



City Hall
208 North First Avenue
Alpena, Michigan 49707
www.alpena.mi.us

Planning & Development

AGENDA

City of Alpena Planning Commission

Regular Meeting

Tuesday, October 9, 2018, 7:00 p.m.

Alpena, Michigan

CALL TO ORDER:

ROLL CALL:

PLEDGE OF ALLEGIANCE:

APPROVAL OF AGENDA:

APPROVAL OF MINUTES: Regular meeting August 21, 2018

PUBLIC HEARING AND COMMISSION ACTION:

BUSINESS:

Comprehensive Plan Update

COMMUNICATIONS:

REPORTS:

Development Update

CALL TO PUBLIC:

MEMBERS' COMMENTS:

ADJOURNMENT:



MINUTES
City of Alpena Planning Commission
Regular Meeting
August 21, 2018
Alpena, Michigan

CALL TO ORDER:

The regular meeting of the Planning Commission was called to order at 7:00 p.m. by Paul Sabourin, Planning Commission Chair.

ROLL CALL: PLANNING COMMISSION

PRESENT: Mitchell, Gilmore, VanWagoner, Boboltz, Sabourin, Wojda, Kirschner

ABSENT: Lewis, Austin

STAFF: Adam Poll (Director of Planning & Development), Cassie Stone (Recording Secretary).

PLEDGE OF ALLEGIANCE:

Pledge of Allegiance was recited.

APPROVAL OF AGENDA:

One addition was added under the business section of the Agenda. Poll added a notice of intent to begin updating The Comprehensive Plan that is required to be published in the newspaper after City Council's approval.

APPROVAL OF MINUTES:

June 12, 2018 minutes that were included in the packet were incorrect. The correct ones were issued this morning. June 12, 2018 minutes are approved as corrected.

PUBLIC HEARING AND COMMISSION ACTION:

BUSINESS: PC 18-SU-01: Request for a daycare at 313 W Clark Street.

Background: Jennifer Wilson would like to start a daycare at her home at 313 W. Clark. She has filed an application with the Michigan Department of Human Services for a Group Child Care Home License (capacity 7-12 children). A requirement of the application is zoning approval from the local jurisdiction. The home is a single family residential use in R-2 One-Family Residential District and the childcare operation to 7-12 children would require a special permit.

Zoning and Planning Issues: The property in question is zoned R-2 One-Family Residence District and is principally a single family. Surrounding uses include other family homes and Lincoln Elementary School to the southwest.

The applicant does not have a fenced in play area on her property, however, the play area for Lincoln School is directly across the street and a fence separates the play area from the road. The fence would not appear to surround the entire play area which could be a concern, but there is an area designated for smaller children that is fully fenced.

Drop off/pick up would not appear to be an issue. The applicant would appear to have driveway space to park two to three vehicles beyond her own. If on street parking is needed, Clark Street is a local street that does not appear to have much vehicular traffic.

Recommendation: The existing home is used as a single family residence and meets zoning requirements. Allowing a daycare to operate with 7-12 children would not appear to have a negative impact on the area.

If the Planning Commission chooses to deny the special permit request, the applicant could still operate a daycare with 1-6 children at the location by right.

Per Section 6.12, Special Land Use Approval Standards, the proposed development complies with these standards as follows except as noted:

- A. Allowed Special Land Use.** A day care operation allowing for 7-12 children is allowable as a special use.
- B. Compatibility with Adjacent Users.** The residence is bordered by single family residential uses located and Lincoln School to the southwest. The requested use would appear to be compatible with existing uses.
- C. Public Services.** The residence will have the same demand on police, fire and other public services as it always has.
- D. Economic Well-Being of the Community.** The granting of the Special Land Use Permit will not have any adverse effects on the neighborhood or the community.
- E. Compatibility with the Natural Environment.** This is previously developed site. No additional impacts will be created.
- F. Impact on Traffic on the Street System.** Sufficient space would appear to be provided for dropping off and picking up the children as long as pickups are staggered. If the driveway is occupied, Clark Street does allow parking and is not highly trafficked and would not appear to impact existing traffic.
- G. Non-Detrimental Standards.** The existing use does not result in any activities that produce hazardous environmental impacts.
- H. Consistent with Zoning Ordinance and Comprehensive Plan.** The proposed use is consistent with the Comprehensive Plan which calls for multiple family dwellings for the area in question.
- I. Compliance with Supplemental Site Development Standards.** Although there is not the required fenced in area on the applicants property, there is a mostly fenced in play area next door that also includes a fully fenced area for smaller kids.

Therefore, staff recommends approval of the Special Land Use Permit to allow for a child care facility with 7-12 children in an R-2 One-Family Residence District with the following conditions:

1. A copy of the State License shall be provided to City staff for its file when granted by the State of Michigan.
2. The applicant be required to maintain a fenced play area, and children must stay within that area except when dropped off or picked up or while attending an adult supervised activity to a recreation area.
3. The primary use of the structure must be a residential dwelling with any Family Child Care Home use an accessory to the principal use as a residential dwelling.
4. The Special Land Use Permit shall be implemented within twelve (12) months of its approval by the Planning Commission or become null and void. The petitioner may request an extension prior to the expiration of the Permit.

Jennifer Wilson added that she is allowed to take the children over to the playground as long as the children are not out at recess.

Closed public hearing at 7:08.

COMMISSIONER'S DISCUSSION AND ACTION:

Mitchell voiced concern of having permission from the school to utilize the property for other use, stating a liability concern. Wojda questioned who the applicant had contacted at the school in which Wilson replied Mr. (Hans) Stevens who is Lincoln School's principal. Wilson added that she would eventually like to have a fenced in yard but right now the cost is not feasible. Poll adds that if the commission is happy with Wilson utilizing the school, and gets written permission, the condition should read something along the lines of if she cannot utilize the school then the applicant would have to fully construct an enclosed area in her rear yard and maintains it. Wojda added something along the lines of either constructs a fence that meets applicable requirements or has appropriate access to the school lot.

Motion made by Boboltz to approve the special use permit with the revisal of getting written permission from the school to use the property. **Seconded by Mitchell.**

Sabourin questions that the four conditions that were read by staff earlier plus adding another condition of written approval from the school to utilize their playground must be completed to obtain the permit.

Gilmore amends the motion that if the applicant does not gain approval from Lincoln School they would have to construct a fence per whatever state and zoning requirements are for fencing. **Seconded by Boboltz.**

Ayes: Kirshner, Mitchell, Gilmore, Sabourin, Wojda, Boboltz, VanWagoner.

Nay: None

Absent: Lewis, Austin

Motion approved by a vote of 7-0.

BUSINESS: 1. Notice to update the Master Plan.

Poll states that we are required by state law (Planning Enabling Act) to update the master plan every 5 years. In order for NEMCOG to get into the planning process, however, part of the act is that it has to be published in the paper that we are going through this process. The City's permission is required to approve the publication.

Motion made by Mitchell, to approve the notice to update the Master Plan. Seconded by Wojda.

Ayes: Boboltz, VanWagoner, Gilmore, Kirschner, Sabourin, Wojda, Mitchell

Nay: None

Absent: Lewis, Austin

Motion approved by a vote of 7-0.

COMMUNICATIONS: None

REPORTS:

1. Development Update: Poll states that a lot of projects are getting wrapped up at the City level such as the Splash Park and the Dog Park is very close to being open. DDA is in the process right now on what the outcome of the pocket park will be. The base of the mural will be going up this fall and should be finished up in the spring. Poll adds there is a lot of road construction in the City. Progress on the credit union and the living facility are moving slowly forward.

CALL TO PUBLIC: None

MEMBERS COMMENTS: None

ADJOURNMENT: There being no further business, the meeting was adjourned at 7:29 p.m. by Sabourin, Planning Commission Chair.

Wayne Lewis, Secretary

Chapter 3

Economic Profile

Overview

Since its early years, the economic base for the City rested on its close proximity to abundant natural resources. Strategically sited at the mouth of the Thunder Bay River and along the shores of Lake Huron, it was the optimum location to process raw materials into a marketable product and then ship the product off to distant markets. Resource based industries, starting in the late 1800's, were the driving force of economic growth. Starting around 1980, large employment-based heavy industry underwent a manpower reduction as modern automated systems displaced the workforce.

The 1990's saw the community focus on new efforts to diversify the local economy. Today, Alpena serves as the commercial and healthcare hub for a four-county area. National retailers and service providers have opened and created employment. Healthcare services have produced the largest growth. In 2016 the Alpena Regional Medical Center joined MidMichigan Health and changed its name to MidMichigan Medical Center – Alpena. The facility has grown from a local primary care County-based hospital into a regional secondary healthcare center. The Medical Center has 139 beds and a medical staff of approximately 100 physicians, 1000 employees and 200 volunteers. The Medical Center has annual **operating revenue of over 125 million dollars,** [ss1]providing well-paid and stable jobs. Total annual operating expenses (including salaries, wages, benefits, medical supplies, and other fees) totals over **119 million dollars.** In 2017 the Medical Center was recognized as a Top Rural Community Hospital and received Michigan's Quality Improvement Organization Governor's Award for Excellence.

Education, small-specialized industries and tourism are other sources of new jobs and economic development. Alpena Community College has averaged 1,972 students since 2000 (peaking at 2,077 students in 2009; with a low of 1,853 students in 2004). Fairly steady enrollment has allowed the college to create more jobs and train many people to take advantage of new technology, healthcare, marketing, and new industrial applications. Likewise, organizations like the Alpena Area Convention and Visitors Bureau, the Alpena Downtown Development Authority, and the Alpena Area Chamber of Commerce have created and promoted many successful tourist events that include the Michigan Brown Trout Festival, Great Lakes Lighthouse Festival, Maritime Festival, and other similar events that attract tourism dollars to the community's motels, eateries and specialty shops. Efforts are being made to attract new technology and specialized industries to new industrial and commercial parks, as well as Renaissance Zones in the City and at the Alpena County Regional Airport.

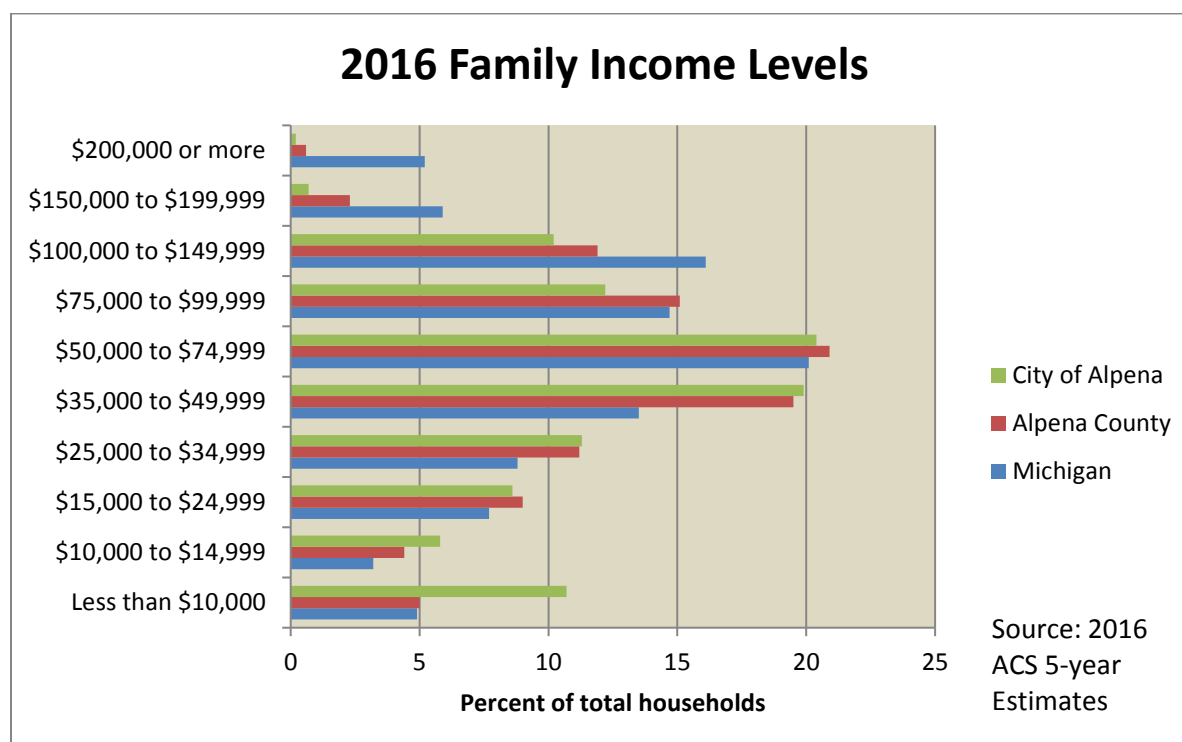
Current enrollment annually:
Annual employment:

Local Property Taxes and State Revenue Funds are the primary source of local government revenue. The City of Alpena collects 16.1066 mils for operations, which has been rolled back by the Headlee Amendment from 16.2316. This tax revenue funds a projected budget of \$10.6 million for fiscal year 17-18, with a fund balance of just over \$3 million. The County levies 4.8004 mils, which have been rolled back from 5.4 mils allowed under State Law by the Headlee Amendment. This has limited County government by restricting

expansion of non-mandated services, unless provided by voter approval (EMS millage, 911 surcharge, Senior Citizen millages, etc.).

Income and Poverty

The US Census Bureau defines a family as a group of two or more people who reside together and who are related by birth, marriage, or adoption. A household consists of all the people who occupy a housing unit. Over one-quarter (25.1%) of the households in the City of Alpena and 18.4 percent of households in Alpena County earn less than \$25,000 a year, compared to 15.8 percent of households for the State (see **Figure 3.1**). Since the 2011 ACS 5-year family income data, families in the City of Alpena earning less than \$10,000 increased from 6.4% to 10.7%. That's a 67% increase for that share of the City's households.



Median estimated 2016 household income for the City of Alpena is \$35,490, 30% percent lower than the State's average of \$50,803 and 36% percent lower than the national average of \$55,322. Alpena County has the fourth highest median household income in the eight counties of northeast Michigan. Alcona, Montmorency and Oscoda Counties have lower median household incomes. (**See Table 3.1**).

Table 3.1 Median Household Income	
City of Alpena	\$35,490
Alcona County	\$38,160
Alpena County	\$39,832
Cheboygan County	\$41,023
Crawford County	\$41,034
Montmorency County	\$37,145

Oscoda County	\$35,175
Otsego County	\$50,793
Presque Isle County	\$41,570
State of Michigan	\$50,803
United States	\$55,322
Source: American Community Survey 2016 5 –Year Estimate	

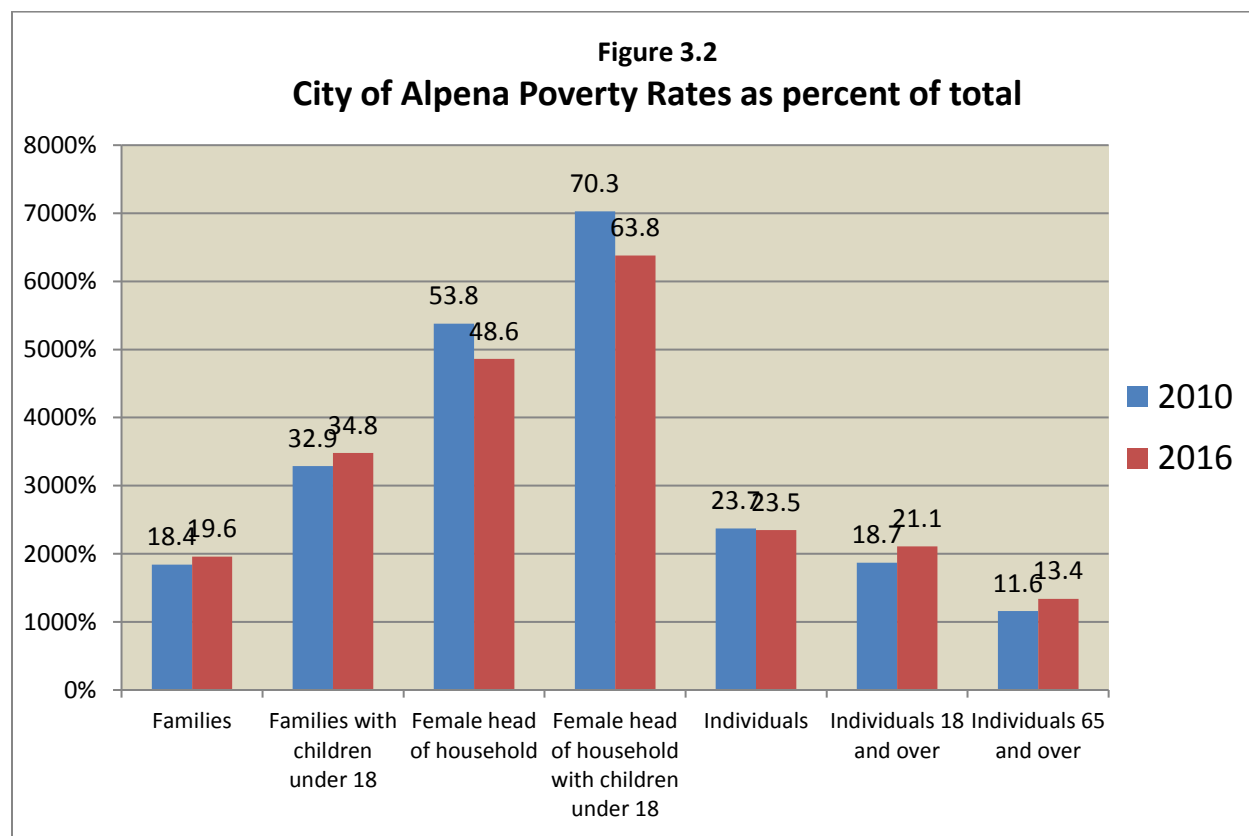
Lower income levels correlate with higher rates of poverty. The estimates for 2016 indicate that about 12% of families live below the poverty line in the State of Michigan, but nearly 20% of families live below the poverty line in the City of Alpena. The Census Bureau uses a set of money income thresholds that vary by family size and composition to detect who is poor. If the total income for a family or unrelated individual falls below the relevant poverty threshold, then all family members or unrelated individuals living in that household are classified as being "below the poverty level."

The U. S. Census Bureau breaks the total number of individuals living in poverty into various categories, such as *Families, Families with Children, or Female Head of Household*. **Table 3.2** shows the percentage each of these categories living under the poverty line by State, County, and City in 2010 and 2016. During the decade from 2000 to 2010 the data clearly showed marked increase in individuals living in poverty. However, there has been a noticeable change to this trend. Although the City of Alpena still has higher rates of poverty than the County and the State, there is no longer such a marked increase. In fact there has been a decrease in poverty rates for households where females are the heads of households including the subgroup of female heads of households with children under 18. The other segments of the population as shown in the following tables continue to increase in poverty rates but the rate of increase have slowed.

The total number of families living below the poverty line in the City of Alpena was 19.6 percent, an increase of 6.5% since the last Census (**See Table 3.2**). The highest percentage of these families (70.3%) consists of female heads of households with dependent children under 18 years of age. This figure has decreased since 2010, when 63.8% of those same households were living in poverty. The census showed that, in the 2000 census, only 42.4% of female heads of households with dependent children lived below the poverty line. It should be noted that the category "female heads of household with dependent children" has the highest rate of living below the poverty line at the City, County, and State levels; however, the State average is only 44.3 percent. The number of families with dependent children (34.8%) and individuals (23.5%) living in poverty are also higher than those recorded for the State. The largest increase in poverty rates on Table 3.2 is for the elderly population over 65 years of age, which was a 15.5% increase 2010 to 2016.

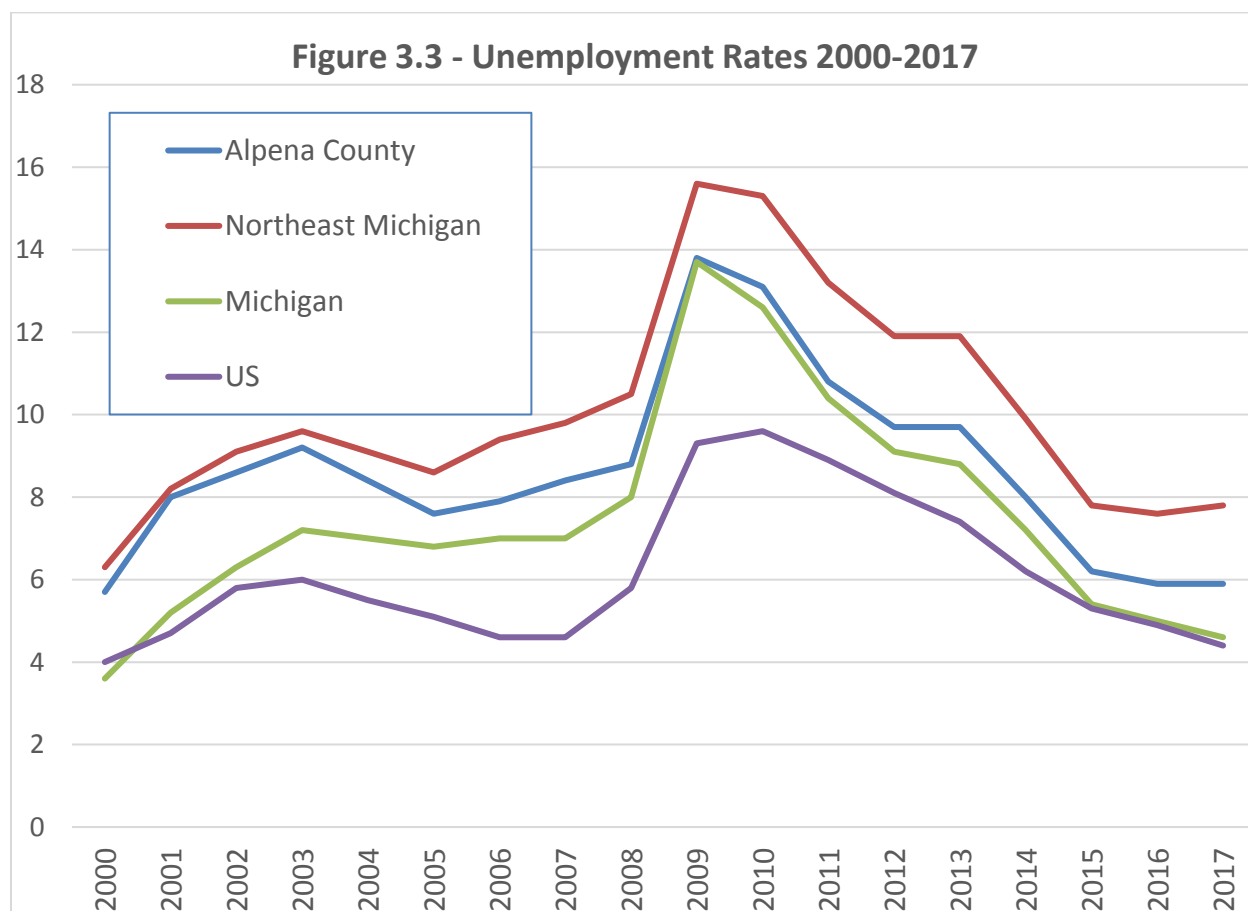
Table 3.2 Poverty Distribution (as percent of total) – 2016						
	City of Alpena		Alpena County		State of Michigan	
Living Below Poverty Level	2010	2016	2010	2016	2010	2016
Families	18.4	19.6	11.7	12.1	10.6	11.5
With children (under 18)	32.9	34.8	22.5	23.9	17.0	19.4
Female householder, no husband	53.8	48.6	46.3	36.4	31.8	32.9
With children (under 18)	70.3	63.8	62.8	52.5	41.1	44.3
Individuals	23.7	23.5	15.9	16.3	14.8	16.3
18 years and over	18.7	21.1	13.5	14.7	13.0	14.3
65 years and over	11.6	13.4	8.6	9.8	8.3	8.1

Source: U. S. Census Bureau (2010) and American Community Survey 2012-2016



Labor Force and Unemployment

As can be seen in **Figure 3.3**, Alpena County and all of Northeast Michigan both have had a higher unemployment rates than the State of Michigan for most of the past two decades. Unemployment rates for both the County and the region have been consistently above seven percent since 2001 until 2015 when the county dipped to around 6%, which is higher than the State average for the same time period but better than the region. Rates peaked in 2009, when the region had an average unemployment rate of 15.9 percent; Alpena County peaked the same year at 13 percent. Rates have declined significantly since then. The county was at 5.9% in 2017 and at 7.8 percent regionally (**See Figure 3.3**).



Source: Office of Labor Market Information (*data not available for the City of Alpena*)

Table 3.3 shows that the percent of the population in the labor force is fairly similar for City and the County (57.8% and 56.5% respectively), but both percentages are somewhat lower than the percent in the labor force (61.2%) at the State level. **Figure 3.4** shows that the percentages of workers in different occupations remain fairly consistent at all three levels but some differences can be noted when the type of work prevalent at State and local levels is taken into consideration. **Figure 3.4** shows management and professional jobs constituted 34 percent of employment for the State of Michigan in 2011. Sales and office occupations (24.9%) and service jobs (18.2%) were the second and third largest employment sectors for the

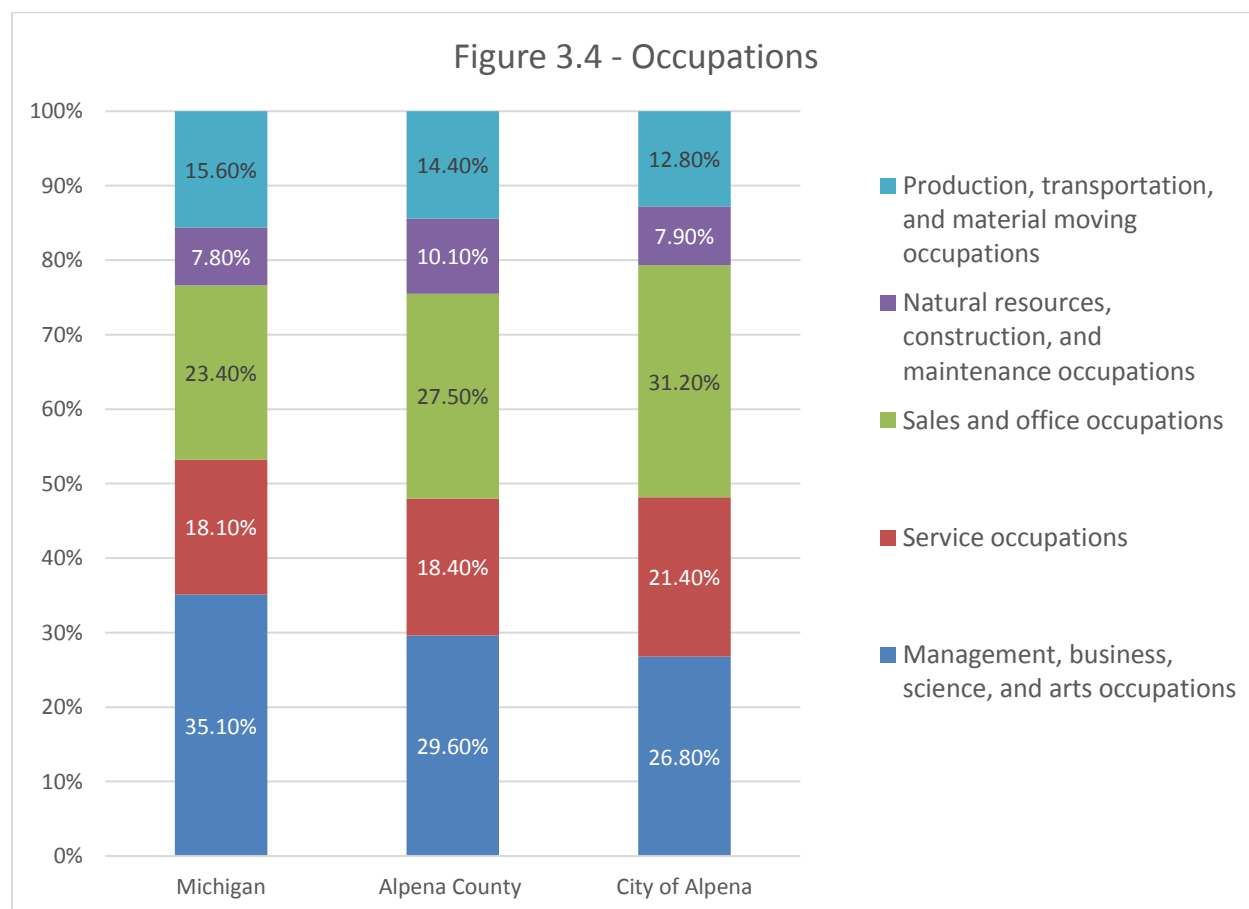
State. It should be noted that service jobs became the third largest occupation sector in the State since the 2000 Census.

Management and professional occupations were also the largest sectors in City (29.6%) and the County (32%). Sales and office occupations were the second largest sectors in both the City (29%) and the County (24.1%) and service occupations were the third largest sector (**See Figure 3.4**).

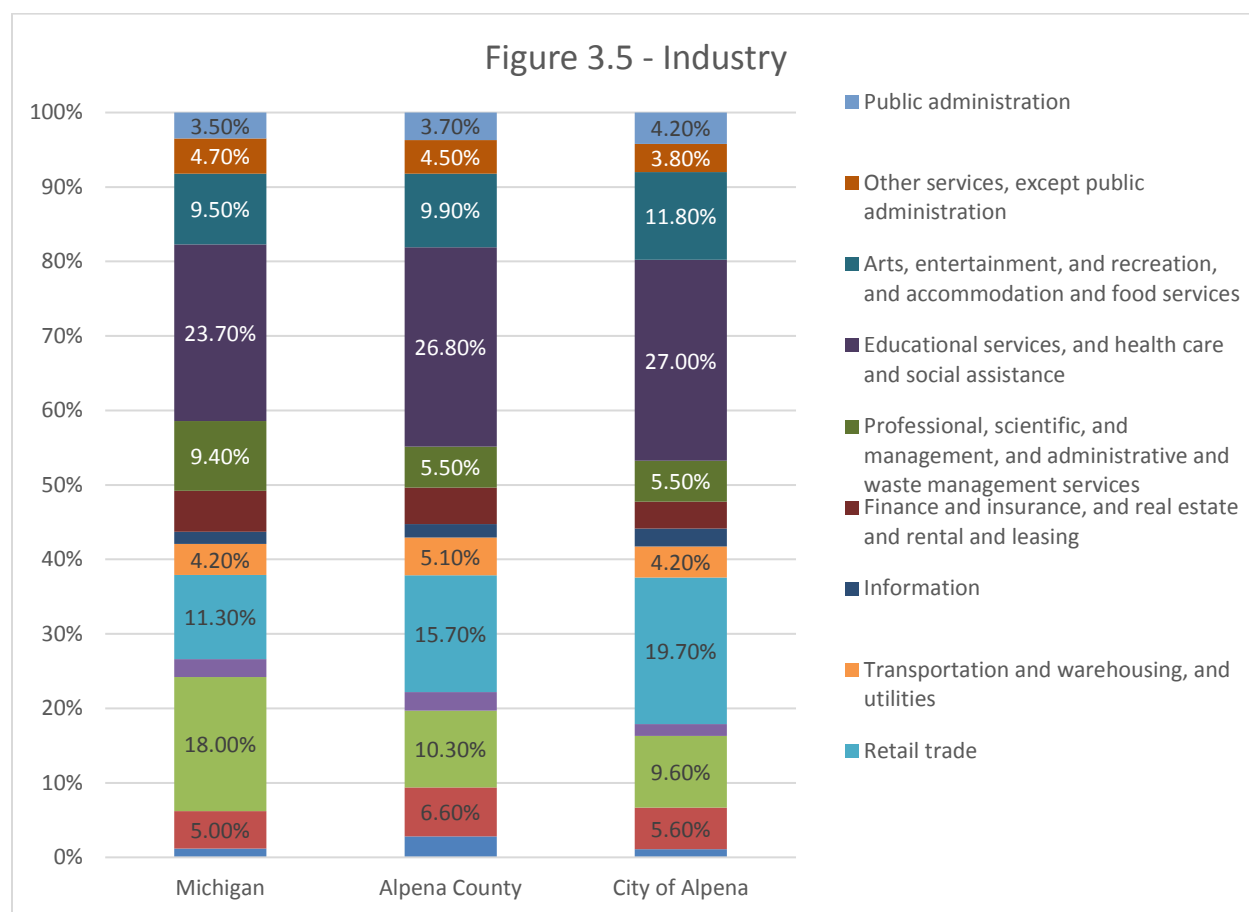
These figures aren't surprising when employment statistics (**Table 3.3**) and the poverty statistics (**Table 3.1**) are taken into consideration. The figures from these tables **and Figures 3.1, 3.2 and 3.3** indicate that economic distress is higher for the City and the County than for the State. This statement can be made for nearly all of the communities of Northeast Michigan.

Table 3.3 Employment Statistics – 2016					
	City of Alpena		Alpena County		State of Michigan
Population 16 years and over	8309	100%	24009	100%	100%
Employment Status					
In labor force	4803	57.8%	13555	56.5%	61.2%
Civilian labor force	4784	57.6%	13521	56.3%	61.1%
Employed	4355	52.4%	12460	51.9%	55.9%
Unemployed	429	5.2%	1061	4.4%	5.2%
Armed Forces	19	0.2%	34	0.1%	0.0%
Source: 2016 American Community Survey 5-Year Estimates					

Figure 3.4 depicts employment statistics by occupation category for the City. This shows that nearly 60 percent of the workforce is employed in management, business, science, and art or sales and office occupations. Generally, these jobs require an advanced degree and provide a higher pay scale than retail, service, and manufacturing jobs. **Figure 3.5** depicts a more detailed breakdown of this information.



Source: 2012-2016 American Community Survey 5-Year Estimates.



Source: 2012-2016 American Community Survey 5-Year Estimates.

Table 3.4 provides employment statistics by class of worker from the 2016 American Community Survey 5-Year Estimate. 82.8% of residents in the City work in the private sector, up from 80.6 percent in 2010. Another 12.2 percent work for a unit of government; up from 11.3 percent. Another 4.7 percent were classified as self-employed; this is also down from 8.1 percent in 2010.

Table 3.4 Employment Statistics for Class of Worker: City of Alpena		
Class of Worker	Number	Percent
Private Wage & Salary Workers	3,608	82.8
Government Workers	542	12.2
Self-employed Workers (not incorporated business)	205	4.7
Unpaid Family Workers	0	0.0
Source: 2016 American Community Survey 5-Year Estimates		

Principal employers in the City of Alpena are presented in **Table 3.5**. Infogroup from Reference USA provides information on major employers and number of employees. This table clearly shows that health care and educational positions account for a large number of jobs in the community. Forty-five percent (2,234 of 5,136 jobs) of the jobs provided by the largest employers are in these fields.

Table 3.5 Alpena Area Principal Employers		
Principal Employer	Type	# of Employees
1. Alpena Regional Medical Center	Health Care	950
2. Alpena Public Schools	Education	461
3. Alpena Community College	Education	441
4. Walmart	Department Store	400
5. Decorative Panels International, Inc	Hardboard Manufacturer	300
6. Lafarge North America	Cement	265
7. DeVere Construction	Global Construction Design	150
8. Tendercare Alpena	Nursing & Convalescent Home	150
9. Northeast Michigan Community Service Agency	Social Service	150
10. Neiman's Family Market	Grocer	145
11. Home Depot	Home Center	125
12. Michigan Air National Guard	Air Base	120
13. Great North Foods	Grocers – Wholesale	120
14. NEMROC, Inc	Vocational Development Services/Manufacturer	115
15. Kmart	Department Store	101
16. Besser	Concrete	97
17. Alpena Montmorency Alcona Educational Service District	Education	75
18. Tendercare Greenview	Nursing & Convalescent Home	72
19. Panel Processing, Inc.	Hardboard Finishing	70
20. JC Penney	Department Store	70
21. Northeast MI Community Mental Health	Mental Health Services	70
22. Service Master Clean	Cleaning Services	70
23. Alpena News	Newspaper	66
24. Holiday Inn	Hotel	65
25. Prell's Service	Transportation	63
26. Ossineke Industries	Cutting & Machine Tool	60
27. The Omni Group	Custom Handling Equipment	55
28. Alpena Medical Arts	Health Care	55
29. RA Townsend	Heating Equipment & Systems	55
30. Leelin Home Health Care	Health Care Instruction	50
31. First Federal of Northern MI	Bank	50
32. Cliff Anschuetz – Chevrolet	Car Dealership	50
33. Big Boy	Restaurant	50

Source: Reference USA from Infogroup 2011
*50+ employees

Economic Sectors

Looking at Alpena County as a whole, the major sectors which make up the county's economy are health care, industrial, retail, service, governmental and agricultural. A brief analysis of each of the sectors is found in the following sections.

Table 3.6
Alpena Area Business Patterns

Industry code description	Paid employees	First-quarter payroll (\$1,000)	Annual payroll (\$1,000)	Total establishments
Total for all sectors	10,431	83,585	354,140	780
Agriculture, forestry, fishing and hunting	22	190	660	8
Mining, quarrying, and oil and gas extraction	36	885	1,808	3
Utilities	71	1,133	4,892	6
Construction	444	3,931	15,385	88
Manufacturing	1,272	15,632	67,790	46
Wholesale trade	503	4,786	23,616	34
Retail trade	1,941	11,213	48,303	146
Transportation and warehousing	254	2,069	9,090	27
Information	179	1,523	6,410	15
Finance and insurance	323	3,695	14,808	40
Real estate and rental and leasing	121	533	2,414	20
Professional, scientific, and technical services	227	2,338	12,417	37
Management of companies and enterprises	e	D	D	2
Administrative and support and waste management and remediation services	307	1,510	7,981	34
Educational services	18	100	436	5
Health care and social assistance	2,802	26,621	107,784	82
Arts, entertainment, and recreation	64	363	1,827	10
Accommodation and food services	895	2,848	12,520	67
Other services (except public administration)	508	2,570	11,566	109

Does not include public sector jobs

** Paid employees as of mid-March 2016

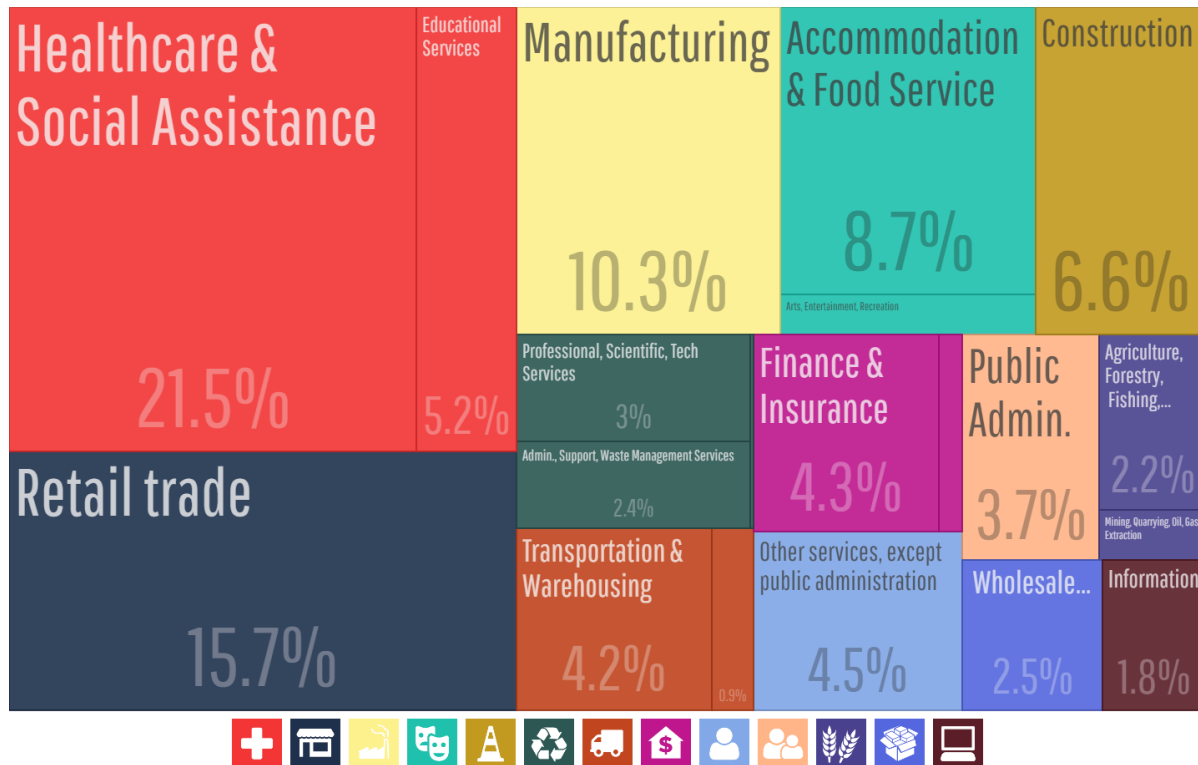
(a) – 0-19 employees

(D) - Information withheld to avoid disclosing information about individual companies

Source: County Business Patterns - U.S. Census Bureau - 2016

Employment by Industries in Alpena County

The closest comparable data for the county of Alpena County, MI is from the public use microdata area of Northeast Lower Peninsula



Dataset: ACS 5-year Estimate
Source: Census Bureau

DATAUSA

Table 3.6a
Alpena Area Business Patterns - % Change 2009-2016

Industry code description	Paid employees	First-quarter payroll (\$1,000)	Annual payroll (\$1,000)	Total establishments
Total for all sectors	8%	22%	17%	-6%
Agriculture, forestry, fishing and hunting				33%
Mining, quarrying, and oil and gas extraction	33%	182%	17%	0%
Utilities	8%	11%	12%	50%
Construction	29%	34%	0%	-2%
Manufacturing	9%	21%	25%	18%
Wholesale trade	11%	14%	27%	-8%
Retail trade	6%	15%	16%	-3%
Transportation and warehousing	-10%	16%	6%	-18%
Information	-9%	10%	3%	-38%
Finance and insurance	-15%	22%	14%	-15%
Real estate and rental and leasing	12%	3%	20%	0%
Professional, scientific, and technical services	8%	47%	70%	-18%
Management of companies and enterprises				-50%
Administrative and support and waste management and remediation services	57%	37%	58%	31%
Educational services	-31%	3%	17%	-38%
Health care and social assistance	-2%	17%	5%	-9%
Arts, entertainment, and recreation	-4%	48%	37%	-23%
Accommodation and food services	-2%	31%	24%	-8%
Other services (except public administration)	-6%	38%	42%	-4%

Health Care & Social Assistance

The Health Care and Social Assistance industry is one of the largest economic sectors in the City of Alpena. Over 2,800 people are employed countywide at 82 establishments, making up a payroll of just over \$107 million, an increase of 5% between the years 2009 to 2016. The number of firms in this sector decreased by 9% in that same time period.

Construction

Consolidation of firms was a theme between 2009 until 2016. In the construction sector there was a consolidation of firms (-2%) but an increase in total employees (29%) but essentially no increase in annual payroll (0%).

Industrial Development

Data found in **Table 3.6** shows that, in 2016, the county's manufacturing sector had the third largest number of employees (1,163). Until the middle 1980's the Alpena County economy was centered in the manufacturing sector with a few large industries making up a majority of the industrial base. Although the large industrial plants still are a vital component to the regional economy, the recent trend has been towards the development of smaller businesses with fewer employees. Between 2009 and 2016 the number of manufacturing firms increased by 18%, total employees by 9%, and annual payroll increased by 25%.

The manufacturing sector was made up of 46 separate establishments. In fact, **Table 3.7** shows that 37 percent (17 facilities) of the manufacturing establishments had less than five employees; just under half of the establishments have less than ten employees. This indicates that the area is not dependent on only one or two manufacturers for all of the area's employment in that sector.

In 2012, the \$28-million dollar Alpena Biorefinery, owned by American Process, Inc., was completed in the City of Alpena. The first shipment of cellulosic ethanol was achieved in 2014 and the fuel meets the requirements of the renewable fuel standards. The facility employs 31 people and could be the beginning of an "Island of Biotech" in the city. The plant helps retain 200 jobs at the neighboring mill. The biorefinery utilizes a daily input of 23 dry tons (equivalent) of woodchip waste from an adjacent board manufacturing mill to create value-added products. It has the output capacity to produce 800,000 gallons of cellulosic ethanol and 790,000 gallons of potassium acetate, which can be used to de-ice runways. The plant has been awarded grants from the Michigan Economic Development Corporation and from the Department of Energy. It is one of the only cellulosic ethanol facilities in the U.S. and is garnering national and international attention. Other manufacturers are also expanding including Besser, which is considering diversification and F&T Fur Traders which is headquartered in Ossineke and opened a manufacturing facility in Alpena. If these trends continue, Alpena County may see resurgence in an industrial-centered economy in the near future.

Retail

Alpena County, especially the City of Alpena and Alpena Township, serves as a regional shopping destination for residents of nearby counties. The importance of retail trade on the area's economy is shown in **Table 3.6**. As of 2016, this sector employed 1,941 persons, which is the second largest number of employees by sector. This sector is comprised of 146 establishments. **Table 3.7** shows that 42% (71 retail establishments) employ less than five individuals. However, that's fewer smaller firms as a percentage of total when compared to 2009 industry data. In 2016, 70% percent of retail establishments employ less than

ten individuals.

Government

The government sector makes up another important economic sector of the county. **Table 3.4** shows that governmental employment comprises about 12.2% of total employment, the second largest employment classification. The City of Alpena, Alpena County, and Alpena Township account for the majority of governmental workers within the county. Governmental employees also make-up a large segment of highly-skilled, professional worker category. Engineers, planners, administrators, and information technology workers are examples of the type of governmental worker that constitute the “knowledge worker” classification.

Table 3.7
Alpena Area Businesses by Size of Establishments as of 2016

Industry code description	Total	1 to 4	5 to 9	10 to 19	20-49	50-99	100-249	250-499	500-999
Total for all sectors	780	399	168	114	70	16	9	2	2
Agriculture, forestry, fishing and hunting	8	7	0	1	0	0	0	0	0
Mining, quarrying, and oil and gas extraction	3	0	1	2	0	0	0	0	0
Utilities	6	2	1	2	1	0	0	0	0
Construction	88	67	10	7	3	0	1	0	0
Manufacturing	46	17	5	10	8	3	3	0	0
Wholesale trade	34	8	14	6	4	2	0	0	0
Retail trade	146	61	41	27	12	1	3	1	0
Transportation and warehousing	27	14	5	4	3	1	0	0	0
Information	15	5	4	3	3	0	0	0	0
Finance and insurance	40	22	8	6	3	1	0	0	0
Real estate and rental and leasing	20	16	2	1	0	1	0	0	0
Professional, scientific, and technical services	37	19	10	6	2	0	0	0	0
Management of companies and enterprises	2	0	0	0	1	0	0	1	0
Administrative and support and waste management and remediation services	34	21	4	5	3	1	0	0	0
Educational services	5	4	1	0	0	0	0	0	0
Health care and social assistance	82	32	22	13	8	3	2	0	2
Arts, entertainment, and recreation	10	6	1	2	1	0	0	0	0
Accommodation and food services	67	26	13	11	14	3	0	0	0
Other services (except public administration)	109	71	26	8	4	0	0	0	0

Source: County Business Patterns - U.S. Census Bureau - 2018

Tourism

With over 13,000 acres of lakes, 300 miles of streams and tributaries and 61 miles of Lake Huron shoreline, Alpena County's water resources are a major tourism draw. The tourism sector is a subset of both the retail and service sectors of the county's economy. It is difficult to find exact numbers regarding the impact of tourism on an economy. Fishing and hunting play a vital role in the economy of Alpena County. Over 11,000 fishing licenses (11,398) and 21,058 hunting licenses were issued in Alpena County in 2011. [SS2]

In addition to water activities, the City of Alpena offers recreational opportunities in a natural setting, including Island Park and the 350-acre Wildlife Sanctuary. An 18.5 mile Bi-Path travels through the majority of Alpena's scenic parks and beaches as it winds through the City and along the Thunder Bay River and the Lake Huron shoreline. Alpena County also has two state parks, two state forest campgrounds, three county campgrounds and four commercial campgrounds, with a combined total of 412 campsites.

Spending at tourism-related business is at its highest between June and September, peaking in July. Tourism spending declines in the fall and then has a significant increase in December. Receipts are at their lowest levels in January and February and then begin to increase again in the spring.

Golf courses and tennis courts provide outdoor recreation. The Thunder Bay Recreation Center and Northern Lights Ice Arena provide a combination of indoor recreation. Two live performance theatres and two movie theatres, both with multiple screens provide indoor entertainment. The Besser Museum of Northeast Michigan, the Alpena County George N. Fletcher Library, the Thunder Bay National Marine Sanctuary and Underwater Preserve, and the Great Lakes Maritime Heritage Center offer cultural and historical opportunities. Tourists arriving along the City's major corridors will also view historic homes that have been restored and preserved. Many of these homes are typical of the early lumbering era and date back to the 19th century.

Organizations in Alpena County sponsor several annual festivals and other activities. These special events help to attract large groups of tourists to the City. Annual festivals held in the City include the Michigan Brown Trout Festival, Art on the Bay, the Great Lakes Lighthouse Festival, the Alpena Blues Festival, the Maritime Festival, and many others. The Alpena County Fair also takes place within the confines of the City limits at the Alpena County Fairgrounds.

Maritime Heritage Tourism

Maritime Heritage Tourism has become a significant economic driver in the Alpena area. Over 83,000 people visited the Maritime Heritage Center in 2012. Alpena Shipwreck Tours launched in 2011. Owned by John Madigan of Picture Rocks, Apostle Island, and Sleeping Bear Dunes Boat Tours, the tours were enthusiastically received.

Trails

The North Eastern State Trail (NEST) was completed in 2011. Users can walk, bicycle, horseback ride or snowmobile 71 miles from Alpena to Cheboygan. The trail runs from Woodward Avenue in the City of Alpena to the Lincoln Street in City of Cheboygan where it merges with the North Central State Trail which runs south 45 miles to Gaylord or northwest 16 miles to Mackinaw City. The NEST has a 10' wide packed crushed limestone surface with two foot shoulders, new safety signs, access control features and mile marker posts. The trail use, determined by the DNR, is for all non-motorized users year round and

snowmobiles from December 1 through March 31. This project was collaborative between two state departments, local governments and a non-profit organization. The Top of Michigan Trails Council (TOMTC) led the effort to help assemble a 3.1 million dollar funding package which included gaining 5% of the project costs from local governments, individuals and organizations. The Michigan Department of Transportation completed the engineering and project oversight while the Michigan Department of Natural Resources oversaw the project implementation and will continue to manage and maintain the facility. The trail now creates a link across northeast Michigan on the former Detroit to Mackinaw Railroad connecting Alpena, Posen, Hawks, Millersburg, Onaway, Aloha and Cheboygan.

Other notable trail systems within Alpena County include Norway Ridge Pathway, Rockport Trails, Chippewa Hills Pathway, and a snowmobile trail system throughout the county.

Pure Michigan Campaign and the Alpena CVB^[ss4]

The Alpena Convention and Visitors Bureau's Alpena Pure Michigan Partnership and Sunrise Coast Partnership have been successful and have caused the CVB's website position on search engines and generated visits to climb. 2011 showed a 40% increase from the previous summer. Alpena Pure Michigan partnership clicks were up 10% from 2010 to 2011. In 2011, Alpena was the 25th most clicked on property on www.michigan.org compared to the 37th most clicked on in 2010. Sunrise Coast clicks were up 8% from 2010 to 2011. Alpena was the most clicked on property in the Sunrise Coast campaign. Direct phone and email inquiries were up slightly in 2011 from 2010. In 2011, the CVB raised the room assessment which significantly increased the CVB's ability to market the area.

Opportunity Assessment/Branding

In 2011, Destination Development International (DDI) was hired to conduct an Opportunity Assessment product development program to give the community an objective look through the eyes of a visitor. The second phase, Destination BrandCamp, took place in 2012. This program resulted in a specific, identifiable brand and marketing plan to allow the CVB and the community to market the Alpena area more effectively. This brand – Alpena: Sanctuary of the Great Lakes – is now being utilized to identify Alpena as the haven from the stresses of everyday life and a culturally-rich place to relax, rejuvenate, and inspire.

US 23 Heritage Route

The US 23 Heritage Route extends 200 miles from Standish to Mackinaw City and is a tourism-focused promotional program. Each county along the route has an active Heritage Route Team and participates in an overseeing Management Council. The Alpena County Heritage Route Team consists of volunteers interested in tourism and history. Each year, the county teams and the Management Council work toward implementing projects which are stated in the US 23 Heritage Route Management Plan. A landmark project has been the award-winning website www.heritage23.com which provides an interactive one-stop shop of things to see and do along the county-wide Heritage Route corridor. In addition, the Heritage Route publishes maps and brochures highlighting recreational amenities. Therefore, the US 23 Heritage Route program assists with promotion of public and private recreational facilities in the county.

City of Alpena Economic Development Activities

There are a number of economic development activities administered by the City. Staff responsible for these efforts includes the City Manager, City Planning and Economic Development Director and City Engineer. Programs include brownfield redevelopment, renaissance zones, infrastructure improvements, and the use of CDBG grants.

Brownfield Redevelopment

The Alpena City Council established an Authority for Brownfield Redevelopment with the adoption of Resolution 1997-7 on March 17, 1997, pursuant to the Brownfield Redevelopment Financing Act, Michigan Public Act 381. The Council designated its incorporated boundaries as the boundaries of the brownfield zone. The City is considered a “core community” by the State and is able to offer financial assistance through the brownfield program for cleanup and revitalization activities on three categories of eligible property. These categories include: blighted property, contaminated property and functionally obsolete property. Costs associated with cleanup and the redevelopment of an eligible property is funded through Tax Increment Financing.

Alpena developed a Brownfield Redevelopment Plan in 2001. The plan identified eight perspective eligible properties. Projects have been developed for the former Fletcher Paper Mill property at 318 W. Fletcher Street (site of the Great Lakes Maritime Heritage Center project and Fletcher Street Brewing Company project), Lafarge Midwest, Inc, Alpena Site at 1435 Ford Avenue, and Dean Arbor Ford on US 23 North. Brownfield Redevelopment activities have yielded tangible successes and supported economic growth in the core of the City, particularly along the waterfront.

Renaissance Zones

At one time there were up to seven Renaissance Zones designated by the State in Alpena County. Although they have all since expired, these were economic development tools utilized to spur growth on particular properties. The Renaissance Zone designation promotes economic development through tax exemptions from State Income Tax, the Single Business Tax, General Property Tax (not including debt retirement and special assessments), and the Education Tax for eligible businesses. Business property owners and residents located in a Renaissance Zone are exempt from State taxes for a period of up to 15 years. Although that time period begins at the time of the State designation, extensions can be requested. The following zones have been designated.

There was one Renewable Energy Renaissance Zone which assists the Alpena Biorefinery, but this was revoked back in 2016 due to compliance issues.

The other sites that utilized this Renaissance Zone program with the city of Alpena were:

- Commerce Industrial Park Sub Zone 1 (expired in 2014), a 21.76 acre light industrial park owned by Target Alpena Development Corporation, a Michigan Certified Business Park.
- Oxbow Park Sub Zone 2 (expired in 2017), a 39.7 acre former City landfill was owned by the City of Alpena but sold to a private developer in 2002.
- National Guard Armory Site Sub Zone 3 (expired in 2017), an historic structure dedicated in the 1920's as Memorial Hall, in honor of the veterans of World War I. In the 1950's, this 0.70 acre site became a state-owned National Guard Armory Building.
- Southwest Residential Site Sub Zone 4 (Expired in 2014), a city-owned 14.85 acre site originally platted in 1893.

Residential Programs

Alpena has initiated several residential rehabilitation and development programs. MSHDA grants through the Community Development Block Grant (CDBG) program support the Downtown Rental Development Area and Lincoln School Neighborhood Target Area projects. The purpose of the Downtown Rental Development program is to increase the downtown's residential population by creating rental housing units for moderate and market rate income households in vacant or underutilized areas of the upper floors of existing commercial buildings (retail, office or institutional use) within a designated portion of the City's downtown. Increasing residential populations in business districts tends to increase business activity and growth, while creating a healthy, more vibrant downtown.

Under the Downtown Residential Rental Development Program MSHDA provides 70% of the cost, up to \$35,000 to develop new residential rental units in vacant or underutilized downtown buildings. The City applies for funding every two years based on interest of downtown property owners. Thirteen units have been constructed with five more planned.

The City has also established Neighborhood Enterprise Zones under P.A. 147 of 1992. Neighborhood Enterprise Zones promote neighborhood revitalization and encourages owner-occupied housing and new investment in core communities. The revitalization and new construction programs focus on the central business district to encourage a mixed use development pattern.

Fiber Optic Plan – NEMiFC

In January of 2005, the Alpena City Council's Vision Statement and Goals document included the development of a "wired city" and the relocation of all new or reconstructed utilities underground. This led to the development of a plan to develop a fiber optic conduit network that would not only provide the backbone for high-speed telecommunications (voice, video, and data transfer), but would also provide a readymade system within which to place new or relocated aerial utilities.

The City pursued the sharing of these resources within the public/nonprofit sector through the creation of a fiber optic consortium. The City of Alpena, Michigan Works!, Alpena County, Alpena Community College, the Thunder Bay National Marine Sanctuary, Northland Library Cooperative, and Alpena Regional Medical Center were the charter members of this consortium. The consortium's purpose is to enhance voice, video and data communications among all public/non-profit entities and develop a redundant network throughout the greater Alpena area to ensure reliability of service. To further the development of this fiber optic network, the City also adopted a policy to develop this underground conduit system as part of other road construction projects within the City.

To accelerate the development of both the network and the consortium, the City applied for and received a 2006 Center for Regional Excellence designation from the State of Michigan. This designation included a \$25,000 micro-grant, which targeted network development in three key target zones (City Hall/City Marina/Northland Library Target Zone; the Community Development Building Target Zone; the ARMC/Civic Center Target Zone). All construction projects were completed within one year and educational activities were completed by the end of 2007.

In 2011 the group reorganized under a new name, the North East Michigan Fiber Consortium (NEMiFC). NEMiFC amended its Articles of Association and By-Laws in order to add additional members, gain the ability to own its own fiber optic networks, apply for grant funding and offer more support to its members. NEMiFC also developed a policy by which its members can members install and own fiber and choose to lease dark fibers to other entities to support the maintenance and expansion of the broader fiber network.

Economic Development Organizations

Housed under the umbrella of the Alpena Chamber of Commerce, Target Alpena Development Corporation is the primary economic development organization in the county. The City of Alpena and Alpena Township both also have Economic Development Corporations (EDC), formed under Act 347. Sporadically, issues arise that require tax-exempt bonds and the EDC's are used as the mechanism to obtain them.

The Alpena Area Chamber of Commerce and Michigan State University Extension partner with other organizations to promote general economic development in the area. Other more specialized economic development entities include Alpena's Downtown Development Authority and the Alpena Convention and Visitor's Bureau.

Target: Alpena Development Corporation

Founded in 1989, Target Alpena Development Corporation is a 501(c)3 non-profit corporation that was established for economic development purposes in Alpena County. It is the primary conduit for economic activity in Northeast Michigan including a partnership with Presque Isle County that started in 2014. Target Alpena is supported entirely by voluntary contributions from financial institutions, businesses, individuals, governmental entities, foundations, utilities, and grants. Target Alpena operates in partnership with the Alpena Chamber of Commerce.

North Industrial Park was created by the Greater Alpena Industrial Corporation. In the mid 1990's the corporation was absorbed by Target Alpena which received the assets of the corporation and assumed the responsibility of recruiting business into the industrial park. Since that time, Target Alpena filled eight of the remaining nine lots. In a cooperative effort with the City, Target also developed the Commerce Industrial Park. Development of the park was financed by lot sales in North Industrial Park, a Rural Development grant, and a CDBG infrastructure grant.

Target Alpena activities focus largely on the following areas:

1. Business development and assistance using a regional, collaborative perspective.
2. Job creation through retention and expansion of local businesses, attraction of new compatible businesses, and business start-ups.
3. Providing assistance to governmental entities on issues such as grant programs concerning infrastructure and transportation, revitalization projects and other relevant economic development issues.
4. Ongoing marketing and promotion of Alpena to cultivate growth potential of the Alpena area.
5. Education on current economic trends and policies as they relate to Alpena.
6. Providing financial assistance to area businesses through the Alpena County Revolving Loan Program and the Target Alpena Micro Revolving Loan Program.

7. Linking businesses by facilitating networking.
8. Developing new markets.
9. Liaison to state and federal governments.

Target Alpena's Revolving Loan Fund Program has played a key role in economic growth in the community. Since its inception, it has made 70 loans amounting to \$1,300,000 resulting in \$13,000,000 invested in the community. The loan program can be attributed to creating over 200 jobs and retaining an additional 2,000 jobs. Target also administers a Micro Loan program across a 6-county area. This program has made 182 loans for a total value of \$2,076,400. [ss5]

Alpena Area Chamber of Commerce

The Alpena Area Chamber of Commerce is an organization that serves and represents its business members. It is a 501(c)6 structured to be a lobbying organization. Founded over 90 years ago and officially incorporated in 1947, the organization has a long history of community involvement and creating a stimulus for community growth. Its mission statement is *"by serving our members, the Alpena Area Chamber of Commerce actively champions' economic development and the advancement of the community's quality of life."* The chamber partners with local government, Alpena Community College, Target Alpena, DDA, and Alpena Convention and Visitors Bureau to work towards realizing its mission. Services for members include a group health care plan, reduced credit cards processing fees, insurance discounts for cars and homes, and a small business loan program through a local bank. The Chamber works to create a positive business climate in Northeast Michigan, is a member of the Northern Michigan Regional Chamber Alliance, promotes Alpena, and provides networking and affordable educational opportunities to its members.

The 2012 merging of the Chamber and Target Alpena:

- ◆ presents a stronger relationship with a variety of partners
- ◆ is a full service stop for entrepreneurs and existing businesses looking for assistance
- ◆ has a more streamlined approach to assisting business start-ups and expansions
- ◆ has a combined financial audit
- ◆ builds a stronger effort for economic development in the region
- ◆ has a more efficient system internally

Alpena Downtown Development Authority

The Alpena City Council adopted Ordinance No. 110 on April 21, 1980, creating a Downtown Development Authority (DDA) under Public Act 179 of 1975. The intentions were to strengthen the downtown business district, promote economic growth and revitalization, encourage commercial revitalization, and historic preservation. The DDA provides the community with the necessary legal, monetary, and organizational tools to revitalize economically distressed areas either through public-initiated projects or with private development projects. The initial DDA district covered the core downtown area. Since that time the boundaries have been expanded to include properties along Washington Street, Fifth Street and the old Fletcher Paper Mill site on the Thunder Bay River. In July of 1981, the first Development Plan and Tax Increment Financing Plan were adopted for the DDA. These plans were amended in January of 2005. Traditional brick and mortar projects as well as historic preservation activities have remained key elements of the DDA's initiatives.

In 2013, the DDA was selected as an Associate Member of the Michigan Main Street Program. According to the organization:

The Main Street Four-Point Approach® is a community-driven, comprehensive strategy that encourages economic development through historic preservation in ways that are appropriate for today's marketplace. The four points include:

- *Design: Enhancing the downtown's physical environment by capitalizing on its best assets including historic buildings, and creating an inviting atmosphere through attractive window displays, parking areas, building improvements, streetscapes and landscaping. The Main Street program also focuses on instilling good maintenance practices in the commercial district, enhancing the physical appearance of the district by rehabilitating historic buildings, encouraging appropriate new construction, developing sensitive design management systems and integrating long-term planning.*
- *Economic Restructuring: Strengthening a community's existing economic base while also expanding and diversifying it. By helping existing businesses expand and recruiting new businesses to respond to today's market, the Main Street program helps convert unused spaces into productive properties and sharpens the competitiveness of business enterprises.*
- *Promotion: Marketing a downtown's unique characteristics to residents, visitors, investors and business owners. The Main Street program develops a positive, promotional strategy through advertising, retail activities, special events and marketing campaigns to encourage commercial activity and investment in the area.*
- *Organization: Involving all of the community's stakeholders, getting everyone working toward a common goal and driving the volunteer-based Main Street program. The fundamental organizational structure consists of a governing board and four standing committees. Volunteers are coordinated and supported by a paid program director or Main Street manager. This structure not only divides the workload and clearly defines responsibilities; it builds consensus and cooperation among the various stakeholders.*

The DDA works to promote activities in the business district by selling the image and promise of Downtown to all prospects by marketing the district's unique characteristics to shoppers, investors, new businesses, and visitors. An effective promotion strategy forges a positive image through advertising, retail promotional activity, special events, and marketing campaigns.

The parking committee continues to review the downtown parking plan for all day and two hour parking. The two hour parking zones were established to guarantee a regular turn-over in the most convenient spaces on the streets and in parking lots, so that our visitors can be assured that a convenient parking space will be available when they come to downtown.

In the fall of 2004, the DDA initiated a Façade Grant Program that provides a 50% match up to \$5,000 for exterior renovations of store fronts and backs. Renovations must be made in the historical context of the building. A design committee meets with the landowner to review and approve proposed renovations. The DDA façade grants programs awards grants under the program in any amount requested from a minimum award of \$500.00 up to a maximum award of \$ 5,000.00. Applicants for a grant must provide a matching amount to their grant request based on a dollar for dollar basis. An

applicant's proposed improvement project total can exceed \$ 10,000.00; however the DDA's participation will still be limited to a maximum amount of \$5,000.00.



The DDA worked with the City of Alpena to initiate the Neighborhood Enterprise Zone (NEZ) and the downtown rental rehab grant program. In addition, the DDA offers a downtown business support team and provides a retail incentive program. A program called Downtown Dollars incentivizes gift cards which can be given to promote more downtown shopping.

In the fall of 2017, the DDA completed a Strategic Plan & Market Analysis that included a survey of households as to their shopping activities. The plan indicated the following:

- Overall Economy- natural resource & extraction, wholesaling, transportation & logistics, medical, retail, and recreation & entertainment were all identified as weak sector groups compared to similar communities.
- R&D Potential- Alpena has rich opportunities for wildlife and natural resources research in the area surrounding Thunder Bay River, particularly in relation to the NOAA International Research laboratory and Northern Michigan Unmanned Aerial Systems Consortium. The area's prevalent agricultural sector has potential for an increased R&D sector, particularly in pharmaceuticals and food systems research.
- Housing- While the recession contributed to a significant decline in new housing builds, the majority of those few annual new building permits issued continue to be for single-family dwellings as opposed to attached residential. Without the attraction of one or more large employment generators, major shifts in the current residential permitting pattern remain unlikely. An increasing share of the Alpena area and larger market residents desire a different housing pattern in the future which Downtown can provide. Creating the desired active walkable environment and housing downtown may facilitate the purchase of existing homes by young child-bearing age families elsewhere in Alpena.
- Non-retail Goods & Services Space- In addition to traditional non-retail goods and service related office space, there is untapped potential for new industrial/emerging tech uses that can be safely integrated into a modern living environment. It is anticipated Downtown can capture between 56,000-69,000 square feet of traditional non-retail space by 2020 alone, with as much as double that amount of occupied space through capitalizing on uses associated with emerging technologies.

- Commercial Demand and Retail Spending- market activity is comprised of both locals who live and spend money in the area, and those who live outside the area but choose to spend money here. Downtown Alpena is expected to be able to capture roughly 250,000 square feet of retail goods and related services.
- Entertainment Spending- Area residents spend an estimated \$48 million on entertainment activities annually, roughly 15% of which includes spending associated with food service such as live music performances, smaller clubs, and similar venues.

Redevelopment Ready Community

In June of 2018 the City of Alpena received official designation as a Redevelopment Ready Community (RRC). This program works with Michigan cities, villages, and townships to ensure the city is ready for growth. An RRC certified community attracts and retains businesses, offers superior customer service and has a streamlined development approval process making pertinent information available around-the clock for anyone to view.

Alpena Area Convention and Visitors Bureau

The Alpena Area Convention and Visitors Bureau (CVB) was created in 1984 under Public Act 59 of 1984. The organization is funded primarily from a five percent assessment on rooms in hotels with 10 or more rooms. The organization markets Alpena County and the eastern coastal areas of Presque Isle County to bring visitors into the region. The CVB works with convention groups to provide a “packaged” event experience. Marketing is accomplished through a visitor’s guide, web site, travel writers, participation in the Pure Michigan campaign, and other media. Marketing strategies focus on maritime heritage, parks and trails, and local attractions. The bureau partners with other community organizations such as the Chamber of Commerce and DDA. As the community has expanded its tourism base, the Convention and Visitors Bureau has taken on an increasingly important role in economic development and function as a “Destination Marketing Organization.”

Economic Summary

Summary Statistics from the Edward Lowe Foundation

The Edward Lowe Foundation provides jobs data for counties through the Your Economy website. In the data sets below, it should be noted that “resident” refers to stand-alone establishments in the local area or one that reports to another business in the same region. The resident sector is subdivided into employment stages with the number in () denotes employees. “Nonresident” refers to establishments that are located in the area but are headquartered out-of-region. “Noncommercial” refers to educational institutions, post offices, government agencies and other nonprofit organizations. According to **Table 3.8**, from 2010-2016, jobs in Alpena County increased by 30 percent and sales increased by 33.3 percent.

Table 3.8
Alpena County Jobs Summary
2010-2016

JOB	2010	% of TOTAL	2016	% of TOTAL	% Change
ALL	15,291	100	19,898	100	30%
Self-Employed (1)	342	2.2	455	2.3	33%
Stage 1 (2-9 Employees)	4,267	27.9	6,011	30.2	41%
Stage 2 (10-99 Employees)	6,824	44.6	8,245	41.4	21%
Stage 3 (100-499)	2,908	19	3,337	16.8	15%
Stage 4 (500+ Employees)	950	6.2	1,850	9.3	95%
RESIDENT	10,568	69.1*	14,126	71.0*	34%
NONRESIDENT	2,954	19.3*	3,692	18.6*	25%
NONCOMMERCIAL	1,769	11.6*	2,080	10.5*	18%

During the same timeframe, the total number of establishments increased by 34 percent (**See Table 3.9**). There was growth in all sizes of establishments. The highest levels of growth occurred in Stage 2 companies (37%), except for the very large stage 4, which went from 1 to 2 establishments. The data implies a shift from larger employers to smaller, more locally based employers, which has been a long-term trend.

Table 3.9
Establishments Summary
2010-2016

BUSINESSES	2010	% of TOTAL	2016	% of TOTAL	% Change
ALL	1,794	100	2,405	100	34%
Self Employed	342	19.1	455	18.9	33%
Stage 1 (2-9 Employees)	1,135	63.3	1,556	64.7	37%
Stage 2 (10-99 Employees)	301	16.8	376	15.6	25%
Stage 3 (100-499)	15	0.8	16	0.7	7%
Stage 4 (500+ Employees)	1	0.1	2	0.1	100%
RESIDENT	1,440	80.3*	1,951	81.1*	35%
NONRESIDENT	143	8.0*	192	8.0*	34%
NONCOMMERCIAL	211	11.8*	262	10.9*	24%

This shift is further reflected by analyzing the sales summary for the same timeframe (**See Table 3.10**). Total sales increased by 65 percent. No sector experienced a decline in sales during this time period of 2010 to

2016. The noncommercial sector experienced significantly less growth in sales when compared to commercial sectors (1% and 83% respectively). Stage 3 establishments had sales declines of 63.1 percent. Interestingly, Stage 2 and Stage 4 establishments showed the fewest losses in sales and non-resident establishments showed increasing sales during this timeframe.

Table 3.10
Sales Summary
2010-2016

SALES	2010	% of TOTAL	2016	% of TOTAL	% Change
ALL	\$2.6B	100	\$4.3B	100	65%
Self Employed	\$57.1M	2.2	\$76.4M	1.8	34%
Stage 1 (2-9 Employees)	\$904.5M	34.9	\$1.4B	33.7	55%
Stage 2 (10-99 Employees)	\$1.0B	40.1	\$1.7B	39.3	70%
Stage 3 (100-499)	\$491.4M	18.9	\$860.6M	20.1	75%
Stage 4 (500+ Employees)	\$100.7M	3.9	\$220.6M	5.2	119%
RESIDENT	\$1.9B	72.0*	\$3.0B	70.4*	58%
NONRESIDENT	\$710.9M	27.4*	\$1.3B	29.2*	83%
NONCOMMERCIAL	\$15.0M	0.6*	\$15.2M	0.4*	1%

Breaking down sales per business, the greatest growth from 2010-2016 occurred in the larger Stage 3 businesses (64%). There was essentially no growth in sales by self-employed businesses (0.47%).

Table 3. 11
Sales Per Business
Alpena County 2010-2016

SALES	2010	2016	% Change
SALES PER BUSINESS	\$1,446,192	\$1,780,272	23%
Self Employed (1)	\$167,032	\$167,813	0%
Stage 1 (2-9 Employees)	\$796,957	\$926,915	16%
Stage 2 (10-99 Employees)	\$3,457,425	\$4,472,601	29%
Stage 3 (100-499)	\$32,760,800	\$53,789,938	64%
Stage 4 (500+ Employees)	\$100,700,000	\$110,292,000	10%
RESIDENT	\$1,297,644	\$1,544,938	19%
NONRESIDENT	\$4,971,028	\$6,521,698	31%
NONCOMMERCIAL	\$71,104	\$58,069	-18%

Building Activity

The number of building permits issued in Alpena County took a sharp hit in 2009 but the numbers have recovered to near 2008 levels as of 2016. (See **Figure 3.6**).

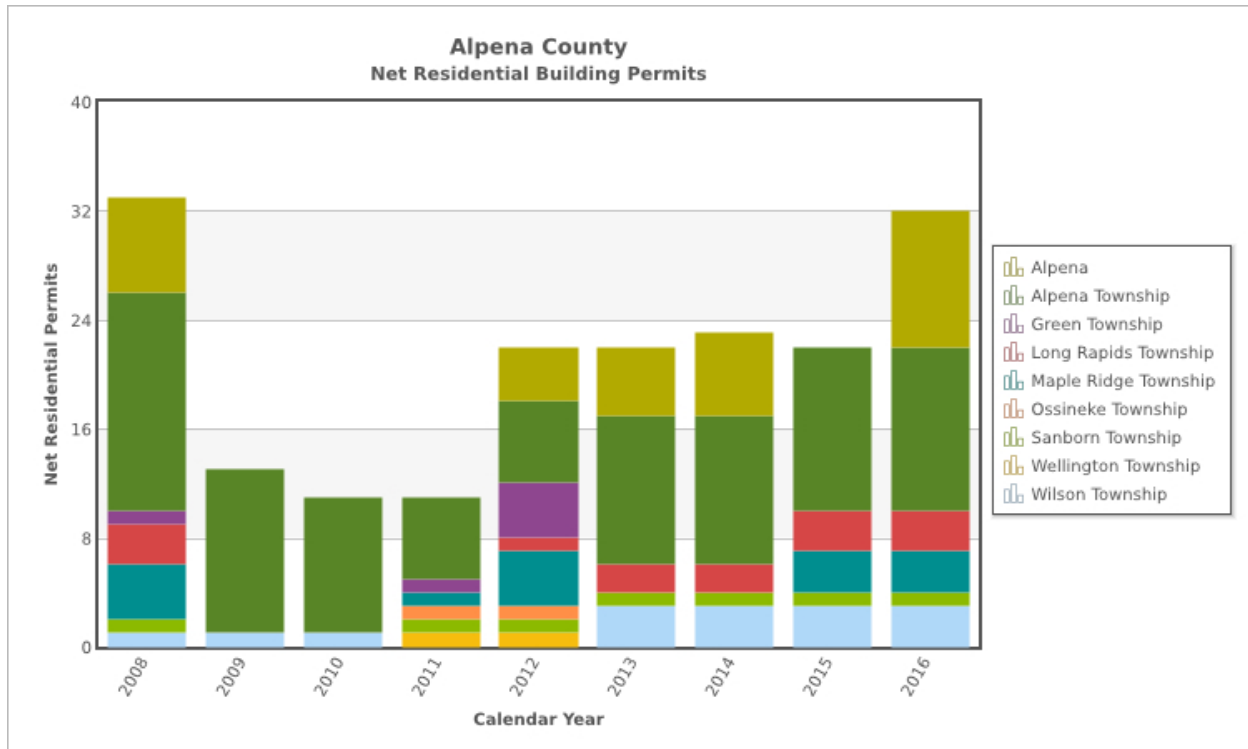
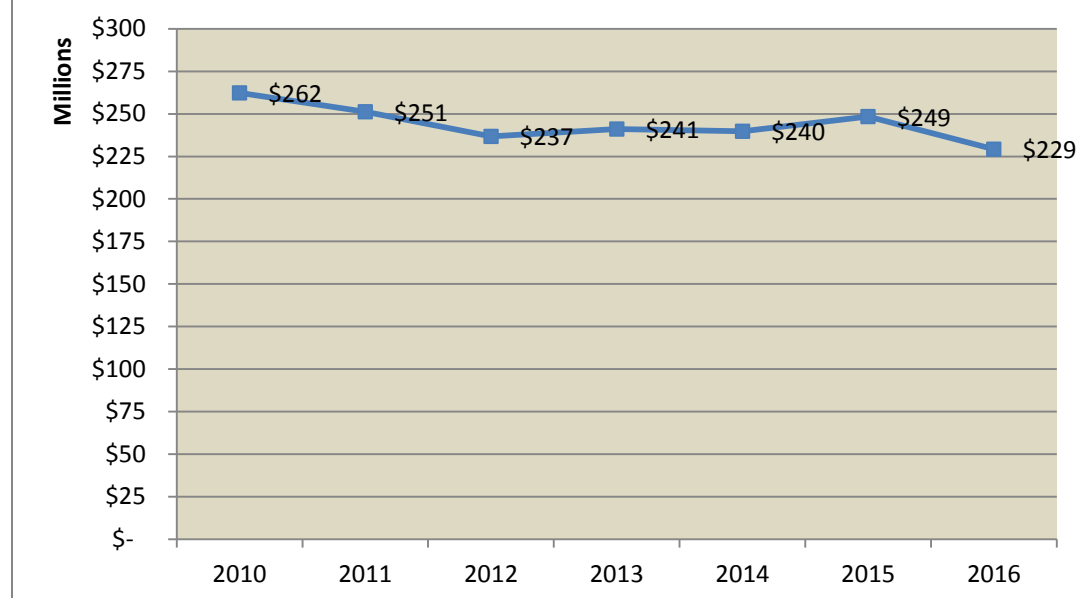


Figure 3.6 - Building Permits

Land Values

The City Assessors Office reports on the taxable values of properties in the community. Taxable value includes real property (land and buildings) and personal property (equipment, furniture and fixtures, etc.) Taxable growth was relatively flat in the 1980's, but showed a steady increase in value from about 1991 to 2002, when there was a loss of taxable value, likely due to plant closings. Growth returned after 2002, but at a lower rate. Since 2010, the City of Alpena taxable valuation has gone up and down but, overall, has decreased by 12.6%. Between 2010 and 2016, the City has lost approximately 19.5% of its taxable valuation and the total taxable valuation for the City is only slightly higher than 1998 levels. **Figure 3.6** illustrates the history of taxable value in the community.

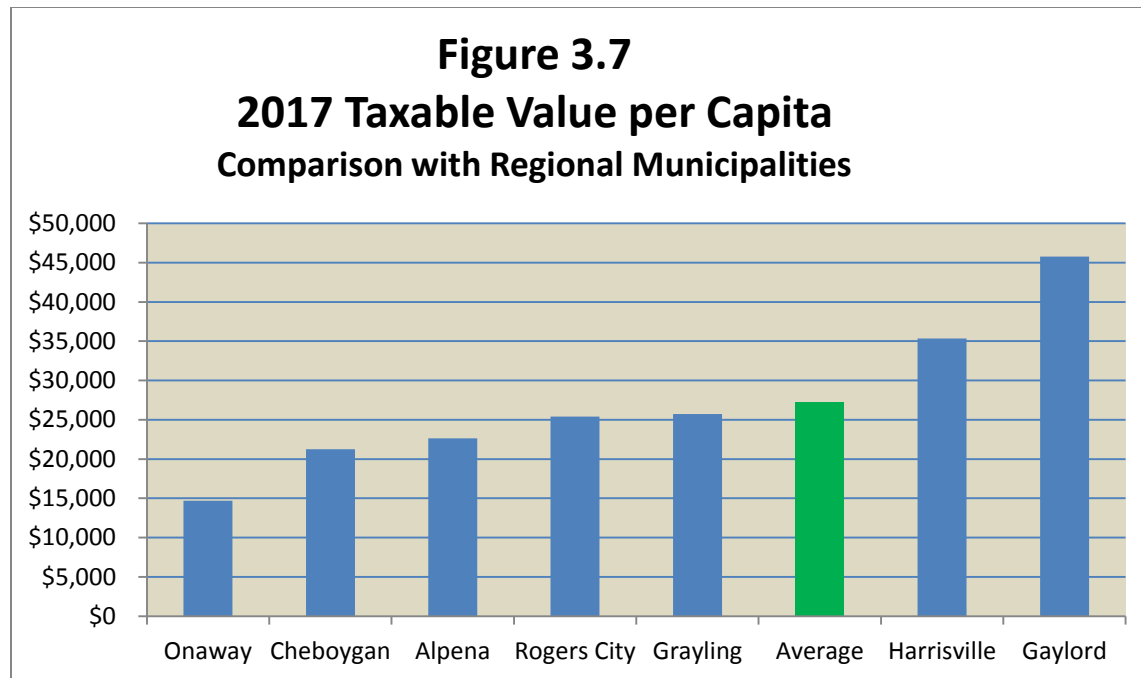
Figure 3.6
Total Taxable Value



State Equalized Value (SEV)

By analyzing the State Equalized Value (SEV), characteristics of property values can be obtained. Compared to other municipalities in the region of Northeast Michigan, Alpena has the largest taxable value. **Figure 3.7** illustrates the regional taxable values for other municipalities per capita for 2017. Alpena is slightly below the average. Gaylord has a taxable value that is significantly higher than other cities in Northeast Michigan.

2017 Taxable Values	
Municipality	Taxable Value
Alpena	\$229,142,231
Gaylord	\$168,873,062
Cheboygan	\$103,374,556
Rogers City	\$68,474,218
Grayling	\$47,244,056
Harrisville	\$16,584,499
Onaway	\$12,229,766



Within the City of Alpena, SEV values between 2012 and 2016 show some interesting trends (**See Figure 3.8**). During this timeframe, Industrial Property values remain generally level. The greatest percentage increase is with commercial valuation (18%). Most of that increase occurs between 2012 and 2013 with an 11% increase in one year. Values in all three categories are higher in 2012 than in 2000. Personal property SEV values, however, crease significantly (-40%) with a significant drop occurring between 2015 and 2016.

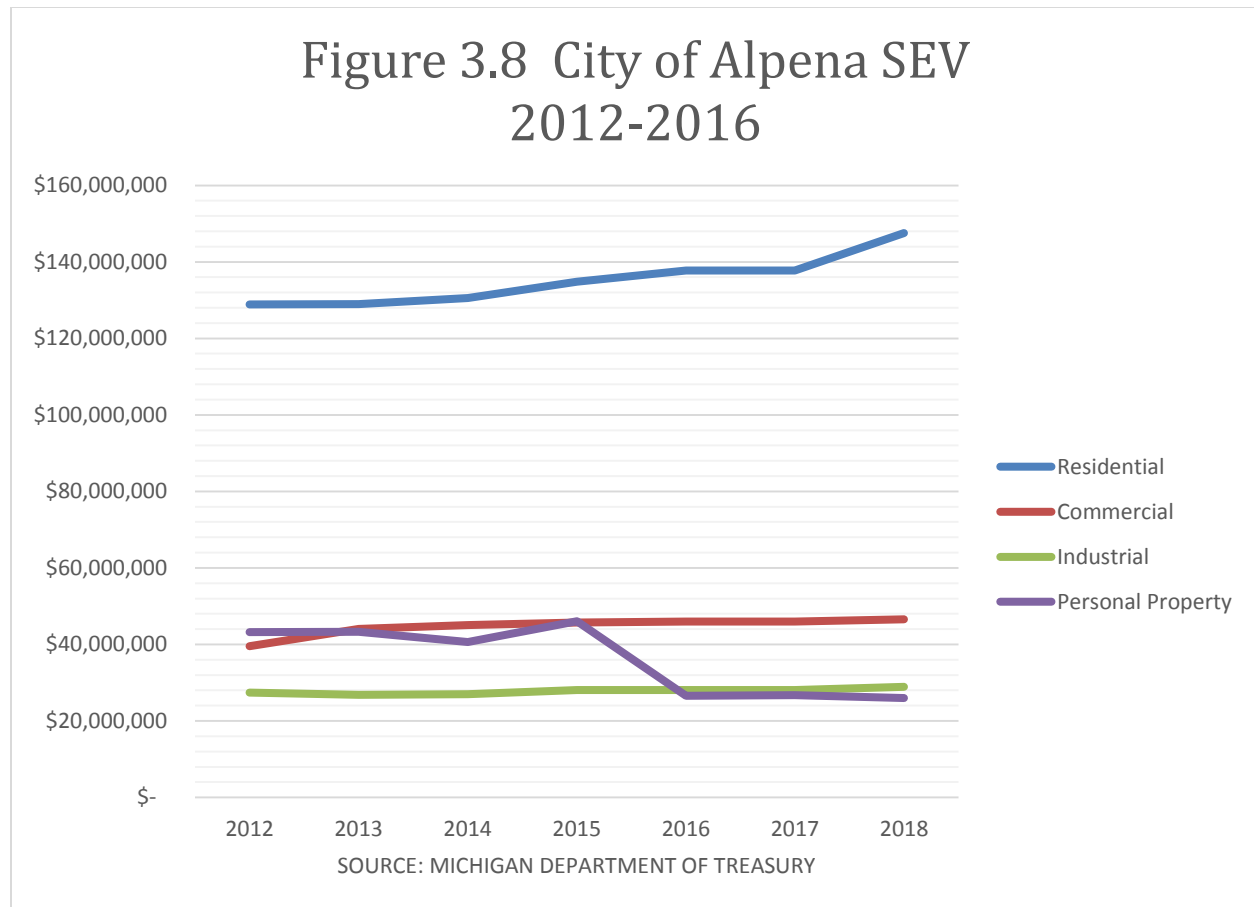
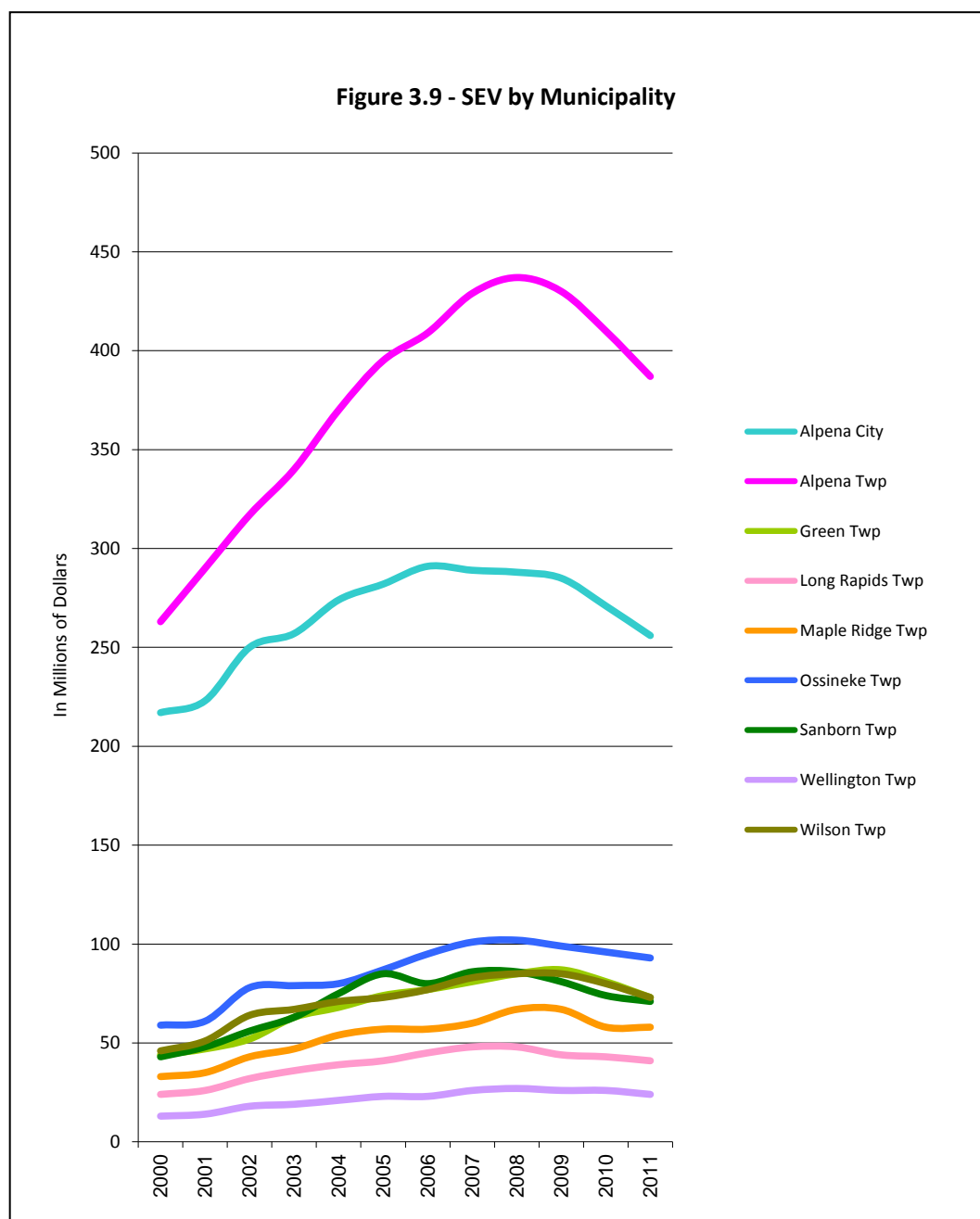
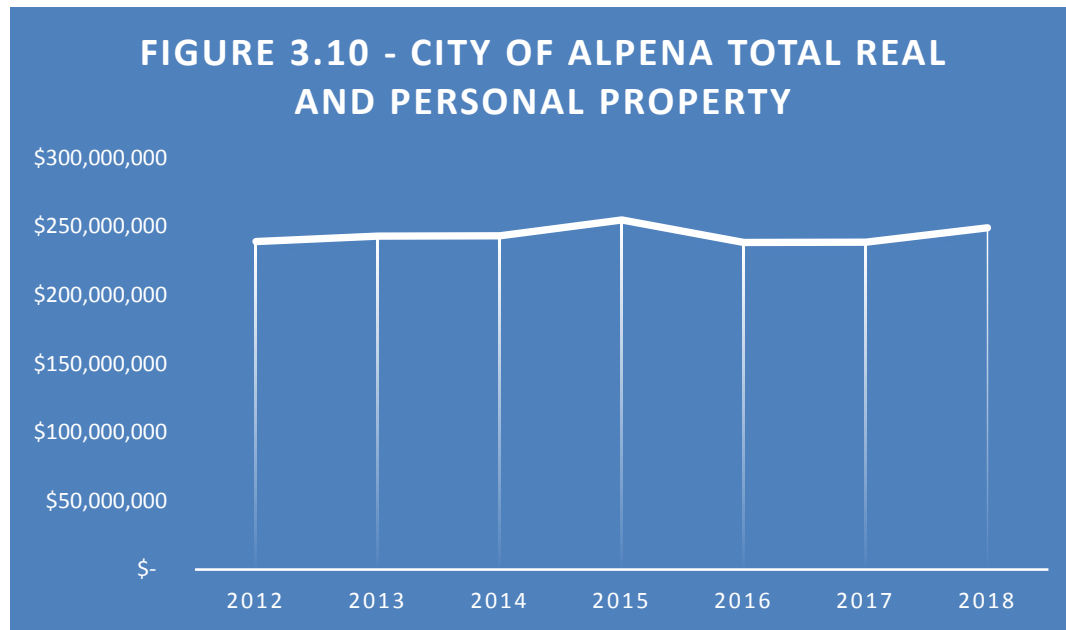


Figure 3.9 illustrates changes in SEV values for all of Alpena County between 2000 and 2011. During this period, Alpena Township experienced the steepest growth in SEV values but also the sharpest decline. SEV values in Alpena Township peaked in 2008; by 2011 values had declined to around 2005 levels.

The City of Alpena followed a similar, but much shallower growth curve. SEV values in the City peaked in 2006 and by 2011 had declined to around 2003 levels. All other communities followed a similar pattern, but on a much smaller scale. **Figure 3.10** also shows the valuations for real and personal property in the City of Alpena over the last decade.





City of Alpena Finances

Information contained in this section was generated from F65 forms that the county files with the State of Michigan each year. The data is available through Munetrix LLC because the Northeast Michigan Council of Governments is a Munetrix subscriber. This section is intended to give a summary of the financial health of the City of Alpena.

Revenue

Revenue is generated from tax dollars received from residents and businesses which are generated from the millage rate multiplied by property valuations. Revenue is also generated from other sources such as State and Federal grants, permits, and fees. **Figure 3.11** shows the sources of revenue for the City of Alpena. The largest revenue source is property taxes, other services, and federal contributions. The “other services” revenue source more than doubled between 2017 and 2016 state contributions, and state revenue sharing. In 2011 and 2012, the “Other Revenue” category became a significant revenue source. Federal contributions were also a much larger source of revenue for the city in 2017 when compared to the previous year.

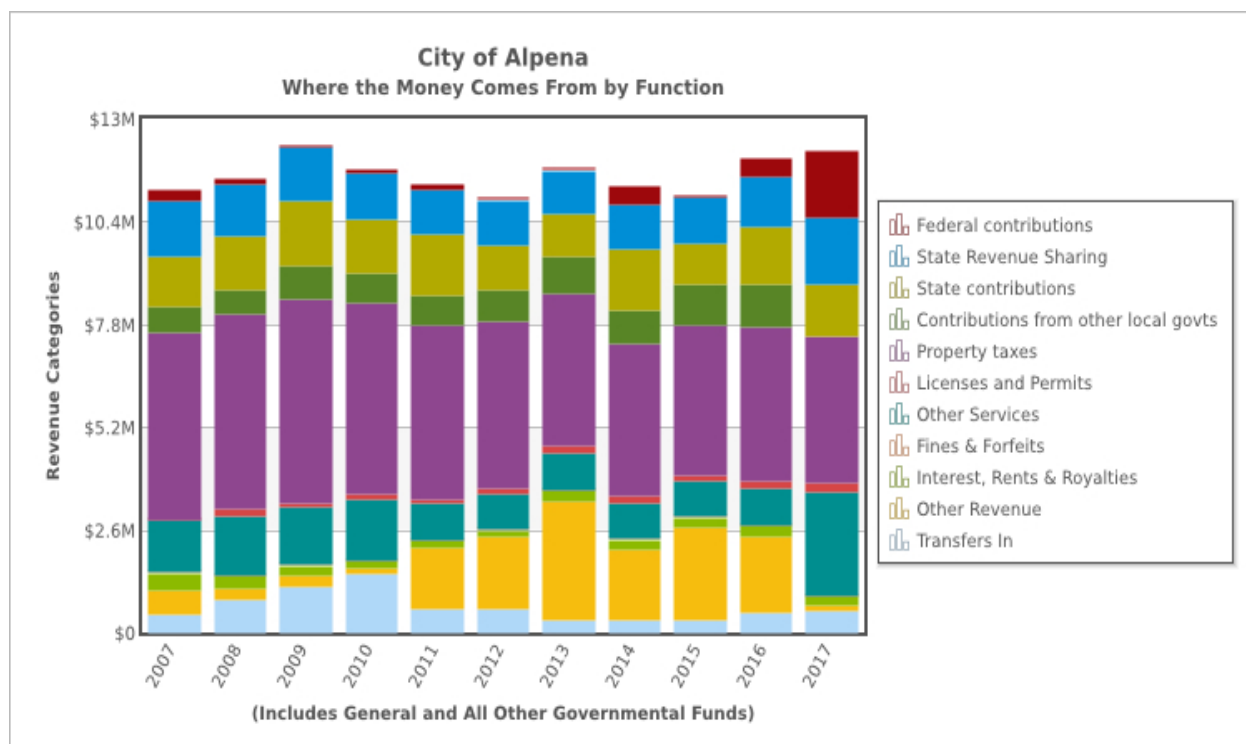


Figure 3.11: City of Alpena Revenue Breakdown

Expenditures

As a service provider for the community, expenses cover the costs associated with operating City government. As seen in **Figure 3.12**, in 2017 General Government, Public Works, Health and Welfare, and the Police Department comprised the largest areas of expenditure. Comparing 2017 to 2010, the debt service expense for the city dropped by 72%. Recreation and culture increased by 44%. Community and Economic Development expenses dropped by half (-52%).

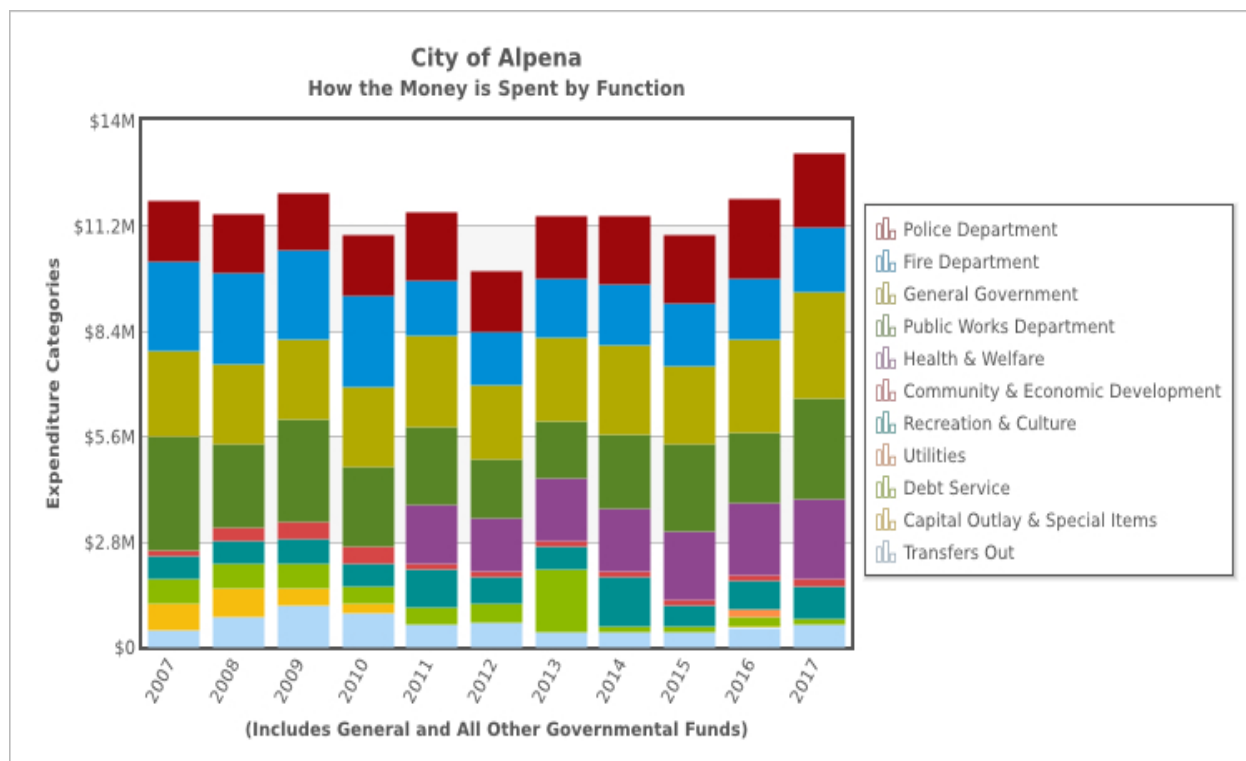


Figure 3.12: Expenditures

Fund Balance

Fund Balance is an accounting term in which total liabilities are subtracted from total assets; the difference is Fund Balance. Fund Balance is not solely cash but can include other assets. **Figure 3.13** shows Fund Balance levels for the City. The fund balance has fluctuated in either direction year to year and is, overall, lower than it was in 2012 but is 12% higher than it was in 2011.

If the city is receiving more revenue than it needs to pay its bills its fund balance (net worth) will increase. If the city is paying out more money on its bills than it is receiving then its fund balance will go down. If the fund balance goes down far enough it creates a negative fund balance called a deficit. Beginning in 2012, accounting procedure changes dictated the categories of fund balance increase from 3 to 5 and the names changed; thus the difference in chart colors.

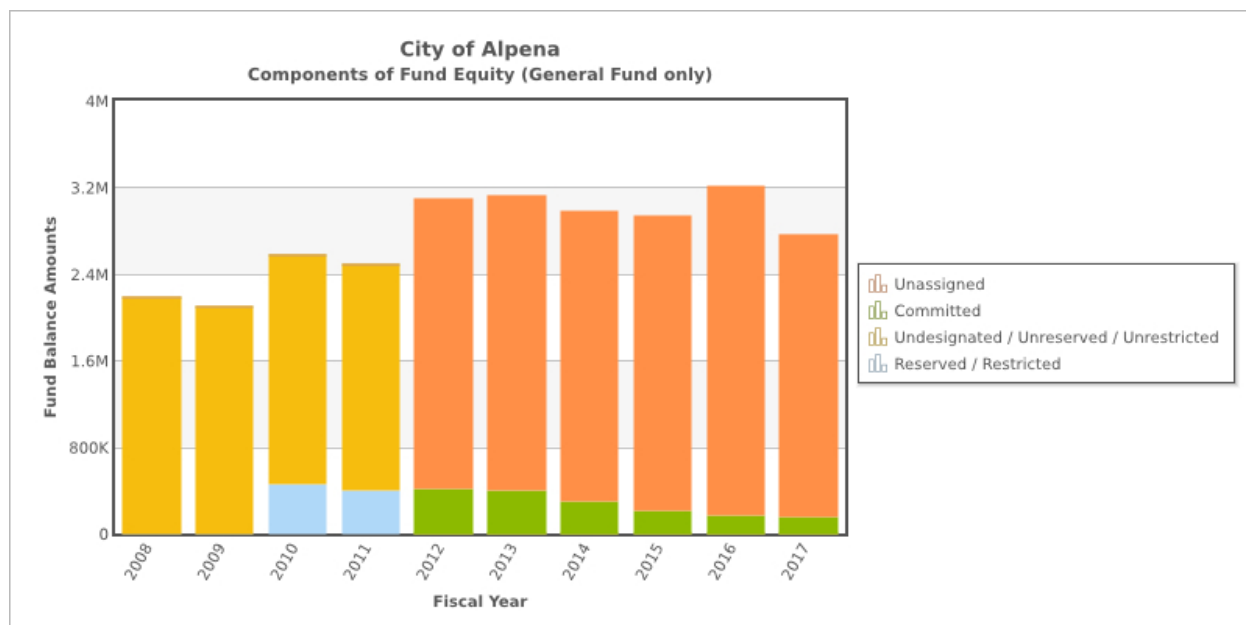


Figure 3.13: Fund Balance

Cash Investments

Another sign of a community's fiscal health is how well it manages its cash reserves and invests these funds. **Figure 3.14** illustrates revenues vs. expenditures vs. fund equity between 2007 and 2017. There were 4 out of the last 11 years where expenditures exceeded revenue. Fund equity remains above what it did in 2011, having remained somewhat consistent between 2012 and 2016, dropping off between 2016 and 2017. In 2017 the city witnessed the highest level of expenditures. Further analysis of **Figure 3.14** suggests that the city remains in generally good fiscal health.

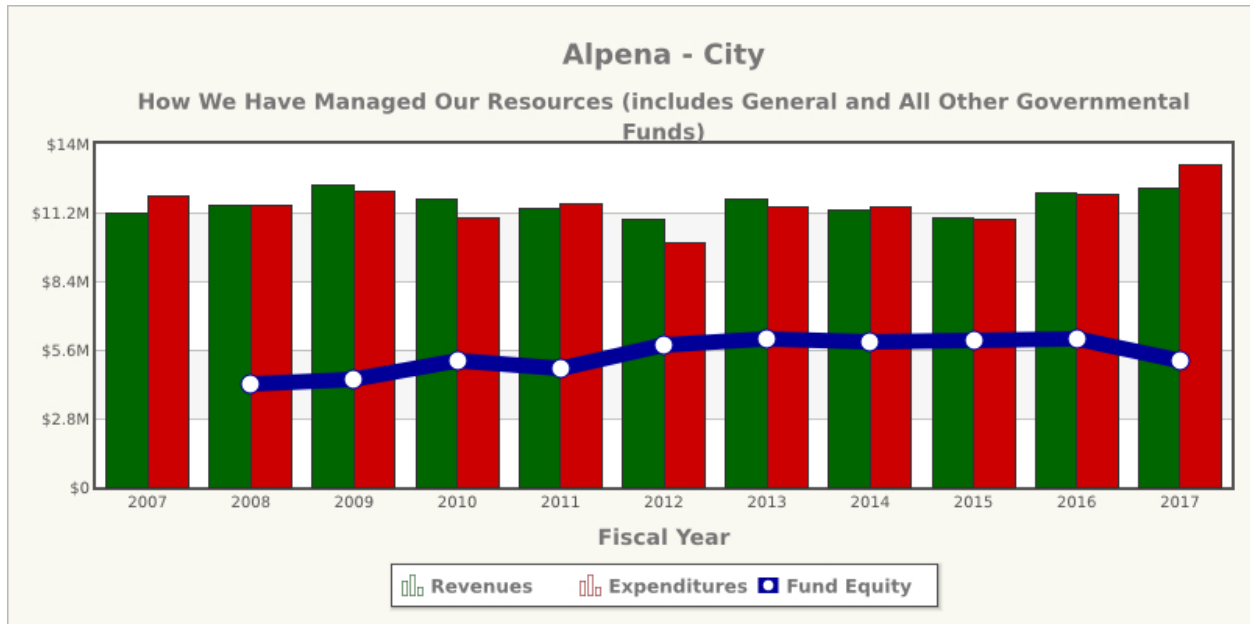


Figure 3.14: Fund Equity

Spending Per Capita

Figure 3.15 shows the spending per capita on services for citizens in selected communities within the NEMCOG region. In 2017, the spending per capita for the City of Alpena was \$1,844 per capita. Three communities (Rogers City, Cheboygan, and Onaway) were below benchmark spending, while three cities (Gaylord, Harrisville, and Grayling) were above the benchmark.

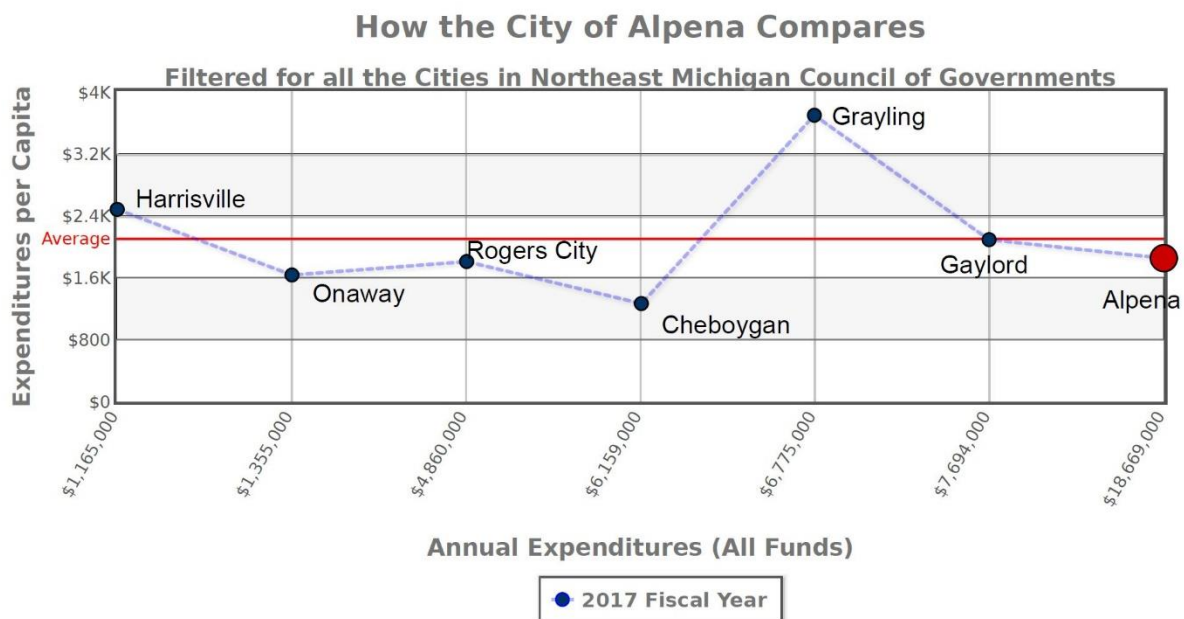


Figure 3.15: Spending Per Capita - 2017

Financial Stress

The "Stress Meter" provides an overview of Indicator Scores used by the State of Michigan to calculate the financial stress of a municipality. The Indicator Score gives an overall picture of the soundness of local governments, the trend of stability over time, and allows the identification of local units that are most in need of help. Scores are generated based on the criteria of population growth, real taxable value growth, large real taxable value growth, general fund

expenditures as a percent of taxable value, general fund operating deficit, prior general fund operating deficit, size of general fund balance, fund deficits in current or previous year, and general long-term debt as a percent of taxable value. The lower the number the more fiscally sound a local unit is determined to be. There are three categories of scores grouped by color; shades of green, blue and red (**Table 3.13**). The State Department of Treasury uses these indicator scores to determine those communities in Michigan which are under the most extreme financial stress. **Table 3.14** shows the fiscal

Table 3.14 City of Alpena Fiscal Indicator Scores	
2016	1
2015	0
2014	1
2013	1
2012	1
2011	1

scores for the City of Alpena. As can be seen, the City has never exceeded the *Fiscally Neutral* category and has never achieved a score worse than a 3. **Figure 3.16** shows the indicator scores for all municipalities in Alpena County. The graph shows a rather stable indicator score of low risk.

Table 3.13 State of Michigan Fiscal Distress Indicator System		
Points from Scale	Category	State Action
0-4	Fiscally Neutral	No State action needed
5-7	Fiscal Watch	Unit of local government is notified of its relatively high score and is placed on a watch list for the current and following year.
8-10	Fiscal Stress	Unit of local government is notified of its high score, is placed on a watch list for the current and following year, and receives consideration for review.
Source: Munetrix, 2012		

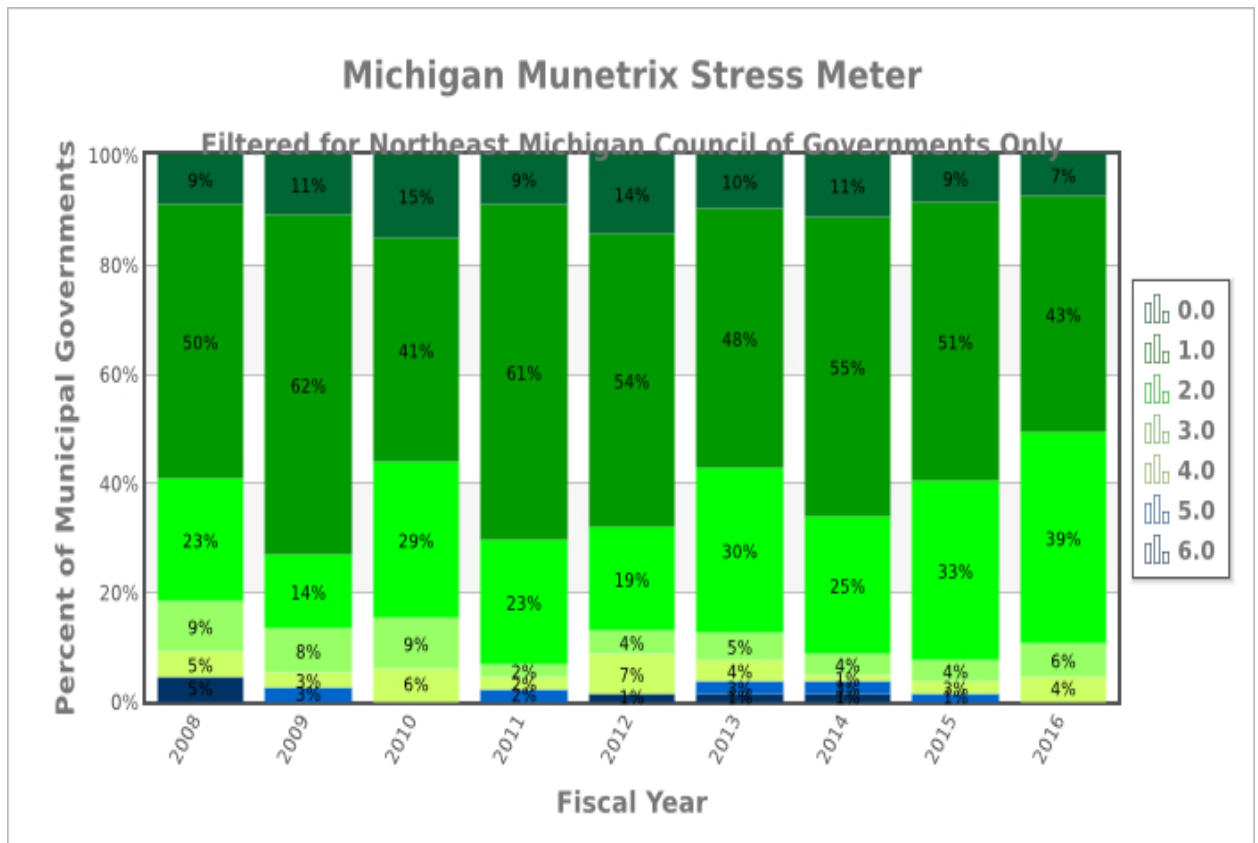


Figure 3.16: Fiscal Stress Meter

Fiscal Distress Indicator Factors

Population Growth

It can be argued there is a correlation between population loss and fiscal problems. Population loss can result in a general weakening of a locality's economy and could be caused by a loss of a major employer, demographic shift or other factors. Local governments are often unable to reduce expenditures to match a growth decline or loss of revenue due to departing taxpayers. This first indicator measures population change. If a unit lost population from the previous year it scores a 1, otherwise it is assigned a 0. **Figure 3.17** clearly shows the City of Alpena's overall decline in population since 2006.

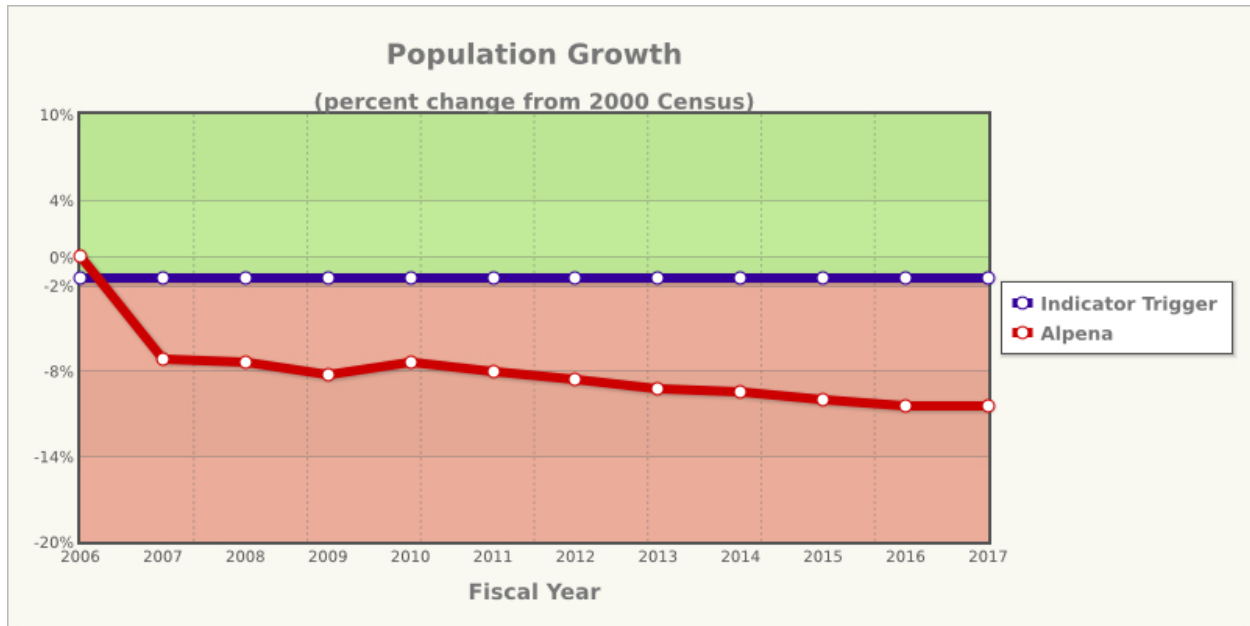


Figure 3.17: Population Growth Indicators

General Fund Expenditures as Percent of Taxable Value

This indicator assesses the size of a unit's public sector relative to its ability to generate revenues. A unit that scores relatively high on this variable indicates a unit that has a large public sector relative to the size of its tax base. Units with high scores on this indicator may wish to decrease this ratio through cutting expenditures, providing more efficient delivery of services, and/or attracting new residents or businesses that will increase the tax base. This indicator has no time lag and deals solely with data from within the same year. **Figure 3.18** suggests that the City of Alpena efficiently utilizes its resources and reflects the increasing expenditures relative to the taxable value.

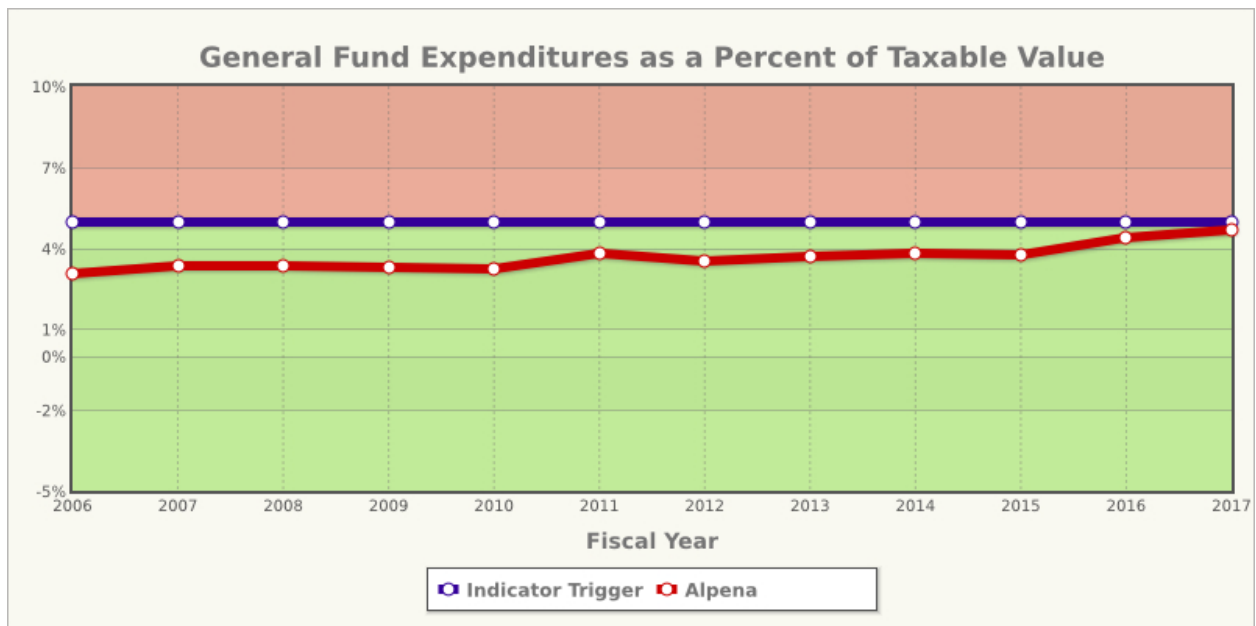
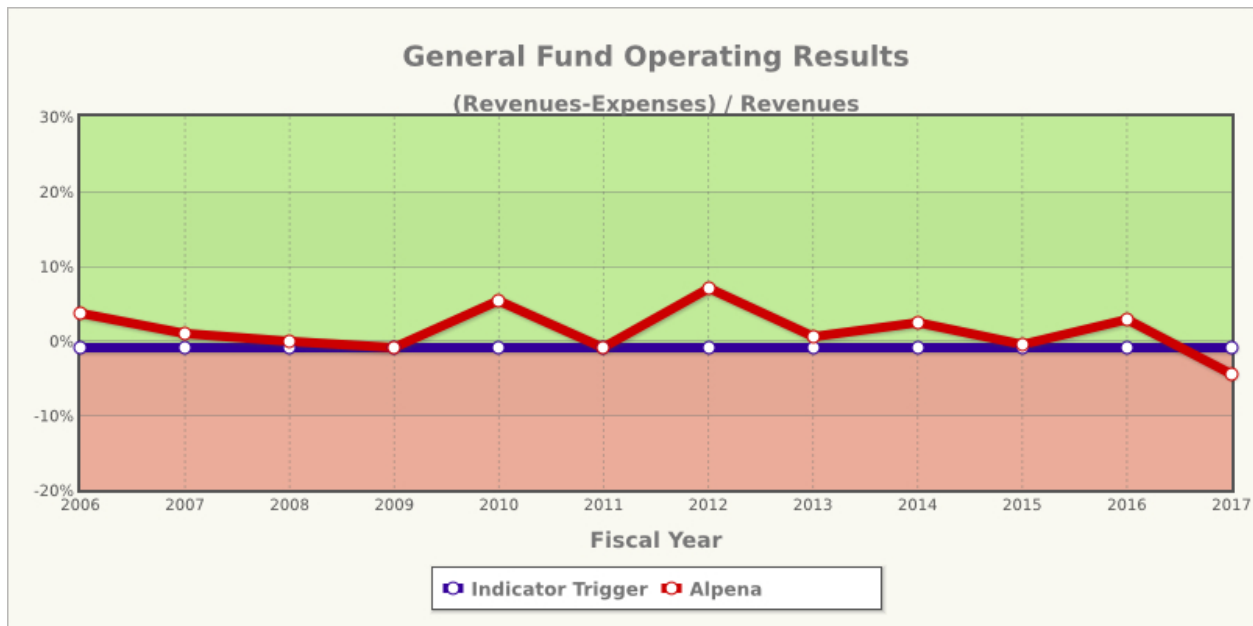


Figure 3.18: Expenditures as a Percent of Taxable ValueOperating Results

This variable is computed by subtracting general fund expenditures from general fund revenues for a given year. This figure is then divided by general fund revenues. If the number that results is less than -0.01, this indicates a unit has a nontrivial operating deficit and this unit received a score of 1. If the unit does not have a general fund operating deficit, or if this deficit is trivial, the unit is given a 0. **Figure 3.19** shows that the City of Alpena does not have issues related to operating deficit but expenditures did exceed revenues in 2017.

**Figure 3.19: Operating Deficits**Size of Fund Balance

Most units maintain a positive fund balance, and it is a sign of fiscal distress if the fund balance is negative. Units typically find it beneficial to keep the fund balance from declining too greatly as this inhibits their ability to cope with unexpected circumstances in either the revenue or expenditure stream. The actual variable constructed for this indicator is the general fund balance as a proportion of general fund revenue. If a unit maintains a general fund balance less than 13 percent of its general fund revenue, it scores a 1. Conversely a general fund balance above the 0.13 level scores a 0. The City of Alpena has an established policy that governs the amount of Fund Balance that must be retained. **Figure 3.20** clearly shows that the City is following this policy and its levels of Fund Balance are adequate.

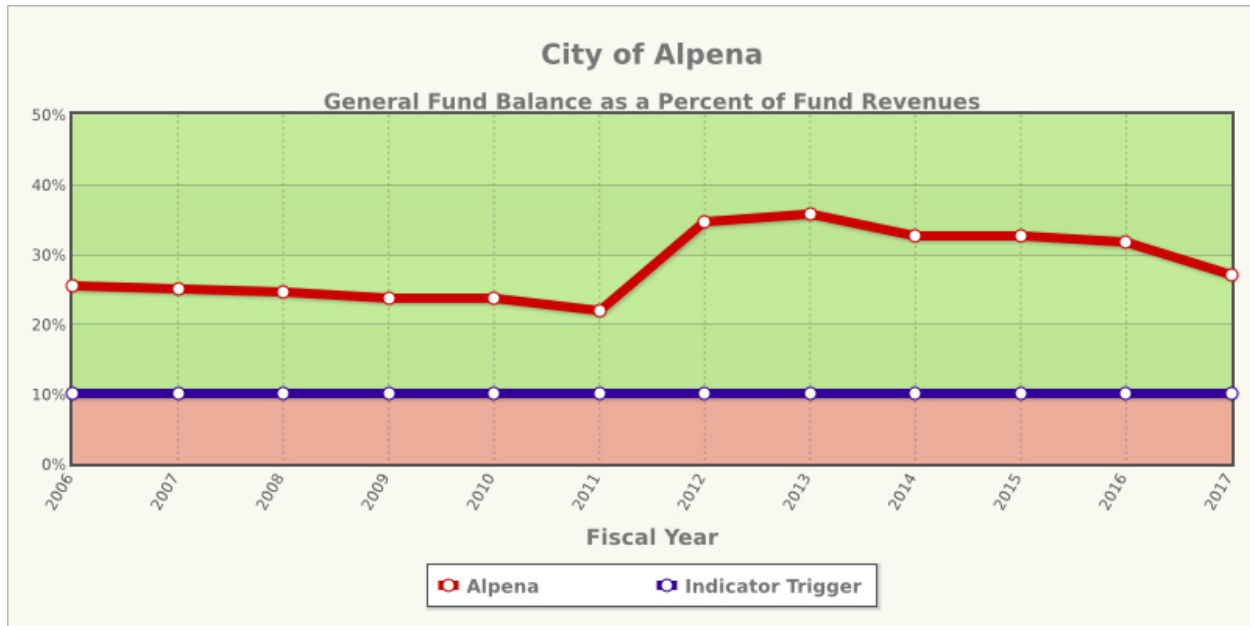


Figure 3.20: Fund Balance as a Percentage of Revenues

Long-Term Debt as a Percent of Taxable Value

Large debt levels relative to the ability of a unit to generate revenue are a clear sign of fiscal distress. This variable is constructed by taking general long-term debt and dividing it by the taxable value of the unit. Any unit with a debt to taxable value ratio above 6 percent is scored a 1 and those beneath it a 0. **Figure 3.21** clearly shows that the City does not have any significant long-term debt issues that will impact its ability to generate revenue.

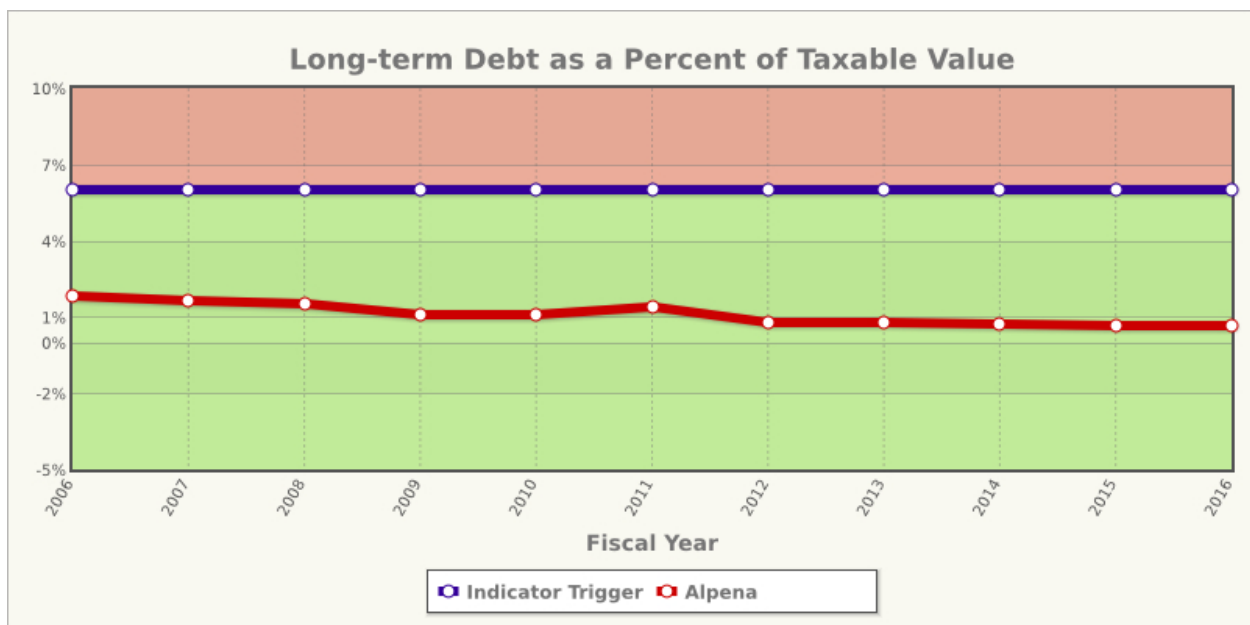


Figure 3.21: Long Term Debt

Public Safety Cost per Resident

The City of Alpena provides services to the community; approved expenses cover the costs associated with running the government, providing services, keeping the community clean, safe and maintaining the quality of life. In most units of government, police and fire services are the most expensive operations to maintain, as both services are very labor and equipment intensive. **Figure 3.22** shows that the cost per resident for police and fire services has remained fairly steady. However, in 2011 the *Per Resident* cost of fire services dramatically fell and has since been lower than that of police services.

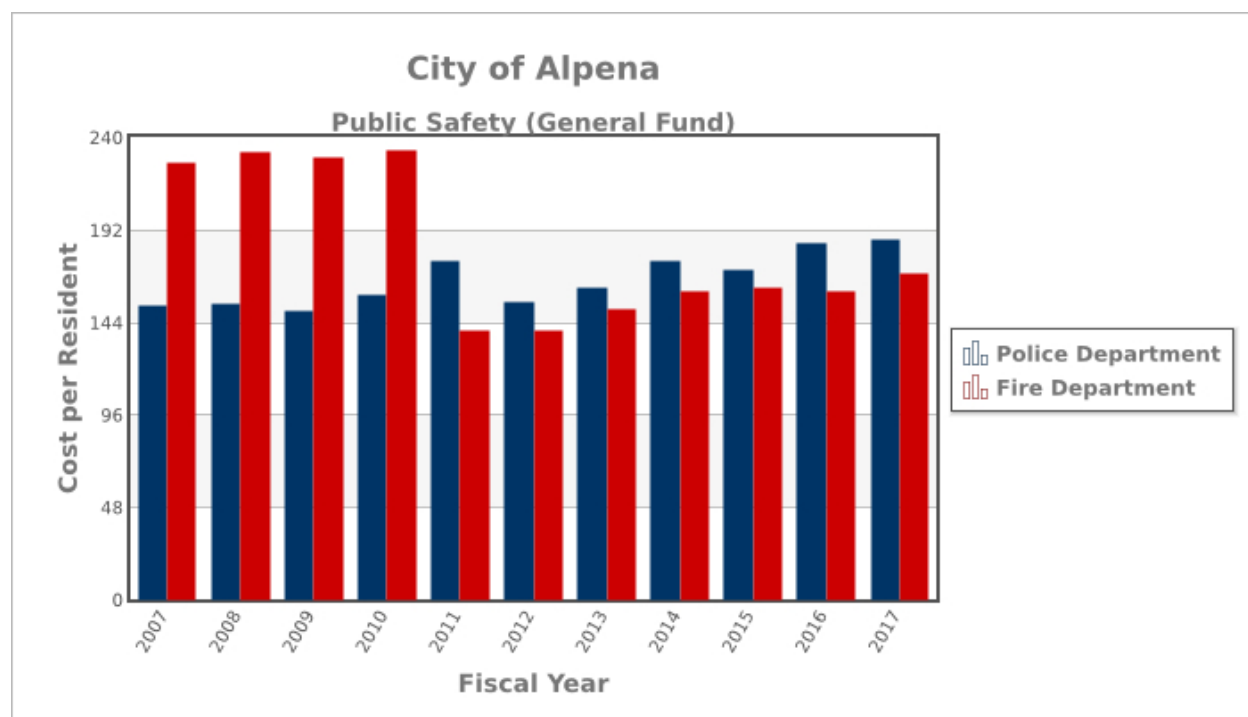


Figure 3.22 Public Safety Cost per Resident

Crime Statistics

Crime statistics provide a measure for the success or failure of certain criminal justice policies. They also provide important information on how best to allocate municipal resources. From a societal perspective, they provide indicators against which to measure criminal justice performance and therefore a way in which accountability can be measured. **Figure 3.23** shows that the overall numbers of crimes has risen recently in the City of Alpena. The most common type of crime has been Property Crimes, which dropped in 2012 and continue to decrease on average and is now lower than the “Other” category of crimes. *Crimes Against Persons* dropped slightly in 2012 and have remained stable over the past few years. Societal crimes were at their highest level in 2016 since 2008.

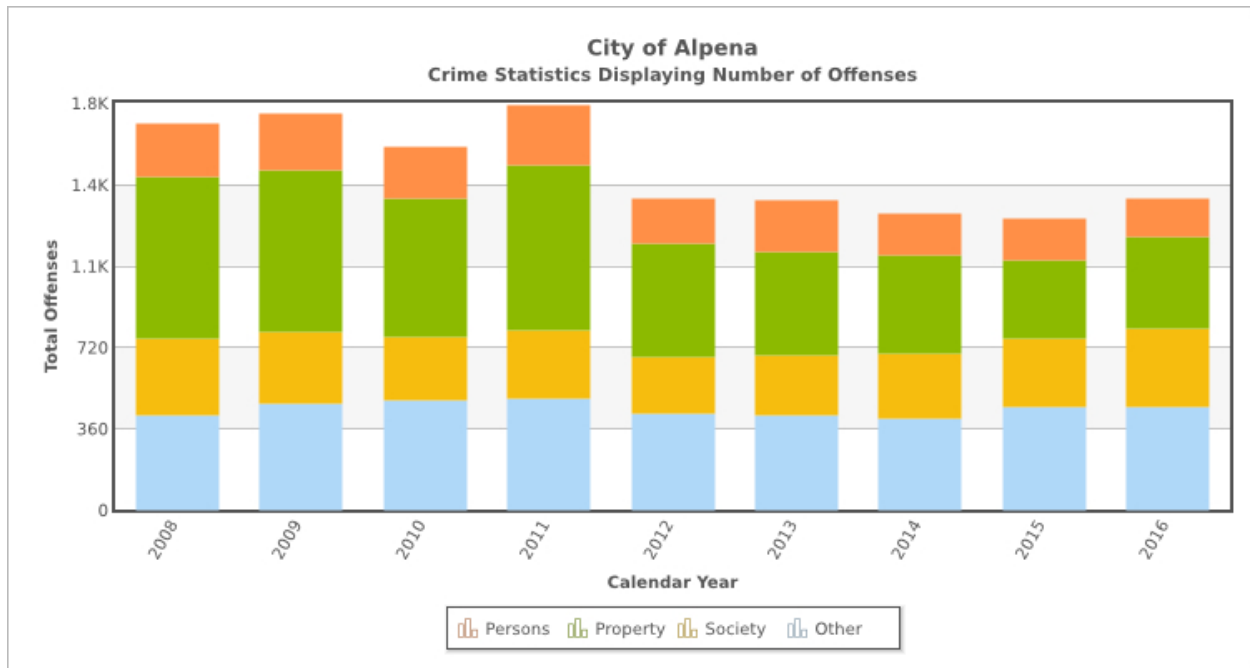


Figure 3.23 Crime Statistics