



## Chapter 4: Local Economy and Market Strategies

### Introduction

A strong diversified economy in Midland and the surrounding region is critical to the well being and future success of the city. Midland has several unique advantages – two Fortune 500 companies' global headquarters, a nationally recognized public school system, and beautiful natural features – that make it a wonderful place to live, work and play. The community draws from several supporting organizations to bring projects together and make them a success. These partners include several local foundations, non-profits and governmental agencies. The City's Master Plan is based on the understanding of a desired economic future for the city of Midland. Through careful thought and planning, Midland can continue to chart its unique course while providing for its citizens and local businesses.

Every community seeks to provide a strong economic base so that its residents can prosper and that community services are available. The residents of the city of Midland recognize the importance of providing for commercial and industrial economic growth while creating additional tax-base and preserving significant natural features for the community. In today's global market place where transportation and telecommunication are no longer major hurdles, start-up companies are realizing that their success is based upon a talented and educated workforce, creative ideas and innovation and the ability to adapt at a rapid pace. As an aggressive and enthusiastic supporter of industrial and manufacturing growth, Midland has the ability to attract and retain businesses which supports the local economy.

### Existing Conditions

#### *Employment Sector Profile*

In 2000, the number of people aged 16 and older in the city of Midland's labor force totaled 20,640. Of the 20,640 members of the labor force, 19,747 were considered part of the civilian population. Table 4.1 shows the number of employees working within each occupation category.

Occupation	Number	Percent
Management, professional, and related occupations	9,124	46.2
Service occupations	2,909	14.7
Sales and office occupations	4,673	23.7
Farming, fishing, and forestry occupations	16	0.1
Construction, extraction, and maintenance occupations	1,153	5.8
Production, transportation, and material moving occupations	1,182	9.5
Total	19,747	100.01

Source: U.S. Census 2000



The Manufacturing sector, while not distinguished in Figure 4.1, has the most employment, followed by the Educational, Health and Social Services, and Arts, Entertainment, and Recreation sectors. From 1990 to 2000, employment in Midland increased 8.3%, resulting in 1,644 new jobs. The Education, Health and Social Services sector and the Manufacturing sector had the same percentage change; the Education sector increased 22%, while Manufacturing saw a 22% decline, resulting in a loss of 1,593 jobs. In part, this trend reflects the departure of Midland's manufacturing jobs to overseas operations, leaner operations and increased efficiency. However, manufacturing is still the largest employment sector in Midland, as it comprises 27.3% of the total employment. These employment trends are similar to many other areas in the county that are seeing similar patterns of increasing service sectors and decreasing manufacturing sectors.

## Future Trends

### *Future Economic Trends and Cluster Development*

Industry clusters are groups of interconnected companies in a particular field that are present in a region. The companies involved in a cluster may include suppliers, service providers and supporting educational facilities. Clusters are typically export oriented and have a regional concentration that is higher than the national average, such as chemicals or plastics in Midland's case. The theory behind clusters is that companies of all sizes can achieve more by assisting one another.



An analysis of these particular companies, considered a cluster analysis, can be useful when describing Midland's current economic status and planning for future growth. However, the industry clusters in Midland do not only refer to the city, but to the entire county. Midland Tomorrow, the county-wide economic development agency, works to develop resources within the community to attract new firms to these clusters in Midland County.

Some states, including Wisconsin and Minnesota in the Midwest, already use the cluster approach in their economic development strategies. While this is not currently a focus for the State of Michigan, Midland and Midland County can begin by identifying their clusters, many of which are already known, and working to establish the existing clusters and foster development of those less established. As referenced in Midland Tomorrow's Service Model, the organization is currently developing resources to attract new firms to the clusters identified and to enhance their retention program to provide necessary resources so that business can continue to thrive in both the City and the County.

### *Future Employment Trends*

In September 2005, the Michigan Department of Labor & Economic Growth published a study on the occupational categories that are expected to contribute to high demand-high wage jobs to the economies of Midland, Bay and Saginaw Counties. This study sorted occupations by three variables; average hourly wage, growth rate, and annually openings (annual growth plus replacement). Occupations that are projected to see growth by 2012 include:



- Management Occupations, especially in the area of Health Services Managers
- Business & Financial Occupations, especially in the area of international business
- Computer & Mathematical Occupations, especially in technology
- Healthcare Practitioners & Technical Occupations

These four occupational categories are projected to produce 3,550 new jobs by 2012 for the Tri-County region. Midland Tomorrow currently works closely with regional educators and job trainers to prepare the local workforce and this should be continued and expanded for growing industries. By further examining the skill sets associated with the occupations expected to grow, Midland Tomorrow can further support the cluster application and its principles.

While the occupations listed are areas of growth, certain occupations are not expected to contribute to a substantial, if any, future job growth. Those include Production Occupations, specifically jobs that are concentrated in the manufacturing sectors and Office & Administrative Support Occupations. Many of the jobs are being lost to outsourcing, increased productivity and improved technology.

### ***Other Trends and Opportunities***

*Downtown Development.* Midland's downtown is the heart of this unique community. With the new minor league baseball stadium, the downtown area is poised for growth. Midland's Downtown Development Authority has been very active in beautification projects, including streetscape improvements and building façade programs. Additionally, the DDA is active in sponsoring events such as the Chili & Salsa Taste-Off, Cruise 'n Car show, Farmer's Market and several sculpture exhibits all of which encouraging residents to take advantage of downtown dining and shopping.

With the creation of the Great Lakes Loons, the minor league baseball team, downtown Midland has even more possibilities for retail growth as well as residential housing and mixed-use opportunities. A recent market study for downtown found a relatively high level of interest in downtown living. While there are currently limited options, the market study outlines suggestions for overcoming barriers such as financing and legal issues, and changes to zoning and parking regulations, and building codes. The City should work closely with the DDA staff and board members to bring to fruition these ideas.

*New Commercial Development.* Midland residents crave increased shopping and dining options, particularly in the area close to the Midland Mall, located on the north side of the city between Eastman and Jefferson. Desired retail opportunities in particular include furniture retailers, men's and women's clothing stores, and diversified family restaurant selections. Proactive marketing of the City and its market opportunities to leaders within these retail sectors can help to get the attention of those seeking new market and expansion locations. The City can be proactive in recruiting new businesses by providing necessary utility infrastructure, well-maintained transportation corridors and a streamlined planning review process, in areas that currently are not development ready.

*The Circle.* The area known fondly as "The Circle" in Midland is home to several unique businesses. The Circle can be defined as the commercial district at the intersection of South Saginaw, Ashman Street and Jefferson Avenue. This commercial area is a proposed Principal Shopping District (PSD) and with boundaries outlined on the proposed PSD map. The PSD designation allows the City to



promote economic development by collecting revenues, levying special assessments, and issuing bonds in order to address the maintenance, security and operation of that district. Additionally, Midland would be empowered through the proposed PSD to conduct activities such as:

- Open, widen, extend, realign, pave, maintain or otherwise improve roads and construct, reconstruct, maintain or relocate pedestrian walkways.
- Prohibit or regulate vehicular traffic or parking where necessary for a PSD project.
- Acquire, own, maintain, demolish, develop, improve, or operate properties, off-street parking lots or structures.
- Contract or appoint agents for the operation or maintenance of city off-street parking lots or structures.
- Construct, maintain and operate malls with bus stops, information centers and other public interest buildings.
- Promote economic development in the district through conducting market research and public relations campaigns; developing, coordinating and conducting retail and institutional promotions; and sponsoring special events and related activities.

Neighborhood Commercial. Several neighborhoods across the City contain old, often dilapidated former commercial use buildings. Many were liquor stores or small grocery stores, as well as some light manufacturing or office. While many have closed with the emergence of shopping malls and the greater reliance on the automobile, there are several possibilities to bringing these underutilized buildings back to life. The City should encourage their reuse and redevelopment to reestablish suitable neighborhood commercial opportunities. The City should encourage the redevelopment of active neighborhoods by maintaining sidewalks and street lights in order to provide safe, clean and maneuverable walkways.

In new residential areas, zoning regulations should be reviewed to allow for and encourage new and appropriate neighborhood commercial uses, consisting of convenience stores and services for residential neighborhoods. It is important to assure the provision of adequate buffering and landscaping to make these uses compatible with a residential setting. The buffering techniques are also important to protect the value and character of adjacent homes.

## **Economic Development Tools**

While the economic trends for Midland project positively for the future, there are several ways a community can ready itself for economic development. Often, communities lacking the necessary infrastructure and transportation system will not even be considered for major projects. Most business site selectors will base initial decisions on factors which include transportation availability, facilities, work force, environmental considerations and community support. To remain competitive, Midland must continue to work to diligently in improving and maintaining the following areas.

Utility Infrastructure. Proper utilities, such as water and sewer, gas and electric lines, waste removal, wireless telecommunication coverage, high speed internet are all necessary for companies.



Companies providing these services include Consumer's Energy and Midland Cogeneration Venture, one of the largest cogeneration power plants in the US. Midland Cogeneration Venture, with a generating capacity up to 1,500 MW, is responsible for about 10% of the electricity used in Michigan's Lower Peninsula.

Transportation. Access to major highways is imperative to the success of any businesses. Midland is conveniently situated adjacent to US-10, which runs east and west. This highway connects with I- 75 15 miles east of the city and with US-27 23 miles west of the city, which each connect with larger cities of Detroit and Lansing, respectively. In addition to the interstate and federal highway, Midland has several state highways that provide access to Mt. Pleasant, Bay City and Saginaw.

Along with the highway system, Midland has access to an international airport, seaport, rail transport and bus service.

- **Airport:** MBS International Airport, located in Freeland, eight miles southeast of Midland, is the fourth busiest airport, in terms of commercial use, in Michigan. MBS is a tri-government facility operated by the City of Midland, the City of Saginaw and Bay County. The City of Midland also owns and operates the Jack Barstow Municipal Airport, located north of U.S.- 10, west of Eastman Avenue.
- **International seaport:** Customs port of entry is located 18 miles east of Midland and is connected by pipelines, rail and limited access highways.
- **Rail transport:** CSX, Inc. and Central Michigan Railroad. Amtrak Passenger Service is available in Flint (approximately one hour away).
- **Bus Service:** Dial-a-Ride bus service is available within the City of Midland. Greyhound Passenger service is available in Saginaw and Bay City (both approximately thirty minutes away).

Education. An educated workforce is necessary for the survival of any industry. According to the 2000 US Census, 41.9% of the population had obtained a bachelor's degree. The high percentage of college educated adults in Midland can most likely be attributed to Dow Chemical's and Dow Corning's workforce (refer to *Table 2.9: Educational Attainment, 2003* for more detail). Many employees of these two companies have often relocated to Midland to take high-tech and other professional jobs. Spouses of these employees also tend to be highly educated and seek highly-skilled rewarding employment locally. Additionally, Northwood University, a private 4-year college is located in Midland and several 4-year public universities are within a 30 minute drive of downtown Midland.



### *Incentives and Enhancement Programs*

Over the years, Midland has employed several economic development incentives that have proved invaluable for attracting and retaining businesses. The use of appropriate incentives is considered essential to the continued nurturing of high-tech and industrial growth and development and the retention and creation of job opportunities. The following list represents the numerous incentive programs and tools available to the city of Midland, many of which are frequently used.

Midland Tomorrow is an integral link in assisting the city with new economic development incentive programs. As the community's "one-stop shop" for economic development assistance, they will be a key partner in improving and maintaining the current industry clusters and workforce.

<b>Program Name</b>	<b>Description</b>
<b>Corridor Improvement Authority (PA 280 of 2005)</b>	The Corridor Improvement Authority Act allows the City to create a district, similar to DDAs, for older commercial corridors along major traffic thoroughfares. The primary "tool" for this authority to promote economic development along designated corridors is the use of tax increment revenues to pay for a variety of improvements within the district. Authorized improvements include constructing or renovating public facilities, such as streets, bridges, buildings, plazas and pedestrian malls, parks and parking facilities. A municipality may establish one or more corridor improvement authorities to revitalize and reinvigorate these commercial areas. This program could be considered for the Saginaw Street Corridor.
<b>Redevelopment of Shopping Areas (PA 120 of 1961, as amended)</b>	Through the provisions of Public Act 120 of 1961, Midland may create a Business Improvement District (BID), Principal Shopping District (PSD) or Business Improvement Zone (BIZ) to promote economic development. A BID/PSD allows a city to collect revenues, levy special assessments, and issue bonds in order to address the maintenance, security and operation of that district. A provision under Chapter 2 of the Act allows a BIZ to be created by private property owners of those parcels in a zone plan within a city or village. In the case of The Circle, PSD designation may be sought to allow the City to collect revenues, levy special assessments, and issue bonds in order to address the maintenance, security and operation of that district.
<b>Brownfield Redevelopment Authority (PA 381 of 1996, as amended)</b>	Under the Brownfield Redevelopment Act, Midland has created a Brownfield Redevelopment Authority in order to develop and implement brownfield projects. The Brownfield Redevelopment Authority is a resource that may use Tax Increment Financing (TIF) and allow developers to apply for Single Business Tax (SBT) Credit incentives. The City has been successful in using this program to assist companies that have contaminated and obsolete properties.



Program Name	Description
<b>Industrial Property Tax Abatement (PA 198 of 1974, as amended)</b>	Public Act 198 of 1974, as amended, is the primary tool local units of government use as an incentive for companies to renovate and expand aging manufacturing plants or to build new plants in Michigan. The City Council grants the abatement, which reduces local property taxes by roughly 50% on new plants. In the case of a rehabilitation project, the obsolete SEV is frozen and the investment on improvements is 100% exempt from property taxes. Abatements cover both real and personal property and can run from one to twelve years, at the option of the local unit. Midland has been very supportive of tax abatements and their benefit to local companies.
<b>Downtown Development Authority (P.A. 197 of 1975 as amended)</b>	Midland’s Downtown Development Authority has been active for many years. The DDA is responsible for drafting a development plan and a tax increment financing plan. The development plan describes the costs, location and resources for the implementation of the public improvements that are projected to take place in the DDA district, while the tax increment financing plan includes the development plan and details the tax increment procedure, the amount of bonded indebtedness to be incurred, and the duration of the program. After adoption of the two plans, the development plan is implemented and the tax increments accrue to the DDA to be used as required by the development plan. The activities of the DDA may be financed by donations, proceeds from the levy of a millage, revenue bonds, tax increments, special assessment or grants. Midland’s DDA currently collects a 2 mill levy on properties in the DDA district and collect tax increment. These funds have been used in a variety of ways, including marketing, providing funds for the Façade Improvement Grant Program, and a downtown market study.
<b>Local Development Financing Authority (P.A. 281 of 1986 as amended)</b>	The Local Development Financing Act (LDFA) allows the city to utilize tax increment financing to fund public infrastructure improvements. The tool is designed to promote economic growth and job creation. Communities across Michigan have utilized this tool to extend sewer and water lines, construct roads, service manufacturing, agriculture processing or high technology operations. This incentive program can be used for new industrial parks or to target specific industries.
<b>Obsolete Property Rehabilitation Act (P.A. 146 of 2000)</b>	OPRA provides for a tax incentive to encourage the redevelopment of obsolete buildings. The tax incentive is designed to assist in the redevelopment of older buildings, in which a facility is contaminated, blighted or functionally obsolete. The goal is to rehabilitate older buildings into vibrant commercial and commercial housing projects.



<b>Program Name</b>	<b>Description</b>
<b>Michigan Department of Transportation Economic Development Fund</b>	The Transportation Economic Development Fund (TEDF) was created to assist in the funding of highway, road, and street projects necessary to support economic growth. The TEDF provides for the distribution of money to counties and municipalities through three formulas and two grant programs. The fund is administered by the Transportation Economic Development and Enhancement Office, which provides a means for State government, local agencies, and business to work together to meet the often extensive and urgent demands placed upon the transportation system by economic development throughout the state.
<b>Michigan State Housing Development Authority</b>	Other grant and loan programs should be explored with a member of the Community Assistance Team.