



Report and Recommendations:

A Comprehensive Economic Development Strategy for Bay County, Michigan

Submitted to:

The Bay County Board of Commissioners

September 2004

Submitted by:



HOLLAND, MICHIGAN
WWW.WHITTAKERASSOCIATES.COM

COMPETITIVE STRATEGIES GROUP, LLC

ATLANTA, GEORGIA
WWW.COMPETITIVESTRATEGIESGROUP.COM

Table of Contents

I. Background	3
II. Methodology	5
III. Results from Survey Instruments	7
A. Community Overview/Assets and Challenges Assessment.....	8
B. Economic Assessment of Bay County	8
C. Individual Interviews and Focus Groups	25
D. Community Town Hall Meetings	35
IV. Findings and Conclusions	36
V. Recommendations	41
VI. Concluding Thoughts	50
VII. Appendices.....	52
A. Exhibit 1 Community Assets and Challenges Assessment.....	53
B. Exhibit 2 Bay County Community Business Survey.....	59
C. Exhibit 3 Town Hall Meeting Summaries	65
D. Consultant Team	87

ADA STATEMENT:

The County of Bay will provide necessary and reasonable auxiliary aids and services, such as signers for the hearing impaired or audio tapes of printed materials, to individuals with disabilities. Contact Michael K. Gary, Director of Administrative Services, 515 Center Avenue, Bay City MI 48708 or call (989) 895-4130 or (989) 895-4049 TTD/TTY hearing or speech impaired or send email to administrativeservices@baycounty.net

I. Background

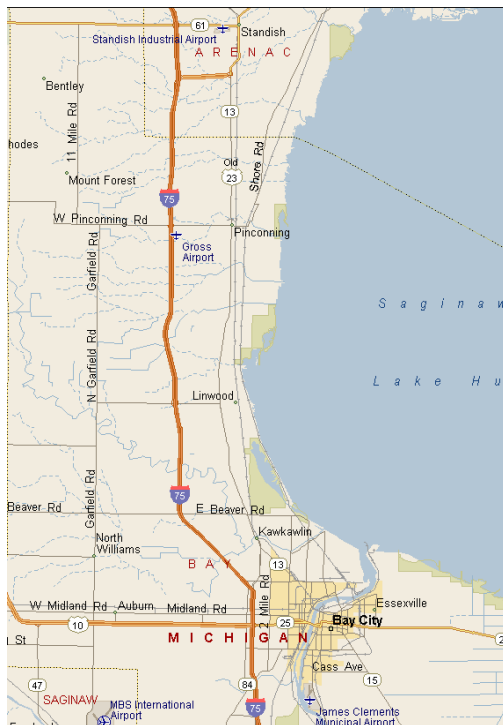
I. Background

Bay County, Michigan, located in northeast Michigan on Interstate 75, is a community of great history, ethnic diversity and community pride. Founded on the tenets of the burgeoning lumber trade, its recent economic strength has been in various types of manufacturing, agriculture and retail trade. Because it has relied on industries that have declined in employment growth over the last 15 years, Bay County has suffered economically and did not weather the short recession of 2000-2002 well. Additionally, as most of the U.S. was enjoying unprecedented growth in the mid to late 90's Bay County did not.

The impact of the recession of 2001 is the defining event in Bay County's current economy. Although mild growth was preexisting, the abrupt employment losses in 2001 have shifted the economy into a local slump, which persists today. Overall changes in total employment are negative. Relatively high out-commuting to Saginaw County and the heavy concentration of manufacturing job losses in both Bay and Saginaw Counties has led to stagnation in earnings, and a decline in the construction and retail sectors.

The Bay County Board of Commissioners retained Whittaker Associates, Inc. (Whittaker) and the Competitive Strategies Group, LLC (CSG) (referred hereafter as the Team) in March of 2004 to help in creating a comprehensive economic strategy. Funding for this effort came from both the Bay County government and a grant from the State of Michigan.

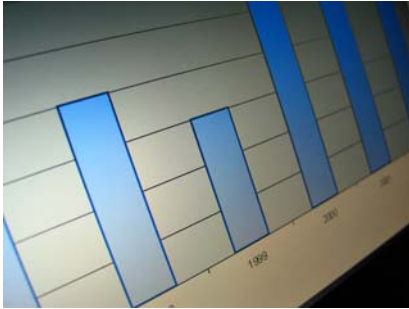
The findings, conclusions and recommendations of the Team are contained in this report. The report is structured as to identify what issues have been impediments to growth in Bay County, what assets exist as it relates to economic development, and then recommendations to take Bay County to its next level in economic development. The Team especially appreciates the assistance of the Bay County Steering Committee in providing suggestions and feedback. Those Steering Committee Members include: Mike Seward, Bay Area Chamber of Commerce; Brian Elder, Bay County Board of Commissioners; Tom Hickner, Bay County Executive; Marie Kurzer, Bay City Commissioner; Dale Majerczyk, City of Essexville; Dom Monastiere, Chemical Bank; Steve Black, City of Bay City; Bob Redmond, Laura Ogar (Project Manager), Mike Gray, Bay County; Robert Bellemen, City of Bay City; Charlie Brunner, Bay City Commission; and Jeff Mayes, Bay County Township Officers President.



II. Methodology

II. Methodology

The Whittaker/CSG Team utilized various methods to collect data for the conclusions in this report. An exhaustive discovery and assessment phase was important before findings, conclusions and recommendations could be offered to Bay County. The Team first conducted a 4-½ hour community overview of Bay County in April analyzing the community as we do in our corporate assignments as site location consultants. Our review of Bay County is noted in our field survey as Exhibit 1 under the Appendices.



We then conducted a comprehensive economic analysis of Bay County over last 10 – 20 years and compared Bay’s economic activity to the United States, the State of Michigan, the Saginaw/Bay Area MSA and with Racine, Wisconsin. Members of the Bay Steering Committee selected Racine.

The Team then conducted 65 personal interviews in Bay County in late May and early June. These interview respondents were selected by the Bay County Steering Committee based on specific criteria the Team provided as the type of representation needed to draw a cross section of the community. Of the 65 interviewed, 41 represented the private sector and 24 consisted of individuals in the public, education or non-profit sectors. There were three focus groups used representing labor, government and quality of life, respectively. A summary of the interview questionnaire is shown as Exhibit 2. Additionally, four other interviews were conducted as background with individuals representing organizations such as national site location consultants, The Michigan Economic Development Corporation, and others.

The Team facilitated two Town Hall Community Meetings on June 29 and 30. Approximately 100 people attended these 2-hour sessions, though only 80 completed the exit survey (Exhibit 3).

Finally, the Team analyzed its data collected with its national database of best practice examples of economic development initiatives from throughout the U.S.

Recommendations and conclusions contained in this report are the result of careful analysis of collected data by the senior management of the Team.

III. Results from Survey Instruments

Discovery and Assessment Phase

III. Results From Survey Instruments

A. Community Overview/Assets and Challenges Assessment

The Team conducted a 4-½ hour community overview of Bay County in April. The purpose of this overview was to review Bay County just as a site location consultant, analyzing various communities on behalf of a corporate client would conduct an assessment. This methodology uses a survey instrument used by the team to note Bay County's assets and challenges as it relates to economic growth for the area.

The assessment can be found as Exhibit 1. This assessment is based on what many corporate clients consider important to their business success. What is important to one particular industry or business sector may not be as important to another; thus, the subjective nature of this particular assessment.

The Team's assessment takes into consideration eighty-five specific community criteria. Of those, the Team did not evaluate six measurements since those items were not applicable to our scope of assignment. The criteria measured are under categories including: access to markets, labor, access to resources, local economic development programs, access to space, access to capital, government impact on business, and quality of life. Rankings of these factors were categorized as a strength, normal or weakness. The majority of the category rankings were in the normal range. Bay County's local economic development programs ranked as a weakness, as did access to space. Several factors under the category of government impact on business also received unfavorable rankings.

Our analysis of the assets and challenges of Bay County as it relates to economic development is summarized under our Findings and Conclusions.

B. Economic Assessment of Bay County

This economic assessment report of Bay County, Michigan provides an objective evaluation of the area's current economic trends and dynamics. The report relies heavily on accepted measures of economic well being, such as employment growth and relative wages. Critical to a comprehensive assessment are comparisons to benchmarks. Throughout this report economic activity in Bay County is measured against time, the nation, the state of Michigan, Saginaw County, Michigan and Racine County, Wisconsin. Racine and Saginaw were selected by the client. Because of data limitations at the county-level, at times the Saginaw-Bay City-Midland Metropolitan Statistical Area (MSA) is used as a proxy for Bay County¹.

¹ In June 2003, the Office of Management and Budget announced new metropolitan statistical area designations for the nation. Under the new designations, Bay County is a one-county, stand-alone MSA, no longer part of the previous three-county Saginaw-Bay City-Midland MSA, of which it accounted for roughly 30 percent of the total MSA population. At this writing, insufficient data has been released to allow an assessment based on the new designations.

POPULATION TRENDS

In 2002, the population of Bay County, Michigan is estimated to be 109,672. The county has experienced annual declines in population since 1980, except for a two-year period between 1990 and 1992 (see Chart 1). Over the last ten years the average annual rate of decline has been -0.2 percent, or about 250 less persons per year. The rate of population decline in Bay County has roughly mirrored that of Saginaw County, whose decline has averaged -0.1 percent over the last ten years. Population growth for the state of Michigan has remained positive. Statewide, the average annual rate of population growth has been 0.6 percent per year. Nationally, the average annual rate of population growth is 1.1 percent.

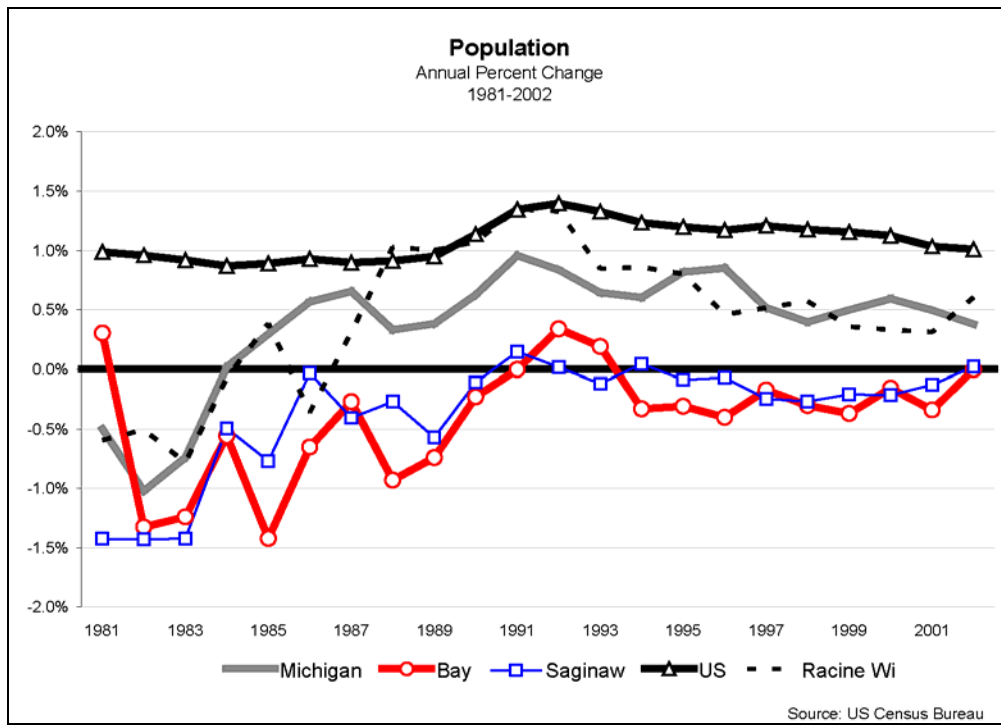


CHART 1

Relative to other selected geographies; a rapidly aging population marks Bay County. Over the last 30 years, the median age in Bay County has gone from 29, a figure four years below the national mean, to 38.4, a figure three years over the national mean (see Chart 2). A major consideration in determining the cause of this shift is that even though natural population growth (births over deaths) is positive in Bay County, net out-migration outpaces natural growth by a factor of about two-to-one².

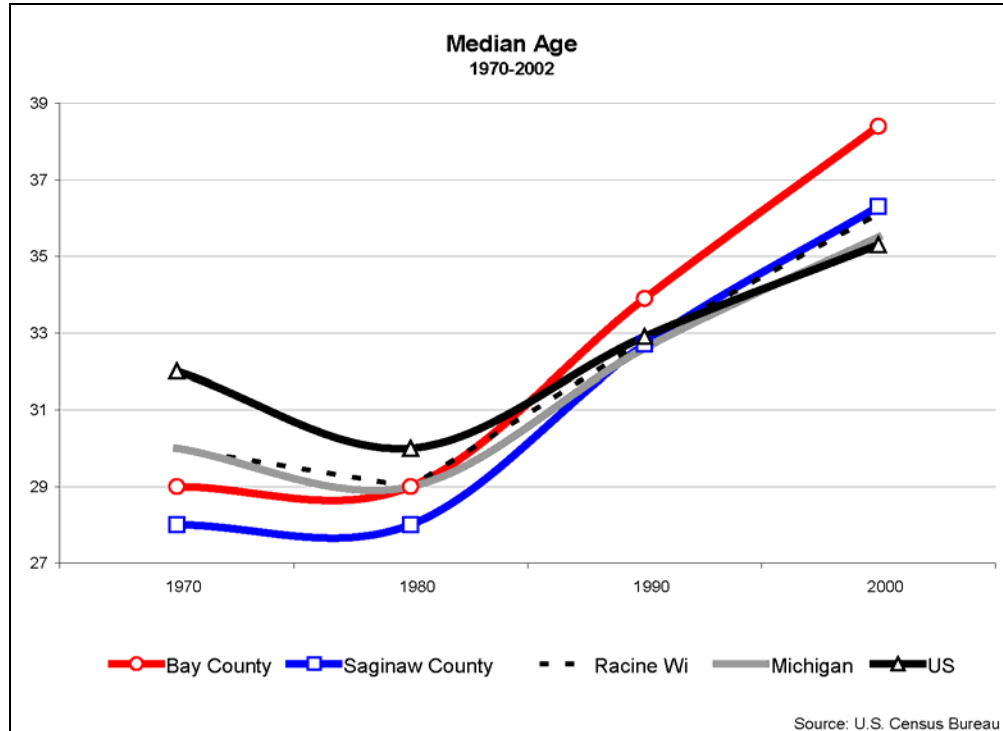


CHART 2

² The U.S. Census Bureau estimates that from 2000 to 2003, Bay County experienced a net natural population increase of 638 persons and a net out-migration of 1,261 persons.

WAGES AND INCOME

Overall, wages in Bay County are below wages in the nation, state, and the selected comparable geographies (see Chart 3). Average wage per job is a standard measure of relative local wages calculated annually by the U.S. Bureau of Economic Analysis. The average wage per job is computed per job, not per person, with both full- and part-time jobs included. Average wage per job figures cover only jobs in that particular geography, and do not measure wages for workers who commute-out for employment. In 2002 the average wage per job was \$31,051 in Bay County. The figure is 14 percent below the national average, 17 percent below the statewide average, 10 percent below Saginaw County, and 8 percent below Racine County, Wisconsin. Except for Saginaw County, the spread between the average wage per job in Bay County and the nation, state, and Racine County, has been steadily widening since the data has been published (the U.S. Bureau of Economic Analysis publishes average wage data for the last 33 years, 1969-2002). As a benchmark, the last year in which the average wage per job in Bay County equaled the national figure was 1984.

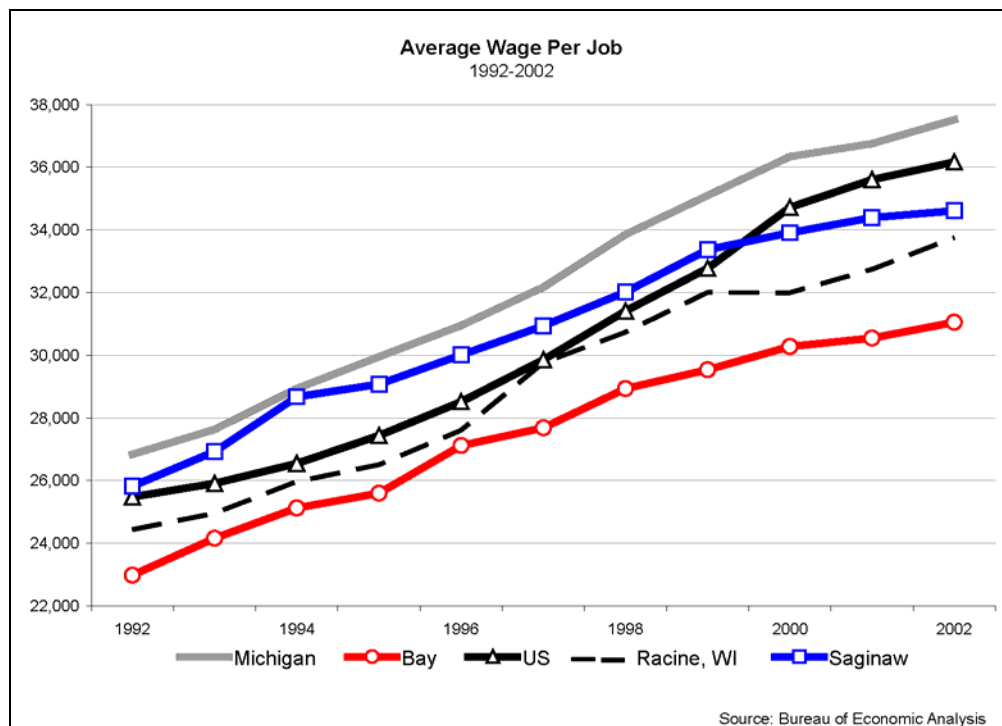


CHART 3

A measure broader than average wages per job is per capita income³. In 2002, the most current figure available, per capita income in Bay County equaled \$26,067. In a pattern similar to the average wage per job, Bay County is below the nation and state (see Chart 4). Per capita income in Bay County is 16 percent below the nation, 13 percent below the state, and 14 percent below Racine County. Per capita income in Bay County is 3 percent above Saginaw County, and has historically been narrowly higher.

A close examination reveals that the notable slow down in per capita income growth in 2001 and 2002 is caused by a stagnation of earnings growth. Saginaw County exhibits the same trend, and as this measure does account for commuting (unlike the average wage per job), this slowdown would indicate the direct impact of the 2001 recession and the close economic interaction with Saginaw County.

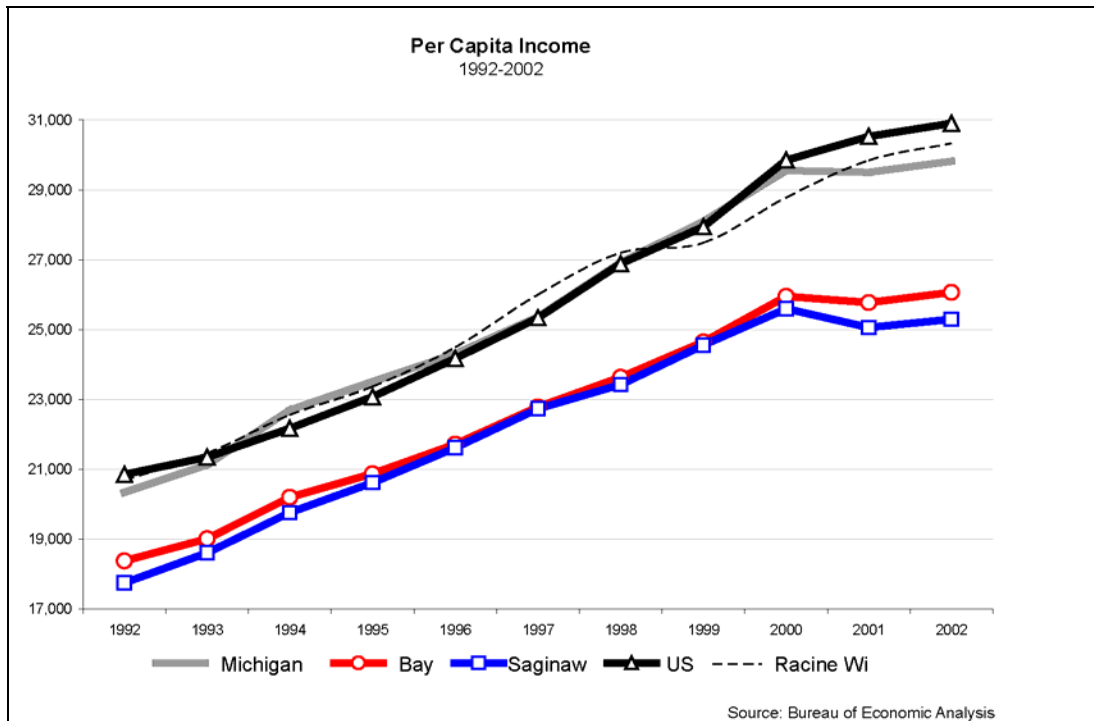


CHART 4

³ Per capita income is calculated as the total personal income of the residents of an area (including those commuting-out for employment) divided by the population of the area. In addition to wages (earnings), personal income also includes employer contributions to private health and pension funds, government employee retirement plans, lump-sum payments not received as part of earnings, transfer payments, certain in-kind transfer payments such as Medicaid, Medicare, and food stamps and all interest received by individuals

CROSS-COUNTY EMPLOYMENT COMMUTING

An objective economic assessment of Bay County must address the role of cross-county employment commuting. All counties experience some amount of nonresident cross-county workforce activity, whether in-commuting or out-commuting. Cross-county workforce commuting is important because it establishes a direct link between the well-being of both counties. Economic change in one county directly flows over into the other county. Bay County has significant employment interactions with two counties; Saginaw County and Midland County (see table below). In the year 2000, 14,305 Bay County residences were commuting into Saginaw County and Midland County, presenting nine percent of their employment totals. Likewise, workforce in-commuting from Saginaw County and Midland County into Bay County totaled 6,029 in 2000, or about twelve percent of its total employment. Of significance, the degree of interaction between Bay County and the two neighboring counties has held or increased in each period from 1970 to 2000.

**Bay County Cross-County Employment Commuting
Saginaw County and Midland County ⁴**

Out-Commuting	1970	1980	1990	2000
To Saginaw County	4,937	8,261	9,177	10,134
% Saginaw's Employment	6%	8%	9%	9%
To Midland County	2,639	2,903	4,045	4,171
% Midland's Employment	9%	8%	10%	9%

In-Commuting	1970	1980	1990	2000
From Saginaw County	1,672	1,417	2,187	3,568
% Bay's Employment	4%	3%	5%	7%
From Midland County	805	1,117	1,582	2,461
% Bay's Employment	2%	3%	3%	5%

⁴ Cross-county commuting is based on information collected from the decennial census and represents the respondent's activity only at the time of the census. Bay County residents identified employment counties other than Saginaw County and Midland County, however their amounts were not nearly as significant or consistent. For county employment totals, the U.S. Bureau of Economic Analysis's annual estimates of "place of work" employment totals were utilized.

TOTAL EMPLOYMENT

According to the U.S. Bureau of Labor Statistics, total employment in Bay County declined by 2,066 employees, or five percent of the total, between the period of 1997 and 2002. Bay County was particularly hard hit during the recession period beginning 2000-2001⁵, losing 1,259 jobs or more than one-half of the total net losses within this relatively brief time (see Chart 5). While these losses were large and surely caused considerable dislocation of labor, they were not unusual for the period. All geographies examined suffered sizeable losses during the episode.

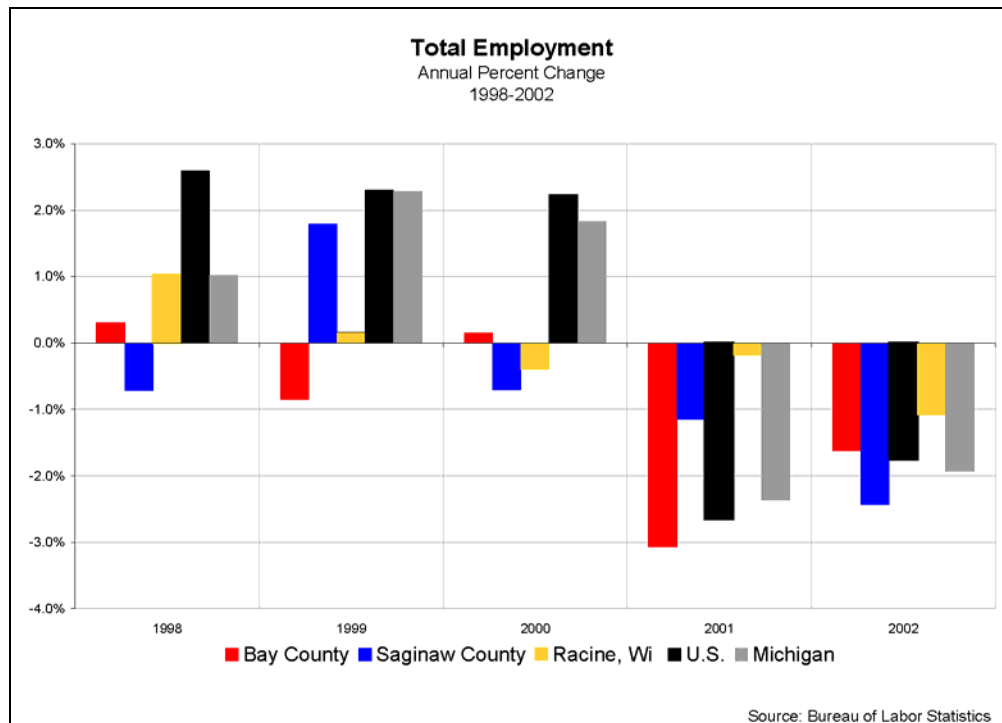


CHART 5

Of additional concern was Bay County's lack of growth preceding the recession period, a time of relatively solid employment growth nationwide. Healthy year-to-year employment growth rates averaging 2.4 percent nationally, and 1.7 percent statewide occurred between 1997-2000. By contrast, Bay County averaged a -0.1 percent employment rate over the same timeframe, with the losses between 1998-1999 surpassing the small gains made in 1997-1998 and 1999-2000.

⁵ The Business Cycle Dating Committee of the National Bureau of Economic Research dated the recession to have begun in March 2001 and end in November 2001, however a continued downturn in regional employment activity was widespread.

More current data reveals continuing stagnant total employment activity in Bay County. Although reliable *annual* employment figures at the county-level for 2003 are unavailable, monthly data exists through the third-quarter of that year. A comparison of October 2002-September 2003 year-to-year percent change in total employment shows that the pattern of negative employment activity is sustained (see Chart 6).

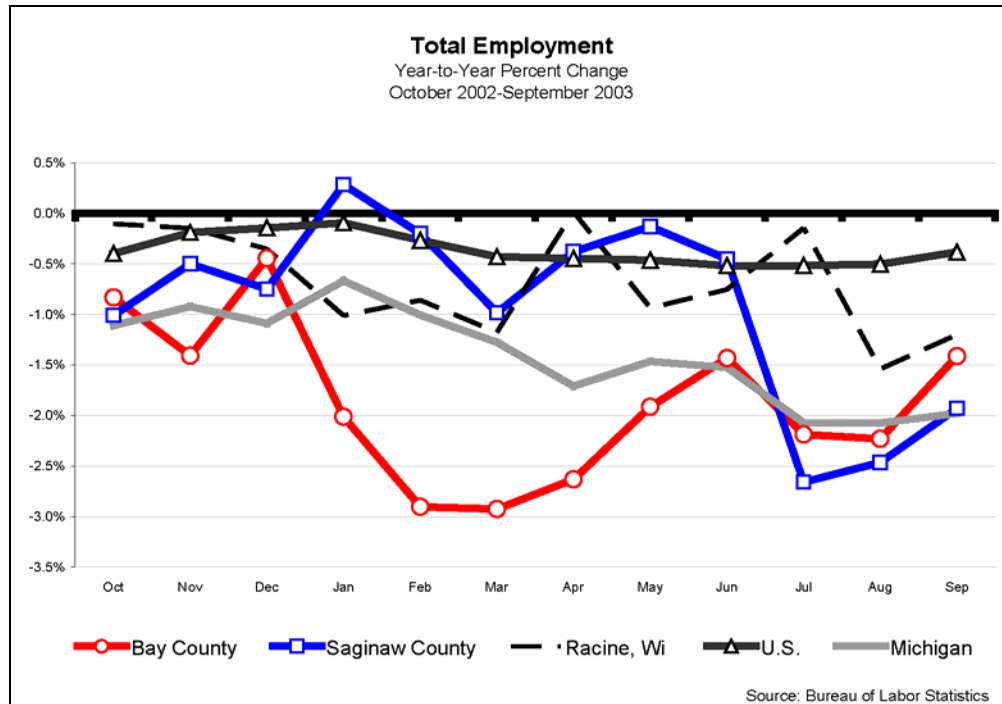


CHART 6

Finally, monthly labor force figures used to generate unemployment rates provide the most current view of total employment activity, with data published through February 2004 at time of this writing. Although the information is based on a very limited sample and subject to future revisions, employment change is still negative in Bay County for the most recent months, averaging -1.2 percent over the last 6 months.

INDUSTRY EMPLOYMENT COMPOSITION

Private industry employment composition (percent of total employment in 2002) is presented to gauge economic diversity and note significant structural disparities (see table below). Overall, among major industry sectors, Bay County employment composition is by and large similar to the other geographies. One sector, retail, shows a notable disparity, with employment totals four percent above the Saginaw-Bay City-Midland MSA, and seven percent above the nation, state, and Racine County, Wisconsin. Although manufacturing, at 16 percent of total employment, is relatively high compared to the nation, it is well within line for the region.

Industry Composition (Percent Total Private Employment 2002)⁶

	Bay	Michigan	U.S.	Saginaw- Bay City- Midland MSA	Racine, WI
Construction	5%	5%	6%	6%	6%
Manufacturing	16%	20%	14%	17%	30%
Wholesale Trade	4%	5%	5%	3%	5%
Retail	21%	14%	14%	17%	14%
Transportation & Utilities	3%	3%	4%	5%	3%
Information	2%	2%	3%	2%	1%
Financial Activities	5%	6%	7%	5%	4%
Professional and Business Services	10%	16%	15%	6%	9%
Health and Private Educational Services	16%	14%	14%	17%	15%
Leisure and Hospitality	13%	11%	11%	11%	9%

Source: Bureau of Labor Statistics

⁶ Because of unclassified firms, undisclosed sectors such as agriculture, and rounding, percentages total 100 percent.

INDUSTRY EMPLOYMENT TRENDS

Industry employment trends are accurately gauged by examining net job gains and losses in the Saginaw-Bay City-Midland MSA (see Chart 7). The striking feature over the 1998-2003 period is the abrupt and heavy losses in manufacturing employment, beginning at the 2001 recession. A significant loss of well-paying manufacturing jobs typically causes a notable ripple effect throughout a regional economy. This ripple effect can be observed in the loss of jobs in the retail and construction sectors, coinciding directly with the manufacturing losses. The loss in manufacturing jobs, plus the corresponding losses in retail and construction mirror the losses observed in the total employment figures.

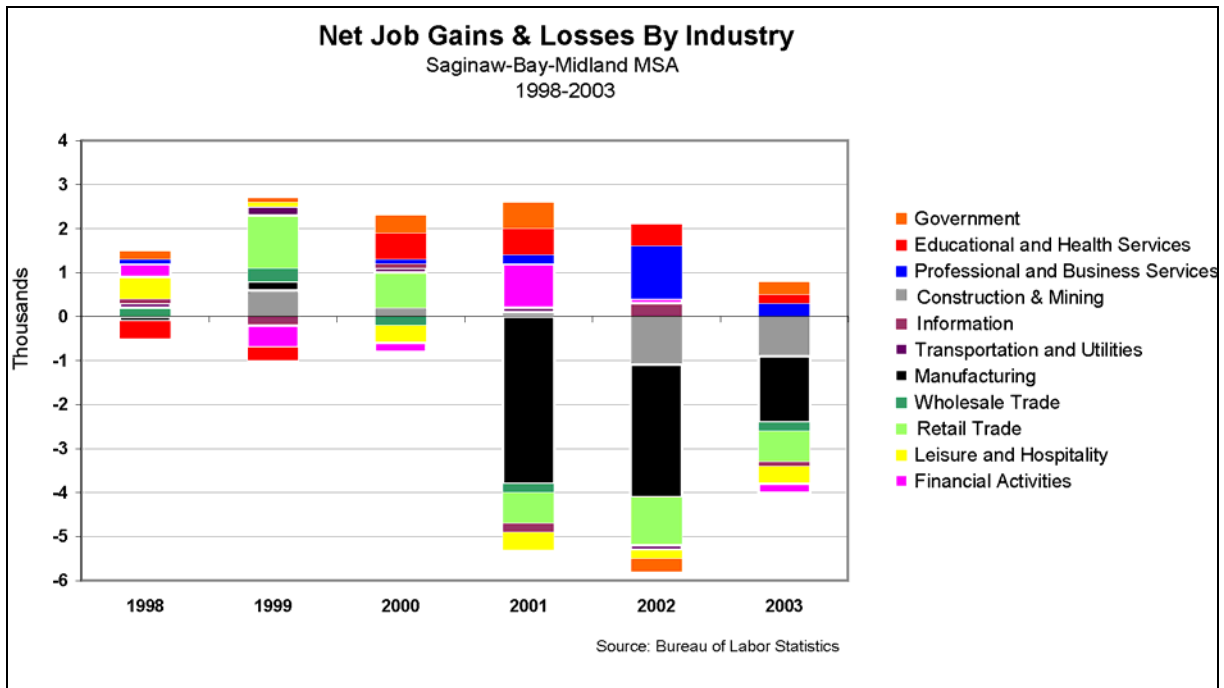
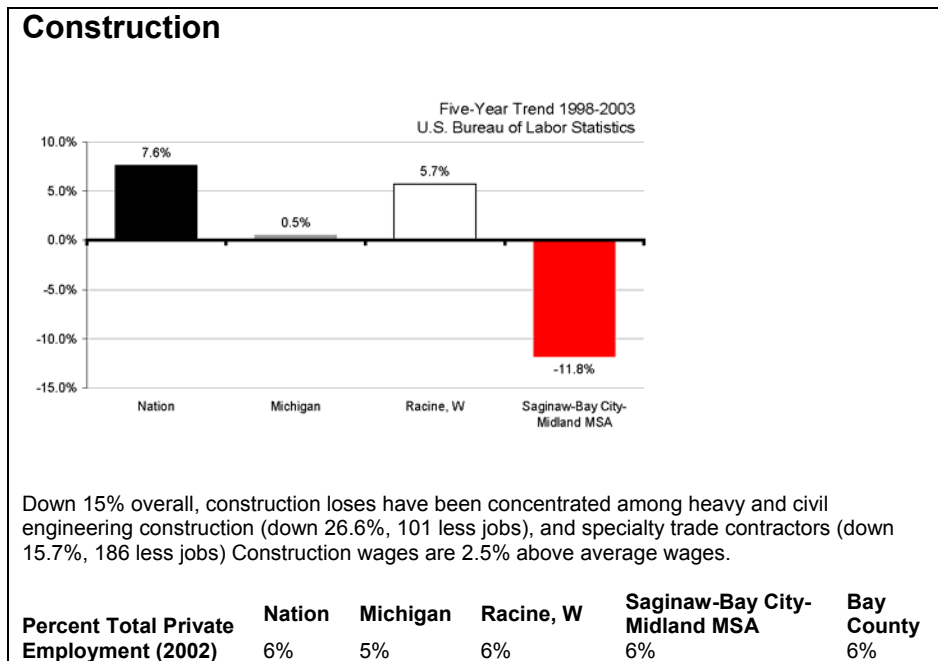


CHART 7

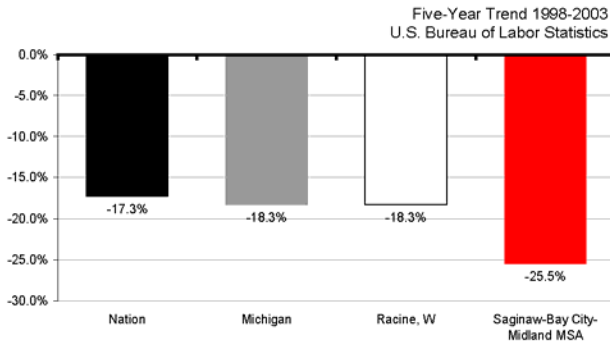
INDUSTRY SECTOR DETAIL

Below are eleven industry snapshots portraying general employment trends among major industry sectors over the period of 1998-2003. The snapshots are meant to provide relative comparisons with the Bay County region, the nation, state, and Racine County, Wisconsin⁷. Because of the close economic ties with the Saginaw-Bay City-Midland MSA, and the higher level of industry information available at the MSA level, it is suggested to view trends in that geography as the best proxy for Bay County. Specific Bay County detail is provided to offer detailed industry analysis over a slightly smaller timeframe, 2000-2002.



⁷ Reporting detailed historical, yet current, industry activity at the county level can be challenging for several reasons. Because of the switch to a new North American Industrial Classification System (NAICS) industry coding hierarchy, county level reporting is only available beginning in 2000. Also because of privacy concerns, some data is unpublished at the county level. Industry information at the metropolitan statistical area level however is more complete, with some historical databases revised to NAICS groupings back to 1990. To enable an in-depth analysis of detailed industry activity for Bay County, over time and in comparison to other areas, two databases are utilized. For five-year industry trends (1998-2003), the U.S. Bureau of Labor Statistic’s *Current Employment Statistics* survey was analyzed, the Saginaw-Bay-Midland MSA being a close proxy for Bay County activity. For specific county level information, the Michigan Department of Career Development - Employment Service Agency’s *Covered Employment and Wages Census* from 2000 to 2002 for Bay County was analyzed. Together these sources provide an accurate and reliable overview of recent industrial activity for the Bay County area.

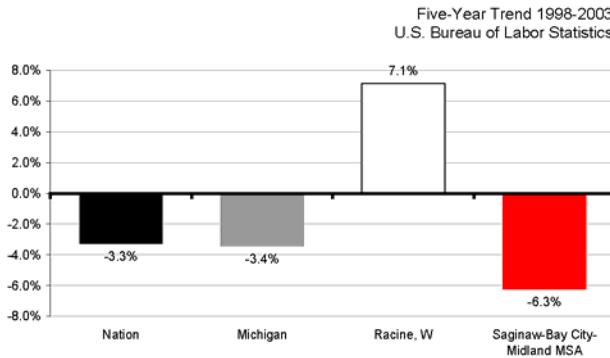
Manufacturing



Down 16% overall, the majority of manufacturing loses have been from transportation equipment manufacturing (down 19.6% or 399 less jobs), and machinery manufacturing (down -31.8 percent or 320 less jobs). Manufacturing wages are 68.6% above average wages.

Percent Total Private Employment (2002)	Nation	Michigan	Racine, W	Saginaw-Bay City-Midland MSA	Bay County
	14%	20%	30%	17%	16%

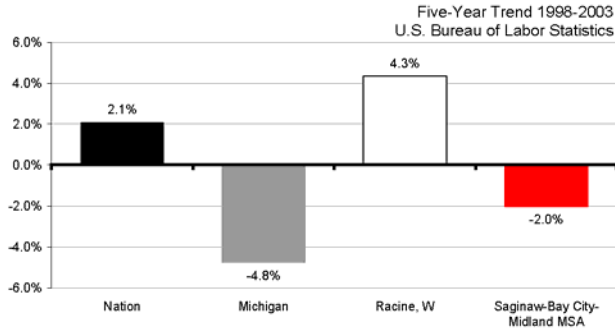
Wholesale Trade



Down 8.1% overall, wholesale trade's heaviest loses have been from merchant wholesalers of nondurable goods (down 16.9%, or 74 less jobs). Wholesale trade wages are 14.4% above average wages.

Percent Total Private Employment (2002)	Nation	Michigan	Racine, W	Saginaw-Bay City-Midland MSA	Bay County
	5%	5%	5%	3%	4%

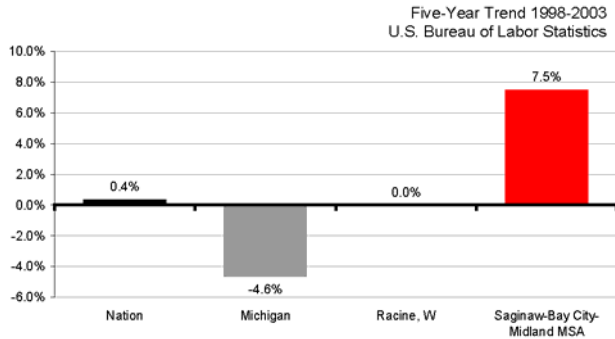
Retail



Down 6.4% overall, the majority of losses in retail have been from general merchandise stores (down 9% or 204 less jobs), and food and beverage stores (down 8.4% or 115 less jobs). Retail wages are 34% below average wages.

Percent Total Private Employment (2002)	Nation	Michigan	Racine, W	Saginaw-Bay City-Midland MSA	Bay County
	14%	14%	14%	17%	21%

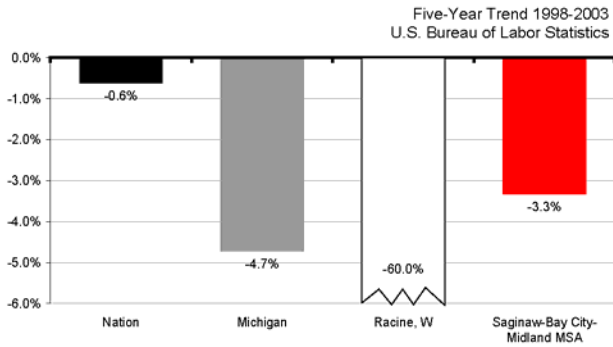
Transportation & Utilities



Overall, transportation was up 2.8%, the largest gains from transit and ground passenger transportation (up 45.2% or 10 more jobs) Transportation sector wages are 6% below average wages. Wages and employment information for the utilities group is unpublished.

Percent Total Private Employment (2002)	Nation	Michigan	Racine, W	Saginaw-Bay City-Midland MSA	Bay County
	4%	3%	3%	5%	3%

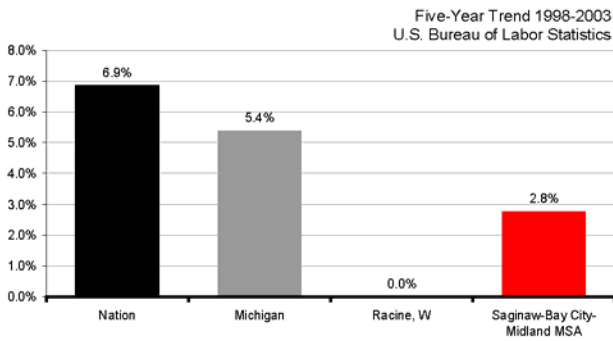
Information



Overall, information sector employment was up 2% or 87 more jobs. Information sector wages are 2% above average wages.

Percent Total Private Employment (2002)	Nation	Michigan	Racine, W	Saginaw-Bay City-Midland MSA	Bay County
	3%	2%	1%	2%	2%

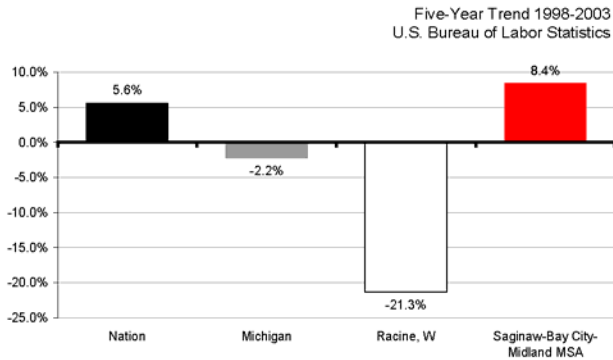
Financial Activities



Overall, financial activity employment was up 3.5% or 397 more jobs. Most employment growth was in real estate and rental/leasing (up 112.8% or 212 more jobs) Wages are at par with average wages.

Percent Total Private Employment (2002)	Nation	Michigan	Racine, W	Saginaw-Bay City-Midland MSA	Bay County
	7%	6%	4%	6%	5%

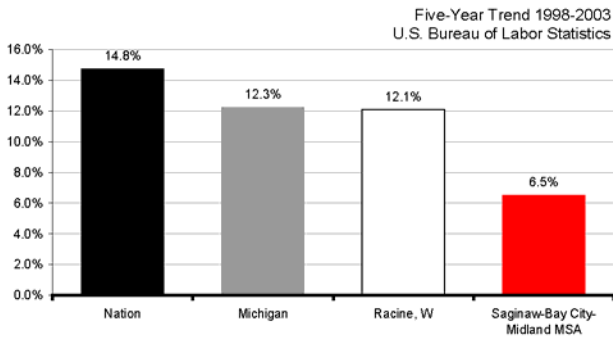
Professional and Business Services



Overall, professional and business service employment was down 9.7% or 224 less jobs. Information sector wages are twice that of average wages.

Percent Total Private Employment (2002)	Nation	Michigan	Racine, W	Saginaw-Bay City-Midland MSA	Bay County
	16%	16%	9%	6%	10%

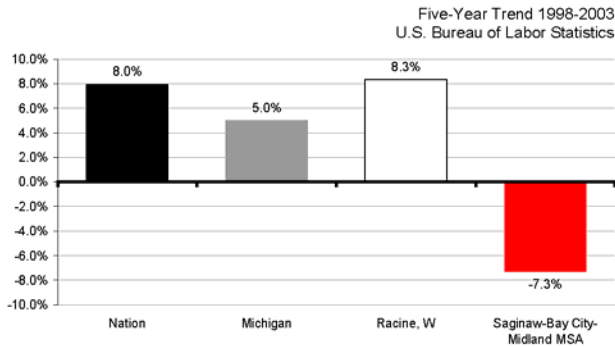
Health and Private Educational Services



Health services employment makes up 95 percent of this sector. Overall, health services employment was down 3.2% or 164 less jobs. Health services wages are 4 percent above average wages. Private educational services wages are one-half that of average wages, and saw a 27% increase, or 50 more jobs.

Percent Total Private Employment (2002)	Nation	Michigan	Racine, W	Saginaw-Bay City-Midland MSA	Bay County
	14%	14%	15%	17%	16%

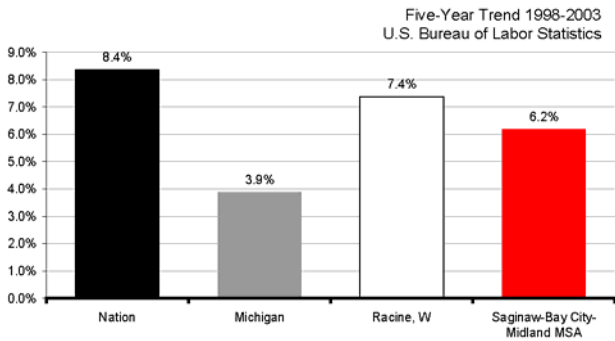
Leisure and Hospitality



Overall, leisure and hospitality employment was up 1.6% or 71 more jobs. Most employment growth was in food services and drinking places (up 29.2% or 127 more jobs). Wages in leisure and hospitality are about one-half that of average wages.

Percent Total Private Employment (2002)	Nation	Michigan	Racine, W	Saginaw-Bay City-Midland MSA	Bay County
	11%	11%	9%	11%	13%

Government



County-level government employment information is unavailable.

Percent Total Employment (2002)	Nation	Michigan	Racine, W	Saginaw-Bay City-Midland MSA	Bay County
	16%	15%	13%	13%	15%

Educational Attainment

	18 to 24 years			25 to 34 years			35 to 44 years			45 to 64 years			65 years and over		
	Bay	US	MI	Bay	US	MI	Bay	US	MI	Bay	US	MI	Bay	US	MI
Less than 9th grade	1%	4%	2%	1%	5%	2%	1%	5%	2%	3%	6%	3%	21%	17%	14%
9th to 12th grade, no diploma	24%	21%	21%	8%	11%	10%	8%	10%	9%	9%	11%	10%	23%	18%	21%
High school graduate	29%	29%	27%	31%	26%	27%	38%	28%	31%	41%	29%	32%	35%	32%	35%
Some college, no degree	37%	34%	38%	30%	23%	26%	26%	23%	26%	25%	22%	24%	12%	16%	15%
Associate degree	5%	4%	4%	10%	7%	8%	12%	8%	9%	8%	6%	7%	2%	2%	2%
Bachelor's degree	4%	7%	7%	17%	20%	19%	11%	17%	15%	9%	15%	13%	4%	9%	7%
Graduate or professional degree	0%	1%	0%	4%	7%	7%	4%	9%	8%	6%	11%	11%	3%	6%	6%

Source: U.S. Census Bureau 2000

Overall, Bay County residents have lower rates of educational attainment at the two highest levels (Bachelor's/graduate/professional). Other levels are generally comparable to the US and Michigan

ECONOMIC SUMMARY

An aging and narrowly declining population underpins the economy of Bay County. Net out-migration is a significant feature of the area, resulting in the net loss of about 250 persons annually. Wages and income remain historically below the nation and state.

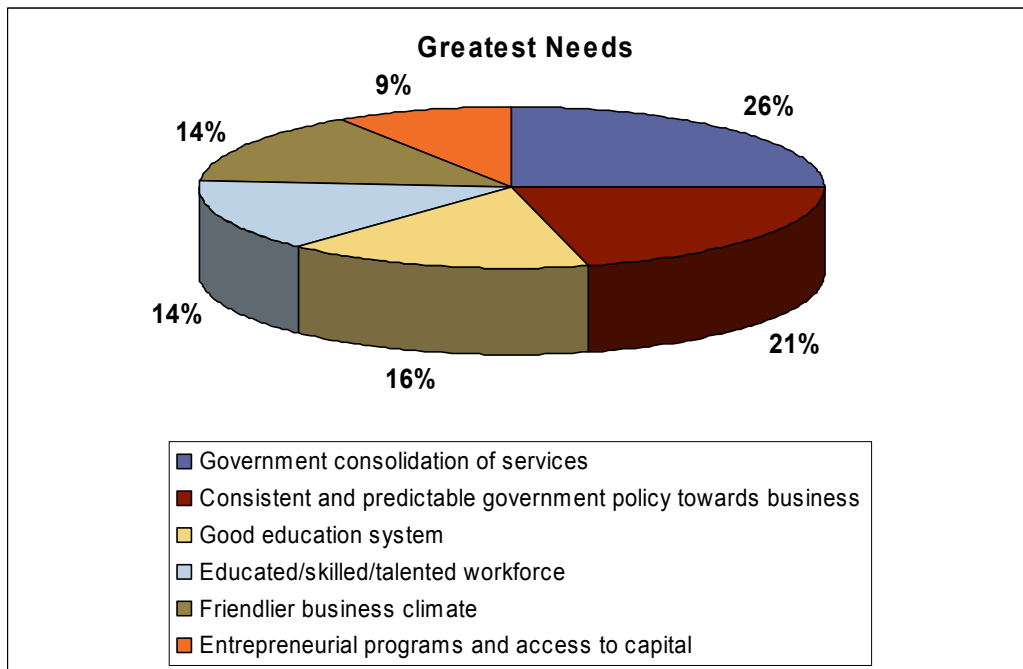
The impact of the recession of 2001 is the defining event in Bay County's current economy. Although mild growth was preexisting, the abrupt losses in 2001 have shifted the economy into a local slump, which persists today. Overall changes in total employment are negative. Relatively high out-commuting to Saginaw County and the heavy concentration of manufacturing job losses in both Bay and Saginaw Counties has led to stagnation in earnings, and a decline in the construction and retail sectors.

Despite overall losses, several industry sectors have done well over the most recent period. Bay County has experienced relatively strong gains in financial activities, as well as moderate gains in the information, transportation, and leisure and hospitality sectors.

C. Individual Interviews and Focus Groups

The Team then conducted 65 personal interviews in Bay County in late May and early June. These interview respondents were selected by the Bay County Steering Committee based on specific criteria the Team provided as the type of representation needed for input. Of the 65 interviewed, 41 represented the private sector and 24 consisted of individuals in the public, education or non-profit sectors. There were three focus groups used representing labor, government and quality of life, respectively. Following is a summary of the top responses from the interviews and focus groups. The full survey results can be found as Exhibit 2 in the appendices.

1. What are the three greatest needs within the business community?



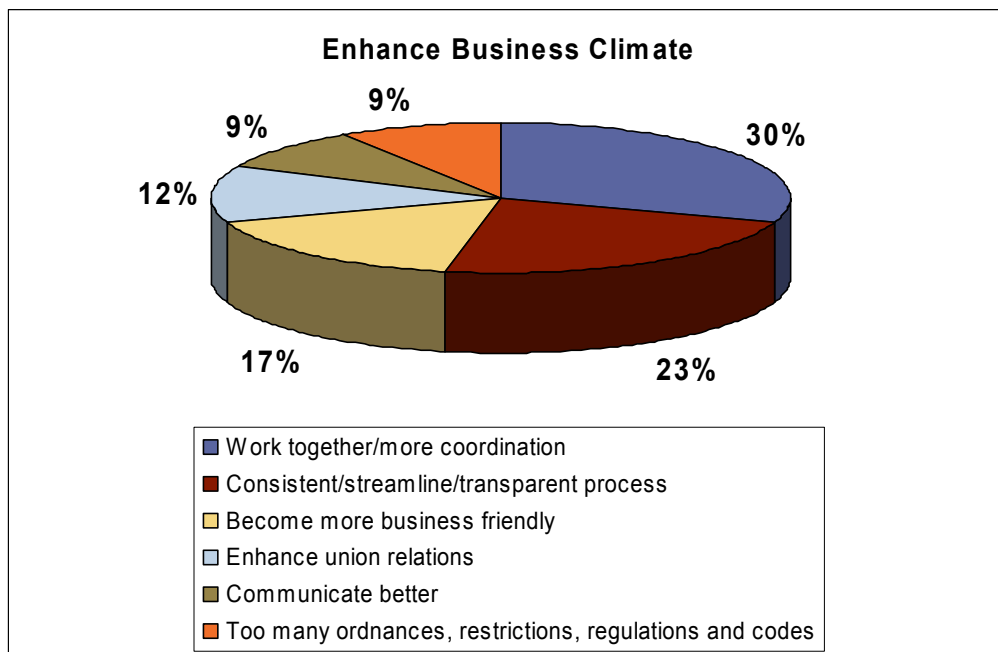
Interviewed respondents ranked the need for consolidation of government services, a consistent and predictable government policy toward business and a good education system as the three most important needs for business. To further examine and explain the consolidation of government services responses, several respondents talked about the need for consolidated county, township, and city government responsibilities to gain economies of scale such as establishing shared police and fire department resources among with other possibilities for shared services.

2. On a scale of 1 to 5 with five being best, how would you rate the business climate of Bay County?⁸

2.5

This ranking, whether perceived or real, shows that the public sector representing the various governmental jurisdictions in Bay County must work more proactively to show an inviting presence for businesses to operate profitably in Bay.

3. What could Bay County or the various municipalities/townships do to enhance the business climate?



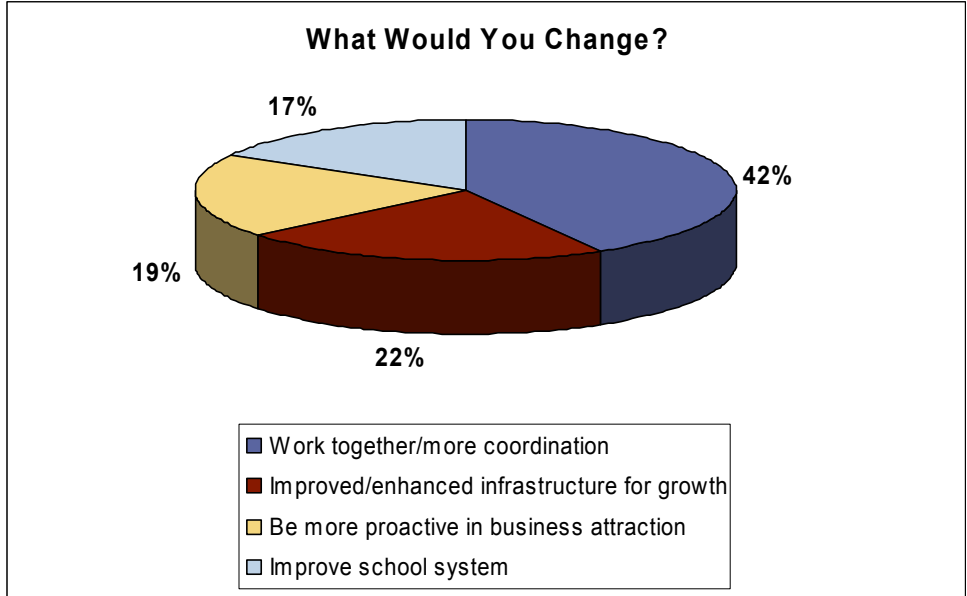
The respondents overwhelmingly felt that the various municipalities could work in a more harmonious role rather than adversarial with businesses.

4. What are three benefits or assets of living in your area?

- **Low Crime**
- **Quality of life amenities of Bay County and the region, and low cost of living**
- **Nice people/small town atmosphere**

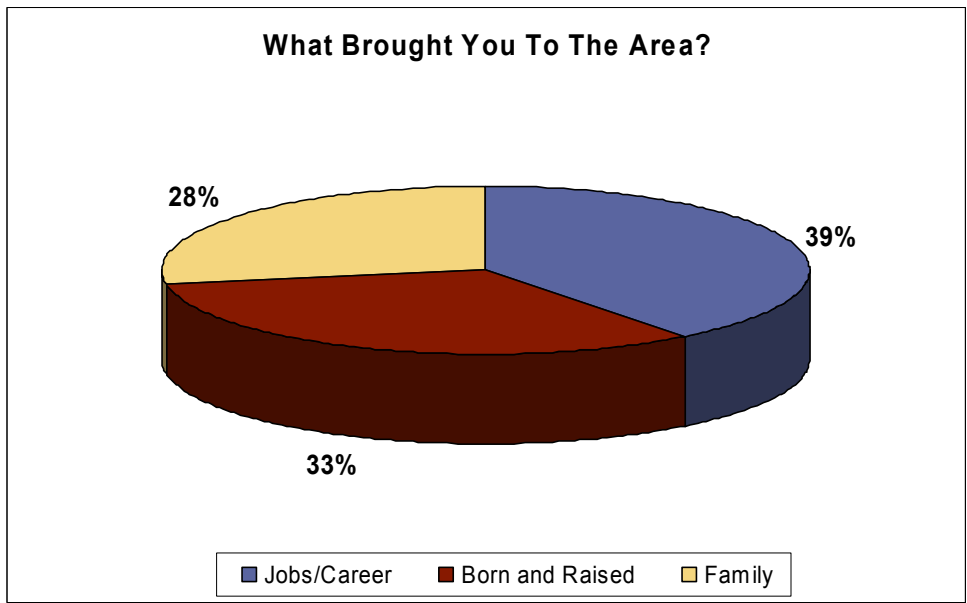
⁸ (Business climate is defined as government policies, regulations and general attitude from the public sector, both elected and appointed officials and staff that impact business either positively or negatively.)

5. If you could, what would you change about the area?

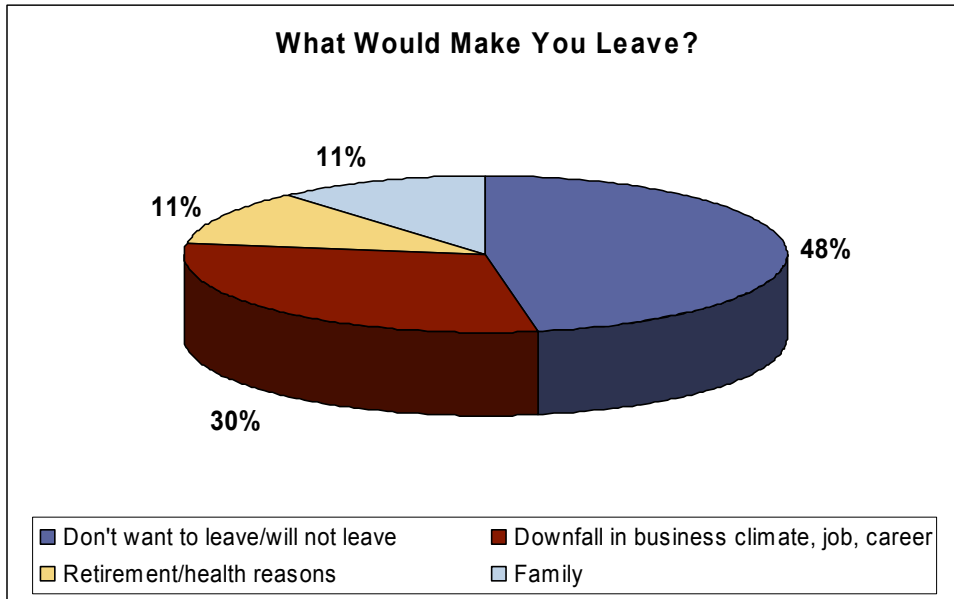


The interviewed respondents again focused on the need for both the public and private sectors to work together effectively and without the contentious nature many of the respondents said existed. This is a reoccurring theme.

6. What brought you to the area, personally?

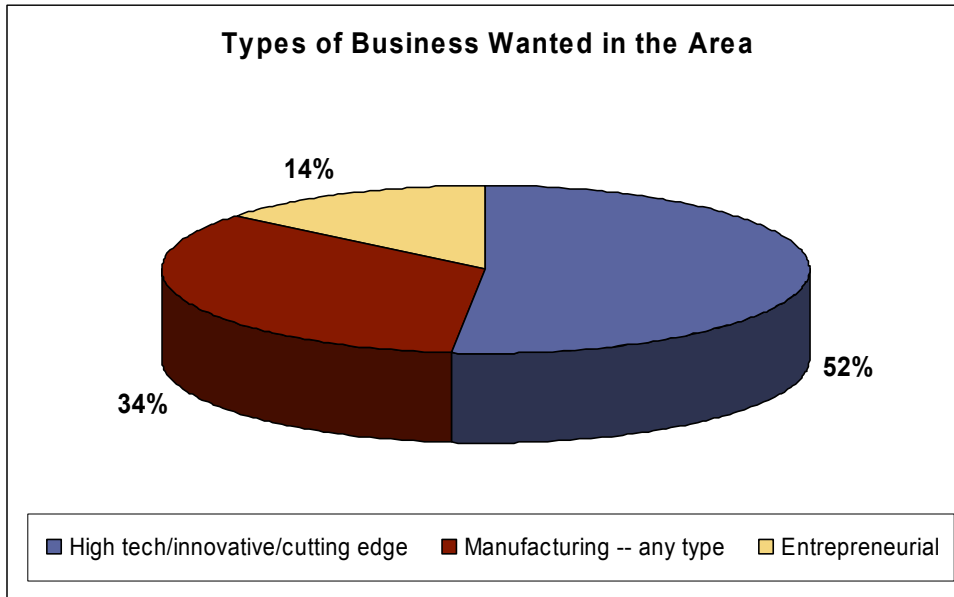


7. What would make you leave?



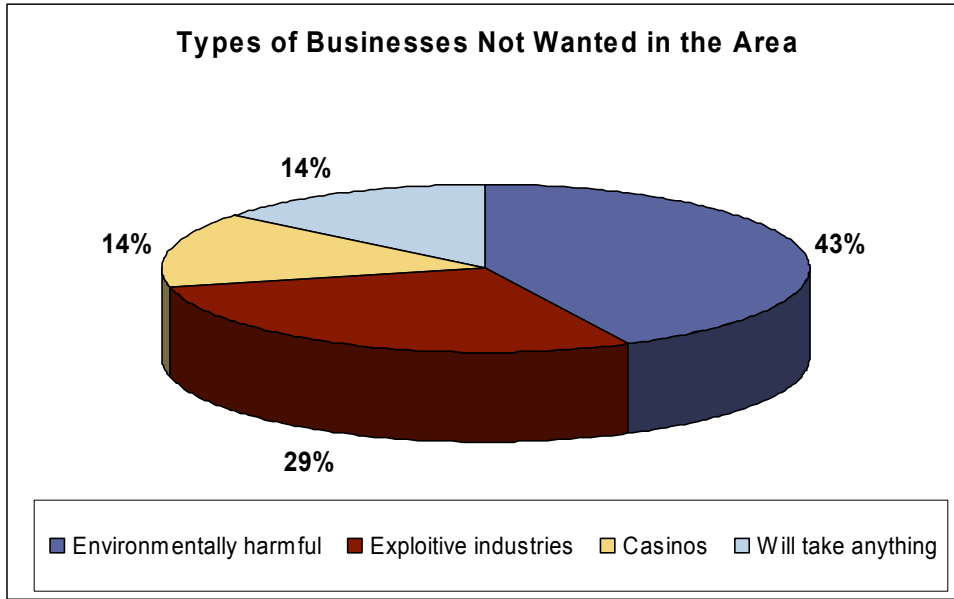
Though many of the respondents vented frustration about the challenges and difficulties of doing business in Bay County, many of them said they did not want to or will not leave. This response is very positive in showing the community support and pride of many local residents.

8. What other types of businesses do you want to see in this area?



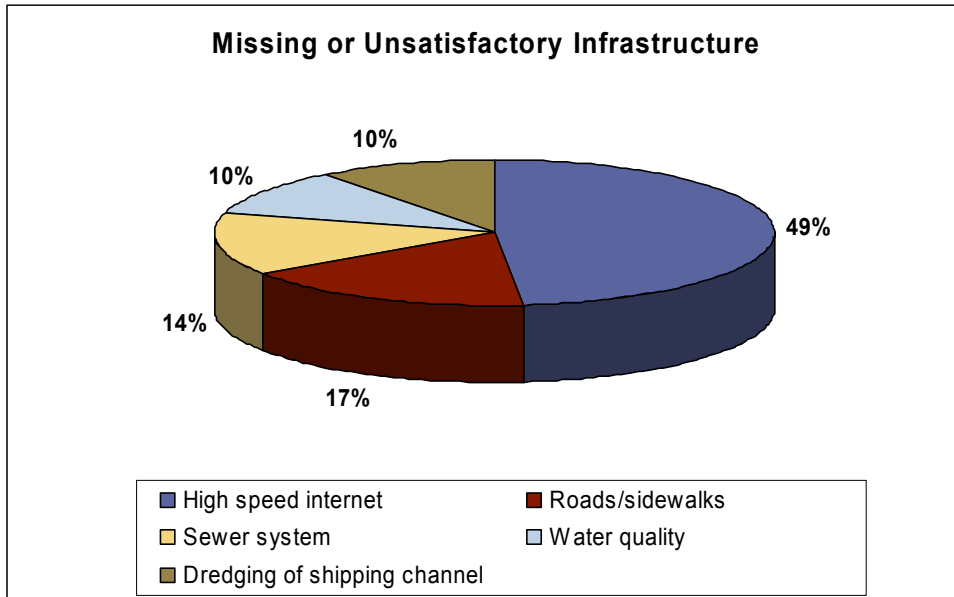
Bay residents most frequently cited high tech or “new economy” businesses as examples of the types of businesses desirable. This was followed by manufacturing and “any” type of business.

9. What types of businesses would you not want in the area?



Though we specifically asked what type of businesses you would not like to see, 14% did say that Bay should take anything. This shows the need and, to some, the desperation to grow the business base of Bay County.

10. What infrastructure is missing or unsatisfactory in the area?



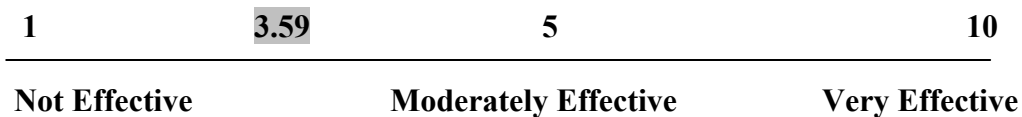
The importance of High Speed Internet is as important in today's and in our future economy as basic infrastructure, such as roads, water and sewer. In fact, High Speed Internet, for many businesses to operate effectively, is just as basic as those traditional infrastructure needs.

11. If you could choose to relocate/expand anywhere in the world, where would it be and why (for employer interviews only)?

- Southeast U.S.
- Mexico
- Where technology is king

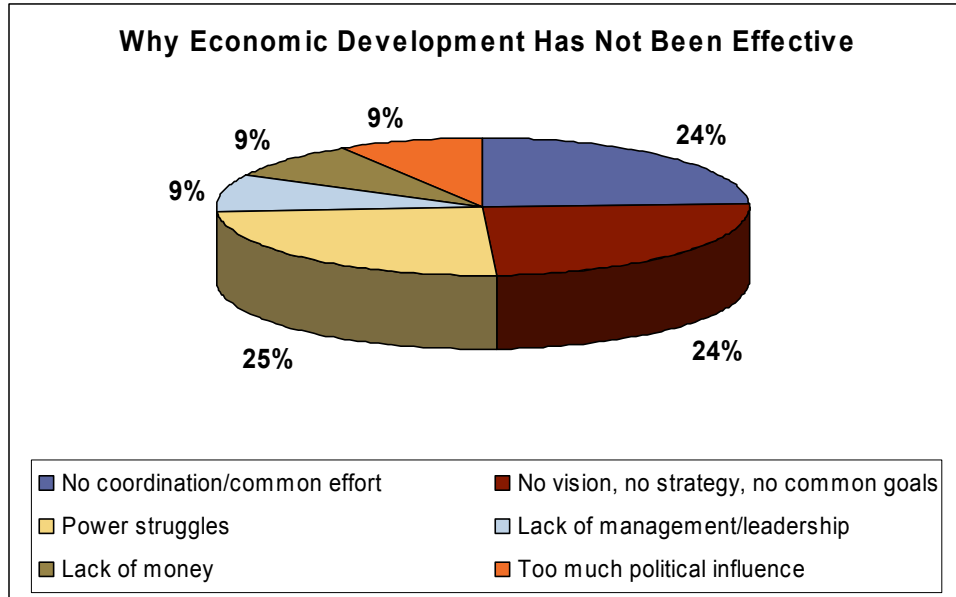
The first two locations are low cost operating environments, compared to Michigan and other locations in the Upper Midwest. Additionally, many business executives are very complimentary of the quality output in Mexico.

12. Over the past five years, how effective do you believe economic development efforts have been within the Bay County area?⁹

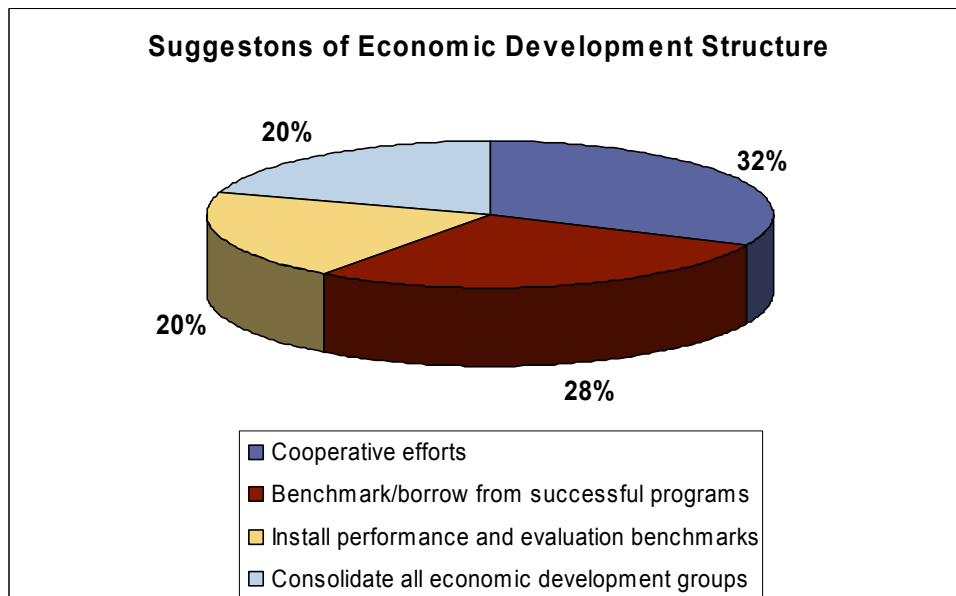


⁹ Economic development efforts for Bay County include all economic development efforts and not a single agency or entity.

13. If you feel they have not been effective, why?

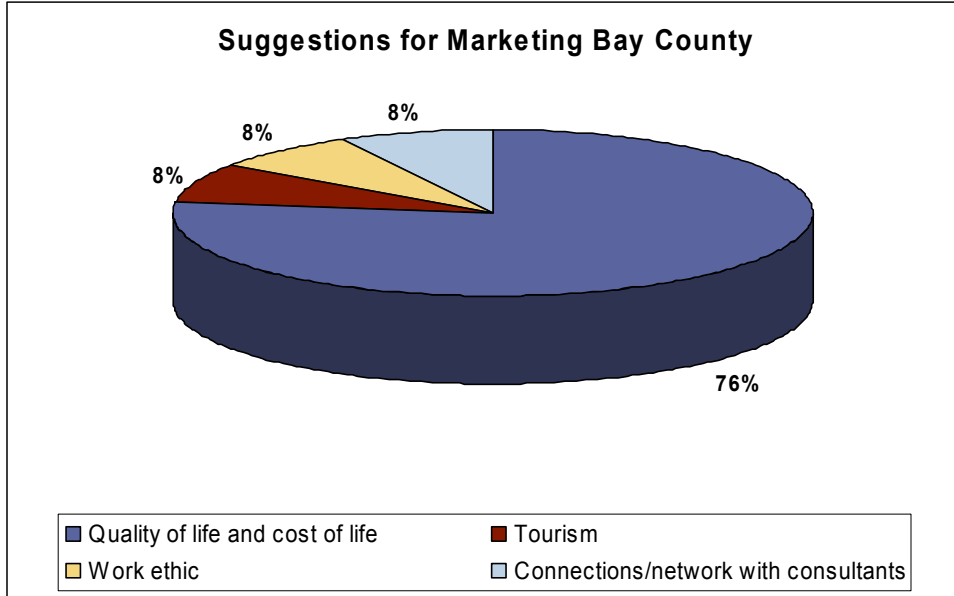


14. Do you have any suggestions for the organization/operational structure of a countywide economic development organization?



Many of the respondents said they did not want to see the new Bay Future program get bogged down in the myriad of politics that many perceive to have plagued the Bay Area Development Corporation.

15. As Bay County works to create innovative, realistic development strategies, do you have any suggestions on how to market Bay County worldwide for growth and investment opportunities?



Overwhelmingly, the respondents said Bay County should market its assets, which they describe as quality of life and cost of living.

16. Are there any other issues of concern to you?

Some of the responses included:

- Labor unions have a bad perception
- Business leaders should be more involved in campaigning for improved schools and education system
- Bay County missing entrepreneur focus/opportunities
- The County needs to soften up on their partnership with unions and let free enterprise have a chance
- Get business leaders involved in community
- Federal government needs to help
- Bay County standing in its own way
- Brain drain is a major concern -- the area is losing a generation
- Build an economic development organization that is flexible and dynamic - get beyond local conflicts
- Business friendliness is the main issue -- current environment not helpful to longevity of business in the area

IV. Findings and Conclusions

IV. Findings and Conclusions



In balance, the county's assets and challenges show an area with advantages for attracting new and expanding industry and for developing its own "homegrown" industries. The area offers a quality, high-value opportunity for selected office, manufacturing, and entrepreneurial operations. The area has unique advantages that need to be promoted and enhanced. However, the area disadvantages could be strong enough to restrict meaningful development in the area.

The Bay area is at a critical point of transition in which it must move from its past as a heavy manufacturing center to one that is more attuned to the regional, national and global economy if it is to flourish. Positive changes have begun and are strengthening. However, progress will take time and must begin with some basic, but preparative steps. These steps include building from the area's strengths while lessening its weaknesses.

Focused efforts that need to be taken by the city, county, Chamber of Commerce and the new Bay Future economic development program to meet the goals are outlined below.

Challenges

1. The Bay Economic Development Corporation has been ineffective in its business solicitation efforts. The cause of this may be a small operating budget (rendering it ineffective), staffing, lack of vision and strategic direction, or a combination of all.
2. There is an unhealthy amount of discourse and distrust between organized labor, the business community and some in the public sector representing various governmental jurisdictions. This divisiveness sends a poor message to potential business investors regarding Bay County.
3. For the exception of the Valley Technology Park in Monitor Township, Bay County is site and building poor when it comes to offering fully served available sites and quality buildings for development. It is not possible to sell from an empty wagon. Nationwide, approximately 90% of all relocations or expansions are most interested in finding an available building rather than a greenfield site. There is one building listed on the Michigan Economic Development Corporation web site as an available building in Bay County, as of early August.
4. Those interviewed by the Whittaker/CSG Team ranked Bay County's business climate at below average. Whether this is real or perceived, some who we interviewed

representing business said that it's too difficult to do business with many of the public jurisdictions in Bay County.¹⁰

5. Many respondents said that consistency needs to be applied by all of the public jurisdictions as it relates to the development process.
6. Respondents felt that “politics” drove most decisions from the public sector as it relates to development, rather than what is best for the community.
7. According to the Michigan Department of Treasury, of the 83 counties in Michigan, the combined effective tax rate for commercial, industrial and utility assessment in Bay County is \$51.25 compared to the state average of \$50.92. This places Bay County as having the 15th highest effective tax rate in the state.
8. Many respondents interviewed felt that there should be more effort from the various public jurisdictions to consolidate services, thus the greater possibility of reducing operating costs.
9. There is a lack of or limited supply of executive level housing in Bay County. Many of the executives interviewed live in Midland or Saginaw Counties because the supply and selection of housing is greater. As a result, their children attend school outside of the County and their support lies within the county of their place of residence.
10. Bay County schools received an average or worse ranking by many of the respondents, primarily because of limited funding for improvements to the school properties. A bond issue in the Pinconning School District was voted down on several occasions by the citizens of the district. This sends a poor message to potential business investors.
11. There is a perception that the project labor agreements favor the construction trades union contractors for public projects and this sends conflicting messages to potential investors.
12. Bay County needs to develop public beach access to Saginaw Bay.
13. High Speed Internet access is in limited areas geographically of the County. Investment needs to be made to expand high-speed access throughout Bay County.
14. Inconsistent incentive policies exist throughout the County based on each DDA (Downtown Development Authority).

¹⁰ (Business climate is defined as government policies, regulations and general attitude from the public sector, both elected and appointed officials and staff that impact business either positively or negatively.)

15. Bay County is not known by national site location consultants. Additionally, Bay County needs to be more proactive in extolling its assets with the Michigan Economic Development Corporation (MEDC). In the last five years, the MEDC brought one business prospect to Bay County.
16. Several respondents said that there is a need for the community to invest in basic infrastructure, e.g. roads, sidewalks, an improved sewer system, improving the water quality, and the general appearance of the community as a whole.
17. Outside of the Bay City Central Business District and river area, much of the community has a dated, depressed look. Euclid Avenue serving as a commercial strip does not show well.
18. A formalized long term community vision or strategic plan is paramount to effecting positive change. There is a need for one.
19. There is a need to accept and enhance a more formalized regional approach to economic development. This effort would not only focus on sharing resources, but in branding the region as a whole.
20. The Federal Government's free trade policies have had a tremendous negative impact on the manufacturing base of Bay County. These policies have allowed for an easy out migration of business and those businesses have not been replaced by any sector.
21. The net out migration of people for Bay County must be reversed for the community to flourish once again.
22. The County's aging population will put a greater burden on service resources and will be a detriment for both technology driven and traditional employers (manufacturing) to locate or expand.
23. There is a lack of resources and tools for small business entrepreneurial growth, such as a business incubator and venture capital availability.

Assets

1. Employer interviews have been complementary of the employee work ethic and of the skills of the employees. Additionally, employers considered management/union relationships as mostly harmonious.
2. Bay City has done an exceptional job in revitalizing downtown, including its waterfront.
3. Private investment in downtown residential living has been quite successful and can be a model to other communities.
4. 95% of the storefronts in downtown Bay City are occupied.
5. Nearly all of the respondents interviewed like Bay County's small town atmosphere. They consider the residents friendlier than other places and felt that the quality of life was superb.
6. The respondents felt that Bay County's cost of living is low and is a tremendous asset. Bay County does not participate in the ACCRA (*American Chamber of Commerce Researchers Association*) Cost of Living Index, so a formalized measurement does not exist.
7. Bay County's crime is reported low and the respondents considered that fact an attractive asset.
8. Saginaw Valley State University and Delta College both receive high marks from the respondents and from employers (the customer) in providing continuing education advancement.
9. The Bay Area is within convenient access to two airports with good service (Flint and MBS). Combined, these airports have 55 flights per day to 12 destinations.
10. Transportation infrastructure is an asset in Bay County. Its proximity to the interstate highway, port facilities, freight rail service and access to air passenger service are all positive.
11. Proximity to certain natural resources is a benefit as it relates to targeted businesses within that cluster, e.g. agricultural, forest products, minerals.

V. Recommendations

V. Recommendations

Bay County needs to focus on several fundamental issues of economic transition as well as important preparative steps before it can realize its potential as a dynamic, regional economic center. The recommendations below provide the steps to meet this challenge.

Recommendations for specific programs and detailed guidance on implementation actions are categorized under three areas of opportunity:

- Product Marketing¹¹
- Product Improvement¹²
- Organizational

The “Product” is considered Bay County and its region.

Product Marketing

1. The decision to focus on a select few target industry groups or functions does not preclude improvement and possibilities in other areas. Rather, the priority targets are, or have the potential to become, drivers that take capital from outside the region and initiate activity that produces income and value for Bay County and the surrounding region.

“Destiny is no matter of chance. It is a matter of choice.”

--William Jennings Bryan



Setting target priorities is important to drive strategic action. Conscious choices can proactively shape the future of the region. However, the choices below do not suggest that these targets are the only sectors that add value to the local economy. There may be additional targeting opportunities that come out of focusing on the recommended industries.

Matching the local areas of opportunity with growing, emerging technology and industries is the key to determining the industries that represent the best targets for expansion and attraction efforts. The identification of target industries will focus Bay County on those areas that will hold the most return on time and marketing dollars invested in expansion and attraction efforts

¹¹ Product marketing is defined as marketing/promoting or selling Bay County worldwide for business development opportunities and investment.

¹² Product improvement is defined as Bay County having the necessary infrastructure, including a favorable business climate that attracts investment to the community. Product improvement is the foundation that allows product marketing to succeed.

The Whittaker Team recommends the following five targets for the area's initial economic development cultivation and hunting/gathering efforts. It is also recommended that Bay County's target audience be the Upper Midwest and Canada. Companies located in these areas are more likely to be aware of Bay County and find the quality of life pleasing.

These targets will lay the foundation for future technology focused growth and offer the best shot at short term recruiting success. The reasons behind choosing these specific targets are also outlined below.

- Mobile entrepreneurs¹³ - while these companies may be small but they are highly mobile and driven by quality of life factors. These companies will also likely be doing business nationally and even globally and therefore bring outside funds into Bay County. These companies are also easy to locate because they often don't require much space, just a reliable, high-speed Internet connection and a telephone. Encouraging entrepreneurship through incubators, available start-up funding and other factors will be vital. See Recommendations 8 and 9 for more detailed information.
- Manufacturing (diverse set of traditional manufacturing industries that are represented in nearby metropolitan areas, states and provinces, such as automotive parts, metals, and plastics.) – Bay County has a diverse set of existing manufacturing industries. It has been successful in other communities to target suppliers and customers of existing companies, getting the existing industries and executives to help with the recruitment. Also, manufacturing companies from nearby regions and states may be looking for expansion options, to which Bay County could offer a nice solution. Bay County will have the workforce skills to be attractive to these types of industries.
- Food processing (confectionery and baked goods, beverages, and snack foods) – Food processing companies continue to expand and are in the top ten most active industries the past few years. They also tend to locate close to markets because they need quick delivery to market because their product is perishable. Therefore, food processing companies are less likely to relocate facilities to Mexico or China. With Bay County's transportation network, a food processing company would find the area attractive.
- Plastics (auto, construction, and packaging products) – Plastics continues to be one of the top three most active industries over the past several years. Plastics companies will also complement the existing and targeted industries as more plastics are being used in automotive production, medical products, packaging, and construction materials. Again, Bay County will offer a reliable and skilled workforce to this industry, as well as easy access to Detroit and the automotive belt.

¹³ Mobile entrepreneurs are defined as small business owners that can choose to work and live anywhere based upon the amenities of the community because their business does not require a physical presence in any particular market.

- High end office (information processing, IT-intensive activities, mission-critical operations, administrative/finance centers, shared service centers, portfolio management operations) – Higher job growth is predicted in service positions and Bay County should be prepared to attract these companies. Downtown Bay City is an attractive small city with impressive downtown development. Continued office development downtown and in the business parks could attract those companies that want to out of the hustle and bustle of the big cities or that require a more secure location.

Targets that are recommended for longer term consideration and will expand the area's technology base and diversify the economy are:

- Medical equipment manufacturing – the medical industry will continue to grow with the aging of the population. The Bay County workforce could be suited now for production and assembly of medical equipment supplies. However, the research and technical positions will tend to locate closer to a medical university.
- Advanced materials – as the automobile sector develops new materials for use and production, Bay County could position itself to take advantage of the situation. Working with the local colleges and universities to create a curriculum around advanced materials would be a way to make the Bay County workforce attractive to this emerging sector.
- Fabricated metal products – fabricated metals are continually in the top ten most active industries in new and expanded locations. This category may be part of the various manufacturing targets outlined above.
- Industrial machinery -- the industrial machinery industry is also in the top ten most active industries in new and expanded location. This category may be part of the various manufacturing targets outlined above.

The noted industries above are our recommendations for Bay County based upon our knowledge of the area and our knowledge of current industry. However, the final target pursued should fit with the vision the future of Bay County. Remember it took the Research Triangle Park over twenty years to go from the planning stage to a world class research park. Discovering the future of Bay County will require long-term vision and planning.

2. The Michigan Economic Development Corporation and Bay Future should work as a team in marketing Bay County to the target audience base of industries noted above. This would include such tactics as direct mail, electronic mail, and the promotion of Bay County in targeted industry trade publications. Electronic mail is the most cost effective and has generated the best results. But with new email and spam filters surfacing more frequently, the message may not arrive to the targeted audience. Therefore, all mediums noted above are recommended. The estimated annual budget for this item is \$35,000 - \$50,000.

We recommend that Bay County pursue a consistent, ongoing targeted marketing campaign that includes direct mail, electronic mail and telephone follow up. To begin


with, a plan will need to be developed to determine what industries, geographies, company sizes, and company types best fit with the Bay County economic development goals and offer the most growth potential. The target marketing plan should be a component of the overall Bay County marketing plan. The targeted industries we recommend are listed above and we also advise that Bay County target companies in nearby locales such as other Midwest metropolitan areas and Ontario, Canada.

A researcher will be needed to identify the growing companies and compile the targeted lists. Also, at least one person should be devoted to doing the telephone follow-up, depending on the number of companies contacted each month. It usually takes at least three attempts to reach a target company executive. It is recommended to most of our clients to start contacting 25 to 50 companies a month to determine their expansions plans and start building a relationship with these companies. Each month the Bay County representative would contact another 25 to 50 companies, along with any follow-up calls from previous months. This would begin to fill the project pipeline with prospects. Based upon our prior work and experience, the qualified lead rate when contacting these companies will likely be between 4% and 8%, dependent upon the level of target research, state of the economy, cycle of the industry, and local economic development factors. It is difficult to estimate the number of actual company locations that might result or when those locations might happen. That will depend on the ability of the Bay County product to satisfy the prospects needs. We encourage Bay County to continually work these leads and to keep in touch with the companies and executives.

3. To be considered in a final company location, Bay County needs to have data available that is comparable to other locations nationwide. A metro-wide statistical database is urged for the metro area, following the International Economic Development Council (IEDC) guidelines. This needs to be updated often. This information will be compiled by the researcher for Bay Future. Not counting personnel costs associated with this publication, the estimated cost to produce this publication, which will be both printed and published on the Internet is approximately \$5,000, annually. A good example of a publication of this type can be found at http://chattanoogachamber.com/PDF_Files/cp_sep_04.pdf.
4. Examples of positive union relations with employers should be documented.
5. The reputation of the area's public schools is weak, impacting relocation and population growth. Continued emphasis should be placed on improving the image of the various school districts and documenting its successes. The Bay Area Chamber of Commerce and Bay Future should work with the various school districts to market externally successes within the schools.

6. It is recommended that efforts be expanded to improve the image of vocational-technical education for students who are not college bound. Concerted efforts need to be made to attract students into these programs. Continued emphasis should be placed on Bay County's school-to-career strategies, particularly in the manufacturing/construction cluster. Aggressive guidance counseling among students not college bound should be started in the middle-school years.
7. As part of its business development efforts, Bay Future should host an annual gathering of national site location consultants and other allies to inform them of the advantages and benefits of doing business in Bay County. Bay's best efforts in marketing the region will be by convincing those who help facilitate economic development projects on a state and national level of the advantages of doing business in Bay County. In short, you are making these allies "ambassadors". The estimated annual cost to undertake this effort effectively is approximately \$20,000.

Product Improvement

8. To attract mobile entrepreneurs, high-speed internet access is one of the most important factors. With new Wi-Fi technology, Bay County should work with its state and Congressional delegations to be a model community for county wide, high-speed internet wireless technology.  Wireless in rural area has been called "rural datafaction" similar to the expansion of electricity years ago in rural areas. Community examples that have embraced a broad geographic area for wireless technology include Athens, GA, Austin, TX, Long Beach, CA, Spokane, WA, and Danville, VA. As Mayor John Hamlin of Danville, Virginia said in a recent interview with *USA Today* through their initiative of creating a high speed internet network, "We used to have to beg businesses to locate here. Now our phones are ringing off the hook." (USA Today, September 22, 2004)
9. As part of the product improvement needs for a successful "mobile entrepreneur" target, a public entity, such as a community college, should start a small business incubator so that certain small businesses that fit within Bay's target market can be nurtured during its early start-up years. Because many incubators are at best a financial "break even" proposition, most are subsidized through the public sector and are created as a public service.
10. Bay County has a shortage of prepared sites and properties available for development. Nearly 90% of all business prospects are looking for an existing building. Additional site development is recommended in order for companies to have a choice in locations when looking at the area. Without available properties for businesses to reviews, Bay County will not considered by potential investors. There isn't a formula available to determine that exact number of buildings or square footage needed in a community.

However, the most successful communities have a wide offering of available product in order to entice businesses.

11. Manufacturing, distribution, and office shell building programs are urged for companies looking at the area that have an accelerated start-up schedule and need a facility quickly. The size of these buildings should be based upon a full real estate analysis.
12. A consistent and uniformed policy should be developed and adopted by the various governmental jurisdictions on offering incentive to new and existing businesses based on measurable criteria, and with compliance provisions to those who receive incentives. There are many examples of counties that have numerous municipalities that have adopted one uniform policy, such as the Wichita, Kansas area.



13. Efforts should be made to work with area homebuilders to provide more executive level housing in Bay County. (Greater than \$300,000) Lack of supply has been a detriment for some executives that work in Bay County but live outside of Bay County.
14. Product improvement initiatives are extremely important in making a community attractive for business investment. In that regard, water is one of Bay County's greatest assets. Bay County should work diligently to create public beach access to Saginaw Bay. Bay City has done an outstanding job in creating water venues along the Saginaw River.
15. A Venture Capital program should be created either through the Chamber, Bay Future or through our public private partnerships that pursue economic growth.

Organizational

16. It is recommended that the new Bay Future organization be the primary economic development agency responsible for recruiting business to the area. It is further recommended that a regional program be considered that includes a national marketing campaign.
17. The proposed estimated operating budget for Bay Future is \$250,000. These are insufficient financial resources for Bay Future to have an effective service delivery and to compete effectively nationally and globally. The Bay Future operating budget should be at least \$400,000 annually with no less than 3 full time employees, including a CEO, a project manager who can assist in packaging proposals, conduct research, visit existing businesses and other general duties in coordination with the CEO, and an office manager. Bay Future should seek professional assistance in

soliciting funds for economic development from both the public and private sectors. A professional fundraising organization will help you broaden your potential investors. We recommend the Resource Development Group, Inc. to help in this regard.

18. Bay Future, as the lead economic development agency for Bay County, should create a comprehensive web site, to include the latest technology that Bay Future's customers may benefit from, including GIS (geographical information systems) technology. Bay Future should consult with GIS Planning, Inc. to add this important component to the web site. Based on Bay County's population, which is how GIS Planning prices their services, the initial cost is estimated to be \$25,000. Thereafter, annual costs are reduced to an estimated \$15,000. Learn more about GIS Planning at <http://gisplanning.com/aboutus.htm>.
19. Bay County should pursue a community visioning effort. This effort is synonymous to a community wide strategic plan and is a long-term vision for the community. In many communities, the Chamber of Commerce leads this effort and we recommend that the Bay Area Chamber of Commerce or Bay Future lead this initiative. By not having a community wide vision for all facets community needs, development and resources will be piecemeal and decisions will be based most often on political expedience. This effort may also help in providing a more civil debate on the issues affecting the community rather than discourse that many of our interview respondents said existed. The success of something of this magnitude is predicated on the quality and methodology of the facilitator. Some communities use a facilitator from an academic institution. The cost of this approach will be negligible. Others use facilitators who specialize in this process. Those fees range from \$55,000 to \$150,000, depending on the firm. WA/CSG will introduce you to several of these firms that specialize in vision facilitation if the community wishes to pursue this approach.
20. As part of a community visioning effort, more dialog should be held regarding the consolidation of services amongst the many municipalities in Bay County. The combining of services between the county, city, and township would afford the area economies of scale and efficiencies. This could result in lower property taxes and/or surplus funds to put towards progressive projects.
21. Economic development is both a science and art. There is a basic lack of understanding of the principles of economic development with many that we came in contact with. This is not unusual if the lead economic development group does not work to communicate the basic tenets of economic development in their respective community. Bay Future and other economic development partners should hold formalized training sessions once a year for government and elected officials, the business community and members of the general public in orienting the community on the fundamentals and foundations of economic development. It is important to bring outside experts in to offer these sessions.

22. Bay Future and the Chamber of Commerce needs to work with representatives from both the City of Bay, the various townships and with Bay County in reviewing these various public entities development policies and to work in starting a “one stop” office for business licensees and permits.
23. Either Bay Future or the Bay Area Chamber of Commerce should create a formalized business retention program. Nationally, over 80% of all new jobs are created by existing business. This percentage is likely close to 95% in Bay County. Similar attention and resources needs to be devoted for existing business expansion. Based on our earlier recommendation for staffing and funding for Bay Future, this program component would be a logical fit for the new organization.
24. The Bay Area Chamber of Commerce should lead an annual intercity visit program where community representatives visit a city in the U.S. that the Bay area can learn from. This type of program has been in existence throughout the country since the late 1950’s and should be organized and implemented for Bay. This process is normally a limited cost activity for the sponsoring organization since each individual pays his or her own way. Estimated cost per person is \$1,000 depending on the location visited and the amount of time spent. The average length of trip is 3 days.

VI. Concluding Thoughts

VI. Concluding Thoughts



Bay County is at a crossroads in shaping its economic destiny. The County has suffered from Federal trade policy allowing for an easy migration of previously dominant industry sectors in Bay to migrate offshore without difficulty. These employment losses have not been replaced.

Now is the time for Bay County to invest in strengthening its economy and in having a role in controlling its own destiny. Bay County economic development efforts over the last several years have been ineffective. During the high growth years of the 1990's in the U.S., Bay County should have had a pro-active effort positioning itself as a competitive location for business development. It did not take advantage of that opportunity.

Bay County must look forward and recognize to succeed; it cannot be business as usual. It must focus on what the global economy promises will be constant and rapid change. Bay County must invest in technology to position itself as a location for "mobile entrepreneurs". It must focus on public and private leadership and nurture a new generation of leaders for the community. It must invest in education for the benefit of all. It must realize that the days of the large employer coming to a community and being the economic engine are unlikely to happen again. It should celebrate success with business locations and expansions no matter what size.

Bay County has the potential to be an entrepreneurial community with the attraction and allure of the water and the success of its downtown revitalization. But, much more is needed, including access to capital, the development of a small business incubator and the need for high-speed internet access throughout Bay County. More business parks must be created to allow for business investment to occur.

Divisiveness and pettiness must take a back seat. Local leaders must strongly commit to economic development, both in policy making and resource allocation to reach long-term goals. Cooperation and collaboration is paramount to success.

These are the themes that we have heard and observed. Now we challenge Bay County to move forward. Bay County is a good community. It has achieved success in many areas. It can be a great community.

VII. Appendices

VII. Appendices

EXHIBIT 1

Competitive Strategies Group, LLC Community Assets and Challenges Assessment

Community: Bay County

Date: April 21, 2004

ACCESS TO MARKETS	Weakness	Normal	Strength
Centrally located for major regional market	X		
Centrally located for national market		X	
Well positioned to serve international markets	X		
Common carrier trucking			X
Interstate highways			X
Rail service			X
Port facilities		X	
Scheduled airfreight services		X	
Within 1 hour of commercial air passenger service (non-commuter)			X
General aviation airport capable of handling corporate aircraft		X	
Local telephone company's capacity for simultaneous voice/data transmission and high speed internet services		X	
Connection of local telephone company to national fiber optics network		X	

LABOR	Weakness	Normal	Strength
Availability of unskilled and semi-skilled workers		X	
Availability of skilled industrial workers		X	
Availability of skilled clerical workers		X	
Availability of technicians and scientists	X		
Availability of managerial personnel	X		
Cost of labor		X	
Quality of labor-management relations		X	
Availability of post-secondary vocational training		X	
Availability of on-the-job training assistance		X	
Within 1/2 hour of major university/college		X	
Availability of engineering program	X		
Cooperation of local state employment office in recruiting and screening applicants		X	

ACCESS TO RESOURCES	Weakness	Normal	Strength
Availability of forest products			X
Availability of agricultural products for food processing			X
Availability of minerals (NA)			
Availability of intermediate manufactured goods and supplies		X	
Availability of manufacturing processes		X	
Availability of business and professional services		X	
Cost of electricity for industrial use (NA)			
Availability of high quality electric service	X		
Availability of uninterruptible natural gas		X	
Availability of water/cost of water/sewer		X	

LOCAL ECONOMIC DEVELOPMENT PROGRAM	Weakness	Normal	Strength
Adequate level of professional staff	X		
Involvement of both public and private sectors	X		
Local economic development organization has a strategic plan	X		
Level of leadership support of economic development program	X		
Level of cooperation between various organizations involved in economic development activity	X		
Level of awareness of community regarding economic development	X		
Level of funding for local economic development program	X		

ACCESS TO SPACE	Weakness	Normal	Strength
Availability of fully served and attractive industrial sites	X		
Availability of fully served and attractive office sites	X		
Reasonably priced sites		X	
Availability of suitable industrial space	X		
Availability of suitable office space	X		

ACCESS TO CAPITAL	Weakness	Normal	Strength
Availability of tax-exempt financing for new industrial facilities		X	
Availability of low interest loans for small business	X		
Availability of venture capital from local sources for business startups	X		

GOVERNMENT IMPACT ON BUSINESS	Weakness	Normal	Strength
Availability of adequate wastewater treatment capacity	X		
Availability of adequate water and sewer lines to industrial sites	X		
Condition and maintenance of local streets	X		
Level of traffic-carrying capacity of local streets and highways		X	
Availability of tax incentives		X	
Availability of labor training incentives		X	
Availability of relocation incentives for transferees	X		
Quality of local elementary and secondary education	X		
Quality of post-secondary education		X	
Level of state costs for workers' compensation	X		
Level of state costs for unemployment insurance	X		
State and local environmental regulations		X	
Business permitting procedures and costs	X		
Zoning policies (NA)			
Building codes (NA)			
Corporate income taxes (NA)			
Local property taxes	X		
State and local sales and use taxes service taxes	X		
Personal income taxes (NA)			

QUALITY OF LIFE	Weakness	Normal	Strength
Availability of executive-level housing	X		
Availability of moderate cost housing		X	
Availability of apartments		X	
Cost of housing		X	
Level of crime			X
Level of cultural activity		X	
Availability of recreational opportunities		X	
Presence of major sporting events	X		
Level of air pollution		X	
Quality of the climate	X		
Attractiveness of the physical environment		X	
General appearance of the community		X	
Availability of major shopping facilities	X		
Availability of adequate medical facilities		X	
Availability of first-class hotels, motels, and resorts		X	
Quality of local restaurants		X	
Appearance of the Central Business District			X

The Team conducted a 4-½ hour community overview of Bay County in April. The purpose of this overview was to review Bay County just as a site location consultant, analyzing various communities on behalf of a corporate client would conduct an assessment. This methodology includes this survey instrument used by the team to note Bay County's assets and challenges as it relates to economic growth for the area.

EXHIBIT 2

COMPETITIVE STRATEGIES GROUP, LLC
&
WHITTAKER ASSOCIATES, INC.
Bay County Community Business Survey
May/June 2004

Interview Profile:

Number interviewed: **65**

Number of focus groups: **3 representing Labor, Government and Quality of Life**

Private sector respondents: **41**

Public sector, education or not for profit respondents: **24**

1. What are the three greatest needs within the business community?

- Government consolidation of services (**19**)
- Consistent and predictable government policy towards business (**16**)
- Good education system (**12**)
- Educated/skilled/talented workforce (**11**)
- Friendlier business climate – i.e. reduce taxes, increase incentives for businesses to expand or locate (**11**)
- Entrepreneurial programs and access to capital (**7**)
- Streamline development process (**4**)
- Water supply needs to be protected (**4**)
- Stop bickering/power struggles (**3**)
- Respect and understanding of the business community by the public sector (**3**).
- Better electrical/power grid reliability
- Transportation infrastructure (water, rail, roads)
- Diversification of industry-more; hi-tech jobs
- Match appropriate skill/business needs to what the high schools teach
- Need visionary leadership in both the city and county government
- Greater tax base

2. On a scale of 1 to 5 with five being best, how would you rate the business climate of Bay County?¹

- **2.5**

¹ (Business climate is defined as government policies, regulations and general attitude from the public sector, both elected and appointed officials and staff that impact business either positively or negatively.)

3. What could Bay County or the various municipalities/townships do to enhance the business climate?

- Work together/more coordination (20)
- Consistent/streamline/transparent process of applying for incentives, tax abatements and other regulations that apply to development and business (15)
- Become more business friendly – i.e. reduce taxes, increase incentives (11)
- Enhance union relations (8)
- Communicate better (6)
- Stop bickering/power struggles (5)
- Make land available for development (4)
- Too many ordinances, restrictions, regulations and codes for development (6)
- Staffs and elected officials are not educated enough on economic development to assist existing businesses (3)
- Tax structures are business prohibitive (3)
- Government needs to work closer with existing businesses (2)
- Effective land use (2)
- Establish industrial zones (2)
- Improve the waterfront area environmentally (2)
- Have a unified regional ED approach (2)
- Contain sprawl
- Michigan needs to be more business friendly
- Educate the business community on available business tools/programs
- Develop Brownfield space downtown
- City permitting process is slow
- Need for municipal and countywide utility service master plan
- Expand communication or data services-like a citywide Internet support system
- Eliminate union only mentality with the public sector

4. What are three benefits or assets of living in your area?

- Low Crime
- Quality of life amenities of Bay County and the region, and low cost of living
- Nice people/small town atmosphere

5. If you could, what would you change about the area?

- Need to work together/more coordination (15)
- Need improved and enhanced infrastructure to allow for growth (8)
- Be more proactive in business attraction (7)
- Improve school system (6)
- Lower taxes (5)
- Provide beach development and access (5)
- Eliminate the requirement in Bay County to hire union contractors for public projects (5)
- Common vision (5)
- Develop waterfront (4)

- Educate residents to protect their environment (4)
- More effective & efficient ED efforts (3)
- Consolidate government services (2)
- More incentives (2)
- More private investment (2)
- Satisfied with area/would not change anything (2)
- Climate
- Perception from the outside
- General attitude of the populous
- Need more population for an increased tax base
- Stop the union's control of local governments
- Need a land-use plan in the county
- Increase entrepreneurship opportunities

6. What brought you to the area, personally?

- Jobs (24)
- Born and raised (20)
- Family (17)

7. What would make you leave?

- Do not want to leave/will not leave (25)
- Downfall in business climate, job elimination and career (16)
- Retirement/health reasons (6)
- Family (6)
- Weather (5)
- Retirement (3)
- Crime
- New job
- Substance abuse is prevalent-if continues to increase, may relocate

8. What other types of businesses do you want to see in this area?

- High tech/innovative/cutting edge (15)
- Manufacturing – any type (10)
- Entrepreneurial (4)
- Good corporate citizens/ethical (3)
- Supplier-based industries (3)
- White collar, office, call centers (2)
- Smaller job producers (2)
- Unique/downtown retail (2)
- Alternative energy
- Ag-based such as organic agriculture
- Good restaurants
- Healthcare
- Minority owned businesses
- River/port developments
- Warehousing/distribution
- Recreational business

- Outlet stores
- Family owned
- Jobs that pay livable wages
- Aircraft components
- Life sciences

9. What types of businesses would you not want in the area?

- Environmentally harmful (9)
- Exploitive industries (*i.e. adult book stores*) (6)
- Casinos (3)
- Take just about anything (3)
- Heavy industry (2)
- Those that have labor difficulties
- Nothing that drags the community down
- Minimum/low wage jobs
- Dot com's

10. What infrastructure is missing or unsatisfactory in the area?

- High speed internet – there are holes, want wireless (14)
- Roads/sidewalks (5)
- Sewer system is outdated/inadequate (4)
- Water quality (3)
- Dredging of shipping channel (3)
- Improved air service (2)
- Sewer/water extensions
- Improvement at the schools (bonds cannot get passed)
- More higher quality, available industrial and commercial space
- Cultural activities
- Quality, executive level homes
- More attractive entrances into the community

11. If you could choose to relocate/expand anywhere in the world, where would it be and why (for employer interviews only)?

- Southeast U.S.
- Mexico
- Where technology is king

12. Over the past five years, how effective do you believe economic development efforts have been within the Bay County area?²

1	3.59	5	10
Not Effective	Moderately Effective	Very Effective	

² Economic development efforts for Bay County include all efforts and not a single agency or entity.

13. If you feel they have not been effective, why?

- No coordination/common effort (14)
- No vision, no strategy, no common goals (14)
- Power struggles i.e. inferiority complexes, turf wars, own self interests (14)
- Lack of management/leadership within the various development groups (5)
- Lack of money (5)
- Too much political influence (5)
- Need a better public/private sector relationship (3)
- Not a clue, but nothing has worked (2)
- Incentives to stay overwhelm budget needs
- Continuously throw money away
- Difficulty adjusting to change
- No trust
- Procrastination by the powers that be
- Difficulty with the city in getting permits timely
- Geographic location is a disadvantage
- Wastewater district is an adversary towards business
- Lack of understanding of economic development
- County does not get aggressive because they are afraid business will ask for incentives
- Local businesses are not good ambassadors because of their experience here
- Poor communication to the public by government leaders

14. Do you have any suggestions for the organization/operational structure of a countywide economic development organization?

- Cooperative efforts (8)
- Benchmark/borrow from successful programs (7)
- Install performance and evaluation benchmarks (5)
- Consolidate all economic development groups as possible (5)
- Get a great CEO. Do not micromanage that person (3)
- Need economic development experts (3)
- Public/private partnership (3)
- Allow for union representation
- Communicate
- Defined goals
- Do not be everything to everybody
- Secure the appropriate funding to be successful
- Include agriculture business as an industry to promote
- Have a clean corporate governance structure
- Target your markets
- Include retention

15. As Bay County works to create innovative, realistic development strategies, do you have any suggestions on how to market Bay County worldwide for growth and investment opportunities?

- Market quality of life (recreation, waterfront, safety) and cost of life (20)
- Tourism focus (2)

- Promote the work ethic. It is excellent **(2)**
- Establish more connections/network with consultants **(2)**
- Highly targeted
- Web site
- Mission trips
- Bring/invite businesses into County
- Clean up political system
- More business friendly
- Regionalism/consolidation
- Don't market to outside, strengthen from within
- More communication on branding strategies
- Common vision
- Work with existing businesses to develop supplier opportunities
- Brand the tri-county region, not just the County
- Brand Bay County, not the region

16. Are there any other issues of concern to you?

- Labor unions have a bad perception **(5)**
- Business leaders should be more involved in campaigning for improved schools and education system **(3)**
- Bay County missing entrepreneur focus/opportunities **(2)**
- Some people want the area to grow while others do not
- Federal government needs to help
- Bay County standing in its own way
- Brain drain is a major concern -- the area is losing a generation
- Build an organization that is flexible and dynamic - get beyond local conflicts **(2)**
- Business friendliness is the main issue -- current environment not helpful to longevity of business in the area
- County government needs to involve business
- Encourage "stroking, not soaking"
- Get business leaders involved in community
- Government needs to be facilitators
- Let go of territorial attitudes -- cheer for the region & valley
- Need to be attractive to young people - improve job market and living options for 25-35 year olds
- Retail is needed to support the recreation industries
- Think long term
- Would like to see magnet schools and university campus downtown
- The County needs to soften up on their partnership with unions and let free enterprise have a chance
- Do not duplicate what others should do
- Do not steal business from one part of the county to another
- Bay has a chance to make a fresh start

EXHIBIT 3

Bay County Group Discussion Summary

Reactions to the Presentation of Economic Trends & Findings of Need

Question Posed to Groups: What are some of your reactions or thoughts to the presentation of Economic Trends and Preliminary Findings of Need?

Tuesday, June 29

Group 1:

- Bay County Employees – living in Midland
- Why are they coming here? “Education”
- No surprise
- Why 20 years...for solutions

Group 2:

- No surprise
- Pleased that study done
- Education level compared to other areas
- Cooperation

Group 3:

- Cycle of low pay unable to support community business
- Number who commute beyond Midland/Saginaw. Why?
- Could be positive to live in this community (refer to life style)
- Need of larger companies to look beyond Bay County to fill positions (seniority/union needs, etc.)

Group 4:

- No surprise

Group 5:

- Why were Education & Health Services lumped together?
- Why were only 65 people interviewed? Low percentage
- Amazing lack of employment
- Lack of white-collar jobs. 24% retail jobs

Group 6:

- Low wages should be attraction to employers
- Data was different than what was reported by the Chamber
- Cost of living compared to wage information
- Learned nothing new – wanted to see new information. No causes for problems identified
- Median age is rising – may be losing young people (young bright people)
- More people working outside our community
- Hospitality jobs increasing but not high wage jobs

- More information needed on base industry jobs

Wednesday, June 30

Group 1:

- Surprised Bay County is under US average for Business & Industry
- Surprised median age was lower in 70's and now is above U.S. average
- Population decrease
- Youth leaving the area after school
- Surprised Midland County was not chosen but Racine selected
- Why are the salaries (e.g., wage, income) lower in this area?

Group 2:

- Discouraging. Surprised.
- Definite NEED to keep young people
- Excited that issue (this meeting) happened now (knew about problem since 1960's)
- Concern of low per capita income
- Disturbing education level statistics

Group 3:

- 'Lean Manufacturing' concept affecting reduced work force. Beyond our community control
- Urgency to reverse the trend both in manufacturing and population
- Lack of job growth and wages, and effect on young people leaving the community
- Those leaving are those highly educated
- Statistics not a surprise, but good to measure. Data is good to help us plan
- Lagging in Saginaw on the wage graphs was surprising
- Struck with positive increase in retail

Group 4:

- Surprised about other indicators (downward trend) of manufacturing
- Average age (jump) significant

Group 5:

- Need to compare cost of living to other communities
- Demographic info was what I expected. It's evident what direction we need to go in
- What is the reason for the decline?
- We need a friendlier business climate from local government
- Already aware Bay County residents had lower educational background. Education needs to be sold to young people
- Wowed at technical training available
- Wages going down. But we need sustainable wages

Group 6:

- Hospitality industry higher
- Wages and per capita income low
- No explanation for data (could be due to retiree #'s)
- What is nature of jobs we have?
- With low wages, would expect more businesses to locate here

- Need to start doing something or nothing will change
- Information sector had modest growth – higher wages

Discussion of Community Needs

Questions Posed to Groups: What should be done to address these needs? Are there other needs to add to this list?

Tuesday, June 29

Group 1:

- Warning system for river traffic “Bridge Delays”
- Establish ongoing inter-governmental task force.
- Infrastructure Master Plan: 20 year
- Community Master Plan
- Return to neighborhood schools
- Help educators meet need of employers; “not just K – 12”
- Emphasis placed on average students
- Attract venture capital
- Specific 36-month business attraction strategy with measurable benchmarks
- Leverage the large corporations in tri-county
- Better definition of “Friendlier Business Climate”
- Encourage broader political based ideas

Group 2:

- Remove barriers, eliminate negativity
- Support Bay Economic/Bay Futures
- Infrastructure – develop M13
- Collaboration and cooperation across lines, including government
- Community vision that majority can buy into, get community input
- Re-think and carefully plan Uptown at Rivers Edge
- Concentrate on positives rather than negatives
- Bay County needs to succeed because of government
- Government & business work together
- Forget the past!!
- Attitude – trumpet what we have to offer, local colleges
- What can we do to get a business to relocate or expand here? Ask the question of businesses
- Progressively pursue businesses who are frustrated in other areas of the state

Group 3:

- Education
 - Better job to educate high school students that service jobs are a positive/proud
 - Great trade programs, encourage students
 - Change ‘give me’ attitude
- Provide financial assistance for displaced employees to go back to school

- Offer more options for those students who aren't college bound (many lost in shuffle). High school education to help all.
- Education as a carryover/incentive to get people/business to community
- Our own perception of Bay City; transients have better view of us
- Collaborative efforts
- Quality of life
- Invite teachers/principles to participate
- Business attraction, begin to pull from national level (not just Michigan)
- Draw on our waterfront, access to more people
- Focus on a development plan – do it right. Move forward in deliberate manner
- Infrastructure
 - Planning committee to set parameters for development
 - Raise bar on projects
 - Community involvement
 - Accountability
- Concern for infrastructure (police/fire) since economic support diminishing
- Too small community to be divided
- Why other communities chosen over ours
- Use existing community resources (old buildings, etc.). Need planning/leadership
- Coordinated government issues/consolidation
 - Learn compromise
 - People tired of 'same old' government
- Affordable Health care
 - Impacts business & people (less disposable income for individuals)

Group 4:

- What does Friendlier business climate mean/what has to happen?
 - Why develop regulations? Just when they think they have all permits there are more
 - Includes government efforts. We have to go all over, not one stop shopping
- Is this local? Something we can do? Or federal? Local regulation structures
- Can't complain because we are doing to ourselves
- What not hearing is taxes too high/ but local regulations difficult
- Taxes affect 2 different groups: those doing business here versus those thinking about coming in
- SC Johnson is big success, we need to duplicate
- Pinc has coordinated 6 units of government and relies on technology (faxes, email)
- Cons – why does each unit have different rules? Would uniform code help?
- Boundary line issues
- Physical consolidation or organizational consolidation? Both
- Contract services that are (3rd party) needed by all units
- Police are police are police
- Duplication of services (number of fire trucks)

- Indianapolis consolidated services possibly regionally or MSA
- Racine is starting regionalization of services/taxing – need to check
- Local residents are concerned that they may be pushed aside/lose control of their lives/will get pushed out by business and new growth. Local government will only cater to big shots
- Neighborhoods want more single family homes/less rentals/affect property values
- Kids can't find jobs in Bay County
- Need to create enterprise zones and explain how it benefits ALL
- Community vision needs to address a variety of jobs, high end industry. jobs and service jobs. Draw from outside money not to recycle money
- Community vision needs to address rural areas (agricultural). Need to attract agribusiness
- Need to pass regulations in support of education
- Tone & tenor/removal barriers. Permeates each
- Eliminate local resistance to growth and fear of losing & control of comfort zone
- Need to attract new business

Group 5:

- We should re-open the Casino discussion with more general public input
- Find out why Bay County didn't grow when the nation was growing
- Coordinate efforts to standardize the permit process in Bay County municipalities
- We need to generate more community interest in the economic process. Why are people not concerned?
- More action than talk
- We are developing a community vision
- We need to change the perception that our politics aren't progressive. Doesn't matter if it's not true, the perception is there.
- We need to lose the 'ward mentality' and get a regional – maybe tri-county – mentality
- We need to know what is expected in infrastructure to attract and keep businesses
- We need to explore the ways to use the river – beyond recreation
- We need the Chamber, the labor organizations, the churches, etc. to collaborate with education
- How can we foster an environment that fosters entrepreneurs?
- We need to retain the manufacturing jobs that are here. Maintain quality jobs – not just manufacturing.
- We need to get young people involved in this process
- We need to encourage young people to train for the quality jobs that are here. That is a job for the schools(trades, colleges. ISD)
- Look at why we've lost jobs to make sure it doesn't happen again
- Employers need to treat employees – even those without college – with respect. Powertrain is a good example. SC Johnson is a good example.
- Develop an agency or office that entrepreneurs can contact to get help with navigating everything from infrastructure and permits to tax incentives

- We need an organization that helps young people use their talents to find a job here. They may not have family members with the knowledge they need.

Group 6:

- No support (virtually) for business start-up – or training
- Follow best practices for help with business start-up. Adequately fund them
- Enlist retirees to volunteer in schools as mentors – get more involved.
- Raise standards in schools
- More teacher training
- Businesses need to communicate what they need
- Government (business) needs to act quicker to opportunities
- Colleges need to work/communicate with economic development agencies
- Government needs to be more inclusive in moving in multiple directions to keep young people here
- Hurdles and brick walls exist for business start-ups
- Be more creative in coming up with new jobs that will keep kids here
- Bay City has opportunity to be the leader of tri-county
- Need more parent involvement in education
- Community needs to be educated about what is happening in community (efforts in community development)
- Need to move studies and plans to action
- Need leadership to move studies ahead
- Consolidate government(s) services
- More collaboration (win-win) among government bodies – improve services & consolidate – build trust
- Government needs to be more business-friendly and aggressive in attracting/expanding business
- Need to communicate more

Wednesday, June 30

Group 1:

- Education
 - Encourage younger people to attain an education
 - 20 minutes a day
 - Encourage more higher education attendance/support/enthusiasm
 - Investors/Home Buyers look at education and schools in area and compare Bay County schools to Midland schools
 - Property values
 - Educate community on school achievement
- Jobs
 - Not gaining jobs in Bay County during economic growth at same rate as state & and nation – WHY?
- Collaboration

- Reluctant to work together
 - Own 'group' agenda/interests
 - Culture of this area
 - Need to look at overall long term picture/system
 - Educate public about environment we live and work
 - Bring government units together – utilize resources/technology
- Bay County organizations are approachable. Access to government, education
 - Inform new business and investors of how accessible Bay County organizations and leaders are to them
- Enhance effort for regional marketing with Saginaw & Midland
- Collaboration has to be a CONCENTRATED effort that is facilitated to follow through to avoid individuals from retreating to their own agendas/interests. Someone to hold us to the vision.
- Review assets of this community. What is the attraction? Prime properties turned over to non-revenue entities not recommended. PROMOTE IT!!
- Quality of life (economic objectives & marketing tool). PROMOTE IT!
- Bay Future. Keep connecting the city/county/private groups

Group 2:

- Jobs that attract young people
- Attract entrepreneurs. Encourage success
- Process/study should continue
- Keep jobs here and encourage expansion
- Attract diversified industry
- Education that focuses on marketable skills
- Need to keep mature demographic here
- Intergenerational interaction (positive)
- Affordable housing (for young people) downtown
- Focus on more cultural activities to attract young people
- Market cultural activities
- Affordable culture (partnerships)
- Invest in rehabilitation of buildings
- Change negative perception of 'union town'
- Attract 'white collar' jobs and a community atmosphere for their employees to want to live here
- Need a plan and follow through to implement the economic plan. Try not to duplicate services
- More funding equality among school districts

Group 3:

- Need to methodically study the migration of our youth
 - Utilize realtor association to survey those leaving and why
 - Youth are intrigued by the 'romance' of other locations
 - Youth perception of 'Nothing going on here'

- Does the skill level of our work force meet the needs of business? Focus on matching skills with needs
- Identification of those coming into the area and why
- The first three community needs reflect emotions/relationships
- Infrastructure – city bonding for sewer improvements forthcoming
- Need to get the message out about those ‘positive’ things being done or being worked on
- Educational system – turning out an ‘end product’ student that will meet the skill needs of employers. Beginning in the early years to become more effective.
- Hate to see the ‘Cool City’ concept in combat with Education – should be working together.

Group 4:

- Not surprised at all to hear about ‘turfism’ and the need for better consolidation and collaboration
- City code enforcement does not make it easy for re-development of downtown loft area in historic buildings
- Development – no matter where – can be tough due to permit process
- Master plans are inflexible to new uses identified – can be changed
- Include more people in Master Planning process – regular updates every 5 years
- Need to identify what types of livable wage jobs we can attract and accept and grow in industries. Higher wages of past are gone.
- Arts/culture industry are typically not invited to the Economic Development table for job growth, yet has money in jobs
- May likely not see scale manufacturing new to area
- Serious problem with outsourcing, local & USA
- Education & business need to work together & have younger children encouraged to work & stay here
- Need business involvement
- Encourage diversity, multi cultural vision
- Questions with outsourcing – worker cooperation & willingness to work with management to make company better
- Need to work together closely for opportunities and efficiencies (cost for infrastructure improvements, etc. savings)
- Encourage trust – need to
- We could balance budgets if administrative services were shared, but we need to recognize that residents of local need to be included and to understand how fast and how far we can push
- As trust is developed/established in one area (e.g. economic development public/private) then we can look at other areas to cooperate
- Be careful not to want something for your community that your community doesn’t want – leaders must lead but must also follow citizens.
- Need to nurture ‘vacation feel’ of Bay City in vision

Group 5:

- Need to change point-of-view of residency. We fight growth to preserve low cost of living.
- Change collaboration to cooperation among government. Fear that smaller units will lose their voice
- Need technical programs to train students without college for quality jobs that already are here. Many can't afford B.A. or M.A. degrees
- Need overall wages to increase to support college costs
- Need more scholarships
- Need to communicate awareness of resources available in community (i.e., scholarships)
- Need to mentor parents without college education. on how to help their children with college and scholarship applications
- We have hi-speed internet, good roads, reasonable utility rates in industrial park. Not true in all areas of the county
- Capital investment goes where it's appreciated. If it's not appreciated, it leaves.
- To market Bay County, we need to zero in on the psychographic profile of who we want to come here – residents, businesses, and tourists. We need to spend money wisely, not just shoot the shotgun
- Need to retain our youth
- Need to re-examine a survey conducted recently of southeast Michigan. Bay County is associated with Saginaw. Our assets – river – are lost in that
- Need to work cooperatively with tri-counties
- Don't compete between townships, cities, and counties
- Get rid of politics!
- We need to protect our asset called architecture. All, not just the old or that in designated areas.
- Encourage the unique-ness of Bay County. Non-franchise businesses, unique riverfront businesses
- Need to make people – tourists & residents – aware of all that we have here, how close we are to I-75, easy-on and easy-off highway to downtown
- Train people in service industry about what's here. Include entire county, not just Bay City

Group 6:

- Atmosphere of business policies needs to be addressed – different codes, etc. create roadblocks
- Review various ordinances to make more business-friendly
- Need a positive attitude toward businesses (in community)
- Use of career ladders or other information to help students understand careers and needed skills
- Newspaper should be more positive – a cheerleader for education and community (more objective rather than negative)
- Children are not ready to compete in world – global competition
- Need to market ourselves better to people outside our community

- Explore consolidation (cooperation) of services to improve efficiency
- New county-wide economic development effort in process
- Branding initiative in process
- Include younger people – committees, appointed positions – Delta & SVSU especially
 - Get high school students involved
- Need to keep kids/young people here
- Continue efforts to bring down barriers – governmental units
- Need to focus on retention/support for existing businesses rather than attraction focus
- Need more infrastructure for manufacturing
- Need business incubator

Identify Priorities among Preliminary Themes of Need

Questions Posed to Groups: Which items are your personal priorities? *Each participant received 4 blue dots (valued at 1 point each) and 1 red dot to designate the highest priority item (valued at 2 points each)*

Themes/Community Needs	Tuesday Groups						Wednesday Groups						Total
	1	2	3	4	5	6	1	2	3	4	5	6	
Education	14	4	7	4	6	11	8	12	11	11	10	8	106
Business attraction/ entrepreneurial assistance	7	5	4	9	10	5	5	18	5	2	5	6	81
Tone and tenor of collaboration/ removing barriers	7	6		8	5	8	6	4	10	12	3	12	81
Community vision	3	4	11	7	4	9	7	11	5	6	6	4	77
Coordinated governmental efforts/consolidation	8	5	9	6	10	9	5	7		3	8	7	77
Friendlier business climate- policies	11	15	2	8	4	5	2	4	3	7	7	5	73
Infrastructure needs	3	3	1	4	1	1	3	5	4	1	3	6	35
<i>Other Issues Added to List:</i>													
Business retention					14				6				20
Retention of young people/opportunities for them		3				6			5				14
Cultural arts						6			4				10
Our image of ourselves			7										7
Quality of life							6						6
Affordable health care			5										5
Consolidation of governmental units												4	4
Jobs		3											3
Branding/marketing outside community (coordinated)												2	2

Increase tax base			2										2
Continuous improvement	1												1
Lower cost of doing business through managed growth									1				1

Highest Priorities

Themes/Community Needs	Tuesday Groups						Wednesday Groups						Total
	1	2	3	4	5	6	1	2	3	4	5	6	
Tone and tenor of collaboration/ removing barriers	1	1		3	1	2	1		4	4		5	22
Education	3	1				1	1	2	1	3	3	2	17
Business attraction/ entrepreneurial assistance	1		1	3	1		1	5	1			1	14
Community vision			3	2		2	2	3	1		1		14
Friendlier business climate- policies	3	5	1			1					2		12
Coordinated governmental efforts/ consolidation	1		1		4	2		1			1		10
Infrastructure needs		1							1			1	3
<i>Other Issues Added to List:</i>													
Business retention					3				1				4
Our image of ourselves			2										2
Quality of life							2						2
Retention of young people/opportunities for them						2							2
Affordable health care													
Branding/marketing outside community (coordinated)													
Consolidation of governmental units													
Continuous improvement													
Cultural arts													
Increase tax base													
Jobs													
Lower cost of doing business through managed growth													

Group Rankings

Themes/Community Needs	Tuesday Groups						Wednesday Groups						Total
	1	2	3	4	5	6	1	2	3	4	5	6	
Education	14	4	7	4	6	11	8	12	11	11	10	8	106
Business attraction/ entrepreneurial assistance	7	5	4	9	10	5	5	18	5	2	5	6	81
Tone and tenor of collaboration/ removing barriers	7	6		8	5	8	6	4	10	12	3	12	81
Community vision	3	4	11	7	4	9	7	11	5	6	6	4	77
Coordinated governmental efforts/ consolidation	8	5	9	6	10	9	5	7	0	3	8	7	77
Friendlier business climate- policies	11	15	2	8	4	5	2	4	3	7	7	5	73
Infrastructure needs	3	3	1	4	1	1	3	5	4	1	3	6	35
<i>Other Issues Added to List:</i>													
Business retention					14				6				20
Retention of young people/opportunities for them		3				6			5				14
Cultural arts						6			4				10
Our image of ourselves			7										7
Quality of life							6						6
Affordable health care			5										5
Consolidation of governmental units												4	4
Jobs		3											3
Branding/marketing outside community (coordinated)												2	2
Increase tax base			2										2
Continuous improvement	1												1
Lower cost of doing business through managed growth									1				1

**Bay County Town Hall Meetings – June 29 & 30, 2004
Questionnaire and Feedback**

1. Please rate each of the identified community needs, from your perspective.

Scale: Extremely unimportant (1) Unimportant (2) Moderately Important

(3)

Important (4)

Extremely Important (5)

		Ranking
h) Friendlier business climate-policies	4.19	6
i) Coordinated governmental efforts/consolidation	4.33	4
j) Tone and tenor of collaboration/removing barriers	4.38	2 (tie)
k) Education	4.50	1
l) Infrastructure needs	4.01	7
m) Community vision	4.29	5
n) Business attraction/entrepreneurial assistance	4.38	2 (tie)

2. Are there other needs you would like to add? Any comments about any of the community needs?

- Funding strategy for entrepreneurs.
- Make full use of the water. Bay City and Bay County are moving in the right direction. It isn't all doom and gloom. Retain the jobs we have.
- The "Economic Vision" (although not identified yet) is off to its BEST start ever!!
- Focus a public awareness campaign on drug abuse. More people walk away from job opportunities when presented the plastic cup than actually become gainfully employed.
- Need communication and education components so community understands various programs.
- Stop wasting time and money on tourist attractions. Redirect energies to sustainable employment.
- Business-Labor relations. Regional development. Business funding capital.
- Retention of young people. Average wage could be brought up to increase our standards.
- Removing or reducing bureaucratic barriers to business and other important needs of the community.
- Community, perhaps region (MSA), needs to develop determine competitive advantage, and work to achieve common goals.
- Eliminate local fear and resistance to growth.
- Quality of life programs and facilities (e.g., recreation, arts, entertainment, food, etc.).
- Focus on youth involvement; importance of families for our community.
- Infrastructure improvements need to be planned for now!
- Utilize the talent of young people who don't go on to higher education
- Affordable health care, increase tax base.

- Bring in more jobs (not just minimum wage jobs). Need to bring in/attract younger people to live here.
- Casino – amusement park (enclosed), baseball field (cash flow for all). Things for these projects (good roads, lighting, building, sidewalks, etc).
- More tri-county collaboration, marketing business attraction.
- Return the community to “neighborhood” small schools.
- We need to address the aging population, their needs and the ability to attract younger people to the area.
- Prioritization and focus of our community funded projects. Too many projects are competing for community dollars at one time.
- More efficient use of government money.
- Business attraction and retention are most important. Manufacturing is important.
- Great meeting!
- Improve skill set and clearly identify our “realistic” manufacturers. Lower cost of doing business with managed growth.
- Improve the education system in Bay County and it becomes easier to attract more home/business owners.
- Arts & Culture – Quality of life.
- Attraction of young people to our community. Retention of young people to our community. Marketing of business, cultural, entertainment opportunities for above purposes.
- More cooperative working together between private/public sectors.
- Community perception – our image of ourselves. The glass is half full not half empty. Education, government, infrastructure. Recognize what we have and our needs to complement that to achieve our goal.
- Work to change the perception that this is a “union town” so that manufacturers will consider our area.
- Marketing, marketing, marketing. Need to get the message out that our community is safe, affordable, highly educated, and has an abundance of resources.
- The community needs to look through the eyes of those considering locating in Bay County. (e.g., schools, safety, arts/culture, etc.).
- Key: Community vision through which all decisions are based!
- Focus on supporting existing business base and encouraging entrepreneurial development within existing business.
- Job security; agricultural awareness.
- Quality of life – this can be both an objective and a sales tool.
- Affordable housing for the young. Cultural events or activities for the young that are affordable. Educational opportunities that offer marketable skills for high school graduates not going on.
- Cultural strengths maintained. Educational emphasis to early years.
- A coordinated effort between government, education and business to upgrade our overall education system for future career development, hard to attract new employees with limited available workers capable of doing these jobs.

- “Off season” events/facilities to bring people to Bay County in winter. Balance of new housing opportunities in community. Create more linkages between Bay City and out-county communities.

3. Please list 3 things you think are most important to accomplish in the next 12 months in order to improve our community.

- Grow regional collaboration. Look for models that are successful.
- Create a vision. Compile data from these meetings and compile into meaningful useful data to achieve our vision. Continue to cultivate community involvement by action and not just words!
- Bay Futures and more support for it. Progress on Rivers Edge. The realization that we must shed our blue-collar image.
- Define an action plan to arrange priority, supported by tax resources to complete task!
- Market vacant industrial & retail space.
- Business start up support (practically non-existent); Bay County/Bay City – too many divisions and infighting.
- Adopt clear coordinated community vision. Adopt an aggressive committed action plan to realize vision. Bay Futures.
- Get our budget in order, we can't let people or businesses hearing that we are not able to keep our police department (losing good employees) for security and I wouldn't want to relocate to an area that cannot maintain its fire stations.
- Elect visionary and cooperative elected officials. Change policies that discourage business; proactively go after business.
- Reduce red tape and other barriers to business. Improve education. Change our negative attitude about our city.
- Community vision, coordinated governmental efforts/consolidation, and tone and tenor of collaboration/removing barriers.
- Focus on retention (continue good effort) and entrepreneurship. Involve young people in this process even if we have to drag them kicking and screaming. Communicate, communicate, communicate. Find a tool to keep people involved.
- Coordinate government efforts to consolidate services. Look at best practices of very good similar sized cities.
- Retention of existing jobs/business. Attracting new jobs/business.
- Get public more involved. Work on coordinating government efforts. Convince community that a vision is necessary
- Commitment to collaboration. Make a plan and set achievable timeline for completion. Put “egos” aside.
- Code enforcement (housing). Attracting new business. City tax on earnings personal.
- Coordinated governmental efforts/consolidation. Improve education system. Improve on tone and tenor of collaboration/removing barriers.
- Aggressively market to companies beyond Michigan. Get buy-in of community into Action Plan. Strengthen existing businesses in our community.
- Bring jobs to our community. Focus on education. Friendlier business climate and policies to bring jobs to our community.

- Monies and smart people to bring to publicizing the big things; bring people in to sightsee; hotels, gas, all the amenities a tourist would spend on.
- Establish more trust between public sector (union dominated) and business community. County allow DDA's to capture taxes to improve public infrastructure and expand business park capacity.
- Survey the community about the value of smaller schools as a priority for our community. Survey should be done independent of school district.
- Complete Economic Development Plan. Publish to community. Start actions supported by plan.
- Reduce conflicts between government groups (i.e., city, county, and township). Educational needs are important for long range growth and improvements. Market what we have in programs, events, etc. Perhaps more money for CVB.
- More accommodation to businesses already located here.
- Community vision. Public/private partnerships. Forward cooperation.
- Help to develop Pinconning & Auburn downtown areas as places to go for services instead of just driving to Bay City.
- Improve education. Offer incentives to large corporation to bring in or increase business in the community. Consolidate county and township officials to reduce or at least maintain the property tax base.
- Create and initiate public/private economic development agency – Bay Future – study reasons for population loss. Civilize discussion in public forums – tone down rhetoric. Continue promotion of arts & culture.
- Education must improve to a level consistent with Midland Public, Saginaw Township, etc. Make certain that employees of new businesses live in Bay County. New types of business, service industries, computer, technology, etc.
- Continued to interact with townships on a whole county concept to solving the issues of our community. Work with city township county planners to create plan for green ways, trees with business. Set parameters of what can be built and what style.
- Begin to implement the results of these meeting and studies.
- Get a Bay Futures staff going to let business know about the items needed. Utilize this research and the marketing efforts of the CVB to get our message out.
- Take a bold step toward unifying/consolidating local government. Make a community-wide commitment to better education. Create a strategy for attracting new businesses/corporations.
- Finish the plan. Get collaborative economic development effort underway (don't call it "Bay Futures!" How about "Alliance"?). Move forward with branding initiative.
- Create a detailed plan with specific goals and a timeline.
- Attract diverse industry that will employ young people and pay wages that will keep them here. Improve downtown and expansion south on Washington to fill in vacant storefronts.
- Improve our appearance, make it inviting. Begin regular meetings with labor and chamber activities

- Combining government jobs so better bang for our bucks. Eliminate obstacles now placed when new projects are attempted. Speed up responses such as permits & questions answered.
 - Improve perception of community. Help encourage arts and cultural activities. “Uptown” development needs to be right.
 - Area must be seen as being more welcoming to new and existing business. Bring together the various segments of interest under the umbrella (Bay Futures could be key). Create an environment where we all believe in ourselves as a great community with even greater potential.
- 4. What was particularly helpful and/or effective about this Town Hall Meeting?**
- People listened to my ideas.
 - People’s willingness to not only offer ideas but be willing to work to implement these suggestions.
 - An opportunity to share with others.
 - The facilitation was essential to keep the meeting moving forward.
 - Opportunity to bring grassroots ideas to the surface.
 - Breakout sessions. Everyone had input.
 - The statistics prior to discussion helped focus on the needs.
 - Facilitators in break out sessions.
 - Small group break-outs promoted good discussion and idea exchange.
 - Seeing a cross-section of people with similar visions.
 - Good facilitation.
 - Open dialogue with a wide variety of individuals of varying opinions.
 - Interesting to see Bay City compared to other cities.
 - Laura Ogar!
 - Input from varying sectors help tremendously in “grounding” our perceptions.
 - Information about economic growth in Bay County and suggestions of community members for positive growth.
 - Information presented was excellent and break-out session was very informative and effective.
 - Very timely.
 - Hearing from others of their perceptions of community needs.
 - Moving in the right direction – need to keep moving forward listening, communicating, and working together: government, residents, business, education.
 - Good informative session. Great interaction. Many different perspectives.
 - Questionnaire and small group discussions.
 - Ability to feel comfortable saying what we want freely. Good diverse group of people and opinions.
- 5. Do you have any suggestions for improving the Town Hall Meeting?**
- Handouts before the breakfast sessions to analyze the data.
 - Need more time

- It was a good format. Ideally we should do more of this in order to meet the goals and needs of this community.
- It was well run and on schedule.
- Find a way to get more participation.
- Use separate break-out rooms. Hard to hear everyone in our group.
- Did a good job on press release and good access.
- Very well planned event! Very worthwhile.
- Getting the business community more involved. Have more public officials attend
- Outstanding.
- Have more of them with report on what's happened with our input!

Consultant Team

Jay A. Garner, CEcD, CCE
President
Competitive Strategies Group, LLC

Jay A. Garner is the President and founder of the Competitive Strategies Group, LLC, an economic development consulting firm headquartered in Atlanta, GA. He has assisted numerous clients throughout the U.S. on a wide variety of projects including, developing industrial parks, strategic and organizational planning, international cross-cultural training, economic development sales staff training, customer satisfaction surveys, marketing strategies and site selection services for corporate clients.

Jay is a graduate of West Virginia University with Bachelor of Arts and Master of Public Administration degrees. He is also a graduate of both the Economic Development Course at the Georgia Institute of Technology and the Economic Development Institute at the University of Oklahoma, where he is an instructor in international prospecting. Jay has led over 25 trade and business development missions to Asia leading to the creation of thousands of jobs and over \$9 billion in capital investment. He is a Certified Economic Developer (CEcD) and a Fellow Member, the two highest professional designations awarded to those in the economic development profession. He is also a Certified Chamber Executive (CCE), the highest designation awarded to Chamber professionals.

Jay has directed award-winning economic development and chamber organizations for 23 years, including positions in Dalton, GA, Mobile AL, Asheville, NC, Tampa, FL and Chattanooga, TN.

He was selected in 1989 as one of ten outstanding leaders in economic development in the United States by Site Selection Handbook magazine while leading the economic development program in Mobile, Alabama. The same publication also recognized him for running one of the ten best development organizations in the U.S for six consecutive years. As the CEO of the Asheville, NC Chamber, his Chamber became the first in the U.S. to win a Quality Award based on the national Malcolm Baldrige criteria. He has served as the lead developer for four publicly owned industrial/business parks in the Southeast. He was honored in 2002 by his alma mater, West Virginia University, with the Distinguished Alumnus Award from the Department of Political Science. In 2003, the Eberly College of Arts and Sciences at West Virginia University honored him with the College Alumni Recognition Award.

Jay is the immediate past chairman and a current member of the Board of Directors for the International Economic Development Council, the largest economic development professional trade organization in the world with over 4,000 members. When he's able to find some free time, he enjoys his passion of playing the drums and golf. He is married to the former Karen McQuaid, and they have two children, Jeremy and Lissa.

Kellie T. Danileson, CEcD
CSG Senior Associate

Kellie Tackett Danielson, CEcD, is president of Tackett-Danielson & Associates and a Senior Associate with the Competitive Strategies Group, LLC. Kellie has consulted with many communities on target marketing, industrial site and park development, incentive development and negotiation, strategic planning, marketing tactics, and relationship building techniques.

She has eighteen years of experience in economic development in both the private and public sectors. Kellie has worked in Arkansas for the Arkansas Industrial Development Commission, Entergy Corporation, and was executive director of the Dardanelle Chamber of Commerce. In 1996, she left Arkansas for South Carolina to work with Fluor Consulting, a division of Fluor Daniel Corporation. Professionally, Kellie is a current board member of the International Economic Development Council, a member of the Southern Economic Development Council, the Kansas Economic Development Association, and CoreNet Global.

She is a graduate and served on the staff of the University of Oklahoma's Economic Development Institute as a project research advisor, instructor, and group discussion leader concerning state economic development issues from 1990 to 2000. Graduating from the program in 1990, Kellie was the recipient of the leadership award, presented by the American Economic Development Council. She is also a graduate of the University of Arkansas' Community Development Institute in Conway. Kellie is a graduate of the University of Arkansas in Little Rock with a B.A. in English and Technical Writing.

In her spare time, Kellie enjoys volunteer work in her community, playing tennis, and gardening. She resides in Bartlett, Illinois with her husband Tim and son Matthew.

Tom Tveidt
CSG director of research

Tom Tveidt is the director of research for the CSG, and President and Founder of Clear Economics, LLC, a firm dedicated to the collection, analysis and presentation of accurate regional economic and demographic information. Clear Economics, LLC is unique in its commitment to making complex economic issues understandable to the general public. Clear Economics, LLC is a strategic affiliate of the Competitive Strategies Group.

Tom also serves as the Director of the Asheville Metro Business Research Center in Asheville, North Carolina, where his publications on regional economics enjoy a monthly readership of about 13,000 persons. He regularly speaks before business groups, government organizations and public groups, detailing regional economic trends and issues. Mr. Tveidt is frequently quoted in newspapers, business journals, and TV news programs.

Tom has been an invited instructor for both the National Association of State Development Agencies (NASDA), and the American Chamber of Commerce Researchers Association (ACCRA). His courses focus on the accurate and effective presentation of economic data.

Currently Mr. Tveidt sits on the Editorial Review Board for the journal *Applied Research in Economic Development*, published by Georgia Southern University's Bureau of Business Research. Tom is an active member of ACCRA and the National Association of Business Economics.

Mr. Tveidt has a BA in Economics from the University of California, Santa Barbara, California and an MBA in Finance from California Lutheran University in Thousand Oaks, California.

***Leigh Ann Howe, Chief Operating Officer
Whittaker Associates, Inc.***

Leigh Ann Howe has over 11 years of corporate research and database management experience serving economic development clients. As the COO of Whittaker Associates, she is responsible for the overall day-to-day implementation of the corporate business plan including recruiting/developing staff, guiding the company according to our corporate vision, ensuring responsiveness to client needs, delivering quality services to our clients, and promoting innovative solutions to research challenges. Ms. Howe also leads research training sessions for clients and organizations such as ACCRA to teach others how to effectively and efficiently gather useful industry and company intelligence.

Ms. Howe is active in economic development associations including the International Economic Development Council, the Southern Economic Development Council, and the Mid-America Economic Development Council. Locally, she is involved in Holland Chamber Ambassadors Committee. Ms. Howe graduated with honors from Ball State University with a degree in Marketing. She recently earned a Masters of Business Administration at Michigan State University.

***Peter M. Julius, Vice President of Business Development
Whittaker Associates, Inc.***

Peter M. Julius graduated with honors from Davenport University with a Bachelor of Science Degree in Marketing. Mr. Julius began working with Whittaker Associates, Inc. in 1998. Mr. Julius' principal focus is growing Whittaker Associates while making sure that the needs and expectations of their clients are being exceeded.

As Vice President of Business Development, Mr. Julius' responsibilities include: client development, client relationship management, developing strategic partnerships, making Whittaker Associates a profitable business, maintaining their highly respectable image, and

marketing Whittaker Associate's products and services as the pinnacle of quality targeted marketing initiatives.