

# **Economic Development Strategy for the Boothbay Region**

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***Prepared By:***



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**DEVELOPMENT  
CONSULTING  
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## INTRODUCTION

In early 1997, the Boothbay Region Economic Development Corporation (BRED) received a grant from the Maine Department of Economic and Community Development's (DECD) Community Development Block Grant Program. The purpose of the grant was to assist BRED in the development of a strategy for Economic Development for the four communities in the Boothbay peninsula.

BRED selected Development Consulting Services of Gardiner and Jacqueline Hewett of Raymond (the consultants) to develop this strategy. Working with BRED and community leaders in the Boothbay Region, the consultants have completed an economic strategy that includes the following elements:

- 1** An Economic Base Analysis for the region;
- 2** An examination and evaluation of the region's Strengths and Weaknesses as well as any Opportunities and Threats external to the region that could affect its development;
- 3** An inventory of the governmental and private sector resources available to the region for furthering its economic goals;
- 4** An identification of specific business sectors that represent good targets for business attraction efforts; and
- 5** A series of action steps that BRED and the communities in the Boothbay region can take to achieve their Economic Development goals and objectives.

The five elements of this strategy are intended to be comprehensive and complementary. The action steps that are identified in Section V are the culmination of the research conducted for the previous four sections of the report. Persons reading this strategy, therefore, should be aware of the connection that exists between the various sections of this report.

The consultants wish to thank the members of BRED who assisted in the preparation of this strategy. They provided valuable guidance during the development of this report. In addition, we wish to thank the many citizens from the towns of Boothbay, Boothbay Harbor, Edgecomb and Southport who at BRED's invitation, participated in a focus group that helped the consultants understand the attitudes of local citizens toward development in their communities.

# **I. BOOTHBAY REGION ECONOMIC BASE ANALYSIS**

## **INTRODUCTION**

This report provides an analysis of the economic base of the greater Boothbay region (Boothbay, Boothbay Harbor, Southport and Edgecomb). It provides a description of economic trends and an analysis of why these trends exist. The statistical information that is included in this report comes from a variety of

sources. The information is the most current available, although in some instances it is census data from the 1990 Census. In most cases regional and state data is also provided to compare the Boothbay area to the larger regional economy and to the economy of the State as a whole.

## **POPULATION**

Since 1960 the population of the Boothbay region has grown considerably for some towns in the region and less so or not at all for others. Between 1960 and 1995 the Town of Edgecomb saw a 132% increase while Boothbay saw a 60.2% increase. The increase in Southport was 49% while Boothbay Harbor experienced a decrease of 1.3%. The region as a whole saw an increase of 37% which is significantly less than the 69.4% increase Lincoln Co. experienced during this same time period.

As shown in Table 1, the largest increases occurred during the period from 1970 - 1990 while the period from 1990 to 1995 shows a decline in population for all towns in the region except Edgecomb which experienced its smallest increase since 1960.

The growth of this region during the 70's and 80's was not unlike the rest of coastal Maine. Migration from the cities to more rural locations, second home

development, transplanted retirees and expanded commercial development associated with tourism all joined together to fuel the growth of coastal communities. Boothbay Harbor was the exception to this trend and may have escaped the rapid growth experienced by its neighbors because of the limited amount of developable land available there.

Since 1990, population estimates from the State of Maine Department of Human Services show population in the region to have declined in Boothbay, Boothbay Harbor and Southport. These estimates however, are just estimates and are not always a good indicator of actual trends. Based on this information, the most reasonable conclusion that can be reached is that since 1990 the region's population has been generally stable.

**Table 1: POPULATION GROWTH - BOOTHBAY REGION 1960-1995**

	<u>Boothbay</u>	<u>Boothbay Harbor</u>	<u>Edgecomb</u>	<u>Southport</u>	<u>Lincoln County</u>
<b>1960</b>	1617	2252	453	416	18497
% Change: 1950-1960	3.70%	-1.70%	1.30%	-4.40%	2.70%
<b>1970</b>	1814	2320	553	473	20537
% Change: 1960-1970	12.20%	3.00%	22.10%	13.70%	11.00%
<b>1980</b>	2308	2207	841	598	25691
% Change: 1970-1980	27.23%	-4.87%	52.08%	26.43%	25.10%
<b>1990</b>	2631	2319	978	645	29950
% Change: 1980-1990	14%	5.10%	16.30%	7.90%	16.60%
<b>1995 (est)</b>	2591	2223	1055	620	31334
% Change: 1990-1995	-1.50%	-4.10%	7.80%	-3.90%	4.60%
<b>Population Increase 1960-1995</b>	<u>60.20%</u>	<u>-1.30%</u>	<u>132.90%</u>	<u>49%</u>	<u>69.40%</u>

Source of 1960 - 1990 Data: *U.S. Census Data*

Source of 1995 Estimates: *State of Maine Dept. of Human Services*

## AGE DISTRIBUTION

Table 2 illustrates the greater Boothbay region's population by age groups for the years 1987 and 1994. This table also presents State and Lincoln County figures for these years. As shown on table 2, the age distribution of this region shows a generally aging trend since 1987, with fewer people in the under 5 age cohort and in the 18-44 age cohort and more in the 45-64 and 65+ cohorts. The increase shown in the 5-19 age cohort in 1994 may be due to age realigning of this cohort between 1987 and 1994. This realigning may also have influenced the population decline found in the 18-44 age cohort in 1994. Based on available information, it is most likely that these two cohorts remained generally stable during these years.

The age distribution exhibited by the greater Boothbay region is not unlike many communities across the country. It reflects the aging of the baby boom generation, fewer children being born and more people living into their 80's and 90's. This trend is also exhibited at both the State and County level, however it is clear from the data that the greater Boothbay region has significantly more older residents by percentage than either the State or Lincoln County.

This demographic picture may significantly influence Economic Development opportunities in the region by creating markets for retirement communities and for other services for the elderly.

**Table 2: AGE DISTRIBUTION - BOOTHBAY REGION (%) - 1987**

	Under 5	Age 5-17	Age 18-44	Age 45-64	Age 65+
<b>TOWN</b>					
Boothbay	7.1	17.8	37.5	21.1	16.5
Boothbay Harbor	7.7	15.5	37	20.8	19
Edgecomb	6.1	17	38.1	20.7	18.1
Southport	6	12.8	34.4	21.7	25.1
Lincoln Co.	7.3	18.9	38.2	19.1	16.5
State	7.3	18.7	41.3	18.8	13.9
Source: Maine Department of Human Services					

**Table 2: AGE DISTRIBUTION - BOOTHBAY REGION (%) - 1994 est.**

	Under 5	Age 5-17	Age 18-44	Age 45-64	Age 65+
<b>TOWN</b>					
Boothbay	5.4	19.1	34.3	24.5	17.1
Boothbay Harbor	5.1	17.1	31.7	22.9	22.9
Edgecomb	5.4	19.7	33.7	25.9	15
Southport	3.5	16.8	26.8	22.6	30.1
Lincoln Co.	5.8	20.8	33.6	22.4	17.4
State	6.3	21	30	20.4	13.9
Source: Maine State Planning Office					

## EDUCATIONAL ATTAINMENT

Table 3 compares the greater Boothbay region's educational attainment levels with averages in Lincoln Co. and the State of Maine. This data is derived from the 1990 census and illustrates that the population of this four town region is generally better educated than either the population of the State or

Lincoln County. In 1990 almost every town in the region had a higher percentage of people with either 1-3 years of college or a college degree than either the County or the State and all but Boothbay had an equal or higher percentage of people with a graduate or professional degree.

**Table 3: EDUCATIONAL ATTAINMENT OF ADULT POPULATION  
BOOTHBAY REGION (%) - 1990**

TOWN	8 yrs or less	1-3 yrs HS	HS Dipl.	1-3yrs. Col.	4 yrs. Col.	Grad/Prof HS Degree
Boothbay	4.6	17.1	28.3	27.6	15.2	7
Boothbay Harbor	4.3	11.6	36.2	24.1	13.2	10.3
Edgecomb	2.8	10	31.4	25.2	19.8	10.5
Southport	1	7.5	33.4	26.1	24.3	7.5
Lincoln Co.	6.1	12.4	35.2	23.9	14.6	7.5
State	8.8	12.4	37.1	22.9	12.7	6.1

Source: *Maine State Planning Office*

What this data does not indicate is the sex, age, or other characteristics of the persons within the various educational attainment categories. Therefore, it is difficult to say who among the most educated persons in the region are retirees, self-employed (by choice), men, or women. It is reasonable to assume that a good number of highly educated persons are retirees who have the financial means to live in the Boothbay Region. In Table 2, for example, we have seen that each of the four area communities has a higher percentage of resi-

dents of age 65 and older than the state of Maine, as a whole. However, it can also be argued that if the opportunity for more lucrative employment presents itself, some citizens of the region would be enticed to seek the additional education required for those jobs. In addition, the aspirations of students in a community are often affected by the types of employment opportunities within that community. If employment opportunities increase in jobs that require a post-secondary education, there will be an impetus for students to pursue additional education.

## INCOME

Per capita income levels in the Boothbay region grew substantially between 1979 and 1989 with increases ranging from 220% in Edgecomb to 127% in Boothbay.

As seen in Table 4, the 1989 per capita income figures for the four town study region ranged from \$13,851 in Boothbay to \$17,519 in Southport. These figures

are all higher than the Lincoln Co. average of \$13,479.

In 1989, the percent of people living below the poverty level in each community in the Boothbay region was lower than the Lincoln Co. figure of 9.6%. Only Southport exhibited a figure near this level with 9.1% of its residents existing on incomes at or below poverty.

**Table 4: INCOME TRENDS - BOOTHBAY REGION, 1979 - 1989 (IN \$)**

PER CAPITA INCOME				% BELOW POVERTY
COMMUNITY	1979	1989	%INC.	1989
Boothbay	6091	13851	127%	7.60%
Boothbay Harbor	6206	14693	136%	7.80%
Edgecomb	5085	16289	220%	5.90%
Southport	7077	17519	147%	9.10%
Lincoln County	5607	13479	140%	9.60%

Source: *US Department of Commerce, Bureau of the Census*

The results of this analysis suggest that the study area is generally an affluent region, but one where there tends to be large discrepancies between the richest and the poorest members of the com-

munity. The region's combination of large areas of shorefront property and its predominantly seasonal, service based employment picture may account for much of this discrepancy.

## PURCHASE PRICE OF HOUSING

The data presented in table 5 outlines both the number of year round houses listed as sold by the Lincoln Co. Multiple Listing Service for the Boothbay area in 1996 as well as the average sales price. The price of housing became a significant factor in economic development in the 1980's when the price of homes in many parts of the state increased to such a level that it became an impediment to Economic Development efforts. Although that pressure has subsided somewhat in recent years, those areas of the state that maintain lower costs for good quality housing have a distinct advantage over other areas.

In 1996, the four town Boothbay region represented 33.7% of all sales listed by the Lincoln County Multiple Listing Service. The average selling price for these homes ranged from a high of \$172,430 in Boothbay to a low of \$111,400 in Edgecomb. These figures correspond well with the average Lincoln Co. figure of \$135,013 but, for all towns except Edgecomb (where the low number of sales in 1996 may have falsely skewed the data) they exceed the state average of \$112,160 by from 7% to 53%.

**Table 5: PURCHASE PRICE OF HOMES - BOOTHBAY REGION**

<u>Political Division</u>	<u>1996 Number of Sales</u>	<u>Average Selling Price</u>
Boothbay Harbor	39	\$120,112
Boothbay	28	\$172,430
Southport	10	\$169,300
Edgecomb	5	\$111,400
Lincoln Co.	243	\$135,013
State		\$112,160

Source: *Maine Statewide Multiple Listing Service*

In the past, Lincoln Co. has traditionally been one of the more expensive places to purchase a home in Maine. This trend is continuing and although there

are moderately priced houses available in the Boothbay region, the greater percentage of available housing is priced well above the state average.

## COMMUTING PATTERNS

Commuting patterns are significant indicators of economic activity. When an area has more individuals working within a community than it has resident workers, this usually indicates the existence of one or more major employers or some other form of employment draw. This inflow of workers can be a generator of economic activity.

The data presented below in tables 6 and 7 are derived from the 1990 census. The first table identifies the number of resident workers in Boothbay, Boothbay Harbor, Edgecomb, and Southport. The second table identifies the three top places of employment for workers who reside in these four communities.

**Table 6:**  
**COMMUTING PATTERNS**  
**Boothbay, Boothbay Harbor, Edgecomb, and Southport**

<u>Community</u>	<u># of Workers</u>	<u># of Resident Workers</u>	<u>Per cent of Workers who Work in Town of Residence</u>
Boothbay	1189	561	47.20%
Boothbay Harbor	993	517	52.10%
Edgecomb	500	148	29.60%
Southport	264	108	40.90%

Source: US Census

This Census data is collected during the months of March and April and as such may not fully represent the movement of summer workers throughout the region. However, the data still clearly indicates the fact that most workers who reside in the Boothbay area also work there and that all towns in the region are net

importers of labor. There is very little movement off the peninsula to jobs outside the region. While this type of trend is not unusual for communities distant or isolated from larger employment centers, it is a trend that should be acknowledged in this region.

**Table 7:**  
**1990 COMMUTING PATTERNS**  
**Boothbay, Boothbay Harbor, Edgecomb, and Southport**

PLACE OF RESIDENCE	TOP THREE PLACES OF WORK	% OF TOTAL WORKERS
	<u># Workers</u>	
<b>BOOTHBAY</b> Total Workers: 1189	Boothbay 561	47.20%
	Boothbay Harbor 300	25.20%
	Bath 96	8.10%
<b>BOOTHBAY HARBOR</b> Total Workers: 993	Boothbay Harbor 517	52.10%
	Boothbay 214	21.60%
	Bath 64	6.40%
<b>EDGECOMB</b> Total Workers: 500	Edgecomb 148	29.60%
	Bath 77	15.40%
	Boothbay Harbor 56	11.20%
<b>SOUTHPORT</b> Total Workers: 264	Southport 108	40.90%
	Boothbay Harbor 77	29.20%
	Boothbay 40	15.20%

Source: US Census

## EMPLOYMENT

The employment data in this analysis has been collected from the Maine Department of Labor. This department has the most up to date records regarding statewide employment. The Census records employment data at one point in time and as a result, gives a somewhat

rigid, snapshot view of current conditions. The Maine Department of Labor's statistics are collected monthly in a variety of ways and can therefore give a much more detailed look at employment conditions at any point in time.

Between 1990 and 1996 the civilian labor force (by place of residence) in the Boothbay region grew inconsistently with a 9% increase between 1990 and 1992, a 5.6% decrease between 1992 and 1994 and a 10.5% increase between 1994 and 1996. The total increase over this time period was 13.8% or 481 people. During this same time period the civilian labor force for the state grew 5.4%, while the Boothbay Harbor Labor Market Area (LMA) (in 1995 this LMA included the towns of Boothbay, Boothbay Harbor, Bremen, Bristol, Damariscotta, Monhegan Plt., Newcastle, Nobleboro, South Bristol, and Southport) labor force grew 17.4% and the Bath-Brunswick LMA (in 1995 this LMA included the towns of Durham, Brunswick, Harpswell, New Gloucester, Pownal, Dresden, Arrowsic, Bath, Bowdoin, Bowdoinham, Georgetown, Perkins Twp., Phippsburg, Topsham, West Bath, Woolwich, Richmond, Alna, Edgecomb, Wiscasset, and Westport Island) labor force fell 6.4%. While the two LMA's are important indicators to examine for comparison purposes, it must be kept in mind that these areas are periodically realigned to reflect current employment conditions and between 1990 and 1996 the towns assigned to each of these areas were changed. This change may explain the decrease in the Bath-Brunswick LMA figure.

Unemployment in the Boothbay region between 1990 and 1996 went up and down with the economic health and vitality of the region and the State. 1990 showed the lowest overall unemployment while 1992 exhibited the highest.

All rates in the region with the exception of Boothbay Harbor were lower than the statewide average in 1990, 1992, 1994, and 1996. Boothbay Harbor's annual average rate was higher than the state average in 1992, 1994 and 1996. This can be explained by the high winter rates it experiences.

The most outstanding, but not unexpected, result of this analysis is the striking variation in summer and winter unemployment rates. As shown in table 8, unemployment across the four town region drops to almost non-existent levels during the summer months, then jumps into double digits during the winter. This seasonal employment pattern is of long standing in this region and illustrates the predominantly tourist driven economy found there.

Table 9 illustrates 1996 employment by industry (by place of work) for the four towns in the Boothbay region. The difference in the total labor force figures reported on tables 8 and 9 can be explained by the different methodologies used to count employment by residence and employment by place of work. Labor force figures by place of work tend to be smaller because this information is collected through unemployment insurance payments and does not include businesses without employees or self employed individuals. Though many sectors cannot be disclosed for proprietary reasons it is clear that the majority of people employed in the Boothbay region are employed in either the retail trade or service industries. Manufacturing accounts for only 8.4% of overall employment.

**Table 8:  
CIVILIAN LABOR FORCE BY PLACE OF RESIDENCE  
BOOTHBAY REGION  
ANNUAL AVERAGES, 1990**

	State	Edgecomb	Boothbay	Boothbay Harbor	Southport	Bath Brunswick/LMA	Boothbay Harbor/LMA
CIVILIAN LABOR FORCE	634601	509	1443	1209	319	35384	7550
UNEMPLOYMENT	32823	16	56	48	8	1205	208
UNEMPLOYMENT RATE	5.2	3.1	3.9	4.0	2.5	3.4	2.8
Yearly High Rate	Feb./Mar. 5.7	Jan. 6.8	Dec. 9.6	Feb. 9.4	Mar. 6.3	Feb. 4.0	Dec. 5.0
Yearly Low Rate	Aug. 4.1	Sept./Oct. 1.2	Aug./Sept. 1.1	July .50	Oct. .30	July 2.6	July 1.2

SOURCE: MAINE DEPARTMENT OF LABOR

**Table 8:  
ANNUAL AVERAGES, 1992**

	State	Edgecomb	Boothbay	Boothbay Harbor	Southport	Bath Brunswick/LMA	Boothbay Harbor/LMA
CIVILIAN LABOR FORCE	650436	530	1592	1321	351	35459	8333
UNEMPLOYMENT	46633	38	107	103	23	1803	433
UNEMPLOYMENT RATE	7.2	7.2	6.7	7.8	6.6	5.1	5.2
Yearly High Rate	Feb. 9.3	Jan. 12.5	Jan. 12.4	Feb. 16.0	Mar. 11.8	Feb. 6.9	Feb. 9.0
Yearly Low Rate	July/Aug. 5.5	Oct. 2.6	July 1.9	Aug. 1.4	July 1.9	July 3.8	July 2.4

SOURCE: MAINE DEPARTMENT OF LABOR

Table 8:

**ANNUAL AVERAGES, 1994**

	State	Edgecomb	Boothbay	Boothbay Harbor	Southport	Bath Brunswick/LMA	Boothbay Harbor/LMA
CIVILIAN LABOR FORCE	614248	508	1534	1206	335	33706	7882
UNEMPLOYMENT	45220	27	115	107	15	1653	424
UNEMPLOYMENT RATE	7.4	5.3	7.5	8.9	4.5	4.9	5.4
Yearly High Rate	Feb. 10.0	Jan. 11.7	Feb. 14.9	Jan. 18.9	Feb. 10.2	Mar. 7.4	Jan. 9.4
Yearly Low Rate	July/Aug./Sept. 5.8	Sept. 1.2	July/Aug. 2.5	July 1.2	June/July/Aug. .30	Aug./Sept./Dec. 3.6	July 2.4

SOURCE: MAINE DEPARTMENT OF LABOR

Table 8:

**ANNUAL AVERAGES, 1996**

	State	Edgecomb	Boothbay	Boothbay Harbor	Southport	Bath Brunswick/LMA	Boothbay Harbor/LMA
CIVILIAN LABOR FORCE	668669	531	1708	1341	381	33132	8865
UNEMPLOYMENT	34085	25	81	81	14	1370	314
UNEMPLOYMENT RATE	5.1	4.7	4.7	6.0	3.7	3.9	3.5
Yearly High Rate	Feb. 6.8	Jan. 8.4	Jan. 9.7	Jan. 14.1	Feb. 8.7	Feb. 5.8	Jan. 6.9
Yearly Low Rate	July 4.0	July 2.6	July 1.4	Oct. .60	Sept. .20	July/Dec. 3.0	Aug. 1.6

SOURCE: MAINE DEPARTMENT OF LABOR

**Table 9:**  
**AVERAGE COVERED EMPLOYMENT BY INDUSTRY DIVISION**  
**BOOTHBAY REGION (BY PLACE OF WORK)**  
**October 1995 - September 1996**

<u>Industry</u>	<u>Boothbay</u>	<u>Boothbay Harbor</u>	<u>Edgecomb</u>	<u>Southport</u>
Total	633	1632	168	187
Agriculture, Forestry, and Fishing	ND	ND	ND	ND
Mining	ND	ND	ND	ND
Construction	82	42	ND	ND
Manufacturing	124	47	ND	52
Transportation, Communication, and Public Utilities	106	66	ND	ND
Wholesale Trade	ND	ND	ND	ND
Retail Trade	188	493	82	23
Finance, Insurance and Real Estate	ND	68	ND	ND
Services	101	790	37	64
Government	11	82	17	16

Source: *Maine Department of Labor*  
ND = *Nondisclosable for proprietary reasons*

## MAJOR EMPLOYERS

The ten top private employers in the Boothbay region as of mid-1997 are shown in table 10. Seven of these ten employers are tourist related, seasonal businesses. Two others are non-profit institutions serving the region. Only Shop 'n Save can be

considered a year round commercial operation. Table 11 identifies the employers (both public and private) in the greater Boothbay Region which had the largest payrolls in 1996. Only three of these businesses are tourist related seasonal enterprises.

**Table 10: TEN LARGEST EMPLOYERS - BOOTHBAY REGION  
1997**

<u>Employer</u>	<u>Type of Business</u>
St. Andrews Hospital	Hospital
<b>Rocktide Inc.</b>	<b>Inn</b>
Fisherman's Wharf	Inn and Restaurant
<b>Shop 'n Save</b>	<b>Food Store</b>
Spruce Point Inn	Inn
<b>YMCA</b>	<b>Civic Organization</b>
Tugboat Inn	Inn and Restaurant
<b>Andrew's Harborside Inc.</b>	<b>Restaurant</b>
J.H. Hawks	Restaurant
<b>Boothbay Harbor Inn</b>	<b>Inn</b>

**Table 11: LARGEST WAGE AND SALRY EMPLOYERS  
BOOTHBAY REGION - 1996**

<u>Employer</u>	<u>Type of Organization</u>
Bigelow Laboratory	Research Laboratory
<b>CSD #3</b>	<b>School District</b>
Fisherman's Wharf	Inn and Restaurant
<b>Hodgdon Yacht</b>	<b>Manufacturer</b>
Maine Dept. of Marine Resources	State Government
<b>St. Andrews Hospital</b>	<b>Hospital</b>
Shop 'n Save	Food Store
<b>Spruce Point Inn</b>	<b>Inn</b>
Tugboat Inn	Restaurant & Inn
<b>U.S. Post Office</b>	<b>Postal Delivery</b>
Washburn and Doughty	Manufacturer
<b>YMCA</b>	<b>Civic Organization</b>

This data provides several basic insights into the region's employment and its larger economic characteristics. First, although there are a number of year round, well paying professional opportunities in the region, the largest number of jobs are in predominantly seasonal enterprises. This fact is apparent by the region's wildly fluctuating monthly unemployment rates reported by the state. Second, the availability of services such as restaurants, hotel/motel rooms and shops is elimi-

nated during the winter months requiring local residents to travel long distances to obtain needed goods and services. While out of town purchasing these goods residents often also purchase goods they could get in town. This adversely impacts the few year round businesses which do exist. Third, the seasonal closure of most area businesses adversely affects the businesses that do stay open all year by eliminating the "critical mass" needed to draw shoppers to the region in the off season.

### **RETAIL SALES**

Retail sales in Maine, as measured by the State Bureau of Taxation, have been growing at a modest rate since 1992. In that year the state's taxable sales increased 7% over 1991. In subsequent years they increased 5.7%, 3%, 2.5%, and 4.8% respectively, with an overall increase of 16.9% for the period from 1992 to 1996.

As shown in tables 12 and 13, the trends in the four town Boothbay region were similar to the state trend during this time period. Since 1992 the region has experienced growing taxable sales with 1994 and 1996 exhibiting the largest increases and 1993 the smallest. The surprisingly large increase in 1996 is primarily due to one large sale in Southport during this period, while the increase in 1993 may be accounted for by Southport's moderate decline in taxable sales in that year.

Table 14 provides a more accurate look at taxable sales in the region for the years 1992 through 1996 by removing the large 1996 sale in Southport from the calculation. When this sale is removed it becomes apparent that 1996

was a disappointing year with regard to retail sales in the Boothbay region. Sales during that year increased only 1.9% over 1995 in the four town Boothbay region compared to a 4.8% increase statewide. The driving force in this lackluster performance was Boothbay Harbor's small 1.4% increase that year.

For the period from 1992-1996 the Boothbay region's overall increase in taxable retail sales was 18.6% ( 12.3% without Southport's 1996 sale). This figure compares favorably with the state figure of 16.9% for this same time period but falls 8.2% behind the Damariscotta ESA's robust figure of 26.8%. (The Damariscotta Economic Summary Area includes the towns of Alna, Boothbay, Boothbay Harbor, Bremen, Bristol, Damariscotta, Edgecomb, Jefferson, Monhegan Island, Newcastle, Nobleboro, South Bristol, Southport, Waldoboro, Westport, and Wiscasset).

The largest sales, for those towns in the Boothbay region with enough sales outlets to report, were in the retail and the restaurant and lodging categories. In 1996 these two categories represented

**Table 12: RETAIL TAXABLE SALES - BOOTHBAY REGION  
(IN \$1,000'S)**

	Building Supply	Food Stores	General Merch.	Other Retail	Autos Trans.	Rest. Lodging	Total
<b>1992</b>							
BOOTHBAY	388	*	*	731	1033	3355	6810
BOOTHBAY HARBOR	*	*	2854	7196	1274	17557	41427
EDGEComb	*	*	*	*	*	*	3240
SOUTHPORT	*	*	*	*	*	*	2860
DAMARISCOTTA ESA	26314	23714	17983	17835	53448	39790	187211
MAINE	1002917	1101416	1680903	1001260	1778972	1347119	9336656
<b>1993</b>							
BOOTHBAY	303	*	*	697	836	3008	6781
BOOTHBAY HARBOR	*	*	3126	6918	1645	17575	41764
EDGEComb	*	*	*	*	*	*	3720
SOUTHPORT	*	*	*	*	*	*	2790
DAMARISCOTTA ESA	27666	25465	16548	18190	64065	41404	202278
MAINE	1051374	1087687	1798079	1007740	1999339	1384974	9867188
<b>1994</b>							
BOOTHBAY	385	*	*	784	815	3084	6956
BOOTHBAY HARBOR	*	*	3343	7057	1511	19135	44111
EDGEComb	*	*	*	*	*	*	3890
SOUTHPORT	*	*	*	*	*	*	3010
DAMARISCOTTA ESA	27666	26496	17052	19693	76750	45263	224631
MAINE	1146337	1074085	1902830	1038764	2255056	1466974	10162704
<b>1995</b>							
BOOTHBAY	488	*	*	615	662	4149	7566
BOOTHBAY HARBOR	*	*	3722	7230	1751	19255	45244
EDGEComb	*	*	*	*	*	*	3920
SOUTHPORT	*	*	*	*	*	*	3150
DAMARISCOTTA ESA	28613	27792	18176	19346	75084	47934	227316
MAINE	1152919	1091181	1947530	1058381	2253659	1532535	10414282
<b>1996</b>							
BOOTHBAY	516	*	*	566	967	4110	7825
BOOTHBAY HARBOR	*	*	3776	7638	1621	19350	45907
EDGEComb	*	*	*	*	*	*	3983
SOUTHPORT	*	*	*	*	*	*	6685
DAMARISCOTTA ESA	32421	28789	18928	20260	76544	49901	237322
MAINE	1213620	1110857	2006422	1147861	2447763	1575318	10915108

Source: Maine Retail Sales - Annual Reports / Maine State Planning Office

\* Numbers not available for proprietary reasons

**Table 13: RETAIL TAXABLE SALES INCREASES 1992 -1996**

	STATE	FOUR TOWN BOOTHBAY REGION	SOUTHPORT TOWN	DAMARISCOTTA ESA
1992-1993	5.70%	1.30%	-2.40%	8.00%
1993-1994	3.0%	5.30%	7.90%	11.10%
1994-1995	2.50%	3.30%	4.70%	1.20%
1995-1996	4.80%	7.50%	112.20%	4.40%
1992-1996	16.90%	18.60%	133.70%	26.80%

Source: *Maine Bureau of Taxation*

**Table 14: RETAIL TAXABLE SALES INCREASES 1992 -1996  
WITHOUT SOUTHPORT SALE IN 1996**

	STATE	FOUR TOWN BOOTHBAY REGION	SOUTHPORT TOWN	DAMARISCOTTA ESA	BOOTHBAY HARBOR
1992-1993	5.70%	1.30%	-2.40%	8.00%	.80%
1993-1994	3.0%	5.30%	7.90%	11.10%	5.60%
1994-1995	2.50%	3.30%	4.70%	1.20%	2.50%
1995-1996	4.80%	1.90%	4.70%	4.40%	1.40%
1992-1996	16.90%	12.3%	15.00%	26.80%	10.80%

Source: *Maine Bureau of Taxation*

60% of sales in Boothbay and 59% of sales in Boothbay Harbor. An area where the Boothbay region is particularly weak when compared with the Damariscotta ESA is in the automobile and transportation category. In 1996 this category represented 32% of the Damariscotta ESA's sales while in Boothbay

it represented only 12% of total sales and in Boothbay Harbor it represented only 3.2% of sales. In this area of sales it is clear that most auto related dollars in the Boothbay region are being spent elsewhere.

## LAND AVAILABILITY

The availability of suitable land for development is an integral part of any Economic Development strategy. As shown in Table 15, every town in the

Boothbay region has some type of land zoned and available for commercial or industrial development.

**Table 15: LAND AVAILABILITY IN THE BOOTHBAY REGION**

Town	Amount of Available Land
Southport	<b>35 acres</b>
Edgecomb	<b>302 acres</b>
Boothbay	<b>2,409 acres</b>
Boothbay Harbor	<b>All zones but one</b>

In Southport three areas along Route 27 are zoned for growth. These areas encompass a total of approximately 35 acres and permit the development of both commercial and light industrial uses. These sites have good access but they do not provide sewer or water services. In addition, the designated land is not fully available since existing businesses and homes currently occupy portions of it.

Edgecomb also has three sites which have been designated for growth and which permit a variety of commercial, professional, business and industrial uses. Approximately 302 acres have been designated for these uses. How-

ever, none of the sites provide water or sewer and although the two sites along Route 27 provide good access and visibility, the site along Dodge Road appears difficult to develop because of its rolling topography.

Boothbay provides over 2,000 acres for commercial and industrial uses in four zones. Each of these zones has good access from Route 27 and the village zone and a part of the C-3 zone have public water and sewer. In addition, a 49 acre industrial park subdivision exists on the southeastern side of Route 27 north of the village and three businesses currently operate there.

Boothbay Harbor allows some type of business or industrial use as a permitted use or as a conditional use in all zones except the resource protection zone. However, the greatest variety of commercial and industrial uses is permitted in the Downtown Business District, the East Side Business District and the Meadow District. All business zones have water and sewer, but the greatest available land for new development exists in the Meadow District along Route 27 north of the town center.

Based on this analysis, the Village district and the C-3 district in Boothbay and the Meadow District in Boothbay Harbor provide the most appropriate areas for significant industrial or business expansion in the Boothbay region since they provide good access, available vacant land and water and sewer services. However, each town within the region has allocated a portion of their land base to Economic Development and can accommodate some type of business development.

## **CONCLUSION**

Based on the above analysis, a picture of the Boothbay region's economic characteristics and trends can be discerned.

First, the region's economy, as expected, is highly seasonal and heavily dependent on tourism to fuel it. With seven of the region's top ten employers open only during the summer months, employment opportunities for residents of the region tend to be seasonal jobs. These jobs are primarily in the service and retail sectors of the economy and although many of these positions are filled by students and professional, transient workers, the majority are filled by year round residents of the region, as illustrated by the commuting patterns data provided in tables 6 and 7.

Incomes in the region are generally higher than the Lincoln Co. average and point to a resident population of many affluent individuals living on coastal properties. However, there are still people living below the poverty level in the four town region and with seasonal employment the only real option for many residents, it can be assumed that there is a large disparity between the region's richest and poorest residents.

Retail taxable sales in the region have grown every year since 1991. In fact, since 1993, the region's increase in retail taxable sales has surpassed the state increase every year. However, 1996 was a disappointing year for the region with regard to taxable sales when one large sale in Southport is removed from the taxable sales calculation and efforts to ensure continued growth should be pursued.

## II. STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

Before determining an area's development potential, it is important to assess both the internal and external environment in which the area must function. These environments can significantly affect a particular area and its possibilities for success. An assessment of the internal and external environment will identify any development advantages and disadvantages that the area possesses. When a community or region attempts to attract development from outside of the area or to stimulate economic activity from within, it is important to assess these advantages as well as disadvantages. In this study of the Boothbay Region, the consultants have identified these relative advantages and disadvantages by conducting an analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT) in the region.

Assessing the internal environment of the Boothbay Region includes consideration of its strengths and weaknesses. Strengths are defined as those assets that are possessed by an area and which can be viewed as building blocks towards a future goal or vision. Weaknesses are defined as those shortcomings that need to be addressed in order to reach that same goal.

In addition to the internal environment within the Boothbay Region, the external environment must also be addressed

since it can have a major impact on the region's ability to develop economically. The external environment can be defined as the environment outside of the region's four communities that affects the success or potential success of the region. In addressing the external environment, it is necessary to identify what opportunities and threats that environment presents. Opportunities are defined as those things that an area can take advantage of in order to develop. Threats are obstacles which, if not addressed, could significantly inhibit development. It is important to note that even if the Boothbay Region recognizes and acknowledges the threats that do exist, the area may still be unable to mitigate these threats.

In conducting this SWOT analysis, the consultants have relied on input from a number of sources. Many of the region's strengths and weaknesses have been identified through interviews and conversations with local business owners and citizens. Others are based on an examination of the types of development activity that have taken place in Boothbay and its surrounding region over the last several years. The opportunities and threats that can impact development are based on events and occurrences that have either recently taken place or are expected to take place in the future.

## **STRENGTHS**

The Boothbay Region has a number of strengths that can benefit its four communities in their pursuit of Economic Development opportunities. These strengths are listed below, along with a

brief description of them. (In this and the following sections, items are not necessarily listed in order of magnitude or priority.)

### **1. Quality of Life**

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It is clear that the quality of life in the Boothbay Region is one of the greatest assets the region possesses. Quality of life includes many things; the physical attractiveness of the area, its low crime rate, its schools, and provision of services through community facilities, such as the Boothbay Region YMCA. As it relates to Economic Development, quality of life is also one of the major draws that the region has for business investments, either from within or outside the community. The challenge for community decisionmakers is how to make use of this asset, while still maintaining it. It should also be noted that as important as quality of life is as a factor in the decision to locate or expand a business, it is merely one consideration for businesses, and often not the most important consideration. It is estimated by site location consultants, for example, that only 10% of all locational decisions are made for quality of life reasons. If a business has an

opportunity to locate in a community with an excellent quality of life, but with no available workforce, it will not locate in that community. Likewise, if the costs of doing business in a community (for whatever reasons) are high, it will be extremely difficult to attract business investment, even with an excellent quality of life.

Despite the tendency of site location consultants to concentrate on factors other than quality of life, it is important to realize that the same reasons that people vacation and spend leisure time in the Boothbay Region are reasons that others may decide to establish a business in the region. The Millennium project is an excellent example of this. If not for the attractiveness of the Boothbay Region to the owner of Millennium Advisors, Inc., that development would not be taking place in the town of Boothbay.

### **2. Historical Tourist Destination**

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Because of its status as a popular tourist destination, the Boothbay Region has already been introduced to a great variety of people who may be in positions to make investments in the community. This represents an advantage over a number of other communities, especially in a rural state such as

Maine. One disadvantage of this could be that because the region is so often thought of as a tourist destination, it is not considered as an investment opportunity. There are some ways to correct this that will be discussed later in the recommendations section of this report.

### **3. A Labor Force that Includes Underemployed Persons**

There is a hidden asset in the Boothbay Region, the presence of many underemployed persons who have settled in the region because of quality of life issues. This premise is based on conversations with residents of the area, who know of individuals that fit this profile. In theory, the existence of persons with this profile means that any expanding or new venture in the region will have a ready supply of talented individuals that are ready to assume positions that are more rewarding and demanding than their

current ones. Unfortunately, this assumption is based primarily on anecdotal evidence. The statistical information regarding availability of labor from the Maine Department of Labor and other sources does not distinguish between persons who are employed and those who are underemployed. Section I of this report, the Economic Base Analysis, does statistically indicate the presence of a population that is more educated than the state's population as a whole.

### **4. The Existence of a Local Economic Development Organization**

The Boothbay Region Economic Development Corporation (BRED) has the potential to provide the Boothbay peninsula with a much needed Economic Development capability. It is significant to remember that in the area of Eco-

nomic Development, the Boothbay Region competes with most other areas in Maine. Having a viable capability at the local level is an absolute necessity. It represents the first step in any successful Economic Development effort.

### **5. Tourist Economy**

The Boothbay Region already has an engine that drives the local economy, the tourist industry. Although subject to economic conditions and the whims of its customers, this industry has demonstrated an enormous ability to generate income for the Boothbay area and its

citizens. Any strategies that are pursued that will add some diversity to the regional economy should always acknowledge the economic benefits that the tourist industry brings to communities in the area.

## **WEAKNESSES**

In addition to its strengths, the Boothbay region also has a number of weaknesses that need to be acknowledged.

Below are a listing of those weaknesses, with brief descriptions of each.

### **1. Lack of Land Ready for Economic Development**

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Although the volume of land available for commercial development in the Boothbay peninsula is impressive, the quality of this land is less so, especially when compared to other areas of Maine. The Boothbay Region's best developable land appears to be located in the Boothbay Industrial Park on Route 27.

This parcel of land, which is privately owned, is zoned for Commercial/Industrial uses, and has an approved subdivision plan from the Town of Boothbay. However, the parcel has neither municipal water nor sewer service and the remaining available lots within the park are accessible only by dirt road.

### **2. Lack of Highway Access**

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Some developments need convenient highway access, especially if they transport goods either within or outside of the state. The Boothbay region is located a considerable distance from Maine's Interstate system, which is

where a great deal of the state's development has occurred during the last two decades. In addition, the Route One Traffic in the Midcoast area, especially during the summer months, can be a serious impediment to transporting goods.

### **3. Lack of Available Labor**

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Areas that rely on seasonal businesses as the mainstay of their economies are often difficult locations to attract outside investment to. During the summer months, unemployment is virtually nonexistent in the Boothbay Region. In 1996, none of the four communities in the region had an unemployment rate of over 2.6% during the summer and fall months.

Indications are that the labor market has become even tighter this year, as some seasonal employers were still recruiting and advertising for employees in mid-June. Available labor is usually one of the very first requirements for a business before it makes an investment decision. As a result, the uncertainty of the labor supply will cause businesses to avoid some locations.

#### **4. Conflicting Attitudes on Development**

Businesses go and prosper where they are welcome. They shy away from communities that are divided over Economic Development issues. The best way to prevent a business investment from occurring is to have local opposition to that investment. Whether it is the attitude of a local citizen who has no use for (or understanding of the benefits of) tourism, or resistance of elected officials, or opposition to a proposed project by an organized group of citizens, the impact can be devastating. There appears to be a significant divergence of opinions regarding the

benefits of development for the Boothbay Region among its citizens. This lack of universal support can be a serious impediment to business development. Of special concern is the feeling expressed by many businesspeople that the elected officials in the region's four communities simply don't want to support Economic Development. This perception has been fueled by a number of factors, including the turning down of a state grant by the Town of Boothbay Harbor several years ago, to the lack of real financial support for BRED.

#### **5. Lack of an Adequately Funded Economic Development Capability**

Having BRED as a local economic development organization is an asset. However, the Boothbay Region is still at a serious competitive disadvantage because the supporting Economic Development infrastructure at the county and sub-state level does not exist. In a January, 1996 report prepared by the Defense Conversion Task Force of Lincoln County, the lack of a regional coordinated Economic Development program in Lincoln County was identified as a constraint to develop-

ment in the area. That report further stated "The establishment of a coordinated Economic Development program should be a high priority if Lincoln County desires to compete with the other regions of the state for new and expanding industries." The recent closing of the Lincoln County Planning Office represents a setback for the area, which now has no county-wide staffing capability. The lack of a capability outside of BRED is a serious concern and needs to be addressed.

#### **6. A Cultural Acceptance of Seasonal Employment**

For many workers in the Boothbay Region, seasonal employment is a way of life. This results in an uncertain labor market for year-round enterprises. Conversations with many of the region's major employers seem to indicate that some employees expect and want to work on a seasonal basis, and have adjusted their lifestyle to this situation. Although seasonal busi-

nesses only require workers during the months in which they operate, year-round employers, either existing or prospective, need workers who are dependable and willing to commit to full year jobs. The existence of a cultural acceptance of seasonal employment can seriously hinder the efforts of the Boothbay Region to attract new businesses.

#### **7. A Limited Inventory of Existing Commercial and Industrial Buildings**

Having existing, available space for development is a tremendous Economic

Development advantage. The Boothbay Region is extremely limited in this regard.

## **OPPORTUNITIES**

Opportunities are those things that exist or are occurring outside of the Boothbay Region which the region can take advantage of in order to reach its goals. Opportunities have the potential to have

a positive influence on developments within a particular geographic area. These opportunities may change or be modified as a result of new occurrences or emerging trends. The current opportunities are as follows.

### **1. The Changing Economy**

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There is a tendency for many new industries to be dependent upon technology and not infrastructure. (An excellent example of this are call center operations). The emergence of this new economy in the United States has resulted in the creation of thousands of new businesses that are replacing older ones. Unlike the previous economy, this new economy is based on knowledge, not raw materials and manufacturing. Many of these businesses are just getting formed or have been in

business for just a few years. Because these businesses are more likely to depend on technology, they can be located anywhere, unlike more traditional industries that needed to be near communities with access to highways, raw materials, or suppliers. This new economy provides a great opportunity for areas such as the Boothbay Region, which can boast a high quality of life, which many businesses consider to be desirable.

### **2. The Growth of Home-Based Businesses**

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New technology has allowed many individuals to establish businesses in their own homes. With access to a telephone, FAX machine, computer, and electronic mail, these businesses can operate efficiently and profitably. The Boothbay Region has the potential to attract this new kind of entrepreneur, who often prefers a small town rural

environment to that found in a large city. The Island of Nantucket, located off the southeastern coast of Massachusetts, has witnessed a significant growth in these types of businesses over the last several years, helping to fuel a population growth of approximately 21% on Nantucket since 1990.

### **3. Existing Economic Development Programs**

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The State of Maine has numerous Economic Development programs and incentives that can be used by local communities and businesses who wish to grow. Although the Boothbay Region and its businesses have utilized some of these programs in the past, the lack of a regional development organization with

authority in Lincoln County has limited the use of these resources. In other parts of the state, the regional development organizations constitute the delivery system between communities and the state of Maine (and federal government) for Economic Development programs and services.

## **THREATS**

### **1. The Status of the Fishing Industry**

Maine's fishing industry has historically been a mainstay of the Boothbay Region's economy. The future health of

the industry is being threatened, however, by a number of factors. The result could be decreasing levels of employment and income for the workers in the industry.

### **2. Bath Iron Works**

As a result of decreased defense industry contracts, there may be a halving of jobs at Bath Iron Works in the next 5-10 years. Even optimistic projections predict that only 5,000 workers will be employed at the Bath shipyard sometime after the turn of the century. This result may occur in spite of the types of local and state incentives that were recently provided to BIW to retain jobs. Although relatively few of the current

workers at BIW reside in the Boothbay peninsula, it is still one of the largest single employers of residents of the region's four communities. According to Bath Iron Works, approximately 100 residents of the Boothbay region are employed there, with an average salary of approximately \$35,000 annually. Any decrease in jobs at BIW will negatively impact the region, as it will draw income and purchasing power from the area.

### **3. The Closing of Maine Yankee**

Recent safety and economic factors at Maine Yankee in Wiscasset have caused the owners of that facility to begin preparing for its closing, approximately eleven years ahead of schedule. This event will result in the elimination of up to 250 jobs by the end of 1997.

These are well paying jobs with an average salary in excess of \$50,000 annually. The closing of Maine Yankee will doubtless have a negative impact on the Boothbay Region, since some of that plant's employees live in the region.

### **4. Maine Department of Transportation Signage**

In order to reduce traffic congestion on Route One in Mid-Coast Maine, the Maine Department of Transportation (MDOT) recently proposed signage that would have alerted travelers on Maine's interstate highway system to expect delays on Route One during heavy traffic periods. Any measure of this sort would be a threat to the peninsulas off of Route One, such as Boothbay. By

encouraging traffic to avoid this part of Route One, business activity might diminish and individual businesses experience a decrease in sales. Even though MDOT has abandoned this idea, it is important that the Boothbay region monitor what other proposals may be presented in the future to address the Route One traffic situation.

## **SUMMARY**

In designing an effective Economic Development strategy, the Boothbay Region needs to capitalize on its strengths, while addressing its weaknesses whenever it has the power to do so. The Boothbay Region is not endowed with many of the types of Economic Development assets that other areas have, such as available building space and interstate highway access. As the above summary indicates, the region has a greater number of weaknesses than strengths. Some of these weaknesses are formidable and will take time to overcome, as they are part of the local culture. (e.g. acceptance of seasonal employment.) Others can be addressed immediately. One such weakness is the perception that town officials are opposed to development. Addressing this issue is of primary importance because unless the region is unified in its pursuit of Economic Development it will not be able to implement an effective strategy. Other area weaknesses that can be addressed soon are the lack of a county or regional Economic Development capability, which is inhibiting the area's Economic Development efforts. Working with Maine state government is important in addressing this weakness.

The area's greatest strength, its quality of life, should be highlighted when the region promotes itself as a desirable development location, especially with those types of business developments that consider quality of life issues to be important. Other strengths that the region can build upon are the existence of BRED as a local Economic Development organization and the tourist economy, which provides an economic engine for all of the towns in the region. Many communities and regions lack the type of economic base that Boothbay has from tourism. Working with businesses in this sector would be a wise investment of time.

The Region must also be aware of those external factors that can impact development, and be prepared to take advantage of the opportunities that they present. At the same time, the threats to the region should be acknowledged and efforts expended to lessen the impact of those threats, when possible.

Section V of this report will present a number of specific steps that the Boothbay Region can take to implement a realistic Economic Development strategy. These specific steps will take into account the SWOT analysis that is presented here.

### **III. IDENTIFICATION OF RESOURCES AVAILABLE FOR ECONOMIC DEVELOPMENT**

The state of Maine has a variety of resources that are available to communities that are interested in enhancing their Economic Development capabilities and furthering their Economic Development programs. In addition, there are also resources available to individual businesses that require technical or financial assistance for

their enterprises. These resources are designed primarily for existing businesses but may also be used to attract new businesses to a community. Most of these resources are available at little or no cost both to communities and individual businesses. The following pages of this report will

- 1** Identify and describe those Economic Development resources that are available to communities in Maine through public and private sources;
- 2** Identify those governmental incentives that are available to local governments and that exist to stimulate business development; and
- 3** Identify the positive and negative features of these incentives.

In addition to identifying these resources, Section III also contains an examination of the Economic Development institutional issues of which BRED and the Boothbay Region should be aware.

### **MAINE'S ECONOMIC DEVELOPMENT RESOURCES**

Communities in Maine can take advantage of a wide variety of resources to stimulate Economic Development. A listing and description of those resources is included below. Their applicability to the towns in the Boothbay

Region have also been noted. The first grouping of resources represents those that are available through public sources. The second grouping are those available through private organizations.

## **A. Public Sector Resources**

### **Community Development Block Grant Program**

The principal public sector resources available for Economic Development in Maine are through Maine's Community Development Block Grant (CDBG) Program. This program is administered through Maine's Department of Economic and Community Development (DECD). The Town of Boothbay recently accessed funds through a component of the CDBG program to provide infrastructure for the Millennium Project.

According to the records of DECD, the only other grant to a Boothbay Region community in the history of this program was a \$315,000 grant in 1986 to the town of Boothbay Harbor.

The CDBG program has a number of components that can be used to stimulate Economic Development activity. Those components are listed and described below.

#### **1. Development Fund**

The Development Fund allows communities to apply for grants of a maximum of \$100,000, or up to 40% of a project's costs, for business developments that will create jobs for low to moderate income persons. The funds are applied for by an individual community and then loaned to a business at predetermined terms. These terms are generally below market rate financing. Development Fund monies are used to either assist an existing business that wants to expand and that cannot obtain all of its financing

through traditional sources or to encourage development from outside a community. Development Fund loan recipients need to certify the creation and/or retention of at least one job for each \$35,000 in Development Fund loan monies that are provided. In 1997, \$1.2 million in Development Fund monies have been reserved from the state's Community Development Block Grant. Applications for the Development Fund Program are solicited on a monthly basis, and are due on the first Thursday of each month.

#### **2. Micro-Loan Program**

The Micro-Loan Program provides communities or a consortium of communities with funds to assist existing and new businesses to create and/or retain jobs for low to moderate income persons. The principal premise behind this program is that many very small businesses have limited sources of financing and that this financing gap needs to

be addressed. A maximum grant of \$100,000 can be obtained through this program. Loans from this program are usually used to finance small businesses that cannot obtain funds elsewhere. Applications for this program are accepted annually. The 1997 application deadline was March 21.

### **3. Economic Development Infrastructure Program**

The Economic Development Infrastructure Program (EDI) provides communities with funds of up to \$400,000 to develop or rehabilitate public infrastructure to support existing and new busi-

nesses that create or retain jobs for low to moderate income persons. The Town of Boothbay is utilizing funds through this program for the Millennium project.

### **4. Business Assistance Program**

The Business Assistance Program provides communities with grants of up to \$300,000. The community then either loans or grants these funds to a business to meet its infrastructure or

real property needs. The program's objective is to assist economic initiatives and development opportunities that will have a significant impact on a local or regional economy.

In addition to the components of Maine's CDBG Program, Maine has other governmental resources that communities can access for development projects. Three of these re-

sources, the Small Business Development Centers (SBDC) Program, the Maine Quality Centers Program, and Tax Increment Financing, are described briefly below.

### **Small Business Development Centers**

The Small Business Development Centers (SBDC) are funded by the U.S. Small Business Administration (SBA) and the Maine Department of Economic and Community Development (DECD). Funds are allocated to service providers throughout the state who counsel prospective and existing small business owners in topic areas such as marketing, financing, and personnel recruit-

ment and management. The SBDC service provider in the Boothbay region is Coastal Enterprises, Inc. (CEI) in Wiscasset. Some small businesses in the Boothbay Region have utilized SBDC services. In the past three years, CEI has counseled forty-six clients in the Boothbay peninsula. Thirty-nine, or 85%, have received more than one consultation.

### **Maine Quality Centers Program**

The Maine Quality Centers Program is administered through Maine's Technical College System and provides customized training and education for companies that plan to relocate to or expand in Maine. If a company is willing to

create at least eight full-time jobs with benefits, it can qualify for training subsidies for its workers. This program will be used by Millennium Advisors when it establishes its Boothbay facility.

## **Tax Increment Financing**

Tax Increment Financing (TIF) is a mechanism that allows a municipality to use the revenue stream of new property taxes resulting from a development to pay for a variety of costs associated with that development. When using TIF, a business will pay property taxes to the community, which will dedicate a portion or all of those taxes to pay for costs associated with a particular development project. In a sense, this represents a reimbursement to the company. Eligible uses for TIF funds include building improvements, as well as the purchase of machinery and equipment.

The use of Tax Increment Financing provides a dual benefit. Not only does a development project benefit from the use of its property tax dollars, but the increased valuation from the development is sheltered for purposes of State of Maine valuation. This assists the community in state funding for education and revenue sharing calculations, as well as for county taxation.

Before using this program, a community needs to designate a TIF district and also receive local legislative body approval for a specific project.

## **B. Private Sector Resources**

### **Business Visitation Program**

The Business Visitation Program (BVP) is a business retention and expansion program administered by a partnership between the Maine Chamber and Business Alliance and the Maine Department of Labor. This program is based on the premise that quite often the best jobs that a community will ever have are the jobs provided by existing businesses and that preserving those jobs should be a high priority. The great majority of new jobs (up to 80%, according to some estimates) are provided through existing businesses.

The BVP is a program that is implemented locally and designed to help local companies and businesses resolve business problems. The program is also a tool that can be used to identify those businesses that are thinking of expanding in the future and to see what kinds of assistance they require. The BVP enlists local volunteers who interview business owners and gather information about those businesses' development problems, economic concerns, and opinions about the community as a place to do business.

After the interviews with local business owners have been completed, the BVP survey results are collected and analyzed by the Maine Chamber and Business Alliance and Department of Labor. A report is developed for the local community and suggestions and recommenda-

tions are made. The community is then equipped with the types of information that it needs to address business concerns and to identify specific businesses that have the potential to grow and to create new job opportunities.

In order to participate in the BVP Program, a community needs the following:

- 1** A local sponsoring organization that will coordinate local involvement in the project;
- 2** A task force and volunteer interviewers;
- 3** A willingness to follow-up on the concerns expressed about local issues.

Approximately 25 communities in Maine have made use of the BVP in the last two years. The Boothbay Harbor Region Chamber of Commerce has ex-

pressed an initial willingness to be involved in the development and administration of a BVP for the region.

### **Maine's Resource For Economic Development (MRED)**

Central Maine Power Company initiated an Economic Development service in 1996 called Maine's Resource For Economic Development (MRED). Its purpose was to create a series of four databases of Economic Development information; a listing of available land, commercial, industrial, investment, and hospitality properties in Maine; a community database that includes profiles on individual communities in the state; an Economic Development database that explains the types of programs and

incentives that are available for development in Maine; and financing information that provides comprehensive information on sources of private financing in the state. MRED is a tool that can be accessed by local Economic Development practitioners in Maine but more importantly, is an initial source of information for persons who are considering making an investment in the state. MRED represents the first electronic database of Economic Development information in Maine.

Through the use of MRED, a company wishing to examine its location options in Maine can find out what properties are available that meet its needs as well as learn more about the communities where it is considering locating. MRED is important to Maine's communities because it provides a central point of information and also provides an opportunity for community information to be disseminated to a wide audience.

### **Maine and Company**

In 1995, the Maine Chamber and Business Alliance established Maine and Company, a private non-profit development corporation designed to increase Maine's business attraction efforts. The premise behind Maine and Company was that Maine's DECD did not have the resources necessary to develop and fund an adequate business attraction program and that the private sector needed to provide some direction and leadership. Maine and Company is funded through the voluntary contributions of companies in Maine's private sector, including the states' major utilities, banks and other large employers.

Maine and Company is an important participant in Maine's Economic Development efforts for several reasons. It has generated financial commitments for its program; it has gained the support of the Maine Department of Economic and Community Development and the state's business community;

Among the four communities in the Boothbay Region, the towns of Boothbay and Boothbay Harbor have community profile information in the MRED database. Neither Edgecomb and Southport have submitted community profiles. The real estate information from the Boothbay Region consists of only one entry, for a multi-use building in Boothbay Harbor. No information in the database is available for the Boothbay Industrial Park or any other vacant land in the town of Boothbay.

and it is also recognized by Governor King and others in Maine's political establishment as a useful resource. Through Maine and Company's efforts, the state is initiating a number of new outreach efforts to businesses and site location experts from outside of the state.

Maine and Company has also been instrumental in the establishment of a protocol system that has been adopted by the state's Economic Development network. This protocol system provides an approach for handling development prospects that are generated through Maine and Company's efforts. Through this system, six regional development organizations have been designated to serve as coordinators for handling prospects from outside of the state. The significance of this protocol system for the Boothbay region is that Lincoln County has been placed in Kennebec Valley Council of Government's district, which is centered in Fairfield.

## INSTITUTIONAL ISSUES

The Boothbay Region faces a number of institutional obstacles as it pursues its Economic Development goals and objectives. These obstacles relate to the delivery of Economic Development services to the Boothbay Region. Be-

fore the communities in the region undertake a comprehensive development effort, these issues must be addressed. The issues that are in most need of attention are the following;

- 1** The Role of the Boothbay Region Economic Development Corporation;
- 2** The Status of the Lincoln County Planning Office;
- 3** The Absence of a Regional Development Organization

### The Role Of BRED

It is difficult to pursue any Economic Development goals without financial resources. At this time, BRED exists through the efforts of volunteers in the Boothbay Region, whose energy and enthusiasm provide the organization with its principal assets. Without financial resources directed to BRED, however, the organization's efforts are limited.

It is important to note that many regions in Maine have significant Economic Development capabilities that have been well funded and in existence for many years. These communities and regions represent the competition that wants the same development opportunities as the Boothbay Region. Many of these communities are served by organizations that have private sector financial support as well as public support through community appropriations.

At the current time, the four communities in the Boothbay region do not contribute financially to BRED, nor do they contribute to any organization that does Economic Development work. BRED has yet to receive any private sector financial support either, but has approached some private businesses for assistance. The citizens within the four communities that comprise BRED need to support BRED's efforts if they wish to have an opportunity to have an Economic Development program in the area. The continuing unwillingness of the four towns in BRED's region to financially assist BRED will demonstrate to state policy makers and others that there is little commitment to Economic Development in the four communities of the Boothbay peninsula.

### **Lincoln County Planning Office**

The closing of the Lincoln County Planning Office has left the Boothbay Region without a planning capability. In its latter stages, the Planning Office had begun to pursue some Economic Development projects and had one staff member concentrate his efforts in this area. The communities in the Boothbay region can benefit from a County Economic Development capability, either

operating as a sole entity or in combination with a planning function. The Maine State Planning Office has funds available for a planning capability in Lincoln County. That office is aware of the situation in Lincoln County and has pledged to address it. The opportunity is present for BRED to become involved in this process. It is only through this involvement that BRED's input will be heard.

### **Regional Development Capability**

The Regional Development Councils in Maine are a powerful tool that are very active in most areas of the state. They provide a wide range of development services. Lincoln and Sagadahoc Counties have historically not been served by a Regional Development Council. This has hindered the development efforts of communities in these counties for two reasons; there have been fewer services delivered to communities and businesses in these two counties than in other counties in Maine, and there has been no organization through which some state and federal programs can be delivered. Coastal Enterprises, Inc. (CEI) in Wiscasset has delivered some services to businesses in these counties but CEI considers itself a statewide organization that is not limited to just one geographical area.

There are three possible options that can be pursued to rectify this situation. A new regional organization that encompasses Lincoln and Sagadahoc Counties can be created or Lincoln and Sagadahoc Counties can join an existing organization. The two existing organiza-

tions whose regions neighbor Lincoln County are the Kennebec Valley Council of Governments in Fairfield and the Mid-Coast Council for Business Development in Brunswick. Yet another option would be to partner with CEI in Wiscasset, which has the capabilities to provide a full range of services, but which does not have the same quasi-governmental standing that the previously mentioned organizations do.

The Mid-Coast Council for Business Development seems content with its current service area, and has no plans to expand into Lincoln County in the future. The Kennebec Valley Council of Governments (KVCOG) has indicated some interest in the Mid-Coast area, but has made little effort to develop a presence in the region. KVCOG only recently expanded into Southern Kennebec County, so may not be in a position to expand any further at this time.

Partnering with CEI in certain ventures may be a good potential strategy. Specific ways to accomplish this will be mentioned in the strategies section of this report.

## **Summary**

Both the Maine State Planning Office and Department of Economic and Community Development are very cognizant of the situation in Maine's Mid-Coast area and the lack of services being delivered to businesses and communities. In order to positively impact the current situation, BRED needs to become actively involved in discussions with these two organizations.

It is also important to reiterate that in spite of BRED's efforts, municipalities need to apply for and accept the funds and assistance for the great majority of

the programs and resources that have been identified in Section III. As much as BRED works to stimulate Economic Development in the Boothbay peninsula, the leadership of the area's four communities needs to decide to make use of these available resources. Municipalities, working in cooperation with BRED, are key if the region is to take advantage of both government and private sector development programs.

## **IV. MATCHING OF THE BOOTHBAY REGION AND ECONOMIC OPPORTUNITIES**

The Economic Development opportunities in any region are influenced by a variety of factors. Location, natural resources, labor force, and infrastructure represent several of the most important influences. The future Economic Development opportunities in the Boothbay Region will depend on these factors as well as the types of strengths and weaknesses that were mentioned in Section II of this report. The Boothbay Region cannot expect the same opportunities as those available in Maine's larger urban areas. These areas can attract business development as a result of their location on Maine's interstate system, access to airports, available building space, and years of experience in conducting local Economic Development programs. If the Boothbay Region is to successfully foster new development, it needs to concentrate on specific business sectors that are drawn to the region by its assets.

Section IV of this report is intended to do a number of things. It will identify some recent significant developments in Mid-Coast Maine that, for various reasons, have been drawn to this section of the state. It will use the results of the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis as well as information gathered through interviews with local citizens and businesspeople to identify a number of business sectors that match up well with what the Boothbay Region has to offer. These business sectors will also be in accord with the types of development preferred by area citizens. And finally, Section IV will also provide insight into the state of Maine's current efforts to attract investment in these same business sectors.

### **RECENT BUSINESS DEVELOPMENTS IN MID-COAST MAINE**

Mid-Coast Maine has traditionally relied on the tourist industry, Bath Iron Works (BIW), and Maine Yankee as the mainstays of its economy. Things are changing however, principally because of the downsizing at BIW that is expected to continue and the closing of Maine Yankee.

Even the most optimistic projections predict that by the year 2002, BIW will have about 5,000 employees, a considerable drop from its peak of over 11,000 employees in the 1980's and its current level of over 7,000 employees.

The tourist industry, BIW, and Maine Yankee have been the three economic engines that have allowed the Mid-Coast area to prosper economically. At the same time, the certainty of those three assets have caused the region to make only modest efforts in the pursuit of other Economic Development opportunities. That has changed recently, with the emergence of interest from municipalities, counties, and the entire Mid-Coast region.

There have been a few recent significant business developments in Mid-

Coast Maine. (For the purposes of this exercise we define Mid-Coast Maine as the area of the state that includes Sagadahoc, Lincoln, Waldo, and Knox Counties, plus the town of Brunswick in Cumberland County.) The developments that we present here have taken place during the period of the last four years and have been chosen based on information provided by the Maine Department of Economic and Community Development as well as Economic Development practitioners in Maine's Mid-Coast region.

## **MBNA**

MBNA represents not only the most significant business investment in Maine's Mid-Coast region over the last several years, but also one of the largest investments in the entire state. After completion of its Belfast facility, MBNA will have invested \$37 million in facilities in Camden, Belfast, and Brunswick, according to DECD. A total of 1,700 jobs will have been created in these communities, as well.

MBNA's first investment in Maine occurred in Camden. The reasons for making a multi-million investment in that community principally involve quality of life issues. MBNA decided to locate its regional offices in a community that offered a superior quality of life and that

was physically attractive. The company was also convinced that a labor force was available to meet its needs and that its Camden location would help to attract additional labor as the company expanded. When MBNA expanded from its Camden base and established call centers in Belfast and Brunswick, it chose communities that offered a high quality of life and also had the labor available to assure an efficient and profitable operation.

## **Unimation Communications Corporation**

Unimation Communications Corporation, located in Unity, established a presence in that community in the fall of 1996. The company is involved in the development of software products and also operates a call center. Its software development efforts have been delayed but are expected to accelerate at a later date. The company is a relocation of a small business that had been located in New Jersey. Unity Telephone worked closely with Unimation as it planned its move to Maine and was able to provide the company with an advanced telecommunications network capability to meet its needs.

According to Unimation's owner, Gustave Essig, his decision to move his start-up business to Maine was due to a number of factors. One of the most significant was Governor King's intervention. The Governor contacted Mr. Essig on the recommendation of a mutual friend who lived in Falmouth, at a time when Mr. Essig had no intention of relocating to Maine. Mr. Essig was then contacted on a regular basis by a representative of the Maine Department of Economic and Community Development and was also put in touch with Maine and Company, which worked to develop an incentive package for Unimation, including a significant training package for the company's worker needs. A relationship was established with Unity Telephone through the Internet. Unity Telephone's owner, Bert Clifford, was eager to bring Economic

Development to the town of Unity so worked closely with Mr. Essig to bring the company to his community

In addition to the existence of an advanced communications network, Unimation also chose Unity because of the presence of a building that met its space needs and the reputation that people in the area had for honesty and a sound work ethic.

## IDENTIFICATION OF POTENTIAL BUSINESS DEVELOPMENT OPPORTUNITIES

A number of guidelines were used to identify business sectors that have particular potential to enhance

Economic Development in the Boothbay Region. These guidelines are as follows:

- 1** Individual business sectors that have been identified needed to present a realistic development opportunity for the Boothbay Region and also needed to reflect the types of developments that citizens in the region are inclined to support;
- 2** The state of Maine has been involved in a number of research efforts in the last several years that are industry specific and that have targeted those industrial and business sectors that appear to have the most potential to spur development in Maine. The information contained in Section IV of the Boothbay Region Economic Development Strategy builds upon this statewide research and takes it a step further, to the local level;
- 3** Only year-round type business sectors have been included. This is intended in no way to minimize the significant impact that tourism has on the local economies of the four Boothbay Region communities, but simply reflects one of the overall objectives of this study; i.e. to identify year-round employment opportunities.

### The Retirement Industry

Until recently, the retirement industry was not viewed as a major Economic Development opportunity for Maine. However, in the last few years, its economic benefits have begun to be acknowledged. In 1995, in its "Implementation Strategy for Charting Maine's Economic Future", the Maine Chamber of Commerce and Industry and Maine Alliance identified the retirement industry as a growth sector for the state. In a more recent study, "The Golden Opportunity-How Maine Can Enhance The Retirement Industry", the Maine State

Planning Office (SPO) describes retirees who move to Maine as "an important economic force because they bring millions of new dollars in assets to the state and they support communities and cultural activities with volunteer time." Also, in February of 1997, the Department of Economic and Community Development in its "Status Report on the State's Economic Development Strategy", cited as one of its goals the establishment of Maine as a premiere home for active retirees from the metropolitan Northeast.

The SPO report establishes a goal to attract to Maine a total of 14,500 new immigrant retiree households between 1995 and 2000, with a similar increase for the following five years. This would represent an increase of 50% compared to households for the 1990-1995 period of time. One of the first objectives of the state's efforts is to convert tourists into residents. Since the Boothbay Region is already popular as a tourist destination, it is well positioned to take advantage of this opportunity. In addition, there has been little attention paid to the retirement industry by the state's existing Economic Development agencies. As a result, there has been limited experience with this industry up to this point.

In this report, we will be focusing on a particular component of the retirement industry, the retirement community. There are many different types of retirement communities in Maine. Some cater to young, active retirees who require few, if any, services and are able to live independently. Other retirement communities are designed for those who require an assisted living environment that includes a range of services, such as transportation, specialized medical care, and assistance with the preparation of meals. Still other retirement communities offer a combination of more than one type of living situation. As retirees age, they may require additional services. A retirement community needs to be able to adapt to these changing requirements.

In its report on the retirement industry, the Maine State Planning Office identifies twenty-five "major retirement living facilities" in Maine. These retirement facilities are almost all located either in Maine's large population areas or in coastal communities. The closest retirement facility to the Boothbay region is located in Damariscotta and called Schooner Cove. It consists of 47 apartment units, with 55 residents. The facility is structured similar to a condominium, where residents pay a monthly fee of \$1,000 for a variety of common services. The sales prices of the individual living units is between \$133,000 and \$250,000, so the facility is clearly designed for elderly people with financial means. The facility is affiliated with Miles Health Care Center and its Board of Directors include three employees of Miles. Other Mid-Coast retirement facilities are located in Belfast and Camden.

The preferred type of retirement community would probably be that geared to the young, active retiree, who is still able and willing to be an active participant in community life. In fact, the Boothbay peninsula has already become a location for a particular segment of this type of retiree; naval personnel from the Brunswick Naval Air Station. According to statistics from the Naval Air Station, of the 151 retired naval personnel now residing in Lincoln County, 24 live in the towns on the Boothbay peninsula.

The Boothbay Region is well positioned as a potential future location for a retire-

ment community. There are a number of reasons why, among them the following:

- 1** The Region's natural amenities and quality of life.
- 2** Access to a variety of activities, both recreational and cultural. This includes the presence of a golf course on the Boothbay peninsula;
- 3** Opportunities for involvement in community activities;
- 4** Opportunities for involvement in entrepreneurial activities for the early retiree;
- 5** The location of a hospital in the region.

The Boothbay Region possesses many of the assets that retirees are seeking when they look to relocate. The retirement industry represents a good development opportunity as a result.

The State of Maine has identified the potential of attracting elements of the

retirement industry to the state. The Retirement Industry Advisory Council issued its report in January of 1997, and a steering committee is working on the implementation of the recommendations of the Council. Those recommendations are listed below:

- Increase opportunities for elder learning
- Increase support for the arts
- Increase the use of volunteer retirees
- Fill gaps in healthcare services
- Provide financing for the full range of retirement facilities
- Help local municipalities and economic development organizations build retirement businesses
- Repeal the rule against perpetuities
- Create a clearinghouse of information on retiring in Maine
- Conduct a marketing campaign aimed at drawing retirees to Maine

(Plans were recently announced to construct a retirement community, St. Andrews Village, in Boothbay Harbor in late spring of 1998. St. Andrews Village will initially consist of 46 living units; 24 apartments and 22 cottages. The apartments will be rented at rates of \$1,350 to

\$2,100 monthly. Cottage homes will be sold at prices between \$169,000 and \$259,000. St. Andrews Village will be a comprehensive care retirement community, and the facility will include accommodations for persons who require assisted living and on-site nursing home care.)

## **The Marine Science Industry**

The Boothbay Region currently has two facilities that are involved in the marine science industry, Bigelow Laboratories and the Department of Marine Resources (DMR) research facility in East Boothbay. These are just two of Maine's active participants in the field of marine science, which also includes several colleges and universities. The proposed Portland Aquarium would add yet another facility that would be a participant in this field.

At this time, there are approximately 100 employees at Bigelow Laboratories and DMR. This group of individuals involved in marine science is significant and represents a community asset. By having a critical mass of scientists and researchers, the Boothbay region is better positioned than other regions in attracting additional marine science ventures to the Boothbay peninsula. This factor, in addition to the quality of life in the Boothbay region, are two selling points for future development of this nature.

The State of Maine has established a goal of creating 1,500 new marine science and technology jobs. Many of these jobs will result from establishing Maine as a leader in this field and recruiting outside entrepreneurs and scientists to the state. One potential drawback to this plan is the current lack of research monies available in Maine, which has always ranked among the very lowest states in the country in financial resources dedicated to research and development.

There are also some possibilities that exist in the Boothbay region related to

the harvesting of seafood. Although the waters in the Boothbay peninsula are not appropriate for the harvesting of finfish, shellfish presents a possible opportunity. One of the state's largest processors of cultured shellfish, Great Eastern Mussel, was started in the Boothbay peninsula by an area resident who still resides on the peninsula. This venture eventually moved because it had outgrown its initial site in Edgecomb. Although the likelihood of a processing facility for cultured shellfish is slim, there is potential for smaller, harvesting operations.

One additional way to take advantage of the Boothbay Region's strengths in the area of marine research is to identify educational opportunities that can be pursued with the University of Maine and the University of New England. This may lead to the establishment of programs in the region that will draw contingents of students for periods of time.

A current development that should be monitored is the establishment of a Task Force by the state Legislature in 1997 whose purpose is to report to the Appropriations Committee on a viable strategy for research and development in marine technology. The result of this study could determine future directions in this business sector. Another recent development has been the establishment of the Small Enterprise Growth Fund, which is a \$5 million loan fund approved by Maine voters by referendum last year. The program targets several specific areas of investment, one of which is marine science. Through this program, loans of up to \$150,000 will be made available through the Finance Authority of Maine to companies that require capital for new ventures.

## **Software Development**

Software development represents a "green industry", which has no noticeable environmental hazards associated with it. It is also an industry whose entrepreneurs are quite diverse. Some are sole proprietors who operate in home based environments and who are quite satisfied to remain small. Others are much more ambitious, and hope to develop into major employers.

Many software companies are started by individuals who formerly worked for major businesses. The greatest assets of these spin-off companies are the talents of the individual entrepreneurs and the intellectual property that they have created. It is often difficult to finance these types of businesses, principally because of a lack of hard assets, such as real estate and machinery and equipment. Many software firms are in their developmental stage for several years because of a lack of financing. There are no geographical constraints to the location of a software development business. This may explain the existence of software firms in many of the remote areas of Maine. The greatest infrastructure need is the availability of an adequate telecommunications network. Depending on the type of work being done, certain types of software development businesses require more advanced telecommunications networks than others.

The Maine Software Developers Association (MeSDA) is the state's software industry trade association. Its 1997 Directory includes 151 businesses that are involved in various aspects of the software industry in Maine. Although

this represents a significant number of businesses, most are quite small, with less than five employees. Others, such as EnvisioNet Computer Services of Augusta, are in the midst of major expansions. EnvisioNet will soon be expanding to approximately 125 employees, from its current 20.

MeSDA's membership does not include all the businesses currently working in the software industry in Maine. This is because of the nature of this industry, where activity is often not noticed and businesses are invisible. This makes the industry even more attractive to areas such as the Boothbay Region, which wishes to maintain its quality of life and pleasing environment. Despite the deficiencies in the information available from MeSDA, it still remains the best source of information on the status of the software industry in Maine.

One of the most serious impediments to the development of this industry in Maine is the availability of workers who are technically proficient. Addressing this problem is a major priority of the state's Economic Development Strategy for the software industry. This strategy also identifies Maine's regulatory and tax structure as needing improvement. As a first step, the Maine Public Utilities Commission needs to be fully informed of the telecommunications needs of the software industry in order to satisfy future industry trends.

As a business development, the software industry has a number of attributes. It is environmentally benign, it pays well, and it attracts the types of

individuals who most communities desire to have as residents. In addition, this industry can serve as a reason for young residents, with proper training, to stay in the communities they grew up in. Future employment in this industry is attractive, as programmers are being paid approximately \$32,000-34,000 annually, while more experienced employees of this industry command salaries in the \$60,000-70,000 range.

One component of the software industry that has particular promise is that associated with internet providers. According to a Price Waterhouse survey of the software industry, this industry segment represents approximately 15% of the

## **Biotechnology**

Biotechnology is a business sector that holds great promise for the state of Maine. At the present time, Maine's biotechnology industry has revenues of approximately \$350 million from 50 companies, most of whom are small. The exception is IDEXX, which is the nation's ninth largest biotech firm. Put into perspective, the revenue of the biotechnology industry exceeds the entire revenue of \$275 million from the state's fishing and aquaculture industries.

The biotechnology industry is similar to the software industry in a number of respects. Both consist of companies that are often established by entrepreneurs who worked for larger companies; both are environmentally benign; both industries face serious problems in accessing financing; and both provide high paying jobs.

The biotechnology industry's needs

total industry, but is growing rapidly. According to the Maine Science and Technology Foundation, Maine could capitalize on this growth trend, because the market is not geographically sensitive. As more Maine citizens become involved with the internet in upcoming years, more need for services in this area will be necessary.

Maine's Small Enterprise Growth Program has included software development businesses as one of its target industries. The program has \$5 million in loan funds available in increments of \$150,000 and less. Eligible projects need to have the potential for high growth and significant public benefit.

include access to financing, especially in the form of equity for start-up firms. In addition, incubators would be helpful for many of the small start-ups which could benefit from sharing a range of services for a reasonable price. The need for financing is projected to be assisted through the establishment of FAME's Small Enterprise Growth Fund but industry experts project the need for venture capital financing of a minimum of \$20 million.

The growth in this industry in Maine (and elsewhere) has recently been impressive. In 1996, 600 new jobs were created and industry gross revenues increased by approximately 35%. There are two lead organizations that are spearheading Maine's strategy of growth in the biotechnology industry. The Center for Innovation in Biotechnology and the Biotechnology Association of Maine are the industry's principal advocate and trade association, respectively.

## **Telecommunications Intensive Industries**

Telecommunications intensive industries include both call and response centers and back office operations. Back office operations have become more popular as companies have attempted to cut down on their administrative costs by contracting out for a variety of administrative services, such as data processing, payroll processing, and related services. Maine has a number of small firms that specialize in providing these types of services. Other larger firms, such as UNUM and L.L. Bean, provide these services in-house and have trained a large number of workers to become experts in back office processing.

MBNA's arrival in Maine in the early 1990's has led to the creation of potentially 1,700 jobs for individuals working in a call center or response center environment for that company alone. MBNA's positive experience and growth to several Maine locations sends a strong message to other call and response centers that Maine is a good place to do business.

Adequacy of telecommunications is of paramount importance for operations of this nature. Available labor is also a top priority. Many of these types of businesses are attracted to areas with a large number of college students and/or retirees, since these sectors represent a good source of part-time employees. Another major consideration for businesses of this nature is the quality of life in an area. Since with good telecommunications these facilities can be located anywhere, many businesses have chosen locations that have low crime, cultural amenities, and recreational opportunities. Maine and Company is the lead organiza-

tion in Maine's efforts to attract telecommunications intensive businesses to the state. To achieve success in this area, Maine and Company has secured the services of a nationally known telecommunications consultant. Maine and Company has also conducted a direct mail campaign to 200 telecommunications based companies, with plans to telephone follow-up with these companies.

The Boothbay Region has a good opportunity to attract businesses in telecommunications intensive industries. The population of the region is not large enough to attract a large call center, because of the large turnover in that type of business (150% annually), but it could attract a small response center.

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## **CONCLUSION**

Economic Development activity will occur in a particular location for a reason. Although many decisions are based principally on cost factors, other locational decisions are based on quality of life. For example, quality of life is a major reason that MBNA originally established a presence in Camden. Other developments require certain types of infrastructure or a workforce that is educated in a particular discipline.

The Boothbay Region has strengths and weaknesses that will influence what types of development occur in its four communities. These strengths and weaknesses, as well as the threats and opportunities external to the region, have been identified in Section II of this report. They have formed the basis for identifying five business sectors that hold promise for future development on the Boothbay peninsula.

The five business sectors that we have identified; the Retirement Industry, the Marine Science Industry, Software Development, Biotechnology, and Telecommunications Intensive Industries are all business developments that are clean, unobtrusive, and have significant growth potential in the future.

They are not business sectors that are in danger of being lost as a result of cheap foreign competition. These sectors have also all been cited as key components of Maine's latest Economic Development Strategy, which was just updated in the last several months. As a result, these sectors should receive

their fair share of whatever resources the state devotes to Economic Development.

A number of other business sectors were looked at, but dismissed for various reasons; for example, because they required a geographical proximity to Maine's interstate highway system or because they simply were not compatible with the vision articulated by Boothbay area citizens. Some developments, although desirable, were determined to be unrealistic. An example of this was attracting a quality department store to the Boothbay Region. Although this would benefit the entire area, the year-round population in the region is simply not large enough to support any development of this sort. Although a department store might do well in the summer months of the year, it would likely be unable to sustain sufficient year-round sales to support its operation. In addition, many of the products that are provided in department stores are available within a short distance of the Boothbay peninsula at this time, either in Damariscotta, Bath, or Brunswick. For these reasons, we have determined that a department store is not a feasible target at this time.

In Section V of this strategy, we will identify some specific steps that the Boothbay Region can take in order to position itself as a participant in the field of Economic Development in Maine. A number of those steps will focus on the five business sectors that have been identified above.

## **V. STRATEGIES AND ACTION STEPS**

The Boothbay Region is in the beginning stages of formalizing a development program for its four communities. The strategies that are identified in Section V of this report link the analysis of the Boothbay economy and its strengths and weaknesses to specific actions that are designed to improve the regional economy. These strategies are intended to identify a variety of opportunities for the Boothbay Region. They should not be looked at individually, but instead in the context of a comprehensive vision since they address a number of institutional and programmatic issues.

There are some very significant institutional issues regarding Economic Development in the Boothbay Region. Without attention paid to these institutional issues, it will be difficult to implement most of the programmatic strategies that are proposed. For that reason, Section V of this strategy document will first identify those institutional issues and provide a number of recommendations and strategies that address them. Programmatic issues will then be presented, along with specific strategies for implementation.

### **INSTITUTIONAL STRATEGIES**

One significant weakness that was identified earlier in this report was the lack of any local public financial support and commitment for a development program in the Boothbay region. There has never been a substantial appropriation of municipal funds for the Boothbay Region Economic Development Corporation (BRED), nor for any other local or regional development effort. This lack of financial support for Economic Development is problematic. It not only leaves an organization such as BRED with no resources with which to operate, but it also sends a message to outside organizations and businesses that the area is not serious in its development efforts. Leveraging local dollars for development projects is becoming more important and some level of

local commitment is often required when a community requests funds through state and/or federal sources. If the Boothbay Region wants to undertake a serious Economic Development effort, it is necessary for a local commitment to take place.

It is not necessary for this local commitment to be entirely public. Many areas of Maine have Economic Development capabilities that are funded through a combination of public and private funds. This type of partnership currently works in the Oxford Hills area, the Waterville area, the City of Augusta, and elsewhere.

In addition to the lack of a local financial commitment to Economic Development, other institutional issues involve the lack of any County and/or Regional Economic Development capabilities. The technical resources and support that many Maine communities depend on is provided through regional development organizations. At this point, there are no providers of these types of services to the Boothbay peninsula. An example of the benefits of regional assistance is currently taking place in Owls Head and

Rockland. These two communities are being assisted by the Eastern Maine Development Corporation (EMDC) as they begin plans to establish a new Industrial Park in their communities. EMDC has provided technical assistance to the communities and will continue to do so throughout the remainder of the planning and implementation process. The Boothbay Region has no regional organization similar to EMDC that it can look to for technical assistance.

The following action steps should be taken by BRED (and the municipalities in the Boothbay Region) to overcome the institutional challenges that the area is facing.

### **1. Establish a Budget For BRED From Public and Private Sources**

In order to compete with other local and regional development organizations, BRED needs some financial resources. If BRED were able to raise \$50,000 annually from a combination of public and private sources, it could fashion a program that would have an impact. Some other similarly sized areas in Maine have been able to positively impact development in their communities with this level of investment. The Town of Gorham, for example, with a population of approximately 11,800,

operates an Economic Development program with a budget of approximately \$45,000, all from public funds. With a budget of this size, BRED could hire a half-time Executive Director, develop some area promotional materials, and also implement other elements of this strategy. There are currently no funds available through either state or federal government sources to fund the type of capability that is needed in the Boothbay region, so local funds will need to be raised.

**Total Cost:** \$50,000 raised through local private and public sources

**Timeframe:** Immediate

## **2. Secure State of Maine Commitment For Technical Assistance**

Because Lincoln County has not been served by any regional provider of Economic Development technical assistance and because the Lincoln County Planning office is now closed, the Boothbay area is at a significant disadvantage when compared to most other areas of Maine. Both the Maine State Planning Office (SPO) and Department of Economic and Community Development (DECD) disburse funds to county

and regional organizations who assist local communities with their planning and development needs. In order to gain the fullest benefit of what should be offered to their communities, BRED, in combination with local officials in the Boothbay peninsula, should request a meeting with officials at both SPO and DECD and seek assistance with this problem.

**Total Cost:** \$0

**Timeframe:** Immediate

## **3. Form Partnerships**

BRED will not be able to implement an effective development strategy by itself. It will need to partner with the private sector, as well as with private non-profit organizations. Forming these partnerships will allow the Boothbay region to utilize expertise that has considerable experience in undertaking Economic Development activities in Maine. Developing partnerships will also allow the Boothbay Region to stretch its own resources further. In the specific pro-

grammatic strategies that are identified in the following pages, there are many opportunities to partner with other organizations. We strongly recommend that as much as possible BRED should seek to work with other organizations when it implements these strategies and make use of existing programs and resources as much as possible. Some specific programmatic recommendations are included in the programmatic strategies section that follows.

**Total Cost:** \$0

**Timeframe:** Immediate

## **PROGRAMMATIC STRATEGIES**

Some of the action steps within the programmatic area are intended to solidify the area's current business base, while others will expand that base through investment from outside of the region.

Many of the suggestions included here require working with existing organizations. The strategies that are presented here are intended to supplement the information that has been included in previous sections of this report.

### **1. Establish a Business Visitation Program**

BRED and the Boothbay Harbor Chamber of Commerce should jointly conduct a Business Visitation Program (BVP) on the Boothbay peninsula. This program is jointly administered and funded by the Maine Chamber and Business Alliance and the Maine Department of Labor and will further Economic Development in a number of ways. It will solidify support for BRED with local businesses, since BRED's involvement will demonstrate to the area's existing business base that their livelihood is important. It will help to identify those businesses that have the potential to

grow in the future. It will identify issues, local or otherwise, that may impede businesses at the present time. It will also serve as a tool for local existing businesses to identify suppliers or customers who might be interested in expanding to the Boothbay region in the future. Through the use of a survey instrument that is tailored to the Boothbay region, local issues can be addressed in a comprehensive fashion. Initial contact has already been made with the Maine Chamber and Business Alliance and Boothbay Harbor Chamber of Commerce.

**Total Cost:** \$0

**Timeframe:** Fall 1997

### **2. Develop a Revolving Loan Fund For Small Businesses**

Many businesses still find the lack of access to financing as a major impediment to their expansion and growth. Many communities and regions in Maine have rectified this situation through the development of locally-controlled Revolving Loan Funds. These funds generally supply small loans (in amounts up to \$25,000) to small businesses that require financing. One of the most attractive features of these funds is that they are paid back and can then be loaned again for other business projects. The

Boothbay region should develop a \$300,000 Revolving Loan Fund, capitalized from the following sources; \$100,000 from the State of Maine Community Development Block Grant Program, \$100,000 from a loan pool established by local banks, and \$100,000 from Coastal Enterprises, Inc. (CEI) in Wiscasset. The underwriting and loan servicing aspects of the fund could be administered by CEI for a modest fee, which would be part of the closing costs for the borrower.

**Total Cost:** \$300,000 (No local public investment)

**Timeframe:** Spring 1998 (Funds will not be available through the state's CDBG program until that time. Commitments from other sources should be secured prior)

### **3. Utilize CMP Economic Development Databases**

CMP is providing a service to Maine communities through several of its Economic Development databases. The Boothbay region should make better use of two of those databases; one which provides a central point of information on real estate in the state available for development purposes, the other which provides profiles on communities in the state. The information

on the Boothbay Region needs to be updated. (For instance, the current Boothbay community profile includes Sheepscot Machine as one of the community's largest employers. This business is no longer located in Boothbay.) BRED should work with town officials and local real estate brokers to provide information for these databases.

**Total Cost:** \$0

**Timeframe:** Immediate

### **4. Utilize The Small Business Development Centers (SBDC) Program**

Coastal Enterprises, Inc. is the service provider for the SBDC Program in the Boothbay region. Although there has been some utilization of this program by area businesses, BRED can work with CEI to make these services more available. For example, an SBDC counselor

could come to Boothbay on a regular basis or a workshop could be organized and all interested local businesses invited. Workshops on a variety of topic areas are conducted by CEI. The Boothbay Region could host such a workshop for its local businesses.

**Total Cost:** \$0

**Timeframe:** Fall 1997

## **5. Develop a Public-Private Partnership With the Owner of the Boothbay Industrial Park**

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The Boothbay Industrial Park represents a potential opportunity for the region to have an area that light industrial type facilities will find attractive. Work needs to be done, however, to make this park competitive with other parks in the Mid-Coast area. At the current time, the Cities of Rockland and Bath are both working on the development of significant industrial parks. The Rockland Park (which will actually be located in Owls Head) will serve as an extension to that community's present industrial park. The Bath Park is a new

facility for which Bath has two significant tenants at this time. Both of these communities (as well as the Town of Brunswick) will be vying for the same types of development opportunities as the Boothbay region. BRED should explore what opportunities exist for funding improvements to this park through funds from the Maine Department of Economic and Community Development and determine whether public funds should be used to assist the park's owner in marketing the available lots.

**Total Cost:** \$1,500 in local funds for marketing of Boothbay Industrial Park

**Timeframe:** Fall 1997-Winter 1998

## **6. Work With Maine and Company**

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The mission of Maine and Company is "to lead the business attraction efforts for the state of Maine through sales and marketing partnerships resulting in the growth of quality jobs". Maine and Company is a private non-profit corporation that works very closely with Maine's DECD and Regional Councils in their efforts to attract new business and industry to the state. One of Maine and Company's current programs that will take place in the beginning of August involves hosting a visit to Maine of nine site location consultants from throughout the country. These site location consultants will be visiting a number of Maine communities in order

to learn more about the state's Economic Development assets. BRED and the communities in the Boothbay Region should form a linkage with Maine and Company and take advantage of its efforts. One specific recommendation is to work with Maine and Company to develop a means of reaching out to Maine's summer visitors who might own or be executives in businesses that are contemplating expansions. Maine and Company and BRED could jointly host a reception for Maine's Mid-Coast area and invite industry leaders who vacation in Maine. Governor King could be invited to this event, as well.

**Total Cost:** \$1,000

**Timeframe:** Summer-Fall 1998

## **7. Develop and Implement a Promotional Program That Highlights the Boothbay Region as a Place To Do Business**

The Boothbay Region has traditionally marketed itself to outsiders for vacation purposes. It now needs to market the region for potential business investments. To do so, BRED should contract with an advertising/marketing firm to develop a brochure that highlights the reasons to establish a business in the Boothbay peninsula. The brochure can

**Total Cost:** \$2,500

serve as a entry point for a marketing campaign geared to the five business sectors that have been identified as good matches for the Boothbay Region. An important aspect of any marketing program for the region is to target efforts to particular business sectors. A targeted approach will allow local resources to be used most efficiently and effectively.

**Timeframe:** Winter 1998- Fall 1998

## **8. Develop a Homepage on the World Wide Web**

Many communities are making use of the World Wide Web as a way of selling themselves to potential business investors. BRED should develop a homepage for this purpose. This means of communicating will be especially helpful in

**Total Cost:** \$1,500

acquainting software development firms with the area. The development of a homepage will also allow the Boothbay Region to economically reach out to many businesses, outside of those that it specifically targets.

**Timeframe:** Winter 1998

## **9. Market the Boothbay Region To the Developers in Maine's Retirement Industry**

Maine has a significant number of developers who are concentrating their efforts on building retirement communities. These communities can be significant contributors to a community. In Topsham, for example, the Highlands complex is being expanded and will potentially include living facilities for up to 250-300 residents. BRED should

**Total Cost:** \$500

**Timeframe:** Immediate

reach out to the developers in Maine who are active in this field, determine what types of site requirements and other amenities they require, and indicate an interest in working with them. BRED should also stay involved as the state of Maine, through the State Planning Office, works on statewide strategies to attract this industry to Maine.

## **10. Position the Boothbay Region As An Attractive Location For Entrepreneurial Businesses**

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Many of Maine's (and the country's) future successful businesses are either in their initial stages now or are not even in existence. This is especially true for businesses that rely on innovation and technological breakthroughs. Being in position to attract these businesses is important. The software-development industry is one such business sector. BRED and the Boothbay Region can take a number of steps to reach out to this sector. BRED should become familiar with the trade associations that service the software industry. Maine's trade association is the Maine Software Developer's Association (MeSDA). BRED should develop a survey that is sent to all members of MeSDA and that solicits information from these companies regarding their future plans and needs. BRED should make itself known to these organiza-

tions and express a willingness to work with them if they wish to locate their operations in the Boothbay area. Another strategy would be to serve as a co-host for a New England regional conference that explores current topics or trends in software development. This conference could be held in the Boothbay area and not only serve to provide a forum for entrepreneurs in this field, but also acquaint these people with the assets of the Boothbay peninsula. BRED should also identify three or four key players in this industry and use them as a sounding board for ideas as to how to effectively reach out to this sector. Unlike many business sectors, software developers are sometimes invisible. They work out of home offices and other places, where they're often not noticed.

**Total Cost:** \$2,500

**Timeframe:** Spring or Fall 1998

## **11. Investigate the Possibility of Establishing An Incubator Building For Businesses Involved in New Technologies**

Often a major detriment to new and emerging businesses is the need for basic services to be provided at a reasonable cost. There is also the feeling of "going it alone", which occurs when businesses feel isolated from other similarly-minded persons. The development of an incubator building will solve these two problems. The concept behind an incubator building is that many new businesses need a range of services when they start-up, but also don't

have the financial means to pay for these services. By sharing these services with other entrepreneurs, they are able to share costs, as well. An incubator building is intended as a location that a business uses during the initial stages of its life, after which it moves to a larger location. BRED should investigate sources of funds for an incubator building that is geared towards the software, marine technology, and biotechnology industries.

**Total Cost:** Unknown, although funds could be available through public sources such as the CDBG program

**Timeframe:** Summer and Fall 1998

## **Summary and Conclusion**

The strategies and action steps that are outlined here are intended to form the basis for BRED's initial Economic Development Program. These particular recommendations should be studied and discussed by the Economic Development stakeholders in the Boothbay region. They should be viewed as recommendations for this particular point in time, but will require revisiting and modification as economic conditions change and new technologies emerge. If implemented in their entirety, the action steps will require considerable time and effort. Some can be accomplished with little or no financial investment (as noted) and through the efforts of volunteers; however, many of them will entail the investment of considerable time on the part of an experienced Economic Development professional.

We are suggesting that BRED work diligently towards finding the resources that will be necessary to hire such a person, who would be primarily responsible for implementing this program. We are also strongly suggesting that the four communities in the Boothbay Region need to raise at least 50% of the funds that will be needed to take the action steps that are recommended. This proposed public investment of approximately \$25,000 annually will not only provide needed resources but also demonstrate a public commitment to Economic Development that has not occurred to this point in the Boothbay Region. Without this level of investment, the Boothbay Region will not be able to institute outreach efforts to its own business community nor to any businesses outside of the area that would be desirable contributors to the area's economy.