

V. ECONOMIC DEVELOPMENT



2014

Middletown, Rhode Island Comprehensive Community Plan

MIDDLETOWN WILL SUPPORT LONG TERM ECONOMIC DEVELOPMENT OPPORTUNITIES AND JOB CREATION, EDUCATION AND TRAINING OF THE WORKFORCE, A POSITIVE BUSINESS ENVIRONMENT, AND THE LONG TERM VIABILITY OF AGRICULTURAL BUSINESSES.

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MIDDLETOWN, RHODE ISLAND COMPREHENSIVE COMMUNITY PLAN

Supporting Documents

- A Vision for Rhode Island Agriculture: Five Year Strategic Plan, Rhode Island Agricultural Partnership, May 2011.
- Aquidneck Corporate Park Improvement Plan, Maguire Group for Town of Middletown and Newport County Chamber of Commerce, May 2004. The Competitive Edge – Recommendations for Enhancing Middletown’s Economic Climate, The Mayforth Group for Town of Middletown, 2007.
- Atlantic Beach District Master Plan, Maguire Group Inc. & Gates, Leighton & Associates, 2007.
- The Defense Industry in Rhode Island: Economic Impact Report, June 2014, Commissioned by the Southeastern New England Defense Industry Alliance (SENEDIA) & Newport County Chamber of Commerce, 2014.
- Defense Industry Partnership Skill Gap Study, Ninigret Partners for SENEDIA, 2011.
- The Economic Impact of the U.S. Retail Industry, PricewaterhouseCoopers LLP, August 2011.
- Landscape and Signage Improvements Master Plan, The Gifford Design Group for Town of Middletown, February 2006.
- The Marine Trades in Rhode Island: A Skills Gap Analysis, Planning Decisions Inc. for the Rhode Island Marine Trades Association, 2008.
- Middletown Corporate Buildout Analysis, Ninigret Partners & Pare Engineering Corporation for Town of Middletown, 2005.

- “Redevelopment Plan for Surplus Properties at NAVSTA Newport”, Aquidneck Island Reuse Planning Authority, July 6, 2011 (Draft), and subsequent revisions.
- Rhode Island Agriculture and Green Industry Economic Impact Study, April 2012.
- United States Census of Agriculture, United States Department of Agriculture, National Agricultural Statistics Service, 2012.
- West Main/Coddington Development Center Master Plan, VHB & RKG for Town of Middletown, 2011.

INTRODUCTION

Middletown is located on historic Aquidneck Island, between the communities of Newport and Portsmouth. Bounded by three bodies of water, Narragansett Bay on the west, the Sakonnet River on the east, and Rhode Island Sound on the south, Middletown is an ocean community with all the amenities of seaside living. The island’s bridges and highways make Middletown easily accessible from other Rhode Island municipalities and nearby Massachusetts. The cultural, scenic, and recreational resources of Middletown make it an excellent place to live and work.

Historical Overview of Middletown’s Economy

Middletown’s economy was historically linked to the growing urban area of Newport. As early as 1743 Middletown was a major supplier of agricultural products to Newport. Wealthy merchants from Newport viewed Middletown as a desirable place to live and an escape from the intense mercantile activity of the Newport waterfront. 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 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 created by the Navy. Middletown’s economy remains dominated by the Navy with the town still the center for many of the contract service companies supporting naval activities, particularly the Naval Undersea Warfare Center.

Recent Economic Challenges

Middletown's economy has been impacted by regional and national economic trends and particularly by changes in Navy operations. Rhode Island and Middletown continue to see the effects of the recent prolonged recession as well as reductions in defense spending. Few states have been hit as hard as Rhode Island by the financial crisis that erupted in 2008 and the severe recession that followed. Rhode Island's unemployment rate has been consistently higher than regional and national rates since in late 2005. The state's unemployment rate peaked at 11.9 percent in January 2010, a month after New England's rate peaked at 8.7 percent, and three months after the national rate peaked at ten percent. Although Rhode Island's unemployment rate has declined in recent months, it still remains higher than the rest of the region and the nation.

The housing market contraction has had a significant effect on residential property values in Rhode Island. Moreover, this deflation in housing prices was more severe in Rhode Island than it was nationally, or in either neighboring state. As measured by the Federal Housing Finance Agency Purchase Price Index, single-family housing prices in Rhode Island fell 27 percent between the market peak in the second quarter of 2006 and the last quarter of 2011. In Middletown, the median sales price for a single family home decreased nearly \$80,000 between 2005 and 2011 (Year End 2005: \$389,450; Year End 2011: \$310,000) according to the Rhode Island Association of Realtors Home Sales Statistics Data.

Like any local community, regional, national, and global economies will have an impact on Middletown. However, local communities can make a difference in mitigating these impact in their local economies by offering world class infrastructure and a skilled workforce that businesses need to succeed.

Economic Development Vision Statement: Middletown will support long term economic development opportunities and job creation; education and training of the workforce; a positive business environment; and the long term viability of agricultural businesses.

Land Use

The Town of Middletown includes a mix of development patterns. The western portion of Middletown is urbanized and densely populated. The town's commercial corridors and office parks are located along West Main Road, the southern portion of East Main Road, Aquidneck Avenue and Valley Road. The eastern portion of town still supports agricultural activity with suburban style subdivisions developed mostly between 1950 and 1990. There are large areas of conserved land, including the Norman Bird

Sanctuary, Sachuest Point Wildlife refuge, and several parcels conserved by the Aquidneck Land Trust. Within the town are two principal through highways running north south: East Main Road and West Main Road. Both have spawned highway oriented commercial development along their frontages as well as access to office parks and significant residential development.

Population Figures

Middletown has a total population of 16,150, according to the 2010 Census. This is a decline by 6.83% from 2000 when the Census had recorded 17,334 for Middletown's population. It is likely that population figures for Middletown are underrepresented. The number of residents could be significantly more than the 16,150 figure due to temporary naval personnel including students at the Naval War College and to a lesser extent the increasing number of seasonal residents which are not captured in the Census count.

From 2000 to 2010, the Rhode Island population increased by 0.4%. Middletown & Newport had the highest percentage declines in population in the state during that time period. The greatest decline in population was seen on the west side of Middletown (Census tracts 402 & 403.03), which is explained by the demolition of units by the U.S. Navy at the Anchorage and Greene Lane housing areas. Losses in units on the west side were offset by an increase in units in other tracts. There was a net increase of only 19 housing units in town between 2000 and 2010.

Housing unit vacancy increased in all Census tracts, with tract 402 (which includes the Landings and Coddington Cove) having the highest vacancy rate of 24.57%, and tract 404 (the east side of town) having the highest number of vacant units: 417.

Middletown's average household size, which was 2.43 according to the 2000 U.S. Census, has also declined to 2.34 in 2010, which may further explain Middletown's population decline.

Economic Indicators Snapshot

Unemployment Rate:

2013 ANNUAL AVERAGE (NOT SEASONALLY ADJUSTED): MIDDLETOWN - 8.9%

STATE - 9.5%

NEWPORT - 9.7%

PORTSMOUTH - 8.2%

SOURCE: RIDLT

*SEE APPENDIX E-A FOR ADDITIONAL LOCAL UNEMPLOYMENT DATA

Estimated Median Income:

MIDDLETOWN - \$70,766

STATE - \$56,102

NEWPORT - \$57,690

PORTSMOUTH - \$73,308

Source: US Census Bureau, American Community Survey 2008-2012 5-Year Estimates

Estimated Percentage of People with Earnings Below Poverty Level:

MIDDLETOWN - 8.1%

STATE - 13.2%

NEWPORT - 10.8%

PORTSMOUTH - 7.3%

Source: US Census Bureau, American Community Survey 2008-2012 5-Year Estimates

Median Single-Family Home Sales Price (2013):

MIDDLETOWN - \$321,500

STATE - \$205,000

NEWPORT - \$390,000

PORTSMOUTH - \$299,500

Source: Rhode Island Association of Realtors

*Refer to Housing Element for additional home sales data

INDUSTRY SECTORS

The Middletown Economic Development Advisory Committee (MEDAC) recognizes the presence of several economic sectors in Middletown: Defense related/technology, marine trades, retail, tourism/hospitality, and agriculture. Each of these sectors is an important job creator and component of the diversified Middletown tax base. These sectors as well as growing sectors not yet well established in Middletown, such as health care, should be accommodated and promoted in appropriate locations in town.

Federal Government & Defense Industry Impact

A significant number of Middletown jobs, both government and private, are associated with the United States Navy and its operations at Naval Station (NAVSTA) Newport. Commands, schools and units currently located at the Newport Naval Base include: The Naval Undersea Warfare Center (NUWC), 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 Legal Studies, Officer Training Command, the Supply Corps School, and the Seventh Naval Construction Regiment. Additional information for Naval Station (NAVSTA) Newport can be found at <https://www.cnic.navy.mil/Newport/index.htm>. The defense industry is a major component of RI's high tech sector. The high level of technical skill required in the defense industry leads to higher wage levels than in many other industries.

The Naval Undersea Warfare Center

NUWC Newport is the oldest warfare center in the country, tracing its heritage to the Naval Torpedo Station that was established on Goat Island in Newport Harbor in 1869. NUWC provides research, development, test and evaluation, engineering and fleet support for submarines, autonomous underwater systems, undersea offensive and defensive weapons systems, and countermeasures associated with undersea warfare. The Naval Undersea Warfare Center (NUWC) Division Newport is located entirely in Middletown and alone represents 14% of the state's engineering and scientific workforce.

NUWC Division Newport had a funded program of approximately \$874 million in 2013. Of a total of \$386 million obligated in contracts throughout the year, more than \$285 million was awarded to private contractors in Rhode Island, Massachusetts, and Connecticut, mostly for engineering services. NUWC Division Newport is a major

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contributor to the economy of Southern New England, with approximately \$284 million distributed in the form of salaries to over 2,700 civilian employees. Of the total contracted work-years executed during fiscal year 2013, approximately 2,152 were performed by companies located in Rhode Island, Massachusetts, and Connecticut.



PHOTO: NAVAL UNDERSEA WARFARE CENTER, WWW.NAVEA.NAVY.MIL

Table E-I: Naval Undersea Warfare Center (NUWC) Economic Impact on Southern New England shows the economic impact of NUWC Newport on the local economy over a five year period.

Table E-1: Naval Undersea Warfare Center (NUWC) Economic Impact on Southern New England					
	2009	2010	2011	2012	2013
payroll, construction, facility support and local contracts	639M	668M	634M	581M	603M
civilian personnel	2,683	2,758	2,752	2,748	2,730
gross payroll	274M	279M	280M	296M	287M
Southern New England contracts	330M	361M	323M	248M	285M
Rhode Island based business contracts	288M	317M	276M	200M	250M
Combined government and contractor workforce	6,000	5,731	5,402	4,698	4,882

Source: NUWC

According to the report, *The Economic Impact of the Rhode Island Defense Sector*, June 2014, Rhode Island’s defense industry supports 32,993 jobs (6.2% of total employment in Rhode Island) and adds \$3.7 billion to the state’s economic output (7% of the state’s

Gross Domestic Product). The Defense Sector is the highest paying sector in Rhode Island. A major component of this is the highly skilled civilian workforce at the Naval Undersea Warfare Center earning an average annual wage in excess of \$110,000. In 2013, 73 percent of the civilians working for NUWC Division Newport were classified in STEM occupations (science, technology, engineering, and mathematics) and 35 percent of all NUWC employees held advanced degrees.

The defense industry generates more than 20% of the state's patents. 22% of the state's scientists and engineers work in the defense industry and 48% of the state's professional and technical services employment is tied to the defense industry.

Defense Base Closure and Realignment (BRAC)

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. 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. The Town should continue to position itself as an attractive partner to the defense sector in anticipation of future BRAC processes.

Southeastern New England Defense Industry Alliance and the Defense Industry Partnership (SENEDIA)

The Southeastern New England Defense Industry Alliance (SENEDIA), an organization representing defense contractors and others with an interest in the local defense industry, was selected by the State of Rhode Island's Workforce Development Board to coordinate the state's official Defense Industry Partnership. In 2010, SENEDIA was awarded a grant in response to the Rhode Island Department of Labor and Training's (DLT) Request for Proposals for Building a Skilled Workforce for Rhode Island's Defense Industry. In addition to SENEDIA, the Partnership includes: Newport County Chamber of Commerce, the Middletown Economic Development Advisory Committee (MEDAC), and the RI STEM Center at Rhode Island College (RIC).

With the help of the Commerce RI and DLT, the partnership aims to bring employers together with workforce development organizations and educational institutions to improve the competitiveness of the defense industry by jointly addressing workforce skill development needs and issues on Aquidneck Island and throughout the state. The Partnership endeavors to engage educational institutions and workforce development

organizations to help keep skilled workers in Rhode Island. The effort involves various stakeholders including various public and private technical schools to career programs and educational partnerships with the Naval Undersea Warfare Center to collect information and develop a strategy to create a high-performing, sustainable workforce for the future.

Marine Trades

With over 400 miles of coastline and its compact size, Rhode Island has historically attracted marine businesses. Boat builders, sailmakers, hardware and component manufacturers, riggers, marinas and other services together form an industry that has created a significant center of expertise. According to the Rhode Island Marine Trades Association's Skills Gap Report, Rhode Island's Marine Industry includes over 2,300 businesses, accounts for 1.6 billion in sales, 6,600 jobs and pays \$260 million in income to Rhode Island workers. In addition to the State's history and expertise in the marine trades industry, the state's tax free policy for boats has also encouraged boat and boat related sales and services in Rhode Island. Marine related events including the America's Cup events held in Newport in 2012 serves as an economic multiplier for local businesses and should be encouraged.

Tourism

Tourism also plays a major role in the town's economy. Beautiful beaches, natural resources, tourism overflow from Newport, close proximity to Boston and New York, and the ability to provide a variety of retail services to Aquidneck Island provides a fertile environment for the tourism industry. The seven indexes that make up the tourism industry (lodging, attractions, shopping, dining, transportation, recreation and special events) are a major multiplier in the local economy. Capitalizing on the close proximity to Newport and its over three million visitors a year should guide planning and coordination efforts. The ability to provide a cost savings alternative to Newport has created substantial growth in the hotel and restaurant industry. Middletown now has more hotel rooms than the City of Newport and demand continues to be high. According to Discover Newport (formerly the Newport County Convention and Visitors Bureau), Middletown ranks second of the six towns in Newport County in tourism revenue. Investments and improvements made in carrying out implementation of the Atlantic Beach District Master Plan will boost tourism within Middletown.

Periodic health-related beach closures are a cause of concern to the town and to the local economy, particularly the tourism industry. Loss of public beach use during peak summer months also equates to a loss of revenue for local businesses. Therefore, water quality improvements through implementation of storm water management measures including green infrastructure, and regulation of storm water from development and redevelopment are imperative not only for our aquatic ecosystems but also for economic development reasons.

Agriculture

Agriculture is an important growing sector of the local economy. According to the U.S. Census of Agriculture, the number of farms in Rhode Island increased 42 percent, from 858 in 2002 to 1,219 in 2007, and an additional 2% from 2007 to 2012 with a current total of 1,243. This percentage increase is the highest in New England and ten times the national average. Between 2002 and 2007, the number of farms offering “agritourism” activities in the state increased seven-fold, and sales generated through agritourism increased from \$23,000 to \$689,000.

In 2012, The State completed its first Rhode Island Agriculture and Green Industry Economic Impact Study. Preliminary findings of economic impact study point out, the 2,500 green industry businesses in Rhode Island sustain 12,300 jobs, contribute \$1.7 billion annually to our state's economy, and represent nearly 3% of the state's total economy.

The agricultural industry continues to play an important role in the culture and economy of Middletown. Many successful and expanding agricultural businesses operate today including commercial nurseries, vineyards, pastures, and croplands offering pick-your-own and organic CSA (Community Supported Agriculture) shares. Map E-1 Active Agricultural Operations and Conserved Farmland displays properties in Middletown currently utilized for agriculture, as well as, conserved agricultural properties.

As of 2012, there were 128 parcels (not all in active agricultural use) in Middletown that were included in the Farm, Forest, and Open Space program. Rhode Island law (44-27) allows property enrolled in the Farm, Forest and Open Space Program to be assessed at its current use, not its value for development. The purpose of the law is not to reduce property taxes, but to conserve Rhode Island's productive agricultural and forest land by reducing the chance it will have to be sold for development.

An essential part of stopping the loss of farmland is strengthening the economic vitality of farms. The town understands the fiscal benefit of farmland and open space to the community and that farm businesses are essential to rural character, the retention and protection of farmland and open space. As with businesses in general, a supportive regulatory environment is important to the success and sustainability of farm businesses. A supportive environment for agriculture is one that provides the flexibility needed to accommodate growth and diversification in farm businesses, such as through season-extending structures, value-added processing, direct-to-consumer marketing and agritourism activities. Please refer to Land Use Element for additional discussion of agriculture.

Retail

Middletown is host to a majority of the retail industry on Aquidneck Island. As provided in the West Main / Coddington Development Center Master Plan, there is approximately 1.3 million square feet of retail uses in Middletown, including 891,300 square feet of direct (shoppers) retail; 124,700 square feet of restaurant; 107,700 square feet of mixed use retail; and around 200,000 square feet of miscellaneous retail uses.

According to the report, *The Economic Impact of the U.S. Retail Industry, August 2011*, done by Pricewaterhouse Coopers LLP, retail is directly and indirectly responsible for 17% of Rhode Island's GDP and directly and indirectly generates 16% of labor income of the 137,335 jobs it supports in Rhode Island.

LOCAL POLICY

The Middletown Economic Development Advisory Committee

The Middletown Economic Development Advisory Committee (MEDAC) was originally established in 1991 and was reorganized in 2003 by Town Council resolution. This committee serves as the main economic development advisory and implementation body for the Town. MEDAC consists of seven members and is staffed by the Planning Department. MEDAC has successfully organized and hosted several events with members of the congressional delegation as well as the Governor. MEDAC has conducted outreach activities to the local business community, has developed a website of useful information to assist the business community, and has spearheaded improvement to infrastructure in the Aquidneck Corporate Park.

Tax Incentive Program

The Town has implemented a policy to provide property tax incentives for job creation and building construction. Middletown established an economic development tax credit in 2003 (Town Code Chapter 39: Economic Development Incentive Program) which provides property tax incentives for job creation and building, construction and renovations. Eligible businesses include office and manufacturing uses. The tax exemptions can be applied to real estate property tax, or to personal property tax in the case of a business that is leasing space. The exemptions for jobs creation and building construction/renovation can be combined.

Enterprise Zone

In 2011 and 2012 the state legislature added language to the state's statute that would allow for the creation of an Enterprise Zone in Middletown. The town will now work with Rhode Island Enterprise Zone Council and the City of Newport to finalize the establishment of the Enterprise Zone. Enterprise Zones are designed to offer tax incentives to businesses that expand their workforce at facilities located in one of the state's designated enterprise zones.

Middletown Arts Committee

Municipalities promoting cultural endeavors as an industry can gain positive economic benefits for their communities. Culture industries are interconnected to all types of activities such as tourism and revitalization of an area. Additionally, a community gains an opportunity to market itself and its historical landmarks, businesses, restaurants, and places of entertainment. In an effort to capture these benefits and more, the town established in 2011 the Middletown Arts Committee. The mission of the committee is to promote art in the community and establish an annual Middletown Arts Festival working with local artists to include visual art, music, dance, and poetry among others. In addition, the committee was

charged with investigating the possible creation of an arts district in town including any economic incentives that may be available.

ECONOMIC DEVELOPMENT OPPORTUNITIES

Aquidneck Corporation Park

The Aquidneck Corporate Park is an industrial/corporate park developed in the 1970's by an island-wide redevelopment authority to create economic growth following the departure of the Atlantic Fleet from Naval Station Newport. Since its inception, the park has grown to the point where it now houses the largest concentration of defense-related businesses in Rhode Island. The park currently has approximately 40 businesses, employing over 2,000 employees.

Over the past several years the town has made enhancements to the park to ensure that it remains competitive and attracts new high-tech and defense related businesses, thus helping to expand the tax base for the Town and job opportunities. In 2004, the Town began addressing the needs identified by the businesses in the Aquidneck Corporate Park to improve the aesthetic and functional aspects of the public rights-of-ways within the park. Financial investment from the town has resulted in the Aquidneck Corporate Park Improvement Plan, and the Landscape and Signage Improvements Master Plan.

In 2006, with the assistance of Congressman Patrick Kennedy, the Town was successful in receiving an appropriation of \$100,000 through the U.S. Small Business Administration (SBA) to make some renovations to the southern entrance of the park, implementing new guardrails, pavement and signs. An additional \$118,000 in SBA funding was granted in 2009 to supplement the approximately \$1 million in town funds dedicated to completion of Phase 2 of the Aquidneck Corporate Park Improvement Project. That work included installation of new signs, improved sewer and storm drainage infrastructure, resurfacing of the entire road system, and the installation of pull-off/drop-box areas at the entrances. These enhancements have improved the park both functionally and aesthetically.

Enterprise Center

Some of the town's largest employers including Embrace Home Loans and KVH are located in Enterprise Center. Recent commercial development activity includes the construction by KVH of a new 75,000 square foot assembly/distribution facility on a remaining parcel within Enterprise Center. Some operations that were being conducted at the Aquidneck Corporate Park were relocated to the new facility. That move, coupled with the closing of a couple large businesses resulted in an increased vacancy rate in the Aquidneck Corporate Park. However, Bank Newport decided to consolidate its corporate operations at the Aquidneck Corporate Park and substantial renovations to an existing building within the park were completed in 2013.

Atlantic Beach District

The Atlantic Beach area is located in the southern end of Middletown abutting the City of Newport. The Town is seeking to enhance the area both as a tourist destination and for local residents. The town was awarded a Planning Challenge Grant by the Statewide Planning Program in 2006 that provided partial funding from the Federal Highway Administration for the development of a master plan for the area. The *Atlantic Beach District Master Plan* serves as the primary document guiding the transformation of the area into a vibrant, walkable commercial area, capitalizing on its relatively dense development pattern and proximity to local beaches, historic Newport and other attractions. The following goals were adopted for the Atlantic Beach District:

- Develop and implement safety and aesthetic improvements to promote pedestrian activity that will support local small businesses, including streetscape improvements and pedestrian circulation throughout the district;
- Study traffic flow and parking within the district to provide safety and efficiency
- Identify opportunities to capitalize on the proximity of the district to beaches, hotels and other attractions for the benefit of local residents and the town business tax base
- Identify options to promote private development that will be consistent with the vision for the district, including opportunities to promote an appropriate mix of uses and building and site design.

West Main/Coddington Development Center

The Town of Middletown hired Vanasse Hangen Brustlin, Inc. (VHB) to work with Town staff, a steering committee, stakeholders and the community to prepare a master plan for the West Main/Coddington Development Center. The Development Center consists of four publicly owned parcels that are targeted for potential redevelopment. They include the former Navy Lodge (surplused parcel), the West Main Recreation Complex, Middletown Public Library, and the former JFK Elementary School—all located on the west side of West Main Road (Route 114). The Development Center or “Core Study Area” is surrounded by a larger study area that includes approximately 245-acres of developed land. The Development Center Master Plan (2011) serves as a guiding document for the transformation of the area into a vibrant, attractive, mixed use area, capitalizing on its relatively dense development pattern, available land under public ownership, good transportation access, and available utilities. Based on the preferred development scenario prepared by VHB, the plan estimates that at buildout the core study area could accommodate approximately 80,000 sq.ft. of retail space and 45,000 sq.ft. of office space, as well as 50,000 sq.ft. of civic/municipal space. Please refer to the Land Use Element for additional discussion and depiction of West Main / Coddington Development Center.

Two Mile Corner Growth Center

The State's Land Use 2025 Plan identifies generally the area surrounding Two Mile Corner (intersection of West Main and East Main Roads) as a potential location for a growth center. The Town is supportive of planned growth and investment in this area including the West Main / Coddington Development Center. Please refer to the Land Use Element for additional discussion on Growth Centers.

Aquidneck Island Broadband Project

The purpose of the AIBP is to promote internet and technology literacy and adoption and to bring faster, cheaper and more reliable internet and fiber optics to Aquidneck Island. Ultimate goals of the project are:

- Attracting and retaining businesses
- Making businesses more profitable
- Reviving depressed business zones/neighborhoods
- Increasing home-based businesses and teleworking
- Reviving repressed local economies hard hit by recession and brain-drain
- Improving personal economic development

Volunteers involved with AIBP have identified as a need state level support and funding to conduct market demand and feasibility studies. These studies will be used to inform plans for a sustainable and scalable program that will meet the unique broadband needs of Aquidneck Island with the ability to translate these findings at the State level.

ECONOMIC BASE AND ITS POTENTIAL FOR EXPANSION

As of 2012, Middletown has approximately 1.1 million square feet of office space according to assessment records. The majority of office properties (55%) have less than 10,000 square feet. There is approximately 1.3 million square feet of retail space in Middletown, including 891,300 square feet of direct (shoppers) retail and 124,700 square feet of restaurant space. Retail sales across Newport County exceed local demand (of the resident households) by more than \$53 million in total, most notably in the food, beverage and eating/drinking sectors reflecting the tourism and seasonal influences in the market. Despite this there are several retail categories where there exist unmet demand and an opportunity for an additional 70,000± square feet of development in selected retail categories as identified in the market analysis for the West Main / Coddington Development Center Master Plan (2011).

TABLE E-2 LARGEST PRIVATE EMPLOYERS (2011)

Company Name	Approximate # of Employees in Middletown
Embrace Home Loans, Inc.	400
Avid Airline Products of RI Inc	300
Science Applications International Corporation	300
Bank of Newport	240
Child and Family Services of Newport County	220
Autocenter Enterprises Inc	206
Systems Engineering Associates Corporation	200
The Stop & Shop Supermarket Company LLC	200
McLaughlin Research Corp	175
KVH Industries, Inc.	165
St Georges School	165
Home Depot U.S.A., Inc.	150
Shaw's Supermarkets, Inc.	150

Source: RIEDC (now known as Commerce RI), 2011

The Aquidneck Island Planning Commission completed a residential build-out analysis for the Town of Middletown in 2010. The goal of the analysis was to determine the maximum number of residential lots that could be developed under existing zoning. The results concluded that the town has a total of 1,242 additional residential lots that could be developed with an estimated additional population of 3,018. Current market conditions, however, have resulted in limited new residential development activity.

A corporate/office space buildout analysis completed for the town in 2005 (Corporate Buildout Analysis, Ninigret Partners & Pare Engineering Corp., 2005) found that there is the potential to double the existing floor area of office space in Middletown within current zoning standards. While that study identified the potential for approximately one million square feet of new office space, a market analysis completed in 2011 in support of the West Main/Coddington Development Center Master Plan found that that there is little demand for

new office space at this time. Due to the costs of development compared to the current lease rates, speculative construction of new office space is not anticipated.

The 2011 study also evaluated the market for new retail space on Aquidneck Island, and found that demand is limited. Based on local demographic conditions and the current mix of retail, the island as a whole could support approximately 70,000 square feet of new retail development in certain categories. According to a local commercial real estate expert, the town's office building vacancy rate was close to 15% in May 2012. According to this source, this is the highest rate it has been in more than a decade.

ECONOMIC DEVELOPMENT - Goals, Policies, & Action Items			
GOAL E-I: Promote a diverse and expanded local economy without compromising the characteristics and qualities which make Middletown a desirable community			
Policies	Action Items	Responsible Department	Timeframe
E-I.A. Create conditions that are attractive to the growth of existing business and attract new businesses to Middletown	E-I.A.1. Participate in regional economic development efforts, such as the efforts of the Newport County Chamber of Commerce to create a one-stop-shop to promote economic development in Newport County.	MEDAC; Planning Department	Short-term (1-2 years)
	E-I.A.2. Allow non-resident owners of commercial property or businesses to serve on the Middletown Economic Development Advisory Committee	Town Council	Short-term (1-2 years)
	E-I.A.3. Draft an Economic Development Strategic Plan for consideration by the Town Council which identifies strategies to grow and maintain a viable economic base in business areas such as: agriculture, technology, defense & homeland security, marine trades, tourism, health care, and advanced manufacturing	MEDAC	Short-term (1-2 years)
E-I.B. Offer attractive and flexible local incentive packages to compliment state and federal incentives that may be available.	E-I.B.1. Continuously evaluate and improve the effectiveness of the town's tax incentive program, and ensure awareness of the program within the local business community	Planning Department; MEDAC; Finance Department	Ongoing
	E-I.B.2. Work with regional and state economic development partners to attract new employers into the area	Planning Department; MEDAC; Town Administrator	Ongoing

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<p>E-I.C. Work to maintain resilience to potential Base Realignment and Closure (BRAC) actions</p>	<p>E-1.C.1. Initiate planning for subsequent BRAC actions by working with Commerce RI, the Chamber of Commerce, trade organizations, and other appropriate state and local organizations</p>	<p>Planning Department; MEDAC</p>	<p>Medium-term (3-5 years)</p>
<p>E-I.D. Capitalize on unique redevelopment opportunities from Base Realignment and Closure (BRAC) actions</p>	<p>E-I.D.1. Implement development of Navy surplus land to benefit the town and its residents</p>	<p>Town Council; Planning Department</p>	<p>Short (1-2 years), Medium (3-5 years), and Long-term (6-10+ years)</p>
<p>E-I.E. Invest in critical infrastructure necessary to develop a robust and diversified economy</p>	<p>E-I.E.1. Consider development of a comprehensive, continuous assessment of projected infrastructure needs versus available resources and resource capabilities. Include water, sewer, electrical, natural gas and digital capabilities, as appropriate</p>	<p>Town Council, Planning Dept., MEDAC</p>	<p>Ongoing</p>
	<p>E-I.E.2. Promote the development and enhancement of mixed-use business districts in appropriate locations (e.g. Atlantic Beach District, and West Main/Coddington redevelopment area)</p>	<p>Planning Board, MEDAC</p>	<p>Ongoing</p>
	<p>E-I.E.3. Support access improvements to Naval Station Newport (Burma Road/Coddington Highway connections)</p>	<p>Town Administrator, Planning Department</p>	<p>Long-term (6-10+ years)</p>
	<p>E-I.E.4. Promote the development of accessible fiber optic broadband infrastructure on Aquidneck Island</p>	<p>IT; Planning Department</p>	<p>Long-term (6-10+ years)</p>

GOAL E-II: Foster collaboration between business and local educational institutions to develop a trained workforce			
Policies	Action Items	Responsible Department	Timeframe
E-II.A. Assess workforce skills gap and support programs and strategies to meet identified needs	E-II.A.1. Participate in discussions with academic and business leaders to identify and evaluate training opportunities and internship programs, such as vocational training for emerging technologies	MEDAC; School Department	Medium-term (3-5 years)
GOAL E-III: Retain and expand existing industry clusters and cultivate new clusters			
Policies	Action Items	Responsible Department	Timeframe
E-III.A. Promote economic growth and job creation in technology, defense, and homeland security sectors	E-III.A.1. Participate in forums and information sessions with the defense and homeland security industry to discuss issues and foster collaboration	MEDAC	Ongoing
	E-III.A.2. Work with the RI congressional delegation, the Newport County Chamber of Commerce, the Small Business Administration and businesses to secure needed homeland security and defense small business grants and incentives	MEDAC	Ongoing
	E-III.A.3. Work with Congressional Delegation and Commerce RI to obtain their support for retaining and adding defense support contracts on Aquidneck Island	MEDAC; Planning Department	Ongoing

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E-III.B. Promote growth and opportunities in marine trades	E-III.B.1. Assist marine trade businesses with incentives for relocation and /or expansion efforts	MEDAC; Town Council; Planning Department	Medium-term (3-5 years)
	E-III.B.2. Collaborate with the RI Marine Trades Association to identify opportunities to enhance the local marine trades industry	MEDAC; Planning Department	Medium-term (3-5 years)
	E-III.B.3. Participate in planning and promotion of marine related events, such as local regattas	MEDAC	Ongoing
E-III.C. Support economic growth and job creation in the local tourism and hospitality industry	E-III.C.1. Collaborate with Discover Newport to promote Middletown’s tourism industry	MEDAC	Ongoing
	E-III.C.2. Facilitate implementation of the recommendations of the Atlantic Beach District Master Plan	Planning Department	Short (1-2 years), Medium (3-5 years), and Long-term (6-10+ years)
	E-III.C.3. Collaborate with appropriate state and local organizations to address the water quality issues at the beaches	Public Works	Ongoing
	E-III.C.4. Undertake beautification activities on town properties and roads, and encourage aesthetic improvements on private properties	Town Council; Planning Board	Ongoing
	E-III.C.5. Promote the protection of historic resources, landmarks, and scenic landscapes as an important component of the tourist economy, through appropriate regulatory measures	Planning Board; Town Council	Medium-term (3-5 years)

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	E-III.C.6. Increase efforts to plan events and activities to draw visitors to local businesses, such as festivals, concerts, nature walks, and tours	Arts Committee; MEDAC	Ongoing
	E-III.C.7. Initiate a well-designed system of wayfinding signage within the community to assist visitors	Public Works; Town Administrator; Planning Department	Short-term (1-2 years)
GOAL E-IV: Strengthen the economic vitality of agriculture			
Policies	Action Items	Responsible Department	Timeframe
E-IV.A. Increase farmland protection efforts	E-IV.A.1. Partner with non-profit organizations, and state and federal agencies to preserve farms and agricultural land through acquisition and conservation easements specifically for the purpose of retaining agricultural activities	Town Council; Town Administrator	Ongoing
	E-IV.A.2. Work with state and federal agencies to implement incentives which will promote the financial viability of agriculture	MEDAC	Ongoing
	E-IV.A.3. Encourage agricultural use of town-owned land where appropriate	Town Administrator	Ongoing

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E-IV.B. Recognize and encourage agriculture as an important business sector	E-IV.B.1. Partner with local and state agricultural and tourism organizations to promote agriculturally-based operations or activities that bring visitors to the town's farms (agritourism)	MEDAC	Ongoing
	E-IV.B.2. Increase farmers' ability, infrastructure and regulatory support to add value to their products	MEDAC, Planning Board	Ongoing
	E-IV.B.3. Assist with infrastructure, marketing and promoting locally produced goods through farmers markets and other direct-to-consumer opportunities and community outreach programs	MEDAC	Ongoing
	E-IV.B.4. Work with farm organizations such as Rhode Island Agriculture Partnership, the Farm Bureau, and RI DEM	MEDAC	Ongoing
E-IV.C. Facilitate the adoption of farm-friendly ordinances	E-IV.C.1. Review and revise regulations as appropriate in order to expand the permitted agricultural and ancillary uses on farm property to support on-farm operations and promote viability of agricultural use	Planning Board; Town Council	Short-term (1-2 years)
	E-IV.C.2. Consider the potential impact of any new regulation or ordinance on the viability of agriculture	Planning Board; Town Council	Ongoing

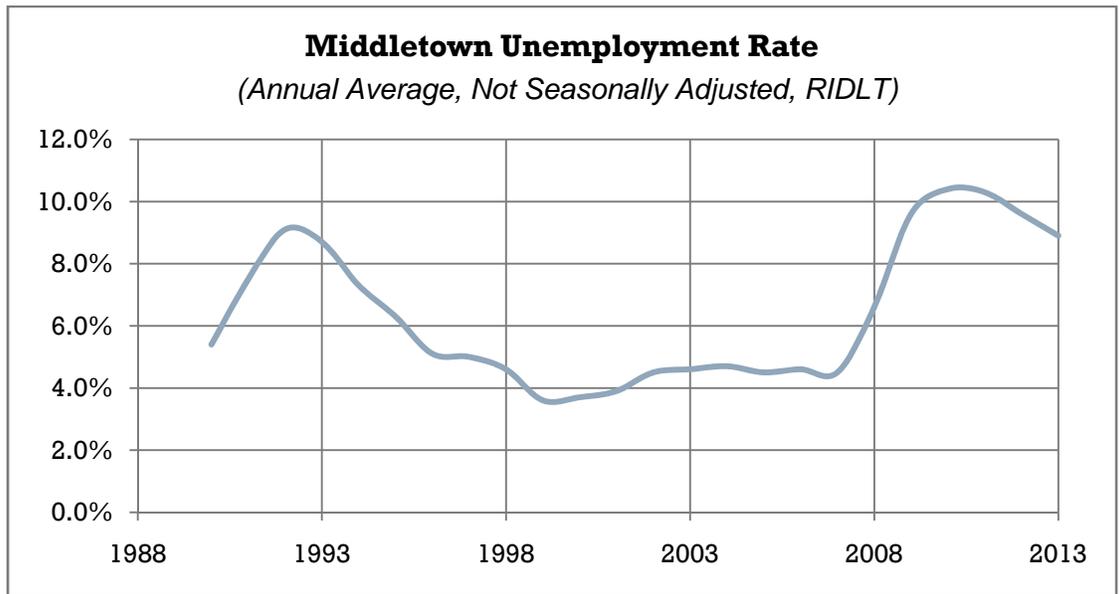
APPENDIX E-A UNEMPLOYMENT DATA

**MIDDLETOWN RESIDENT LABOR FORCE STATISTICS*
2000-2013**

Year	Labor Force*	Employment	Unemployment	Unemployment Rate
2013	8,016	7,306	710	8.9
2012	8,099	7,318	781	9.6
2011	8,132	7,295	837	10.3
2010	8,207	7,353	854	10.4
2009	8,060	7,288	772	9.6
2008	8,224	7,681	543	6.6
2007	8,333	7,954	379	4.5
2006	8,331	7,945	386	4.6
2005	8,235	7,868	367	4.5
2004	8,254	7,866	388	4.7
2003	8,506	8,115	391	4.6
2002	8,470	8,085	385	4.5
2001	8,412	8,082	330	3.9
2000	8,507	8,190	317	3.7

Source: RIDLT, <http://www.dlt.ri.gov/lmi/laus/town/middletown.htm>

*Residents of Middletown in the workforce



APPENDIX E-B

Demographic and Employment Table

Note: Data in this table does not include the Naval Undersea Warfare Center (NUWC)), refer to page V-8 for employment figures at NUWC, the largest employer in Middletown.

MIDDLETOWN DEMOGRAPHIC & ECONOMIC CHARACTERISTICS

	Year	2000	2010
Population		17,334	16,150

Average Employment

Total Private & Government	9,092	10,924
Total Private Only	*	10,148
Agriculture, Forestry, Fishing & Hunting	163	72
Mining	*	*
Utilities		*
Construction	247	340
Manufacturing	676	302
Wholesale Trade	202	151
Retail Trade	2,427	1,540
Transportation & Warehousing	124 (2)	104
Information	*	284
Finance & Insurance	509 (1)	567
Real Estate & Rental & Leasing		139
Professional & Technical Services	4,734 (3)	2,062
Management of Companies & Enterprises	*	279
Administrative Support & Waste Mngmnt.	*	183
Educational Services	*	270
Health Care & Social Assistance	*	1,594
Arts, Entertainment, & Recreation	*	210
Accommodation & Food Services	*	1,552
Other services (except Public Administration)	*	472
Unclassified Establishments	1	
Public Administration	*	

Number of Establishments

Total Private & Government	669	752
Total Private Only	*	738
Agriculture, Forestry, Fishing & Hunting	22	5
Mining	*	1
Utilities		1
Construction	60	70
Manufacturing	27	18
Wholesale Trade	45	36
Retail Trade	147	99
Transportation & Warehousing	15 (2)	10
Information	*	12

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Finance & Insurance	48 (1)	29
Real Estate & Rental & Leasing		38
Professional & Technical Services	302 (3)	106
Management of Companies & Enterprises	*	5
Administrative Support & Waste Mngmnt.	*	44
Educational Services	*	12
Health Care & Social Assistance	*	77
Arts, Entertainment, & Recreation	*	15
Accommodation & Food Services	*	92
Other services (except Public Administration)	*	76
Unclassified Establishments	2	-
Government	*	15

Residential Building Permits

Total units	52	12
Total single units	52	12
Total multi units	0	0
Total value	*	2,191,000

Local Property Taxes

Residential Real Estate Tax Rate per \$1,000	\$19.45	13.73
Motor Vehicles	\$16.05	16.05
Personal Property	\$19.45	13.73

Median Single-Family Home Sale Price

\$188,000

\$306,500

* 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