

Integrating Economic and Demographic Projections
into Growth Center Planning
for Irasville

Waitsfield, Vermont

2002

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Executive Summary

Introduction:

The Town of Waitsfield retained Economic and Policy Resources, Inc. to assist in laying an economic and demographic foundation for the development of an economic development strategy. This study is intended to be a part of a broader Master Plan for the Irasville Growth Center. The scope of our work was to complete what effectively were the prerequisite steps for developing meaningful economic development strategies. This report is intended to provide insight for the community relating to its current economic standing. It also is intended to provide additional information relating to the economic and demographic environment in which the community is likely to grow over the next two decades.

This study is intended to facilitate the Irasville Growth Center Master Planning Process by:

- (1) Completing a strategic assessment of Waitsfield and the Mad River Valley regional economy;
- (2) Developing a set of 20-year projections of employment, population, and housing under a “status-quo” economic development policy environment and absent of any infrastructure constraints;
- (3) Collecting and assembling qualitative economic information in the format of a Strengths, Weaknesses, Opportunities, and Threats analysis (a SWOT analysis) from Waitsfield area businesses;
- (4) Projecting the space needed to accommodate the growth in the Town’s employment base and households; and by
- (5) Raising key economic and community development questions the Town must address and resolve in order to complete its Master Plan.

This report promotes an understanding of the Waitsfield economy by identifying key growth industries and major employers. This insight can lead to appropriate economic development strategies. This report, however, does not develop those specific strategies. Likewise, the projected additional households and employment space is provided but the amount dedicated to Irasville is not determined. Both of these issues were outside the scope of this study and require community decisions.

Results of the Economic and Demographic Assessment

The economic assessment completed as part of this project reached the following major conclusions:

- Although population growth rates have slowed in the state of Vermont overall, population growth has increased in the Mad River Valley region. This indicates

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that the Valley's population base will likely increase in its share of the total population of the State during the next 20 years.

- The Mad River Valley population has a larger than average share of residents in the age 45-64 years old category. This indicates that a majority of residents are currently in their peak earning years, and suggests: (1) that many of Valley's residents are at a point in their lives where they are demanding the recreational and cultural amenities associated with a high quality of life, and (2) would be most inclined to pay for such amenities.
- The rate of job growth at businesses in the Mad River Valley region exceeded the rate of job growth for both Washington County and the State as a whole over the past decade.
- Although the number of new jobs in the Mad River Valley region increased at a rate that exceeded the statewide average, the rate of personal income growth for the region was significantly below the statewide average. This indicates that a disproportionately large share of the region's job growth was in the lower-paying job categories during the 1990s.
- Key employment sectors that enjoyed relative job growth success in the Washington County during the 1990s included: Industrial Machinery; Food and Kindred Products; Wholesale Trade of Non-Durable Goods; Insurance Carriers; and Engineering and Management Services. Based on this experience, at least some of these sectors appear to offer some promise for a "good strategic" fit for the Irasville Growth Center area.
- The Mad River Valley job base is concentrated on a relative few number of employment sectors, most of which are in, or connected to, the travel and tourism industry. Waitsfield appears to be somewhat more diversified than the Mad River Valley region as a whole. It appears this may be associated with the community's access to advanced telecommunications services provided by Waitsfield Telecom, and by the presence of a more diverse number of businesses in the Town's Irasville Industrial Park.

Summary of the Economic-Demographic Projections

As mentioned above, this study included the development of a series of 20-year economic and demographic projections. These projections assume a "status-quo" economic development policy environment and that there will be no infrastructure constraints on economic and population growth over the next two decades. With those two key assumptions as a backdrop:

- The population of the Mad River Valley will increase by approximately 2,600 residents;
- The Town of Waitsfield will likely experience the slowest rate of population growth in the region, adding just under 600 residents over the next 20 years;
- The total number of households in the Mad River Valley are expected to increase to just over 1,300 households by 2020;

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- The Town of Waitsfield is expected to absorb a total of 260 households or roughly 20% of the total number of projected households in the Valley's in 2020;
- The Mad River Valley will likely experience an increase of over 900 non-farm jobs and the Town of Waitsfield will absorb a majority of those jobs;
- Most of the new jobs will be in the Service and Retail sectors, even though the Manufacturing, Public Utilities, and Finance, Insurance and Real Estate sectors will also increase over the next 20 years;
- Construction is the only sector that is expected to lose jobs over the next 20 years, contracting by a projected 20 jobs over the next two decades.
- Given the employment projections and assuming historical square footage requirements per employee do not change significantly over time, the Town of Waitsfield will need to build approximately 136,000 square feet of additional commercial and industrial (non-residential) space to accommodate the anticipated job growth in the community over the next 20 years.

Inventory of Significant Issues for Community Review and Further Input

This study indicates that there are a number of issues that require further community review and input before a specific set of effective economic development strategies can be developed. These issues include the following:

- The natural beauty of the community is widely reported to be a positive regional resource. It is a source of community pride which is widely reported to help generate both customers and attract employees;
- Public sewer and water is the greatest limiting factor to developing Irasville. These public utilities are necessary to develop the density needed for a viable Growth Center;
- A severe shortage of housing is limiting economic development and is exacerbated by the lack of public sewer and water;
- Opportunities to increasing the indigenous labor pool lie in retaining the projected 5-19 year olds. Therefore, creating a nightlife and non-outdoor recreation may be an important economic development strategy.
- Valley businesses will never compete on cost and quantity. Businesses producing high value products and niche markets are the most viable businesses.
- The high technology infrastructure provided by Waitsfield Telecom is widely viewed as being exceptional for a rural community of 6,000 people. This appears to be an important resource for recruiting (and retaining) businesses.

Recommendations

The following are the recommendations of this report:

- The community should include a comprehensive review and analysis of appropriate economic development strategies for Waitsfield in its final Master Plan;
- Economic development strategies should at the minimum include the protection of the Valley's natural assets, the fullest utilization the existing high technology infrastructure that is practical, and a focus on niche markets;
- The Town should establish a specific target for the number of new jobs and housing units they want to locate in the Irasville Growth Center, implement appropriate zoning and development policies, and follow-through on required infrastructure development;
- The Town should investigate the possibility of establishing a Tax Increment Financing District through the Vermont Economic Progress Council incentives program for the Irasville Growth Center as part of the financing mechanism for necessary infrastructure development (particularly for sewer and water).
- This study recommends that an Economic Development Leadership Committee be established to: (1) implement the recommendations in this report, (2) complete the formulation of specific economic development strategies to be included in the community Master Plan, and (3) establish and monitor benchmarks or measures of success related to the economic development components of the completed Master Plan.

Regional Economic Assessment

Introduction

The objectives of this project are four-fold:

- (a) To increase the understanding of the Mad River Valley (hereafter ‘the Valley’) and Waitsfield economy, and identify the sources and factors underlying its economic performance,
- (b) To highlight trends that will change economic growth over next 5, 10 and 20 years for Waitsfield and the Mad River Valley,
- (c) To identify where to focus economic development strategies for the Irasville Growth Center to maximize its economic success, and
- (d) Lay the groundwork for developing creative solutions to the needs of the Waitsfield economy as part of an Irasville Master Planning process.

This effort is to assist the many individuals, businesses, and groups who have dedicated their energy to Waitsfield’s economic development. This report hopes to equip them with critical information intended to identify the best opportunities for improving the performance of the Waitsfield economy.

“Why Are We Doing This?”

The term “economic development” is often misunderstood and is similarly used in a variety of inappropriate ways. From a regional perspective across the State of Vermont, the term economic development has been used to characterize efforts to create new job opportunities and/or to increase the taxable grand list of individual communities.

Communities and regions throughout the country that have experienced economic success have given the term “economic development” a more encompassing meaning. To those communities economic development is more than just creating businesses, adding jobs, or building housing and roads. They employ a broader definition which describes economic development as the process of *“building a community’s capacity for shared and sustainable improvements in the economic well-being of residents.”*¹ In this definition all of the above actions contribute to the accomplishment of positive, sustainable economic development.

¹ From Local Partnerships for Economic Development, Executive Office of Communities & Development, State of Massachusetts (1994).

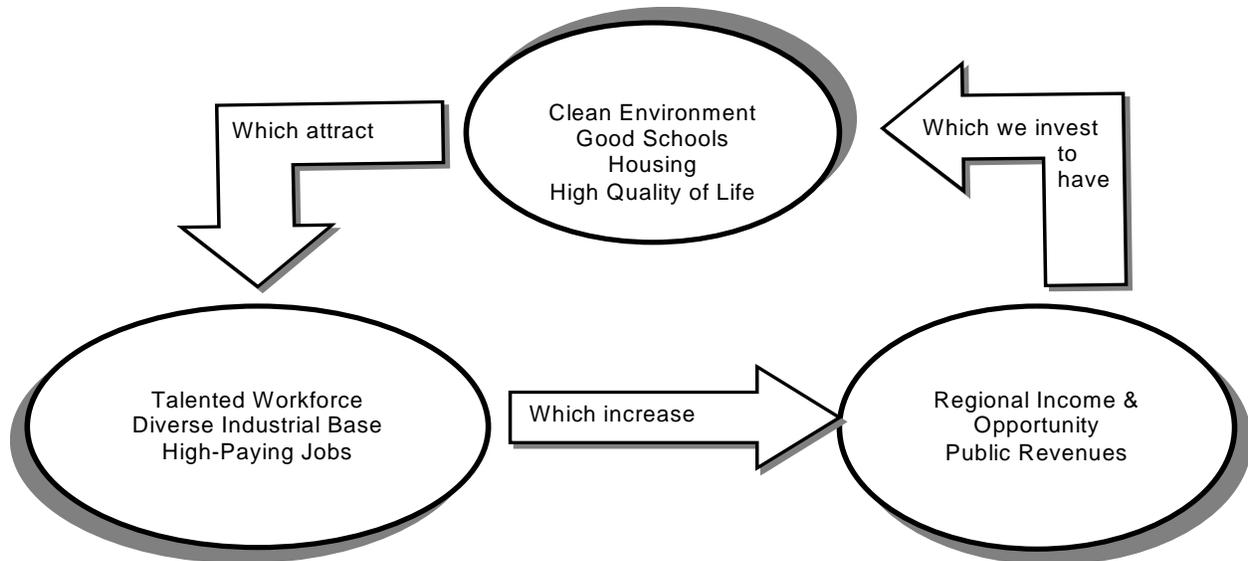
The Circle Of Prosperity - An Illustration of Why Regions Undertake Economic Development.

The Circle of Prosperity highlights the fact that without a strong regional economy providing the public resources needed, it is difficult for a community or a region to provide for: (1) a strong social safety net, (2) the protection of the environment, and (3) the type of high-quality public services (such as recreational amenities, quality roads, and good schools) that result in a superior quality of life and strong communities.

This Circle of Prosperity is portrayed in the following diagram:

Figure 1. Circle of Prosperity

The Circle of Prosperity notion was first articulated in Vermont back in 1997 during an examination of State economic development policy undertaken by the Vermont Business Roundtable.²



“Vermonters’ ability to protect the environment, provide for the economically less fortunate, and provide opportunity for the current and future generations depends on the capacity of the state’s taxpayers to provide the public resources necessary to achieve those longstanding goals and collective desires. Without the tax- and revenue-generating business activities which produce adequate and

² Although its roots can be traced to the mid-1990s in the State of Oregon.

*improving wages for workers and competitive income for owners and risk-takers, our natural and cultural resources are at risk, and the social safety net cannot be maintained or improved.*³

The Circle of Prosperity emphasizes the fact that economic development is a systemic effort, involving the collective commitment of leaders in a community or region. The Circle of Prosperity also underscores that economic development requires coordinated actions of many individuals, businesses, and other groups to ensure success. While this is not a new revelation to many, the process of harnessing and directing the collective efforts and resources of the multitude of players in both traditional and non-traditional economic development roles toward a well-defined set of economic development goals is a new concept.

This Circle of Prosperity implicitly assumes the presence of certain basic essentials including:

1. Basic essential life and professional skills AND a good work ethic in the regional work force,
2. An employee orientation on the part of regional businesses that recognizes the workforce is a regional asset – not a cost.

If the Circle of Prosperity is to hold together, workers and businesses in the community or region have a shared responsibility to work together cooperatively across all industries and interests in the community or region. If they fail to do so, the community or region will be known by its worst worker-business relationship to the detriment of the self-reinforcing nature of the Circle for the entire community or region.

Obtaining agreement on what is to be done is a crucial first step in this strategic economic development process. Building consensus among the community and regional leadership of what constitutes economic development is an important starting point. The above discussion is offered as a starting point for assuring this consensus either has been, or is reached in the Mad River Valley region.

Identifying and Understanding the Region's Needs to Achieve Economic Success

The effort to build the capacity of the region to succeed economically obviously has specific steps that must be undertaken. These include the following:

³ The Role of the Vermont Business Roundtable in the Evaluation, Coordination and Support of Economic Development Policy in Vermont, Report of the Economic Development Task Force, 1997. pp.1-2.

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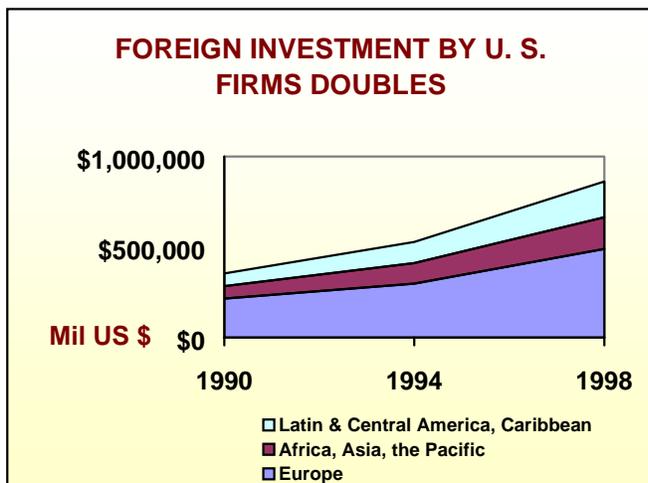
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1. Promote understanding at the regional and local level of why the economy performs as it does:
 - Identify the major sources of jobs in the region and examine how they have performed and changed over time,
 - Identify and quantify changes in the regional economy's economic and demographic base over time.
2. Gain insight into what will eventually lead to appropriate strategies and assign appropriate priorities which could-will be developed in the planning process.
 - Identify and categorize key industries (to the extent allowed by the data or local knowledge) and examine their performance relative to the state, county, and/or national economy,
 - Identify significant employers in existing groups of important key industries in the region and identify the attributes of successful industries and emerging industries in the region for further analysis,
 - Identify the needs of leading and emerging industries in the region that offer the best chance for long-term economic prosperity in the Mad River Valley region—with particular emphasis on the Irasville Growth Center.
3. Develop specific strategies to support the competitive needs of key employers/industries in the region.
 - Prioritize these strategies into a manageable group of specific actions for implementation.

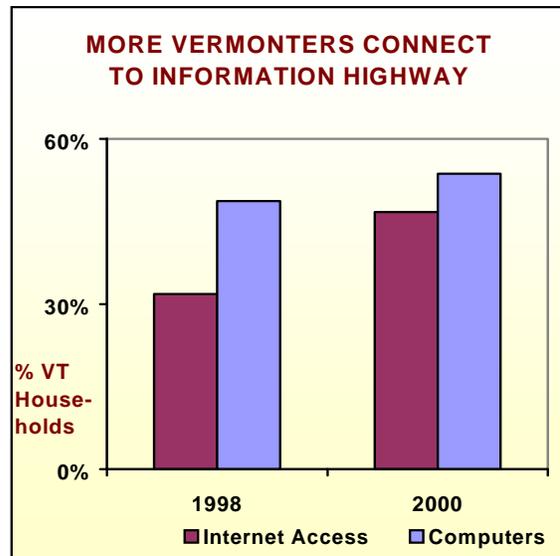
This study deals specifically with items 1 and 2 above. It is intended to support the ongoing efforts of the community in developing and implementing the specific strategies called for in item 3 of the above list.

Analysis of Economic Performance/Structure

Summary of Macro-Trends Impacting the Region:



Today, there are several forces at work on the regional economy that are likely



to have a significant effect on the economic development environment over the next ten to twenty years. Even though they will have far-reaching effects, these large, mostly external forces are those about which the region can likely adapt to, but cannot reasonably be expected to change. It is intuitively logical that because they are national or even global in scope, it is unrealistic to expect that the Mad River Valley could significantly alter the impact of such factors and forces.

The following discusses these key “extra-regional” trends and puts them in an economic development context for the Mad River Valley region.

Macro Trend #1: *Markets are becoming increasingly global...*

Observation: The world is becoming more integrated economically and the region has become less isolated (protected) from national and global economic events.⁴

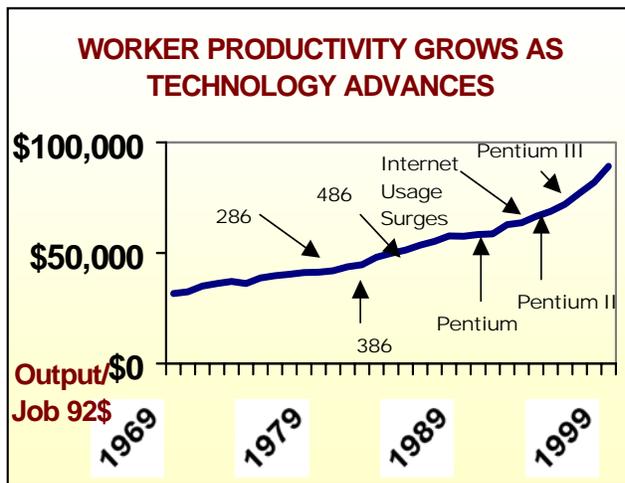
Implication for Economic Development in the Mad River Valley: Economic development policy must be made considering national—if not global--economic factors for many of the region’s key employers. It cannot be made in a vacuum or in isolation of these still-unfolding events.

Macro Trend #2: *Technological innovation is advancing rapidly...*

⁴ This trend is reinforced by the fact that the entire continent of Europe moved to a single currency.

Observation: Technological innovation is making us more productive changing the way goods and services are made, allowing both the work force labor and investment dollars to make more with less.

Implication for Economic Development in the Mad River Valley: Encouraging continued growth in productivity (including new investment and a focus on work force preparedness) is key to the Mad River Valley economy's ability to compete. As of 2000, Vermont ranked 18th in the nation of households with computers. Vermont ranked slightly better in the number of households with Internet access, 11th in the nation. This trend is particularly evident in the Valley with the presence of Waitsfield Telecom serving many small, high-value professional service firms selling outside the region.



Macro Trend #3: The “New Economy” has fundamentally changed the competitive landscape...⁵

Observation: Despite the recent downturn in certain areas of information technology, the widespread adoption of information technology (e.g. Internet, PCs, etc.) means new economy competition is here to stay in the region.

Implication for Economic Development in the Mad River Valley: The new economy competitive paradigm has simultaneously opened the region to new opportunities and exposed the region to new risks. The region must be nimble and flexible enough to apply knowledge and technology to the production process better than its competitors. The exceptional service provided by Waitsfield Telecom has helped many existing businesses stay connected to the rest of the world better than many other areas of the state. This is a competitive advantage that should be capitalized on during the development of business retention and recruitment strategies.

⁵ One of the best definitions of ‘New Economy’ comes *The State New Economy Index, Benchmarking Economic Transformation in the State* as part of the Technology & New Economy Project, written by R. D. Atkinson, R. H. Court and J. M. Ward, of the Progressive Policy Institute in 1999. Their definition states “Today, a New Economy is clearly emerging: it is a knowledge and idea-based economy where the keys to wealth and job creation are the extent to which ideas, innovation, and technology are embedded in all sectors of the economy.”

Macro Trend #4: *The population is aging in all regions. Total population growth has slowed in the U.S. and Vermont, but not in the Mad River Valley region.*

Table 1. Average Annual Growth Rates, U.S., VT and Mad River Valley Population by Age Category, 1980-90 and 1990-2000.

Age Category	1980-1990			1990-2000		
	U.S.	VT	MRV	U.S.	VT	MRV
Under 5 Years	3.2%	1.5%	1.8%	0.4%	-1.9%	-1.3%
5-19 Years	-0.5%	-0.7%	0.6%	1.5%	0.9%	2.5%
20-64 Years	1.6%	1.7%	2.1%	1.3%	0.9%	2.3%
20-44 Years	2.2%	1.9%	1.3%	0.4%	-0.8%	-0.2%
45-64 Years	0.4%	1.1%	4.0%	2.9%	3.9%	6.8%
65 Years and Over	0.2%	1.3%	1.6%	1.1%	1.6%	5.0%
Total	1.0%	1.0%	1.7%	1.2%	0.8%	2.7%

Source: US Bureau of the Census

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Observation: Total population of the Mad River Valley has grown at over three times the rate of growth in the State's population over the past decade. A majority of the growth occurred in the age 45-64 Years and over 65 Years categories. The 45-64 years group has grown at more than double the rate of growth versus the national average, and close to double the rate of growth for Vermont in the same age category over the same 1990-2000 ten year time frame. The region's Over 65 Years population category has grown three times faster than the State average growth rate for the same age category, and four-and-one-half times faster than the rate of population growth for the Over 65 Years of age category for the nation as a whole. This supports the observation of some businesses owners that people are moving to the Mad River Valley to retire. The 5-19 Years age category in the Mad River Valley also grew at a rate two-and-a-half times faster than the State as a whole for the same age category.

Implication for Economic Development in the Mad River Valley: The 20-44 Years age category has actually declined slightly over the last ten years. This helps explain why many businesses are experiencing a tight labor pool. However, the Mad River Valley's future labor force, those within the 5-19 Years age category, will likely be larger proportionally than that of the State. Public policies that help retain the Mad River Valley's existing population of younger people in the Valley can help keep a competitive edge in labor pool size compared to the rest of the State.

Macro Trends #5: *The aging Baby-Boom population is more demanding of quality-of-life...*

Observation: Aging “Baby-Boomers” are mobile and demand more and better leisure time activities, facilities and safe communities that contribute to a high quality-of-life. As the population ages, more and more people will enter their peak earning years and will be able to afford the quality-of-life they are demanding.

Implication for Economic Development in the Mad River Valley: In addition to the above edge in labor pool size, this trend and the population growth data presented in Trend #4 (above) also appear to give the region a comparative advantage in the increasingly critical economic development issue of work force recruitment and retention. A good quality-of-life is the key to attracting and retaining the highly-skilled and talented workforce that is necessary to succeed on a sustainable basis over time. Safety, a sense of community, a clean natural environment, cultural opportunities and attractive aesthetics are components of a high quality of life. There is a significant amount of evidence that the Mad River Valley has an excellent quality of life. Sound economic development policy would include specific strategies designed to retain, if not enhance, that critical, regional economic development asset.

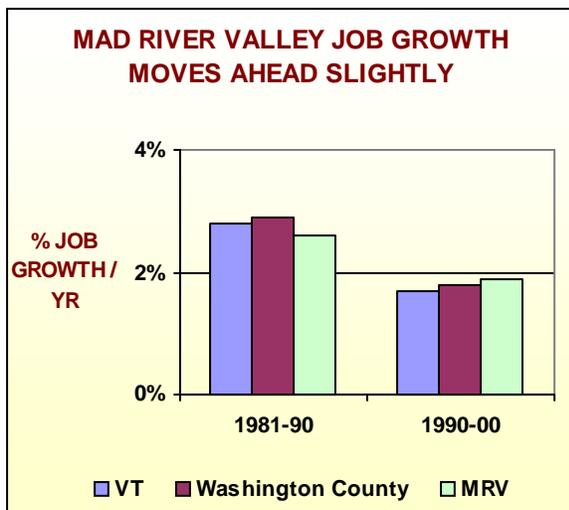
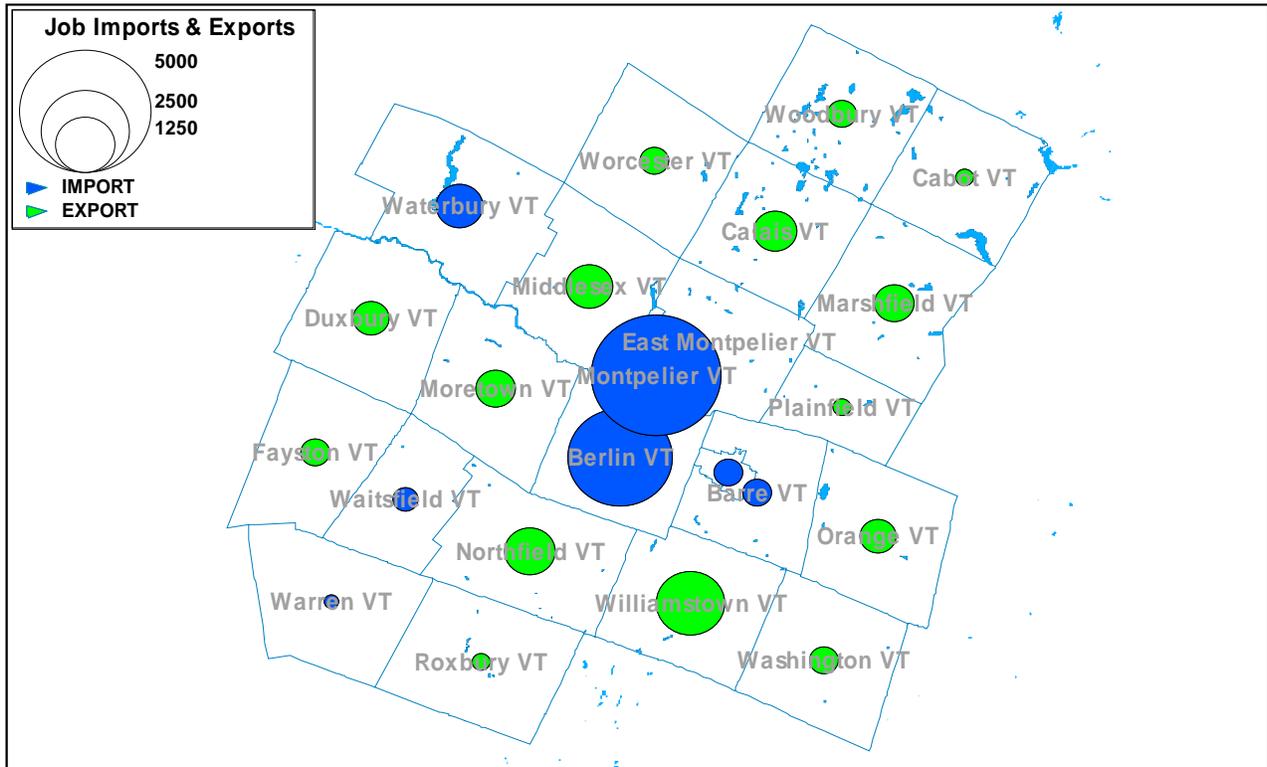
Regional Situation Analysis

Where do the region’s residents work?

Observation: Figure 2 shows that Montpelier and Berlin are the two largest job-importing towns in the Central Vermont Region. Waterbury and Barre also import workers, although to a significantly lesser degree. The Towns of Waitsfield and Warren almost break even. However, they do show a slight tendency to import workers. These data show that the Towns of Fayston and Moretown export significant numbers of workers into the wider labor market relative to the number of job opportunities provided in those communities.

Implication for Economic Development in the Valley: With the large draw on the labor pool that the Montpelier and Berlin areas exert on the surrounding areas, the Valley region is likely to find a continuation of the extremely tight labor market conditions experienced through the 1990s.

Figure 2. Central Vermont Region Job Import and Export Towns



How are residents faring economically?

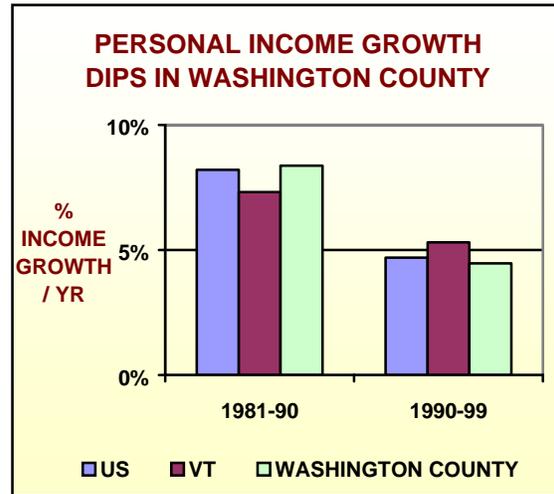
Observation: Over the past decade, job growth in the Mad River Valley slightly exceeded the rate of statewide and Washington County job growth by 0.1% and 0.2% respectively. This is a marked change from the job growth rates experienced by each over the 1981-1990 period. Overall job growth in the Mad River Valley during the 1980s increased at an average annual rate of 2.6%, compared to 2.8% for the State and 2.9% for Washington County. Overall, job

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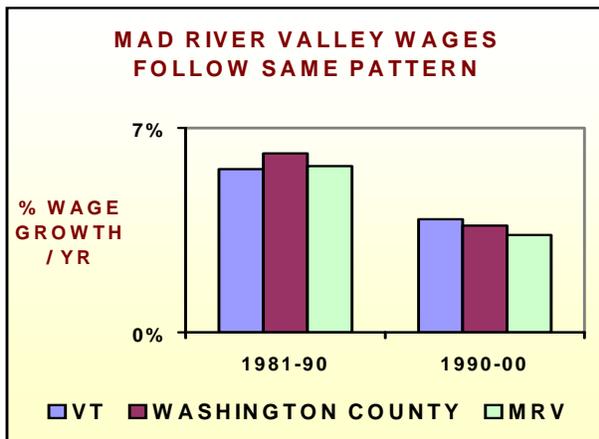
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growth in Washington County exceeded the State growth rate over the past two decades.

According to the U.S. Bureau of Economic Analysis, the personal income growth rate in the region (at 4.5% per year) lagged behind the growth rate for both the state (at 5.3% per year) and the nation (at 4.7% per year) over the 1990-99 time frame.⁶ In the 1981-1990 period, however, the Mad River Valley outperformed both the State average and the rate of growth for the nation. The discrepancy between the faster than average growth rate in jobs and slower than average personal income indicates that a disproportionate share of the Valley's job growth has occurred in the lower wage sectors of the economy.



This trend also appears evident when the growth rates for average wages in the Mad River Valley are examined. During the 1981-1990 time period, the Mad River Valley region posted a slightly faster rate of growth than the State. However during the 1990-2000 time period, the Mad River Valley average rate of wage growth was slightly below both the Washington County and the State annual growth rate averages.

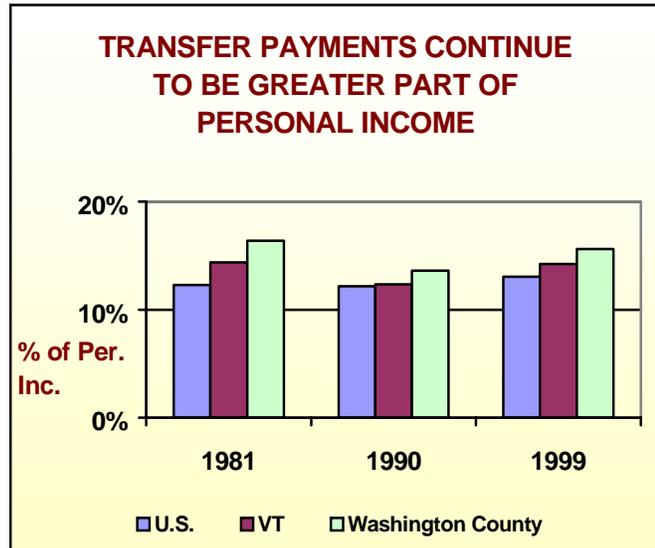


The average annual rates of growth of transfer payments in Washington County have held fairly steady throughout the 1981-1999 time frame.⁷ Over the 1990-1999 time period, there was a closing of the gap in growth rates of transfer payments between the U.S. and the County. However, even though the actual growth rates of transfer payments in the county were fairly constant throughout the 1981-1999 period, it should be noted that

⁶ Personal Income as defined by the Bureau of Economic Analysis “is the sum of wage and salary disbursements, other labor income, proprietor’s income, rental income of persons, personal dividend income, personal interest income and transfer payments to persons.”

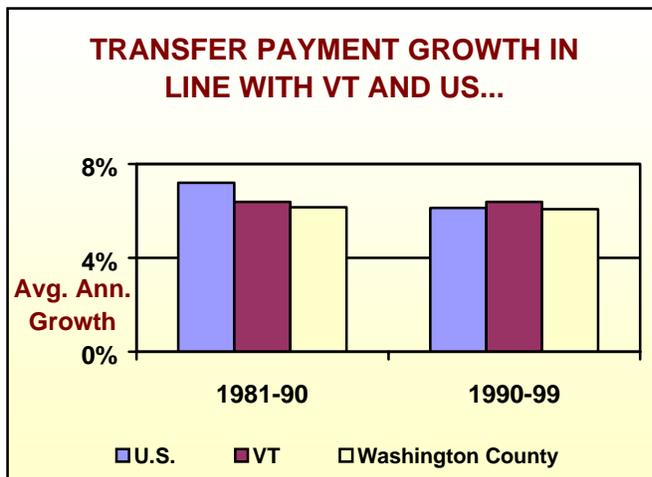
⁷ Transfer Payments as defined by the Bureau of Economic Analysis “are income payments to persons for which no services are performed.” This includes payments such as unemployment payments, food stamps and retiree benefits.

transfer payments continue to be a larger part of personal income in Washington County than in either the U. S. economy or Vermont economy as a whole. There was a slight decline in the share of personal income accounted for by transfer payments in Washington County in 1990 vs. 1981 (13.0% v. 16.4%, respectively), but the share of transfer payments to personal income increased again to 15.6% of personal income by 1999 (1999 is the latest year where data are available).



This trend reinforces the observation concerning the differences between wage growth rates and employment growth rates discussed above. If the employment growth rate is higher in the County than in the State, yet the total personal income accounted for by transfer payments is also higher, then this leads to the conclusion that while there is increasing employment, the wages paid by this increase in employment isn't enough

to offset the need for transfer payments by residents. If the growth in employment was predominantly in high-paying jobs, the percent of personal income accounted for by transfer payments would be expected to decrease over time. However, as another component of transfer payments is retiree benefits, this increase in transfer payments may also be indicative of the rising number of retirees in the region.

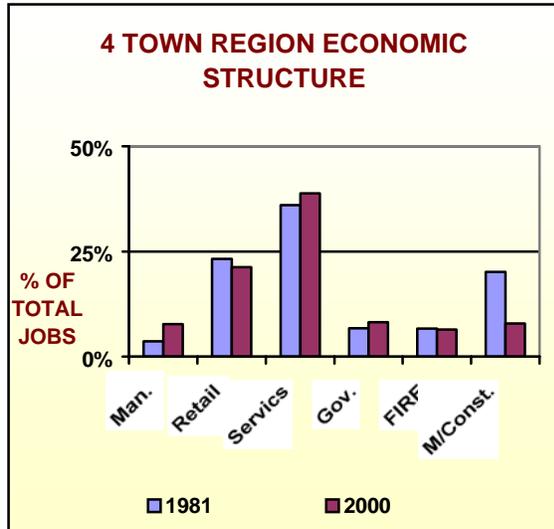


Implication for Economic Development in the Mad River Valley: The growing trend of more retirees demanding a

higher quality of life combined with more lower wage jobs presents a challenge for economic development policy in the Mad River Valley. Strategies that work to assist in improving the quality of job opportunities will likely be a key for addressing the regional issue of improving personal income levels and wages, and reducing regional

dependency on transfer payments. Increasing the diversity of job opportunities, while concentrating on quality of life, is also indicated by these data as well.

What is the economic structure of the region?



Observation: The composition of the Mad River Valley economy today is not all that different from the economy of 1981. The Mad River Valley region has never been highly reliant on manufacturing. Instead, the Mad River Valley region has traditionally been dominated by the Services sector, given the historical importance of travel and tourism activity.⁸ The most dramatic shift has been in the Mining/Construction sector (which is composed primarily of Construction jobs). In 1981, the Construction sector accounted for over 20.0% of total jobs. In 2000, this share had dropped to less than 10.0% of the Mad River Valley's employment base. In contrast,

even though it accounts for less than 8.0% of the total jobs in the Mad River Valley in 2000, the Manufacturing sector has strengthened its position as an employer in the regional economy.

As mentioned above, the Services sector still dominates the Mad River Valley economy, accounting for 39.0% of total employment in 2000. While a component-by-component breakdown of the Services sector employment aggregate from the Vermont Department of Employment and Training is not available at the Mad River Valley level due to disclosure rules, anecdotal evidence indicates that the majority of the Services sector jobs are connected to the travel and tourism industry and its components.

The Services sector in the Mad River Valley region accounted for the largest share of employment gain between 1990-2000, at 54.0% of the total. This is similar to the job growth pattern observed in Washington County as a whole over the same time period, where the Services sector accounted for 48.0% of the total job growth over the period. The Manufacturing and Transportation and Public Utilities sectors have accounted for another 41.0% of the total job growth in the Mad River Valley over the same time period. This trend of employment increases being concentrated in just a few sectors

⁸ The Services sector includes a wide range of personal and business service industry sectors, such as auto repair, rental and leasing services, Hotels and other amusement and recreation businesses, lawyers, accountants and engineers, health services, such as hospitals and doctors' offices, and business services such as photocopying, data processing, and stenographic services.

mirrors the job growth experienced by Washington County as a whole. Washington County experienced the majority of its employment increase in just four sectors, Manufacturing, Retail, Government, and Services over the same time 1990-2000 time frame.

The Mad River Valley's share of total private, non-farm employment gains in Washington County has stayed fairly constant over the past two decades. Between 1981-1990, the increase in jobs in the Mad River Valley region accounted for 8.4% of the overall county increase. That percentage changed to 10.0% of the county total during the 1990-2000 period.

Implication for Economic Development in the Mad River Valley: The Mad River Valley economy remains much more dependent on a relative few employment sectors than is the case for either the Washington County or State economies. Since these sectors are mostly connected to the travel and tourism industry, they are highly susceptible to fluctuations in the conditions and performance in the broader State, New England regional, and U.S. economies. This concentration of employment is an area that appears ripe for economic development policy in the region to address. Strategies designed to focus on increasing the diversity of the Mad River Valley economy appear appropriate and they will likely aid in strengthening the regional economy's ability to withstand the negative effects of external economic forces.

What are the key industries of the region's economy?

Observation: The travel and tourism industry has historically been a large part of the Mad River Valley economy and continues to play a major role today. The presence of abundant natural resources, in particular an exceptional mountain, set the stage for the establishment of the ski areas in the late 1940s and 1950s. Since then, the travel and tourism industry has generally flourished in the Mad River Valley.

Employment data from the Vermont Department of Employment and Training (DET) indicate that the lodging industry had an average annual employment of 711 in Washington County. A recent business survey from the Sugarbush Chamber of Commerce indicates that there were approximately 966 full-time jobs in the lodging sector in the Mad River Valley at the time of the survey. These two figures are not directly comparable because the DET data are annual average data and the business survey data represent a snap shot of the reported number of jobs at a single point in time (not seasonally adjusted). These data nevertheless demonstrate that the Mad River Valley appears to be the home of a majority of the county's lodging industry employment.

The DET data show that, 72.5% of the total number of lodging establishments in Washington County in 2000 was found in the Mad River Valley. Moreover, this quasi-quantitative overview of the lodging industry in the Mad River Valley does not fully take into account the myriad of other businesses associated with travel and tourism—businesses such as restaurants and retail establishments which directly and indirectly serve travel and tourism activity in the region.

While the Mad River Valley economy is still heavily oriented towards the travel and tourism industry, it has shown evidence that it has begun to diversify over the last ten to fifteen years. One means to determine diversification is to examine the Mad River Valley economy in relation to a larger economic region, namely Washington County. At the Washington County level, an initial listing of key sectors was developed using these sectors' relative wage level (*vis-à-vis* the county average and state average wage in the sector in calendar 2000), and their job growth performance. Key sectors were identified if they had added a minimum of 100 jobs either over the last two business cycles and/or the most recent ten year period defined as the 1990-2000 time frame AND had higher than average wage levels versus its statewide industry counterpart as it was exhibiting that job growth performance. Another important characteristic of a key sector was that it exhibited “product or service” exporting characteristics. That meant that a sector had to either export a product out of the Mad River Valley region or show evidence that it imported dollars from outside of the Mad River Valley and into the four-town region.

Table 2. shows the list of sectors identified as key industries in the Washington County economy. These sectors appear to be those categories of employers that fit the overall profile of companies that have historically enjoyed some degree of competitive success in the Mad River Valley. These represent categories of employers for further investigation in the Master Planning process because they are the types of companies with competitive attributes that represent a “good strategic fit” for the region—and potentially the Irasville Growth Center.

Identification of key industries in the County for further investigation and strategic economic development policy development was just the first step in this process. The second step was then to understand how the Mad River Valley either participates or does not participate in the functioning of the County's key industry categories.

Table 2. Washington County Key Industries

	# of Jobs Added (1981-90)	# of Jobs Added (1990-00)	# of Jobs Added (1981-00)	Regional Wage 2000	State Wage 2000	Region % of State Wage 2000	Sector % of Region Wage 2000
Total	5,219	4,858	10,077	\$28,306	\$28,920	97.9%	100.0%
Manufacturing							
Industrial Machinery	(50)	130	80	\$47,823	\$50,695 ¹	94.3%	169.0%
Food & Kindred Products	399	319	718	\$36,068	\$38,119	94.6%	127.4%
Printing & Publishing	211	145	356	\$30,476	\$30,376	100.3%	107.7%
Transportation/PUilities							
Trucking	47	85	132	\$30,676	\$30,576	100.3%	108.4%
Wholesale							
Nondurables	100	285	385	\$34,603	\$35,235	98.2%	122.2%
Finance, Insurance, Real Estate							
Insurance Carriers	550	(140)	410	\$46,934	\$45,027	104.2%	165.8%
Services							
Educational Services	132	124	256	\$27,034	\$28,030	96.4%	95.5%
Engineering & Mgmt. Services	393	232	625	\$37,011	\$41,479	89.2%	130.8%

Note:

¹ State industry wage is a combination of Sectors 35 and 36 due to disclosure.

Source: VT Department of Employment & Training

Prepared by Economic & Policy Resources, Inc.

Using information from the Vermont Business Magazine's Business and Manufacturer's Directory 2001/2002, it appears that the Mad River Valley is home to several businesses in the Food and Kindred Products sector, and the Printing and Publishing sector. The Food and Kindred Products sector is represented by variety of firms producing a variety of products such as frozen flatbread pizzas, maple products, and gourmet chocolates. While these firms represent product export possibilities in the traditional sense of exporting, namely they sell their products out of the region; they also have a connection to the travel and tourism industry by selling their products to visitors. The Printing and Publishing sector is also quite diverse in the Mad River Valley. Firms that produce everything from newspapers to business forms and specialty periodicals represent this sector.

The other sector that appears to be well represented in the Mad River Valley is in the Engineering and Management Services sector. By looking through the Waitsfield Telecom Yellow Pages, approximately twenty firms can be counted as belonging to the Engineering and Management Services sector. Twenty establishments in this sector represent approximately 14.6% of the total establishments in Washington County.

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The other key County industries appear to be less well represented in the Mad River Valley, although there are some insurance agents and financial services firms. There is also one firm, according to the Vermont Business Magazine's Business and Manufacturer's Directory 2001/2002, that falls into the Industrial Machinery sector. This firm appears to be a mix of manufacturing and design capabilities, which connects it to the Engineering and Management Services sector as well.

The Construction sector, while not a key industry in Washington County, does appear to be a major component of the Mad River Valley economy. There are approximately 43 establishments in the Mad River Valley that fall into this sector, which represents approximately 20.0% of the Washington County establishments.

Implication for Economic Development in the Mad River Valley: Setting aside the travel and tourism industry, the Mad River Valley appears to have the beginnings of other export-oriented industrial clusters. With the rapid increase in technological capabilities, geographic location has become less important in industry location for some sectors than it has been in the past. Engineering, architectural and business management firms fall into that category. The specialty foods industry has also become an increasingly important sector throughout the nation, but particularly here in Vermont, where it has been one of the few non-durables manufacturing sectors that has actually added to its job base over the past two decades. These types of industries are already present in the Mad River Valley. They represent a good strategic fit for the region because they are not the types of firms that compete in the broader marketplace solely on product or service "price or cost." Economic development strategies designed to encourage and strengthen smaller, niche-market oriented firms are likely to encourage both greater diversity in the Mad River Valley economy, and new activity on a scale suitable to the Mad River Valley's physical capacity.

SWOT Analysis

Introduction

The previous section of this report presented an assessment of the recent performance, evolving structure, and current situation of the Mad River Valley economy. The assessment used the latest available quantitative data pertaining to the County and the four-town region. A quantitative assessment explains what has happened to the Mad River Valley economy and what it statistically likely to happen but it does not explain why. Because of the inherent limitations of a quantitative analysis this report also includes a qualitative investigation called a SWOT analysis.

A SWOT analysis is a procedure to determine the Strengths, Weaknesses, Opportunities, and Threats of a particular entity. It is a highly effective tool for gathering primary data or information not already compiled and not readily discernable from a review and analysis of quantitative data. As one interviewee put it “native intelligence is a valuable aspect of the community.” It is not only valuable for local businesses but also in writing an economic development plan for the Mad River Valley. That is the underlying purpose of this section of the analysis: to understand the economic development potential of the Mad River Valley through the eyes of local business owners and community members. The final objective of the SWOT analysis is to understand how the Valley is unique and therefore gain an insight into its competitive advantages.

A cross section of business owners in the Mad River Valley was selected by Town officials to be interviewed for this SWOT analysis. They represented a range of business sectors, employer sizes, and customer bases. Thirteen interviews were held between March 20th and March 28th, 2002 at their establishments. The interviews took an average of 1 hour and 24 minutes each. The verbatim results of these interviews are included in Appendix A. The descriptive results as reported by the SWOT interviewees are compiled and summarized in prose below.

Strengths and Opportunities

Human Attributes

It is virtually unanimous among those interviewed that the Mad River Valley’s greatest strength is its Sense of Community and Quality of Life. It was reported by all interviewees that the residents of the Valley share a deep sense of kinship with each other. Comments such as “if you are ever in need someone will always be there” or “if we loose that (sense of community) we loose everything” appear to confirm that the Valley’s human infrastructure is solid and an invaluable economic development resource.

Interviewees reported that two high quality components of this human infrastructure are the schools and the town emergency services. SWOT interviews revealed that the school system is attentive and flexible to meet community needs. Also, the high level of parental involvement, small scale and individual attention augments the gratifying sense of community. It was unanimously reported that the Valley's fire and ambulance forces are highly effective, dedicated and well-trained volunteers. The overriding sentiment expressed by interviewees was that both the schools and emergency service organizations provide a vehicle for community members to contribute to improving the quality of life for everyone.

In addition, many interviews indicated that while labor in terms of supply and costs are not strengths of the Valley the labor quality is beneficial. Many employers indicated that the Valley has many smart, flexible, and resourceful people. Many employers have taken advantage of the loyalty and "native intelligence" of the Valley's labor pool.

Physical Attributes

In terms of physical infrastructure the interviews indicated that the services provided by Waitsfield Telecommunications Company are second to none. Every person interviewed was not only pleased but, thoroughly impressed with the cutting edge technology, DSL internet access, cable television, telephone, and excellent customer service provided through this company. To some, the service and level of technology exceeds that of bigger and more developed urban areas. As a result, many business owners felt that they can access and compete in the outside world yet still enjoy the beauty and community of the Mad River Valley. Nearly all business sectors including high technology, retail, tourism, real estate, and specialized craftspeople take advantage of this asset. This is a strength that clearly provides an economic advantage to Valley businesses.

Interviews indicated that the natural beauty of the Valley is why many businesses choose to locate and stay here. Access to diverse recreation opportunities, clean air and water, and the stunning aesthetic environment are physical attributes with which the residents are endowed. Interviewees also felt that most non-residents and visitors also see these attributes as the Valley's strengths.

Positive Trends

Two new emerging opportunities were identified by Valley businesses during the interviews. First, many Valley businesses saw the new ownership at Sugarbush as a positive trend. Many interviewees perceived the new owners as more cooperative and understanding to local aspirations than the past owners. It is apparent that the Valley

businesses interviewed are looking forward to exploring ways in which the Resort and the Valley can collaborate.

Second, the Chamber of Commerce has expanded its focus from strictly tourism promotion to more comprehensive economic development efforts. Many businesses reported support for this change. They see the Chamber's economic development efforts helping more businesses and the whole community. Many businesses reported that the Community Sponsorship Fund is an emerging and positive trend to promote the Mad River Valley. The Fund is supplied by twenty-seven businesses who place a voluntary surcharge of 1% on their sales. The Fund is used for promoting and marketing the Valley. Sugarbush was the largest single contributor and the fund balance reached over \$190,000 in its first year.

Economic Advantages

The SWOT interviews revealed that the most important economic advantages the Valley has over other areas of the state are its quality of life and natural environment. Nearly all of those interviewed reported that the way the valley looks, both the streetscape and the viewsheds, are critical components of maintaining a unique competitive advantage over other areas of the State. Some mentioned "anti-sprawl" policies such as street designs, architectural designs, sign ordinances, and growth management in general particularly helped maintain an advantage especially over Stowe and Killington. Even some interviewees who were uncomfortable with zoning in general commented positively on the aesthetic results of these policies. They also believed that their business might have benefited from them.

Interviewees felt that the types of businesses that are most viable in the Mad River Valley can be summarized as those having a niche market. They felt that what viable businesses had in common was not the type of sector they were in but rather the focus on their customer base; businesses with a niche market and not a mass market were most viable. Whether it is a high-tech firm of 150 employees, a manufacturing company, a small farm, or a sole artisan, the most viable are those that serve a specialized market. In addition, interviewees reported that businesses related to land use and development also do well. Local business leaders see construction, real estate, insurance, engineering and other professional services related to land use as viable businesses with a successful future.

In summary, businesses interviewed reported that the competitive advantages of the Mad River Valley lie in its beautiful natural environments. Protecting the environment shows the community's priorities and values. Valley businesses are competitive because of their unique combination of high quality natural resources, aesthetic beauty and

community values. As one person put it “the only way we are going to compete is on values, its not on costs.”

Weaknesses and Threats

Physical Attributes

According to nearly all businesses, the single most critical weakness in the Valley's economic development options is the availability of housing. However, housing and municipal sewer are inextricably linked. Interviewees reported that a prerequisite to providing an adequate housing supply is municipal sewer. Most felt that municipal sewer enables the high densities necessary for affordable and appropriately placed housing. Housing and municipal sewer are proportionately related; the higher the sewer capacity the higher the housing units and density.

Comments were very consistent in stating that Irasville needs municipal sewer as a first step in creating housing. Without sewer Irasville will not be able to absorb additional housing or create a functional and vibrant growth center. The interviews revealed an insight that a compact, mixed-use growth center in Irasville is seen as helping bolster a sense of community. It can act as a hub of activity and a central gathering place.

Interviewees also reported that the lack of sewer places a threat to public health, ground water, and river resources. Many reported that a degradation of these natural resources could mean injuring the very thing that is seen as the Valley's strategic economic advantage – a clean and beautiful environment. Thus, the lack of housing and municipal sewer is seen as a potential long-term threat to the Valley's sense of community and quality of life and when combined they form the largest economic disadvantage the Valley must address.

Nearly all interviewed reported that poor cellular telephone service is also a limiting factor for economic development expansion. They felt that visitors and customers outside the Valley alike rely on cellular service. As cellular service becomes more a part of people's lives the lack thereof becomes more noticeable and negative.

Certain aspects of transportation infrastructure were also reported as a weakness. While the roads themselves in and out of the Valley were not a great weakness, safety related problems were a concern to some. The intersection at Routes 100 and 17 was reported as a serious safety concern. Likewise walking and biking in the Valley were regarded as dangerous. Biking and walking are activities that serve both recreation and transportation functions which are potentially underutilized as economic development tools.

Human Attributes

Because the sense of community was unanimously reported as such a positive attribute one would expect few, if any, negative human attributes. In fact, most negative attributes of the Mad River Valley reported were physical in nature and not human related. However, three human-related issues consistently arose and are worth noting.

First, interviewees consistently reported on a critical shortage of labor, particularly in retail, services, and manufacturing. The labor shortage was expressed as a major weakness to Valley businesses. In almost every interview the solution to the labor shortage was to increase housing supply.

Second, the zoning, permitting and appeal process was cited as difficult, inconsistent and unpredictable. The process was often reported as too lengthy and appeal rights were used as tools to block development. Although, some businesses reported they did not have problems with the process. In addition to the process, current land development policies were reported as a threat to business expansion. Interviewees often stated that densities were too low and businesses and customers were too spread out. A more compact and mixed-use development pattern would help the Valley economy by concentrating businesses and customers.

Third, the lack of non-recreation entertainment, more specifically nighttime entertainment was often mentioned as a negative attribute. According to business owners, both visitors and residents were bored at nighttime. Young people and couples without children are often left with very few options. This is seen as a negative factor in attracting visitors and business.

Economic Disadvantages

Business owners were not consistent on speculating on which types of businesses were least viable in the Valley. However, two common themes emerged. First, history has shown that large-scale manufacturing does not last in the Valley. Apparently after businesses grow past 200 employees they seem to leave the Valley for reasons relating to space, labor and access to markets. Nationwide trends of business consolidation, such as with Mad River Canoe, are perceived as threatening to a sustainable economy in the Valley.

Second, businesses in the Services and Retail sectors are precarious. Among them, restaurants, lodging, and retail shops were cited as least viable. Ironically, business owners saw the lack of nightlife and limited retail options as weaknesses and would like more of these establishments. As mentioned above, people have little to do after it gets dark. A vibrant town center with nearby residences and a wide variety of entertainment

options is perceived as potentially helping this sector of the economy. As one person put it “businesses need to add more businesses. They need each other to attract customers. The better each of those businesses are the richer the experience is for everyone else.”

Conclusions

The high quality of life and extraordinary natural environment make the Mad River Valley an excellent place to live and work. The services provided by the Waitsfield Telecommunications Company are exceptional and give users an unprecedented access to high technology for a rural community. While many rural communities have natural beauty very few can boast of such telecommunication services. As a result, a diverse range of strong businesses have grown and employed many in the Valley. Therefore, the quality of life, the natural beauty, and the high technology infrastructure must be used and protected in any economic development strategy for the Mad River Valley.

The greatest limiting factor to the Mad River Valley is the lack of municipal sewer. Sewer service would allow a more efficient use of the Irasville land area. This, in turn, would enable higher density housing, more affordable housing, create a demand for more entertainment and retail options, and help reduce the strain on the tight labor pool. A properly designed and sized sewer system is also consistent with the important goal of protecting some of the valley’s natural resources and preventing rural sprawl.

Long-Term Economic and Demographic Forecast

The projections of population and employment in the Mad River Valley region begin with a forecast of economic and demographic variables for the Northwest Region of Vermont and the Central Vermont region.⁹ The Northwest region of Vermont region has become increasingly interconnected in its economic and demographic relationships. Therefore, any examination of the Mad River Valley region needs to look at the larger economic region in which it is located. Therefore, the Northwest Vermont region as a whole was first forecast in order to understand the context within which the Central Vermont region will approach the future. Then the Mad River Valley was forecast from the Central Vermont region.

In general, economic activity governs an area's growth in population. The economy's size and health tends to dictates in and out-migration, relative wage levels, and personal incomes. Higher incomes influence quality of life factors, which in turn, influences demand on goods and services, employment levels, and hence future economic growth. This analysis examines recent economic trends and events to forecast the Mad River Valley population and employment variables.

The Northwest region of Vermont's macro-economic outlook was developed using the results of the official Vermont state forecast completed in the Spring of 2001. That outlook is econometrically derived using historical employment, a national economic outlook prepared by Economy.com and other economic data. The results of the macro-economic forecast are then fed into a regional input/output model along with measures of recent economic events that are expected to influence the nature and rate of future economic growth.

The Central Vermont regional projections were developed using statistical forecasting models that allocate a portion of the total Northwest Vermont region forecast to Central Vermont. These models produce the Central Vermont regional forecasts by statistically examining historical patterns and trends in population and employment change. This method is then carried one step further to forecast the Mad River Valley population and employment variables. The Mad River Valley as a portion of the Central Vermont region was forecasted using the same statistical techniques.

The forecast for households was accomplished by using the Mad River Valley's headship rates, namely the propensity to form households, developed from the 2000 Census and applied to the projected population levels. Projections of households were

⁹ See *Economic and Demographic Forecast Central Vermont Planning Region 2000-2020*. November, 2001. Prepared by Economic & Policy Resources, Inc. for the Central Vermont Economic Development Corporation, the Central Vermont Chamber of Commerce, and the Central Vermont Regional Planning Commission.

used as a broad measure of the level of housing demand by assuming that every household will want a separate housing unit.

Population Projections

As stated above, the population projections for the Mad River Valley were derived from the population projections of the Central Vermont Region. It is important to note that these forecasts represent a status quo forecast. Because they are based on the behavior of the population in the past, the forecast represents the likely direction of population growth with no changes in policy that could affect population growth. For example, policy changes such as zoning ordinances that affect the density of development across the Mad River Valley may alter the pattern of future population change, and therefore result in future population growth that looks markedly different than the one presented here. Additionally, no forecast method exists that is able to predict discontinuous events. A significant event in the region, such as the loss or gain of a major employer, will also alter the pattern of future population growth and lead to results differing from those presented here.

Over the entire forecast period, 2000-2020, the Mad River Valley is expected to grow by approximately 2,600 people. That represents an average annual rate of growth of 1.8%. If true, the forecast would represent a lower rate of growth than the region experienced between 1990 and 2000 of 2.4%. Important to note is that while the average annual rate of growth is lower for the forecast period than for the 1990-2000 period, the absolute change is larger, 2,600 persons vs. 1,279 persons, respectively. This is also seen when breaking down the forecasts into two time periods, the near-term period, 2000-2010, and the longer-term period 2010-2020, and for each of the individual towns in the region. This is simply an artifact of the mathematics because the subject region is small, including less than 5,000 people in 1990. As the area grows, the absolute change may be larger over the long-term. However, but it still represents a smaller percentage of the total. Therefore, these results will numerically appear to be a lower rate of annual growth.

Table 3. shows the Mad River Valley population forecasts broken out by the individual towns in the region. Over the next decade, population is expected to grow at a slower rate, 1.6% per year or by 1,043 people, than in the longer-term. For the 2010-2020 time frame, the Mad River Valley's population is expected to add approximately 1,561 people, representing an average annual rate of growth of 2.0%.

Of the four communities in the region, Warren is expected to see the largest share of forecasted growth over the period, increasing by an estimated 740 people. That represents approximately 28.4% of the total regional growth. However, while this addition represents the largest absolute change among the four towns, Warren has lost

slightly over ten percentage points in its share of the regional growth as compared to the 1990-2000 time period. Over that ten-year period, Warren alone accounted for 39.8% of the total population growth in the region. For the 2000-2010 time period, Warren is expected to grow by 315 residents, or at a rate of 1.7% per year. This represents 30.2% of the total forecasted growth in the region. For the longer-term forecast period encompassing the 2010-2020 time horizon, Warren is expected to grow by 425, or at a rate of 1.9% per year. This represents only 27.2% of the total growth in the region over the forecast period.

The next largest increase in absolute terms is forecasted for Moretown, with an expected increase of 648 persons over the forecast period. This represents 24.9% of the total regional population increase, an increase over the 18.6% share of the total regional population growth experienced by the Town during the 1990-2000 period. Moretown is also expected to see a slightly lower rate of growth in the near-term period, or a total of 239 people or 1.9% per year, versus the forecasted growth during the longer-term forecast period of 409 people or 2.5% per year.

While Moretown is expected to see the second largest increase in absolute terms, Fayston is expected to see the largest rate of growth over the forecast period—an average annual rate of 2.2% per year. This represents an increase of 625 people over the twenty-year period. This, too, is in part an artifact of the mathematics since Fayston began the analysis period with the fewest number of people of all four Towns in 1990. Fayston is expected to hold fairly steady in its share of the regional population growth over the forecast period. Between 1990-2000, Fayston accounted for 23.1% of the regional population growth. From 2000-2010, it is expected to account for 22.5% of the regional population growth, or 234 people, and from 2010-2020, Fayston is expected to account for 24.0% of the regional population growth, or 391 people.

Table 3. Mad River Valley Population Forecast

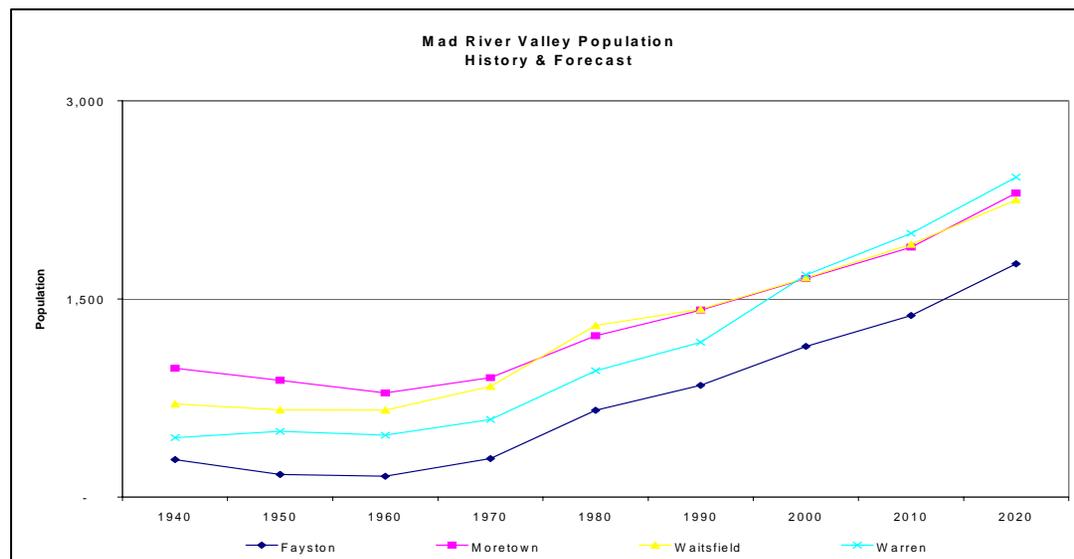
	History		Forecast				Absolute Change			CAA		
	1990	2000	2005	2010	2015	2020	1990-2000	2000-2010	2010-2020	1990-2000	2000-2010	2010-2020
Fayston	846	1,141	1,252	1,375	1,536	1,766	295	234	391	3.0%	1.9%	2.5%
Moretown	1,415	1,653	1,768	1,892	2,047	2,301	235	239	409	1.6%	1.4%	2.0%
Waitsfield	1,422	1,659	1,777	1,914	2,071	2,250	237	255	336	1.6%	1.4%	1.6%
Warren	1,172	1,681	1,832	1,996	2,135	2,421	509	315	425	3.7%	1.7%	1.9%
Total	4,855	6,134	6,629	7,177	7,789	8,738	1,279	1,043	1,561	2.4%	1.6%	2.0%

Notes:

[1] CAA= Compound Annual Average Rate of Growth.

[2] Long-term forecast results are obtained using the dynamic input-output model of Regional Economic Modeling, Inc. and general regression analysis.

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Waitsfield is expected to experience the slowest level of absolute population growth over the forecast period, adding a total of 591 people over the twenty year period or increasing at a rate of 1.5% per year. Waitsfield's near-term growth follows the regional pattern, with slightly lower than the long-term growth (1.4% per year in the longer-term forecast period versus 1.6% per year in the near-term forecast period, respectively). Between 1990 and 2000, Waitsfield accounted for 18.5% of the regional population growth. This share is expected to increase to 24.5% of the regional population growth between 2000 and 2010. However, Waitsfield's share of regional population growth is expected to fall again to 22.7% of the total between 2010 and 2020.

Table 4. Mad River Valley Household Forecast

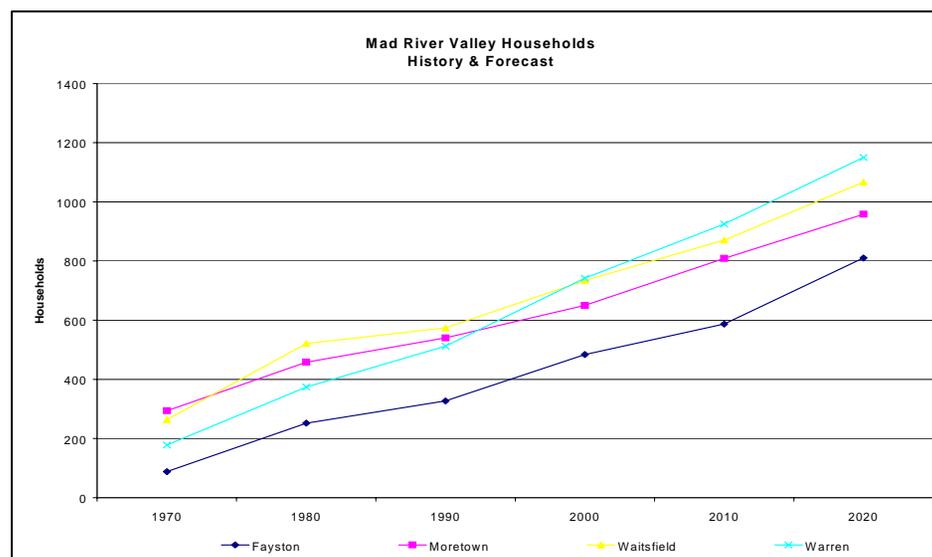
	History		Forecast				Absolute Change			CAA		
	1990	2000	2005	2010	2015	2020	1990-2000	2000-2010	2010-2020	1990-2000	2000-2010	2010-2020
Fayston	327	484	516	587	676	810	157	103	223	4.0%	1.9%	3.3%
Moretown	540	650	703	809	884	958	110	159	149	1.9%	2.2%	1.7%
Waitsfield	574	734	815	871	853	1,067	160	137	196	2.5%	1.7%	2.1%
Warren	512	742	857	925	1,044	1,150	230	183	225	3.8%	2.2%	2.2%
Total	1,963	2,610	2,891	3,192	3,457	3,985	657	582	793	2.9%	2.0%	2.2%

Notes:

[1] CAA= Compound Annual Average Rate of Growth.

[2] Projected households based on Census 2000 propensity to form households, termed headship rates, and the forecasted population.

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Household Projections

The household projections for the Mad River Valley are derived from the forecasted population and headship rates derived from the 2000 Census. Headship rates measure the propensity of a population to form households. The headship rates are then applied to the forecasted population to derive a measure of household projections. This method has an advantage over using the average number of people per household figures in that it inherently accounts for the trend in changes in average household size.

Household projections are used here as a gross measure of future housing demand, going on the premise that every household wants a housing unit. This assumption does not incorporate the presence of multiple households in a single housing unit. More accurate measures of projected housing unit demand would include estimates of co-habitated units and other household dynamics. Housing unit supply estimates are also beyond the scope of this study. Those estimates would involve calculating likely vacancy rates, destruction rates, and building rates that could be expected to occur over the next 20 years.

Table 4 shows the projected number of households for the Mad River Valley by individual town. As with the population projections, the near-term annual rate of growth is expected to be slightly lower than the long-term annual rate of growth. All the towns and the region as a whole, except for Moretown, are expected to see slower growth rate in the next decade than in the past decade. Moretown is expected to see slightly higher growth, (0.3 percentage points) between 2000 and 2010 than between 1999 and 2000.

Moretown is expected to add approximately 308 households over the forecast period, accounting for 22.4% of the total growth in households in the Mad River Valley over the forecast period. Therefore, Moretown is expected to see the largest growth in the share of the increase in households, rising almost 6 percentage points from 16.7% of the total growth in households between 1990-2000. This is in part due to changing demographics. Smaller households (e.g. being independent later in life), an aging population, and the historic trend of Moretown increasing its share of the regional population all contribute to this increase in the share of household growth.

Fayston and Waitsfield are expected to add the roughly the same number of households over the forecast period, 326 and 333, respectively. Their individual annual rates of growth differ due to the size of the respective towns in 2000. Waitsfield is already larger than Fayston, therefore the addition of approximately 330 households over the forecast period is a smaller percentage of the total. This represents approximately 24% of the total household growth for each town.

Warren is expected to add the largest absolute number of households over the forecast period, 408. Warren's share of total household growth is expected to decline dramatically from the 35.0% level experienced between 1990 and 2000, to 29.7% between 2000 and 2020.

When looking at the Mad River Valley as its own separate region, Waitsfield and Warren stand out as the 'core' of the region. They import workers and contain the majority of the employment. As the core becomes relatively denser than its surrounding areas, the surrounding areas begin to gain population and therefore, household growth. This is a regional economic theory known as "Central Place" theory. This is what the Mad River Valley is beginning to exhibit. As Warren and Waitsfield become relatively more densely populated, Fayston and Moretown begin to see a larger share of the population and household growth than they experienced in the past.

Again, it is important to note that the household projections are also a status quo forecast. The projections are based on the historic trend and are forecasted based on no significant policy or other macroeconomic changes occurring in the region.

Employment Projections

The employment projections for the Mad River Valley were accomplished with the same method as the population projections. First, the larger economic regional employment by 1-digit SIC code was forecasted, namely the Central Vermont Region.¹⁰ Second, the Mad River Valley's share of the regional employment was forecasted and applied to the Central Vermont regional employment projections. Table 5 shows the Mad River Valley employment projections by 1-digit SIC code.

Total non-farm employment is expected to increase in the Mad River Valley by 920 jobs over the forecast period. The near-term period, 2000-2010, is expected to grow at a slightly faster rate, at 1.8% per year, versus the 2020 time frame (1.4% per year). These rates of growth are slightly lower than the growth experienced between 1990-2000, 1.9% per year. This is in part due to the mathematics. The absolute additions in each 10 year time period are not all that much different, but as employment additions become a smaller part of the total growth rates mathematically result in being lower.

Following the historic trend, the Services sector is expected to see the majority of the employment increase, adding approximately 550 jobs over the forecast period or 59.8%. This historic trend of the Services sector accounting for the majority of the employment increase is expected to continually increase over the forecast period. From 1990-2000,

¹⁰ SIC = Standard Industrial Classification Code.

Services sector employment gains accounted for 49.8% of the total. By 2020, Services sector employment gains are expected to account for 59.8% of the total or nearly six of every ten new job opportunities created during the period.

Transportation and Public Utilities employment increased dramatically between 1990 and 2000 due in part to the establishment of Champlain Valley Telecom. While the projected average annual rate of growth in this sector is significantly lower between 2000 and 2020 than the level experienced between 1990 and 2000, this is due to the sector's small size in 1990. The Transportation and Public Utilities sector is expected to increase by 82 jobs over the forecast period.

No sectors except for the Mining/Construction sectors (which is basically composed of the Construction sector) are expected to decline over the forecast period. This projection is based on the historic trend where declines in both absolute numbers and share of total employment were experienced. This in part can be attributed to gains made in productivity with the addition of more large equipment. The addition of more productive equipment affects employment by not needing as many workers to do the same job as before the capital investment.

Table 5. Mad River Valley Employment Forecast

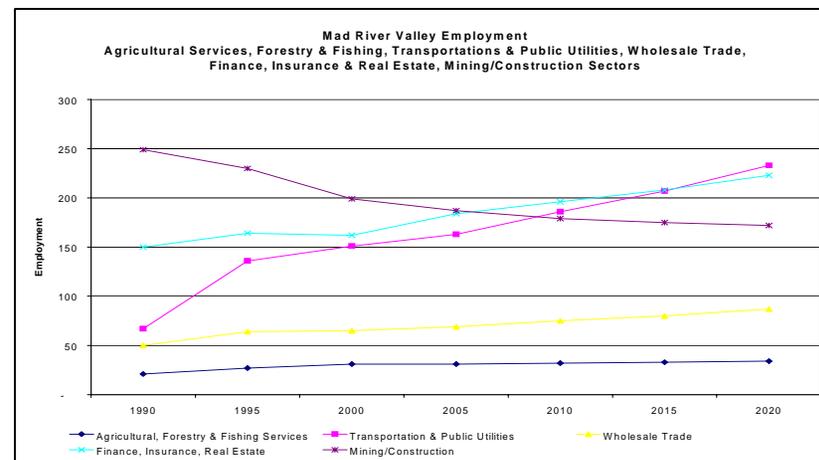
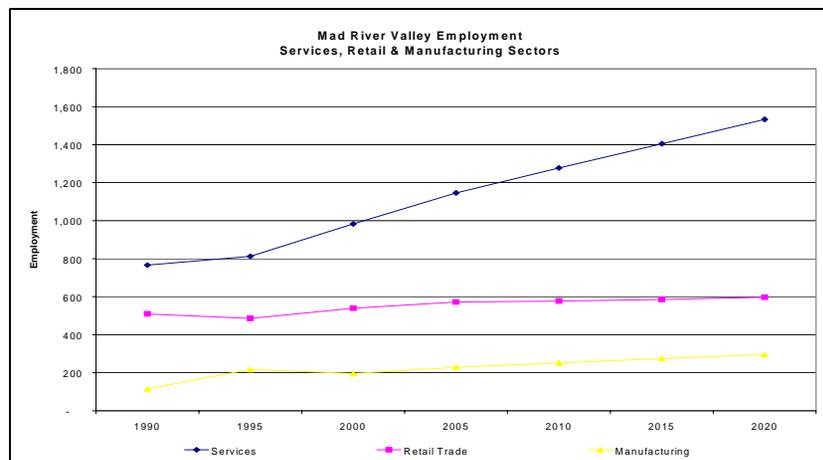
	History		Forecast				Absolute Change			CAA		
	1990	2000	2005	2010	2015	2020	1990-2000	2000-2010	2010-2020	1990-2000	2000-2010	2010-2020
Total Nonfarm	2,097	2,533	2,806	3,016	3,228	3,453	436	483	437	1.9%	1.8%	1.4%
Private Nonfarm	1,927	2,327	2,580	2,773	2,968	3,175	400	446	402	1.9%	1.8%	1.4%
Agricultural, Forestry & Fishing Services	21	31	31	32	33	34	10	1	2	4.0%	0.3%	0.6%
Mining/Construction	249	199	187	179	175	172	(50)	(20)	(7)	-2.2%	-1.1%	-0.4%
Manufacturing	115	196	228	251	275	296	81	55	45	5.5%	2.5%	1.7%
Transportation & Public Utilities	67	151	163	186	207	233	84	35	47	8.5%	2.1%	2.3%
Wholesale Trade	50	65	69	75	80	87	15	10	12	2.7%	1.4%	1.5%
Retail Trade	509	539	572	577	585	597	30	38	20	0.6%	0.7%	0.3%
Finance, Insurance, Real Estate	150	162	184	196	208	223	12	34	27	0.8%	1.9%	1.3%
Services	766	983	1,146	1,277	1,405	1,533	217	294	256	2.5%	2.7%	1.8%
Government	170	207	226	243	260	278	37	36	35	2.0%	1.6%	1.4%

Notes:

[1] CAA = Compound Annual Average Rate of Growth.

[2] Long-term forecast results obtained using the dynamic input-output Model of Regional Economic Modeling, Inc. and general regression analysis.

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Estimating Land Area Needs

In the previous section, twenty-year projections of employment, housing, and population were presented. In this section the employment projections are used to determine reasonable estimates of the space needed to accommodate the expected number of new employees in the Town through 2020. Estimating space for housing is dependent on the Town's goals for Irasville. As explained below, estimating residential space for Irasville would be premature prior to answering specific questions.

Calculating Square Footage Factors for Employment Sectors

The first step in calculating the community square footage needs involved developing a Square Footage Factor. A Square Footage Factor is a coefficient specific for each employment category that can be used to calculate space requirements. The Irasville Growth Center will need to accommodate a certain amount of square feet of building space for each of the major employment sectors based on the employment forecast and other factors. Therefore, a Square Footage Factor for each employment sector is the first step in determining space requirements for the anticipated employees in each sector.

Table 6. Square Footage Factors

Sector	Square Footage Factor
Agricultural Services, Forestry, Fishing	N/A
Mining/Construction	41
Manufacturing	696
Transportation & Public Utilities	241
Wholesale Trade	201
Retail Trade	515
Finance, Insurance, Real Estate	461
Services	152
Government	N/A

Square Footage Factors specific to Waitsfield were developed by collecting data on building square footages and number of employees from existing Waitsfield businesses. The businesses were grouped by employment sector (industrial SIC code). Total employees and total square footage of Waitsfield businesses in each sector were used to calculate the Square Footage Factors.

Table 6 shows the square footage factor for each major employment sector specific to Waitsfield area businesses. Agricultural, Forestry and Fishing was eliminated since this type of businesses is not planned for in the growth center.

The ski areas were not used in determining the Square Footage Factor for the service sector. Sugarbush and Mad River Glen ski resorts both fall within the services sector and are the top two employers in the Valley. They both have over 100 employees, including many seasonal employees at certain points of time in the year. The average number of employees for the rest of the service sector businesses in the Valley is 10. Since it is unlikely the Town will locate a large-scale recreation business in Irasville and the employment numbers are an order of magnitude greater than other service businesses in the Valley, it was determined that it would not be appropriate to include them in the services Square Footage Factor as well.

A factor for the Government sector also was not included. The Government sector employment generally includes schools, and it was assumed that the growth center plan does not include such public school uses. Including school employees in square footage needs would distort the projections and is therefore inappropriate. On the other hand, civic land-uses, such as libraries, town offices, municipally owned buildings, churches, public parks, and other publicly owned land, typically are a part of any Town's growth center plans.

Table 7. Mad River Valley Square Footage Projections

Sector	Sq. Ft. Factor ¹¹	Additional MRV Employees		Sq. Ft. Projections	
		2010	2020	2010	2020
Agricultural Services, Forestry, Fishing		1	3	0	-
Mining/Construction	41	0	-	0	-
Manufacturing	696	55	100	38,280	69,600
Transportation & Public Utilities	241	35	82	8,435	19,762
Wholesale Trade	201	10	22	2,010	4,422
Retail Trade	515	38	58	19,570	29,870
Finance, Insurance, Real Estate	461	294	61	15,674	28,121
Services	156	36	550	45,864	85,800
Government			71	0	-
TOTALS		503	947	129,833	237,575

Therefore, acreages for civic land uses should be incorporated later during the master planning process but they are not included here to calculate employment space.

Waitsfield's Share

In order to focus this study on Waitsfield and the Irasville Growth Center the next step in the process involved distinguishing between the Mad River Valley and the Town. According to the employment projections provided in the previous chapter, the Mad

¹¹ This assumes that employee space needs will remain unchanged through the year 2020

River Valley is expected to experience a total increase of 947 employees by the year 2020. Waitsfield has traditionally held a larger share of certain sectors. Table 8 shows that Waitsfield has maintained a consistently higher share (over 75%) of jobs in the Transportation and Public Utilities, Manufacturing, and Wholesale sectors.

Table 8. Waitsfield Share by Sector

Sector	Share: 10 Year Average
Agricultural Services, Forestry, Fishing	43%
Mining/Construction	54%
Manufacturing	74%
Transportation & Public Utilities	76%
Wholesale Trade	76%
Retail Trade	67%
Finance, Insurance, Real Estate	40%
Services	30%
Government	23%

The Town has also retained over two-thirds of the Retail jobs and over 50% of the Construction jobs over time. For this analysis, it is assumed that the share of jobs in each sector held in Waitsfield during the past ten years will remain constant for the next 18 years or any differences will be offsetting. If true, Waitsfield will absorb 399 additional jobs of the total number of projected jobs for the Mad River Valley through 2020. Forty-one percent of those jobs will be in the service sector. Manufacturing is expected to experience the second highest gain, approximately 74 new jobs. Transportation and Public Utilities and Wholesale Trade sectors also should experience noticeable increases (see Table 9).

Projected Building Space Requirements

Based on this analysis, Waitsfield is projected to need 126,885 square feet of employment space in order to accommodate their projected new jobs—assuming space requirements per job do not change over the projection period. A majority of the new space (roughly 51,500 sq. ft.) will be needed in the manufacturing sector. The next largest amount of employment space is projected to be in the services sector at 25,740 square feet, followed by Retail Trade and Transportation and Utilities (see Table 9).

Projected Housing Units

As explained in the previous chapter, Waitsfield is projected to experience an increase of 591 residents and 262 housing units over the next 18 years. How many of these new projected housing units will locate in the Irasville Growth Center will be a function of

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Town policy. The Waitsfield community must decide what percentage of those units it wishes to see locate in Irasville. This decision will involve a process of comprehensive planning, visioning, and goal setting for the Irasville Growth Center.

The existing zoning for the Irasville Growth Center requires a minimum lot size of 1 acre with maximum lot coverage of 50% and a maximum building height of 35 feet. Considering that the Growth Center is 191 acres, that some of the land is already developed, and that there are some natural resource constraints to land development, it is not likely that a majority of the projected housing units would fit in the Growth Center under current zoning.

At the time of this writing, the Town was considering changing their zoning bylaws for Irasville. Therefore, further estimates of land area needs for residential use is not included in these estimates. Instead, the Town must determine the answers to several issues. They include the following steps. The first step in determining residential absorption for Irasville is for the Town to set a goal for the ratio of residential to non-residential uses. The Town must then decide on many important housing development policies such as residential density, units per building, building height, setbacks, parking, road frontage and other development bylaws to ensure their goals become reality. Estimating land area needs for residential uses in Irasville after answering those questions then would be possible. However at this stage, making such estimates would not be useful.

Table 9. Waitsfield Square Footage Projections

Sector	Sq. Ft. Factor	Additional MRV Employees		Sq. Ft. Projections		Waitsfield Share	Additional Waitsfield Employees	Sq. Ft. Waitsfield 2020
		2010	2020	2010	2020			
Agricultural Services, Forestry & Fishing		1	3	0	0	43%	1	0
Mining/Construction	41	0	0	0	0	54%	0	0
Manufacturing	696	55	100	38,280	69,600	74%	74	51,504
Transportation & Public Utilities	241	35	82	8,435	19,762	76%	62	14,942
Wholesale Trade	201	10	22	2,010	4,422	76%	17	3,417
Retail Trade	515	38	58	19,570	29,870	67%	39	20,085
Finance, Insurance, Real Estate	461	34	61	15,674	28,121	40%	24	11,064
Services	156	294	550	45,864	85,800	30%	165	25,740
Government		36	71	0	0	23%	16	0
Totals		503	947	129,833	237,575		398	126,752

Current Vacancy and Net Total

The above square footage projections do not include any vacancy. All healthy real estate markets have at least some portion of their space inventory vacant. This is essential to the market functioning efficiently. Property must be transferred, redeveloped, and/or retrofitted to be responsive to a dynamic marketplace. Without downtime, properties cannot adjust to current conditions and in-turn start to lose value.

In calculating future space needs it is therefore prudent to assume a certain percentage of vacant space and add it to existing projections. This obviously raises the question of what is a reasonable vacancy rate to assume for Waitsfield. Through conversations with real estate agents, it was determined that a vacancy rate of 5-10% is normal for a market in the greater northwest Vermont region. Less than 5% vacancy creates a very tight (expensive) market, while a market with greater than 10% vacancy becomes sluggish. Data on vacancies for properties in Waitsfield or Washington County are not available. In Chittenden County, it is estimated that the current vacancy rate is 5% overall and 10% in the City of Burlington. The average vacancy rate in Chittenden County was 7.6% over the last eight years. This analysis assumes that both Chittenden County and Burlington have experienced a healthy real estate market for the past 8 years. Therefore, a 7.6% vacancy rate for Waitsfield was added to the square footage projections.

Through interviews with real estate agents and other anecdotal evidence there appears to be very little vacancy in any of the major employment sectors except for manufacturing. Therefore, 7.6% of additional square feet are added to all other sectors. It is projected above that manufacturing needs approximately 51,500 square feet of space. However, since Mad River Canoe recently vacated a total of 37,800 square feet of space and this is still vacant, the 7.6% for vacancy was added to only the residual 13,704 square feet. This results in a net total need for manufacturing space of 52,545 square feet $((13,704 \times 1.076) + 37,800 = 52,545)$.

Table 10 shows the net total projected square feet for all employment sectors with a vacancy rate of 7.6%. It is projected that Waitsfield will need an additional 136,385 square feet of non-residential space over the next 18 years.

Table 10. Net Total Land Area Projections

Sector	Projected Square Feet	At 7.6% Vacancy
Agricultural Services, Forestry, Fishing	NA	NA
Mining/Construction	NA	NA
Manufacturing	51,504	52,545
Transportation & Public Utilities	14,942	16,077
Wholesale Trade	3,417	3,676
Retail Trade	20,085	21,611
Finance, Insurance, Real Estate	11,064	11,904
Services	25,740	27,696
Government	NA	NA
TOTALS	126,752	136,385

NA means Not Applicable.

Housing vacancy must also be calculated in any land area projections. Extensive research performed by Economic and Policy Resources on the housing market in the Northwestern region of Vermont, including Washington County, states that efficient housing markets operate with a 5% vacancy rate. Therefore, these projections similarly assume that a 5% housing vacancy rate is a reasonable average vacancy rate for the Town land area projections.

As noted previously, total projected household demand for the Town over the next 20 years is 262 units. An additional roughly 13 units needed for an average 5% vacancy rate would bring the total to a projected 275 housing units. As such, these projections indicate the Town should plan to accommodate a total of 275 additional housing units over the next 18 years. As with employment space projections presented above, the Town needs to decide on how many of these units should be located in the Growth Center.

Table 11 below summarizes the Town's projected employment and housing needs over the next 18 years.

Table 11. Summary Projections

	Projection 2020	Vacancy	Net Total 2020
Employees	399		-
Employment Space	126,752	7.6%	136,385
Population	591		
Household Units	262	5%	275

Conclusions and Recommendations

Waitsfield now has town-specific data that can be used to create the parameters of a new vision for the Irasville Growth Center. This report provides an economic profile of Waitsfield based on quantitative data from the past two decades coupled with qualitative insights from Waitsfield business owners. The economic profile serves as a valuable backdrop for projecting the next two decades. Projections on population, employment, housing, and land uses through the year 2020 are provided. The projections are intended to map out realistic expectations of the Town's future. Now, the Town needs to undertake the process of reaching specific growth policy decisions in order to map out the future for the Irasville Growth Center (e.g. what percentage of these projections will be directed to the growth center).

Major Findings

The historical economic performance and profile of Waitsfield supports anecdotal evidence from the business community that niche markets and high quality products are the most viable enterprises for the region and the Center. Waitsfield and the Mad River Valley businesses will never compete on cost, but they can flourish on value in niche markets.

This fundamental tenet of the Valley's businesses can be expanded to the landscape. Nearly every business capitalizes on the natural beauty and high quality of life that the Valley offers. The natural beauty not only attracts visitors and customers, but also is key to attracting and retaining exceptional employees and entrepreneurs as well. High technology services offered by the Waitsfield Telecom Company give the valley, even though it is rural, a strong competitive advantage over other similar, rural communities in Vermont.

Future development in the Irasville Growth Center should protect and potentially extend the high quality of life in the region. It should capitalize on the region's technology infrastructure, and focus on niche markets. Building design, recruitment strategies, permitted land uses, and master site planning are just some of the areas through which these protections are ensured.

This study finds that there are several challenges facing the community. Clearly, the lack of municipal sewer and water service has multiple, mostly negative, economic development repercussions. It limits the type of businesses that can locate and grow in the community, exacerbates the current shortage of housing, leads to a shortage of labor, threatens the water supply and the environment, prevents a higher density of land uses. All of these constraints hurt job creation and retention and limits the opportunity

for residents to find quality jobs where they have chosen to live. Building sewer and water infrastructure is a critical prerequisite for developing a vibrant and sustainable growth center.

While the labor pool is currently very tight, Waitsfield has a larger percentage of its population in the 5-19 Year category than the rest of Vermont. If the Town is able to find ways to retain its youth, the labor pool will increase naturally and it will reduce the need to import workers to fill regional job opportunities. Therefore, increasing non-outdoor recreation and entertainment activities for young people ages 16–30 may offer promise as an important economic development strategy.

With no significant policy changes and absent of any additional constraints, Waitsfield is projected to experience growth of an additional 591 people and 275 additional households over the next 18 years. This means that Waitsfield can expect to see an annual average increase of 15 new dwelling units per year over the next 18 years. The Town is also projected to see an increase of 398 new jobs during this period. Although the majority of these jobs is projected to be in the Services sector (165), Manufacturing and Transportation/Public Utilities are also projected to gain 136 job opportunities. The latter two sectors typically pay higher than average wages.

The Town will need to accommodate an additional 136,385 square feet of employment space assuming that space requirements per employee do not change significantly over the next 18 years (or differences are offsetting). No one sector dominates the need for space, although services and retail trade will need the majority of the additional space indicated by these projections. Manufacturing will only need an additional 14,745 square feet after accounting for the exceptional level of vacancy due to the recent relocation of the Mad River Canoe facility.

Recommendations

Recommendation 1:

With this new information, the Town is now faced with a number of key questions. Economic and Policy Resources, Inc. recommends that Waitsfield use this information to complete a process to create a vision for the Irasville Growth Center by answering the following important questions:

Waitsfield is expected to experience an increase of 398 employees over the next 18 years, and the community will therefore need an additional, nearly 136,500 square feet of workspace. What percentage of that space should be located in the Irasville Growth Center?

Through community input, determine which sectors are inappropriate for the Growth Center, and determine how much manufacturing should be in the Growth Center. How does that decision affect the viability of the Industrial Park?

The Waitsfield housing stock is expected to increase by approximately 275 units over the next 18 years. What percentage of those units should be located in Irasville?

What development policies must be adopted to implement the community’s vision for the growth center? Are policies such as residential density, units per building, building height, setbacks, parking, road frontage and other development bylaws needed to achieve that vision?

What is the “right” ratio of land uses for the growth center? How much land should be devoted for residential, commercial, industrial, open space, and civic uses?

A 1995 document entitled “Estimating Land Area Needs for Growth Centers” was published by the Agency for Commerce and Community Development to provide guidance to answering those questions. The report provided research on the existing mix of land uses in different types of growth centers around Vermont. Information was provided on the land use mixes in historic Vermont village growth centers, in Vermont municipal downtowns and from a literature review of two scales of “new-urban” design standards from around the nation. Table 11 below shows the percentage of land uses for each of the four settlement patterns.

Table 12. Land Use Ratios for Different Growth Centers

	Traditional Village Centers	Municipal Downtown	Literature Review Neighborhood Scale	Literature Review Urban Scale
Residential	75%	64-83%	50-80%	15-60%
Commercial	10%	6-12%	10-15%	30-70%
Civic and Open Space	15%	4-7%	10-40%	5-15%

These percentages may be useful guidelines in reaching final determinations on the above questions as they relate to what the community wants for the Irasville Growth Center.

Recommendation 2:

After the desired ratio of land uses is determined for the Growth Center an analysis of zoning ordinances, subdivision bylaws and other growth policies is needed to determine

if the desired amount of land uses is possible on the developable land in the Growth Center.

Recommendation 3:

The Town needs to further clarify its economic development goals, and identify and implement specific economic development strategies for the community and the growth center. The information provided in this report would be helpful in defining the broad parameters of these strategies. Each strategy should be viewed as a specialized tool to perform a specific job. Tax incentives, recruitment techniques, intergovernmental agreements, public/private initiatives, sector diversification strategies and other tools should be analyzed individually and developed for a specific, economic development purpose.

Recommendation 4:

The Town of Waitsfield should investigate the applicability of a Tax Increment Financing district for the Growth Center. This status might enable the Town to dedicate tax revenue for the sewer and water infrastructure needed to realize a viable growth center.

Recommendation 5:

The Town should develop a leadership committee to implement the logical next steps of this report and follow through on appropriate recommendations. The leadership committee should develop measurable benchmarks for success and establish a system to monitor and review progress.

Appendices

Appendix A. SWOT Interview Comments

Strengths

Labor

It exists – It is centered here in Irasville

A lot of adoptable people – flexible, smart and resourceful (2)

Many are hired locally

Loyal employees (2)

Quality is high (2)

Native intelligence

Transportation infrastructure

Infrastructure is adequate

Public transit is good (2)

Pedestrian trail is a benefit

Transit is good for ski areas

“Wheels” is helpful

Sewer and Water infrastructure

Doesn't make a difference to my business

Water is fine

Warren is moving forward

Town emergency services

Dedicated Volunteers – Well Trained

Excellent (11)

Telecommunications infrastructure

Cutting Edge – Fiber optics, DSL access, excellent service (12)

Schools

Individual attention – Community Support. Students are well prepared (8)

Career counseling program

Accessibility of administration

Teachers live in the community

Parental commitment (2)

Small scale

Sense of Community and Quality of life

Community Activism is strong. Good involvement. Sense of family (12)

Sense of pride

There may be 4 towns but they are perceived as one community

Helps local businesses – plenty of amenities

Competition is good

People are moving here to retire because of the quality of life

Location

Distance is perfect – Not too far not too close (7)

The psychological impact that it seems remote but it isn't is a positive aspect

Premier spot – town is still rural

Bedroom community

Natural beauty (2)

What do you think is the single most important aspect of the MRV that is unique and positive?

People. Sense of Community (8)

Diversity. Easy to affect change

Rural Character

“If we loose that (sense of community) we loose everything”

Can you think of any others that have not been mentioned?

Affordable housing is severely in short supply

Ecologically minded people

The historic district

Diversity of employment

Telecommuting

What economic advantages does the Mad River Valley have over other areas of the state?

High Tech /Telecommunication –
access to the out side world (3)

Tourism and tourists help non-tourists
businesses (2)

Proximity to State Capitol

Second homes

Slightly buffered from world events

We can be differentiated from Killington
and Stowe

No sprawl or strip development – it
makes us different

Ski Areas (2)

Quality of life

Existing business sectors are diverse

Schools

High ratio of public vs private land

Less expensive than Killington or Stowe

Maintain a “park like quality”

Natural beauty (2)

Entrepreneurial Spirit

Local Artists

What types of businesses are most viable in the Mad River Valley? Why?

Those that are not weather dependent	Service to the outside world
Real Estate (3)	Small businesses (2)
Financial Services	Internet-based retail
High Tech (2)	Marketing
Professional Services	Engineering
Service-oriented (3)	Craftsman
Small farms	Tourism
Construction trades	Telecommuting
High-quality, small-scale, niche markets (2)	

What intrinsic qualities of the Mad River Valley complement its businesses?

Natural Environment (5)
River, mountains, undeveloped areas, recreational opportunities (2)
Clean Air
Low traffic
No stop lights
No sprawl
Happy employees and employers

What human qualities of the Mad River Valley complement its businesses?

Chamber of Commerce (3)	Help for disadvantaged people
Chamber is restructured to address	Festival of the Arts (2)
Tourism <u>and</u> Economic Development	Schools (2)
Planning District (3)	Theater, Arts, Education (2)
Our 50 volunteer organizations (2)	Friends of the Mad River
Socially Responsible Business owners	Recreation District
Ben and Jerry's Festivals (3)	4 th of July
Fire and Ambulance Services	Fire and emergency services – creates a sense of security
Clergy council	

What locally imposed policies help MRV businesses?

All Plans	
The efforts to reorganize Irasville as a growth center/economic hub (2)	Selectboard is flexible – case by case review (2)
Zoning and subdivision (2)	Anti sprawl policies (2)
Tree plantings/maintenance	Zoning that keeps the quality of life (2)
Sign ordinance	1983 MOU between Sugarbush and Planning District
Policies that make buildings look good (2)	

What unique features of the MRV do businesses capitalize on or take advantage of most?

Ski Areas
Scenery/Natural environment (7)
Long Trail
Tourists
Local trade/grocers
Lifestyle
Lack of Crime
Strong residential base loyal to local businesses
“it’s the quality of life it’ll never be by quantity of life”
Route 100 scenic corridor

What do visitors and other non-residents see as MRV’s strengths?

The beauty (7)	Authentic and traditional way of life.
Isolation	The Valley is not contrived.
Sense of Community (2)	Friendliness (2)
Variety of lodging	“Gives them their sense of Vermontness”
Good restaurants	Working farms
Recreation opportunities	Architectural quality
Small size (3)	Ski Areas

Can you identify any recent investments that have been made to help area businesses?

Community Sponsorship Fund - voluntary surcharge to promote Mad River Valley (3)	Reappraisal
Public Transportation	Master Plan for Irasville
Reserves in Annual budget for: Land purchases for wastewater Treatment	Doctor’s Office subsidy
Street trees	Preservation of access to Blueberry Lake
Transportation path	Senior housing
Conservation funding	CIP plan
Funding for planning and zoning	Maintenance of back roads
	Wastewater management program
	Telephone company upgrades

Weaknesses

Labor

- Low Supply (12)
- No housing (4)
- Poor wages (4)
- Low quality (2)
- Cost is too high

Transportation infrastructure

- Density is increasing but safety is not being addressed
- No Master Plan for infrastructure
- Route 17 and 100 is dangerous
- Lack of efficient public transit (7)
- They don't run in the snow
- Need sidewalks
- Bikes are underutilized
- Bikes are not realistic for transportation
- Need transportation from the airport
- Need a bike path from Waitsfield to Warren with a destination to serve as a recreational opportunity and transportation

Sewer and Water infrastructure

- There isn't any – we need it (9)
- Potential for contamination is high (4)
- Serious limitation to growth (2)

Town emergency services

- Can't access them via cell phone service

Telecommunications infrastructure

- Cell phone service (4)

Schools

- Redundant spending for elementary education
- Poor math skills
- High school graduates can't read or write well
- Act 60 taxes are too high (2)
- Equalized grand list doesn't account for local differences

Sense of Community and Quality of life

- Difficult for seniors

teenagers don't have anything to do
Political functioning between towns is difficult

Location

Consumer durables are difficult to buy here (clothing, cars etc)
Bedroom community
Too far from the interstate
Visitors prefer Killington and Stowe
More expensive to manufacturing
Route 100 is tough traveling

Which of the above do you think hinders business the most?

Labor quality
Fluctuating demand
Labor supply
Affordable housing (3)
Lack of a vision for the Valley
Very Exclusive
Lack of sewer

Are there others that have not been mentioned?

Local government attitude is not supportive of business growth
Parochial approach to government
Quantity of housing

What economic disadvantages does the Mad River Valley have over other areas of the state?

Lack of demand for services (2)
Labor pool size (2)
Affordable housing (6)
We don't have a long term vision
"we're only cute for a day" then they (visitors) go away and don't return
not enough non-seasonable jobs
Isolation
Start up costs (2)
Cost of power
Taxes

What types of businesses are least viable in the Mad River Valley?

Recreation shops	B&Bs
Tourist businesses	High end specialty products

Retail (2)
Restaurants
Lodging
Those that are greater than 200 employees

Manufacturing (4)
Hospitality
City Service type businesses (high quantity)

What intrinsic qualities of the Mad River Valley are not advantageous to businesses?

Size of Valley
Geographic isolation

What locally imposed policies hurt MRV businesses the most?

Zoning doesn't prevent suburbia, doesn't protect out natural resources we need to do more conservation-based planning
Vendetta-based appeals are possible
Sign ordinances hurt businesses
Setback require too much land
Permitting takes too long
There are no camping options. Need to allow camping
Zoning is too restrictive

What features of the MRV create disincentives for businesses to locate or expand here?

Town fights too many battles
Appeals are too easy (2)
Space – start-ups can't expand – space is too expensive (4)
The political make up of 4 separate towns make things difficult
Personalities and parochial nature of decision making prohibit business expansion
Attitude of No growth or slow growth
Affordable housing (5)
Permitting process (5)
Zoning regulations in Waitsfield (3)
Water and Septic
Access to labor pool

What do visitors and other non-residents see as MRV's weaknesses?

Irasville needs cell service
Visitors are lost – can't see what businesses are available
No nightlife (4)
Lack of choice and variety (3)
Distance from their homes
No hotels
Lack of fast food

Opportunities

What local trends are affecting MRV businesses in a positive way? How?

New ownership at Sugarbush (5)	people with horses are moving here –
New proaction of Chamber activities	they improve the grand list
Wastewater planning	Communication trends
Increasing density in zoning	Low impact businesses
Historic district is finding its place	High paying jobs (2)
Entrepreneurial Attitude	What stays here are small businesses
20-30 year olds are returning to establish families	Community Sponsorship Fund Purchase of B and Bs

Can you identify any recent changes in technology that are helping MRV businesses?

DSL, Internet, Telephone system, High speed cable (6)
Improvements in roads and cars are increasing the valleys accessibility

What are reasonably foreseeable technological changes that you would like to see occur to help MRV businesses?

Cell Service (5)
More efficient transportation services
Internet is allowing us to compete with major competitors
Sewer service
Renewable energy

Can you identify any state or national policies or trends that are currently helping MRV businesses?

Planning funds
Money for PDR and conservation easements
SBA loans
Act 250 is easier for small businesses
Civil Unions (2)
Tax right offs that accelerated business expansions
The ideas and core values of Act 60
Act 250- it help businesses find their niche

What are reasonably foreseeable government (state or national) policy changes you would like to see instituted in the near future?

State Aid to Education changes – taxes are too high (3)
Act 250 appeal rights should be limited
Commitment to special education

What events, if any, occur beyond the control of MRV but help local businesses?
Examples might include state and national holidays, conferences, campaigns.

Ben and Jerry's (2)
Arts Festivals

Can you think of any other external resources available that would be helpful to MRV businesses?

Business training (2)
Central Vermont Revolving Loan fund

What competitive advantages does the MRV have over other resort areas in New England?

The River
Ski Areas
Diverse recreation
Proximity to other parts of the state
Uniqueness (2)
"The only way we are going to compete is on values its not on cost"

Threats

What local trends are affecting MRV businesses in a negative way? How?

Business consolidation nationwide – ie: Black Diamond; Coffee Roasters; Mad River Canoe
Wetlands policies
Lack of affordable housing (2)
What is good for businesses may not be what attracts people here – inherent conflict
Attitude that prevents change
Taxes
Viewscape is being hurt
Land development
Zoning densities re too low (2)
State needs to help us promote tourism

What state or national trends are affecting MRV businesses in a negative way? How?

Stormwater runoff policies
State Marketing budget
People sue too much. Society is too litigious
Rooms and Meals Tax
Act 250 (2)

Act 60 (2)

Increased insurance costs (2)

“if we loose our ability to protect our values we’ll loose our businesses”

Can you identify any recent changes in technology that hurt MRV businesses?

Consolidation of banking industry

Internet reduces the window of planning (2)

Can you identify any government (state or national) policies that currently do not help MRV businesses?

Perception of difficulty to do business here

School funding

Insurance and employee benefits

Mandates on sales tax beer and tobacco

Paid Family leave

Act 250

What events, if any, occur beyond the control of MRV and hurt local businesses?

Examples might include state and national holidays, conferences, campaigns.

9/11

There are no more conferences _ we need them here

Who are your toughest competitors?

Western Ski Resorts (2)

Killington and Stowe (4)

Discounters

All other ski areas in New England (2)

Any interstate business location

Can you think of any other external factors that hinder the functioning of MRV businesses?

Lack of proximity to major metropolitan areas

Not build up enough – they are too spread out

What is your vision for the Mad River Valley? What are its greatest opportunities?

We need a durable Master Plan for the Mad River Valley

Need a public/Private partnership

Maintaining the rural character of

Irasville is the most important

component of its Economic Development plan.

We must protect the look of the town

Irasville has a huge impact for all towns.

Visual impacts are an important quality

Quality of development is a big issue – the better the quality the better the opportunity
Need a mix of small businesses and industry
Need to be connected to the outside world
Need higher densities and sewer
Who are we marketing ourselves as
We need to attract young business owners
Need more commercial space
Need to make it a good place for kids.
We need septic to make anything happen there
Need good transportation options
We need to think about where we are heading
Can we put in enough housing
Need more stable jobs
Need to establish a critical mass
Needs to be pedestrian friendly
Currently there is too much parking lot
Need civic vitality, a vibrant urban city center including restaurants, theaters, evening activities and residents
“Businesses need to add more businesses. They need each other to attract customers. The better each of those businesses are the richer the experience is for everyone else.”

The industrial park should have residential uses.
Continue to be a commercial growth center with a residential component
Irasville is core with satellite developments of PUDs
We need this kind of study. Its an example of our commitment for this place.
Need more of a network of shops that is more pedestrian orientated
Clustered housing in north end by movies and Valley Rent-All
Businesses smaller than 150 employees in one building are the most productive.
Need incubator space
New urbanism concepts are appropriate there
Need a nigh life
Increase density, zoning is awful, town needs to be committee to it.
Need quality guidelines
Build on a sense of community
Create a hub of commercial activity and save open space
Define a village
Sewer and water for affordable housing
Affordable Housing cluster
Need senior housing.

Comments on the Interview Process. Was it thorough? Issues we missed? Changes you would make?

No changes (4)

Affordable housing questions

It was fine (5)