

# Site Certification: Preserving Future Industrial Sites

**T**he ideal site for your next facility is located across town, south of the Interstate, next to the railroad tracks. Unfortunately, a national home builder bought that property during the last housing boom and put up a neighborhood of 106 starter homes. You've probably read the op-ed piece in the newspaper written by the president of their homeowners' association complaining how she and her husband are awakened nightly by the blasting of the locomotive's horn.

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It's no secret that good industrial sites have become harder and harder to find, especially around metropolitan areas. Competing land uses, including residential, retail, schools and parks, have slowly dwindled away the inventory of potential quality industrial land. It is, in part, for this reason that communities have embraced the concept of preparing and marketing "shovel-ready" or "certified" industrial sites. In essence, the whole process of site certification takes land with

**Bridgeport West Industrial Park is a 259-acre park located in an industrial area west of Interstate 29 in Sioux City, Iowa. It is north of Sioux Gateway Airport and east of the Missouri River.**



Photo courtesy of the Siouxland Chamber of Commerce

apparent potential for becoming a quality industrial site, and completes the following:

- preservation of the site for future industrial use;
- preparation of the site to accommodate the needs of industry;
- building a compelling presentation for prospective industrial end-users.

Preservation of the site requires getting the land under control. Usually, the county or local industrial development board (or similar organization) purchases the land or secures a long-term option on the site, while getting the necessary zoning in place.

Once a site is identified for preservation, generating support and identifying funding for the task of site preparation (building roadways, extending utilities, obtaining necessary entitlements, etc.) can sometimes take several years.

But generally, the sites that are identified and preserved for industrial use are sites that are already well-suited for future industrial use (i.e. flat or gently sloping topography; located outside of the flood plain; access to state roads; proximity to four-lane highways and/or interstates; proximity to robust existing utility distribution infrastructure, etc.). In these instances, preservation and preparation can happen concurrently over a shorter time span, but the land often comes at a much higher purchase price.

The third step, the act of "getting certified," requires building a marketing presentation by confirming with documentation that the first two steps have taken place. An important part of certification is confirmation of environmental clearance. This process usually involves engaging an environmental engineering firm to conduct a Phase-I Environmental Site Assessment, endangered species study, archaeological survey, wetland delineation study, and a preliminary subsurface investigation (i.e. soil borings).

When conducting a corporate site search, the fundamental advantage of considering a certified site addresses the historical concern of any real estate transaction: "let the buyer beware." The concept of site certification helps reduce the worry associated with that truism.

Whether selling a vacuum, a used car, a single-family home or an industrial site, it is uncommon for the seller to be forthright about all shortcomings. Likewise, most landowners, whether public or private, are not motivated to invest their resources potentially to discover and expose any weakness or obstacle to the site's development.

Case in point: A heavily wooded, industrial-zoned, 60-acre site in an attractive location in the Southeast United States went under option several times over a twenty-year period. The property's owner and his real estate broker were well aware of a century-old cemetery in the middle of the site. Rather than make that known to the prospective buyer

upfront, they let this information come out in the buyer's due diligence phase. In each instance, the prospective buyer would sink thousands of dollars into professional fees to uncover this significant development challenge. If the owner had provided an ALTA or boundary survey, archaeological report, or Phase I Environmental Site Assessment, the prospective buyers would have saved significant time and money.

When considering a certified site, there should be no question marks; everything should be on the table, warts and all. A certified site should provide a company or a consultant with the information they need to make a determination about whether the site is a good fit for the specific project. This should happen quickly – within days, not weeks or months, plus thousands of dollars.

Site certification is performed in the spirit of full disclosure, because no site is without flaws. A certified site could be a remediated brownfield from a previous facility that has been demolished. A certified site may have a jurisdictional wetland on-site, have expansive soils, contain endangered species habitat, or include an archaeological scatter from an Early Woodland Period settlement – hopefully, not all of the above. But in the event that one or two of these concerns are present, documentation is then available to define the parameters and establish a viable process, including cost and timeline, to address such concerns.

Similarly, there are regions of the country that have a specific geotechnical challenge, such as karsts (i.e. "high concentration of sinkholes") or wet soils with low bearing capacity and a high probability of liquefaction. While these issues can be serious problems, large industrial development still takes place in these regions.

When considering a site in these regions, many of the prospective buyer's concerns can be alleviated with the provision of a preliminary subsurface report prepared by a duly-licensed, well-qualified geotechnical engineering firm. This report, standardly available for certified sites, contains, among other things, soil boring logs and recommended steps for pre-construction site preparations for meeting various foundation demands. The problem is identified and one or more solutions are presented, allowing the prospective company to decide then whether they can or cannot make the site work within those parameters.

In the last 20 years, various state and regional economic development organizations, utilities, and railroads have sponsored site certification programs in which a site selection professional acts as advisor and administrator of the program. When administering a site certification program, site selection consultants are verifying that all the necessary property due diligence was conducted and all site and utility information is documented. This practice is similar to the work done for their corporate clients when extensively critiquing a finalist site. As an

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**Bridgeport West is owned by the City of Sioux City.**

independent third-party, they help to ensure that the site's marketing material concisely and accurately portrays the site and its assets.

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Any site with the certified designation should meet all of the baseline criteria. But, technically, any site can become “certified” by making the investment in the necessary due diligence, regardless of its assets, location or overall attractiveness. A sub-par site that is certified is still a sub-par site.

When a certification program does not have a qualitative mechanism in place to say “no” to a site becoming certified, the end product may or may not be attractive to industry. As an example, in a recent site search, our team came across a “certified” site in a coastal location that was at an elevation where the site and its two primary access routes would be immersed by the storm surge of a Category 3 hurricane.

The demands of every specific industrial site search are unique. If your firm is seeking a site for a data center, a large rail-served manufacturing operation, or a food processing facility, there are certification programs geared specifically toward these targets. The role of site

certification in such programs can offer several viable candidate sites for one corporation's specific project. These sites have been vetted on many critical “must-have” factors for that specific industry sector. Generally, the geographic scope of the site searches in these industry sectors is very broad — looking across a dozen or more states. Alternatively, a site-readiness program may provide what you need, especially if your operation requires only a small site with modest utilities or if the geographic scope of your search is limited to a one-hour's drive from a specific location.

As a result, when you are considering multiple sites for your next facility, the process of analyzing a certified site will almost always be more enjoyable than those that are not certified. The initial review process takes more time because

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of the large amount of information available about the site. But when complete,

little should be left unanswered about the site. The site may or may not be a good fit for your specific project requirements, but you should be well equipped to make the “thumbs up or thumbs down” decision about that site in the very near future.

*Jonathan Gemmen joined Austin Consulting in 2007 and now serves as senior location consultant. In this role, Jonathan provides project management for Austin Consulting third-party administration of the CSX Select Site Program. He also serves as project manager for the Ohio Job Ready Sites Program, for which Austin is the third-party consultant. In addition, Jonathan's site selection experience includes food processing, beverage bottling, distribution centers, aviation and various manufacturing operations.*

