



**Economic Development
Community Outreach Newsletter
May 2011:
What Makes a Site Shovel Ready?**

Risk Aversion and Preparedness Keys to Success

Prospect site searches are moving very quickly to capitalize on competitive opportunities in the marketplace. Site selection consultants are incorporating GIS and various databases to identify a geographic footprint and ensure that a site's physical attributes meet project criteria. A true shovel ready site should easily meet such criteria and help accelerate the development process. In Ameren Economic Development's recent analysis of which criteria drive successful shovel ready offerings, two key quality characteristics rose to the top – risk aversion and preparedness.

Risk Aversion Techniques

Companies seek to avoid unnecessary risk. The site consultant and their client will use an overall cost comparison analysis to determine which location option offers the least-cost investment that will enable a proposed project to be successful. From a customer perspective, a least-cost investment translates into reduced risk of project delays, reductions in upfront capital expense and competitive operating costs. So, where is the risk absorbed? A shovel ready site program should incorporate the following risk aversion or avoidance techniques:

- Property ownership. Demonstrate property control by outright ownership or options. Eliminate multiple ownership negotiation situations or property ownership confusion.
- Critical infrastructure. Demonstrate infrastructure capability and proximity. Eliminate lengthy extensions or involved upgrades.
- Property development. Demonstrate property is ready for development. Eliminate any questions with environmental, wetlands, archeological, floodplain, and geotechnical documentation.

Preparedness Makes a Difference

When an economic development organization incorporates a shovel ready offering within its available site portfolio, they are sending a clear message, "We are prepared and open for business." Site consultants and their clients are impressed when an organization demonstrates it can facilitate the development process. A shovel ready site clearly shows that an organization or community is prepared and has completed the due diligence toward developing a site. Being prepared shows there is a total commitment.

Consultants, utilities and states have spawned a proliferation of shovel ready or "certified industrial park" programs over the past 15 years. The offerings share some common traits -- but just as many contrasts. What truly constitutes a shovel ready site? What are site consultants specifically looking for? This month, Skip Smallwood has analyzed several criteria to key in on what's most important.



Ameren's Business Development Executive Skip Smallwood is a 30-year veteran of the utility industry and worked in customer service, operations, and industrial marketing.

Next month's topic: