

**SUPERIOR TRADE ZONE
REGULAR MEETING
June 21, 2016**

A meeting of the Superior Trade Zone was held on Tuesday, June 21, 2016, at 9:30 a.m. at the Maple Ridge Township Hall, 3892 West Maple Ridge 37th Road, Rock, MI 49880.

PRESENT: Chocolay Township John Greenberg, City of Escanaba City Manager Jim O'Toole, City of Gladstone City Manager Darla Falcon, City of Marquette Commissioner Sarah Reynolds, Delta County Commissioner Patrick Johnson, Ford River Township Gary Boudreau, Garden Township Supervisor Ray Young, Humboldt Township Supervisor Thomas Prophet, Ishpeming Township Supervisor James Nankervis, Maple Ridge Township Supervisor Judy Trudell, Masonville Township Supervisor Peter Brock, Marquette County Administrator Scott Erbisch, Negaunee Township Supervisor Bill Carlson, and Richmond Township Bill Leutzo.

ALSO PRESENT: City of Escanaba Executive Assistant Buffy L. Smith, Delta County Administrator Ryan Bergman, City of Marquette CFO Gary Simpson, University of MI Institute For Research on Labor, Employment, and the Economy Research Associate Connor Borrego, University of MI Institute For Research on Labor, Employment, and the Economy Project Manager Carmen Wells Quigg, University of MI Institute For Research on Labor, Employment, and the Economy Project Manager Sneha Gayatri, Balizarde President Bill Vajda, Delta County Economic Development Director Vicki Schwab.

ABSENT: Bark River Township Supervisor Gregg Johnson, Ely Township Supervisor Carl Hosang, Forsyth Township Supervisor Joe Minelli, Nahma Township Supervisor Warren Groleau, and Wells Township Supervisor Robert Therrian.

Scott Erbisch called the meeting to order at 9:30 a.m.

ROLL CALL

Buffy L. Smith conducted roll call.

APPROVAL/CORRECTION(S) TO MINUTES: May 17, 2016

A motion was made by James Nankervis, seconded by Peter Brock, to approve the meeting minutes as submitted. Ayes were unanimous.

APPROVAL/ADJUSTMENTS TO THE AGENDA

Jim O'Toole stated an amendment to the agenda with the addition of new business item number two (2), an introduction and overview of the University of Michigan Institute for Research on Labor, Employment, and the Economy to discuss the Defense Manufacturing Assistance Program.

A motion was made by James Nankervis, seconded by Darla Falcon, to amend the June 21, 2016 meeting agenda to include new business agenda item number two (2), an introduction and overview of the University of Michigan Institute for Research on Labor, Employment, and the Economy to discuss the Defense Manufacturing Assistance Program. Ayes were unanimous.

CONFLICT OF INTEREST DECLARATION

None.

Scott Erbisch stated he will be leaving at 10:00 a.m. and at that time will turn the Chair over to Jim O'Toole.

UNFINISHED BUSINESS

1. **Update – Webpage Creation, Marketing, and Branding Strategy.**

Scott Erbisich stated the website agreement with the Revize group has been signed and the first check has been sent. The next step in the process is to have the sub-committees meet.

Jim O'Toole stated he has been in contact with the MEDC and they are open to the members of the Superior Trade Zone attending the marketing and branding training seminar scheduled in September.

2. Update – Creation of Sub-Committees.

Scott Erbisich stated the Marketing and Branding sub-committee should meet to discuss website creation ideas and design.

Jim O'Toole stated a listing of the three (3) committees and all members has been distributed (listing attached).

Jim O'Toole stated he will spear head the first Marketing and Branding sub-committee meeting, he suggested Scott Erbisich spear head the first Infrastructure sub-committee meeting, and Ryan Bergman head the first Financial Incentive sub-committee meeting.

3. Update – Existing Renaissance Zones within the Next Michigan Superior Trade Zone Boundaries.

Scott Erbisich stated a recap of the Next Michigan Development program. He said they approve a total of twenty-five (25) Renaissance Zones for the entire state for those that have Next Michigan Development areas. There hasn't been one (1) established within any of the boundaries of any of the existing Next Michigan Development areas, so there is plenty of opportunity for the Superior Trade Zone. He previously spoke to the MEDC about the extension of Delta County and maybe reigniting areas of Sawyer depending on the needs.

Ryan Bergman stated Delta County's current Renaissance Zone has expired. In order to go further they will need gas and electricity extended along the main location where development is most likely. He said it will take an investment before it is ready. Jim O'Toole suggested, as a Superior Trade Zone sponsor, submitting an application to the CDBG for infrastructure. He said a meeting should be set up with himself, Ryan Bergman, and Vicki Schwab to discuss a CDBG application for infrastructure further.

4. Update – House Bill's 4423 – 4427 – Michigan Transportation Bills.

Jim O'Toole stated an update concerning the status of HB's 4423-4427, Michigan Transportation Bills, which will increase the speed limits on State roadways downstate and some upstate. He said the Bills went through the House and were approved. He also said, in speaking with Senator Casperson's office, that the Senate will likely take the Bill's up again in September. The Superior Trade Zone submitted a letter of support at the last meeting and this information was provided to Lansing.

NEW BUSINESS

1. Presentation – Northwood Rail Program – Wendy Gehloff, Director of the Florence County Economic Development Alliance.

Scott Erbisich stated Wendy Gehloff was unable to attend due to a conflict in schedule and moved to item number two (2) on the agenda.

2. Presentation – University of Michigan Institute for Research on Labor, Employment, and the Economy - Defense Manufacturing Assistance Program – Carmen Wells Quigg and Sneha Gayatri.

Jim O'Toole introduced Project Manager Carmen Wells Quigg.

Carmen Wells Quigg and Sneha Gayatri from the U of M Institute for Research on Labor, Employment, and the Economy Initiative made a presentation concerning the "Defense Manufacturing Assistance Program". The mission of this group is two-fold. First, this group assists organizations like the STZ to

develop (and pay for) services related to strategic planning, feasibility studies, marketing studies, branding, etc. The second part of their mission is to assist business owners that have done work with the Department of Defense, which has seen a 5% decrease in sales, production, or employment due to reduction in defense contracts, in coming up with mentoring programs, compliance programs, market research, strategic direction, product development and marketing/trade show preparation programs. The idea is to go into a business and do an evaluation of their various systems in place and recommend improvements, new directions, etc. (information attached).

Jim O'Toole stated, with the consensus of the group, he will spear head the pursuit of funding from the U of M Institute for Research on Labor, Employment, and the Economy group to complete a Multi-Modal Strategic Master Plan.

Jim O'Toole stated new business agenda item number one (1), a presentation from Director of the Florence County Economic Development Alliance Wendy Gehloff, will be placed on the next scheduled STZ meeting under unfinished business.

Jim O'Toole, in agreement with Scott Erbsch, stated the monthly STZ meeting for July will be cancelled due to a busy month and will meet again in August. Both recommend during the month of July the sub-committees meet instead.

MEMBER ANNOUNCEMENTS AND UPDATES

Jim O'Toole stated a dark stores update since the last meeting. First, the Court of Appeals overturned the tax tribunal on the Menard's versus City of Escanaba case. He will know more in the next thirty (30) days. Second, he said the House passed Representative Maturen's Bills to fix the dark stores loop holes. The Senate is supposed to take this up in September.

GENERAL PUBLIC COMMENT

Deputy Legal Counsel and Tribal Liaison at Executive Office of Michigan Governor Rick Snyder Dave Nyberg announced that the Michigan Rail Association will be having their annual meeting in the Upper Peninsula later this year in August. He said the STZ's motive is to improve supply change leverage infrastructure in ports in the region between Marquette and Delta counties and the rail component is a critical piece of this. He said all of Michigan rail industry and operators will be visiting in Escanaba and Marquette during this time. He said there is a potential trip of the Governor visiting during this week. He said the 21st Century Infrastructure Commission will be meeting that week also, so there will be a lot of themes focusing on infrastructure, rail, ports, etc.

Jim O'Toole stated he will provide additional details on the events as information becomes available. He said representatives will be present.

AUTHORITY/STAFF COMMENT AND ANNOUNCEMENTS

None.

ADJOURNMENT

A motion was made by Sarah Reynolds, seconded by Patrick Johnson, to adjourn the meeting. The meeting adjourned at 10:15 a.m. Ayes were unanimous.

Scott Erbsch, Chairperson
Marquette County Administrator

Patrick Johnson, Secretary
Delta County Commissioner

Marketing and Branding Sub - Committee

Vicki Schwab	Delta County Economic Development Alliance	XXXXXXXXXXXXXXXXXXXX
Amy Clickner	LSCP/Marquette County Economic Development Organization	XXXXXXXXXXXXXXXXXXXX
Sarah Reynolds	City of Marquette Commissioner	XXXXXXXXXXXXXXXXXXXX
Scott Erbisch	Marquette County Administrator	XXXXXXXXXXXXXXXXXXXX
Jim O'Toole	City of Escanaba City Manager	XXXXXXXXXXXXXXXXXXXX
Peter Brock (Alternate)	Masonville Township Supervisor	XXXXXXXXXXXXXXXXXXXX

Infrastructure Sub - Committee

Vicki Schwab	Delta County Economic Development Alliance	XXXXXXXXXXXXXXXXXXXX
Bill Farrell	City of Escanaba City Engineer	XXXXXXXXXXXXXXXXXXXX
Patrick Johnson	Delta County Commissioner	XXXXXXXXXXXXXXXXXXXX
Scott Erbisch	Marquette County Administrator	XXXXXXXXXXXXXXXXXXXX
Peter Van Steen	CUPPAD Transportation Planner	XXXXXXXXXXXXXXXXXXXX
Jim Nankervis	Ishpeming Township Supervisor	XXXXXXXXXXXXXXXXXXXX

Financial Incentive Sub - Committee

Amy Clickner	LSCP/Marquette County Economic Development Organization	XXXXXXXXXXXXXXXXXXXX
Peter Brock	Masonville Township Supervisor	XXXXXXXXXXXXXXXXXXXX
Ryan Bergman	Delta County Administrator	XXXXXXXXXXXXXXXXXXXX
Anne Milne	CUPPAD Community Planner	XXXXXXXXXXXXXXXXXXXX
City of Escanaba Assessor	City of Escanaba City Assessor	XXXXXXXXXXXXXXXXXXXX



DMAP Community

Supports impacted defense dependent communities as they develop projects that allow them to adjust to diminished defense spending and resources to help these communities adapt, advance, and flourish by providing advisory services and potential project funding assistance of up to \$50,000 to qualifying partner communities



Community Eligibility

- One or more defense contractor companies in your community qualifies for DMAP
- A major reduction in defense-supported activity has been negatively impacting your community
- Your community has been recognized as defense dependent and impacted by defense drawdown
- Assured engagement of key community stakeholders
- Willingness to work with outside service providers

Types of Projects We Fund



Regional Economic Development Plan



Business Case Study



Feasibility Study



Housing Study



Marketing Study



Branding and Marketing Strategy



Tourism Development



Implementation of Existing Diversification Plan

Process

Admittance

- DMAP conducts informational discussions and research



Site Visit

DMAP conducts community site visit



Focus Group

DMAP works with stakeholders to assess community impacts and discuss potential projects



Diagnostic Analysis

DMAP conducts research and creates Advisory Plan



Project Launch

DMAP executes and manages competitive bidding process, selects consultant with client and launches project



Monitoring

DMAP monitors project impact and progress and other growth opportunities for client

To learn more, visit www.defensemap.org

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DMAP Company

Supports defense contractors across the defense supply chain (Tiers I, II, III and below) by offering business advisory services and up to \$100,000 in matching funds to qualifying defense suppliers that have been impacted by recent changes in defense spending and federal budget sequestration



Company Eligibility

- The company has operations in MI, OH or IN
- In the past 24 months or in the upcoming 24 months, the business has seen or will see (either one or both):
 - At least a 5% decrease in sales, production or employment due to reduction in defense contracts
 - A loss of a major product line (25% or more of firm revenue) due to loss of defense-related contracts

Types of Projects We Fund

 Succession Planning	 Lean Manufacturing and Mentoring	 Website Redesign	 Compliance and Certification
 Market Research	 Business Valuation	 Sales and Lead Generation	 Software Implementation
 Strategic Direction	 Cost Accounting, Forecasting, and Tax Planning	 Product Development	 Marketing and Trade Show Preparation

Process

Admittance



DMAP evaluates businesses based on eligibility criteria and application

Agreements



Firms sign NDAs with DMAP, safeguarding confidential information

Site Visit



DMAP visits the clients at their facilities to kick start analysis phase

Advisory Plan



DMAP prepares an Advisory Plan report based on research and analysis

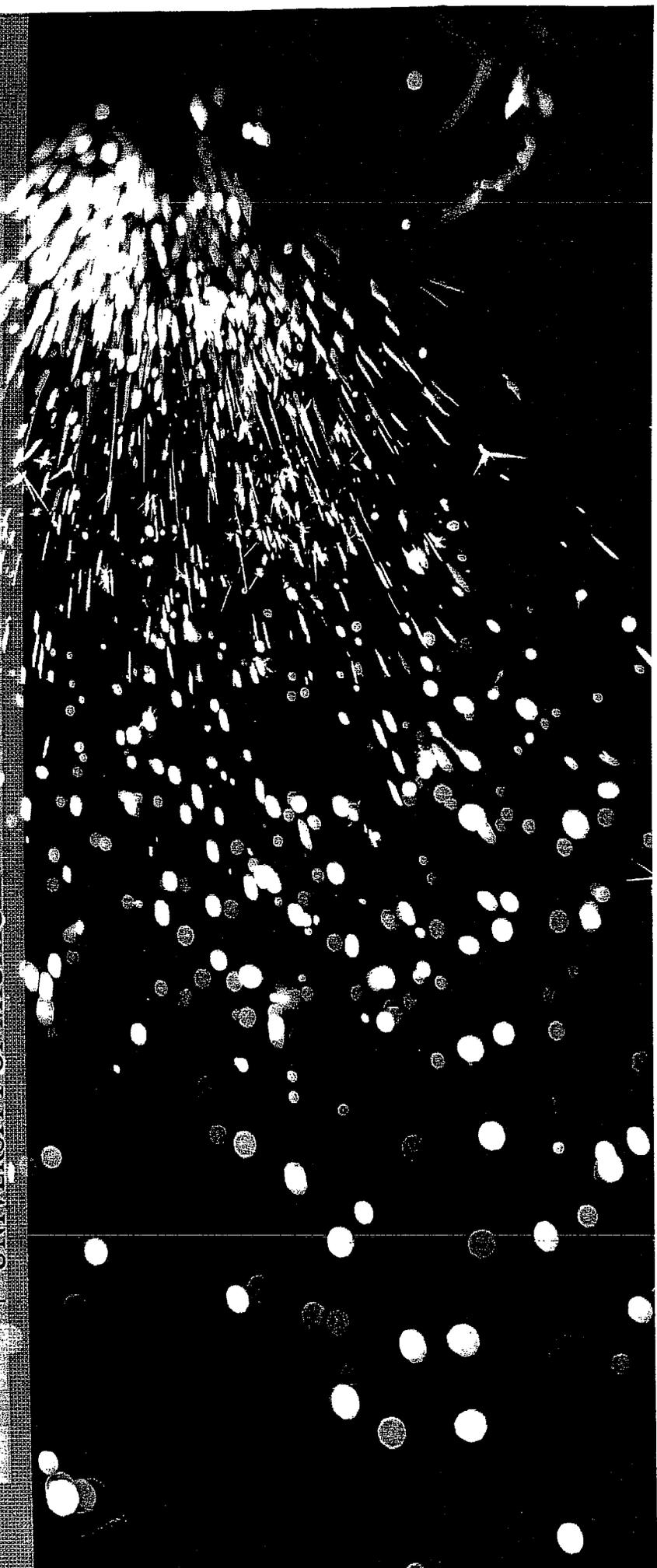
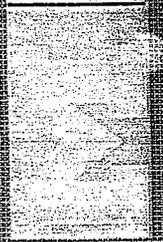
Project Launch



Projects identified during research and analysis are scoped, bid and launched

To learn more, visit www.defensemap.org

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What is DMAP?

Funded By



M E D C

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Tri-State Program



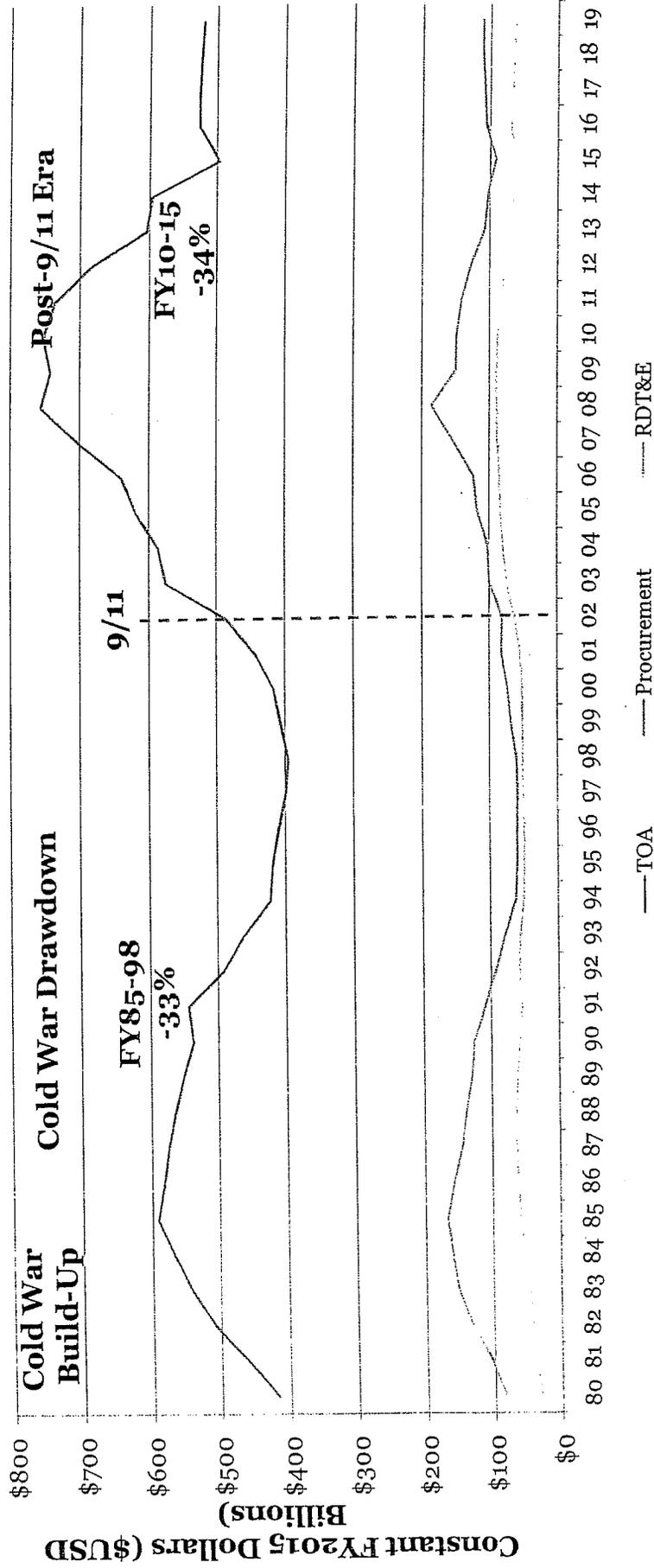
PURDUE
UNIVERSITY

THE OHIO STATE UNIVERSITY



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The Need: Defense Budget FY 80-19



Note: Total Obligational Authority in constant billions of dollars. Includes all enacted war and supplemental funding through FY14.

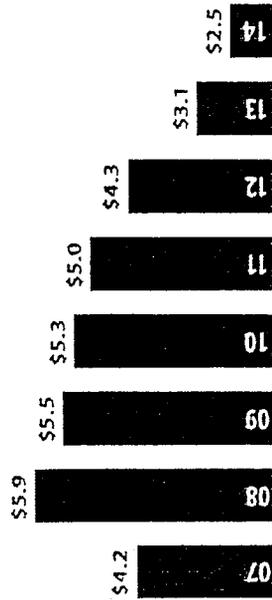
Source: Table 6-1, FY 2015 DoD Comptroller's Green Book



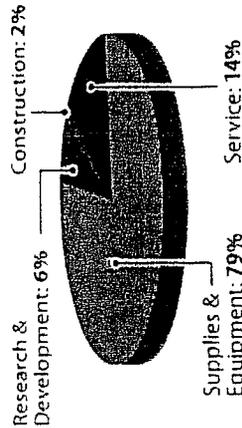
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Michigan Defense Sector

Value of Contract Awards Performed (Billions)



By Type



• \$3.6B generated in FY2014 Revenue

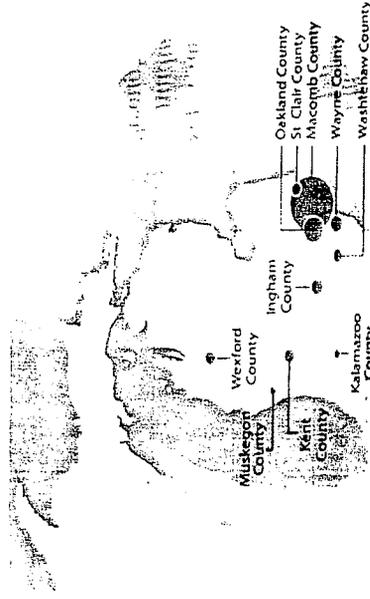
- #29 rank for US Defense Spending
- 0.9% of total US Defense Spending
- \$367 per resident

• \$1.1B Total Payroll for 26,202 defense personnel

- 60% Reserve/National Guard
- 36% Civilian
- 4% Active Duty

• Contracts by Service

- 75% Army
- 8% Navy
- 5% Air Force
- 12% Other Defense

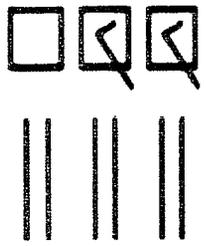
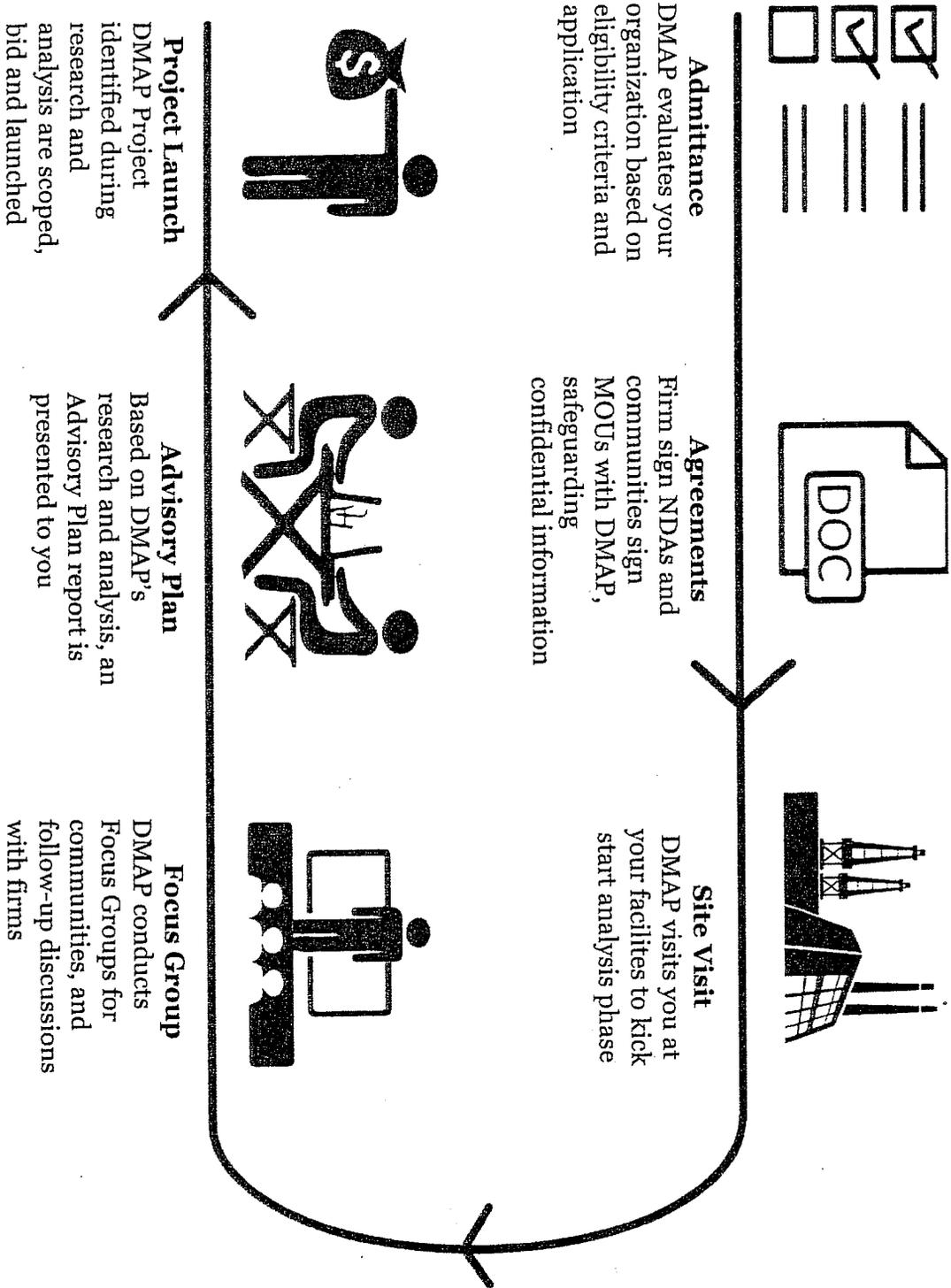


Sources: OEA, Defense Spending by State, FY 2014; Deloitte, 2012 study on the defense industry

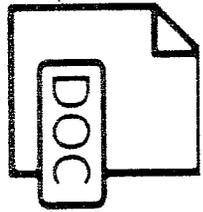


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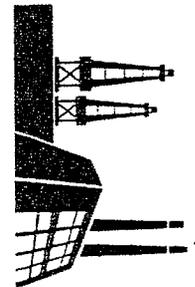
The DMAP Process



Admittance
DMAP evaluates your organization based on eligibility criteria and application



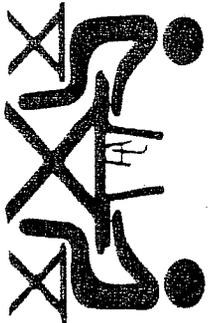
Agreements
Firm sign NDAs and communities sign MOUs with DMAP, safeguarding confidential information



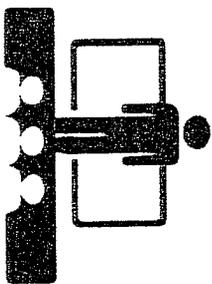
Site Visit
DMAP visits you at your facilities to kick start analysis phase



Project Launch
DMAP Project identified during research and analysis are scoped, bid and launched



Advisory Plan
Based on DMAP's research and analysis, an Advisory Plan report is presented to you



Focus Group
DMAP conducts Focus Groups for communities, and follow-up discussions with firms



Helping Communities and Businesses just like Yours

25+

Communities
Assessed

7

Communities
Admitted

6

Community
Projects
Underway

100+

Companies
Assessed

40+

Companies
Admitted

60+

Company Projects
Underway



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IRLEE: Institute for Research on Labor, Employment, and the Economy

Lightweight Innovations for
Tomorrow (LIFT)

MForesight

Defense Manufacturing
Assistance Program (DMAP)

Procurement Technical Assistance
Center (PTAC)

First Customer Program (FCP)

Technology Commercialization
Assistance (SCIP/TCA)

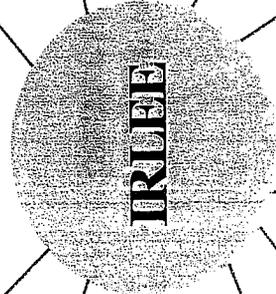
Great Lakes Trade Adjustment Assistance
Center (GLTAAC)

Center for Labor Market Research (CLMR)

Labor and Global Change (LAGC)

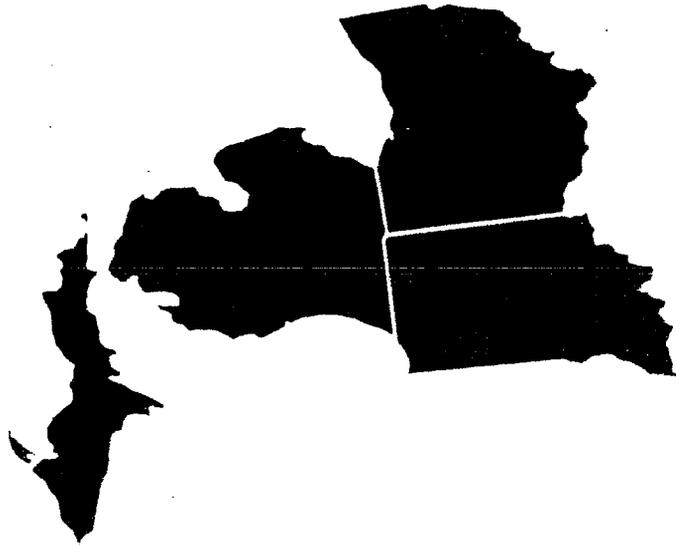
National Excess Manufacturing
Capacity Catalog (NEXCAP)

Detroit Chene Street History Project



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Community Eligibility Criteria



Your community is located in MI, OH or IN
and

**1 or more defense contractors in your
community is qualified to be a DMAP client**

or

Your community has been recognized as defense
dependent and adversely impacted



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Examples of Community Projects We Fund



Regional
Economic
Development Plan



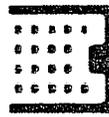
Business Case
Study



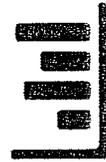
Feasibility
Study



Housing
Study



Marketing
Study



Branding and
Marketing Strategy



Tourism
Development



Implementation
of Existing
Diversification
Plan



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Case Study: Battle Creek

- **City of Battle Creek.** Known for its historic connection to the breakfast cereal industry, Battle Creek is also home to the W.K. Kellogg Airport, a large general aviation airport which hosts an Air National Guard base, the Western Michigan University College of Aviation, a Federal Aviation Administration Flight Inspection Field Office, as well as private industry.
- Development of a **comprehensive business case** for aviation-related economic development of the airport property and adjacent land. This case addresses **opportunities for additional partnerships** between the city, the airport, and existing and future developers and tenants. Partnerships include, but are not limited to, **manufacturing, research and development, retail, commercial, and business incubation.**
- It answers the question, “Why Battle Creek?,” positioning W.K. Kellogg Airport above its national and international competitors in order to seek investment, increase the tax base, and add jobs by leveraging and complementing existing assets and infrastructure.



Company Eligibility Criteria



Your company has operations in MI, OH or IN
and

In the past 24 months or in the upcoming 24 months, your business has seen or will see:

At least a 5% decrease in sales, production or employment due to reduction in defense contracts
and/ or

A loss of a major product line (25% or more of firm revenue) due to loss of defense-related contracts



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Examples of Company Projects We Fund



Succession
Planning



Lean Manufacturing
and Mentoring



Website
Redesign



Compliance
and
Certification



Strategic
Direction



Cost Accounting,
Forecasting, and
Tax Planning



Market
Research



Business
Valuation



Sales and
Lead Generation



Software
Implementation



Product
Development



Marketing and
Trade Show
Preparation



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Case Study: Design and Fabrication Company

- A 25+ year-old company in Michigan's "thumb" region that offers design and metal fabrication services, integration, and finishing capabilities. This firm competes in the aerospace, defense, energy, and industrial markets.
- DMAP explored diversification strategies for the company, including potential **acquisition targets** and entrance into the construction and shipbuilding commercial markets.
- DMAP's recommendation of implementing a **lean manufacturing** project resulted in a **60% reduction in lead time (40 days)** for a process related to purchase orders, and **created 3 new jobs**.



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Questions?

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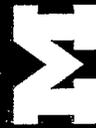
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Find out more at: defensemap.org



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