



SAULT STE. MARIE SMARTZONE

LEAD ORGANIZATION

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AUTHORIZED BY
SAULT STE. MARIE CITY COMMISSION
June 16, 2008

A handwritten signature in black ink, appearing to read "Anthony G. Bosbous", is written over a horizontal line.

Anthony G. Bosbous, Mayor



**Sault Ste. Marie SmartZone
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Sault Ste. Marie SmartZone BUSINESS PLAN

Executive Summary

The City of Sault Ste. Marie, owner and operator of the State's first industrial incubator, and Lake Superior State University, recipient of a 21st Century Jobs Fund Grant to create an entrepreneurial Prototype Development Center, propose the creation of a SmartZone in Sault Ste. Marie.

Since 1973, the Soo Industrial Incubator has helped a steady stream of clients develop viable businesses. These are the heart of a small but necessary core of industries that support the region. More recently, LSSU created a Prototype Development Center (PDC) to assist entrepreneurs and small businesses develop new ideas into fully functional prototypes for further development, testing, or commercialization. The LSSU-PDC is a collaborative effort between the Michigan Economic Development Corporation (MEDC) and the Michigan Small Business and Technology Development Centers (MI-SBTDC) to strengthen Michigan's economy by enhancing small business and increasing industrial access to University resources. This SmartZone proposal seeks to combine the efforts of the PDC, the MI-SBTDC, and the Sault Ste. Marie Economic Development Corporation and its Soo Industrial Incubator to create a new "Breeder" or industrial accelerator, to seamlessly transition products and processes from inception to commercialization. This will be accomplished by providing a unique SmartZone where clients initially work with the PDC for product development and testing, move to the breeder for business plan and manufacturability analysis, and finally move into the Incubator for commercialization and business launch.

The PDC is unique in the state of Michigan, in that it provides a wide range of university based services to businesses and entrepreneurs for product development. While the PDC has been able to demonstrate design feasibility of new products through prototyping, and the Soo Industrial Incubator has been able to provide a range of incentives and facilities for companies that have proven production processes and markets, there is a gap between these two levels - a "design for manufacturing" or Breeder evaluation stage that will carry the prototype to sufficient detail so that all production inputs and processes can be articulated. Typically, these manufacturing issues include material selection, machining processes, final product quality desired, production cycle time, buy/build considerations, user interface, etc.

In addition to expert LSSU and SmartZone staff to guide this "design for manufacturing" function, the equipment necessary to demonstrate and test manufacturing methods of efficiently building a product on a ramped scale will be provided by LSSU. The nearly \$200,000 of equipment scheduled for the facility's initial use are rapid prototyping machines, 3D scanner, machining centers, electronic assembly systems, robotics, and other automated machines. Analysis will include decisions on effective deployment of modern manufacturing techniques, including automated equipment and robots (LSSU's area of expertise). This "teaching factory" will operate with hands on assistance by the LSSU-PDC and Business School staff. Upon demonstration of feasibility, manufacturing entities emerging from the Breeder will be given priority space in the Soo Industrial Incubator which provides sub-market lease rates to permit a firm to "right-size" its space before constructing its permanent facility.

The financing of the zone will require 15 years of tax increment capture, but on a downward sliding scale. This revenue stream will be supplemented by funding from the existing City Airport Tax Increment Authority (an Act 450 creation). This funding will assist in the operations of the SmartZone as well as financing for the Breeder building. In addition, the City will directly commit nearly 50% of the construction of the Breeder building.



Sault Ste. Marie SmartZone BUSINESS PLAN

Financial Plan

The Sault SmartZone will be developed as a public non-profit entity funded from several sources, including a new Local Development Finance Authority (LDFA) as provided in PA 281 of 1986. The entire City will be designated as the LDFA district, and the two City Industrial Parks, the Sault Industrial Park and the Sault Airport Industrial Park, will be designated as Certified Technology Parks within that district, pursuant to section 12a. of this legislation.

The City of Sault Ste. Marie, Lake Superior State University and the Sault Ste. Marie Economic Development Corporation will be the major partners in the SmartZone and LDFA, with the Upper Peninsula office of the Michigan Small Business and Technology Development Center and the Eastern Upper Peninsula Michigan Works providing significant support and assistance. Other local organizations including the Chippewa County EDC, the Eastern Upper Peninsula Planning and Development Commission and Northern Initiatives will also play important roles.

FINANCING STRATEGIES

The financial plan reflects a two-phase start-up period that will bring the zone to full operation. The existing capabilities of the LSSU Prototype Development Center and the Sault Ste. Marie EDC make this start-up period possible. The City has a long-established Act 450 (of 1980) Tax Increment Development Authority (the Airport TIFA) managed by the Sault Ste. Marie EDC acting as the TIFA Authority Board, that will greatly assist in providing some essential bridge financing until the new LDFA begins to generate tax increments. (With the earliest possible LDFA base year established at December 31, 2008, the first increment will not be distributed until July 2010!) A general timeline will be helpful in understanding the financial plan:

PHASE I

- | | |
|---------------------|--|
| ▪ November 1, 2008 | MEDC announcement of Zone |
| ▪ December 31, 2008 | Sault Ste. Marie LDFA created
Base Year established |
| ▪ March 1, 2009 | SmartZone Incorporated |
| ▪ April 1, 2009 | Airport TIFA amended
Interim Zone Director hired
Interim Zone offices secured
Bridge operational funding in place |
| ▪ May 1, 2009 | Technology "Breeder" Building design plans initiated |
| ▪ June 1, 2009 | Financing secured and finalized for Building |

PHASE II

- | | |
|---------------------|--------------------------------------|
| ▪ July 1, 2009 | Bids let for Building |
| ▪ August 1, 2009 | Bids awarded for building |
| ▪ December 31, 2009 | Building completed |
| ▪ January 2010 | SmartZone offices moves to "Breeder" |
| ▪ Spring 2010 | Permanent Director hired |

FULL OPERATION

- | | |
|-------------|----------------------------------|
| ▪ July 2010 | First LDFA increment distributed |
|-------------|----------------------------------|

During the Phase I and Phase II periods, the SmartZone will be funded and operated through the combined resources of the LSSU Prototype Development Center and the Sault Ste. Marie EDC. As will be noted on the attached Profit and Loss statement, the first 15 months of the Zone's operations will be solely funded through Airport TIFA funding and in-kind services from the Prototype Development Center. Following this start-up period, the Airport TIFA funding will continue to provide support to the zone for several years with an annual financial contribution.

As Full Operation begins in July 2010, the ongoing funding for the Zone will come from the LDFA (along with the above-noted Airport TIFA funds), and with an increasing fee, license and rent/lease income stream. At full SmartZone maturation in 2025, the Zone is planned to be self-supporting through the fee, license and rent/lease structure.

The development of the Technology Breeder building will be undertaken by the City and the Sault Ste. Marie EDC as a key element of the SmartZone. The building is planned as a 20,000 square foot building, and it will be constructed on a lot in the Sault Ste. Marie Air Industrial Park at an approximate cost of \$1,000,000. This building will be financed by \$415,000 in City funds generated by the sale of a City-owned spec. building and set-aside funds from Industrial land sales over the years. The remaining \$600,000 would be financed by a bond issued by the LDFA (Local Development Finance Authority), with average annual payments of \$55,000 over 15 years.

The attached chart "Sault Ste. Marie SmartZone - Tax Increment Projections LDFA" provides detail regarding the estimated tax capture over the 15 year permitted capture period. The top chart shows the background increases and tax increments based on a declining school capture (50% for the first 5 years, then 40% for the next five years, and finally, 30% for the last five years). The bottom chart provides an estimate of additional tax increments that would be added to this background growth based on the creation of one new 20,000 square foot plant with a total of \$3,000,000 capital investment every four years resulting from the incubation of new firms coming from the SmartZone. (This pattern of one new firm every four years is considered a realistic but conservative estimate of what the Zone will help create.) The sum of both the Background and additional increments are shown on the following page.

The attached table, "Sault Ste. Marie SmartZone - Profit and Loss Projections," incorporates the summary projected LDFA tax increments over the 15 year tax capture period. The Income categories also reflect the City commitment of the \$415,000 for the construction of the new Breeder building, as well as the City Tax Increment Authority's annual contributions beginning in the spring of 2009. Beginning in the July 2010-June 2011 fiscal year, the Zone will start to generate fees for the "breeding" or accelerating activities. One project is projected that year. In the following year, there are projected to be three projects generating fees; the next year five projects, then six and seven in the next two years. Beginning in July 2011, we are estimating that part of the space in the building will be used for "Incubator" lease space (the step after successful "breeding" has taken place, and where a company can lease space). The Incubating space is based on the same subsidized rents used by the EDC in the Soo Industrial Incubator at \$3.65/square foot (utilities included). Finally, a developing income stream coming from Licenses resulting from the SmartZone will play a growing financial role in the support of the Zone.

Sault Ste. Marie SmartZone - LDFA Income Summary

Fiscal Year Funds Available	Background Captured Tax Increment Revenues	Additional new Zone Induced LDFA Revenue	TOTAL LDFA Tax Increment Capture
2008-2009	\$0	\$0	\$0
2009-2010	\$0	\$0	\$0
2010-2011	\$75,000	\$0	\$75,000
2011-2012	\$140,500	\$0	\$140,500
2012-2013	\$207,310	\$18,750	\$226,060
2013-2014	\$275,456	\$19,125	\$294,581
2014-2015	\$344,965	\$19,508	\$364,473
2015-2016	\$332,692	\$15,918	\$348,610
2016-2017	\$390,546	\$31,236	\$421,782
2017-2018	\$449,556	\$31,861	\$481,418
2018-2019	\$509,748	\$32,498	\$542,246
2019-2020	\$571,143	\$33,148	\$604,291
2020-2021	\$475,324	\$36,609	\$511,933
2021-2022	\$523,231	\$37,341	\$560,571
2022-2023	\$572,095	\$38,088	\$610,183
2023-2024	\$621,937	\$38,849	\$660,786
2024-2025	\$672,776	\$50,876	\$723,652

On the Expense side, three subcategories highlight the distinct aspects of the zone: 1) the ongoing Zone Administration costs, 2) the Building Operation costs, and 3) the Capital expenses of establishing the new Breeder building and improvements to the Soo Industrial Incubator.

The Zone Administration costs address the management and administration of the zone activities. The projections reflect a contract with the Prototype Development Center for zone management early on before any LDFA funds are available, and would start in April 2009, and extend one year to April 2010, at which time a full-time zone Manager will be hired. In 2012, a second position will be added to the payroll. Normal office, supplies, etc. are provided in the expense detail. Of note, the Zone will contract with the Prototype Development Center for technical support for projects, and with the LSSU Business School for marketing and business planning for the emerging companies and products. Finally, as funding permits, the Zone will acquire specific equipment as needed for the unique needs of the companies and products using the breeder. Grants will be solicited in the early years for the equipment needs to help bridge the financial gap.

Ongoing Building Expenses reflect the normal operating costs of a 20,000 sf facility. The building will be constructed with the maximum use of LEED principles. Line item costs reflect a 30-year understanding of building costs experienced by the EDC in its management of the Soo Industrial Incubator - a similar sized building. Finally, the capital costs of construction of the new Breeder building are identified in the last sub-section of the P&L statement. Bond payments are expected to begin during FY 2010-2011, and will gradually increase from approximately \$40,000/year to \$70,000 at year 15. Allowance is also made in this for improvements to the Soo industrial Incubator in the 2015-2025 time frames, as that facility will be playing a role in the ultimate birth of new manufacturers emerging from the zone.

As prescribed in the legislation, LDFA funds would be used only for SmartZone management and staffing expenses, including marketing and recruitment expenses, and for public infrastructure expenses - the building costs (payment of bonds) and additional equipment for the building, and capital improvements and modernization of the 36 year-old Soo Industrial Incubator Building.

The Profit and Loss Projections fairly reflect the cash flow projections of the facility. Noted at the bottom of the projections is the statement of fund balance at the end of each fiscal year.

There are six tax increments districts in the City: the Airport Property Area (the site of the Air-Industrial Park, and a creation of the Tax Increment Financing Authority); two separate Tax Increment Districts created within the Downtown Development Authority, and three Brownfield Redevelopment Authority Plans. There will be no conflicts with any of these districts - all of the noted tax increment districts are capturing only local tax increments. The LDFA is proposing to capture only a portion of school tax increments, thus there is no conflict. Should any future BRA plans propose to capture school funds, the LDFA would have first priority of the tax capture to the point in time the BRA plan is adopted, and the BRA would then capture the increment above that level.

With the capitalization of the Breeder addressed through the LDFA and the City, the ongoing operational cost of the facility will be able to be maintained by into the future beyond the end of the LDFA. (The Sault EDC has a 36-year history of operating the Soo Industrial Incubator in a self-supporting manner without external subsidy.) Following the end of the 15 year LDFA period, the SmartZone will need to achieve sustainability. While projections as to Income and Expenses that far on the horizon will have a great deal of uncertainty, we expect that an ongoing zone operation can be sustained in the \$360,000 range. Estimated income and expenses are shown below:

SUSTAINING INCOME-EXPENSE

	<u>Annual Post 2025</u>
INCOME	
Service Fees	\$150,000
Rents/Leases	60,000
License Fees	100,000
Other (in-kind, etc.)	<u>50,000</u>
TOTAL INCOME	\$360,000
EXPENSES	
Zone Administration	\$300,000
Building Operations	<u>60,000</u>
TOTAL EXPENSES	\$360,000

Over the years, both LSSU and the City and its EDC will continue to apply for appropriate grants that may assist the Zone, but the basic Zone operations should be self-sustaining without relying on grant programs. There may or may not be the need for future financial operational funds, depending on the success of the Zone's ability to achieve the proposed fee and license streams. The Airport TIFA may be a possible backup source for some administration funds in the future, if needed, and if the TIFA plan is extended appropriately in the future.

Projects coming into the SmartZone will generally start with the LSSU Prototype Development Center (PDC). This center was recently established at Lake Superior State University and provides industries, small businesses, and entrepreneurs with timely and affordable resources to move products, projects, and processes from inception up through the prototype stage. The Center utilizes full-time staff, faculty, and students to address a wide variety of pre-production and pre-commercialization issues. As PDC staff members have worked with clients there have been several occasions where additional services beyond the prototype have been requested. These are generally requests dealing with issues of small production runs, buy/build evaluations, and business/marketing plan support. In order to address these requests and further support Michigan's economy, the "breeder" manufacturing facility within the Sault Sainte Marie SmartZone will be essential. Since PDC operations began in November of 2007 there have been well over thirty client projects that have been evaluated. A number of these projects are in the prototype process and several will soon be ready for the production step. Some of these are from Sault Ste. Marie and Chippewa County existing manufacturers, some are from existing downstate corporations, and others are from entrepreneurs from throughout the State and country. Since the PDC is to be an on-going self sustaining resource at LSSU, the continuous flow of projects will provide a base of projects for the "breeder" facility.

The SmartZone will be working very closely with the Prototype Center in recruitment and attraction, and will be able to leverage LSSU's well known robotics program and the companies that have hired the graduates coming from this program. The projections, as noted above, reflect a conservative number of fee-based Breeder tenants that will grow over the years to perhaps seven by FY 2014-2015. At the same time, the zone will be initiating programs to organize and harness the university's potential for harnessing and licensing new technologies.

ECONOMIC IMPACT TO LOCAL AND STATE ECONOMY

The SmartZone is expected to create a minimum of 230 direct jobs and another 390 indirect jobs in the community (620). A minimum of four 20,000 square foot manufacturing facilities will be created, at a pace of one new plant every four years. The first facility is projected during FY 2011-12, with the resulting new taxes paid in FY 2012-13. Over the subsequent thirteen year period three additional plants of similar size will be established, most likely in the Air Industrial Park near the Breeder. Based on the Sault Ste. Marie EDC's past experience, each plant would likely achieve an average of 55 employees.

Over the thirteen year period, a total of \$6,783,000 in new taxable value would be added to the City tax rolls, and more than \$2,500,000 in new property taxes would be generated. Since it is expected that the new facilities would be sited in the Air Industrial Park, the new local revenues would be captured for the existing Tax Increment District (some of which would be recycled back into the SmartZone). Some of the school taxes would be captured by the LDFA, but nearly \$750,000 would be generated in new non-captured school taxes (local, ISD and SET). The attached "Sault Ste. Marie SmartZone – Tax Impact" table summarizes the tax implications of the projected new growth.

The additional benefits that will accrue to the community as a result of the Zone are significant. While the community is starting to experience some increased interest in new business and manufacturing, the presence of the SmartZone will add a major impetus and a reason to select Sault Ste. Marie over another community in another State that doesn't have this resource. It is well known that Upper Peninsula communities have a somewhat more difficult time in promoting development due to their distance from markets. Endemic high unemployment rates and community stress are difficult to overcome. With the recent

emergence of the LSSU Prototype Development Center, a truly unique entity in the State, the community has a significance opportunity to establish itself as primary destination for breeding new technology and companies. The Zone has the ability to complete the link between the Prototype Development Center and Incubator with this "design for manufacturing" breeder facility.

With the State of Michigan still rebounding from an over-reliance on the automobile manufacturing industry, this SmartZone addresses a prime Michigan goal of diversifying the economy. While there are well-organized sectors concentrations around the State, the small nature of the Upper Peninsula manufacturing base requires a broadly flexible and responsive approach to new technology and new initiatives. The Prototype Development Center and the SmartZone, while focused on electro and mechanical systems, with a strong robotic capacity, the center and the zone will flexible and responsive to all initiatives and development concepts that arise. Partnerships with other State SmartZones for specific projects, especially the Michigan Tech Enterprise SmartZone, will be undertaken.

The SmartZone will complete a missing ingredient in the Sault Ste. Marie economic development portfolio. The Economic Development Corporation operates two City Industrial Parks for the City – both fully-serviced, markets the City-owned industrial land at greatly subsidized rates, operates a 36-year old Industrial Incubator that has graduated several firms into the City Industrial Parks, operates a Foreign Trade Zone, has developed the local airport and the surrounding Air Industrial Park including creation of a Tax Increment Development Authority for that purpose , and created a Brownfield Redevelopment Authority and three BRA plans. In partnership with Michigan Works!, the Michigan Small Business and Technology Development Center, the Downtown Development Authority and the Sault Area Chamber of Commerce, the EDC also initiated the *Sault New Venture Alliance*, an effort to establish the mechanisms for assisting entrepreneurship in the community. With the development of the SmartZone, the entrepreneurship center will neatly fit into the SmartZone's larger mandate, and give tangible meaning and expression to the products that are likely to come out of the entrepreneurship effort.

Sault Ste. Marie SmartZone - Tax Increment Projections LDFA

Calculation of Background Tax Increment Capture

Assessment Year Ending	Current Taxable Value*	Initial Assess Value	Captured Taxable Value	Total School Tax Rate	50% School Rate	40% School Rate	30% School Rate	Captured Tax Increment Revenues	Fiscal Year Funds Available
2008	\$256,000,000								2009-2010
2009	\$262,000,000	\$256,000,000	\$6,000,000	0.0250000	0.0125000			\$75,000	2010-2011
2010	\$267,240,000	\$256,000,000	\$11,240,000	0.0250000	0.0125000			\$140,500	2011-2012
2011	\$272,584,800	\$256,000,000	\$16,584,800	0.0250000	0.0125000			\$207,310	2012-2013
2012	\$278,036,496	\$256,000,000	\$22,036,496	0.0250000	0.0125000			\$275,456	2013-2014
2013	\$283,597,226	\$256,000,000	\$27,597,226	0.0250000	0.0125000			\$344,965	2014-2015
2014	\$289,269,170	\$256,000,000	\$33,269,170	0.0250000		0.0100000		\$332,692	2015-2016
2015	\$295,054,554	\$256,000,000	\$39,054,554	0.0250000		0.0100000		\$390,546	2016-2017
2016	\$300,955,645	\$256,000,000	\$44,955,645	0.0250000		0.0100000		\$449,556	2017-2018
2017	\$306,974,758	\$256,000,000	\$50,974,758	0.0250000		0.0100000		\$509,748	2018-2019
2018	\$313,114,253	\$256,000,000	\$57,114,253	0.0250000		0.0100000		\$571,143	2019-2020
2019	\$319,376,538	\$256,000,000	\$63,376,538	0.0250000			0.0075000	\$475,324	2020-2021
2020	\$325,764,069	\$256,000,000	\$69,764,069	0.0250000			0.0075000	\$523,231	2021-2022
2021	\$332,279,350	\$256,000,000	\$76,279,350	0.0250000			0.0075000	\$572,095	2022-2023
2022	\$338,924,937	\$256,000,000	\$82,924,937	0.0250000			0.0075000	\$621,937	2023-2024
2023	\$345,703,436	\$256,000,000	\$89,703,436	0.0250000			0.0075000	\$672,776	2024-2025

* Current taxable value column reflects estimates based on 2006 total taxable of \$268,788,438 and 2007 total taxable of \$276,948,748 discounted to allow for reduction of personal property values. Estimates are inflated at 2% year

Additional Tax Increment Revenues Induced by SmartZone in LDFA

Assessment Year Ending	New Mfrgr in Zone Market Value	New Mfrgr in Zone Taxable Value	Cumulative Additional Taxable Value	Total New Taxes (\$6 mills)	TIFA (450)** Captured (31 mills)	School Taxes	Non-captured School mills	LDFA* Captured mills	Fiscal Year Funds Available
2008									2009-2010
2009									2010-2011
2010									2011-2012
2011	\$3,000,000	\$1,500,000	\$1,500,000	\$84,000	\$46,500	\$37,500	\$18,750	\$18,750	2012-2013
2012			\$1,530,000	\$85,680	\$47,430	\$38,250	\$19,125	\$19,125	2013-2014
2013			\$1,560,600	\$87,394	\$48,379	\$39,015	\$19,508	\$19,508	2014-2015
2014			\$1,591,812	\$89,141	\$49,346	\$39,795	\$23,877	\$15,918	2015-2016
2015	\$3,000,000	\$1,500,000	\$3,123,648	\$174,924	\$96,833	\$78,091	\$46,855	\$31,236	2016-2017
2016			\$3,186,121	\$178,423	\$98,770	\$79,653	\$47,792	\$31,861	2017-2018
2017			\$3,249,844	\$181,991	\$100,745	\$81,246	\$48,748	\$32,498	2018-2019
2018			\$3,314,841	\$185,631	\$102,760	\$82,871	\$49,723	\$33,148	2019-2020
2019	\$3,000,000	\$1,500,000	\$4,881,137	\$273,344	\$151,315	\$122,028	\$85,420	\$36,609	2020-2021
2020			\$4,978,760	\$278,811	\$154,342	\$124,469	\$87,128	\$37,341	2021-2022
2021			\$5,078,335	\$284,387	\$157,428	\$126,958	\$88,871	\$38,088	2022-2023
2022			\$5,179,902	\$290,075	\$160,577	\$129,498	\$90,648	\$38,849	2023-2024
2023	\$3,000,000	\$1,500,000	\$6,783,500	\$379,876	\$210,289	\$169,588	\$118,711	\$50,876	2024-2025

* LDFA captured mills reflects the 50% - 40% - 30% declining capture noted in above table

** The additional development will also increase tax increments captured by existing Act 450 TIFA district

June 2008

Sault Ste. Marie SmartZone - Profit and Loss Projections

Pre-LDFA Revenue			First 5 Years of LDFA					5 Year							
April-09	June-09	July-09	June-10	July-11	June-12	July-12	June-13	July-13	June-14	July-14	June-15	July-15	June-20	July-20	June-25
INCOME															
City Of Sault Ste. Marie	\$0	\$415,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Airport TIFA	\$20,000	\$100,000	\$160,000	\$175,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$364,473	\$364,473	\$2,398,347	\$2,398,347	\$3,087,125	\$3,087,125
LDFA	\$0	\$0	\$75,000	\$140,500	\$226,060	\$294,581	\$272,000	\$272,000	\$272,000	\$84,000	\$84,000	\$420,000	\$420,000	\$480,000	\$480,000
Fees	\$0	\$0	\$12,000	\$36,000	\$50,000	\$24,000	\$24,000	\$26,000	\$26,000	\$26,000	\$26,000	\$130,000	\$130,000	\$135,000	\$135,000
Leases/Rentls	\$0	\$0	\$0	\$22,000	\$20,000	\$40,000	\$90,000	\$90,000	\$90,000	\$250,000	\$250,000	\$250,000	\$250,000	\$300,000	\$300,000
Licenses	\$0	\$0	\$2,000	\$3,000	\$3,000	\$3,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$20,000	\$20,000	\$25,000	\$25,000
Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$249,000	\$296,500	\$383,060	\$476,581	\$528,473	\$528,473	\$528,473	\$528,473	\$528,473	\$3,218,347	\$3,218,347	\$4,007,125	\$4,007,125
INCOME TOTAL															
EXPENSES															
ZONE ADMINISTRATION															
Salaries/Wages	\$0	\$20,000	\$90,000	\$93,000	\$125,000	\$130,000	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	\$750,000	\$750,000	\$1,000,000	\$1,000,000
Fringes-payroll exp	\$0	\$9,000	\$40,500	\$42,000	\$57,000	\$58,000	\$61,000	\$61,000	\$61,000	\$61,000	\$61,000	\$340,000	\$340,000	\$450,000	\$450,000
Supplies (office)	\$0	\$300	\$1,200	\$1,300	\$1,400	\$1,500	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$9,000	\$9,000	\$10,000	\$10,000
Phone	\$0	\$300	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,400	\$1,400	\$7,500	\$7,500	\$9,000	\$9,000
Broadband	\$0	\$300	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$7,500	\$7,500	\$9,000	\$9,000
Travel	\$0	\$2,000	\$8,000	\$10,000	\$10,000	\$10,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$75,000	\$75,000	\$90,000	\$90,000
Dues and Subscriptions	\$0	\$400	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,400	\$2,400	\$2,400	\$12,500	\$12,500	\$14,000	\$14,000
Contracted Services	\$0	\$3,000	\$5,000	\$5,000	\$7,000	\$8,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$50,000	\$50,000	\$65,000	\$65,000
Accounting-Legal	\$0	\$2,000	\$8,000	\$24,000	\$40,000	\$48,000	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000	\$280,000	\$280,000	\$320,000	\$320,000
ProDevCenter-lech	\$12,000	\$36,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ProDevCenter-adm	\$0	\$1,000	\$4,000	\$12,000	\$20,000	\$24,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$140,000	\$140,000	\$180,000	\$180,000
Business School	\$0	\$200	\$600	\$700	\$800	\$900	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$6,000	\$6,000	\$8,000	\$8,000
Other	\$0	\$200	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,600	\$3,600	\$3,600	\$20,000	\$20,000	\$20,000	\$20,000
Insurance	\$0	\$700	\$8,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$12,000	\$12,000	\$12,000	\$80,000	\$80,000	\$75,000	\$75,000
Marketing	\$0	\$2,000	\$8,000	\$10,000	\$10,000	\$10,000	\$80,000	\$80,000	\$100,000	\$100,000	\$100,000	\$500,000	\$500,000	\$600,000	\$600,000
Machinery-Equipment	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000	\$5,000	\$5,000	\$5,000
Misc and Other	\$0	\$1,000	\$173,700	\$216,400	\$289,600	\$378,800	\$425,400	\$425,400	\$425,400	\$425,400	\$425,400	\$2,248,500	\$2,248,500	\$2,820,000	\$2,820,000
Administration Sub Total	\$12,000	\$78,200	\$173,700	\$216,400	\$289,600	\$378,800	\$425,400	\$425,400	\$425,400	\$425,400	\$425,400	\$2,248,500	\$2,248,500	\$2,820,000	\$2,820,000
BUILDING EXPENSES															
Supplies	NA	\$200	\$400	\$400	\$500	\$500	\$500	\$500	\$500	\$600	\$600	\$3,000	\$3,000	\$4,000	\$4,000
Contracted Service	NA	\$2,400	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$25,000	\$25,000	\$30,000	\$30,000
Bldg. Management	NA	\$600	\$1,400	\$1,400	\$1,500	\$1,600	\$1,600	\$1,600	\$1,600	\$1,800	\$1,800	\$10,000	\$10,000	\$11,000	\$11,000
Snow clearing	NA	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$1,000	\$1,000	\$6,500	\$6,500	\$7,000	\$7,000
Waste Disposal	NA	\$1,000	\$2,000	\$2,000	\$2,000	\$2,200	\$2,200	\$2,200	\$2,400	\$2,400	\$2,400	\$12,500	\$12,500	\$14,000	\$14,000
Janitorial	NA	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$800	\$800	\$45,000	\$45,000	\$45,000	\$45,000
Misc.	NA	\$2,400	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,800	\$2,800	\$2,800	\$15,000	\$15,000	\$16,000	\$16,000
Insurance	NA	\$400	\$1,200	\$1,200	\$1,200	\$1,400	\$1,600	\$1,600	\$1,800	\$1,800	\$1,800	\$9,000	\$9,000	\$10,000	\$10,000
Maintenance-Repair	NA	\$8,000	\$14,000	\$15,000	\$18,000	\$18,000	\$17,000	\$17,000	\$18,000	\$18,000	\$18,000	\$100,000	\$100,000	\$110,000	\$110,000
Gas-Heat	NA	\$3,000	\$6,000	\$6,500	\$7,000	\$7,000	\$7,500	\$7,500	\$8,000	\$8,000	\$8,000	\$40,000	\$40,000	\$45,000	\$45,000
Electric	NA	\$1,200	\$1,200	\$1,400	\$1,500	\$1,600	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$10,000	\$10,000	\$11,000	\$11,000
Water-Sewer	NA	\$18,600	\$34,800	\$36,700	\$38,900	\$41,000	\$41,000	\$41,000	\$44,000	\$44,000	\$44,000	\$235,000	\$235,000	\$303,000	\$303,000
Building Operation Expenses	\$0	\$18,600	\$34,800	\$36,700	\$38,900	\$41,000	\$41,000	\$41,000	\$44,000	\$44,000	\$44,000	\$235,000	\$235,000	\$303,000	\$303,000
Breeder Building construction	\$0	\$415,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Breeder Bond payments	\$0	\$0	\$40,000	\$40,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$275,000	\$275,000	\$305,000	\$305,000
Soc Incubator Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000	\$300,000	\$300,000	\$300,000
Building Construction Expenses	\$0	\$415,000	\$40,000	\$40,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$575,000	\$575,000	\$635,000	\$635,000
EXPENSES TOTAL															
	\$12,000	\$511,800	\$248,500	\$293,100	\$373,500	\$464,800	\$514,400	\$514,400	\$514,400	\$514,400	\$514,400	\$3,056,500	\$3,056,500	\$3,758,000	\$3,758,000
INCOME/EXPENSE															
	\$8,000	\$3,200	\$500	\$3,400	\$9,560	\$11,781	\$14,073	\$14,073	\$14,073	\$14,073	\$14,073	\$161,847	\$161,847	\$249,125	\$249,125
Fund Balance-end of FY	\$8,000	\$11,200	\$11,700	\$15,100	\$24,660	\$36,441	\$50,514	\$50,514	\$50,514	\$50,514	\$50,514	\$212,361	\$212,361	\$461,486	\$461,486

Sault Ste. Marie SmartZone - Tax Impact

Assessment Year Ending	Note	New Market Value	New Taxable Value	Cumulative New Taxable	Total Taxes at 56 mills	Captured in TIFA Local Taxes at 31 mills	Non-captured School mills
2008							
2009							
2010							
2011	NEW Mfgr	\$3,000,000	\$1,500,000	\$1,500,000	\$84,000	\$46,500	\$18,750
2012				\$1,530,000	\$85,680	\$47,430	\$19,125
2013				\$1,560,600	\$87,394	\$48,379	\$19,508
2014				\$1,591,812	\$89,141	\$49,346	\$23,877
2015	NEW Mfgr	\$3,000,000	\$1,500,000	\$3,123,648	\$174,924	\$96,833	\$46,855
2016				\$3,186,121	\$178,423	\$98,770	\$47,792
2017				\$3,249,844	\$181,991	\$100,745	\$48,748
2018				\$3,314,841	\$185,631	\$102,760	\$49,723
2019	NEW Mfgr	\$3,000,000	\$1,500,000	\$4,881,137	\$273,344	\$151,315	\$85,420
2020				\$4,978,760	\$278,811	\$154,342	\$87,128
2021				\$5,078,335	\$284,387	\$157,428	\$88,871
2022				\$5,179,902	\$290,075	\$160,577	\$90,648
2023	NEW Mfgr	\$3,000,000	\$1,500,000	\$6,783,500	\$379,876	\$210,289	\$118,711
					\$2,573,676	\$1,424,714	\$745,155