

OTSEGO COUNTY ECONOMIC ALLIANCE

ANNUAL REPORT 2011



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Prepared for: The Otsego County Economic Alliance Board of Directors
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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 at its September 2009 Board Retreat.

Services Delivered in 2011

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, and infrastructure planning and supplier identification.
- Assisted Cooper-Standard Automotive with securing \$126,800 in CDBG financing towards a \$318,000 geo-thermal cooling system that will lower operating costs. The project will create 11 new jobs.
- Assisted Cooper-Standard Automotive to secure a tax abatement for over \$812,000 in new investment, retaining 99 jobs and creating 12 new jobs.

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.
- Assisted the Gaylord Sleep and Sit Shop secure special use approval on an inappropriately zoned parcel to start up a mattress recycling operation. Project leased a long vacant 9,700 s.f. building and created 4 new jobs.
- Working with the Gaylord Regional Airport Advisory Committee and Otsego County, secured \$107,000 in USDA and CDBG funding for a \$120,000 aerospace diversification initiative designed to study and attract aerospace related business activity to Otsego County. Consultant has been selected with work begun in January 2012.

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 Millbocker 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.
- Working with the Otsego County Road Commission and I-75 Crossing Task Force, applied for and received \$375,000 in MDOT Category F funding towards the \$1.3 million improvement of Millbocker Road to Class A, all-season standards. Project will be in conjunction with the \$2.3 million improvement to McCoy Road to Class A, all-season standards and linking the new crossing to West and East M-32 by Class A roads. Project will be constructed in 2013.

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

- Working with the City of Gaylord and Gaylord DDA, secured 170,000 in CDBG funding for \$201,000 project to install retractable canvas sides and install infrared heat on the Pavilion on Court Street to extend the seasonal use of the facility.
- Working with the City of Gaylord and Gaylord DDA, secured \$400,000 in CDBG facade improvement funding for \$582,000 in facade and building improvements for eight buildings in downtown Gaylord.
- Working with the City of Gaylord, Otsego County Road Commission and MDOT North Region, submitted an application for \$204,300 in MDOT Safety funding to extend Mankowski Road to the Home Depot parking lot and create a service road between the Edelweiss shopping center and the Home Depot/Pine Ridge shopping area. [Note: Funding was approved in July 2012]
- Working with the Village of Vanderbilt submitted a pre-application to the MEDC for \$472,025 in CDBG funding for \$752,025 streetscape and trailhead facility improvement project. Project will leverage \$280,000 in matching funds from the Village, Corwith Township and MDNR.
- 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.

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 2001-2011

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
Cooper-Standard Automotive - Geo Project		\$318,000	11
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
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)	\$279,613		3
Zaremba Equipment (Relocation & IFT)	\$7,687,000		8
Cooper-Standard Automotive (IFT)	\$1,654,000		20
Cooper-Standard Automotive (IFT)	\$593,527		94(R)
Cooper-Standard Automotive (IFT)	\$812,025		12/99(R)
Scientific Brake & Equipment (IFT)	\$1,826,000		6
FedEx Ground (Expansion)	\$2,000,000		44(R)
Northern Energy (Rail Abandonment)			35(R)
CSI Components Location (New)	\$1,000,000		20
A&L Iron & Metal Expansion (IFT)	\$3,208,000		6
Ell-Tron Mfg. Co. (IFT)	\$310,000		10
Diana's Delight's (Relocation/Expansion)	\$654,000		6/17(R)
Elmer's Brownfield Redevelopment (New)	\$9,750,000	\$563,350	25
Gaylord DDA Facade Project No. 1	\$167,000	\$167,000	

Gaylord DDA Facade Project No. 2	\$405,143	\$350,000	
Gaylord DDA Facade Project No. 3	\$188,461	\$400,000	
Gaylord DDA Pavilion Project	\$31,000	\$170,000	
Gaylord DDA Apartment Rehab Project	\$67,000	\$200,000	
Northern Michigan Eco Industrial Park Brownfield Site Assessment (Underway)		\$743,750	
I-75 Crossings		\$13,050,000	
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		\$877,069	
City of Gaylord Public Infrastructure #6 - Water Tower & Waste Water Treatment Plant Improvements		\$990,300	
Corwith Township Public Infrastructure #1 - Road		\$1,224,500	
Corwith Township Public Infrastructure #2 - Wells		\$286,500	
Aerospace Diversification Study		\$120,000	
Link Michigan 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	\$54,711,769	\$29,461,529	343/282(R)

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

Plans for 2012

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 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, 2011

Revenues

Contributions	
Public	\$ 19,250
Private	\$ 57,850
In-kind Contributions	
Public	\$ 15,172
Private	\$ 3,658
Interest Income	\$ 433
Grant Administration	<u>\$ 22,000</u>
Total Revenue	<u>\$118,363</u>

Expenses

Program Services	\$ 79,417
General and Administrative	\$ 38,224
Fundraising	<u>\$ 3,090</u>
Total Expenditure	<u>\$120,731</u>

Net Loss \$ -2,368

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

Joni Freel, Assistant Vice President, mBank

Dale Gehman, Director, Otsego County Commission on Aging

Keith Gornick, Owner, KHG Holdings, Inc.

Tim Hall, Vice President & Market Manager, Northwestern Bank

Kevin Johnson, President, Johnson Oil Company

Bill Martella, Manager, Coldwell Banker Schmidt Realtors

Chuck Nelson, Nelson Funeral Home

Timothy Petrosky, Area Manager-NW Michigan, Consumers Energy

Jeff Ratcliffe, Executive Director, Otsego County Economic Alliance

Lori Reichard, Vice President, Fifth Third Bank

Darren Rhoads, Sr. Vice President, Independent Bank

Contributing Partners

The OCEA Board of Directors wishes to thank our 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 & Metal Company

AIC North

Albie's Foods, Inc.

Alpine Chocolat Haus

Alpine Web

Arrow Sanitation

Bavarian Investments

Bradley J. Butcher & Associates

C2AE

Catt Development

Citizens Bank

City of Gaylord

Community Financial

Consumers Energy

Cooper-Standard Automotive

Corporate Settlement Solutions

Edward Jones

Freeman Family Enterprises

<i>Gaylord Area Convention & Tourism Bureau</i>	<i>Fund/OCCF</i>
<i>Gaylord Area Chamber of Commerce</i>	<i>NCCI-Wolgast</i>
<i>Gaylord Downtown Development Authority</i>	<i>Nelson Funeral Home</i>
<i>H&H Tube, A Division of Sunspring America</i>	<i>Northeast Michigan Council of Governments</i>
<i>Hogan's Jewelers</i>	<i>Northern Energy, Inc.</i>
<i>Independent Bank</i>	<i>Northwestern Bank</i>
<i>Integrity Construction Services</i>	<i>Otsego County</i>
<i>ITC Holdings, Inc.</i>	<i>Otsego County Abstract & Title Company</i>
<i>Jay's Sporting Goods</i>	<i>Otsego County Road Commission</i>
<i>JLK Engineering, PLLC</i>	<i>Otsego County Township Officers Association</i>
<i>Johnson Oil Company</i>	<i>Otsego Memorial Hospital</i>
<i>KHG Holdings, Inc.</i>	<i>Paxton Resources</i>
<i>Kirkpatrick & DuBois, PLC</i>	<i>Quaal Investments</i>
<i>Kosch Properties, LLC</i>	<i>RLH Industries</i>
<i>LaSenorita Mexican Restaurant</i>	<i>Sagasser & Associates</i>
<i>Lakeview Quality Tool</i>	<i>Smith Realty Group</i>
<i>M&M Excavating Co, Inc.</i>	<i>The Old Spud Warehouse</i>
<i>mBank</i>	<i>Todd Seidell Architect</i>
<i>Bill Martella-Coldwell Banker Schmidt Realtors</i>	<i>Treetops Resort</i>
<i>Marsh Ridge Golf Course & Resort</i>	<i>Trinity Architecture & Management, LLC</i>
<i>McNamara Insurance Agency</i>	<i>University Center at Gaylord</i>
<i>Meyer Ace Hardware</i>	<i>Village of Vanderbilt</i>
<i>Michaywe</i>	<i>Wade-Trim</i>
<i>Michigan Insurance Services</i>	<i>Wal-Mart Foundation</i>
<i>Miller & Cook, LLP</i>	<i>Waters RV Center</i>
<i>William & Linda Muzyl</i>	<i>Winn Communications</i>
	<i>Wolverine Power Cooperative</i>

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 Regional Airport Advisory Committee
Michigan Economic Development Corporation
Michigan Small Business & Technology Development Centers of Michigan Regions 1 & 3
Northeast Michigan Consortium & Northeast Michigan Works!
Northern Initiatives
Otsego County Brownfield Redevelopment Authority