ANNUAL REPORT | 2020



Sault Ste. Marie

ECONOMIC DEVELOPMENT CORPORATION

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@SSMEDC

SANDERSON FIELD AIRPORT

SandersonField.com | @SandersonField

OUR MISSION



The Sault Ste. Marie Economic Development Corporation is dedicated to bringing prosperity to the City through economic growth in all industries with the expansion of current businesses and the attraction of new ones. We help entrepreneurs take their ideas and turn them into realities, whether they are creating something entirely new or looking to grow an existing business. We are dedicated to our community and value the businesses that bring economic prosperity to the Sault.

DIRECTOR'S REPORT



I think we can all be thankful that 2020 is now history and look forward to 2021. The EDC is pleased to provide the Economic Development Corporation's annual report for this past year. Through the many new challenges that were presented to us, we managed to bring new opportunities and jobs to our amazing city. I hope you enjoy this annual report.

One of our goals identified for 2020 was to market and lease our Industrial Incubator on Easterday Avenue. Our efforts proved successful, as we entered into a 3-year lease with Bay Mills Community College (BMCC), which will generate $85,000+/year. This building is now home to Great Lakes Composites and Pro-Metrics. BMCC is providing much-needed upgrading and renovations and should be fully occupied in the coming weeks. We are looking forward to a long and successful partnership with these ventures.

Another goal for 2020 was to promote and market the former K-Mart site. Although the COVID crisis delayed the investment community, we have been in discussion with a development firm that has created re-use designs for a multi-use facility. We hosted weekly progress meetings, and we are hopeful that our efforts are successful.

There were several economic stimulus efforts in 2020, and the EDC administered three rounds of funding for local businesses. Partnering with the County EDC and EUP Regional Planning, over a million dollars was distributed in Chippewa County. We are thankful to the Michigan Economic Development Corporation for the funding and we stand ready for additional programs in 2021.

We were pleased to welcome Superior Forensic Engineering to our family of businesses in the EDC SmartZone. Jon and Kristi Olson provide forensic testing on automobiles of all makes. Their growth in our city and partnership with our University will lead to high-tech skills for our students.

Our community was once again recognized by the University of Michigan as an honored Michigan Community, compared to such cities as Marquette, Petoskey, Traverse City, and other cities. It is awarded annually, as Sault Ste Marie does many of the things that attract and retain businesses. This is the seventh year that we were recognized!

Crain's Detroit, a highly recognized publication did a series of reports about our community, which included several outstanding businesses and the EDC. We are appreciative of the positive message that was relayed state-wide and thank them for spending a few days in our town.

The Soo Locks Project is progressing, and we are working with the Corps of Engineers and General Contractors to identify their many needs. We established the Soo Locks Workgroup, which consists of local leaders of the community. We meet monthly to discuss how we can best assist with the project, incoming firms, and ensure that our local workforce is considered for employment.

In closing, we would like to wish Bob Matson all the best. Bob recently "retired" from our Board of Directors after 30+ years of service. We will miss his quiet leadership and extensive knowledge. Thank you, Bob! I would also like to thank Shane Miller and Greg Collins for being our City Commission liaisons.



The Year in Numbers

$165,478

funding secured to carry out projects including:

- $9,691 Grant Admin #2
- $4,334 EGLE Tire Grant
- $25,000 MEDC Site Grant
- $3,414 UPCDC EDO support
- $20,000 SBDC/GVSU BAF
- $30,000 MEDC Gateway
- $73,039 SSMart transfer

56%

increase in the number of people who utilize our coworking options at the SmartZone. Coworking is a growing trend and shows potential as a revenue source and entrepreneurial asset for our community.

#56

of meetings this year

- 10 Airport Advisory Board
- 9 EDC Board of Directors
- 8 Brownfield Redevelopment Authority
- 10 Economic Resource Alliance
- 10 Soo Locks Workgroup
- 2 Legislative Workgroup
- 2 Manufacturers Alliance
- 3 Local Development Finance Authority
- 2 Tax Increment Financing Unit 3

BOARD OF DIRECTORS



DR. RACHAEL MCCOY
Chair,
Bordertown Chiropractic



KELLEY BUNKER
Vice Chair,
Sault Machine Works



DAN DASHO
Secretary,
Retired
Cloverland Electric



JIM DEVAPRASAD
Treasurer,
Lake Superior State University

Thomas Veum | Veum Law Offices
Rob Landis | Central Savings Bank
Tim Ellis | Radio Eagle 95.1 FM
Gary Sharp | Old Mission Bank
Shane Miller | City Commission Liaison

This year saw the retirement of board member Bob Mattson. We also said goodbye to Steve Glezen, a long-standing board member, after his passing in March. We are grateful to both for their time and dedication to the community.

EDC STAFF



JEFF HOLT
Executive Director



TRACEY LAITINEN
Operations Manager



GENEVIEVE SMITH
Communications Coordinator

2020 HIGHLIGHTS

Although the COVID-19 pandemic greatly limited our events and workshops this year, the EDC found new ways to engage with the community and carry our our mission of expanding and the local economy and fostering an economic spirit in the Sault.



January: our U.S. Coast Guard Vinyl Program continues to grow as new businesses join to show their support for our local Coast Guard community, many offering discounts.

February: the Soo Locks Workgroup is created. This subgroup of the Economic Resource Alliance meets monthly to maximize the economic impact of the Soo Locks reconstruction project in our area.

March: the Sault EDC hosted Sault High School's CTE Business Administration class for a tour of the SmartZone and a presentation that covered the fundamentals of economic development and starting your own small business.



March: the Sault EDC welcomes Superior Forensics Engineering to our SmartZone business incubator.

April: collaboration with the Chippewa County EDC, the Eastern Upper Peninsula Regional Planning and Development Commission, InvestUP, and MichiganWorks! to administer the Michigan Small Business Relief grant.

May: Work begins on LSSU's new Center for Freshwater Research and Education **(**CFRE**)**. Current projections have the building ready to open in 2021. The EDC continues to assist in Brownfield funding through a $1 million grant and $1 million loan.

June: the EDC works with local businesses to create "Welcome Binders" to distribute to incoming Coast Guard families. These binders include pamphlets, brochures, menus, contact sheets, and more from local organizations.



June: The EDC, as well as several other local businesses and organizations, is interviewed by Crain's Detroit Business magazine, a statewide publication. A collaboration with EUP Intermediate School District, along with other partners, modified the previous Freshman Manufacturing Day into a virtual video library.

July: collaboration with the CCEDC, EUPRPDC, and MiWorks to administer the second phase of the Michigan Small Business Restart Grant.

August: Assists AgX Imaging in obtaining a $25,000 MEDC site readiness grant



August & October: through a grant obtained from EGLE, the Sault EDC and the City of Sault Ste. Marie co-hosted two City-Wide Tire Disposal Day events.

September: our Industrial Incubator is leased in full to Bay Mills Community College for a three-year term.

October: Sault Ste. Marie is recognized by the University of Michigan in their annual eCities study. This is the seventh time the city has been recognized through the efforts of the EDC.

December: collaboration with the CCEDC, EUPRPDC, and MiWorks to administer the third phase of the Michigan Small Business Restart Grant.

THROUGHOUT THE YEAR...

The EDC hosted the Upper Peninsula Regional Blood Center for blood drives at the SmartZone in May, July, and October. The EDC also continued to plan for future redevelopment projects through investing $4,000/year into a savings account. Progress to maximize the benefits of Foreign Trade Zone 16 in Chippewa County continued throughout the year, and we worked to modify LDFA geography and extend TIFA.

OUR SMARTZONE TENANTS

Both Cardinal Plumbing & Heating and DPenzTech Consulting graduated from our SmartZone program this year. Although it is sad to see them go, it is always exciting to see our partners grow and expand. The SmartZone currently houses six business and has five office spaces plus light manufacturing space available to rent.

NORPRO is an Ontario based firm that began as a security company in 1980 and has since expanded to include technology, IT, maintenance, and business support solutions. In 2018, the company further expanded operations to become an international brand, with their first office in Sault Ste. Marie, MI. In the States, they serve as an innovative company, providing dynamic solutions to their customers. In 2020, NORPRO employed one full-time and one part-time employee and worked with multiple local contractors.

Osprey Technologies is a design and analysis engineering firm specializing in composite structures. Osprey employs 2FT and 2PT staff.

Superior Forensics Engineering, LLC was established in 2011 with the goal of providing enhanced automotive and forensic engineering expertise for a diverse group of clients and their products. They offer a wide range of services and design analyses to meet the unique requirements for each case. The Sault Ste. Marie location has 2 FT employees.

Ideas Production LLC is an engineering firm that serves a parent manufacturing firm in Alpena, MI. They chose to come to the SmartZone so they could work with engineering students at LSSU and Ontario partners. The SmartZone office currently has 6 employees, two of whom are PT.

Omni Metalcraft Corporation is a materials handling and custom metal fabrication manufacturer based in Alpena, MI. In 2018, they expanded their Engineering and Project Management resources to the Sault Ste. Marie area and opened an office in the SmartZone to work with LSSU and bring aspiring engineering talent into their growing organization. The SmartZone location currently employs 2 full-time and 2 part-time workers.

SIS Manufacturing: The Sault SmartZone is home to the company's U.S.-based corporation. Future plans are to increase U.S. operations and manufacturing. They currently have 1 full-time employee.

BY THE NUMBERS:

employed this year

12 full-time

7 part-time

19 TOTAL

OUR FACILITIES

The Sault Ste. Marie EDC guides individuals through the process of establishing their business. Our SmartZone incubator, located on Meridian Street, provides start-ups with the opportunity to rent office space for their growing business. The mission of the SmartZone is to provide high-quality and economical product development services for entrepreneurs and businesses throughout the region by providing access to current manufacturing facilities, business training programs, and skilled industry personnel.

SMARTZONE



Suite 104: Bay Mills Community College
Suite 106: (available)
Suite 107: Superior Forensic Engineering, LLC
Suite 108: (available)
Suite 109: (available)
Suite 110: The SIS Group
Suite 111: Norpro
Suite 116: Jeffrey Holt, EDC Executive Director
Suite 117: Tracey Laitinen, EDC Operations Manager
Suite 118: Conference Room
Suite 121: I_2P, LLC
Suite 122: (available)
Suite 127: Superior Forensic Engineering, LLC
Suite 128A: Osprey Technologies
Suite 128B: (available)
Suite 128D: (available)

BAY MILLS Community College

In September, Bay Mills Community College rented the entire 25,500 sq. ft. of our Industrial Incubator. This will serve as the new location for the Great Lakes Composites Institute, Prometrics, and Pearson Vue. This lease will generate almost $7,000/month.



INDUSTRIAL INCUBATOR

SOCIAL MEDIA

The EDC continues to look for new ways to maximize our digital presence. We are happy to report that our four social media platforms have all grown throughout 2020. In the past year, our Facebook following increased by 72% while August saw our post with the second-highest organic engagement since the page was created in 2016. Our August post announcing the arrival of KFC in the Sault reached 39.7k people and was shared 532 times, making it our post with the second-highest engagement since our Facebook was created in 2016. We continue to build our presence on Instagram, where followers have increased 60 %.



NEWSLETTER

The EDC E-newsletter has a monthly circulation of 1,618 readers. The average open rate for our content is 33%, exceeding the industry average by 11%.

IN THE MEDIA

MARKETING SUCCESSES

- This year we received formal offers for several lots in our Air Industrial Park and anticipate future offers in teh Industrial Park.
- After one year of vacancy, our Industrial Park Incubator was leased to Bay Mills Community College (BMCC) for Great Lakes Composite Institute, Prometrics, and Pearson Vue.
- This year saw the arrival of two new tenants in the SmartZone, Superior Forensics Engineering and BMCC.

WEBSITE

SaultEDC.com has seen an increase in traffic throughout the past 12 months. Total site sessions for 2020 exceed 5,000 with over 3,000 unique visitors and an average use time of 5 minutes. Through regular website updates, streamlining the visitor experience, and improving SEO, we hope to keep these numbers on the rise throughout 2021 (and beyond).

NEWS & RADIO

Our Executive Director is a monthly guest on Radio Eagle's morning program and also appeared on WSOO three times to discuss business relief grants. He was also interviewed by 9&10 news two times to discuss the impact of the I-500 on the local economy as well as COVID-19 and its effects on small businesses. The SmartZone was additionally part of a series published by Crain's Detroit Businesses on business in Sault Ste. Marie.


Sault Ste. Marie SmartZone supports tech startups, broader community

SANDERSON FIELD MUNICIPAL AIRPORT: 2020 IN REVIEW

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FUEL STATS

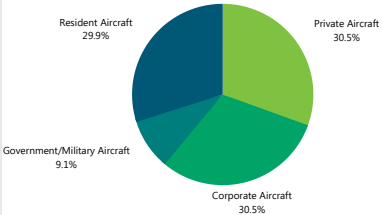
Total AVGAS Sales: 7,106 gallons
Total JET A Sales - 6,965 gallons
Based ACFT - 14 (all single engine)

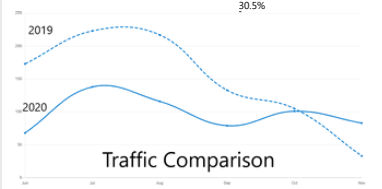
2020 GROWTH & HIGHLIGHTS

- The Sault Ste. Marie International Seaplane Base was officially recognized by the FAA. The base (which sees 100+ visitors each year!) also received upgrades throughout the summer including new signage and paint touch ups to make the MI8 identifier visible from the sky.
- Increased partnership with City Department of Public Works, utilizing internal workforce to service equipment and install signs. The purchase of a large self-powered, loader mounted snowblower marked the first partnership between the airport/EDC and City Street Department. The two departments spilt the cost 50/50 at $75,000 each.
- Prior to the COVID-19 pandemic, Great Circle Aviation Services continued to offer aircraft maintenance and repair classes to the community. Although postponed, classes will resume when it is determine safe to do so.
- GCA hosted a transponder certification technician in August. Pilots from all over the eastern Upper Peninsula flew in to attend the event.
- Worked with Prein & Newhof to develop a new Storm Water Pollution Prevention Plan. Staff became Storm Water Certified. New 5-year permit was received.
- Progress continues on certifying the airport as a Part 145 repair station with the FAA
- Rekeyed property and added additional security cameras
- Work began on decalling the airport courtesy cars
- Continued to market vacant lots in Air Industrial Park



485 Total Flights





New Hires

This year, our Fixed-Base Operator, Great Circle Aviation Services, LLC hired three new, year-round employees to assist with airport operations. Alecia Stephens began as a part-time employee and is now the full-time Lead Aircraft (A&P) mechanic. Phil Kostelyk works as an A&P, and Orlando Garibay is a FT Equipment Operator/Mechanics Helper. Having additional staff has enabled the team to work on several aircraft at once.

Great Circle Aviation Services

Sanderson Field is an asset to the City of Sault Ste. Marie. Through services offered and jobs provided, the yearly economic impact exceeds $1 million. For every dollar spent in 2019, the airport had a $37 return on investment. In 2020, this ROI increased significantly to $97 for every $1 spent. -MDOT Office of Aeronautics CBA

GROWTH & HIGHLIGHTS, CONTINUED:

- Continued discussions with MDOT Office of Aeronautics and the Federal Aviation Administration on the potential to join the the NPIAS (National Plan of Integrated Airport Systems) and secured letters of support from both Bay Mills and Sault Tribes.
- Compiled information from board members, airport documents, and old newspaper clippings to create a history page for the Sanderson Field website
- Type I Deicing was added to the services offered at the airport
- Staff attended the Michigan Association of Airport Executives conferences and received annual AV Fuel Training
- Sanderson Field's website saw a 70% increase in traffic over the past year. The site had a total of 2,159 visits, with 1,847 unique visitors that surfed an average of 2 minutes per visit. Facebook likewise saw an increase, with an end-of-year total of 297 followers.
- Work continues to regain MDOT Aero funding for rural airports to complete our taxiway project, at 4.7 million dollar endeavor, at a 90:10 ratio
- Continued planning for Phase II renovation of airport terminal that is set to take place in 2021-2022.



@SandersonField | @SooPilots

SandersonField.com

Compass Rose Restoration Project





On Friday, September 11, the Northwoods Chapter of the Ninety-Nines gathered at Sanderson Field airport to repaint the weathered compass rose and enjoyed a luncheon hosted by Great Circle Aviation. The Ninety-Nines is a non-profit organization of women pilots that was founded in part by Amelia Earhart nearly 100 years ago, in 1929. The tradition of "airmarking," or, identifying airports to pilots, has been a central ambition to the organization since the 1930s.

The Northwoods chapter of the 99s is comprised of pilots from northern Michigan, eastern Wisconsin, and Sault Ste. Marie, Ontario. In continuation of 99s tradition, the group has added compass roses to several airports in the region, including Escanaba, Iron Mountain, Tomahawk, and of course, Sault Ste. Marie.

COVID & BORDER CLOSURE

485 Total Aircraft Transited Sanderson Field in the last year. Of those, flight purposes were:
84 Business
239 Recreation (or personal travel)
64 Medical
44 Military or other governmental purposes
27 Customs Clearance
27 Training (flying lessons)

For contrast, these are the figures for the last six months of 2019:
513 Total Aircraft Transiting KANJ, comprising-
263 Private Aircraft
180 Corporate Aircraft
19 Government Aircraft
51 Resident Aircraft

In the final six months of 2019, 130 aircraft of Canadian or other foreign nation registry transited the airport or 25% of the total aircraft transiting during that period. In the entire year of 2020, only 6 non-U.S. registered aircraft transited or 2.3% of annualized 2019 numbers. Additionally, fuel sales for the 2020 calendar year were 26% of the annualized fuel sales for the 2019 calendar year.

Total persons transiting the airport for 2020 was 1,129, versus 1,275 for the last six months of 2019. Medical and military/governmental flights track roughly the same in both 2019 and 2020. All other types of flights were substantially reduced in 2020. Closures and other curtailed activities due to the coronavirus are the sole reason for these reductions.



In January 2021 Sanderson Field was covered in a 2-page feature article that went to all of Cloverland's membership in the Upper Peninsula. The marketing coverage was expansive and would have cost several thousand dollars.

Our Airport Authority Board & Fixed Base Operator

Thomas Veum | Veum Law Offices & Pilot | Chair
Jerry Jones | Resigned as of January 1, 2021 *PENDING*
Fred Smith | Smith & Co. Real Estate & Pilot
Terri Wolski | Retired Teacher & Pilot
Jim Cloudman | R&B Electronics & Pilot
Bill Munsell | Retired LSSU Finance Officer
Tom Brown | Airport Manager & Pilot
Greg Collins| City Commission Liaison
David Waite | Fixed Base Operator

CHALLENGES AHEAD & PLANNING FOR THE FUTURE

The COVID-19 pandemic has brought a slew of unprecedented challenges for the entire community. in the year-end traffic report from the International Bridge Administration, traffic for the calendar year was at 340,318 which represents an annual decrease in traffic of 74.9%. Local businesses took an exceptional hit with stay-at-home orders, the closure of the Canadian border, and the resultant loss of business from both local and international patrons. Border closures additionally limited activity of the Bi-National Alliance and Twin Sault's development projects, such as last year's Business Beyond Borders conference. Stateside, the EDC was forced to postpone several annual events, including our business development workshops and our October Manufacturing Summit. Sanderson Field Airport saw a notable decrease in air traffic and likewise was forced to postpone events, including the weekly Aircraft Maintenance and Repair courses, and annual events such as Young Eagles Day and the Airport Open House and Movie Night.

Within the SmartZone, infrastructure remains lacking for incoming manufacturing businesses. As more manufacturing tenants move in, it is likely that we will need to share in additional costs as they lease out manufacturing space. We also need to find new ways of clearly defining the individual manufacturing spaces located in the back of the building, which is currently an open concept layout.

Our LDFA shortfall continues to be funded by TIFA III. Dark store cases and principal homestead exemptions continue to reduce any programmatic funding. The EDC has been able to rely on the Business Accelerator Fund through Michigan's Small Business Development Center and MEDC's Gateway Grant to continue to assist clients.

Issues facing the airport include limited hangar space (currently leased at 100% capacity) and funding the taxiway reconstruction and extension, a crucial upgrade estimated to be a $5 million project. We are also looking to continue phase II of the terminal renovation project, which will add a pilot's area, a separate board room, and a storage room, as well as general painting, lighting, and flooring upgrades. We would also like to see the reinstatement of flight lessons and have planes available to rent. We will continue to discuss the lack of funding that's provided by MDOT Aero for General Aviation airports with Aero leadership and elected officials

Our projects on the horizon include further development of the newly expanded Foreign Trade Zone — marketing, educating local business owners, and potential state and federal funding. Of course, we will continue to advertise our temporary office spaces for lease with the goal of filling our SmartZone. While the Industrial Incubator at 1301 West Easterday is currently rented, the sale of this aging facility may alleviate the cost of larger repairs in the future.

We have partnered with the Chippewa County EDC to complete a Housing Market Study for our City and County. This should be completed by the end of February and will give us a clear understanding of our current and future housing needs.

