

2011

Annual Report



Sturgis Economic Development Corporation
February 29, 2012

Acknowledgements

This report was made possible with the support of the
Sturgis Economic Development Corporation Board of Directors
and the generous contributions of our sponsors.

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Business Growth and Retention

The EDC works to proactively monitor key businesses, visit manufacturing and rapid growth companies, identify key issues and resolve where possible, and provide appropriate incentives to stimulate investment and job creation. Regular meetings with manufacturers position the EDC and the City to identify and assist with potential expansion opportunities and to mitigate challenges that hinder growth potential.

Retention Visits

Manufacturers can meet with City or EDC representatives one-on-one or in partnership with the Michigan Economic Development Corporation and/or the St. Joseph County EDC. Many manufacturers are seeing modest to impressive sales growth and are expressing cautious optimism for the future. This optimism is generating a renewed interest in investing back into their companies and in product and customer diversification efforts. In 2011 the Sturgis EDC called on the following companies:

Abbott Nutrition	ACM Plastics
Americraft Carton Incorporated	Burr Oak Tool
Central Manufacturing Services	Cobalt
Grav Co	International Paper
Johnson Precision Mold & Engineering	LTI
Metalloid	Michiana Corrugated Products
Morgan Olson	NW Welding
Omnisource	Owens Products
Parma Tube	Penguin
PKG	RGB Network Service
Sekure Domes	Sturgis Molded Products
Sturgis Tool & Die	Unique Truck

Tax Abatements

For companies that do invest in real and personal property, there is an incentive legislated by Michigan Public Act 198 that allows manufacturers to abate up to 50% off the taxes generated by the investment. This year, four companies made significant real and personal property investment that made them eligible to receive this incentive: Americraft Carton, LTI Printing, Inc., Metalloid, and Parma Tube all received exemption certificates for their investments and were able to retain their existing employees and create new jobs.

2011 Industrial Facilities Tax Exemptions		
Total Investment	Jobs Retained	Jobs Created
\$3,337,805	279	30

Regional Efforts

St. Joseph County Economic Development Partnership

Southwest Michigan First (SWMF) has contracted with the St. Joseph County EDC to provide economic development services throughout St. Joseph County. Cathy Knapp, the long-time (and sole) employee of the St. Joseph EDC is now employed by SWMF and can leverage the full array of services provided by SWMF in providing comprehensive retention, expansion, and attraction services.

Southwest Michigan Partners

With the change in leadership comes a focus on collaboration and regionalization of economic development efforts. Throughout the state, larger economic development organizations were appointed by the MEDC to be a regional representative coordinating communications and project work between local economic development organizations and the MEDC. St. Joseph County is one of eight that form the region called the “Southwest Michigan Partners,” spearheaded by SWMF. Benefits include access to shared data and a shared site database, inclusion in larger prospect proposals and projects, political clout (SWMF has an extremely powerful *Political Action Council*), regional marketing and advertising once outside our limited scope and budget, assistance with prospect management, and an opportunity to meet monthly with all the economic development leaders throughout our region for learning and information exchange.

Region 3 Planning Entity

The Economic Development Administration (EDA) does not currently recognize the counties formerly known as “Region 3”, formed under the *Southcentral Michigan Planning and Development Council* as a region authorized for federal funding. In order to comply with EDA eligibility requirements and have the opportunity to receive future grant dollars, the City of Sturgis and St. Joseph County are undertaking the process of re-establishing a multi-county planning region and creating the foundation document needed to secure federal funding, a Comprehensive Economic Development Strategy (CEDS). The impacted counties are meeting regularly to undertake EDA-sanctioned activities that allow the region to officially disband and regroup under a new regional entity.

Revolving Loan Fund (RLF)

Updated Re-use Plan

The Sturgis EDC updated their re-use plan for RLF projects to include all eligible businesses throughout all of St. Joseph County. This plan was accepted by the MEDC and is applicable until the RLF funds are regionalized statewide, which is anticipated for the third quarter of 2012.

Regionalization

The Michigan Strategic Fund (MSF) board has approved the concept of regionalizing the Revolving Loan Fund and establishing one Regional Fund Manager per distinct region. Once a regional fund manager has been established, the City RLF funds and portfolio will be aggregated with those of the other six RLF's in the region. Projects will be considered much like they are now and the opportunity for doing larger projects will be made possible. Any projects that take place in St. Joseph County will still require an approval process through the EDC and the City Commission.

Grav-Co Revolving Loan

The EDC currently has one loan in its portfolio for Grav Co. Instead of forcing a balloon payment on the company in early 2012, the EDC board began taking steps (completed in early 2012) to restructure the loan and continue making payments into the regional fund. Despite the abysmal economic climate, Grav Co was able to create eight jobs since the new owners took ownership of the company in late 2006. By restructuring the loan, the company has the additional cash flow to continue creating jobs.

Marketing & Public Relations

Public Speaking

Chamber presentation “Economic Development Top Ten Myths”

Rotary presentation “Sturgis Economic Development Program”

Chamber presentation “Generate Sturgis”

Events, Education, Memberships

Manufacturers Council

Summit Ignite! 2011

Small Town & Rural Development Conference

Michigan State Creating Entrepreneurial Communities Conference

Southwest Michigan First Catalyst University

Michigan Economic Development Corporation Talent Summit

Michigan Economic Developers Association Annual Meeting

Michigan Economic Developers Association Fall Program - Economic Gardening, Lansing

Community Development Block Grant Training Session

Michigan Manufacturing Technology Center Regional Partners Meeting

Sturgis Chamber of Commerce Annual Dinner

Grand Rapids Inventors Network Incubator Meeting

Southwest Michigan First Regional Economic Development Briefing

Michigan Economic Development Corporation Advisory Board Member

Michigan Economic Developers Association Member

International Economic Development Council Member

Planes, Trains, *or* Automobiles

Business *Your Way* in Sturgis, Michigan

Over the Road:

- Equally close to Chicago and Detroit
- I-80 < 1 mile, I-94 < 40 miles

On the Tracks:

- Michigan Southern, 263,000 load capacity, warehousing
- Amtrak, future high-speed Chicago-Detroit corridor

In the Air:

- General Aviation Airport with 5200' runway
- Charter, fuel, hanger services

At light speed:

- Broadband community-wide
- Fiber-optic backbone soon



City of Sturgis

269-651-2321 www.sturgismi.gov



2011 Advertisement in Trade & Industry Journal

Business Entrepreneurial Activities

Generate Sturgis

Generate Sturgis is one of eight communities designated through the Michigan State University Land Policy Institute *Creating Entrepreneurial Communities* Program that provides three years of community coaching, resources and networking infrastructure. Generate Sturgis intends to create new jobs by building a community culture of entrepreneurship to support new and growing businesses.

The Generate Sturgis core committee, made up of local government and business representatives is building a program that connects entrepreneurs to professional services and business support organizations, and provides training, consulting, coaching, education, and networking opportunities to entrepreneurs.

Generate Sturgis received a much needed boost when the Sturgis Improvement Association granted \$25,000 to support programming efforts in 2012. As a direct result of this gift, Generate Sturgis was able to move forward with implementation and marketing of two program components - **Coffee Chats** to bring entrepreneurs together informally with business services providers and mentors to share ideas for new businesses, services or products; and the **Business Idea Contests**, designed to encourage budding entrepreneurs to submit their ideas for the opportunity to win up to \$2,000 per contest for the winning idea.

For more information about Generate Sturgis, Coffee Chats, and the Business Idea Contest, visit the website at www.generatesturgis.com.

Business Development Team

The Business Development Team (BDT) is a service set up and supported by the City of Sturgis to coordinate zoning, building, infrastructure, business, and economic development issues in order to eliminate unnecessary contacts with multiple business service providers and city staff. The intended result is more successful and less expensive projects completed in a faster and more productive time frame. Depending on the needs of a project, a prospective or existing business representative will meet with any combination of the following BDT representatives: Zoning/Building Administrator, DDA Director, City Engineer, Economic Development Director and Chamber of Commerce Executive Director.

In 2011, the BDT met with eight businesses. One recent result of the BDT support process is the newly opened restaurant in downtown Sturgis called “Dreams Come True.”

E-Cities

For the second year in a row, Sturgis completed a questionnaire to University of Michigan iLabs to benchmark the City’s entrepreneurship factor compared with other communities in Michigan. In 2010, Sturgis was awarded 4 of 5 Stars. This year, Sturgis received a 5-Star ranking in recognition of the work being done to foster entrepreneurial growth and economic development.

Business Attraction

The EDC keeps a current depository of community data, demographics, and other types of information pertinent to business location and expansion decisions as well as a database of available land and building sites that may be suitable for prospective businesses.

Prospect Activity

The EDC conducted numerous community and site tours in 2011 and responded to formal and informal requests for information from **more than twenty prospects**. 60% of these prospects were looking at site location from a regional, state, national, or international perspective. The remaining 40% were focused specifically on the Sturgis area and came directly to City representatives for assistance.

Typically, the larger the search area, the bigger the space demands, the higher the investment, and the greater the job creation numbers. Most prospects this year were seeking an existing building over 30,000 square feet with a minimum of ten acres for future expansion, with investment ranging upwards of \$13,000,000, and potential job creation as high as 250 jobs.

New Businesses

Several new businesses open in Sturgis in 2011 with two new industrial companies locating in the City. We welcome Clinton Aluminum, a warehousing and distribution company; and Metalloid, a business that produces metalworking fluids.

Electric Utility Economic Development Incentive

The City Commission approved a new incentive for the industrial power users who may be increasing their peak rate electric usage due to business expansions as a result of increased sales or volumes. Essentially, this incentive provides a credit based on the difference between their former peak rate and their new peak rate for up to five years – if the company is a “satisfactory payer.” This definition is being formalized so that a marketing piece can be created to support the retention, expansion, and attraction efforts of the economic development department.

Industrial Parks

The City has over 150 acres of available business and industrial land in four designated parks: Airport Park, Stapleton Park, Bullard Park, and the new Dresser Business Park.

EDA Grant for Dresser Park

While in the planning stage for several years, construction for Dresser Business Park, 100 acres with rail access located at Bogen and Lakeview, officially kicked off with a groundbreaking ceremony for the \$2,450,000 water and sewer project. The majority of this project is funded with a \$1,166,000 grant from the Economic Development Administration and a \$1,050,000 grant from the Michigan Economic Development Corporation Revolving Loan Fund.

Sturgis Stakeholder Organizations

In addition to the EDC and the City Commission, there are two additional local stakeholder organizations that have had a significant local impact on economic development efforts in 2011: the Sturgis Improvement Association and Generate Sturgis. The following individuals participate in the efforts of these organizations:

Sturgis Improvement Association

Dan Arney
Ray Dresser
Don Eaton
Eric Eishen
David Hermann
Brian McConnell
Robert Sisson
Dave Smith
John Wiedlea

Generate Sturgis Core Team

Cathi Abbs
Calli Berg
John Carmichael
Gene Curnow
Joe Haas
Mike Hughes
Kurt Inman
Ruth Perry
Robert Sisson
John Wiedlea
Mike Wilson
Phyllis Youga

Workforce Statistics

2010 Sturgis Business Profile	
Sales	\$1,454,474,000
Annual payroll	\$181,423,000
Number of paid employees	5,841

2010 Employment by Job Type		
Location	Blue Collar	White Collar
City of Sturgis	43%	57%
Saint Joseph County	46.94%	53.06%
Michigan	29.06%	70.94%
United States	25.28%	74.72%

2011 Wage & Benefit Survey (Branch, Hillsdale, St. Joseph Counties)				
	Avg Annual Sales	Avg # Employees	Median # Employees	Union
Regional Wages Average	\$51,616,673	109	43	
Regional Wages Small (<50 employees)	\$4,752,575.38	18	16	13%
Regional Wages Large (≥50 employees)	\$112,540,000	200	87	7%

29.1% response rate: 58/198 companies.

2010 Michiana1 Region Wage & Benefit Survey Report						
Employer Type	Companies	Annual Sales	Employees	Avg Annual Sales	Avg # Employees	Avg Benefit % Salary
All Types	134	\$6,478,614,245	44,230	\$4,983,594	333	23.29%
All Manufacturing	69	\$2,849,854,137	22,004	\$43,043,244	324	24.22%
Large Manufacturing (<\$20M sales)	29	\$2,584,375,808	5,915	\$95,717,622	219	24.61%
Small Manufacturing (≥\$20M sales)	40	\$256,478,320	4,619	\$6,576,367	115	23.5%

Prepared by Project Future, covers Berrien, Cass, and St. Joseph Counties, Michigan; Elkhart, Kosciusko, Marshall, and St. Joseph Counties, Indiana.

Regional Statistics

The Eight-County Region	
Population	888,322
Cities, Townships and Villages	175
School Districts	36
College Students	63,818
Research Universities	1
Private Colleges and University	4
Community Colleges	5
Companies	16,280
Jobs	387,748

St. Joseph County	
St. Joseph County Population	61,295
Job Growth Rate	-8.1% over last five years
Unemployment Rate	12.2% - State of Michigan Dept. of Licensing and Regulatory Affairs, July 2011
Median Age of population	38.7
Unionized Employees - Manufacturing Sector	9% (~650/7,069 employees)
Unionized Employees - Public Sector	88% (~970/1,100 employees)
Bachelor Degree or higher	13.2% - Bachelor degree or higher (%)
High School Degree or higher	83.2%- High School degree or higher (%)
Labor Size	28,432
Labor Cost	\$36,808/yr average wage – overall \$47,876/yr average wage - manufacturing sector
Average per Capita Income	\$26,899 - www.stats.indiana.edu; Counties In profile section; 2009
Cost of Living Index	79.8 - www.city-data.com; January 2011

City Statistics

Sturgis Demographics	
2010 Population	10,994
Median Age	32.3
≤18	30%
≥65	13%

Sturgis Education	
Less than high school	20.3%
High School or equiv	41.4%
Some College or associate	27.1%
Bachelor's or Higher	11.3%

Sturgis Household Profile	
Housing Units	4,595
Vacancies	11%
Owner-occupied	57%
Renter-occupied	43%
Households	4,008
Average Size	2.65
Median Household Income	\$35,569
Poverty Level	20%

2011