

New Sawmill Case Study

“Landing a New Industry”



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And
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Economic
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Corporation

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Form AD-475A (REVISED 3-98)

Iron County Economic Development Corporation

MISSION STATEMENT

To implement strategies that will increase job opportunity, tax base and quality of life in the County of Iron.

Iron County Michigan State University Extension

OUR MISSION

Helping people improve their lives through an educational process that applies knowledge to critical needs, issues, and opportunities.

How We Got From Here....



Spring 2007



Spring 2009

...To Here!

Who, What, When, Why, How

WHO DOES IT TAKE

COLLABORATION



- **Hematite Township**
- **Pine River Hardwoods, LLC**
- **Iron County Economic Development Corporation**
- **Iron County MSU Extension**
- **Iron County Board of Commissioners**
- **USDA Rural Development**
- **Michigan Department of Transportation**
- **Michigan Economic Development Corporation**
- **Michigan Works/James Saari, Director**

WHO DOES IT TAKE?

COLLABORATION continued...

- **Iron County Road Commission**
- **WUPPDR**
- **State Representative Mike Lahti 110th District**
- **AECOM Engineering (STS Engineers)**
- **Miller Canfield – Bond Counsel**
- **Escanaba Lake Superior Railroad**
- **Ron Basso and Basso Consulting Services**
- **Financial Institutions**
- **Various Vendors, Community Leaders and many others....**

WHAT WAS NEEDED?



- **Water Supply**
- **Industrial Development District**
- **Bonding Assistance in Financing**
- **Class A Road – Paving**
- **Railroad Access Improvements**
- **Current/Future Employee Skills**
(Grants and funding is applied for by
Communities)

WHEN DID IT TAKE PLACE

- **February 2007 – Hematite Township requested assistance**
- **March 2007 – Research and meetings**
- **July 2007 – WUPPDR and MEDC preparation requests**
- **August 2007-Rural Development Application for waterline extension**
- **September 2007 – Public Hearing Regarding Bond Request**
- **September 2007 – Request Corral Road Improvements**
- **October 2007-MEDC Request - \$20,000 per job creation**
- **November 2007 – MEDC Approval to begin construction**
- **November 2007 – Beginning of Ground and Rail Yard Improvements**
- **December 2007 – Commitment from ICEDC for \$40,000**
- **December 2007 – Construction of Building Started**
- **January 2007 – Construction Season**
- **April 2008 – IC Road Commission approval for Category “A” Funding**
- **April 2008 – IC Road – DEQ Application/Permitting process**
- **May 2008 – Waterline Extension Work**
- **June 2008 – Incumbent Worker Training**
- **August 2008 – Corral Road Advertisement for Bids**
- **November 2008 – Corral Road Paving Completed**
- **January 2009 – Production Began**
 - **Many public hearings, meetings, conference calls, etc.**

Hematite Township Water Supply

- Supply from Water Tower moved from Village
- Concerns of water pressure
- Size of building – Michigan requires a sprinkler system in any building over 40,000 sq. ft.
- Water System agreement with Crystal Falls Township
- Waterline Extension approximately 1.5 miles
- Cost estimated at \$800,000
- Funding – USDA Rural Development/MEDC Requests₁₀

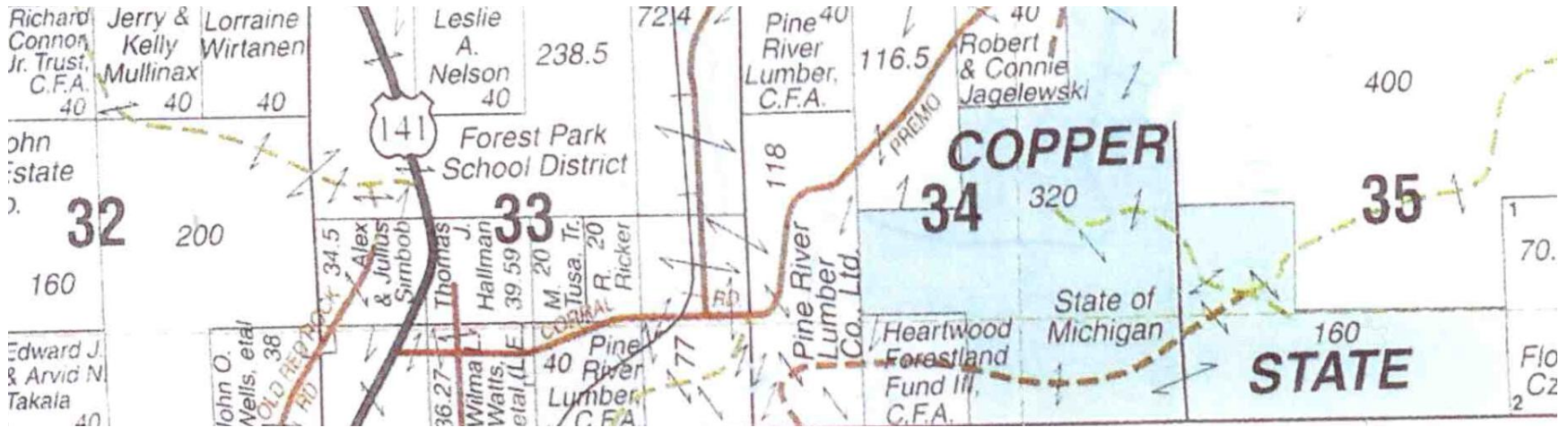


MEDC – CDBG Job Creation Category B

- **Communities Request Funds**
- **Up to \$20,000 Per job**
- **\$11/hour Starting Wage**
- **3:1 Leverage Ratio Funds**
- **10% Local matching funds required**



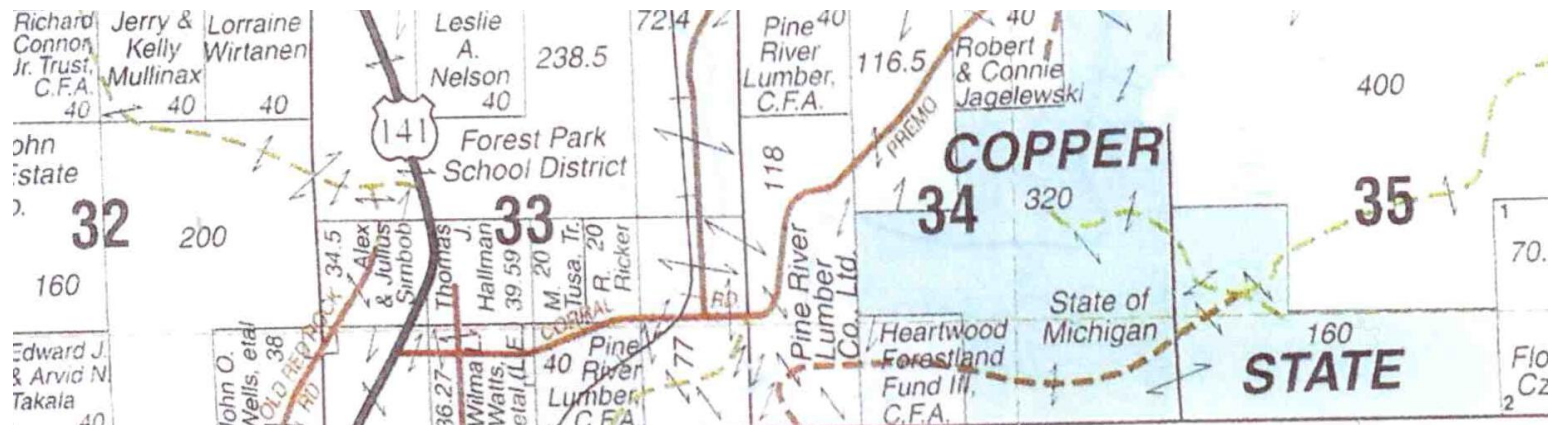
Hematite Township Established Industrial Development District



- **Business Files Request to Establish District**
- **Boundaries are Established**
- **Public Notice – Boundary Property Owners Notified**

Hematite Township Established Industrial Development District

- County Resolution
- Post (10 signs and publication)
- Hold Public Hearing
- Resolution from Hematite Township Approving District
- Copies of Application to State Tax Commission



Process takes about 6 – 9 months (Summer of 2007)

Hematite Township Established Industrial Development District



Public Posting of Intent to Establish Industrial Development District required.

Hematite Township Grant and Loan Applications

MEDC Grant of
\$600,000 for
waterline extension
and
Rural Development
\$200,000 Loan
Fund
into an Industrial
Development
District



Fall of 2008 waterline on Corral Road

Bonding Assistance for Financing Project

\$8 Million in Private Activity Bonds

- **Iron County Economic Development Corporation**
- **County of Iron Bond Rating**
- **Iron County Board of Commissioners**
- **State of Michigan commitment**
- **Project Plan Submitted by Company**
- **Scope of Work Presented**
- **Private Commitment**
- **Financial Institution Commitment**
- **Public Hearings**
- **Timelines were critical- Miller Canfield assistance**
(September 2007 – February 2008)



Bonding Assistance ~Financing Projects

Building ~ Approximately \$1.6 Million



January 2008 Construction¹⁷

Bonding Assistance ~Financing Projects

Equipment arrived anticipating building completion.



Bonding Assistance ~Financing Projects

Equipment ~ Approximately \$6.4 Million



Class A Corral Road Paving

\$257,000

- Michigan Department of Transportation -
\$217,000 funding
- Iron County Road Commission -
Applicant/Administrator
- Iron County EDC
\$40,000 Grant –
Revolving Loan Fund)



(Request September 2007 –Paving November 2008

Railroad Access Improvements

\$113,000



Pine River Hardwoods, LLC provided rail yard improvements to the current spur into the Industrial Development District

Railroad Access Improvements

\$113,000

**Partnership with
current business
currently
operating -
could not
displace**



No displacement of business – cooperative agreements.

Current/Future Employee Skills

- Retention of current jobs – 1st priority
- Grant required cooperation with Michigan Works
- Funding for Incumbent Worker Training and New Hire Job Training
- Approximately \$25,000 to date



Why - What Are The Benefits?



Iron County Job Multiplier is approximately 2.8 – for every 1 job created

Why ~ Global Economic Growth Facts

- Growth increasingly occurring elsewhere.
- A new approach to growth is needed—it is called the **New Economy**.
- But, we cannot use Old Economy strategies to address New Economy challenges.

2008 GROWTH FORECAST

World	4.1%
US	1.3%
Japan	1.5%
France	1.6%
Germany	2.0%
UK	1.8%
China	9.7%
Russia	7.0%
India	9.0%

Source: IMF

How ~ Private/Public Partnerships



•We have to *change the way we think, act, and do business* at every level in the public, private and nonprofit sectors in order to compete globally

How ~ Private/Public Partnerships



- **We are forming bold partnerships with business, government and nonprofit sector to lead change**

How ~ Private/Public Partnerships



- **Local governments, schools, and the private sector must all work cooperatively together to market the region and promote regional cooperation and planning for efficiency and success**

New Sawmill Case Study

“Landing A New Industry”

- Who – Collaborative Communities
- What – Needs Assessment
- When – Time..... Patience
- Why – Global Economy Environment
- How – Private/Public Partnerships

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“Landing a New Industry



Hematite Township, Iron County – Pine River Hardwoods, LLC