

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. Alpena Regional Medical Center (ARMC) has grown from a local primary care County-based hospital into a regional secondary healthcare center. ARMC has a medical staff of over 100 physicians and 900 employees from four surrounding counties, and operates with a 100 million dollar annual budget, providing well-paid and stable jobs.

Education, small-specialized industries and tourism are other sources of new jobs and economic development. Alpena Community College has doubled student enrollment since 1990, creating more jobs and training many people to take advantage of new technology, healthcare, marketing, and new industrial applications. Likewise, organizations like the Alpena Area Convention and Visitors Bureau and Alpena Chamber of Commerce have created and promoted many successful tourist events that include the Michigan Brown Trout Festival, Great Lakes Lighthouse Festival, Riverfest, Maritime Festival, and other similar events that attract tourism dollars to community's motels, eatery's 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.

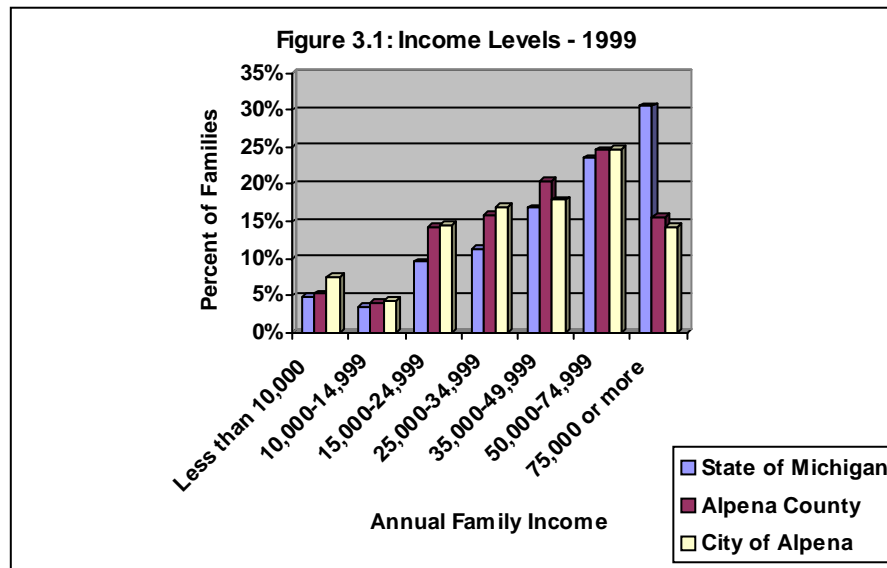
Local Property Taxes and State Revenue Funds are the primary source of local government revenue. The City of Alpena collects 18.34 mils for operations funding a projected budget of over nine million dollars for fiscal year 06-07 with a fund balance of over \$900,000. The County levies 4.9 mils, which 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.). County property tax bills contain 19 different millage charges. With the State of Michigan's program to remove or reduce taxes on business and industry, many local governments are experiencing a reduction in revenues and operating budgets, making it difficult to provide necessary services, yet alone those that add to the overall quality of life for the communities' residents.

Income and Poverty

Figure 3.1 compares the State, County and City percentages of families with incomes ranging from less than \$10,000 per year to over \$75,000 per year. **Table 3.1** presents the income data for *Families* and for *Households* in greater detail.

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The U. S. 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. Nearly half of the households in the City of Alpena and 36.2 percent of households in Alpena County earned less than \$25,000 a year in 1999, compared to 26.5 percent



Source: U.S. Bureau of the Census (2000)

of households in this income bracket for the State (see **Table 3.1**). Average household income for the City of Alpena was \$30,353, nearly 30 percent less than the State's average of \$44,667. Lower income levels correlate with higher rates of poverty. Less than eight percent of families lived below the poverty line in the State of Michigan, but the figure increased to 10.4 percent for 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 the family or unrelated individual is 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*. **Figure 3.2** shows the percentage each of these categories living under the poverty line by State, County, and City in 2000. The total number of families living below the poverty line in the City of Alpena was 303, or 10.4 percent of the number of families living in the City. The highest percentage of these families (42.4%) consists of female heads of households with dependent children. This figure is much higher than the 31.5 percent recorded that year for the State. Some updated statistics are available for Alpena County, but was not available at the city-level. In 2004, 13.2% of all people in Alpena County were living below poverty level while 12.5% of people statewide were below the poverty level. Also, 19.5% of children in Alpena County under the age of 17 were living below the poverty level as compared to 17.3% in the State.

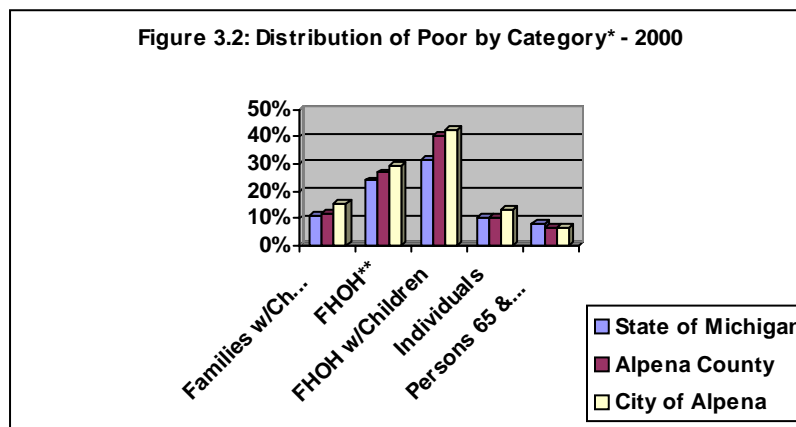
Figure 3.2 shows that the female-headed households with dependent children group made up a major portion of the poor for not only the County and City, but for the State, as well. Numbers of families with children (15.4%) and individuals (13.5%) living in poverty were also considerably higher than those recorded for the State (see **Table 3.2**).

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These figures aren't surprising when employment statistics (**Table 3.3**) and the income statistics (**Table 3.1**) are taken into consideration. The figures from these three tables 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 3.1 Income in 1999 for City, County and State						
	City of Alpena		Alpena County		State of Michigan	
Total Households	4,915	100%	12,877	100%	3,788,780	100%
Less than \$10,000	676	13.8%	1,326	10.3%	313,905	8.3%
\$10,000 to \$14,999	534	10.9%	1,126	8.7%	219,133	5.8%
\$15,000 to \$24,999	860	17.5%	2,209	17.2%	469,100	12.4%
\$25,000 to \$34,999	739	15.0%	1,918	14.9%	470,419	12.4%
\$35,000 to \$49,999	797	16.2%	2,364	18.4%	624,326	16.5%
\$50,000 to \$74,999	849	17.3%	2,440	18.9%	778,755	20.6%
\$75,000 to \$99,999	322	6.6%	964	7.5%	432,681	11.4%
\$100,000 to \$149,999	91	1.9%	346	2.7%	324,966	8.6%
\$150,000 to \$199,999	19	0.4%	93	0.7%	79,291	2.1%
\$200,000 or more	28	0.6%	91	0.7%	76,204	2.0%
Median Household Income	\$30,353		\$34,177 <i>(\$35,959 in 2004)</i>		\$44,667 <i>(\$44,409 in 2004)</i>	
Families	2,905	100%	8,750	100%	2,591,312	100%
Less than \$10,000	218	7.5%	464	5.3%	123,661	4.8%
\$10,000 to \$14,999	127	4.4%	360	4.1%	91,412	3.5%
\$15,000 to \$24,999	423	14.6%	1,249	14.2%	249,241	9.6%
\$25,000 to \$34,999	483	16.6%	1,359	15.9%	292,656	11.3%
\$35,000 to \$49,999	520	17.9%	1,794	20.4%	434,128	16.8%
\$50,000 to \$74,999	721	24.8%	2,160	24.6%	608,653	23.5%
\$75,000 to \$99,999	281	9.7%	876	10.0%	366,946	14.2%
\$100,000 to \$149,999	91	3.1%	321	3.7%	287,956	11.1%
\$150,000 to \$199,999	19	0.7%	86	1.0%	70,576	2.7%
\$200,000 or more	22	0.8%	81	0.9%	65,873	2.5%
Median Family Income	\$40,056		\$42,366		\$53,457	

Source: U. S. Census Bureau



Source: U. S. Census Bureau (2000)

*Based on 100% of Families Below Poverty Level

**Female Head of Household

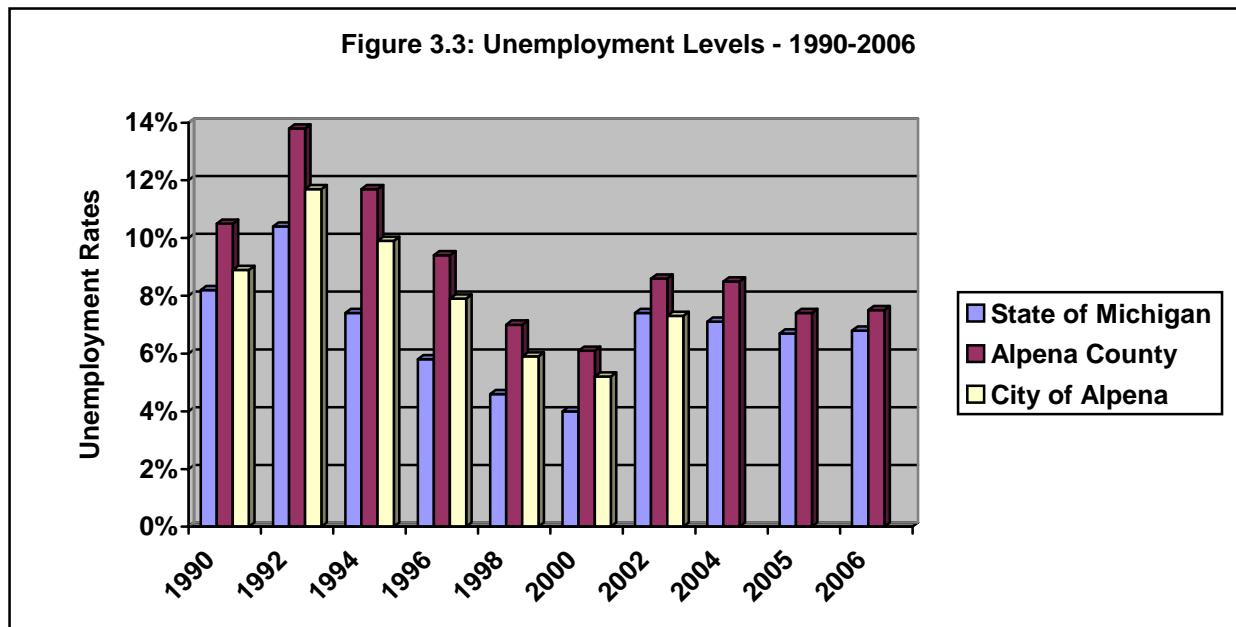
Table 3.2 Poverty Distribution – 2000						
	City of Alpena		Alpena County		State of Michigan	
Living Below Poverty Level						
Families	303	10.4%	675	7.7%	192,376	7.4%
With children	215	15.4%	461	11.8%	151,943	11.3%
Female householder, no husband	168	29.5%	308	26.7%	110,549	24%
With children	156	42.4%	284	40.3%	99,905	31.5%
Individuals	1,482	13.5%	3,278	10.5%	1,021,605	10.5%
18 years and over	1,026	12.2%	2,272	9.6%	668,670	9.3%
65 years and over	138	6.6%	364	6.8%	96,116	8.2%
Source: U. S. Census Bureau (2000)						

Employment and Unemployment

As can be seen in **Figure 3.3**, Alpena County and the City of Alpena both have had a higher unemployment rate than the State of Michigan for most of the past decade. In 1990, the rate of unemployment for the City of Alpena was 8.9 percent compared to the State's rate of 8.2 percent. The 1990 rate for Alpena County was notably higher at 10.5 percent. Unemployment rates in Alpena County, over the last ten years, were higher than both the City and the State by a significant margin. Unemployment rates for all three entities rose sharply between 1990 and 1992 before entering a period of steady decline that lasted eight years and reached a low in 1998 of 4.0 percent (State), 6.1 percent (County), and 5.2 percent (City). Between the years 2000 and 2002, State, County and City once again experienced a sharp increase in unemployment (7.4%, 8.6%, and 7.3%, respectively). Unemployment figures in September 2003 show that these higher rates of unemployment continued with the City experiencing rates of 7.8 percent, while the County's unemployment rate increased to 9.3 percent. From 2004 to 2006, the State unemployment rate dropped from 7.1% to 6.8% while the County dropped from 8.5% to 7.5%,

The percent of the population in the labor force are fairly equal for City, County, and State. Numbers of employed and unemployed workers also remain consistent at all three levels. Differences can be noted, however, when the type of work prevalent at State and local levels is taken into consideration. **Table 3.3** shows management and professional jobs constituted 31.5 percent of employment for the State of Michigan in 2000. Sales and office occupations (25.6%) and production, transportation and hauling jobs (18.5%) were the second and third largest employment sectors for the State. Service occupations made up only 14.8 percent of the State's economy, compared to 22.1 percent for the City of Alpena and 18.2 percent for Alpena County. Management/professional jobs (31.4%) were the largest employment sector for the City of Alpena. Sales/office occupations (23.6%) and service occupations also utilized a substantial portion of the workforce in the City of Alpena. Production, transportation and hauling jobs (15.5%) impacted the City's labor market to a lesser degree than at the State and County level but remained an important part of the City's economy. The top two employment sectors for Alpena County were management and professional jobs (27.2%) and sales and office occupations (25.1%).

Table 3.4 depicts employment statistics by industry for the City. This shows that education, health and social services employ nearly twice the number of people as manufacturing or retail trade. Generally, these jobs require an advanced degree and provide a higher pay scale than retail, service, and manufacturing jobs.



Source: Office of Labor Market Information (2003-2006 data not available for the City of Alpena)

	City of Alpena		Alpena County		State of Michigan	
Population 16 years and over	8,800	100%	24,804	100%	7,630,645	100%
Employment Status						
In labor force	5,256	59.7%	14,973	60.4%	4,926,463	64.6%
Civilian labor force	5,212	59.2%	14,862 <i>(15,189 in 2006)</i>	59.9%	4,922,453 <i>(5,097,000 in 2006)</i>	64.5%
Employed	4,869	55.3%	13,782 <i>(14,045 in 2006)</i>	55.6%	4,637,461 <i>(4,754,000 in 2006)</i>	60.8%
Unemployed	343	3.9%	1,080 <i>(1,145 in 2006)</i>	4.4%	284,992 <i>(344,000 in 2006)</i>	3.7%
Armed Forces	44	0.5%	111	0.4%	4,010	0.1%
Occupation						
Management, Professional	1,531	31.4%	3,748	27.2%	1,459,767	31.5%
Service Occupations	1,076	22.1%	2,504	18.2%	687,336	14.8%
Sales and Office Occupations	1,151	23.6%	3,454	25.1%	1,187,015	25.6%
Farming, Fishing, Forestry	25	0.5%	148	1.1%	21,120	0.5%
Construction, Mining, Maintenance	332	6.8%	1,390	10.1%	425,291	9.2%
Production, Transportation, Hauling	754	15.5%	2,538	18.4%	856,932	18.5%
Source: U. S. Census Bureau						

Table 3.4 Employment Statistics by Industry in City of Alpena		
Industry	Number	Percent
Agriculture, Forestry, Fishing, Hunting, Mining	62	1.3
Construction	226	4.6
Manufacturing	690	14.2
Wholesale Trade	166	3.4
Retail Trade	637	13.1
Transportation, Warehousing & Utilities	155	3.2
Information	160	3.3
Finance, Insurance, Real Estate & Leasing	206	4.2
Professional, Scientific, Management, Administrative & Waste Mgmt.	213	4.4
Educational, Health and Social Services	1,318	27.1
Arts, Entertainment, Recreation, Accommodations, and Food Services	525	10.8
Other Services (except public administration)	321	6.6
Public Administration	190	3.9
Source: 2000 U. S. Census Bureau		

Table 3.5 provides employment statistics by class of worker from the 2000 US Census. Over 77 percent of residents in the City work in the private sector, while another 13.6 percent work for a unit of government, and 8.4 percent were classified as self employed. Principal employers in the City of Alpena are presented in **Table 3.6**. InfoSource from Harris Publishing Company provides information on major employers and number of employees. As noted previously, educational, health and social service jobs account for a large number of jobs in the community.

Table 3.5 Employment Statistics for Class of Worker		
Class of Worker	Number	Percent
Private Wage & Salary Workers	3,758	77.2
Government Workers	663	13.6
Self-employed Workers (not incorporated business)	407	8.4
Unpaid Family Workers	41	0.8
Source: 2000 U. S. Census Bureau		

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Name	Product Description	Employees
Alpena Regional Medical Center	Medical & Surgical Office	830
Alpena Public Schools*	Administrative offices and K-12	850
Besser Company	Concrete block forming machines	400
LaFarge North America	Manufactures cement	245
Decorative Panels International	Manufactures hardboard	230
Alpena Community College *	2 year college	200
Northeast Michigan Mental Health	Outpatient mental health services	75
Tendercare Michigan, Inc.	Skilled nursing care facility	150
Great North Foods	Food Brokers; wholesales & distribution	110
Big Boy Restaurant*	Full Service restaurant	100
Verizon	Wired telephone service	100

Source: Harris Publishing Company, 2006 InfoSource
* 2004 InfoSource

Economic Sectors

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

Industrial Development

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. According to the Michigan Industrial Directory, from 1991 to 1999 the number of industrial employers has increased from 50 to 65, while the number of employees in these industries decreased from 2,874 to 2,429. Small machine shops make up the largest number of industrial businesses with 20 shops in Alpena County. Machine shops also had the largest increase from 1991 to 1999 with five new shops opening. The other primary industries in the county are stone and concrete manufacturing, lumber and wood manufacturing, printing and metal fabrication.

Data found in **Table 3.7** shows the importance of the manufacturing sector as a part of Alpena County's overall economy. This table shows that, in 2006, the county's manufacturing sector had the second largest number of employees (1,688). The manufacturing sector was made up of 46 separate establishments. This indicates that the area is not dependent on only one or two manufacturers for all of the area's employment in that sector.

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 3.7**. As of 2006, this sector and employed 1,846 persons.

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Services

The service sector makes up the majority of Alpena County's economy, as shown on **Table 3.7**. All of the sectors listed as "retail trade" are considered in the "service sector". With this in mind, this sector employed approximately 5,923 out of persons in 2006 (65.2%), and had an average annual payroll of \$176,973,794. Some of the data is approximate due to government disclosure rules. Within all of the "service sector" categories, "health care and social services" plays a very major role. In 2006, the health care sector included 1,416 employees. This county is very fortunate to be the home of a regional hospital, Alpena Regional Medical Center, (ARMC). The location of ARMC attracts many clients from nearby counties. This factor has led to the establishment of many ancillary medical and social services within the county.

NAICS Code*	NAICS Title	Average Monthly Employ**	Percent Of Total	Average Weekly Wages
0	Total, All Industries	9,078	100.0%	\$575
11	Agriculture, forestry, fishing and hunting	31	.3%	\$410
21	Mining	42	.4%	\$1,414
22	Utilities	53	.6%	\$1,317
23	Construction	558	6.1%	\$655
31	Manufacturing	1,688	19.6%	\$1,037
42	Wholesale trade	444	4.8%	\$614
44	Retail trade	1,846	20.3%	\$385
48	Transportation and warehousing	318	3.5%	\$806
51	Information	194	2.1%	\$632
52	Finance and insurance	417	4.6%	\$631
53	Real estate and rental and leasing	156	1.7%	\$383
54	Professional and technical services	205	2.3%	\$671
56	Administrative and waste services	291	3.2%	\$353
61	Educational services	20	.2%	\$445
62	Health care and social assistance	1,416	15.6%	\$489
71	Arts, entertainment, and recreation	115	1.3%	\$246
72	Accommodations and food services	850	9.4%	\$188
81	Other services, except public administration	413	4.5%	\$315

*NAICS = North American Industrial Classification System
 **Total may not add due to rounding and/or data that is not disclosed.
 Source: Michigan Dept. of Labor and Economic Growth
 Bureau of Labor Market Information and Strategic Initiatives

Government

The government sector makes up another important economic sector of the county. **Table 3.5** shows that governmental employment comprises about 13.6% of total county 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.

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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. However, according to the June 2001 *Alpena County Tourism Profile* prepared by Michigan State University Extension, Alpena County recorded over 38 million dollars in travel related expenditures in 1996.

Other Alpena County tourism statistics worth noting include:

Fishing licenses: 7,239 restricted; 5,253 all species; 2,624 twenty-four hour.

Registered snowmobiles: 2,809.

Registered watercraft 4,688.

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. A 13.5 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 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, Riverfest, 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.

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, Assistant City Manager, City Planner and City Engineer. Programs include brownfield redevelopment, renaissance zones, infrastructure improvements, and CDBG grants.

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Brownfield Redevelopment

The Alpena City Council established a Brownfield Redevelopment Authority 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 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 redevelopment of an eligible property are funded through Tax Increment Financing. Qualified taxpayers that own or lease the brownfield site may be eligible for State Single Business Tax Credits.

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) and Lafarge Midwest, Inc, Alpena Site at 1435 Ford Avenue. Brownfield Redevelopment activities have yielded tangible successes and supported economic growth in the core of the City, particularly along the waterfront.

Renaissance Zones

In 1998, six Renaissance Zones were designated by the State in Alpena County. Four of the zones are in the City of Alpena and two are in Wilson Township at the Alpena County Regional Airport. 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.

Commerce Industrial Park Sub Zone 1

This 21.76 acre light industrial park is owned by Target Alpena Development Corporation and is a Michigan Certified Business Park. The 15 development lots average one acre in size and are intended for small industrial and commercial uses. A limitation that prevents more than two lots being combined was established to promote smaller industrial users; however, this policy can be waived based on the merits of an individual development proposal. Underground utilities and a paved road system are established. The park is currently under development, with one lot under development; additionally 2½ lots have recently been sold with substantial development pending.

Oxbow Park Sub Zone 2

This 39.7 acre former City landfill was owned by the City of Alpena but sold to a private developer in 2002. The general landfill closed in the 1950's and was most recently used for recreation and as a City dumping site for inert materials. A site plan for a neo-traditional mixed-use development has been approved as a project called Oxbow Village. Planned uses for the development include a combination of residential, office, recreation, and institutional. The City obtained grant funding that was used to perform environmental activities on the site and bring infrastructure to the area in support of the redevelopment of the property. Private development of the site is currently underway.

National Guard Armory Site Sub Zone 3

This historic structure was dedicated in the 1920's as Memorial Hall, in honor of the veterans of

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World War I. In the 1950's, this 0.70 acre site became a state-owned National Guard Armory Building. The State divested itself of the property in 2006 to local private developers following the relocation of the National Guard to the Combat Readiness Training Center in mid 2000. The property is zoned Planned Unit Development (PUD) and final development plans are currently in progress. The City of Alpena has completed a historic district study of the site and has established a single-resource historic district on the property.

Southwest Residential Site Sub Zone 4

This is a city-owned 14.85 acre site originally platted in 1893. The property was never developed due to the low nature of the terrain and lack of infrastructure. A wetland delineation prepared by Global Environmental Engineering shows that 9.75 acres of the property is wetland. Consequently, the property is unlikely to be developed.

Other Sites located in the County

Alpena County Regional Airport, West Side Sub Zone 5: This 87-acre site is located on the main entrance drive the airport. The site is adjacent to M-32 and sewer, water and fiber optics are available.

Alpena County Regional Airport, East Side Sub Zone 6: This 120-acre site is located on the east side of the airport property abutting the north side of M-32. Airport related office or light industrial uses are anticipated for the site. Water, sewer, and fiber optics are available.

Cool Cities

Building vibrant, energetic cities that attract jobs, people and opportunity to our state is a key component of Michigan Governor Jennifer M. Granholm's economic vision for Michigan. Governor Granholm kicked-off the "Cool Cities" initiative in June 2003 throughout the state as an urban strategy to revitalize communities, build community spirit, and most importantly, retain the "knowledge workers" who are leaving Michigan in alarming numbers. Alpena was one of 19 projects awarded "Cool Cities" status in 2003. The City has created an eight member Local Cool City Advisory Group (LCCAG) to expand Alpena's unique environment that enriches the City and encourages job growth through the retention of workers and attracts "knowledge workers" and creative thinkers to the area. Alpena's "Cool Cities" intake will help to create a thriving community that continues to build on its proud heritage.

The Michigan Cool Cities 2004 Pilot Program combined more than 100 of the state's community improvement grants, tax credits, loans, and assistance programs into a single Resource Toolbox that can be accessed by cities and communities for revitalization projects. The program also created a \$100,000 Catalyst Grant program that serves as a flexible tool for those organizations engaged in neighborhood revitalization projects. Together, the Resource Toolbox and the Catalyst Grant program leverage millions of dollars that can be strategically directed to revitalization projects that present high opportunities for success. Due to overwhelming responses, the state has continued the grant and planning program in 2005 and 2006. The Cool Cities initiative is administered through the Michigan Department of Labor and Economic Growth.¹

The City utilized its 2004 Catalyst Grant to construct the first phase of a Heritage Riverwalk within the confines of South Riverfront Park. Construction included the installation of a decorative, stamped concrete boardwalk, improved site lighting and amenities, historic

¹ Cool Cities Web Page <http://www.coolcities.com>

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interpretative signage, and improvements to the river dockage that is available at the park. This project was chosen, in part, as a compliment to the anticipated redevelopment of the adjacent Memorial Hall/National Guard Armory building.

In 2005, the City applied and received a second Cool Cities designation. Under the 2005 program, the Cool Cities Initiative became an umbrella program into four component programs: 1) the Catalyst Grant program. 2) The Michigan Main Street program. 3) The Blueprints for Michigan Downtowns program; a program designed to implement strategic planning for downtown commercial areas. 4) The Blueprints for Michigan Neighborhoods program; a program designed to develop a comprehensive residential redevelopment plan for low to moderate income neighborhoods.

The City of Alpena was one of three communities awarded a Blueprints for Michigan Neighborhoods program designation. Implementation of this program remains ongoing.

The 2006 Cool Cities program mirrors the 2005 program. The City has applied for a second \$100,000 Catalyst Grant designation. The City's proposed project will lay fiber optic cable from Alpena City Hall under the Thunder Bay River, along the east side of the river to the Great Lakes Maritime Heritage Center, then east to Lincoln Elementary School and north to Commerce Industrial Park. The City will also conduct an evaluation to develop a pilot program to test implementation of a community wide wireless Internet (WiFi) network.

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.

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.

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Fiber Optic Plan – A Wired City

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 is currently pursuing 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 are 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. The development of this network could eventually lead to opportunities for use by the private sector. To further the development of this fiber optic network, the City has 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 will be targeted for network development in three key target zones within the City (City Hall/City Marina/Northland Library Target Zone; the Community Development Building Target Zone; the ARMC/Civic Center Target Zone). Although a two-year program, all construction projects have been completed. Educational activities will be on going through the end of 2007.

Economic Development Organizations

The City of Alpena and Alpena Township both have Economic Development Corporations (EDC), formed under Act 347. These organizations are seldom convened, as Target Alpena Development Corporation has become the primary economic development organization in the county. 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. The organization operates with a 32-member board of directors that represents a broad base of key community stakeholders. A recent strategic reorganization has also led to the creation of a seven-member Executive Committee comprised of the President of Target, the Alpena City Mayor, a representative from the Alpena Area Chamber of Commerce, a representative from the township government, a representative from the Alpena County Board of Commissioners, and two representatives from local large and small businesses respectively.

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Target has been instrumental in both retaining existing jobs and bringing new jobs into the community. Target Alpena is supported entirely by voluntary contributions from financial institutions, businesses, individuals, governmental entities, foundations, utilities, and grants.

Target Alpena activities focus largely on five areas:

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

North Industrial Park was created by the Greater Alpena Industrial Corporation. In the mid 90'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'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 2000 jobs. Target also administers a Micro Loan program across a 6-county area. The program has made 182 loans for a total value of \$2,076,400.

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.

Additionally, the DDA is organized under the National Trust for Historic Preservation's "Main Street" 4-points approach. According to the organization:

The National Trust Main Street Center offers a comprehensive commercial district revitalization strategy that has been widely successful in towns and cities nationwide. Described below are the four points of the Main Street approach which work together to build a sustainable and complete community revitalization effort.

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- **Organization** involves getting everyone working toward the same goal and assembling the appropriate human and financial resources to implement a Main Street revitalization program.
- **Promotion** sells a positive image of the commercial district and encourages consumers and investors to live, work, shop, play and invest in the Main Street district.
- **Design** means getting Main Street into top physical shape. Capitalizing on its best assets — such as historic buildings and pedestrian-oriented streets — is just part of the story. An inviting atmosphere, created through attractive window displays, parking areas, building improvements, street furniture, signs, sidewalks, street lights, and landscaping, conveys a positive visual message about the commercial district and what it has to offer.
- **Economic Restructuring** strengthens a community's existing economic assets while expanding and diversifying its economic base.

Coincidentally, the four points of the Main Street approach correspond with the four forces of real estate value, which are social, political, physical, and economic.

The DDA works closely with the Downtown Alpena Business Association (DABA) to promote activities in the business district. Promotional activities to strengthen the downtown include: sidewalk sales, a sand castle building competition, Friday Nights Downtown, Picnic in the Park, Movies in the Park, and Riverfest. The DDA has a strong working relationship with the City, Alpena Area Convention and Visitors Bureau, Alpena Area Chamber of Commerce and Target Alpena.

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. To date, nine projects have been completed with \$31,705.43 paid out in grants. These property owners have invested \$256,421.03 in rehab of downtown buildings.

Proposed projects are too numerous to list here, but can be found in the amended and restated Development Plan No. 1 and Tax Increment Financing Plan No. 1. Four short term priority projects are developing a Wayfinding Plan (directional signage project), completing parking lot improvements, establishing a low interest loan pool, and developing a DDA web site. The overall vision of the DDA is to have a 24 hour downtown, a variety of housing options, first floor retail establishments, a mix of retail, residential and professional uses, more use of waterfronts, hotel and convention center, and sidewalks filled with people.

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 2% assessment on rooms in hotels with 10 or more rooms. Eleven properties in the county are active members and collect the assessment. There are an additional 60 associate members. The CVB board of directors consists of eight active members who elect a president, vice president, secretary and treasurer. 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 and other media. Marketing strategies focus on maritime heritage, parks and trails, and local attractions. The CVB played a key role in the development of the Maritime Heritage Driving Tour, “Lights of Northern

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Lake Huron". The bureau partners with other community organizations such as the Chamber of Commerce, DDA and the Sunrise Side Tourism Council. As the community expands its tourism base, the Convention and Visitors Bureau will play an increasingly important role in economic development and function as a "Destination Marketing Organization."

Alpena Area Chamber of Commerce

The Alpena Area Chamber of Commerce is an organization that serves and represents its 500 business members. 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.

Building Activity

In the last nine years, building activity in the City has been strong with six of those years showing a valuation of building in excess of \$9,000,000. There was a significant jump in building activity in 2000 which was nearly double from the previous year. **Table 3.8** is a summary of building activity reported by the City Building Department.

Year	Number of Permits	Valuation
1998	271	\$14,805,455
1999	220	\$4,073,053
2000	433	\$9,025,961
2001	615	\$6,609,562
2002	612	\$9,144,114
2003	655	\$9,021,734
2004	606	\$10,110,417
2005	493	\$14,142,385
2006	501	\$8,843,946

Source: Alpena City Building Department

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.) **Table 3.9** shows taxable valuation by ownership type in 2006. As can be seen, the residential category accounts for over 54% of the taxable value in the City. **Table 3.10** presents the taxable value history of the City of Alpena. Taxable growth was relatively flat in the 1980's, but showed a steady increase in taxable value from the late 80's to 2006. However, in 2002 there was a loss of taxable value, likely due to plant closings. A comparison of estimated property tax for primary residence in 2005 found the City of Alpena at 38.77 mills, Gaylord 38.25 mills, Cheboygan 35.45 mills, Petoskey 34.53 mills, Traverse City 36.35 mills, Sturgis 37.34 mills and Owosso 35.29 mills.

Class	Taxable Value	Percent
Agricultural (DNR)	\$16,706	0.01%
Residential	\$145,945,741	54.26%
Industrial	\$68,575,614	25.49%
Commercial	\$48,999,377	18.22%
Utilities	\$5,450,400	2.03%
Total *	\$268,987,838	100.00%
* Includes Industrial Facilities Assessments and Renaissance Zones		
Source: Alpena City Assessor's Office		

Year	Total City Taxable	Change from Prior Year	
	Valuation	Amount	Percent
1977	102,757,201		
1978	106,917,822	4,160,621	4.05%
1979	115,358,425	8,440,603	7.89%
1980	137,635,518	22,277,093	19.31%
1981	143,038,962	5,403,444	3.93%
1982	144,411,200	1,372,238	0.96%
1983	144,463,100	51,900	0.04%
1984	145,068,900	605,800	0.42%
1985	146,259,500	1,190,600	0.82%
1986	146,844,500	585,000	0.40%
1987	146,042,500	-802,000	-0.55%
1988	148,224,700	2,182,200	1.49%
1989	150,311,300	2,086,600	1.41%
1990	153,920,200	3,608,900	2.40%
1991	161,933,200	8,013,000	5.21%
1992	163,181,100	1,247,900	0.77%
1993	175,751,100	12,570,000	7.70%
1994	183,800,200	8,049,100	4.58%
1995	194,040,476	10,240,276	5.57%
1996	202,199,796	8,159,320	4.20%
1997	210,770,430	8,570,634	4.24%
1998	223,247,078	12,476,648	5.92%
1999	231,578,994	8,331,916	3.73%
2000	232,597,633	1,018,639	0.44%
2001	244,354,733	11,757,100	5.05%
2002	241,488,060	-2,866,673	-1.17%
2003	243,361,991	1,873,931	0.78%
2004	252,148,258	8,786,267	3.61%
2005	260,126,284	7,978,026	3.16%
2006	268,987,838	8,861,554	3.41%
The years 1983 - Present include Commercial and Industrial Facilities Valuation			
The years 2003 and after include Renaissance Zone Valuation			
Source: Alpena City Assessor's Office			