

# “Virtual” Buildings Program

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**Need:** Available, existing buildings that meet the needs of target businesses or a means to shorten the development timeline for these businesses.

**Solution:** *“Virtual” buildings program* - a proactive business location alternative to an existing building. Ideally all preliminary work has been completed in order to start construction immediately on the building. The building has been designed, all utilities are at the site (or plans and cost estimates to bring utilities to the site are available), the development team is in place, firm cost estimates and construction schedules have been established and the site plan permit has been approved. The “virtual” building has all the required elements in place to deliver a building suited to the specific needs of a characteristic target company within fixed costs and timeframe. It is not simply a building on paper.

**Details:**

- \* Jurisdiction solicits partnerships with land owners, developer and architects
- \* Building is designed on “paper” for a specific site or several suitable sites
- \* Jurisdiction staff pilots architectural drawings of the buildings
- \* Preliminary site plans developed
- \* Landscaping and building elevations go through the approval process
- \* Jurisdiction commits to an expedited construction plan review for these buildings and a rebate of building permit and plan check fees.
- \* If none of the proposed sites are suitable, the city commits to move the buildings to another site within any of the jurisdiction’s business parks.

**Marketing:**

- \* “Virtual” building competes on both cost and time basis with buildings that require retrofitting
- \* “Virtual” building represents significant savings of time & money over the conventional process of designing and building a new facility
- \* “Virtual” building program offers businesses a significant benefit to work with city government in a positive, problem-solving mode

## Program

**Outcomes:**

- \* Increased community image as a pro-business community
- \* A local government that can offer short-cuts in the approval process and is ready to work with a business to make things happen can make or break a deal.
- \* Spirit of cooperation between public/private sector
- \* A jurisdiction which respects time and money
- \* Competitive business location services



# Creating A "SIMPLE" Spec Building Program: The Example of Glendale, Arizona

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The City of Glendale was losing manufacturing and back office prospects because it lacked a key requirement, namely 40,000 to 80,000 square feet of free-standing space. Other communities had this product available, despite the fact that Glendale had some of the best quality and well master planned business parks in the metropolitan Phoenix area. This article deals with how Glendale responded to this challenge by creating SIMPLE – Strategic Industrial Master Plan and Landscape Enterprise.

## BACKGROUND

The City's Director of Economic Development was hired in April of 1991. After meeting with brokers, developers and potential users, it was clear that the City lacked available buildings to compete with other communities. In May, during a lunch with a major general contractor, the economic developer was asked by the contractor what the contractor could do to help the City of Glendale. The Director responded, "Build me a spec building." Both laughed, knowing that there was absolutely no financing for this kind of speculative opportunity. After all, Arizona's real estate boom busted and so were most of the Svings and Loains which fueled spec space in the mid-1980s. Nevertheless, the Director challenged the contractor to build a spec building anyway...on paper! The Director offered to publicize the spec building program far and wide, if it could be done, good PR would result. The general contractor took the bait and line dup a large architect and engineering firm to assist, pro bono, of course.

To avoid the perception of favoritism, the City insisted on the ground rule that whatever innovative program resulted, it would be used by the contractor's competitors. All the pro bono work could be lost to the competition despite the up-front work of both firms. Once the program was up

and running, this agreement increased the City's image as a pro-business and neutral business partner. Additional contractor and A&E firm referrals resulted after program was initiated.

## CREATING A "PAPER" SPEC BUILDING

The city of Glendale Department of Economic Development set out to define the configuration and building specs required by the 40,000 to 80,000 square foot users. The department interviewed twenty-one industrial brokers and reviewed all the space requirements of the industrial leads received by the regional marketing agency, the Greater Phoenix Economic Development Council. The ideal building was defined during the summer of 1991.

Meanwhile, the Director of Economic Development assembled the most senior and customer service oriented members of the city's design and development review teams. The disciplines included: landscape architecture, land development, fire, plans examining, and design review and development services. He challenged them to become part of the public and private partnership to make Glendale Number One in the Valley for new space and a new pro-business attitude. The team responded positively, as they seldom had the opportunity to take the time to create their best possible project without time and budget constraints.

Then the Director of Economic Development approached the developers of the best business parks in the City and asked them to submit lots on which to site the speculative building. Initially, most were skeptical, a city asking for a partnership? But after a meeting with the City staff, the contractor, and the A&E firms, they fully understood they had nothing to lose and a lot top gain. They cooperated fully and, when asked, donated \$3,000 to publicize the concept once it was ready to go public.

From the months of October, 1991 through June, 1992, the private sector developers, contractors and public sector team worked hard to design the product.

He result was an adaptable design for a spec building which had all the necessary City approvals without actually having to build it! The building is approved in three of the City's major business areas, Glen Harbor Business Park, Eaton Industrial Park, and Talavi Business Park. The private sector partners provided the architectural and engineering brainpower behind the project, and the general contractor provided the contraction know-how.

## OBTAINING APPROVALS

The City staff piloted architectural drawings of the "spec building", preliminary site plans, landscaping and elevations through the approval process with the result being a ready-for-construction, site specific building in any of the City's three major business parks. In addition, the city committed to an expedited construction plan review for these buildings and a rebate of building permit and plan check fees.

## THE "BUILDING"

The spec building is 50,000 square feet, expandable to 80,000 square feet, with twenty percent of the space devoted to office use and eighty percent to plant operations. Even these parameters are flexible. The building can be adapted for a small or larger building. It can be either single-story or two-story. In addition, if none of the proposed locations is suitable, the City committed to move the building to another site within any of the three business parks. In effect, a "model" home was created to generate inquiries.

Glendale's spec building can compete on both a cost and time basis with retrofitting existing space. It represents significant savings of time and money over the conventional process of designing and building a new facility.

According to the calculations by the City, the contractor and the A&E firm, companies taking advantage of the "SIMPLE" program can save up to eleven weeks design, approval and construction time and up to seventy-five percent of the time and money needed to prepare financing exhibits and up to fifteen percent of their architectural and engineering fees.

## SPIN-OFF BENEFITS

One of the most important aspects of the project, according to Bernard Duetsch, president of the architectural firms, is being able to work on a municipal government in a positive, problem-solving mode.

“My role as president of Duetsch Associates requires me to spend a lot of time working with city officials on behalf of our clients. For the most part, the officials are very amiable. However, as the process proceeds to staff level, the sense of urgency and helpfulness in assisting the clients often diminishes dramatically, thereby negatively impacting their business plan”, Duetsch says.

“Glendale is the *first* city to demonstrate this unique pro-active approach in working with new and existing businesses. As a result of this approach, a positive attitude permeates the Glendale staff. This is extremely important to the success of any business venture.”

Carol Warner, vice president/business development for Johnson Carlier, says the major challenge for the project team was “to even out the time and costs of the ‘SIMPLE’ project so Glendale could compete with cities with an inventory of existing space.”

“Time is especially critical to negotiations with potential users,” says Perry Kirch, vice president of Suncor, developer of Talavi.

A City government that can offer shortcuts in the approval process and is ready to work with a client to make things happen can make or break a deal. By all standards, Glendale’s public/private sector team’s efforts were successful. In the process, they also nourished a spirit of cooperation between the City and private enterprises which rarely exists.

## RESULTS

WHILE “SIMPLE” was on the drawing board, an existing company in Phoenix learned of the program through the city’s on-going sales and public relations efforts. The company, Allied Color Industries, a division of a Fortune 500 company, was sold on the “SIMPLE” concept. They were running out of space and time in their existing location. The city, the developers, the contractor, and the A&E firm jumped at the opportunity.

Allied Color Industries received its Certificate of Occupancy in November 1992 in Del Webb’s Glen Harbor Business Park. Bernard Duetsch and Associates performed the architectural services and a different general contractor built the facility.

Currently, two firms are in the pipeline for the SIMPLE program. One is using Duetsch, the other isn’t. One firm will employ one hundred and fifteen (15) people in an 80,000 square foot facility, and the other will employ twenty (20) people in a 12,000 square foot facility.

In addition, seven firms were interested in the SIMPLE program, but did not want to locate in the pre-approved business park locations for various reasons. Of the seven firms, two firms are in the process of locating in Glendale anyway. They will employ two hundred (200) people and absorb 150,000 square feet of existing space. Glendale’s SIMPLE program hooked them on Glendale’s pro-business attitude.

## CONCLUDING COMMENTS

The “SIMPLE” program levels the competitive play field between Glendale and other cities with a large inventory of existing office and industrial space.

Now, Glendale has a competitive spec facility for companies attracted by the city’s location, lifestyle and low cost of doing business.

It’s “SIMPLE”.

And “SIMPLE” works.

The SIMPLE program is an excellent marketing tool for attracting firms’ attention. Even if they don’t locate in the City, it demonstrates:

- A pro-business and pro-active city.
- A cooperative spirit between the public and private sector
- A City which respects time and money.

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