

BASE REALIGNMENT AND CLOSURE

Community Profile

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Rock Island Arsenal, Illinois

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Realignment at a Glance

Economic Adjustment Organization:

Bi-State Regional Commission

Geographic area affected by realignment:

The Bi-State Region – Rock Island, Henry, and Mercer Counties in Illinois;
Scott and Muscatine Counties in Iowa.

Population of affected area (before realignment): 378,163

Estimated Job Loss Impact:

Jobs Lost	
Military Personnel	0
Civilian Personnel	1,540
Contractors	0

Source: Short-Range Strategic Economic Development
Project and Process Analysis for the Bi-State Region

Economic Adjustment Challenges

- Direct loss of 1,540 high-skilled, high-paying civilian jobs connected to the Arsenal
- Dislocation is occurring concurrently with significant floods of 2008 and major layoffs by local employers
- Traditional business assistance tools, such as Revolving Loan Funds (RLFs), have become ineffective due to the current national recession

Organization

In 2008, the Bi-State Regional Commission served as grant applicant and recipient for the Office of Economic Adjustment (OEA) Community Economic Diversification Planning Program relative to the Base Realignment and Closure (BRAC) action at the Rock Island Arsenal in Rock Island County, Illinois. Bi-State serves as the Region's federally designated Metropolitan Planning Organization (MPO) and Economic Development District Organization (EDO). Bi-State took a regional approach, forming a steering committee, with membership drawing from across the five-county Bi-State Region to include local governments, area chambers of commerce, economic development groups, and the private sector. Together this diverse committee identified four studies that would help the Region better understand the BRAC impact and how to respond. These studies looked at BRAC impacts under three separate lenses:

1. Industry Sector Impact (Finance/IT and Logistics)
2. Business Development Assistance
3. Short Range Impacts and Projects

Studies

Industry Sector Studies

Two separate industry sector studies were produced, one analyzed the BRAC impact on Finance/IT and the other looked at the Logistics industry. These industry sectors were chosen for analysis because they employed people with skills similar to those found at BRAC affected commands on the Arsenal. Committee members speculated the corresponding private industries might benefit from the surplus labor pool resulting from the Arsenal dislocation.

Business Development Assistance Study

The Business Development Assistance Study provided an inventory of all RLFs in the Region and made recommended improvements to these business assistance tools, relative to the Arsenal dislocation and other economic conditions.

Short Range Impacts and Projects

The short range economic analysis focused on how the local economy might absorb the dislocated employees and identified specific BRAC mitigation strategies.

Implementation and Partnering Strategies

The BRAC related challenges faced by the Region include the following:

The direct loss of 1,540 high-skilled, high-paying civilian jobs connected to the Arsenal

The studies procured under the OEA grant found that nearly equal percentages of dislocated employees planned to retire (24%), move to the new job location (25%), seek local employment (24%), or remained undecided (26%). The studies have also shown there is a chance for retention of some of the dislocated employees due to slight growth at some of the commands that are remaining on the Arsenal and the relocation of military commands to the Arsenal.

The Arsenal dislocation is occurring concurrently with the significant floods of 2008 and major layoffs by local employers

As the federal EDO for the Bi-State Region, Bi-state has assisted with four applications for economic development funding assistance to the federal Economic Development Administration (EDA). Data and information compiled in the OEA-funded studies were used in some of the applications. The applications to EDA were for the following projects, all of which remain under review:

- Davenport, IA: Eastern Iowa Industrial Center, Rail Port Infrastructure – \$5,172,575
- East Moline, IL: Gateway Industrial Park, Water and Sewer Infrastructure – \$3,605,856
- Mercer County, IL and Muscatine County, IA: Revolving Loan Fund – \$1,000,000
- East Moline, IL: Economic Development Land Use Planning Grant – \$75,000

Traditional business assistance tools, such as RLFs, have become ineffective due to the current national recession

This stems from a lack of equity and low participation by private sector lending institutions. The Business Development Assistance Study noted that current economic conditions make it difficult to utilize RLFs. However, some rather minor changes to RLF lending practices might help bring in more successful applications. These changes include increasing the amount available for loan per job created; simplifying the loan process, and renewing marketing efforts. Additionally, the study investigated the potential to sell RLF-type loans to raise additional capital. This recommendation has not been further investigated because the recent drop in lending activity has left funding surpluses for many RLFs.

Successes/Lessons Learned

The four studies have led to many good and diverse recommendations for the Region such as creating a BRAC Transition Center; increasing the loan-to-jobs creation ratios for existing RLFs; encouraging businesses to adopt new technology standards; and creating a local internship database.

Our Region is in the unique position of losing 1,500 civilian jobs, yet gaining approximately 200 uniformed military personnel. This will bring many more uniformed military personnel to the Region than have been stationed here for several years. Currently, communities are working with the Arsenal to address housing needs of the uniformed personnel that will be arriving in the next 12 months.