



Otsego County Economic Alliance

2010 Annual Report

May 2011

*Prepared for: The Otsego County Economic Alliance Board of Directors
By: Jeff Ratcliffe, Executive Director*

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OVERVIEW

In June 1997 the Gaylord/Otsego County Chamber of Commerce convened a meeting of various agencies and government officials to discuss existing economic development efforts and processes. This meeting was held as the result of a previously completed study and the completed draft of the Otsego County Comprehensive Plan. The discussion highlighted the high rate of growth that was occurring and projections that it would continue. A consensus developed that the county's rapid growth and related issues required closer attention and management. The result of this meeting was the formation of a task force to research how other communities were addressing growth issues.

By the end of 1999 the task force had researched economic development programs in the region, and begun to assemble the details for establishing a program in Otsego County. A strong recognition emerged that the county's existing growth should not be taken for granted, that it posed serious potential problems if not managed and that opportunities for maintaining and improving the quality of life by focusing on retention and targeted recruitment were being missed.

Grant funding was secured to hire a consultant to assist the Task Force to prepare organizational documents for the Otsego County Economic Alliance (Alliance) and communicate the need for the new program to the county's leadership.

During the organizing process, the Alliance leadership established its mission to help manage economic growth in Otsego County in a manner that strengthens the local economy while maintaining the quality of life. In order to accomplish this, the Alliance would utilize a number of tools and resources to provide a range of services designed to assist communities to prepare for development or redevelopment as well as assist businesses to start up, expand or relocate in Otsego County.

To deliver these services in a manner that will serve this community most effectively the Alliance prepared a Strategic Plan based on community and business leadership input. This plan, completed in January 2002 and updated in 2005, and reviewed and updated in 2009, is designed to clarify and prioritize not only the specific issues that will help or hinder our community's development, but also identify opportunities and directions that will sustain and improve the community's future.

Strategic Plan

Our Mission

To facilitate economic growth in Otsego County through a public/private partnership that maintains economic vitality and stimulates economic growth while preserving the quality of life.

Our Vision

The Alliance envisions itself as a collaborative, community-supported, full-

service economic development organization; serving as the recognized champion of economic change and growth in Otsego County, providing leadership, vision, education and promotion of economic development; and providing the services and assistance necessary to develop high wage, high skill, base industries in Otsego County, through retention, expansion and attraction as well as entrepreneurial encouragement.

Our Strategic Goals, Objectives and Strategies

The Alliance Board recognizes that its primary role in managing economic development in Otsego County is to impact the number and quality of jobs by retaining, expanding and attracting quality industry to the county. In doing so, the Alliance has agreed that it can only be effective in this role, if all aspects of the community – its leadership, infrastructure, land use, public services and overall quality of life - are conducive to these goals. The Alliance recognizes that the barriers identified during its strategic planning will directly affect and impede its work. The Alliance also recognizes that it has a limited ability to directly affect several of these barriers. It does, however, have a role in seeing that they are addressed.

The following are the strategic goals adopted to implement the Alliance's Mission, Vision and Primary Program Goals:

- ❖ Retain and expand existing base industry
- ❖ Attract new base industry
- ❖ Build infrastructure to support base industry
- ❖ Plan and implement general community development projects and services
- ❖ Champion managed growth

The Alliance Board reviewed and recommitted to these goals most recently at its September 2009 Board Retreat.

Services Delivered in 2010

The following are the economic development services delivered, started or continued over the past 12 months:

Strategic Goal: Retain and expand base industry

- Retention. Retention efforts included visits and/or follow up to 18 companies. Efforts included workforce training, financing, tax abatement, market data, infrastructure planning and supplier identification.

Strategic Goal: Attract New Base Industry

- Prospects. Worked with at least 10 prospective companies or start up companies in efforts to secure locations, expansion or start-up of business

operations to Otsego County. Five of these were related to the former Georgia-Pacific (G-P). Continue working with several of these prospects. Prepared site location proposals and information for four different companies. Conducted several site tours.

- Incentives. At the request of the OCEA, Senator Tony Stamas amended Public Act 198 of 1974 to allow an Industrial Facilities tax abatement to be granted to one existing building in Otsego County that has been vacant for at least four years.
- Elmer's Crane and Dozer Location. Working with the Otsego County Brownfield Redevelopment Authority, completed Phase I & II assessments and site remediation work on the 36 acre former municipal landfill site on Milbocker Road. Elmer's completed construction of facility and began operations at the redeveloped site. The project was undertaken with a \$492,550 Clean Michigan Initiative Brownfield Redevelopment Loan awarded to the Otsego County Brownfield Redevelopment Authority (OCBRA) by the Michigan Department of Environmental Quality (MDEQ). The project will provide 15 new heavy construction jobs and at least \$1,300,000 in private investment. The OCEA, working with Otsego County, established the OCBRA in 2005 and serves as the Authority's project manager.
- Georgia-Pacific Redevelopment. Worked with the OCBRA to secure and manage a \$743,750 grant from the MDEQ to undertake a Phase I and Phase II site assessment and prepare a Baseline Environmental Assessment and Due Care Plan for a proposed redevelopment of the former Georgia-Pacific plant and property.

Strategic Goal: Build infrastructure to support base industry

- I-75 Crossing Project. Worked with the Otsego County Road Commission to complete the project closeout for the new I-75 at-grade crossing from McCoy Road to Milbocker Road. This project provides a much safer and more direct route for trucks transiting to and from the industrial area on the west side of I-75 and provides traffic relief to several local roads and M-32.

Strategic Goal: Plan and implement general community development projects and services

- City of Gaylord Downtown Development Authority. Worked with the City of Gaylord Downtown Development Authority (DDA), to complete a second round of façade improvements to seven buildings in downtown Gaylord. The project resulted in \$720,017 of total improvements with financing coming from a \$350,000 Community Development Block Grant (CDBG) from the Michigan Economic Development Corporation (MEDC), \$55,020 from the DDA for design and \$320,943 of building owner investment. Buildings included in the project are home to Diana's Delights, Tools to Teach, Main Street Shoes, Real Estate One, Gilling Chiropractic, Ben Franklin's, and Dan Webster's. The OCEA, working with the DDA, packaged the project for

CDBG financing and provided project management and grant administration. The OCEA and DDA are currently working to package a third round of improvements for at least eight more buildings totaling an estimated \$597,000. The OCEA, working with the DDA, packaged a \$170,000 grant through the MEDC as part of a \$201,000 upgrade to equip the downtown Pavilion on Court Avenue with retractable canvas sides and infrared heating units to extend the seasonal usage of the Pavilion. The project is expected to be completed in 2011.

- City of Gaylord. The \$877,000 improvement of South Wisconsin, North Court and East Mitchell streets was completed. Work included replacement of water, sewer, storm sewer, curbs, gutters, sidewalks, pavement and planting of street trees. The project was financed with \$377,096 in CDBG funds from the MEDC and \$500,000 from the City of Gaylord. CDBG funds in the amount of \$705,800 were secured to assist the City of Gaylord with \$990,300 in improvements to its waste water treatment plant and north water tower. Work is underway and will be completed in 2011. The OCEA, working with the City of Gaylord, packaged the projects for CDBG funding and is providing grant administration.
- Small Business Assistance. The Small Business & Technology Development Center (SBTDC) worked with a total of 74 separate clients. These efforts resulted in nine new business start-ups and relocation and expansion of one long-time existing business in 2010. SBTDC assisted companies created 29 new jobs, retained 18 jobs and had new investment of \$1.421 million. The OCEA is an affiliate office of the SBTDC Region 3 and provides intake, screening and some business consulting services.
- Airport Advisory Committee. Continued working with the Advisory Committee and Airport Director. Began working to secure \$170,000 to fund an aerospace industry attraction feasibility study and implementation project. Commitments for \$85,000 in CDBG and local funds have been secured.

Strategic Goal: Growth Management Initiative

- Continued participating in an Inter-municipal Planning Committee with City, Livingston and Bagley townships and County representatives.

The Alliance's Work in Numbers 2001-2010

Project	Investment	Grant Project	Jobs
A&L Iron & Metal Expansion – Rail	\$ 4,500,000	\$ 2,500,000	25
Cooper-Standard Automotive Expansion - Road	\$ 3,000,000	\$ 500,000	50
Beaver Creek Resort Expansion - Road	\$ 2,000,000	\$ 876,000	13
A&L/Georgia-Pacific - South Townline Rd.	\$ 1,500,000	\$ 740,000	25
Alpine City Center - Streetscape	\$ 920,000	\$ 150,000	12
Independent Bank Expansion - Streetscape	\$ 3,200,000	\$ 926,210	10
Superior Well Services Location (New)	\$ 5,000,000		20
Marble Era Products, Inc. Location (New)	\$ 1,000,000		10
Truck Collision Services Location (New)	\$ 1,050,000		5
Northern Industrial Supply Location (New)	\$ 350,000		7
CSI Components (New)	\$ 1,000,000		20
Elmer's Crane and Dozer (New)	\$ 1,300,000	\$ 563,350	15
A&L Iron & Metal Expansion #2	\$ 3,208,000		6
Cooper-Standard Automotive Expansion (IFT)	\$ 1,654,000		39
Cooper-Standard Automotive Expansion (IFT)	\$ 593,927		94(R)
Cooper-Standard Automotive Expansion (IFT)	\$ 812,025		12
Silversmith, Inc. (IFT)	\$ 540,000		26
H&H Tube and Manufacturing Co. (IFT)	\$ 684,000		87(R)
H&H Tube, a Division of Sunspring America (IFT)	\$ 335,000		13
H&H Tube, a Division of Sunspring America (IFT)	\$ 217,667		3
Zaremba Equipment (Relocation & IFT)	\$ 7,687,000		8
Scientific Brake & Equipment (IFT)	\$ 1,826,000		6
FedEx Ground (Expansion)	\$ 2,000,000		44(R)
Northern Energy (Rail Abandonment)			35(R)
Ell-Tron Mfg. Co. (IFT)	\$ 310,000		10
Diana's Delights (Expansion)	\$ 700,000		17(R)/5
Georgia Pacific Site Assessment Project		\$ 743,750	
I-75 Crossings		\$ 10,676,001	
City of Gaylord Public Infrastructure #1 - Well		\$ 444,300	
City of Gaylord Public Infrastructure #2 - Water, Sewer, Streets		\$ 1,267,500	
City of Gaylord Public Infrastructure #3 - Water, Sewer, Streets		\$ 1,500,000	
City of Gaylord Public Infrastructure #4 - Water		\$ 440,550	
City of Gaylord Public Infrastructure #5 - Water, Sewer, Streets		\$ 877,096	
City of Gaylord Public Infrastructure #6 – WWTP & Water		\$ 990,000	
Corwith Township Public Infrastructure #1 - Road		\$ 1,224,500	
Corwith Township Public Infrastructure #2 - Wells		\$ 286,500	
Gaylord DDA Façade Project No. 1		\$ 362,049	
Gaylord DDA Façade Project No. 2		\$ 720,017	
Gaylord DDA Pavilion on Court Project		\$ 201,000	
Johannesburg Streetscape		\$ 488,165	
LinkMichigan Planning Project		\$ 219,000	
I-75 Crossing Transportation Study		\$ 137,500	
Growth Management Initiative Phase I & II		\$ 110,000	
Growth Management Initiative Phase III		\$ 78,000	
Growth Management Initiative Phase IV		\$ 112,000	
Total	\$45,387,619	\$ 27,216,833	340/295(R)

Notes: (R) Jobs Retained; (IFT) Tax Abatement; (New) New companies located

Plans for 2011

Strategic Goal: Retain and expand existing base industry

- Continue making retention visits to base industries and other key businesses and provide appropriate follow up.

Strategic Goal: Attract new industry

- Work with prospective companies to secure purchase and redevelop the Georgia-Pacific facility.
- Work with prospective companies to identify appropriate sites or buildings and local and state incentives in order to facilitate their location to Otsego County.
- Continue general marketing efforts.

Strategic Goal: Build infrastructure to support base industry

- Work with the I-75 Crossing Task Force (renamed the Otsego Transportation Advisory Committee) and Otsego County Road Commission to plan and implement supporting projects designed to improve the transportation system in and around the Gaylord I-75 corridor including the construction of ramps at the new crossing, improvement to Class A standards of Milbocker and McCoy Roads, extension of Mankowski to Home Depot, access management and streetscape improvements along West M-32 and revamping the streetscape of downtown Gaylord to reduce the number of lanes from seven to five to create a pedestrian friendly environment.

Strategic Goal: Plan and implement general community development projects and services

- Work with the Village of Vanderbilt and Corwith Township to secure funding to construct a municipal water system and other community development activities.
- Continue working with the Gaylord DDA to implement improvements in the downtown business district.
- Continue working with the Gaylord Regional Chamber of Commerce to support the annual Leadership Otsego County leadership training program.
- Continue to serve as affiliate of the SBTDC in order to provide small business assistance.

Strategic Goal: Champion managed growth

- Continue participating in the Gaylord Area Cooperative Planning Committee and work to develop a common framework for development between the City of Gaylord, Bagley and Livingston Townships and Otsego County including common development design guidelines.
- Explore creation of a multi-county economic development program.

Financials

Statement of Revenues and Expenses Period of January 1 to December 31, 2010

Revenues

Contributions	
Public	\$ 26,100
Private	\$ 49,908
In-kind Contributions	
Public	\$ 17,513
Private	\$ 200
Interest Income	\$ 633
Grant Administration	<u>\$ 23,715</u>
Total Revenue	<u>\$118,069</u>

Expenses

Program Services	\$ 79,063
General and Administrative	\$ 44,705
Fundraising	<u>\$ 2,731</u>
Total Expenditure	<u>\$126,499</u>

Net Loss \$ -8430

Board of Directors

Chairperson

Regan Quaal, President, Albie's Foods, Inc.

Vice Chairperson

Jack Thompson, Executive Director, University Center at Gaylord

Treasurer

Joe Duff, Manager, City of Gaylord

Secretary

Mary Sanders, Supervisor, Hayes Township

Directors:

Paul Beachnau, Executive Director, Gaylord Area Chamber of Commerce & CTB

John Burt, Administrator, Otsego County

Jeffrey Cook, Miller & Cook, LLP

Nick Florian, Community President, Citizens Bank

Dale Gehman, Director, Otsego County Commission on Aging

Keith Gornick, Owner, KHG Holdings, Inc.

Tim Hall, Vice President & Market Manager, Northwestern Bank

Jay Jacobs, Area Manager-NE Michigan, Consumers Energy

Kevin Johnson, President, Johnson Oil Company

Bill Martella, Manager, Coldwell Banker Schmidt Realtors

Chuck Nelson, Nelson Funeral Home

Jeff Ratcliffe, Executive Director, Otsego County Economic Alliance

Lori Reichard, Vice President, Fifth Third Bank

Darren Rhoads, Sr. Vice President, Independent Bank

Timothy Timmer, VP Commercial Lending, mBank

Contributing Partners

The OCEA Board of Directors wishes to thank the following partners who not only made the Alliance possible through their financial contributions, but have also given of their time, energy and expertise to shape our organization's foundation and structure:

A&L Iron and Metal
AIC North
Albie's Foods
Alpine Chocolat Haus
Alpine Computers
Arrow Sanitation
Bradley J. Butcher & Associates, PC
C2AE
Catt Development
Citizens Bank
City of Gaylord
Community Financial
Consumers Energy
Cooper-Standard Automotive
Corporate Title Agency
Crossroads Industries
Freeman Family Enterprises
Gaylord Area Convention & Tourism Bureau
Gaylord Downtown Development Authority
Gaylord Precision Tool
Gaylord Regional Chamber of Commerce
Great Lakes Energy Cooperative
H&H Tube and Manufacturing, a division of Sunspring America
Hogan's Jewelers
Independent Bank
Integrity Construction Services
Jay's Sporting Goods
Johnson Oil Company
KHG Holdings, Inc.
Kirkpatrick & DuBois, PLC
Kosch Properties, LLC
Lakeview Quality Tool
LaSenorita Mexican Restaurant

M&M Excavating
Marsh Ridge/The Natural
Bill Martella-Coldwell Banker Schmidt Realtors
mBank
McNamara Insurance
Michaywe
Michigan Insurance Services
Mid-North Printing
Miller & Cook, LLP
William & Linda Muzyl Fund/Otsego County
Community Foundation
NCCI-Wolgast
Nelson Funeral Home
Northeast Michigan Council of Governments
Northern Energy, Inc.
Northwestern Bank
Luke & Margo Noss
Otsego County
Otsego County Abstract Company
Otsego County Road Commission
Otsego County Township Officers Association
Otsego Memorial Hospital
Paxton Resources
Quaal Investments, Inc.
RLH Industries
Sagasser & Associates
Smith Realty Group
The Old Spud Warehouse
Todd Seidell Architect, LLC
Trinity Architecture & Management, LLC
University Center at Gaylord
Village of Vanderbilt
Wade-Trim
Wal-Mart Foundation
Waters RV
Winn Telecom
Wolverine Power Cooperative

Local, Regional and State Agency Partners

The OCEA has developed formal and working partnerships with the following organizations in order to undertake the various aspects of our work:

Gaylord Downtown Development Authority

Otsego County Brownfield Redevelopment Authority

Northeast Michigan Council of Governments

Northern Initiatives

Northeast Michigan Consortium & Northeast Michigan Works!

*Michigan Small Business & Technology Development Centers of
Michigan Region 1 & 3*

Michigan Economic Development Corporation