRE and RKG Associates, Inc.

When the office market is examined by Class of space (A, B or C) the difference between the inventory representation and vacancy components are nominal. However, practically all of the net positive absorption throughout the CBD has been driven by high quality Class A space and in the East Loop submarket in particular. According to CBRE, the positive absorption of Class A office space in the East Loop submarket is primarily attributable to a relocation of office space for Blue Cross / Blue Shield. Additionally, the historic drivers of office activity in the Chicago CBD, namely legal and financial firms, have scaled back their activity, are being replaced by a growing demand from technology and marketing/advertising firms. Across all classes of office space, both the North Michigan Avenue and West Loop submarkets experienced net negative absorption (Table 5-2). If the first quarter absorption were annualized over four quarters, the current 17.5 million SF of vacant office space in the CBD would take 15 years to absorb.

Map 5-1 Chicago Central Business District by Sectors - CBRE



As reported previously, the average asking rent (gross) is \$32/SF which is essentially the same as it was at the end of the fourth quarter of 2011. However, according to CBRE, most landlords continue to seek lease increases and are starting to scale back on their concessions, preferring to take on tenants with five year or greater lease terms.

2. Chicago's Suburban Submarkets

There was nearly 110.7 million SF of office space in the Chicago suburban markets as of the first quarter of 2012¹ with nearly 24 million SF classified as vacant (Table 5-3). The total vacancy rate was estimated to be almost 23%, with 87,475 SF of positive net absorption and an average asking rent of \$21/SF, which varied from \$15/SF in the South Suburbs to \$23/SF in the North Suburban. According to CBRE, the direct vacancy rate throughout the suburban market has more or less held

¹ Much of this information is from the CB Richard Ellis (CBRE) *MarketView Chicago Suburban Office Report*.

constant and asking rents have inched up nominally. However, the recent leases for space of 10,000 SF or more have been carrying an average lease term of 6-years, suggesting that tenants are willing to make longer term commitments than before.

Table 5-2
Chicago Central Business District; By Property Class
First Quarter 2012

CHICAGO CBD	Total Rentable SF	Direct Vacant SF	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate	1st Qtrr Absorption	Gross Ask \$/SF
CLASS A	51,087,551	6,838,531	13.4%	1.4%	14.8%	291,973	\$38.00
Central Loop	15,336,350	1,333,738	8.7%	1.6%	10.3%	67,391	\$39.67
East Loop	5,368,236	970,528	18.1%	1.7%	19.8%	358,945	\$34.96
North Michigan Ave	5,706,188	1,286,957	22.6%	1.1%	23.7%	(67,074)	\$36.50
River North	382,436	11,095	2.9%	0.0%	2.9%	0	\$30.80
West Loop	24,294,341	3,236,213	13.3%	1.3%	14.6%	(67,289)	\$38.86
CLASS B	54,819,058	7,446,622	13.6%	1.5%	15.1%	(8,521)	\$30.85
Central Loop	17,796,363	2,835,427	15.9%	1.5%	17.4%	25,535	\$29.89
East Loop	11,719,270	1,526,888	13.0%	1.7%	14.7%	(17,230)	\$31.06
North Michigan Ave	5,118,672	613,146	12.0%	1.1%	13.1%	(31,354)	\$32.15
River North	4,256,592	249,728	5.9%	7.0%	12.9%	31,997	\$29.86
West Loop	15,658,161	2,221,433	14.2%	0.4%	14.6%	(17,469)	\$31.56
CLASS C	22,638,397	3,188,048	14.1%	0.5%	14.6%	4,493	\$23.36
Central Loop	7,966,694	1,207,360	15.2%	0.9%	16.1%	21,296	\$23.83
East Loop	7,326,046	1,061,140	14.5%	0.2%	14.7%	(44,637)	\$23.63
North Michigan Ave	1,087,313	190,980	17.6%	0.0%	17.6%	(24,448)	\$22.17
River North	2,269,279	166,088	7.3%	0.2%	7.5%	52,533	\$21.29
West Loop	3,989,065	562,480	14.1%	0.4%	14.5%	(251)	\$22.78
Totals/Averages	128,545,006	17,473,201	13.6%	1.3%	14.9%	287,945	\$32.26

Source : CBRE and RKG Associates, Inc.

Table 5-3
Suburban Chicago District; By Submarket
First Quarter 2012

CHICAGO SUBURBAN	Total Rentable SF	Direct Vacant SF	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate	1st Qtrr Absorption	Gross Ask \$/SF
East-West Tollway	41,518,199	8,170,036	19.7%	0.9%	20.6%	29,870	\$21.37
North Suburban	23,753,024	4,525,508	19.1%	1.2%	20.3%	18,315	\$22.59
Northwest Suburbs	28,092,191	7,237,600	25.8%	0.6%	26.4%	95,452	\$20.08
O'Hare	13,756,027	3,046,674	22.1%	1.4%	23.5%	(57,912)	\$21.34
South Suburbs	2,453,729	594,992	24.2%	0.3%	24.5%	2,165	\$15.17
West Cook	1,098,104	387,559	35.3%	0.0%	35.3%	(415)	\$16.19
Totals/Averages	110,671,274	23,962,369	21.7%	1.3%	23.0%	87,475	\$20.99

Source : CBRE and RKG Associates, Inc.

Nearly all of the positive absorption of suburban office space was among Class A space, regardless of location in the market (Table 5-4). Typically, Class B and Class C space experienced negative absorption, which often indicates that tenants are taking advantage of the soft market to upgrade to Class A space according to CBRE. Class A space has an average vacancy of 18.7%, compared with 24% for Class B space and 27.2% for Class C space in the first quarter of 2012. According to CBRE, about 63% of the executed lease transactions are renewals, potentially indicating business failures, but more likely indicating tenant's willingness to consider relocation and/or a space upgrade. This is

also reflected in the generally low absorption rates. CBRE and field observations suggests that much of the Class A vacancy is concentrated in a specific properties, which requires Class B landlords and building owners to be flexible in their lease terms or risk losing tenants to Class A space. As a result, Class B landlords are likely to be more competitive (i.e., lower cost) in their asking rents and to offer

Table 5-4
Suburban Chicago District; By Property Class
First Quarter 2012

CHICAGO SUBURBAN	Total Rentable SF	Direct Vacant SF	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate	1st Qtr Absorption	Gross Ask \$/SF
CLASS A	45,182,874	7,916,103	17.5%	1.2%	18.7%	230,019	\$25.07
East-West Tollway	13,843,643	2,019,750	14.6%	1.4%	16.0%	17,774	\$25.94
North Suburban	9,059,083	1,241,120	13.7%	1.9%	15.6%	33,954	\$26.51
Northwest Suburbs	14,701,759	3,428,534	23.3%	0.6%	23.9%	105,387	\$23.34
O'Hare	7,082,046	1,088,224	15.4%	1.5%	16.9%	63,687	\$27.20
South Suburbs	496,343	138,224	27.8%	1.0%	28.8%	9,217	\$16.09
West Cook	0	0	0.0%	0.0%	0.0%	0	\$0.00
CLASS B	40,143,836	9,292,091	23.1%	0.8%	23.9%	(77,536)	\$20.46
East-West Tollway	18,073,660	3,964,065	21.9%	0.9%	22.8%	(16,367)	\$20.52
North Suburban	10,055,840	2,092,077	20.8%	0.7%	21.5%	11,735	\$22.17
Northwest Suburbs	7,355,800	1,963,222	26.7%	0.0%	26.7%	7,755	\$19.03
O'Hare	3,487,756	994,179	28.5%	2.0%	30.5%	(75,860)	\$20.44
South Suburbs	1,081,980	271,774	25.1%	0.2%	25.3%	(4,799)	\$15.94
West Cook	88,800	6,774	7.6%	0.0%	7.6%	0	\$23.00
CLASS C	25,344,564	6,754,175	26.6%	0.5%	27.1%	(65,008)	\$16.50
East-West Tollway	9,600,896	2,186,221	22.8%	0.1%	22.9%	28,463	\$16.82
North Suburban	46,381,101	1,192,311	2.6%	0.7%	3.3%	(22,374)	\$18.61
Northwest Suburbs	6,034,632	1,845,844	30.6%	1.3%	31.9%	(17,690)	\$15.71
O'Hare	3,186,225	964,020	30.3%	0.6%	30.9%	(45,739)	\$15.64
South Suburbs	875,406	184,944	21.1%	0.0%	21.1%	(2,253)	\$13.97
West Cook	1,009,304	380,785	37.7%	0.0%	37.7%	(415)	\$16.04
Totals/Averages	110,671,274	23,962,369	21.7%	1.3%	23.0%	87,475	\$20.99

Source : CBRE and RKG Associates, Inc.

concession packages in order to stabilize building occupancies.

Asking rents across the suburban office market varied from \$14/SF for Class C space in the South Suburbs to \$27/SF for Class A space in the North Suburban and O'Hare submarkets (Map 5-2). The overall asking rents for Class A space were \$25/SF, for Class B space \$20/SF and for Class C space \$17/SF. The first quarter absorption, if annualized, indicates that the 24 million vacant SF represents a 68-year supply in the Chicago suburban office market.

3. Lake County Submarket

The suburban office market data provided by CBRE includes Lake County as part of the North Suburban submarket. This section presents an overview of the Lake County office market, which consists of more than 11.5 million SF of office space with a vacancy rate of 21.8% (Table 5-5). The office sector in Lake County accounts for 48.5% of the North suburban inventory, while the vacant space (at 2.5 million SF) represents 55.5% of the North Suburban submarket vacancy. Asking rents in Lake County typically range from \$23/SF (on par with the overall submarket) to \$31/SF (somewhat less, by 15%, than the overall submarket). The approximate average size per office building in Lake County is 82,200 SF, comparable to the submarket as a whole.

As indicated in Table 5-5, the office sector in Lake County, with an inventory of 11.5 million SF, represents 4.8% of the overall Chicago metro office market. However, the 2.5 million SF of vacant space in Lake County represents 6.1% of the Chicago metro area vacant space. More telling is the Class B office space where Lake County amounts to 5.3% of the inventory but 8.3% of the vacancy. As noted previously, there will likely be continued pressures on building owners and landlords of Class B space to keep their space competitive, in terms of lease rates and concessions, with the nearly 14.8 million SF of vacant Class A space. As also noted in Table 5-6, the vacancy rate for office space in Lake County is the highest in total, and among all regions of the Chicago metro area, with the exception of Class A space.

Map 5-2 Chicago Suburban Office Market Sectors - CBRE



Table 5-5
 Lake County Office Market; By Submarket
 First Quarter 2012

LAKE COUNTY OFFICE SECTOR	Total		Vacancy Rate	Ask Lease \$		# of Buildings	Average Building SF
	Rentable SF	Direct Vacant SF		LOW	HIGH		
Bannockburn	1,297,712	676,400	52.12%	\$24.01	\$26.91	11	117,974
Buffalo Grove	701,581	165,864	23.64%	\$24.92	\$26.63	7	100,226
Deerfield	2,875,247	434,293	15.10%	\$26.56	\$29.01	25	115,010
Gurnee	423,778	193,008	45.54%	\$17.28	\$23.20	10	42,378
Highland Park	263,074	64,242	24.42%	\$22.60	\$30.41	6	43,846
Lake Bluff	287,880	88,393	30.70%	\$16.19	\$19.50	6	47,980
Lake Forest	898,370	94,595	10.53%	\$19.98	\$31.40	9	99,819
Libertyville	795,713	150,439	18.91%	\$16.66	\$21.73	17	46,807
Lincolnshire	2,033,465	869,512	42.76%	\$24.86	\$27.71	18	112,970
Mettawa	156,160	0	0.00%	\$0.00	\$0.00	1	156,160
Riverwoods	45,835	11,304	24.66%	\$25.00	\$25.00	1	45,835
Vernon Hills	1,110,519	308,638	27.79%	\$19.66	\$25.00	20	55,526
Waukegan	622,867	65,189	10.47%	\$14.90	\$20.47	9	69,207
Totals/Averages	11,512,201	3,121,877	27.12%	\$22.80	\$31.44	140	82,230
North Suburban	23,753,024	5,531,052	23.29%	\$22.59	\$36.91	294	80,793
Lake County as % of North Suburban	48.47%	56.44%	NA	100.93%	85.18%	47.62%	101.78%

Source : CBRE and RKG Associates, Inc.

Table 5-6
Office Market Comparison; Chicago Metro Area
First Quarter 2012

AREAS	Total Rentable SF	Direct Vacant SF	Direct Vacancy Rate
CLASS A	96,270,425	14,754,634	15.3%
Chicago CBD	51,087,551	6,838,531	13.4%
Chicago Suburban (less Lake County)	39,347,703	6,970,532	17.7%
Lake County	5,835,171	945,571	16.2%
CLASS B	94,962,894	16,738,713	17.6%
Chicago CBD	54,819,058	7,446,622	13.6%
Chicago Suburban (less Lake County)	35,130,960	7,909,643	22.5%
Lake County	5,012,876	1,382,448	27.6%
CLASS C	47,982,961	9,942,223	20.7%
Chicago CBD	22,638,397	3,188,048	14.1%
Chicago Suburban (less Lake County)	24,680,410	6,569,134	26.6%
Lake County	664,154	185,041	27.9%
TOTAL OFFICE	239,216,280	41,435,570	17.3%
Chicago CBD	128,545,006	17,473,201	13.6%
Chicago Suburban (less Lake County)	99,159,073	21,449,309	21.6%
Lake County	11,512,201	2,513,060	21.8%

Source : CBRE and RKG Associates, Inc.

C. INDUSTRIAL MARKET OVERVIEW

1. Chicago Suburban Submarkets

This section presents an overview (as of the first quarter of 2012) of the industrial market in greater Chicago market, which as defined by CBRE includes southern Wisconsin and northwest Indiana² (Map 5-3).

As of the first quarter of 2012, there was a reported 1.2 billion SF of industrial space throughout the Chicago Metro market and an 8.7% vacancy rate (or 103 million SF). CBRE reports that Lake County had 78.5 million SF of industrial space (or 7.1% of the Metro total) and slightly more than 6.1 million SF of vacancy (or 6.8% of the Metro total) (Table 5-7).

Throughout the Illinois portion of the market, average asking leases ranged from \$2.85/SF to \$5.40 SF, with Lake County about on par at the higher end of the range (at \$5.25/SF) but well above

Map 5-3 Greater Chicago Industrial Market - CBRE



² First quarter 2012 - CB Richard Ellis (CBRE) MarketView Chicago Industrial Report.

the lower end of the range (with Lake County at \$3.25/SF). Reportedly, there is no new industrial space under construction in Lake County, as of the first quarter of 2012. However, the year-to-date absorption of nearly 513,000 SF in Lake County accounted for one-fourth of the absorption throughout the Illinois portion of the metropolitan industrial market.

The 1.8 million SF of industrial space under construction represents a decline of approximately 1 million SF from the first quarter of 2011, while asking lease rates are up marginally from a year ago. Net absorption is down from a year ago, according to CBRE, but still represents the seventh consecutive quarter of positive absorption across all of the market.

Table 5-7
Suburban Chicago Industrial Market Profile
First Quarter 2012

Market	Total		Vacancy Rate	Ask Lease \$		YTD Absorption	Under Construction
	Rentable SF	Direct Vacant SF		LOW	HIGH		
Lake County	78,544,501	7,021,878	8.9%	\$3.25	\$5.25	512,987	0
McHenry County	18,672,484	2,278,043	12.2%	\$2.50	\$3.80	225,437	0
NE Cook County	61,691,788	3,639,815	5.9%	\$3.25	\$4.75	58,151	0
NW Cook County	37,502,588	3,412,736	9.1%	\$3.65	\$4.55	(280,573)	140,000
N Kane County	26,355,100	2,213,828	8.4%	\$3.45	\$4.70	112,526	165,970
N DuPage County	31,492,954	3,558,704	11.3%	\$2.75	\$5.50	(132,397)	0
O'Hare	109,025,138	10,684,464	9.8%	\$3.25	\$6.25	674,739	0
City North	110,201,415	6,612,085	6.0%	\$2.00	\$9.00	638,633	0
Near West Suburbs	99,274,140	9,629,592	9.7%	\$2.75	\$5.00	(1,123,067)	600,000
West Suburbs	41,495,357	2,780,189	6.7%	\$3.60	\$5.50	535,022	0
Central Kane & DuPage	37,319,545	2,313,812	6.2%	\$3.15	\$4.75	262,004	0
Far West Suburbs	62,041,071	5,831,861	9.4%	\$3.05	\$4.75	(298,675)	0
Southwest Suburbs	68,427,463	6,569,036	9.6%	\$2.75	\$4.95	446,334	306,805
Far SW Suburbs	73,702,513	7,517,656	10.2%	\$2.75	\$4.95	(651,501)	362,500
City South	140,868,200	11,128,588	7.9%	\$2.50	\$5.00	281,726	0
South Suburbs	56,944,496	5,865,283	10.3%	\$2.50	\$3.75	1,120,396	0
Joliet Area	51,091,851	6,079,930	11.9%	\$2.55	\$4.25	(310,293)	265,000
Illinois Area Total	1,104,650,604	97,137,500	8.8%	\$2.85	\$5.40	2,071,449	1,840,275
Northwest Indiana	29,686,271	2,612,392	8.8%	\$2.00	\$4.75	51,568	0
Kenosha/Racine Counties	54,185,288	3,738,785	6.9%	\$2.25	\$3.75	196,890	0
Grand Total	1,188,522,163	103,488,677	8.7%	\$2.80	\$5.30	2,319,907	1,840,275
Lake County as % of Illinois							
Total	7.1%	7.2%	NA	114.0%	97.2%	24.8%	NA

Source : CBRE and RKG Associates, Inc.

2. Lake County Submarket

The Lake County industrial market includes 78.5 million SF of industrial space in 1,145 separate buildings, with slightly more than 7 million SF available (Map 5-4/Table 5-8). Some findings from the Lake County industrial market include:

- The amount of industrial space varies widely across the county on a community-by-community basis from less than 20,000 SF in many places to 5 million or more in others. The four communities Buffalo Grove, Libertyville, Vernon Hills and Waukegan account for 46% of all industrial space in Lake County.

- Availability of space varies across the county also as many communities have no industrial space available while others have an availability rate of 15% or more (about double the county average). The same four towns as noted previously account for 51% of all available space in Lake County.

Map 5-4 Lake County Industrial Market Sector - CBRE



Table 5-8
 Lake County Industrial Sector, By Municipality
 First Quarter 2012

LAKE COUNTY INDUSTRIAL SECTOR	Total SF	Available SF	Available Rate	% of County		
				Availability	# of Buildings	Avg Bldg Size
LAKE COUNTY						
Antioch	1,435,544	158,000	11.0%	2.2%	30	47,851
Bannockburn	339,530	0	0.0%	0.0%	5	67,906
Barrington	1,912,142	6,070	0.3%	0.1%	34	56,239
Buffalo Grove	6,590,528	864,760	13.1%	12.3%	106	62,175
Deer Park	48,750	0	0.0%	0.0%	2	24,375
Deerfield	1,663,062	4,607	0.3%	0.1%	15	110,871
Fox Lake	18,000	0	0.0%	0.0%	1	18,000
Grayslake	803,527	0	0.0%	0.0%	10	80,353
Green Oaks	661,067	140,806	21.3%	2.0%	10	66,107
Gurnee	6,593,559	683,978	10.4%	9.7%	104	63,400
Highland Park	772,979	287,574	37.2%	4.1%	15	51,532
Ingleside	54,800	0	0.0%	0.0%	3	18,267
Island Lake	18,200	18,200	100.0%	0.3%	1	18,200
Lake Barrington	58,530	0	0.0%	0.0%	3	19,510
Lake Bluff	2,516,092	189,251	7.5%	2.7%	61	41,247
Lake Forest	1,618,972	11,920	0.7%	0.2%	37	43,756
Lake in the Hills	16,800	0	0.0%	0.0%	1	16,800
Lake Villa	98,170	0	0.0%	0.0%	4	24,543
Lake Zurich	4,192,799	458,651	10.9%	6.5%	66	63,527
Lakemoor	44,500	0	0.0%	0.0%	1	44,500
Libertyville	8,853,066	915,565	10.3%	13.0%	102	86,795
Lincolnshire	3,196,272	174,211	5.5%	2.5%	53	60,307
Lindenhurst	28,815	0	0.0%	0.0%	1	28,815
Long Grove	54,100	0	0.0%	0.0%	1	54,100
McHenry	51,200	0	0.0%	0.0%	1	51,200
Mettawa	25,000	0	0.0%	0.0%	1	25,000
Mundelein	4,902,572	413,520	8.4%	5.9%	114	43,005
North Chicago	6,071,459	326,033	5.4%	4.6%	36	168,652
Park City	147,750	0	0.0%	0.0%	3	49,250
Prairie View	650,113	0	0.0%	0.0%	10	65,011
Rondout	59,200	0	0.0%	0.0%	5	11,840
Round Lake	784,227	16,000	2.0%	0.2%	15	52,282
Vernon Hills	5,141,721	843,273	16.4%	12.0%	72	71,413
Volo	36,100	0	0.0%	0.0%	2	18,050
Wauconda	1,507,517	189,082	12.5%	2.7%	43	35,059
Waukegan	15,801,208	961,587	6.1%	13.7%	155	101,943
Zion	1,776,630	361,072	20.3%	5.1%	22	80,756
Totals/Averages	78,544,501	7,024,160	8.94%	NA	1,145	68,598

Source : CBRE and RKG Associates, Inc.

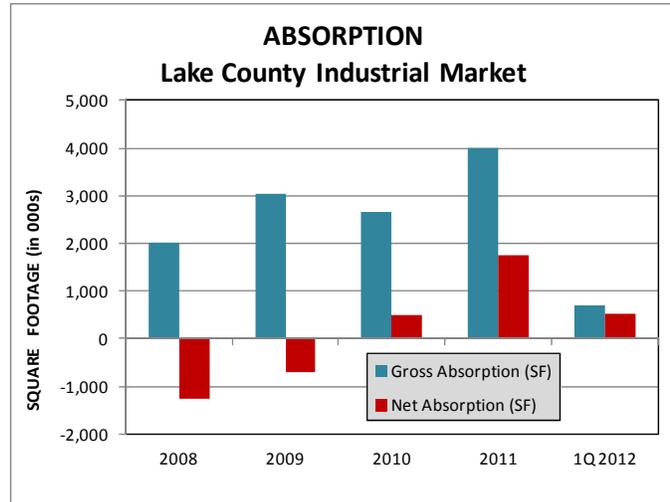
- There has been positive net absorption of industrial space in Lake County of slightly more than 2 million SF since first quarter of 2009, despite “negative” absorption in some quarters. With the exception of the third quarter of 2011, Lake County has exhibited net positive absorption of industrial space since late 2010 (Figure 5-1).
- The Lake County industrial market recently has maintained a lower vacancy rate compared to the Chicago metropolitan area, except for a brief period in 2010 (Figure 5-2). Given the relatively small market share in Lake County, compared with very limited development of new industrial space (less than 600,000 SF since 2008), it is logical that Lake County would benefit from lower vacancy levels.

3. Industrial Properties for Sale

A review of industrial properties in Lake County, as compiled from LoopNet Real Estate Services, found there to be more than a dozen industrial buildings for sale larger than 100,000 SF. While this is not a complete listing of industrial properties currently on the market in Lake County, those presented in Table 5-9 offer a sampling building sizes and pricing on the market. Based on this data, RKG has made the following findings:

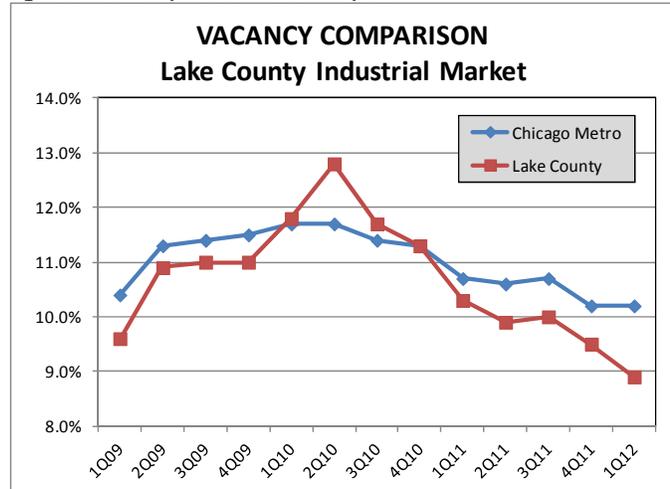
- There is more than 3.8 million SF of industrial space in large buildings currently on the market in Lake County, with an average “for sale” asking price of around \$32/SF.
- Many of these properties are located in Waukegan and Zion,

Figure 5-1 Absorption of Industrial Space



Source: CBRE and RKG Associates, Inc.

Figure 5-2 Vacancy Rate of Industrial Space



Source: CBRE and RKG Associates, Inc.

Table 5-9
Lavailable Industrial Buildings Over 100,000 SF
Lake County

Municipality	Total SF	Asking Price	Per SF	Acreage
Antioch	143,000	\$4,700,000	\$32.87	5.49
Bannockburn	313,632	\$4,400,000	\$14.03	7.20
Buffalo Grove	121,096	\$6,700,000	\$55.33	8.80
Gurnee	345,232	\$9,900,000	\$28.68	15.00
Libertyville	193,653	\$17,200,000	\$88.82	NA
Mundelein	275,735	\$965,000	\$3.50	6.33
Mundelein	110,000	\$4,000,000	\$36.36	15.00
Vernon Hills	588,060	NA	NA	13.50
Vernon Hills	103,000	\$4,950,000	\$48.06	5.14
Waukegan	306,695	\$7,667,375	\$25.00	16.50
Waukegan	112,800	NA	NA	5.90
Zion	385,000	NA	NA	27.00
Zion	700,000	NA	NA	40.00
Zion	150,000	NA	NA	8.00
Total / Average	3,847,903	\$60,482,375	\$31.63	173.86

Source : LoopNet and RKG Associates, Inc.

and likely have good highway and railroad access, as some are in established industrial/business parks.

- The acreage of these properties ranges from about 5 acres to 40, with the average size just under 13.5 acres.

D. RETAIL MARKET OVERVIEW

Although retail development is not necessarily the focus of the Lake County Partners economic development strategy, it is worth providing an overview of the number of properties, vacancies and asking lease rates. As presented in Table 5-10, there is nearly 130 million SF of shopping center space in the Chicago metro market with an approximate 9.3% vacancy rate as of the first quarter of 2012³. This represents a reduction in vacancy rates since the first quarter of 2010.

Table 5-10
Chicago Metro Retail Sector, By Submarket
First Quarter 2012

SUBMARKET	Retail SF	Vacant SF	Vacancy Rate	Ask Lease \$		Properties	Average SF
				LOW	HIGH		
Lake County							
Far Northwest Suburbs	12,984,828	1,071,957	8.3%	\$14.38	\$19.59	76	170,853
Far North Suburbs	8,350,901	711,649	8.5%	\$14.45	\$19.12	47	177,679
Lake County Subtotal	21,335,729	1,783,606	8.4%	\$14.41	\$19.41	123	173,461
Northwest Suburbs	15,272,376	1,647,017	10.8%	\$17.69	\$23.73	97	157,447
North Suburbs	9,830,624	637,742	6.5%	\$17.46	\$23.13	55	178,739
Far West Suburbs	21,724,807	2,407,771	11.1%	\$16.62	\$20.83	139	156,294
West Suburbs	7,890,112	392,524	5.0%	\$14.83	\$19.28	40	197,253
City North	7,749,291	452,897	5.8%	\$18.44	\$22.49	52	149,025
City South	5,750,019	428,514	7.5%	\$20.39	\$22.04	38	151,316
Far Southwest Suburbs	11,061,232	694,940	6.3%	\$13.99	\$19.31	56	197,522
Southwest Suburbs	8,509,366	696,717	8.2%	\$13.78	\$19.36	52	163,642
South Suburbs	6,977,230	1,278,365	18.3%	\$11.90	\$14.23	48	145,359
Kane County	10,878,034	1,348,475	12.4%	\$13.96	\$16.65	58	187,552
Grand Total	126,978,820	11,768,568	9.3%	\$15.49	\$19.83	758	167,518
Lake County as % of Total							
Sector	16.8%	15.2%	NA	93.0%	97.9%	16.2%	103.5%

Source : CBRE and RKG Associates, Inc.

- Retail vacancy rates in the Chicago Metro market range from under 5% in the West Suburbs to more than 18% in the South Suburbs.
- The estimated vacancy rate for retail centers in Lake County was 8.4% in the first quarter of 2012, which was slightly lower than the Chicago Metropolitan market as a whole (9.3%). However, where the Chicago metro retail vacancy rate has trended downward over the past year, the retail vacancy rate in Lake County has increased marginally.
- There was an approximate 21.4 million SF of retail center space in Lake County representing 16.8% of the market. Vacancy in Lake County amounted to 1.8 million SF, or about 15.2% of the market's vacancy.

³ First quarter 2012 - CB Richard Ellis (CBRE) MarketView Chicago Retail Report.

- Typical asking lease rates across the market ranged from \$15.50/SF on average to \$19.80/SF, with asking rates in Lake County priced slightly lower. The overall average asking lease rate for the Chicago metro was around \$16.70/SF, up from about \$16.30/SF a year ago.
- The CBRE retail inventory accounted for nearly 760 shopping centers with an average size of 167,500 SF per center. There were slightly more than 120 centers in Lake County (representing 16.2% of all shopping centers) at an average size of 173,500 SF, slightly larger than the market average.

The majority of the retail development in Lake County (excluding downtown settings) is located in community and neighborhood shopping centers, accounting for 17.2 million SF. This is followed by freestanding retail (such as “big box” stores) with 2.4 million SF and smaller strip centers and inline locations (Map 5-5/Table 5-11). This is a similar concentration to the retail throughout the Chicago metro area as a whole.

The vacancy rate among the strip and inline retail centers in Lake County is the highest at 15.2%, likely reflecting older retail stores without a strong anchor tenant or magnet. Average asking lease rates in Lake County are generally similar to the Chicago metro, with the exception of freestanding retail, where the lease rates in the county are well below the metro.

Map 5-2 - Chicago Retail Market Sectors – CBRE



Table 5-11
Chicago Metro Retail Sector, By Type
First Quarter 2012

RETAIL TYPE	Retail SF	Vacant SF	Vacancy Rate	Ask Lease \$		Properties	Average SF
				LOW	HIGH		
Far Northwest Suburbs	12,984,828	1,071,957	8.3%	\$14.38	\$19.59	76	170,853
Community/Neighborhood	9,728,270	725,856	7.5%	\$13.73	\$19.27	52	187,082
Strip/Inline	1,450,594	245,740	16.9%	\$12.24	\$16.51	13	111,584
Freestanding	1,805,964	100,361	5.6%	\$9.90	\$9.90	11	164,179
Far North Suburbs	8,350,901	711,649	8.5%	\$14.45	\$19.12	47	177,679
Community/Neighborhood	7,492,030	690,189	9.2%	\$14.29	\$19.25	40	187,301
Strip/Inline	305,871	21,460	7.0%	\$16.00	\$16.00	4	76,468
Freestanding	553,000	0	0.0%	\$0.00	\$0.00	3	184,333
Subtotal Lake County	21,335,729	1,783,606	8.4%	\$14.41	\$19.41	123	173,461
Community/Neighborhood	17,220,300	1,416,045	8.2%	\$13.97	\$19.26	92	187,177
Strip/Inline	1,756,465	267,200	15.2%	\$12.89	\$16.42	17	103,321
Freestanding	2,358,964	100,361	4.3%	\$9.90	\$9.90	14	168,497
Chicago Metro	126,978,820	11,768,568	9.3%	\$15.49	\$19.83	758	167,518
Community/Neighborhood	101,378,095	8,911,170	8.8%	\$14.92	\$19.54	532	190,560
Strip/Inline	13,019,290	1,781,111	13.7%	\$14.31	\$18.04	143	91,044
Freestanding	12,581,435	1,076,287	8.6%	\$11.22	\$14.53	83	151,584
Lake County as % of Total Sector	16.8%	15.2%	NA	93.0%	97.9%	16.2%	103.5%
Community/Neighborhood	17.0%	15.9%		93.7%	98.6%	17.3%	98.2%
Strip/Inline	13.5%	15.0%		90.1%	91.0%	11.9%	113.5%
Freestanding	18.7%	9.3%		88.2%	68.1%	16.9%	111.2%

Source : CBRE and RKG Associates, Inc.

E. LAND FOR DEVELOPMENT

RKG completed an in-field survey in May 2012, to develop a database of land available for development in Lake County. It is estimated that nearly 2,300 acres of available land with an average asking price of \$181,700/acre. However, this average varies widely as the inventory is comprised of parcels ranging in size from less than 1 acre to 200-acres or more. Not all of these parcels should be considered as available for industrial development, as some are restricted by zoning, or in RKG's opinion, reflect retail or residential sites. Nonetheless, there is an ample inventory of developable land throughout Lake County, particularly in such communities as Antioch, Zion and Gurnee, which account for more than 46% of the available land supply (Table 5-12).

Table 5-12
Land Available for Non-Residential Development, By Municipality
Lake County

Community	Count	Acres	Asking \$/Acre	Ask \$	% of Acres
Antioch	8	478.3	\$98,999	\$25,664,487	21.0%
Bannockburn	1	7.2	\$611,111	\$4,400,000	0.3%
Barrington	4	41.2	\$351,751	\$10,549,000	1.8%
Beach Park	4	32.1	\$148,978	\$3,790,000	1.4%
Buffalo Grove	3	25.9	\$564,143	\$14,588,970	1.1%
Deer Park	1	5.0	\$300,000	\$1,500,000	0.2%
Fox Lake	2	32.5	\$165,821	\$5,389,188	1.4%
Grayslake	4	64.2	\$159,180	\$7,300,000	2.8%
Gurnee	8	204.6	\$201,015	\$41,119,639	9.0%
Hawthorn Woods	6	159.9	\$123,393	\$13,855,822	7.0%
Lake Villa	7	85.9	\$153,476	\$13,180,526	3.8%
Lake Zurich	3	16.9	\$238,340	\$4,025,830	0.7%
Libertyville	3	127.4	\$105,746	\$13,475,198	5.6%
Lincolnshire	5	27.1	\$750,916	\$20,342,302	1.2%
Lindenhurst	3	97.9	\$143,488	\$11,479,000	4.3%
Mundelein	6	107.4	\$232,752	\$25,001,250	4.7%
Old Mill Creek	1	15.4	\$653,400	\$10,036,224	0.7%
Port Barrington	1	8.8	\$102,378	\$899,900	0.4%
Riverwoods	1	37.7	\$348,480	\$13,137,696	1.7%
Round Lake	2	35.7	\$97,981	\$3,495,500	1.6%
Round Lake Heights	1	0.9	\$476,438	\$437,500	0.0%
Vernon Hills	1	13.5	NA	NA	0.6%
Volo	3	58.4	\$165,524	\$9,669,900	2.6%
Wadsworth	4	89.3	\$176,331	\$15,748,118	3.9%
Wauconda	5	46.3	\$156,715	\$7,254,352	2.0%
Waukegan	12	84.6	\$277,248	\$8,870,264	3.7%
Zion	6	371.5	\$87,975	\$8,927,721	16.3%
TOTALS	105	2,275.5	\$181,726	\$294,137,888	100.0%

Source : RKG Associates, Inc.

Nearly one-half of the 105 parcels of land are less than 10 acres in size, but account for only 13% of the total land acreage (Table 5-13). The average asking per acre varies widely, with a premium asking price for smaller parcels, in part reflecting size, but perhaps also location and availability of water and sewer.

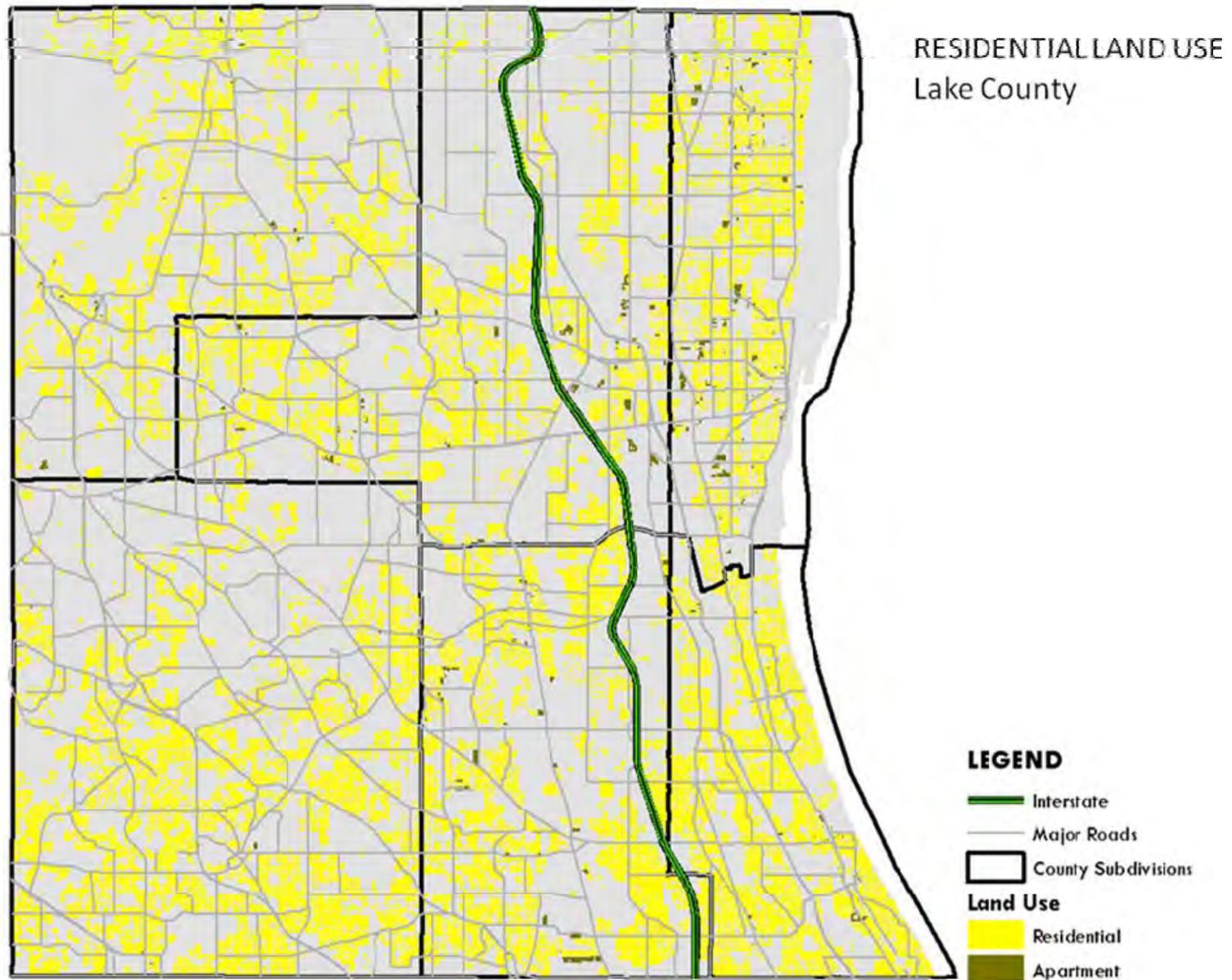
Table 5-13
Land Available for Non-Residential Development, By Parcel Size
Lake County

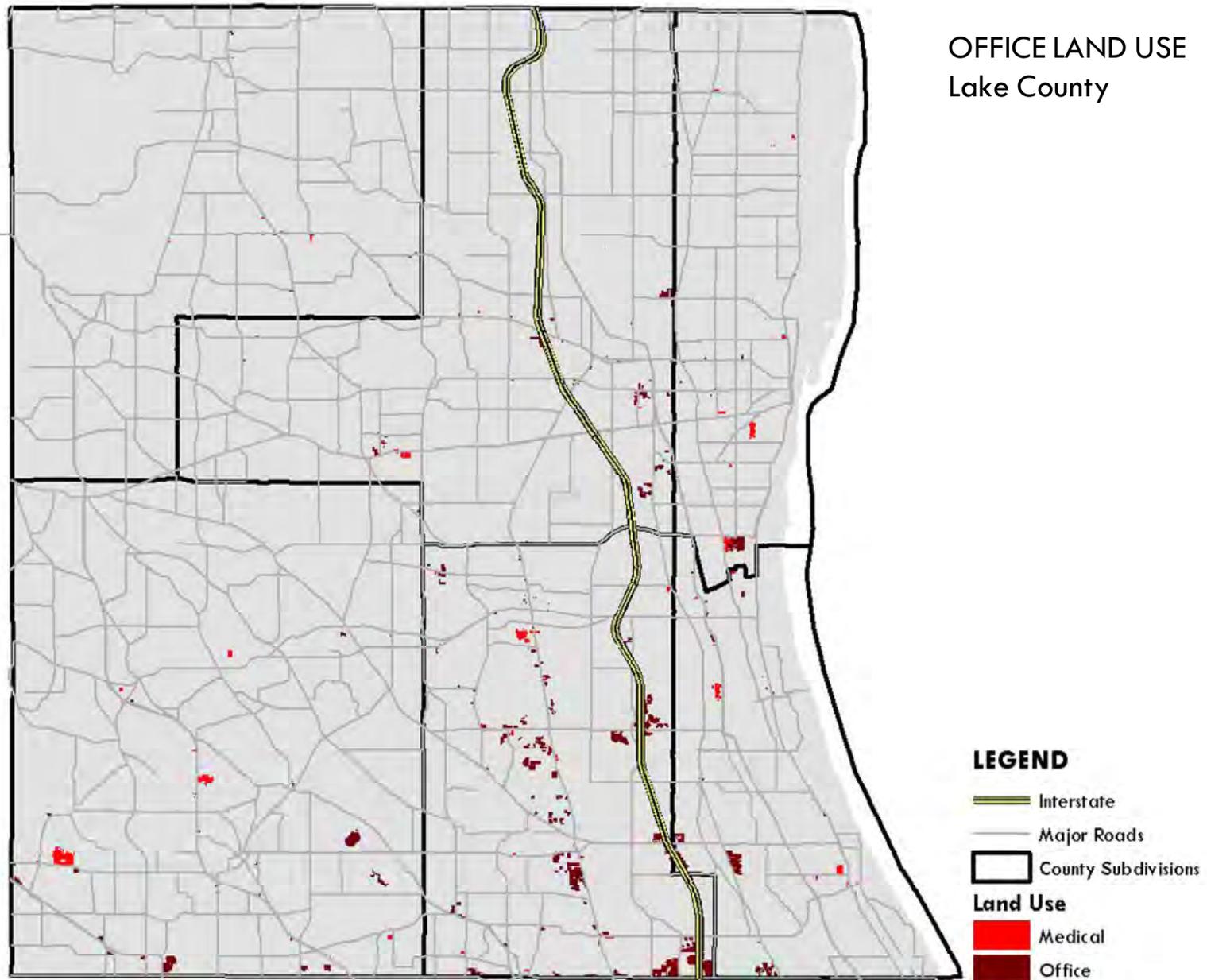
Parcel Size	Parcel Count	Total Acreage	Average Size	Average \$/Acre	Share of Parcels	Share of Acreage
5 acres or less	15	30.1	2.0	\$422,540	14.3%	1.3%
5 to 10 acres	36	273.0	7.6	\$290,596	34.3%	12.0%
10 to 20 acres	26	401.4	15.4	\$279,756	24.8%	17.6%
20 to 50 acres	19	566.3	29.8	\$174,822	18.1%	24.9%
50 acres or more	9	1,004.6	111.6	\$73,198	8.6%	44.2%
Grand Total	105	2,275.5	21.7	\$181,726	100%	100%

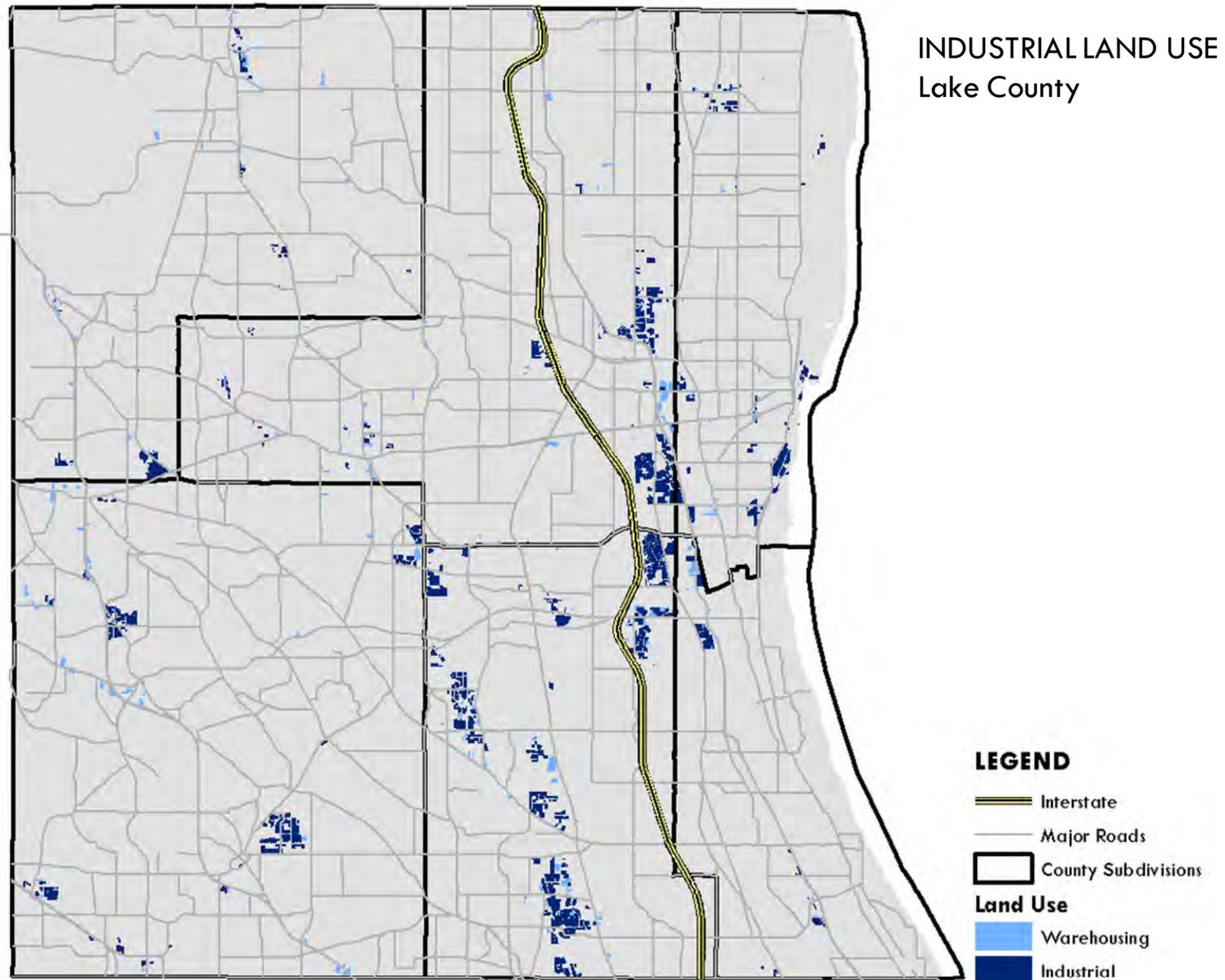
Source : RKG Associates, Inc.

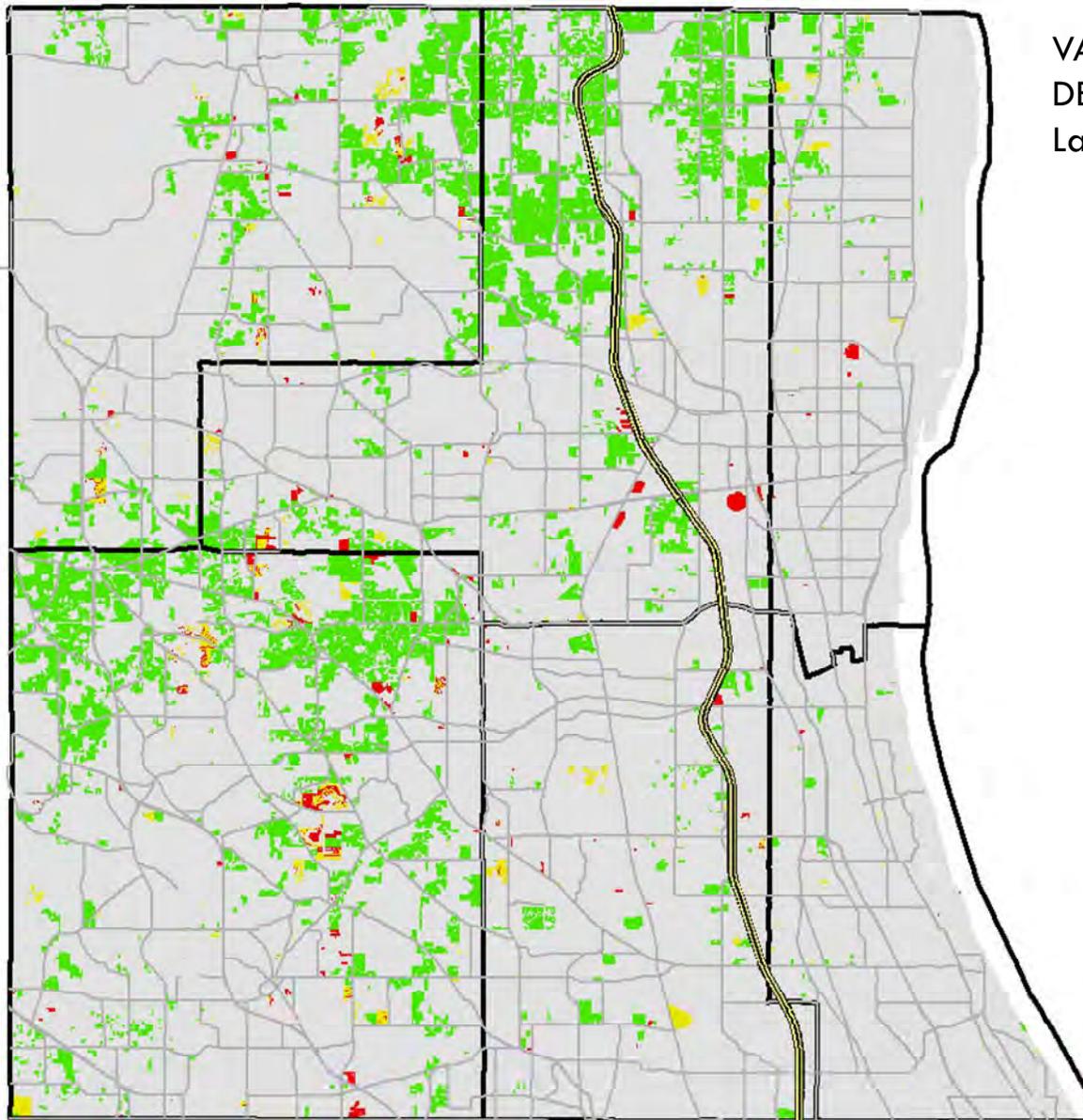
As part of this analysis, RKG completed an in-field analysis and windshield survey of the major arterials throughout the county, noting the following:

- There are numerous tracts of land available along the northern tier of Lake County, in and around Antioch, and along Route 73. Among these are the “stalled” Antioch Corporate Center and the undeveloped Sequoia Creek Business Center.
- Similarly, there are large tract of land available to the north of the Waukegan Regional Airport and closer to the Wisconsin border. Smaller sites exist closer to the airport with two 10-acre sites abutting along Wadsworth Road.
- Large tracts of land are available in the southwestern part of the county, along Route 63 however, it is believed that much of this land is being “held” for the future and connectivity of Route 53.
- There are numerous smaller sites scattered throughout the county, which have roadway and potentially rail access, and as such may be appropriate for industrial and flex space development.
- Overall, much of the available land inventoried and viewed as a part of this analysis is, in RKG’s opinion, more appropriate for residential and or retail uses.









VACANT AND DEVELOPING PARCELS Lake County

LEGEND

-  Interstate
-  Major Roads
-  County Subdivisions
- Land Use**
-  Residential Under Development
-  Commercial Under Development
-  Land

6 INDUSTRY CLUSTER AND TARGET ANALYSIS

A. INTRODUCTION

The identification of existing and potential industry clusters is a critical element of an Economic Development Strategy. Industry “clusters” are complementary groupings of businesses and industries that locate within close proximity of each other, or near a strategic resource base, in order to gain a competitive advantage. In order to identify the industry clusters for Lake County, Illinois, the consultant first identified the strengths and weaknesses of the region, the business climate, and quality of life factors. Using a screening process described later in this chapter, the consultant then identified particular industry groups that either already exist or would benefit from the competitive advantages of Lake County.

The result of these efforts is a list containing specific industry segments that are compatible with the resource offerings of Lake County and the region. This list is intended to focus a comprehensive recruitment effort by the Lake County Partners. However, it is important to note that this target industry list is not intended to preclude any industries from being recruited or welcomed into Lake County, but rather, it highlights industries that may have the greatest interest in Lake County based on local and regional competitive advantages.

It should be noted that this analysis maintains a regional as well as a local focus. The economy of a single county does not operate in a vacuum. Growth trends and economic activities in surrounding counties have an impact on Lake County as much as the trends and activities within the county itself. For the purposes of this analysis, the consultant utilized several data sources that provide information about the business climate in and around the Lake County. These data sources compile the information at different geographic scales and each section of this analysis details the geography being reported.

This chapter includes: (1) a review of Lake County and the broader regional business climate and site location strengths and weaknesses; (2) a summary of the region’s quality of life factors; (3) a description of the screening criteria used to identify target industry groups; and (4) a description of the industry groups selected.

B. BUSINESS CLIMATE FACTORS

To assess the business climate factors that affect Lake County and the State of Illinois, the consultant collected State rankings from the Corporation for Enterprise Development (CFED) in Washington, DC. CFED is a non-profit organization that promotes economic vitality through increased economic competitiveness. It also gathers economic, financial and other comparative data on all fifty states and the District of Columbia. The CFED issues an annual Development Report Card for the States, which ranks each state in 92 categories, many of which are included in this analysis, falling under the sub-headings of: (1) Financial Assets and Income, (2) Business and Jobs, (3) Housing and Homeownership, (4) Healthcare, and (5) Education.

While rankings are, by their nature, subjective and do not provide the complete picture of the business climate in Illinois or Lake County, they are useful in measuring the State’s performance relative to other

states. This comparison provides a practical and adequate method for comparing the relative performance of Illinois in a number of important areas.

The CFED data shown in Table 6-1 was sorted by the State's ranking amongst all fifty states and District of Columbia. The ranking system goes from 1 (the best in a particular category) to 51 (the worst in a particular category). The CFED also compares Illinois with the selected surrounding competitive states of Indiana, Michigan, Ohio and Wisconsin. These states have been included in this analysis to provide a sense of how Illinois compares to states that can be considered regional competitors, in terms of economic development and business recruitment due to geographic and operating climate. The states of Massachusetts and Virginia have also been included to provide a comparison to states with relatively high rankings (numerically, for example Massachusetts ranks number ten overall). In addition, "grades" are given on a curve: ten states get A's, ten states get B's, sixteen get C's, ten get D's and five get F's¹.

Table 6-1
2009-2010 Assets and Opportunities Report
Corporation for Enterprise Development

Category	Illinois	Illinois Data [1]	Indiana	Michigan	Ohio	Wisconsin	Massachusetts	Virginia
OVERALL	C (#32)		C (#36)	C (#30)	C (#34)	C (#21)	A (#10)	B (#13)
FINANCIAL ASSETS AND INCOME	C (#29)		D (#33)	C (#30)	C (#35)	B (#11)	A (#10)	B (#18)
Net Worth	\$88,020		\$51,800	\$71,725	\$60,963	\$99,050	\$143,625	\$127,066
Income Poverty Rate	19	12.70%	27	37	32	14	13	6
Unbanked Households	23	6.20%	33	28	32	11	9	17
Bankruptcy Rate (per 1,000 people)	42	6.27	48	46	40	35	19	27
Average Credit Card Debt	37	\$11,457	18	20	24	14	44	40
BUSINESSES AND JOBS	C (#31)		F (#47)	C (#35)	D (#37)	C (#30)	B (#16)	B (#11)
Small Business Ownership Rate	41	1.37%	35	38	43	27	20	44
Private Loans to Small Business	17	\$1,407	36	11	33	8	48	28
Microenterprise Ownership Rate	23	15.50%	49	31	48	51	30	44
Women's Business Ownership Rate	18	1.24	20	23	41	31	40	30
Minority Business Ownership Rate	23	1.63	18	4	13	24	16	14
Employee Ownership (per 1,000 firms)	12	1.79	15	19	14	2	37	7
Business Creation Rate (per 1,000 workers)	29	8.60	41	33	49	47	26	20
Annual Unemployment Rate	36	10.20%	42	49	35	26	20	12
Low-Wage Jobs	19	20.30%	28	25	32	24	4	26
Average Annual Pay	12	\$49,745	36	22	31	34	5	10
Retirement Plan Participation	30	46.00%	24	34	18	8	18	16
Employers Offering Health Insurance	35	50.60%	38	25	5	39	3	12
HOUSING AND HOMEOWNERSHIP	D (#44)		C (#24)	C (#32)	D (#42)	C (#36)	F (#47)	B (#13)
Homeownership Rate	29	67.74%	9	4	21	19	45	30
Homeownership by Race	33	1.56	37	35	43	44	49	16
Homeownership by Income	36	2.38	33	17	43	42	48	7
Foreclosure Rate	48	7.29%	44	27	45	31	22	7
Delinquent Mortgage Loans	39	3.62%	34	44	40	15	42	12
High-Cost Mortgage Loans	39	6.08%	27	45	36	38	15	14
Affordability of Homes	28	3.62	10	8	13	24	47	36
Housing Cost Burden: Homeowners	39	39.82%	7	31	14	23	38	25
Housing Cost Burden: Renters	33	52.64%	27	48	30	14	24	20
HEALTHCARE	C (#26)		B (#17)	A (#8)	B (#11)	B (#15)	A (#7)	D (#39)
Uninsured Rate	24	15.51%	31	19	18	8	1	21
Uninsured by Race	40	2.30	9	5	6	44	36	37
Uninsured by Income	40	13.57	31	27	43	37	30	51
Uninsured by Gender	37	1.29	17	38	32	45	49	18
Uninsured Low-Income Children	11	6.72%	38	7	22	23	2	30
Uninsured Low-Income Parents	17	26.00%	27	15	11	5	2	25
Employees Insured by Employer	23	60.55%	21	22	14	8	2	16
Employee Share of Premium	24	26.70%	15	2	16	9	11	49
EDUCATION	B (#20)		D (#45)	C (#36)	D (#39)	B (#19)	A (#4)	B (#16)
Math Proficiency: 8th Grade	28	32.83%	25	35	16	10	1	15
Reading Proficiency: 8th Grade	26	33.86%	32	31	16	22	1	16
High School Degree	30	86.88%	29	20	24	12	18	32
Two-Year College Degree	16	37.95%	42	35	38	26	2	10
Four-Year College Degree	13	30.76%	44	35	38	29	2	7
Four-Year Degree by Race	28	1.62	9	8	7	27	21	11
Four-Year Degree by Income	22	4.98	35	42	45	23	20	39
Average College Graduate Debt	31	\$23,885	43	40	44	36	39	27

Source: Corporation for Enterprise Development and RKG Associates, Inc., 2012

¹ [1] The ratios in this column measure the difference in outcomes between two populations by: race (white and minority), income (high- and low-income groups), or gender (male and female). A ratio of 1 indicates perfect equality; the higher the ratio, the greater the inequality.

1. Financial and Assets Income

Overall, Illinois ranks 29th in the category of Financial Assets and Income, just about squarely in the middle of all states, marginally ahead of Indiana, Michigan and Ohio, but well below Wisconsin. In terms of the income poverty rate (number of households below poverty), Illinois ranks favorably against its competitive peer states, as well as against Massachusetts. Nonetheless, Table 6-2 presents poverty rates for 2010 as developed by the Heartland Alliance, a social research center in Chicago. As indicated, while the overall poverty rate in Lake County is less than that for the Chicago metro region and for Illinois, the percent of households living between 50% and 100% of the poverty threshold (\$22,315 for a family of four) is greater in Lake County.

**Table 6-2
 Poverty Statistics; 2010**

Poverty Statistics 2010	Poverty < 50% of Benchmark	Poverty 50% to 100% of Benchmark	TOTAL
Poverty Benchmark, HH Income (Family of Four)	\$11,160	\$22,315	NA
COUNT of Households			
Lake County	28,785	80,440	109,225
Chicago Metro	482,297	632,440	1,114,737
Illinois	764,391	967,320	1,731,711
PERCENT of Households			
Lake County	4.1%	8.7%	12.8%
Chicago Metro	5.9%	7.7%	13.6%
Illinois	6.1%	7.7%	13.8%

Source : Heartland Alliance and RKG Associates, Inc., 2012

2. Business and Jobs

In terms of Business and Jobs, Illinois also ranks among the middle of all states (31st), but generally ranks favorably to its peer states, including Wisconsin. Illinois ranks relatively low (41st) among the states in terms of small business ownership, with less than 1.4% of the state’s labor force owning their own small business, typically companies with between 5 and 99 employees. Among the competitive peer states only Ohio ranks lower at 43rd. It is generally agreed that small business growth drives the economy, employing more than one-half of the private sector workforce and serving as a primary source of new job creation. A strong small business ownership rate reflects both a diversified economy, in terms of employment levels and opportunities, as well as an environment that encourages entrepreneurship.

Conversely, Illinois ranks relatively high (at 23rd) in terms of its microenterprise ownership rate at 15.5%. The microenterprise ownership rate generally reflects business ownership (or self-employment) often among lower income persons. Employment levels run from sole-proprietorships to four persons and start-up costs are generally less than \$35,000. A higher microenterprise ownership rate indicates an economic environment that facilitates business start-ups.

The average annual pay in Illinois (\$49,750) ranks favorably among all states (12th highest) and outperforms all of its competitive states. Nonetheless, about 20% of the jobs in Illinois are considered low wage jobs. Such jobs often lack employee benefits such as health insurance, paid sick leave and paid vacation. By local comparison, the average annual pay in Lake County (Census 2010) ranges from \$16,400 for employment in the art/entertainment sector to as much as \$145,000 in managerial sectors. The all industry sector average annual wage in Lake County was \$61,800, well above that for Illinois.

3. Housing and Home Ownership

In total, Illinois ranks quite low (44th) in the Housing and Home Ownership metrics, receiving a grade of D overall. This is the lowest overall ranking in this quality of life measure among all of the competitive states. Home ownership rates in Illinois are about average at almost 68% (by comparison,

the home ownership rate in Lake County is nearly 73%²). Despite higher ownership rates, Illinois has a high incidence of mortgage foreclosure at 7.3% (ranking 48th) and delinquent mortgages (ranking 39th at 3.6%). Taken together these two measures indicate that Illinois has been hit hard in terms of the national housing crisis. The cost burden of home ownership in Illinois are high (rank of 39th), when contrasted against the peer competitive states, reflecting an average expenditure of almost 40% of gross monthly household income. According to HUD income thresholds, affordable housing should not account more than 30% of a household's gross monthly income.

4. Healthcare

The availability and nature of health insurance can impact economic development in many ways. The uninsured may not seek regular or preventive medical attention and miss more work than their insured counterparts or the lack of employer provided (or co-provided) health insurance can be reflected in the education and skill levels of a firm's ability to attract/retain employees. Illinois generally ranks average and favorably along these measures, from a national level, but generally ranks below its competitive peer states.

5. Education

The Illinois rankings for Education compare favorably against the peer states, on par with Wisconsin and outperforming Indiana, Michigan and Ohio. While approximately 87% of the state population has earned a high school degree (similar to the estimated 88% in Lake County according to Census 2010), nearly 31% have earned at least a four-year college degree. This ranks Illinois 13th and ahead of all of the competitive states. More noteworthy is the estimated 41% in Lake County that have earned at least a four-year college degree (Census 2010). The average college graduate debt in Illinois, at just less than \$23,900 ranks 31st nationally, but is still less than that of the peer states and similar to that of both Massachusetts and Virginia.

C. TOP SITE SELECTION FACTORS

Site selection data from the 26th annual survey of site selection decision makers published by Area Development Magazine was obtained for this analysis. The information in Table 6-3 shows a score-based ranking of the top site selection factors for the years 2007 through 2011 as identified by a sampling of America's corporate executives. The factors are ranked by their five-year average scores, with the overall change in the ranking (2007 to 2011) also presented. Although not specific to any one area, the results of this effort indicate those factors that are most important when a company is considering relocation/expansion. This analysis helps to identify those attributes of Lake County to highlight, in terms of marketing efforts, as well as identification of attributes that may need to be improved.

The results of the survey indicate that highway accessibility and labor costs continually rank at the top of the list, although both have diminished somewhat in importance since the 2007 ranking. Both of these factors are related to long-term operating costs. Other factors that could significantly impact long-term operation costs include the availability of a skilled labor force (4th) and energy availability and costs (6th). Other factors, which may be more closely tied to start-up costs, are all related to financing and incentives, including occupancy or construction costs (3rd), tax exemptions (5th), state and local incentive (7th) and the corporate tax rate (8th). These latter three factors have all risen in importance since 2007 as site selection criteria.

Although not highly ranked overall, three site selection criteria have experienced a dramatic increase in their importance since 2007. Those include the availability of long-term financing (ranked 19th but

² Source: DemographicsNow

experiencing a 7.0 gain since 2007); proximity to a technical university (ranked 24th, but up 7.5 since 2007); and, waterways or ocean port accessibility (ranked 26th with a 9.3 increase since 2007). Notable site selection criteria that have diminished in importance include the availability of unskilled labor (22nd and down 6.3 since 2007); raw material availability (20th and down 9.7); and, finally, the availability of land (ranked 12th but down 11.5 since 2007).

Table 6-3
Top Site Selection and Quality of Life Criteria
Area Development Magazine

Rank	Criterion	2007	2008	2009	2010	2011	Average	2011 - 2007
SITE SELECTION FACTORS								
1	Highway Accessibility	96.9	95.4	92.9	97.3	93.8	95.3	(3.1)
2	Labor Costs	92.3	91.4	96.7	91.0	88.4	92.0	(3.9)
3	Occupancy or Construction Costs	88.2	90.4	86.7	89.8	85.9	88.2	(2.3)
4	Availability of Skilled Labor	88.7	87.7	86.9	85.9	88.4	87.5	(0.3)
5	Tax Exemptions	82.8	88.6	88.4	90.9	83.6	86.9	0.8
6	Energy Availability and Costs	89.0	87.9	88.0	82.1	84.8	86.4	(4.2)
7	State and Local Incentives	83.4	87.2	84.9	89.3	85.9	86.1	2.5
8	Corporate Tax Rate	83.8	85.3	87.0	86.3	86.0	85.7	2.2
9	Inbound/Outbound Shipping Costs	N/A	N/A	81.7	84.0	79.2	81.6	NA
10	Low Union Profile	80.6	82.7	75.8	75.4	81.0	79.1	0.4
11	Availability of Buildings	79.3	80.8	75.7	81.0	76.3	78.6	(3.0)
12	Availability of Land	85.4	82.0	75.7	73.4	73.9	78.1	(11.5)
13	Proximity to Major Markets	82.8	78.7	73.3	66.4	83.0	76.8	0.2
14	Environmental Regulations	83.2	76.1	71.2	74.8	76.4	76.3	(6.8)
15	Availability of Advanced ICT Services	82.2	55.5	83.2	72.9	76.6	74.1	(5.6)
16	Right-To-Work-State	72.1	76.6	74.0	67.9	77.5	73.6	5.4
17	Expedited or "Fast-Tracked" Permitting	71.5	72.5	72.2	68.2	72.4	71.4	0.9
18	Proximity to Suppliers	71.8	69.2	63.9	63.6	67.8	67.3	(4.0)
19	Availability of Long-Term Financing	63.0	64.2	65.4	58.5	70.0	64.2	7.0
20	Raw Material Availability	62.5	56.8	57.0	61.5	52.8	58.1	(9.7)
21	Training Programs	56.6	62.3	61.7	56.7	50.6	57.6	(6.0)
22	Availability of Unskilled Labor	65.2	62.9	55.5	45.4	58.9	57.6	(6.3)
23	Accessibility of Major Airport	54.4	53.3	49.0	50.0	55.7	52.5	1.3
24	Proximity of Technical University	32.7	38.4	36.7	36.1	40.2	36.8	7.5
25	Railroad Service	38.1	27.2	27.4	36.0	33.6	32.5	(4.5)
26	Waterways or Oceanport Accessibility	15.2	15.7	17.7	21.9	24.5	19.0	9.3
QUALITY-OF-LIFE-FACTORS								
1	Low Crime Rate	74.0	78.2	79.0	86.4	82.0	79.9	8.0
2	Healthcare Facilities	57.4	77.6	68.4	72.2	71.0	69.3	13.6
3	Housing Costs	58.8	67.1	61.5	68.4	69.0	65.0	10.2
4	Housing Availability	62.1	66.2	62.4	66.4	64.1	64.2	2.0
5	Ratings of Public Schools	62.6	65.7	61.4	61.2	68.8	63.9	6.2
6	Climate	51.6	56.0	55.0	56.3	52.2	54.2	0.6
7	Colleges and Universities in Area	47.3	55.3	50.7	53.2	56.6	52.6	9.3
8	Recreational Opportunities	43.4	48.6	52.7	48.2	52.2	49.0	8.8
9	Cultural Opportunities	48.7	46.4	46.0	48.7	42.8	46.5	(5.9)

Source: Area Development Magazine and RKG Associates, Inc., 2012

D. LAKE COUNTY COMPETITIVE POSITIONING

The Business Outreach Survey, which is discussed in more detail in Chapter 3, specifically asked area businesses to rate the relative benefit or challenge of being located in Lake County. There were eleven factors that businesses were asked to rate as “very beneficial,” “somewhat beneficial,” “neither beneficial nor challenging,” “somewhat challenging,” and “very challenging.” The top three Lake County factors that were listed as “beneficial” or “somewhat beneficial” include,

- Proximity to customers,
- Proximity to employees, and
- Education level of workforce.

In other words, the customer base, employment base, and education levels of the workforce are all seen as benefits of being located in Lake County. In terms of challenges, the top three factors that were listed as “somewhat challenging” or “very challenging” include,

- Tax rates,
- Cost of land/buildings, and
- Labor costs.

All three of these factors were rated as part of the Top 10 most important site selection criteria when deciding where to locate a business. Although these factors are difficult to address, finding new and creative ways to offer tax incentives, help with land/building financing, and reducing labor costs, will need to be considered in order to remain a competitive area for new businesses.

As part of the analysis for Lake County Partners, RKG completed an in-field survey and analysis of market conditions and met with numerous stakeholders and business/community entities throughout Lake County. An overview of Lake County’s “attractiveness to businesses” in consideration of many site selection factors is presented next.

1. Market

Lake County is an active, robust non-residential market. While the recent economic downturn has adversely affected the office and industrial markets (as they have almost everywhere), Lake County is a desirable, value-added marketplace within the Chicagoland area. That stated, the analysis and outreach effort performed by RKG Associates identified several market nuances that should influence the approach Lake County Partners develops to pursue the implementation strategy.

a.) Office Market

The Lake County office market has experienced substantial increases in vacancy following the national economic downturn. While vacancy ranges from 10% to more than 50% in various municipalities, the countywide vacancy rate is 27.1%. The primary actions surrounding the office market should focus on filling existing space. Further analysis reveals the market performance between Class “A”, “B”, and “C” space is considerable. Simply put, depressed pricing is allowing tenants to upgrade space without a substantial increase in cost. The shift between classes presents opportunities to reconsider Class “B” and “C” space properties for repositioning, adaptive reuse, or redevelopment. Obviously, outreach to property owners of assets that are underperforming is essential to understand investment motive before

Business Survey Benefit/ Challenge Factors

- Proximity to Customers
- Proximity to Employees
- Education Level of Workforce
- Availability of Labor
- Skilled Labor
- Access to Transportation Routes
- Labor Cost
- Availability of Land/Building Space
- Cost of Land/Building Space
- Tax Rates
- Proximity to Suppliers

developing specific strategies. Other observations related to the strengths, weaknesses, opportunities, and threats include:

- The office market is concentrated in the southern portion of the County. Many local real estate professionals indicated there is limited opportunity for larger-scale office development north of Illinois 120. Efforts should concentrate on strengthening Lake County's primary market while respecting specific needs of potential end users.
- Much of the Lake County office market is geared towards large, single-user facilities. Given the volume of vacancy (particularly in space over 25,000 SF), Lake County Partners should work with property owners to explore multi-tenancy options.
- The suburban nature of office development in Lake County has caused a separation of support services from large office complexes/development. Recent trend to "move back to the City" reflect a growing desire to see more integration of work, live, play, eat options. Identifying infill development opportunities to bring these uses closer together could assist in decreasing vacancy. Repurposing some buildings and/or parts of a larger building could reduce vacant space while increasing support services.
- Access to capital is limited. When combined with the high vacancy levels in Lake County, new construction projects should be discouraged in the short term. That said, Lake County Partners should work with property owners to identify ways to modernize older facilities, networking property owners, financial institutions, the brokerage community and end users.
- The potential to attract and grow Lake County's entrepreneurial spirit offers challenges and opportunities. The lack of an organized, coordinated effort to identify prospects and deliver needed services must be addressed first. However, vacancy levels offer an opportunity to identify potential locations to host business incubators in locations that previously would not consider speculative tenancy arrangements.

b.) Industrial Market

Lake County's industrial base (which includes manufacturing and warehousing assets) has remained competitive within the Chicagoland region. However, much of Lake County performance is a result of limited development activity and not competitive advantage. Less than 600,000 SF of space has been added to the County since 2007. While the economic downturn heavily influenced this factor, other local attributes limit the industrial potential. Most notably, Lake County is well served with north-south connectivity regionally but has no high-speed connectivity east-west. Other locations in the region offer superior multi-modal connectivity to industrial users. Additionally, industrial uses are not valued many places in the County, limiting the potential to develop new facilities. That stated, Lake County does have excellent access to O'Hare and plans to expand the Waukegan Regional Airport runway to 7,000 feet. Given the County's value position compared to northern Cook County, opportunities exist to attract small to mid-sized companies into Lake County that seek convenient air transportation access. Other observations surrounding the strengths, weaknesses, opportunities, and threats for the industrial market include:

- Vacancy is more a function of building condition and amenities than proximity to road networks. Lake County's older stock has lower ceiling heights, limited clear spans, and less technology infrastructure (i.e. fiber access). Lake County Partners could work with these property owners to redefine market focus or identify opportunities to improve the competitiveness of the property.

- There are several impediments to attracting large-scale industrial projects. Of the issues identified, there are three primary obstacles to address. First, large properties tend to be leased facilities. Given the challenges in financing and hesitance in the market to grow/expand, there are few investors/developers seeking new locations. Second, most of the County's large properties do not have ideal transportation access and/or variety (i.e. rail). Finally, communities tend to place greater value on retail and office development, leaving very little land zoned for industrial use.
- Several real estate professionals have indicated opportunities to attract smaller and mid-sized companies in northern Cook County to Lake County to take advantage of lower operating costs. Lake County Partners can work with communities closest to Lake Cook Road and O'Hare to identify opportunities to expand industrial offerings. Efforts should be made to identify demand and "right-size" any new projects.
- Lake County has very strong industry clusters in Biopharma manufacturing and precision equipment (including medical equipment) manufacturing. Recruitment of manufacturing facilities should be concentrated in existing clusters to take advantage of the critical mass of trained, quality workforce.

c.) Land Availability

The opinions on the availability of land for non-residential development vary depending upon the person or organization talking. Simply put, there are opportunities and challenges in the availability and suitability of land for development. On the positive side, there is more than 2,275 acres currently being marketed for non-residential development. Land use data provided by Lake County indicates substantially more land could be developed in the future. However, much of this available land is not ideally located (i.e. removed from highways and mass transit), has physical or environmental features that limit potential, or is not zoned to accommodate market opportunities. Lake County Partners will need to create a more proactive property identification and outreach effort to inform property owners, communities and businesses of the market potential in Lake County. Other observations on the strengths, weaknesses, opportunities, and threats include:

- Many of the properties that are available but have limited commercial or industrial use should be considered to bolster the County's tourism and leisure market. Increasing the critical mass of active, cultural, and leisure destinations increases the potential to grow this industry.
- The proposed expansion of Illinois Route 53 to connect with Illinois Route 120 and eventually Interstate 94 will create substantial opportunities to expand non-residential development in Lake County. Lake County Partners should be advising decision makers on the benefit of this initiative and work with property owners (at the appropriate time) to identify market potential.
- Community perception of development oftentimes is the difference between a successful project and missed opportunity. Lake County Partners can work with municipal leadership and community stakeholders to educate and inform on the benefits and challenges of non-residential growth.
- Many marketable properties are owned by the Lake County Forest Preserve. While most of the properties have a compelling reason to remain in a preserved condition, there may be opportunities to identify some parcels that have limited preservation value. In those instances, more strategic properties for preservation may exist,

opening potential to do land swaps or transfer of development rights. County leadership will need to work with Lake County Partners and the Forest Preserve to determine the viability of this effort.

2. Workforce

Lake County enjoys a diversified employment base with a wide range of skill sets, however, while all portions of the county have been impacted by the economic downturn to some degree, certain areas, such as the Lakefront North area have been particularly hard hit. From discussions with local stakeholders, Lake County has many training and outreach programs for the disabled and under privileged, but may not be doing so well for the recently unemployed who need re-training or need to develop a new set of job skills to match the requirements of the merging industries. As such, more physical training facilities are likely needed, with a greater distribution throughout the county.

Lake County is well served by a number of public and private workforce and education providers. Entities such as the College of Lake County, the Lake County Workforce Investment Board, the Workforce Development Department of Lake County, and the Lake County Board of Education have a number of programs and resources dedicated to providing local industry with job skill training, professional development, and customized instruction. To this end, Lake County Partners does not need to develop workforce development capacity within the organization.

However, the CEDS process has revealed these assets oftentimes are not coordinating efforts and/or are offering duplicative services. There is an opportunity for Lake County Partners to coordinate all of these organizations relative to workforce and education for economic development. Most notably, there are concurrent efforts to outreach to Lake County businesses about workforce training needs. It is possible that certain companies are being contacted multiple times in a short period while others go neglected for long periods. In this instance, it is logical for LCP to become the strategic coordination point to ensure outreach efforts reach to most number of businesses. Initiating the workforce and education advisory panel is the necessary first step to achieve buy-in. Other areas of value-add from Lake County Partners for workforce development include comprehensive workforce program marketing materials, jointly attended industry outreach meetings, centralized data collection and sharing, and program development coordination. Through these connections, Lake County Partners can help ensure programs are relevant to local need.

3. Transportation

Access and accessibility throughout Lake County is strained. The overall east-west roadway connectivity is limited and the north-south roadways are heavily traveled and concentrated near the lake in the eastern portion of the county. The presence of toll roads can diminish trucking and transportation capacities, just as rail freight is somewhat hampered by limited access, infrequent scheduling and most importantly, nearby available land for expansion and/or development. Much of the employment of Lake County residents occurs in the southern portion of the county and/or in neighboring Cook County. As a result, commuting times and patterns can be adversely impacted. In summary, while transportation and highway access criteria are among the most positive attributes desired among the many site location criteria, it is an area where Lake County has some challenges.

The extension of Route 53 (or I-355) has the potential to increase economic activity almost immediately and will address some of the highway accessibility issues in Lake County. However, there are other transportation challenges – and available solutions – influencing job retention and attraction in Lake County. That stated, Lake County already is served by a number of decision-making and advocacy organizations dealing with all facets of transportation. Lake County Partners should work with these groups to improve access and accessibility. Some of the more notable opportunities include:

- East-west highway improvements – Lake County Transportation Alliance; Lake County Division of Transportation; Illinois Department of Transportation
- Increased commuter rail service and “reverse commute” service – Lake County Transportation Alliance; Metra; Amtrak; Union Pacific, CN, Canadian Pacific
- Intra-county capacity and safety improvements – Lake County Transportation Alliance; Lake County Division of Transportation
- Extension of the Waukegan Regional Airport runways – Lake County Transportation Alliance; Waukegan Port Authority; Federal Aviation Administration
- New/expanded I-94 Interchanges – Lake County Transportation Alliance; Lake County Division of Transportation; Illinois Department of Transportation; U.S. Department of Transportation

4. Financial

While Lake County generally has lower property taxes than neighboring Cook County, there are no prescriptive real estate tax abatement incentives offered by local municipalities in Lake County, putting the county at a disadvantage relative to elsewhere in metro-Chicago. Similarly, real estate taxes in Lake County are greater than neighboring Wisconsin and in-field observations indicated a heavy concentration of industrial development just over the state line. Several stakeholders noted that for Lake County to grow at a rate similar to historic levels, more financial incentives would be required. Others commented that the development and permitting process in Lake County is a deterrent to new growth because it is difficult to permit and process through the many regulatory taxing bodies. Lake County Partners has the opportunity to enhance its subject matter expertise, working with local taxing bodies on understanding the economic and financial benefits to development incentives and processes.

Discussions with several professionals in the finance and investment sector in Lake County also noted that few incentives and tools available to the small business entrepreneur currently exist in the County and that most loans and grants that were available were for the larger businesses. This is problematic because despite the importance of the larger companies to the Lake County economy, in 2010 approximately 60% of the businesses had four or fewer employees. Furthermore, Lake County's market fundamentals indicate the County is well positioned to foster and grow entrepreneurial business opportunities. Lake County is well positioned in several indicators (i.e. education attainment, occupation skill levels, median age, quality of life, process-based industries...) to attract and sustain internal (to the County) incubation.

5. Other Competitive Positions

The CEDS process identified other strengths, weaknesses opportunities, and threats that do not fit a particular classification, but are relevant to how Lake County Partners enhances its approach to economic development. The following findings reflect the most salient considerations.

- Redevelopment/infill development is as important as greenfield development. There are several market forces affecting Lake County that are increasing the viability of redevelopment and infill development. As noted, the movement towards a more integrated live-work environment presents the opportunity to collocate residential, commercial and employment uses on the more spread out commercial and industrial developments. The functional obsolescence of the County's oldest stock offers the potential for adaptive reuse or redevelopment. The high level of vacancy in office product provides the change to repurpose some of the least

competitive assets. In summary, Lake County Partners should be identifying potential redevelopment sites as diligently as new greenfield sites.

- National economic trends indicate there is a movement to “return to the City.” Issues such as diminished urban/suburban operating cost differences, aggressive incentive campaigns, changing lifestyle preferences, and increasing transportation costs all have played a part in the shift in balance between downtowns and suburban locations. That stated, Lake County Partners should increase its business retention efforts and focus its recruitment efforts in areas where the County has competitive advantages. Most notably, Lake County is well positioned to attract small to mid-sized companies (up to 500 employees). The high quality of life, low crime rates, good schools, access to O’Hare, and proximity to both Chicago and Milwaukee are marketable assets. Individual leaders in smaller companies generally have greater control over location decisions, and are the primary target group for recruitment.
- Lake County has a nationally recognized attraction in the Six Flags theme park. However, it also has a substantial number of other leisure (i.e. Lake Michigan, Forest Preserve), entertainment (i.e. The Genesee Theater, The Martin Theater at Ravinia), and cultural attractions (i.e. Lake County Discover Museum, Grayslake Heritage Center) that can increase lengths of stay if marketed more strategically. Furthermore, additional opportunities can be developed on those large available properties with substantial challenges to host non-residential development. Lake County Partners can improve coordination with the CVB and Forest Preserve to increase tourism and leisure market investment.
- The governmental structure in Illinois has decentralized many of the process and procedures critical to job creation and retention. The prevalence of decision-making ability and the local taxing body level creates challenges and opportunities for economic development. On the positive side, having such a number of stakeholders means specific actions and opportunities are not dependent on popular support. While one community may not support a specific initiative, another may embrace it. To this end, understanding the vision of the various Lake County communities and maintaining strong connections to these groups will position Lake County Partners to be more nimble to respond to a prospect’s need. The primary challenge of this structure facing Lake County Partners is having to understand and work within numerous policy environments. That said, Lake County Partners is encouraged to work with all taxing bodies to educate them on the benefits and drawbacks different policy decisions can have on economic development. It is in this regard that Lake County Partners should improve its subject matter expertise and outreach efforts.

E. QUALITY OF LIFE FACTORS

The quality of life analysis examines the qualitative aspects of economic development. When performing a target industry analysis, it is important to understand the criteria that companies look for when deciding where to locate. This analysis focuses on the top five quality of life factors (out of nine) reported in the annual survey of site selection decision makers by Area Development Magazine and highlighted in Table 6-3. The quality of life factors are ranked according to the average five-year (2007 through 2011) scoring. The overall change in importance, from 2007 to 2011, is also presented. It is worth noting that the relative importance of each quality of life indicator increased, with the exception of cultural opportunities, which declined by nearly six points. The following section presents the findings from each of the top five indicators, relative to Lake County.

1. Crime Rate

Maintaining a low crime rate has consistently ranked first among the quality of life factors over the past several years, and has in fact increased in importance by eight percentage points since 2007. Data from the Lake County Sheriff's Office indicate a declining crime rate for the county since 2008 (Table 6-4). It should be noted that this data does not include crime statistics for the individual municipalities over the 2008 to 2010 study period. Notable declines include criminal sexual assault (down 47) and essentially all property crime, especially theft (down 235). The overall crime incidence has fallen from 18.3/1,000 population to about 14.6/1,000 population.

Table 6-4
Lake County Crime Statistics

	2008	2009	2010	Change 2008 - 2010
VIOLENT CRIME				
Homicide	0	0	2	2
Criminal Sexual Assault	60	39	13	(47)
Robbery	10	15	10	0
Aggravated Assault	112	86	69	(43)
Total	182	140	94	(88)
PROPERTY CRIME				
Burglary	576	488	459	(117)
Theft	1,413	1,178	1,178	(235)
Motor Vehicle Theft	114	90	77	(37)
Arson	8	6	17	9
Total	2,111	1,762	1,731	(380)
CRIME INDEX RATE				
Crimes/1,000 persons	18.3	15.2	14.6	(3.8)

Source : Lake County Sheriff's Office and RKG Associates, Inc., 2012

2. Healthcare Facilities

Access and availability to adequate healthcare facilities has remained the second most important quality of life factor, increasing dramatically by more than 13 percentage points since 2007, but still 10 percentage points below that of a low crime rate. Lake County residents have access to good quality healthcare, the second most important quality of life factor included in the survey. In addition to numerous private medical providers and facilities, there are five hospitals in Lake County, averaging 228-beds each³. These hospitals have generally high rankings from patients in terms of overall patient satisfaction and ability to recommend the facility to the others (Table 6-5). There are also five ambulatory surgical treatment centers providing colonoscopies, tonsillectomies and endoscopies, as examples. These centers are also available to all throughout the county and vary in the percentage of their payment received from private insurers or via Medicare/Medicaid. Larger and other specialized medical centers are available and accessible in nearby Chicago. The fact that healthcare is readily available throughout Lake County is not only a benefit to its residents but also a positive attribute for companies looking to locate in Lake County.

Table 6-5
Lake County Medical Facilities

HOSPITALS	# of Beds	Patients Highly Satisfied		Patients Would Recommend
		% Satisfied	% Recommend	
Highland Park Hspit./Northshore University	149	71%	76%	
Northwestern Lake Forest Hospital	205	74%	77%	
Advocate Good Shepherd Hospital	169	67%	72%	
Advocate Condell Medical Center	281	57%	62%	
Vista Medical Center East	336	51%	48%	
Averages	228	64%	67%	
AMBULATORY SURGICAL TREATMENT CENTERS	Operating or Procedure Rooms	% Pay Medicare or Medicaid		% Pay Private Insurance
		% Medicare	% Medicaid	
Hawthorn Surgery Center	3 / 0	3.33%	64.57%	
Lake Forest Endoscopy Center	0 / 2	20.21%	79.58%	
North Shore Endoscopy Center	0 / 2	7.61%	89.52%	
Vernon Square Surgicenter	0 / 0	24.27%	31.28%	
Vista Surgery Center	3 / 3	NA	NA	
Averages	1 / 2	13.86%	66.24%	

Source : Illinois Department of Public Health and RKG Associates, Inc., 2012

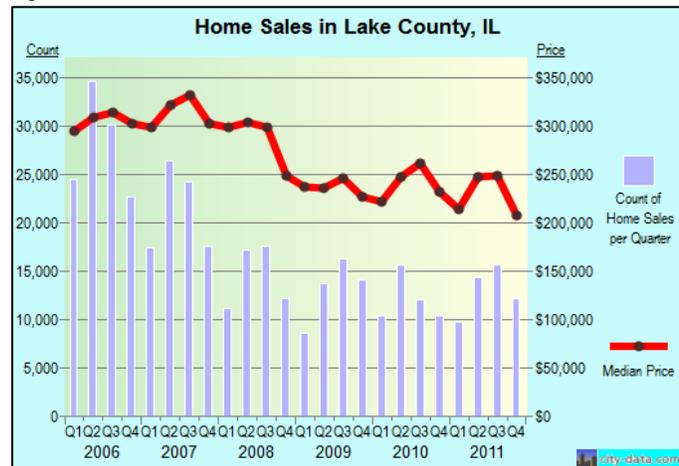
3. Housing Costs

Housing costs rank third among the cited quality of life factors, increasing by more than 10-percentage points since 2007. Housing costs are another important site selection factor that

³ The Illinois Department of Public Health does not track specialty hospitals or Federal hospitals. As a result, the Cancer Treatment Center and Lovell Hospital are not included in this analysis.

companies consider. The cost of rental housing in Lake County is reasonably affordable, as the average monthly rent is \$905 (DemographicsNow), suggesting that households earning \$36,000 (assuming a household spends 30% of their income on housing) could afford rental units in Lake County. However, the affordability of rental housing varies across Lake County as 14% of the households in the Southwest district earn less than \$35,000/year and nearly 40% of the households in the Lakefront North district earn less than \$35,000/year (DemographicsNow). The average home-ownership rate in Lake County is slightly greater than 73%, with all sub-districts exceeding this, except for the Lakefront North where ownership is at about 55%. The average home ownership burden in Lake County was around 34% of household income, somewhat higher than the standard measure of 30%, but considered reasonable given higher than average Lake County income levels, as nearly 40% of the households countywide earn more than \$100,000 (in 2010). Also, as indicated in Figure 6-1, the average price of home sales in Lake County has declined from nearly \$350,000 in 2007 to slightly more than \$200,000 in 2011 (City Data).

Figure 6-1



Source: City-Data

As indicated in Figure 6-1, the average price of home sales in Lake County has declined from nearly \$350,000 in 2007 to slightly more than \$200,000 in 2011 (City Data).

4. Housing Availability

Housing availability ranks a close fourth, to housing costs, as a quality of life factor and has been relatively consistent in this position since 2007. The vacancy rate in Lake County, at around 7% is less than that for either the Chicago metro area or Illinois, suggesting a somewhat limited availability of housing. As indicated in Table 6-6, prior to the housing/economic downturn, Lake County averaged more than 3,000 single-family building permits annually, with an average value of \$216,800. Similarly, there were nearly 475-units of multi-family housing being permitted annually with an average value per unit of nearly \$128,200.

Table 6-6
Building Permits by Year

	Single Family Permits	Single Family Average Value	Multi-Family Permits	Multi-Family Average Value
PRE DOWNTURN				
2003	3,812	\$182,800	594	\$101,830
2004	4,071	\$196,900	486	\$131,230
2005	3,257	\$238,800	679	\$119,460
2006	2,261	\$247,500	244	\$126,700
2007	1,859	\$254,100	366	\$184,100
Average	3,052	\$216,800	474	\$128,190
POST DOWNTURN				
2008	632	\$273,800	78	\$147,250
2009	475	\$240,900	42	\$139,775
2010	427	\$257,800	271	\$105,795
2011	412	\$267,800	216	\$154,130
Average	487	\$261,000	152	\$130,670
Percent Change	-84.1%	20.4%	-68.0%	1.9%

Source : US Census Bureau and RKG Associates, Inc., 2012

In the years since the downturn (including 2008) the number of annual single-family building permits has declined by 84% falling to not quite 490 permits on average per year. The average value of a single-family permit increased by 20% or by \$45,000, after the falloff 2008, the first year of the downturn. Multi-family housing permits declined by 68% and exhibited a near 2% increase in average value. In-field observations by the consultants indicated a continued development of housing throughout most of Lake County, with the exception of the older, urban neighborhoods of the eastern Lake Michigan communities. In some instances, they may suggest a relatively built-out environment,

such as to the south, but also a lack of investment to the north. Over the 2010 to 2016 period the household growth in Lake County is projected to be nearly 18,000, however, household growth does not necessarily equate to housing unit growth.

5. Ratings of Public Schools

As indicated in Table 6-7, Lake County has realized a nominal decrease (less than 1%) in elementary and undergraduate enrollment in its public schools and about a 6% increase among secondary students. By comparison, Illinois has witnessed less than a 0.5% increase in elementary enrollment and about a 1% increase in secondary school enrollment. Both have realized an increase in the number of students considered as low income⁴, with Lake County increasing by 3.6 percentage points and Illinois by 4.1 percentage points. Additionally, while the dropout rate has greatly diminished in Illinois it has risen in Lake County.

**Table 6-7
 Education Enrollment Statistics**

Education Comparisons	FY 2006 Year	FY 2008 Year	FY 2010 Year	Change 2006 - 2010
LAKE COUNTY				
Students				
Elementary/Undergrad	96,674	97,838	95,855	(819)
Secondary	41,604	43,214	43,974	2,370
Low Income	31,902	30,171	37,276	5,374
% Low Income	23.1%	21.4%	26.7%	3.59
Secondary Graduates	9,258	9,740	9,607	349
Secondary Dropouts	684	925	872	188
as % of Graduates	7.4%	9.5%	9.1%	1.689
ILLINOIS				
Students				
Elementary/Undergrad	1,480,047	1,472,909	1,474,922	(5,125)
Secondary	631,659	640,526	640,461	8,802
Low Income	867,576	870,955	955,238	87,662
% Low Income	41.1%	41.2%	45.2%	4.07
Secondary Graduates	127,349	135,143	139,772	12,423
Secondary Dropouts	24,844	27,860	18,390	(6,454)
as % of Graduates	19.5%	20.6%	13.2%	(6.35)

Source : Illinois Board of Education and RKG Associates, Inc., 2012

F. BASELINE INDUSTRY SECTOR ANALYSIS

This section presents a baseline comparison of two-digit NAICS industry sectors for Lake County and the State of Illinois as well as a more detailed three-digit analysis. The variables reviewed include changes in employment, establishments, and the average annual wage per employee. Also the county performance relative to the state is presented, in terms of both a location quotient as well as income representation. In this manner we can compare and review the growing and declining sectors of the Lake County and Illinois economies, thereby establishing a basis for further narrowing of the overall industry analysis to develop an analysis of targeted industry clusters.

1. Recent Employment Trends

Between 2004 and 2007 there was a 4.4% growth in the county employment and a 3.5% growth in state employment, across all industry sectors. Between 2007 and 2010, both the county and the state realized a near 8% decline in employment. More importantly, in many industry sectors, both for Lake County and for Illinois, employment in 2010 was less than that for 2004 (Table 6-8). In Lake County, total employment in 2010 at approximately 305,600 persons was almost 12,000 below that for 2004. In comparison, the 2010 Illinois employment was more than 237,000 less than that for 2004. Other observations on employment change include:

- Since 2004, Lake County has realized continued employment growth in the wholesale trade industry sector (11%) and the professional/technical services sector (17%).

⁴ Typically considered as incomes at 100% to 200% of the federal poverty benchmark.

- By comparison, Illinois has enjoyed continued employment growth in education (16%), health and social services (10%) and arts/entertainment (5%).
- Between 2007 and 2010, the greatest percent decline in employment in Lake County was in construction (down 38%), and then management (down 24%) followed by finance/insurance (down nearly 23%).

Table 6-8
Change in Employment by NAICS Sector; 2004, 2007, and 2010

Industry Sector and 2-Digit NAICS Number of Employees	Lake County, IL					State of Illinois				
	2004	2007	% Chge	2010	% Chge	2004	2007	% Chge	2010	% Chge
11 - Forestry, Fish, Agriculture	663	105	-84.2%	93	-11.4%	2,550	1,658	-35.0%	1,859	12.1%
21 - Mining	NA	NA	NA	NA	NA	9,136	11,468	25.5%	8,024	-30.0%
22 - Utilities	3,009	NA	NA	1,736	NA	30,019	27,703	-7.7%	28,851	4.1%
23 - Construction	16,067	15,810	-1.6%	9,788	-38.1%	258,041	252,093	-2.3%	188,021	-25.4%
31 - Manufacturing	44,959	42,034	-6.5%	42,044	0.0%	685,368	648,892	-5.3%	530,947	-18.2%
42 - Wholesale Trade	31,096	31,812	2.3%	34,513	8.5%	323,273	302,971	-6.3%	298,978	-1.3%
44 - Retail Trade	43,718	47,756	9.2%	39,540	-17.2%	625,829	667,149	6.6%	589,318	-11.7%
48 - Transportation and Warehousing	4,830	4,446	-8.0%	4,350	-2.2%	212,002	231,198	9.1%	214,017	-7.4%
51 - Information	4,529	3,793	-16.3%	3,765	-0.7%	133,835	124,770	-6.8%	120,671	-3.3%
52 - Finance and Insurance	18,932	20,160	6.5%	15,612	-22.6%	354,651	350,573	-1.1%	302,206	-13.8%
53 - Real Estate and Rental and Leasing	3,582	3,723	3.9%	3,193	-14.2%	85,802	88,100	2.7%	75,054	-14.8%
54 - Professional and Technical Services	24,455	27,054	10.6%	28,607	5.7%	343,894	394,692	14.8%	348,810	-11.6%
55 - Management of Companies and Enterprises	20,532	26,567	29.4%	20,112	-24.3%	156,596	183,381	17.1%	162,925	-11.2%
56 - Administrative and Waste Services	26,079	26,702	2.4%	23,819	-10.8%	415,654	463,531	11.5%	444,003	-4.2%
61 - Educational Services	5,494	6,384	16.2%	6,289	-1.5%	131,127	141,772	8.1%	152,281	7.4%
62 - Health Care and Social Assistance	29,951	32,237	7.6%	31,703	-1.7%	673,842	704,657	4.6%	741,655	5.3%
71 - Arts, Entertainment, and Recreation	5,406	5,037	-6.8%	7,764	54.1%	72,365	73,208	1.2%	76,139	4.0%
72 - Accommodation and Food Services	23,660	24,700	4.4%	23,354	-5.4%	438,895	470,167	7.1%	454,291	-3.4%
81 - Other Services, Ex. Public Admin	12,311	13,019	5.8%	11,212	-13.9%	263,191	260,392	-1.1%	241,545	-7.2%
99 - Unclassified	NA	NA	NA	NA	NA	1,090	259	-76.2%	416	60.6%
TOTAL	319,539	333,595	4.4%	307,578	-7.8%	5,217,160	5,398,634	3.5%	4,980,011	-7.8%

Source : US County Business Patterns (BEA) and RKG Associates, Inc., 2012

In order to understand employment changes at a more granular level, the consultant analyzed changes in County employment at the three-digit level for years 2004 through 2010. The industries that have experienced the largest growth include Professional, Scientific, and Technical Services (4,152 new jobs) (Table 6-9). This is positive growth for Lake County, considering this is one of the higher paying industries (\$83,449/year in 2010). In comparison, specialty trade contractors experienced one of the largest losses during this time-period (3,281 job decline), as the construction industry expanded and contracted during this period. The loss of jobs in this sector is likely a result of the economic downturn that began in December of 2007 and the resulting slow-down in building activity.

In terms of the fastest growing industries, Social Assistance experienced a 58% growth in employment. Amusement, Gambling, and Recreation Industries also experienced a fast growth (57.2%). There was an expansion of Six Flags Great America, which likely accounted for a large percentage of this growth. The industry that experienced the fastest percentage loss was Fishing, Hunting, and Trapping (-98.9%). This is not surprising, as Lake County has become a primarily service and production economy.

2. Recent Establishment Trends

Similar to employment, both Lake County and Illinois experienced an increase in businesses between 2004 and 2007, and a subsequent loss of business between 2007 and 2010 (Table 6-10). In total, there were approximately 19,400 businesses in Lake County in 2010, a decline of 200 businesses since 2004. Since 2004, there was a decline of approximately 1,700 businesses statewide, suggesting that around 17% of the decline was realized in Lake County. Growth industry sectors in the Lake County economy included management, education, arts/entertainment and health care. Growth sectors in the state economy included education, health care and transportation/warehousing.

Table 6-9
Largest Employment Shifts [1]
Lake County; 2004 to 2010

NAICS	Description	2004	2010	Change	% Change
LARGEST NET GAIN					
541	Professional, Scientific, and Technical Services	24,455	28,607	4,152	17.0%
713	Amusement, Gambling, and Recreation Industries	4,354	6,843	2,489	57.2%
424	Merchant Wholesalers, Nondurable Goods	12,316	14,284	1,968	16.0%
624	Social Assistance	3,234	5,111	1,877	58.0%
423	Merchant Wholesalers, Durable Goods	17,905	19,252	1,347	7.5%
LARGEST NET LOSS					
238	Specialty Trade Contractors	10,873	7,592	(3,281)	-30.2%
522	Credit Intermediation and Related Activities	9,185	6,270	(2,915)	-31.7%
561	Administrative and Support Services	25,514	23,437	(2,077)	-8.1%
622	Hospitals	11,345	9,450	(1,895)	-16.7%
236	Construction of Buildings	3,532	1,764	(1,768)	-50.1%
LARGEST PERCENTAGE GAIN					
624	Social Assistance	3,234	5,111	1,877	58.0%
713	Amusement, Gambling, and Recreation Industries	4,354	6,843	2,489	57.2%
446	Health and Personal Care Stores	2,472	3,621	1,149	46.5%
523	Securities and Other Financial Investments	3,036	4,140	1,104	36.4%
334	Computer and Electronic Product Manufacturing	3,138	3,992	854	27.2%
LARGEST PERCENTAGE LOSS					
114	Fishing, Hunting and Trapping	571	6	(565)	-98.9%
237	Heavy and Civil Engineering Construction	1,662	432	(1,230)	-74.0%
336	Transportation Equipment Manufacturing	1,013	453	(560)	-55.3%
236	Construction of Buildings	3,532	1,764	(1,768)	-50.1%
327	Nonmetallic Mineral Product Manufacturing	1,067	546	(521)	-48.8%

Source: US County Business Patterns (BEA) and RKG Associates, Inc., 2012

[1] Minimum of 500 employees

Table 6-10
Change in Establishments by NAICS Sector; 2004, 2007, and 2010

Industry Sector and 2-Digit NAICS	Lake County, IL					State of Illinois				
	2004	2007	% Chge	2010	% Chge	2004	2007	% Chge	2010	% Chge
11 - Forestry, Fish, Agriculture	32	35	9.4%	35	0.0%	376	311	-17.3%	327	5.1%
21 - Mining	5	5	0.0%	3	-40.0%	598	576	-3.7%	560	-2.8%
22 - Utilities	21	14	-33.3%	14	0.0%	472	450	-4.7%	483	7.3%
23 - Construction	2,115	2,187	3.4%	1,879	-14.1%	31,845	32,919	3.4%	29,175	-11.4%
31 - Manufacturing	922	920	-0.2%	828	-10.0%	16,363	15,692	-4.1%	14,210	-9.4%
42 - Wholesale Trade	1,418	1,454	2.5%	1,407	-3.2%	20,032	20,023	0.0%	19,194	-4.1%
44 - Retail Trade	2,475	2,525	2.0%	2,374	-6.0%	43,154	42,892	-0.6%	40,670	-5.2%
48 - Transportation and Warehousing	340	394	15.9%	454	15.2%	10,595	11,695	10.4%	12,151	3.9%
51 - Information	293	294	0.3%	254	-13.6%	5,749	5,766	0.3%	5,535	-4.0%
52 - Finance and Insurance	1,732	1,376	-20.6%	1,312	-4.7%	23,445	24,392	4.0%	22,605	-7.3%
53 - Real Estate and Rental and Leasing	776	835	7.6%	732	-12.3%	13,009	13,753	5.7%	12,225	-11.1%
54 - Professional and Technical Services	3,016	3,142	4.2%	3,027	-3.7%	37,837	39,829	5.3%	38,655	-2.9%
55 - Management of Companies and Enterprises	142	151	6.3%	173	14.6%	2,110	2,204	4.5%	2,192	-0.5%
56 - Administrative and Waste Services	1,196	1,335	11.6%	1,359	1.8%	15,383	16,189	5.2%	16,535	2.1%
61 - Educational Services	229	271	18.3%	289	6.6%	3,157	3,569	13.1%	3,837	7.5%
62 - Health Care and Social Assistance	1,625	1,807	11.2%	1,870	3.5%	28,890	30,950	7.1%	32,304	4.4%
71 - Arts, Entertainment, and Recreation	313	327	4.5%	341	4.3%	4,464	4,607	3.2%	4,450	-3.4%
72 - Accommodation and Food Services	1,389	1,486	7.0%	1,471	-1.0%	25,170	26,719	6.2%	26,879	0.6%
81 - Other Services, Ex. Public Admin	1,530	1,560	2.0%	1,551	-0.6%	32,278	32,461	0.6%	31,803	-2.0%
99 - Unclassified	50	9	-82.0%	19	111.1%	927	209	-77.5%	381	82.3%
TOTAL	19,619	20,127	2.6%	19,392	-3.7%	315,854	325,206	3.0%	314,171	-3.4%

Source : US County Business Patterns (BEA) and RKG Associates, Inc., 2012

The largest growth in establishments occurred primarily in service industries. Ambulatory Health Care Services experienced the largest gain (193 new establishments) (Table 6-11). Interesting to note, Administrative and Support Services experienced a gain in establishments (167) however an overall net decline in employment (2,077 job decline). Specifically, there was a large decline in Investigation and Security Services employment (4,906 job decline). However, the number of establishments actually increased by 12, indicating large investigation and security firms downsized while new and smaller companies filled in the gap.

Table 6-11
Largest Establishment Shifts [1]
Lake County; 2004 to 2010

NAICS	Description	2004	2010	Change	% Change
LARGEST NET GAIN					
621	Ambulatory Health Care Services	1,284	1,477	193	15.0%
561	Administrative and Support Services	1,156	1,323	167	14.4%
722	Food Services and Drinking Places	1,299	1,385	86	6.6%
484	Truck Transportation	188	258	70	37.2%
611	Educational Services	229	289	60	26.2%
LARGEST NET LOSS					
522	Credit Intermediation and Related Activities	781	442	(339)	-43.4%
523	Securities and Other Financial Investments and Activities	498	383	(115)	-23.1%
238	Specialty Trade Contractors	1,342	1,231	(111)	-8.3%
236	Construction of Buildings	668	565	(103)	-15.4%
442	Furniture and Home Furnishings Stores	186	141	(45)	-24.2%
LARGEST PERCENTAGE GAIN					
488	Support Activities for Transportation	51	83	32	62.7%
484	Truck Transportation	188	258	70	37.2%
446	Health and Personal Care Stores	160	212	52	32.5%
454	Nonstore Retailers	133	169	36	27.1%
611	Educational Services	229	289	60	26.2%
LARGEST PERCENTAGE LOSS					
522	Credit Intermediation and Related Activities	781	442	(339)	-43.4%
323	Printing and Related Support Activities	109	75	(34)	-31.2%
518	Internet Service Providers, Web, and Data Processing Services	57	40	(17)	-29.8%
511	Publishing Industries (except Internet)	72	51	(21)	-29.2%

Source: US County Business Patterns (BEA) and RKG Associates, Inc., 2012

[1] Minimum of 50 Companies

3. Average Wage by Industry Sector

The average annual wage in Lake County exceeds the average wage for Illinois in each of the years measured (Table 6-12). Additionally, the rate of change between these years, in the average wage, is higher in the county when compared to the state. In other words, not only is the wage greater in Lake County, but it is also “getting greater.” As mentioned previously, the Professional, Scientific, and Technical Services employment has experienced the fastest net increase in jobs since 2004. The comparatively high wages of this industry likely contributed to the growth in the average wage within the County.

- Since 2007, the average annual wage in the retail sector in Lake County has declined and in 2010 was actually less than in 2007. By contrast, the average retail wage in Illinois has continued to increase.

Table 6-12
Change in Average Wages by NAICS Sector; 2004, 2007, and 2010

Industry Sector and 2-Digit NAICS Avg Annual Payroll/Employee	Lake County, IL					State of Illinois				
	2004	2007	% Chge	2010	% Chge	2004	2007	% Chge	2010	% Chge
11 - Forestry, Fish, Agriculture	\$50,059	\$27,019	-46.0%	\$34,129	26.3%	\$39,324	\$39,587	0.7%	\$45,110	14.0%
21 - Mining	NA	NA	NA	NA	NA	\$52,257	\$48,179	-7.8%	\$65,404	35.8%
22 - Utilities	\$80,793	NA	NA	\$95,539	NA	\$79,504	\$95,557	20.2%	\$94,341	-1.3%
23 - Construction	\$52,149	\$56,569	8.5%	\$57,361	1.4%	\$50,482	\$58,893	16.7%	\$59,521	1.1%
31 - Manufacturing	\$54,475	\$65,100	19.5%	\$79,045	21.4%	\$42,994	\$49,328	14.7%	\$52,771	7.0%
42 - Wholesale Trade	\$72,287	\$77,244	6.9%	\$88,572	14.7%	\$53,533	\$58,303	8.9%	\$63,958	9.7%
44 - Retail Trade	\$27,142	\$33,444	23.2%	\$30,723	-8.1%	\$21,924	\$24,286	10.8%	\$24,847	2.3%
48 - Transportation and Warehousing	\$67,791	\$64,979	-4.1%	\$42,948	-33.9%	\$39,635	\$42,134	6.3%	\$42,935	1.9%
51 - Information	\$58,606	\$57,767	-1.4%	\$63,144	9.3%	\$56,932	\$64,209	12.8%	\$67,476	5.1%
52 - Finance and Insurance	\$67,899	\$83,758	23.4%	\$81,444	-2.8%	\$67,318	\$84,822	26.0%	\$87,660	3.3%
53 - Real Estate and Rental and Leasing	\$42,634	\$50,833	19.2%	\$47,417	-6.7%	\$41,770	\$47,712	14.2%	\$47,379	-0.7%
54 - Professional and Technical Services	\$59,411	\$70,669	18.9%	\$83,449	18.1%	\$61,531	\$67,422	9.6%	\$76,747	13.8%
55 - Management of Companies and Enterprises	\$100,159	\$118,671	18.5%	\$145,049	22.2%	\$87,280	\$102,012	16.9%	\$109,063	6.9%
56 - Administrative and Waste Services	\$27,466	\$29,951	9.0%	\$35,943	20.0%	\$25,908	\$27,629	6.6%	\$29,967	8.5%
61 - Educational Services	\$33,271	\$26,223	-21.2%	\$27,525	5.0%	\$31,615	\$33,255	5.2%	\$36,194	8.8%
62 - Health Care and Social Assistance	\$38,176	\$43,597	14.2%	\$46,581	6.8%	\$35,554	\$39,890	12.2%	\$42,709	7.1%
71 - Arts, Entertainment, and Recreation	\$54,962	\$55,669	1.3%	\$40,309	-27.6%	\$25,963	\$30,397	17.1%	\$30,205	-0.6%
72 - Accommodation and Food Services	\$13,552	\$15,116	11.5%	\$16,347	8.1%	\$13,452	\$15,222	13.2%	\$16,488	8.3%
81 - Other Services, Ex. Public Admin	\$22,917	\$24,840	8.4%	\$27,724	11.6%	\$24,347	\$27,857	14.4%	\$29,827	7.1%
99 - Unclassified	NA	NA	NA	NA	NA	\$26,299	\$19,973	-24.1%	\$18,514	-7.3%
TOTAL	\$48,512	\$55,946	15.3%	\$61,763	10.4%	\$39,846	\$45,061	13.1%	\$47,333	5.0%

Source : US County Business Patterns (BEA) and RKG Associates, Inc., 2012

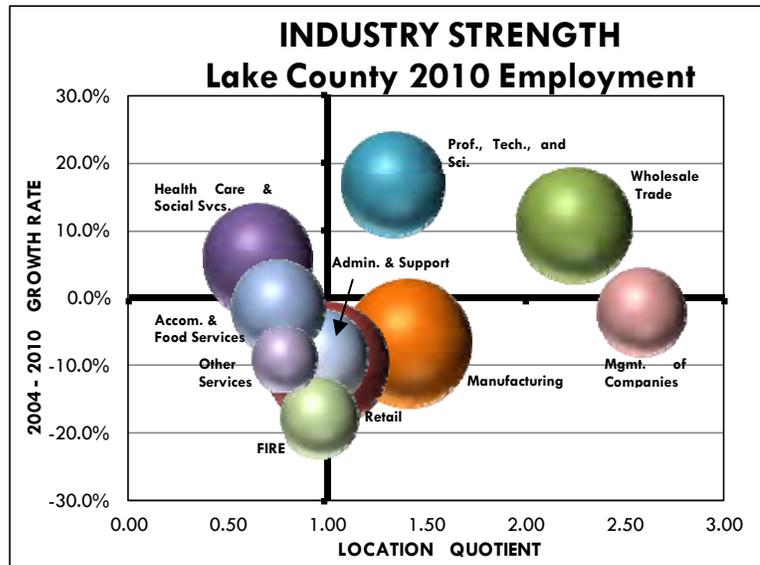
- The average wage in transportation/warehousing in Lake County, in 2010, were more than \$20,000 less compared to 2004. Again, by contrast, average wages in this industry sector have continued to increase in Illinois.
- Both the county and the state have witnessed a decline in average wages for those employed in the arts and entertainment industries, although the decline is much more noticeable in Lake County (a loss of nearly 28% compared to 1% statewide).
- In general, the average annual wage among specific two-digit NAICS industry sectors has risen for employment in both the county and the state (notwithstanding the noted exceptions above).

4. Location Quotients

Location quotients (LQ) are a calculation of the concentration of the employment in specific industries, compared to the national average concentration of employment in those same industries. A location quotient above 1.0 indicates that the concentration of jobs within the county is greater than the concentration at a national level. In other words, these industries have greater local significance and are important to the regional economy.

The data in Figure 6-2 shows the location quotient of 2-digit industries within the County as well as their relative size and growth rate. More specifically,

Figure 6-2



Source: County Business Patterns and RKG Associates, Inc., 2012

the size of the bubble is the comparative size of the industry. In other words, the larger the bubble, the greater the employment in the given industry. The vertical axis represents the growth rate from 2004 through 2010. Bubbles located higher on the chart indicate industries that have experienced the fastest growth rate. Lastly, the location quotient is represented on the horizontal axis. Bubbles located to the right of 1.0 have comparatively high location quotients.

Professional, Technical, and Scientific Services is one of the best performing industries in the County. Not only does it have the highest growth rate of any industry, it also has an LQ of 1.33 and is the 5th largest industry, in terms of employment. Wholesale Trade is also a relatively large industry that has experienced growth in the past six years. It has an LQ of 2.24, the second highest of any industry. It is likely the location of Interstate 94 and proximity to the Chicago and Milwaukee markets have influenced the growth in this industry. It should be noted the industry with the highest LQ is Management of Companies and Enterprises (2.58). However, the growth in this industry has remained relatively flat over the 2004 to 2010 time period.

The largest industry in the County is Manufacturing with 42,044 jobs in 2010. Although this industry has a comparatively large LQ (1.41) it has experienced a 6.5% decline in employment. Typically, industries that have experienced employment contraction would not be recommended as targets. However, in some instances, given the large size of a sector, a number of industries will show growth potential. Other industries that have experienced a loss of employment include retail (9.6% decline) and Finance and Insurance (17.5% decline). On the other hand, although Health Care and Social Services has an LQ of only 0.65, this industry has experienced substantial growth in the recent past (5.8% growth). It is likely that this industry will continue to grow and increase in regional importance.

G. REGIONAL CLUSTER ANALYSIS

1. Overview

The regional cluster analysis process “casts a wide net” with regard to identifying potential target industries. Taking a more aggressive approach to identifying possible business targets for Lake County provides greater flexibility for the Partnership to determine the priorities for business recruitment. In this context, aggressive means that the screening process was more inclusive rather than exclusive relative to potential opportunities that may appear marginal in light of historical economic trends. Being inclusive at this phase ensures any potentially viable options can be tested before being eliminated.

Furthermore, the target industry lists move beyond just static targets. They identify vertical (supply-chain) and horizontal (market) relationships within the primary target markets. By taking this approach, the implementation entity can apply a comprehensive approach to building upon existing industry clusters and developing new ones. This is particularly important when targeting businesses that already have a relationship with an existing regional industry and/or business. In these cases, the local business leaders can work as ambassadors for the community, opening the dialogue between the prospect and the County.

The following section discusses the rationale used to describe how the above findings were incorporated into the industry screening process. Based on the assets and constraints summarized earlier, the consultants initiated a review of primary and secondary source materials in order to identify a broad range of potential industries that appear to be either compatible with the County’s location/labor assets or marginally effected by known constraints. This process has several purposes when undertaken as part of an economic development strategy including:

- Establishing a framework for matching the County's available "product" (land, utilities, intangibles, etc.) to potential markets;
- Identifying a receptive "audience" for a focused marketing campaign;
- Understanding the characteristics, size and long-term growth potential of compatible markets;
- Establishing priorities for the allocation of marketing resources; and
- Identifying prospect industries for further consideration.

2. Industry Screening

Industry cluster analyses involve examining the economic relationships among commercial and industrial sectors. From the cluster analysis, RKG Associates identified those industries that may enjoy a competitive advantage within the greater Lake County region, but would also benefit from Lake County's strategic location. The underlying assumption of the cluster analysis is that companies concentrate in areas where they enjoy some competitive advantage. These advantages, whether related to location, natural resources, vendor relationships or other factors, allow companies to compete more successfully.

An industry cluster is a group of companies in industries that are related in one of three ways:

- Buyers and Suppliers – the most common relationship
- Competitors – produces of same of similar goods and service, usually firms in the same or similar industries
- Shared Resources – companies which rely on the same location- specific resources such as labor and raw materials

Industry cluster analysis provides a method for determining local competitive advantage – which in turn is crucial in attracting investment, be it through attracting firms or expanding existing firms. The industry cluster analysis will rely on a statistical cluster identification process designed to incorporate and assimilate local, state, and Federal economic data. The fundamental criteria analyzed in the process include:

- Industry Growth – Industries with positive growth over the past six years and those that are most likely to grow both locally and statewide.
- Industry Size – Component industries of an industry cluster must have sufficient size in terms of total employment, number of establishments and total sales in order to justify their inclusion in the cluster.
- Industry Concentration – RKG Associates examined current concentrations of each industry in Lake County. Low concentrations of employment and establishments suggest that a given industry may not be well suited for a given region.
- Local Fit – Local fit includes both quantitative analysis and considerable professional judgment, based on community characteristics, industry preferences, specific industry composition and location-based activity. Local infrastructure was analyzed including the presence of highways, utility costs, telecommunications service level, and the match of the region's labor force profile with industry needs.
- Other Criteria – Includes skilled and professional workforce requirements by industry, tendency of given industries to concentrate in Lake County, and job training resources.

Furthermore, the target industry lists move beyond just static targets, identifying vertical (supply-chain) and horizontal (market) relationships within the primary target markets. By taking this approach, Lake

County Partners can apply a comprehensive approach to building upon existing industry clusters and developing new ones. This is particularly important when targeting businesses that already have a relationship with an existing regional industry and/or business. In these cases, the local business leaders can work as ambassadors for the industry and for Lake County, potentially facilitating introductions and/or dialogues between the prospective businesses and Lake County Partners. Collectively, the industry sub-sectors presented in the following target clusters account for 21% of the businesses in Lake County and 41% of the private-sector employment.

3. Biopharma

The first industry cluster considered in this analysis is Biopharma (Table 6-13), a dominant industry sector and employer throughout Lake County, which serves as many of the best known and industry leaders in the field, including such firms as Abbott, Baxter, Hospira and Takeda. Overall, the firms identified in the sub-sectors represent only about 0.5% of all businesses in Lake County, but accounts for nearly 6.3% of the employment. The concentration of economic activity this cluster represents, in part, Lake County’s highly-skilled and highly-educated workforce. Discussions with representatives of these industry sub-sectors indicated a continuing need for more support to “backfill” their industry and to provide services to their employees. A recurring theme heard throughout RKG’s interviews was the need for more primary and support lab space throughout Lake County.

Table 6-13
 Biopharma Target Cluster
 Lake County, IL

NAICS	Major Industry / Sub-Sector	2010 County Employment	% of County Employment	2004 to 2010 County Emp. Change	2004 to 2010 US Emp. Change	2010 # of Firms in County	2010 Location Quotient	2010 Avg. County Wage [1]	Sector \$ as % of all County (2010)	Local/National Fit
BIOPHARMA			6.27%			101				
325	Chemical Manufacturing	16,310		-1.6%	-12.2%					
3251	Basic Chemical Manufacturing	346	0.11%	-9.7%	-11.0%	11	0.86	\$77,934	126.2%	Modest
3252	Resin, Rubber and Plastics	59	0.02%	-24.4%	-9.8%	3	0.25	\$44,712	72.4%	Stable
3254	Pharmaceutical/Medicine Manufacturing	15,222	4.95%	-1.6%	-6.2%	5	23.99	\$106,933	N/A	Very Strong
541	Professional, Scientific, and Technical Services	28,607		17.0%	3.3%					
5417	Scientific R and D	3,557	1.16%	176.0%	0.9%	60	0.80	\$117,324	190.0%	Strong
621	Ambulatory Health Care Services	10,586		9.4%	15.3%					
6215	Medical, Diagnostic Labs	87	0.03%	3.6%	15.0%	22	0.13	\$101,276	164.0%	Stable

Source : US County Business patterns and RKG Associates, Inc.
 [1] MSA average wage rate substituted for industries where Lake County wages were suppressed

While trends indicate this sector is not growing (i.e. jobs), losing any of the larger employers would be devastating to the County. Not only in the direct impacts to this industry cluster, but also to the spin-off and support impacts derived from this cluster. To this end, the focus should be on protecting the County from losing these jobs. The three most immediate efforts that can be undertaken are [1] building the industry’s vertical supply chains locally – both production based and services based; [2] providing the support services for employees to enhance their experience (i.e. dining options); and [3] initiate a more formalized RDI program to retain spinoff concepts and attract talent from around the world. It was noted to us that the focus should not be predominantly on the manufacturing side, but rather a more holistic level of industry support that focuses on the administrative and support services sides as well.

a.) Basic Chemical Manufacturing

This sub-sector includes establishments engaged in manufacturing chemicals often with specific purpose or design, such as for use as dyes and pigmentations. In Lake County this cluster supports the overall pharmaceutical industry and has exhibited a decline in employment (2004-2010) exceeding that nationally, despite being more or less on par (location quotient) with the national average in 2010. Wages in this sub-sector are relatively high and exceed the average wage for all of Lake County. It is important to focus on diminishing any further local declines in this sub-sector, and in the process expanding its overall contribution to the Biopharma cluster.

b.) Resin, Rubber and Plastics Manufacturing

This sub-sector includes the manufacturing of plastics, latex rubber, silicone and precision use fibers and filaments, all part of the vertical integration of Biopharma and Medical. Current Lake County employment in these manufacturing sectors is nominal, suggesting that either the larger pharmaceutical companies are meeting their needs through in-house production, or are importing finished product. If the latter, there is an opportunity to increase the presence of such firms and employment in Lake County at an annual wage that is competitive to the county as a whole.

c.) Pharmaceutical and Medicine Manufacturing

This sub-sector is primary to the Lake County employment and economic base, as the firms in this sub-sector account for 0.03% of the countywide businesses but nearly 5% of the countywide employment. Since 2004 there has been a nominal decline in employment, less than the national average, but a decline nonetheless. Maintaining the existing employment and expanding opportunities are crucial.

d.) Scientific Research and Development

Included in this sub-sector are biological, botanical, biotechnological and bacteriological R&D laboratories. Employment growth in this sub-sector has been exceptional in Lake County, well above the national average, and yet in terms of a location quotient it is just barely on par with the national average in 2010. Wages in this sub-sector exceed the county average and would be attractive to a younger, well-educated and perhaps entrepreneurial labor force, all of which are characteristic of Lake County.

4. **Medical Instrument, Precision Tooling**

The second industry cluster considered in this analysis is Medical Instrument and Precision Machinery & Tooling (Table 6-14), with a focus on manufacturing/production and wholesale/distribution. This target cluster and its sub-sector industries are important in and among themselves (accounting for 2.4% of all businesses but accounting for 6% of Lake County jobs), but also serve as economic support for the pharmaceutical and overall health care industries in Lake County. While this is not particularly a growing industry cluster in Lake County (or nationally), Lake County has a strong presence in many of the sub-sector industries and the continued retention and possible expansion of employment in these sub-sectors is important, noting that such manufacturing firms as Cardinal Health, Hollister, Medline and Spectris and Grainger Industrial all have a presence in Lake County.

While the skills are transferrable to attract other “advanced manufacturing” companies, a more concentrated effort to bolster the existing industry sub-sectors. Similar to biopharma, the focus should be on enhancing support producers and service providers as well as new medical supply & device companies (This can range from specialty maintenance needs to specialized tool & die companies). Obviously, a concerted effort in medical instrument/precision machinery & tooling does not mean ignoring other opportunities, but rather a more proactive effort in this segment of advanced manufacturing.

a.) Metalworking Machinery Manufacturing

This sub-sector includes the manufacturing of metal cutting/forming machine tools; cutting tools; special dies, tools, jigs, and other related machinery. The employment growth in this sub-sector in Lake County has been near 20% as compared to a 20% decline nationally. The location quotient is extremely high and average wages are somewhat greater than the county as a whole. Continued growth in this sub-sector could provide employment and a good wage to the Lake County’s skilled labor base.

Table 6-14
Medical Instrument and Precision Machinery & Tooling Manufacturing Target Cluster
Lake County, IL

NAICS	Major Industry / Sub-Sector	2010 County Employment	% of County Employment	2004 to 2010 County Emp. Change	2004 to 2010 US Emp. Change	2010 # of Firms in County	2010 Location Quotient	2010 Avg. County Wage [1]	Sector \$ as % of all County (2010)	Local/National Fit
MEDICAL INSTRUMENT AND PRECISION MACHINERY & TOOLING MANUFACTURING			6.01%			461				
332	Fabricated Metal Product Manufacturing	4,351		-6.6%	-15.8%					
3322	Cutlery and Hand tool Manufacturing	272	0.09%	-19.0%	-30.6%	8	2.54	\$45,770	N/A	Strong
3324	Boiler, Tank and Shipping Container Manufacturing	197	0.06%	-22.1%	-12.4%	5	0.09	\$57,306	N/A	Stable
3327	Machine Shops	816	0.27%	-8.8%	-10.0%	53	0.91	\$44,815	72.6%	Stable
333 Machinery Manufacturing		2,949		-1.9%	-14.6%					
3332	Industrial Machinery Manufacturing	209	0.07%	-17.1%	-28.0%	20	0.77	\$57,627	93.3%	Stable
3333	Commercial and Service Machinery Manufacturing	290	0.09%	-35.0%	-22.5%	8	1.45	\$50,652	82.0%	Modest
3335	Metalworking Machinery Manufacturing	773	0.25%	19.8%	-26.4%	43	2.17	\$64,626	104.6%	Strong
334 Computer and Electronic Product Manufacturing		3,992		27.2%	-20.8%					
3345	Electro medical Instrument Manufacturing	1,965	0.64%	49.0%	-4.6%	29	1.87	\$68,444	110.8%	Very Strong
339 Miscellaneous Manufacturing		3,875		8.1%	-20.6%					
3391	Medical Equipment/Supplies	886	0.29%	-51.2%	-7.7%	36	1.13	\$47,234	76.5%	Stable
423 Merchant Wholesalers, Durable Goods		19,252		7.5%	-5.6%					
4234	Professional Equipment Wholesalers	7,164	2.33%	4.8%	-7.0%	155	3.91	\$81,838	132.5%	Very Strong
4236	Electric and Electrical Wholesalers	5,900	1.92%	257.4%	4.8%	104	4.44	\$74,608	120.8%	Very Strong

Source : US County Business patterns and RKG Associates, Inc.
[1] MSA average wage rate substituted for industries where Lake County wages were suppressed

b.) Electromedical Instrument Manufacturing

This sub-sector includes manufacturing of a variety of electromedical, and control instruments, such as precision regulators and control valves, but more importantly laboratory analytical instruments, too. Similar to the metalworking sub-sector, the electromedical instrument sub-sector has exhibited significant employment growth in a sector that has lost employment nationally, has an exceptionally strong location quotient and good average annual wage.

5. Health Care

The Health Care industry cluster (Table 6-15) represents another target sector for Lake County and an existing strong local employment base (including the headquarters for Walgreens). Overall, the sub-sector industries in this cluster account for slightly less than 3% of all businesses but nearly 8% of employment. While this cluster includes major hospitals, it also represents a variety of outpatient services and clinics. As a result, Lake County businesses and residents have access to high quality healthcare, the second most important quality of life factor (previously identified in Table 6-3). The recently announced \$4 million, 71,000 SF expansion of the Northwestern Lake Forest Hospital, in Grayslake, attests to this. The fact that health care is readily available would be considered a positive attribute for companies looking to locate in Lake County.

Table 6-15
Health Services Target Cluster
Lake County, IL

NAICS	Major Industry / Sub-Sector	2010 County Employment	% of County Employment	2004 to 2010 County Emp. Change	2004 to 2010 US Emp. Change	2010 # of Firms in County	2010 Location Quotient	2010 Avg. County Wage [1]	Sector \$ as % of all County (2010)	Local/National Fit
HEALTH CARE			7.94%			576				
446 Health and Personal Care Stores		3,621		46.5%	-4.3%					
4461	Health and Personal Care Stores	3,621	1.18%	46.5%	-4.3%	212	1.31	\$31,446	N/A	Strong
621 Ambulatory Health Care Services		10,586		9.4%	15.3%					
6214	Outpatient Care Centers	684	0.22%	43.4%	9.1%	45	0.35	\$52,213	84.5%	Modest
6216	Home Health Care	670	0.22%	-9.0%	37.1%	34	0.21	\$35,996	58.3%	Stable
6219	Other Ambulatory Health Care	278	0.09%	0.4%	22.3%	13	0.36	\$39,888	N/A	Stable
622 Hospitals		9,450		-16.7%	6.5%					
6221	General Hospitals	8,101	2.63%	-7.5%	5.7%	6	0.57	\$52,971	85.8%	Stable
6222	Psychiatric, Substance Abuse Hospitals	1,349	0.44%	-15.2%	1.9%	1	10.83	\$70,720	N/A	Moderate
623 Nursing and Residential Care Facilities		6,556		15.0%	10.9%					
6231	Nursing Care Facilities	3,126	1.02%	2.2%	0.3%	24	0.70	\$28,203	45.7%	Modest
6232	Mental Retardation and Substance Abuse Facilities	837	0.27%	-21.7%	21.2%	28	0.48	\$25,294	41.0%	Stable
6233	Community Care Facilities	1,970	0.64%	47.1%	35.0%	18	0.88	\$25,580	41.4%	Stable
624 Social Assistance		5,111		58.0%	21.9%					
6243	Vocational Rehabilitation Services	1,683	0.55%	518.8%	8.5%	16	2.19	\$25,315	N/A	Moderate
6244	Child Day Care Services	2,098	0.68%	2.7%	10.4%	179	0.89	\$20,921	33.9%	Stable

Source : US County Business patterns and RKG Associates, Inc.
[1] MSA average wage rate substituted for industries where Lake County wages were suppressed

While it has been noted that Lake County Partners has met with challenges to organize the larger employers in this cluster, the changes coming from the Affordable Care Act are going to create a “new

normal” for all healthcare companies. To this end, what may have been a sticking point before may now be a rallying point. While it might still be in the fledgling stages of implementation, past resistance to coordinate should not dictate Lake County Partners efforts today. Given the projected growth in medical care needs (IDES), the level of wealth in Lake County, and relative age of population, there are opportunities to attract/develop new specialties in the County that historically County residents have traveled to Chicago to get. Interviews with the various hospital reps indicate there are some advantages to Lake County over Cook County (i.e. malpractice costs) and should be exploited. One concept worth considering is a centralized storage and record keeping enterprise. Given the ACA is moving towards electronic patient records, there is an impending industry to integrate existing systems and create central centers for information storage. While this may prove “pie in the sky”, it is worth a discussion with the experts.

a.) Outpatient Care Centers

This sub-sector includes a broad variety of facilities such as family planning, HMO medical centers, dialysis centers as well as other ambulatory surgical and emergency centers. Lake County has exhibited good employment growth in these industries, when compared to the national average, and also offers an average wage exceeding \$50,000. Continued growth in these care centers is likely considering an aging population and an ongoing redefinition of the health care industry.

b.) Community Care Facilities

This sub-sector includes establishments that provide residential and personal care services for the elderly, whether they are unable to care for themselves or do not chose to live independently. The care typically includes room, board, supervision, and assistance in daily living, and in some instances on-site skilled nursing services. Considering the strong presence of health care and related industries in Lake County, coupled with an aging of the population, opportunities for growth in this sub-sector are considered strong but would likely be location specific throughout Lake County.

c.) Child Day Care Services

Childcare services are a growing industry locally, regionally and nationally. Increasingly families have two-wage earners, often a necessity considering the cost of living but also a choice in Lake County considering the above average skill and education levels of the population base. As such, future demand for child care services throughout Lake County should remain high and “local”, meaning proximate to the parent’s place of employment.

6. Professional and Technology Services

This Professional and Technology Services industry cluster (Table 6-16), includes many corporate operations; business-to-business consulting/technical advisory services; and, general employment and business support services. The diversity of businesses in this cluster represents nearly 2,500 firms and account for almost 13% of all county businesses. Similarly, the sub-sector industry employment represents nearly 17.5% of all employment countywide. As such, the businesses in this cluster’s sub-sectors serve to support a vast array of other businesses and enterprises throughout Lake County. Strengthening the presence of these businesses also strengthens the capacities of other Lake County businesses to “keep it local”.

However, the Motorola relocation is a strong indicator that an effort needs to be implemented to [1] stop further losses; and [2] grow/attract the small and mid-size businesses in this field. Through the CEDS process, the Consultant was informed that [1] there are challenges to find young professionals who can afford to live in Lake County; [2] there are a lack of amenities available for workers near the employment areas; and [3] there are struggles to work through the regulatory malaise at the local level. While Lake County will not be able to compete with Chicago directly for certain companies, the County remains a viable solution for information and technology operations.

Table 6-16
Professional and Technology Services Target Cluster
Lake County, IL

NAICS	Major Industry / Sub-Sector	2010 County Employment	% of County Employment	2004 to 2010 County Emp. Change	2004 to 2010 US Emp. Change	2010 # of Firms in County	2010 Location Quotient	2010 Avg. County Wage [1]	Sector \$ as % of all County (2010)	Local/National Fit
PROFESSIONAL/TECHNOLOGY SERVICES			17.45%			2,470				
54	Professional, Scientific, and Technical Services	28,607		17.0%	3.3%					
5413	Architectural, Engineering and Related	2,757	0.90%	-5.6%	2.2%	303	0.78	\$67,007	108.5%	Stable
5414	Specialized Design	329	0.11%	-17.5%	-11.0%	143	1.13	\$48,122	77.9%	Stable
5415	Computer Systems	5,520	1.79%	120.9%	29.1%	653	1.41	\$109,139	176.7%	Strong
5416	Scientific and Technical	9,855	3.20%	-51.5%	18.0%	731	4.03	\$83,711	135.5%	Strong
5417	Scientific R and D	3,557	1.16%	176.0%	0.9%	60	0.80	\$117,324	190.0%	Strong
5418	Advertising	1,029	0.33%	9.1%	5.5%	140	0.91	\$52,430	84.9%	Modest
55	Management of Companies and Enterprises	20,112		-2.0%	0.3%					
5511	Management of Companies and Enterprises	20,112	6.54%	-2.0%	0.3%	173	2.58	\$145,049	234.8%	Modest
56	Administrative, Support, and Waste Management Services	23,819		-8.7%	3.1%					
5613	Employment Services	8,889	2.89%	-7.2%	6.7%	169	0.75	\$28,227	45.7%	Stable
5614	Business Services	1,620	0.53%	117.4%	-0.9%	98	0.77	\$77,965	126.2%	Modest

Source : US County Business patterns and RKG Associates, Inc.
[1] MSA average wage rate substituted for industries where Lake County wages were suppressed

One area includes data storage and back office operations. These facilities often seek locations away from the center city for cost and security reasons. Additionally, Lake County already has a concentration of executives. The desire to have your company located near where you live remains prevalent in the business world (as evidenced by our interviews with local brokers). At the very least, a focus group with these industries will help identify specific areas where Lake County Partners can help improve the “quality of life” for the company to avoid future relocations. The Strategy Committee envisions cluster recruitment efforts be tied into a transit oriented development (TOD) strategy for Lake County. It is a discussion worth having with industry leaders.

a.) Computer Systems

This sub-sector includes establishments providing expertise in the field of information technologies including writing, modifying, testing, and supporting software to meet the specific needs of a particular customer or business; planning and designing systems that integrate computer hardware, software, and communication technologies; as well as on-site management and operation of clients’ computer systems and/or data processing facilities. Employment growth in Lake County has been very robust and above that for the nation as a whole, which is reflected in this sub-sector’s location quotient.

b.) Scientific and Technical

This sub-sector includes firms engaged in providing advice and assistance to businesses and other organizations on management issues, such as strategic and organizational planning; financial planning and budgeting; marketing objectives and policies; human resource policies, practices, and planning; production scheduling; and control planning. In Lake County this sub-sector has lost employment over the 2004 to 2010 time, despite exhibiting growth nationally. More importantly, this sub-sector represents an important component in the Lake County economy, represented by a strong location quotient, which could be at risk if employment levels continue to diminish.

c.) Business Services

Employment in this sub-sector has enjoyed strong growth in Lake County since 2004, the reverse of a nominal decline nationally. In general the wages are high and the location quotient is slightly less than on par with the nation.

7. Arts, Culture and Entertainment

Although not a traditional target industry for furthering economic development the Arts, Culture and Entertainment industry cluster (Table 6-17) is applicable for Lake County, capitalizing on the many recreational facilities throughout Lake County including nearly 40 golf courses; the Illinois Beach State Park and lakefront; Six Flags Great America; Gurnee Mills (outlet shopping); and, the many town and village centers offering their own unique dining and entertainment venues. In 2010, approximately 440 businesses in these sub-sectors accounted for 2.3% of all private sector establishments in Lake County and comprised a little more than 3% of the employment. While these percentages may not be spectacular, in and among themselves, the activities represented in this cluster are important to attracting and maintaining residents, employees and employers, noting that opportunities for recreational and cultural activities are among the top 10 sought quality of life factors.

Table 6-17
Arts, Culture, and Entertainment Target Cluster
Lake County, IL

NAICS	Major Industry / Sub-Sector	2010 County Employment	% of County Employment	2004 to 2010 County Emp. Change	2004 to 2010 US Emp. Change	2010 # of Firms in County	2010 Location Quotient	2010 Avg. County Wage [1]	Sector \$ as % of all County (2010)	Local/National Fit
ARTS, CULTURE AND ENTERTAINMENT			3.04%			442				
51	Information	3,765		-16.87%	-10.0%					
5121	Motion Picture and Video	518	0.17%	-17.12%	4.4%	47	0.64	\$14,342	23.2%	Stable
5122	Sound Recording Industries	22	0.01%	120.00%	-6.7%	6	0.34	\$74,409	120.5%	Modest
71	Arts, Entertainment, and Recreation	7,764		43.62%	6.1%					
7111	Performing Arts Companies	48	0.02%	-55.60%	-6.7%	21	0.15	\$33,087	N/A	Modest
7115	Writers, Artists and Performers	134	0.04%	28.85%	-1.2%	49	1.11	\$44,866	72.6%	Modest
7121	Museums, Historical Sites, and Similar Institutions	26	0.01%	-7.10%	5.9%	7	0.08	\$37,110	N/A	Modest
7131	Amusement Parks and Arcades	1,917	0.62%	13592.90%	5.2%	8	4.78	\$20,576	N/A	Strong
7139	Other Amusement and Recreation	4,889	1.59%	13.83%	7.5%	218	1.57	\$24,892	40.3%	Strong
72	Accommodation and Food Services	23,354		-1.29%	5.2%					
721	Accommodation	1,802	0.59%	-9.58%	-1.3%	86	0.36	\$23,365	37.8%	Stable

Source: US County Business patterns and RKG Associates, Inc.

[1] MSA average wage rate substituted for industries where Lake County wages were suppressed

Lake County already has a good foundation in arts and entertainment venues to build upon. This is not surprising given the market attraction of the Six Flags theme park and the disposable income in the County. However, the analysis indicates there are other opportunities to formalize economic development efforts in the arts and entertainment industry. Most notably, there are opportunities to “stretch” visitations to Lake County from the traditional one-day visitor (i.e. hiker, golf, Six Flags) and to capture the through traffic going from Chicago to areas such as Lake Geneva. Much of this effort is coordination of marketing and outreach. However, there are more “bricks and mortar” opportunities.

For example, Lake County offers a rich diversity of settings for the Film Industry (and the seasons). This flexibility is a strong selling point for cinematic productions (as is direct access to a major airport). Furthermore, opportunities exist to use the arts to bolster the economies and activities in areas such as North Chicago and Waukegan. Artist communities often seek the “bohemian” setting for artist hubs (often for the cheap rent). Projects focused on growing an arts-based economy in the County, tied into relationships with the existing venues in downtown Chicago, has potential for job growth and revitalization. Finally, creating exciting nightlife destinations in Lake County will counter many of the perceptions about Lake County not being conducive for young professionals.

a.) Motion Picture and Video

Numerous places throughout Lake County have served as “location shots” for such films as *Ferris Bueller’s Day Off*, *Risky Business*, the *Blues Brothers* and *Contagion*. Much of this occurred in the film industry in the 1980’s, with *Contagion* and scenes from NBC’s *Chicago Fire*, being recent exceptions. Lake County is a known commodity within the film industry, offering a diversity of “location shots” from suburban Chicago, to lakefront, to older industrialized communities and residential estates. Employment in this sub-sector has declined recently in Lake County, compared with a modest increase nationally. The wages in this sub-sector are modest, but considering the seasonality and volatility of the work, reasonable. Continued

growth and development in this sub-sector, as well as the target cluster as a whole, serves to present Lake County to a larger audience, both regionally and nationally. As a result, pursuit of this sub-sector is not only economic development, but marketing as well.

b.) Arts and Cultural Destinations

This broad sector contains numerous sub-sectors, including performing arts companies and amusement parks. While employment growth and location quotients, among these sub-sectors, presents a mixed-bag of economic activity, the return to Lake County residents and businesses is immeasurable in terms of sustaining the quality of life that the arts and entertainment industries offer. More than creating new employment directly, the activities and endeavors in these sub-sectors help to sustain existing employment and attract employment in other industries in other target clusters. While it may be difficult to directly impact any one sub-sector, collectively encouraging the growth and health of these sub-sectors, and serving as their advocate and marketing outlet, could positively impact all target clusters.

7 IMPLEMENTATION STRATEGY

A. INTRODUCTION

Lake County Partners (LCP) has been the leading economic development entity for Lake County since 1998. The organization has a documented history of attracting jobs and investment to the county. Since its inception, LCP has expanded its focus and built programs to capitalize on emerging opportunities. While Lake County Partners has been diligent in reviewing the effectiveness of its programs, monitoring local and national market trends, and communicating with County businesses to prioritize its initiatives, the onset of the national economic downturn has resulted in shifts in the local economy unprecedented in LCP's existence. Changing market equilibriums and shifts in financial support for the organization have created a need to refocus the organization, reinforce confidence in LCP's ability to execute its mission, and rebuild its capacity to carry out LCP's full breadth of initiatives. The timing of the Comprehensive Economic Development Strategy (CEDS) effort aligns with the LCP's process to evaluate the organization's structure and approach.

The following narrative highlights the proposed economic development implementation strategy for Lake County Partners. As mandated in the Economic Development Administration (EDA) guidelines for Comprehensive Economic Development Strategies, the CEDS effort must, "Formulate ... an economic development program that includes systematic efforts to reduce unemployment and increase incomes." (13 CFR 303.1 (d)) To this end, the Strategy Committee has provided the "road map" of action steps that will guide Lake County Partners in advancing its effort to retain existing jobs, encourage growth of existing companies and attract new employers to Lake County. The action items detailed below are a product of a collaborative effort among the key stakeholders that will be charged with promoting and implementing the plan. Each strategy is founded in the analysis presented by the Consultant and vetted by Lake County Partner's staff, businesses leaders, community stakeholders, and the Strategy Committee.

The Strategy Committee recognizes that the level of effectiveness and success of Lake County Partners will be determined by the commitment of the Lake County business community, the Lake County government, Lake County municipal leadership, and key implementation stakeholders. To lead the Strategy implementation successfully, Lake County Partners needs to educate local private and public sector leaders to achieve "buy-in" on the value and need for a countywide economic development initiative to meet the primary objective of job creation and private sector investment. Lake County Partners also needs to expand its presence in a credible way within Lake County and the Chicagoland area.

The Strategy Committee also recognizes that the following action plan is a long-term, comprehensive vision for Lake County Partners. The Committee anticipates implementation of the entire program will be incremental over several years as new resources become available. That said, the Committee recommends that Lake County Partners narrow their focus in the short term to align with existing human and financial resources. Through this process, the Consultant, LCP staff, and the Strategy Committee have identified opportunities for Lake County Partners to implement more effective and efficient programs and policies to promote job retention, business expansion, and job recruitment. The Strategy Committee has identified a phasing strategy that prioritizes LCP actions and efforts. The majority of

this implementation framework focuses on the Strategy Committee's recommendation for the "what," the "how," and the "where" Lake County Partners should focus its efforts.

B. PROPOSED ECONOMIC DEVELOPMENT GOALS

The CEDS Strategy Committee defined strategic overarching goals to ensure the plan would be relevant to Lake County Partners' mission and supportable by local and regional stakeholders. The goals that guide this effort can be classified into "implementation goals" and "operational goals". The operational goals focus on having an economic development effort that maximizes LCP's ability to leverage its limited resources. Specifically, the Strategy Committee recognizes the need to establish a plan that rallies support from internal and external partners, fully leveraging the assets available to the Lake County Partners for implementation. The implementation goals reflect the expectations the Strategy Committee has established. These goals are listed below:

IMPLEMENTATION GOALS

- **To retain and attract primary jobs to Lake County** – Job retention, business expansion and job recruitment is the primary mission of Lake County Partners. The Strategy Committee reaffirmed its support of that focus through this effort. Much of the implementation strategy is intended to provide Lake County Partners with more strategic tools to meet this mission.
- **To diversify the County's tax base** – Given the difficult economic times, Lake County Partners recognizes the importance of industry and fiscal diversity. Lake County is particularly exposed by having disproportionately large concentrations of employment in a few industry sectors. While Lake County Partners is dedicated to preserving and growing these larger sectors, they also seek to promote the development of additional employment clusters. This diversification effort envisions promoting a range of business sizes and industry focus.
- **To enhance local workforce development and training** – The Strategy Committee recognized the potential strategic leadership role Lake County Partners can play in working with and coordinating efforts of the numerous workforce development, education and job-training providers. Given the number and capability of the existing entities, Lake County Partners is envisioned to be a coordinating entity, not a program management entity.
- **To improve access and availability to business financing and investment** – For better or worse, financial incentives and inducements oftentimes motivate business owners and entrepreneurs to relocate their businesses. The Strategy Committee recognizes that Lake County Partners needs to improve its approach to marketing existing programs and work with local decision makers (both public and private sector) that control access and availability of those incentives.
- **To improve marketing efforts for business retention and business attraction activities** – The Strategy Committee supports Lake County Partners becoming more proactive in business recruitment and retention. This effort includes significant enhancement to relations with real estate and development professionals, increasing efforts to communicate and coordinate with existing businesses; and implementing more aggressive targeted marketing campaigns at strategic industry clusters.

OPERATIONAL GOALS

- **To refine LCP's focus and improve awareness of the organization's benefits and successes** – Although Lake County Partners has functioned for many years, one of the issues it has faced

is a lack of universal understanding and support of its mission. This sentiment has been reiterated from public sector, private sector and issue-specific entities. Lake County Partners seeks to enhance awareness of the organization and its mission, with the objective of building support and participation countywide.

- **To provide new opportunities for strategic investment areas** – There are specific areas within Lake County that are well suited to attract new economic activity right now. In contrast, there are specific areas that have substantial challenges to deliver even the most basic needs of the community. The Strategy Committee and LCP staff recognize greater attention and effort need to go towards both of these groups.
- **To support improvements to infrastructure connectivity** – Portions of Lake County benefit from having substantial infrastructure capacity in utilities, telecommunications, and transportation. However, there are areas within Lake County that will require capital investments in infrastructure to maximize their respective development potential. For example, intra-county movement is limited and creates connectivity issues for businesses seeking space away from the Interstate. In these instances, Lake County Partners will work with the necessary stakeholders, such as the Lake County Transportation Alliance, to increase awareness of the need and develop a funding strategy.
- **To provide greater entrepreneurial development focus** – Lake County has necessary components to attract and promote entrepreneurial development including location, workforce, wealth, quality of life, education, and infrastructure. While Lake County Partners has recognized the value and pursued small business development in general, the Strategy Committee is recommending Lake County Partners provide greater resources and effort in developing entrepreneurial development programs (i.e. new business startups). Focusing on this effort not only activates a generally overlooked existing opportunity, it also promotes greater economic diversity for the County.

C. GUIDING PRINCIPLES

From the beginning of the CEDS effort, Lake County Partners leadership, Lake County Partners staff, and the Strategy Committee have participated in defining LCP goals and objectives and establishing a “road map” for Lake County Partners to follow to achieve success. An exercise to refine Lake County Partners guiding principles was held at the kickoff of the project. Through a series of presentations and work sessions, these principles were revisited and modified based on data presented by the Consultant and feedback provided by the stakeholder groups. The finalized principles, which all action items have been measured against include:

- **Educate citizens, civic leaders, and business leaders on the value and importance of a proactive economic development effort** – Communities that experience success in job retention and recruitment share a common attribute; a well coordinated, centralized implementation entity with a single leadership group. The Strategy Committee is recommending that Lake County Partners implement a more proactive approach to building relationships and developing alliances with local government entities and potential implementation partners. Lake County Partners will need to foster coordination and collaboration among the many leaders and stakeholders in each facet of economic development. Without true buy-in at a strategic level, it will be very difficult to generate buy-in for implementation efforts. The education process is not envisioned simply to be a sales pitch for Lake County Partners. Rather, it is an interactive effort to provide information to the Lake County community so leadership groups can make informed decisions about their interest and participation in economic development efforts. Lake County Partners is committed to

building relationships with these entities to identify opportunities for consensus building and collaboration.

- **Advise legislators as subject matter experts on economic development issues** – Illinois’ jurisdictional framework has created a complex layering of decision makers and legislators in the real estate development process. As a result, the development approval process and incentive negotiation process can require input from a number of municipal entities, taxing bodies, and community stakeholders. Lake County Partners seeks to further its role as a thought leader and subject matter expert on relations between legislation and economic development. At the state level, Lake County Partners should expand its voice for legislative changes that improve the predictability, availability, and number of state economic development incentives. Locally, Lake County Partners should increase its efforts to work with government entities and taxing bodies to understand the benefits of a streamlined development process and to develop formulaic approaches to incentives.
- **Support the development of vital infrastructure improvements in critical growth areas** – Lake County Partners recognizes that continued infrastructure improvements are needed for employment growth. Through this effort, the Strategy Committee and Lake County Partners’ leadership have identified portions of the County that are more conducive to economic development activity. Through this prioritization effort, Lake County Partners seek to establish capital and operational cost efficiencies while respecting the high quality of life in Lake County.

D. ACTION PLAN

The implementation strategy organizes the action steps into three topic areas most relevant to Lake County Partners’ current needs, opportunities and constraints. These categories include: [1] Job Creation, [2] Marketing & Outreach, and [3] Organization & Coordination. The policy direction of the plan was shaped through combining the vision of the Strategy Committee, the expectations of civic and government leaders, current market conditions, identified opportunities, and projected future market influences. The following narrative describes the proposed efforts Lake County Partners should undertake to position (and reposition) the organization and the County to maximize the effectiveness of existing potential resources in retaining jobs, growing existing businesses and attracting investment and development.

1. Job Creation

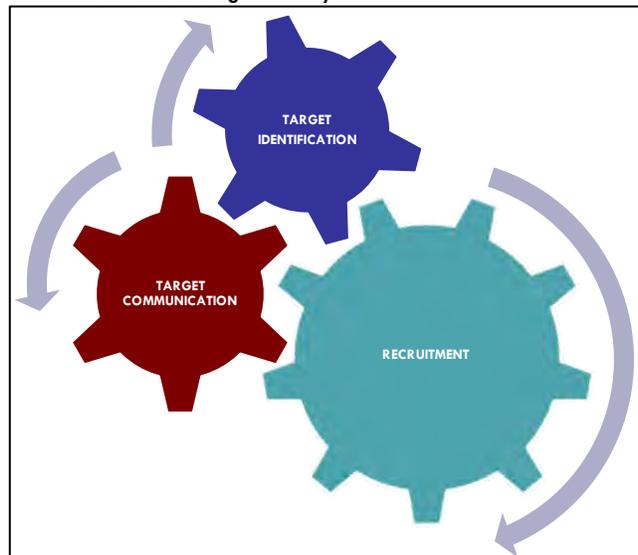
The overarching purpose of Lake County partners is threefold: [1] retain the jobs we currently have in Lake County; [2] provide support for existing business to expand locally; and [3] attract new employers to the County. The most effective ways to influence job creation are to improve economic conditions, actively recruit specific business enterprise, enhance the predictability of the development process, and incentivize those targeted businesses. In addition to the direct action strategies available to Lake County Partners, other influences are beyond the control of LCP decision makers. In these instances, the Strategy Committee has identified advisory actions available to Lake County Partners that will assist those decision makers to make informed decisions about the potential impacts to economic development efforts. To this end, the following direct action and advisory efforts support the overarching goal of job creation, business expansion and wealth creation (both public and private sector wealth).

a.) Direct Action Strategies

Target Industry Recruitment – The Strategy Committee expressed a strong desire for Lake County Partners to focus recruitment and retention efforts to diversify the County’s economic base in terms of industry clusters and company size. In other words, the final business plan should seek a balance of effort to support and attract everything from large employment centers to small start-up businesses. The target industry marketing campaign involves three basic steps: [1] target identification, [2] target communication, and [3] recruitment (Figure 7-1). Each step builds on the success of the previous step. However, the steps should be repeated on a regular basis as new companies are developed, leadership within companies change and the local, regional and national markets consistently shift. Furthermore, the marketing process will vary from company to company, oftentimes requiring a long ‘courtship’ process.

- Target Identification – Target identification involves developing, maintaining and expanding a list of businesses within the identified industry clusters to actively contact and recruit. The Strategy Committee recommends the implementation entity utilize the following methods to identify potential leads for recruitment. First, Lake County Partners should contract with a business database company, such as Dun and Bradstreet, to collect contact information for all businesses within the targeted industries. These data vendors allow a client

Figure 7-1
Interactive Process of Target Industry Recruitment



to input detailed screening criteria to ensure the resulting list best meets the client’s needs. Inputs typically include industry code, location, company size, employee count and annual sales volumes, among others. These services generally are fee-based, often charging by the record. Second, Lake County Partners should work with the advisory panel participants to gather information on companies they do business with, whether as clients or dealers. This list is most valuable, as these businesses already have some understanding of Lake County and its business community. Finally, Lake

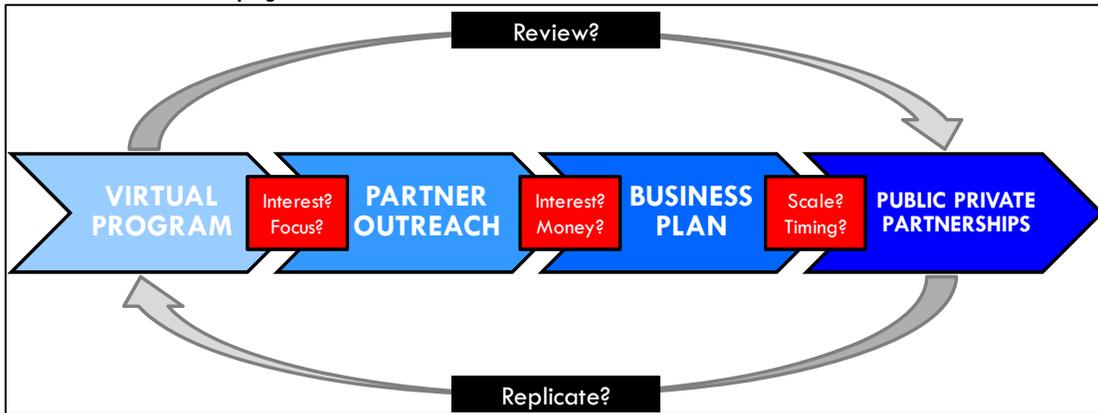
County Partners join industry-specific professional organizations related to the target industries to gain access to their membership lists. The combined results of these efforts should result in a comprehensive list.

- **Target Communication** – Target communication includes all interaction between Lake County Partners and the prospects from initial contacts and follow-ups to face-to-face meetings. The communication process should be initialized through a direct mailing campaign, using the target list developed in the last step. The mailing should include information about Lake County, the target industry specific brochures, and other pertinent documentation (see marketing recommendations for the actual materials to be created). The initial mailing should be followed up with a direct phone call within two to three weeks. The phone call should be made by either staff or an ambassador. If this is a referral, then the person making the referral should be involved early in the process.
- **Recruitment** – Communication beyond the initial phase of contact needs to be tailored based on the response of the prospect. The recruitment process may require several contacts, meetings at professional trade shows and/or multiple attempts through the initial communication process. The ultimate goal should be to get the prospect to visit the community either on a one-on-one basis or as part of a recruitment /networking visit. Regardless of the timeline, continued contact is important in developing a rapport with the prospect. It is important to note that the person/persons in charge of working with a prospect should be consistent throughout the process, when possible.
- **Target Visits** – Formal mail/phone recruiting should be the cornerstone of Lake County Partners implementation strategy. However, more strategic site visits also should be implemented. These trips oftentimes identify between 10 and 15 prospect companies within a confined geography for one-on-one visits. Developing these target lists and establishing these trips typically are coordinated with consultants that specialize in prospect identification and development. Lake County Partners should utilize this approach initially, considering the cost/benefit of developing this capacity in house. The Strategy Committee recommends one trip be organized annually.
- **Hosted Events** – In addition to outreach trips to industry targets, Lake County Partners should consider hosting individual and groups of prospects. Hosted events should be themed in nature (i.e. vertical supply chains for existing companies, target industries), lasting between 2-3 days. The event should be highly structured, integrating social events with ambassadors/local industry leaders with information sessions and strategic site visits.

Entrepreneurial Development – As detailed through the CEDS effort, Lake County has potential to develop a dynamic entrepreneurial program that expands upon existing County resources such as the Small Business Development Center at the College of Lake County. The Strategy Committee envisions a process where Lake County Partners becomes a connection point for property owners (physical space), investors (funding), mentors (business planning), and entrepreneurs (products and ideas) in creating opportunities for companies to grow and prosper in Lake County. The entrepreneurial program should be modeled after the National Business Incubation Association (NBIA) best practices approach and vetted through the entrepreneurial advisory panel (Figure 7-2). In parallel of the entrepreneurial idea, the CEDS Strategy Committee recommends Lake County Partners develop a Proof of Concept Center in life sciences as well. Specific steps for both concepts are as follows:

- Initiate a virtual entrepreneurial program – The Consultant recommends Lake County Partners initiate this effort through a virtual approach, not limiting the program to a specific industry or service. Initial interest will help Lake County Partners determine an approach before any substantial investment of money.
- Partner outreach effort – Concurrently to the virtual program launch, Lake County Partners should initiate a comprehensive outreach effort to potential partners (i.e. property owners, investors...) to gauge interest and investment requirements. This effort is a critical component of this effort, and likely will define the potential for

Figure 7-2
Iterative Process to Developing Incubators



program expansion. Seeking investors, partners, and funding sources simultaneously with identifying potential users will aid in the business planning process.

- Development of a business plan – Once Lake County Partners are able to identify interest patterns from prospect, investors, and mentors, the staff will be better positioned to create a viable business plan. The business planning effort should solicit input from the property owner and investor groups that express interest during the outreach phase.
- Establish public-private partnership to operate the program – While Lake County Partners should lead the creation of an entrepreneurial program, the time and resources necessary to run the program likely will require a partnership of several entities (public and/or private). It is recommended that a joint venture/PPP be created to spread the responsibility and the risk.
- Secure physical space – If the process reaches this phase, the implementation entity should identify the appropriate space. It is important to note that the cheapest space is not always the most advantageous. Amenities such as shared reception, shared cost centers (i.e. phone, internet, publishing, marketing...) also has value.
- Replicate efforts as needed – Given the size of Lake County (from both a population and physical standpoint) a single facility may not accommodate the potential demand/opportunity for small business development in Lake County. Additional facilities will be necessary if the initial concept focuses on a specific industry or service.

b.) Advisory Strategies

Regulatory Tools – There are a series of regulatory tools available at the County and municipal level that can be allied to enhance economic development. Lake County Partners should implement an outreach effort to provide education to local elected officials on how these programs work, how they affect the jurisdiction and the potential benefits to attracting jobs and investment. The regulatory tool effort should be a follow-up approach to relationship building and community outreach. Potential regulatory tools to address with the governmental bodies and taxing districts include, but are not limited to, programs such as:

- Community improvement district
- Tax increment financing
- Universal design code
- Overlay districts
- Transfer of development rights
- Streamlined development review process

Incentives – As with the regulatory tools effort, Lake County Partners can provide value to local community discussions on various financial tools available to governmental and taxing bodies in Lake County. Through the municipal stakeholder survey administered by Lake County Partners as part of the CEDS effort, more than 50% of respondents indicated a desire to learn more about incentives and their relative functions. Rather than presenting the information as part of a promotional effort, the Consultant recommends Lake County Partners develop a series of tutorials on how different programs work and the benefits and challenges to each. It is through this objective prism that Lake County Partners can truly enhance their reputation in the public and governmental arenas. Financial incentives include, but are not limited to:

- Tax abatement
- Fee reductions/waivers
- Loan guarantees
- Rate buy-downs

Workforce Development – Lake County is well served by a number of public and private workforce and education providers. Entities such as the College of Lake County, the Lake County Workforce Investment Board, the Workforce Development Department of Lake County, Regional Healthcare Consortium, and the Lake County Regional Office of Education have a number of programs and resources dedicated to providing local industry with job skill training, professional development, and customized instruction. To this end, Lake County Partners does not need to develop workforce development capacity within the organization.

However, the CEDS process has revealed these assets oftentimes are not coordinating efforts and/or are offering duplicative services. There is an opportunity for Lake County Partners to coordinate all of these organizations relative to workforce and education for economic development. Most notably, there are concurrent efforts to outreach to Lake County businesses about workforce training needs. It is possible that certain companies are being contacted multiple times in a short period while others go neglected for long periods. In this instance, it is logical for LCP to become the strategic coordination point to ensure outreach efforts reach to most number of businesses. Initiating the workforce and education advisory panel is the necessary first step to achieve buy-in. Other areas of value-add from Lake County Partners for workforce development include comprehensive workforce program marketing materials, jointly attended industry outreach meetings, centralized data collection and sharing, and program development coordination.

Infrastructure – Lake County Partners should collaborate with the appropriate local infrastructure providers (i.e. ComEd, water/sewer authorities) and infrastructure advocates (i.e. Lake County Transportation Alliance) to educate and promote the opportunities to improve economic development efforts through concurrent infrastructure improvements. As seen in the priority projects section, there are a number of utility, telecommunication and transportation improvements that have a direct impact on Lake County’s growth potential. Lake County Partners should take an active role on promoting these improvements, and work to identify potential partnerships and funding sources to accelerate the delivery of these capital improvements.

Advisory Services – Lake County Partners structure significantly limits its ability to be a state lobbying entity that champions legislative changes. However, the Strategy Committee recognizes that the organization can play a more active role in following proposed local and statewide legislative changes, supporting efforts to enhance doing business locally and in Illinois, providing locally-based education on policy decisions and how they affect economic development opportunities, and offering technical advisory services in drafting and modifying existing regulations. Given the availability of government affairs professionals working for companies located in Lake County, Lake County Partners should consider creating an ad hoc committee of these professionals to assist in document review and outreach in a manner similar to the ambassador program.

c.) Priority Actions

In addition to roles and responsibilities currently ongoing at Lake County Partners, the following actions are considered “priorities” for the Strategy Committee, and should be considered for implementation within the first 12 months. Other implementation actions are recommended as follow-up, or mid-term, strategies.

- Create all marketing collateral for target industries
- Identify and target 50 prospects within the target industry clusters
 - 10 prospects should be provided by existing industries
- Implement and market virtual incubator concept
- Develop and attend a prospect visit trip in the precision manufacturing sector
 - Preference of international focus
- Prepare and submit EDA grant application for life sciences Proof of Concept center
- Prepare and submit EDA grant application for Sheridan Crossing gap financing application
- Prepare and submit EDA grant application for fiber optic ring connecting Waukegan and North Chicago to existing fiber grid

2. Marketing & Outreach

All of the action items within this strategy have an indirect relationship with marketing. At the base level, Lake County Partners will be challenged to increase local buy-in and support from governmental and stakeholder collaborators without increasing awareness of the organization and its mission. Furthermore, it is impossible to develop target industry recruitment effort devoid of the marketing collateral necessary to provide information for a prospect to consider. In this regard, these actions require internal and external coordination between several LCP interests. However, there also are the marketing-specific tasks that need to be accomplished.

Lake County Partners has three distinct roles in marketing and outreach. First, Lake County Partners will work with local stakeholders and communities to educate on the benefits of economic development. This effort will enhance general awareness of Lake County Partners and build support for its efforts. Second, LCP will work with all stakeholders to build meaningful, strategic networks. These networks will improve communication about opportunities as well as serve to troubleshoot any challenges in

meeting the ultimate goal of job retention, market expansion and business attraction. Finally, Lake County Partners will synthesize local strengths and successes to promote market opportunities and advantages of doing business in Lake County. This external message will be focused on potential investors and job creators.

The strategy will later address the need for a marketing director within Lake County Partners that can work to promote the organization and the community, while disseminating information about the status of economic development initiatives. It also will detail advisory panel efforts and the ways Lake County Partners can utilize those groups. Additional efforts include:

a.) Create target industry recruitment and retention marketing materials

Providing marketing materials to existing and prospective businesses is a tool that can serve many purposes. Marketing materials can be a quick way of showing prospective companies the benefits of doing business in Lake County. These materials can also be used as part of an introduction with businesses that help open the door to further dialogue. Existing businesses would also benefit from marketing materials as it provides reasons for why it is beneficial to continue operating in the County and what programs/incentives are available to help these companies thrive.

Consistently updating the recruitment materials, particularly those related to projects currently under development, is important because these materials not only promote advantages to locating in Lake County, but also provide a status of success for new growth. Other general recommendations from the Strategy Committee include: [1] ensure there is uniformity in design and print quality on all materials; [2] update data and figures utilizing nationally recognized data sources, which is particularly true for web-based materials; and [3] critically review content in each document on whether it is necessary for inclusion and limit the size of documents.

The new marketing brochures should be no more than a single 11x17 sheet folded in half. However, a single 8.5x11 sheet printed on both sides or tri-fold is preferred. The marketing materials should cover six main topic areas:

Quality of Life – The quality of life brochure should focus on the intangibles of living and working in Lake County, highlighting the live-work-play concept of choosing Lake County. The content should emphasize factors such as cost of living, crime information, school performance, community diversity, proximity to transportation and urban markets, and quality/variety of leisure activities.

Target Industry Materials – Lake County Partners needs to create industry-specific marketing materials for each of the target industries. Each document should be customized based on the particular cluster. The documents should highlight information including employment and establishment growth data, current businesses operating in the County, competitive advantages of operating locally, unique incentives available (where applicable) and local business contacts (ambassadors). The Eastern Iowa Economic Development Alliance developed a good example of this type of document (Figure 7-3).

Incentive Sheet – A series of incentive documents should be created that detail all local (taxing body), county, state and federal incentive programs. Each incentive sheet should focus on those programs relevant to the particular industry group being targeted. Prospective businesses can use this document to gauge the financial benefits to doing business in Lake County, and existing businesses may be alerted to incentive programs they were unaware of, therefore helping to ensure their continued presence in the City.

Business Testimonial Book – Craft a business testimonials book with written statements from existing Lake County industry leaders on topics ranging from quality of life, business climate, market performance and personal preference on choosing Lake County to do business. It is recommended that a wide range of business leaders who have been historically successful be interviewed for the testimonial book. Individual testimonies of leaders from within Lake County’s target industries should also be included in the target industry brochures.

Figure 7-3
Example Target Industry Profile

CHOOSE EASTERN IOWA.COM
Proximity • Productivity • Pro-Business

METALS & RELATED MANUFACTURING

The East Central Iowa region has an established metals industry cluster—one of the strongest in the nation—that includes such diverse areas as fabrication of structural metal manufacturing, metal cutting and machine tool manufacturing, iron manufacturing, steel pipe and tube manufacturing.

East Central Iowa is home to major metal producers including SSAB, Gerdau-Aminstedt and AKOIA. There are dozens, if not hundreds of other companies producing metal products and supporting the producers. Due to our strength in both metals and support services, we have a trained and ready work force to meet your labor needs.

East Central Iowa Region Offers Unique Expertise in Specialty Metals
Upon the completion of the Quast-City Manufacturing Lab in 2010, the site will work to develop a more cost-efficient way to manufacture titanium. The ninth most abundant element in the earth's crust, titanium is as strong as steel but 45 percent lighter. It is twice as strong as aluminum at just 40 percent more weight. Titanium's potential use for military applications such as armor, vehicles, weapons and prosthetic limbs was the buzz during the recent Titanium Processing Conference held at the Rock Island Arsenal. Allied with the Joint Manufacturing Technology Center (JMTCC) operations at the Quast-City Manufacturing Lab will begin in 2011.

Key Regional Advantages for Metals and Related Manufacturing Companies:

- Rock Island Arsenal** – In addition to being a major employer near the region, the Arsenal partners with local firms to bid on major contracts, promotes the development of technic-based start-up companies, and provides military procurement assistance.
- Market orientation/transportation** – With our location within the center of the Midwest and in place truck, rail, air and water transportation, you will have ready access to suppliers and markets.
- Manufacturing expertise** – Our workforce understands manufacturing – this single sector represents 36% of regional earnings. We have the talent from production workers and first-line supervisors to engineering, sales and general management to grow your business.
- Iowa work ethic** – Ask our existing employers, and they'll tell you the main benefit of being located in East Central Iowa is the highly productive, hard-working labor force.
- Pro-business climate** – Iowa is the only Right-to-Work state in the Upper Midwest.
- Workforce training** – Eastern Iowa Community College provides training in each of our five counties. Employees who have used the program include: Outpost Services, SSAB, AKOIA, Ovens.
- The John T. Blong Technology Center** – The center supports the economic future and vitality of area manufacturers through human resources, technology and industrial development.
- Electric power costs** – High electricity reliability at low cost. Electric power rates are among the lowest in the nation.
- Incentives** – Eastern Iowa has some of the strongest business incentives in the Midwest, including strong job training programs.
- Taxes** – With extremely competitive rates, Iowa has the lowest unemployment insurance rate of any state in the nation, low workers' compensation rates, and no inventory tax on M&E or inventory, and a single-factor non-ordinary corporate income tax.
- Low cost of doing business** – Iowa ranks as the Second Best State for Cost of Doing Business, according to the Midland Institute Cost of Doing Business Index. Compared to the national average, the cost of doing business in Iowa is just 75.7%.

Available Labor for Jobs in the Metals and Related Manufacturing Industry April 2010

Standard Occupational Classification	Title	Total Jobs	Employable Jobs
49-9042	Maintenance and repair workers, general	1,240	2,862
41-4012	Chemical, mechanical, electrical and metal manufacturing, except technical and scientific products	1,939	5,778
41-2111	Electricians	1,802	887

Representative Regional Metal Manufacturers

Employer	Description	Number of Employees
Ovens & Ovens	Mechanics, heavy equipment	1,500
HRB Greendawn	Office furniture manufacturer	1,200
Boys	Mechanics and steel sheet and plate rolling	2,200
Chills, Inc.	Fabricated pipe products manufacturer	800
Gerdau-Aminstedt	Steel manufacturer	400
Ovens Steel Corp.	Automated and custom steel manufacturer	300
SPCO	Steel fabric manufacturer	300
Metallbau & Metall, Inc.	Carbon steel manufacturer	100
FLCOG International	Hardware and Electronics custom manufacturer	100
Le Clair Manufacturing Co.	Aluminum/steel heat treating, steel	100
East Iowa Metal Products	Covering, slitting, forming, welding and assembly	60
Blawie Forge, Inc.	Iron/steel forging	60
Edward Metal, Inc.	Steel forming and fabricating, steel metal fabricating	52

Living Here
Eastern Iowa has the blend of rural charm, open space and urban amenities that are a natural work force draw. Many urban centers such as Chicago, Milwaukee, Minneapolis, St. Louis, Omaha and San Diego are within easy driving. We offer excellent K-12 and higher educational opportunities in the region which include the University of Iowa and Western Illinois University, a cost of living that's 20% lower than the national average, crime rates lower than the national average, and a host of recreational and cultural opportunities for the whole family.

How can we help you succeed today?
Steven G. Ames
Eastern Iowa Economic Development Advisor
562-242-4536
email: samsg@chooseeasterniowa.com

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Technology Sheet – Lake County Partners needs to create an inventory of available technology infrastructure in the County. This effort includes capacity and location of fiber optic infrastructure and internet/cellular coverage. The technology sheet should feature facilities and sites that have unique or particular state-of-the-art amenities.

Property Highlight Sheet – Often call a property showcase book or priority property book, the spotlight property materials should be customized to the known needs of the prospect being targeted. For example, a warehousing prospect will not be interested in an office building or piece of land without good transportation access. In today’s just-in-time production effort, having immediately available, relevant properties for a prospect to consider oftentimes is the difference between success and failure.

b.) Community Coordination and Outreach Strategy

Community awareness and support is vital to Lake County Partners achieving the most efficient and effective economic development organization. Much of the economic development process in Lake County (i.e. incentives, zoning, development process...) is controlled by local taxing bodies and municipalities. Without support from these entities, Lake County Partners will not be able to offer complete value-add to prospects and existing businesses. Through this process, the Strategy Committee has learned relationships with individual taxing bodies and municipal leaders vary. Some communities/taxing bodies have strong relationships with

Lake County Partners, while others have little to no awareness of the organization. Increased awareness and education about economic development can only benefit Lake County Partners in building sustainable and strategic relationships with all local stakeholders.

Economic Development 101 Series – A popular and easily delivered initiative is the development of an “Economic Development 101” program. Simply put, this effort can be delivered to small to mid-sized groups to educate them on the virtues and challenges of implementing an economic development program. Topics include defining what economic development means in Lake County, how job retention and creation programs work, and the economic benefits and costs of active economic development initiatives. Implementing a series of these education sessions will allow LCP to simplify the discussion to specific components of Lake County Partners and the organization’s economic development process. The Strategy Committee recommends the first three 101 sessions address:

- What is economic development, and what does that mean for Lake County? – A primer that demystifies the comprehensive term, “economic development” and focuses deliverable expectations from Lake County Partners.
- Who does economic development? – A presentation that reveals the complex relationships that are required to do economic development, from government participation to stakeholder coordination to coordinated outreach efforts
- What are the benefits and costs of economic development initiatives? – An honest breakdown of what is considered a “win” for Lake County and the costs to implement the programs to get those wins.

Meeting in a Box – The meeting in a box concept is a useful tool for Lake County Partners given the sheer population and land area size of the County. Simply put, the Lake County Partners Board and staff would have to dedicate their entire efforts to community outreach to reach the entire County population. This approach empowers local organizations, communities, and interested parties the information necessary to host self-guided discussions about economic development. One particular use would be to enable community advocates (described later in this chapter) to lead discussions with municipal leaders on the opportunities and impacts of certain regulations on economic development. These materials should be customized to the topic, ranging from advocacy pieces to technical assistance presentations. The municipal advisory panel should help establish the criteria for the first few programs.

Forums and Seminars – The Economic Development 101 and Meeting in a Box initiatives are two of the better options available to Lake County Partners to enhance its efforts to improve community relations and support for economic development. However, there are other approaches that the LCP should consider and pursue as resources and interest increase. Those options supported by the Strategy Committee include:

- Town Halls – Town hall events should focus on the “state of economic development” within Lake County. Events like this should be limited to once or twice annually, and focus on accomplishments, market changes, new programs or efforts, and emerging markets.
- Industry Forums – Industry forums are intended to focus on current and near-future opportunities and challenges within a specific industry (i.e. manufacturing, hospitality, multifamily...). These events oftentimes use a panel-style set up to have local and regional industry leaders address questions from a moderator aimed at educating attendees about the likely future of the industry.

- **Guest Lectures** – Guest lectures offer Lake County Partners to invite subject matter experts from around the world to talk to attendees about a topic relevant to Lake County Partners' current economic development initiatives. For example, if LCP chooses to lead a camera-ready initiative in Lake County, they should bring in an expert on that topic to educate the communities and stakeholders on how to best position themselves to attract interest from the film industry.
- **Best Practice Seminars** – Best practices seminars often focus on regulatory and policy issues. For Lake County Partners, best practices seminars surrounding a topic relevant to promoting economic development at the municipal level (i.e. form based code) is a logical approach. In these instances, LCP can invite all stakeholders to participate in a presentation/discussion surrounding the benefits and drawbacks of a particular action.

c.) **Business Outreach Efforts**

Lake County is home to a large industry and employment base. While business attraction and job recruitment is a primary focus of all economic development entities, business retention and expansion should receive equal attention and effort. Simply put, for every company Lake County Partners seeks to attract to the County, another community's economic development entity is attempting to attract a Lake County business away from the County. Multiple purposes are served through providing attention to existing businesses including improving corporate loyalty in Lake County, creating opportunities for expansion, and identification of market issues that could affect existing and new businesses. To this end, the Strategy Committee believes resources should be dedicated to retaining and growing existing companies. The focus of business outreach should be to identify potential issues of local businesses and implement

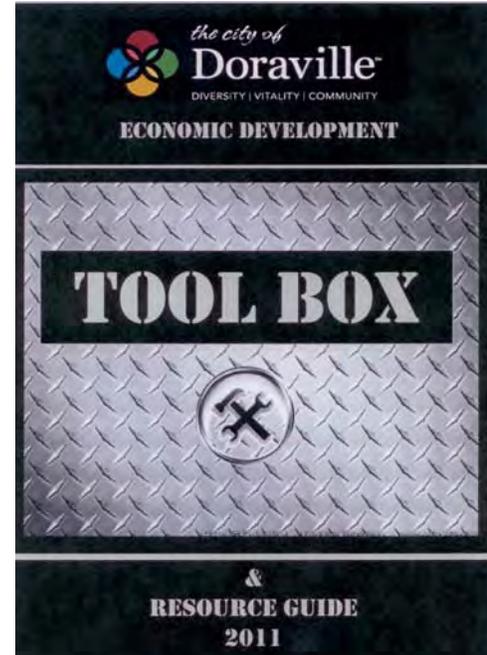
Business Survey – Lake County Partners reinitiated its business survey efforts through the CEDS process. An initial business survey was implemented during August of 2012. Lake County Partners was able to connect with several new industry leaders, identify needs from particular businesses, and receive several recommendations that carried through into this implementation strategy. While the survey results are not statistically significant to derive countywide needs or opportunities, the effort was a critical first step to developing an annual effort designed to increase awareness of the organization and identify opportunities for Lake County Partners to provide value-add to existing businesses.

Business Retention Program – The Strategy Committee recommends Lake County Partners revitalize its existing business outreach program. As discussed throughout this plan, LCP has the opportunity to be strategic in using its partners to enhance outreach to local businesses. At a base level, the business survey will offer an immediate list of businesses that will identify specific needs and opportunities. From that list, the coordinated outreach effort with implementation partners (i.e. municipal economic development entities), industry groups (i.e. IMEC, iBIO...) and workforce professional entities will increase LCPs capacity without increasing cost. Finally, Lake County Partners can coordinate meetings with local businesses that have identified a particular need (either through the business survey or through direct/indirect contact with Lake County Partners) and the partner entities necessary to develop and enact a solution. Initial actions should be concentrated in the target industry clusters. When combined with the results of the business survey, the business retention program results will provide Lake County Partners with a comprehensive assessment of current and projected needs/issues of Lake County businesses. This information should be the foundation for future modifications/additions of LCP business retention and development programs.

Program and Policy Handbook – The program and policy handbook is a comprehensive list of all local, county, state, and federal regulatory and incentive programs available to businesses

that operate in Lake County. The handbook should be organized by program and policy type (i.e. financial incentives, tax incentives, job incentives...). This handbook is valuable to both existing businesses and new prospects. However, the book as an entirety should be used as a reference to customize marketing collateral. Any information shared with existing or new businesses should be tailored to their location, need, and eligibility. In other words, the handbook is an impressive marketing tool to show Lake County is supportive of business, but is not a solution to direct attention to a particular businesses need. The City of Doraville, Georgia is a good example of an effective approach (Figure 7-4).

Figure 7-4
Doraville, GA Resource Guide



d.) Media Outreach Campaign

The transition from written word to digital media is consistent and inevitable. Economic development amenities such as websites, Twitter® feeds and Facebook® pages once considered “cutting edge” are becoming requirements to remain relevant to industry and site selection leaders. Lake County Partners has a solid foundation within the digital media world. However, there are opportunities for the organization to enhance its efforts.

Lake County Partners Website – The Lake County Partners website holds substantial information. However, the information provided is not necessarily the most pertinent for the topic or done in a manner that is efficient. The Strategy Committee recommends the Partners organize the website into two distinct areas.

- Industry and Site Selection – This portion of the website should include all of the information and marketing materials dedicated to business retention, business expansion, and prospect attraction. In addition to a general section that details the strengths and opportunities within Lake County, each target industry should have a separate section that highlights the marketing materials detailed earlier in this section. Other areas within the industry and site selection portion of the website should be a comprehensive incentive and business development program listing, workforce training and education resources, ambassador testimonies and contact information, and digital versions (typically PDF documents) of the organization’s print materials.
- Business Development – The business development section of the website should be dedicated to marketing and supporting existing business entities and local business creation. The business development section should host the annual business survey effort begun as part of this CEDS process.

Social media – As mentioned, industry leaders, site selector, and economic development professionals are continually increasing their use and understanding of social media outlets. Although social media likely will not supplant the more traditional networking efforts (i.e. marketing trips, professional trade events...) in the near future, they increase public awareness and reach a broader market in a cost efficient manner. Lake County Partners is using Facebook, but does not post regular updates or link news events and publications to the site. A more concerted effort to maintain the Facebook page, as well as expand into Twitter and LinkedIn is recommended by the Strategy Committee. Posts/comments should be made no less

than once a week, and more frequent when newsworthy activities are occurring. Responsibilities for updating these efforts should be assigned to the economic development technician in the short term and the marketing director position once it is filled.

Publications – Regular and consistent outreach to partners, prospects, and stakeholders is critical for an economic development organization to operate efficiently and effectively. Lake County Partners has the opportunity to increase its marketing and outreach efforts. Most notably, the Partners should be sending a monthly eNewsletter to its subscriber, partner, and prospect list detailing activities, accomplishments, and upcoming events. Other outreach publications should include newspaper articles about economic development in Lake County, announcements, and event notifications and invitations. As part of this effort, Lake County Partners needs to continually update and expand its contact lists. A more regular outreach initiative will help ensure contacts are current.

e.) Stakeholder Outreach Efforts

Similar to the community outreach component, Lake County Partners is faced with a complex implementation partner network. This finding is consistent with all large-scale organizations that have a large service area. Among the many recommendations provided in this plan, two of the immediate opportunities/needs are implement a more strategic networking and outreach effort to LCP's private sector counterparts: real estate professionals and site selection consultants. Industry trends reveal that the larger site selection and real estate brokerage entities are merging into large, full-service economic development assistance companies. Within Lake County and the Chicagoland area, a substantial percentage of site selection and real estate acquisition/development activity is condensing under a few commercial operations. The Strategy Committee recognizes that Lake County Partners needs to increase awareness to and relationships with these entities, and encourages Lake County Partners to implement a focused outreach effort to regional real estate partners as an initial step to increasing awareness and interaction with prospects and their representatives.

Real Estate Professional Networking Program – Lake County Partners should implement a bi-monthly or quarterly networking and outreach event for local and regional real estate professionals including Realtors, investors, developer and property owners. The focus of these events is to increase communication between LCP and these professionals while creating new relationships within the Lake County real estate community. If Lake County Partners becomes more active in property acquisition and development, having these relationships will enhance the organization's ability to execute deals. The first event should be targeted at reintroducing Lake County Partners and its revised approach to the real estate community. Subsequent events should be held on a strategic basis surrounding opportunities such as substantial announcements, potential projects, and information dissemination. An advisory panel of real estate professionals should be created to complement the execution of this effort.

Site Selection Professional Marketing Events – In addition to local and regional relationship building, Lake County Partners should be networking with national and international site selection professionals. The Strategy Committee recommends hosting one event annually for between 3 and 10 site selection professionals, targeting individuals with experience/interest in Lake County's target industries. Events should be 2-5 days, including a series of social activities with local real estate professionals and information sessions on opportunities and efforts in Lake County. A number of consultants specialize in creating and implementing these events. Lake County Partners can use these services until the expertise is developed in house. Additional activities include regular one-on-one meetings with leading site selection professionals as well as participation in and sponsorship of consultant conferences and forums held throughout the year.

f.) Priority Actions

In addition to roles and responsibilities currently ongoing at Lake County Partners, the following actions are considered “priorities” for the Strategy Committee, and should be considered for implementation within the first 12 months. Other implementation actions are recommended as follow-up, or mid-term, strategies.

- Organize all ten advisory panels and host four quarterly meetings with each group
- Host one town hall-style meeting to provide public with progress report
- Implement second annual business survey
- Organize and host four real estate/site selector networking events
- Hold 50 existing business retention visits
 - Coordinate an additional 100 visits with implementation partners
- Publish 12 monthly eNewsletters

3. **Organization and Coordination**

The Strategy Committee has recognized from the beginning of this effort that to be successful, Lake County Partners need to become more proactive in business recruitment and retention, and promoting real estate investment. To this end, the Strategy Committee believes Lake County Partners need more appropriate capability and capacity to execute the plan in a manner consistent with the expectations of LCP board members, business leaders, and governmental stakeholders.

Lake County Partners should be the primary point of contact for economic development efforts in Lake County. However, economic development in a large, diverse market such as Lake County is broader reaching than a single entity could undertake. For Lake County - and Lake County Partners - to be effective in economic development, it will require a more consistent, proactive effort to engage and activate the various partners available. These partners range from taxing bodies to trade associations and subject specialists to investors and the development community. Logical partners include:

- DCEO/Illinois
- County government/elected officials
- Municipalities/municipal economic development entities
- Taxing bodies
- Membership/professional associations
- Workforce entities
- Financial institutions
- Brokers/real estate professionals
- Developers/property owners

The following tasks reflect the efforts being proposed to improve efficiency of operations, increase staffing levels, and better leverage strategic community assets.

a.) Operational Focus

The Strategy Committee recommends the implementation entity have five primary focus areas, each requiring equal attention and effort. Within each of these focus areas, Lake County Partners board of directors should operate individual working committees focused on the implementation and administration of activities germane their respective actions within the business plan. Each of these working committees should have board member representation, and be comprised of individuals with knowledge of the topic area. The five topics are:

Economic Development – This committee should be focused on the “traditional” efforts of an economic development group, including business retention, business expansion, and project

management. The economic development committee oftentimes is the executive committee of the Board of Directors.

Marketing and Outreach – The marketing and outreach committee should advise Lake County Partners staff on the management and strategic planning for internal and external messaging of the organization. This group should critically assess and advise on issues such as material creation, outreach strategies, and event planning.

Entrepreneurial Development – Lake County is well positioned to establish a formal entrepreneurial development program. Opportunities exist to promote industry specific efforts (i.e. life science research) as well as general business incubation. This committee should serve as the strategic advisors to the development and implementation of LCPs business incubators.

Workforce Development – Workforce development is a critical factor in any job retention and creation effort. Lake County Partners needs to coordinate with existing workforce training and education partners to better market the capacity and capability within Lake County. This committee is envisioned to provide insight and support for developing strategic alliances in workforce and education programs as well as providing feedback on retention outreach efforts.

Regulatory and Financial Advisory Services – This committee is responsible for assisting Lake County Partner staff in assessing and improving Lake County Partners efforts in building relationships with financial and governmental partners. This committee should include representatives from County, state and federal elected officials to work on approaches to improve the regulatory environment for businesses in Lake County.

b.) Staffing

The mission presented in the CEDS reflects the Strategy Committee’s aspiration for Lake County Partners. To accomplish everything detailed in this document to a level envisioned by the Strategy Committee, Lake County Partners will require a broader range of skills and staffing to implement the plan successfully. To this end, implementation of the full plan is occur incrementally, with Lake County Partners expanding its focus and effort as staffing and resources become available. The Lake County Partners Board and staff will determine what functions are implemented in the short-term, mid-term, and long-term as the organization continues to grow and gain success. During this process, the Strategy Committee recommends Lake County Partners utilize techniques to augment existing capacity through contract, part-time, and/or temporary expertise. New full-time staff should be added as costs for specific skill sets exceed FTE salary levels. Ultimately, the Strategy Committee recommends Lake County Partners strive to achieve the proposed management and staffing plan (Figure 7-5) or some variation similar in scale and expertise.

President & CEO – The President & CEO should be the public persona of the implementation entity, becoming the visual and vocal leader for economic development within Lake County, responsible for implementing the vision and guiding the mission of Lake County Partners. The president & CEO needs to work with the board of directors providing strategic guidance, advice, and resources for implementation. More specifically, the president & CEO should be focused on building the organization’s relationships with local and regional implementation partners including municipal governments, the County government, utility and taxing bodies, business leaders, civic leaders and strategic economic development leaders.

While focus on the “big picture” is a critical role for the position, the president & CEO should have regular contact with management staff and be accessible to support staff and volunteers. A focus on the organization’s funding and strategic resources should be the

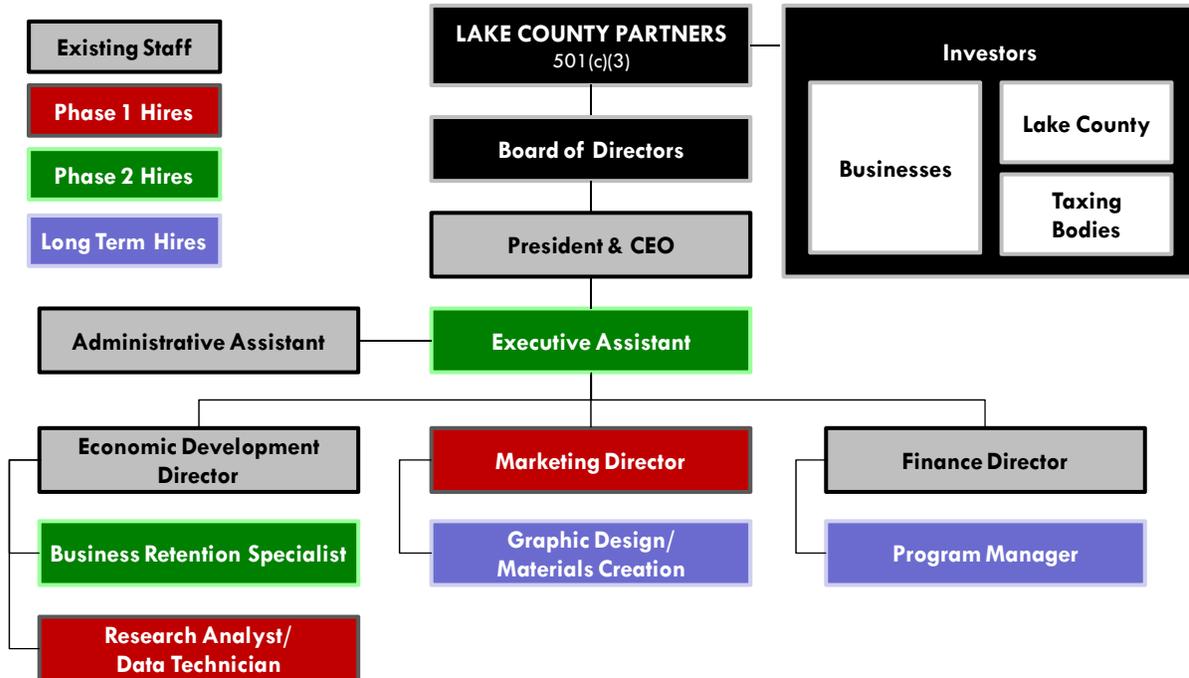
president & CEO's role as well. The president & CEO should have at least one support staff (i.e. an executive assistant), with an administrative assistant as well to handle the organization's more routine needs.

Economic Development Director – The economic development manager should have three primary roles, [1] overseeing the Partner's technical and administrative efforts on a day-to-day basis; [2] managing the business recruitment and retention efforts for Lake County Partners; and [3] heading the advocacy efforts for the organization. Effectively, the economic development director should function as the general manager of the organization, focusing on job creation and attracting investment. The economic development director should have two staff members reporting directly to them, a business retention specialist and an economic development technician. Additional staff for retention and recruitment efforts should be added as resources allow.

Business Retention Specialist – The business retention coordinator primary focus should be to work with each of the various business interests within the County to identify issues related to doing business in Lake County, facilitating discussions with the appropriate entities to find a solution. The retention specialist should be an active participant in the industry focus group discussions that occur as part of the workforce and entrepreneurial development efforts.

Economic Development Analyst – The economic development analyst needs to be proficient in data research and analysis as well as database creation and management. This position requires a high skill level in various hardware and software packages including Microsoft Office suite (or equivalent) and ESRI ArcGIS. Web design and general information technology skills are a plus.

Figure 7-5
 Proposed Staffing Plan with Phasing Strategy



Marketing Director – The marketing director should be charged with three main tasks. First, the marketing director should develop and coordinate a more comprehensive and efficient

information clearinghouse program between Lake County Partners and governmental agencies, the real estate community, strategic implementation partners, and the community. The information sharing process should be a multi-media program that informs prospects, investors, stakeholders and the public of the opportunities and successes in Lake County. Second, the marketing director should be tasked with updating and maintaining all marketing materials, keeping them current and relevant to the mission of Lake County Partners. Finally, the marketing director should be coordinating with the various community and interest groups on events taking place related to the marketing and promotion of doing business in Lake County. These should include, but not be limited to, County government sponsored events, Convention and Visitor's Bureau (CVB) events, business recruitment trips, trade show exhibits and public ceremonies.

The marketing director should have at least one staff member reporting directly to them, focused on creation and maintenance of web-based and graphic marketing materials.

Finance Director – The finance director position is envisioned to oversee the organizations' Small Business Administration (SBA) 504 program, coordinate Illinois Finance Authority (IFA) programs, oversee of Lake County Partner financial programs (i.e. industrial revenue bonds), developing and managing relationships with local financial institutions, as well as be the conduit with taxing bodies on the creation, management, and marketing of economic development incentives. This position requires substantial banking and financial experience. Given the integrated nature of finances in economic development, the finance director will need to work closely with both the marketing director and the economic development director in the creation of materials and prospect outreach. The finance director should have at least one staff member reporting directly to them, focusing on the technical operation of internal financing programs.

c.) Partner Leveraging Programs

Even with increased investment from governmental and private sector investors to provide more staffing capacity for economic development, the action plan requires more effort than can be provided by the staff. To account for this gap without requiring an even greater financial investment, the Strategy Committee recommends that the implementation entity implement a series of programs to garner support from civic, business and development stakeholders on a volunteer basis. By enacting these programs, Lake County Partners can leverage its investment while increasing the awareness of and support for its economic development efforts. Furthermore, having volunteers participate in implementation increases the community's dedication to seeing results while creating the atmosphere of expected success for the LCP staff and board of directors. It is likely that many board members would be valuable participants in these programs, prompting the consideration of making participation mandatory for board members.

Advisory Panels – The purpose of the advisory panels is to assemble local stakeholder and industry leaders on a quarterly or semi-annual basis to discuss issues and opportunities to support and grow jobs and investment in Lake County. The Advisory Panels should be organized into two groups, industry panels and stakeholder panel. The industry panels should be comprised of industry leaders and industry-focused organizations that can provide insight and feedback to Lake County Partners on program effectiveness, industry trends, and networking/marketing opportunities. The stakeholder panels should be topic-focused groups of implementation and decision makers that influence (and are influenced by) Lake County Partners initiatives. The focus of these conversations is to identify challenges for businesses and collaborate on solutions.

The advisory panels also can be the first step in vetting the Partner's business plan. These groups should be used to generate initial concept and policy ideas as they relate to

programs, financial and regulatory incentives, and market and asset development. Based on the analysis, initial advisory panels should be organized thusly:

INDUSTRY PANELS

- Life sciences (including Biopharma and medical instrument manufacturing)
- Health services
- Precision equipment manufacturing and sales
- Professional and Technology Services
- Entrepreneurial development
- Arts, culture and entertainment businesses

STAKEHOLDER PANELS

- Workforce and Education Development
- Financial Services
- Real Estate Professionals
- Municipal Representatives

Community Advocates – Lake County Partners has the opportunity to increase awareness and support at the municipal level. Simply put, there has been very little effort to engage Lake County residents at the local level. Given the size and scale of an advocate effort, Lake County Partners should utilize the municipal leadership focus group effort, similar to the industry approach, to develop relationships with key stakeholders in each community. Ideally, the local representative will be the municipal staff member responsible for community-based economic development. However, an elected official or other community leader is sufficient where appropriate. In any case, one of the municipal focus group goals should be to create local advocates for economic development. Through this effort, Lake County Partners can communicate more efficiently and effectively at the local level without requiring a staff large enough to provide individual attention in each community.

Business Ambassadors – The ambassador program is a collection of business and industry leaders within a particular industry that is active in the marketing and recruitment of new businesses to Lake County. Although they likely will have no formal authority within the recruitment process, they provide a “real life” vantage point about doing business in Lake County. There most important function is to coordinate with the economic development director to interact with prospects. Utilizing business leaders in the recruitment process legitimizes the recruitment effort through testimonials while leveraging the staff’s time and effort. It is important that ambassadors be well informed, well spoken, and respected within their industry. In other words, Lake County Partners should be selective in nominating ambassadors.

Development Ombudsman – The development ombudsman program is focused on providing property owners and investors technical and process-oriented assistance when going through the development process. Whether it is a rezoning or variance request, the ombudsman program is intended to assist applicants in effectively and efficiently finding a resolution. Lake County Partners should collaborate with industry professionals (i.e. engineers) to provide advisory services when it comes to technical needs. These professionals need to have experience and familiarity with local processes. It is envisioned that this assistance will be advisory in nature, and not provide technical requirements to the applicant. Because of this, there should be no cost Lake County Partners. The professional community benefits from greater exposure of their business, which can lead to new contracts.

d.) **Data Clearinghouse**

Lake County Partners should become the data clearinghouse for industry-based economic development efforts in Lake County. Currently, information collection is inconsistent between

the organization's individual functions. Oftentimes, data sharing (between both parties) is rejected altogether for a myriad of reasons. The Strategy Committee recognizes that Lake County Partners needs to improve relationships with implementation partners to enhance data collection and sharing. In parallel with this effort, it is recommended Lake County Partners develop more expertise that is technical and capacity to develop, maintain, and revise the relevant databases. At a minimum, Lake County Partners should target having Countywide databases in the following areas:

Available Properties – Lake County Partners should be marketing all properties in the County that are available for commercial or industrial development. While Lake County Partners currently use a service through CoStar, there are limitations to the type and number of listings available. Rather than replacing that system, the Strategy Committee recommends Lake County Partners develop an open-source database of available properties. This database is developed and maintained by the property owner/representative and requires a bi-weekly update to remain active on the LCP database. The database should be available on the Partner's website with a criteria search interface, allowing easy access and review by business prospects. A standard information form should accompany the database that requires responses in all fields to be included. This effort, combined with the CoStar database will ensure all potential users with a comprehensive list of available properties

Existing Incentives – The Partners should maintain a database of all available regulatory and financial incentives in Lake County. The database will cover County, municipal and taxing body offerings. Given the subjective nature of tax incentives, this database should be developed in coordination with an outreach effort aimed at creating prescriptive measures for access to incentives. Whether a community opts to develop a prescriptive approach or not, having a database of potential incentives could be linked to a GIS database, allowing Lake County Partners to access all incentives potentially available on a site-by site basis quickly.

Municipal Counterparts – More than 50 municipal partners in Lake County, not including all of the taxing bodies and implementation partners influence and affect economic development. Maintaining a current database of representatives from those organizations is critical for Lake County Partners to be able to respond to industry needs quickly and effectively. The Strategy Committee recommends that Lake County Partners enhance the existing database and implement a more consistent outreach effort to ensure information is accurate.

Industry Representatives – Lake County Partners has an extensive industry contact list already, but it is not complete. Several partners and stakeholders collect information on local businesses. The Strategy Committee recommends Lake County Partners create a centralized database of business industry contacts that participating partners can access and manage in partnership with LCP.

e.) Priority Actions

In addition to roles and responsibilities currently ongoing at Lake County Partners, the following actions are considered "priorities" for the Strategy Committee, and should be considered for implementation within the first 12 months. Other implementation actions are recommended as follow-up, or mid-term, strategies.

- Fill the vacant economic development analyst position
- Contract creation of marketing materials to be completed immediately
- Hire marketing director within 6 to 12 months
- Identify and train 8 ambassadors
- Identify and train 4 community advocates
- Acquire appropriate CRM software to manage coordinated databases
- Build and activate central databases

- Industry contact list
- Municipal contact list
- Real estate professional partner list
- Local, county, state, and federal incentives list

E. IMPLEMENTATION MATRIX

The following implementation matrix presents the full range of objectives and corresponding action items for consideration when creating the Lake County Partner's 2013 business plan. The time lines, estimated costing, and implementation partners for each action item identified in the matrix reflect of the level of effort desired by the Strategy Committee and assessment by the Consultant. The final business plan established by the implementation entity should be heavily influenced by the Strategy Committee's established strategy, but refined based on the available strategic and capital resources available to this effort. The final timing, focus and potential costs will be better determined through the reorganization of the implementation entity and the dedicated participation from various public and private sources.

LAKE COUNTY, ILLINOIS - COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY Implementation Matrix		Implementation Lead		Implementation Timing (Years)										Estimated Cost
		Public/NP	Private	1	2	3	4	5	6	7	8	9	10	
JOB CREATION														
Objective #1: Grow and enhance Lake County's Life Sciences industry cluster														
Action 1:	Establish a Life Sciences advisory panel, meeting quarterly to discuss market issues, identify local needs, and develop recruitment/retention strategies	P	I	█										A
Action 2:	Develop a business plan and submit a grant to EDA to start a life sciences Proof of Concept center in Lake County	P, DC, E, US	I	█										A
Action 3:	Utilize a business listing database, such as Dun and Bradstreet, to get a list of businesses within the target industries identified in the target industry section of the strategic economic development plan	P		█										A
Action 4:	Develop marketing materials specific to the life sciences industry cluster for industry recruitment efforts	P	C	█	█	█	█	█	█	█	█	█	█	B
Action 5:	Attend the annual iBio conference, identifying and meeting with specific companies at the event	P		█	█	█	█	█	█	█	█	█	█	A
Action 6:	Join professional associations related to the industry cluster, advertising in their trade publications and attending regional and national conferences (i.e. the Pharmaceutical Research and Manufacturers of America)	P	I	█	█	█	█	█	█	█	█	█	█	B
Action 7:	Work with the advisory group to develop and host a life science prospect trip	P, DC, TB	I, R	█		█				█			█	B
Action 8:	Explore the feasibility of increasing fiber optic network between North Chicago and Waukegan	LC, P, DC, IL	O, C		█									C
Objective #2: Grow and enhance Lake County's precision manufacturing industry cluster														
Action 1:	Establish a Precision Manufacturing advisory panel, meeting quarterly to discuss market issues, identify local needs, and develop recruitment/retention strategies	P	I	█										A
Action 2:	Utilize a business listing database, such as Dun and Bradstreet, to get a list of businesses within the target industries identified in the target industry section of the strategic economic development plan	P		█										A
Action 3:	Develop marketing materials specific to the precision manufacturing industry cluster for industry recruitment efforts	P	C	█	█	█	█	█	█	█	█	█	█	B
Action 4:	Join professional associations related to the industry cluster, advertising in their trade publications and attending regional and national conferences (i.e. the Precision Machined Products Association)	P	I	█	█	█	█	█	█	█	█	█	█	B
Action 5:	Hire a consultant to plan a recruitment trip that allows Lake County Partners to visit 10-15 precision manufacturers. Preference would be for an international focus	P	C, I	█				█				█		C
Objective #3: Grow and enhance Lake County's health services industry cluster														
Action 1:	Establish a Health Services advisory panel, meeting quarterly to discuss market issues, identify local needs, and develop recruitment/retention strategies	P	I	█										A
Action 2:	Work with the County hospitals and advisory panel to identify potential medical niches for Lake County	P	I	█										A
Action 3:	Research health service ratios in each of the County's municipalities to identify any gaps of service/concentrations	P, DC	C		█									B
Action 4:	Utilize a business listing database, such as Dun and Bradstreet, to get a list of practitioners within the niche fields identified through the previous efforts	P		█	█	█	█	█	█	█	█	█	█	A
Action 5:	Develop joint marketing and recruitment materials to attract practitioners in these niches	P	C	█	█	█	█	█	█	█	█	█	█	B
Action 6:	Join state and national professional associations related to the industries identified in the industry cluster, advertising in their trade publications and attending regional and national conferences (i.e. Research! America)	P, DC	I	█	█	█	█	█	█	█	█	█	█	B
Action 7:	Implement marketing and outreach campaign to targeted businesses utilizing medical/social assistance ambassadors	P, DC, M	I, R	█	█	█	█	█	█	█	█	█	█	B
Objective #4: Grow and enhance Lake County's technical, research, and consulting operations														
Action 1:	Establish a Professional Services advisory panel, meeting quarterly to discuss market issues, identify local needs, and develop recruitment/retention strategies	P	I		█									A
Action 2:	Utilize a business listing database, such as Dun and Bradstreet, to get a list of businesses within the target industries identified in the target industry section of the strategic economic development plan	P			█									B
Action 3:	Inventory and identify businesses providing support services within Lake County, seeking opportunities to attract and retain back office and support service companies (i.e. building maintenance)	P	C		█									B

LAKE COUNTY, ILLINOIS - COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY Implementation Matrix		Implementation Lead		Implementation Timing (Years)										Estimated Cost
		Public/NP	Private	1	2	3	4	5	6	7	8	9	10	
JOB CREATION (CONT.)														
Action 4:	Join professional associations related to the industries identified in the industry cluster, advertising in their trade publications and attending regional and national conferences (i.e. TechServe Alliance)	P	I											B
Action 5:	Work with DCEO on recruitment and marketing for corporate headquarters and large-scale targets	P, DC	I, R											B
Objective #5: Grow and enhance Lake County's Arts, Culture, and Entertainment industry cluster														
Action 1:	Establish a Arts, Culture, and Entertainment advisory panel, meeting quarterly to discuss market issues, identify local needs, and develop recruitment/retention strategies	P, VB	I											A
Action 2:	Work with the Lake County Illinois Convention and Visitor's Bureau to identify joint marketing and advertisement campaigns	P, VB												B
Action 3:	Develop a 4-part presentation series to educate and attract the various arts, culture and entertainment groups to participate in a countywide economic development effort	P, VB	I											B
Action 4:	Develop a comprehensive inventory of all entities that offer fee and fee-based arts, culture, and entertainment activities in Lake County	P, VB												A
Action 5:	Investigate the feasibility of establishing extension relationships with Chicago-based museums and galleries	P, VB	I											A
Action 6:	Support and grow the Waukegan arts movement through joint marketing, strategic planning and networking events	P, VB, M												A
Action 7:	Join professional associations related to the industries identified in the industry cluster, working with their organization to develop business plans to enhance local amenities (i.e. the Museums Association)	VB	I											B
Objective #6: Create a business incubator program to support the development and expansion of small businesses in Lake County														
Action 1:	Compile and analyze data collected through a strategic outreach effort to provide recommendations on the type of incubator to pursue	P	I											A
Action 2:	Work with the Board of Directors to determine a business plan for a business incubator; recommendation to focus on small business development tied into mentor program	P	I											A
Action 3:	Perform an incubator feasibility study to determine the size and scale of the initial investment	P	I, C											C
Action 4:	Develop marketing and advertising collateral to increase awareness and attract prospects to the incubator	P, DC												B
Action 5:	Identify and secure appropriate space to host the facility	P	R, O											C
Action 6:	Work with DCEO to explore a joint operation and marketing effort; will require involvement at the initiation of establishing an incubator	P, DC, LC, M	R											A
Objective #7: Implement target industry recruitment and retention visit events														
Action 1:	Develop and implement 2 recruitment trips hosted by local business leaders annually, bringing target businesses into Lake County for short-term networking and recruitment events	P, DC	I, R											C
Action 2:	Host 5 targeted business appreciation events annually for existing industries within Lake County, providing an opportunity to network and learn about education/financial programs in a social environment	P, DC	I											B
Action 3:	Organize 4 industry-specific outreach events for business owners and entrepreneurs interested in gaining additional knowledge on local market conditions and opportunities	P, DC, M	I											C
Objective #8: Become the thought leader and subject matter expert on regulatory and policy issues within Lake County														
Action 1:	Research and identify best practices related to policies and procedures for Lake County municipalities to enhance their ability to promote and accommodate economic development activity	P, DC, LC, CM	F											B
Action 2:	Work with strategic partners to promote and advise local, county, and state officials on policy and regulatory impacts to economic development	P, DC, M, LC	F, R, D											A
Action 3:	Work with the Lake County Transportation Alliance to accelerate the delivery of critical transportation improvements with Lake County	P, TA, DC	O, I, D, R											B
Action 4:	Work with local utility providers to define strategic service improvement and expansion needs, assisting in identifying potential funding sources	P, TA, CE, U	O, I											B

LAKE COUNTY, ILLINOIS - COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY Implementation Matrix		Implementation Lead		Implementation Timing (Years)										Estimated Cost
		Public/NP	Private	1	2	3	4	5	6	7	8	9	10	
JOB CREATION (CONT.)														
Objective #9: Formalize collaboration of workfare and education providers to enhance offerings and awareness of assistance programs														
Action 1:	Work with the workforce and education advisory panel to identify existing and projected market trends and needs within workforce development	P, CL, E, JC	I											B
Action 2:	Implement an online survey for Lake County businesses to determine existing and projected workforce needs, current and projected business performance, and real and perceived perceptions of Lake County Partners	P, CL, E, JC	I											B
Action 3:	Analyze the data collected through the survey to identify common themes, issues, and opportunities	P, CL, E, JC	I											C
Action 4:	Implement an outreach effort to persons whose business has relocated from Lake County to understand opinions on what (if anything) Lake County Partners could be doing to prevent these losses	P, CL, E, JC	I											B
Action 5:	Create a database of every business in the County by NAICS code by collecting more information through Municipal partners including primary NAICS code, year business started, number of employees and contact information	P, CL, E, JC	I											A
Action 6:	Create databases of workforce partners, entrepreneur/small business development partners, business leaders, and program participants	P, CL, E, JC	I											A
Action 7:	Perform follow up surveys with businesses contacted to gauge effectiveness	P, CL, E, JC	I											B
Objective #10: Develop a loan consortium for projects within the Primary Investment Areas														
Action 1:	Establish the legal structure within the implementation entity to administer the loan consortium (potentially a 501(c)(3) subsidiary)	P, DC	F, D											A
Action 2:	Develop the mission of the loan consortium based on input from the financial industry focus group; recommendations include: [1] interest rate buy downs, [2] loan guarantees, and [3] low interest secondary and gap mortgages	P, DC	F, D											A
Action 3:	Determine the public/private investment ratio for the consortium (9 to 1 ratio of private to public dollars recommended)	P, DC	F, D											A
Action 4:	Establish the minimum return on investment requirements for each lending strategy to be implemented by the consortium	P, DC	F, D											A
Action 5:	Market the consortium to potential institutional and private lenders/investors; target \$10 million of private investment	P, DC	F											F
Action 6:	Work with investment partners to administer and monitor the loan consortium (i.e. underwriting procedures)	P	F											C
Objective #11: Establish an Economic Development Investment Fund for Lake County														
Action 1:	Establish the legal structure within the implementation entity to administer the loan consortium (potentially a 501(c)(3) subsidiary)	P, DC	F, D											A
Action 2:	Develop the mission of the investment fund based on input from the Board of Directors, the financial services advisory panel, and the municipal representatives advisory panel	P, DC, M	F											B
Action 3:	Investigate the benefits of programs such as [1] development fee mitigation, [2] low interest secondary and gap mortgages, [3] joint venture development arrangements, and [4] independent development projects	P, DC	F, D											Included with above
Action 4:	Establish standards of qualification for applicants based on development type, scale, location and consistency with the comprehensive plan and zoning code	P, DC	F											Included with above
Action 5:	Make initial investment of \$250,000, seeking matching contributions from other public and private entities	LC, M, LC, IL	F											E
Action 6:	Ensure all joint venture and stand alone development projects achieve no less than a return of investment	P	F											B
MARKETING AND OUTREACH STRATEGIES														
Objective #1: Create target industry recruitment and retention marketing materials														
Action 1:	Create quality of life brochure highlighting Lake County's attributes as place to live and work including cost of living, crime information, schools, and leisure activities, among others	P, DC, LC, M	I, C											B
Action 2:	Develop a industry "highlights" tri-fold materials for each target industry market including market fundamentals, local and regional business climate, labor force data, etc.	P, DC	I, C											B
Action 3:	Develop a detailed incentives document that details all local, county, state and federal incentive programs	P, DC	I, C											B

LAKE COUNTY, ILLINOIS - COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY Implementation Matrix		Implementation Lead		Implementation Timing (Years)										Estimated Cost
		Public/NP	Private	1	2	3	4	5	6	7	8	9	10	
MARKETING AND OUTREACH STRATEGIES (CONT.)														
Action 4:	Craft a business testimonials book with written statements from existing Lake County business leaders on topics ranging from quality of life, business climate, market performance and personal preference on choosing Lake County to do	P, DC	I, C	█										B
Action 5:	Produce a technology sheet detailing the high tech infrastructure available in Lake County including the fiber optic infrastructure and internet/cellular coverage	P, DC, U, CE	I, C	█										B
Action 6:	Produce a Property Highlight sheet for each target industry group, customizing advertised properties based on the need of the prospect group	P, DC	I, C	█										B
Action 7:	Develop each of these materials in print, digital and internet format	P, DC	I, C	█	█	█	█	█	█	█	█	█	█	B
Action 8:	Create conference materials and permanent display materials for exhibitions and outreach efforts	P, DC, LC			█	█								D
Objective #2: Build a true multi-media marketing and outreach campaign for economic development in Lake County														
Action 1:	Reorganize Lake County Partner's website to focus message and streamline information	P	C	█										C
Action 2:	Organize website into industry and site selection, business development, and community awareness	P	C	█										Included with above
Action 3:	Detail target industry information, providing digital copies of all marketing materials	P	C	█										Included with above
Action 4:	Continue offering sites and buildings information via data source such as CoStar	P	C	█										Included with above
Action 5:	Provide listing of all incentive, program, and policy information that supports economic development	P	C	█										Included with above
Action 6:	Include section that cross-markets tourism and cultural-based economic development amenities/opportunities with the LCICVB	P, VB	C	█										Included with above
Action 7:	Host the annual business survey on the website, activating the survey tool the same time each year	P	C	█										Included with above
Action 8:	Post all community education, awareness, and outreach materials created through the various Lake County Partner initiatives	P	C	█										Included with above
Action 9:	Provide contact information for ambassadors, advocates, and partner organizations	P	C	█										Included with above
Action 10:	Incorporate a "did you know" section that highlights local demographic and economic market data	P	C	█										Included with above
Action 11:	Hire a well established website developer to ensure the infrastructure and source code are optimized to efficiently and effectively drive interest and business to Lake County	P	C	█										B
Objective #3: Integrate social media outlets into Lake County's economic development activities														
Action 1:	Regularly maintain the Lake County Partner Facebook account	P		█										A
Action 2:	Create and regularly maintain a Twitter account	P		█										A
Action 3:	Create and regularly maintain a LinkedIn account	P		█										A
Action 4:	Develop a comprehensive digital outreach list to publish regular eNewsletters and make necessary eBlast messages	P		█										A
Action 5:	Build relationships with all local print, digital and social media outlets and create a regular communication strategy	P	I	█	█									A
Action 6:	Get a Quick Response code developed for the Lake County Partner's website	P	C	█										A
Action 7:	Have marketing collateral translated into other languages, based on marketing and recruitment strategies	P, DC	C		█	█								B
Action 8:	Dedicate staff time to consistently and frequently update and maintain these efforts and relationships	P		█	█	█	█	█	█	█	█	█	█	A

LAKE COUNTY, ILLINOIS - COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY Implementation Matrix		Implementation Lead		Implementation Timing (Years)										Estimated	
		Public/NP	Private	1	2	3	4	5	6	7	8	9	10	Cost	
MARKETING AND OUTREACH STRATEGIES (CONT.)															
Objective #4: Educate and inform Lake County citizens about the benefits and opportunities in economic development															
Action 1:	Identify existing residents, civic stakeholders, and local business owners supportive of economic development within Lake County to gauge their interest in actively participating in implementation	P, LC, M	N	█											A
Action 2:	Develop and implement an "Economic Development 101" program and marketing materials that offers a more hands-on approach from the implementation entity including seminars and outreach meetings	P			█	█	█	█	█	█	█	█	█	█	B
Action 3:	Create a "meeting in a box" kit for community groups to self-educate on the basics of economic development in Lake County, with information on how to follow up with the implementation entity	P			█										B
Action 4:	Advertise the advocate program, offering community groups access to residents more knowledgeable on local economic development efforts	P, LC, M			█	█	█	█	█	█	█	█	█	█	A
Action 5:	Hold an annual or semi-annual town hall event to debrief community members on current economic development efforts, trends and projections in the market, and likely future opportunities/efforts	P, LC, M	N			█	█	█	█	█	█	█	█	█	A
Action 6:	Host industry-specific market summits designed to provide a panelist-style discussion on regional market conditions and how those conditions are influencing the Lake County market	P, LC, M	I, R, N			█	█	█	█	█	█	█	█	█	B
Action 7:	Develop a best practices outreach effort to educate Lake County taxing bodies on strategies, regulations, and policies that benefit/support local economic development growth	P, LC, M	I, R			█	█	█							B
Objective #5: Reactivate the business retention program															
Action 1:	Utilize strategic partners to develop a coordinated existing business outreach effort, focused on operational needs, workforce needs, and regulatory/policy needs	P, LC, M, CL, NS, DC, VB	I		█	█	█	█	█	█	█	█	█	█	B
Action 2:	Utilize results of business survey to identify priority outreach businesses	P, LC, M, CL, NS, DC, VB				█	█	█	█	█	█	█	█	█	A
Action 3:	Create centralized industry leader database maintained by Lake County Partners, but updated and modified by select public and private implementation partners	P	C	█	█	█	█	█	█	█	█	█	█	█	B
Action 4:	Perform 100 targeted business outreach visits each year	P, DC, CL	I		█	█	█	█	█	█	█	█	█	█	A
Action 5:	Incorporate business leader database in information sharing outreach effort (i.e. newsletters, announcements...)	P	I	█											A
Objective #6: Build more strategic relationships with the real estate and site selection community															
Action 1:	Increase awareness of development projects and current opportunities through continued communication with local and regional real estate professionals, providing progress updates on a regular basis via print and digital media	P, DC	I, R		█	█	█	█	█	█	█	█	█	█	B
Action 2:	Establish relationships with national site selection consultants through targeted outreach and marketing efforts	P, DC	I, R		█	█	█	█	█	█	█	█	█	█	A
Action 3:	Host 1 site selection networking trip in Lake County each year, targeting professionals with experience/knowledge in Lake County's target industry clusters	P, DC	I, R		█	█	█	█	█	█	█	█	█	█	B
Action 4:	Hold 4 information session open houses and networking opportunities each year for local real estate brokers and Realtors to share information and provide feedback to the implementation entity	P	I, R		█	█	█	█	█	█	█	█	█	█	B
Action 5:	Work with County business leaders to participate in the ambassador program and actively participate in business recruitment and retention efforts with the implementation entity	P	I	█	█	█	█	█	█	█	█	█	█	█	A
Action 6:	Work with Lake County companies to identify potential target industries and businesses, particularly their vertical and horizontal network chain	P	I		█	█	█	█	█	█	█	█	█	█	A
ORGANIZATION AND COLLABORATION STRATEGIES															
Objective #1: Staff Lake County Partners with the sufficient technical capacity to implement the mission															
Action 1:	Fill the full-time economic development technician/analyst position to oversee all data and research efforts	P			█	█	█	█	█	█	█	█	█	█	A
Action 2:	Hire a full-time marketing director to oversee collateral materials and strategic outreach efforts	P			█	█	█	█	█	█	█	█	█	█	D
Action 3:	Hire a business retention specialist to implement the existing business outreach effort	P				█	█	█	█	█	█	█	█	█	D
Action 4:	Hire an executive assistant to the executive director to oversee day-to-day operations and provide support for travel and scheduling needs	P					█	█	█	█	█	█	█	█	C
Action 5:	Consider the hire of a programs specialist if Lake County Partners initiates a loan consortium and/or an investment fund	P						█	█	█	█	█	█	█	C

LAKE COUNTY, ILLINOIS - COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY Implementation Matrix		Implementation Lead		Implementation Timing (Years)										Estimated Cost	
		Public/NP	Private	1	2	3	4	5	6	7	8	9	10	Cost	
ORGANIZATION AND COLLABORATION STRATEGIES (CONT.)															
Action 6:	Consider the hire of a marketing designer as marketing and outreach efforts expand	P													C
Objective #2: Cultivate effective, meaningful coordination with local, regional and statewide economic development partners															
Action 1:	Implement bi-monthly or quarterly meeting schedule each industry and partner advisory panel detailed in the text portion of this strategy	P, DC	I												B
Action 2:	Identify and train 5-10 community advocates in coordination with the municipal advisory panel to assist in community outreach initiatives	P, LC, M	N												A
Action 3:	Identify and develop 2-5 industry ambassadors within each of the Lake County Partner target industry cluster to assist in business retention, expansion and recruitment efforts	P	I												A
Action 4:	Develop 5-10 certified business mentors to work in collaboration with the proof of concept center/business incubator initiatives	P, US	I												C
Action 5:	Work with professional services businesses familiar with the Lake County development approval process to develop a development ombudsman program to help applicants through the process	P, LC, M	I												A
Action 6:	Implement quarterly strategic planning meeting with DCEO representatives to exchange progress reports, identify potential partnership opportunities, and enhance coordinated outreach efforts	P, DC													A
Objective #3: Streamline all data collection and dissemination within the City to support and enhance economic development efforts.															
Action 1:	Establish a centralized digital data clearinghouse within Lake County Partners for topics related to economic development	P	C												C
Action 2:	Develop and maintain a municipal counterpart database identifying contacts for all Lake County taxing bodies	P, LC, M, CL, DC, E, CE	I, R, D												A
Action 3:	Develop and maintain an industry leadership database, with access for select implementation partners to update/review	P, LC, M, CL, DC, E, CE	I, R, D												A
Action 4:	Develop an incentive and policy toolbox handbook of all local, county, state, and federal programs that assist in economic development	P, LC, M, CL, DC, US	I, R, D												B
Action 5:	Work with taxing bodies to establish prescriptive formulas on the availability and use of local economic development incentives	P, DC, M													B
Action 6:	Build upon the CoStar available properties database with an open-source entry system for small to mid-sized properties	P	I, R, D, C												B

LEGEND

Implementation Leaders

Public:

- LC - Lake County
- M - Lake County Municipal Governments
- TB - Lake County Taxing Bodies
- DC - Illinois Department of Commerce and Economic Opportunity
- IL - State of Illinois
- US - Federal Government

Partners:

- P - Lake County Partners
- VB - Lake County Illinois Convention and Visitors Bureau
- NS - Naval Station Great Lakes
- CL - College of Lake County
- JC - Job Center of Lake County
- CE - ComEd
- TA - Lake County Transportation Alliance
- U - Utilities
- CM - Chicago Metropolitan Agency for Planning
- E - Education Providers (other than College of Lake County)

Private

- C - Consultant
- D - Development Community
- F - Financial Institutions
- I - Industry Leaders
- N - Neighborhood Residents
- O - Property Owners
- R - Realtors/Brokers

Cost Estimate Legend:

- A - Under \$1,000
- B - \$1,000 to \$10,000
- C - \$10,000 to \$50,000
- D - \$50,000 to \$100,000
- E - \$100,000 to \$500,000
- F - Over \$500,000
- Unk. - Unknown

■ Action

■ Implementation

F. LONG TERM ACTION ITEMS

In addition to roles and responsibilities proposed earlier in this strategy, the following actions are considered “visionary” by the Strategy Committee and should be considered only after the more pertinent efforts have been realized and/or completed. These actions, while relevant, are not critical to put in place within the next five years. That said, the prioritization of effort established in the business plan developed by Lake County Partners is at the discretion of the Board of Directors and staff.

1. Lake County Loan Consortium

One of the largest obstacles to promoting development in challenging investment areas is securing funding. The reduction in revenues (rental) or financial security (ownership) from serving unproven markets adversely influences the financial viability of an investment. In the current economic climate and recent financial industry reforms, lenders are more adverse to risk than ever. To combat this, many communities have created public/private loan consortium partnerships. These partnerships provide a “win-win” for both the community and the lenders. The community leverages its investment by requiring a matching investment from the lenders while the lenders defray risk by pooling resources and utilizing the public investment to reduce their exposure.

Funding for the lending pool will be secured by both private investors and lenders. A minimum contribution should be required for participation in the Consortium. Private investors will pay a small servicing fee based on ownership percentage and will receive quarterly payments based on total funding activity, ownership percentage, and earned interest. Participating lenders will own a percentage of the Consortium, and receive quarterly payments based on total funding activity and earned interest.

The funds can be made available in many forms including primary or secondary mortgages, gap financing or equity investment. The enticement to investors is that it partially is funded by the public sector, creating a cushion in loan-to-value and debt coverage ratios. In addition, the Loan Consortium is a mechanism for lenders to meet community and CRA goals. To accomplish this, Lake County Partners should identify geographic areas of the County to focus the use of the loan consortium activity. It is the Strategy Committee’s recommendation these areas reflect those portions of Lake County that are experiencing the greatest challenge at attracting private debt and equity investment.

2. Lake County Investment Fund

Similar to the loan consortium, an investment fund provides financing to projects that cannot meet traditional lending thresholds or provide enough equity investment. Unlike the loan consortium, the investment fund is a revolving loan pool that is created through public investment. The investment fund is more traditionally used when the community is interested in equity investment and/or joint ventures. In any case, the equity investment fund provides Lake County Partners another avenue to develop and market additional tools to attract job creation and private sector investment.

For both of these endeavors, the Strategy Committee encourages Lake County Partners to develop minimum requirements to qualify to access these programs, specific reporting and disclosure procedures while the loan is active, and measurable claw back standards for failure to perform. It is envisioned that the financial director and manager have experience in the creation, implementation, and monitoring of these programs. The Strategy Committee highly recommends retaining a qualified legal firm to assist in drafting the program policies.

G. PERFORMANCE MEASURES AND PROGRAM MONITORING

As indicated previously, the goals of the Lake County Partners are threefold: [1] retain the jobs we currently have in Lake County; [2] provide support for existing business to expand locally; and [3] attract new employers to the County. The proposed *Action Plan* establishes a set of tools, outreach programs, marketing efforts and other strategies to facilitate the realization of these goals.

In addition to the various elements of the *Action Plan*, another recommendation includes establishing guidelines for monitoring the “success” of these actions. In broad terms, the level of success would be reflected in the number of jobs retained or created as well as any increases in private sector investment in Lake County directly linked to Lake County Partners’ involvement. After the CEDS has been implemented, Lake County Partners should continue to track job retention/creation and private investment dollars as a part of measuring success. For those efforts where Lake County Partners has taken a direct, hands-on approach in recruitment efforts, part of the ongoing dialogue with businesses should include both the quantitative and qualitative monitoring and reporting of:

- Number of recruitment prospects contacted;
- Number of recruitment prospects hosted/visited;
- Number of new companies in Lake County;
- Number of new jobs created (both new companies and existing companies);
- Total new capital investment (both new companies and existing companies);
- Number of existing companies visited;
- Number of existing companies retained;
- Number of existing jobs retained; and
- Net change in gross wages and payroll.

Also, as part any ongoing business communications and outreach efforts, it is recommended that Lake County Partners include a section in survey instruments to measure performance impacts.

Finally, in terms of long term efforts and less direct involvement, including loan consortiums and investment funds, it is recommended that in addition to establishing guidelines and qualifying criteria for applicants/recipients, that similar reporting and monitoring criteria be established for after the fact. Perhaps applicants/recipients would file a semi-annual report on progress to date. As such this would provide Lake County Partners with an indexed measurement of return on investment, by industry sector, e.g., an investment of “Y” dollars has resulted in “X” jobs, etc.

H. PRIORITY PROJECTS

Based on the goals and strategies reported above, the Strategy Committee reviewed and prioritized the major capital improvement projects throughout Lake County (Table 7-1). The prioritization was established using the following criteria:

- Regional Impact – Projects were reviewed based on their overall impact to the greater region. Simply put, projects that provided benefit to the greatest number of Lake County residents and businesses received priority over those that only serve a select few.
- Purpose and Need – Projects were also considered based on whether they meet an immediate need or deficiency. The Lake County government, the Lake County Transportation Alliance, strategic implementation partners and Lake County Partners all provided some form of prioritization based on purpose and need.

- **Future Growth Potential** – The Strategy Committee also considered the potential impact for future economic development efforts. In this case, projects that offered the greatest short- and long-term growth potential, in terms of new development received the greatest priority. Those projects that provide repairs to existing facilities or do not add to the ability of the region to attract expansion/new development are rated lower.

A preliminary list was presented to the Strategy Committee and modified based on extensive discussion. The result of this discussion was a list of the highest priority projects for the all of Lake County. The projects are subdivided into three project types: [1] job creation, [2] infrastructure development and [3] transportation improvements.

Table 7-1
Priority Economic Development Projects
Lake County, Illinois

Project ID	Description	Estimated Cost	Municipality
JOB CREATION			
J-1	Gap financing for Sheridan Crossing project	\$19,900,000	North Chicago
J-2	Waukegan TOD development along METRA line	\$7,500,000	Waukegan
J-3	Mundelein TOD development along METRA line	\$5,000,000	Mundelein
J-4	Development of grocery and pharmacy in North Chicago	\$10,000,000	North Chicago
J-5	Building acquisition for business incubator (Lake County Innovation Center)	\$10,000,000	Bannockburn
J-6	Building acquisition for cultural arts education and gallery space	\$5,000,000	Waukegan
J-7	AMTRAK stop in Lake County	TBD	TBD
J-8	Land acquisition for Winthrop Harbor Development	\$15,000,000	Zion
J-9	Building acquisition for artist live-work space	\$3,500,000	North Chicago
J-10	Extension of Illinois Route 53 to Interstate 94, including Illinois Route 120 improvements	\$2,700,000,000	Multiple
J-11	Lake County Life Sciences Proof of Concept Center	\$5,000,000	Riverwoods/Deerfield
J-12	Northeastern Illinois Innovation and Technology Corridor feasibility study	\$250,000	Multiple
J-13	Land acquisition along Interstate 94	\$12,500,000	Multiple
INFRASTRUCTURE DEVELOPMENT			
I-1	North Chicago-Waukegan fiber optic ring	\$2,500,000	N. Chicago-Waukegan
I-2	Electricity distribution modernization and expansion	\$6,500,000	Countywide
I-3	Expansion of Waukegan Regional Airport runway and supporting improvements	\$92,000,000	Waukegan
TRANSPORTATION IMPROVEMENTS			
T-1	Extension of Illinois Route 53 to Interstate 94, including Illinois Route 120 improvements	\$2,700,000,000	Multiple
T-2	Widening of Illinois Route 120 from McHenry County line to Illinois Route 131	\$19,000,000	Multiple
T-3	Widening of Illinois Route 137 from Butterfield Road to Illinois Route 83	\$20,700,000	Libertyville
T-4	Widening of Illinois Route 60/83 from US Route 45 to Illinois Route 176	\$54,500,000	Mundelein
T-5	Expand interchange at Illinois Route 173 and Interstate 93 for both directions	\$100,000,000	Wadsworth
T-6	Increase commuter service during weekday peak and weekend for METRA North Central Service	TBD	Multiple
T-7	Increase "reverse commute" train service on all four METRA rail lines in Lake County	TBD	Multiple
T-8	Widening of US Route 45 from Washington Street to Illinois Route 132	\$21,300,000	Gurnee
T-9	Widening of US Route 45 from Illinois Route 60 to Illinois Route 21/22	\$39,500,000	Vernon Hills
T-10	Widening of Illinois Route 131 from Sunset Avenue to Wisconsin state line	\$81,900,000	Multiple