

SPECIAL ADVERTISING SECTION
SHOVEL-READY SITES

The Value of Certified Sites

**Risk mitigation aids project decision-making
and the construction that follows.**

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One of the fastest growing trends in the site location business is the demand for certified industrial sites. The reason is simple: The capital investment decision-making process is at the most fundamental level a process of identifying and eliminating risks wherever possible. This applies to the site selection component of the capital investment decision as well. As such, companies are seeking sites that are "risk free."

Intensifying the demand for certified sites is the fact that client's decision-making time frames are getting shorter. Companies are not willing to wait for a community to find an appropriate site and determine its suitability for development – that due diligence needs to be done before the prospect comes calling.

What is a Shovel-Ready Site? Unfortunately, there is not one single definition of a shovel-ready site. Generally speaking, however, a shovel-ready site should have the following characteristics:

First, the site must be **available for sale or lease preferably with established terms and conditions**. While this statement may seem straightforward, it is in fact, the most difficult hurdle for most communities to overcome. Long-term, renewable and assignable option agreements with land owners on key parcels are acceptable. These options would lock in the terms and conditions of the sale, thereby reducing the risk that a landowner changes his mind on the key terms.

Second, the site must be **fully served by all major utilities and necessary transportation infrastructure**. All of the utilities (water, sewer, electric, natural gas, etc.) should be at the site and the systems have adequate excess capacities to meet potential demand. Alternatively detailed plans that include appropriate rights-of-way studies as well as detailed cost and schedule estimates should be prepared.

Finally, the site must be **developable**. A shovel-ready site should have all necessary due diligence (i.e. environmental assessments) completed. Any necessary mitigation should also be completed. The presence of easements and rights-of-way can also impact a site's developability. If there are such easements on site, the community should be able to present detailed plans (prepared with the involvement of the owner of the easement) on the ability and willingness to move those easements, providing details on cost and schedule.

What makes "shovel-ready" sites so valuable? The most obvious is the elimination or mitigation of risk. But what enables that risk mitigation? The first part of that answer is information. In order to certify a site a community must gather a lot of information and data about their site. And, generally speaking, the more you know about the site the better. Along those same lines, the more in-depth the information gathered the better. For example, certified sites should not just have the property optioned but also have detailed title searches completed. This type of information collection is an important part of the risk mitigation for potential prospects.

Simply having that information, however, is not enough. Doing something with that information is what makes having the certified site valuable. For example, if the title search reveals an historical mineral right ownership, then the community should have a plan for acquiring those rights. Being able to take the information learned about the site and

either mitigate the negative aspect or accentuate the positive aspect makes the process valuable for both the community and the prospect.

Finally, the presence of a certified site will reduce the amount of time it takes to complete a project on that site. More up-front work has been done, more risks have been identified and eliminated, and that will, therefore, help companies make better location decisions faster.

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