

## Element I. ECONOMIC DEVELOPMENT

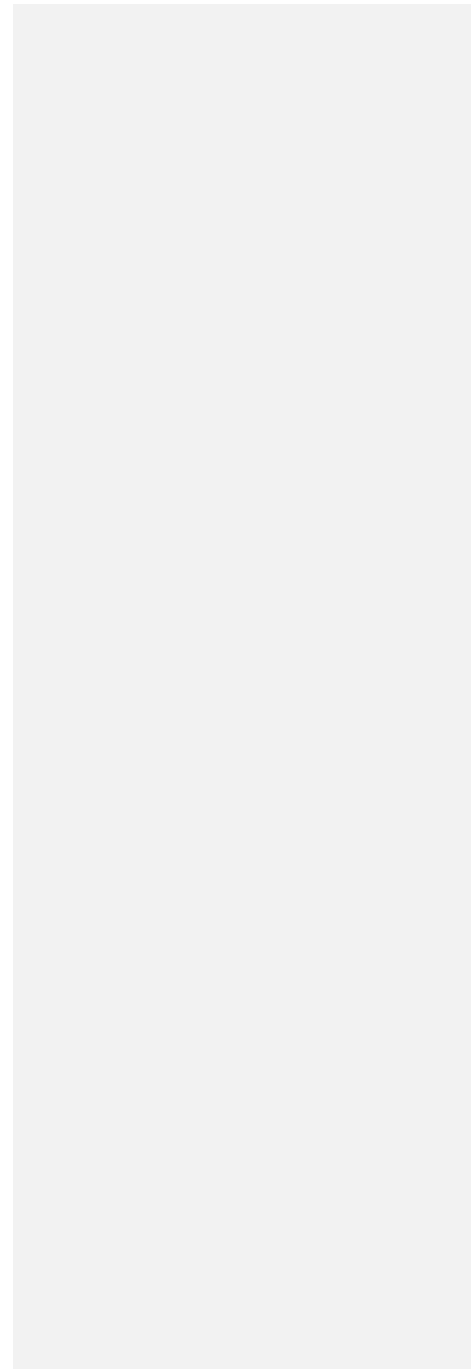
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**A. REFERENCES**

- a) *Aquidneck Office Park Buildout Analysis*
- b) *Atlantic Beach Master Plan*
- c) *The Defense Industry in Rhode Island: Economic Impact Report, August 2006, Southeastern New England Defense Industry Alliance (SENEDIA)*
- d) *Other reports and analyses?*

**B. INTRODUCTION**

Middletown has always been economically linked to the growing urban area of Newport. As early as 1743 Middletown was a major supplier of regional economic demand factors encouraged the agricultural sector to develop products to Newport. Neighboring Newport provided a viable marketplace for Middletown's agricultural commodities. Wealthy merchants from Newport also viewed Middletown as a desirable place to live and an escape from the intense mercantile activity of the Newport waterfront. ~~Its prominence as a desirable residential community was second only to its function as a regional agricultural supplier.~~

Although changes in land use and economic activity occurred, for the most part Middletown maintained its rural character well into the 20th Century. The most dramatic change occurred with the onset of World War II when the Navy purchased over 300 acres of waterfront property. This farmland was rapidly converted to Naval support facilities and housing. The infusion of ~~Naval~~ naval personnel, along with the associated development impacts, increased the regional population by nearly 900 percent from 1940 to 1970 and created a new economic sector within the town and region. Historical economic linkages were changed by the addition of new consumer needs ~~that were based, solely upon solely the presence of~~ created by the Navy. Although the construction of new hotels has increased the number of rooms to approximately that of Newport, Middletown's economy ~~The economy of the Island has continued to be~~ remains dominated by the Navy. ~~Middletown's present economy reflects a diversity of activity but, with a significant sector (over 40%) devoted to service industries associated totally to defense related activities.~~

The following ~~analysis discussion~~ of Middletown's economy provides the basis for the goals listed below, will identify those activities which are basic to the town's continued economic vitality, identify the sources, trends and levels of employment, and the various income producing activities in the town. ~~Conclusions concerning the towns economic future and the recommendations for improvements are based on the latest data available.~~

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**C. POPULATION AND LABOR FORCE CHARACTERISTICS**

**1. Resident Labor Force**

The 2000 U.S. Census of Population and Housing sets the population of Middletown at 17,334. This represents a decrease of almost 11% over the 19,460 count of 1990. During this same period, Newport experienced a population decrease of 6.2% and Portsmouth a growth of 1.7%.

Based on the 2000 Census, the total resident labor force in Middletown is estimated at 9,147, a decrease from the 1990 census figures of 11,140. This decrease was due primarily to a reduction in the number of armed forces personnel in Middletown. The civilian labor force actually saw an increase from 8,138 to 8,259 in 2000. The unemployment rate decreased in 2000 to 3.5% from the 1990 level of 6.0%.

Table I-1 Middletown Population and Average Employment displays Middletown population and employment statistics since 2000. With the exception of a moderate decrease in retail trade, Middletown population and workforce has been unchanged.

The sizeable labor force available to prospective employers offers additional incentives for economic expansion. The available labor force within a one hour drive is more than triple that of the town. Table I-1 Class of Employed Workers, lists the class of employed workers 16 years of age and older residing in Middletown in 2000.

<b>Table I-1 Middletown Population and Average Employment</b>									
<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Population	17,334	17,288	17,306	17,241	17,003	16,737	16,419	16,259	16,108
Total Private & Government	9,092	9,158	9,959	10,465	10,846	11,043	10,997	11,058	11,215
Total Private Only	*	*	9,306	9,843	10,119	10,291	10,249	10,299	10,360
Agriculture, Forestry, Fishing & Hunting	163	160	76	72	82	70	97	94	*
Mining	*	*	*	*	*	*	*	*	*
Utilities			*	*	*	*	*	*	*

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**Table I-1 Middletown Population and Average Employment**

<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Construction	247	295	300	390	429	459	427	443	447
Manufacturing	676	662	555	573	433	421	399	445	449
Wholesale Trade	202	240	252	368	251	175	188	173	166
Retail Trade	2,427	2,482	1,521	1,445	1,551	1,594	1,610	1,577	1,513
Transportation & Warehousing	124 (2)	157 (2)	62	63	59	77	74	80	88
Information	*	*	296	280	309	341	332	276	369
Finance & Insurance	509 (1)	513 (1)	486	415	430	450	435	453	460
Real Estate & Rental & Leasing			100	99	160	182	169	171	160
Professional & Technical Services	4,734 (3)	4,638 (3)	1,450	1,587	1,673	1,771	1,800	1,863	1,874
Management Of Companies & Enterprises	*	*	*	175	178	179	254	276	264
Administrative Support & Waste Management.	*	*	248	286	350	360	367	337	332
Educational Services	*	*	369	374	372	393	376	386	239
Health Care & Social Assistance	*	*	1,404	1,450	1,568	1,503	1,502	1,457	1,506
Arts, Entertainment, & Recreation	*	*	179	171	153	152	163	156	177
Accommodation & Food Services	*	*	1,335	1,421	1,507	1,582	1,507	1,536	1,628
Other Services (Except Public Administration)	*	*	593	625	573	544	512	540	548
Unclassified Establishments	1	1	1	0	0	0	0	0	

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**Table I-1 Middletown Population and Average Employment**

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Administration	*	*	653	622	726	752	748	760	856
<p>* Data not available</p> <p>(1) Real Estate Employment included</p> <p>(2) Public Utilities Employment included</p> <p>(3) Census Bureau expanded the Services Industry into more defined categories starting in 2002</p> <p>(4) Personal property taxed at either residential or commercial depending on type</p> <p>Sources:</p> <p>Population &amp; Building Permits: US Census Bureau, Census 2000; Population Estimates Program for later years; Residential Construction statistics, Employment &amp; Establishments: RI Department of Labor &amp; Training, QCEW surveys</p> <p>Property Taxes: RI Department of Administration, Office of Municipal Affairs</p> <p>Residential Sales Prices: RI Association of Realtors; www.riliving.com</p>									

Table I-2 Number of Establishments ~~Table I-2 Number of Establishments~~, shows the number of businesses and institutions located in Middletown since 2000. The table shows that, with the possible exception of the Navy, overall; Middletown business environment has remained essentially constant.

**Table I-2 Number of Establishments**

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Private & Government	669	657	652	683	740	770	784	782	779

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<b>Table I-2 Number of Establishments</b>									
<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total Private Only	*	*	641	672	727	756	770	769	766
Agriculture, Forestry, Fishing & Hunting	22	21	6	6	6	5	6	5	*
Mining	*	*	*	1	1	*	*	*	*
Utilities			*	1	1	*	*	*	*
Construction	60	63	61	71	79	91	87	83	76
Manufacturing	27	27	23	24	21	20	20	21	20
Wholesale Trade	45	48	41	44	44	41	39	37	39
Retail Trade	147	138	87	85	92	94	103	102	98
Transportation & Warehousing	15 <sup>(2)</sup>	13 <sup>(2)</sup>	9	8	5	7	10	11	12
Information	*	*	16	16	19	18	15	12	12
Finance & Insurance	48 <sup>(1)</sup>	47 <sup>(1)</sup>	26	25	26	26	27	29	26
Real Estate & Rental & Leasing			23	24	34	36	38	40	41
Professional & Technical Services	302 <sup>(3)</sup>	297 <sup>(3)</sup>	76	84	90	91	98	101	109
Management Of Companies & Enterprises	*	*	*	4	5	6	8	7	5
Administrative Support & Waste Management.	*	*	26	29	34	43	45	44	43
Educational Services	*	*	10	11	11	11	10	12	11
Health Care & Social Assistance	*	*	68	75	77	79	83	83	83

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**Table I-2 Number of Establishments**

<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Arts, Entertainment, & Recreation	*	*	16	16	14	15	14	15	17
Accommodation & Food Services	*	*	74	79	87	89	89	88	88
Other Services (Except Public Administration)	*	*	74	75	84	86	82	80	79
Unclassified Establishments	2	2	1	2	1			1	
Government	*	*	11	12	14	15	15	13	13

\* Data not available

(1) Real Estate Employment included

(2) Public Utilities Employment included

(3) Census Bureau expanded the Services Industry into more defined categories starting in 2002

(4) Personal property taxed at either residential or commercial depending on type

Sources:

Population & Building Permits: US Census Bureau, Census 2000; Population Estimates Program for later years; Residential Construction statistics, Employment & Establishments: RI

Department of Labor & Training, QCEW surveys

Property Taxes: RI Department of Administration, Office of Municipal Affairs

Residential Sales Prices: RI Association of Realtors; [www.riliving.com](http://www.riliving.com)

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<b>Table I-2 Class of Employed Workers</b>			
	<b>1990</b>	<b>2000</b>	
Private Wage and Salary	5,320	5,732	
Government	1,746	1,631	
Self-Employed	537	510	
Unpaid Family Worker	7	7	
<b>Total</b>	<b>7,610</b>	<b>7,880</b>	
SOURCE: 1990, 2000 U.S. Census			

**2. Private Sector Employment/Industry Groups**

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Table I-2 Total Private Employment provides a breakdown of private industry employment in Middletown, which was subject to the R.I. Unemployment Insurance Tax, for 1990 to 2000. It should be noted that the trend of total employment since 1993 has been upward.

<b>Table I-3 Total Private Employment</b>											
<b>Average Annual Employment</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Agricultural Forestry & Fisheries	199	164	170	176	153	169	148	144	163	166	163
Construction	218	182	151	180	185	201	220	258	246	260	247
Manufacturing	829	494	393	416	370	439	518	477	328	473	27
Transportation/ Comm/Utilities	79	93	83	44	51	53	58	62	62	66	124
Wholesale Trade	87	109	128	113	96	113	118	131	137	157	45
Retail Trade	1,381	1,817	1,869	2,108	2,131	2,222	2,182	2,194	2,122	2,279	2,427
Finance/Insurance/Real Estate	244	380	413	378	421	417	397	415	442	627	509
Service Industries	3,114	3,401	3,440	3,391	3,549	3,661	3,688	4,213	4,274	4,673	4,734
<b>Total Private Employment</b>	<b>6,153</b>	<b>6,639</b>	<b>7,227</b>	<b>6,838</b>	<b>6,976</b>	<b>7,275</b>	<b>7,345</b>	<b>7,906</b>	<b>7,791</b>	<b>8,715</b>	<b>9,092</b>
SOURCE: Rhode Island Department Labor and Training											

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Middletown continues to share in a large proportion of the retail business conducted on Aquidneck Island. Because space is available for parking, the town is the "shopping center" of the island, with traffic converging on Middletown from Newport and Portsmouth. Presently, there are four large Shopping Centers, two supermarkets, four major auto dealerships and three "other" significant retail areas in Middletown. As can be seen in Table I-2 Total Private Employment, the retail trade generated in the town provided 2,427 jobs in 2000, an increase of 109% or 1,044 jobs over 1990. This also represents 27% of the total private sector job market.

Middletown has approximately 1,177,137 square feet of retail space, and a vacancy rate of about 6.98%.

Only the Service Industries including health, business and educational which employed 53% of the workers in the private sector provided more jobs than Retail Trade. As can be seen in Table I-3 Private Employment 1990 VS 2000 the service industries generated in the town provided 4,734 jobs in 2000, an increase of 52% or 1,620 more jobs over 1990.

**Table I-4 Private Employment 1990 VS 2000**

	<u>1990</u>	<u>2000</u>	<u>Change</u>	<u>%</u>
Agriculture, Forestry & Fisheries	199	163	-36	-18.09
Construction	218	247	29	13.30
Manufacturing	829	27	-802	-96.74
Transportation, Communications/Utilities	79	124	45	56.96
Wholesale Trade	87	45	-42	48.28
Retail Trade	1,383	2,427	1,044	75.49
Finance, Insurance, Real Estate	244	509	265	108.61
Service Industries	3,114	4,734	1,620	52.02

Source: R.I. Department of Labor and Training

Middletown has approximately 1,132,039 square feet of office business and light industry floor space; the vacancy rate in April 2002 was approximately 12%.

Middletown has excellent office parks, some of which overlook the Atlantic Ocean. The community's diverse labor force and convenient transportation facilities make it an excellent location for businesses to locate. One of the most desirable aspects of Middletown, whether it is for business interest or residence, is its livability in the form of recreational and cultural activities.

At one time, the manufacturing sector was a significant industry group. However, it is now just about non-existent with a total of 29 jobs in 2000 as compared to 829 in 1990, a downturn of 97%. Portsmouth has captured the greatest share of existing manufacturing on the island.

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### **3.2. Public Sector (Navy/Government) Employment**

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A significant number of ~~jobs available to~~ Middletown ~~jobs residents~~ are associated with the public sector, especially U. S. Naval Station (NAVSTA) Newport. [NASTA Newport information can be found at https://www.cnic.navy.mil/Newport/index.htm.](https://www.cnic.navy.mil/Newport/index.htm)

~~In 2000, the largest employer on Aquidneck Island with 7,350 employees is the Navy. Approximately 60% of the workforce are civilian staff with the rest active duty military who reside in the local area. Major commands in the area hosted by NAVSTA include: Naval Station Newport, Naval War College, Naval Underwater Warfare Center, Surface Warfare Officers School, Naval Ambulatory Care Center, Naval Academy Prep School, and the Senior Enlisted Academy. Hundreds of DOD civilian and military personnel participate in various education and training programs taught at these facilities throughout the year, thus contributing significantly to the local economy.~~

In 1973, a national reorganization of Navy operations led to a reduction of more than 14,000 employees at the Newport Naval Complex. In the early 1990's, there was another reduction of more than 4,000 employees. Staff levels have been stable since 1994, increasing slightly from 1998 to 1999.

[In 2005 the Defense Base Closure and Realignment Commission \(BRAC\) increased permanent staffing levels at NAVSTA Newport by approximately 1,100 and added significant professional schools and training commands, including the Supply Corps Officers' School and Officer Candidate School. Commands, schools and units now located at the Newport Naval Base include: The Naval Undersea Warfare Center, Naval War College, Naval Meteorology and Oceanography Unit, Senior Enlisted Academy, Surface Warfare Officers School, Naval Justice School, Naval Dental Center, Northeast, Personnel Support Activity Detachment, Navy Warfare Development Command, United States Marine Corps Detachment, Naval Health Clinic New England, Command Leadership School, Naval Academy Preparatory School, Defense Institute of International Studies, Chaplain School Command, Officer Training Command, and Seventh Naval Construction Regiment](#)

[The Defense Industry in Rhode Island: Economic Impact Report, August 2006, Southeastern New England Defense Industry Alliance \(SENEDIA\) provides a comprehensive analysis of the impact of Navy on Aquidneck Island and surrounding area.](#)

[According to the report, Rhode Island's defense industry has substantial economic impact. The defense industry employs nearly 16,000 people and has an economic impact in excess of \\$2.0 billion. Nearly 2 private sector jobs need to be created to equal the value of 1 defense industry job and at least \\$63 million a year is paid to the state treasury in the form of taxes.](#)

[The report said that Defense industry growth in Rhode Island has been driven by job growth rather than increased contract awards. Prime contract awards to RI companies are still below their late 1980s peak of the Cold War, however, 72% of the growth in impact is](#)

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attributable to growth in wages instead of growth in purchases. The report suggested that this suggests RI is a very competitive place positioned to perform more value added work for the defense industry than in any time in its history.

The report concludes that the defense industry is a major component of RI's high tech sector. The defense industry generates more than 25% of the state's patents and 22% of the state's scientists and engineers work in the defense industry. Nearly 50% of the state's professional and technical services employment is tied to the defense industry.

Although the Navy's past role as a major sector has diminished somewhat, its percentage impact on the town, county and state remains substantial. In addition to direct employment at the Naval Base, naval activities provide defense contracts to many area service industries. Unfortunately, this is a sector of the town's economy that has been forced to find contracting from the private sector. The lesson, once again, is Middletown must continued to diversify away from its dependence on the Navy.

From World War II through the 1970's, the presence of the Navy could not be missed. With the fleet stationed at Coddington Cove uniformed sailors was the norm. Today the Navy's presence is more difficult to find. Replacing yesterday's sailors are today's DOD civilians and defense contractors. Everyone talks about the tourism industry on Aquidneck Island but the facts are that the defense industry supports much of the economic infrastructure of the Island. In 2000, the military and defense industry employed 10,846 people according to figures provided by the Navy and the State. It generates an annual payroll of about \$800 million on Aquidneck Island ALONE. In contrast, the tourism industry employed 38,900 people and a payroll of \$669 million STATEWIDE. The defense industry on Aquidneck Island is high tech and clean, employing college graduates or highly trained professionals. Just doing the simple math on the industry's 2000 payroll reveals an average salary of \$60,000 per year.

### **4. Estimated Total Employment**

Based on available information, Table I-4 Employment in Middletown provides an estimate of the total employment (jobs available) in Middletown.

	<b><u>1990*</u></b>	<b><u>2000**</u></b>
<b><u>Private Employment</u></b>	7,939	9,092
<b><u>Self Employed</u></b>	279	N/A
<b><u>Government</u></b>	4,879	709
<b><u>Total Employment</u></b>	13,097	

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Table I-3 Employment in Middletown		
	1990*	2000**
*Sources unknown		
** Source: RI Dept. Labor & Training		

### 5-3. Municipal Finances

#### a) Land Use

According to the Aquidneck Island Geographic Information System (AIGIS), Middletown has a total area 13.26 square miles; of which, 12.84 is land area and .42 is inland water area. Of the total land area, approximately 40 percent are developed. Agricultural and open land account for the single largest category of land use in town, totaling 2,859 acres (34%). This land will be affected by population increases and development pressures in the future and conversion of these lands to other uses can be expected as demand changes. Residential land accounts for the second largest categorical use (33%). Commercial and Industrial uses account for only 7 percent. Those three categories are generally considered prime tax revenue sources for local communities.

Although agricultural activities occupy the largest category of land in the Town, the numbers of people employed are small, at 163, and has been declining (see ~~Table I-1 Middletown Population and Average Employment~~~~Table I-1 Middletown Population and Average Employment~~~~Table I-2 Total Private Employment~~). The significance agriculture has on the tax base is minimal. Of those employed in the agricultural sector, most are in the nursery business. People working on farms for a living are few and, in most cases, the farms that remain active employ one person, the owner. ~~In order to increase farm activity and agricultural employment significant incentives must be offered to make farming attractive. Recently, two vineyards have collaborated with the Aquidneck Island Land Trust to save open space and maintain the town's agricultural heritage. The vineyards are seasonal employers and are producing nationally recognized wines.~~

Office and commercial uses generally pay a ~~high-low~~ ratio of ~~services to tax; to services that is (e.g. for every tax dollar paid, services demand needed is less); they pay their own way.~~ Residential use, on the other hand, is characterized by paying a ~~low high~~ ratio of ~~services to tax~~ ~~taxes to service ratio;~~ they ~~receive cost~~ more than they pay.

~~The need to develop and reinforce sectors of the economy, which serve as community tax assets must be realized. Dependence on residential property tax for local revenue could lead to financial insolvency. Not only does the development of a significant commercial and office economic sector improve basic to non-basic activities; it also establishes a sound tax base able to provide desired community services.~~

Comment [RPA1]: This needs a good scrub and re-write.

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*b) Tax Base*

A brief review of the financial characteristics of Middletown helps to identify trends and provides an insight into the financial strength of the town. Table I-5 Town Financial Characteristics describes the financial characteristics of the town for fiscal years 1990-2000.

Table I-3 Local Property Taxes and Home Prices shows tax and property values since 2000.

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<b>Table I-3 Local Property Taxes and Home Prices</b>									
<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Residential Real Estate Tax Rate per \$1,000	\$19.45	\$20.45	\$22.05	15.3	15.85	\$10.60	\$10.60	\$11.01	\$11.38
Motor Vehicles	\$16.05	\$16.05	\$16.05	16.05	16.05	\$16.05	\$16.05	\$16.05	\$15.14
Personal Property	\$19.45	\$20.45	\$22.05	15.3	(3)	(4)	(4)	(4)	(4)
Median Single-Family Home Sale Price	\$188,000	\$206,950	\$280,000	\$345,000	\$341,000	\$389,450	\$384,000	\$355,000	\$359,000

\* Data not available

(1) Real Estate Employment included

(2) Public Utilities Employment included

(3) Census Bureau expanded the Services Industry into more defined categories starting in 2002

(4) Personal property taxed at either residential or commercial depending on type

Sources:

Population & Building Permits: US Census Bureau, Census 2000; Population Estimates Program for later years; Residential

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<b>Table I-3 Local Property Taxes and Home Prices</b>									
<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Construction statistics, Employment & Establishments: RI Department of Labor & Training, QCEW surveys Property Taxes: RI Department of Administration, Office of Municipal Affairs Residential Sales Prices: RI Association of Realtors; www.riliving.com									

~~Table I-4 Residential Building Permits~~ [Table I-4 Residential Building Permits](#) should be used somehow – maybe.

<b>Table I-4 Residential Building Permits</b>									
<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total units	52	42	39	17	38	22	26	24	15
Total single units	52	40	39	17	24	22	26	24	15
Total multi units	0	2	0	0	14	0	0	0	0
Total value	*	\$4,137,000	\$6,437,000	\$4,590,000	\$5,779,000	\$6,438,000	\$5,355,402	\$7,716,000	\$3,425,000
* Data not available (1) Real Estate Employment included (2) Public Utilities Employment included (3) Census Bureau expanded the Services Industry into more defined categories starting in 2002 (4) Personal property taxed at either residential or commercial depending on type Sources: Population & Building Permits: US Census Bureau, Census 2000; Population Estimates Program for later years; Residential Construction statistics, Employment & Establishments: RI Department of Labor & Training, QCEW surveys									

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<b>Table I-4 Residential Building Permits</b>									
<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Property Taxes: RI Department of Administration, Office of Municipal Affairs									
Residential Sales Prices: RI Association of Realtors; www.riliving.com									

<b>Table I-4 Town Financial Characteristics</b>		
	<u><b>1990</b></u>	<u><b>2000</b></u>
<b>Population</b>	19,460	17,334
<b>Town Budget</b>	\$22,607,302	\$43,287,299
<b>Assessed Valuation</b>	\$503,373,700	\$1,339,363,292
<b>Property Tax Levy</b>	\$13,540,046	\$26,843,349
<b>Total Indebtedness*</b>	\$4,960,000	\$5,019,218
<b>Actual Tax Rate</b>	\$9.18	\$20.45
<b>Equalized Tax Rate</b>	\$12.08	\$18.20
* Includes school, sewer, and general fund bonds.		
Sources: Town Budget/Tax Assessor		

In the 2000 budget, federal and state aid comprised approximately 34 percent of total revenue. Sources for the property taxes in 1990 and 2000 are listed in Table I-6 Analysis of Property Tax Revenue in Middletown.

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**Table I-5 Analysis of Property Tax Revenue in Middletown**

<b><u>Budget Year</u></b>	<b><u>1990</u></b>	<b><u>2000</u></b>
<b><u>Residential</u></b>	65.20%	65.51%
<b><u>Commercial</u></b>	22.21%	23.33%
<b><u>Industrial</u></b>	4.49%	2.82%
<b><u>Utilities &amp; Railroads</u></b>	1.83%	1.39%
<b><u>Motor Vehicles</u></b>	4.23%	4.86%
<b><u>Other</u></b>	2.04%	2.09%
<b><u>Total</u></b>	100%	100%

Property tax liability has shifted very little since 1990 and, although the tax burden rests primarily on residential property, its proportional share has held relatively constant. A 1999 property revaluation was conducted to realize tax equalization and to ensure equitable tax liability among property owners.

Property tax revenue comprised 59 percent of total revenues in the 2000 Budget. Expenditures in the 2000 Town Budget were primarily for educational services, amounting to 65 percent. General governmental expenditures for administration and delivery of services comprised 35 percent.

A diversified tax base can insure the continued provision of essential public services without excessive tax burdens upon residents of the town. The town must recognize the wide range of fiscal impacts attributed to different types of growth. Commercial properties, for example, place a relatively low tax expenditure burden upon the town in relation to the taxes it pays to the town. Certain forms of single family housing demand services far in excess of the amount of taxes which they pay, while other types, such as condominiums, demand less for their taxes especially with regard to demands on schools. Ideally, a proper "mix" of land use in the community will create a balance between revenue received and expenditures required. As another example, commercial land use in Middletown offsets the imbalance experienced in a strictly residential community by providing over 27 percent of the town's annual real estate tax revenue, while requiring lower levels of services. Residential properties account for 73 percent of total real estate tax revenues.

Fiscal impact considerations can provide local government officials with a planning tool. They can estimate the net impact of existing and future development on the fiscal well-being of the town. Analysis can inform local authorities, for instance, that certain forms of

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new development (such as residential) will drain away tax dollars, while others (such as non-residential), will be more cost-effective for the town. Fiscal impact analysis (cost vs. benefit) should be used in Middletown to evaluate all significant new growth and land use changes.

### ***e) Middletown's Economic Profile In 2000***

~~The economic situation in Middletown has been able to diversify, but not completely able to divorce itself from the Naval facilities which contributes significant employment to the area. Newport has continued to grow as a tourist destination attracting over four million visitors in 2001. Extensive cuts in military spending will affect our communities on Aquidneck Island. Middletown has the dubious distinction of being affected in the extreme, due to a lack of business diversity and an extensive dependence on Navy funding associated directly in the research and development sector. The majority of private sector jobs on Aquidneck Island are related either to tourism or to the white-collar sector (government/Navy support). However, employment in the retail trade sector has increased by 75% over 1990 figures.~~

~~It cannot be overemphasized that Middletown's economic stability will be linked to its ability to boldly and imaginatively plan its future economy. The town must insure that it is not placed in a role of meekly reacting to changing economic realities. The town must take an aggressive posture in confronting changing economic tides and must be prepared to use impending changes to its advantage. The town must evaluate resources and attributes in quantitative terms rather than in intangibles such as "a way of life" or "proximity to the ocean". Aquidneck Island has some of the best private K-12 schools in the country, which could help an executive of a company make a decision to relocate in Middletown. Based upon the data available, in order for Middletown to retain its tax base, population and economic stability, it must diversify the economy.~~

~~The economic reality is that Middletown and the State are at a disadvantage in most economic categories compared to many areas of the country. This does not take into account its position in the global economic arena that should not be ignored, as the world economy through the Internet becomes more significant and accessible. To summarize, the economic climate in Middletown is stable however, flexibility is needed to continue to create jobs. Some of the negatives that must be addressed are by the Town are as follows:~~

- ~~• Better public education opportunities for School grades K-12~~
- ~~• Local property taxes~~
- ~~• Crime rates~~
- ~~• Unpredictable Town regulations which carry with them adverse financial impacts towards business~~

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~~If the Defense Department realigns and/or closes activities at the Naval Base, Middletown must be ready to take advantage of properties that may become available. When and if Piers 1 and 2 at Coddington Cove become vacant, the Town should have a plan for their best utilization. Town support of the Aquidneck Island Planning Commission's West Side Master Plan is essential in this regard. Coddington Cove could be considered as part of an enterprise or free trade zone, a commercial fishing fleet site, a deep water harbor for cruise ships visiting the Newport area during the summer tourist season, or a pleasure boat marina.~~

~~The Middletown Economic Development Advisory Committee is aware of the Small Business Survival Index 2001 and has made a portion of the report available at Table I-7 Rhode Island Ranking. The Index rates Rhode Island LAST! The Index can be found on the World Wide Web at [www.sbssc.org](http://www.sbssc.org), and is on file at the Planning office.~~

~~The Town Council, Planning Board and Economic Development Advisory Committee should work with State representatives to change the attitude towards small businesses to a friendlier environment. The following top six categories are Rhode Island's ranking among the 50 states:~~

Health Insurance Rates	44th
Gas Tax	44th
Corporate Income Tax Rate	42nd
Capital Gains Tax Rate	27th
State's Personal Income Tax Rate	51st
Electric Utilities Costs	47th

### **6. Economic Development Strategies**

#### *a) West Side*

~~The Navy is a substantial asset for the island that can continue to be supported both in its continuing military activities and its land disposition process. Promoting defense related research and development will reinforce a mutually beneficial fiscal relationship between the military and island communities. Industries should be compatible with the continuing military activities. The housing~~

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**V: Economic Development**

~~and infrastructure privatization initiatives must establish equitable compensation and provision of municipal services for all involved. Within these processes of military land reuse, the Island communities receive the right of first refusal. The formation of an LRA will ensure the speed of the transfer process and promote reuses that focus on public benefits and job creation.~~

~~Affordable housing, “life style centers”, commercial offices and health care industry are viable initiatives that are appropriate for the West Side. Any economic development project should be accompanied by home based business zoning, airport improvements, and job training programs to provide the regulatory context, transportation and access improvements, and quality employment pool necessary for a viable market. In addition, a resort, second home development, and a heritage corridor could spread the benefits of tourism to diversified, yet highly controlled, areas on the West Side.~~

**D. GOALS/POLICIES/IMPLEMENTATION**

*a) Policy*

It shall be the policy of the Town of Middletown to promote:

- A. Long term economic planning and job creation;
- B. Education and training of the workforce;
- C. A positive business environment, and;
- D. Maintaining existing Facilities, encourage new smart growth development

*b) GOAL I: Economic Growth and Job Creation*

Goal	Necessary Steps	Responsible Department	Status
Maintain economic growth and job creation at a rate adequate	<u>Formally establish the Department of Planning &amp; Economic Development.</u>	<u>Town Council</u>	

**V: Economic Development**

Goal	Necessary Steps	Responsible Department	Status
<p>to support the town's population in a manner consistent with the town's characteristics, capabilities, and environmental objectives.</p>	<p><u>Maintain an active Economic Development Advisory Committee to take primary responsibility for the development, review, evaluation, and promotion of economic development. Revitalize the Middletown Economic Development Advisory Committee. The committee must meet on a monthly basis so that it may keep the Town Council abreast of changing economic conditions and to recommend changes in the town's economic policies and regulations.</u></p>	<p><u>Town Council</u></p>	<p><u>Ongoing</u></p>
	<p><u>The Middletown Economic Development Advisory Committee shall formulate and implement an Economic Development Strategic Plan.</u></p>	<p><u>MEDAC</u></p>	
	<p><u>Establish the position and hire a business development coordinator (BDC) responsible for helping business locate to Middletown and nurturing the growth of existing businesses.</u></p>	<p><u>Town Council</u></p>	
	<p><u>Identify approaches to grow and maintain a viable economic base in the following areas: agriculture, technology, defense &amp; homeland security, marine trades, and tourism.</u></p>	<p><u>MEDAC</u></p>	
	<p><u>Conduct outreach, focus group, and survey efforts on a continuous basis with the local business community and economic stakeholders to solicit inputs to the Economic Development Strategic Plan.</u></p>	<p><u>MEDAC</u></p>	
	<p><u>Continuously evaluate the effectiveness of the town's tax incentive program, and ensure awareness of the program within the local business community.</u></p>	<p><u>MEDAC</u></p>	

**V: Economic Development**

Goal	Necessary Steps	Responsible Department	Status
	<u>Maintain a database of available commercial properties and work with local businesses and real estate offices to match inventory to requirements.</u>	<u>Dept. of Planning &amp; Economic Development</u>	
	<del>Partner with the Chamber of Commerce to attract new businesses such as Financial Services, Stock Brokerage firms, Insurance Services, Accounting Firms, High Tech companies, and recreational uses such as golf tournaments, sport fishing, etc.</del>		
	<del>Improve the coordination of federal, state and regional (Newport/Portsmouth) economic development policies, programs, and projects.</del>		
	<del>Expand job creation through networking of the private industry and the academic community in an effort to attract high tech research and development to the area.</del>		

**V: Economic Development**

Goal	Necessary Steps	Responsible Department	Status
	<p><del>To accomplish this goal, maintain an active Economic Development Advisory Committee to take primary responsibility for the review, evaluation, and promotion of economic development. Recommended members of the commission are the Town Administrator, Town Planner, representation from the Chamber of Commerce, and citizens from various professions/businesses in the town. Tasking should include, but not be limited to, maintaining data on available sites for development of light industrial, retail and office space and coordinate activities with Federal, State and Regional Agencies.</del></p>		
	<p><del>The Economic Development Advisory Committee (EDAC) should be revitalized with the appointment of new members.</del></p>		
	<p><del>Identify vacant properties and those likely to be redeveloped in the near future, and investigate potential development/redevelopment options.</del></p>		
	<p><del>Formulate and implement an economic development strategic plan based on the goals of the Comprehensive Plan.</del></p>		
	<p><del>Promote the development of a countywide economic development organization with representation from each of the towns.</del></p>		

**V: Economic Development**

*c) GOAL II: Agriculture*

Goal	Necessary Steps	Responsible Department	Status
Retain agriculture as a viable economic activity in Middletown.	<del>The Town must partner with the Aquidneck Island Land Trust to preserve family farms and agricultural land through acquisition and conservation easements, with a goal to continue to farm, and to protect open space.</del>	<u>Town Council, Administrator</u>	
	The Town should work with State, and Federal Agencies to acquire significant financial incentives that will induce agriculture users to keep farming for a living.	<u>MEDAC</u>	
	<u>Assist with marketing and promoting locally produced goods through farmers markets and other community outreach programs.</u>	<u>MEDAC</u>	
	<del>Value enhanced uses to compliment the current agricultural uses should be explored. These include Bed and Breakfasts, petting zoos, Agri tourism uses, etc. This would require amendments to the Zoning Ordinances. *Completed*</del>		
	Promote the use of conservation easements to protect agricultural land.	<u>Planning Board, Administrator, Town Council</u>	
	The Town should endeavor to acquire agricultural land when it is placed on the market for sale.		

**V: Economic Development**

Goal	Necessary Steps	Responsible Department	Status
	<del>Adopt</del> <u>Consider</u> innovative planning techniques that preserve open space, greenways and agricultural land as part of the development plans for major new residential, non-residential and mixed use development, <u>such as transfer of development rights (TDR).</u>	<u>Planning Board, Town Council</u>	

*d) **GOAL III: ~~Technical Training~~ Foster collaboration between business and educational institutions Programs***

Goal	Necessary Steps	Responsible Department	Status
<u>Foster collaboration between business and local educational institutions to develop a trained workforce to serve the local economy. Establish technical training programs in order to provide for a skilled workforce and attract desirable businesses.</u>	<del>This initiative must include the three island communities working together with schools and other training activities to provide the training needed to perform the tasks for area industries. Newport Area Career and Technical Center already offers programs to support local industries.</del>		
	<u>Promote the establishment of a workforce training taskforce, including representation from the business community, public and private secondary education, colleges, and appropriate state agencies.</u>	<u>MEDAC, Middletown School Dept.</u>	
	Participate in evaluating regional technical training programs to determine their value to Aquidneck Island <u>businesses.</u>		

**V: Economic Development**

Goal	Necessary Steps	Responsible Department	Status
	<del>Participate in discussions to identify training opportunities and programs.</del>	<del>MEDAC, Middletown School Dept.</del>	
	Encourage business and academic leaders to support vocational training programs.		
	<del>Promote the availability of vocational and other training programs to potential participants. After identifying vocational programs that fit Aquidneck Island such as hospitality, travel and tourism, marine construction, computer technology, and service industries, make all Aquidneck Island residents aware of the vocation education that is available.</del>	<del>MEDAC, Middletown School Dept.</del>	
	<del>The Advisory Committee must work with officials from CCRI to insure that the curriculum at the future CCRI campus on Ranger Rd. meets the needs of the local community.</del>		

e) **GOAL IV: ~~New Economic Activity~~ Maintain technology, defense, homeland security sectors**

Goal	Necessary Steps	Responsible Department	Status
<del>Maintain economic growth and job creation in technology, defense, and homeland security</del>	<del>Retain and expand defense related economic activity, and attract new business to the area in cooperation with neighboring communities.</del>		

**V: Economic Development**

Goal	Necessary Steps	Responsible Department	Status
<del>sectors. Obtain new economic activity to offset the loss of jobs (associated with contracts and services) resulting from the reduction of federal spending.</del>	<u>Establish forums and information sessions with defense and homeland security community to discuss issues and foster collaboration.</u>		
	<u>Work with congressional leadership and spearhead efforts to secure needed homeland security and defense small business grants and incentives.</u>		
	The communities must work closely with agencies such as the RI Economic Development Corporation and the Newport Chamber of Commerce to formulate a strategy that will benefit the island as a whole.		
	Work closely with Newport and Portsmouth in promoting the attributes of Aquidneck Island.		
	Maintain contacts with U.S. Congressional Delegates to obtain their support for retaining (and adding) defense support contracts on Aquidneck Island.		

*f) — GOAL V: Existing Commercial Properties*

Goal	Necessary Steps	Responsible Department	Status

**V: Economic Development**

Goal	Necessary Steps	Responsible Department	Status
<del>Maximize the use of existing commercial properties to avoid over development and preserve open space.*Belongs in Land Use Element*</del>	<del>Offer incentives to encourage property owners to remodel and/or rebuild on existing commercial sites.</del>		
	<del>Encourage developers to take advantage of “Brownfields” legislation in order to redevelop contaminated sites.</del>		
	<del>Promote coordinated planned development of large land parcels that result in site tailored patterns of use that protect natural resources and views.</del>		
	<del>The Council, in conjunction with the Economic Advisory Committee, shall promote incentives to developers (and property owners) to use vacant or empty storefronts rather than develop on open space areas in commercial zones.</del>		
	<del>Encourage developers to take advantage of “Brownfields” legislation in order to redevelop contaminated sites.</del>		
	<del>Consider zoning and/or tax incentives for redevelopment on existing commercial properties.</del>		

~~g/f)~~ **Goal V: Support Marine Trades Sector**

Goal	Necessary Steps	Responsible Department	Status

**V: Economic Development**

Goal	Necessary Steps	Responsible Department	Status
<u>Leverage growth and opportunities in marine trades.</u>	<u>Target marine trade businesses for incentives for relocation/remodeling/expansion efforts.</u>		
	<u>Collaborate with the RI Marine Trades Association to identify opportunities to enhance the local marine trades industry.</u>		
	<u>Become more involved in the planning and efforts to support marine related events, such as regattas, in local waters.</u>		

*h)g) Support growth in the tourism and hospitality industry*

Goal	Necessary Steps	Responsible Department	Status
<u>Support economic growth and job creation in the local tourism and hospitality industry.</u>	<u>Form a MEDAC subcommittee to explore development of a local town center/tourist hub in Middletown.</u>		
	<u>Collaborate with the Newport County Convention &amp; Visitors Bureau to promote Middletown's tourism industry.</u>		

**V: Economic Development**

Goal	Necessary Steps	Responsible Department	Status
	<u>Increase efforts to plan events and activities to draw visitors to local businesses, such as festivals, concerts, nature walks, and tours.</u>		

*ii) GOAL VI: West Side Master Plan*

Goal	Necessary Steps	Responsible Department	Status
Take advantage of opportunities on the west side of Middletown to increase high income jobs and create a solid return on investments for the long-term, consistent with the West Side Master Plan.	Capitalize on existing uses, industries and unique redevelopment opportunities.		
	Support access improvements to Naval Station Newport (Burma Road/Coddington Highway connections).		
	Explore and support defense-related research and development initiatives.		
	Coordinate and support mixed income, mixed use redevelopment where appropriate.		