

**Prepared statement for:
MICHIGAN HOUSE of REPRESENTATIVES
NEW ECONOMY and QUALITY of LIFE COMMITTEE
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Chairman Clemente and Committee Members I want to thank you for allowing my peers and me the opportunity to comment on economic development practices and needs particularly as it is relevant to the perspective of our individual communities.

I am speaking generally from a rural and small municipality perspective. It is a fact that rural and small places have all the same needs and almost all the same development problems as urban areas but we don't have the economy of scale or access to resources to organize like urban and suburban areas and almost all of us have the compounding problems related to the costs of logistics; distance is a big expensive issue.

Every community tends to develop a process for engaging in economic development as best they can with the resources available and to the extent possible. Each evolves due to its own need to deal with local circumstances. It is very important to have very flexible state laws and programs which need to be scaled to account for rural differences.

Often, for rural areas the first and most important component necessary for success is access to knowledgeable individuals who can assist and apply programs. In most rural areas the terms community development and economic development are synonymous. This is the case for Gratiot County. To accomplish our goals we absolutely rely upon partnerships. MEDC and MSUE are the two entities we consistently work most closely with to assist us. State support for these two organizations leverages a lot for rural areas; I know it surely does for Gratiot County.

Gratiot County has a population of approximately 40,000 with a current work force under 20,000. Our numbers have generally looked the same for decades but it would be terribly wrong to assume we have not changed. In fact since the 1970s Gratiot County has been in constant change. We were devastated by three significant economic events and we continued to suffer from successive shocks all the way to today. We lost almost 2,000 base income manufacturing jobs over a 10 year period in the 1970s:

- 1st came the demise of the mobile home industry as it moved south
- 2nd came the shocks to the auto parts industry with the oil embargos
- 3rd came the Velsicol Chemical disaster which has left us with a Super Fund site which we are still dealing with.

Since then we have experienced 10 additional significant industrial closings or downsizings with for another 1600+ jobs lost. To put things in perspective, 200 jobs is one full percentage point in our employment rate. Our unemployment rate in the late 1970s was up to 21%.

It was at this time that Greater Gratiot Development, Inc. was organized as a not for profit public / private partnership. GGDI got its start through a 3 year declining grant from the State of Michigan. The grant had the very appropriate acronym of MEDIC – Michigan Economic Development Incentive Concept. The grant required that the cities and the county work together to address economic development organization. It was incentivized collaboration to work together as a region. Today the concept of working regionally is receiving a lot of attention – I can tell you after 32 years - it really does work but it's not easy.

Greater Gratiot came together during a time of desperate need but over time we have grown to understand that while all communities need services - organizing in a rural area must be different. Greater Gratiot is an umbrella structure that focuses upon providing professional services for all citizens, businesses, and municipalities. The structure is designed to be flexible, encourage evolution of programs and delivery of programs, and to be a forum where problems and opportunities may be identified and worked on from a wider perspective.

GGDI led the incorporation and now administers the local: economic development corporation, the brownfield redevelopment authority, and the

hospital finance authority. We consider them tools for economic development activity not organizations with individual bureaucracy.

Over the years we have worked hard to be collaborative in fact we strive to make collaboration our brand identity. Our position is - all sectors of the economy are important and all can contribute including government.

Right now we are wrapping up a, from the ground up, county wide master plan which has 21 units of government participating. As the chair I see people throughout the wider community now engaged and concerned about the success of the whole county all sectors. We conservatively estimate this effort will save at least \$100,000 of local government funding.

We have found that government working collaboratively leads to huge economic development potential. Companies are interested and attracted to good governance. In Gratiot County, right now, we have a commercial wind farm engaged in site location engineering. The Invenergy / Wind Resources project which may include up to 130 turbines was made possible because of a model county wide wind ordinance. The ordinance was collectively worked on as a spin off of the master planning. Because the project stretches across 4 townships the company has told us our collaborative effort and model ordinance made the project possible. We have two other wind development projects also working in the county who have stated the same thing.

We have strongly recognized that diversity of our economy is necessary to survive and thrive. So we work on all sectors.

Our number one land use is agriculture it is our largest economic sector and has been the most consistent and continually growing.

Our number one employment sector is now health care.

Industrial jobs are now growing again and with 4 Certified Business Parks we are working to create additional space for small and medium size businesses to locate. We have found that entrepreneurs and entrepreneurial companies want choices.

We have virtually no vacant buildings in the county except those with environmental issues – there are not many anymore and we are working on them.

We have done several dozen brownfield projects. In fact we are doing a project for a \$4.2 million dollar agri-business location right now.

Almost every project seems difficult and jobs are still only coming in small numbers but we are getting the investment.

What we are doing is working because we organized collaboratively to utilize state programs, state incentives, and state supported expertise. All are necessary to succeed.

In closing I would like to offer three general suggestions:

1. I would like to see the State work to encourage cohesive regional based economic development strategies. We must acknowledge that incentives are important to some projects and that a fair tax policy needs to encourage innovation, investment, and entrepreneurial activity.
2. I encourage more emphasis on diversity of economic development – we must facilitate growth and encourage all sectors of our economy. Natural resource based industry – including all aspects of agriculture is part of our ongoing stable base as well as key to high tech innovation.
3. I encourage you to acknowledge that allowing, even encouraging, various units and levels of government to work together collaboratively does produce positive effects. Please remove the barriers to local government creativity; reform the Urban Cooperation Act to allow communities to be entrepreneurial.

Thank you for your consideration and accepting my comments.