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Building Regional Public-Private Partnerships for Economic Growth

By Ryan Stachelski

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PRIVATE PARTNERSHIPS FOR ECONOMIC GROWTH

By Ryan Stachelski

One of the trendiest buzzwords in the economic development realm may be “regional public-private partnerships,” but most economic development professionals would agree that although these relationships are common, successful outcomes are not. In theory, these partnerships are ideal strategies for regional economic development projects and goals, but by no means are they off-the-shelf solutions.

Rather, as the Arvada Economic Development Association (AEDA) experienced firsthand, they are a labor of love and innovation, often taking years of painful trials to shape into effective models. One such model was necessary for the Arvada community, located in the northwest suburbs of Metro Denver, Colorado, to achieve the goal of retaining one of its most important businesses and primary employment generators, Wanco, Inc.

The Arvada Economic Development Association was founded in 1992 and is operationally funded by the city of Arvada. Four employees and a board of local business leaders run the organization. Its mission is to provide business and commercial development services to new and existing businesses so they can grow and expand to create additional jobs, increase revenues, and make capital investments. AEDA is committed to business by investing in the continual development of commercial, transportation, and economic products and services in the city of Arvada.



A Wanco staff member working at the expanded manufacturing facility located in Arvada, CO.

ABOUT WANCO

Wanco is a family-owned, private manufacturer of highway safety and traffic control products with an international customer base. It has operated in an industrial facility in east Arvada since 1998. When the 32-year-old company first relocated to this site, the land parcel was annexed into the city of Arvada, expanding the city's footprint.

As a major international exporter, the impact of Wanco as a primary employer in Arvada cannot be overstated. With its consolidated global headquarters, manufacturing and distribution operation, the company's 250 Arvada-based jobs accounted for 14 percent of the city's entire manufacturing employment base.¹ Furthermore, Wanco sources many components locally, including procuring sheet metal housing systems for its flagship products

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from another Arvada manufacturer. A major disruption to the business would not only affect its immediate employment, but also impact local and regional jobs in the upstream supply chain.

A relocation of Wanco out of the region would have had a significant economic ripple effect, including an additional 263 indirect jobs lost in ancillary industries. The total loss of 513 direct and indirect jobs would have resulted in a net negative change in regional payroll earnings of nearly \$30 million.²

AN ECONOMIC DEVELOPMENT DILEMMA

After 18 years in business in Arvada and with one small building addition completed in 2004, the firm desperately needed another expansion to keep up with explosive sales growth. In the past decade, the firm's revenues grew between 15-20 percent each year. "As the world's population is increasing by leaps and bounds, so is society's infrastructure," said Gene Baumgartner, operations manager for Wanco. "Roads are critical to any growing area, so our products are needed across the globe, year-round. We needed room to grow our operations to keep up with demand."

Since moving their operations to Arvada, Wanco's manufacturing facility abutted an 86-acre, vacant land parcel. Previously, a local resident privately owned the land and promised it to Wanco's founder through a "handshake deal." However, after the landowner's passing, his son instead sold it to the Hyland Hills Park and Recreation District (Hyland Hills), which is located in Adams County. To make matters more complicated, Hyland Hills paid for the land with funds obtained from the Adams County Open Space Fund and had already earmarked it for development into a future regional park site as part of the county's overall open space plan.

Now knowing the property was no longer available, Wanco instead considered relocating to an existing facility somewhere else in Arvada. After an exhaustive search, it was concluded that not only were there no viable sites in the city, but the region also lacked suitable industrial inventory to accommodate such an expansion. Additionally, there were no cost-effective, vacant properties that could be realistically considered for new development. It appeared that relocation out of the region could be the company's best option, unless, of course, the original

To be successful, AEDA helped to create a true regional public-private partnership with four key entities: Adams County, the city of Arvada, Hyland Hills, and Wanco. By identifying and articulating each of these stakeholders' unique needs and expectations, AEDA was able to facilitate the formation of a unified vision, breathing life into an otherwise doomed proposal.



The site plan for the Wanco expansion in Arvada, CO.

proposed site could somehow be brought back into consideration.

Even if Wanco were to acquire the desired Hyland Hills property, there were still considerable cost challenges. Wanco determined that expanding the business on the Hyland Hills site, including land acquisition and constructing the new building from the ground up, would cost the company upwards of \$8.5 million. With the extremely complicated dynamics of making the desired site successful, the company owners turned to AEDA for help.

AEDA'S ROLE IN THE EXPANSION

When Wanco approached AEDA about its expansion challenges, the economic development organization emphasized with both sides of the issue: the economic impact to Arvada and Wanco's workforce, and the impact to local residents clamoring for open space. To be successful, AEDA helped to create a true regional public-private partnership with four key entities: Adams County, the city of Arvada, Hyland Hills, and Wanco. By identifying and articulating each of these stakeholders' unique needs and expectations, AEDA was able to facilitate the formation of a unified vision, breathing life into an otherwise doomed proposal.

After AEDA received initial buy-in from these entities toward a strategic solution, the organization began working on a successful outcome. To launch the complex partnership, AEDA created a memorandum of understanding between the city of Arvada, Hyland Hills, and Wanco. In it, the entities acknowledged that a cooperative relationship would not only be mutually beneficial to each partner, but also be in the best interest of parks, recreation, and economic development within both the city of Arvada and southwest Adams County.

The entities agreed that additional monetary support for development of a regional park was a high priority for the community. Also a priority was preserving 250 existing jobs and upward of 100 new jobs resulting from the 96,000-square-foot expansion of Wanco's existing facility.



Wanco staff working at the expanded manufacturing facility in Arvada, CO.

Hyland Hills required a large investment for the land parcel, which appraised at only \$400,000. To raise the additional funds, AEDA negotiated in the agreement a \$500,000 contribution from the city of Arvada to Hyland Hills. Wanco agreed to contribute an additional \$350,000 to Hyland Hills above the \$400,000 land value to be used for the park site. AEDA's Board of Directors helped Wanco bridge the gap by providing a \$75,000 grant to help cover the overall \$750,000 investment for the land purchase.

The land sale to Wanco was subject to approval by the Adams County Commissioners, which could have proved difficult given the land was meant for open space development for the county's Clear Creek Valley Regional Park project. Additionally, the partners would request Adams County's permission to Hyland Hills to utilize proceeds from the land sale to secure additional funding necessary for phase one of the park project. If approved, the decision would provide an early catalyst for park development and also honor the county's open space plan.

To move the request forward, the partners knew that asking the Adams County Commissioners for approval would require buy-in from a key group, the Adams County Open Space Board. The board members would need to give their support for both the project itself and the precedent set by the purchase, whereby a parcel of land bought with open space funds was sold for commercial use. Wanco partnered with Hyland Hills to hold a series of public meetings to ensure that Wanco's expansion and the park's site plan were well received by those most affected by the project: citizens of Arvada and Adams County residing near the project area.

Residents learned that this investment from Wanco and the city of Arvada would allow Hyland Hills to build the park now, rather than wait at least a decade in a scenario without immediate funding. Additionally, by partnering with the city of Arvada, Hyland Hills could access opportunities for matching funds via the recreation district's grant program. Once the Adams County Open Space Board and local residents understood how funds from the city of Arvada and Wanco would help Hyland Hills fast-track the regional park project, they offered their support.

According to Ryan Stachelski, director of economic development for AEDA, "Each entity was able to see that access to this money, and the drastically improved time-

line for building the regional park, far outweighed the small portion of land sold by Hyland Hills to Wanco."

Adams County Commissioners unanimously approved the sale, including the caveat that proceeds from the sale be used for the park project, rather than being returned to the Adams County Open Space Fund.

"This partnership has been unique in the sense that multiple agencies were engaged in a project that benefits both the public's need for a regional park, while at the same time addressing the economic growth needs of a private, Arvada-based business," said Todd Leopold, county manager for Adams County. "The partnership ultimately allowed the city of Arvada to retain a top-quality manufacturing business and Adams County residents to enjoy

WANCO EXPANSION TIMELINE

1998 – Wanco moves its manufacturing facility to the current site in the city of Arvada

2004 – Wanco completes its first expansion at its Arvada-based facility

2009 – Wanco decides to expand again, but learns adjacent land was purchased by Hyland Hills Parks and Recreation District for use as a regional park

2011 – Wanco approaches AEDA to set up a meeting to discuss purchasing five acres of land from Hyland Hills for its facility expansion

2013 – AEDA officially launches a partnership among Adams County, the city of Arvada, Hyland Hills, and Wanco through a formal memorandum of understanding (MoU)

2014 – Wanco and Hyland Hills partner and hold several public meetings about the project to obtain community buy-in

2014 – Adams County Open Space Board and Adams County Commissioners approve the land sale to Wanco and allow Hyland Hills to use the proceeds for the first phase of the regional park project

2015 – Construction begins on the Wanco expansion and the Hyland Hills regional park

August 2016 – Wanco completes construction and receives its certificate of occupancy on the expansion

November 2016 – The new Hyland Hills regional park is 80 percent complete

Adams County and Hyland Hills realized one of their long-term open space goals. They began developing the land adjacent to Waneco with an 81-acre multi-use, destination park that when finished, will include a large community garden, exercise arena, agriculture-themed play areas, regional trails and pond fishing for residents of both Arvada and Adams County to enjoy.

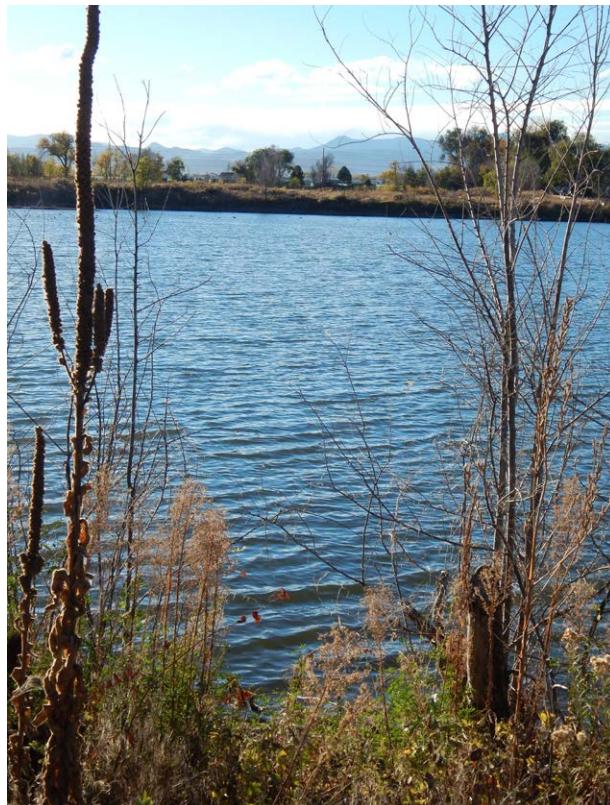
an excellent outdoor recreational park that wouldn't have been possible in the near-term without this additional funding."

Leopold also stressed the importance of community outreach prior to and throughout the project's construction stages. Hyland Hills and Waneco engaged residents in the area on the benefits to completing the park, while also addressing the manufacturer's expansion needs. "Anytime a partnership comes together such as this, the community needs to be informed and invested in the outcome to ensure its long-term success."

After receiving Adams County's approval, AEDA led efforts among the entities to negotiate and sign an intergovernmental agreement outlining the initial development of the park once Waneco acquired the property.

The land sale was completed in 2015, but moving forward with the actual expansion was not always smooth sailing. Annexation, zoning and planning approvals with the city of Arvada still had to take place. Once Waneco began the entitlement process for development, AEDA supported the business throughout the following planning and construction phases.

- **City Development Review Process:** Specifically, there were challenging design standards that needed to be negotiated between city staff and Waneco.
- **Access to Water Infrastructure:** The existing Waneco building was served by Arvada Water, but the new building was to be served by a separate water district, Berkley Water and Sanitation District. The two systems' infrastructure was different, creating significant confusion. AEDA helped to work through those issues with all parties.
- **Site Access:** The road accessing the new site was private and owned by several different entities. AEDA helped to facilitate a conversation that created clean jurisdictions, ownerships, and access easements.
- **Relationship Management:** AEDA had to cultivate a working partnership with the local Fire District.
- **Moral Support:** At times this project was overwhelming to Waneco, given the project's complexity, multiple parties, and conflicting priorities. Stachelski said, "AEDA's job was to help steady the ship and make sure it got to port."



A lake view from the Clear Creek Valley Park built by the Hyland Hills Park and Recreation District, which will be completed in 2017.

A WINNING OUTCOME

Once the land purchase and planning challenges were overcome, Waneco proceeded with construction of the facility expansion and received its certificate of occupancy in September 2016. They celebrated the project at an open house event held in November 2016.

"The magnitude of and public interest in this project was high given this part of the city has a rapidly growing population and a new commuter rail station coming in," said Baumgartner, Waneco's operations manager. "The project goes well beyond economic development in terms of the positive impact made to the surrounding community with additional jobs and a new park."

AEDA retained Waneco as a primary employer with 250 employees, ultimately creating upwards of 100 new direct jobs and an estimated additional 105 indirect jobs.³ The facility expanded to a total of nearly 270,000 square feet of building, adding to both Arvada and Adams County's tax base. Waneco's Arvada-based suppliers avoided a loss and look forward to increased revenue. Finally, Waneco employees who live, work, and shop in Arvada will continue to add to Arvada's economic base.

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The community garden that is part of the Clear Creek Valley Park project.

both Arvada and Adams County to enjoy. Construction on Phase 1 of the park began in spring of 2015 and is more than 80 percent complete at the beginning of 2017.

“The land on which the park is being built and that Waneco acquired was farmland more than 100 years ago. It was of utmost importance to us that we honor that tradition,” said Terry Barnhart, planner and project manager for Hyland Hills. “This partnership made it possible for us to honor the heritage of the land using sale proceeds towards our park project.”

Waneco, AEDA, and the other partners have been honored with awards for the retention and expansion project. AEDA received a 2016 Bronze Award for Excellence in Economic Development for the project in the category of Business Retention and Expansion – Programs of three or more years from the International Economic Development Council. AEDA, Adams County, city of Arvada, and Hyland Hills, all of Colorado, received a 2016 Silver Award for Excellence in Economic Development for the project in the category of Public-Private Partnerships from IEDC. Waneco was named AEDA’s Outstanding Large Business of the Year at its 22nd annual Business Appreciation Awards Breakfast.

HOW TO FORM REGIONAL PARTNERSHIPS THAT BENEFIT LOCAL ECONOMIC DEVELOPMENT

All too often, economic developers find it can be challenging to overcome political jurisdictions. In an ever-growing regional, state, and global economy, it is critical for municipal leaders to literally “think outside the box” of their local geography. Doing so requires thinking through each entity’s goals, funding streams, and performance measures. Leaders must be prepared to make joint decisions that may impact their individual policies. To head off any potential deal-breaking conflict, it is important to take the following steps.

Strategize a Solution that Benefits the Greater Good

Since “good” is a matter of perspective, it is important to make sure that the project will benefit the overall community, rather than simply meeting the agendas of

a handful of influential people. Performing community outreach before executing a large deal, and throughout the partnership, is absolutely critical to ensuring a lasting, positive outcome.

Identify Your Key Stakeholders

Who are the political, economic, and community audiences that may be affected by your initiative? Identifying these people upfront and bringing them into the conversation early on allows you to understand their motivations. Once you have a clear understanding of who to involve, work out a high-level solution that will benefit each party. This will lend itself to a collaborative work environment, which is particularly critical during initial conversations about how to move forward on a project.

Learn, Understand, and Respect Stakeholders’ Perspectives

Once you have presented stakeholders with a proposed solution, work to understand their needs, risk factors, and desired outcomes. Each group will have different goals and expectations that depend on a number of factors, such as the local political climate, government policies, and budgetary guidelines. Uncovering potential roadblocks upfront, and strategizing thoughtful solutions to overcome them, will build a deeper level of trust and collaboration with each group. You should be able to answer the following questions for each stakeholder:

- Does this solution accomplish the necessary economic goals? How about community goals?
- Is the deal an efficient use of funds?
- Does the deal result in a positive return on investment (ROI)? Keep in mind that different stakeholders may consider ROI in a different manner.
- Is the deal feasible in terms of financing, government policy, and timing?

Identify Barriers to Success and Investment

Once you present a solution that meets the needs of each party and have established collaborative relationships with them, you will have a very good idea about how to structure a “winning” deal. Knowing that everyone is on board with the proposed solution eases the transition into negotiating the fine points of a more for-

SEVEN STEPS ECONOMIC DEVELOPERS SHOULD FOLLOW WHEN IMPLEMENTING A REGIONAL DEAL

1. Strategize a Solution That Benefits the Greater Good
2. Identify Your Key Stakeholders
3. Learn, Understand, and Respect Stakeholders’ Perspectives
4. Identify Barriers to Success and Investment
5. Be Willing to Compromise
6. Be a Champion
7. Be Persevering

mal agreement with each party. Maintain a willingness to be flexible, so long as doing so will not affect the overall goals each party desires to accomplish.

Be Willing to Compromise

While it is critical to remain flexible, it is equally important to be transparent, honest, and open to input throughout the partnership. This will allow your organization and those involved to make compromises along the way in order to achieve the greater good. Especially in the case of complex partnerships that evolve over a long period of time, components are going to shift and change. Keeping the big picture in mind when making decisions will make it easier to shift priorities if needed to keep things on track.

Be a Champion

Like any long-term relationship, there are going to be bumps along the road. Make sure to periodically check in with your stakeholders to see how they feel about the progress being made. When there are competing priorities, barriers to success, and complex personalities at play, sometimes an economic developer's job is to simply act as a champion and keep everyone focused on the winning outcome. Do not be afraid to utilize your "soft skills" when you are acting as a sounding board.

Be Persevering

As with all complex projects and partnerships, there will come points in time when it may be tempting to give up, especially with those that take years to materialize. Additionally, various stakeholders and observers may criticize the project and/or strategy, or fail to envision its success, particularly when certain tactics have never been tried before or similar outcomes never realized before. Anticipate these challenges, but do not lose sight of the end project goal amid external doubt and naysaying. In-

stead, continue pushing forward optimistically, recognizing the difference between healthy criticism and harmful escalation of commitment.

LOOKING FORWARD

Economic developers willing to tap into regional networks will find benefits that go well beyond their local market. Even while communities are under pressure to maintain and preserve their own local "flavor," embracing regional collaborations will only lead to positive returns on investment, for both businesses and the community at large.

In fact, the Metro Denver Economic Development Corporation (MDEDCC), which consists of 70 counties, cities, and economic groups including AEDA, operates under a code of ethics that emphasizes the region first and individual communities second. This arrangement brings together the interests of a broad range of public, private, and public/private groups to promote the area as a single entity. Because of the relationships created under the MDEDCC model, AEDA already had positive experiences with the entities involved in the partnership.

"Individual communities often lack the resources to make the change needed on their own, given their individual economies of scale," said Stachelski. "Communities are not one size fits all; they can't live on an island and think they have all the tools they need to support the community. People and businesses don't look at borders like jurisdictions do, so it's important to think like the end-user (customer) and not limit outcomes by lines on a map." 

ENDNOTES

- ¹ City of Arvada Business License Database
- ² EMSI 2016.4 Input/Output Data
- ³ EMSI 2016.4 Input/Output Data



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