

When You Cannot Afford to Get It Wrong

Related Professionals

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Practices

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Few actions that a company executive or board will take are as significant as the decision of where to locate a new facility or to implement an expansion. Make the right decision, and the resulting productivity and synergies will maximize the benefits for your company. Get it wrong, and the results can be far from maximum or, at worst, ruinous.

A site selection process is even more difficult because corporate executives are very experienced and well versed in the operations of their company, most have relatively little, if any, experience in site selection processes for new or expanded facilities. Even fewer executives have any experience in maximizing the benefits of financial incentives, which can lessen the cost of a new facility or expansion.

For all of these reasons, when a company is considering where to locate a new facility or at which existing facility to undertake an expansion, it is highly advisable to engage the services of a team which has experience in site selection projects and the negotiation of financial incentives.

As an initial step in the process, the site selection consultant will meet with the company representatives to frame the project. This will involve delineating a timeline to meet the company's needs, learning about the company's processes and markets, and outlining details of the new facility or expansion project.

In this initial meeting the consultant will elicit input from the company that will ensure that all relevant information for locations under consideration is available to the corporate decision makers in their deliberations as to where to construct a new facility or undertake an expansion. This information will be tailored to the needs of the company and the individual project, but the major items that will be third-party verified include:

- Suitability of buildings or sites
- Labor force availability, quality and cost
- Labor union environment
- Infrastructure service (water, sewer, electric and natural gas) availability, quality and cost

- Taxes
- Transportation connections (road, rail, air and ports)
- Logistics
- Supply chain analyses
- Construction costs
- Other operating costs as defined by the project

In addition to gathering information on all site selection criteria as defined by the company, a site selection consulting firm can assist in evaluating the competing locations. This can also include the development of financial models to compare costs of doing business at competing locations.

Fully evaluating all of the above relevant business considerations is essential, but it is also very important to ensure that the company has taken advantage of all available financial incentives.

Most states and localities provide cash grants, tax credits and in-kind assistance to entice companies to locate new or expanded operations in their area. These financial incentives can be quite substantial. No company wants to leave money on the table by failing to avail itself of all of these forms of assistance.

Very few corporate executives are familiar with and up to date on state and local incentives. So without assistance from a site selection consulting team which is familiar with such matters, a company can fail to tap all sources of incentives, or at worst, end up being disqualified from receiving certain incentives.

An experienced site selection consulting team will ensure that the company receives the benefit of all off-the-shelf incentives and will be able to craft unique incentives to maximize the benefits for the company. The cost of utilizing these professional services will be far exceeded by the benefits gained from that assistance, ensuring a high return on investment.

When you cannot afford to get it wrong in a site selection project for a new or expanded facility, and do not want to leave money on the table, contact an experienced site selection consulting group, before making any contacts with local or state economic development officials.

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