

X. ECONOMIC DEVELOPMENT

A. Introduction

The Region's residents enjoy a quality of life that would not exist without a strong and diverse economy. The survival of such an economy depends upon maintaining existing economic resources, and developing new economic resources that increase the potential for greater income and diversity. The purpose of this chapter is to define goals and recommendations based on information, data, and analyses of the Region that will improve the economy and, therefore, the standard of living and quality of life of residents.

This chapter cites information and analyses from the Regional Strategic Economic Development and Community Development Plan (Economic Plan) which was developed over an 18 month period and finalized in February 2003 (publications page of www.swcrpc.org). The Economic Plan was developed through a collaboration of many parties in the Region including the RPC, and highlights the key findings and conclusions that have served as a living road map since its publication.

When evaluating the Region's economy, it is important to recognize that economic development is more than creating new jobs, building new roads, attracting more businesses, constructing new housing and increasing the taxable grand list. Economic development also includes considerations of the quality of jobs and the sustainability of a high quality of life for residents of the Region. As the Economic Plan illustrates the interdependence between high quality of life, a clean environment, high-paying jobs, regional income and public revenue is referred to as a "circle of prosperity."

B. Economic Characteristics and Trends

1. Economic Trends

a. Local Economic Trends

This Region's ten towns are diverse in their history, geography and accessibility; factors which have ultimately influenced the types of economic activity that are found in each town.

Springfield and Windsor are part of the area once known as the "Precision Valley" for its past predominance in the machine tool and precision metal working manufacturing sector. Located on major waterways (Black River, Mill Brook and Connecticut River), and in close proximity to established road and railroad networks, they were ideal for manufacturing centers, which contributed to their standing as a major economic force in Vermont in the early 1900's and during WWII. While rapid changes in this industry lead to major declines in employment between 1970-1990, both towns maintain their accessibility to road networks and past infrastructure that make them ideal for future economic development.

Ludlow, also one of the most developed towns in the Region, started out as an agricultural community, before becoming a center for manufacturing in the late

1800's. The railroad provided a link to the rest of the state and the country, allowing Ludlow's manufacturing industry and textile plants to grow and become successful. In the 1940s, Ludlow's primary economic base involved textile mills. In 1956, ski facilities were developed and later improved on Ludlow Mountain, later to become Okemo Mountain Resort. Ludlow has undergone significant economic restructuring over the past two decades, making a transition from a dominantly manufacturing "mill-town" to a service-oriented tourist destination.

In addition, the towns of Chester, Ludlow and West Windsor have local economies heavily dependent on tourism and second home owners who visit these areas to enjoy ski resorts, country clubs, restaurants and boutiques that cater to this population.

Weathersfield and Cavendish historically had numerous mills along the Black River in the early 1800's. Agricultural activities predominated along the Connecticut River in Weathersfield. In recent years, a tourist oriented economy is growing in Cavendish influenced by Okemo in Ludlow. Mack Molding, which makes custom plastic molds, is Cavendish's largest employer, and operates in a former woolen mill in Cavendish Village. Currently Weathersfield has a number of small businesses, including service industries, construction, orchards, gravel quarry and metal recycling.

Like with the towns discussed above, agricultural and mill activities predominated historically in Reading, Baltimore and Andover. These towns remain mostly rural today, with current economic activity involving, but not limited to, home based businesses, manufacturing/processing of local products, small shops, and occupations that rely on the internet.

b. Macro-Economic Trends

Developing appropriate goals, policies, and recommendations requires an understanding of the current performance and structure of the Region's economy. This understanding includes the macro-economic trends and the unique regional factors affecting it as well as information about the situation-performance and economic structure. Lastly, identifying key industries will help to determine what needs remain to be met for businesses and how to attract new companies as well.

There are many global forces that will have a significant influence on the economic environment over the coming years. Some forces are inevitable and it is vital to understand their influence in order to react accordingly.

Macro-Trend 1: Markets are Becoming Increasingly Global

Economic development policy must be made considering national – if not global – economic factors for many of the Region's key employers. It cannot be made in isolation of these still-unfolding factors.

Macro-Trend 2: Demand for "Green Products" is Rising

Increased awareness and concern for global climate change has created an emerging market for green technology in the country and around the world. (See Energy

Chapter for more discussion on climate change). This demand encompasses a variety of potential products including ones focused towards alternative energy, energy-efficiency and environmentally friendly products and processes.

Macro-Trend 3: Technological Innovation

Technological innovation is making us more productive at changing the way goods and services are made. Continued growth in productivity and continued investment in training the Region’s workforce to meet these technological needs is key to the regional economy’s ability to compete in the future.

Macro-Trend 4: Internet Commerce and Telecommuting

The widespread adoption of information technology means a “new economy” competition is here to stay. The Region’s economies must be able to apply knowledge and technology to the production process in order to remain competitive.

c. Key Regional Industries

During the Economic Plan research process, a list of key regional industries was generated based upon relative wage level and job growth performance over the past two business cycles and updated recently. This process identified 18 sectors meeting the initial threshold criteria. These sectors were then grouped into 8 defined sectors (listed below). This analysis did not include the governmental sector since the strategy was to build regional competitiveness. The following representative firms are not intended to be all-inclusive.

➤ **Specialty Food Products**

Defined as: Product development, marketing and/or distribution functions associated with food products targeted to niche consumer markets.

Representative Regional Firms: Drew’s All Natural, Harpoon Brewery, Black River Produce, Cavendish Game Birds

➤ **Publishing**

Defined as: Firms specializing in the development, publishing, marketing and distribution of products consisting of intellectual property and or data.

Representative Regional Firms: Newsbank, Inc.

➤ **Natural Resource Based Manufactured Products**

Defined as: Traditional and high value products manufactured from intermediate natural resources materials.

Representative Regional Firms: Jeld-Wen, Kiosko, Inc., Clear Lake Furniture, Vermont Hardwoods

➤ **Engineered Products and Design Support**

Defined as: Fabricated specialty goods including the engineering and design required to satisfy customer specific needs and specifications.

Representative Regional Firms: Hancor, Inc., Mack Molding Company, NBC Solid Surfaces, Inc., Simon Pearce, IVEK Corp., Kiosko, Inc., Acrylic Design, Inc., Lucas Industries, Inc., M.E. Baker Company

➤ **Traditional Machine Tools**

Defined as: Firms engaged in the design, manufacture, repair and rebuilding of metal forming machines and machine tooling.

Representative Regional Firms: Vermont Machine Tool, Lovejoy Tool Company, , Rod Gray Machine Tool Services, Dun-Rite Tool, CNC North, Vermont Precision Machine Service, VPE, Inc.

➤ **Construction**

Defined as: Firms engaged in the design and/or construction of buildings or building materials.

Representative Regional Firms: Gurney Brothers Construction, Miller Construction, Inc., Daniels Construction, Crown Point Builders, Inc., Biebel Builders, Inc., All Seasons Construction

➤ **High Value-added Professional, Scientific and Technical Services**

Defined as: Firms specializing in selling professional, scientific and technical knowledge and skills primarily to other industry clients and customers.

Representative Regional Firms: Stantec, Precision Valley Communications, Dufresne and Associates PC, Seldon Technologies

➤ **Destination Family Resort and Recreation**

Defined as: Firms providing the core services of lodging, meals and recreation activity to traveling and vacationing consumers.

Representative Regional Firms: Ascutney Ski Mountain, and Orange Lake Resort at Ascutney, Crown Point Country Club, Okemo Mountain Resort and Okemo Valley Golf Course

Developing an understanding of why these sectors may or may not have been successful in the Region is the key to building competitiveness. Finding ways to build on and potentially replicate these successes is not only critical to supporting current successful sectors of the economy, but also vital in helping those sectors that are struggling to develop a job retention strategy to protect and grow the Region's current employment base.

2. Economic Sectors

The service sector is an important part of the local economy. This sector includes such types of employment as health care, education, recreation, and arts and entertainment. Some of the largest service employers in the Region are health care providers, such as Mount Ascutney Hospital and Health Care Center and Springfield Hospital. Some of these service providers are the fastest growing, highest wage earning sectors of the regional economy.

The need to develop a strategy to meet the demands of the regional economy, and create and maintain jobs that mirror economic trends is necessary to preserve quality of life and also to create a critical mass of skilled labor. Workforce development opportunities provided by the Connecticut River Valley Workforce Investment Board (WIB) and the Howard Dean Education Center include a major starting point to achieving this goal. WIB is responsible for coordinating workforce training in southern Windsor County, takes input

from employers and workers in the Region and partners with area educators and providers to help develop training programs to serve the area's economic development needs.

In addition to the largest employers highlighted in **Table 10.1**, it is also important to consider that businesses employing five or fewer individuals account for a large percentage of employment in the Region. The smaller, more diverse nature of these businesses allow for increased flexibility and adaptability for them to respond to changing global and local demand.

| Employer | Product/Service | Town | # of Employees 2003 | # of Employees 2008 |
|---------------------------------------|---|------------------------------|----------------------------|----------------------------|
| Okemo Mountain Inc. | Ski resort | Ludlow | 1200 winter 250 summer | 1500 winter 300 summer |
| Local Government | Schools, municipal services | All towns | 273 | 1,349 |
| Springfield Medical System | Hospital/Medical services | Springfield | 480 | 600 |
| Mt. Ascutney Hospital | Hospital | Ascutney | 320 | 475 |
| State Government | All services | All towns | 224 | 405 |
| Jeld-Wen | Door/Window Manuf. | Ludlow/Springfield | 97 | 250 |
| Newsbank, Inc. | Electronic pub. | Chester | 260 | 200 |
| Black River Produce | Wholesale distribution | Springfield | 130 | 152 |
| Mack Molding | Injection-molded plastic | Cavendish | 140 | 103 |
| Shaw's | Supermarket | Springfield/Ludlow | NR | 100 |
| Ascutney Mtn./Orange Lake Resorts | Skiing | Brownsville | 250 | 100 winter 50 summer |
| Simon Pearce, US | Glass/Ceramics manufacturer. | Windsor/Quechee Village | 97 | 95 |
| Federal Government | All services | All towns | NR | 93 |
| Kiosko Inc. (2006) | Furniture and retail fixture producer | Springfield | N/A | 90 |
| Precision Valley Communications Corp. | Utility network mapping/eng. Services | Springfield | 56 | 86 |
| Gill Odd Fellows Home | Nursing home | Ludlow | 80 | 80 |
| NBC Solid Surfaces | Fabricates/installs solid surfaces | Springfield | NR | 80 |
| Visiting Nurse Alliance of VT and NH | At-home nursing services | Ludlow, Chester, Springfield | 75 | 80 |
| Lovejoy Tool Company | Indexable insert milling cutters manuf. | Springfield | 76 | 68 |
| Hancor | Plastic drainage pipe manuf. | Springfield | 65 | 65 |
| VTEL | Telecommunications | Springfield | 59 | 65 |
| IVEK | Dispensing manuf. | | NR | 61 |
| Stantec | Engineer consultants | Springfield | 72 | 60 |
| Springfield Printing | Printing services | Springfield | NR | 50 |

NR: Not recorded

Source: Vermont Department of Labor (2007), SWCRPC (2008)

C. Economic Future and Vision

1. Regional Economic Vision

The Economic Plan created an economic vision for the Region which still holds true today. It states:

“To improve the quality of life of families in our Region and to retain more of our Region’s young people in the future, we need a diverse base of globally competitive, successful businesses. Achieving that will be the result of a shared Region-wide effort to strengthen existing key businesses in the Region while we constantly search for and capitalize on new opportunities.”

2. Economic Services and Programs

As reflected in the Economic Plan, there are a variety of organizations that continue to provide economic development services to the Region. The combined efforts of these organizations have resulted in a diversified economic base, which has formed the foundation for this area’s economic recovery. These organizations, and their mission statements, where applicable, include:

- Springfield Regional Development Corporation (SRDC): The SRDC’s mission is to “help companies create and sustain employment in our Region”. SRDC provides assistance to existing businesses and attracts new businesses to the Region. SRDC is also active in assisting new start up companies. They provide assistance with site location, financial packaging, training, permits and industrial site development. SRDC works with all applicable and appropriate federal, state and local programs. www.springfielddevelopment.org
- Southern Windsor County Incubator (SWCI): SWCI serves the municipalities of Cavendish, Chester, Springfield, Windsor, Ludlow, and Weathersfield and provides support to innovative entrepreneurial activity in order to enhance the creation of profitable businesses, add meaningful jobs, attract new people, ideas and capital, and enhance the quality of life in southern Windsor County for the benefit of all. The Incubator has particular focus on sustainable technologies. <http://swcincubator.org>
- Springfield on the Move (SoM): SoM is a non-profit organization whose mission is to work with property owners, businesses, citizens and town governments to enhance and revitalize Springfield’s downtown as an attractive desirable and economically viable destination for residents and visitors. www.springfieldonthemove.org
- Windsor Downtown Program: An organization established to revitalize the downtown area and to increase visibility for, and preserve and beautify, Windsor’s designated downtown.

- Ludlow Streetscapes, Inc.: Streetscapes is incorporated as a 501(C)(3), non-profit organization. The organization’s mission is to “make Ludlow a more attractive location in which to live, work and play by ensuring the vitality of its central business district.” Streetscapes is partnering with the Village of Ludlow in its application to the Downtown Program.
- Windsor Improvement Corporation (WIC): WIC is leading an effort to revitalize the Windsor downtown and riverfront area into mixed-use and light industrial activities.
- Connecticut River Valley Workforce Investment Board
- Connecticut River Development Corporation (CRDC)
- Local Development Corporations – Chester, Ludlow, and Windsor: Each functioning locally by providing advice and direction for revolving loan funds and property development.
- Local Chambers of Commerce:

Andover, Cavendish, Chester, Ludlow:

Okemo Valley Regional Chamber of Commerce; www.okemovalleyvt.com

Springfield, North Springfield, Weathersfield:

Springfield Regional Chamber of Commerce; www.springfieldvt.com

Reading, West Windsor, Windsor:

Windsor-Mt. Ascutney Region Chamber of Commerce; www.windsorvt.com

These organizations have implemented a variety of projects aimed at achieving economic revitalization through modernizing the existing infrastructure and training of the Region’s workforce. This in turn will hopefully attract a variety of businesses to the area and positively impact the quality of life of residents.

D. Issues and Opportunities

1. Adaptive Re-use and Brownfields

Adaptive re-use of the existing infrastructure left behind by the departure of machine tool and other large manufacturing plants represents an economic opportunity that not only contributes to the revitalization of downtowns, but also provides potential space for new businesses. The RPC has partnered with many different organizations to help see this to fruition and has been successful in attracting new businesses to Springfield and Windsor.

Since 1999, the RPC has been an active participant in the Environmental Protection Agency's (EPA) Brownfields Program, which provides federal funding for assessing and cleaning up brownfields. The RPC Brownfields Program has been assisting towns and

property owners throughout the Region in the process of revitalizing brownfields. These properties, when cleaned up, have the potential to become valuable to the surrounding community. Redeveloped properties not only generate tax revenues, jobs, and stimulate economic growth, but they also turn blighted sites into a place that is both productive and aesthetically pleasing or attractive.

The Program offers two avenues for assisting property owners and *bona fide* prospective purchasers of brownfields properties in the Region: (1) the Southern Windsor County Brownfields Reuse Project (SWCBRP) – grant funding which allows property owners or prospective purchasers to take advantage of technical assistance, and (2) the Southern Windsor County Brownfields Revolving Loan Fund (SWCBRLF) – allowing the RPC to administer grants to municipalities and nonprofits, and low-interest loans to those who meet EPA eligibility requirements.

The SWCBRP, funded through the EPA, has helped to facilitate various stages of cleanup at the following sites:

- Windsor Welcome Center – newly renovated Welcome Center in former home of Windsor Machine Products – downtown Windsor
- Proctorsville Green – redeveloped affordable housing complex - Cavendish
- Old Fellows Gear Shaper Facility – redevelopment of former machine tool shop – Springfield
- Jones & Lamson Site – former machine tool company - Springfield
- Jones Center – former machine shop now used for industrial space for three companies - Springfield

2. Economic Downturn

According to the October 2008 Vermont Economy Newsletter, perhaps the biggest impact of the national economic downturn starting in 2007/2008 will be on state revenues. The state benefited this decade from rising income tax revenues due to the progressive nature of our income tax structure and rapid income growth in the upper income quintile. In this recession, that group is likely to be hard hit as capital gains, business income, and dividend and interest income will be constrained by the recession and financial market crisis. Falling earnings from high-income Vermonters will lead to large declines in income tax revenues, requiring cuts at a statewide level. Given the high proportion of state and human services in Springfield, statewide budget cuts have the potential to greatly impact our Region.

3. Changing Demographics

According to the May 2008 Vermont Economy Newsletter, the Region's population is aging as discussed in Chapter 2 – Regional Profile. Vermont's as well as the Region's slow population growth, are limiting the growth of our work force and could potentially have an impact on the regional economy. One of the major challenges facing this Region today is how to retain and attract younger people to this area to offset the growing population of people 60 years and over in this Region (22.2% in 2007).

4. Affordable Housing

Another challenge to economic growth is to ensure affordable housing for workers in this Region. (See Housing Chapter for more information on Affordable Housing). Like most of the Northeast, this Region suffers from a lack of housing units, both new and old, at a price that is affordable for a significant portion of the workforce. The 2003 Vermont Job Gap Study documents that a significant percentage of full-time workers in Vermont still do not earn enough to pay for all the basic necessities of living. Focusing on the development of affordable housing in the Region, coupled with attracting new good paying jobs, is paramount to ease this burden.

5. Workforce Training

The Howard Dean Education Center in Springfield serves as a valuable resource for workforce development and training in this Region. Services provided at this center include the River Valley Technical Center, serving over 450 students, a job training program contracted through Vermont Technical College, the Community College of Vermont's Springfield Office, Vermont Interactive Television (VIT), and the University of Vermont (UVM) Extension. In addition, as previously discussed above, WIB also serves as an important resource for workforce development.

6. Child Care

While Vermont law is very restrictive regarding child care, the industry is a necessary part of the Vermont economy — pumping money into local communities by supporting working families, creating jobs and generating taxes through employment and the purchase of goods and services. Money spent on child care stays in Vermont communities, helping children, families and local businesses. Statewide, childcare:

- Is a significant force in the state's economy;
- Enables people to work; and
- Impacts economic growth when supply is insufficient.

7. Green Economy

Today's world is experiencing an increased awareness of our individual and collective impact of our consumption on the environment. This has created a fast-growing global movement for environmentally friendly goods and services and a growing desire to explore a variety of renewable energy sources such as solar or wind to reduce the world's dependency on fossil fuels thus decreasing consumer's carbon footprints. All of this is collectively referred to as the "Green Economy".

Vermont has long been recognized for its environmental ethos and is largely considered a leader as a Green state, even being named as one of the three "greenest" states in the country by *Forbes Magazine* in October, 2007. To support the growth of the Green Economy businesses, Vermont has built an infrastructure in the form of public programs and public/private partnerships focused on developing this industry. As a past leader in innovation and industry coupled with an available stock of industrial property, our Region is uniquely poised to take advantage of this new industry. Taking advantage of this position

could be the opportunity this Region has been looking for to reemerge as a competing exporter of Green products.

ECONOMIC DEVELOPMENT GOALS

1. To maintain and enhance the “quality of life” enjoyed by residents of the Region in order to retain current and attract new businesses and workers.
2. To diversify the Region’s economic base thereby reducing the risks of depending too heavily on one economic sector.
3. To support the redevelopment of downtowns by assisting local downtown and development groups.
4. To maximize the use of existing infrastructure and buildings to the greatest extent possible with economic development efforts focusing on the redevelopment of under-utilized or vacant industrial buildings and parks.
5. To designate local and regional growth centers and industrial parks that direct and concentrate future economic expansion.
6. To support economic development within areas of concentrated development (Regional Centers, Town Centers and Village Centers) and industrial parks by expanding and improving regional infrastructure such as telecommunication, transportation, energy, sewer and water systems.

ECONOMIC DEVELOPMENT POLICIES

1. The Region’s comparative advantage is in its quality of life, excellent work force and entrepreneurial spirit. Economic development activities should strengthen and enhance these regional characteristics.
2. Regional development activities should support the diversity of the Region’s economic base by encouraging entrepreneurship, supporting the expansion of local businesses and attract new businesses that are consistent with the Regional Economic Development Plan.
3. Support economic development efforts that will promote building sustainable competitiveness in the highest return, value-added sectors of the economy.
4. Infrastructure expansion or extension, especially sewer and water should be done in a way that restricts expansion and/or extension to those growth areas designated in town plans and zoning regulations.
5. Communities are encouraged to support vocational and technical training opportunities to maintain a skilled work force.

6. Towns are encouraged to focus industrial and commercial development within designated areas, including Regional Centers, Town Centers, Village Centers and industrial sites.

ECONOMIC DEVELOPMENT RECOMMENDATIONS

1. Assist municipalities in a review of their regulations and administrative procedures to ensure clarity in their permitting process.
2. Encourage towns to develop capital improvement programs so that future expansion/maintenance of infrastructure will not place undue hardship on communities.
3. Provide education forums and other types of technical assistance to educate municipalities on economic development and infrastructure planning.
4. Continue to provide staff assistance to local economic and downtown development groups.