

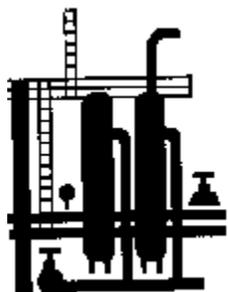


Your Experts for Life

CREATING INDUSTRIAL SITES



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The Need For An Industrial Site

Community leaders across the United States are becoming aware of the importance of local industry as a source of tax revenue to meet ever increasing demands for services and to provide the stimulus for overall economic and business development.

However, each year the job of acquiring or developing industry in rural communities becomes increasingly competitive and complex. To maintain a competitive advantage in acquiring or expanding industry and to maintain or broaden their economic bases, Alabama communities must enhance their proficiency in planning for industrial development. If--after carefully weighing the pros and cons and costs and benefits of industry and after determining if it has the resources to support industry--a community wants to industrialize, it must identify and develop appropriate industrial sites.

The development of an industrial site tells prospective firms that the community is progressive and is committed to seeking industry. A community-developed industrial site gives the community a measure of control over where new industry locates and can reduce the selection time by a prospect to a minimum by a direct sale of the land. Such a site also minimizes land-use conflicts. If proper planning is done, prospects can be assured of orderly development and the community can shape the direction growth will take.

With some 15,000 communities competing for 2,000 new plants each year, a community without an industrial site is at a severe disadvantage. In most cases it is fruitless to show a community that does not own an industrial site to a prospect. Firms that are seeking new plant sites usually do not have time to wait out the uncertainties associated with a community that does not have an industrial site. The community must be in a position to make firm commitments regarding a site.

What Industry Looks For

Surveys show that industries considering expansion or relocation generally consider the following factors:

- Easy access to expressway transportation systems.
- A good labor market.
- An attractive site with suitable restrictions, including setback requirements, limitations on outside storage, types of firms allowed, sign and billboard control, trees and shrubs to be left, etc.
- A pleasant community with good services, a low crime rate, and an understanding of the needs of manufacturing employees.
- Availability of rail service.
- Good truck transportation.

- Good terrain characteristics.
- Low cost of site development.
- Availability of public transportation.
- Avoidance of excessive urban development.

It is obvious from this listing that site location and site characteristics are extremely important.

Characteristics Of A Good Industrial Site

An industrial site is simply "a usable parcel of property owned or controlled by the municipality or industrial development authority and made available to new or expanding industry." Control of the property is necessary to minimize speculation, since land prices tend to skyrocket when news of an industrial prospect reaches landowners. An option to buy may be sufficient; however, outright ownership, including mineral rights, is preferable.

The cheapest property is not always best. Often, it turns out to be the most expensive, because of the high cost of grading and of extending utilities and roads to the site. Ease of acquisition is also an important factor. It is very costly to pursue property whose owners are reluctant to sell, or property which becomes tied up in litigation. Financial arrangements must also be considered. If favorable long-term financial arrangements can be made, the further development of the property will put fewer strains on the community.

What makes a parcel of property "usable" as an industrial site, assuming that it can be acquired at reasonable cost? The answer is complex. Here are the most important factors:

Terrain. The land should be flat to slightly rolling, with good drainage and with soil characteristics suitable for industrial building and for railway and road construction. Streams (that do not provide a practical water supply), flood-prone areas, and steep grades or grade separations make sites unusable or too costly to develop.

Size. About 50 acres is the minimum practical size for an industrial site. Today, a firm requiring 50 acres of land is no longer considered a large user of land. Many companies consider the minimum site size to be 10 square feet of land for each square foot of building area. Thus a 50,000 square foot plant would require more than 11 acres of land. The parcel should also be square or rectangular. Irregular or extreme shapes prevent efficient use of a site.

Utilities. Ease of extending utilities to the site, if they are not already there, is an important point. A rule of thumb is that if utilities are not in place on a site being considered by a prospect, local government must be able to make a firm commitment to have them in place within 45 days. It is preferable to have all utilities, including fire protection, extended into the interior of the site. It is also important to anticipate the needs of the kinds of firms to be sought. For example, certain textile operations require a 10-inch water line.

Zoning. Present and future zoning must be considered in creating an industrial site. The last thing industrial prospects want is conflict with adjoining landowners. This means that the site chosen must be in harmony with the community's long-range planning goals, and that a covenant should be established outlining zoning ordinances to assure compatibility with present and future tenants.

Location. Locations providing easy access for truck or rail transportation and for labor traffic are most desirable. On the other hand, sites should not be located near or cause heavy traffic through residential

or business areas. If access can be provided, a site surrounded or protected by barriers such as streams, ridges or ravines, highways, or railways is ideal. Another consideration is that many firms take great pride in their new plants and like sites with good visibility from major thoroughfares. In 1990 installing rail service after the road bed had been constructed cost more than \$50 per linear foot. If barriers such as a U.S. highway, a stream, or grade separation are involved, the cost of providing rail increases considerably. Availability of rail is important to many firms looking for new plant locations.

Appearance. Once a site has been chosen, it should be cleared, graded, and groomed so that a prospect can visualize a plant in place by walking over the site and inspecting it in detail. Some trees, however, should be left, and the site should have a park-like appearance and be suitable for lawns, trees, and planting areas. Curbed streets, off-street parking, truck unloading, and staging areas should be planned or in place.

Identifying Potential Sites

To do a good industrial site survey, some basic tools are necessary. An initial identification of potential sites can be made by use of maps and photographs that display important topographic and qualitative considerations. The following are six basic tools for industrial site development:

1. Existing land-use maps indicating major thoroughfares.
2. Maps of flood-prone areas.
3. Topographic quadrangle maps.
4. General highway maps of the county.
5. Aerial photographs.
6. Land ownership maps.

With these tools, sufficient information should be available to evaluate prospective tracts of land.

Existing land use maps are usually prepared by the local planning commission and can be obtained from that office. The maps will show existing tracts where industry is currently located. These maps should have an overlay of gas, water, and sewer lines, showing the size of each.

Maps of flood-prone areas generally have a scale of 1:24,000 and are produced from 7.5-minute topographic quadrangle maps. These maps are generally available from the regional planning commission.

Topographic quadrangle maps, 7.5- or 15-minute series, show the slope of the land, natural drainage, and waterways. They will assist you in determining whether extensive grading will be required in development of an industrial site. They are indispensable tools in the site selection process. Maps are now available for the entire state of Alabama and can be obtained for \$6.00 from the Alabama Geological Survey, P.O. Drawer 0, University, Alabama 35486.

General highway maps of the county are available from the Bureau of State Planning, map division, State of Alabama Highway Department, at a minimum charge, or from the city or county engineer's office. These will show transportation accessibility and road surface to possible sites. Houses, churches, schools, and other pertinent land uses are also shown.

Aerial photographs are cheaply and easily available from the Agricultural Stabilization and Conservation Service Aerial Photography Laboratory. Assistance is available in purchasing these at the county ASCS Office. The Soil Conservation Service or perhaps the tax assessor's office may also have

copies available. Land ownership map information can be obtained through the Soil Conservation Service.

The first step in identifying potential sites is to refer to and outline all areas that have a slope of 10 percent or less. The more severe the slope of the land, the more costly land grading and preparation will be. Land-use maps and zoning maps in conjunction with aerial photographs will help identify the outlined tracts of land that are zoned for industry. If a particular tract of land looks promising but is not in an industrial zone, the zoning may often be changed if proper justification is shown.

An excellent tool, if available in your county, is the county soil survey. At the present time, not all counties in the state have published soil surveys. The Soil Conservation Service will have a copy for the county if it has been completed. The survey shows the classes of soil present, gives percolation rates, gives a general indication of the load-bearing capacity of soil, and specifies the limitations of soil for building foundations, roads, lagoons, and septic tanks. It will also indicate drainage conditions, seasonal wet lands, and soil conditions that are unique to a particular parcel of land. The Soil Conservation Service Office can provide specific surface soil information that is needed.

Inspection Of Promising Sites

Because the primary responsibility for the project lies with the local community, its representatives should be involved in the site selection process. City and county governmental officials will be directly involved in the project, especially when federal assistance is requested; as a consequence, representatives from these governmental units should be included in the selection process. An engineer from the Alabama Development Office, soil technicians, and representatives of the utility company and the railroad should also be included. These individuals bring years of experience into the site selection process.

The more promising site locations, as determined by the secondary data, should be chosen for the site selection committee to tour. The ideal site is the parcel of land that most economically satisfies future community and industrial needs and has all the requirements of a good site outlined previously. Realistically, not every community has an ideal site location, and some tradeoffs will be involved. The site selection committee must decide which site would be best by weighing the advantages and disadvantages of each potential site.

The community must keep in mind that it will be competing with sites in other communities. Therefore, leaders should know what the competition is doing. The cost of development is usually passed on to industry, and the higher the site cost, the less attractive it becomes to the industrial firms if other factors are equal.

Generally the community must consider if the site can be made into an attractive park for the industrial occupants and if the proper facilities can be provided for at reasonable costs. Often engineering consultants are hired to determine the feasibility of potential industrial park sites. These studies usually show the capabilities of the site for construction and an itemized list of costs and materials needed to develop the site.

Acquisition

The community has to consider acquisition price, carrying costs, and overhead when acquiring land to be developed. Actually, it is better to buy too much land rather than too little. The costs of acquisition

include--in addition to the price of the land--attorney's fees, commissions, title searches, title insurance, surveys, and test borings, as well as carrying costs for these items.

In some cases the community may obtain an option to buy a parcel of land rather than purchasing the land. The "option" entitles the developer to purchase a parcel of land at a specific price within a designated period of time. This method may be used to reduce large cash outlays in the early stages of park development. A sample site option document can be found in the appendix of Circular CRD-5, "Rural Industrialization: Start Tapping Economic Potential," available through your county Extension office or at <http://www.acesag.auburn.edu/departement/crd/publications/crd-005.html>.

Sales to Prospects

Before a prospect is allowed to buy or take an option on land within the created site, the prospect should be asked to make a full disclosure of the planned project. This is necessary to determine if the project is compatible with the community and planned development for the site. As a minimum, the following information should be secured:

- A brief description of the proposed use of the property.
- A preliminary lay-out or plat plan of buildings, process areas, parking lot, etc.
- The anticipated investment and the number of employees--initially and ultimately.
- The best possible estimates as to requirements for water, sewerage, natural gas, electric power, and rail service.

Sales contracts and options should include a recapture clause stating that--should the prospect not begin and complete construction within a given period of time--the community can regain title to the property. The community can choose not to exercise this option, however, if circumstances beyond the prospect's control prevent fulfillment of the commitment.

A sample park covenant specifying other restrictions and controls can be found in the appendix of Circular CRD-5, "Rural Industrialization: Start Tapping Economic Potential," available through your county Extension office or at <http://www.acesag.auburn.edu/departement/crd/publications/crd-005.html>.

Not every community will have the "ideal" site, but it can have a site that demonstrates its commitment to the economic vitality of the area and its citizens.

For more information, call your county Extension office. Look in your telephone directory under your county's name for the number.

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