SOUTH HAVEN AREA
COMMUNITY ECONOMIC DEVELOPMENT TASK FORCE

FINAL REPORT

October 7, 1983

City of South Haven
City Hall • 539 Phoenix Street • South Haven, Michigan 49090-1499
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October 7, 1983

South Haven City Council
539 Phoenix Street
South Haven, MI 49090

Dear Council Members:

As Chairman of the South Haven Area Community Economic Development Task Force, I am pleased to present this report to you on behalf of the entire Task Force membership.

The spirit of cooperation and community service demonstrated by each member of the Task Force as well as by the entire group is indicative of a common theme which emerged from its work: progress means working together.

You will find that theme apparent in the several recommendations contained in the following report.

Only through cooperation -- among ourselves within each governmental entity, and between our several political jurisdictions -- can we realize the economic opportunities inherent in the many fine attributes and advantages of our community.

Sincerely,

Timothy E. Horan, III
Mayor

pjh

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PREFACE

In April of 1983, in the wake of one industrial plant closing which had already occured, a second impending plant closing which subsequently did occur in June, and the probable closing of a third major industrial employer, the Mayor of the City of South Haven appointed a twenty-five member Community Economic Development Task Force.

The stated purpose of the Task Force was "to identify economic development needs, activities, and methods through which the city and neighboring municipalities can promote and assist the development and retention of industrial, commercial, service, recreational, and other related components of the area's economic base; and develop and report recommendations to the City Council."

To carry out this task, South Haven's Mayor, Timothy E. Horan III, in his role as Task Force Chairman, designated an Executive Committee and five study committees from among the Task Force's membership. Individuals serving on the Task Force and the makeup of the committees is shown on page iv.

During the ensuing months of May through August, the Task Force as a whole met on a monthly basis to hear and discuss interim reports on the progress of the several committees. These monthly meetings also served as a forum for general discussion and exchange of ideas concerning the community and its advantages, progress, and difficulties.

Each of the study committees, as well as the Executive Committee, held a number of work sessions during these months. Through their work sessions the recommendations of each committee, in response to their assigned missions, were evolved, reviewed, and agreed upon. During the month of September, then, a preliminary report on the recommendations of each committee was presented to the Executive Committee for general review and discussion. Following those review meetings, the Executive Committee prepared a consolidation of all study committee reports along with its own report for presentation to the City Council.

The following format includes the Executive Committee report with the study committee reports attached just as they were received. Other than being retyped for uniform appearance, the study committee reports are unchanged.

SOUTH HAVEN AREA

COMMUNITY ECONOMIC DEVELOPMENT TASK FORCE

Executive Committee

Timothy E. Horan, III
Ronald Zile
Paul Peters
Carolyn Honcharenko
Donald Braschler
Robert Miller

Local Intergovernmental Relations

Ed Kowieski, Chairman
Roy Nelson
John VerBeek
Tim Horan
Donald Maxwell
Ray Gunterberg

Marketing and Retention

Ken Lynam, Chairman
Ray Holden
Ron Zile
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Facilities Recycling

Tyronne Wallace, Chairman
Bob Miller
Don Lykins
Jerry Austin
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Development Services

Marion McGuire, Chairman
Bob Gabel
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Don Braschler
Mark Crockett

Quality of Life

Jay DeBruyn, Chairman
Carolyn Honcharenko
Judy Downing
Larry Irvine
Arthur Clarke, Jr.
Robert Nichols
Judy Cleborne

EXECUTIVE COMMITTEE REPORT

QUALITY OF LIFE

In Attachment I, the Quality of Life Committee has identified eight major categories of attributes relating to a quality of life in the South Haven area which is perhaps second to none in southwestern Michigan. Local perceptions that the South Haven area is a special place are confirmed when visitors from outside the area tell us how much they enjoy and appreciate our quality of life. Economic development professionals have told us, "Your quality of life is your greatest attribute, and is the key to your future economic progress."

The Executive Committee fully agrees with the need to maintain the area's uniqueness and at the same time allow for potential growth. We also agree with the thought expressed by Quality of Life Committee members during the review meeting that for the mostpart implementation of their specific recommendations should be left to private sector enterprise with local governmental encouragement through economic incentives, technical assistance, and cooperation.

An overview of the Quality of Life Committee's recommendations and Executive Committee comments follows:

Beach, Lake and River Areas

Allow vendors to operate concessions on North and South Beach.

This recommendations should be further explored for feasibility and implications. If properly planned and regulated, and if the quality of the concessions is assured, this could be a worthy

idea. However, we caution against the possible creation of a "carnival atmosphere" on the beaches.

Beach Parking

Additional beach parking is clearly needed. The Executive Committee urges identification of alternative approaches with regard to beach parking. We recommend, if at all possible, that parking arrangements be made which would not deplete any useable beach area.

Play Equipment

The City Parks Department and the Community Recreation and Education Council should evaluate this need and identify and program a means of meeting it. However, observation of beach activities has revealed relatively little use of the play equipment which is already provided. Also, playground equipment needs of all City parks should be considered.

Planning and Public Access - Black River Area

The need to proceed with caution -- but definitely to proceed -- in developing the harbor area is becoming more and more apparent. The Development Strategy prepared by Real Estate Research Corporation is proving to be a valuable and realistic development guide for the downtown including the harbor area. Since that report is now two years old, the City Council, Planning Commission, and the Downtown Development Authority should review and re-evaluate the RERC report to determine if projects and priorities contained in it remain timely, or if perhaps revisions in the report are called for.

In a related matter, the City's Master Plan, prepared in 1975, should be thoroughly reviewed by the Planning Commission for the same reasons. More will be said about the possibility of area-wide planning later in the report.

All plans for future harbor development should address the need of and provide for adequate public access to waterfront areas. Such plans should also begin to address the concept of "carrying capacity" -- that is, the intensity and density of the use of an area in relation to its physical, environmental, and social constraints; or, its capability to adequately accomodate continuing growth and development.

Downtown

Items 1 through 6 of this section of the Quality of Life Committee's report are all valid recommendations. Again, once the RERC study is re-evaluated, and updated if necessary, the City through its DDA should continue on a course which has been shown to work in further developing, beautifying, and improving the physical function (e.g., parking and traffic and pedestrian circulation) of the downtown as well as extending those improvements along the waterfront.

Recreation Areas

A list of six specific recommendations for recreational development is provided by the Quality of Life Committee. Each of these recommendations has merit. The Executive Committee recommends that the City Council develop a means of identifying, evaluating and implementing (through organizational structure and funding) the components of a recreational plan. This should be done in cooperation with the Community Recreation and Education Council

and any other interested and involved organizations, and should be coordinated and consistent with the RERC study and an updated master plan for future development of the City or area.

Agriculture

The Quality of Life Committee has, astutely, identified agriculture as "a major economic drawing card" of the South Haven area. The DDA should review and evaluate recommendations 1 and 3, and recommendations 2 and 4 should be explored and further developed by the City or area economic development program, if such a program is established.

Airport

The Executive Committee recommends that future development of the airport facility be planned and programmed by the airport authority which will be established in the near future. Further, establishment of that authority should proceed based on participation with local governmental jurisdictions.

Churches, Schools, Hospital and Physicians

These institutions and services all contribute significantly to the high level of the quality of life in the South Haven area. The Executive Committee agrees with the Quality of Life Committee's suggestions concerning increased community involvement and awareness of community needs. The City Council should encourage increased community involvement and awareness and be supportive of such efforts by the institutions and service providers mentioned in the Quality of Life Committee's report.

Historical Significance

Historical awareness, preservation, and restoration activities could become one component of a comprehensive community development

program, if such a program were to be implemented by the City Council and the organizational and funding needs necessary to carry out such work were made available.

Perhaps the City Council should identify and evaluate alternative components of a more-comprehensive community development program, prioritize those components, and match available resources (personnel and funding) to top-priority activities.

Organization, staffing and funding considerations will be further discussed at the end of this section.

LOCAL INTERGOVERNMENTAL RELATIONS

The Executive Committee encourages the City Council, in conjunction with area township boards, to act promptly on Item No. 1 of the Local Intergovernmental Relations Committee's report which is presented as Attachment II. A local area intergovernmental relations committee or similar organization could make a considerable contribution toward the communication and cooperation needed for areawide economic progress. Such an organization need not be funded, staffed, and in effect become "another layer of bureaucracy." It could operate on an informal but regular and systematic basis as a forum, clearinghouse, and catalyst to consider concerns and opportunities of mutual interest to the several involved local area governmental jurisdicitions.

Once established, such an area committee could provide initial consideration, referrals, and followup on such matters as the several other recommendations noted in the Intergovernmental Relations Committee's report. These include the feasibility and desirability of consolidation of local area Economic Development Corporations, coordination of local area land use planning, tax abatement policies, blight and related kinds of ordinances, and municipal facilities and services such as ambulance service, roads, water and sewer services, electric service, refuse disposal, public safety, and other similar matters.

During the review meeting between the Executive Committee and the Intergovernmental Relations Committee, a resounding theme of "we are one community" was evident. It was frankly stated

that adversarial intergovernmental relations do not work. Many community needs and opportunities spill over political boundary lines.

Creation of a local area intergovernmental relations committee (or coordinating mechanism by whatever name is acceptable) is one of the most important initial steps which could be taken for the promotion of community economic improvement.

DEVELOPMENT SERVICES

The Development Services Committee's assignments was to recommend ways to encourage and assist development planning, review, approval, and implementation processes. Their report is included as Attachment III.

The Executive Committee feels the Development Services Committee's two recommendations, preparation of a developer's guidebook book and designation of a development liaison official, if implemented by the City Council, would significantly assist and improve the development process from both the developer's and City's points of view. If the City Council agrees to pursue this recommendation, the City Manager, as the chief administrative official, would have the responsibility of assigning this task and function to either an existing staff position or to a newly created position. The discussion at the end of this section has some bearing on this recommendation.

FACILITIES RECYCLING

The Facilities Recycling Committee, whose report is included as Attachment IV, considered the need to inventory, describe, maintain, update and provide information regarding available industrial and commercial facilities and sites within the South Haven area. In order to be effective and efficient, this work needs to be performed in a systematic, centralized way.

Once again rises the question of who, or which office or agency, is to be responsible for carrying out a task and function which needs to be done; and relatedly, where does the money to support that operation come from.

The Executive Committee fully agrees with the need for this work and makes referral to the discussion regarding programs, priorities, staffing, and funding at the end of this section.

MARKETING AND RETENTION

The Marketing and Retention Committee, through Attachment V, has concluded it would not be expedient, in view of the economic realities of the times and numerous factors beyond local control, for South Haven to launch an intensive and expensive marketing program to attract new industry into the area. Rather they say that a creative, selective, well-defined approach is called for. They have, in effect, set forth the basis of an area economic development program, if one is to be established.

An economic development program should, in keeping with the committee's recommendations, consider and further develop a targeted marketing approach. The City, and likewise neighboring governmental jurisdictions, should be clear and straight-forward about development incentives such as industrial and commercial tax abatement policy, cost of industrial park land, utility extensions and costs, EDC financing assistance, and similar matters of concern to developers and to administrators vested with the responsibility of carrying out economic development policy.

The Marketing and Retention Committee has provided additional realistic recommendations concerning certification of the industrial park, delegation of explicit authority to the City Manager to negotiate with existing and potential new businesses and industries, and an approach for promotion involving marketing teams and missionary selling. Again, all of these recommendations should be fully considered and further developed if an actual economic development program is to become a reality.

Perhaps the most pertinent of all the Marketing and Retention Committee's recommendations is the statement that "...South Haven's best industrial prospects are the industries already here, and it must be better demonstrated to existing industry that South Haven welcomes and encourages their efforts to remain and expand." Also mentioned is the need to "...tailor plans to provide a continuing atmosphere for success and growth of South Haven's industry."

The Executive Committee emphatically endorses these recommendations, and cautions that they not be allowed to become empty rhetoric, the only purpose of which was to satisfy an assignment to develop a report.

Again, it occurs to the Executive Committee that what is actually being set forth by the Marketing and Retention Committee for the City Council and neighboring local governmental jurisdictions is the basis for an economic development program. A program which entails consensus, a clearly defined, systematic, forthright approach, and the organizational and financial means to be effective.

CONCLUDING REMARKS

The Executive Committee fully realizes, as most certainly does the City Council, that government cannot be all things to all people. All levels of government are caught up in a perplexing dilemma in which on the one hand is a growing sentiment to curb and cut government spending, and on the other hand is ever-increasing demand for programs and services.

Hard decisions have to be made, priorities have to be set, and some things have to be left unattended to. The real decision with regard to economic development now before the City Council, and likewise the township boards, is whether economic development

is of a high enough priority within the South Haven area to be organized and carried on within the context of a defined, systematic economic development program.

The Executive Committee definately feels that if such a program is to be developed, and if it is to be effective, its design must answer the needs of policy-level organization, staffing, funding, and program design and priorities.

In regard to policy-level organization, the question is simply what board, commission, administrative official, etc. would determine economic development policy which, in turn, would be carried out by the economic development program. The geographic area to be served -- e.g., the City only, or the City and contiguous townships (an areawide approach) -- by the program would have an important bearing on this question.

Concerning staffing, and this concern relates to recommendations from all of the Task Force's study committees, existing staff positions, assignments, and performance should be carefully considered with regard to the potential for additional assignments, reassignments, or possible restructuring of staff organization. Specific positions which could appropriately be looked at in this regard include Administrative Assistant, Director of Community Development,Code Enforcement Officer, Assistant City Engineer, and City Building Inspector.

A related matter is priority of staff assignments. It must be realized that in certain cases (but certainly not in all cases) if new or additional tasks and functions are assigned to an individual staff position, other responsibilities of that person may have to be reassigned or discontinued.

Also, it must be recognized that while the Office of Community Development seems to be the logical place to assign many economic development related tasks and functions, the Community Development Director's position is fully funded by Community Development Block Grant funds, and federal and state grant constraints currently require the Community Development Director to spend virtually all of his time on housing rehabilitation related work.

A closing consideration is the fact that the key to successful local area economic development is the capability of identifying and developing private sector development projects. Projects which result in private investment which creates jobs, tax base, and related spinoff and multiplier effects.

That capability is largely dependent upon the ability to use public sector funding assistance and other incentives to stimulate and assist the development and implementation of those private sector projects. Newspapers are replete, almost daily, with examples of communities across the state and nation which are being successful in this project process. It is often asked, and justifiably so, why South Haven is not getting its share of publicly assisted projects. And the answer, stated simply, is that we do not have a defined, systematic, formalized means of identifying, developing, and implementing projects which qualify for public assistance. Such means, if they are to be effective, would be included in an economic development program.

The Task Force, and particularly the Executive Committee, has considered two possible approaches to carrying out an organized economic development effort. One possible approach would be to organize an areawide "umbrella agency" such as been done in the

Mt. Pleasant area. Such an agency would receive financial support, commitment, and cooperation from each of the governmental units and other institutions which it serves. The Mt. Pleasant example offers "one-stop shopping" for all facets of economic development, and in particular concentrates heavily on industrial attraction, retention and expansion, and industrial park marketing.

Another possible approach considered by the Task Force and Executive Committee, and the one which currently seems to be the more practical for South Haven, is the use of an economic development consultant to bridge the gap between public sector assistance and private sector investment. Such a consultant arrangement would probably still depend on local staff involvement and assistance to a significant degree.

A third approach, implicit in much that has already been stated, is to develop in-house staff capability and simply do the job ourselves with what we already have. This, as stated earlier, could mean a reordering of staff assignments and priorities.

In summary, the Executive Committee urges immediate consideration and implementation at the earliest practicable time of the following recommendations which will provide the initial impetus needed to begin addressing economic development in an organized, on-going way.

1. Establishment of an area local intergovernmental relations committee.

2. Delegation of explicit authority to the City Manager to negotiate with existing and potential new businesses and industries.

3. Development of an area economic development program.

4. Provision of necessary staff to design, implement, and operate the economic development program.

5. Assurance that the economic development program establishes and adheres to high community quality of life standards.

ATTACHMENT I

COMMUNITY ECONOMIC DEVELOPMENT TASK FORCE
QUALITY OF LIFE COMMITTEE

Overview and Specific Recommendations to City Council

The Quality of Life Committee has formulated several areas of ultimate concern that we feel should be addressed by the City Council to maintain the unique lifestyle of South Haven, yet allow for the potential growth that is upon us at this time. What this committee has done is list the natural assets of the community and suggest ways in which these assets might better be utilized and/or developed to reap the greatest benefit for all members of the community. Some of our ideas would best be served by direct action by the Council, while others would more-appropriately come from the private sector within the community.

Beach, Lake and River Areas

1. In order to maintain the natural aesthetics of the lake and beaches, it is recommended that consideration be given to allowing vendors to bring concessions to both North and South Beaches, however, no permanent buildings should be constructed.

    a. Specifications should be established by the Planning Commission and/or City Council relative to size, type, style, etc., of the booth or vendor's station. Areas of service should be established by the City for each vendor. (i.e., 100' each utilizing not more than 20' per vendor)

    b. No permanent structures, and non-conflicting items.

    c. Priority for granting vendors' licenses in the beach areas to area merchants or individuals whose year-round residence is established in South Haven.

    d. Financing be the responsibility of each individual merchant requesting a location on the beach front.

2. Parking at the beach might be expanded by adding a sidewalk and curb further down the beach area (toward the lake).

3. Play equipment needs updating and maintenance during summer months.

4. Careful planning of Black River area with public access along water's edge with retention of as much view as possible.

    a. Combine public and private funding for development along river.

3. Renovation of backs of buildings and alleyways.

4. Specify exterior motif on new developments to fit in with overall design plan.

5. Interiors of buildings should create atmosphere congruent to exterior design.

6. Extended store hours, particularly weekends during peak tourist season.

Recreation Areas

The committee recommends encouragement of private development of expanded recreational facilities with assistance from community funds as necessary. Suggested activities include:

1. Water sports activities: windsurfing, sailing, fishing.
   a. including specific areas for launching.

2. Indoor/outdoor sports facilities: ice-skating, roller-skating, racquet ball, health spa.

3. Trails for snowmobiles, cross country skiing, horseback riding, biking, etc.

4. Utilization of parks by a larger segment of population with both private and public activities.
   a. Amphi theatre and beautification of Johnston Park, allocating parking for park area.

5. Organized community activities, i.e., volleyball tournaments, golf classics, boat races, sailing/hobie regattas, community runs, grand prix, etc.

6. Provide camping facilities conducive to boaters, as well as campground facilities for general use.

Industrial Parks (old and new)

The Quality of Life Committee spent much time discussing needs in this area. General concensus of the committee was:

1. Despite difficult economic times, some exterior beautification of current facilities as well as new park area should be encouraged.

2. Financial incentives should be considered by the City to promote this beautification.

Agriculture

Our agricultural assets, having already been established, should be considered a major economic drawing card for our area. Encouragement to the agricultural community and incentives to them for further development must be planned. This committee recommends:

1. A European-style Open Air Market: priority locations downtown, with secondard location outside immediate downtown area in high traffic location.

2. Promotion of U-Pick facilities and tours of packaging and processing facilities.

3. Small dessert counters on site or combined in downtown area.

4. Development of agricultural related industries must be looked into.

Airport

1. Actively promote development of airport authority.

2. Upgrade facilities at airport to accomodate persons using it.

3. As usage increases, develop direct link to the downtown area.

Churches, Schools, Hospital and Physicians

These three vital areas have done much to expand their community involvement recently, and must be commended for their efforts. However, the committee feels further awareness of community needs will intensify the quality of life in South Haven, specifically including:

1. Churches might expand community outreach; making services available to the tourists; market unique histories through tours; and special church programs in conjunction with local festivals and events.

2. Schools might encourage student research of community histories, invitational sporting or educational events scheduled during festivals, form debating teams, consider travel to other areas with these teams.

3. Hospital and area physicians might provide more home services, a hospice program, seminars for community health awareness, extended health screening programs, more involvement in community activites, and ambulance service with qualified paramedical personnel.

Historical

1. Possibly make available a historian to find histories of the community.

2. Capitalize on our histories and apply for appropriate funding to renovate and/or maintain historical buildings and landmarks.

3. Stay with the historical character of the area, developing and promoting the historical tax advantages that might be available.

4. Further development of Liberty Hyde Bailey Museum, Maritime Museum, with possibility of development of an agricultural type museum and a Stanley Johnston museum.

Funding

The possibilities of funding should be researched by the various committees and pursued accordingly, particularly where any of the proposed methods of funding would create jobs on a permanent basis through development of new or expanded business opportunities.

Some methods of funding might be available through:

1. Tax increment financing.

2. SBA Financing.

3. Land and Water Conservation Fund.

4. Michigan State Department of Commerce.

5. Direct fees for use of facilities.

6. Private donations and private foundations.

7. Grants.

Implementation

The Quality of Life Committee recommends the City Council be the hub of all of the above projects. Proper planning, establishment of committees and a timely implementation should be developed and incorporated into the overall plan for growth and development in the area.

ATTACHMENT II

TO: Executive Committee
Community Development
Task Force

FROM: Local Intergovernmental
Relations and Economic
Development

We, of the Local Intergovernmental Relations and Economic Development Committee, wish to submit the following preliminary report to the Executive Committee for your consideration.

In our deliberations we felt the following items to be of concern to the governmental units if we are to promote and assist the development and retention of industrial, commercial, service recreational and other related components of the areas economic base.

Item #1 - Communication and Coordination

Recommend to South Haven City Council and Township Boards that a specific organization involving one to three persons from each unit of government meet on a regular basis, at least quarterly, to discuss mutual problems and solutions. The group should elect a chairperson and create agendas of specific topics to be discussed.

Item #2 - Consolidation of EDC'S

It is suggested that adjoining and City EDC's be consolidated for a stronger effort to promote economic development.

Item #3 - Promotion

It is decided to leave this subject to the committee on Marketing and Retention.

Item #4 - Land Use

A coordinated plan for future use of land is necessary in adjoining townships preliminary to any ordinance consideration. Early planning might include the more obvious uses of land, such as land adjacent to interstate highway exits and adjacent to existing commercial and industrial developments. It is suggested that an outside source be considered to assist in the planning stage such as Van Buren Planning Board and professional consultants.

The topic of "Land Use" should be given high priority by the "Intergovernmental Committee" as recommended in Item #1.

This committee feels that the development of a land use plan is not the same as land use ordinances or so called zoning.

Item #5 - Taxes

All local units of government adopt formal policies regarding tax abatements as now allowed by law.

Item #6 - Blight and Ordinances

Through an attitude of using ones land as he sees fit prevails, there is an over-riding belief that real blight is undesirable. This subject matter or item should also be placed on the agenda by the "Intergovernmental Committee" whereby ordinances could be initiated and adopted by the various governmental bodies. This would, perhaps, be the first step in cleaning up the major blight problems.

Item #7 - Ambulance

Service is satisfactory, no recommendations for changes at this time.

Item #8 - Roads

No great obstacles are envisioned for street or road development in the City or Townships as it pertains to future economic development. It is suggested that the City, as well as the townships, bring pressure to bear on the regional board, in order that M-43 have a high priority as to improvements and expansion. A traffic study would be in order.

Item #9 - Water and Sewer

It is recommended that the City Council study the question of extension of water and sewer utilities into the townships based upon the following:

a) Industries must first try to be located in the new Industrial Park. If they cannot be accomodated in the park due to the nature of the industry or availability of necessary land required, then Item B, C and D should be considered.

b) Extensions to be made to industrial firms only. Residential and commercial establishments will not qualify.

c) Rates for industrial use in the townships should be the same as industries in the City.

d) Cash of construction to be charged to the new industry.

It is also recommended to the City Council that a Commission be formed, with representatives from each of the governmental units to study the feasibility of a "Water and Sewer Authority".

Item #10 - Electric

In that identical service and rates are now extended to townships in our service area, there does not appear to be a need for changes to promote ecnomic development.

Item #11 - Refuse Disposal

It is recommended that a committee be formed of township, city and county representatives to study the possibility of a joint disposal site. In addition, waste incineration be investigated as a possible disposal alternative.

Item #12 - Airport

Formation of an Airport Authority is underway at this time. No further recommendation.

Item #13 - Public Safety

It is recommended to the City Council that a Commission be formed with representatives from each of the governmental units to study the forming of a "Public Safety Authority" encompassing the City and surrounding Townships. By Public Safety we mean Police and Fire protection. If for some reason the concept of Public Safety would not be economically feasible at this time or perhaps because of other circumstances, then it would be suggested that this committee pursue the concept of a "Fire District".

Committee Members

Ray Gunterberg
Tim Horan
Ed Kowieski, Chairman
Don Maxwell (Casco)
John Nelson
John VerBeek

ATTACHMENT III

COMMUNITY ECONOMIC DEVELOPMENT TASK FORCE
REPORT OF THE DEVELOPMENT SERVICES COMMITTEE

August 1, 1983

The Development Services Committee has met 5 times for the purpose of defining a logical sequence of procedures for development within the City, and to suggest improved methods of communication between developers and city representatives.

Extensive interviews were conducted with developers who have been involved in South Haven. Their opinions and suggestions were reported and analyzed, and the committee has determined:

- There is an urgent need for a Developer's Guidebook
- The establishment of the position of Guide is essential to parallel and implement the use of the guidebook

The committee recommends that the guidebook presents a brief concise, logical sequence of steps in the development process, based on procedures present in the Building Code and on requirements set down in the City Ordinance. The guidebook could be outlined and edited by the committee, but should be compiled and published by the City. The title suggested for the book: Developer's Guidebook.

The committee further recommends that the position of guide be given the title, Developer's Liaison Officer. The Developer's Liaison Officer should be a city employee well-versed in all the procedures of development. The duties and responsibilities of the position should be carefully and clearly determined and detailed. The position could be part-time and remuneration be on an hourly basis; such factors would be based on the decision and determination of the City Council.

Respectfully submitted,

Development Services Committee:

Marion McGuire, Chairperson
Don Braschler
Mark Crockett
Robert Gabel
Paul Peters

ATTACHMENT IV

MEMORANDUM

TO: Executive Committee
Community Economic Development

FROM: Facilities Recycling Committee

DATE: September 20, 1983

SUBJECT: Report of Committee

It was the stated mission of this committee to "Identify needs and methods of recycling existing, available buildings, sites and other facilities to reestablish economic utility."

In an attempt to fulfill its mission, the committee obtained a comprehensive list of all the existing facilities and sites not presently in use. We contacted various sources and compiled a list of such facilities but recognize that the list most probably does not contain every unused facility in the area. During the course of our meetings we realized the impossibility of suggesting alternative uses for each facility as it became apparent that each such facility could be used in a multitude of ways, such uses in most cases limited only to the imagination of the propsective user.

It was not felt, however, that the mere compilation of the list would in and of itself satisfy the perceived mission of the committee. Such a list would be ineffective without a specific body or agency being designated to assume the complete responsibility of its retention, updating, distribution, and the marketing of the facilities contained in the list. It was decided, therefore, to make the following recommendations:

1. Establish new agency - This agency would either replace all existing agencies presently engaged in economic development or would be made up of representatives of such agencies. This agency should be a permanent and continuing one and assume the overall responsibilities for economic development for the South Haven area.

2. Staffing of new agency - It is felt this agency should have a paid director or coordinator. To utilize existing sources we recommend the consideration of the Director of the Office of Community Development for the City of South Haven for appointment as director or coordinator.

3. Funding for new agency - This is recognized as a difficulty. However, it is urged that investigation into possible funding sources be initiated. It may be possible that a combination of a number of sources such as income from Block Grant funds, community donations, business donations, financial commitments from other involved agencies, etc., can be drawn on rather than a single source.

4. Duties and responsibilities of new agency - It is intended that this agency shall assume the complete and overall direction and coordination of the community effort toward economic development, marketing and recruitment of new business enterprise replacing all previous effort by the city and various private and community organizations. Its duties would include but not be limited to, the following activities specifically recommended by this committee:

   a. Identify, using this committee's list as a foundation, all currently unused or underused facilities available for future economic utilization.

   b. Prepare a comprehensive list of such facilities and additionally prepare an Available Industrial Building Listing form as put out by the Michigan Department of Commerce Office of Economic Development for each facility included in the list. This listing form should be accompanied by photographs, aerial and ground, as well as layout drawings.

   c. The listings, when complete, should be sent to the various governmental and private agencies engaged in relocating or attracting business enterprises. These agencies would include the Michigan Department of Commerce Office of Economic Development and the Southwestern Michigan Business Development Program.

   d. The new agency would also be responsible for answering all inquiries showing the facilities, etc., as well as the continued maintenance of the list, making such additions or deletions as are necessary.

To conclude this report, it must be stated that this committee is not aware of the recommendations made by the other committees of the task force, but fully recognizes the possibility of duplicative or conflicting recommendations. This report should then be considered in light of and in conjunction with the reports of the other committees. It is, however, strongly urged that our recommendations regarding a new, central agency be given the closest consideration.

ATTACHMENT V

REPORT OF THE MARKETING AND RETENTION COMMITTEE

September, 1983

PREFACE

"It has always seemed to the writer that no other city of its size hold possibilities for the future as does South Haven.

"Surrounded by recreational facilities, together with the geographical location, the schools, the various denominations of churches, the agriculture and fruit interests, South Haven offers an ideal location as an industrial community.

"With the finest of highways leading to and from the city ... and with a direct water route ... South Haven stands forth as the logical location for enterprising manufacturers, who wish to escape the limits of the larger cities and locate where their business can be successfully carried on and their employees be contentedly happy at the same time.

"One of the greatest assets South Haven has is the labor supply ... there is a goodly supply of especially semi and unskilled labor, both male and female...

"For some years past there has been a growing tendency on the part of residents of the larger cities to seek recreation amidst suburban fields and resorts within easy reach ... regardless of the length of time consumed, the health and pleasure resorts of Michigan can be commended for their superior qualifications...

"Pure air, pure water and an abundance of fresh fruits and vegetables give it many advantages over less favored localities...

"It is a picture of a community where prosperity and plenty is the rule ... It is not painted in colors drawn from imagination's color box, but is a photograph in colors true to life, depicting conditions as they actually exist. You may share in this happy home life if you desire ...

"South Haven is an excellent location, with the much needed facilities, namely transportation, proximity to sources of supply, market and labor and it would be time well spent to investigate why the industries now located here have expanded to the envied positions they hold in the industrial world today."

BACKGROUND INFOMRATION

It has been said that the more things change, the more things stay the same.

No truer statement can be made about industrial marketing and retention in South Haven.

As evidence of this, the Marketing and Retention committee of 1983 refers the mayor and city council to the preceding Preface, which contains exclusively comments from printed materials prepared in 1926, provided by committee member Ron Zile from the archives of Citizens Trust & Savings Bank.

Should the City wish to produce a brochure today, many of the claims of the 1926 booklet could be reprinted verbatim.

South Haven's selling point remains in 1983 as it was more than a half-century ago, "the logical location for enterprising manufacturers who wish to locate ... where business can be successfully carried on and their employees be contentedly happy at the same time."

This "lifestyle-workstyle equation", as we might refer to it today, is the basis of current literature from the county economic development commission.

If this committee were to recommend a slogan for a four-color brochure in the 1980's, it would be, "We work here because we want to live here."

This slogan could as easily have been penned in 1896, where E.D. Edgell, a South Haven realtor, published a black-and-white booklet that read, in part, "No ten dealers in the state of Michigan spend as much money for advertising ... as I do, and this is why I make so many sales."

Regretably, in the opinion of this committee, the likelihood of attracting new industry in the next few years with this unchanged incentive appears doubtful in light of much-changed conditions outside South Haven's control.

These variables include:

1. Reduced demand for industrial components, particularly in the auto industry;

2. Increased tax burden on Michigan industrial in comparison with other states;

3. High industrial wage expectations and strong organized labor fighting to retain them in spite of declining profits, and lower wages in other states;

4. Lack of reinvestment in aging plants, resulting in obsolete facilities unable to compete with more modern foreign competition;

5. Advancing technology reducing need for unskilled and semi-skilled labor as well as white-collar workers;

6. Enormous incentives being offered in adjoining and distant states hoping to capture new industry and pirate the industry we now have;

7. Cutthroat competition and competitive pricing among overbuilt producers resulting in ever-greater emphasis on "the bottom line" in corporate decision making, particularly as it relates to decisions to expand and build;

8. High energy costs, resulting in an expensive combination of hearing and cooling costs in Michigan plants.

COMMITTEE RECOMMENDATIONS

If South Haven is to experience industrial growth in the 80's and 90's, it will do so only with considerable effort, change, and creative, contemporary and selective marketing, in the opinion of this committee.

Yet, the target industries for local growth in the 1980's and '90's were identified by Wm. H. Millar, who published in 1896, "So. Haven By the Sea...The gem of lake shore towns...the ideal home of the health and pleasurer seeker...the natural home of the peach."

1. Targeted Marketing

In the committee's opinion, now is not the time for broad, general, mass media marketing of South Haven as the best possible site for just any type of enterpise.

Furthermore, since the current "natural," unsolicited growth in South Haven's economy is, as it was a century ago, related to recreation and tourism, the committee questions whether recruiting a "smokestack" industry here, (an unlikely prospect, in any event,) would be in the best interest of the overall community.

Considering all factors, the committee recommends current marketing be directed at industries which:

a. Have a unique likelihood of succeeding in South Haven as opposed to elsewhere due to local markets, sources of supply or environmental considerations, or because existing management and accounting offices could handle expansion;

b. Can blend harmoniously with existing and future hospitality and second-home development in the area.

Two such target industries identified by the committee are:

a. Agriculture-related ("Peaches," they said in 1896): i.e., fruit and begetable processing, freezing, canning; potato chip and other potato produce manufacturing; agricultural distribution and storage; cheese production; agricultural chemical production and distribution; agricultural equipment manufacturing; agri-business systems (i.e., data processing for agriculture); biotechnology.

b. Recreation ("Pleasure-seeker") related: i.e., boat and boat trailer and equipment manufacture; recreation vehicles and components; camping equipment; fishing lures, equipment and supplies; sporting goods manufacturers; golf cart and equipment manufacturers; ski equipment, etc.

The third, and perhaps most promising market for growth in the short run, is expansion and/or diversification of existing local industry, enabling the sharing of management and support functions between existing and new facilities.

2. Incentives

As previously mentioned, competition for new plants is at an all-time high regionally and nationwide.

If growth is to occur in the near-term, companies will expect South Haven to offer at least some of the incentives being promoted in multi-page spreads in national magazine by cities as near as Fort Wayne, Indiana. (See example, Exhibit A)

It is the opinion of this committee that South Haven can provide considerable benefits to desirable industries by offering:

a. Free or very low-cost industrial sites.

It is our hope that in the interest of the community's long-term propserity, sites in both the old and the new industrial park, as well as plants vacated by former industries, could be made available to new industry without significant cost. Such "free" sites are available elsewhere and bargain-pricing sites is not unprecedented in South Haven.

b. Tax abatements.

The City already operates economically at relatively-low tax rates. Since desirable incoming industry would place little additional

burden on well-developed local services, it seems reasonable to offer tax abatements to industries who will employ citizens, enabling them to pay taxes. Naturally, after the abatements expire, the companies, too, will become taxpaying citizens.

c. Utility cost reductions.

Our municipally-owned utility system should analyze the incremental cost of serving a new industry with power, water and sewer and offer services at or below costs for a specific period. Again recognizing that short-run incentives can reap long-run profits for our utility systems, it makes sense to provide such an incentive to a new firm.

And recognizing that township growth as well as city growth is desirable, full energy and emphasis should be placed upon establishing policies enabling controlled expansion of sewer and water services to South Haven Township.

d. Planning, engineering and support services.

Potential newcoming industry should be advised what site selection and preparation services can be provided at low or no cost by the city.

e. Training programs and services.

The city and perhaps the school district can and should provide facilities and coordination of available skills center and other educational programs to prepare workers for new industries, if needed.

3. Marketing Policy

It is the recommendation of the committee that the new industrial park, the Olson Industrial Park, and other contiguous industry-occupied land be incorporated into one platted industrial park.

Such a re-definition of South Haven's industrial park would create a park large enough to qualify for the benefit of marketing air from the Michigan Department of Commerce.

Such marketing assistance is already available to other area communities, giving them some edge in completing for new industry.

While bringing the entire park into compliance with state fertification requirements might require some upgrading of existing plant sites (plantings, screening, etc.), it is believed such improvements are desirable and would impose little burden on local industry.

It might also be suggested that interest subsidies and city participation could be made available to help fund such improvements, if needed to bring existing industry to standards.

It is crucial, in the committee's opinion, that available incentives be packaged into a standing policy administered by city management.

We urge city council to adopt a policy regarding available incentives and delegate authority to negotiate with potential newcomers to the office of the City Manager.

Companies hoping to expand or move here don't want to hear, "Maybe City Council would consider" this or that. Other potential sites are available where incentive packages are clearly established and readily available.

If his time and abilities are to be used to their most productive level, the City Manager and his staff must be able to negotiate confidently on behalf of the City within reasonably broad parameters.

A budget and a standing committee, perhaps including, but not limited to the existing Industrial Fund board, should be established for the purpose of hosting visiting site-shoppers. Such a committee should include financial, realty and industrial leaders from the community able and willing to advise and encourage potential newcomers.

4. Promotion

If marketing effort is to be directed at specific targets, promotion should be done selectively and economically.

The committee recommends that once incentive policies are established and negotiating authority is delegated, the City Manager and small marketing teams should be sent to present information on desired industries and available incentives to consulting firms engaged in finding sites for industries.

Such consulting firms include the Fantus Company with a regional office in Chicago; Cabot, Cabot and Forbes Company of Boston; and Brimmer and Company of Washington, D.C.

It is hoped that such consultants would then make our offers known to our target industries, eliminating the need for the city to fund mass advertising, direct mailings or numerous unproductive visitations in search of viable prospects.

Existing local industries should also be encouraged to make known to the City Manager any suppliers, customers, or other companies contemplating growth or relocation who might benefit from our incentive package.

Such local industrialists could be of value in helping arrange South Haven visits by potential newcomers. In fact, such "missionary selling" has recently gone on in South Haven without official sanction.

Naturally, the City Manager's office would be expected to arrange effective and appropriate followup to all genuine inquiries generated by whatever means.

City government, probably via the office of community development, should also work to establish a data base of market information which can be made readily available to those who need it. Much information of this type has already been generated by various public and private agencies, but no one presently has it collected in one place in usable form.

RETENTION

Clearly, as has been demonstrated over the past century, South Haven's best industrial prospects are the industries already here, and it must be better demonstrated to existing industry that South Haven welcomes and encourages their efforts to remain and expand.

Recent history has demonstrated both the city's ability to assist growth and, regretably, some inability to cultivate local industry's desire to expand.

Conversations with local industrialists have convinced this committee that existing industry has a pent-up desire to communicate with city government on important topics but, for whatever reason, is reluctant to initiate such discussions or to participate in open forums for the purpose.

It is our opinion, therefore, that the City Manager's office should, after being given additional negotiating authority, initiate one-on-one discussions with local industrialists on an ongoing basis.

Industrialists want to talk with top city management, not staff or well-meaning volunteers, and should be encourage to openly share their views, needs and hopes for the future of their companies in South Haven.

Based on such conversations, the City Manager and staff should tailor plans to provide a continuing atmosphere for success and growth of South Haven's industry.

The questionnaire attached, (Exhibit B,) designed by committee member Ray Holden, could be incorporated into the initial interview with each local industry and provide the basis for a continuing dialog and action plan for each industry.

CONCLUSIONS

a. Changing conditions require a well-definied, well-implemented marketing strategy if existing industry is to be maintained and if new industry is to be attracted.

b. Future industrial growth should be comprised of industries harmonious with "natural" growth in area tourism, recreation and second-home development. (Michigan tourism already employs 241,000 people -- about as many as work in auto production.)

c. Climatic, state, and general economic conditions not controllable at the local level make the recruitment of labor-intensive industry unlikely in South Haven. Growth can nonetheless be expected from small firms who find South Haven's amenities and location desirable, if we can make our incentives attractive and tell the right companies about them.

   (A recent M.I.T. study revealed that two-thirds of the jobs that replace those lost in manufacturing are created by firms with 20 or fewer employees.)

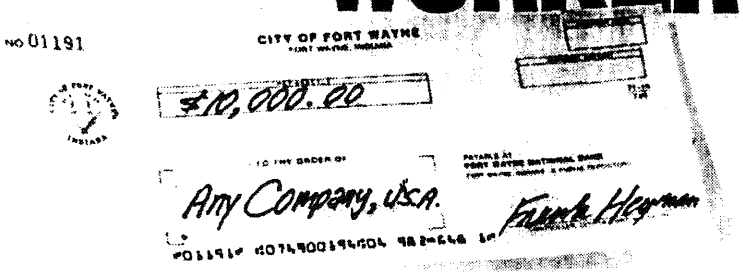
d. Personal contact rather than media advertising is the best means of reaching our target prospects.

e. It is in the long-run best interest of the city to offer short-term incentives to newcomers and expanding local plants. The competitive environment makes incentives necessary for the foreseeable future.

f. The City Manager, not City Council, should be negotiating on behalf of the City. The Manager should be talking not only with new prospects, but with existing industry on a continuing and semi-formal basis.

g. Local industrialists, financiers and other knowledgeable citizens should be actively involved in seeking new industry.

A WORKER FROM FORT WAYNE IS WORTH $10,000 MORE THAN ANY WORKER IN AMERICA.



As of now, the City of Fort Wayne, Indiana, is offering companies which relocate or expand here a proposition that's unique in American business.

We're making available a $10,000 loan for every new job you create in our locale. So if you open a new manufacturing plant here, for example, which employs 250 people, or expand your business to accommodate that many new employees, you're eligible for two and one half million dollars at least money. Or *more* if you employ more people.

That's money you can use for construction of your new plant, renovation of an existing building, new equipment and machinery, even for working capital.

It's only the beginning of an unheard-of package of financial incentives, tax breaks, and loan programs we've developed in Fort Wayne to attract your business to our city.

We've already directed one hundred million dollars towards helping business.

In 1973, Fort Wayne started issuing Industrial Revenue Bonds to encourage the development and growth of business in our community.

The money from these tax-exempt bonds has been used for construction, renovation, warehouses, office buildings, machinery and equipment, and pollution control projects.

Not surprisingly, it's a program that's working incredibly well for us, and for the companies which take advantage of it. Since its start, in fact, we've closed on seventy-eight bonds. Forty-seven of these were for manufacturing facilities.

That's a total commitment to business by us so far of over one hundred million dollars.

Tax breaks you won't believe.

Our new program of industry-wide tax credits, abatements, incentives and relief is another invaluable tool for the growth of your business in our community.

Our tax abatement program, for example, makes a new or expanding company eligible for write-offs of as much as one hundred percent in the first year for property improvements or the purchase of new equipment.

Our State Legislature passed a new tax act last year which provides a twenty-five percent tax credit for companies creating approved industry-university research and development programs.

We're giving tax breaks of as much as fifty percent of the first year's wages for companies that employ targeted groups.

We're giving generous write-offs on staff training and upgrading of employee skills. We're allowing companies sizeable deductions on alternative energy installations, pollution control equipment, resource recovery, and hydro-electric schemes.

On top of this, our state has been considered a "low tax" state by corporate America for the best part of a decade. In a government survey of the Great Lakes States last year, our revenue from corporate taxes was shown to be the lowest of them all.

Incredibly, companies which relocated here from other states have been able to undertake additional plans and expansion from tax savings alone.

A work force that's not afraid of hard work.

Our workers like to work, period. In this part of the country, they're known for "getting up early in the morning and staying on the job until the sun goes down."

That's a valuable asset for any company relocating in our city.

Our rates of absenteeism and job turnover are among the lowest in the country. According to a recent report by the Frantis Company, unscheduled absenteeism in Fort Wayne was at a remarkably low four percent overall.

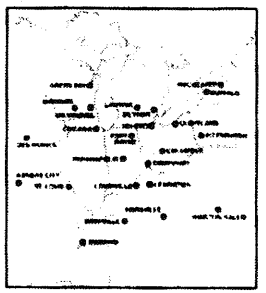
In this same report, the majority of local employers interviewed rated the quality of our workers as "good, to excellent."

A zone of golden opportunity that's open for business.

Fort Wayne is at the center of a region of American industry and commerce which is known as "The Golden Zone."

There are some convincing reasons for this name.

One-third of America's total population lies within overnight trucking distance of our city. *One-third.* That's a market of over eighty



million people right at your company's doorstep.

It's one of the richest regions in the entire United States.

The fact is, Fort Wayne was rated thirty-ninth in median effective buying income of all the cities in the United States by a leading national marketing magazine recently.

Our free offer will save your business even more money.

If you like what you've just read about Fort Wayne, take the next step. Clip and mail the coupon to Mr. Karl Bandemer, the Director of the Department of Economic Development, or call his office direct at (219) 427-1127. Or talk to Mr. Steve Lake, vice president of Economic Development, Fort Wayne Chamber of Commerce, at (219) 424-1435. They will be happy to send you a free package of brochures and information on the total range of financial aid, tax breaks, and diverse natural resources available to your company.

Read it carefully.

You'll quickly find out why doing business in Fort Wayne today is very good for business.

Yes, I want to learn more about Fort Wayne and why it's one of the best site locations in America for my business. Please send me the free package of literature which explains Fort Wayne's many financial incentives.

Name _____

Company _____ Title _____

Address _____ City _____

State _____ Zip _____

Mail to Mr. Karl Bandemer, Department of Economic Development, City of Fort Wayne, City/County Bldg., Fort Wayne, IN 46802. (219) 427-1127.

FORT WAYNE, INDIANA. WE'RE WORKING HARDER FOR YOUR BUSINESS.

Circle Reader Service Card No. 121

V-9

Exhibit A

EXHIBIT B

City of South Haven
Economic Development Task Force
Marketing and Retention Committee
Questionnaire for Local Industry

1. Is the major problem arising from your location in Michigan due to State imposed expense (workmen's compensation, unemployment tax, SBT, and the like)? Yes No

   If no, what is the problem?

2. Are any of the following of major concern to you due to its impact on your ability to be profitable:

   1. Real estate taxes?
   2. Personal property taxes?
   3. Water & sewer rates?
   4. Electric rates?
   5. Special assessments?
   6. Union wages?
   7. Union fringe benefits?
   8. Lack of rail transportation?
   9. Lack of all weather airport?
   10. Other

3. You are probably aware that there are a number of state and local programs designed to assist you in expanding your operation. Do you anytime in the forseeable future plan to:

   a. Acquire additional land, construct new buildings, or purchase machinery or equipment with total value in excess of $200,000 for which you may want EDC financing?

   b. Build and/or acquire land and equipment for which you may require SBA 503 program assistance?

   c. Same except require a SBA 7a program?

   d. Same except MEDA (Michigan Economic Development Authority) loan?

   e. Refurbish or restore an obsolete plant for which you may want Property Tax Exemption?

f. Utilize job training and employment services that are available to you where during the training period you may be partially reimbursed for the employee wage expense?

g. Receive federal income tax credit for hiring specific categories of employees?

4. Do you believe there may be services the community through the economic development task force and/or the marketing and retention committee can provide you that will improve your company's economic well being?

   Some examples:
   a. Provide marketing research.
   b. Furnish financial consultation.
   c. Secure "second mortgage" bonds along lines of original industrial development fund.
   d. Other

5. Do you know any friends, associates, suppliers, or any industrial firms that might be induced to locate in South Haven?

6. Will you assist the marketing and retention committee in attracting this/these firms to South Haven?

7. Do you have any suggestions to offer the marketing and retention committee that will either help to retain the existing industrial firms in South Haven or attract new firms?

AD★NET USA

MARKETING PLAN

PROPOSAL

City of South Haven
South Haven Chamber of Commerce
Economic Development Committee of South Haven

Proposed By:

MARKETING PLUS/AD-NET U.S.A.

Catherine J. Erickson, Affiliate
Earl L. Sprague, Jr., Account Executive

One Monarch Drive North Quincy MA 02171 (617) 770-0102 800-255-1405

Objective Defined:

To create a high caliber marketing plan encompassing the goals of the City of South Haven, the Chamber of Commerce, and the Economic Development Committee in a joint effort to stimulate industrial growth and support all programs and events of the City.

Marketing Plan Approach and Time Frames:

I.) The gathering of pertinent data and goals from members of the above three mentioned groups. (2-4 weeks)

II.) The interpretation of data and goals by a highly qualified Ad-Net staff in order to produce a real and viable marketing plan for the City of South Haven (6-10 weeks) *Input by your local Ad-Net account executive will insure a tailor made plan.

III.) Completed marketing plan with specific recommendations to be implemented would be reviewed by all group members. (1 week)

IV.) The completed marketing plan would be set into motion by the City of South Haven, the Chamber of Commerce, and the Economic Development Committee with ongoing support by your local Ad-Net/Marketing Plus account executive.

*The plan will be closely monitored and supported by Marketing Plus on an annual basis to insure the success and return of your investment.

Overview of Proposed Marketing Plan:

South Haven has needs which separate into many specific areas yet combine or overlap into one major concern of improving the economic and human resources within the community. We perceive an original approach to the problem as follows:

I. Chamber of Commerce

A. Redefine position in community
B. Overview of current programs and festivals for possible additions or deletions
C. Promote and support each festival or program through target marketing
D. Set up program for "red carpet" treatment of potential business concerns interested in South Haven.

II. Economic Development Committee

A. Determination and attraction of new industry
B. Support of Chamber of Commerce efforts
C. Interaction with City Government to expedite new industry relocations

III. City of South Haven

A. Determination of new industry preferences
B. Possibly create new tax programs for the area
C. Expedite new industry relocation

IV. Consolidation of Marketing Plans

A. Combined marketing plan designed to commit all three entities to a smooth working relationship to achieve the goals of South Haven

PROPOSED ESTIMATE OF COST:

We at Marketing Plus feel that four separate marketing plans must be created to achieve the goals of South Haven.

We are estimating the cost to be between $28,000 and $35,000 for the total completion of the plans.

These costs are based on our estimates of time, effort, and research expense necessary to complete the plan.

WHY Marketing Plus as: agent of record and affiliate of EHS Associates and AD-NET USA.

EHS Associates (Appendix A) is a marketing research agency offering - to the city of South Haven - access to a national network of information. Such information is able to provide a variety of industrial clients. This agency also has the resource ability to share with the client the planning and development experiences of hundreds of cities with needs similar in kind to those of South Haven.

AD-NET USA (Appendix B) has the expertise to execute the marketing needs of South Haven as researched and recommended by EHS Associates and/or Marketing Plus Inc.

Marketing Plus Inc. (Appendix C) is the franchised affiliate of the above named organizations. As a resident agent M.P.I. is:

A. familiar with the community and the needs of South Haven.

B. able to understand the needs and goals of the councils (of City, Chamber of Commerce and Economic Development) and to facilitate the processing and promotion of such recommendations resultant of the marketing research which shall be approved for action by these councils.

    1. advertising (design and production)
    2. direct mail (brochures and letters)
    3. public relations (public speaking and conventions)
    4. promotion (TV, radio, magazines)

C. able to provide the resources for staffing any/all companies located/locating in South Haven area (ie either to find the staff and service the payroll or to furnish and/or manage staff and payroll).

In addition MPI has additional affiliate resources to:

A. develop a tax incentive plan to invite specific interest in a community such as South Haven.

B. provide a premium incentive program for business and industry which effectively motivate production and sales.

C. improve and expand sales and production--through training of staff in problem solving and communication skills as well as the development of interpersonal relationships. (This affiliate corporative resource is a nationally accredited one located within the area.)

D. produce a video tape promoting the Michigan and South Haven "climate" and resources.

Note: The above detailed affiliate resources and/or products are included in the estimated costs.

Appendix C

Marketing Plus, Inc. is, in part, a franchise affiliate of AD-NET USA in cooperation with EHS Associates. M.P.I. is owned by Catherine J. Erickson and has Earl Sprague as one of its associates.

Catherine J. Erickson has been affiliated with business and volunteer services in Michigan for over thirty years. In sales and promotion she has been affiliated with National School Studios, Inc., Early Realtor and the Stryker Corporation. She has also served in organizational and leadership positions as a member of boards of trustees/directors of such organizations as: Michigan Association for Mental Health, Michigan Association for Emotionally Disturbed Children, Kalamazoo County Mental Health Board, Kalamazoo County Substance Abuse Board, Kalamazoo County Humane Society, Borgess Service League and Pretty Lake Adventure Centre.

Earl Sprague is degreed in marketing and business administration and has been employed in positions of marketing, management and sales in Michigan (primarily the southwestern area). He has spent five years as a Staff Manager with John Hancock Insurance, two years as a marketing consultant to Medical Data Systems (Ohio), and three years as a Marketing Consultant to Dave Burke Enterprises.

(APPENDIX A)

The EHS Associated Business Group

E H SMITH INCORPORATED
SMALL BUSINESS DATA SERVICES, INC.
CONSUMER RESEARCH & MARKETING CORPORATION
SMALL BUSINESS GRAPHICS, INC.
EHS TAX SERVICE, INC.
PARK II WEST SEMINARS, INC.
EHS CAPITAL GROUP, LTD.
EHS REALTY, INC. (603 434-0427)

January 28, 1985

Catherine Erickson
3721 Greenleaf Circle
Apartment 307
Kalamazoo, MI 49008

Dear Cathy:

Enclosed is some information which will serve to introduce you to our firm.

I am extremely confident that we can contribute substantially to the "resurrection" of the industrial park.

If you procede, we would send to you a set of comprehensive data sheets which we would use to structure the marketing/financial strategy. We would envision working with you on a 50-50 basis.

Sincerely,

Edward H. Smith
President

EHS/mbs
Enclosures

New approach offered to small businesses

Londonderry firm bullish despite all-time high failure rate

A Londonderry based company, E.H. Smith Inc., was established a little over a year ago to provide financing and development assistance to large and small companies, and its founder/President Edward H. Smith, continues to be bullish on small business.

"We think that small business owners are really the back-bone of the American economy," Smith said.

"You have to talk about small business in terms of good news and bad news. The good news is, small business accounts for 70% of all retail sales in the country, employs 60% of the labor force, and generates two out of every three new jobs. But the bad news is, government regulations are burying the small business owner in an avalanche of paperwork, high interest rates and the recession of last year sent tens of thousands of small firms to the graveyard, and, although producing 40% of the nation's GNP, small business has access to less than 10% of the monies in our capital market."

Smith, a Dartmouth College graduate, pioneered a number of successful business ventures prior to the formation of the consulting group.

"I began to realize," he said, "that the needs of small business are far beyond anything that can conceivably be provided by a single individual. My dream was to assemble a management team of professionals representing a comprehensive cross section of expertise in all areas pertaining to business growth and development."

"You can imagine the frustration the independent owner feels when confronted with a business problem beyond his area of expertise. What you'd really like to do is get your attorney, your accountant, your business consultant, and your financial analyst at one table at the same time just to evaluate your problems, your business. The trouble is, you can't get them all there at the same time, and even if you could, your bank account would never recover from the fees you'd pay."

It is that dimension of service — professional experience and competence in a wide number of areas — that Smith feels is the unique feature of the company. The firm's own Senior Business Analyst Richard "Dick" Nile, agrees: "What we really do is provide an effective program of assistance to the troubled small business manager. Most people in business are just bombarded with information and advice every day. We help that business person to identify and apply those items which are meaningful, which can make the bottom line more attractive."

With a corporate staff of 16, the company expanded its corporate facilities in April to include an additional 1000 sq. ft. of office space. The added space will support a growing network of affiliated companies throughout New England.

Clients come to the firm seeking help for financing, tax problems, marketing, personnel and production.

"Every business that exists is made up of three elements: money, people and product. Some businesses have good personnel and a strong product or service but lack the money needed to break away into the market. Others have proper capitalization, but can't find the right people to make the business work. And some companies, despite money and talent, really don't have a viable product. If you are weak in any of these areas, you need help."

Although the company's clients are distributed over a broad spectrum of business activity—from small established retail firms to high tech companies in their start-up phase—E.H. Smith offers three basic programs.

A financing assistance program, involving intense fact-gathering and analysis, results in a comprehensive, professional financing proposal. The company then identifies the appropriate financing source, providing ongoing contact and negotiations prior to closing. Financing assistance has been sought by large and small businesses needing additional funds for expansion, restructuring, consolidation, equipment purchases or business acquisition.

For companies just starting out, the group offers a "Start-Up Coordination" program in three phases, involving legal organization and review, a comprehensive financial structuring, cash flow projections and budgeting, marketing plans, accounting system design, operational flow-charts, the production of a personnel manual and a total tax planning review.

The group's Management Control System represents what Smith calls "a sophisticated, comprehensive approach to sustained growth and profitability." This program is geared to the company that has been operational for at least one year, and is committed to achieve a level of revenues in the millions of dollars within five years.

In early May, Smith announced the formation of EHS Capital Group, Ltd., a venture capital company specializing in providing funding to cover the organizational expenses of new companies.

Smith believes his company has found a system that can allow small business owners to regain the control they must have to achieve business growth and success.

"This company," he said, "was established with the specific purpose of creating and implementing controls for small businesses that would enable them to have total control over their operations.

"It's no secret that small business failures are at an all-time high. But why do so many people starting out in business end up failing? The post-game analysts think they have all the answers: no money, no product, no talent, no management, etc. But all these things can be merged into one common denominator: *control*. Control over expenses, employees, image, sales, information and production. Exercising control means making money, lacking control means losing money. It's really that simple."

EHS moves forward in growth 'technology'

"One of the most frustrating aspects of running a small business is trying to exact a prudent course of direction from the separate conversations and meetings with professional advisers."

Those are the words of Edward H. Smith, founder and president of E.H. Smith Inc., a Londonderry firm that stresses "the absolute necessity to get all the required input at the table at the same time," he said.

"We hear it from clients all the time: 'My attorney is in court this week,' 'My accountant is gone today,' 'I can't get the ad agency to return my call,' etc., etc. It really hurts a small business owner or manager when he/she needs a concurrent opinion from several advisers at the same time in order to make a good decision. Sometimes it's just impossible."

What EHS does is unify the advising process, and it has become a leader in the "technology" of business development. "If, for example, we're discussing the expansion strategy of our client, we'll have an attorney, a financial analyst, a marketing person, an administrative person, etc., etc. all interacting face to face at the same time on our client's behalf," Smith said.

He said EHS applies that concept to its three key services: financing assistance, start-up coordinations and management control systems.

"I've watched struggling business owners meet with three or four of our staff members for a few hours and come out of the session with a real sense of accomplishment," said EHS vice president Lauri Ostrander—who has seven years of administrative experience in the U.S. Defense Department. "The interactions of a group setting give the client an interdisciplinary approach to decision-making."

And with the recent distribution of the first issue of "EHS Investment and Business Opportunities," prospective investors in small businesses are seeing EHS as a catalyst for exposure to prime investment opportunities. Thomas Schinkel, an SBANE director and chairman of the Boston Venture Fund said, "We have already made one investment which has also resulted in a contract giving us international marketing rights to a CAD system being developed in New Hampshire. EHS has introduced us to another ground-floor opportunity for the manufacture of electroluminescent light panels by a company locating in Nashua. Because EHS is involved in the growth and development of those firms, we feel much more secure."

The structure of Smith's firm has evolved to include a holding company, EHS Capital Group Ltd., and several subsidiaries: Small Business Data Services, Inc., headed up by Senior Analyst Richard "Dick" Nile of Nashua; Small Business Graphics Inc. run by Martha B. Swanson of Manchester; Consumer Research and Marketing Corporation, managed by EHS Operations Director Kathleen Rice Orshak of Manchester; and the group's newest subsidiary, EHS Realty Inc.

CAPITALIZATION:
The Key to Business Growth and Profits...

Perhaps the most repeated saying about making money in business is, "It takes money to make money." Businesses have survived without good management and even without good products or services, but businesses don't survive without money.

The sole objective of The EHS Associated Business Group is to secure adequate and ongoing capitalization for its clients.

The objective of a business is straightforward: to generate a maximum return on invested capital.

One common misconception, however, is that capitalization refers only to the money it takes to get a business started. Actually, it's much more than that.

Adequate capitalization is required not just when the doors open, but throughout the successful development of a company. Capitalization can be achieved through a wide variety of sources and mechanisms.

How is *your* business capitalized? Are you getting the best mileage out of your assets? Could your business be more profitable with more money?

Our experience at EHS is that most businesses have many alternatives and avenues for funding which they haven't explored. For a variety of reasons, many business owners are over-influenced by the attitudes of institutional lenders concerning the capitalization of their businesses. In reality, institutional sources of money are not interested in being *partners;* they are interested in a maximally secured position.

To determine if your business may be undercapitalized, ask yourself these questions:

1. Are you able to make current enhancements to your business that would increase profits?
2. Are you making a reasonable salary for the size of your business?
3. Is the net worth of your business growing?
4. Is the current ratio of your business more than 1.00?
5. Do you have adequate cash flow?

If the answer to any of these questions is "no", we can help...immediately.

The EHS Program...

The EHS facility in Londonderry, NH services Southern NH and Eastern MA with 5000 square feet of office space, conference rooms, production areas, computers, word processors, a reference library, and an in-house staff of 20 professionals and support staff to provide a comprehensive approach to current and on going client needs for capitalization.

Whether a company is just starting or is well established and looking toward expansion, we have sophisticated systems and approaches for business owners interested in growing with fewer "headaches" about money.

The EHS client list includes retailers, wholesalers, distributors, manufacturers, high tech companies, and medical practices of all sizes and varied financial conditions.

Fundamentally, there are three conditions which dictate our ability to structure and achieve adequate capitalization for a firm:

1. The owner is willing to implement standard and accepted internal controls for financial management;
2. The company's products and/or services are viable; and
3. The company has financial growth potential.

The following are recaps of EHS clients who achieved current and/or ongoing capitalization via financial re-structuring, equity plans, debt re-structuring, the acquisition of outside capital and/or the implementation of internal controls and financial management techniques:

Client A recently moved his business from the Midwest to the Boston area. The client was a service business with several tax problems. EHS obtained funding to solve immediate operational matters, re-structured tax liability, obtained private capital for growth, and is in the process of restructuring entities for future expansion. Client has gone from doing several hundred to several thousand dollars per week.

Client B was turned down at several banks for $250,000 to expand his dental practice. EHS obtained the funding in 4 weeks.

Client C, also a dentist, was able to save $30,000 of cash flow over 2 years via the re-structuring of debt by EHS.

Client D was advised to put his company into bankruptcy. EHS provided funding for the formation of a new business entity so that business could be continued; together with future capitalization pending proper financial management.

Client E, engaged in renting apartments, was able to expand via the consolidation of several properties into a single mortgage.

Client F was able to obtain conventional financing to expand his furniture business as a result of presenting the proper pro formas and restructuring existing debt.

Client G, through a very sophisticated restructuring of entities and debt, was able to isolate the earning power of his business via a franchise contract resulting in a business with $30,000/month profit.

Client H was approved for expansion money at 7½% via the negotiation by EHS of funding through a tax shelter lease arrangement.

Client I was a high tech start-up company that, through EHS, obtained the major portion of its initial venture capital.

The EHS program for small business owners and managers interested in properly capitalizing their business operations is a condensed and efficient process of information gathering, review, analysis, recommendations, decision making, strategy development, documentation, and negotiation.

It should also be noted that EHS owns a small group of subsidiary companies whose sole function is to provide back-up and support services exclusively to EHS clients at very competitive prices. These services include, but are not limited to, design and graphics, marketing representation, real estate brokerage, accounting & tax services, data processing/word processing, collection services, and specialized consulting services. These are all strictly at the option of the client if, and when, they are needed.

Establishing a Relationship with EHS...

Everything is prepared and waiting for EHS to go to work for your company. Our goal is to become your exclusive agent for the sole purpose of "working full-time" on your behalf. We hope that you agree and recognize that, within today's economy and competitive marketplace, not enough attention can be paid to the current and ongoing capital needs of any company.

A final thought: At this point in time, you have either chosen a business or are engaged in a business which you feel can be the "vehicle" that will help or enable you to reach your life's goals. Recognizing the importance of achieving both personal and financial goals, our firm's position is that very little is of greater importance than the successful development of your business; and that, through the proper capitalization, your business will live up to its potential and give you what you want and expect for your efforts.

Please don't hesitate to contact EHS if "money is on your mind". We are confident we can be of service to you.

The EHS Associated Business Group

PARK II WEST, ROUTE 102 / LONDONDERRY, NH 03053 / 603-434-0626

THE EHS MANAGEMENT TEAM

One of the unique features of the EHS organization is that each member of the management team has a vested interest in the firm's growth as evidenced by their participation in providing approximately $500,000 of seed money for the initial development and growth phase. The following information relates each individual's position, education, experience, and function within the EHS organization.

Edward H. Smith, President: A 1970 graduate of Dartmouth College, Ed had spent 11 years prior to the beginning of EHS actively participating in several small business ventures; including service firms (advertising, marketing, and publishing), light manufacturing, real estate, management, and venture capital. Ed's rationale for the establishment of EHS was simply that there had not previously existed an effective "small-business-venture-capital" firm that was structured so that national expansion (such as H&R Block) could be achieved.

Lauri E. Ostrander, VP Marketing: Originally with The U.S. Department of Defense, Lauri obtained her Business Administration/Marketing degree from New Hampshire College in December of 1980 in addition to three years at Northern Virginia Community College as a management major. With seven years of administrative and marketing experience, Lauri's function is to coordinate EHS marketing activities with the primary focus on the set-up of EHS field offices.

Linda L. Pankoff, VP Administration: Graduating from Wittenberg University with a BS in Education in 1964, Linda's original work experience included teaching, recruiting, and accreditation activities. Joining EHS at its inception, Linda's current responsibilities include overall office administration, personnel management, and information management (processing of all original documents for all EHS companies) at the Home Office facility.

C. Wesley Crowell, General Counsel: A Member of the Bar of Massachusetts, Maine, and New Hampshire; Wes is experienced in corporate law, taxation, and financial analysis. He received his BA from the University of Virginia and his JD from Suffolk University School of Law. At EHS, Wes is responsible for the legal matters with respect to all EHS corporations as well as performing legal reviews/referrals for EHS clients.

Ronald Johnston, Treasurer: With 13 years of experience investing in real estate and commodity futures, including discretionary commodity trading and management; Ron's function at EHS is the development of EHS Capital Group, Ltd. as a small business venture capital firm. Ron graduated from the University of Massachusetts with a BA in economics.

Raymond H. Broughear, VP Corporate Development: Bringing 30 years of planning and development experience (IPA's, PPO's, capitation, retail dentistry, group and private dental practices), Ray is responsible for the development of a network of EHS field offices and "spear-heading" the EHS expansion phase. Ray graduated from American International College with a BA degree.

Anthony J. Cilwa, VP Sales: Prior to joining EHS, Tony was a national leader in sales for Metropolitan Life Insurance Co., qualifying for the National Sales Achievement Award for three consecutive years. His role at EHS is the continuing development and supervision of all field offices. Tony also attended Northern Essex Community College and Dartmouth College prior to his career with Metropolitan.

James H. Butler, Business Analyst: Originally attending Northeastern University and New Hampshire College, Jim has 23 years of experience in New England industry as an Industrial Engineer focusing on capital expense justification and production systems. Jim's responsibility at EHS is the processing of client data through a "diagnostics" system pursuant to establishing capitalization strategies.

Mary Beth Sullivan, VP Operations: Prior to working with EHS, Mary Beth was a Clinic Coordinator for a group dental practice in Boston as a Certified Dental Assistant and certified in CPR. She later enrolled at Northeastern University (Business Management). At EHS, Mary Beth is responsible for the coordination of all client service support functions; including typing, word processing, data processing, inventory, and client information processing.

Nancy D. McLaughlin, VP Finance: Nancy brings 12 years of formal accounting experience (preparation of financial statements; payroll and miscellaneous tax forms; corporate, partnership, and personal tax returns) to EHS. Originally graduating from Pinkerton Academy and attending Hesser College, Nancy's function at EHS is the financial management and accounting of EHS business activities.

Donald A. McBride, VP - EHS Realty, Inc.: With a BS in Business Administration from American International College, a real estate license, and 26 years experience in management and expansion planning (including the start-up of restaurants for Friendly Ice Cream) Don's role at EHS is two-fold: assisting in the financing of clients via real estate secured loans and the management of real estate projects for EHS.

Ralph V. Amsden, Broker - EHS Realty, Inc.: Ralph has 5 years of residential and commercial brokerage experience and graduated from the University of New Hampshire with a BA in economics. He is a member of the NH Board of Realtors and National Board of Realtors. His function at EHS is to provide for the brokerage of real estate as it becomes necessary for client service.

Martha B. Swanson, Graphics Designer: Martha has 20 years of experience in graphic design and free-lance consulting. She obtained her BFA degree from Miami University of Ohio and gained her early experience in New York City. Martha's role with EHS is client support in the area of graphics design and the production of collateral literature.

City of South Haven

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September 7, 1983

TO: Tim Horan, Paul Preston, Judy Downing

Judy has suggested a meeting to discuss and plan the October 7 luncheon meeting at which the Community Economic Development Task Force report will be presented. She would like to meet at city hall this Friday, September 9, at 2:30 p.m.

Dave

David R. Hollomon, Director
Office of Community Development

DRH/mjg

CASCO TOWNSHIP
ALLEGAN COUNTY MICHIGAN
ROUTE 2 BOX 122, SOUTH HAVEN, MICHIGAN 49090

October 4, 1983

Mr. Timothy Horan, III, Mayor
City of South Haven
539 Phoenix Street
South Haven, Michigan 49090

Dear Tim:

Thanks for the opportunity to serve on the Community Economic Development Task Force.

Our community can grow and prosper without losing our individual identities, but to do so will require communication, cooperation, and planning. The Task Force is an excellent example of these elements in use and also demonstrates the willingness on the part of the people of the community to put forth the effort necessary to build and maintain a viable community.

Due to prior commitments, I will not be able to attend the luncheon October 7th. However, because I want very much for Casco to be a continuing participant in the greater community, I have asked our Treasurer, Grace Johnson, to attend as our representative.

In the months ahead, as the recommendations of the Task Force are considered in depth, please feel free to call upon Casco to serve.

Again Tim, thanks for the opportunity to serve.

Yours truly
CASCO TOWNSHIP

Don Maxwell

Don Maxwell
Township Supervisor