

St. Louis/Southern Illinois



# LABOR TRIBUNE

*All union construction*

## St. Charles officials ready to invest millions for future development

**St. Charles** — Union construction workers will see a jump in available work within the next few months as a \$75 million program to build the infrastructure and Phase 1 of the proposed \$200 million commercial/housing Streets of St. Charles project begins on the old Noah's Ark site. The entire project will be built union.

The new jobs will be the result of an innovative partnership between the City of St. Charles, which has been willing to step up to create the work now when it's desperately needed, and the project's developer, Cullinan Properties Ltd.

**"The city's political leadership agreed that we have to move forward now, when work is scarce and times are tough for many of our residents, and we are doing just that,"** said St. Charles Mayor Patti York.

The first phase of the project, which has been delayed for some time, will require nearly 200 workers for a year. They will all be union workers. Once Phase 1 is finished (infrastructure and 196 upscale apartments and associated office and retail space) an estimated 1,000 more jobs will be waiting in the Streets' new stores, restaurants and offices.

Phase 2 will include more residential, office, retail and entertainment venues, and is expected to generate nearly 400 construction jobs and be home to 2,500 office and retail positions — a dramatic economic boom for St. Charles County in the next few years.

### POLITICAL COURAGE

None of those jobs would be coming had the leadership of the council and mayor not chosen to enter into a tighter public/private partnership with Cullinan to develop the Streets project.

The council in January voted to issue \$40 million in Neighborhood Improvement Bonds, using the city's solid bond rating as collateral, to begin work this year on what is called the new-urbanist, mixed-use project. Cullinan is at risk for these funds, and is putting substantial equity into the project.

The \$40 million bond issue will be backed by the city for a limited time. Once the Streets is up and running, the tax revenue it generates under a tax increment financing plan will help pay off another set of bonds to be issued later, not backed by the city, that will replace the set approved in January.

**"Combined, the city's support and the developer's funds and risk are allowing the project to move forward — now,"** York said, **"when our citizens need the work."**

The work was expected to begin last year, after two years



**ARTIST'S RENDERING** of the residential area in the \$200 million Streets of St. Charles project that will also include commercial buildings, offices and retail. The project will be built in two phases. Phase 1 to begin this Spring will be a \$75 million investment in infrastructure and will include 196 upscale apartments and associated office and retail space.

of planning, ground leveling and recruitment of tenants. However, throughout 2009 the project was waiting for financing to become available, an issue that has impacted many projects across the country. Despite the financing delay the project was not frozen in its tracks, as it sometimes appeared at its barren 26-acre site at I-70 and South Fifth Street. Instead, the project was creeping forward, with enthusiastic interest from future residents, retail and office users.

"I'm was tired of driving by dirt every day," Councilwoman said Laurie Feldman, whose Third Ward includes the Streets site, after she and the other officials had broken ground.

York, Councilwoman Feldman and Councilman Bob Kneemiller, co-sponsors of the ordinance, and fellow council members decided as 2009 ended that one lost year was enough. Over the past two decades, public/private partnerships have proven to be sturdy tools for building new municipal economic engines, and safe tools for the cities using them when crafted correctly.

"This project will provide jobs and give a boost to the local economy as soon as it begins," said Kneemiller.

### NO GAMBLE

"It's possible that construction wouldn't begin for another two or three years without the city's financial jump-start," York said. "Some say that the City is taking a gamble, but

we want to be ready with the project under construction when the economy turns. We want to be pro-active rather than reactive in this endeavor. But most importantly, we want to put people back to work – that’s the way to really jump start our economy.”

**“When a community, despite the challenging economy and also because of it, chooses to invest in its future in a manner both confident and careful, that’s prudent leadership, and why the City Council and I agreed that we should move forward with this critical project,” York added. “It’s not a gamble, but a strong commitment to St. Charles future.”**

Even as it’s built, the Streets project will pump millions of dollars into St. Charles and the region’s economies. Phase 1 will require more than \$55 million in construction-based materials to be purchased from nearby sources. Another “industry standard” measurement, meanwhile, calculates that every full-time construction job, producing pay that is spent near the job’s location, creates a “spin-off” job in restaurants, stores and the like. The earning-spending cycle continues, all the while generating local tax revenue.

The 196 apartments of Phase 1 will be home to about 300 people, essentially new residents to St. Charles. Assuming the average resident spends \$20,000 per year on consumable goods and services, and most of that within a short distance from home, the result is more than \$6 million in new sales in the city — and new sales tax revenue.

“For now those numbers are all ‘industry standard’ theories. Because St. Charles’ leaders were willing to invest in the strong promise of a sound economic future during the challenging present, soon those theories will become reality!” York stressed.

The demolition work to demolish the famous ark and the hotel on the site was done by Premier Demolition and the grading by Budrovich Contracting and Excavating. The general contractor is Brinkmann Constructors.



**NOAH’S ARK COMES DOWN** to the applause, and a bit of sorrow, of the hundreds of guests at the beginning of the demolition phase for the \$200 million Streets of St. Charles commercial/housing development to go up on the site. Phase 1, a \$75 million investment in infrastructure to support the project, is expected to begin this Spring.



**LAST REMNANTS** of the Noah’s Ark Motor Inn comes down to make room for the Streets of St. Charles project that will get underway this Spring. Demolition work was by Premier Demolition, Inc.