

## MEMORANDUM



**TO:** CLAY J PEARSON, CITY MANAGER  
**FROM:** ARA TOPOUZIAN, ECONOMIC DEVELOPMENT MANAGER  
CINDY UGLOW, SMALL BUSINESS MANAGER  
**SUBJECT:** 2008-09 ECONOMIC DEVELOPMENT REPORT  
**DATE:** DECEMBER 23, 2008

12/23/08  
To: Mayor & City  
Council Members

*Ch Pearson*

This report is a summary of the economic development activities accomplished in 2008 as measured by the adopted goals and objectives set forth by the Novi City Council in December 2007. Also included in this report are recommendations for the City Council's consideration in moving forward in 2009 and beyond.

Economic development continues to play an important role in maintaining Novi's growth and quality of life for both commercial ventures and residents. Troubled times in Michigan call for all communities to formulate and execute sound economic development plans that will both foster new growth and retain development. Such investments provide the jobs and taxable value Novi needs to maintain and grow municipal services – an integral component of our success formula. We influence and facilitate the process that allows business to create jobs and grow a diversified Novi tax base.

The City of Novi continues to move in the right direction as it pertains to economic development. It is important to pay attention to maintaining property tax values as well as continuing to treat the business community as our partners. Novi at times battles a reputation of both perception and reality as it pertains to a business-friendly environment. Increased and improved customer service has provided constructive feedback over the past year which has been turned into action by Community Development staff. Much of what is expected when starting a business is a sense of **urgency**. There have been many positive examples that prove this point. For instance, at a retention meeting with Autodesk executives to introduce myself and learn more about their business, it was revealed that there was a negative experience in establishing their business in Novi several years ago. I assured them dealings with Novi would be smoother and now they have a contact person. It should be noted that even in this particular example, the negative perception was formulated in incorrect communications between the building owner and the company;

nonetheless, the perception was placed upon the City for us to unearth and correct. This past year, Autodesk contacted me and presented plans for expansion along with a need for a sign on their building. As they relayed their past experiences to us, assurance was given to them that changes have been made and they had a wait-and-see attitude. The end result was a positive one for Autodesk and Novi.

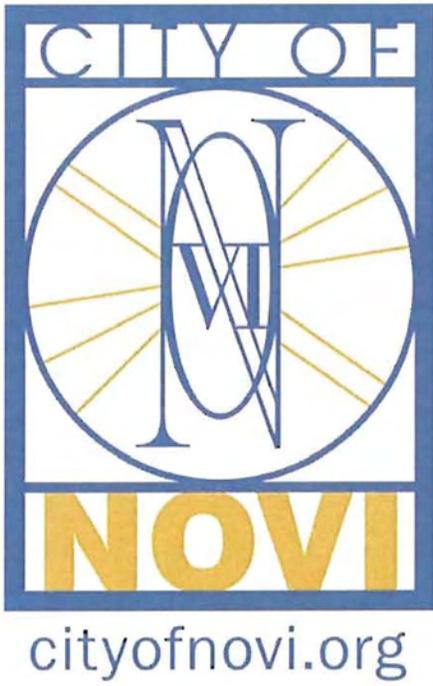
*"We greatly appreciate the interest and concerted collaboration that the City of Novi team has shown Autodesk over the past few months: it's wonderful to see how your offer to assist us several months ago has now turned into concrete actions."*

*–John King, Regional Facilities Manager for Autodesk.*

We recently presented to City staff about our Neighborhood and Business Relations Group economic development work, emphasizing that customer service plays an important role in dealing with existing business. Positive reinforcement to the business community of Novi's forward thinking attitude concerning project development and working with Novi's partners in economic development are ongoing efforts which will pay off in the future.

The uncertainty of the current economy places a risk on our existing 1,600+ businesses; therefore, the focus of economic development needs to continue to be on ways to strategize retention and expansion efforts with the Novi business community. Representing close to 40% of our taxable value, non-residential properties provide jobs and outweigh the residential property climate with additional expansions and new construction.

# 2008 City of Novi Economic Development Report



**Expansion, Attraction, and Retention, Strategy #1.0** Economic development within the City of Novi is still an important and vital component to overall sustainability. Retention, expansion, and attraction efforts must be an ongoing process.

a) **Focus on personal retention and expansion visits and support (linking to resources) our existing Novi businesses.**

Over 80 personalized retention visits have been made to Novi businesses this past year. These include both small (BAT visits) and large corporate businesses. This does not account for numerous conferences or other events (i.e. Chamber events, trade shows) allowing for additional connections with area businesses. General feedback from the business community is mixed as to their stability in current economic market. Small businesses continue to have challenges in current market, also having difficulty in marketing goods/services to general public. The larger business stays stable within their marketplace, all looking for diversification of their product/services. Larger businesses tied to automotive have struggled throughout the last few years; many have been forced to emerge into other sectors of industry to sustain cash flow.

b) **Conduct familiarization tour for site selectors.**

In partnership with the local chapter of the National Association of Industrial & Office Properties (NAIOP), the City of Novi hosted Destination Novi, a site tour of six major development projects. The tour attracted 35 brokers from the Detroit area for a bus tour followed by networking at Rock Financial Showplace. The feedback from the attendees was positive and they supported hosting more of these types of events.

It is recommended that similar tours of different locales within the city take place in the future.

c) **Maintain partnerships with organizations holding mutual goals.**

Along with maintaining relationships with the local business community, it has been important to also maintain and develop relationships within Oakland County and beyond. Having a presence in Southeastern Michigan through organizations such as the Detroit Economic Club and a variety of international chamber of commerce allows greater visibility in many different business circles. Maintaining relationships with local businesses along with creating new relationships with both out of state and international businesses has increased over the past year by becoming involved in a variety of associations and increased exposure at networking events.

**Incentives, Strategy #2.0**

a) **Report on any recommended changes to the existing property Tax Abatement Policy; report on any new financial incentives to business appropriate to Novi.**

A revised tax abatement policy was adopted by Council in September, 2008; the maximum number of years abatement was updated to twelve (12), which is the statutory maximum to date. Tax abatement policies should be considered working documents that can be changed as an economy evolves. As the focus of the next few years may need to

be on retention of business, abatements can be used for purpose of attracting new business.

In July, 2008, the City Council adopted a strategy in order to participate in MEGA projects that focus on job creation. Legislation changes this past April opened up the level of local contribution that was once restricted to local tax abatements for MEGA projects. From Novi's perspective, the local function is to help encourage projects that are selecting the City for the merits of the location but who need a "final mile" encouragement to effect the decision. It is very likely a business with an approved MEGA credit will locate in Novi, but it is not guaranteed.

See attachment for Novi participated in the following MEGA projects in 2008.

As these projects are all recent and have not finalized their leases or location in Novi, future reports will consist of updates on these and other businesses receiving a MEGA with Novi's support.

### **Internal Development Review Processes, Strategy #3.0**

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

- Customer service continues to be vital in retention efforts and is a team effort. We have seen and have heard of improvements from the business community. We have also established ourselves in the community enough where business owners and the brokerage community know who to initially call if they have an issue with the City of Novi and need quick solutions.
- Businesses in the City of Novi were surveyed in the past 12 months regarding their experience/feedback concerning opening and/or expanding their business. Initially, surveys were mailed and follow-up phone calls were made to the main contact on the project--in many cases this could be either a developer or a contractor. However, despite all of our efforts the response rate remained very low. To try and increase the response rate, an anonymous web-based survey was established and sent out to businesses, but it has been difficult to obtain sufficient feedback to our inquiries. To date, 139 surveys have been mailed/emailed with a response rate of only 11. The summary is as follows:

#### **Site plan review (planning):**

- 56% rate the site plan review process average or above (9% indifferent) compared with other communities.
- Overall experience with Site Plan Review process: 50% average or above with 50% below average or disappointing.

#### **Building plan review:**

- 64% rate the building plan review below average or poor compared with other communities.
- 60% rate the building plan review process below average/disappointing.

#### Building plan inspections:

- Nearly 90% rate the building inspection process average to excellent compared with other communities.
- 74% rate their overall experience with the inspection process as average to excellent.

#### Community Development Process Overall:

- Overall satisfaction with CD process: 36% satisfied, 45% dissatisfied/very dissatisfied (9% indifferent).
- 73% claimed staff presented themselves in a clear professional manner.
- Overall communication with city staff: 66% satisfied/very satisfied (9% indifferent)

Surveying will continue as projects are completed. Comparative analysis will again take place next year in hopes of a higher response rate. With low responses, it is difficult to accurately discern if a shift in response attitudes have been affected by improved internal processes.

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

Efficiency in equally covering association events and trade expositions.

In light of the current economic conditions, attendance has been evenly distributed over the multitude of different events and expos that take place. This not only allows the team to be cost conscious, but allows for more effective networking. Cindy covers most international (Japanese, Swedish, Italian) Chamber events; Ara attends most trade show/expos for the purpose of lead generation and retention.

City involvement in the international chambers and business affinity groups also reflects the City's deep respect and openness to diverse communities. For example, the City devotes time and resources to participation with the Japanese Business Society of Detroit and the Asian Pacific Chamber of Commerce. Each are active and vibrant groups, reflecting new investments and opportunities for the participants and Novi. The outreach and openness also reflects a community value of embracing diversity. From an economic development perspective, being known for that trait assists Novi being at the top of the list for investments, both residential and business.

**Economic Development Resources, Strategy #4.1** Additional funds (\$3,000) are requested in order to accommodate future goals pertaining to educational growth, business attraction opportunities, and co-sponsorship of trade shows, as well as an increase in special events held and hosted by the Small Business Manager. These funds are all in line with efforts being made for economic development.

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

Neighborhood & Business Relations modified plans within the fiscal year to not have a paid intern and utilized high school students from both Novi and Northville to assist in various tasks, including updating and completion of the business (ACT!) database.

Event participation and the number of attendees continue to be monitored in order to not duplicate efforts and to allow for maximum amount of exposure without compromising this line item in the budget.

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

Two task forces have been created that allow EDC members an opportunity to stay involved and assist in economic development.

Business Recognition Awards successfully took place this past October. Five local businesses were honored; task force included EDC members, Novi Chamber and Novi News.

Future and additional Business Assistance Teams lead by Cindy Uglow will be created to include EDC members.

**Master Plan for Land Use, Strategy #6.1** Promotion of the City of Novi's Master Plan for Land Use.

The Master Plan for Land Use continues to be promoted/presented to the homeowner associations through the Neighborhood and Small Business Manager. As new business come to Novi, they are made aware of the Master Plan and also updates have been presented to the realtor community by the Economic Development Manager.

**I-96 Corridor Study, Strategy #6.2** The ultimate goal of the I-96 Corridor Study is to establish the framework as a gateway into the City of Novi

As part of the venture teams established this past year, the Land Use & Transportation Study: The Victory Plan group was formed. It provides the initial findings of an actionable transportation area study by June 30, 2009. The study area encompasses several major state, county and local thoroughfares (including I-96, M-5, I-696, I-275, Grand River Avenue, Twelve Mile Road, Novi Road, Beck Road, and Wixom Road), and is bounded by Grand River Avenue on the south, Twelve Mile Road on the north, Napier Road/Wixom's west city limits on the west, and I-275 on the east. The study will involve active participation from public and private stakeholders and result in the development of transportation system improvement alternatives that, when implemented, will reduce traffic congestion, improve traffic safety and foster economic growth in the study area.

In October, 2008, MDOT offered to contribute \$150,000 toward project funding (out of the \$250,000 needed). The source for most of this contribution is federal funding, and in order for it to be used on this study, MDOT is required to take the project lead. This shift in leadership has caused a delay. MDOT has been in the preparation stage for two months and will be providing a more complete schedule starting in January.

The connection between transportation and economic development is an important interface as it effects where people decide to live and work and with fuel costs rising, location has become the key decision for businesses. The mobility of workers is critical to economic development. Roadway congestion can slow or cripple such development if not addressed in time.

- Effective transportation creates value in many ways including:

- Getting to jobs/school where they can earn income or improve their ability to earn income.
- Businesses can move goods to places where they have more value.
- Businesses can increase their "market reach".

## Marketing, Strategy

**a) Strategy, #7.0** Development of a quarterly e-newsletter to be distributed to the Novi business community.

A bi-monthly eBiz e-mail newsletter was created in March/April to update the business community of latest happenings. To date, it is sent to 700 e-mail addresses. New businesses and contacts are always added. An average of 40% of the e-mails sent are opened and read within the first week of delivery.

**b) Strategy, #7.1** Production of a promotional DVD that features economic development in Novi.

A five-minute DVD was produced by SWOCC and used for attraction purposes. Currently these DVDs are disseminated to local brokers for their own use. The movie can be found on investnovi.org as well as on YouTube.

**c) Strategy, #7.2** A business expo targeted to Novi's small businesses is being planned for the spring of 2008.

In partnership with Walsh College, the City of Novi co-sponsored "Small Business Makeover," a small business conference that took place this past spring at the Novi campus. At the conference, a room (Novi Business Boulevard) was reserved to allow fifteen local businesses to display their goods and services. Over 200 were in attendance.

**d) Strategy, #7.3** The City of Novi will host the MichBio (life sciences trade association) annual expo on November 18-19, 2008.

Partnering with Oakland County, the City of Novi was a sponsor of the MichBio annual expo held this past November. The event drew over 500 attendees and over 200 packets of information pertaining to Novi were distributed.

**e) Strategy, #7.4** Continue the organization of periodic seminars targeted to both small and large businesses and featuring topics pertinent to business. This puts Novi above most communities that currently do not offer such programming.

Three Coffee & Conversations took place throughout the fiscal year. Whereas the topics were felt to have been of interest to the business community, attendance was low. A revamping of these seminars will take place in 2009 and partnership with the Novi Chamber may assist in boosting attendance.

## **Thinking Globally, Strategy #8.0**

Participation in a variety of international Chamber events by the Neighborhood and Small Business Manager.

In April, 2008, Novi hosted Japanese governmental employees from the Council of Local Authorities for International Relations (CLAIR). CLAIR promotes the international exchange activities of Japanese local governments. Cindy Uglow and Ara Topouzian provided these visitors the opportunity to learn about local government practices in Novi.

The Small Business Manager attended the 40<sup>th</sup> Annual Midwest US/Japan Association Conference in Wisconsin in September, 2008. Efforts are being coordinated with the MEDC to possibly have Novi host the 2010 conference.

Novi co-sponsored with the Japanese Business Society of Detroit (for second year) the Japanese Festival which once again had over 5,000 attendees.

Attended 15<sup>th</sup> World Congress on Intelligent Transport Systems in New York (7,000 attendees from around the world in growing field integrating transportation system of vehicles, commerce, transit, and the road itself.

Participated in International City/County Management Association committee meetings in Bangalore, India, including visits to Infosys, a global information technology firm.

Attended first India Entrepreneurs conference, TiE, in Southfield.

### **Conclusion:**

Continued efforts involving economic development are vitally important to Novi's future. While maintaining tax values, retention efforts continue to be a major focus during current economic times. Goals achieved allow for greater flexibility for establishing future ties to the local business community and the international client base.

## **OTHER 2008 RESULTS**

### **Marketing:**

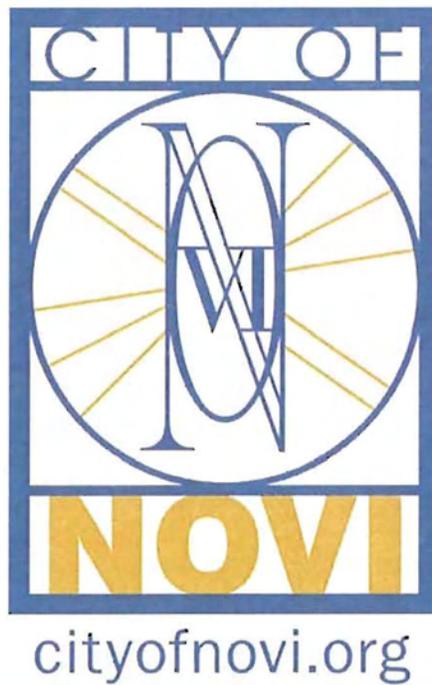
- **InvestNovi.org** -- a website dedicated to economic development was launched in 2008. The site allows ease for site selectors to view pertinent information about Novi and also provides the local business community a venue to announce and promote accomplishments and events.
- Through a partnership with the Art Institute of Michigan, a marketing folder was designed and produced for the purpose of having a professional and consistent presentation for attracting new business to Novi.
- Continued production of Corporate Review, Update Novi, and Faces and Places allows local businesses the opportunity to showcase their goods and services to the general public. Both programs have been excellent and inexpensive retention tools for business.
- Participated with Oakland County as a booth volunteer for the national Brownfield Conference at Joe Louis Arena in May, 2008.
- Ara and Cindy nominated several local small and large businesses to receive awards through *Corp!* business magazine. The winners include: Ryder System, ITC Holdings, Emagine! Theatre and Cityscape Architects.

- Oakland County Publication, Community Profile to be delivered in January 2009

Film Office:

- Through the Venture Team – Hollywood Novi and led by the Economic Development Manager and Fire Marshal, a comprehensive plan was put together and implemented to have Novi become a film friendly community. This included text amendments to current ordinances which effect filming in Novi, opening the Novi Film Office through investnovi.org, and creating a database for Novi residents that are interested in becoming extras currently has 550 entries.

# 2009 City of Novi Economic Development Recommendations



## **2009 and Beyond ...**

As Novi has seen a reduction in new construction projects, focus for 2009 will be to think locally with a retention and expansion focus. Structuring activities that can assist the already 1,600 businesses located in Novi is vitally important to retain the growth we have experienced over the last few years. It is important to assist these businesses when possible with the desire to spark additional development down the road when there are attraction opportunities to be had.

### **Expansion, Attraction, and Retention, Strategy #1.0**

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

1. Focus on major employers in Novi with personal retention visits and support (linking to resources) to our existing Novi businesses. Results will be tabulated in ACT! software and quarterly report to be provided.
2. Utilization of a new marketing package for use in attraction efforts.
3. Attraction efforts opportunities in intelligent transport systems (ITS) & logistics (capitalizing upon Aerotropolis initiative) firms.

ITS has an estimated \$12.5 billion market worldwide by 2010 according to New Report by Global Industry (December 2007). At the same time, given that this is a field in its early stages, there is no absolute about growth or direction of the market. The point is that we have an opportunity as a region to be "early in" developing a concerted effort to be one of the early backers of a market cluster and not chasing after players in a developed market with ITS World Congress Impressions and Opportunities for Economic Development established roots elsewhere. Novi and southeast Michigan have untapped advantages to have a large presence in the ITS market.

- a) Capitalize and promote the ITS-Michigan Annual Meeting at Rock Financial Showplace (May 12-13, 2009).
  - b) Facilitate meetings between economic development expertise with the educational/technical expertise ITS-MI, U of M Transportation Institute.
  - c) Quantify and identify the talent advantage of the region for engineers and separately for engineers with ITS experience. Build an education and awareness program for existing engineers to gain ITS experience.
4. The City of Novi is committed to a mini-corridor study of 1-96 (from 1-275 to Wixom Road). The study warrants serious consideration to use ITS techniques. As the application rises to list of early possibilities as expensive widening options are not realistic. More appropriate will be signage, signals, timing, and targeted work to move traffic more quietly and safely.

*Ongoing strategy; Quarterly (April, August, December) reports (Ara T and Cindy U)*

### **Incentives, Strategy #2.0**

On July 28, 2008, Council adopted a strategy for participating in Hi-Tech MEGA projects. Funds will be allocated for public infrastructure improvements such as drive approach, road curb-cuts, pervious asphalt, traffic signage and/or bioswale/rain garden, to be determined upon submission

of a final site plan. Review of MEGA projects with status on businesses that received local contribution.

*Ongoing strategy; Updated report by December 31, 2009 (Ara T)*

**Internal Structure of Neighborhood and Business Relations Group, Strategy #3.0**

- a) It is recommended that a yearly meeting (at the end of the mainstream construction season) between Community Development and local developers take place to allow for continued evaluation of Novi's plan review process and to obtain feedback and suggestions for continued improvements.

*By November 1, 2009 (Ara T and Steve R)*

- b) Participant survey is important to Community Development and to understand and recognize the issues concerning the 1,600 local businesses in Novi. Creation of an online survey and allowing for businesses to identify issues they face on a normal basis will help identify future goals for the Business Relations Group.

*By August, 2009 (Ara T, Cindy U and Steve R)*

**Marketing, Strategy**

- a) **Promoting investnovi.org website, Strategy #4.0**

Investnovi.org was created as both a search engine for site selectors to learn more about the Novi business climate and also for the local business community to communicate its accomplishments. Visibility of this site is vital for its usefulness.

*Ongoing strategy; Updated report by June, 2009 (Ara T)*

- b) **Distribution of Why Novi? DVD and Marketing Package, Strategy #4.1**

Promotional visits to the local large realtor/broker firms including CB Richard Ellis, Friedman Real Estate Group, Grubb & Ellis, Signature Group and Colliers International will be conducted. Visits will include distributing the DVD and marketing package to these firms.

*Ongoing strategy; Updated report by April, 2009 (Ara T)*

- c) **Advertising, Strategy #4.2**

Advertise and promote InvestNovi.org in a national publication, SITE Selection. The magazine is mailed to over 44,000 high level site selectors around the globe and this issue (January/February, 2009) will focus on Michigan with additional distribution to four trade shows, three of which are overseas.

*By January, 2009 (Ara T)*

- d) **Business Recognition Awards, Strategy #4.3**

The Business Recognition Awards program will continue into 2009 with a small task force consisting of members from the EDC, Chamber, and local media (Novi News).

Awards will be given to five local (small and large) businesses with a reception and special awards presentation form City Council.

*By October 31, 2009 (Ara T and Cindy U)*

#### **Business Assistance Teams (BAT), Strategy #5.0**

BAT visits have been very successful in Novi with a total of 57 visits since inception. New goals for future visits involve restructuring and creating specialized business visits to the small business community.

1. Increase BAT visits to monthly with a minimum of 50 visits in 2009.
2. Create additional BAT teams that will allow for the ability to increase involvement of local business professionals and targeted industries. It is suggested that each BAT team contain a certified public accountant.
3. Prior to any BAT visit, a biography sheet of BAT professionals will be furnished to the business along with advance questions that will be discussed in order to make the most of each visit.
4. Notifications of all future BAT visits will be done via email.
5. Measure results by compiling information that would include business name, type of business, issues that a business faces, recommendations given, and feedback from the business.

*Ongoing strategy; Updated Quarterly (April, August, December) reports, 2009 (Cindy U)*

#### **Retail Signage Issues for Ordinance Review, Strategy #6.0**

Retail businesses have indicated difficulties with Novi's sign ordinance, such as the ability to allow additional signage promoting an event or special offer from the store. It is proposed that "Sandwich Saturday," the first Saturday of the month, businesses will be allowed to have a sandwich board in front of their business.

*By February, 2009 (Cindy U)*

#### **Coffee & Conversations, Strategy #7.0**

Focus on five future seminars will carry the thinking locally theme and pertain to present day issues businesses are experiencing. Programming will include sessions on updating a resume', marketing your company on the Internet, and understanding unemployment (co-sponsor with Michigan Works!)

*Ongoing strategy; Updated report by December 31, 2009 (Cindy U)*

#### **Economic Development Certification CEcD, Strategy #8.0**

Through the Michigan Economic Development Association (MEDA), courses and testing to become a Certified Economic Developer (CEcD) will become available for 2009-2010. This will reduce the overall cost of travel expenses and speed up the overall process of becoming certified. Expenses would be over a two-year period. There are 5 remaining courses. Courses range from two to three days in length and there is a written and oral exam at the end of the

process. The cost will be at a discounted rate of \$2500 per person for the remaining courses. (This is a \$600 savings due to IEDC membership).

*Ongoing strategy; Updated report by June, 2009 (Ara T and Cindy U)*

#### **Film Office, Strategy, #9.0**

As film companies utilize Novi as a location shoot, a compiled list of Novi business resources will be available on the Novi Film Office website ([www.investnovi.org/film](http://www.investnovi.org/film)) and available as a PDF download.

*Report by March 1, 2009 (Ara T)*

#### **Small Business Expo, Strategy #10.0**

The City of Novi and the Novi Chamber will partner to host and organize a small business to business expo.

*By Spring, 2009 (Cindy U)*

Appendix A

2008 MEGA Projects Approved for Novi Involving Incentives									
Business	Jobs before MEGA	MEGA Approved Date	Direct Jobs to Novi	Indirect Jobs throughout Michigan	Total Jobs	Avg. Weekly Wage	Local Novi Participation	ESTIMATED Value of Investment	Note
Brembo North America*	--	May, 2008	--	--	--	--	--	--	
Harman Becker Systems	100	July, 2008	135	140	275	\$1,450	\$5k / Public Infrastructure Improv.	\$10 M	Expan/Consolidation
Mando North America	51	Sept. 2008	101	106	207	\$1,544	\$20k / Infrastructure Impr.	\$17.5 M	Expan/Consolidation
Howa Holdings USA	2	Nov. 2008	25	27	52	\$1,545	None	\$712,000	Expansion
Kongsberg Automotive	114	Dec. 2008	58	55	113	\$1,086	None	\$875,000	Expan/Consolidation
Global Wind Systems	0	Dec. 2008	356	451	807	\$1,095	None	\$32.3 M	New
Novixus, LLC	0	Dec. 2008	192	236	428	\$1,323	\$4k / Training Facilities	\$3.4 M	Expansion
* Located in Plymouth, MI									