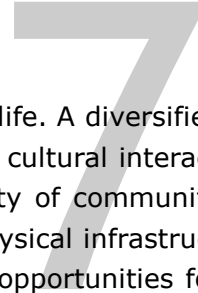


Economic Element



A healthy economy is essential to maintaining Vermont's quality of life. A diversified and dynamic economy provides employment, stimulates social and cultural interaction, and provides the resources for the provision of a wide variety of community services, including education, health care and a well maintained physical infrastructure. On the individual level, a diversified economy offers greater opportunities for individuals to engage in satisfying and meaningful occupations and pursuits.

Economic vitality is a balance between human, natural and capital resources. The interaction of these factors determines the scale and intensity of growth and development. The Economic Element of the Central Vermont Regional Plan focuses on making effective use of the wide range of resources available in the Region, while maintaining the balance of these resources.

DISCUSSION: GENERAL ECONOMIC PROFILE

Like the rest of Vermont, the Central Vermont economy has evolved from an agricultural/ manufacturing emphasis to a more complex mixture of economic activity. The growth of the travel/ hospitality/recreation industry, for instance, has contributed to the expansion of the retail and wholesale trades, and other services like construction and mortgage banking. Manufacturing, which has expanded to include food processing, plays a significant role in the attraction of tourists and the diversification of agriculture. No one sector can stand alone; changes in one will have an effect on all the others.

Total employment in Central Vermont is expected to increase by approximately 14,000 over the 2000-2020 period at an average rate of 1.4% per year. This is below the rate of growth seen between 1980 to 1990 that averaged 2.5% per year, and slightly below the growth seen between 1990 and 1999 of 1.5% per year. However, it is above the .7% annual population growth expected over the same period. While Washington County is expected to see an increase in employment over the forecasted horizon, it is expected to decrease its share of the total northwest Region's (including Chittenden, Franklin, and Lamoille Counties) employment.¹

The Region's diverse economy is divided among a variety of activities. This industry distribution is supported by an equally diverse educational and occupational profile of the work force. According to the 2000 census approximately 88% of the work force has a high school diploma or better. In fact, 38% of those 25 and over have either an Associate's degree, Bachelor's degree or graduate-professional degrees.

¹ United States. Census Bureau. [Population and Housing Census](#). 2000

These percentages have increased significantly since the 1990 census. The occupational profile of the work force indicates that the largest category falls into service occupations.

Approximately 70% of the Region's employment is concentrated in the urban core which is made up of Montpelier, Berlin, Barre City and Barre Town, with most of the balance of employment opportunities found in Waterbury, Northfield and the Mad River Valley towns. Together the Region's employment centers account for about 90% of the Region's employment and approximately 70% of its population.²

Just as the Region's economy has evolved from locally focused agriculture and manufacturing to its current place in the more complex New England and national marketplace, it will continue to evolve as markets change and competition in all sectors becomes more global.



Cabot Creamery, Cabot, Vermont.

Projections developed by the Office of Policy and Information of the Vermont Department of Labor help to identify the shifts that are occurring in the state and Regional economies. National and international forces have a tendency to have greater influence on manufacturing, while State and Regional market forces combine to influence the non-manufacturing side.

The growth of the State economy is closely linked to the expansion of trade and service industries which meet the demands of residents and tourists. Our proximity to the urban centers of the Northeast plays a major role as a market in our recreational/tourist activities. The growth in resident income also contributes to the importance of the trade and service industries.

While the next two decades are expected to produce employment growth at a rate of about 1.4% per year, approximately 84% of this growth is expected to be in the non-manufacturing sector with the addition of approximately 11,000 jobs over the forecast period (1.6% annual growth). Most of this increase (62%) will be in service industries that will grow faster than the rest of the non-manufacturing sector.

Employment in the manufacturing sector is forecast to grow 1.1% per year or by 1200 jobs by 2020. The government sector is expected to add the same number of

² Vermont. Department of Labor. Vermont Employment Projections. 2000.

new jobs while growing at an annual rate of only 7%.

The granite industry has long been at the heart of the Central Vermont Region's manufacturing sector. The Region is a melting pot of ethnic heritage brought about by the influx of immigrants drawn to the Region's granite quarries and manufacturing plants. The industry continues to be a major employer with over 1,000 jobs and in excess of \$100 million in sales. In recent years, the industry has emphasized diversification of its product line and improvement of its fabrication processes. Innovation has led to reductions in such health and environmental hazards as dust and sludge, and has led to greater utilization of processing wastes.

Ski areas are viewed as one of the Region's resources combining economic benefits and recreational opportunities. Ski area growth has direct implications for the natural, physical and socio-economic environments. The ski industry also presents the potential for secondary impacts through associated employment in the service and construction sectors, as well as the expansion of seasonal and permanent housing. A challenge exists to balance the competing demands of accommodating growth while preserving resources.

By its nature, the ski industry operates within some of the more environmentally sensitive areas of the Region. The ski areas, themselves, have often recognized the strong relationship between the health of the environment and the health of the ski industry and have demonstrated a desire to ensure that ski-related development respects the natural environment.

ECONOMIC DEVELOPMENT

Self Sufficiency

Research has shown that community and economic development are best supported when local solutions and resources are brought to bear on local problems.

Small, new businesses are the backbone of economic development and job creation. In Washington County, enterprises with less than 20 employees comprise 90% of total private businesses while providing for 38% of total private employment. (National figures are 87% and 26%, respectively.) Even though initial employment gains may be small, start-up businesses have immediate impacts on the local economy. Small companies tend to hire locally, buy locally and put more money into the local economy than they take out.

Over the past decade Vermont has become a leader in small business formation with the Central Vermont Region adding its share of new, small, innovative busi-

nesses to the list. In Central Vermont the vast majority of the more than 2000 employers fit the definition of small business.

Business development is influenced by a number of factors, as is the ability of the Central Vermont Region to nurture, attract, and retain the businesses that are crucial to the economy. The Central Vermont Regional Plan attempts to capitalize on the Region's positive factors, and also identify problems along with potential solutions.

Education

The quality of the work force and quality of life are directly related to community emphasis on education. Elementary and high school education are the basis of the human infrastructure. They provide the skills necessary for individuals to interact with one another in civil and meaningful ways. They are also the source of basic vocational skills in communications, mathematics, and problem solving.

As our society becomes more technologically advanced, these elementary skills take on even greater importance. Complex manufacturing techniques require workers who can process information and manipulate advanced machinery. Information management requires the ability to identify, isolate and utilize a wide variety of data.

The Central Vermont Region is served by a high quality public and private school system. The Region's seven high schools provide curricula ranging from college preparatory to vocational education. Several high schools have received State recognition for excellence in education. The Region's elementary schools are in the forefront of the educational reform movement making great strides in performance based programs, several of which have been recognized at the national level, and curriculum integration.

Institutions of higher education play an important role both as major employers and as support institutions for technology based industry. The Central Vermont Region hosts six colleges and post-secondary schools. Spin off institutes and for-profit ventures undertaken by the higher education community have added substantially to the economic and cultural wellbeing of the Region. Advanced educational institutions also play a major role through the provision of programs that advance technical and problem solving skills.

While an elementary and high school education can provide the building blocks for an educated work force, individual advancement and technological improvement will depend on the development of life-long learning habits and opportunities for all

workers. The public education system must expand to meet the vocational needs of adults. Public and private institutions and employers must take a proactive role in identifying the skills necessary for economic vitality in the future, and take the steps necessary to prepare and retain the work force.

Transportation and Communication

A number of factors contribute to the appeal of Central Vermont to businesses. The transportation system in Central Vermont provides ready access to markets for goods produced here, as well as facilitating the flow of tourists into the Region from the major northeast metropolitan areas. The Region is served by the interstate highway system and national freight and passenger rail service. Private business and general aviation are served by the all weather Knapp Airport, and passenger air service is readily accessible through the Burlington International Airport.

The State's communications policy and planning have benefited Central Vermont in the form of a network of telecommunication infrastructure that enables information-based industries to link into a worldwide telecommunication network. There remain challenges to both take advantage of this advanced technology, and to keep pace with the developments of this quickly changing industry. The Region-wide availability of the state-of-the-art telecommunication/information technology infrastructure (including high speed internet access and wireless communications) would increase work options for Central Vermonters and could potentially reduce commuting and its impacts on the transportation infrastructure and the environment.

Quality of Life as an Economic Consideration

Quality of life is a difficult concept to define, yet many would agree that it stems from the sense of security and well-being that comes from being part of a community. Central Vermont's small town character with its opportunities for participatory government, diverse social interaction, and human scale commerce plays a major role in maintaining an excellent quality of life.

Essential to a high quality of life is a dynamic and varied cultural experience. The village as the center of social activity provides the critical mass necessary for a flourishing interchange of ideas, art and culture. The traditional New England village is a virtual textbook of human history. The variety of architectural styles reveal the economic and social fortunes of its inhabitants, past and present.

The New England village is considered by many to be the pinnacle in land use design. In scale and function, it satisfies our needs for privacy, community and livelihood. Maintaining historic development patterns of village centers surrounded by

resource based agricultural, mineral, forest and recreational activities balances economic and environmental interests. Concentrating growth and development within the confines of a village or "growth center" allows the community to implement infrastructure improvements in an efficient and effective manner that will improve the quality of life while limiting the degradation of the environment.

Central to the preservation and development of village patterns and commerce are affordable public utilities and services that allow increases in residential and commercial densities. While the costs of water and sewer for dispersed development can be borne by individual owners and users, public systems that benefit the entire community are frequently beyond the capacity of individual users to support. Equitable methods of financing that recognize the social, economic and environmental benefits of public infrastructure must be developed.

CHALLENGES

A number of obstacles have been identified as impediments to economic development. The limited number of clearly identified, well-serviced, commercial/industrial sites hampers the ability of local businesses to expand and new ventures to develop. Some sites are identified as commercial or industrial in town zoning ordinances, but lack the needed sewer, water, electrical services or transportation infrastructure, while other areas have services available, but are not zoned for commercial/industrial use.

Similarly, the capacity of some of the Region's existing public infrastructure is being severely strained by age, quality and the demands being placed on it from all sectors. The costs of upgrading and expanding public facilities often out pace the ability of users to pay.

The lack of venture and expansion capital is a serious obstacle to business development, especially for smaller enterprises. In Vermont's small business climate, where loans have traditionally been made as much on the credibility of the individual as on the assets of the company, the effect has been profound.

Utility costs represent a substantial portion of the operating costs of many businesses, primarily in the manufacturing sector. Vermont's climate and location alone mean increased energy use and cost compared to other areas. Conflicting and sometimes lengthy permit decisions have also complicated the development process. Development proposals are reviewed by numerous state agencies, local boards and Regional planning and environmental commissions, each adding its own perspective and requirements. The myriad of permits that are sometimes required can tend to discourage the inexperienced business-person.

There has been much discussion in recent years regarding salaries in Vermont and the desirability of compensating workers with a “livable wage” (defined as the hourly wage/annual income necessary to cover all basic needs plus all relevant local, Federal, and State taxes. Basic needs include: food, housing, child care, transportation, health care, clothing, household and personal expenses, and insurance). It is an often heard refrain that our young people leave the State to find higher paying jobs elsewhere. The fact that Vermont placed in the top five states in multiple job-holders in 2000 may provide further evidence that low wages may be a problem here. Unfortunately, this trend is actually accelerating.

The Demographic Challenge

Continued economic vitality depends on the existence of a skilled, knowledgeable and innovative “next generation” workforce. With an older than average and rapidly aging population, along with the lowest percentage of people in the 25 to 29 age group in the nation, Vermont faces some serious challenges in this regard.

Recent studies in the State suggest two different points of view on, and approaches to, solving the State’s demographic problem. The 2006 report of the Governor’s Next Generation Commission espouses the belief that many young people are “forced” out of the State by the high cost of post secondary education,³ lack of available training, and lack of early awareness regarding career/educational choices. Its recommendations focus primarily on retaining young people already in the State by providing them with financial and other incentives for them to stay, helping them develop skills to offer employers, and providing them the information to make better decisions about their futures.

Another point of view, delivered in a 2007 report commissioned by the Vermont Department of Economic Development, argues that the so called “youth flight” or “brain drain” is a natural, perhaps even healthy phenomenon common to all rural areas. This document (“Growing Vermont’s Next Generation Workforce”) suggests that instead of trying to prevent out-migration, the State should instead focus on “brain circulation” – “The capture of new talent and the recapture of native talent after they have experienced other places.” CVRPC believes both approaches have validity and merit and that the data they present and recommendations they offer are not mutually exclusive, and are probably complementary.

The later study included sizable surveys of recent alumni of Vermont colleges. Among the positive revelations of these surveys was that a high percentage of the

³ Vermont has the highest tuition costs in the nation for state universities and colleges while ranking 47th out of 50 states in per capita appropriations for higher education.

respondents had an interest in moving back to, or remaining in, Vermont. Notable among the reasons offered was an affinity for the State's environment and culture. Chief among the barriers were our relatively low wages and high cost of living – a daunting financial “double whammy.” While stating that 80% of the State's college students move out of Vermont within one year after graduation, the report did cite a number of unique opportunities for Vermont and makes a case for optimism. Among the encouraging factors are:

- Colleges and universities are already actively engaged in attracting young people to Vermont – over 50% of those enrolled are from out of state.
- Vermont's tourism/recreation industry is a “natural draw” for young people to experience Vermont's quality of life.
- The younger generation is less bound to the notion of corporate employment and more inclined to make “value-based” career choices than previous ones. Both of these factors bode well for entrepreneurial, innovative, “socially responsible,” small business development.
- Information technology has widened the horizons for recruitment and marketing.
- According to survey results, “Students who become interns at area companies are up to 75% more likely to stay in Vermont.”

CVRPC must recognize these trends and strive to support and cultivate opportunities for young people to stay in, return to, or discover our Region as an exciting and affordable place to work and live.

SUMMARY

Vermont's "quality of life," its work force, the environment, and Vermont's positive marketing image are assets to doing business in Central Vermont.

Central Vermont has the underpinnings of a strong economy. The diversity of its larger employers, the number of small employers, the variety and level of skills found in its labor force, and the quality of life are its prime assets. In conjunction with local government, businesses and other Regional development groups, the Central Vermont Regional Planning Commission will participate in economic development efforts by helping communities capitalize on their assets and helping the Region and state to overcome economic obstacles.

The purpose of this element is to guide and plan for economic development that will create employment in Central Vermont which keeps pace with the Region's labor force, provides an adequate flow of taxable economic activity to fund State programs, and increases the wealth and economic well being of residents.

ECONOMIC GOALS AND POLICIES

Goal 1:

Promote and support a diversified economy that will provide full employment at a livable wage,⁴ display minimal fluctuation, and have minimal negative environmental impact.

Policies:

1. CVRPC encourages municipalities and the State of Vermont to identify and assist expansion of locally based industries that utilize the Region's natural resources and raw materials with particular emphasis on value-added processing of mineral, agricultural and forest products;
2. Support the continuation and development of manufacturing networks and information exchanges to more fully utilize the Region's manufacturing capacity;
3. Develop and disseminate information on development incentives, techniques and resources for towns and local development groups;
4. Foster cooperation among State agencies, municipalities, area development groups, banks, and citizens groups in the siting and permitting of development projects.

Goal 2:

Work with municipalities to find land that both the municipality and CVRPC would agree would be suitable for commercial and industrial development.

Policies:

1. At the request of a municipality, CVRPC will assist in evaluating the viability of an industrial site in their locale with the evaluation being based on existing data.
2. Continually update the Central Vermont commercial/industrial sites data base

⁴ A livable wage is defined as the hourly wage/annual income necessary to cover all basic needs plus all relevant local, Federal and State taxes. Basic needs include: food, housing, child care, transportation, health care, clothing, household and personal expenses, and insurance.

and provide this information to municipalities and interested parties.

3. Support the reclamation and redevelopment of contaminated, or potentially contaminated, sites (i.e. "brownfields") and actively seek funds to facilitate this effort.
4. Encourage municipalities to utilize CVRPC's GIS Services capability.

Goal 3:

Assist in maintaining and strengthening the Region's city, village and growth center economies.

Policies:

1. Work with municipalities to identify and preserve important, economically viable, historic structures.
2. Facilitate the full utilization of downtown revitalization efforts and programs, including the Vermont Downtown Designation Program and the Village Designation Program, by providing materials and technical assistance to eligible and interested communities.
3. Provide assistance to cities and towns desiring to expand their commercial activity.
4. Assist in maintaining and facilitating housing in commercial districts.
5. Support municipalities who seek payment in lieu of taxes as part of the approval of construction of State facilities.
6. Encourage and support inter-municipal cooperation, especially within adjoining growth areas, for sharing of water and wastewater capacities.

Goal 4:

Encourage improvement and expansion of the Region's commercial recreation (Commercial recreation is defined as any recreational enterprise operated as a business and open to the public for a fee).

Policies:

1. CVRPC will help to seek resolution to conflicts which may arise between commer-

cial recreation and other uses.⁵

2. Work with municipalities to identify viable options for expanded commercial recreation.

Goal 5:

The Region should have a sufficient inventory of commercial and industrial sites to meet future employment needs.

Policies:

1. Assist each town in the identification of future employment needs.
2. Encourage each town to incorporate an economic development element in its town plan.
3. Assist municipalities in identifying and prioritizing options available to meet industrial and commercial site development needs, including the potential for use of small wastewater treatment systems.
4. Help to identify the Region's funding requirements to support employment growth, including the funds needed for infrastructure improvements.
5. Promote new views of zoning and assist in implementing zoning that is reflective of the community's needs and will enhance employment opportunities.

Goal 6:

Use existing GIS information to assess the development capacity of and for commercial and industrial sites in the Region in light of available data and the policies of this Plan.

Policies:

1. CVRPC will assist municipalities in evaluating the viability of industrial and commercial sites.

Goal 7:

Ensure that State laws which affect job creation are reviewed and revised to respect

⁵ One example of resolving conflicts would be the Memorandum of Understanding that currently exists with CVRPC, the Mad River Valley Towns of Fayston, Waitsfield, and Warren, the State of Vermont, and the Sugarbush Area Resort in which the ski area and the Towns work cooperatively to address area wide issues, such as housing, transportation, and natural resources impacts, affected by the presence and expansion of the ski area.

local decision making to the maximum extent possible consistent with sound environmental planning.

Policies:

1. CVRPC will help define, review and comment on proposed changes in law that allow communities to broaden the scope of local development review and that increase the influence accorded local and Regional findings in State permit processes.
2. At the request of a municipality, CVRPC will assist in the creation or modification of town ordinances, policies and procedures that will provide the town with increased influence in State permit processes.
3. In accordance with adopted Act 250 policies, CVRPC will, at all levels of review, actively present and advocate Commission findings on Act 250 projects (whether favorable or unfavorable to the applicant), and provide technical assistance to member municipalities when requested to do so in accordance with the Commission's Act 250 policies.

Goal 8:

Region to have and provide consistent, Regional data, estimates, and projections.

Policies:

1. Coordinate with State agencies to collect and distribute data avoiding unnecessary duplication.
2. Work with municipalities to determine which data is important to the Region and identify ways in which such data can be collected and distributed on a regular basis.
3. Continue to upgrade and expand CVRPC's GIS capabilities.

Goal 9:

Support the development of the Region's technological infrastructure.

Policies:

1. Encourage the expansion and development of high speed data transmission in a effort to foster utilization by area residents, businesses, and municipalities.

2. Support the appropriate development of the Region's wireless communication network.

Goal 10:

Promote and enhance educational opportunities for all residents, as well as improvements to and use of the transportation infrastructure as outlined in the Utility, Facility, and Services and Transportation Elements of this Plan.

Goal 11:

To retain native youth and attract new young adults to the Region in order to support our future economy and enrich their lives.

Policies:

1. Support the efforts of the Vermont Legislature to provide continuing funding to make Vermont's post secondary education more affordable for State residents through scholarships, loan repayment programs, and workforce development grants.
2. Work to implement the goals and policies presented in the Housing Element of this Plan in order to facilitate affordable housing for younger adults.
3. Support efforts and programs to raise aspirations of the Region's middle and high school students through career awareness education and training. In this spirit, CVRPC staff should continue to take advantage of opportunities to talk to area students about the work we do and the technologies we employ.
4. Support efforts to market the Region as a unique and exciting place to visit, work and live.
5. Continue to look for opportunities to employ student interns at CVRPC and encourage others to do the same whenever possible.

