

St. Clair County Master Plan

ECONOMY

Technical Report

- Land Use
- Environment
- **Economy**
- Transportation
- Public Services
- Alternatives
Analysis



March 2000

Prepared by the:
St. Clair County Metropolitan Planning Commission

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ECONOMY

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EXECUTIVE SUMMARY

THE ECONOMY

The intent of this technical report is to establish a fundamental understanding of St. Clair County's economy and most importantly, the associated land use implications. This paper will not result in a plan for recruiting, marketing or expanding the county's economy. Instead, it will result in an understanding of economic trends and the potential land use impacts associated with those trends.

Guiding this review of economic trends, is a set of economic issues or concerns that were brought to the attention of the Metropolitan Planning Commission during the early stages of this planning process. These issues represent high priority economic concerns as expressed by elected and appointed community leaders and county residents.

Specific issues and concerns include:

- Managing a Changing Economy
- Economic Leadership at the County Level
- Leadership in the Education Community
- Cooperation Between Economic Development Agencies, Institutions and Local Communities
- Unified Economic Goals
- Awareness of the Impact Technology on the County's Economy
- Use of the County's Locational Advantages
- Preservation of Agriculture as a Viable Component of the County Economy
- Opportunities for University or Four-Year Degree Programs
- Improved Relationships Between Educators and Employers
- Availability of Technical and Skilled Jobs\
- Expanding the Employee Base (Labor Force Size)

POPULATION, INCOME, EDUCATION, AND OCCUPATIONS

Changes in economic conditions and activity have, historically, caused shifts in population centers. In St. Clair County these shifts can be traced from trading and lumbering villages, to towns serving agricultural needs, and eventually to the highly mobile increasingly low density developments that now exist. Population in St. Clair County has grown dramatically in the last eight years, nearly double the rate of growth in the eighties. Most of this change has occurred in townships, and it is estimated that between 1990 and 2020, nearly 91 percent of new households will occur in the townships as well.

Changes in personal income between 1980 and 1990 for St. Clair County residents lagged behind changes in Lapeer, Oakland and Macomb counties. Income from wages earned by county workers employed in one of St. Clair County's top three employment sectors (manufacturing, retail, and service sectors) fell behind wages earned in those sectors in surrounding counties.

Although high school graduation rates in St. Clair County have been increasing by nearly ten percent each decade since 1970, the County still falls behind rates of Lapeer and Sanilac. With regard to bachelors or higher degrees, the County falls to fourth place in the region.

The outlying counties of the region, Lapeer, St. Clair and Sanilac, have higher percentages of their population working as machine operators, assemblers and in inspector occupations. The more urbanized counties of Macomb, Oakland, and Wayne have greater proportions of their residents in occupations such as executive, administrative, managerial and professional specialty occupations.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

During the 1990's, labor force growth in St. Clair County has been behind that of Lapeer, Sanilac and Oakland counties. In 1990 the county's labor force was reported to be roughly 70,000 persons. It is believed that number increased to just over 79,000 by the end of 1998 (a 13 percent increase). While the County's labor force grew during the eighties, a similar increase in workers commuting out of the county occurred. As of 1990, thirty percent of the county's workforce traveled outside of the county for work.

Unemployment rates within the county are at extreme low levels (4.6% at the end of 1998), yet still higher than rates for most counties in the region.

While public sector or government employment represents fewer than 13 percent of total employment, many of the county's top employers are in the public sector. Within the private sector, manufacturing is the largest employer, specifically the plastics and rubber manufacturing sub-sector. In fact, the number of plastics firms that have made it into the top twenty-employer list has doubled since 1990.

Many of St. Clair County's manufacturing facilities are dependent, as suppliers, on the automotive industry. Regionally, this dependence on a single industry continues. However, since the 1980's the automotive industry itself has become more diverse (less dependent on automotive manufacturing) and therefore more stable.

EMPLOYMENT BY SECTOR

In 1995, the largest employment sector in the State of Michigan was services. In St. Clair County manufacturing was the number one employment sector (close to 30 percent of all employment) with second and third place held by the retail and service sectors respectively. Between 1990 and 1995, the sector with the most growth in the county was retail (1,900 persons) with services second (1,300 persons). During this same period, durable manufacturing dropped while nondurable goods manufacturing increased.

Between 1980 and 1990 St. Clair County had the highest rate of new business start-ups within the region, with Lapeer and Sanilac number two and three. In the county, 90 percent of new business start-ups were in establishments of less than 50 persons.

UNIQUE/SPECIAL EMPLOYMENT CHARACTERISTICS

Agriculture

The economic impacts attributed to decline or loss of farmland has been dramatic. During the five-year period 1992 through 1997, the county experienced losses in agricultural employment, farms hiring workers, farm payroll (nearly halved from \$4.1 million in 1992), farm laborers, the value of agricultural products, land acreage (dropped by ten percent), and total number of farms. However, in spite of these declines the number of farms operating at a loss have dropped slightly.

During this same period the estimated value of land and buildings per acre increased by 97 percent as compared to an increase of only 16 percent during the previous five years (1987 to 1992). This fact may reflect the value of agricultural lands for development purposes.

Tourism

While the economic impact of tourism is difficult to measure, there are tourism or visitor indicators that the tourism industry, and agencies such as the State of Michigan, use to gauge tourism's impact. Using these measures Michigan has estimated that direct tourism expenditures in St. Clair County during 1996 totaled \$65.4 million. Changes in leisure time activities, distances people will travel, trip frequencies, activities sought, and St. Clair's proximity to a large urban center create the potential for increased tourism within the county.

Activities that are gaining in tourism prominence statewide are related to agri-business (u-pick, Christmas tree farming, nurseries, etc), eco-tourism (nature or outdoor related activities including interpretive walks and workshops), cultural and historically based

tourism (architecture, museums, art festivals, cultural festivals, etc.). Given St. Clair County's many high quality natural features and parks, its historical roots, and existing cultural activities, there exists great potential for expanded tourism. Efforts to capitalize on these resources will be compromised if growth is managed ineffectively and allowed to encroach on these assets.

Manufacturing

Manufacturing employment in the county continues to grow despite its relative stagnation within the region. During the first five years of the 1990's, 21 new manufacturing businesses were established in the county. The only other counties with gains similar or larger were Lapeer and Sanilac. Although manufacturing is the largest employer and continues to grow in size, employee pay has not kept pace with increases in the region. The County ranked sixth in the region in payroll change, only Lapeer changed less. Within the top five manufacturing subclasses in the county, average annual payroll per employee in each subclass was lower in St. Clair than in Macomb, Oakland and Wayne counties.

Retail

Average annual payroll in the retail sector, St. Clair County's second largest employment sector, lags even further behind the region than does manufacturing. Within the top five retail employment subclasses, average payroll per employee is only lower in Sanilac County than it is in St. Clair. With respect to retail establishment growth, during the period 1990 - 1995 St. Clair had the largest proportional growth in the region, in terms of actual numbers, St. Clair was second behind Oakland.

Service

Within the services sector (over one quarter of all jobs in the county are in this sector), proportionally St. Clair grew at the second highest rate, behind Oakland. In terms of actual numbers St. Clair was again second, this time behind Sanilac. With the exception of health services, average annual payroll per employee in the service sector for the County's top five subclasses, was at or near the bottom within the region. In every services subclass, payroll per employee in St. Clair County was below the state average.

Housing and Real Estate

It is estimated that there are currently (1998) 65,000 housing units in the county. This represents a 15 percent increase over the 1990 census figure. (During this same time period the county's population increased by only eight percent.) Over eighty percent of the housing units constructed Manufactured housing has become an important housing alternative. The share of the housing market held by manufactured homes, both in occupied and in new housing, has been increasing since the 1980's. To accommodate many of these new housing units, the number of manufactured home communities in the county increased. Sites for these homes increased by 22 percent during the first six years of this decade. This is up from 62 percent in the eighties. This increasing share of the housing market is expected to continue.

County housing values increased by 128 percent during the eighties and it is estimated that since 1990 they increased by 118 percent. In 1990 just over 16 percent of homeowners expended in excess of 30 percent of their income on housing costs (30 percent is the measure of affordability, in excess of this indicates that the housing costs may be in excess of the household's ability to meet other needs), and a little more than 44 percent of renters spent more than the thirty percent. If we compare housing values with increases in income, we find that incomes increased between 20 and 36 percent during the nineties while housing values increased 87-97 percent.

Trade Influences

St. Clair County's shared international border has presented a number of unique opportunities for growth and change. Trade between Michigan and Canada has always been strong and dominated by the manufacturing of cars and trucks (in 1995 over one quarter of the value of all US/Canadian trade was in the manufacturing of transportation equipment or machinery and electronics in support of automobile production). Since the institution of the NAFTA Michigan's share of exports and the value of exports to Canada has dropped while the share and value of Canadian imports to the U.S., destined for Michigan, has increased.

Michigan's trade with Mexico, in those sectors that comprise the County's greatest share of jobs, has more than doubled between 1993 and 1995 (pre and post NAFTA respectively). The greatest changes were in rubber and miscellaneous plastics products, and fabricated metal products.

The Bluewater Bridge is ranked number five in terms of commercial volumes of all crossing from the United States' east coast, west through Michigan. Industrial policies, such as just in-time shipments, frequent smaller shipments, specialized manufacturing and cross-border out-sourcing of components and finished goods all represent opportunities for expansion of manufacturing and industrial production within St. Clair County.

Since freight transporters tend to gravitate to crossings with reliable travel times, a number of local public policies and actions can impact the availability and scope of the transportation infrastructure and supporting facilities. It is these policies and actions that should be pursued and supported by local decision makers.

LAND USE LINK AND DATA ANALYSIS

While timber or expansive productive agricultural lands may no longer be a resource sought in the County, the sheer volume of land represents a resource itself. Land in St. Clair County is widely available and our geographic location makes it accessible to a large portion of southeast Michigan's population. This land resource benefits from a good road system, and the resource is home to significant cultural, historical, and natural features.

Estimating the impact of economic change on land use patterns is reliant on employment projections and the relationship between specific jobs and land area needs in support of those jobs. Several employment projects for St Clair County exist and several job/land area ratios have been used extensively in Michigan. Based on these estimated employment gains of between 18-23 percent, it is expected that there will be a need for an additional 400-775 acres of employment land within this planning period.

St. Clair's economy remains tied to land resources. The management of the development of these land resources can affect the county's economy and its economic diversity. Those communities that recognize this connection and embrace those tools that enable them to manage or direct change, will benefit economically. Additionally, pursuing a land use and economic development strategy based on economic sustainability will foster economic growth that protects those unique natural, cultural, and historical features that will contribute to a diversified and healthy economy.

FINDINGS, GOALS AND OBJECTIVES

Economic goals contained in this plan have been based on issues and priority concerns raised during the early stages of this planning process. Analysis of data or key findings, which have grown out of the data collection process, have also been used to temper these goals and help in identifying or establishing plan objectives. These goals and objectives are presented as action necessary to address and resolve those issues raised earlier.

Economic and Land Use goals include:

- St. Clair County will cooperatively manage economic change within the county with the intent of minimizing adverse impacts and maximize beneficial impact associated with change.
- Leadership necessary to shape the county's economy will be provided by the county.
- Through a cooperative effort, unified economic goals will be pursued county wide.
- A viable and stable county economy will be sustained through an understanding and application of existing, and emerging technology.
- Opportunities for sustained economic growth and stability that exist within the county will be fully preserved and optimally utilized.
- Agriculture will continue to be a viable component of the county's economy.
- A full range of opportunities for advanced education and training will be available and accessible.

- Educators and employers will work together to ensure long-term stability of the workforce and county economy.
- Significant numbers of diverse technical and highly skilled jobs will be available throughout the county.
- A ready source of motivated and skilled workers will be available in the county.
- A variety of housing opportunities accessible to all income groups will be available throughout the county.