

# Bay City Boom

*Mobile's economy takes off while the rest of the country slows to a crawl.*

**From thicketmag.com, By Chip Drago**

Looking north from his 8th-floor office in the Mobile County Courthouse, Circuit Judge Rick Stout scans Mobile's downtown business district and, to the east, the state docks, but it is the city's two tallest buildings that claim his attention – one old, the 34-floor First National Bank Building, as it was originally called, and one new, the 35-floor, 227-meter RSA Battle House Tower.

“For seven years, I've looked out this window, and now I see the RSA Tower and one, two, three, four, five old buildings being renovated or restored,” says Stout. “I see a new hotel going up. I see more activity in looking out of this window right now than I've seen in the past seven years combined.”

Sitting squarely in the heart of downtown, heavy and pedestrian, the First National building towered over block after block of decaying buildings. Thirty-five years ago, retail activity fled downtown to the city's western suburbs. In the 1990s, many Mobilians relocated to the Eastern Shore of Mobile Bay in Spanish Fort, Daphne, and Fairhope, where a commercial and residential boom continues.

Throughout the period, city fathers undertook occasional efforts to jolt downtown back to life – public support for the Riverview Hotel and office complex, a plan to restore Fort Conde Village as a commercial and tourist attraction, a waterfront convention center – but none succeeded in jump-starting a revival of the area.

“Now look there at the RSA Tower, which I think is attractive and the tallest building in the state,” says Stout. “It says Mobile has got a mindset of accomplishment and achievability.”

## **Realizing Its Potential**

Long called “the city of perpetual potential,” Mobile in recent years has won one economic development victory after another. Large among them are Singapore's ST Mobile Aerospace Engineering, Australian shipbuilder Austal USA, IPSCO Steel, Berg Pipe, and more recently German steelmaker Thyssen Krupp's \$3.7-billion, 2,700-employee plant whose huge footprint is already stamped into the ground north of Mobile. Just this winter, officials announced the \$600-million, 1,500-job aircraft assembly partnership between Northrop Grumman and European Air Defence and Space Co. (EADS), making Mobile's Brookley Complex in an exclusive group of cities including Toulouse, France, and Seattle, Washington, as the only places in the world where big jets are built.

Seemingly almost lost in the bustle of major announcements is the port's addition of a \$300-million container terminal that will ultimately have the capacity to handle 800,000 containers annually. Then there is the wildly successful Alabama Cruise Terminal where Carnival Cruise Lines' Holiday is home ported. In the more than three years since the terminal opened, its 1,452-passenger ship has never left port at less than full capacity. Other significant projects on line or in the works include the University of South Alabama's \$40-million Mitchell Cancer Institute; the \$624-million Alabama Motor Sports Park off I-65 just north of Mobile, which is scheduled to open in 2010 and will feature among six racetracks the Dale Earnhardt Jr. Speedway; and the \$30-million National Maritime Museum of the Gulf of Mexico.

Sometimes called the Azalea City or The City of Six Flags, Mobile is also known as The Port City, a moniker that more aptly reflects its economic reality. Founded more than 300 years ago as the first French colony in the New World, Mobile has had its economic ups and downs, all of them largely tied to the port, now the nation's 10th largest.

The city's first big economic heyday occurred in mid-nineteenth century when cotton was king. The mark of prosperity remains in the many antebellum homes that line the city's older streets. A second boom arrived with World War II and the nation's hunger for war ships to defeat its Axis foes. Shipyard workers streamed in from points north, east, and west, so many that boarding houses accommodated weary workers by renting beds in shifts. After the war, Mobile settled back into an easy economic gait, never really stopping, never really galloping.

But Win Hallett, president of the Mobile Area Chamber of Commerce, points to 1985 as a pivotal year in Mobile's fortunes. "Several elements came into play starting in 1985," says Hallett. "We'd had county commissioners, architects, judges, city commissioners going to prison. It was a total mess. The players then said we are not going to put up with that corruption, that sordid behavior. The city and the county agreed that the chamber would be the economic agent of record. The first thing they did was they fired everybody [at the chamber] and hired Wally Lee. Arthur Outlaw came in as mayor, and he began trying to build better race relations and get the city government's act together. And four years later, Mike Dow, with all his energy and salesmanship, replaced Mayor Outlaw."

With a better organized and focused business community, Dow and Sam Jones, now Dow's successor at City Hall but at the time a leader on the county commission, pulled together and Mobile began to break free from a decades' long lull, according to Hallett. "We're an overnight success, yeah, after 23 years an overnight success," he laughs.

Alabama State Port Authority Director/CEO Jimmy Lyons agrees with Hallett that cooperation, both locally and at the state level, has made the city's growth possible. "Of the big things, I attribute to every victory we've had has been the unity we've shown," says Lyons. "We've had a couple of stumbles along the way, but we have operated in a unified manner as a community."

### **Building with Bronner**

Even as early as the 1970s, the Retirement Systems of Alabama (RSA) and Dr. David Bronner had been investing in the Mobile community. But it was not until the 1990s that RSA staked a major claim on the future economic success of the Mobile area. In the late 1980s, Bronner and RSA undertook the development of the Robert Trent Jones Golf Trail, an ambitious plan to diversify RSA's holdings while also identifying Alabama as a golfing Mecca with a dazzling necklace of 18 courses at eight sites throughout the state. Soon, his interest broadened.

"We wanted a site down there, and then the mayor and I started to look at some different things," Bronner recalls. "We passed on some things. We decided to do some things. We turned down lots of concepts and projects. There were things I didn't think I wanted to handle. Not everything is a good fit."

But much was a good fit, including most recently the construction of the RSA Tower. In addition to that development, Bronner and the state employees' pension fund came to bear on so many projects that local editorial cartoons and radio talk show banter rechristened Mobile as "Bronnerville." Those projects included the restoration of the historic Battle House Hotel, the purchase of the Riverview Hotel, the Grand Hotel in Point Clear on the eastern shore of Mobile Bay, the creation of the Somerby retirement village in west Mobile, and the Carnival Cruise terminal.

Beyond the concerns some had about one person's wielding so much influence, some commercial real estate interests howled about the introduction of hundreds of thousands of square feet of office space into a market that wasn't clamoring for it. RSA was able to play the game under a different set of rules than those that applied to the private sector, they charged.

Bronner scoffs at his critics who, he says, would live in a stunted world, based on fear and free of competition. "It happens every time you put in a new building, always, the same as in Montgomery," says Bronner. "You have to have Class-A office space to attract outsiders that you would not attract otherwise. It forces people to improve their properties to keep their tenants or to attract new ones. It's no different than in any other city. Owners hate to put money back into their properties because they like to see them as cash cows, and they don't like to maintain them. New properties force them to do a better job for the tenants that are there."

In all, Bronner estimates RSA's investment in the Mobile/Baldwin County area at about \$500 million, give or take a few million. "I think we're progressing [with RSA's investments in Mobile]," says Bronner. "We're not where we want to be. We'll get there. If you pull off the Airbus thing (the tanker deal, in addition to the commercial aircraft manufacturing that EADS has pledged would accompany the huge military contract), the whole city will never be the same. If Airbus does its thing there, you are basically sitting on the hottest city in the U.S."

For RSA's extensive involvement in the Mobile area, Bronner credited not only Dow, but the Mobile electorate whose favorable vote on a tax increase to fund public education

was also in Bronner's eye a litmus test on the city's worth as a place for RSA to invest its money.

Bronner's immediate plans in Mobile may be less grandiose than condos and an entertainment district, but perhaps equally as challenging. He is going head-to-head with the railroad over its trains whistling through downtown Mobile in the wee hours. "Our number-one priority now is to get rid of the train whistle (which sounds throughout the night and early morning along the tracks between the state docks and Water Street, disturbing the sleep of Battle House and Riverview hotel guests). That's very, very important. There are two big hotels, and that damn whistle is, very disruptive to an evening's sleep. With no sleep, people don't want come back. It ruins your reputation. That's our top priority right now." For Mobile's part, the city is sleepy no more.

### **Cautious Optimism**

Commercial/industrial real estate veterans Gavin Bender, Lee Metzger, and Bernie Heggeman, as well as shipping agent Mike Lee liken Mobile's economic future to a ship that can be seen on the horizon—for all the talk of a boom, it's not here yet—though you can see it coming.

Lee points out that the strain on the community will be enormous as it struggles to meet the infrastructure needs of unprecedented growth. It was "absolutely critical" that the process be expedited for locating and building a new I-10 bridge over the Mobile River to handle the increased traffic and relieve a bottleneck that has developed at the Wallace Tunnels, says Lee. "We are extremely far behind, way, way late in getting started [on meeting the coming infrastructure needs]," says Lee. "To me, every day is critical at this point."

Heggeman takes a more studied, cautious view of the Mobile-area economy. "Looked at in another way, in a soft national economy, what's happening here makes it feel like a boom," says Heggeman. "We've got a stable market. The local economy is steady. It's not necessarily an increase or a decrease, but steady and during these national times, that is what separates us from the rest of the country."

"If we meet growth projections for the next 10 years, you're talking about doubling the population," Heggeman continues. "Our quality of life right now is extremely nice. All that growth comes with a price, and we need to be planning ahead if that is the case."

Hallett concedes the temptation to become giddy over growth. A danger exists that this "new" Mobile could steamroll what is unique about "old" Mobile. Hallett says leaders are working with consultants to avoid the mistakes of other "boom towns."

Mobile attorney Palmer Hamilton, who is active in historic preservation, agrees that while prosperity remade Houston and Atlanta in ways alien to their pasts, in Mobile, it could add to the city's flavor and perhaps even "give us back our old heritage," says Hamilton. And so Mobile's 400-year-old story continues.

