

CITY of NOVI CITY COUNCIL

Agenda Item 2
January 7, 2008

SUBJECT: Adoption of the 2008 Economic Development recommendations as outlined in the attached report dated December 7, 2007.

SUBMITTING DEPARTMENT: Neighborhood & Business Relations Group *A.C.U.*

CITY MANAGER APPROVAL: *[Signature]*

BACKGROUND INFORMATION:

Economic development continues to play an important role in maintaining Novi's growth and quality of life for both commercial ventures and residents. Economic development provides the jobs, the vitality, and the resources for government to provide public services.

The attached memorandum discusses the 2007 results of the Novi City Council Economic Development Goals and Objectives and implementation Strategies for 2007, previously distributed to Council on December 7, 2007. In mid-year, an Economic Development Manager (Ara Topouzian) was hired to facilitate the completion of goals and in less than eight months, many of the objectives have been accomplished.

The 2007 goals primarily focused on:

1. Retention, attraction and expansion efforts.
2. Working collaboratively with local and regional resources in order to strength the City of Novi.
3. Market the City of Novi to the outside business community.

The recommended 2008 goals focus on the continuation of retention efforts to reach out to the Novi business is crucial for the overall vitality of the Novi community. Positive reinforcement to the business community of Novi's forward thinking attitude concerning project development and working with Novi's partners in economic development are ongoing efforts which will pay off in the future.

The 2008 goals primarily focus on:

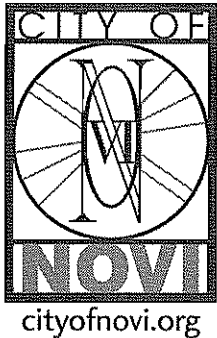
1. Continuation of retention efforts.
2. Define role of community volunteer involvement in Novi tax base development.
3. Target industry clusters and create marketing tools for attracting new business.

RECOMMENDED ACTION: Adopt the 2008 Economic Development recommendations as outlined in the attached report dated December 7, 2007.

Approval to adopt the 2008 Economic Development recommendations as outlined in the attached report.

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Capello				
Council Member Crawford				
Council Member Gatt				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				



MEMORANDUM

To: Clay Pearson, City Manager
Pam Antil, Assistant City Manager
Neighborhood & Business Relations Group

From: Ara Topouzian, Economic Development Manager

Re: **2007 Economic Development Report / 2008 Recommendations**

Date: December 7, 2007

For the last ten years, the City of Novi has planned for growth and reaped the benefits from land development which has a significant surge of new non-residential investment. As a result of these new and sizable investments, Novi's State Equalized Value (SEV) of \$3.8 billion ranks the 7th highest in Oakland County. In comparison, Troy leads with \$6.4 billion, and Farmington Hills, Southfield, and Rochester Hills at \$4.5 billion. Investment drives our taxable values per capita, and we believe it to be the single most reflective indicator of our successes.

New residential construction has provided Novi with the opportunity to increase population. The Southeast Michigan Council of Government (SEMCOG) reports that within Oakland County, Novi has seen the highest population growth, a 14% increase, since 2000. (Rochester Hills was second).

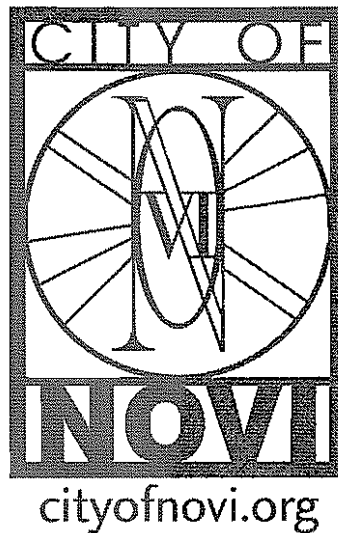
The above facts reflect that the City of Novi continues to be an attractive community for both residential and commercial markets. Based upon retention calls made in 2007, companies that call Novi "home" do so primarily because of the high quality of life our city provides to them.

Economic development continues to play an important role in maintaining Novi's growth and quality of life for both commercial ventures and residents. Economic development provides the jobs, the vitality, and the resources for government to provide public services. Proactive City efforts that first and foremost **retain and grow** existing businesses (and help them flourish for years to come) are vital. Such investments provide both the jobs and taxable value per capita that our City needs to maintain and grow our municipal services; an integral component of our success formula. There are over 29,000 jobs within the City of Novi (based on a 2002 report by SEMCOG).

This report is a summary of the economic development activities accomplished in 2007 as measured by the adopted goals and objectives set forth by the Novi City Council in December 2006. The following prioritized goals were adopted at that time and serve to guide our current state of economic development:

- a) **Improve** internal processes to reduce time and variability in planning and building approvals.
- b) **Retain** and encourage growth and expansion of current Novi businesses by improving City processes and revising ordinances and regulations to assist business growth while maintaining a quality of life for residents.
- c) **Attract** high quality new development to Novi with specific emphasis on Office Service Technology (OST) development.
- d) Work **cooperatively** with partners on the city, county, and state level to attract and retain quality business development.
- e) Find opportunities to **share information with the community** and describe benefits of businesses to the community as job provider, taxpayer, and neighbor.
- f) **Restructure** the Economic Development Corporation to allow the group to have a broader role in local economic development efforts.
- g) Develop **ongoing funding sources** to meet City Economic Development objectives.

2008 City of Novi Economic Development Recommendations



December 7, 2007

2008 and BEYOND ...

The City of Novi continues to attract large-scale business which improves tax values and creates jobs for its residents. In 2008, Novi will see several new construction projects completed, including the opening of St. John Providence Hospital which will bring to the community between 700 to 1000 jobs and become a showcase for health care, and the nation's first independently owned and operated electricity transmission company - ITC Holdings Corporation which, will eventually be home to 450 employees.

Expansion, Attraction, and Retention, Strategy #1.0

Economic development within the City of Novi is still an important and vital component to overall sustainability. Continuation of retention, expansion, and attraction efforts must be an ongoing process.

- a) **Focus on personal retention and expansion visits and support (linking to resources) our existing Novi businesses.** *Ongoing strategy; Updated report by December 31, 2008 (Ara T. and Cindy U.).* Retention and expansion efforts yield the best results in this process along with promoting the good name of Novi. Retention meetings have been a welcome and much needed tool for the business company. Two out of five retention calls have follow-up issues that end in positive results. Issues range on discussion of possible expansion, workforce development needs, explanation of ordinances, to becoming more involved in the community. Retention visits have opened the door for businesses to easily communicate with the City, in some cases resolving long-held perceptions and experiences. Also, a majority of new developments/projects will come from existing business in the community.
- b) **Conduct familiarization tour for site selectors.** *By September 30, 2008 (Ara T.)* A site tour of the City of Novi's key projects (i.e. St. John Providence, ITC, Ryder, Fountain Walk, etc) is in the planning process for the first quarter of 2008. This site tour would involve developers, site selectors, realtors and members of the National Association of Industrial & Office Properties (NAIOP).
- c) **Maintain partnerships with organizations holding mutual goals.** *Ongoing strategy; Updated report by December 31, 2008 (Ara T. and Cindy U.)* Networking continues to be a vital tool in promoting the city, its developments and building and growing partnerships. Great strides have been made in 2007 to establish a wide range of networks and additional member-type organizations (i.e. Detroit Economic Club, Michigan Society of Association Executives) which will prove beneficial for future growth.

Incentives, Strategy #2.0

- a) **Report on any recommended changes to the existing property Tax Abatement Policy; report on any new financial incentives to business appropriate to Novi.** *Updated report by September 30, 2008 (Ara T.)* The question of whether or not the City of Novi offers tax abatements is brought up when businesses seek Novi as their new home. This conversation takes place because the business is comparing Novi with a city that grants tax abatements liberally or because they have a site selection assistant who encourages the inquiry. When we receive the question, encouragement is made to have the business sit down with the City to learn more about the project. Those businesses asking for abatements have been smaller firms with fewer than 50 new jobs created. Businesses have been encouraged to look at the main reasons why they considered Novi to begin with – location, quality of life, education etc. It is explained that in order to continue the high quality that is expected by residents and the business community, abatements that do not meet the criteria (adopted by City Council on May, 15, 2000) cannot be recommended unless there is some unique or strategic additional reasons. Property taxes and state shared revenue monies are the City's primary revenue sources to provide service that help make us attractive. There is a question of equity with

firms that have and will pay unabated taxes. We also ask these firms to consider **total** location cost and opportunities. The City of Novi already has one of the lowest property tax rates of comparable communities; there is not much available to abate.

Presently, Novi is not in a situation where it needs to offer tax abatements as an incentive to attract most businesses. Novi still has quality land available and therefore it is not recommended that a revised policy be put in place until such a time the City enters the redevelopment stage. This should continue to be monitored and compared with other cities.

Internal Development Review Processes, Strategy #3.0

In order to grow, negative perceptions on doing business in Novi must change.

- a) Internal processes need to be quicker and conveyed to the developer/business owner upfront so unnecessary delays do not occur.
- b) Exceptional customer service is a driving factor which staff must conduct business in order to deliver the utmost in quality to our customers. How we communicate is vital to maintaining the lines of cooperation with businesses.
- c) If a business owner had an unsatisfactory experience expanding in or locating to Novi, that business relays this information to others thus creating a larger negative perception of the City. *Eighty percent of the retention calls made in 2007 indicated that at one point, business owners perceived difficulty establishing their business.*

Dissemination of timelines, procedures and surveys need to be implemented and reviewed in order to improve on these processes. The existence of the two economic development positions goes a long way towards improving perceptions. We have the ability to provide a direct knowledgeable contact within the City organization that business owners can contact for information. The link to business owners is important because often times the contractors, architects, and developers working on their behalf are not providing the full picture of what goes into the development review process. Moreover, this concern is nearly universal as site development officials in other jurisdictions recite a familiar complaint from developers and contractors who are highly motivated to value speed as the priority in the process. After our year in this role, we believe the City's Community Development is making substantial positive ground in delivering consistent and clear reviews.

The Economic Development Manager and Small Business Manager to continue to monitor the City's internal process by evaluating surveys and working with Community Development in order to improve customer service and communication between the developer and/or business and the city.

Ongoing strategy; Updated report by December 31, 2008 (Ara T. and Cindy U.)

Internal Structure of Neighborhood and Business Relations Group, Strategy #4.0

As the first year of having a Neighborhood & Business Relations Group comes to a close, now is the time for some future recommendations. The advantage of having a team in place allows for better coverage for events/meetings. Both roles compliment one another. Efficiency is a key component in obtaining the above objectives. Currently, there is duplication of staff attending events. Having many networking partners, the responsibilities need to be divided in order to maximize results. The following division of coverage is recommended:

Economic Development Manager:

Michigan Economic Development Corporation (MEDC)
Michigan Economic Development Association (MEDA)
International Economic Development Council (IEDC)
Oakland County Business Roundtable
SEMCOG Community & Economic Development

Committee

Engineering Society of Detroit (ESD)
Michigan Society of Association Executives (MSAE)
Automation Alley Business Roundtable & various events

Neighborhood & Small Business Manager: Original Novi Chamber of Commerce
Greater Novi Chamber of Commerce
Japan, Swedish, German, and other International
Chambers
International Council of Shopping Centers (ICSC)
Automation Alley small business networking events
Oakland County small business networking events

It is recommended that attendance at all trade shows and other events be reviewed by the Economic Development Manager.

Economic Development Resources, Strategy #4.1

Currently, there is a total of \$569,848 in the general funds budget allocated for the Neighborhood & Business Relations Group which includes salaries, supplies, and other charges. The addition of an Economic Development Manager has brought upon additional events and opportunities. Additional funds (\$3,000) are requested in order to accommodate future goals pertaining to educational growth, business attraction opportunities, and co-sponsorship of trade shows. Also, an increase of special events hosted by the Small Business Manager will take place. These funds are all in line with efforts being made for economic development.

The addition of an intern to assist with database entry and various economic development research projects would greatly help the productivity of the department.

Define role of community volunteer involvement in Novi tax base development, specifically the Novi Economic Development Corporation (EDC), Strategy #5.0

Staffing the EDC by the Economic Development Manager has been a struggle this past year. The difficulties surround the fact that EDC members are volunteers with a limited amount of time they are able to put into the success of the group. Other issues include: the chairperson has switched twice this year, members' attendance at meetings and City-sponsored events/grand openings are low and willingness to take charge of goals and work outside of the monthly meetings has become a great challenge.

The amount of time and energy that the Economic Development Manager has spent has been comparable to what a Chair or members should be expected to do, not a staff liaison. Monthly meetings require at least two weeks worth of preparation by the Economic Development Manager, Small Business Manager and Administrative staff. (Most EDC goals have been spearheaded by the Economic Development Manager in order to get them accomplished).

This is not the fault of the volunteer members. Over the last five years, many EDC groups have fallen by the wayside in light of the elimination of industrial revenue bonds, virtually rendering the role of a traditional EDC obsolete .

It would be the recommendation to eliminate the EDC as it stands and create a smaller advisory committee (no more than four business leaders – not necessarily residents, but individuals who have commercial investment in Novi) that meets on a quarterly or as needed basis for the purpose of volunteering their time to special projects that support the Economic Development Manager and Small Business Manager.

Education is an important tool in creating a qualified workforce within the community. This advisory group can be activists in education by becoming business mentors in the Novi Public School system as well as partnering with Walsh College and Oakland Community College.

The required role of the EDC to formally review the audit for expiring industrial revenue bonds can be completed by staff.

Targeting Clusters, Strategy #6.0

Business attraction in economic development of a city can be a hit or miss practice. Identifying a city's strengths and building upon them are important to the overall quality of the city. Identifying compatible and supplier-type businesses to assist our growing number of businesses could provide long term results.

The National Governor's Association (*The 2007 State New Economy Index: Benchmarking Economic Transformation in the States*) released information that supports targeting business which is heavily into globalization, in particular, manufacturing and services, foreign direct investment, and exporting packages. Once the Gap Analysis report is completed, this will give the city a better idea of the types of businesses moving to Novi and potentially become a cluster for new attraction efforts.
Report by February 1, 2008 (Economic Development Manager)

Master Plan, Strategy #6.1

The City of Novi's Master Plan Review will be completed in January, 2008. Upon completion, the new plan will be supported by the Economic Development Manager and Small Business Manager. Both will assist in promoting the new plan to the residential and business community. The updated Master Plan can also be utilized as a business attraction tool when talking to potential businesses.

I-96 Corridor Study, Strategy #6.2

The ultimate goal of the I-96 Corridor Study is to establish the framework as a gateway into the City of Novi. To accomplish this goal, the study should include: an inventory and analysis of existing conditions, public involvement, partnering with the City of Wixom, and a general framework of a conceptual plan. *Conceptual Report by December 31, 2008 (Community Development, Economic Development Corporation/Advisory Group, Economic Development Manager, Small Business Manager)*

Marketing, Strategy

a) Strategy, #7.0

Development of a quarterly e-newsletter to be distributed to the Novi business community will update businesses on upcoming events and information pertaining to this demographic. It will greatly assist in retention efforts. This newsletter would be targeted to the entire business community and viewed as a benefit from the City. This newsletter would be distributed electronically. *Ongoing strategy; Begin February 1, 2008 (Economic Development Manager, Small Business Manager, Community Relations Manager)*

b) Strategy, #7.1

Now that completion of the City of Novi's brand is complete, a promotional DVD that features economic development will be created alongside a folder with materials that can be distributed to businesses as well as utilized in networking at trade events. *Completed by May 1, 2008 (Economic Development Manager, Community Relations Manager)*

c) Strategy, #7.2

A business expo targeted to Novi's small businesses is being planned for the Spring of 2008. This event is geared toward business-to-business networking and showcasing products and

services to be held at a location not yet determined. *Completed by May 1, 2008 (Small Business Manager)*

d) **Strategy, #7.3**

The City of Novi will host the MichBio (life sciences trade association) annual expo on November 8-19, 2008. This expo is Michigan's largest annual gathering of Life Science professionals. Partnering with Oakland County, the City and county have submitted a proposal to co-host the opening reception. This expo is an golden opportunity to highlight bio tech firms and also for outside firms to learn more about Novi. *Completed by November 1, 2008 (Economic Development Manager)*

e) **Strategy, #7.4**

Continue the organization of periodic seminars targeted to both small and large businesses and featuring topics pertinent to business. This puts Novi above most communities that currently do not offer such programming. *Ongoing strategy; Updated report on December, 31, 2008 (Economic Development Manager, Small Business Manager)*

Thinking Globally, Strategy #8.0

According to The National Governors Association's Benchmarking Study - Michigan ranks lower than the rest of the country on many indexes of ability to compete in the new economic realities. In reviewing the indicators that make up the country's economic base, Michigan scored high in exporting of manufacturing products and services. In a separate report by OCO Global (a firm that tracks foreign investment), they showed that Germany is a major country of interest that is doing business in the USA and is currently investing in various locations. These mainly represent Life Science and IT firms. Also, the United Kingdom continues to dominate the automotive (R&D) sector. The scale of Asia (China and India) and the wealth and innovation of Japan make them also priorities, particularly in concert with our partners at Oakland County and the Michigan Economic Development Corporation. We look to expand upon existing relationships in these geographic areas.

Particular attention can also be directed to Canada because of its eagerness to conduct business in the United States. Due in large part to geographic proximity, congruent time zones, a common language, and cultural/historical ties, 86% of all Canadian exports in 2006 were destined for the US, making it clear that trade with our country creates an enormous number of jobs for Canada (Study performed by the USA Department of Commerce). Growth in the information and communications technology, biotechnology and other high-tech sectors, as well as the auto industry could provide particularly good opportunities for US exporters. *Ongoing strategy; Updated report on December, 31, 2008 (partnering with Oakland County, MEDC, Economic Development Manager, Small Business Manager)*

Conclusion

The City of Novi continues to move in the right direction as it pertains to economic development. It is important to pay attention to maintaining tax values as well as continuing to treat the business community as our customers. Novi continues to battle the reputation of not being business-friendly due to past performances when working with business development, which has resulted in missed opportunities. Positive reinforcement to the business community of Novi's forward thinking attitude concerning project development and working with Novi's partners in economic development are ongoing efforts which will pay off in the future. As one of the only cities in the State of Michigan with active development, it is important to strategize regularly and alternate goals as it fits the overall plan of creating and maintaining a quality city.

Appendix A – Taxable Value information

SEV and Taxable Value per Capita in Novi and Surrounding Communities

Municipality	Population Est.	Tax Liability Year 2006				Tax Liability Year 2007				
		State Equalized Value		Taxable Value		State Equalized Value		Taxable Value		
		Total SEV	SEV per capita	Total Taxable	Taxable Value per capita	Total SEV	SEV per capita	Total Taxable	Taxable Value per capita	
Troy	81,290	\$6,608,804,750	\$81,299	\$5,435,035,442	\$66,860	\$6,422,659,810	\$79,009	\$5,550,516,737	\$68,280	2.1%
Novi	52,231	\$3,848,565,100	\$73,684	\$3,364,061,500	\$64,407	\$3,946,241,780	\$75,554	\$3,550,406,740	\$67,975	5.5%
Commerce Twp	36,044	\$2,566,893,410	\$71,216	\$2,071,428,490	\$57,469	\$2,637,309,810	\$73,169	\$2,177,767,960	\$60,420	5.1%
Farmington Hills	80,486	\$4,859,279,120	\$60,374	\$4,294,168,650	\$53,353	\$4,945,217,110	\$61,442	\$4,438,529,490	\$55,147	3.4%
Rochester Hills	69,405	\$4,184,283,990	\$60,288	\$3,601,999,670	\$51,898	\$4,175,552,010	\$60,162	\$3,727,386,610	\$53,705	3.5%
Southfield	78,009	\$4,305,094,830	\$55,187	\$3,604,818,967	\$46,210	\$4,371,946,830	\$56,044	\$3,725,952,640	\$47,763	3.4%
Canton Twp	85,462	\$4,611,955,820	\$53,965	\$3,858,415,224	\$45,148	\$4,811,454,030	\$56,299	\$4,073,684,770	\$47,666	3.3%
Portage	42,000	\$2,150,123,100	\$51,193	\$1,909,187,673	\$45,457	\$2,220,911,700	\$52,598	\$1,993,291,555	\$47,459	3.0%
Wyoming	72,400	\$2,397,466,900	\$33,114	\$2,114,733,394	\$29,209	\$2,695,114,600	\$37,225	\$2,400,211,378	\$33,152	2.9%

City of Novi SEV and Taxable Value History

	2002	2003	2004	2005	2006	2007
Population	49,000	50,000	51,000	51,500	52,231	52,231
Taxable Value	\$2,510,281,740	\$2,679,216,000	\$2,900,548,534	\$3,098,817,510	\$3,364,061,500	\$3,550,406,740
Taxable Value per capita	\$51,230	\$53,584	\$56,874	\$60,171	\$64,407	\$67,975
SEV	\$2,971,901,040	\$3,196,088,910	\$3,407,206,840	\$3,580,551,380	\$3,848,565,100	\$3,946,241,780
SEV per capita	\$60,651	\$63,922	\$66,808	\$69,525	\$73,684	\$75,554

Sources: City of Novi calls to communities, SEMCOG; Oakland County 2007 Equalization Report

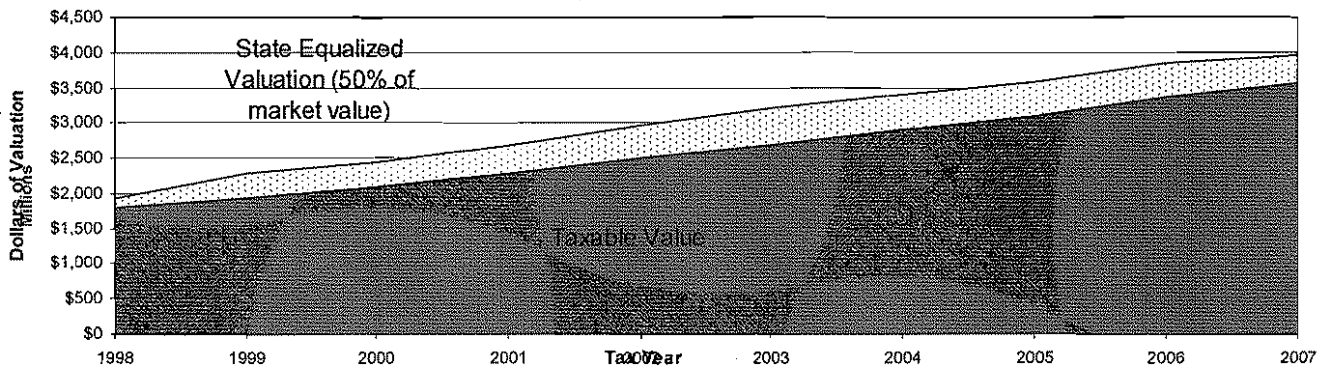
Ten Year Taxable Value Actual Plus Projection compared to State Equalized Valuation (SEV)

Tax Liability Year	State Equalized Valuation (50% of market value)		Taxable Value		% Taxable Value of SEV
	Amount	% Change	Amount	% Change	
1998	\$1,922,625,050	12.3%	\$1,797,180,635	9.2%	93.5%
1999	\$2,274,361,800	18.3%	\$1,940,166,590	8.0%	85.3%
2000	\$2,440,876,450	7.3%	\$2,095,003,220	8.0%	85.8%
2001	\$2,677,663,040	9.7%	\$2,280,396,170	8.8%	85.2%
2002	\$2,971,901,040	11.0%	\$2,510,281,740	10.1%	84.5%
2003	\$3,196,088,910	7.5%	\$2,679,216,000	6.7%	83.8%
2004	\$3,407,206,840	6.6%	\$2,900,548,534	8.3%	85.1%
2005	\$3,580,551,380	5.1%	\$3,098,817,510	6.8%	86.5%
2006	\$3,848,565,100	7.5%	\$3,364,061,500	8.6%	87.4%
2007	\$3,946,241,780	2.5%	\$3,550,406,740	5.5%	90.0%

Local Board of Review Amounts (established in March each year)

The 1994 SEV established the base for taxable value calculations beginning in 1995. In addition to SEV, a taxable value was determined for each property. Taxable value is the lower of either capped value or SEV. Capped value increases are limited to the lesser of 5% or the rate of inflation. Although SEV continues to be based on market conditions, taxable value is thus in place to control property tax increases. Additions or losses to a property will increase or reduce the taxable value of that property. In the year following a property transfer, the taxable value of that property will uncap to the SEV. Novi's total taxable value rate of change moves larger than the SEV (e.g., 6.8% increase in 2004, SEV increased by 5.1%) largely due to the uncapping of properties from sales and the addition of new construction. In the coming decades, as Novi reaches build-out and ages, under current rules, yearly increases in taxable value will be closer to capped consumer price index (termed Inflation Rate Multiplier by the State of Michigan).

Ten Year Taxable Value Compared to State Equalized Valuation - City of Novi, Michigan



Appendix B – Largest Employers in Novi

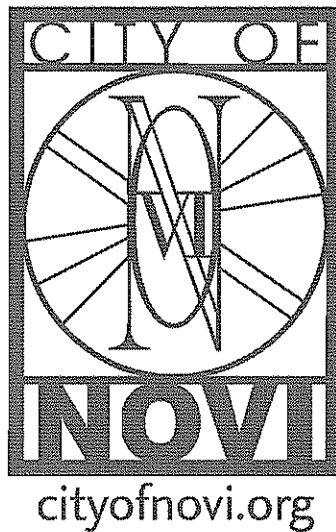
<u>BUSINESS NAME</u>	<u>TYPE</u>	<u>APPROXIMATE EMPLOYEE NUMBER</u>
Intier/Magna	Automotive	650
Macy's	Retail	539
St. Johns/Providence Park Hospital	Health Care	500
Tower Automotive	Automotive	340
Ikon Office Solutions, Inc.	Document management	307
Paychex	Payroll Management	300
Cooper-Standard Automotive	Automotive	250
Michigan CAT	Machinery/Power Systems	250
voestalpine Polynorm	Automotive	250
CVS Michigan, LLC	Distribution Center	250
ITC Holding, Inc.	Electric Transmission	230
INCAT	Engineering/IT	223
LifeTime Fitness	Health	220
New Horizons Rehabilitation Services, Inc	Vocational Rehabilitation	175
Brass Craft Manufacturing	Manufacturing	170
Mahle Powertrain, Inc.	Automotive	165
Autodesk	Software Developer	160
Toyota-Boshoku North America	Automotive	160
FCI USA, Inc.	Power Connectors	130
Eberspaecher North America, Inc.	Automotive	80
City of Novi	Municipal Services	280
Novi Community Schools	Public Education	807
Walsh College	Higher Education	100

City of Novi, Michigan

**Principal Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2006 Taxable Value	Percentage of		1997 Taxable Value	Percentage of	
		Total	2006 Rank		Total	1997 Rank
Singh	\$ 68,243,750	1.78	1			
Taubman (Twelve Oaks Mall Ltd. Part.)	53,458,860	1.39	2	\$ 54,473,950	3.31	1
Haggerty Corridor Partners	43,574,930	1.13	3			
Fountain Walk	38,719,700	1.01	4			
Novi Campus LLC	32,074,800	0.83	5			
Occidental Development Ltd.	27,573,050	0.72	6	19,580,500	1.19	2
TBON LLC	24,305,960	0.63	7			
Novi Town Center Investors	20,330,100	0.53	8	15,563,550	0.95	4
DTE Energy	19,988,020	0.52	9			
Providence Hospital	19,786,710	0.52	10			
Aetna 4226 Novi Town Center				15,905,800	0.97	3
Solomon Properties Inc.				14,073,900	0.86	5
Ramco Novi I Co.				12,315,700	0.75	6
Progressive Tool & Industries				11,084,050	0.67	7
Johnson Controls				9,997,350	0.61	8
Saddle Creek Assoc.				9,217,400	0.56	9
Crystal Glen Group Ltd.				9,202,950	0.56	10

2007 City of Novi Economic Development Report



2007 RESULTS

Economic Development Goals/Objectives - Implementation Strategy #1.1

Implement Sikich Group report recommendations regarding staffing; City Council to discuss/accept report, City Manager to implement; Report: Presented and accepted, guideposts adopted August 28, 2006;

Implement Hirings: Authorized positions on board by November 2006.

Additional engineers and clerical staffers have been hired in order to facilitate quicker review plans.

Process Streamlining- Implement recommendations with high value to attaining adopted Guideposts streamlining which are also highly attainable goals. High Value Targets Identified in September; Initial Implementation in November 2006.

Customer service and clear communication is the key component in order to improve the development process. Consultants were hired to cross-train employees in Community Development on customer service/bid training. A team is assembled that can cross-train employees. At a minimum, employees who routinely assist customers at the counter should be cross-trained. At the conclusion of training, each employee will be able to assist 90% of all customer questions/concerns.

Review Time-Implement Sikich Group report recommendations regarding plan review time, providing a 40% reduction in process time at full implementation; City Council to discuss/accept report, Planning Director and Building Official to implement; One Year: September 30, 2007.

Minor planning projects will be identified and will be given a ten (10) business day review timeline. Normal site plan projects will be completed in twenty (20) days.

Plan review meetings (2 days per week) have been implemented to ensure submitted plans are completed and this eliminates the need to conduct other reviews which delay the process.

Economic Development Goals/Objectives – Implementation Strategy #1.2

Report on existing Novi review times, identify peer communities, then benchmark Novi against similarly-situated communities; show change compared to Novi historically over time and to peer communities. City Manager's office to direct Planning and Building Departments in process; Communities Identified:

October 2006; First Benchmarking Report: December 2006; ongoing quarterly thereafter.

A draft of a benchmark survey of other communities is complete. The survey is in the implementation stage.

Economic Development Goals/Objectives - Implementation Strategy #1.3

Hire a full-time Economic Development Manager, a position to work within the City organization focusing upon economic growth and business retention, expansion, and attraction.

Ara Topouzian was hired as the Economic Development Manager in April 2007 while Cindy Uglow was assigned additional responsibilities as the Neighborhoods and Small Business Manager in January 2007.

Economic Development Goals/Objectives - Implementation Strategy #1.4

Formulize an orientation program to EDC members with a standardized program.

- a) A formalized orientation program was established and completed for the Economic Development Corporation (EDC) members involving the creation of a handbook which contains materials and information pertaining to the Novi EDC and general economic development material.
- b) When necessary, retention visits have been coordinated with Oakland County and Michigan Economic Development Corporation business development representatives.

Economic Development Goals/Objectives - Implementation Strategy #2.1

Formalize a business retention program with a visit program to effectively gather information.

- a) A formalized business retention program was established with regularly coordinated visits to the business community. Focus for the Economic Development Manager has been on the non-retail business community on most visits. The Small Business Manager coordinated a highly successful Business Assistance Team (BAT) comprised of different small business leaders and City staff and coordinated visits to **50** area retail businesses in 2007 to discuss issues and offer assistance.
- b) An important aspect of visiting businesses is the creation of regular retention reports which are reviewed by the City Manager and the EDC. **160 retention visits were completed in 2007.**

Economic Development Goals/Objectives - Implementation Strategy #2.2

Survey existing Novi businesses to discuss business climate and identify possible industry trends.

- a) A construction survey was created for the purpose of obtaining feedback for both new and expansion projects, and also for those major projects which are near completion or have completed. (i.e. Toyota Boshoku, Twelve Oaks). Community Development will implement and control distribution of this survey starting January 2008.
- b) Promotional visits to five large realtor/broker firms including CB Richard Ellis, Friedman Real Estate Group, Grubb & Ellis, Signature Group, and Colliers International were conducted. Results were very positive as most realtors indicated that a municipality had never been proactive with them. Each firm received a packet of information that included the following: An updated projects map, our new community profile and our current economic development goals. Because of our personal visits, these brokers received a contact name and face within the City of Novi as well as an awareness of Novi's commitment to delivering quality economic development. This development strengthens and diversifies the tax base.

Feedback received has been very positive from all of these visits. Most have indicated that no other municipality has been proactive in reaching out to their firm (one said specifically this was the first such visit in his 26 years of business). The realtors/brokers also provided us with valuable comments as they shared their perspectives of Novi's strengths: Location, education, cleanliness, safety and quality construction. Whenever requested, assistance was offered to these firms.

Economic Development Goals/Objectives - Implementation Strategy #2.3

Establish regular plan of recognition for local businesses which maintain a presence in our community.

- a) Since June 2007, all new businesses that have filed business registration forms with the city received welcome letters signed by the Mayor and City Manager. All of these new businesses also received follow-up calls. To date, 15 welcome letters have been sent to small and large businesses moving to Novi.
- b) "Corporate Review" and "Faces and Places" cable access shows were created to highlight local businesses. Both programs are 30 minutes in length with a new show each month. These shows are utilized as an opportunity to announce or promote the City of Novi's economic development activities. Both programs are also available on demand on the city's website.
- c) The EDC established recognition criteria including: Years of business, community service, etc. for both small and large businesses within the city. It plans to initiate an annual recognition event in Spring 2008.
- d) Other notable events which promoted Novi's economic development to our residents include: Fall for Novi, Leader's Breakfast, Greater Novi Chamber of Commerce Luncheon, and the Novi Rotary Luncheon.

Economic Development Goals/Objectives - Implementation Strategy #3.1

Develop an effective consistent "branding" for Novi that can be used for business attraction and retention.

- a) Economic development pages on the *cityofnovi.org* website were revised to include two new modules – *Available Properties* and *Share Your Story*. Both were created with the purpose of increasing traffic and activity to the website. The *Available Properties* module was created with the site selector feature in mind, thereby assisting those individuals (i.e. site selectors or developers) looking for locations for their clients. Recently the City acquired a website tracking software (Webtrends) which will help determine usage patterns of the economic development pages on the city's website.
- b) Advertising in publications such as the Japanese InfoDirectory, Novi Chamber street map, Oakland County magazine and other publications began this year. The consistent message of "Why Novi?" focuses on our attributes of location, education, and quality of life.
- c) Community Relations created a Community Profile. This document features the high quality of services provided to Novi residents and the business community. The City received 4,000 copies free of charge as advertising covered all production costs. Of particular focus are current and major citywide projects. Copies are distributed for retention purposes and are also used as attractive handouts at trade shows and special presentations conducted by the Neighborhood and Business Relations Group. It is crucial that this publication be produced on an ongoing and regular basis so we can continue to provide the most current information to our community. Lead time for production with advertising and copy is one year; the second edition is targeted for late 2008.

Partnering with Community Relations as a means to establish a Business Attraction Brand Identity. Our branding message continues to develop and will be focused upon such community strengths as great schools, location, retail, natural features, diversity, public safety and opportunities.

Economic Development Goals/Objectives - Implementation Strategy #3.2

Develop a prioritized list of public infrastructure improvements which are based upon OST survey data; improvements that will attract OST and other developments to improve tax base.

- a) Built upon Novi's international magnetism, two economic development practitioners from Bulgaria visited the city for three weeks in May 2007 to observe and learn from standard city service practices. Their experiences here provided them the opportunity to return to their country with recommendations that will help their municipalities.
- b) The City played host to Japan Festival 2007 with close to 3,000 attendees at the civic center. The Japan Business Society of Detroit is interested in coming back to the city in 2008.
- c) Novi is an active member in the German American Chamber, Japanese Business Society of Detroit, Michigan India Chamber of Commerce and the Swedish American Chamber. City staff attends and offers assistance at their functions.
- d) City Manager Clay Pearson visited Japan in October and learned about their economic development process and strategies in several regions/cities. With Novi's high concentration of Japanese companies, this outreach was also culturally educational.

Economic Development Goals/Objectives - Implementation Strategy #3.3

Novi EDC Role- Expand role of Novi EDC beyond industrial financing bond maintenance into a more public role for promotion of the City; City Council to provide initial direction, Novi Economic Development Corporation to expand its scope of service based on goals Direction from Council: October 2006.

Economic Development Goals/Objectives - Implementation Strategy #3.4

Identify which of the Oakland County emerging industries or the City of Novi wants to attract as the highest priority.

A "Gap Analysis/Cluster Analysis" report was initiated by city intern Aaron Yankee. The report is a complete inventory of all businesses located in the City of Novi. This is important information for our attraction efforts to new businesses as "who we are" and "what we have" adds to our knowledge base. The report is to be completed in January 2008.

Economic Development Goals/Objectives - Implementation Strategy #3.5

Establish linkage covering local universities regarding aspects of Novi's EDC program.

Efforts have been made to partner with local colleges/universities in order to create educational events for the business community. Our first partnership with Lawrence Technological University in October 2007 was entitled Green Building 101. This is an ongoing strategy.

Economic Development Goals/Objectives - Implementation Strategy #3.6

Promote city through trade shows and other business attraction efforts.

Efforts have been made to network at a variety of local trade shows. Our networking efforts resulted in the confirmation of *MichBio* (bio-tech association) presenting in Novi next year. Trade shows attended in 2007 include: *Society of Automotive Engineers* and *Automotive Testing Expo*, *Michigan Idea Exchange Expo*, *Engineering Society of Detroit* (Networking). This is an ongoing strategy and the most effective opportunities for Novi will become clearer in 2008.

Economic Development Goals/Objectives - Implementation Strategy #4.1

Work cooperatively with partners on the City, County, and State levels.

Creating and maintaining relationships is vital for any economic development practitioner. Strategic partnerships with Oakland County (Oakland County Economic Business Roundtable), Automation Alley and the Michigan Economic Development Corporation (MEDC Advisory Council) continue to play a crucial role in our attraction, retention, and expansion efforts. Additional relationships have also been created and/or strengthened with both Chambers of Commerce, Engineering Society of Detroit, Japan Business Society of Detroit, Detroit Economic Club, Detroit Regional Partnership, Detroit Renaissance and Michigan Society of Association Executives.

Economic Development Goals/Objectives - Implementation Strategy #4.2

Fill vacancies for Novi EDC positions within three months of vacancy occurring; Novi EDC members to assist recruit future members for Mayor's nomination, City Council to approve; Recruitment Ongoing.

Committee has operated with a full contingency of nine (9) members up until November 2007, when one (1) seat became vacant.

Economic Development Goals/Objectives - Implementation Strategy #5.1

Find opportunities to share information with the community.

- a) A Community Profile was created and widely distributed primarily throughout our present business community as well as a marketing tool to outside companies considering Novi as their new home. This high quality booklet has been very well received and was paid for entirely by advertisers at no cost to the city.
- b) Utilizing GIS technology, a revised "great locations map," now titled "Economic Development Opportunities & Highlights within the City of Novi" was created to promote/showcase economic development opportunities and larger business landmarks within the city.

Economic Development Goals/Objectives - Implementation Strategy #6.1

The Novi EDC should establish their yearly goals, in conjunction with the City Council's economic development goals to further economic development objectives in Novi.

Goals for 2007 have not been achieved since the committee has struggled with attendance and activity.

Develop Longer-Term Novi Economic Development Strategies- The goals listed herein for 2007 are a start to build upon. The Novi EDC should gather existing reports and data from MEDC, Oakland County, etc. to assess trends and the future. A multi-year strategic plan for economic development should be built based upon such forecasts and Novi's particular strengths/weaknesses.

Not completed.

Economic Development Goals/Objectives - Implementation Strategy #7.1

The Novi EDC should identify developers, property owners, real estate brokers, chambers of commerce, etc. which have mutual interest with the City of Novi in promoting an economic development agenda. Those partners can provide the seed money to achieve goals.

Funding sources have not been required to date due to the existing assets of the EDC and lack of usage. Funds have been earmarked for use in 2008 to co-sponsor activities (MichBio co-sponsorship with Oakland County and Site Tour co-sponsored with NAIOP.)

Goals & Objectives Conclusion:

It should be noted that the majority of the Economic Development Manager's goals and objectives and implementation strategies for 2007 are near completion. Great strides have been made to complete the majority of goals and objectives in light of the fact that the Economic Development Manager position began four months into 2007. Some of the items noted in this report indicate ongoing objectives.

Goals and objectives for the Economic Development Corporation are addressed later in this report.

OTHER 2007 RESULTS

Information Management:

- a) New software (ACT!) was installed in order to accurately capture and manage contact information about the Novi business community and its partners. The software will also assist in the implementation and tracking of vital information such as retention visits, property tax values, and job creation. It will greatly assist in targeting marketing efforts.
- b) Compilation of multiple sourced databases (i.e. Oakland County, MEDC) was utilized to have the most updated Novi business database available.
- c) The City Clerk's business registration form has been revised and geared toward obtaining pertinent information for economic development uses.

Certification:

The Economic Development Manager and Small Business Manager completed a week-long course towards the first step in obtaining CECD certification from the International Economic Development Council (IEDC).

Publicity/Events:

- a) June 4, 2007 – a special joint EDC/City Council meeting was coordinated in order to discuss an overview on Brownfield Development. As the city moves towards build-out, Brownfields are a way to utilize funds for encouraging redevelopment. The seminar was a great way to initiate discussions for the foreseeable future.
- b) November 8, 2007 – EDC sponsored a presentation on Green Building 101. This widely attended event discussed how to develop green projects within a community. A positive step in becoming an eco-friendly community with developments cognizant of long term impacts and potential returns to modern building techniques.
- c) "Coffee & Conversation" is a new program facilitated by the Small Business Manager as an opportunity to bring businesses together for networking and educational results. A total of 84 businesses have participated in both sessions. Two sessions were held in 2007: Web Site Development (Presented by Muniweb) and Tongue Fu (Presented by Tammie Grzebyk, communications professional). This is an ongoing strategy.
- d) July 2007 - The EDC sponsored and displayed an informational booth at the Michigan 50's Festival. This gave the community the opportunity to learn more about economic development.