



Economic Profile Analysis and Strategic Plan

Created by Bonner Advisory Group

May 15, 2015

1 ECONOMIC PROFILE

The City of Sterling Heights is the third largest in area and the fourth largest in population in the State of Michigan. Located in Macomb County in the Southeast Region of the state, Sterling Heights has a population of 131,224 people living within 36.51 square miles. The city is home to more than 10,500 commercial and industrial firms, including Fiat-Chrysler Automobiles, Ford Motor Company, Mayco Plastics, General Dynamics, BAE Systems, and KUKA Systems Corporation.

Key industries include the defense, automotive, and advanced manufacturing industries, equaling more than 83,000 employees in the Macomb County area. Other significant industries include healthcare, and retail and hospitality.



DEFENSE INDUSTRY

Approximately 65% of all the defense work produced by the State of Michigan is done in Sterling Heights and the surrounding Macomb area. With over 6,000 defense contractors and 404 defense establishments in the county, the region has produced over \$26 billion of defense contracts between 2000 and 2010. Major defense employers located in the area include General Dynamics Land Systems, BAE Systems, Science Applications International Corporation, DRS Technologies, Navistar Defense, Oshkosh, and Lockheed Martin. In addition, Sterling Heights is in close proximity to the U.S. Army Tank-automotive and Armaments Command (TACOM) and the U.S. Army Tank Automotive Research Development and Engineering Center (TARDEC), which are both located in the adjacent city of Warren.

AUTOMOTIVE & ADVANCED MANUFACTURING INDUSTRIES

Sterling Heights is home to four OEM vehicle productions plants: the Fiat-Chrysler Sterling Heights Assembly Plant, the Fiat-Chrysler Stamping Plant, the Ford Van Dyke Transmission Plant, and the Ford Axle Plant. In addition, over 76,000 automotive, engineering and design, technicians and skilled trades professionals work in the Sterling Heights and Macomb County area. The automotive and manufacturing industries continue to be a cornerstone of the city's local, regional, and statewide economy.



STERLING HEIGHTS ECONOMIC DATA

	Sterling Heights	Macomb County	Michigan
Population (2013 estimate)	131,224	854,769	9,898,193
Median Age	40.3	39.9	39
Educational attainment: Associates Degree or Higher (25+)	35.7%	30.8%	25.9% (Bachelor's degree or higher)
Median household income	\$57,075	\$53,411	\$48,411
Per capita income (2013)	\$26,691	\$26,748	\$25,681
Number of households	49,551	332,818	3,823,280
Residential Vacancy Rate	3.0%	7%	2.7%
Total number of firms	10,508	66,632	816,972
Labor Force (2014)	65,227	405,864	4,747,839

2 OPERATING A BUSINESS IN STERLING HEIGHTS

The following section provides estimates of various aspects of operating a business in the City of Sterling Heights, as well as information about access and transportation.

Annual Average Industrial Asking Lease Rate	\$4.67 per square foot
Average Small Manufacturing Facility Cost (excluding finishes)	\$60-\$80
Average Large Manufacturing Facility Cost (excluding finishes)	\$100-\$130
Estimated Annual Tax Rate (\$ per square foot)	
Corporate Headquarters Estimate	\$1.55
Large Manufacturing Facility Estimate	\$0.35
Medium Manufacturing Facility Estimate	\$0.71
Water and Sewer Utility Rates (\$ per square foot)	
Standard Rates	\$4.85 per unit (first 30 units) \$5.31 per unit (each add'l unit over 30)
Corporate Headquarters Estimate	\$0.14
Large Manufacturing Facility Estimate	\$0.15
Medium Manufacturing Facility Estimate	\$2.10
Non P.R.E. Millage Rates	
Utica Community School District	54.1003
Warren Consolidated Schools	53.9169

DTE ENERGY UTILITY INFRASTRUCTURE COSTS

*Rate Schedule	Full Service Contract Term, Years					No Full Service Contract
	1	2	3	4	5	
D6, D6.1, D7, D4	\$115/kW	\$220/kW	\$320/kW	\$410/kW	\$500/kW	\$60/kW
D6.2, D3	\$90/kW	\$175/kW	\$250/kW	\$320/kW	\$390/kW	\$60/kW
D8, R1.1, R1.2	\$80/kW	\$150/kW	\$215/kW	\$275/kW	\$330/kW	\$60/kW
R10 Stack	\$50/kW	\$90/kW	\$130/kW	\$170/kW	\$205/kW	\$60/kW
R10 MISO	\$15/kW	\$30/kW	\$40/kW	\$50/kW	\$60/kW	\$60/kW

TRANSPORTATION AND EASE OF ACCESS

Distance to:	Driving Time:
Detroit, MI	30 minutes
Lansing, MI	87 minutes
Ann Arbor, MI	59 minutes
Flint, MI	52 minutes
Troy, MI	15 minutes
Southfield, MI	25 minutes
Livonia, MI	40 minutes

AIRPORTS

Distance to:	Driving Time:
Flint Bishop International Airport	52 minutes
Detroit Metropolitan Wayne County Airport	43 minutes
Oakland County International Airport	35 minutes

PORTS

Distance to:	Driving Time:
Detroit Wayne County Port Authority	30 minutes
Port Huron, MI	52 minutes
Port of Monroe, MI	60 minutes

MAJOR HIGHWAYS

Distance to:	Driving Time:
M-59	7 minutes
I-75	15 minutes
I-94	18 minutes
I-696	15 minutes

3 TALENT



The labor force in Sterling Heights totals 65,227 with employment totaling 62,090 at the end of 2014. At 4.8%, the city enjoys a significantly lower unemployment rate than that of the county and state. Employment within the county has grown at approximately 5% from 2010 to 2015.

According to the Southeast Michigan Council of Governments (SEMCOG, 2015), 42,198 people commute to the City of Sterling Heights for work, while 46,968 residents commute to neighboring towns and cities for work. Approximately 11,580 people both live and work within the city.

TALENT & EMPLOYMENT DATA

	Sterling Heights	Macomb County	Michigan
Labor Force (2014)	65,227	405,864	4,747,839
Employment (2014)	62,090	372,674	4,442,272
Employment Growth Rate (2010-2015)	5%	3.8%	0.1%
Unemployment (2014)	3137	33,190	305,567
Unemployment Rate (2014)	4.8%	8.2%	6.4%
Mean travel time to work (age 16+)	25.7 minutes	26.8 minutes	24 minutes
Educational attainment: Associates Degree or Higher (25+)	35.7%	30.8%	25.9% (Bachelor's Degree or higher)
Median household income	\$57,075	\$53,411	\$48,411

Percent Unionized (Bureau of Labor Statistics, 2010)	
Michigan	16.5%
US	11.9%

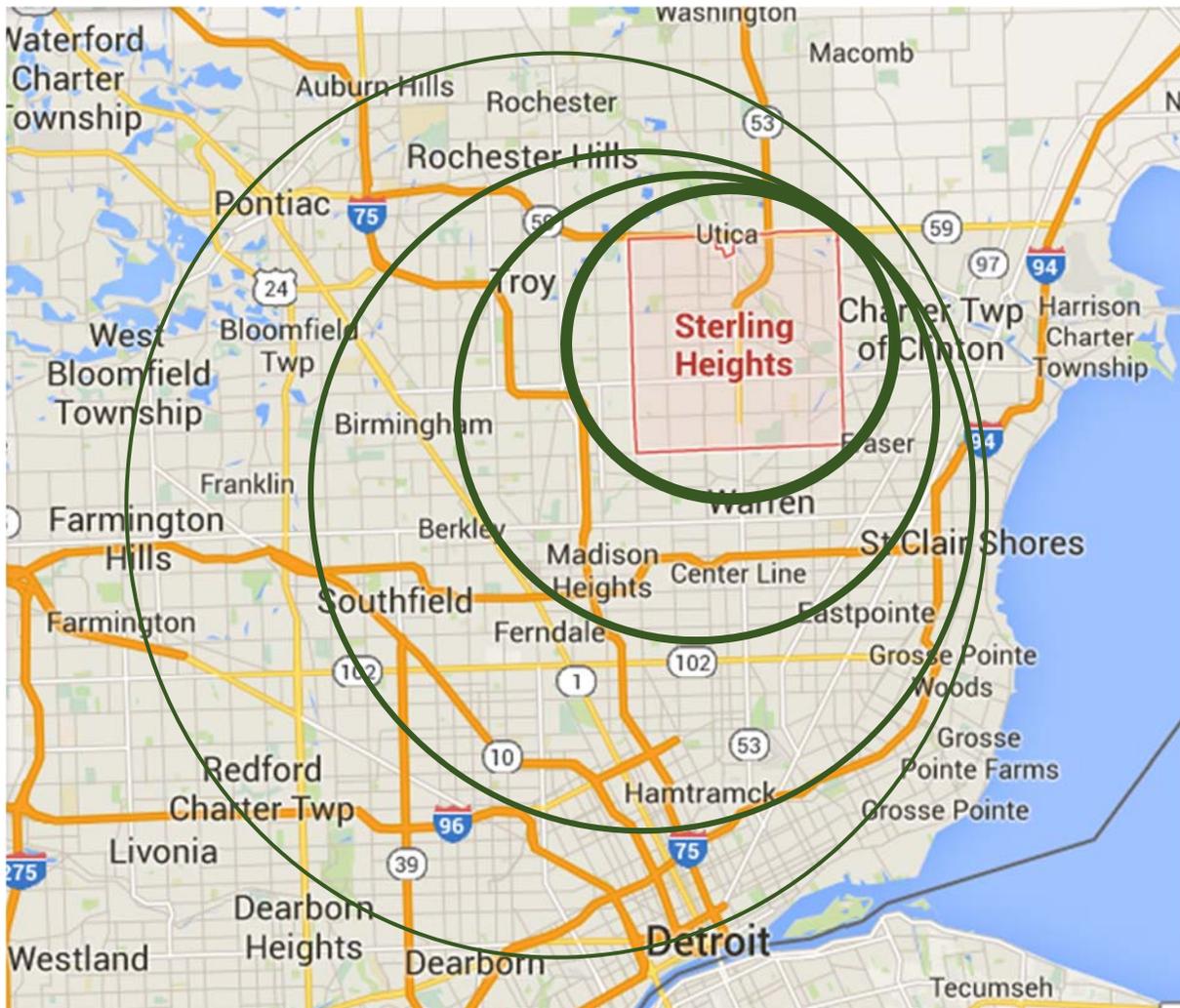
WHERE WORKERS COMMUTE FROM

Location	Number of Workers
Warren	4,705
Clinton Township	4,100
Shelby Township	4,090
Macomb Township	3,990
Detroit	3,240
Chesterfield Township	1,270
Troy	1,225
St. Clair Shores	1,110
Roseville	1,055
Elsewhere	17,413
Total	42,198

WHERE RESIDENTS WORK

Location	Number of Workers
Troy	6,965
Warren	6,410
Detroit	5,405
Clinton Township	2,600
Shelby Township	2,215
Auburn Hills	2,015
Southfield	1,870
Royal Oak	1,330
Madison Heights	1,185
Elsewhere	16,973
Total	46,968

WHERE WORKERS COMMUTE FROM AND WHERE RESIDENTS COMMUTE TO



MACOMB COUNTY EMPLOYMENT BY INDUSTRY (EMSI, Q4 2014)

Industry	Employment
Defense & Security	6,785
Automotive	38,814
Healthcare	28,824
Retail and Hospitality	88,756
Skilled Trade & Technicians	26,347
Engineering and Design Occupations	11,289
Information Technology	6,016

MACOMB COUNTY: AVERAGE HOURLY EARNINGS BY OCCUPATION (EMSI)

SKILLED TRADES & TECHNICIANS

ONET Code	Occupation	2013 Average Hourly Earnings
51-1011	First-Line Supervisors of Production and Operating Workers	\$26.75
51-9199	Production Workers, All Other	\$14.64
51-4041	Machinists	\$18.26
51-4072	Molding, Coremaking, and Casting Machine Setters, Operators, and Tenders, Metal and Plastic	\$11.88
17-3023	Electronics Engineering Technicians	\$21.15
51-2022	Electrical and Electronic Equipment Assemblers	\$13.92

ENGINEERS

ONET Code	Occupation	2013 Average Hourly Earnings
ONET Code	Occupation	2013 Average Hourly Earnings
17-2141	Mechanical Engineers	\$43.18
17-2071	Electrical Engineers	\$40.64
17-2051	Commercial and industrial Designers	\$30.38
17-2112	Industrial Engineers	\$41.67
17-2041	Civil Engineers	\$37.50
17-2011	Automotive Engineers	\$46.91

HEALTHCARE PROFESSIONALS

ONET Code	Occupation	2013 Average Hourly Earnings
29-1141	Registered Nurses	\$32.92
29-1071	Physician Assistants	\$47.18
29-1069	Physicians and Surgeons	\$77.19
29-1171	Nurse Practitioners	\$40.91
29-1064	Obstetricians and Gynecologists	\$92.36
29-1051	Pharmacists	\$49.10
29-2071	Medical Records and Health Information Technicians	\$21.79
29-1123	Physical Therapists	\$37.65
29-2012	Medical and Clinical Laboratory Technicians	\$17.17

INFORMATION TECHNOLOGY PROFESSIONALS

ONET Code	Occupation	2013 Average Hourly Earnings
15-1132	Software Developers	\$34.68
15-1121	Computer Systems Analysts	\$33.07
15-1131	Computer Programmers	\$30.94
15-1134	Web Developers	\$24.13
15-1141	Database Administrators	\$37.56
15-1199	IT Project Managers	\$38.70

RETAIL & HOSPITALITY PROFESSIONALS

ONET Code	Occupation	2013 Average Hourly Earnings
41-2031	Retail Salespersons	\$11.31
41-1011	First-Line Supervisors or Retail Sales Workers	\$17.62
43-4051	Customer Service Representatives	\$14.28
41-2011	Cashiers	\$9.97
11-9051	Food Service Managers	\$17.30
11-2022	Sales Managers	\$48.77
41-4011	Sales Representatives, Wholesale & Manufacturing, Technical and Scientific Products	\$38.88

4 WORKFORCE TRAINING AND DEVELOPMENT

Sterling Heights businesses, workers, and job seekers have access to a number of workforce training and development resources. These resources help employers identify, recruit, and train current and future employees, and help job seekers identify and prepare for career opportunities.

MACOMB COMMUNITY COLLEGE

With locations in the neighboring city of Warren and Clinton Township, Macomb Community College is an established leader in providing just-in-time resources that help businesses excel in an ever-changing marketplace. MCC collaborates with employers to provide customized training, skill assessments, and safety and compliance training courses to employees, and internships and co-op's to high school and college students. MCC also provides assistance to businesses seeking to secure government procurement contracts.

www.Macomb.edu

MACOMB/ST. CLAIR WORKFORCE DEVELOPMENT BOARD & MICHIGANWORKS!

The Macomb/St. Clair Workforce Development Board, in conjunction with MichiganWorks!, provides job training and quality, comprehensive workforce development, employment and training services through a collaboration with business, education and other key local government and community organizations. Specific services include resume and cover letters reviews, job fair preparation, interviewing workshops, among others.

www.macomb-stclairworks.org

VELOCITY JR.

In a partnership with Utica Community Schools, the City of Sterling Heights created Velocity Jr. - a Science, Technology, Engineering, Arts & Design and Math (STEAM) focused program that aims to integrate business, industry, economic development professionals and educators in order to encourage K-12 students to pursue careers that meet the needs of today's high-tech employers. The program complements the economic development efforts housed at the Velocity Collaboration Center in Sterling Heights. The program's efforts include establishing Michigan's first dedicated STEAM center at Ross Kidd Elementary in Sterling Heights, where more than fifteen different STEAM-focused and affordable day camps will be available to elementary and middle school students over the summer.

5 INCENTIVES

TAX INCREMENT FINANCING

The City of Sterling Heights may create a tax increment financing district in eligible areas to capture taxes generated by new capital investment. These funds may be used to finance public improvements to the district, including infrastructure improvements such as roads, water, sewer and site development, as well as new private investment projects.

LOCAL DEVELOPMENT FINANCE AUTHORITY

Using tax increment financing, the LDFA is a public corporate body created primarily to plan and finance infrastructure and public improvements necessary to attract agricultural processing facilities and high technology activity. The City of Sterling Heights may establish an LDFA to encourage local development and attract these types of companies.

BROWNFIELD AUTHORITY

Properties that qualify as contaminated, blighted, or functionally obsolete and are part of an approved Brownfield plan may be eligible for tax increment financing reimbursement for both environmental and non-environmental activities. The City of Sterling Heights may work with developers and companies that are interested in redeveloping a brownfield property.

CORRIDOR IMPROVEMENT AUTHORITY

A Corridor Improvement Authority allows the use of tax increment financing to make capital improvements within an established commercial district. Corridor improvements may include improvements to the land, as well constructing, rehabilitating, preserving, equipping or maintaining buildings within a development district for public or private use.

FINANCING & CAPITAL PROGRAMS

There are a number of financing and capital programs available to business in the City of Sterling Heights and throughout the State of Michigan. The following resources provide more information about which programs would be most appropriate for your business:

- U.S. Small Business Administration (www.sba.gov)
- Michigan Economic Development Corporation Capital Programs (<http://www.michiganbusiness.org/grow/access-capital/>)
- Michigan Business Development Program (<http://www.michiganbusiness.org/cm/Files/Fact-Sheets/MichiganBusinessDevelopmentProgram.pdf>)

6 ECONOMIC DEVELOPMENT RESOURCES

BONNER ADVISORY GROUP

The Bonner Advisory Group provides turn-key economic and business development services. The firm specializes in providing incentive deal structuring, program management, and site consultation to local and regional governments, and private corporations. Contact Luke Bonner if you are interesting in opening a business in Sterling Heights, Michigan.

Luke.Bonner@BonnerAG.com | (734) 846-9746

CITY OF STERLING HEIGHTS ECONOMIC DEVELOPMENT

Sterling Heights Economic Development aims to support the growth of companies in the community that lead to the addition or retention of quality jobs. Department staff can assist businesses in navigating the many support opportunities that are available, and help bridge connections to services that help companies grow and thrive.

www.sterling-heights.net | 6633 18 Mile Road, Sterling Heights, MI 48314 | (586) 884-9322

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION (MEDC)

The MEDC is the state of Michigan's marketing arm and lead advocate for business development, talent and jobs, tourism, film and digital media incentives, arts and cultural grants, and overall economic growth. The MEDC offers a number of business assistance services and capital programs for business attraction and acceleration, entrepreneurship, strategic partnerships, talent enhancement, and urban and community development.

www.MichiganBusiness.org

VELOCITY: A PURE MICHIGAN SMARTZONE COLLABORATION CENTER

Velocity is home to the Macomb-OU INCubator and serves as a hub for business incubation and economic development, targeting defense, homeland security and advanced manufacturing. The Velocity Collaboration Center building was donated to the Sterling Heights Local Development Financing Authority by Michael J. Damman of A.J. Damman Co. in 2009 and is operated through a partnership between the City of Sterling Heights, Oakland University, and Macomb County.

www.VELOCITYmacomb.net | www.oakland.edu/macombouinc

DEFENSE CORRIDOR CENTER FOR COLLABORATION AND SYNERGY (DC3S)

DC3S provides up to 100,000 square feet of multi-purpose flex space and state-of-the-art conference and meeting facilities in the heart of the new Defense Corridor in Sterling Heights. The facility is close to TACOM, TARDEC, NAC, PTAC, MTEC, GDLS, Navistar, Oshkosh, and other major defense contractors.

www.defensec3s.com

7 QUALITY OF LIFE

The City of Sterling Heights is a family-friendly community known for its exceptional neighborhoods, excellent schools, wide variety of churches and places of worship, scenic parks and public library.

Family housing is abundant throughout the city and is available in dozens of varieties for every taste, income level and lifestyle. With a Sperling's cost of living score of 95, compared to the US average score of 100, Sterling Heights is an ideal community for individuals and families of all ages.

ESTIMATED MEDIAN HOUSE/CONDO VALUE (2012, CITY-DATA.COM)

City of Sterling Heights	State of Michigan
\$129,600	\$115,700

MEDIAN GROSS RENT (2009-2013)

City of Sterling Heights	Macomb County	State of Michigan
\$856 per month	\$824 per month	\$768 per month

AVERAGE WAGE GROWTH RATE (2009-2012)

Macomb County	State of Michigan
+0.28%	+4.38%

RESIDENTIAL VACANCY RATE

City of Sterling Heights
3.0%

SCHOOLS

Utica Community School District

11303 Greendale
Sterling Heights, MI 48312
(586) 797-1000
www.uticak12.org

Warren Consolidated School District

31300 Anita Drive
Warren, MI 48093
(586) 825-2400
www.wcs.k12.mi.us

PRIVATE SCHOOLS

Bethesda Christian School

Preschool-12th
14500 Metropolitan Parkway
Sterling Heights, MI 48312
(586) 446-9900
www.bethesdaschool.org

St. Lawrence Catholic School

Kindergarten-8th
44429 Utica Road
(586) 731-0135
www.stlawrenceparish.com

St. Paul Lutheran School

Nursery - 8th
42681 Hayes
Sterling Heights, MI 48313
(586) 247-4427
www.stpaulutheranschool.net

Trinity Lutheran School

45160 Van Dyke
Utica, MI 48317
www.trinityutica.com

HIGHER EDUCATION

Oakland University

2200 N. Squirrel Road
Rochester, MI 48309-4401
www.oakland.edu

Macomb Community College

44575 Garfield Road
Charter Township of Clinton, MI 48038
www.macomb.edu

University of Phoenix

Macomb Learning Center

44575 Garfield Road
Charter Township of Clinton, MI 48038
www.phoenix.edu

Wayne State University

Detroit, MI
www.wayne.edu

Kettering University

Flint, MI
www.kettering.edu

University of Michigan

Ann Arbor, MI
www.umich.edu

Michigan State University

East Lansing, MI
www.msu.edu

SHOPPING

M-59/Hall Road Commercial Corridor



Bordering Sterling Heights to the north is the M-59/Hall Road Commercial Corridor—home to a variety of shopping venues, restaurants, major grocery store outlets, and other entertainment. Anchor stores include Target, Meijer, and Costco



Lakeside Mall

Lakeside Mall offers over 150 retail stores and restaurants, including the flagship stores of Sears, Macy's, JCPenney, and Lord & Taylor.

14000 Lakeside Circle
Sterling Heights, MI 48313
www.shop-lakesidemall.com



The Mall at Partridge Creek

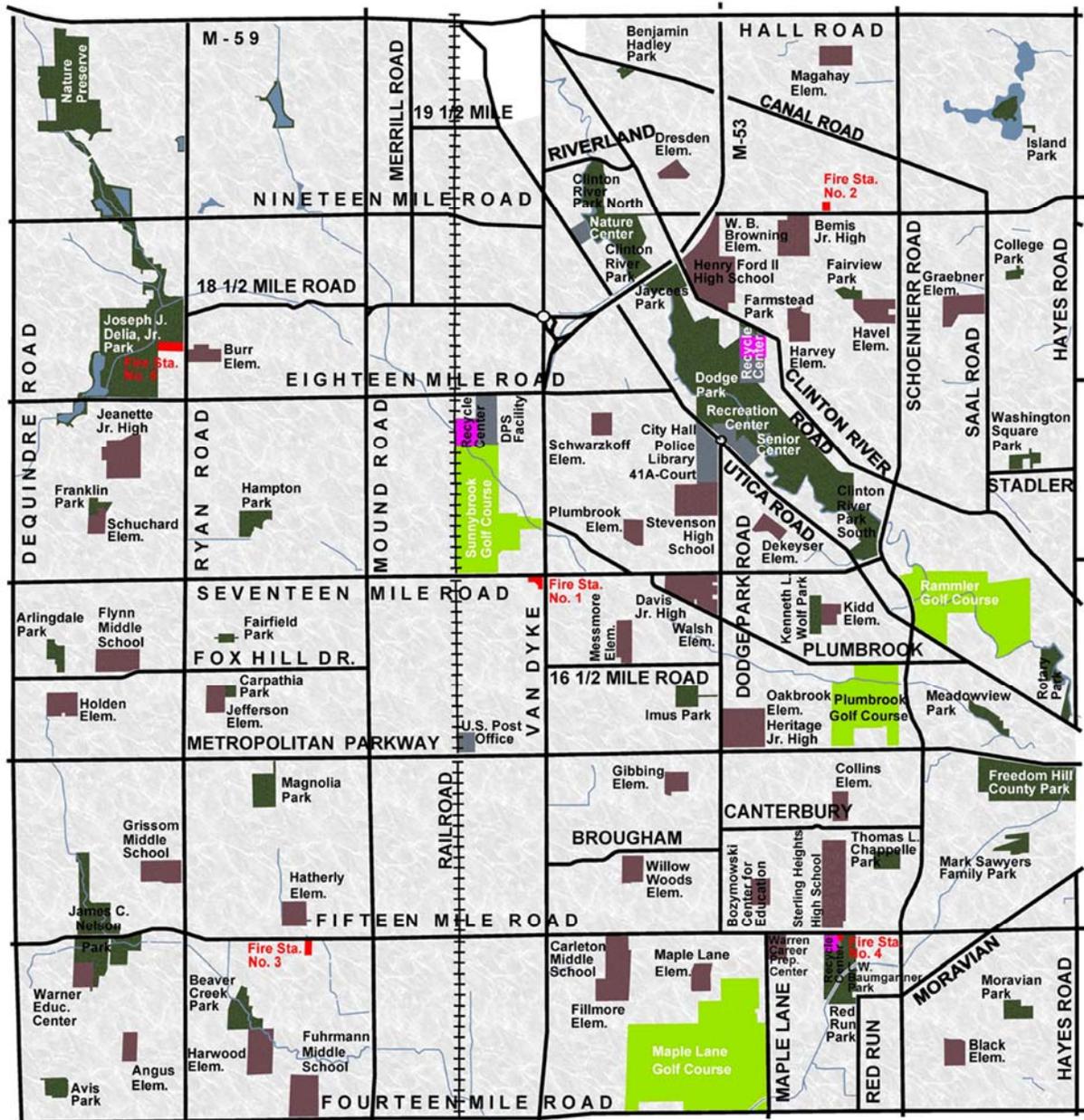


Located in neighboring Clinton Township, the Mall at Partridge Creek is located less than a ten minute drive from Sterling Heights. This dog-friendly outdoor mall is anchored by Nordstrom, Carson's and MJR Theaters, and offers over 100 stores and restaurants. The mall is located next to Nino Salvaggio International Marketplace, a premier market and specialty grocery store.

17420 Hall Road
Charter Township of Clinton, MI 48038
www.shoppartridgecreek.com

CITY PARKS AND RECREATION

Sterling Heights is located just eight miles west of Lake St. Clair and Lake St. Clair Metro Park (www.LakeStClair.net), and is home to twenty-five parks and the Clinton River Trail System. The next page contains a map showcasing the locations of the parks and where the Clinton River Trail System crosses through the city. More information can be found at the City of Sterling Heights Parks & Recreation website at www.myshpr.com.



8 SWOT ANALYSIS

STRENGTHS	THREATS
<p>WEAKNESSES</p> <ul style="list-style-type: none"> • 2% vacancy rate for industrial space • Lack of available land for new development • Auto Industry and Defense Industry have been feast or famine • No evidence of Software or Technology Clustering • Availability of skilled workforce • Low education attainment levels in population • Low visibility for major site selection projects • Higher wage rates compared to competitive locations • Lack of strong business news voice in community • Small percentage of manufacturing companies wish to diversify customers 	<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Burgeoning manufacturing industry – Suppliers and OEM's alike • Increase collaboration with partner organizations on behalf of industry • Sophisticated City Development and Engineering Department can ease and expedite redevelopment projects • New CEO of General Growth Properties • Manufacturing companies are stronger and more resilient than ever before • Macomb Community College created an innovation fund • Velocity and its components and partners have become an attractive asset for small companies • As national manufacturing grows, Macomb County and Sterling Heights can be a real viable destination for new companies entering into Michigan market

9 STRATEGY AND TACTICAL PLAN



GOALS AND OBJECTIVES

Tactical Plan

- Develop a set of realistic measurements to ensure accountability and success.

Business Retention

- Create a 21st Century Business Retention program that relies on experts and technology to bring information to assist Sterling Heights companies.
- Launch of pilot program in 4th quarter of 2015.
- 75 face to face business retention calls to Sterling Heights Companies.

Business Attraction

- Focus specifically on national site consultants.
- Create marketing material for specific events and create relationships that could translate into new investment opportunities.
- The plan for 2015 includes - South Carolina, Chicago, Cleveland, New York site consultant in market visits with the Michigan Economic Development Corporation. One potential overseas trip to Italy with the Michigan Economic Development Organization.

Regional Collaboration

- Create a local advocacy group that is focused on preventing BRAC.
- Create a partnership with MEDC, TARDEC, TACOM, GDLS, NDIA, BAE Systems, and other partners to immediately begin telling our story in Washington D.C.

Redevelopment

- Focus on working with brokers, development community, and local companies to seek out redevelopment opportunities for next phases of expansion. In particular, actively pursue 4 redevelopment targets within the community that have the greatest impact.

Velocity

- Work with Macomb County, MEDC, City Development, and the University of Michigan to take advantage of the Defense Manufacturing Assistance Program for Communities to develop an asset at Velocity that is multi-industry focused for small robotics testing and applications.

Retail Growth

- Create a redevelopment plan Lakeside Shopping Center that will protect the current asset but also vision a new Lakeside that fits within the community's goals, but also within the financial model of General Growth properties based on market opportunities.

10 SOURCES USED

US Census Data (2007, 2013)

Bureau of Labor Statistics (2014)

Workforce Intelligence Network (Q4 2014 Report)

EMSI (Q4 2014 Data)

Clustermapping.US

SEMCOG (2014)