

5.0 INDUSTRY AND EMPLOYMENT



MIDDLETOWN PLAN OF DEVELOPMENT

5.0 INDUSTRY AND EMPLOYMENT

5.1 Introduction

When Connecticut continued to struggle in the mid-1990s with declines in manufacturing and insurance industries -- from defense spending reductions and corporate mergers -- Middletown felt the impact of cutbacks at its major employers. More recently, the City has benefited from Pratt & Whitney restructuring, with the elimination of operations elsewhere and the on-going consolidation in Middletown. Similarly, public policy regarding closure of state mental health treatment centers has resulted in the transfer of more activities to CVH. Since 1996, employment levels have been rising in Middletown and a new sense of vitality has taken hold. These examples show that the level and direction of public and private economic development and investment into the City by key community stakeholders has been accompanied by a strong intent, as well as an effective set of development tools and incentives, to shape the economic future of Middletown. This Plan recommends the following objectives:

- *Encourage additional science-based industry, information-technology businesses and corporate office uses.*
- *Encourage business recruitment that attracts highly skilled workers and companies that are environmentally friendly.*
- *Support intergovernmental cooperation and policies at the city/state/federal levels that help to attract and retain businesses.*
- *Assist employers and employees with identifying job skills programs, continuing education, apprenticeships and maintaining a skilled workforce.*

5.2 Industrial Development

A. History

From its earliest orientation in the 17th- and 18th-century toward the Connecticut River, which promoted trade in raw materials and agricultural products and the development of a shipping industry, Middletown entered the industrial age of the 19th-century without the special advantages of rail service. Nonetheless, a viable manufacturing base developed by mid-century, owing to several entrepreneurs, but was limited in further diversification and expansion by lack of access to a rail freight network. Wesleyan University was established in 1831 and quickly gained recognition as a prominent liberal arts institution. During World War I and II, the City expanded as a center of armament production, but by the mid-20th century, outmoded industrial facilities were closed and older, many family-owned firms disappeared from the roster of American manufacturing. In the late 1960s, Pratt & Whitney settled in Middletown, followed by Aetna in the 1980s. With the development of Interstate 91, Middletown became better connected with national markets and major urban centers, which facilitated truck freight access, light industrial development, and the City's attraction for office campuses. Aerospace Technologies exemplifies the new, flexible form of office, research and manufacturing in Middletown.

Situated in the Hartford economic region, which accounted for nearly half of Connecticut's employment losses in the prolonged 1989-1992 recession, Middletown is now rebounding, since 1996, with measurable job growth and tangible signs of economic development. Ideally placed geographically – within two hours of Boston and New York, and one half hour of Hartford or New Haven -- the City has long attracted major employers of highly skilled workers whose presence and transformations have characterized its economic cycles. Pratt & Whitney Aircraft, Aetna/US Health Care, Wesleyan University, the Connecticut Valley Hospital (CVH) and Middlesex Hospital account for dominant shares and the high wage levels of Middletown's manufacturing, financial, and service sector jobs.

B. Relevant Policy Statements

Guiding the Future: Plan of Development for the Year 2000, the updated plan prepared by the Planning and Zoning Commission in 1991, identified goals related to the economic development of Middletown. Much has been accomplished over the past ten years.

- *Encourage additional science-based industry, information-technology businesses and corporate office uses.*
- *Encourage business recruitment that attracts highly skilled workers and companies that are environmentally friendly.*
- *Support intergovernmental cooperation and policies at the city/state/federal levels that help to attract and retain businesses.*
- *Assist employers and employees with identifying job skills programs, continuing education, apprenticeships and maintaining a skilled workforce.*

To achieve these goals, specific strategies were formulated that ranged from streamlining the permitting process and promoting Middletown by means of a marketing brochure, to working with private and non-profit organizations to assist existing businesses and attract new businesses. In addition, the City proposed to inventory and market available land and buildings for industrial development, and to address industrial development constraints. With a clear intent to de-emphasize residential growth and actively promote industrial and commercial growth, much has been accomplished. Middletown expects to secure and maintain an economic balance between residential, commercial and industrial property taxes.

The 1991 Plan followed up on a 1978 *Regional Development Guide*, prepared by the Midstate Regional Planning Agency (MRPA), and preceded the 1998 *Recommended Conservation & Development: Policies Plan for Connecticut*. In 1998, Connecticut's Industry Cluster Advisory Boards issued *Partnership for Growth: Connecticut's Economic Competitiveness Strategy*, and in 1999 the Connecticut Regional Institute for the 21st Century released *Connecticut: Strategic Economic Framework*. These state and regional policy documents addressed the need to diversify and expand the local economic base.

The 1978 MRPA report signaled a declining regional share of employment for Middletown due to the industrial promotion activities of adjoining towns, including the creation of new industrial parks in Middlefield, Durham, and Portland. The 1998 Connecticut report traced the transformation of industry and business that has resulted in a more diversified statewide economy. The steep decline of manufacturing, to less than 18 percent of state employment, was associated with a rapid change in technologies, the mounting global competition, and shrinking defense budgets. The *Conservation & Development Policies Plan* clearly expects manufacturing

jobs to continue declining as a share of total employment statewide alongside further growth in productivity and more investment in new high-tech plants and equipment.

In the mid-1990s, the Connecticut Economic Conference Board sponsored economic research that determined six industry clusters drive the State's economy. In 1998, the Industry Cluster Advisory Boards released a *Competitiveness Strategy* based upon the continuing cluster research of Michael Porter, identifying:

- *Biotechnology & Other High Technology*
- *Telecommunications & Information*
- *Financial Services*
- *Healthcare Services*
- *Manufacturing*
- *Tourism*

Cluster firms are export-oriented and inter-related as purchasers and suppliers. They share markets, skills, technologies, data, financing vehicles and physical infrastructure. Clusters serve as platforms for economic growth, having high employment and income multipliers that expand activity of related sectors. Yet, the research has shown, the state's leading clusters have not performed as strongly as those of competing regions; without their growth impetus, other sectors of the economy will not prosper. To foster cluster innovation and competition, the report identified strategies in workforce development, manufacturing technology, the regulatory environment, capital access and incentives, marketing, and urban development. Cluster performance is regularly monitored and recommendations adapted to new opportunities.

Lastly, in 1999, the Connecticut Regional Institute for the 21st Century, in consultation with Michael Gallis & Associates, issued a *Strategic Economic Framework* that focused on the new global economic geography, the emerging corridors of trading blocs and opportunities for strategically positioned metropolitan economies. Connecticut is seen as the center of a triangular cluster of northeastern metropolitan regions, referred to as the "New Atlantic Triangle" which is bisected by the Hartford/Springfield economic region. The "Triangle" has unequalled concentrations of economic, institutional, and cultural resources, including financial services (extending from New York, through Stamford and Hartford, to Boston), educational/medical/research institutions (New York to Boston through the I-91 corridor), and cultural assets. These resources provide the foundation for developing the "New Economy," while centers and corridors within the "Triangle" create the framework for attracting its growth.

While the linear structure of the Hartford/Springfield I-91/Connecticut River Valley region represents a barrier to developing cooperative economic strategies, the competitive assets are economically and institutionally diverse. To maximize its potential, the region needs improved domestic and international access to these resources, including multimodal logistics functions that integrate freeway, rail, seaport and airport infrastructure. With improved access, the I-91 corridor could become the focus of the commercialization of technology by institutions and private research entities, while its older cities – including Middletown -- need revitalization as residential, business, cultural and entertainment hubs.

C. Public Policies & Programs

By city actions that maintained Middletown's role as the major employment center in the Midstate Region, City Planning policies have reinforced the economic development goals over the subsequent years. For industrial development these actions include the following:

- At the municipal level
 - Continued recruitment of high-profile new businesses for the IT and IOP zones situated along the I-91 corridor.
 - Planning in order to expand industrial uses in the I-3 zone in the southeast portion of the City, involving major sewer expansion.
 - Redevelopment of the IRA zone in the North Main/Miller Street area in conjunction with the State of Connecticut.

 - The Redevelopment Agency implements plans using its powers of eminent domain to redevelop specific areas of the municipality.
 - The Business Retention Program of the Economic Development Division works with local business to address industry concerns, develop business plans, work out financial strategies, streamline the development process, and create linkages to other public programs.
 - The JOBS Loan Program and the REINVEST Loan Program provide financial assistance in the form of gap financing or matching low-interest loans to eligible new and existing small manufacturers, research and development, commercial and retail firms. The financial assistance is intended for use in creation of permanent full-time employment, business expansion plans, equipment acquisition, relocation costs, or building improvements to owned or leased space.
 - Tax Abatement Ordinance. Tax and Business Incentive Ordinance provides incentives to attract new firms to the city and to promote expansion of existing businesses and industry. The incentive in the form of partial tax exemptions for real estate and other development incentives is available to eligible new and existing manufacturing firms, facilities designed for the management and administrative support of business actively located elsewhere, high technology firms, wholesale/distribution firms and retail businesses in the central business district.

- At the state level
 - The Middletown Enterprise Zone (EZ) was authorized by the State of Connecticut and includes most of the Downtown and the North End Industrial Area. As an enterprise zone community, Middletown is also a targeted investment community eligible for the Urban Jobs program. Benefits of these programs entitles qualified businesses to receive property tax abatements and deferred assessments for improvements, corporate income tax abatements, job creation grants and access to other state incentive programs.
 - The Manufacturing Assistance Act and the Manufacturing Recovery Act provide substantial incentives for capital investment by offering limited local property tax abatements on all new or newly acquired machinery used in production processes.

- The Connecticut Department of Economic and Community Development. The Department of Economic and Community Development is the state Agency responsible for promoting economic growth. An ambitious agenda of economic and community development initiatives aims to create long-term economic well-being for Connecticut citizens. DECD develops strategies and programs to attract and retain businesses and jobs, revitalize neighborhoods and communities, ensure affordable housing opportunities and foster appropriate development in Connecticut's cities and towns.
- At the federal level
 - The U.S. Department of Commerce maintains one of 70 national export assistance offices in Middletown, its only such facility in Connecticut. The office assists small businesses in initiating or expanding exports to overseas markets.

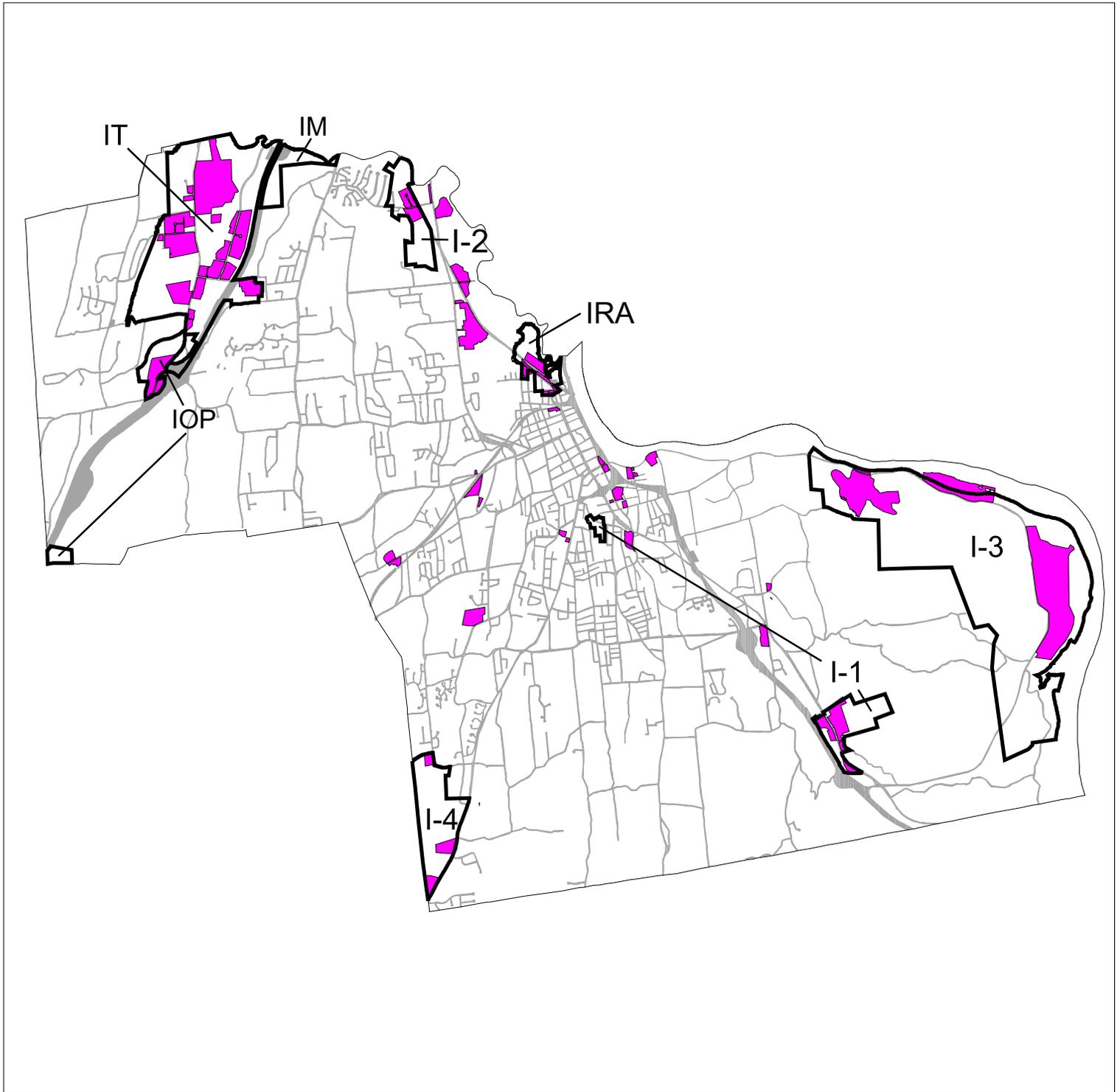
D. Private Economic Development Initiatives

In addition to many public programs and policies supporting a viable economic expansion of Middletown, several private initiatives have contributed in a significant fashion. Included among these are the following:

- **INFORM**

Industry for Middletown (INFORM) is a non-profit industrial development corporation that provides developmental assistance to businesses seeking to locate or already existing in industrial zones and projects of Middletown. The organization has been instrumental in attracting new high-tech manufacturers to the Interstate Trade (IT) zone.
- **The Middlesex County Chamber of Commerce**

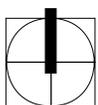
Representing over 2,000 member businesses, the Middlesex Chamber is the largest in Connecticut and provides many programs, services and activities that benefit business. Special programs include: Workforce Development, Business Resource Center, and the Business Education Partnership. An important focus for the Chamber concerns the maintenance and expansion of downtown revitalization efforts that were initiated by the City's Main Street program between 1997 and 2000.



**MIDDLETOWN PLAN OF DEVELOPMENT
Middletown, CT**

Figure 5.1 Industrial Zones

- Developed Industrial/Office
- Undeveloped Industrial/Office



0 4000 8000 12000 Feet

BFJ Buckhurst Fish & Jacquemart, Inc.

5.3 The Market for Industrial Development

Although industrial and commercial uses involve a relatively small percentage of land under development, they support an employment base of some 28,000 workers and sustain the economic vitality of Middletown. Its industrial areas are well situated with respect to freeway traffic and several have the potential for rail freight access. A brief description is given of the major industrial zones in Middletown and the current market indicators.

A. Zones

Existing industry is dispersed within eight (8) industrial zones. The zone boundaries are defined by the zoning code and their locations are keyed to Figure 5.1, showing both developed and undeveloped parcels.

(1) Interstate Trade (IT) Zone: I-91/Industrial Park Road



Aetna Office Building

The I-91/Industrial Park Road area contains the largest developed area in the City for light industrial and office-research uses. By far the largest user in the zone is Aetna/US Health Care headquarters. The IT zone covers a total of approximately 1,015 acres. Of this, an estimated 235 acres remain available for development. The undeveloped parcels have good road access via Industrial Park Road, Middle Street and Bradley Street.

(2) IM Zone

The Interstate Mixed Use (IM) zone is located immediately east of the I-91 freeway and south of Route 372. This site, originally planned for corporate headquarters use in the early 1990s, could accommodate up to 1.6 million square feet of office space. The site benefits from substantial highway frontage and good visibility from the I-91 highway. Access to I-91 is, however, somewhat restricted due to the need to construct a bridge over the Mattabasset River to access the site. Once constructed, the site would have ideal access to I-91.

(3) Interstate Office Park (IOP) Zone

This zone, designated for business and professional office use, is located to the south of the IT Zone with access off Middle Street and Country Road. The site is adjacent to the I-91 interchange. Approximately one-half of the zone has been developed, leaving approximately 45 acres for new development.

(4) I-2 Zone

Much of the I-2 zone was recently rezoned to create the Newfield Planned Commercial (NPC) zone. The current I-2 zone is located north of Mile Lane and west of Newfield Street. Much of the existing zone is vacant, though it contains some environmentally sensitive lands due to its location near the Mattabasset River. Existing industrial parcels are characterized by relatively small ownerships and auto-related services and uses. The Providence & Worcester Railroad provides potential freight access to Hartford.

(5) Industrial Redevelopment Area (IRA) Zone: North Main Street

The IRA Zone encompasses approximately 40 acres, located along the North Main Street corridor. The focus of this zone concerns re-use of the 184,000 square foot Remington Rand building as a business incubator. Over 10 tenants are already located in the facility and utilize approximately 60,000 square feet of space. The building was acquired by the City through tax foreclosure. It is currently undergoing environmental remediation and general renovation.

Immediately south and east of the Enterprise Zone boundary is the Miller Street/Bridge Street area. A study by the City Department of Planning, Conservation, and Development in 1999 concluded that the area's zoning should be amended to expand the IRA Zone into this area, in addition to undeveloped land along Route 9.

(6) Special Industrial (I-3) Zone: River Road

The I-3 Zone, covering 4,460 acres, is the largest industrial zone in the City. This area includes four (4) large tracts of land. These include: Pratt & Whitney Aircraft, lands owned by Northeast Utilities or its subsidiaries, and the former Feldspar property. As shown in Figure 5.1, much of the I-3 Zone is undeveloped due to steep topography and the lack of sanitary and water service. Road access is provided by River Road from the north and by Aircraft Road from the south. Freight rail service also connects this area to the north, with the possibility of rail access to the south.

Funding (\$8 million) for an extension of sanitary sewer to this area has recently been allocated by the State. With improved road access to the higher plateau of the zone, a number of potential parcels would become attractive sites for high profile light industrial/office uses in a low-density, campus-type setting. The sewer extension would also help retain and encourage the expansion of Pratt & Whitney, the city's second largest employer and taxpayer.

A \$250 million, 520 megawatt, gas-fired power plant has been proposed on the former Feldspar property.

(7) Service Industry (I-1) Zone: Saybrook Road

This corridor contains a number of small-scale industrial sites including storage and junkyard properties. The lack of public water and sewer, combined with potential brownfield conditions, means that there is little expansion potential in this area. A vacant site adjacent to the Route 9/Aircraft Road interchange offers high visibility and an opportunity for new office development, if included, in the I-1 Zone. In order to facilitate the redevelopment of the uses in this zone, the City should consider extending sanitary sewer services to this area.



**Light Industrial,
Saybrook Road**

(8) Limited Industrial (I-4) Zone: Route 17

The I-4 Zone is located in the southwestern portion of the City, bordered by the city boundary on the west and Route 17 on the east. Most of the site falls within the watershed area for the Laurel Brook reservoir. This land is not serviced by city sewer. Approximately 140 acres of developable land remain vacant within this zone. The zone is now seriously constrained by its adjacency to the Laurel Brook Reservoir and the City's strict watershed protection regulations. Future development of the zone will be limited to warehouse and other low water users unless sanitary sewers are extended into the area.

B. Market Indicators

Middletown is well positioned with respect to attraction of industrial development in the I-91/Connecticut River Valley corridor, including expansion of the biotech cluster northward from New Haven and New London centers of research and development. However, industrial floor space is very limited and much of the available space is located in several older mill-style buildings, including the former Remington Rand facility. Most of these spaces have ceiling heights below the desirable 22' to 24' limitation for stacking palettes as well as lack loading docks with overhead doors and tractor-trailer egress, efficient energy and drainage systems, and adequate parking.

Collectively, the older mill-style properties account for some 70 percent of the 300,000 square feet currently offered, while the remaining available floorspace is in small leases, typically less than 10,000 square feet, in existing industrial park structures. Rents in older mill structures average \$3 to \$4 per square foot; those in newer facilities, \$6 to \$7 per square foot. Most available floorspace is marketed for flex, research and development, partial office, as well as industrial uses, even though much of the space does not meet the needs of modern manufacturing

technology, office or goods distribution activities. Table 5.1 presents the distribution of available floorspace by industrial zone.

**Table 5.1
Available Properties in Existing Industrial Buildings & Industrial Sites**

Industrial Buildings				
# Properties	Zone	Square Feet	Rents	Ceiling Hght
6	(1) IT Zone	112,800	\$3-\$4	20-22'
2	(4) I-2 Zone	11,400	\$7	14'
1	(5) IRA Zone	100,000	\$3	15'
3	CBD Periphery	83,000	\$3-\$6	14'
12 Total		307,200		
Industrial Sites				
# Properties	Zone	Acreage	Price/Acre	Utilities
15	(1) IT Zone	222.8	\$35,000	G/Elec, Water/ Sewer, No Rail
1	(3) IOP Zone	29.5	\$28,100	G/Elec, Water/ Sewer, No Rail
1	(7) I-1 Zone	7.5	n/a	n/a
2	(8) I-4 Zone	42.8	\$55,600	Elec, Septic, No Rail
19 Total		394.1		

Source: INFORM unpublished data; Cerc.com, ReMax, Cushman & Wakefield web sites.

In contrast to a limited supply of industrial floorspace, Middletown offers numerous opportunities for industrial land development. Currently, a 9-acre site with capacity for an 80,000 square foot turnkey building is proposed for development in the IT Zone. Other sites on the market, available for build-to-suit development, amount to some 400 acres, more than half of which are located in the IT Zone with direct access to I-91. Large, undeveloped portions of the I-3 Zone, though currently not listed with brokers, represent longer-term development opportunities.

Nationally, the market for newly constructed industrial space has been ratcheting upwards, with development concentrated primarily in the Midwest and Far West. In the Northeast, suitable floorspace for industry and freight distribution has been declining in availability over the past several years, yet only moderate new building has occurred in New Jersey. The lack of new construction and the continued leasing of manufacturing, warehouse, and high technology space, including biotech laboratory space, have pushed asking rents up and vacancies down, particularly in southwestern Connecticut. Among 47 major industrial markets in the US, the steepest most recent decline in industrial space availability occurred in Fairfield County in 1999, but availability is also declining in New Haven County, spreading the demand for existing space and new construction northward into central Connecticut.

Although Middletown may find tenants for the limited available industrial space, its long-term advantage lies in an ample supply of land for new industrial development. As evidence, a 134,000 square foot factory is under consideration for construction next year. The IT and IOP zones are particularly well poised for such activity, having the bulk of developable land that is reasonably priced and equipped with water, sewer and utility systems. Although these sites lack rail access, their direct connection to I-91 and the national interstate network makes them more attractive for near term development than land in I-2/NPC and I-3 zones. This advantage

especially holds for light industry and high-technology production which moves by truck and air freight, rather than by rail, and represents the future of manufacturing in central Connecticut.

5.4 Economic Conditions

A. Existing Employment & Establishments

With downsizing in defense expenditures, corporate re-engineering and shifting trade flows, the structure of Connecticut's economy and its development patterns have been changing. The past has seen a continuous transformation from heavy to light industry, as high-tech manufacturing, R&D, and information-intensive services replaced traditional goods production and routine office activities. The initial production losses, which rolled-out to retail and service activity losses, are now being recovered by newer forms of both basic and population-serving activity. In Middletown, the losses in total employment since 1989 have not yet been fully restored as sectors of the economy expand at different rates. Chart 5.1 depicts the economic cycles of decline and recovery in all payroll employment of Middletown by sector, 1988 to 1998, while Chart 5.2 portrays the trend in manufacturing by goods production component.

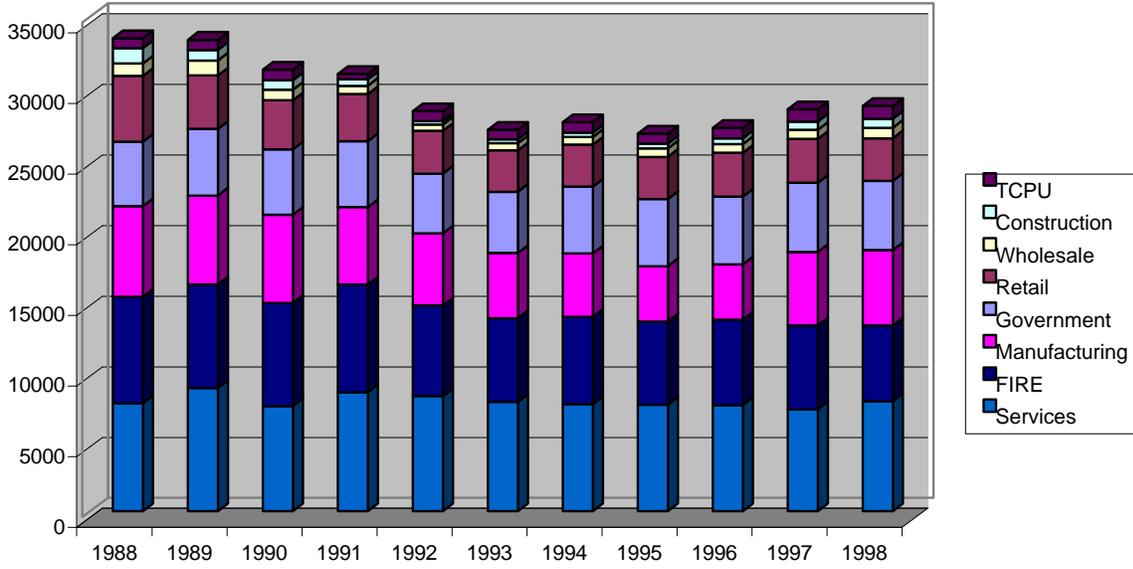
Were it not for the transfer and consolidation of Pratt & Whitney Aircraft's workforce from Florida and elsewhere to Middletown in recent years, still on-going, the level of manufacturing employment in the City would have continued declining.



Pratt and Whitney Complex off Airport Road

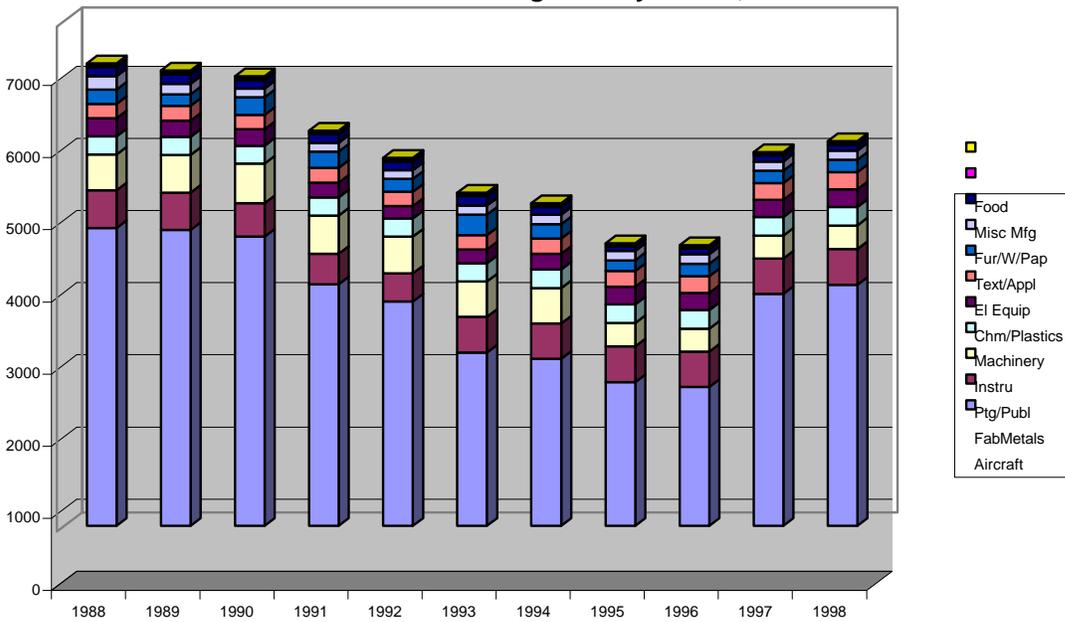
As Chart 5.2 shows, aircraft production accounts for nearly two-thirds (63%) of total manufacturing (5,330 total jobs), with modest recent gains recorded only in plastics, while machinery has recovered its decade-long losses, and all other production has continued to decline in employment. Recovery in the rest of the City's economy has also been mixed. From a level of 27,070 non-manufacturing jobs in 1988, the seven large service-producing sectors stand at 23,360 employments in 1998. Government grew the most, to 4,880 jobs, services expanded marginally to 7,790 jobs, transportation and public utilities were up, while financial services and retail trade continued to record job losses

Chart 5.1
Total Employment in Middletown by Sector, 1988-1998



Source: CT Department of Labor, 1999

Chart 5.2
Middletown's Manufacturing Jobs by Sector, 1988-1998



Source: CT Department of Labor, 1999

In part, the City's slow but continuous recovery has not been as robust as the strong performance in the rest of the Midstate Region. As Table 5.2 shows, the seven towns bordering Middletown did experience employment losses to 1993 but quickly surpassed prior peaks to top 16,000 jobs by the mid-1990s. Their growth has been achieved by a consistently strong performance in the service-producing sector. If Middletown is losing share in non-manufacturing jobs in the Midstate Region (from 70% in 1988 to 64% in 1998), it is generally holding onto more skilled and higher wage service jobs in finance, health care and education. By contrast, some of the surrounding towns' gains have consisted of lower paying work in retail trade.

**Table 5.2
Middletown's Employment in the Midstate Region Context, 1988-1998**

Year	Middletown			Rest of Midstate Region		
	NonFarm	Manufacturing	Service Producing	NonFarm	Manufacturing	Service Producing
1988	33,480	6,410	27,070	15,330	3,710	11,620
1989	33,350	6,310	27,040	15,240	3,540	11,700
1990	31,250	6,230	25,020	15,430	3,340	12,090
1991	30,940	5,480	25,460	14,890	3,160	11,730
1992	28,300	5,100	23,200	14,910	2,980	11,930
1993	27,000	4,620	22,380	14,480	3,020	11,460
1994	27,540	4,470	23,070	15,770	3,000	12,770
1995	26,710	3,920	22,790	16,060	2,870	13,190
1996	27,120	3,890	23,230	16,220	2,870	13,350
1997	28,440	5,180	23,260	16,180	2,850	13,330
1998	28,690	5,330	23,360	16,000	2,940	13,060

Note: Rest of Midstate Region comprised of Cromwell, Durham, East Haddam, East Hampton, Haddam, Middlefield and Portland.

Source: Connecticut State Department of Labor

An active business recruitment effort has been responsible in part for Middletown's on-going economic recovery. In recent years, the focus has been on both industrial type and consumer oriented businesses, as INFORM, Main Street Middletown, and the City have actively promoted vacant space and developable sites to new, expanding and relocating businesses. Over the five year period, 1995 through 1999, as Table 5.3 shows, the jobs impact of manufacturing, communications and business service recruitment has averaged roughly 250 jobs per year, while that of retail and personal service recruitment has neared 100 jobs per year. In these efforts, targeted incentives, such as Enterprise Zone, Targeted Investment Community Incentives, and local Tax and Business Incentives have been instrumental in securing the growth or expansion. However, these efforts have served to mitigate the job losses associated with business closures in both industrial and consumer oriented sectors.

Table 5.3
New Businesses, Expansions & Relocations in Middletown, 1995-1999

Manufacturing, Communications & Business Services			
Year	# of Firms	Employment	Square Feet (000s)
1995	12	341	209.4
1996	15	190	235.3
1997	15	174	168.9
1998	8	238	423.5
1999	8	293*	80.2*
Retail & Personal Services			
	# of Firms	Employment	Square Feet (000s)
1997 – CBD	10	22	n/a
1998 – CBD	19	176	n/a
1999 – CBD	9	71	n/a
1999 – nonCBD	5	n/a	n/a

Note: (*) partial data

Source: INFORM unpublished data, Main Street Middletown, and City of Middletown.

B. Current Labor Force

Concurrent with the decline and slow recovery of payroll employment in Middletown over the 1988-1998 period, the City’s resident labor force has both grown and declined. While the number of employed residents, working both in Middletown and elsewhere, remained essentially stable from 1994 onward, the number of unemployed residents declined sharply. From its peak in 1992, with 7.5 percent of the labor force jobless, the unemployment rate now stands at 3.1 percent in 1999. Thus, the development of new job opportunities in Middletown appears to not have attracted new residents and labor force participants, but rather provided employment for the unemployed. Unless adequate housing is developed to attract more working age population to Middletown, the City’s economic development progress may be stalled by restrictions on labor supply, or else essentially rewarded to a commuting labor force.

Table 5.4
Resident Labor Force Trends in Middletown, 1989-2000

	<i>Civilian Labor Force</i>	<i>Employed Residents</i>	<i>Unemployed Residents</i>	<i>Unemployment Rate</i>
1989	24,941	24,068	873	3.5%
1990	25,541	24,411	1,130	4.4%
1991	25,594	23,937	1,657	6.5%
1992	25,033	23,147	1,886	7.5%
1993	24,694	22,956	1,738	7.0%
1994	23,871	22,393	1,478	6.2%
1995	23,761	22,263	1,498	6.3%
1996	23,959	22,293	1,666	7.0%
1997	23,737	22,363	1,374	5.8%
1998	23,350	22,483	867	3.7%
1999	23,443	22,719	724	3.1%
2000	24,206	23,639	567	2.3%

Source: Connecticut State Department of Labor

C. Future Outlook

Over the near term, from 1998 to 2008, Middletown can expect moderate job growth to continue, based upon Connecticut State forecasts for the South Central region. However, if recruitment efforts remain active, and the City increases its share of regional employment by 10 percent over the ten-year period, job gains will be considerable, exceeding the peak of 1988. Table 5.5 depicts the expected and achievable range of payroll employment growth by sector. As the table shows, under current share assumptions Middletown will gain 2,270 nonfarm jobs between 1998 and 2008, with half of total employment growth concentrated in service industries, including health care and education. Should the City accelerate its employment share (9.25% overall) of the South Central Region on an industry specific basis, then the combined effect of regional growth rates and City competitive advantages could yield as many as 5,350 new payroll jobs on balance. Under either assumption, jobs gains will likely be strongest in the service industries.

**Table 5.5
Resident Labor Force Trends in Middletown, 1998-2008**

Industry Sector	1998	2008		Range of Gain, 1998-2008
		Current Share	Increased Share	
Manufacturing	5,330	5,660	6,220	330 – 890
Construction	630	750	820	120 – 190
TCPU	920	990	1,090	70 – 170
Wholesale	740	910	1,000	170 – 260
Retail Trade	3,030	3,320	3,650	290 – 620
FIRE	5,370	5,440	5,980	70 – 610
Services	7,790	8,890	9,780	1,100 – 1,990
Government	4,880	5,000	5,500	120 – 620
Total NonFarm	28,690	30,960	34,040	2,270 – 5,350

Note: South Central Region consists of Middletown, Cromwell, Durham, East Haddam, East Hampton, Haddam, Meriden, Middlefield, Portland, and 20 other towns including New Haven. CDOL forecasts for 1996-2006 were applied on an industry specific growth rate basis to Middletown's nonfarm employment in 1998 for a current share projection to 2008. The increased share projection assumed that each industry's percentage of base year regional employment would be increased by a factor of 1.10 in ten years.

Source: Connecticut State Department of Labor

Light industry consists of environmentally-sensitive, computer-intensive production of both durable and non-durable goods, including the research and development (R&D) phases of high-technology manufacturing. As such, light industry needs can range from fitted laboratory space required by biotechnology firms to office/industrial flex space adequate for small processing and assembly firms. Distributed primarily by truck and air freight, finished and semi-finished light manufactured products, including drugs or other biomedical products, would be advantageously located in Middletown by access to the interstate network and Bradley International Airport. Resources of Connecticut's *Industry Cluster Competitiveness Strategy* need to be applied more vigorously, including marketing and technical training for workforce development. To support additional education, skills, and training, Pratt & Whitney and other employers should look to establish, encourage, and support apprenticeship programs with Middlesex Community College. The future of Pratt & Whitney Aircraft in Middletown constitutes a special opportunity.

5.5 Summary

In furthering its economic development objectives, Middletown has set in motion measurable job growth and tangible signs of economic advancement. With aggressive pursuit, these actions will secure a high standard of living for its residents and an efficiently administered City, made possible by high wage job opportunities, increased tax revenues, and well-balanced public services.

This plan recognizes that the city, due to its attractive location and other attributes noted below, can, to a large extent, rely on market forces to continue to propel the economic development of Middletown. As noted in the 1991 Plan of Development, a severe economic downturn in the future can have substantial impacts on the city. For this reason the plan recommends that the city actively participate in the economic development process and attempt to fulfill the goals and objectives discussed herein. Successful economic development efforts can strengthen the city's ability to maintain its remaining rural character, protect its natural resource base, and improve the quality of life for its citizens. It is within Middletown's reach to launch a thoughtful economic development effort that should involve careful collaboration among city officials, city commissions, local businesses, the Chamber of Commerce, and community leaders.

Major Assets:

- Ample undeveloped land for both short- and long-term growth.
- Ideal location in the Northeast Corridor, midway between major markets and in the pathway of corporate office and biotechnology expansion.
- Long established home to several nationally known corporations and major institutions in education and health care with available land for them to expand.
- Reputation for a highly skilled and educated labor force.

Issues and Opportunities

- The City's prime industrial sites, from a market standpoint, for most light high-tech manufacturing are the IT and IOP zones, which provide not only an adequate supply of developable land equipped with infrastructure systems, but also afford ready access to I-91 and Bradley Airport. Because these zones also comprise the best sites for non-CBD office development, design efforts should be taken to clearly delineate the boundaries between office park and industrial park locations.
- In addition to the proposed power plant. A high value-added "science park" for R&D activity of a single or several large major producers in the biotechnology field would be an appropriate use within the I-3 zone. The sensitive environment of the zone underscores the reason for limiting its use. Also, the undeveloped portion of the zone with river views could be marketed for light industrial corporate headquarters in a campus-type setting.
- Despite its potential for rail freight service, the I-2/NPC zone is not appropriate for most manufacturing. Essentially raw commodities and low unit value durable goods travel by rail, neither of which are Middletown prospects. Rather, thought should be given to repositioning

the zone as a distribution site for consumer related rail freight (such as autos traveling by rail from ports of entry) or building materials for local construction. The existing Primary Steel facility is an excellent example of such a use. The zone also lends itself to a disassembly operation (auto or other consumer product breakdowns for backhaul rail freight) or would be feasible as a site for home improvement and garden landscaping centers. The zone's access to and visibility in the regional market, coupled with the considerable income available for home refurbishing, make this a particularly attractive option. Newfield Street (CT Route 3) will require significant improvements to accommodate any appreciable growth.

- Uses appropriate for the IRA zone along North Main Street include artisan workshops, craft studios, customized consumer product manufacturing (e.g., furniture restoration or reproduction), and related small businesses, manufacturing. The planned incubator space at the Remington Rand facility will be ideal for these uses. Access to a fiber optic cable would make the zone attractive to small information-technology service businesses, such as software writers and web page designers. The zone's proximity to upper Main Street, with its potential "urban village" character also supports these forms of development.
- In light of the limited and specialized nature of demand for industrial space in Middletown, a very low priority should be placed on development of other industrial zones, specifically I-1 and I-4 zones, or alternative long-term uses should be considered for them. In the near term, these zones will find limited uses because of constraints imposed by lack of sewer, potential groundwater contamination, and environmental constraints.
- Support development of craft and artisan-type ventures amenable to the "urban village" character within the North End section of downtown.
- Encourage the recruitment of corporate office development within the IM zone.
- Pursue re-use of contaminated industrially zoned areas for new development.
- Attract the development of professional office space to Middletown's downtown, including "smart" office buildings equipped with fiber optic telecommunications for E-commerce and IT business.
- Reserve sufficient land in the I-3 zone for Pratt&Whitney expansion and industrial/corporate office campus development.