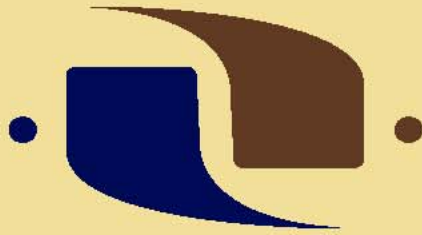


Muskegon Area First: Start Here.



Annual Report to
Community Stakeholders
January 1 - December 31, 2005



Muskegon
a Lake Michigan must

experience the lake effect

Muskegon Area First: Start Here.

An Annual Report to Community Stakeholders from Muskegon Area First

January 1 – December 31, 2005

Muskegon Area First was organized as a private non-profit corporation in September 1999 to serve as a Countywide economic development organization. The corporation is recognized as a 501 (c) (6) organization.

Our Mission:

Muskegon Area First strives to enhance the economic vitality of Muskegon County consistent with its quality of life. Our focus is on job creation through the retention, expansion, and attraction of private investment.

Our Staff:

*President/CEO: James B. Edmonson
Business Development Specialist: Eugenia Brown
Main Street Manager: Dan Rinsema-Sybenga
Director of Procurement Services: Pamela Vanderlaan
Procurement Specialist: Shelia Polacco
Interns: Monica Holmes & Mike Chovaz*

**900 Third Street, Suite 200, Muskegon, MI 49440
(231) 722-3751**

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www.muskegonareafirst.org

Muskegon Area First: Start Here.

Introduction

We celebrate 2005 as a year of much growth, investment and change. It was also an emotional year with the sad announcements of reduced operations at three of the County's historically significant companies, Sappi, Brunswick and Dana. Despite these setbacks, the economy grew from January to December by 1,634 jobs, seasonally unadjusted. Investment in buildings and equipment also continued. Even residential construction remained steady. Within manufacturing, although roughly 716 jobs were lost, over 1,000 were gained. The primary metals industry remained strong including defense, aerospace, heavy trucks and equipment. Even the automotive sector did well with importers finding more West Michigan suppliers. During the year, total employment reached a peak of 85,969 in July, unemployment hit a 5 year low at 5.6 percent in October. See page 15.

In 2005, MAF's annual submission of projects to the Michigan Economic Development Corporation (MEDC) and Site Selection Magazine totaled nearly \$100,000,000 of which \$46,745,119 worth received tax abatements from local governments. See page 6. Our local companies were not only busy servicing their customers and expanding markets, they made substantial investment in advanced manufacturing practices, research and development and lean production methods keeping Muskegon companies and our workforce one of the best in the world. Manufacturers participated in 35 workshops through the Manufacturer's Council (page 4) and received \$522,603 in state training grants (page 6). Two Tool & Die Recovery Zones were approved that included 9 Muskegon County companies. MAF applied on behalf of the Whitehall Township Tooling Coalition, which includes 4 Muskegon County Companies and received approval from the MEDC.

Administratively, we hit our stride managing Muskegon's Main Street Program and the Muskegon Area First Procurement Technical Assistance Center. Our operating budget remained stable and actually increased by year's end when MAF received a three year, \$50,000 per year contract to market the County Wastewater Treatment sites. Of the Muskegon Chronicle's Top 20 Stories of the Year, MAF played a role in 5. In addition to these great stories, MAF made the short list of 4 national site selection competitions; increased the Whetstone occupancy rate from 25% to 90%; helped secure \$2.9 million for the DMDC project; recruited 3 new companies to the County; helped 3 new businesses open in downtown Muskegon; and completed both a target industry study and a downtown Muskegon market study.

Our daily activities increased through the year. The number of retention calls made was 216, our web site traffic increased by 23% and our fulfillment of requests for information increased by 312%. In addition, we began participation in One Muskegon and administration of the Whitehall Township Tooling Coalition.

As we head into 2006, we are prepared to build on the momentum of 2005 through the continuation of our target industry-marketing program under the guidance of Whittaker Associates. In 2006, we will assist the county market its wastewater treatment sites. We will design and deliver quality programs for the Manufacturer's Council and help reduce business cost in the areas of health care, production efficiencies, utilities and regulation. We will aggressively work to develop Muskegon's Edison Landing and DMDC developments, support the Main Street Program, and expand government contract opportunities to West Michigan businesses.

As you read the report, reflect on the number of positive things that have occurred over the past year. We must carry a positive force forward into 2006 so that we may realize the benefits for years to come.

Believe in yourself, your family, your job, your community and West Michigan. Each of us is an integral part of Muskegon's economic future.

James B. Edmonson
President/CEO

1

Existing Business Services & Programs

This section highlights Muskegon Area First's dealings with area manufacturing companies, other base employers and service providers. Major activities include: business retention calls; programs and workshops offered through our Manufacturer's Council; and expansion projects that generated additional tax base and employment opportunities.

MAF's business outreach program led to direct contact with decision-makers from 118 Muskegon area business enterprises in 2005 (a complete list of those firms is included on page 5). In addition to offering valuable information and follow-up support to a number of these firms, MAF played a role in assisting manufacturing companies expand including: Michigan's Adventure: Cannon-Muskegon; Nichols Paper; ADAC Plastics; Ameriform; 5-Peaks; Anderson Global; and Johnson Technology.

Other highlights of 2005 included:

- During Manufacturers Week, May 8-13, we hosted five events that 65 companies attended.
- MAF received MEDC approval for the Whitehall Township Tooling Coalition,
- MAF's government contract procurement service (PTAC) annual report ending September 30, was 284 awards totaling \$50,426,665 in contracts touching 1,186 jobs.
- Manufacturers added a net increase of approximately 300 jobs. See page 6.

CASE STUDY: Johnson Technology Expansion

Muskegon Area First assisted the company with tax abatements that lead to the investment of \$8.7 million into its Norton Shores plant that created 55 full-time jobs. Johnson Technology makes parts for jet engines including commercial and military aircraft. Recent contracts for the Boeing 737 jet engines made this most recent expansion possible.

Procurement Technical Assistance Center

The MAF Procurement Technical Assistance Center serves a 14-county region from Big Rapids to Holland including Muskegon and Grand Rapids. Funded by the U.S. Defense Logistics Agency (DLA), the Michigan Economic Development Corporation (MEDC), and local business, the center helps businesses sell products and services to all agencies of the federal and state governments. Last year, the center assisted area businesses secure \$50 million in contracts that supported 1,186 jobs. In addition, the center provided training seminars covering: "The Best Keep Secrets of Government Contracting", a five part series; "Selling to the General Services Administration", and "Business Opportunity Forum", in addition to numerous individual company training on government contracting issues and how to become certified.

Manufacturer's Council

The Muskegon Area Manufacturer's Council continued to offer a variety of educational programs, information on best practices, and peer to peer learning opportunities for manufacturing firms including: the Manufacturing Matters Luncheon and Early Bird Breakfast, the Educator in the Workplace program, and a year long lean manufacturing class covering 5-S procedures. In all, 235 Muskegon companies participated in these programs. A table outlining Council programs is below.

2005 Community Programs

	2005 Meetings	Participants	Companies	Discussion Topics
Global Users Group Luncheon May 11, 2005	2	54	32	Gary M. Giallonardo, President & Founder of Industrial Visions Company of Troy, Michigan "Strategic Market Planning: Using Your Supply Chain to Diversify Sales for Top Sales Growth." Bruce Olmsted, Managing Director of JSJ CHINA of Grand Haven, MI. <i>Is your company going global based on "strategy" or "tactics?"</i>
Educator in the Workplace April 13, 2005 & November 1, 2005	2	105	9	Visits to: MiBiz West, Muskegon Rescue Mission, Adac Plastics, Fifth Third Bank, Earnest C. Brooks Correctional Facility, Brickley DeLong, Michael E. Kobza Hall of Justice, YMCA, & Erdman Machine
Energy User Group January 11, 2005 April 12, 2005 July 14, 2005 November 1, 2005	4	135	47	"The State of MAREC," with Imad Mahwili of GVSU's MAREC; "Managing Energy Consumption," with Peter Kurtius of Bayer Crop Science; "Simple Energy Cost-Savings Tips," with Scott Erdman of Erdman Machine & The Energy-Savings Product Showcase/Luncheon
Lean Manufacturing User Group	2	14	4	5s Workplace Organization by April Lothschutz of "Not So Basic Training" has put together a training session that will continue for 8 months. The class was designed to give companies an opportunity to send more than one/two people through training
Lean Workshops	1	46	21	"Introduction to Six Sigma" facilitated by Sun Chemical at Muskegon Community College
Manufacturers Advisory Council	4	12	12	Planning for future Council User Groups/Meetings
Health Care Users Group	6	24	6	Met to find alternative ways to lower costs of health care benefits & introduction of healthy employee programs
Manufacturing Week May 9 thru May 13 th	4	157	66	1. Manufacturer's Council Luncheon with David Cole- Chairman, Automotive Research in Ann Arbor, MI 2. Manufacturer's Council Reception with Chuck Hadden- VP of MMA 3. PTAC Training: "Market To The World's Largest Buyer," facilitated by Mike Klewicki 4. Global Users Group Luncheon with Gary M. Giallonardo, President & Founder of Industrial Visions of Troy, MI 5. Environmental Performance Users Group met at ADAC Plastics with Scott Plummer, ADAC's EHS Manger.
Tool & Die Users Group	7	18	8	Worked on submittal of application for designation of a tool & die recovery zone
Environmental Users Group	3	44	30	Designed to teach manufacturers about the different levels of environmental certifications in an effort to increase their business internationally. Companies to host this year were: ADAC Plastics, CWC Textron, and Herman Miller.
Grand Totals	35(+16%)	609(-14%)	235(-25%)	

2005 Manufacturer's Council

<p>Chairperson: Tim Zwit, CSS Trading</p> <p>Members: Jim Alderink, Perfect Circle Division, Dana Corporation Jill Batka, Dynamic Conveyor Jan Berge, Port City Group Scott Erdman, Erdman Machine Dave Ernvall, E-Coaters of West Michigan Dave Fazakerley, Eagle Alloy David Harris, Ameriform Jim Heethuis, CWC Textron Roger Hill, ADAC Plastics Craig Smith, Yale Lift-Tech Jim Vresics, Howmet Castings, Alcoa</p>
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MAF Retention Calls (January 1, 2005 – December 31, 2005)

Company	Community	Company	Community
Ace Tooling	Muskegon	Lakewood, Inc.	Holland
Action Mold & Machining, Inc.	Grand Rapids	Leading Edge Fabricating, Inc.	Montague
ADAC Plastics	Muskegon	Lorin Industries	Muskegon
Advanced Signs	Muskegon	MAISD	Muskegon
Allegra Printing	Grand Rapids	Manpower	Muskegon
American Coil & Spring	Muskegon	MAREC	Muskegon
American Porcelain Enamel Co.	Muskegon	MDOT	Muskegon
Ameriform	Muskegon	Metal Technologies, Inc.	Ravana Township
Anderson Global, Inc.	Muskegon Heights	Metal-arc	Fruitport Township
Bauer Sheet Metal	Muskegon Township	MiBiz West	Norton Shores
Bayer Crop Science	Muskegon Township	Michigan Adventure	Dalton/Fruitland Twp.
Brooks Correctional Facility	Muskegon	Michigan Industrial Metal Products	Muskegon
Bush Concrete Products, Inc.	Muskegon Heights	Michigan Mayhem	Muskegon
CADCAM Services	Kentwood	Michigan Spring & Stamping	Roosevelt Park
Cannon-Muskegon	Norton Shores	Michigan Steel	Muskegon
Centron Data Services	Norton Shores	Miller Engineering	Muskegon Heights
Century Foundry	Muskegon	Motion Dynamics	Muskegon/Fruitport
Challenge Machinery Co.	Norton Shores	Muskegon Chronicle	Muskegon
CMS Energy	Muskegon	Muskegon Tool	Muskegon
Cole's Quality Foods	Muskegon	Newkirk Electric	Muskegon
Community Shores Bank	Roosevelt Park	Nichols Paper & Supply	Muskegon
Curious ID	Muskegon	Northern Machine Tool	Muskegon
CWC Textron	Roosevelt Park	Nowak Machine	Norton Shores
D&D Logistics	Muskegon Heights	NuPak Solutions	Muskegon
Dana Corporation	Muskegon Heights	Pliant Plastics	Norton Shores
DSC Laboratories	Muskegon	Port City Custom Plastics	Egelston Township
Dyanamic Conveyor	Norton Shores	Port City Die Cast	Muskegon
Dymet	Muskegon	Port City Group	Muskegon
Dynamic Finishing	Muskegon	Quality Plating Company	Muskegon Heights
Eagle Alloy, Inc.	Egleston Township	Quality Tool & Stamping	Muskegon Heights
Erdman Machine	Whitehall Township	R.W. Bakers, Co.	Norton Shores
ESCO	Muskegon	Reid Tool Supply Co.	Muskegon
Fifth Third Bank	Muskegon	Republic Bank	Roosevelt Park
Flairwood Industries	Norton Shores	Rockford Construction	Grand Rapids
Fleet Engineers	Muskegon	Roundy's	Muskegon Township
Ginman Tire	Muskegon	Rush's Forest Products	Oceana
Goodwill Industries of West MI	Muskegon	S&A Engineering	Muskegon
Grand Angels	Grand Rapids	Sappi Fine Papers	Muskegon
Great Lakes Die Cast	Muskegon	Scherdel Sales & Technology	Muskegon Township
Great Lakes Research Lab/NOAA	Muskegon	Sealtex	Muskegon
Great Lakes Finishing	Muskegon	Shellcast	Montague
Ground Heaters, Inc.	Norton Shores	Shoreline Metal Fabricators	Muskegon
H2ML	Muskegon	Silvercreek Manufacturing	Norton Shores
Hackley Hospital	Muskegon	Specialty Materials & Alloys Group	Norton Shores
Hayes Lemmerz International, Inc.	Montague	Spectrum Illumination	Montague
Hines Corporation	Muskegon	Stepping Stones	Muskegon
Hinman Company	Muskegon	Stewart Engineering & Sales Co.	Muskegon Township
Holiday Inn Muskegon Harbor	Muskegon	Streamline Tooling Systems	Muskegon
Holland USA	Muskegon	Structural Concepts	Norton Shores
Huntington Bank	Muskegon	Swanson Pickle Co.	Ravenna Township
Industrial Metal Cleaning Corp	Muskegon	Tri-State Aluminum Casting, Inc.	Muskegon
Integrated Ideas	Muskegon	UDC	Muskegon
Interdyne Systems, Inc.	Norton Shores	Veteran Plastics LLC	Muskegon
Johnson Technology	Muskegon	Viking Tool & Engineering	Whitehall Township
Kaydon	Norton Shores	West Michigan Spring & Wire	Norton Shores
Kirksey Investment Co.	Muskegon	Westshore Engineering	Muskegon
KL Industries	Muskegon	White Lake Machine	Montague
L3 Communications	Muskegon		
Lakeshore Rehabilitation	Muskegon		
Lakeside Solid Surface	Norton Shores		
		Total Companies Visited:	118
		Total Number of Visits:	216

The following tables list Muskegon County firms that received Industrial Facilities Tax Abatements or Economic Development Job Training Grants to support their growth in the Muskegon area in 2005, as reported by the MEDC.

2005 Tax Abatements

Local Unit	Company	Investment	New Jobs	Retained Jobs
City of Montague	Hayes Lemmerz International	\$11,325,668	14	466
City of Muskegon Heights	Anderson Global	\$1,847,868	0	115
City of Norton Shores	ACEMCO Automotive	\$3,000,000	13	315
City of Norton Shores	Johnson Technology Inc.	\$2,945,000	11	93
City of Norton Shores	Johnson Technology Inc.	\$8,703,600	55	109
City of Norton Shores	M Argueso & Company	\$2,650,000	40	0
City of Norton Shores	Monarch Powder Coating	\$108,000	2	3
City of Norton Shores	Nowak Machined Products	\$377,600	4	64
City of Norton Shores	Seabrook Plastics, Inc.	\$341,250	0	35
City of Norton Shores	Snook Inc.	290,000	11	10
City of Norton Shores	Titan Tool & Die Inc.	\$588,413	3	4
City of Roosevelt Park	Michigan Spring & Stamping	\$6,689,720	25	128
City of Whitehall	Whitehall Products	\$914,000	10	45
Egelston Township	Eagle Alloy INC	2,920,500	20	328
Egelston Township	Eagle CNC Technology	968,500	4	13
Montague Township	International Master Products	\$2,250,000	7	0
Muskegon Township	Iroquois Hoods	150,000	2	3
Ravenna Township	MTI-Ravenna Ductile Iron Plant	\$675,000	3	5
Grand Totals		\$46,745,119	224	1,736

2005 Economic Development Job Training Grants

Employer	Local Unit	Grantee	Award Amount	Existing/ New Trainees
Howmet Castings	Whitehall	Muskegon/Oceana	\$200,000	850
Holland USA	Muskegon	Grand Rapids Community Col.	\$121,200	650
Hayes Lemmerz, International	Montague	Muskegon Community College	\$38,803	31/9
Michigan Spring & Stamping	Roosevelt Park	Muskegon Community College	\$62,500	100/25
Anderson Global	Muskegon Heights	Muskegon Community College	\$35,100	106/2
Hilite International	Whitehall	Muskegon Community College	\$65,000	193/7
Grand Totals			\$522,603	1,885/43

Other Manufacturers Adding Jobs

Company	New Jobs	Jobs Lost
Dana Corp		250
Brunswick		115
Sappi		351
Howmet	550	
L-3 Communications	104	
Burnside Industries	65	
Johnson Technology	55	
M. Argueso	45	
HazeKamp/Premier Meats	40	
Coles Quality Foods	22	
CWC Textron	30	
Eagle Alloy	30	
MI Spring & Stamping	25	
R. W. Baker	20	
ADAC Plastics	20	
Nichols Paper	15	
Snook, Inc.	15	
Grand Totals	1,036	716

2

New Business Development – Business Attraction

MAF continues to expand its business attraction initiatives. Corporate executives and site selection consultants continue to be an important audience for these efforts. We continued to execute a targeted marketing program prepared by Whittaker Associates aimed specifically at industrial firms. These efforts will continue and be expanded upon in 2006 with an additional staff person to market Muskegon County's wastewater treatment sites.

Highlights from 2005 include:

- The aerospace sector grew with two new additions that MAF assisted. One is M. Argueso that we helped attract to Muskegon from New York. The other we helped establish and grow as a new business, Aerofoil International, now employees 18 people.
- We submitted two proposals for locating a large manufacturer in the county.
- We made the final 8 cities in a nationwide selection process for a 500 seat call center.
- We submitted one proposal for locating a regional corporate headquarters facility.
- Snook Inc, another aerospace supplier, moved from Ottawa County to Norton Shores.
- We submitted one blind proposal for a manufacturing facility that would cost \$200 million and add 400 jobs.
- MAF maintain operations of the Whetstone business incubator facility. We mailed 400 pamphlets to prospective new business start-ups and entrepreneurs. And, we have assisted D&D Logistics expand their business and the space they rent.

CASE STUDY: M. Argueso Inc.

A maker of wax for molds used to form metal parts, the Mamaroneck, New York company relocated to Muskegon to supply Cannon-Muskegon wax. The company created 45 new manufacturing jobs and made a \$2.6 million investment to occupy and expand the 37,700-square-foot former APT building. MAF assisted Cannon-Muskegon and M. Argueso with the IFT application to the City of Norton Shores.

Muskegon Area First Target Industry Program:

In 2005 MAF finished the study phase of our Target Industry Program prepare by Whittaker Associates of Holland, Michigan. Our industry targets are: robotics/automation equipment manufacturing; medical equipment manufacturing; food processing; transportation equipment manufacturing; creative cluster; sustainable development companies; software and internet related businesses.

Muskegon Wastewater Treatment Site Marketing Program:

At the end of 2005, MAF contracted with the County of Muskegon to market the wastewater treatment site to new companies. In addition to job creation, the intent of the project is to add much needed flow to the facility caused by a reduction of wastewater from Sappi Fine Paper. It is a three-year program and MAF will be targeting industries outlined in the *informa-economics* study such as: dairy operations, cheese and ice cream manufacturers and prepared salad providers.

3

Infrastructure & Real Estate Development

MAF continues to be active with infrastructure and real estate development projects. 2005 highlights include the following:

- MAF successfully negotiated the agreement between Michigan's Adventure and the County. This led to expansion of the Northside water system and use of CDBG and EDA funds to provide water service to Michigan's Adventure and the Muskegon County Business Park North.
- We continued our involvement in the development of Edison Landing (SmartZone) with investor referrals to the developer, marketing the benefits of MAREC, and focusing on sustainable energy activities.
- We also continued our work on behalf of the Downtown Muskegon Development Corporation (DMDC), marketing the site and assisting with the coordination of infrastructure development. MAF helped obtain \$2.9 million for infrastructure improvements. Amended the Planned Unit Development (PUD), and road construction began.
- On behalf of the Muskegon Main Street Program we assisted with the reuse of a number of downtown properties. These properties now are the home to new businesses including: Vally Oriental Market, Positiv-i-Teas, Level 6, and the Topsy Toad Tavern (to open in 2006).
- MAF continued its industrial park marketing program. We represent industrial parks throughout the area for the County, all seven municipalities, and five Townships.
- We completed a downtown market study for Muskegon.

CASE STUDY: Michigan's Adventure – Muskegon County Water Agreement

Muskegon Area First assisted with the final negotiations between Michigan's Adventure and the County of Muskegon that ended a three-year stall in critical State funding to deliver potable water to Michigan's Adventure. As a result of the agreement, Michigan's Adventure immediately announced \$6 million in improvements for 2006 and more to come in future years. The agreement also assured additional Federal funds to assist the project, to include the County's Business Park North. Michigan's Adventure employs 1,300 workers annually.

4 Communications, Marketing, and Fundraising

Throughout the year, MAF maintained our aggressive marketing and communications campaign focused on promoting Muskegon as an excellent location for investment. See Muskegon in the News on page 15. Highlights from the 2005 program include the following:

- Muskegon Area First provided funding and technical advice to WMSRDC for the implementation of the MAP project.
- We completed our industry target market study prepared by Whittaker Associates.
- We developed the Main Street Web Site; added the area's first live web cam focused on the DMDC downtown property.
- We maintained an up-to-date web site that contains extensive demographic and site information that is demanded by site consultants. The site is loaded with news and information on Muskegon's economic development. Site usage increased 23% in 2005.
- We continued our successful electronic mail marketing program. MAF regularly distributes news and important information related to Muskegon's economic development to a database of nearly 2,000 contacts. In 2005 we emailed 14 such messages.
- With Verizon's support, MAF continued the coordination of the Muskegon County Economic Forecast with George Erickcek of the W.E. UpJohn Institute for Employment Research at the Chamber's January Early Bird Breakfast.
- Our market study of Muskegon's downtown was completed and presented to investors and the community.
- We continued our roundtable breakfast meetings with local community economic development practitioners and staff.
- MAF worked with the West Michigan Strategic Alliance and Best Michigan to market our region internationally. In addition, we participated in a \$15 million federal grant request for the WIRED program.
- We mailed 400 pamphlets of information to business start-ups and entrepreneurs for the Whetstone incubator facility.

CASE STUDY: Main Street Web Site and Web Cam

MAF focused much of its Main Street effort on administration of the program and marketing. The primary marketing tool is the web site and the Internet in general. In 2005 the site was loaded with lots of downtown information including results of the 2005 market study. Our most stunning addition was the live web cam, installed soon after the announced funding of Western Avenue and ribbon cutting. To access the camera visit www.downtownmuskegon.org, and click the web cam icon on the right side of the page.

2005 MAF Website Statistics

	Number of Sessions
Quarter 1 (1/01/05 - 3/31/05)	22,657
Quarter 2 (4/1/05 - 6/30/05)	20,214
Quarter 3 (7/1/05 - 9/30/05)	23,793
Quarter 4 (10/1/05 - 12/31/05)	26,020
Grand Total	92,684 (+23%)

2005 Hot Topic Electronic Mail Announcements

Date	Topic
January 12, 2005	Firm to Generate List of Companies to be Courted
January 24, 2005	GVSU Energy Center Host To Two Startups
January 28, 2005	George Erickcek's Economic Update on Muskegon
February 9, 2005	New Norton Shores Plant to Employ 35-40 Workers
February 23, 2005	Commission Likes Plans For Rebuilt "City Center"
March 1, 2005	International Master Products Corporation receives 2.24M Bond
April 1, 2005	Manufacturer's Council Celebrates Manufacturing Week: May 9 - 13, 2005
June 14, 2005	Join the Muskegon Manufacturer's Council Energy Users Group
July 24, 2005	Newly Arrived Company Gets Tax Break
September 6, 2005	Muskegon Area companies receive training grants
October 26, 2005	Michigan Adventure spending big for 50th Anniversary
December 12, 2005	Michigan passes tax relief for manufacturers

2005 Monthly Information Requests

Month	Number of Requests
January	44
February	34
March	46
April	31
May	79
June	94
July	132
August	65
September	106
October	130
November	129
December	59
Total	949(+312%)
Average per Month	79

5 Special Projects

Muskegon Main Street & Downtown Muskegon Development Corporation

During 2005, Muskegon Area First stepped into a lead role in directing downtown Muskegon development. A major undertaking included the incorporation of the Muskegon Main Street program as a special project of Muskegon Area First. Muskegon Main Street is tackling commercial development, specifically on Third Street and Western Avenue in downtown Muskegon. The program uses the patented four-point approach of the National Trust for Historic Preservation. This approach utilizes working volunteer committees that focus on Design, Promotions, Economic Restructuring and Organization. MAF staff saw progress on each of these fronts with facades being renovated, special events being held, new businesses starting up in the target area, and the assumption of separate nonprofit status for Muskegon Main Street. One of 2005 most significant accomplishments and event was the completion and rollout of the downtown market study. Throughout the year, MAF published bi-monthly newsletters, The Downtown Insider, upgraded the web site, and added a web cam overlooking the DMDC site. To access the camera visit www.downtownmuskegon.org, and click the web cam icon on the right side of the page.

In addition to responsibilities regarding the Main Street program, MAF implemented services to the Downtown Muskegon Development Corporation and the Community Foundation for Muskegon County. The specific services include marketing the 23-acre downtown site, participation of the Downtown Opportunity Committee, representing the DMDC before the City Planning Commission, and administration of the Façade Grant Program. In addition to establishing contacts with developers, MAF helped produce a 4-color, 18-page brochure and comprehensive marketing brochure. This past year, MAF staff presented amendment #1 to the DMDC Planned Unit Development to the City, which was approved. We helped secure \$2.9 million in state and federal funding for construction of the site infrastructure and helped preside over the ribbon cutting ceremony.

2005 Façade Improvement Grants

Company	Amount
Waterstone Insurance	\$5,000
Neighborhood Investment Corp.	\$4,000
Bill Seeback (Coastline Deli)	\$350
Radiology Muskegon	\$1,267
Tipsy Toad Tavern	\$5,000
Grand Total	\$15,617

2005 New Businesses on Main Street

Business	Product	Address
Valy Oriental Market	Asian Gifts & Grocery	1147 Third Street
Positiv-i-Teas	Teas, Coffees, Memorabilia	1137 Third Street
Level 6	Urban Apparel, Shoes	559 Western

These activities are funded by a \$80,000 grant from the MSHDA Commercial Economic Development Fund of the Community Foundation for Muskegon County, a \$2,500 grant from the City of Muskegon, private contributors, members and Main Street businesses, and \$19,000 of in-kind services from Muskegon Area First.

Regional Collaboration

Throughout the year MAF continued its participation in Best Michigan, our 7-county marketing program, an off shoot of the Strategic Alliance. We upgraded the web site, www.bestmichigan.org, and signed on to the \$15 million WIRED proposal to the federal government. We also continued our participation in Leadership West Michigan by moderating the Economic Development Day.

New this year was our participation in the One Muskegon effort, the countywide, multi-jurisdictional effort to streamline public services and to seek out opportunities for cost-saving collaboratives. We made application to the Governor's Office for a \$25,000 grant for Centers of Regional Excellence that was not funded. However, the project submitted is underway with the grant. The project being implemented is a Fire and Police Training Center project. Beside design and construction of the facility, the project is investigating efficiency in service delivery and equipment purchases.

Fiscal Year Statement of Income & Expense
October 1, 2004 – September 30, 2005

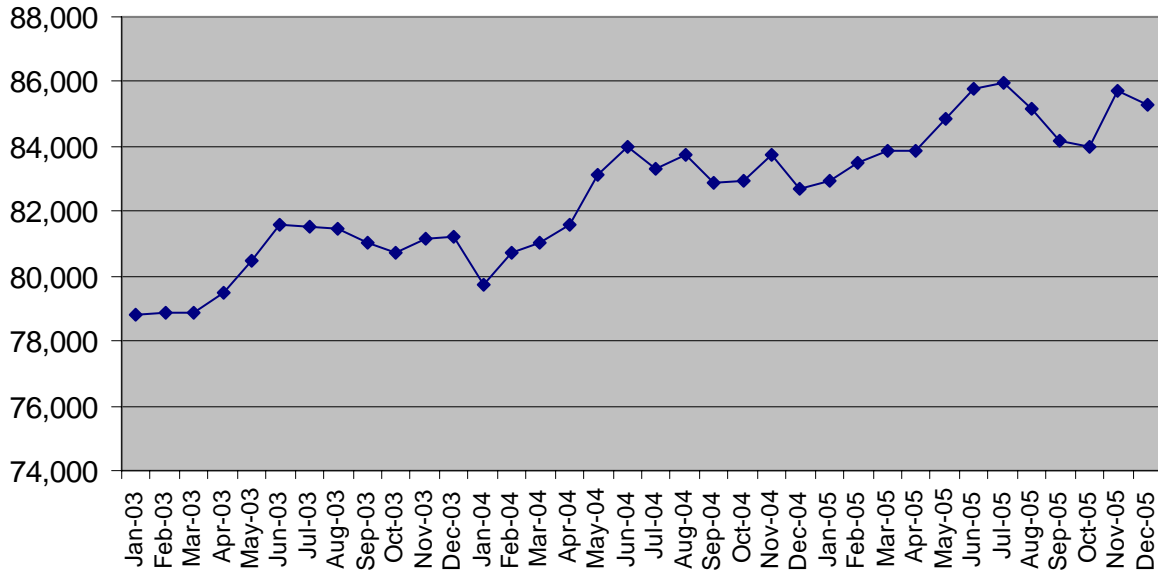
Income		
Private Sector		
	Chamber of Commerce	45,833
	Labor Institutions	250
	Non-Municipal Revenue – Other	750
	Total Private Sector Income	\$46,833
Public Sector		
	Cities	99,423
	Townships	17,332
	Muskegon County	35,000
	Total Public Sector Income	\$151,755
Restricted Contributions		
	Whetstone Project	7,870
	Community Foundation	50,000
	Main Street	6,347
	PTAC	128,706
	Total Restricted Contributions	192,923
	Interest Income	1,450
TOTAL INCOME		\$393,009
Expense		
Program Expense		
	Special Project Expenses	48,106
	Marketing	30,069
	Total Program Expense	\$78,175
Administrative Expense		
	Employee Expense	313,014
	Lease – Service Contract w/ Chamber	35,093
	Meetings & Travel	17,196
	Office Supplies & General Admin Expense	23,215
	Total Administrative Expenses	\$388,518
TOTAL EXPENSES		\$466,669

2005 Board Members

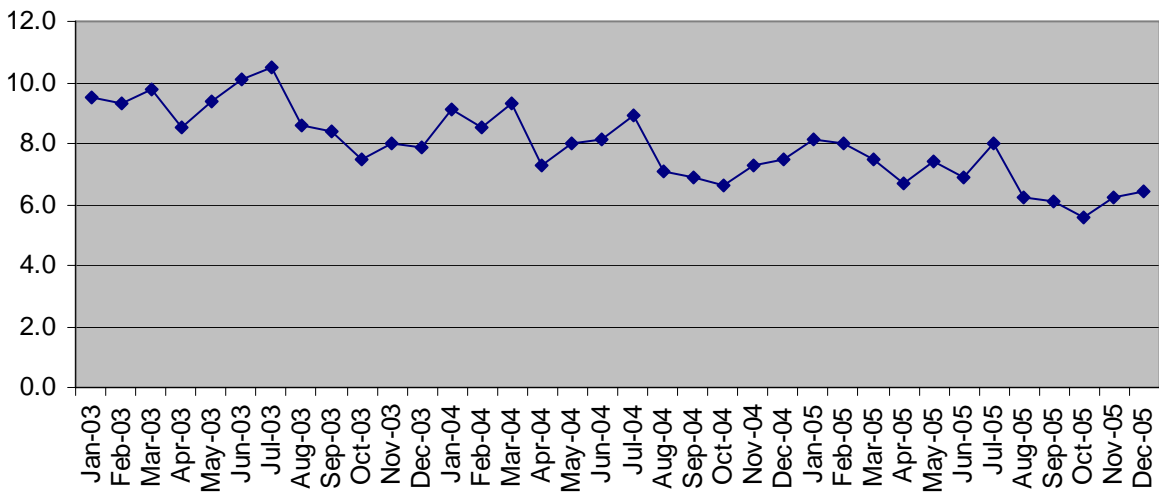
Organization	Name
City of Montague	Henry Roesler – MAF Secretary*
	John French (Alternate)
City of Muskegon	Steve Warmington
	Bryon Mazade (Alternate)
City of Muskegon Heights	Rillastine Wilkins
	Melvin Burns (Alternate)
City of North Muskegon	Chris Witham
	Dennis Stepke (Alternate)
City of Norton Shores	Nancy Crandall
	Dick Maher (Alternate)
City of Roosevelt Park	Bob Young – MAF Treasurer*
City of Whitehall	Mac Hatch (Alternate)
	Scott Huebler
County of Muskegon	Don Aley
	Robert Scolnik (Alternate)
Blue Lake Township	Donald Studaven
Dalton Township	Scott Hladki
	Diane Misze (Alternate)
Fruitland Township	Gregory Boughton
	Janell Beard (Alternate)
Laketon Township	Roland Crummel – MAF Chair*
	Nancy Zellar (Alternate)
Muskegon Township	Pat Jordan
	David Fisher (Alternate)
Whitehall Township	Dennis Babcock
	Tim Ryan (Alternate)
UAW-CAP	Roger Wade
AFL-CIO	Flo Schriver
Muskegon Area Chamber of Commerce	Cindy Larsen
Verizon Communications	John VanWyck – MAF Vice Chair*
Fleet Engineers	Wes Eklund
DTE Energy	Roger Royer
Conn, Geneva & Robinson	Rich Robinson

Employment Trends

Number of Muskegon County Residents Employed



Muskegon County Unemployment Rate



A Sampling of News Articles

Eagle Alloy shuns industry trends to continue growth

MiBiz Network
February 7, 2005
By Karen Gentry

MUSKEGON — As new predictions of the death of U.S. manufacturing appear on a regular basis, there are some reassuring stories that seem determined to prove the doomsayers wrong. One of those stories comes from Muskegon-based Eagle Alloy Inc. The foundry operation has hired 150 workers in the last 12 months.

Eagle Alloy is in a tough, labor-and capital-intensive business — providing primarily steel casting to about 50 customers representing 15 different industries. Margins are low, yet Eagle Alloy is thriving, according to President Mark Fazakerley. "We've gained a greater market share."

Annual sales growth has averaged 10-20 percent. However, the names of 24 new accounts have appeared on the company's client list in the last 18 months, and that has translated into 100 percent growth in tons of casting produced. It is the biggest leap in Eagle Alloy's 25-year history.

Eagle Alloy hasn't turned to the stock market to fatten its client list.

"We specifically target privately held companies," Fazakerley said. Fazakerley has found that family-owned companies make decisions based on the long term and are more interested in buying U.S. products.

In addition to the new accounts, Eagle Alloy's two biggest customers — Harley-Davidson Inc. and Bobcat Company — have been growing by double-digit percentages annually. Eagle Alloy makes frame components and transmission parts for Harley-Davidson and is now Bobcat's sole source of steel castings.

Eagle Alloy is in a growth mode. Egelston Township board members have approved a \$2.92 million tax abatement request for new equipment and building improvements that will include the upgrading of the melting furnace, purchasing of an additional heat treat furnace, shot blasting equipment and the revamping of a cleaning room to accommodate lean manufacturing.

The township also granted abatements on \$985,500 worth of equipment and \$24,500 in plant improvements for Eagle Alloy's sister company Eagle CNC.

"Egelston Township's been very business friendly to Eagle Alloy," Fazakerley said.

One reason Eagle Alloy has been able to grow and to sustain its growth is the introduction of lean manufacturing. Grand Haven-based CQD Consultants has worked with the company to implement lean techniques like single piece flow, which dramatically expedites the flow of casting through the

plant. Through the use of more efficient processes the firm has been able to provide better service to clients, according to Eagle Alloy Vice President John Workman.

Those internal improvements provide the ammunition in the business battle Eagle Alloy is waging with its counterparts in mainland China.

"One thing we can provide that China can't is a short lead time," Workman said.

The current industry standard for lead time is 9-10 weeks. Eagle Alloy's lead time averages six weeks. Not one to be satisfied with merely besting the competition, Fazakerley wants to cut that time in half, to three weeks.

At the core of Eagle Alloy's business is steel. It is no secret that the price of steel has gone through the roof. Scrap steel has gone up 400 percent since February 2003 when the cost was \$90 per gross ton (2,240 pounds). The current price is around \$370 per gross ton, although it has been as high as \$441 per gross ton.

To offset the skyrocketing price increase, Eagle Alloy adds a surcharge to every pound of steel it ships. There is grumbling from customers but, said Fazakerley, "We have to do it or we can't do business."

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New Norton Shores plant to employ 35-40 workers

Wednesday, February 09, 2005

By Nancy Stier CHRONICLE CORRESPONDENT

A New York firm will create jobs when it moves within the next few months into an empty factory on McCracken Street in Norton Shores.

M. Argueso Inc. of Mamaroneck, N.Y., makes wax for molds used to form metal parts. The company plans to employ 35 to 40 people when it shifts operations to 2817 McCracken, according to Dick Winsemius of Cannon Muskegon. Most of those jobs will be new positions.

The Norton Shores Planning Commission Tuesday approved the company's plan to expand the 37,700-square-foot industrial building on the west side of McCracken Street north of Plainfield Drive. The plant was occupied until June by APT, which built parts for the fueling industry, and caused some problems for nearby residents before it moved to Madison, Wis.

Resident Jim Bird told commissioners Tuesday that diesel trucks serving APT's plant were noisy and bright lights around the facility irritated some residents. He said he hopes Argueso is a better neighbor.

"I don't want to go through those problems again," Bird said.

Doug Hughes, Norton Shores city attorney, said he thought citizens' complaints had been resolved.

Argueso and nearby Cannon Muskegon are subsidiaries of CM Group and will serve some of the same customers, according to Norton Shores Community Development Director Dick Maher. He said Argueso will supply wax used in molding metal parts, while Cannon Muskegon provides the type of alloy needed.

Argueso plans to add a boiler room and distribution center to its north side and a 5,000-square-foot wax recycling center west of its existing structure. Only three to four trucks are expected to visit the plant each day.

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Water Deal Should Whet Appetite For Growth

March 7, 2005
MiBiz Network
By Karen Gentry

MUSKEGON - A new 40-year water agreement hammered out by Muskegon County and the townships of Muskegon, Laketon, Dalton and Fruitland will extend water to Michigan's Adventure Amusement Park Inc. and could pave the way for more housing, new businesses and a new industrial park.

Muskegon County Administrator James Borushko said an expanded water system could reach further north to Riley Thomson Road and Michigan's Adventure and supply residences and businesses with public water.

On Feb. 10 the county and townships verbally agreed to a new Muskegon County Regional Water System Management contract that will merge the Northside Water System and Eastside Water System. By late February Laketon, Fruitland and Dalton townships officially approved the merger and a management contract with Muskegon Township is expected to follow suit.

County and township leaders hope the water expansion will spur growth at Michigan's Adventure, which straddles Fruitland and Dalton townships. Major additions to the park depend on municipal water. Fruitland Township Supervisor Greg Boughton said the township's board of trustees voted unanimously "with gusto" in favor of the agreement mainly because of Michigan's Adventure.

Michigan's Adventure Vice President and General Manager Camille Jourden-Mark said she is pleased about the new water agreement. Park executives began seeking an agreement to tap into the public water system when Cedar Fair LP purchased Michigan's Adventure in 2001 and had hoped to have public water by this spring, according to Jourden-Mark.

"Michigan's Adventure is the number one tourist attraction in the state. It's critical they have the ability to grow their business," said Muskegon Area Chamber of Commerce President Cindy Larsen. The chamber has been working with local municipalities for quite some time on this water issue.

Michigan's Adventure is not alone in its desire for public water. Borushko said businesses in the Whitehall Road corridor have requested public water for more than four years. Borushko and Larsen expect the Whitehall Road corridor to become more attractive for new businesses once public water reaches there.

"It will allow businesses to grow in the area and it will attract new businesses to the area," Larsen said.

Pending housing developments are also dependent on public water. Developers' plans to construct more than 50 homes between River Road and McMillan Road on the west side of Whitehall Road and hundreds of homes on the north side of Muskegon Township above the Muskegon River depend on a public water supply.

Water will also reach a planned industrial park at the old Cordova Chemical plant on Agard Road above River Road, near the Whitehall Road corridor. The chemical site is located in a Renaissance Zone operated as a partnership between Dalton Township, the city of Muskegon and Muskegon

County. Work on putting in public utilities will take place at the vacant site as soon as possible, according to Borushko.

This month Borushko expects the county will be able to apply for \$2 million in grants for the industrial park through the Michigan Economic Development Corporation. These grants will be matched 50 percent by the county. Upwards of \$5 million in federal grants through the Economic Development Administration will also be sought.

“The indications we have is this is strongly supported by EDA,” Borushko said. Officials believe that this large lot industrial park with easy access to U.S. 31 and a railroad spur, will attract manufacturers and commercial businesses at a time when the region needs to replace lost jobs.

The new water deal with the townships and county has hopefully settled the controversy surrounding control of the water system.

“The townships wanted to have a stronger voice in how development occurs. The roadblock has been removed,” Borushko told MiBiz.

Muskegon Township Supervisor Pat Jordan said the new agreement takes the ambiguity out of who's in charge as townships had wrestled with county officials over control of the water system. As spelled out in Michigan Public Act 185, the county must seek township approval before laying pipe and expanding water systems, according to Jordan.

Laketon Township Supervisor Roland Crummel told MiBiz that the main advantage to the agreement is that it is more specific and spells out the powers and duties. The agreement creates a system policy board comprised of representatives from each township.

“This (water expansion agreement) has been a long time coming. We apologize to the community for the fact it did take so long. There was a lot of misunderstanding and unwillingness to cooperate for a while. That’s all been ironed out,” Crummel said.

"Hopefully this is the beginning of a new era of government cooperation in Muskegon County," Larsen said.

Cedar Fair LP is in line to receive a \$2 million state loan to help with expansion plans, although company officials would like to see the job creation requirement for the loan lowered from 125 to 90 jobs. Jourden-Mark said plans to add a campground with cottages and cabins have been on hold.

Michigan's Adventure is still undergoing \$2.4 million in improvements this year that are not dependent on public water. Improvements include Funnel of Fear, a huge new waterslide, an ice cream stand and additional landscaping. Jourden-Mark noted that since the park was purchased by Cedar Fair eight rides have been added as well as swan boats.

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New defense contracts spur hiring at L-3

June 13, 2005
MiBiz Network
Karen Gentry

MUSKEGON — L-3 Combat Propulsion Systems is supporting of two major vehicle platforms now in operation in Iraq and is gearing up to produce parts for a new expeditionary fighting vehicle (EFV) for the U.S. Marine Corps. As a result, L-3 is boosting the troop strength on the assembly line of its Getty Street operation.

Since February the Muskegon-based division of L-3 Communications Holdings Inc. of New York has added 50 workers and plans to fill an additional 20 professional and manufacturing positions in the coming months.

L-3 Combat Propulsion Systems President Michael Soimar said his company has been supporting two major platforms in Iraq, including transmission and turret drives for the Bradley infantry fighting vehicle and tank components like gun mounts and sprockets for the Abrams main battle tanks. L-3 also produces the turret drive for the Stryker wheeled combat vehicle. Soimar said the U.S. Army's extension of the life of the Abrams and Bradley tanks to 2050 has helped his division.

"These platforms increase their overall spare parts volume because of expensive usage," Soimar told MiBiz.

L-3 is building the suspension for the new Marine Corps EFV amphibious vehicle, which will go into production in a year. To handle new accounts like EFV, L-3 has hired a supervisor and beefed up the second shift at its Getty Street plant, according to Soimar, and now has the capacity to add a third shift. Annual sales for the L-3 division, thanks to the Bradley and the Abrams vehicles plus the EFV, are expected to jump from \$140 million last year to a projected \$155 million in 2005.

The added hiring has taken place since the General Dynamics Land System Propulsion Systems plant on Getty Street in Muskegon Township was sold to L-3 Communications in February. L-3 Communications provides intelligence, surveillance and reconnaissance (ISR) systems and products, secure communications systems, aircraft modernization, training and government services.

The difficulty coordinating activities between a subsystem supplier and a systems integrator like General Dynamics Land Systems led to a mutual agreement between GDLS and L-3 to sell the division.

"Our charter fits much better in L-3's general business approach," Soimar said, adding that the sale allowed his company to compete in new programs for future combat systems and others.

L-3 Combat Propulsion Systems has five product lines including engines, transmissions suspensions, turret drives and tank components. It sells to armed forces in 30 different friendly nations. With its own army of 50-60 engineers on board, Soimar said L-3 Combat Propulsion System's strength lies in the ability to take a product from cradle to grave. Products are designed, developed, validated, tested, produced and supported with training and spare parts.

One new product that L-3 will propose to the U.S. Army is a 1,500-horsepower diesel engine for the Abrams tank. The engine is expected to reduce tank fuel consumption by 60 percent.

"That's a fantastic saving — very significant savings," Soimar said.

L-3 Combat Propulsion Systems is part of a long Muskegon heritage of heavy manufacturing on Getty Street that dates back 100 years to when Continental Motors built its first engine. The manufacturing of military components began in 1942 when Continental spun off its first division in the military arena. Today L-3 is adding to that heritage. In fact, Soimar said he and his employees were proud that the diesel engine in the Hercules tank that toppled the statue of Saddam Hussein during the Iraq war was made in Muskegon.

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City to break ground on "new downtown"

August 18, 2005

Muskegon Chronicle
Dave Alexander

The last time community leaders gathered for a downtown redevelopment celebration, the dignitaries cut the chains to reopen the parking lots surrounding the Muskegon Mall.

A lot has transpired since the community-based Downtown Muskegon Development Corp. gained control of the 23-acre former mall site in September 2002. Now street construction should begin next month, which will allow for initial property sales to be completed.

Since the parking lots were reopened after the mall closed, citizens developed a conceptual plan for the downtown, the mall was demolished except for five buildings and a master plan for the property was approved by the city of Muskegon.

For the past year, however, since the mall was razed, a weed patch has grown on the fill sand that once was the mall concourse -- prior to that it was West Western Avenue, the heart of the downtown commercial district.

When local officials gather Aug. 30 for a groundbreaking ceremony for redevelopment of roads and utilities for the downtown site, the event will mark the end of demolition and the beginning of building the community vision found in the conceptual plan, called Imagine Muskegon.

"The beginning of this project is a great step forward for the city of Muskegon," Mayor Steve Warmington said. "We are sure this will be a real catalyst to the rebirth of downtown Muskegon."

City officials will be joined by Michigan transportation officials, U.S. Rep. Pete Hoekstra and members of the Downtown Muskegon Development Corp. -- the consortium of the Community Foundation for Muskegon County, Paul C. Johnson Foundation and the Muskegon Area Chamber of Commerce that owns the mall site. The public is invited for the 9:30 a.m. ceremony near West Western Avenue and Third Street.

Downtown Muskegon Development officials are anxious to get road and utility work under way because it is expected to trigger the first land sales.

"I cannot overstate how exciting this is -- for the project, the downtown and the entire community," said Chris McGuigan, president of the community foundation and a Downtown Muskegon Development partner. "The commencement of a new Western Avenue is the event that triggers several land closings. As this new street grid is constructed, the framework for a new city is being created."

The only announced pending land sale is for the three buildings that were Daniels Office Plus, the Century Club and the Muskegon Savings Bank. Gary Post, president of Muskegon Construction Company, is buying those structures, but will not close on the deal until street construction begins. Downtown Muskegon Development officials said they are close to announcing deals on the two remaining structures -- the former National City Bank and Comerica Bank buildings. Both of those deals and possible vacant lot transactions need road construction to begin before potential buyers are willing to fully commit, officials said.

The community currently has secured \$4.637 million from a combination of public sources to rebuild roads and utilities downtown. Hoekstra will formally announce a \$2.32 million grant for downtown Muskegon road development, included in the recently approved federal transportation bill.

The Michigan Economic Development Corp. already has announced a \$1 million Community Development Block Grant through Muskegon County for downtown road development. The city also has secured a \$700,000 urban land assembly loan from the state. The city will contribute \$617,000 to the initial road and utility efforts.

The city has secured bids from four West Michigan contractors for the first phase of the road and utility work. The plans are to have Western Avenue reconstructed from Third Street to Terrace Street and all the underground utilities needed to serve the commercial district.

The Muskegon City Commission has directed staff to negotiate a final contract with the low bidder, Milbocker & Sons of Allegan. Milbocker submitted an initial bid of \$2.538 million, but city commissioners directed staff to remove work on a proposed snow-melt system to lower the cost of the final contract. The construction contract is expected to be considered by the commission Tuesday.

Community leaders have wanted cutting-edge, environmentally friendly and energy-efficient features in the design for the new downtown, including a steam-powered snow-melt system under sidewalks and roads. When built into the initial construction bid, such a system was too costly for the available funding and created large operating expenses in the future, according to city officials. The snow-melt system remains on the back burner.

If Milbocker is hired, city officials said they hope that work on Western Avenue could begin by mid-September and the underground work could be completed by winter.

Actual road work would have to wait until March, said Cathy Brubaker-Clarke, director of planning and economic development for the city. The road work will include building a boulevard for West Western Avenue and a traffic circle at Western and Third that will be part of a public plaza along Third Street.

Muskegon Area companies receive training grants

September 6, 2005

In a recently announced award of MEDC training grants Hayes-Lemmerz, Michigan Spring & Stamping, Anderson Global, and Hilite International will receive Economic Development Training grants. These grants will help to off-set the costs of implementing employee training programs. Through the EDJT program, which is administered by the Michigan Economic Development Corporation (MEDC), these four Muskegon Area companies will receive a total of just over \$201,403 to upgrade worker skills.

The EDJT program is a benefit to companies in that it helps offset some of the costs associated with employee training. The program also benefits the employees who participate in the training and develop new skills that can be applied in current and future jobs. The community colleges and workforce development agencies that participate in the grants and provide the training view the program as a valuable tool that builds capacity and expertise within the workforce development system. In short, this program is a win, win win!

More than \$30 million is available statewide each year, with a majority of the funding going to existing firms that are expanding or implementing significant training programs. Some of the funds are also used to locate new firms into the state. Current industry priorities for the program include companies involved in advanced manufacturing, bio-technology, and information technology. The process of working with the MEDC to determine applicant eligibility and submit a grant has been improved and streamlined to be more responsive to employer needs.

MAF gets aggressive with business efforts

September 19, 2005

By Tim Gwozdz
MiBiz Network

MUSKEGON — Muskegon area leaders have been given a roadmap for economic revitalization and have begun driving towards sustained business activity and growth.

The map is in the form of a targeted industry study conducted for economic development agency Muskegon Area First by Holland-based consulting firm Whittaker Associates Inc.

The study outlines the area's strengths, weaknesses, opportunities and threats, plus looks at the current state of the economy in the region. It then recommends specific industry sectors that could mesh well with Muskegon County's existing economic base.

According to Whittaker's analysis, four industries show immediate promise — robotics/automation, medical equipment, food processing and transportation/marine-related industries. Long-term industry targets include the creative cluster (art suppliers, architectural services), sustainable development/R&D and software and Internet-related companies.

Muskegon Area First President Jim Edmonson said the industries targeted for immediate action are a good fit for Muskegon. Robotics and automation can build on Muskegon's manufacturing strengths and medical device manufacturing can play off the region's entry into life sciences. Close proximity to growers and transportation routes to major metropolitan areas as well as the county's wastewater treatment facility makes Muskegon attractive to food processors. Manufacturing expertise coupled with access to Lake Michigan could entice transportation and marine-related industries to locate to Muskegon.

As part of the study, Whittaker Associates produced an extensive analysis of the prospective target industries including current trends, sales forecasts and an analysis of factors that influence site selection decisions. That information was used to generate a list of leads that MAF is now using to prospect for new business. An online database provides pertinent company information and contacts. According to Edmonson, there is a 20-40 percent likelihood that the companies on the list of prospects provided by Whittaker will execute an expansion over the next 18-24 months.

"We're getting companies that they have spoken to generically to verify that what their data analysis showed them could be true, and these companies have plans sometime in the next 18-24 months to do an expansion," said Edmonson.

MAF currently is working on two lists of 30 companies engaged in software development and manufacturing. Whittaker is providing economic development agency the names of 150 companies as part of its contract package.

"(The lists) make our business of attraction more manageable and less costly. Knowing that the percentage of companies is planning an expansion is sure better than throwing a dart at the wall," said Edmonson.

The recommended target companies have annual sales ranging from \$5-10 million and a minimum of 25 employees.

“These smaller companies are a little more nimble; they make decisions faster,” Edmonson told MiBiz. “We’d rather have lots of smaller companies than one big company.”

Edmonson explained that firms on the prospect lists would receive a letter of introduction from MAF. A follow-up call will be made within 14 days to gauge the executive management’s interest in relocating to Muskegon and offer any assistance or information requested. To do this, MAF is developing a rapid response team, Edmonson said.

“We’ve had the cities of Montague, Whitehall, Muskegon and Norton Shores interested as well as Muskegon County. Once we get going I’m sure we’ll have most of the cities and townships with industrial parks or available commercial properties involved.”

The online database is interactive, which will allow members of the team to keep track of initial contacts, log in follow-up calls or e-mails and make comments or suggestions that can be read by other members. E-mail reminders are automatically generated by the system as well.

Edmonson said he intends to use Whittaker’s prospect lists and database management system for two years. After that, he’ll evaluate the return on investment. MAF paid \$30,000 for the study, a series of updated targeted industry prospect lists to be provided through May 2006 and access to the database and interactive management system. Any additional lists would cost \$2,400.

“This study gives us more bang for the buck than a color glossy ad in some site selection magazine that maybe a corporate executive would look at, but probably not,” Edmonson said. “The intent was to target our limited resources and man hours on something that has a greater probability of return.”

Although Whittaker’s database and online management system streamlines MAF’s business attraction efforts, Edmonson stressed that business retention is still his organization’s top priority.

“Retention of businesses — getting local businesses to expand or creating new businesses in our incubator — is still our number one activity. But you still have to be in the business of attraction to fill in new opportunities and lead the community into industries that don’t exist here right now,” said Edmonson.

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Aerospace parts maker to expand, will add 55 jobs

October 5, 2005

The Muskegon Chronicle

Nancy Stier, Chronicle Correspondent

A local manufacturer of parts for jet engines has won some major contracts, and will pump \$8.7 million into its Norton Shores plant that will create an estimated 55 full-time jobs by the middle of next year.

Johnson Technology Inc. is a wholly-owned subsidiary of Fortune 500 giant General Electric Co., which bought Johnson Technology in 1997. Since then, company officials said they streamlined its production methods and employed other knowledge of the larger firm to increase sales more than five times to \$28 million. It employs about 480 workers in two local plants.

The largest facility is in Muskegon's Port City Industrial Park, and there's another smaller plant in the Norton Shores Industrial Center at 6060 Norton Center Drive. New jobs added next year will be in Norton Shores, where 109 people now work full time producing jet engine parts for commercial and military aircraft.

Recent contracts Johnson Technology won to make parts for Boeing 737 jet engines are responsible for the latest expansion, according to David Yacavone, president of the local firm. The company had been making 50 percent of a type of turbine engine vanes used in Boeing 737s and recently won a contract to produce all of them, Yacavone said. In addition, the firm hopes to make 60,000 shrouds -- the metal casing around the turbine blades -- each year for the same type of engine.

To increase production to those levels, the company will pump \$8.4 million into new machinery and equipment for its Norton Shores facility and invest another \$256,000 improving the building.

The Norton Shores City Council Tuesday unanimously granted the firm the maximum property tax cut allowed by law of 50 percent for 12 years on the investments. City staff said the tax cut will still bring in an additional \$18,000 in property taxes for the city during the first year after the improvements and a total of \$118,835 for all property taxes paid to schools and local government.

"We wish you well. It's a good expansion for our community," Mayor Nancy Crandall told company officials.

Yacavone said the 55 new jobs should all be created by the middle of next year. Average pay for the company is \$16 per hour, but entry-level employees earn less than that, he said. Those hired will work in machining or welding positions. They will use advanced technology to take raw parts produced by firms like Howmet Castings in Whitehall and machine them into finished engine components.

Whetstone Gives Firms An Edge

December 12, 2005

Grand Rapids Business Journal
Elizabeth Sanders

MUSKEGON — Starting a business can be difficult, which Denise Kanaar is learning.

But Kanaar, co-owner of D&D Logistics LLC, is getting some vital help from the Muskegon Area First Whetstone Project, a business incubator meant to help small businesses make it through the pitfalls and complications that may occur when starting out.

“You don’t know if you’re going to fall on your face. You don’t know what’s going to happen,” she said.

D&D Logistics, a freight brokering company, began in April and has since tripled its space in the Whetstone building — and its customer base.

Tenants of Whetstone get free financial, accounting and legal services. Rent depends on the amount of space the business is using; it starts at \$225 a month, including utilities (except for phone lines). Tenants also qualify for a free membership to the Muskegon Area Chamber of Commerce.

Larry Van Haitsma, Kanaar’s business partner, said the Whetstone Project is a good way for entrepreneurs to make the transition into owning a business.

“They work with you to get the business started,” he said.

Kanaar and Van Haitsma, who has 20 years of experience in transportation companies, decided to go into business together after realizing they were both ready to take a step ahead in their careers. Van Haitsma was ready to own a company instead of running one; Kanaar wanted a change from education.

“I knew I wanted to be done with teaching and I was looking for a different career,” she said.

Kanaar said the work is much different from her 30 years with the Muskegon Area Intermediate School District. Now she is on-call 24 hours a day to make sure that shipments are being made and clients are receiving what they need.

“It’s constant, it’s every day,” she said.

Eugenia Hill-Brown, Muskegon Area First business development specialist and Whetstone manager, said the program is a good resource for businesses like D&D Logistics. She is hoping to get more people to take advantage of the opportunities Whetstone offers.

“I think that it’s a really good program that probably has not been tapped into by a lot of businesses, probably because they are not aware of it,” she said.

Hill-Brown said Whetstone is now at 50 percent occupancy, with the opportunity for four more tenants to rent space.

“We try to provide the facility as well as a range of services that would increase the chance for startup businesses to be a little more successful in our market by giving them lower overhead so they won’t have those things to worry about,” she said.

One of the recent success stories of Whetstone is Derrick Knox and his company, Gold Shield Transportation.

“He grew right up out of there,” Hill-Brown said.

Knox operated his business out of the Whetstone building for three years before moving to its current location at 3375 Merriam St. Knox said his business has also tripled since he took part in the program, which helped him find his current insurance agent, accountant, bookkeeper and more.

“They had a lot of knowledge and information that I needed to know,” he said of Whetstone.

Knox said the program was good for his business — which specializes in motor coaches and tours — and good for Muskegon.

“If they can help you get on your feet and stay on your feet, that brings more income into Muskegon,” he said.

Businesses can use the space for two years, with an option to renew for a third year depending on their resources.

“We have an interview process: We talk, we meet, I show them the facility, and we talk about what their business is,” Hill-Brown said. “We look at their needs and what they have available.”

Knox said he would not hesitate to use the program again with a new business, or to recommend it to anyone else.

“I think it’s an excellent project,” he said. “But people need to know more about it.”