

# The Kennebunk Economic Development Plan 2009



January 2009

Crane Associates, Inc.  
21 Ivy Lane Suite 202  
Burlington VT 05408  
802-657-3720  
[www.craneassociates.us](http://www.craneassociates.us)





# Table of Contents

EXECUTIVE SUMMARY .....	1
I. MACRO ECONOMIC TRENDS .....	5
II. EXISTING CONDITIONS .....	9
Public Utilities .....	9
Kennebunk, Kennebunk Port, Wells Water District .....	9
Land Use .....	15
Commercial Database of Existing Businesses .....	22
Vacant Commercial Land .....	22
III. DEMOGRAPHICS .....	27
Population .....	27
Households .....	29
IV. LABOR AND EMPLOYMENT .....	32
Unemployment .....	32
Work Force .....	32
Education .....	32
Worker Commuting Patterns .....	32
Employment .....	33
Changes in Employment Structure .....	34
Historical Employment Analysis: 1991 to 2006 .....	35
Manufacturing .....	35
Retail .....	35
Retail Trends – Opportunities for .....	36
Retail Development .....	36
Health Care and Social Assistance .....	36
Accommodation and Food Services .....	36
Retail Spending Activity .....	37
V. TRENDS IN HOUSING .....	39
Housing Unit Growth by Tenure and Value .....	39
Housing Costs, Sales, and Affordability .....	40
VI. STRATEGIC INDUSTRIES ANALYSIS .....	44
Cluster Analysis .....	45
Leading Industries .....	46
Findings .....	46
VII. LOCATION QUOTIENT AND SHIFT-SHARE ANALYSIS:	
A REVIEW OF LINKAGES AND RELATIONSHIPS .....	48
Location Quotient Analysis .....	48
Findings .....	48
Shift-Share Analysis .....	50
Industry Linkages .....	53
Key Input-Output Relationships .....	53
Overview of Customer Linkages .....	54
York County Employment Forecast .....	55
VIII. KENNEBUNK BUSINESS OWNERS SURVEY .....	57
Results .....	57
Business Type .....	57

IX. KENNEBUNK'S STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS	63
Strengths and Opportunities	63
The Kennebunk Name	63
Quality of Life	64
Infrastructure Capacity	64
Electric Rates	64
Educated Labor Force	64
Low Unemployment	64
Vacant Commercial and Industrial Land	64
Weaknesses and Threats	65
Low Retail Sales	65
Electric Rates	65
Downtown Gas Stations	65
Inefficient Land Uses in West Kennebunk	66
Sprawl on Route One North	66
Antiquated Zoning	67
X. CONCLUSIONS	69
XI. GOALS AND IMPLEMENTATION RECOMMENDATIONS	73
Goal # 1: Address Short Term Impacts of the Current Economic Crisis	73
Implementation Recommendations	73
Goal #2: Workforce training and retraining for 21st Century jobs	74
Implementation Recommendations	74
Goal 3: Support and Retain Local Businesses	75
Implementation Recommendations	75
Goal 4: Become a Regional Center for Education and Training	78
Implementation Recommendations	78
Goal 5: Modernize traditional downtown for 21st century living.	81
Implementation Recommendations	81
Goal 6: Revise Zoning Document	85
Implementation Recommendations	85
Goal 7: Protect Kennebunk's Quality of Life	87
Implementation Recommendations	88
Goal 8: Recruit and Retain Key Sectors	89
Implementation Recommendations	89
XII. NEXT STEPS	95



# Executive Summary



Kennebunk, Maine, first settled in 1620 and incorporated in 1820, has its economic roots firmly embedded in the ocean and Maine's natural resources. The town was a major center for shipbuilding and the shipping industry. Kennebunk was an original US Customs Port of Entry and former ship captain homes line the town's historic district. Salt production, fish harvesting, and iron works made the Kennebunk harbor a bustling center of economic activity. Hydraulic energy from the Mousam River fueled mills that produced textiles, building materials, machine parts, and shoes. Manufacturing was strong in Kennebunk. So were tourism and the financial industries. Tourism in Kennebunk started as early as the 1860 when the town provided respite for Boston's urban dwellers who escaped the summer heat via the train. Again, the ocean and Maine's nature resources were the draw. Ocean Bank and Kennebunk Savings Bank were established in the mid 1800's. Manufacturing, tourism and the financial industries, all driven by the state's natural resources, were the base of Kennebunk's economy.

This historic economic base is still present today, albeit with a 21st century accent. Manufacturing is still proportionately larger in Kennebunk's economic region than in the state of Maine or the nation. The area is still Maine's most common destination for tourists. The savings banks have only increased in numbers and are accompanied by many financial professionals. Today, Kennebunk's economic region is larger than before. It encompasses at least all the municipalities in York County and most likely adjacent municipalities. The 21st century has added more economic development complications and more opportunity for the town. Globalization has increased the size of the potential market for Kennebunk's businesses and it has increased the number of competitors. The 21st century economy is also different in terms of products and processes. Successful manufacturing in the US is more advanced; tourism is more inclusive, and the financial world is much more complicated.

This economic development plan is designed to take the best of Kennebunk and apply it to today's new economy. In this sense, this is truly an economic development plan – not a community development plan. This plan analyzes the regional economy within which Kennebunk operates and it determines Kennebunk's best opportunities to create jobs and import dollars into the municipality. Community development differs from economic development by focusing on interactions within the town's borders. Community development will try to fill vacant retail stores on Main Street with merchants and customers; economic development will be more concerned with types of jobs it creates town wide. It assumes that better paying jobs will create a natural market incentive to fill the vacant store fronts. While community development may install new sidewalks and streetlights because the community wants them, economic development may suggest the same things to attract or retain businesses. While both community and economic development seek

to employ residents economic development is more concerned with the types of jobs, the wages paid and the source of the income. There is clearly overlap between the two at the municipal level and both plans are vital to a healthy local economy. The distinction is that economic development seeks to import dollars and community development seeks to retain those dollars and circulate them within the town. Dollars cannot be circulated in the local economy without being imported first. Circulation of local dollars cannot happen indefinitely because leakage into the global economy is unavoidable. A municipality should have both an economic development plan and a community development plan. This document is an economic development plan - not both.



The regional economy that envelops Kennebunk was analyzed in extensive detail. About fifteen pages in this report are devoted to a “Strategic Industries Analysis” which summarizes sixty-three (63) spreadsheet analyses on employers, wages, job trends, business to business purchases, and the importation and exportation of dollars in and out of the regional economy. The analysis shows that the regional economy out performs the state and national economy in several industries including manufacturing of food products, fabricated metals, and plastics and rubber products. The regional economy is also stronger in tourism than the state or nation. Tourism is actually a combination of several industries such as accommodations, recreation, and food and drinking establishments. These industries are called the “drivers” of the local economy because they import the most amount of dollars from outside the economic region.

Analyzing the regional economy does nothing for Kennebunk unless we determine the town’s ability to capitalize on the region’s strengths. On the other hand, without regional economic data Kennebunk would be making unguided choices on its economic future. Therefore, Kennebunk was studied from multiple perspectives. This includes a strengths/weaknesses analysis, personal interviews with business owners and community leaders, a statistically objective business owners survey, an analysis of commercial and industrial land uses, and an analysis of town level data in housing, demographics, and the local economy.

The analysis of the local economy shows that Kennebunk is strong in some sectors that are also part of the regional economy. They include food manufacturing such as Shields Meats, fabricated metals such as Northeast Coatings, and plastics manufacturing such as Corning. Local analysis also shows that Kennebunk has its own unique “economic drivers,” or dollar importers, in some sectors that do not emerge as drivers of the regional economy. They include William Arthur (now Hallmark) and Digital Research, which sells products and services na-

tionally and imports most of its revenue from outside.

Municipal level economic development plans do not focus solely on the regional drivers, nor the local drivers, but seek ways to enhance both. All economic development plans will try to create strategies to recruit additional drivers – new businesses within these few important sectors. The plan must also create strategies to retain the existing drivers. A central tenant of local economic development is that it is *far more cost effective* to retain the towns existing businesses than to recruit new ones. All municipalities and Kennebunk is no exception, must make all reasonable efforts to retain existing employers because it can take years to make up for lost wages, rent, and tax revenue that occurs in the absence of an employer. The drivers of Kennebunk's economy are presented in this report but not all are presented specifically by business name.

It should be remembered that the drivers of the local economy are not the only important businesses. In fact most economies, local, regional, or national, will have only a minority of total businesses that are the drivers of the economy. A majority of businesses circulate imported dollars through wages, taxes, and business to business purchases. This circulation is extremely important and these businesses serve a vital role in the health of the local economy. The analysis and recommendations in this report take this into account. Again, the focus is on economic development not community development. So the strategies presented here seek to retain and support new local businesses whether or not they are importers or circulators of dollars. However, an economic development plan is not concerned about where in town they are located, nor does it have a preference on which products they sell. Meeting local demand for specific products and locating businesses on certain streets is the role of community development.

The current state of the global economy has affected this report in some ways. The long term projections and assumptions remain unchanged but there are a number of short term strategies that are presented based on the realization that the economy is in a record setting recession. During these times there is historically an increase in the number of LLC's and sole proprietors starting businesses. Some recommendations try to accommodate and support this inevitable trend.

The report's findings indicated that there are inefficiencies and economies of scale that can be improved upon. For example, the author was told that there was little land available for new businesses. However, there are inefficient, low-density, land use patterns in the West Kennebunk and Suburban Commercial areas that are self imposed and reflect urban planning thinking of decades gone by. By employing contemporary planning theory and recognizing that the 21st century economy requires different land use patterns, increases in jobs and employers can be obtained in Kennebunk within the same amount of land currently zoned for commercial uses. Increases in commercial density can result in more aesthetically pleasing and pedestrian safe commercial areas.

Route One south has an interesting dilemma. There are at least two businesses that represent economic drivers of the local economy however they are prevented from expanding due to wetlands and the lack of

public sewer. However, expansion of the sewer is expensive and can only result in an increase of thirty-six (36) acres at the most. The report recommends expanding the sewer, nonetheless, because of the importance and long term cost savings from retaining existing economic drivers.

The report also finds that the town is not using one of its greatest strengths in capturing one of the region's most important industries. Food manufacturing is an economic driver, a strong growth industry, supports more local businesses than any other driver, is a clean industry, and businesses in this sector can really profit from a Kennebunk address. However, Kennebunk has very few businesses in this sector. There are recommendations to increase activity in this industry through recruitment of specialty food businesses, an incubator building for specialty food startup companies, recruitment of a culinary arts school and business support programs from restaurant businesses.

In total the report makes twenty six (26) recommendations to increase local jobs, and to recruit and retain local businesses most appropriate for Kennebunk. The report commends the town on several existing efforts including establishing the Kennebunk Economic Development Corporation, the current efforts of the Economic Development Committee, and the establishment of the TIF districts. The town is lacking in personnel to really take advantage of these efforts and to implement the recommendations of this report. A paid full time economic development coordinator is needed to fill the void.

The report also concludes that the overall structure of the Kennebunk economy is strong (even though it may not seem like it under today's economic environment). Kennebunk has a diversified portfolio of local businesses that span several valuable and productive industrial sectors. In other words, Kennebunk does not rely too heavily on too few industries to produce jobs, generate tax revenue and import dollars. The town's historical economic roots are essentially intact but new growth that reflects the 21st century economy must be nurtured to flourish in today's environment.



# I. Macro Economic Trends

**T**oday, the town, region, state, and indeed the country, are being influenced by a series of inescapable forces that are changing the competitive landscape for strategic economic development. These forces have far-reaching impacts on local communities even though they are outside the realm of local control. Some are even outside of the realm of state, and federal control. These “macro economic drivers” are both opportunities and threats that require consideration in any economic development plan.

As these drivers are largely external, the region and the town can only adapt to, but not influence, them. The urgency for each driver varies, but the town’s strategic response to the positive and negative effects of each can have a significant impact on the prosperity of many of the town’s citizens. The following section discusses these key drivers.

## Trend #1: Accelerating globalization.

Growing levels of international trade<sup>1</sup> and the rise of China, India, Brazil and others as global economic powers illustrate how the world is becoming increasingly interdependent. Each year the international movement of raw materials, finished goods, capital, and work effort reaches new heights. As a result, previously independent economies are becoming integrated. Along with this increasing globalization comes its own set of opportunities and threats. State and regional economies are becoming less and less isolated (protected) from national and global

economic events. Economic development policies in today’s world must now consider the impact of globalization on the region’s key employers. Policies designed to assist them and to help them prosper cannot be developed and implemented in a vacuum.

These “macro economic drivers” are both opportunities and threats that require consideration in any economic development plan.

## Trend #2: The rapidly expanding impact of technology.

New technologies in a wide range of applications—for medicine, energy use, and information exchange—are arriving on the commercial scene at increasing rates. Such technological innovation is making workers and companies more productive, allowing both labor and capital to make more with less. But this “new economy” also is changing the way goods and services are made. It is changing traditional paradigms regarding the importance and relevance of proximity or place in economic development. At the same time, it also is challenging companies in the region to continuously improve their ability to apply knowledge and technology to the production and the distribution process better than their competitors in other parts of the New England region, the coun-

<sup>1</sup> The recent breakdown of the so-called Doha round of talks under the umbrella of the World Trade Organization notwithstanding.

try, and even the rest of the world. Encouraging continued growth in regional productivity—including finding ways to encourage new capital investment and improving regional work force preparedness—will be on-going keys to the regional and municipal economies' continuing ability to compete in the fast-changing marketplace.

### Trend #3: The changing demands for company location.

The location of high tech companies tends to be less influenced by traditional location factors such as proximity to raw materials and markets and the costs of transportation than is the case for old economy companies, especially manufacturing. High tech companies are interested in different location factors. For example, they tend to locate with other companies like theirs and the related supporting networks (see cluster strategies below). They also tend to be responsive to the more subjective lifestyle desires of their owners, managers, and key workers. Many high tech companies can be where the people want to be and, all other things being equal; they will want to be in a place with a desirable quality of life.



### Trend #4: Capitalizing on clusters.

Even with all the technology that allows workers to telecommute and to collaborate on projects across the globe, nothing replaces personal contact. If innovation is a social process and face-to-face tacit knowledge is important, then innovation is a “place-based” enterprise. At the end of the day, humans require socialization. The networks at the heart of the new innovation model function most effectively when their components are clustered geographically in a region. The competitive advantages generated by an industry cluster are not only from the concentration of related industries and their suppliers being in the same place, but more importantly from access to strategic economic inputs that are not usually provided solely by the private sector. These inputs include workforce skill training, transportation and communication infrastructure, and efficient regulatory procedures. These strategic inputs are often referred to as “economic infrastructure” or “foundations” and the public sector has the greatest influence in laying this economic foundation. Industrial concentration encourages the development of economic foundations that are tailored to the needs of a region’s clusters, providing crucial sources of competitive advantage. Clusters are likely to arise “naturally” and, if so, their value can be enhanced by organized effort or they can be initiated in situations where the basic elements are present but undeveloped.

### Trend #5: Changing demographics.

The population of the U.S., the New England region, the state, and the town are aging, and the population of the state and the New England region are aging at a rate that is faster than the nation as a whole. Although all areas within the U.S are aging, New England and especially

Maine are doing so at a faster rate. Currently, Maine is reported to have the oldest population (by median age) of any state in the country. This trend of increasing median ages is typical for most developed western economies, while many developing countries are experiencing either declining or at least a steady median age.

The aging of the population is transforming our society. One impact has been concern about the adequacy of the labor force across New England as aging “Baby-Boomers” begin to reach retirement age (currently 67 years of age). In addition, it also is recognized that “Baby-Boomers” are more mobile (energy costs notwithstanding) and have come to demand more and better leisure-time activities, recreational facilities, and safe communities that contribute to a high quality-of-life. This increasing demand of “Baby Boomers” for a higher quality-of-life, dovetails with current trends in work force recruitment and retention. These trends indicate that a high quality of life is increasingly being recognized as a key strategic economic development asset—enhancing the ability of a region’s to attract and retain a skilled and dedicated work force.

#### Trend #6: Persistently high energy prices.

Just two years ago, industry analysts scoffed at a published report that predicted \$100 per barrel crude oil, and many of these same analysts rejected the idea of \$4.00 per gallon gasoline prices. Recently, as the price of a barrel of oil approached \$150 and the price of a regular gallon of gasoline broke through the \$4.10 per gallon level, projections of \$200 per barrel crude oil and \$5.00 per gallon gas—even if they still seem pessimistic—are no longer rejected out of hand. These prices, which this past summer rose to new all-time record highs, are now compelling changes in household and business consumption behaviors. Recent news stories and data indicate that Americans are now driving less (as confirmed by the recent reductions in vehicle miles traveled), and energy prices are beginning to influence changes in vehicle preferences (from less fuel efficient and bigger vehicles to smaller more fuel efficient vehicles). Persistently high fuel prices<sup>1</sup> reduce spendable household income, increase the costs of travel, drive up business costs for companies, and make it harder for regional businesses to access global markets in traditional ways. On the other side, persistently high fuel prices encourage closer to home activity and travel, more compact and centralized development, reduce incentives for off-shoring activities on the part of some businesses, and encourage innovation to reduce fossil fuel consumption, which—eventually—will reduce our high dependency on fossil fuels.

#### Trend #7: The “greening” of economic development and other public policies.

The reality of persistently high energy prices—even against the back drop of the significant declines since mid-July of 2008—has encouraged a recent “greening” in governmental policies across many parts of the world. This “greening” has generated new ideas and approaches to economic development policies around the country. New opportunities to develop and commercialize technologies that were previously price-cost prohibitive are now under consideration. The growth of inter-

<sup>1</sup> Even though oil and gasoline prices have fallen significantly off their early July peaks, each remain well above prices experienced at this time last calendar year. Moreover, there is little confidence within the industry that these recent and any further declines will be sustained.

est in alternative energy sources-products has increased significantly as a part of that emergence, opening the door to a number of new business opportunities in natural resources development and potential cost saving technologies that were previously not feasible in the world of “cheap oil.”

#### **Trend #8. Developing Twenty-Four-Hour Downtowns.**

“A successful downtown,” as described in a 1998 Urban Land Institute report, “requires a twenty-four-hour environment, a place where people live, work, and play throughout the day and night.” Twenty-four-hour downtown strategies recognize that developing office space is not enough. Instead, cities must consider other types of economic activity and, must consider, especially, what happens in the downtown once offices and other businesses close for the day. Without housing, a twenty-four-hour downtown is not possible. For the first time since the first half of the 20th century the development of housing in and near central city downtowns is succeeding. A 1998 Brookings Institution survey found that all of the cities surveyed are projecting increases in downtown living and in many cases very substantial increases. These include cities with downtowns that have been in deep decline as well as cities that are not thought of as having downtowns.

#### **Trend #9. Fostering Cyberdistricts.**

Ironically, cities that did not undergo major redevelopment that modernized their cores with glass-cased skyscrapers have found that late 19th and early 20th century buildings and districts are an asset in the economy of the 21st century. They are discovering that live-work space possible in “funky” old commercial and industrial areas is especially attractive to companies and workers focused on the content side of the new economy. Joel Kotkin has referred to these areas as “cyberdistricts” that have transformed formerly destitute warehousing and manufacturing space into highly desirable post-industrial hubs. In many cases, these districts have become ‘knowledge value’ neighborhoods with strong residential, retail and cultural components.

## II. Existing Conditions

### Public Utilities

#### KENNEBUNK, KENNEBUNK PORT, WELLS WATER DISTRICT

**K**ennebunk's public water supply is serviced by the Kennebunk, Kennebunkport & Wells Water District. (KKWWD) This seven-town water district covers a service area from Biddeford Pool to Cape Neddick in York. The Kennebunk service area covers approximately 60 percent of the town, spanning from the waterfront to west of Interstate 95, south to the Wells town line and north to include the Kennebunk Elementary School.

The Town's Industrial Park is served by a high capacity 20" main along Route 1. The West Kennebunk Industrial Park is served by primarily 8" and 12" mains and an adjacent 1 million gallon standpipe. Most of the town's fire hydrants exceed fire flow standards. The water transmission mains to all regions of the town are primarily 10 to 20 inches in diameter, with a few exceptions that are scheduled to be upgraded. The District replaces and upgrades an average of approximately 1% of its 1,080,000 feet (105 miles) of pipes each year.

The population of the District's service area ranges from about 28,000 to over 100,000 in the summer season. The wide annual fluctuation of residents requires the District to manage large amounts of storage capacity. Water demand ranges from 1.8 million gallons per day (MGD) in the winter to between 6 and 7 MGD in the summer. The Town of Kennebunk has more stable water demands than do the neighboring municipalities. Kennebunk has a total of 4225 water customers and 6% of them (269) are seasonal. Most of the seasonal fluctuation comes from residents in Wells, Ogunquit and Kennebunkport, where the seasonal customer component averages about 20%. The District's total available water supply ranges from 8 MGD to 12 MGD depending primarily on seasonal weather conditions. Therefore, in a worse case scenario the District has a buffer of 1 mgd which is more than adequate to accommodate any new development. Part of its available supply is from its interconnection agreements with two neighboring water utilities. The Biddeford Saco Water Company to the north and the York Water District to the south are poised to sell the KKWWD up to 3 MGD if needed. These sources are very rarely used but act as an emergency backup supply in the case of unexpected demand.

The largest water user in Kennebunk is the Turnpike Visitor Center(s) at 14,000 gallons per day. Because it is a turnpike visitor center it is likely to remain a constant within the demand portfolio of the District. Two congregate care housing facilities are Kennebunk's next two high-

est sources of demand, each at approximately 8,000 gallons per day. The District's three largest water users, which are not in Kennebunk, each demand approximately 30,000 gallons per day.

All water main extensions to serve new developments are paid for by the developer or homeowner(s), with the District only contributing when it determines that a larger size or other design modification is needed to best serve the region.

When considering all of the above and the fact that the District has an up-front impact fee that is dedicated to providing the underlying source and infrastructure needed to serve new customers, water supply is not a limiting factor to economic development or growth in Kennebunk.

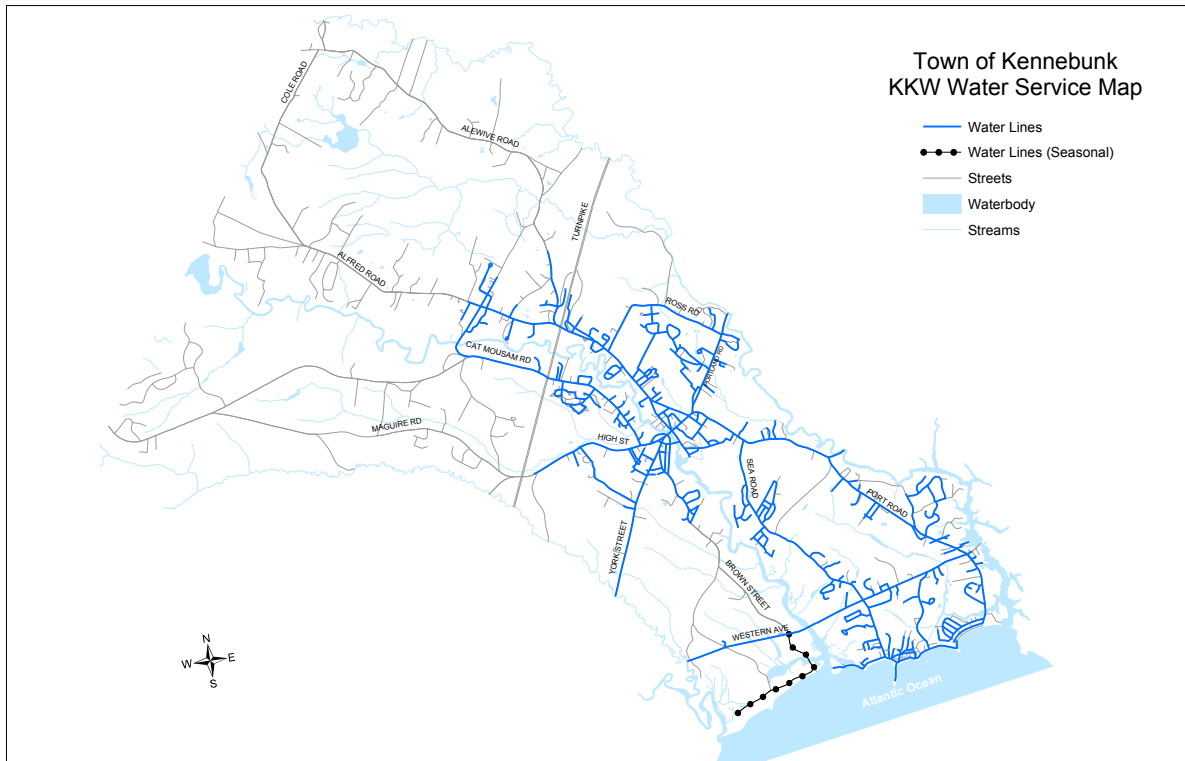
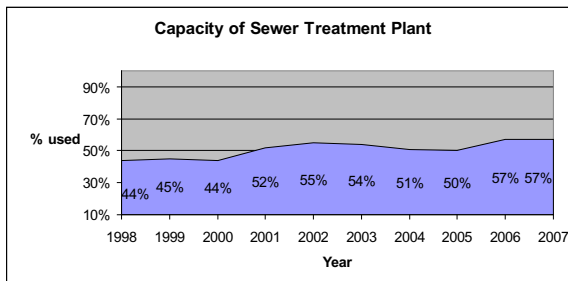


Figure 1: Kennebunk's Water Infrastructure

### KENNEBUNK SEWER DISTRICT

The sewer district was established by a state legislative charter in 1955. The charter limits the service area to lands east of the Maine State Turnpike with the exception of the town's Industrial Park located west of the turnpike. MSAD 71 and municipally owned buildings west of the Maine Turnpike may also be serviced by public sewer. The village of West Kennebunk is not served by municipal sewer.

The District treated an average daily wastewater flow of .770mgd in 2007. This represents 57% of their design capacity. The plant has steadily increased its use of their total capacity over the last 10 years. In 1998, the plant used approximately 44%. Ten years later, the plant is treating an average design capacity of 57%. The plant is designed to treat approximately 1.31mgd. Like the water district, the sewer district customer base increased by approximately 2% per year for the last 10 years.



Both the sewer and water districts have impact fees to cover the cost of additional capital if a new customer wanted to hook into the system but was not on the network. The sewer district has capacity to accommodate most new developments. If a new business wanted to hook into the system whose waste products had high levels of BOD's (Biochemical Oxygen Demand) or other constituents then the Sewer District would require on-site pretreatment before it reaches their plant. However, the system can currently accommodate large office buildings, institutional developments, or large residential projects without any special considerations.



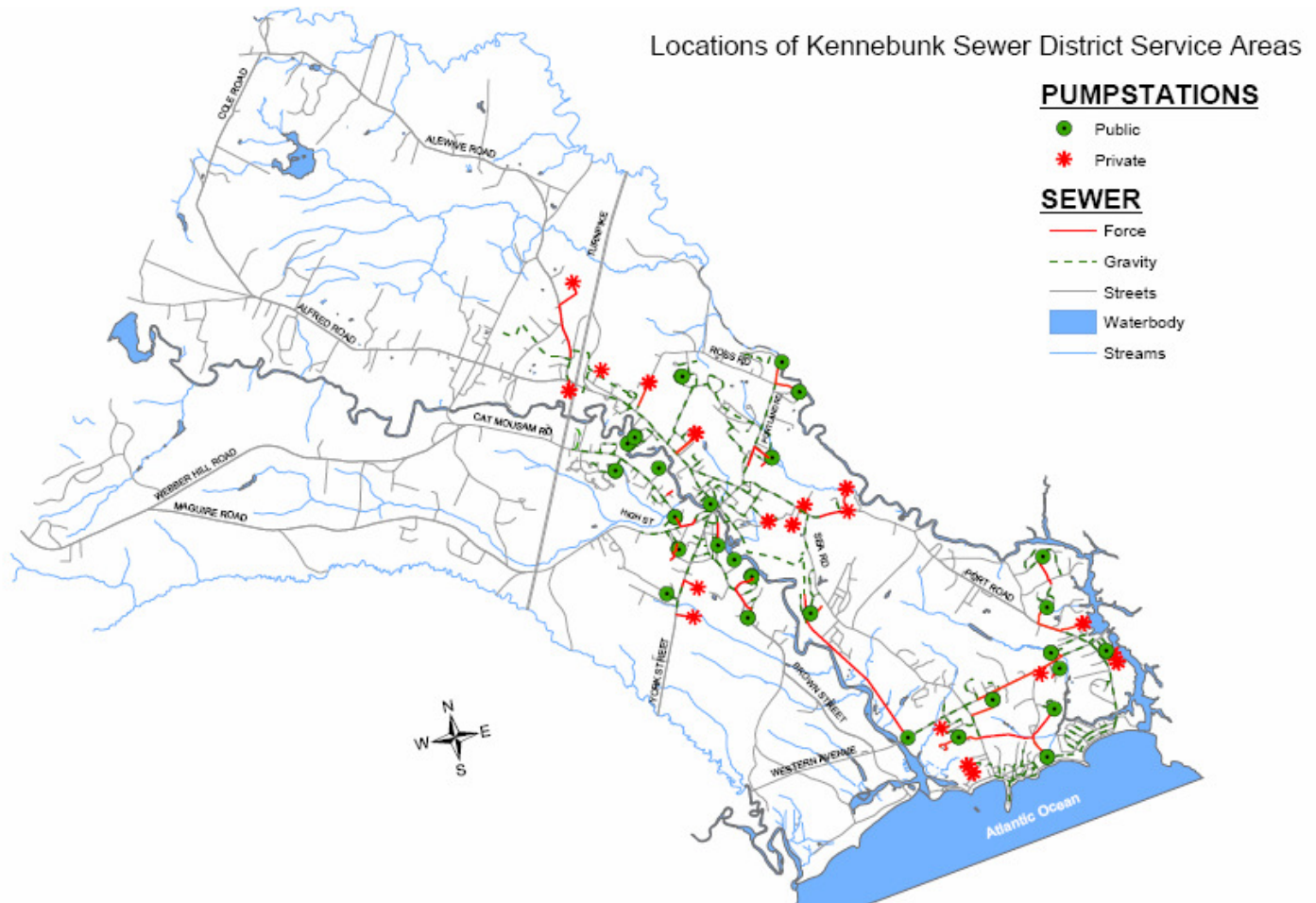


Figure 2: Kennebunk’s Wastewater Infrastructure

### KENNEBUNK LIGHT AND POWER DISTRICT

The KL&P serves a majority of Kennebunk. The Board of Trustees is currently drafting legislation to permit the District to serve the entire town. A new substation was built in West Kennebunk in 2007. It regulates 6 megawatts of load and greatly improves energy reliability for the town. The town’s industrial park is now served by this new substation.

The District’s electric rates are currently 10.6 cents per kilowatt hour. These are the third lowest electric rates in the state. Only Houlton and Madison Electric Utilities have lower rates than Kennebunk. These two utilities are, like KL&P, municipal owned and only serve their municipality. KL&P has consistently sold electricity at rates below the state average and this is still true today. While electricity rates may be expensive in absolute terms, Kennebunk Light and Power is doing a good job in keeping them as low as possible in relative terms. However, all electric rates will change in March 2009. KL&P will increase to 12.5 cents placing it in fourth place. Central Maine Power’s rate will decrease to 14.4 cents and move to fifth place. The District can boast of an excellent track record in reliability.



Table 1: Maine's Electric Rates 2009 ( ¢ per kWh )			
Utility	Delivery	Supply Rate (standard offer)	Total kWh Rate
Houlton	2.116	5.387	7.503
Madison	3.59	4.57	8.16
KL&P	1.342	9.3	10.642
Van Buren	2.824	7.89	10.714
EMEC	7.1718	5.8	12.9718
CMP	6.358	8.7994	15.1574
MPS	8.3001	7.89	16.1901
BHE	8.385	9.0121	17.3971
Fox Island	13.155	10.476	23.631
Maine State Average			13.596
Source: <i>Maine Public Advocate</i> , January 2009			

The District has no generation capability of its own, with the exception of three small dams on the Mousam River which generates a fraction of their total power supply. The District essentially purchases all of its power from an outside power company. The District has an unrestricted power supply contract. It can purchase as much power as it needs. If a new business demanded large amounts of power the District has the capability to purchase additional power on demand. The District currently serves approximately 5,900 customers. In 2007 it added 56 new services, and constructed 4.6 miles of overhead and underground primary and secondary conduit.

The cost of electricity is high throughout New England. New England has the highest electricity rates in the country behind only Alaska and Hawaii. The region also had the highest average rate increases over



the last year. Maine has the second lowest electric rates in New England, and Kennebunk has the one of the lowest rates in Maine. So it would be difficult to say that electricity rates are keeping companies away from Kennebunk. The electric rates in Kennebunk, the State of Maine, and the rest of New England are higher compared to other regions in the country

like the southeast or Rocky Mountain west. This is an economic development challenge shared by most municipalities in the northeast and not specific to Kennebunk.

Table 2 : Electric Rates Nationwide, 2009										
Division /State	Residential		Commercial		Industrial		Transportation		All Sectors	
	Oct-08	Oct-07	Oct-08	Oct-07	Oct-08	Oct-07	Oct-08	Oct-07	Oct-08	Oct-07
<b>New England</b>	18.75	16.43	15.98	14.3	13.77	12.65	7.49	8.01	16.4	14.66
Connecticut	20.09	18.74	16.1	14.86	13.52	12.34	6.77	12.31	16.93	15.72
Maine	16.26	15.29	12.93	12.22	11.55	11.16	--	--	13.54	12.87
Massachusetts	19.7	16.04	16.95	14.62	15.94	14.34	7.96	5.54	17.56	14.98
New Hampshire	16.63	15.18	14.96	14.39	13.73	11.58	--	--	15.34	14.09
Rhode Island	17.57	14.13	15.3	12.81	12.98	12.45	--	--	15.7	13.23
Vermont	14.88	14.59	12.56	12.44	8.96	8.66	--	--	12.36	12.07
<b>Middle Atlantic</b>	14.99	14.38	13.94	13.24	8.06	7.94	11.36	12.02	13.02	12.47
<b>East North Central</b>	11.13	10	9.04	8.56	6.7	5.84	9.06	7.19	8.8	7.91
<b>West North Central</b>	9.06	8.19	6.8	6.42	5.28	4.9	6.41	6.91	6.95	6.48
<b>South Atlantic</b>	11.34	10.34	9.75	8.68	6.64	5.76	13.78	9.71	9.74	8.76
<b>East South Central</b>	10.25	8.58	9.58	8.06	6.44	5.12	10.48	14.49	8.44	7
<b>West South Central</b>	12.42	11.43	10.19	9.54	8.41	7.13	9	8.69	10.39	9.48
<b>Mountain</b>	10.05	9.57	8.33	8.21	6.14	5.87	8.16	7.77	8.2	7.94
<b>Pacific Contiguous</b>	11.83	10.87	12.02	11.84	8.04	8.43	8.44	8.39	11.08	10.78
<b>Pacific Noncontiguous</b>	28.1	22.24	24.47	18.92	24.85	18.96	--	--	25.68	19.95
<b>U.S. Total</b>	11.86	10.81	10.49	9.79	7.24	6.44	10.91	10.46	10.02	9.18

### TIME WARNER CABLE

Time Warner Cable New England is the local internet, telephone, and cable TV provider for Kennebunk. A company representative was interviewed to determine the capacity and availability of the internet infrastructure in town. The entire town is serviced with high speed fiber optic cables. This is the most advanced internet infrastructure commonly available. In terms of internet infrastructure, Kennebunk has no appreciable barriers to hosting intensive web-based businesses.

## Land Use

Kennebunk's long term development goal is to fully utilize existing development areas and avoid new construction in rural and low density areas. The town plan states:

*"Policy 1: The Town should continue to encourage and direct future growth to existing and expanded growth areas, and should continue to discourage future growth in rural areas."*

This requires infill development in the town's traditional villages and to craft efficient development patterns in underutilized commercial zones. It also means ensuring that the current zoning and development regulations encourage attracting 21st century jobs.

There are three traditional commercial centers in Kennebunk: Downtown, Lower Village, and West Kennebunk Village. Each has a distinct character, settlement pattern, land use goals, and infrastructure. As such, each area can accommodate different quantities and types of economic development. The Town's Comprehensive plan identifies these areas as "Growth Areas" designed to accommodate new development within the constraints of existing zoning.

### Downtown



Kennebunk's downtown has been the traditional location for much of the economic development that has occurred throughout its history. The area is compact with historic masonry and wood clad buildings. The Lafayette Center, a large mill building converted into professional offices, reminds us of Kennebunk's economic history. A mix of office, retail, institutional and municipal government buildings primarily dominate the land uses. Kennebunk's Main Street is U.S. Route 1 that runs through the heart of downtown. It becomes congested during peak hours indicating its significance as a commuter route.

Another indicator is the presence of three gas stations in the center of downtown. These gas stations in the heart of downtown conflict with the long term land use goals of this area and prohibit efficient infill development. The three gas stations together occupy 1.2 acres of land, with one of them occupying over a half an acre. This is a large amount of land for a downtown. To put this in relative terms, today there are currently six retail businesses located on one address (36 Main Street) of .08 acres of land and 15 professional offices with parking on less than one acre of land at 5 Nasons Court (Blue Wave Professional Center).

During the course of writing this report, numerous retail storefronts have closed and reopened. At the start of this project, approximately 5 storefronts were counted as closed. Six months later, there were nearly twice as many. In January of 2009, a commercial real estate agent

stated that there were recent leases signed to occupy some of these storefronts. Over the last 6 months, a bakery has closed and a new pub/restaurant has opened. Some of these changes are a natural process in the commercial real estate world. There is a current downturn in the economy and commercial retail is extremely vulnerable now. Some of these empty storefronts are a result of a weak demand for space on Main Street. Little can be done about the national economy, but weak demand for downtown space is a long term issue that should and can be addressed.

Parking in downtown is adequate; although there are differences in opinion in this matter. Some businesses believe there is not enough parking, while others believe the parking lots occupy too much valuable land. The Town owns three off-street parking areas: 42 spaces on Grove Street; 51 spaces near Garden Street Market; and 31 spaces at the Town Hall. There are also approximately 50 on street spaces along Main Street. Recent changes to the Town's zoning ordinance (article 10 Section 9(C)(2)(c)) now eliminate the need for retail and restaurant businesses on the first floor to demonstrate that they have adequate off-street parking as a criterion for permit approval. This will increase the value of Main Street property and the opportunity for businesses to grow there.

### **Lower Village**

This is the heart of the Town's tourism sector. Tourism businesses such as lodging, restaurants, art galleries, and gift shops seamlessly flow into Kennebunkport, as do the tourists, without recognizing any municipal boundaries. Kennebunk and Kennebunkport are famous Maine destination areas. They attract 26 percent of all of Maine's visitors (the third most popular destination behind Portland and Kittery and tied with Freeport). This amounts to nearly 11.3 million visitors annually<sup>1</sup>. The economy of Kennebunk's lower village is tightly integrated within Maine's tourism economy.

The Lower Village is in the Lower Village Business District zone. The objective of the Town's zoning for this district is to provide for and enhance both the tourism trade and services for local residents. The bulk and dimension standards attempt to perpetuate the historic character of this area. Inns are permitted under this zoning by hotels and motels are not. This district does not have any ocean front. A limited number of waterfront businesses are located along the Kennebunk River including marinas which provide boater access to the ocean.

Kennebunk has approximately 3.5 linear miles of oceanfront. This entire ocean front is in either the Rural Conservation District or the Coastal Residential District zones. Both of these zones prohibit commercial development of any kind with some minor exceptions such as day cares and summer camps. There are two lodging businesses that do provide ocean access that are grandfathered in but future development of this type is not currently possible.

---

<sup>1</sup> Travel and Tourism in Maine The 2004 Visitor Study Management Report. Prepared for the: *Maine Office of Tourism*, by Longwoods International.

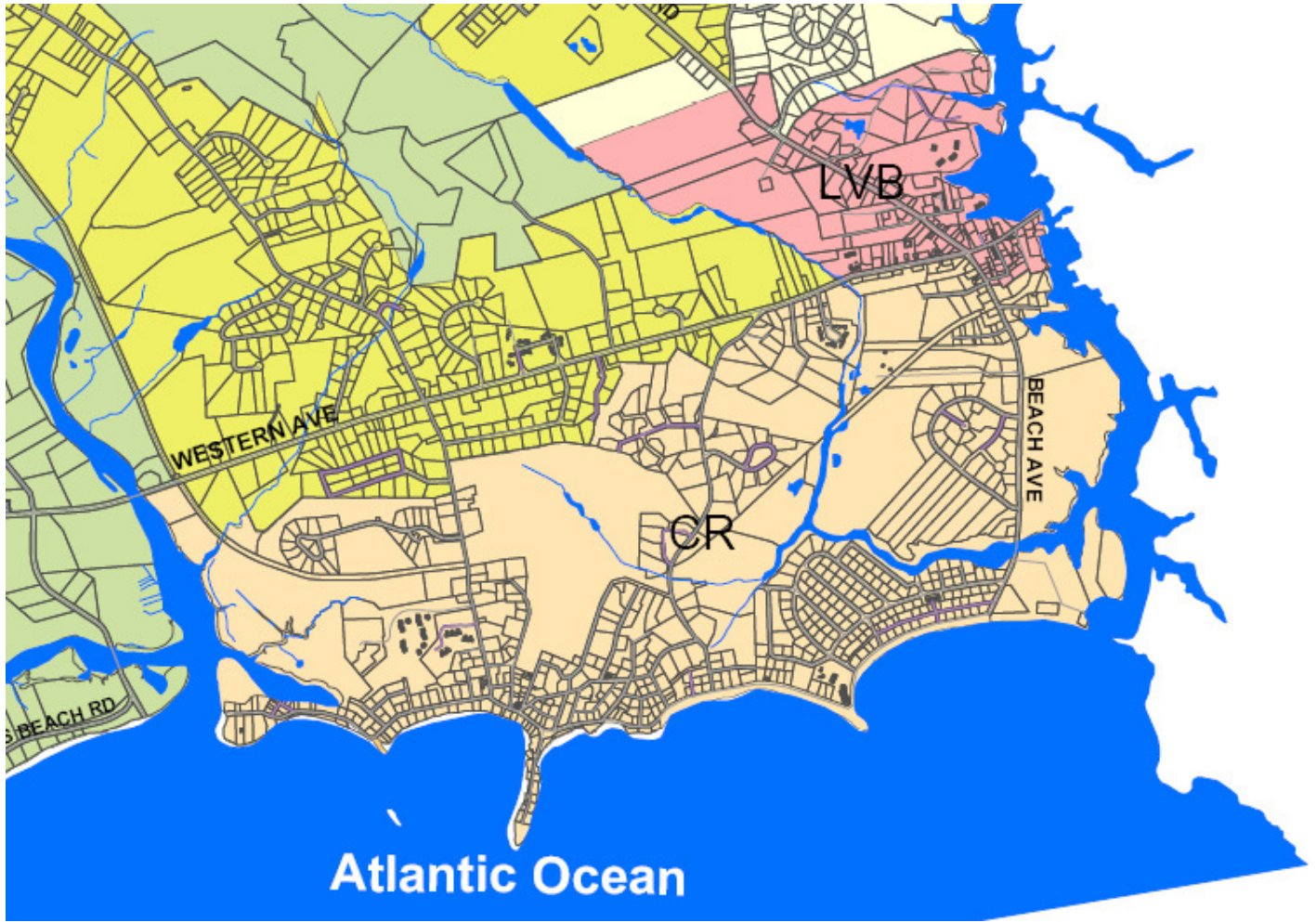


Figure 3: Zoning Districts in Lower Kennebunk



## West Kennebunk

The part of Town known as West Kennebunk is generally considered to be the area located west of the Turnpike and running from Alewife Rd. to Cole Rd. and back around Alfred Rd. to the turnpike. The Village of West Kennebunk has traditionally been considered the section of Alfred Rd. (formerly Main St.) which is located between the Thompson Rd./ Mill St. intersection and the industrial zone. The Village consists of a Post Office, two small eating places, a church, a Masonic hall, and a small manufacturer as well as the surrounding residential neighborhoods. The use of the building at the corner of Alfred Rd. and Maple St. has historically provided the village with important village services - first as a general store and later as a community market – but is currently vacant since the market's relocation to the industrial district. Other important facilities which serve the West Kennebunk area include the West Kennebunk Recreational Field, the Kennebunk Middle School, the West Kennebunk Fire Dept., the Dorothy Stevens Community Center and the Animal Welfare Society.

The zoning in the West Kennebunk Village Area (WKV zone) allows for some commercial uses. Business services, professional offices, inns, theaters, and retail of less than 3,000 square feet are examples of allowed uses. State statute prevents the Sewer District from extending service to the village. Therefore, the land uses are low density. Minimum lot size is 20,000sf and maximum lot coverage is 25% or 5,000 square feet which results in a Floor to Area Ratio of .25. This results in an inefficient use of commercial property. The zoning for this area states that the purpose is to “enhance long-time commerce.” However, a long standing grocery store left the area for a more profitable location. This is an indicator that the economy and commerce has changed. Once profitable businesses that served the local population are now facing a different set of competitive challenges than they did years ago. So while the zoning remains unchanged the economy has not, and in effect, is forcing a new land use pattern.



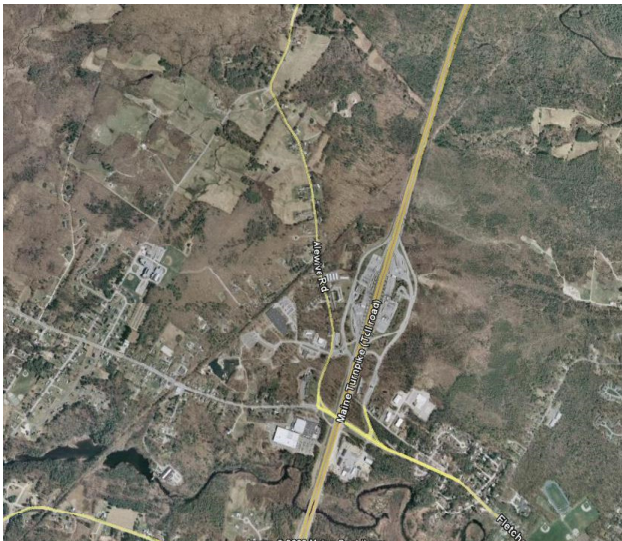
Figure 4: Zoning in West Kennebunk Village

## Industrial Areas

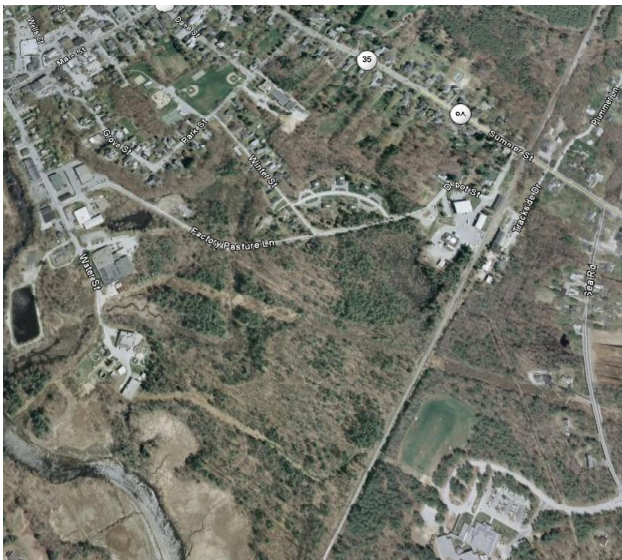
There are two Industrial Zoning districts. West Kennebunk Village borders the town largest. This zone is 330 acres in size and includes some of the town's largest employers. This area is served by sewer and water infrastructure. A natural gas pipeline runs along the western edge of this area and through the center of West Kennebunk Village. The Maine State Turnpike interchange is located in this zone (Figures 5A

and 5B). The Industrial zone here is broken up by interjecting single family homes. Approximately 10 single family homes are located on Alfred Way. Their parcels are currently in the Village Residential zone but they are an island surrounded by the Industrial zone. This has the potential for land use conflicts and limiting the ability to recruit new or expand existing businesses. The same situation occurs on Alewife Road in the vicinity of Colby Lane where approximately 9 single family homes are surrounded by industrially zoned land.

The second industrial zone is 121 acres on Factory Pasture Lane and Depot Streets. This is a relatively large area of underutilized industrially zoned land. An overlay of wetlands data on this industrial zone shows that relatively little of this land is negatively impacted by wetlands. The town's GIS data estimates that approximately 15 acres of this area contains wetlands. This industrial zoned land is within walking distance to downtown and borders the Downtown Business district zone.



Figures 5A and 5B: Aerial view and zoning map of West Kennebunk Industrial Park



Figures 6A and 6B: Aerial view and zoning map of Downtown Industrial Zone



The ordinance governing the Industrial zone allows for a variety of commercial and industrial uses such as auto repair services, manufacturing, research and development, warehousing, and hotels and motels. Professional offices are not allowed in the Industrial zone. Minimum lot size in the Industrial zone is 40,000 square feet. All of the vacant lots appear to be greater than 40,000sf<sup>1</sup> and therefore buildable under current zoning.

### Business Park, Route One South

Route 1 South or York Street is within the Business Park district. There is only one district in town with this zone. It is approximately 414 acres in size with York Street as the central transportation route through its center. There are a few short dead end roads spurring off York Street but none of them form a circulation pattern. The area is heavily impacted by wetlands. A special study conducted by Stantec, Inc for the town shows that over 60% of the undeveloped area is wetlands and 68% of the road frontage on York Street is wetland. In addition there are significant wildlife habitats, and groundwater recharge areas. Development in this area is extremely limited. Stantec estimates that a hypothetical build out of the area would result in 36 acres of developed land resulting in 25 acres of wetland impacted. Regulatory agencies may require mitigation ratios of up to 20:1 for impacted wetlands. Therefore, it is uncertain without detailed discussions with these agencies whether additional new development is possible or not.

The Business Park zone allows for a wide array of commercial uses ranging from wholesale sales, professional offices, auto repair services, and manufacturing. Lodging businesses are not permitted. This is a curious omission since restaurants, retail, and outdoor recreation are permitted and US Route One in Maine is a desirable location for lodging. The minimum lot area is 40,000sf or slightly less than one acre. The maximum lot coverage is 33 percent, which means on a one acre parcel the total building footprint can be no greater than 13,200sf. Maximum building height is 40 feet.

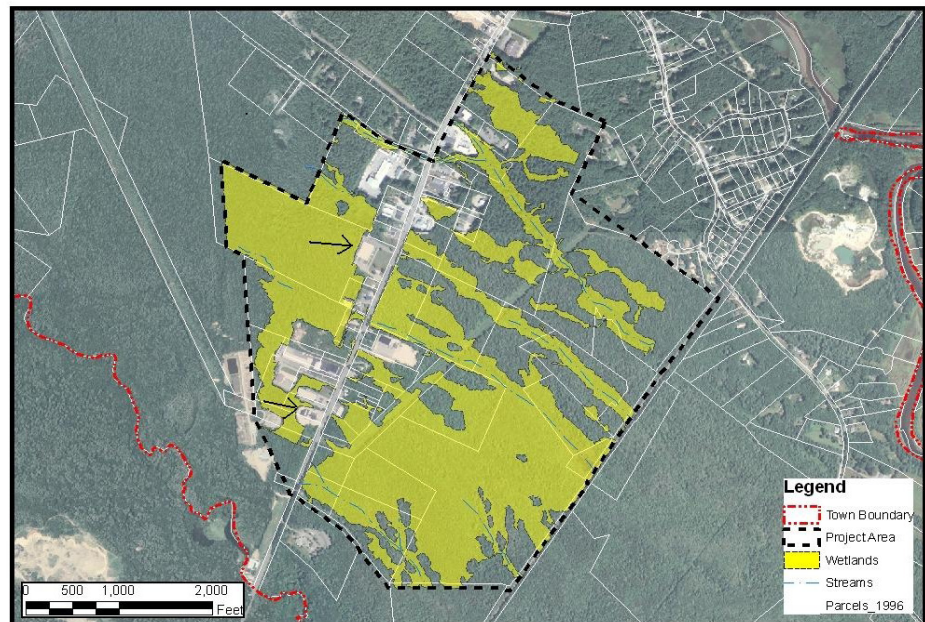


Figure 7: Business Park District, Route One South, with Wetlands

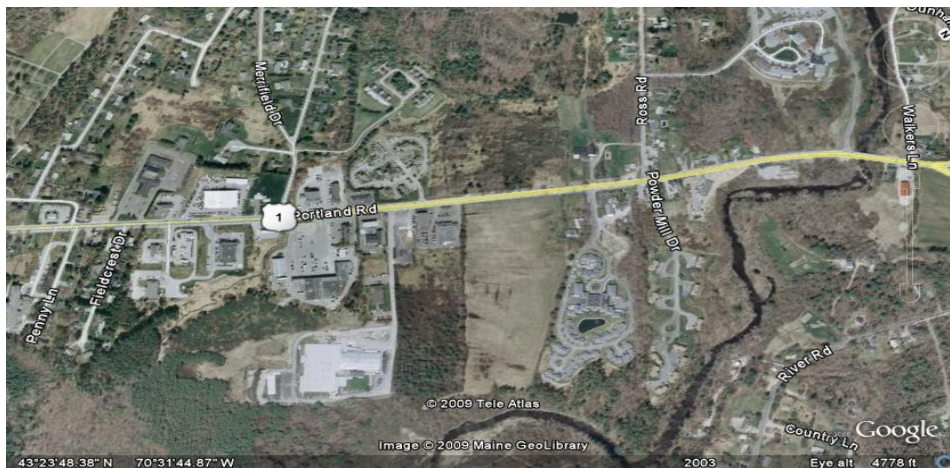
<sup>1</sup> However, data on Factory Pasture Lane was found in the commercial database.



There are 12 vacant parcels in the Business Park zone totaling 140 acres. This results in an average parcel size of 11.6 acres. The town's commercial database shows that there are three parcels that are smaller than 1 acre and therefore not buildable under current zoning.

### Suburban Commercial

The Suburban Commercial district is located along US Route 1 North. It starts just north of Fieldcrest Drive at Post Office Square and ends at the town line. The area is characterized by automobile oriented, large scale shopping and commercial activity. There are few if any sidewalks with inconvenient and potentially risky pedestrian crossings. Shopping centers with very large parking lots in front of buildings dominate the view. The zoning document states that the purpose of this area is to provide for automobile oriented commercial and industrial activity. Permitted uses include professional services, office spaces, health facilities, retail, and lodging businesses. Residential uses are not permitted according to the zoning. However, there are approximately 110 condominiums on Farragut Way and Power Mill Drive both of which are in the SC zone.



Figures 8A and 8B: Suburban Commercial District, Route 1 North



## Commercial Database of Existing Businesses

An extensive inventory of existing businesses in Kennebunk was completed. The town's Assessor database was combined with interviews and site visits to create a unique database of the town's commercial businesses and all commercial property. Numerous factors were analyzed including the type of the business, number of employees, vacancy of the building, current use of building, numerous amenities and features of the building and empty commercial building lots. The Commercial Database is provided to the town as a separate product from this report. It is in a flexible GIS (Geographic Information Systems) format that can be expanded and updated as needs arise.



### VACANT COMMERCIAL LAND

There are 645 commercial lots in Kennebunk. At least thirty five of these lots are vacant land. There are six lots that are over 6 acres and the remainder are mostly 1 acre lots. Kennebunk has a total of 182 undeveloped acres of commercially zoned property according to the town's commercial database. In addition, there are 451 acres of Industrial lands which the town's commercial database does not inventory. Some of this is built on and some is not. Approximately 70-90 acres of developable industrial land exists in the downtown area and 100 in the West Kennebunk area. The known 182 acres added to the estimated industrial acres amounts to approximately 372 undeveloped commercial property (Table 8).

<b>Table 8: Vacant Commercial Land in Kennebunk</b>			
<b>Neighborhood</b>	<b># of Lots</b>	<b>Acres</b>	<b>Assessed Value</b>
Lower Village	1	2.80	\$ 5,000
Other	3	16.00	\$ 361,800
Route 1 North	5	8.79	\$ 1,639,300
Route 1 South	12	140.06	\$ 1,645,600
West K	14	14.60	\$ 1,330,200
Industrial Zones	unknown	190 estimated	
<b>Total</b>	<b>35</b>	<b>372</b>	<b>\$ 4,981,900</b>
Source: Kennebunk Commercial Database			

Table 8 shows that these vacant commercial lots are spread throughout the town. Route 1 South neighborhood has the largest number of acres at 140, however, much of this land is not developable due to wetlands. The town is currently in negotiations with the Army Corps of

Engineers and the State of Maine's Department of Environmental Conservation to determine if some of these wetlands can be filled in through a wetland mitigation program.

Overall, the area studied provides enough significant development challenges that a developer would likely choose an alternative location that would be easier to build. Using this land would require the town to acquire development permits. The town and existing businesses, however, should continue to seek ways to expand existing buildings on currently developed lots.

#### VACANT COMMERCIAL BUILDINGS

The town's commercial database was also established to help determine existing vacancies in commercial buildings. This helps prospective businesses find a location in Kennebunk or for existing businesses to relocate within the town. At the time of this writing there were only 5 vacancies in commercial buildings in Kennebunk. This number will likely be different to the reader of this report since vacancies are constantly changing. A review of the Commercial MLS (Multiple Listing Service) showed 8 commercial listings for sale and 19 spaces for lease. There will likely be discrepancies between the two datasets because of the source of data. The town's database is based on observation from site visits and the MLS are listings posted by realtors. Site visits will not uncover all vacancies.

#### COMMERCIAL BUSINESSES IN KENNEBUNK

The commercial database was reviewed to determine Kennebunk's largest employers. A minimum of 20 employees was used as the definition of "large employer." There are thirty four large employers in Kennebunk employing approximately 1900 employees. There are 5349 employees in Kennebunk, which means that 35% of the town's employees are concentrated in thirty four firms.

The database shows 645 commercial addresses. There are 35 vacant lots, leaving 610 commercial addresses. At the time this database was

completed there were at least another 31 commercial addresses that were vacant. This results in 579 businesses. The Quarterly Census of Employment and Wages data shows Kennebunk with at least 509 employers in the year 2006. This number would exclude sole proprietors and other businesses that do not pay unemployment insurance. Therefore, there are ap-

proximately 70 sole proprietors working in commercial spaces in Kennebunk. This does not include home base offices if the Town Assessor does not record the property as commercial. Data from the business owner survey (described later in this report) reveals that approximately 19% of Kennebunk's business owners work out of their home. If the Census is correct, we can add 97 businesses on top of the 509 they counted for a total of 605 businesses. The exact number of employers

Kennebunk has approximately 600 businesses ... 94% are small businesses with fewer than 20 employees, and 19% of Kennebunk's business owners work out of their home.

Table 9: Kennebunk's Major Employers			
Business Name	Approximate # of employees	Sector	
MSAD (School District)	410	6111	Elementary and Secondary Schools
WILLIAM ARTHUR INC	380	511191	Greeting Card Publishers
CORNING INC	300	3391 3261	Medical Equipment and Supplies Manufacturing Plastics Product
STOP & SHOP	240	4451	Grocery Stores
FEDERAL JACKS RESTAURANT AND BREW PUB	100	722	Food Services and Drinking Places
KENNEBUNK NURSING AND REHABILITATION	95	6231	Nursing Care Facilities
KENNEBUNK SAVINGS BANK	83	52212	Savings Institutions
GARDEN STREET MARKET	72	4451	Grocery Stores
TOMS OF MAINE INC	50	551114; 4461; 325411	Corporate, Subsidiary, and Regional Managing Offices; Health and Personal Care Stores; Medicinal and Botanical Manufacturing
ATRIA KENNEBUNK	50	623311	Continuing Care Retirement Communities
PILLSBURY'S	46	23822 4441	Plumbing, Heating, and Air-Conditioning Contractors Retail Building Material and Supplies Dealers
SMMC VISTING NURSES	40	6233	Community Care Facilities for the Elderly
BERGEN AND PARKINSON LLC	37	5411	Legal Services
K K W WATER DISTRICT	35	92411	Administration of Air and Water Resource and Solid Waste Management Programs
HANCOCK LUMBER	35	4441	Building Material and Supplies Dealers
OCEAN NATIONAL BANK	30	52212	Savings Institutions
RIVERGREEN BANK	30	52212	Savings Institutions
RITE AID	30	4461	Health and Personal Care Stores
MCDONALDS	30	722	Food Services and Drinking Places
PRIMCARE PHYSICIAN ASSOC	30	6211	Offices of Physicians
HB PROVISIONS	28	452	General Merchandise Stores
NORTHEAST COATINGS	28	3328	Coating, Engraving, Heat Treating, and Allied Activities
BENNETTS STORE	27	452	General Merchandise Stores
ANIMAL WELFARE SOCIETY	26	81291	Pet Care (except Veterinary) Services
WINDOWS ON THE WATER	25	722	Food Services and Drinking Places
TRUENORTH HOME SYSTEM	25	236118	Residential Remodelers
UNITED STATES POSTAL SERVICE	25	491	Postal Service
LIGHTHOUSE DEPOT	25	454	Nonstore Retailers
DIGITAL RESEARCH INC	22	541613	Marketing Consulting Services
COLDWELL BANKER	22	531	Real Estate
RIVER TREE ARTS	22	61161	Fine Arts Schools
SUNRISE ASSOCIATES	20	62411	Child and Youth Services
CLAM SHACK INC THE	20	722	Food Services and Drinking Places
SHIELDS MEATS & PRODUCE	20	424	Merchant Wholesalers, Nondurable Goods
Total	1900		

in Kennebunk is difficult to calculate because of the different data sources and inherent errors in collecting the data. For planning purposes it should be estimated that Kennebunk has approximately 600 businesses.

If there were 600 businesses then 566 of them, or 94%, are small businesses with fewer than 20 employees.

	Major Sector	# of Firms	%	# of jobs	%
23	Construction	2	6%	71	3%
31	Manufacturing	3	9%	378	15%
42	Wholesale	1	3%	20	1%
44	Retail	9	26%	553	22%
51	Information	1	3%	380	15%
52	Finance & Insurance	3	9%	143	6%
53	Real Estate	1	3%	22	1%
54	Professional Services	2	6%	59	2%
55	Management	1	3%	50	2%
61	Education	2	6%	432	17%
62	Health Care	5	15%	235	9%
72	Accommodation & Food Services	4	12%	175	7%
	<b>Total</b>	<b>34</b>	<b>100%</b>	<b>2518</b>	<b>100%</b>

Sources: Kennebunk Commercial Database; Crane Associates; *Quarterly Census of Employment and Wages*

Sector	Jobs	% Total
Construction	229	4.28%
Manufacturing	939	17.55%
Trade, Trans. & Utilities	769	14.38%
Information	201	3.76%
Financial Activities	379	7.09%
Prof. & Business Services	405	7.57%
Education & Health Services	950	17.76%
Leisure & Hospitality	664	12.41%
Other Services	167	3.12%
Government	646	12.08%
<b>Total</b>	<b>5349</b>	<b>100.00%</b>

Source: *Quarterly Census of Employment and Wages*

### COMMERCIAL REAL ESTATE

Using the Town's Real Estate Property Database, a comprehensive inventory of office and commercial space was constructed for the Town. In the database, each property is categorized including condo/townhouse and colonial for residential prop-



erties and commercial and supermarket styles for commercial properties. For the category of Office Space, “Condo office”, “Office Building”, “Financial Institution”, and “Professional Building” were combined. The Commercial categories includes “Commercial”, “Health Club”, “Fast Food Restaurant”, “Fast Food Take-out”, “Restaurant”, “Supermarket”, and “Store”. Table 12 below shows the data for each category.

<b>Table 12: Office and Commercial Space in Kennebunk</b>		
	<b>Office</b>	<b>Commercial</b>
Total Usable Square Footage	434,487 sf	429,043 sf
Total Number of Properties	113	118
Average Square Footage	3,845 sf	3,636 sf
Total Assessed Value	\$ 52,271,000	\$51,686,300

### III. Demographics

#### Population

**K**ennebunk's population increased from just over 8,000 people in 1990 to 11,382 in 2007. This is a growth rate of approximately 2% per year. This was substantially higher than the state's growth rate at .4% and York County's growth at 1.1% per year. The population grew faster during the 1990's than it did between 2000 and today. However, for the past 17 years the town's population has grown nearly twice as fast as the York County average (Table 13).

Table 13: Population						
	1990	2000	2007*	9 0 - 0 0 Yearly % Change	0 0 - 0 7 Yearly % Change	9 0 - 0 7 Yearly % Change
Kennebunk	8,004	10,476	11,382	2.73%	1.19%	2.09%
York County	165,225	186,742	201,341	1.23%	1.08%	1.17%
Maine	1,231,719	1,274,923	1,317,207	0.35%	0.47%	0.40%
Source: U.S. Census Bureau*: July 1, 2007 Estimate						

York County's share of the state's population increased over the last 17 years and Kennebunk's share of the county's population increased. Kennebunk's percentage of the county total population has increase over this same time period. Kennebunk made up 4.8% of the population in 1990, growing to 5.6% by the 2000 Census and to 5.6% as of the July 1, 2007.

General demographic trends throughout the country show that the baby boom generation is now retiring and Maine is no exception. In fact, Maine is one of the oldest states in the country when measured by average age of the population. The age data on Kennebunk show a mixed message. The median age in Kennebunk is 41.3 years old which makes it the 6th oldest town among York County's 29 municipalities. On the other hand, Kennebunk had the largest population increases in grade school children in the county. Kennebunk also had the largest increases in middle aged adults (ages 45 to 54 years). The 75 years and higher category grew second fastest. In fact, Kennebunk had the largest increases, or the slowest decline, in all age categories compared to the county and state averages (Table 14).

Also notable is that Kennebunk had the slowest decrease in young adults (ages 20-34 years). Typically, young adults move off to college or for careers. Given that Kennebunk is known for relatively high housing prices, and that it doesn't import college students, one might assume that the town would lose more people in this age category. It appears that Kennebunk is retaining its younger workforce better than the county or state although an explanation for this is hard to find.

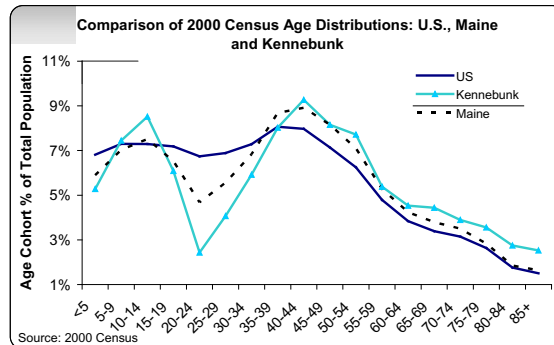
One must keep in mind that these data are nine years old. So today, each age category is moved up nearly to the next one. The children who were in the 5-14 age category in the year 2000, which was Kennebunk's second largest population group, are now in high school or have moved on to college or careers. Likewise, the people who were in the most populated category in the year 2000 (45-54 years), are now in the 55-64 year old category. This is typically the largest income earners of all categories and Kennebunk has seen the largest increase in this category compared to the county or state.

	Difference			Annual % Change		
	Maine	York County	Kennebunk	Maine	York County	Kennebunk
< 5 yrs	-14,996	-1,169	31	-1.90%	-1.00%	0.58%
5 - 14	2,189	3,157	558	0.13%	1.24%	4.14%
15 - 19	1,558	1,167	124	0.18%	1.01%	2.18%
20 - 34	-64,002	-7,316	-212	-2.45%	-2.04%	-1.50%
35 - 44	19,635	5,866	455	0.97%	1.99%	2.93%
45 - 54	67,845	12,006	764	4.44%	5.63%	6.35%
55 - 64	14,737	3,823	292	1.28%	2.46%	3.35%
65 - 74	4,596	1,693	163	0.49%	1.34%	2.09%
75 +	15,433	2,928	297	1.97%	2.89%	3.94%

Source: U.S. Census Bureau

The town's size relative to the county, and the county to the state were largely unchanged during the inter-census period both in terms of persons and households. Although the strong population growth of the 1990s caused Kennebunk's share of the overall York County population to increase to 6% in 2000 from 4% in 1990, the subsequent slow population growth rate has resulted in the town's share of the county population to remain unchanged during the 2000s.

The chart below shows age distributions for the U.S., Maine, and Kennebunk. The data are now eight years old and the lines should be expected to have shifted to the right. The "baby boomer" generation is represented by those between 44-62 years of age today. Their children are now mostly between 5-40 years of age. The data show that the under 9 years of age category's share of total population is declining decline as the "echo bombers" (Baby Boomer's children) moved out of this category but were not replaced due to the relatively low numbers of younger adults. Although it is possible that Kennebunk will retain much of its echo boom population, it will likely still experience an increase in its median age as the baby boom generation ages.





## Households

The number of households in Kennebunk grew by 36% from 3118 in 1990 to 4229 in the year 2000. The estimated number of households in Kennebunk in 2006 is 4690. The number of households in Kennebunk increase nearly 60% faster than the county average. During this time, the number of persons per household fell slightly from 2.57 to 2.44. An increase in households and a decrease in household sizes tends to create additional strain on the supply of housing and pushes housing prices upward.

	1990	2000	2006 (1)	Change, '90-'00	Annual % Change
Kennebunk	3,118	4,229	4690	1,111	3.09%
York County	61,848	74,563	82,690	12,715	1.89%
Maine	465,312	518,200	548,247	52,888	1.08%

Source: *U.S. Census Bureau*  
 (1) Estimated based on constant share of county total

Median household income in Kennebunk grew by 2.91% per year or by a total of \$12,687 over the 10 year period. However, the rate of inflation averaged 3.04% per year. Therefore, household wealth in Kennebunk actually decreased relative to the rate of inflation. Median household incomes for the

county and state fared only slightly better but were still below the rate of inflation with an average annual rate of 2.98% per year.

Kennebunk has a higher than average household income compared to the county or state. The median household income for the town in 1989 was \$5,795 higher than the county median and \$10,373 higher than the state median. Ten years later, Kennebunk widened the income gap to \$7,284 from York County and \$13,674 from Maine. It is notable that neither the county nor the state kept pace with the rate of inflation. This means that the collective purchasing power of households in the town,

county, and state declined slightly during the 1990s—a period that included the painful structural recession that began in the late-1980s and spilled over into the early-1990s.

The number of households in Kennebunk increased nearly 60% faster than the county average.

	1989	1999	2006[1]
Kennebunk	\$38,227	\$50,914	\$59,447 (est.)
York County	32,432	43,630	50,943
Maine	27,854	37,240	43,439
CPI [2]	128.6	173.5	215.0

Notes:  
 [1] Census estimates for 2006 are not available below the county level. Town is estimated based on constant ratio with county.  
 [2] Consumer Price Index, Northeast Cities, All Items 1982-84=100.

Source: *U.S. Census Bureau*

Data from the U.S. Census Bureau regarding median household income for the county and the state since 2000 show that the county continued to experience faster than average income growth relative to the state. Although there are no published data for the town since 2000, these data suggest that the town—as part of the county—likely continued to experience household income growth at a level that exceeded the statewide household income growth average. The 2006 household income for the town is estimated by keeping the ratio between town and county incomes in 1999 the same as 2006. Using this method the county income is multiplied by 1.166 to arrive at the estimated \$50,447.

The overall rise in household incomes caused households to shift into higher income categories. Over most of the income categories, growth for all three geographic regions was within 2.75 percentage points. At the two highest income categories, growth rates began to differ more widely. For the \$75,000 to \$99,999 household income category, the town’s growth rate was roughly 2.25 percentage points lower than the corresponding statewide average and nearly 3.50 percentage points lower than the county growth rate average. For the \$100,000 and up category, the town’s growth rate was roughly equal to the state’s but was just under 2.75 percentage points slower than the county household income growth rate.

Table 17: Change in Number of Households by Income			
	Annual % Change in HH 1990-2000		
	Maine	York County	Kennebunk
< \$10k	-2.89%	-1.49%	-3.08%
\$10k - 19,999	-1.71%	-1.54%	0.79%
\$20k - 29,999	-1.26%	-0.74%	0.23%
\$30k - 39,999	-0.79%	-1.88%	-1.45%
\$40k - 49,999	1.03%	-0.24%	1.20%
\$50k - 59,999	3.83%	3.62%	3.85%
\$60k - 74,999	7.10%	7.89%	6.66%
\$75k - 99,999	11.75%	12.99%	9.57%
\$100k +	12.51%	15.23%	12.49%

Source: U.S. Census Bureau

Retirement income and Social Security income has increased in Kennebunk. While they increased in all three geographies, the largest increases were in Kennebunk. Wage & Salary income has also increased by 2.2% in Kennebunk while it decreased in the county and state. As the number of retired residents continues to rise, the share of non-wage income sources can be expected to increase concurrently. Kennebunk shows no real increase in self-employment income indicating the number of self employed individuals may have remained fairly constant.

Table 18: Percent of Households with Income by Source

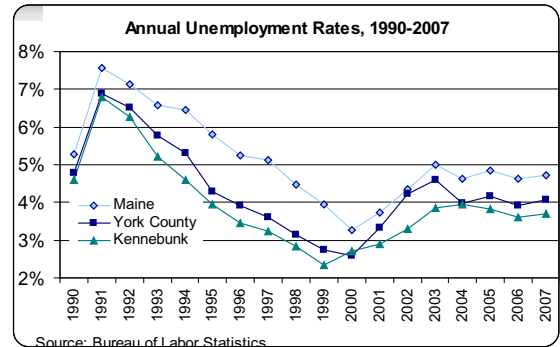
	1990			2000		
	Kennebunk	York County	Maine	Kennebunk	York County	Maine
Wage & Salary	73.51%	78.98%	76.52%	75.72%	77.62%	74.76%
Self Employment	18.15%	15.59%	15.40%	18.02%	14.78%	15.82%
Interest, Dividends, Rent	54.01%	44.75%	40.12%	52.99%	41.30%	37.80%
Social Security	30.56%	26.65%	28.03%	33.15%	27.29%	28.89%
Public Assistance	5.84%	5.55%	7.86%	1.70%	3.73%	4.81%
Retirement	18.54%	16.73%	15.94%	21.73%	18.25%	17.38%
Other	9.88%	11.78%	12.29%	14.40%	14.07%	14.96%

Source: *U.S. Census Bureau*

# IV. Labor and Employment

## Unemployment

According to the Maine Department of Labor, the unemployment rate in Kennebunk, York County, and Maine has remained within 1.20 percentage points of each other since calendar year 2000. Between 1990 and 2006 each of the three geographic regions has historically followed roughly the same labor force trends. Kennebunk has consistently had a lower unemployment rate relative to the state and county averages over this reporting period. Only once did the town's unemployment rate nudge above the county average (by one tenth of one percentage point in the year 2000). The town's unemployment rate has also been more consistent and less volatile than the county's and state's unemployment rates.



## Work Force

### EDUCATION

Kennebunk's workforce is more educated than the county and state workforce. The town has more than twice as many Master's, Doctorate, and Professional degree earners than the state or county average. It also has a substantially larger number of people with bachelor's degrees than the county and the state. Twice as many females have advanced degrees than males in Kennebunk. This is also true in York county and throughout Maine.

### WORKER COMMUTING PATTERNS

The Census Bureau publishes information on workers aged 16 and over in the county that details where residents of each municipality works, and where workers in each municipality reside. According to the Census, 32.8% of commuting residents in Kennebunk work in the

	Maine			York County			Kennebunk		
	male	female	total	male	female	total	male	female	total
High school graduate	17.1%	36.4%	53.5%	16.3%	35.7%	52.0%	8.1%	23.8%	31.9%
Some college, < 1 year	2.9%	6.7%	9.5%	3.4%	7.3%	10.7%	2.0%	6.6%	8.6%
Some college >1 yr., no degree	6.0%	12.6%	18.6%	6.5%	12.8%	19.3%	7.3%	12.6%	19.9%
Associate degree	3.1%	8.2%	11.2%	3.4%	9.3%	12.7%	3.0%	10.0%	13.1%
Bachelor's degree	7.0%	15.2%	22.2%	7.7%	15.1%	22.7%	12.8%	23.6%	36.4%
Master's degree	2.5%	5.5%	7.9%	2.5%	5.4%	7.9%	5.7%	12.3%	18.1%
Professional school degree	1.1%	1.3%	2.4%	0.7%	1.0%	1.7%	1.6%	2.3%	3.9%
Doctorate degree	0.6%	0.5%	1.1%	0.5%	0.6%	1.0%	0.5%	1.9%	2.4%

Source: Census 2000

town. A significant proportion of the Town's workers drive to Portland (12.3%) and Biddeford (8.0%) for their jobs, with highly ranked destinations in Wells (6.6%), South Portland (5.2%), and Sanford (5.1%) as well. Data also show where workers in Kennebunk commute. They indicate that 33.2% of the town's employees reside in the town. Biddeford and Sanford (at 8.7% and 7.2% respectively) are also significant contributors to the town's workforce. Similar numbers in terms of residents working in the town and workers residing in the town suggest Kennebunk is roughly able to supply the number of workers required to staff most of the job opportunities that are available in the town. For commuting data see Appendix 1.

## Employment

U.S. government categorizes employment using the North American Industry Classification System (NAICS). This system replaces SIC codes (Standard Industrial Classifications). The NAICS system organizes industries into a numbered hierarchy based on what the industry produces. It is a 6 digit hierarchy with each digit specifying more information about the industry. For example, the two digit NAICS sector number 23 corresponds to Construction, while NAICS sector 236 means Construction of Buildings, and NAICS 2361 means the Construction of Residential Buildings as so on.

Table 20: 2006 Private Sector Employment						
2-Digit NAICS Sector	Kennebunk			York County		
	Number of Employers	Private Jobs	Percent	Number of Employers	Private Jobs	Percent
Agriculture, Forestry, Fishing & Hunting	D	D	D	44	190	0.28%
Mining	D	D	D	9	41	0.06%
Utilities	3	74	1.30%	30	417	0.62%
Construction	55	242	4.51%	1020	3,857	5.70%
Manufacturing	19	939	17.51%	282	13,499	19.94%
Wholesale Trade	43	146	2.72%	315	1,426	2.11%
Retail Trade	61	609	11.36%	908	9,781	14.44%
Transportation and Warehousing	6	33	0.62%	126	1,257	1.86%
Information	15	201	3.75%	83	876	1.29%
Finance and Insurance	31	316	5.89%	218	1,591	2.35%
Real Estate and Rental and Leasing	15	63	1.17%	231	837	1.24%
Professional and Technical Services	71	254	4.74%	486	1,677	2.48%
Management of Companies/Enterprises	D	D	D	17	210	0.31%
Administrative and Waste Services	28	126	2.35%	324	1,608	2.37%
Educational Services	D	D	D	86	6,876	10.15%
Health Care and Social Assistance	53	933	17.40%	524	9,354	13.81%
Arts, Entertainment, and Recreation	9	72	1.34%	125	1,212	1.79%
Accommodation and Food Services	37	613	11.43%	733	8,898	13.14%
Other Services, Ex. Public Admin	44	170	3.17%	416	1,718	2.54%
Public Administration	D	D	D	119	2,388	3.53%
Note: D indicates not available due to federal disclosure rules.						
Source: Maine Department of Labor						

Data from the Maine Department of Labor show that the four biggest two-digit NAICS sectors, in the private sector<sup>1</sup>, are responsible for more than half of total employment (including government jobs) within Kennebunk. In 2006, the most prominent industries— Healthcare & Social Assistance, Manufacturing, Retail, and Accommodation & Food Service—accounted for 57.7% of total employment in Kennebunk (Table 21). Historical review of these data shows essentially no change from the end of 2001 until 2006 which means that these industries have a strong historical presence in Kennebunk (see Appendix 1). It should be noted that Table 20 shows only job and employers in Kennebunk but not necessarily where residents are working.

### CHANGES IN EMPLOYMENT STRUCTURE

Although Kennebunk did not see fundamental changes in its overall employment structure between 2001 and 2006, some specific sectors did change significantly. Most notable was the growth in the Health Care and Social Assistance sector which increased by 2.3% from an already larger than average share of the County.

The fastest declining sectors in terms of lost share were Retail Trade (down 1.3%) and Manufacturing (down 1.5%). Transportation and Warehousing declined by 0.31 percentage points, but total employment for that sector was small overall.

<b>Sector</b>	<b>% change in Kennebunk</b>	<b>% change in York County</b>
Agriculture, Forestry, Fishing & Hunting	D	0.01%
Mining	D	0.01%
Utilities	0.08%	-0.01%
Construction	0.78%	0.95%
Manufacturing	-1.51%	-3.17%
Wholesale Trade	0.69%	0.46%
Retail Trade	-1.34%	-0.48%
Transportation and Warehousing	-0.31%	-0.17%
Information	-0.24%	0.04%
Finance and Insurance	0.61%	0.28%
Real Estate and Rental and Leasing	0.07%	0.05%
Professional and Technical Services	0.05%	-0.10%
Management of Companies/Enterprises	D	0.05%
Administrative and Waste Services	0.01%	0.20%
Educational Services	D	0.08%
Health Care and Social Assistance	2.30%	1.15%
Arts, Entertainment, and Recreation	0.32%	0.14%
Accommodation and Food Services	-0.39%	0.38%
Other Services, Ex. Public Admin	0.47%	0.06%
Public Administration	D	0.06%
Note: D indicates not available due to federal disclosure rules.		
Source: Maine Department of Labor		

<sup>1</sup> Private sector, private employment, or private jobs means jobs that are not in the government sectors

## Historical Employment Analysis: 1991 to 2006

The data and analysis in the previous section show that Kennebunk is strong in four major employment sectors: Manufacturing; Retail; Health Services; and Food and Accommodation Services. These major sectors are responsible for about 58% of the town's total employment. In this next section we look at the long term trends in these four sectors to understand if the future is positive for these jobs.

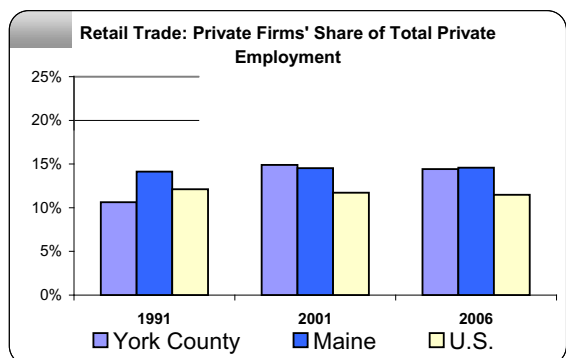
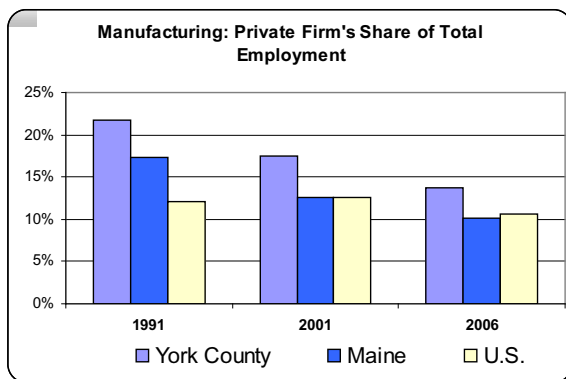
An analysis of historical employment conditions over the previous economic cycle (1991 through 2001), will use County, State, and U.S. data. These data provide the bigger picture of the economic environment within which Kennebunk's major sectors survive. This helps us understand if the local economy will be fighting against negative national trends or rising up with them.

The following is a summary description of these four employment sectors and their performance compared to the larger economy. More detailed data is provided in Appendix 1 and in a separate document to the town.

### MANUFACTURING

York County's manufacturing sector has been consistently higher than the state and national percentages between 1991 and 2006. In contrast to the state and national economies, manufacturing in York County actually increased during the 1990's while state and national averages fell.

York County has a history of higher than average percentage of manufacturing employment. This illustrates the area's comparative advantage in manufacturing. Nonetheless, York County had fewer manufacturing jobs in 2006 than it did in 2001 and 1991. Given this longstanding trend, it is almost certain to continue. Production technology in the manufacturing industry is allowing productivity to increase with fewer employees. The manufacturing jobs that are moving overseas are low skilled assembly types of jobs. The manufacturing jobs that are remaining in the US require highly skilled workers and pay high wages. This underscores the importance of advanced technical training.



### RETAIL

Retail employment in York County has steadily grown since 1991. Both Maine and York County experienced retail employment growth rates above the U.S. York County in particular surpassed the US average over this time frame. Wages for retail employment are typically below average so an increase in retail employment is not necessarily a good economic trend. Economic regions that have lower than average per capita income but have more retail jobs are indicators of increased visitor spending. Maine's per capita income is below the national average. Since Maine has a strong tourism

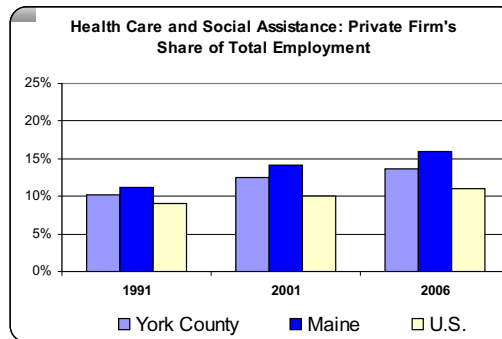


economy visitor spending accounts for this increase. Should tourism activity expand in York County, retailing could likely see further growth.

### HEALTH CARE AND SOCIAL ASSISTANCE

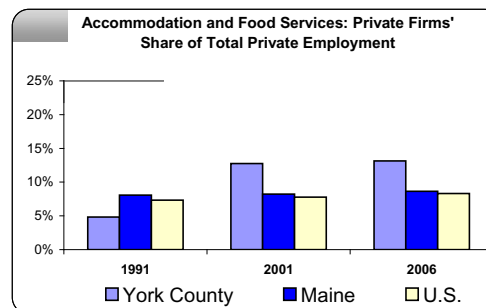
The Health Care and Social Assistance sector has grown at a rate faster than the total workforce in all three geographies. This is likely a result of increased personal income, and the aging population. Maine's and the county's shares of this sector of employment have grown faster over the observed time period than their U.S. counterpart. This is a result of the state's demographic characteristics.

Jobs in this sector should continue to grow as the baby boom generation ages. However, it should be noted that this industry is typically not an export industry as health services primarily serve the local population (or local demand). Thus, unless the health care provider in Kennebunk is a major specialty medical center that imports patients from outside the region, it is unlikely that the health care sector is a major driver of economic development in and of itself. On the other hand, high quality health care services improve quality of life and a high quality of life attracts employers from a range of sectors.



### ACCOMMODATION AND FOOD SERVICES

Employment in the Accommodation and Food Services sector has expanded even faster than the Retail sector—which is surprising since they are often connected within the overall tourism economy. It is likely that firms in this industry expanded during the 1990s in order to meet demand from the tourism and local markets as their disposable income increased. The future trajectory of employment in this industry is difficult to predict at this point, although as the state and county's working age populations begin to decline, it is conceivable that downward pressure on employment from declining earnings will lead to lower employment in this industry.



## Retail Trends – Opportunities for Retail Development

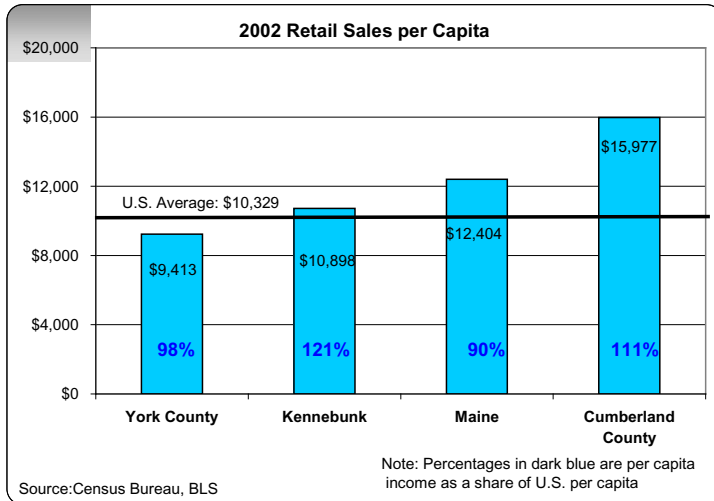
Retail sales comparisons between different sized geographies should be done on a per capita basis. This removes the impact of population differences and allows for more informative analysis. The U.S. Census Bureau conducts an economic census every five years in the years ending in “2” and “7”. This census includes figures for employment, retail establishments, and the total dollar value of sales by industry.



Due to confidentiality rules, industries with a comparatively low number of establishments are not disclosed. The result is a dearth of detailed statistics for smaller municipalities and counties as is the case in Kennebunk's census report.

The chart below shows retail sales per head for Kennebunk and neighboring areas. To put the figures in context, each geography's per capita income expressed as a percentage of the U.S. is included at the base of each bar. The chart shows that Kennebunk's per capita retail

sales of \$10,898 is only 5% above the national average while income is 21% greater. Retail purchases are generally expected to increase at about the same rate as income; therefore, it is likely that the residents spend a meaningful amount outside the town. Both income and retail spending in York County are roughly in line with national averages, meaning the retail sector is not disproportionately active. These results contrast with figures for neighboring Cumberland County and the State as a whole, suggesting (not unsurprisingly) that Cumberland County is host to major retailing, and that statewide retail sales are brought up by tourism.



The 2007 economic census will not be available until 2009, so this analysis must rely on data from 2002 and estimates for the years since then. This increases the likelihood that conditions in the Town's retail sector have changed in a meaningful way, and as a result the report's data should be updated at the end of 2010 to observe any changes in the years since the census.

### RETAIL SPENDING ACTIVITY

Unlike neighboring municipalities, the most recent retail data suggest that Kennebunk's retail establishments are not the beneficiaries of a large amount of retail spending by visitors (e.g. tourists). As a result, the Town displays significantly different retailing trends compared to most York County municipalities. Although the 2002 Economic Census (as

the most recent Economic Census for the Retail sector that is currently available) shows that overall per capita retail sales are higher in Kennebunk than in the county as a whole, it is more likely that these retail sales levels are explained by higher than average household income in Kennebunk as opposed to explanations relating to visitor activity.



This conclusion is reinforced by: (1) the employment structure analysis presented above, and (2) the town's low per capita sales in the Accommodations & Food Service category as well as Arts, Entertainment & Recreation sectors as seen in the table below—indicating lower than average levels of the type of activities typically undertaken by visitors. Regarding the second, while these sectors do not fall under the umbrella of “retail,” they are complements to retail spending particularly by visitors. Of the 5 retail categories in which per capita spending is higher than the County, only Food and Beverage and Gasoline are sectors to which visitors would contribute. Non-store retailing is primarily comprised of the “Fuel dealers” and “Electronic shopping & mail-order houses” sub-categories that typically serve the local population.

In addition, these data show that sales at gasoline stations are also well above average. This is likely because of the rest area on the Maine State Turnpike. In addition, there are several gas stations on Route 1 including three in the heart of downtown. An observer on Main Street during the weekday commuter hours would be convinced that Kennebunk's downtown is a thoroughfare for commuters. This can have both a positive and negative effect on downtown businesses. On one hand the businesses on Main Street have excellent exposure, on the other hand they need parking and a reason for them to stop. On balance, traffic through downtown is an opportunity for increased sales

<b>Sector Title</b>	<b>York County</b>	<b>Kennebunk</b>
Retail trade	\$9,413	\$10,898
Motor vehicle & parts dealers	\$1,997	\$456
Furniture & home furnishings stores	\$280	\$314
Electronics & appliance stores	D	\$128
Building material & garden equipment & supplies dealers	\$890	\$1,957
Food & beverage stores	\$1,932	\$2,307
Health & personal care stores	\$389	D
Gasoline stations	\$878	\$1,647
Clothing & clothing accessories stores	D	\$160
Sporting goods, hobby, book, & music stores	\$292	\$57
General merchandise stores	\$730	D
Miscellaneous store retailers	D	D
Non-store retailers	\$927	\$2,224
Arts, entertainment, & recreation	\$627	\$298
Accommodation & food services	\$5,049	\$2,674
Note: D indicates unavailable due to federal disclosure rules		
Source: 2002 Economic Census		

## V. Trends in Housing

### HOUSING UNIT GROWTH BY TENURE AND VALUE

**T**able 24 shows that the number of housing units for all three geographies grew from 1990 to 2000. The data indicate that the number of new housing units in Kennebunk grew at a rate that was significantly faster than the rate of growth in both the county and the state. Home ownership rates also increased throughout the State. However, Kennebunk's rate of homeownership increased more than three times faster than the county of state. Nearly 80% of all residents own their home in Kennebunk.

No doubt that the recent downturn in the economy since this data was published has slowed both the rate of new housing unit growth and the ownership rate. However, the ratios between the town, county, and state are likely unchanged since the downturn is nationwide. In terms of long range economic development planning, the important point here is that Kennebunk holds a higher status as a desirable place to live, and its residents have higher than average housing equity.

Table 23: Change in Total Housing Units

	1990	2000	2006 [1]	Change, '90-'00	Annual % Change
Kennebunk	3,985	4,985	--	1,000	2.26%
York County	79,941	94,234	102,650	14,293	1.66%
Maine	587,045	651,901	691,164	64,856	1.05%

Notes:[1] Census estimates for 2006 are not available below the county level  
Source: U.S. Census Bureau

Table 24: Home Ownership Rates

	1990	2000	% Change, '90-'00	Yearly % Change
Kennebunk	75.9%	79.5%	4.7%	0.46%
York County	71.6%	72.6%	1.4%	0.14%
Maine	70.5%	71.6%	1.6%	0.16%

Source: U.S. Census Bureau

The data for Kennebunk, the county and the state show increasing home ownership rates during the 1990s. The data also show that except for those in the aged 55-64 years group, Kennebunk had higher home ownership rates than either the county or the state averages. In 1990 the county ownership rates were higher in all age categories except 15-24 years. By the year 2000 the situation reversed and Kennebunk had higher ownership rates in all categories except one.

Homeownership by age category is shown in Table 25. The reason ownership rates increased in the town over the county average is unknown and can be related to a number of variables including: real estate values; cost of ownership; increased in household incomes; increases in relative housing supply or a number of other variables. Nonetheless, increases in ownership rates are evidence of strong local economics.

Table 25: Home Ownership Rates by Age of Householder						
	Kennebunk		Maine		York County	
Age	1990	2000	1990	2000	1990	2000
15 to 24	18.84%	23.33%	17.08%	21.20%	18.84%	19.05%
25 to 34	55.59%	69.30%	56.33%	54.34%	55.59%	52.83%
35 to 44	76.78%	78.63%	77.59%	74.14%	76.78%	73.58%
45 to 54	83.27%	84.80%	83.14%	80.63%	83.27%	80.83%
55 to 64	84.52%	78.86%	85.32%	84.02%	84.52%	82.91%
65 to 74	78.18%	85.09%	78.08%	81.22%	78.18%	82.96%
75 +	67.38%	87.27%	72.84%	80.14%	67.38%	81.05%

Source: U.S. Census Bureau

Vacancy status is often used as a proxy for the percentage of the total housing stock that is used as a second or seasonal home. Table 26 shows the share of vacant housing stock by geography and suggests that Kennebunk has fewer second or vacation homes relative to either the County or the State. This is supported by the retail sales data presented above which indicates that tourism-visitor activity is a more significant part of both the County and State economies than is the case for the Town's economy.

Table 26: Vacancy Status 2000		
Maine	York County	Kennebunk
20.51%	20.87%	15.17%

Source: U.S. Census Bureau

The median age of the housing stock was younger in Kennebunk relative to both the county and the state. Given that Kennebunk saw faster population and housing unit growth during the 1990s, this result is not surprising. The age of the housing stock and how it changes over time are good measures of how quickly new houses are being built. If the median age of the housing stock stays unchanged while the number of new households increases, then supply is not keeping pace with unit demand and housing affordability pressures may grow.

### HOUSING COSTS, SALES, AND AFFORDABILITY

When planning for economic development in a community it is important to understand any financial pressures that may be occurring at the household level. If the number of households that experience financial stress is increasing then the local economy is coming under economic stress. As financial stress increases, there is less expendable income for households to support local businesses and less money is available

for business owners to invest in their own businesses.

Households which spend more than 30% of their income on housing are considered house cost burdened (HBC). This is above the level

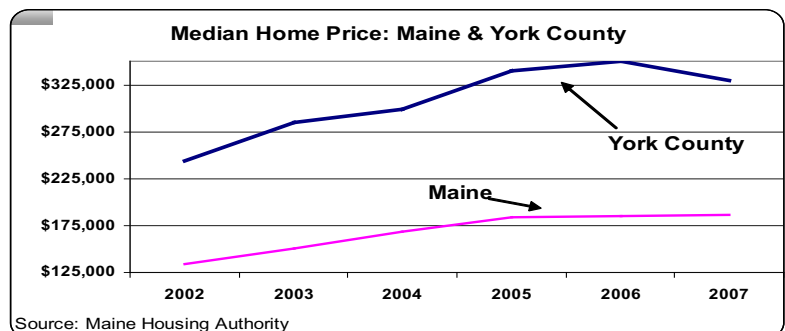
that the U.S. Department of Housing and Urban Development has identified as being “affordable” for households. During the 1990s, housing affordability has been mixed, with the housing cost burden for homeowners decreasing, and the burden on renters increasing over the same period. Rental housing costs burdens increased throughout the state. During this time, Kennebunk had the highest percentage of renters

**Kennebunk had the highest percentage of renters that could not afford their homes yet the lowest percentage of owners that could not afford their homes compared to the county and state averages.**

that could not afford their homes yet the lowest percentage of owners that could not afford their homes compared to the county and state averages.

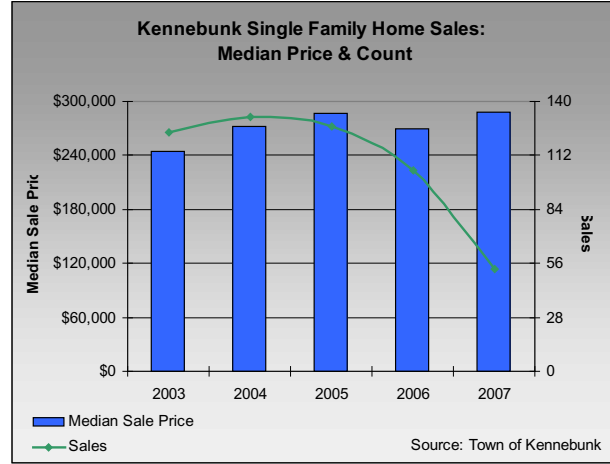
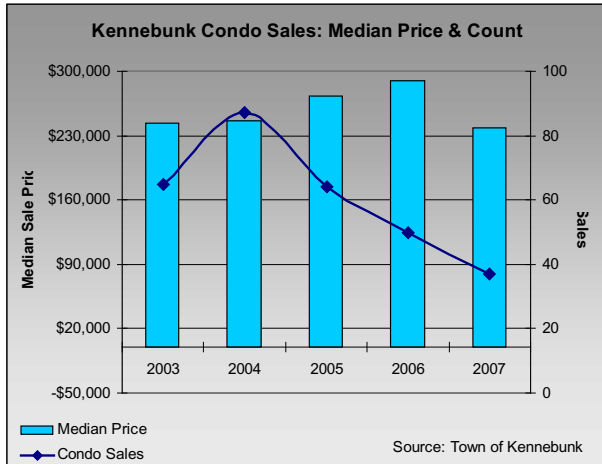
Table 27: Housing Cost Burden		
	1989	1999
<b>Renter Housing Cost Burden</b>		
Maine	18.47%	34.67%
York	22.15%	34.96%
Kennebunk	28.49%	40.59%
<b>Owner Housing Cost Burden</b>		
Maine	19.14%	20.28%
York	23.45%	21.06%
Kennebunk	28.56%	20.20%
Source: U.S. Census Bureau		

According to the Maine Housing Authority, median home prices in York County rose quickly in the early part of the decade before falling slightly in 2007. Median home prices in York County have historically been well above the State average. However, the rate of increase has been slower than the state as a whole since 2002. Since 2002, the median house price in the county rose by 6.2% per year while the median house price statewide increased by 6.8% per year. Since 2006, the rate



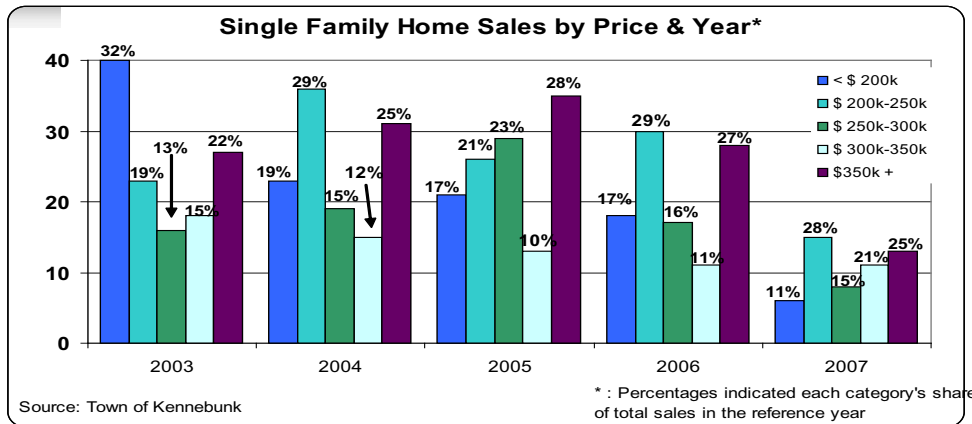
Home Type	2003	2004	2005	2006	2007
Single-Family	\$ 244,500	\$ 272,250	\$ 287,000	\$ 269,750	\$ 288,000
Condominium	\$ 244,000	\$ 246,000	\$ 272,625	\$ 290,000	\$ 238,000

Source: Maine State Housing Authority



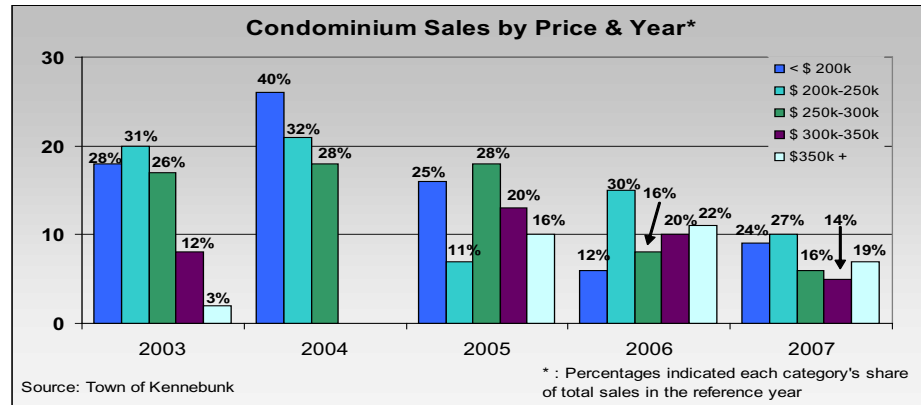
Data from the town's housing sales records show that from 2003 to 2007, the median price of sold homes (condominiums & single family homes) changed little, while total sales volume trended downward. The decline in home sales volume is likely influenced by credit or housing market disruptions that began in 2005. Prices, sales volume, and market trends are similar for both single family homes and condominiums suggesting the market makes little distinction between the two in Kennebunk.

Home price have remain relatively stable for the past few years. However, total sale volume has declined both in single family homes and condominiums. The chart below provides price distributions by year for single family home sales, showing total sales by category and each category's sales share. Sales by home price category do not exhibit strong trends aside from a decline in the under \$ 200,000 class of single family homes relative to total sales.





Condominium sales have experienced even steeper sales declines over the past five years, though sales by category show more uniformity than single family homes. The top end of the market has grown considerably in its share of total sales, though it should be noted that the total number of sales is still quite low (less than 50 sales in 2007). Therefore, even small changes will influence the total share in a significant way. This growth in the higher end condos is either due to construction of new units, or appreciation of existing stock.



## VI. Strategic Industries Analysis

**A** regional economy is like a forest eco-system with plants, wildlife, fungi, soil, water, and air all working interdependently within a certain geographic space. In this analogy, a municipal economy is one component of the forest, say oak trees, which serve a specific purpose within the forest. The core of any comprehensive economic development plan at the municipal level is to analyze the regional economy within which the municipality lies and to make decisions as to what the municipality's unique function is and how it can thrive.

A strong and healthy municipal economy is a result of how its collection of businesses interacts within regional economy and beyond. A business in Kennebunk buys inputs (raw materials, energy, labor, etc), produces a product or service, and then sells it to either local residents, throughout Maine, or even globally. Money is imported to Kennebunk via this business which redistributes those dollars when buying more inputs, paying salaries, and making investments. All of Kennebunk's businesses are doing this to some degree or another. Those businesses that buy local and spend local are redistributing dollars that were imported. Businesses that sell products outside the region are importing dollars. Buying local serves an important function by helping retain imported dollars. Selling globally serves an important function by importing dollars. Businesses that import dollars are commonly known as the "drivers" of the economy. They are also known as "key industries" or "base industries."



The drivers of the economy are not identified by name but rather by industrial classification, or groups of like businesses. A strategic industries analysis will study the industries within an economic region and determine which are strong. The economic region for this study is York County. A strategic industries analysis includes three general components: a cluster analysis; location quotient; and shift share. These three components in concert define the economic region in terms of job growth, salary rates, overall size of the industry, location factors, industry to industry linkages, and national competition.

**A strong and healthy municipal economy is a result of how its collection of businesses interacts within regional economy and beyond.**

This kind of analysis provides insights into the future of the regional economy. With this information, Kennebunk can make informed decisions on what its niche role will be within the region. The town can then begin to capitalize on its strengths and develop policies to augment emerging industries that fit well within its borders.

## Cluster Analysis

A cluster analysis calculates an industry's importance in terms of employment and wages. Industries of similar types tend to group together. The reasons for this varies with the industry but history has a lot to do with it, as does location to markets, proximity to each other's labor and skills, and infrastructural resources. When like industries group together there is more economic activity in the regional economy which can be observed through employment and wage data. A cluster analysis is a practical application of the "competitiveness-clustering theory model" which Harvard University Professor Michael E. Porter first developed during the 1980s.

Industries, just like individual businesses, have lifecycles. They start small, grow larger, level off, and decline. Then they either cease or transform into other businesses. Some industries are young and growing rapidly with few employees but high productivity. Other industries have long histories; they are the staples in the region providing good wages and employing large numbers but aren't necessarily growing. This analysis evaluates every industry in the regional economy against a set of six criteria. These criteria are:

- (1) Standing as an employer in the county in 1991<sup>1</sup>. That is, the industry-cluster was important from an employment perspective at the beginning of the last business cycle.
- (2) Standing as an employer in the county in 2001 and 2006. In 2001, the sector remained an important employer—and remained so in 2006
- (3) Whether a sector added job opportunities over the business cycle beginning in 1991 and ending in 2001. That is, the sector has been a long-term positive contributor to the county's job base even if it lost a significant number of jobs over the 2001-03 period of economic recession.
- (4) Whether or not a sector's jobs grew at a rate equal to or higher than the average rate of job growth in the region.
- (5) Whether the sector in the regional economy added more jobs relative to its national counterpart. This factor captures whether the sector was competitive against its industry counterpart.

---

1 With calendar year 1991 being the beginning of the previous business cycle using the determination of the National Bureau of Economic Research (the "NBER") in Cambridge, Massachusetts the widely recognized organization that assigns dates to U.S. business cycles.

(6) Whether the industry's wages per job was greater than 85% of the U.S. average. Comparisons within sector at the state level are included since wages in Maine tend to be lower than those in the average state.

Once the regional economy is analyzed using the criteria above, each sector falls into one of the following classifications that describe its performance in the economy:

### LEADING INDUSTRIES

Leading industries applies to sectors that exceeded the threshold level of employment of 1,000 full or part-time jobs over the 1991-2001 time period (the most recent complete economic expansion). The data show that half of the county's leading industries exhibited a degree of employment stability over the past business cycle, with no industry that exceeded 1,000 employees in 1991 falling below that level by 2001.

#### Stable

Stable industries are those that meet many of the criteria for leading industry classification but lack any significant job growth or loss. These are industries which, as of 2006, do not appear likely to add or lose a significant number of jobs. The right mix of policies could see industries expand. Likewise adverse policies, or more favorable conditions in other locations, could lead these firms to downsize. This classification is also applied to industries which by their nature primarily serve local demand.

#### Potential

Potential industries are sectors which meet many of the key industry criteria but either have lower employment levels or lower average wages. These industries primarily sell their products or services outside of the county and have the potential for adding to the region's employment base in the future.

#### Lagging

Lagging industries have a downward employment trend and low wages and often a focus on local demand. In York County an example is the Textile Product Mills industry. These firms generally compete on cost and continue to operate within the U.S. in part due to some form of third party (e.g. government) support or policy.

### FINDINGS

The results of the cluster analysis are shown in Table 29. The table displays how each key industry sector is characterized consistent with the evaluative criteria described above. The results identify the county's key industries. To produce Table 18 all industries with over 1000 employees in 2006 were tested against the evaluative criteria described above. The employment industries that did not fit the criteria for key sectors, or were not employers with over 1,000 workers but were still considered to be significant economic players, are included below and labeled as non-key industries.

Table 29: Criteria Check

Sector	Major Employer in 1991	Major Employer in 2001	Major Employer in 2006	Jobs Added 2001-2006	Job Growth Greater than State	Job Growth Greater than U.S.	Avg Wage 85%+ of US Sector Avg	Avg Wage 85%+ of ME Sector Avg	Avg Wage 85%+ of US Avg Wage	Conclusion
<b>Key Industries</b>										
Fabricated Metal Product Manufacturing	+	+	+	+	+	+	+	+	+	Leading
Food Manufacturing	-	+	+	-	+	-	+	+	-	Potential
Plastics and Rubber Products Manufacturing	+	-	+	+	+	+	+	+	+	Leading
Tourism, Food Service	+	+	+	D	D	-	+	+	-	Leading
Textile Product Mills	-	D	-	-	D	D	+	+	-	Lagging
Wood Product Manufacturing	-	-	-	+	+	+	+	+	+	Potential
<b>Non-Key Industries</b>										
Nursing and Residential Care Facilities	+	+	+	+	+	+	+	+	-	Stable
Food and Beverage Stores	+	+	+	+	+	+	+	-	-	Stable
Sporting Goods, Hobby, Book and Music Stores	-	-	-	+	+	+	+	-	-	Stable
Misc Store Retailers	-	-	-	-	-	-	-	-	-	Lagging
Note: Tourism includes Accommodation, Amusements, Gambling, and Recreation.										
D indicates non-disclosure due to federal disclosure guidelines.										

The Nursing and Residential Care industry is shown to have a high level of employment in Kennebunk. About half of the industry data at the local level is unavailable due to too few employers. However, data on the Nursing and Residential Care industry is displayed, which by itself indicates the industry's local importance. Relative to the York County economy, Kennebunk has 30% more of its total jobs in Nursing Facilities. The town does have a bigger proportion of its population over 80 than the county (5.28% vs. 3.48 % in 2000). It is also possible that people who are non-Kennebunk residents are treated at Kennebunk's Nursing facilities. Nonetheless, most health care facilities are not economic



drivers because they do not import dollars from outside of the region. They are also not key industries. As of 2006, the average weekly wage paid at Nursing and Residential Care employers was 48% lower than the average wage in Kennebunk (\$412 vs. \$662 per week) suggesting that expansion of the industry is unlikely to boost the average wage in the local economy.

## VII. Location Quotient and Shift-Share Analysis: A Review of Linkages and Relationships

**S**o far, this analysis has looked at the important attributes of clusters of the economic regions strategic industries. The cluster analysis classified them based on their importance as an employer over the last business cycle and the most recent expansion period of 2001-2006. In location quotient and shift-share analysis, figures are computed for the county relative to the U.S. economy and the state of Maine.

Location quotient analysis determines whether an industry is an export industry or one that serves the local economy. A shift-share analysis will determine the cause of growth; whether an industry's growth is due to national and industry trends, or local trends, or a combination thereof.

### Location Quotient Analysis

Location quotient analysis measures industries in the York County economy on a comparative basis versus the state or nation. A location quotient that is equal to 1.0 means that the share of employment in the regional industry is exactly the same as the percentage employment in the national industry. If the location quotient is greater than 1.0, then the industry has a higher concentration of employers locally than the nation. Therefore, the local industries produce more goods and services than what is demanded locally and must be serving a market outside of the region. Conversely, if the location quotient is less than 1.0, that means the region's share of employment in the industry is less than that in its national counterpart.

The results of the entire location quotient analysis are shown in Appendix 1. The results show fourteen industries that have a positive location quotient. In other words, these industries are dollar importing industries. They are highlighted in the table. Eight of them are in the manufacturing sector including: mineral products, metal products, food products, furniture, textiles, printing plastics, and rubber. Three of the industries are in retail including: building materials and garden supplies, food and beverage, and clothing. The remaining three industries are in the tourism sector and include amusements and recreation, accommodations, and food and drinking establishments.

### Findings

The results of the location quotient are compared the results of the cluster analysis to find overlaps and consistencies. Again, the cluster analysis determines the industry's importance in terms of employment and wages and location quotient measures the degree to which the products are exported. Overlap between the two reveal strong base



industries that export products, import dollars and pay above average wages.

Table 31 presents the results of the location quotient analysis on the key industries identified in the cluster analysis. The table provides location quotients for York County versus the United States and Maine. Although many industries in York county may have high location quotients which suggest they support the county and Kennebunk's economy, the 1,000 employee threshold is necessary in order to limit the analysis to only the most important industries, as a result only industries deemed key to the county (and thus the town) are focused on in this section

Key Industry	Versus the Maine Economy			Versus the U.S. Economy		
	1991	2001	2006	1991	2001	2006
Fabricated Metal Product Manufacturing (332)	2.72	2.41	2.53	1.58	1.63	1.79
Wood Product Manufacturing	0.45	0.50	0.67	1.24	1.36	1.68
Food Manufacturing (311)	0.19	1.48	1.44	0.18	1.43	1.35
Plastics & Rubber Products Manufacturing (326)	3.57	3.49	3.79	2.87	2.11	2.50
Textile Product Mills	3.86	3.10	3.38	5.78	4.87	5.00
<b>Tourism Sector</b>						
Amusements, Gambling & Recreation (713)	1.18	1.20	1.26	1.21	1.25	1.31
Accommodation (721)	1.92	1.85	1.85	2.49	2.42	2.54
Food Services and Drinking Places (722)	1.50	1.46	1.43	1.62	1.46	1.39
Basic Data Sources: U.S. BLS						

Three manufacturing industries (fabricated metal, food, and, plastics/rubber) are doing better in York County than the state or the nation. Wood manufacturing is stronger in York County than the nation but the rest of Maine is out competing York County. In Textile products, York County is stronger than Maine but the rest of the nation is out competing York County. The three industries that make up the tourism sector are holding their own. The data do not show a striking advantage but it is doing slightly better overall than the state as a whole.

The combination of the location quotient and cluster analysis work result in the filtering of all industries to sift out the top performers. This does not mean that other industries are not valuable employers or that they do not serve important functions in the community. All this work does show is which industries are the biggest dollar importers. However, a business, or group of businesses, does not have to be dollar importers to be important to a community. In fact, in every local economy a majority of businesses do not import dollars. The wide range of businesses from construction, to health and financial services, to utilities, to local entertainment businesses, are all critical to vibrant town and a

high quality of life. What this study does show is the minority of businesses that import dollars. In summary they are:

1. Fabricated Metal Product Manufacturing: This category is comprised of firms that manufacture metal into intermediate or end products. A local example is Northeast Coatings Technologies.
2. Food Manufacturing: This category is comprised of manufacturers that make food products not sold on the premises. An example of an employer in this category is Shields Meats.
3. Plastics and Rubber Products Manufacturing: This category includes prominent regional firms involved in the manufacturing of plastic and rubber products for a variety of applications. A local example of a firm in this category is Corning Inc.
4. Tourism: This sector, unlike the others above, is actually a combination of several NAICS industries such as Accommodations, Food Services, and Entertainment. The number of firms in this sector cater to both local and visitor demand. Local demand serves a valuable function for improving quality of life. Visitor demand serves to import dollars. Local examples of these firms are numerous including most restaurants, and all lodging businesses.

## Shift-Share Analysis

The final component of a strategic industry analysis is a shift-share analysis of the region's key sectors. Shift-share will look at trends in employment from three different perspectives. Overall employment in the nation is compared to employment in the industry which is then compared to employment in the industry in the York County. The local share of employment compared to the nation helps indicate local influences on an industry's performance.

Tables 31, 32, and 33 present the results of this shift-share analysis for the periods 1991-2001, 2001-2006, and 1991-2006 respectively. The column "national share" shows what industry employment would have been if the industry's employment grown at the same rate as the US employment rate. The "industry share" column shows what industry employment would have been in York County if it grew at the same rate as the national industry. The final share column "local share" is of the greatest interest as it balances the other two shares so that the sum of all three is equal to the actual change in employment. Local share shows the amount of the employment change that is caused solely by local factors because national influences and industry specific effects have been filtered out. Local factors that cause increases in employment within an industry could include a wide range of things and are not specified through this data.

An example of how shift share works is as follows: Assume that between 2001 and 2006 employment in the United States increased by 10%. Also assume that employment in the metal manufacturing industry increased by 15% nationwide. However, employment in the metal manufacturing industry in York County increased by 100% from 100 to

200 jobs. Therefore, 10% of employment growth could be attributed to overall employment growth in the US and 5% could be attributed to industry wide trends (industry employment growth minus that growth attributable to national trends). The remaining 85% of the York County industry growth must be due to factors within the county that attracted the disproportional investment;  $100\% = 10\% + 5\% + 85\%$ . The data doesn't say what the factors were but it does eliminate national and industry influences.

Local factors have helped cause a 600% increase in employment in the food manufacturing sector. This amounts to 864 jobs over 15 years.

The shift share analysis shows that, for the most part, local factors helped fuel employment growth in the key industries of York County from the 1991 to 2006. The 2001-2006 analysis shows that local share remained positive or was only slightly negative for all key sectors. Among all of the industries,

Food Manufacturing has been helped the most by local factors. Local factors have helped cause a 600% increase in employment in the food manufacturing sector. This amounts to 864 jobs over 15 years. Local employment trends appear to have turned against the food service industry, though this is only a subcategory of the composite tourism sector. York County clearly has attributes that have drawn high value added manufacturing firms to the region.

**Table 31: Key Industry Shift-Share Analysis 1991-2001**

Industry	Local Employment		National Employment		% Chg Loc Emp	N a t ' l share	Indust. Share	Local Share	A b s Chgn
	1991	2001	1991	2001					
Fabricated Metal Product Manufacturing (332)	1,240	1,353	1,516,243	1668100	9%	265	-141	-11	113
Food Manufacturing (311)	144	1,104	1,509,106	1,554,605	667%	31	-26	956	960
Plastics & Rubber Products Manufacturing (326)	1,122	938	754,057	894,801	-16%	240	-30	-393	-184
Tourism									
-Amusements, Gambling & Recreation (713)	530	800	842,357	1,291,406	51%	113	169	-13	270
-Accommodation (721)	2,013	2197	1,561,373	1,827,321	9%	430	-87	-159	184
-Food Services and Drinking Places (722)	5,259	6012	6,272,843	8,273,315	14%	1123	554	-924	753

Source: Bureau of Labor Statistics

**Table 32: Key Industry Shift-Share Analysis 2001-2006**

Industry	Local Employment		National Employment		% Chg Loc Emp	N a t ' l share	Indust. Share	Local Share	A b s Chgn
	2001	2006	2001	2006					
Fabricated Metal Product Manufacturing (332)	1,353	1,398	1,668,100	1,545,100	3%	44	-144	145	45
Food Manufacturing (311)	1,104	1,008	1,554,605	1,470,037	-9%	36	-96	-36	-96
Plastics & Rubber Products Manufacturing (326)	938	1,003	894,801	793,246	7%	30	-137	171	65
Tourism									
-Amusements, Gambling & Recreation (713)	800	918	1,291,406	1,387,436	15%	26	34	59	118
-Accommodation (721)	2,197	2349	1,827,321	1,826,247	7%	71	-72	153	152
-Food Services and Drinking Places (722)	6,012	6559	8,273,315	9,297,174	9%	195	549	-197	547

Source: Bureau of Labor Statistics

**Table 33: Key Industry Shift-Share Analysis 1991-2006**

Industry	Local Employment		National Employment		% Chg Loc Emp	N a t ' l share	Indust. Share	Local Share	A b s Chgn
	1991	2006	1991	2006					
Fabricated Metal Product Manufacturing (332)	1,240	1,398	1,516,243	1,545,100	13%	314	-290	134	158
Food Manufacturing (311)	144	1,008	1,509,106	1,470,037	600%	36	-40	868	864
Plastics & Rubber Products Manufacturing (326)	1,122	1,003	754,057	793,246	-11%	284	-225	-177	-119
Tourism									
-Amusements, Gambling & Recreation (713)	530	918	842,357	1,387,436	73%	134	209	45	388
-Accommodation (721)	2,013	2,349	1,561,373	1,826,247	17%	509	-168	-5	336
-Food Services and Drinking Places (722)	56,280	67,729	106,823,195	133,833,834	20%	14231	0	-1236	11449

Source: Bureau of Labor Statistics

## Industry Linkages

### KEY INPUT-OUTPUT RELATIONSHIPS

The goal of this section is to learn whether there are many or few supplier/buyer industries and how much a key industry relies on another industry to supply its inputs or buy its products. Industries with many buyers are less vulnerable to the fate of any given industry. Likewise industries that rely on a relatively small number of suppliers are more vulnerable to the forces affecting those suppliers. This study uses input-output modeling to identify the buying and spending patterns of industries between and among themselves.

Food Manufacturing purchased the largest share of inputs from local services. Approximately 31% of the industry's purchases are made locally thereby supporting additional local businesses.

The key industries identified above account for 21% of total county economic output. Individually, output ranged from a high of 6.29% of total in the composite Tourism sector to 1.07% of the Plastics & Rubber Products Manufacturing sector. While export share of industry output showed great variation across industries, it was highest in the manufacturing sectors. Exports were highest in the Fabricated Metal Products sector,

where it is estimated that this sector exports 80% of its output. The sector with the lowest amount of export was the Tourism sector. However, tourism's goods and services are sold almost exclusively within the County's borders. As a result the model cannot quantify the share of sector output sold to visitors (which should be regarded as exports). It seems reasonable to assume that exports in the Tourism sector account for the vast majority of sales.

Food Manufacturing purchased the largest share of inputs from local services. Approximately 31% of the industry's purchases are made locally thereby supporting additional local businesses. Fabricated Metal Products Manufacturing had the lowest share, buying 11.6% of its inputs locally. Overall, the manufacturing cluster imported a larger share of inputs than the service industries, the largest importing sectors being Fabricated Metal Products Manufacturing, with estimated imports of 47.74% of their inputs, respectively.

The most important aspect of an industry's impact on the local economy is value added share of inputs. Value added refers to the incremental increase in price of a good resulting from labor at a given stage of the production process. For example, if a plastic bottle factory turns \$3 million of polyethylene into \$10 million of bottles by using \$5 million of other inputs<sup>1</sup>, value added is \$2 million. The model used in this study defines value added as the sum of employee compensation, proprietor's income, other property income and indirect business taxes. High value added industries usually employ skilled workers, pay higher wages, and earn higher profits.

The results of the input-output modeling displayed in Tables 26 and 27 show each key sector's place within the County's economy. The most

<sup>1</sup> Electricity, labor, rent on the facility and machines, and so on.

striking results are found in the manufacturing sector. Manufacturing industries produce about 13% of all output in the County and are overwhelmingly geared to exporting. These industries rely heavily on intermediate goods from outside of the county; though still buy a significant share of inputs locally. Value added makes up at least one third of total inputs for all sectors.

Table 34: Summary Key Industry Input-Output Statistics [1]					
Key Industry	(1) Output as a % of Total Regional Output	(2) Exports as % Industry Output	(3) % Inputs from Local Sources	(4) % Inputs from Imports	(5) % Inputs Value Added [2]
Food Manufacturing	1.15%	59.56%	31.40%	29.60%	39.00%
Plastics & Rubber Products Manufacturing	1.07%	75.30%	16.56%	37.89%	45.55%
Fabricated Metal Products Manufacturing	2.86%	80.15%	11.66%	47.74%	40.60%
Tourism	6.29%	42.43%	17.84%	29.27%	52.89%
[1] The rows made up by (3), (4), and (5) break down the production process and sum to 100%. Inputs are broken into 3 categories, those that are imported, those that are supplied locally, and those due to the labor and technology applied to the first two.					
[2] Value Added is defined as "value added during production to all purchased intermediate goods and services." This equates to the sum of employee compensation, proprietor's income, other property income and indirect business taxes.					
[3] The Tourism cluster is made up of the three most significant tourism subsectors; NAICS 713, 721, 722. It should be noted that many smaller tourism sub-sectors are excluded from this analysis					

### OVERVIEW OF CUSTOMER LINKAGES

Table 34 describes the purchasing relationships between the county's key industries and the local industries to which they sell their products and services. The most diversified of the key industries were Plastics and Rubber Products, Fabricated Metal Product Manufacturing, and the Tourism sector. It should be noted that although the Tourism sector shows apparent diversification in its customer base (people not firms) this study is limited to inter-industry linkages, and does not consider private individuals who likely purchase the majority of the sector's output. Food Product Manufacturing was the least diversified sector with 61.00% of local industry sales to the Food Service and Drinking Places sector. As this sector sells roughly 40% of output within the county, it is susceptible to volatility in the Food Service and Drinking Places sector. Food product manufacturing should look to diversify outside the region. Given rising fuel prices, tighter credit, and the slowing U.S economy it is possible that the tourism sector will face a short run loss of demand as a result of consumers reduced discretionary spending.



Table 35: Linkages of Key Industries	
Key Industry	Distribution of Output Sold to Local Industries
Food Product Manufacturing	54.2% in 1 Sector
	Food Service and Drinking Places 61.0%
Plastics and Rubber Products Manufacturing	Largest 50% of Customer Industries spread over 40 Industries top 5 are:
	Aircraft Engines and Parts Manufacturing 5.9%
	Fluid Power Pump and Motor Manufacturing 3.4%
	Small Arms Manufacturing 2.4%
	Machine Shops 2.3%
	Soft drink and Ice Manufacturing 1.9%
Fabricated Metal Product Manufacturing	50% sold to 5 sectors
	Aircraft Engines and Parts Manufacturing 19.2%
	Fluid Power Pump and Motor Manufacturing 11.2%
	Small Arms Manufacturing 7.8%
	Machine Shops 7.6%
	Laboratory Apparatus and Furniture Manufacturing 4.0%
Tourism	Largest 50% of Customer Industries spread over 14: top 5 are:
	Nursing and Residential Care Facilities 6.4%
	Aircraft Engines and Parts Manufacturing 6.0%
	Hospitals 5.8%
	Food Services and Drinking Places 5.2%
	Monetary Authorities and Depository Interests 3.7%

## York County Employment Forecast

A forecast of future employment by industry for York County was developed and is presented below. This forecast was produced using the industry employment growth rates projected by the Consensus Economic Forecasting Commission in their February 1, 2008 report on the state economy. Table 37 below shows historical employment by industry sector and then future values assuming that the county's industry employment growth rates are the same as the states.

The forecast indicates that York County will likely see slow job growth over the coming years. The jobs that are expected to be created will likely be concentrated in Education & Health Services, Leisure & Hospitality and Professional & Business Services. Manufacturing is expected to lose employment over the next five years as is the Governmental sector. However, that doesn't mean Kennebunk should not support the manufacturing sector. As explained above there are strong sub sector within manufacturing that Kennebunk should recruit and retain.

**Table 36: York County Employment Forecast by Industry**

	History					Forecast				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total York Wage & Salary Employment	65,369	66,789	66,597	67,712	68,235	68,235	68,644	69,125	69,540	69,957
Natural Resources	45	36	35	40	27	27	27	27	27	27
Construction	3,366	3,571	3,720	3,857	3,593	3,456	3,511	3,529	3,543	3,550
Manufacturing	13,271	13,289	13,400	13,499	13,441	13,320	13,280	13,253	13,200	13,094
Trade/Trans./Public Utils.	12,621	13,043	12,655	12,880	13,245	13,232	13,219	13,285	13,298	13,298
Information	758	870	936	876	771	771	776	786	792	795
Financial Activities	2,234	2,371	2,394	2,428	2,464	2,474	2,481	2,501	2,524	2,547
Professional & Business Services	3,508	3,469	3,304	3,495	3,752	3,790	3,881	3,966	4,045	4,110
Education & Health Services	15,391	16,015	15,948	16,231	15,946	16,201	16,460	16,756	17,041	17,348
Leisure & Hospitality Services	9,981	9,936	9,969	10,110	10,641	10,684	10,780	10,920	11,138	11,283
Other Services	1,645	1,647	1,684	1,718	1,765	1,776	1,790	1,803	1,812	1,816
Government	2,353	2,374	2,360	2,388	2,385	2,364	2,347	2,324	2,303	2,305
Agricultural Employment	196	168	192	190	205	205	205	205	205	205

Source: Maine Department of Labor, *Maine Consensus Economic Forecasting Commission Feb 1st 2008 Report*

**Table 37: Yearly Change in Forecasted Employment**

	History					Forecast				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total York Wage & Salary Employment	-	1,420	-192	1,115	523	0	409	481	415	417
Natural Resources	-	-9	-1	5	-13	0	0	0	0	0
Construction	-	205	149	137	-264	-137	55	18	14	7
Manufacturing	-	18	111	99	-58	-121	-40	-27	-53	-106
Trade/Trans./Public Utils.	-	422	-388	225	365	-13	-13	66	13	0
Information	-	112	66	-60	-105	0	5	10	6	3
Financial Activities	-	137	23	34	36	10	7	20	23	23
Prof. & Business Services	-	-39	-165	191	257	38	91	85	79	65
Education & Health Services	-	624	-67	283	-285	255	259	296	285	307
Leisure & Hospitality Services	-	-45	33	141	531	43	96	140	218	145
Other Services	-	2	37	34	47	11	14	13	9	4
Government	-	21	-14	28	-3	-21	-17	-23	-21	2
Agricultural Employment	-	-28	24	-2	15	0	0	0	0	0

Source: Maine Department of Labor, *Maine Consensus Economic Forecasting Commission Feb 1st 2008 Report*

## VIII. Kennebunk Business Owners Survey

A random sample of Kennebunk business owners were surveyed to gain a greater understanding of issues related to the local economy. There are approximately 579 local businesses in Kennebunk and 95 of them returned a survey for a 16.4% response rate. This provides a 95% confidence level with a confidence interval of plus or minus 9.2%. The complete survey questions and responses can be found in Appendix 11.

### Results

#### BUSINESS TYPE

Respondents were asked what type of business they were involved with. The response selections were chosen to closely align with NAICS data and other national statistics. Of those who answered this question there were no businesses in the food manufacturing sector. This sector was noted above as a key industry in the regional economy. This is not to say that Kennebunk does not have any food manufacturers but that they didn't answer the survey. The greatest response came from the retail sector. This was followed by professional services, health services, financial services, and real estate.

Only three respondents stated that they did not own a business. This can help provide some confidence that the answers to these questions were truly provided by a dominate majority of local business owners. Sixteen respondents did not know how to categorize their business. Upon further review most of them are covered by one of the categories.

Businesses were asked how many Full Time Equivalent (FTE's) employees they had. The average response was 8.6. One respondent stated 260 employees. The second largest was 70. Sole proprietors were instructed to insert 0. There were 33 sole proprietors which make up 35% of the total respondents. With a statistical interval of plus or minus 9% this means that there are between 150 and 255 sole proprietors in Kennebunk. There were 54 responses, or 57% of all respondents, that were either sole proprietors or had only one employee. Nearly all businesses have less than 10 employees. As previously estimated

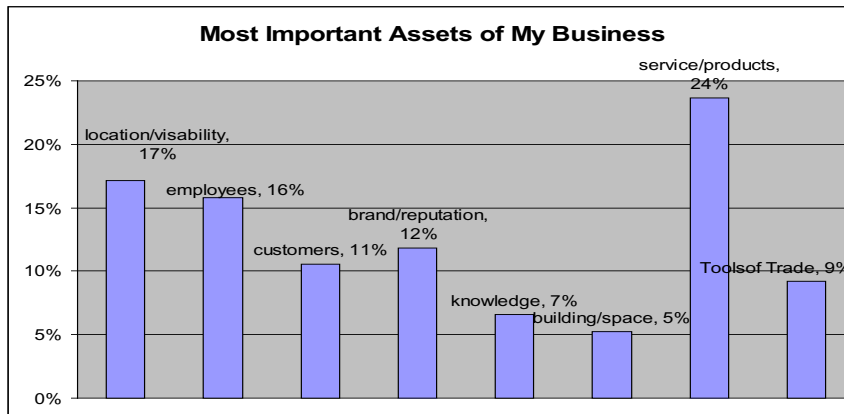
<b>Table 38: How many Full Time Equivalent (FTE) employees are employed in your business? Do not include the business owner. Sole proprietors enter 0.</b>			
Answer Options	Response Average	Response Total	Response Count
Enter the number of FTE's in your business	8.6	817	95

through the commercial database approximately 94% of all Kennebunk businesses are small businesses with less than 10 employees.

Nearly 20% of all Kennebunk's businesses are located at the home of the owner. Given statistical variability of this survey the actual number can be as high as 28% or as low as 11% of all businesses. This is an important consideration during planning and zoning discussions and land use planning.

The top three most important assets of Kennebunk's local businesses are the quality of its products or services, the location of the business, and its employees, in that order.

Businesses in Kennebunk compete mostly at the local level. Approximately 34% of the town's business transactions are conducted in Kennebunk or in bordering towns. Approximately 62.5% of the business is conducted in York County. The remaining transactions are conducted outside of the local economy. This means that approximately 37% of Kennebunk's businesses are exporting goods and services and importing dollars. This is a sign of a strong local economy. The location of their competition shows a similar pattern (Tables 39 and 40).



**Table 39: What is your 80% market area? (The geographic area where you sell 80% or more of your products or services) Please select the one answer that most closely matches your 80% market area.**

Answer Options	Response Percent	Response Count
Kennebunk and bordering municipalities	34.4%	32
York County	22.6%	21
Northeastern US	9.7%	9
United States	9.7%	9
Northern New England	6.5%	6
Kennebunk Town	5.4%	5
Other (please specify)	5.4%	5
Southern Maine and Eastern New Hampshire	4.3%	4
State of Maine	2.2%	2
US, Mexico, and Canada	0.0%	0
Europe	0.0%	0
Asia	0.0%	0
Africa	0.0%	0
South Pacific and Australia	0.0%	0
Worldwide	0.0%	0
<b>answered question</b>		<b>93</b>

**Table 40: Where is most of your competition? Please select the one choice below that represents the location of most of your competitors.**

Answer Options	Response Percent	Response Count
Kennebunk and bordering municipalities	31.5%	29
York County	14.1%	13
Southern Maine and Eastern New Hampshire	14.1%	13
United States	12.0%	11
Other (please specify)	10.9%	10
Northeastern US	5.4%	5
Kennebunk Town	5.4%	5
State of Maine	3.3%	3
Northern New England	2.2%	2
Worldwide	1.1%	1
US, Mexico, and Canada	0.0%	0
South Pacific and Australia	0.0%	0
Europe	0.0%	0
Asia	0.0%	0
Africa	0.0%	0
<b>answered question</b>		<b>92</b>

Business owners in Kennebunk appeared fairly confident that their business was going in the right direction. Less than 25% of them thought that their gross sales would be lower next year than what occurred this year. Forty-five percent anticipated their sales to increase and 30% estimated no noticeable change. During the past three years, sales increase for a majority (52.7%) of businesses in Kennebunk. Thirty percent experienced a decrease.

<b>Table 41: Please indicate whether your sales have increased, decreased, or remained about the same during the past three years.</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Increased	52.7%	49
Decreased	29.0%	27
Remained about the same	18.3%	17
	answered question	93

Cross tabulation of those whose sales have dropped in the past three years with other variables indicate which businesses are doing poorly compared to the totals. Higher proportions of those in the retail, lodging, and financial services sectors experienced poor sales. For example, 3.5 percent of the total respondents were in the lodging business but 12% of those respondents who had poor sales performances in the last three years were in this sector. Twenty one percent of the respondents were in the retail business but 28% of the retailers had poor sales years.

Conversely, Professional services did well in the last three years. Only 8% reported having poor sales in the past three years and nearly 19% of the total businesses are in this sector. Health services also performed very well in the last three years.

The poor performing businesses had a lower average number of employees than the total. Average number of employees for all respondents were 8.2, while the under performing businesses has an average number of employees of 4. This means that fewer workers were hurt by the poor performance than what could have been the case. Larger firms did better in the past three years than smaller firms, which is generally good news for the overall economy because more people remain employed.



**TABLE 42: Please rate the importance of the following areas in order for you to remain competitive?**

Answer Options	Very important	Important	Slightly important	Not Important	N/A
Improvements to customer service	62	16	6	3	3
Communicating to existing markets	52	30	3	3	1
Expanding into new markets	47	16	25	1	2
Development of new products or services	26	33	18	4	9
Improvements to workforce skills	36	25	19	4	5
Improvements to quality	38	29	12	5	4
Increases in quantity	28	19	22	11	9
answered question				91	

The majority of businesses believe that improvements to customer service would increase their profitability. Most Kennebunk businesses are seeking to improve customer service. Also communicating to existing markets and expanding into new ones are important actions for Kennebunk's businesses. If the Town sought to provide support for existing businesses, it should look toward helping businesses improve customer services and market their products to new and existing markets.

Most businesses also believe that higher household incomes will improve their bottom line. There is little a municipality can do to increase household's expendable income but any effort in this direction will help all businesses.

The survey asked businesses to rate the town's municipal departments in terms of their support for the business community. The public safety departments (fire and police) received the highest approval ratings at 75% and 67.5% respectively. All departments were rated above 50% except the sewer department (which is actually an inter-municipal district) and the planning and zoning office (Table 43).

**Table 43: How would you rate the following town departments in their support for the business community?**

Answer Options	Highly supportive	Slightly supportive	Slightly unsupportive	Highly unsupportive
Police	54 (67.5%)	18	2	6
Fire	59(74.7%)	17	2	1
Sewer	35(47.3%)	33	3	3
Water	41(53.9%)	30	3	2
Public Works	39(50.6%)	32	4	2
Town Manager's Office	42(54.5%)	27	6	2
Planning and Zoning	30 (38%)	29	11	9

The importance of quality of life as an actual business asset cannot be overstated. Kennebunk's quality of life is rated as the single most important business asset among Kennebunk businesses. Nearly 7 out of 10 business owners rated quality of life as "very valuable" to their business. Most business owners believe that quality of life is three times more important than the labor pool. Traditional economic development assets such as highways, sewer and water infrastructure were rated at about half as important as quality of life. Only 45% of the respondents rated electric power as their most important asset. In addition, the "overall location" of Kennebunk was rated second at 67.5% right behind quality of life (Table 44).

These high ratings for location and quality of life are local evidence that supports what many economic development theorists have been saying about the 21st century economy. Location of a business is no longer about access to raw materials or infrastructure. In this globalized economy where successful businesses rely more on the internet than on roads and more on brain power than back muscles, the value of location is derived from its ability to attract high quality workers. Today, the real value of location is in supporting employees' health, entertainment, and recreation needs after work more so than supporting their business during work.

Kennebunk gets very high ratings for location. When business owners were asked where they might reestablish their business today, 81% of them would put Kennebunk in the top three choices, and 39% would choose Kennebunk outright over any other location (Table 45). It is clear that whatever values businesses derived from a Kennebunk location must be preserved for the good of the community's economy.

<b>Table 44: Please rate the following assets as to whether they are valuable to your business or not.</b>			
<b>Answer Options</b>	<b>Very valuable</b>	<b>Slightly valuable</b>	<b>Not very valuable</b>
The Kennebunk name	41	28	16
Quality of Life	59	19	5
Overall Location	56	16	7
Labor pool	16	30	25
Educational institutions	17	33	29
Electric Power	37	25	17
Sewer and Water	27	34	19
Highway	32	38	12

<b>Table 45: If you were to establish your business today how would you rate Kennebunk as a location? Please choose one answer.</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
I would locate in Kennebunk	39.3%	33
Kennebunk would be in the top three choices	41.7%	35
Kennebunk would be low on the list	10.7%	9
I would not choose Kennebunk	8.3%	7
Other (please specify)	3	

## IX. Kennebunk's Strengths, Weaknesses, Opportunities and Threats

This section incorporates knowledge gathered through number interviews with business and community leaders in Kennebunk. It also combines that information with data analysis from above and the business owners' survey. Data previously collected is purely quantitative. This section uses qualitative data to fill in the voids and add a more thorough understanding of what is occurring on the ground in Kennebunk. This is done through a SWOT (Strengths Weaknesses, Opportunities, and Threats) assessment.

A SWOT's overall objective is to understand the economic development potential of Kennebunk through the opinions of local business owners and community members. It uses one-on-one interviews to determine Kennebunk's greatest assets. It is a highly effective tool for gathering primary data or information not already compiled and not readily discernable. The underlying purpose of the interviews is to understand how Kennebunk is unique and thereby gain insight into its competitive advantages.



Strengths are defined as assets that are owned and controlled by the community. A public park, for example, is a strength. A weakness is a liability that is within the control of the community, trash or crime in a public park, for example. An opportunity is an asset that is outside the control of a community, for example, proximity to the ocean. Finally, a threat is a liability that is outside the control of the community, for example, one company being bought out by another.

A total of 18 interviews were held with a range of business and community leaders (see Appendix 7). The interviews were primarily in person but some were completed on the phone. They lasted approximately 40-60 minutes.

### Strengths and Opportunities

#### THE KENNEBUNK NAME

The Kennebunk name is without a doubt one of the greatest assets of the town. Kennebunk, Maine is known throughout the United States. Its name invokes images of the quintessential Maine coast, clean air, a healthy and hearty lifestyle, and honest values. The Kennebunk name can support a consumer's perception that a product made in Kennebunk is thought to be of high quality and made with care. High end, specialty products are especially supported by Kennebunk. The town's businesses can benefit greatly from this reputation.

## QUALITY OF LIFE

The quality of life in Kennebunk has been mentioned consistently as one of the greatest assets of the town. While most communities will say that their quality of life is good, Kennebunk has the ability to actually use it as a recruitment and retention tool. The reputation of Kennebunk, as mentioned above, allows the town to boast of its quality of life and to attract employers and employees. The excellent school system, the ocean, recreation opportunities, and a wide array of arts and cultural events, all make Kennebunk an attractive place to locate.

## INFRASTRUCTURE CAPACITY

Interviews with agency heads reveal excess capacity in all major infrastructures. Sewer capacity is at about 57% full and increases at about 2% per year. The water district has more than ample capacity for any major development opportunity. The electric department has unlimited service contracts and competitive rates. Finally, Time Warner Cable stated that there is fiber optic cable throughout the town. Compared to many municipalities in the northeast, Kennebunk has little or no disincentives for business expansions in terms of infrastructure capacity.

## ELECTRIC RATES

Electric rates are both a strength and a weakness. They are a strength because KL&P's rates are the fourth lowest in the state, and Maine has the second lowest rates in New England, New York, and New Jersey. So while the local rates have been rising, there are few very better choices than Kennebunk. The only other place one can find lower published electric rates in Maine is in three other small municipalities: Madison, Houlton, and Van Buren and none of them have the advantages of a York County location.

## EDUCATED LABOR FORCE

Kennebunk's population is generally more educated than the average York County or Maine resident. This helps recruit firms in technology, research, and analytics. It also results in a culture that believes in education. When a majority of residents believe education is a valuable then they tend to support education funding and other educational initiatives. This feeds back into an upward spiral of education supporting a high quality of life and vice versa.

## LOW UNEMPLOYMENT

Kennebunk has had a consistently low unemployment rate. For nearly 20 years, Kennebunk has never had more unemployed residents than the county or state average.

## VACANT COMMERCIAL AND INDUSTRIAL LAND

Although it may not seem like it, Kennebunk does have available commercial and industrial land scattered throughout the town. The two industrial districts amount to 451 acres and are less than half occupied. There is relatively little wetlands preventing development on these acres. The Business Park district has many wetland problems but there are some acres left. The Suburban Commercial district has several large undeveloped areas.

## Weaknesses and Threats

### LOW RETAIL SALES

Kennebunk has some of the highest income households in York County but much of their retail spending is occurring outside of town. Retail spending data show that residents are spending a disproportional amount of their household income outside of town. Without a consumer spending survey, we do not know what items they prefer to purchase outside of town we can only observe the indicators that show retail dollars are leaving. Kennebunk is also not capturing tourists' retail spending compared to the York County average. Sales data show that most retail sales in Kennebunk are from non-tourist type of activities such as building materials and gasoline. Increases in high end tourism retail businesses may also improve town residents' options for the retail items they are buying elsewhere.

### ELECTRIC RATES

As mentioned above, the electric rates in Kennebunk are both a strength and a threat. The electric rates in Kennebunk are high compared to the nation. Companies looking nationwide for a location have better options than the northeast. Because the comparatively low rates outside the northeast are beyond the control of the town we call this a threat. There is little to nothing more that can be done to change this except keep Kennebunk's rates as low as possible. As shown above they seem to be doing that. It should also be noted that companies seeking a location assess their choices against a number of variables and electricity costs are only one, and often not the most important. It should also be noted that KL&P's rates will increase in March and CMP's rates will decrease. Where once they were 4.5 cents apart, there will only be a 2 cent difference after March. The price trend is moving in the wrong direction for KL&P and contract negotiations may now be underway to correct this. This is a weakness since it is within their capability to make these changes.

### DOWNTOWN GAS STATIONS

Kennebunk's Main Street has three gas stations within two city blocks. Gas stations in a downtown are historical land uses that served important functions when the local economy was different. When downtowns had hardware stores, feed stores, and repair services, gas stations were a natural fit. The economics of retail have changed, however. Today, successful downtowns are now destinations for retail, entertainment, and socializing. Successful downtowns have a mix of professional offices, retail, restaurants, and residential uses. Three gas stations in downtown, in such a short distance break up and discourage a pedestrian flow from retail to retail along the street. Cars moving in an out across the sidewalk create an unsafe environment. Downtowns across the country are seeking ways to move gas stations to better places. The current gas stations on Main Street are grandfathered uses; they are not allowed under current zoning. The town should work with the owners to adapt the current buildings into more appropriate uses.





### INEFFICIENT LAND USES IN WEST KENNEBUNK

The current land development pattern in West Kennebunk Village is low density and therefore is not maximizing its per acre potential. This is primarily caused by the lack of sewer service in the village. The Sewer District's charter prevents the village from being served. This results in the current zoning of half acre lots with large set backs. Some residents fear that sewer service would result in intensive development that would eliminate its current rural atmosphere. However, half acre zoning completely built out would also eliminate a rural feel of the village. Many historic villages are compact with intensive uses in a very small area. Most residents would agree that they want the West Kennebunk Village to function successfully. Businesses need other businesses to survive. More intensive land uses in a small portion of the village can provide the economy of scale to help develop a sustainable village that serves local needs. Sewer service is necessary for that to happen. Given the shortage of available commercial land, this would also help town wide economic development goals.

### SPRAWL ON ROUTE ONE NORTH

Kennebunk has many beautiful and aesthetically pleasing areas in town including an impressive historic district, a stunning coast, and a walkable downtown. However, Route One North between Fieldcrest Drive and Ross Road has not escaped sprawl. Sprawl was a growing land use pattern common across America from 1970 to 2000. It is still being built today however there is also a growing field of urban planners committed to providing better alternatives. Sprawl caters to automobiles, places pedestrians at risk, builds excessively large but underutilized parking lots, has little or no interconnecting streets, the largest retail stores, and is characterized by architecture that can be found in nearly any community in the United States.

Studies on sprawl have shown that it generates more traffic, produces less rent revenue over the long run, costs more in municipal services, and causes a number of environmental problems including increased storm water pollution, habitat destruction, air pollution, and unsightly aesthetics. This area is really a small anomaly among Kennebunk's otherwise pleasing land uses. Given the importance of the "Ken-





nebunk” name and the quality of life in Kennebunk in attracting and retaining local businesses this area should be master planned to reverse this land use pattern. Given the area’s proximity to senior housing communities and residential developments it would make sense for this area to be more pedestrian friendly. An interconnected network of roads and sidewalks from residential to commercial uses will improve the land values of both areas. The architecture for this area should be subject to design standards.

### ANTIQUATED ZONING

In the last three years the zoning for Kennebunk was amended eight times. In the last ten years it changed sixteen times. This is an indication that the document is not serving the needs of the community in a comprehensive and thoughtful way. There were also six contract zones added to the document since 2004. On the positive side, this does indicate Kennebunk’s flexibility in trying to meet the needs of an ever changing development market. On the other hand, if the changes occur too often, two risks arise. First, it can also send a signal that the town is unpredictable, which counters the flexibility effect. Secondly, as more changes occur in a single section or two there is an increased risk that the entire document starts to contradict itself. A number of indications show that the zoning in Kennebunk is antiquated, it doesn’t reflect the current economic realities of today, and that it should be comprehensively rewritten. They include:

1. *The Business Park district on Route One south does not allow lodging businesses;*
2. *Industrial zones do not allow for office buildings;*
3. *The Suburban Commercial zone does not allow for residential uses although there are several;*
4. *Residential uses are surrounded or adjacent on three sides with Industrial zones;*
5. *Roads are used as zoning borders;*
6. *Setbacks in commercial areas are too large, especially where public sewer service is available;*
7. *Parking regulations were developed based on national standards;*
8. *There are too many zones*



## X. Conclusions

**T**he overall structure of Kennebunk's economy is healthy. Although the current economic crisis makes this difficult to believe, the town does have a balanced and diversified portfolio of businesses. The array of businesses in town represents both traditional jobs and 21st century jobs that pay a wide spectrum of salaries. Approximately 37% of Kennebunk's businesses are export oriented. This means that a majority of their products and services are sold outside the economic region (defined here as York County). It also means that they are the "drivers" for the local economy since they import dollars from outside and circulate them locally through purchases and employee wages. Kennebunk's economic structure is sound because the community is not reliant on only one or two economic drivers. All the eggs are not in one economic basket, which helps spread the risk of job losses over multiple sectors.

Kennebunk is part of a regional economy that shows a competitive advantage in three sub sectors of the manufacturing sector. Manufacturing employment has been on the decline nationally, and has declined in York County, when reviewing total averages. However, manufacturing in fabricated metals, plastics and rubber, and food have increased in employment, pay higher than average wages, and import dollars into the region. These three sectors show promise in the regions economy and Kennebunk should do what it can to recruit and retain businesses in these sectors.

The entire manufacturing sector as a whole will continue to lose jobs in the future, and it will overshadow the employment gains in these three specific manufacturing sectors. However, economic development policies should continue to support these three sectors. We must remember

Approximately 37% of Kennebunk's businesses are export oriented. This means that ... there are the "drivers" for the local economy.

that manufacturing in general is losing jobs because of automation. Once the production of an item can be automated it requires less human skill to produce and at that point the item is manufactured overseas where labor is less expensive.

Food manufacturing rarely gets shipped overseas. Automated production of fabricated metals and plastics is vulnerable to being exported. The opportunity lies in retaining high end customized manufacturing and research and development of new products.

Being part of a regional economy does not mean working to mimic the regional economy at the local level. That would result in moving toward average. The regional economy is made up of winners and

losers with each municipality having unique advantages and disadvantages. Regional economic data displays all of the economic pros and cons of all municipalities combined. Kennebunk must capitalize on its advantages or its unique assets. This may mean recruiting or retaining businesses that may not be key industries at the regional level but are part of a growing national trend and fit well within Kennebunk's borders. Examples of these industries include health and education services, professional and business services, wood products, printing, and some retail.

Although Kennebunk doesn't have much land for manufacturing it does still have some vacancy. It also has an excellent electric supply company and direct access to the interstate. It also has ample water and sewer capacity to support new job growth. More importantly manufacturing industries buy inputs for production from a significant number of local suppliers. Value added makes up at least one third of total inputs for manufacturing sectors. Intermediate steps of production include parts manufacturing and suppliers, metal processing and finishing, pump manufacturers, and the multitude of service technicians that support these parts and production processes. While Kennebunk is not an industrialized community, it does have the ability to teach and train the labor for these industries. Kennebunk should remember that training and education is a growing economic sector in itself. Research and development, training, and education, are ideal sectors for Kennebunk. Research and development companies recruit intellect: people with higher educations and advanced skills. These people require a high quality of life and have many options in where to live. Kennebunk has superb quality of life and can compete with nearly any location in this arena. Ironically, however, it does not have a center for higher education. There are few firms that specialize in R&D in Kennebunk. Corning is an exception and they do employ 300 workers. Kennebunk is an ideal location for other companies that focus on research. Long range efforts in recruiting research institutions, laboratories, and private research firms should commence immediately.

Tourism is a double edge sword. Tourism is actually an export industry, meaning that it sells its "tourism product" to a majority of consumers who are not local residents. Therefore, it imports dollars from the outside which is the goal of local economic development. On the other hand, if it isn't done right it has the potential to sell the community's soul by stripping it of its heritage and identity. Once that happens the community has lost any niche it had to compete. The tourism data show that Kennebunk is not capturing its full potential of tourism dollars. It also shows that tourism does import dollars but not a lot and the wages paid to employees in this sector are low. Kennebunk could benefit from increased accommodations and food service business in the downtown and Route One corridor. However, increased development on the coast is not advised by the author. The Kennebunk coast is likely the one place where an accommodation business would generate the most revenue and produce a superb product. However, there are many lodging businesses on the coast line of Maine. Building one or two more in Kennebunk would only add to the wide array of choices available to visitors, and throw it into a large pool of competitors. The Kennebunk coastline is relatively undeveloped. This is becoming increasingly rare

in Maine. Preserving the undeveloped coast starts to build on an existing asset and it should continue. However, in order for the town to benefit from this relatively undeveloped coast, the area must be welcoming to the public. Not building on the coast doesn't mean excluding the public. The public should be encouraged to visit the beach and small scale services should be available to them.

Employment forecasts for Maine, New England, and the nation look bleak as of January 2009. Total employment in York County is expected to increase by only 2% in the next 5 years. As this report is being written the country is preparing to endure a protracted recession for the next 18 to 24 months. It is difficult to write an economic development plan during these times. On the other hand, during these times there is nothing more important than a solid economic development plan. These times also show which sectors of the economy are the strongest. Kennebunk should move forward with the understanding that any recession is not the long term future of the economy and should align itself with strong sectors. Employment projections show that job growth will occur in three major sectors: professional and business services; health and education services; and leisure and hospitality services. The town should do what it can to facilitate growth in these businesses.

**Table 47: Projected Employment, York County, 2007 to 2012**

Sector	Percent growth to 2012
Total Employment, York County	2%
Natural Resources	0%
Construction	-1%
Manufacturing	-3%
Trade/Trans./Public Utils.	0%
Information	3%
Financial Activities	3%
Prof. & Business Services	9%
Education & Health Services	8%
Leisure & Hospitality Services	6%
Other Services	3%
Government	-3%
Agricultural Employment	0%

Keep in mind that while the manufacturing sector is expected to lose jobs on average overall, several sub-sectors within manufacturing are expected to do well as described above. This is why an in depth analysis of the economy, as completed in the strategic industries analysis, is important and must be interpreted in the context of Kennebunk's needs. This report has uncovered that three manufacturing sub sectors are key industries in the regional economy even though the entire sector will lose jobs on average. Conversely, the report shows that several service sectors (Professional, Business, Education, Health Care, Leisure and Hospitality) are going to grow the most jobs in the next 5 years even though some of them may not be key industries

or drivers of the economy. An economic development plan for Kennebunk must incorporate this knowledge judiciously, and choose what is most appropriate for the long term economic future of the town.

The Leisure and Hospitality sector is known to be an export industry as previously described. The Professional and Business services sector did not surface as a key industry. Also its location quotient was less than 1.0 which means the region's share of employment in this sector is less than the national share. In Kennebunk specifically there may be several businesses in this sector that beat the national trend and actually import dollars. For example, Digital Research and Dietz Associates are two firms in Kennebunk that export professional and business services and import dollars. Education and Health Care services are similar to Professional services in the sense that it is not known to have a regional significance or to drive the economy. However, local exceptions may apply. Health Care services are not dollar importers unless they provide unique services that generate demand from outside the region. Likewise for education; a community college does not import dollars but a specialized school or a university usually does.

Kennebunk must select strategies that make sense for itself within the context of a regional economy. If strategies are based solely on the regional economy, the town will not be taking advantage of its unique assets. If goals are set that ignore the economic realities of the region and the nation, then they have a low chance of success. For example, William Arthur is one of Kennebunk's largest employers and a successful, growing company. According to NAICS data, this greeting card company can be found in the "Information" sector alongside news services, radio, and television. Regional economic data says that the information sector is not strong and it does not drive the economy. In Kennebunk, we know that William Arthur products are sold nationally and that they import large amounts of revenue from outside the region and employ over 300 people that spend this revenue locally. William Arthur Inc. is clearly a "driver" of the local economy regardless of what regional economic data suggests. Economic development strategies should be designed to support this sector.



## XI. Goals and Implementation Recommendations

**A**s this Plan is being written the economy is in a recession. Unemployment is expected to rise throughout 2009. Home foreclosures and business bankruptcies are increasing. Most economists predict that the economy will get worse before improving in 18 to 24 months. In fact, this recession may be of record setting proportions. It is difficult to write an economic development plan during these times because people start to think in the short term. When businesses close down and unemployment rises the inclination is to “fix it” right away. We tend to forget that the factors that are affecting the economy today are the result of a long series of national fiscal and monetary policy decisions and that this recession is of national and global magnitude. Unfortunately, Kennebunk cannot shelter itself from the economic effects we feel today.

### Goal # 1: Address Short Term Impacts of the Current Economic Crisis

*Objective 1: To shorten the length of time that workers are unemployed*

*Objective 2: To assist Kennebunk’s work force to be retrained for new employment*

#### IMPLEMENTATION RECOMMENDATIONS

It is difficult to undue in the short term what the long term took to create. Although this plan is a long term economic development plan, there are some actions the town can implement to soften the impact of the current recessed economy today. We are now living in a different economic paradigm than when this Plan was first started in early 2008. The town and the Economic Development Committee should become prepared for potential layoffs and foreclosures. Actions include:

##### 1) *Promote Current Workforce Resources:*

As employees start to loose their jobs they will look for resources to help. Kennebunk’s EDC can host a job fair summit that gathers together all available resources in workforce employment and training, unemployment assistance, and jobs skills realignment. The goal of the job fair will be to widely publicize these resources and to try and match job seekers in need to those agencies that can help. The fair can have seminars on resume writing, interview skills, and retraining. The town should work with the existing agencies such as the Maine Career Center, the Department of Labor, and Training Centers to craft the agenda and to share the costs.

## 2) *Business Start up Assistance:*

During times of large lay-offs, there is typically a spike in new business start ups as skilled workers try to continue their careers on their own. The town can help new entrepreneurs by aligning existing technical assistance resources with Kennebunk based start up companies. The EDC, or similar entity, should publish a directory of resources to provide to new start up companies (see below). They can also host a business start up fair similar to the one described above, either at the same time or separate. This would be a business owners fair that would focus on writing a business plan, finding venture capital, the legal and accounting aspects of starting a new company, computer resources and similar challenges.

## 3) *Encourage Home-Based Businesses:*

One of the biggest hurdles to starting a business is the cost of rent – even if a vacancy can be found. The town can help start up companies in these difficult economic times by reducing the restrictions on home based businesses. In particular, the floor area limits for the business portion of the home should be increased from 30% of the total structure to at least 65% with no maximum (currently at 600sf). In the RR and RC zones it should remain at 90% but again the maximum should be eliminated. The limitation on the number of employees (Article 10 Section 14(C)) should be eliminated. If and when the business grows so big that it gets too crowded in the home, the business will likely be successful enough to afford a commercial property. The overcrowdedness will create a natural incentive for the business to move. Trip generation limitations (Section 14(H)) should be eliminated. These are from National Transportation Standards and do not apply to, nor are they intended for, home occupations. The parking requirements in Article 10 Section 9, Subsection(B)(6)(a)(v) should be eliminated. It is important to retain the residential character of the neighborhood; therefore, the requirements regarding the external appearance should remain the same. Approximately 19% of Kennebunk's businesses today are located in the owner's home. These changes will help retain these companies as well.

## Goal #2: Workforce training and retraining for 21st Century jobs

*Objective 1: To supply the workforce with the skills and training necessary to be employed in the growing sectors of the economy.*

### IMPLEMENTATION RECOMMENDATIONS

- 1) Provide training for skilled workers  
As of today (January 2009), Congress is preparing to pass an economic

stimulus package that is intended to put people back to work. We do not know what the details of the package will include. However, after interviewing congressional staffers, all indications show that it will include incentives to stimulate alternative energy sectors such as wind, solar, biofuels, geothermal and other technologies to reduce dependence on foreign oil. Another portion of the stimulus package will go toward rebuilding public infrastructure, particularly roads, bridges, schools, rail lines and the like.



Residential construction workers in carpentry, plumbing, masonry, and electrical trades are losing their jobs due to the collapse in the housing and financial markets. These workers, who either have learned their skills on the job for the past few years or have held their position for many years, have the educational foundation to be retrained in alternative energy and public works construction. Kennebunk should prepare these workers for these new jobs.

Kennebunk Adult Education advertises on its web site the ability to set up specialized training programs and is seeking students. The Director of Kennebunk Adult Education was interviewed to determine the feasibility of this organization to help train workers and the response was positive. This plan recommends that Kennebunk Adult Education establish a Transitional Jobs program. This would include a series of courses designed to realign existing skill sets of construction workers for alternative energy technologies and public works projects. Courses should include:

- Solar and wind energy technologies
- Electronics
- Thermodynamics and mechanics
- Micro-hydro electricity
- HVAC installations
- Sheet metal works
- Welding
- Earth moving equipment operations
- Masonry and paving

### Goal 3: Support and Retain Local Businesses

*Objective 1: To help grow local businesses*

*Objective 2: To prevent local businesses from departing or closing*

*Objective 3: To increase sales of locally produced products*

*Objective 4: To retain and circulate existing dollars within the local economy*

#### IMPLEMENTATION RECOMMENDATIONS

- 1) Establish the Kennebunk Revolving Loan Fund  
Existing small businesses often have trouble finding small loans to

improve their business. Revolving loans have a proven track record throughout the country in assisting businesses stay viable. Revolving loans do not replace the role of existing banks or other lending institutions. These loans are designed to fill in the lending gaps. The mission of private lending institutions is to make a profit. The mission of the Kennebunk Revolving Loan fund will be to retain businesses or start up new ones to help meet the goals of the town. These small loans are provided to businesses for situations that are typically not supported by lending institutions. Examples include extending an existing commercial loan, taking slightly greater risks than what is allowed commercially, providing below market interest rates, shortening the response time, reducing the risk to commercial loans by providing “back up” capital or subordinate loans. Commercial loans are usually made to purchase capital. Banks have a harder time lending for less tangible purposes. However, in today’s service based economy businesses often need money for non-capital investments. Examples include hiring expertise to navigate through complex federal regulations, upgrading software, improving building facades, or seeking expert advice to increase production efficiencies.

A small revolving loan fund can be administered by the Kennebunk Economic Development Corporation for the purposes of supporting Kennebunk’s businesses. The fund can be established by the Community Enterprise Grant Program from the Maine Community Development Block Program, local banks, Tax Increment Financing revenue, and the Town’s general fund. Kennebunk voters should remember that these funds are not grants, once the fund is established the money is loaned to local businesses and repaid to the town with interest. Therefore, in the long run, the Town’s general fund is not reduced.

## 2) *Establish an Import Substitution Program*

Import substitution refers to replacing the materials, supplies, equipment, and products that businesses currently purchase from outside Kennebunk with those same items from within Kennebunk. One may assume that if “businesses could buy it locally they would” but this is often not the case due to a lack of knowledge or from purchasing habits. Getting more businesses to buy their production inputs from other businesses in Kennebunk or York County can have a positive impact on retaining local businesses. The program is established on a company by company basis. In order to implement this program the Economic Development Committee, either alone or with the help of staff, would need to target certain companies and inventory their purchases through interviews with company officials. For those purchases not made locally they would seek other sources to try and “substitute” those imports with local products.

The Committee should focus on the companies shown in this report to import the most dollars. Those companies include William Arthur, Corning, Tom’s of Maine, Atria, Northeast Coatings, and some of the lodging businesses and restaurants that serve mostly tourists. This can be accomplished as part of a business visitation program that the Committee should also implement (see below).

The second major group of establishments the Committee should inventory is Kennebunk’s municipal departments. The town should lead

by example in this buy local program. All town departments including Administration, Police, Fire, Electric, and Recreation should be inventoried for their purchases. The School District and the Sewer and Water districts should also be inventoried.

Finally, the EDC can encourage businesses to do their own import substitution research by sponsoring business to business socials, mixers, and similar face to face networking activities.

3) *Establish a Business Visitation Program*

The Economic Development Committee should take a proactive approach to preventing business foreclosures. Business owners are often too busy to know that there are resources or people willing to help make their business successful. A strong and effective EDC will make itself known to the business community. It should establish a business visitation program that regularly visits with business owners. The committee can make a schedule and target specific areas in town on a regular basis. The committee should act as a clearinghouse for business resources. They should create a resource guide (see below) and become well versed with each of the agencies. The EDC should be regarded and function as a resource and referral center.

4) *Create a Resource Guide to Starting and Building a Small Business in Kennebunk*

In preparation for these visits the EDC should create a resource guide for building a strong and sustainable small business in Kennebunk. The resource guide is geared toward building existing businesses and helping new companies establish themselves in Kennebunk. The Resource Guide will include contact information on agencies and organizations that will help businesses develop ideas, write a business plan, and find funding. The guide should specify who in the town is responsible for shepherding new businesses through the permit review process, calculating taxes, and obtaining licenses. The Guide should include a directory of all economic development agencies in Maine such as York County Development Corporation, Maine Business Works, Maine Small Business Development Center, Maine Small Business Alliance, Economic Development Council of Maine, and Coastal Enterprise Inc. (CEI), for example. The EDC should become knowledgeable of all the services offered by these agencies and act as a distributor of this information. The EDC should know the events, programs, and courses offered by them and make this knowledge available to Kennebunk businesses. The EDC should develop professional relationships with the staff of these organizations. In disseminating this information they should create and maintain regular lines of communication with Kennebunk business organizations such as the Chamber of Commerce, the Rotary Club and the like. The EDC should be applauded for their current efforts. They provide business resources via the town's web site, they sponsor business seminars and have conducted business visitations. This recommendation is meant to build upon their success.

- 5) *Support existing businesses through professional development workshops and seminars.*

The business owners survey asked them what factors would improve their competitiveness in today's business climate. The number one most important factor is improvements to customer service. Since many businesses would agree that this is an important factor, providing training or skills development in this area would be welcome. The EDC should sponsor professional development workshops in: communicating to existing markets; expanding into new markets; advanced customer service techniques; and personnel management.

The EDC may not have the in-house capability to conduct some or all of these seminars. In this case they should seek instructors. The Maine SCORE is a good resource for this. SCORE (the Senior Corps of Retired Executives) is a nonprofit association dedicated to entrepreneur education and the growth and success of small businesses. They provide free counseling and low-cost workshops to promote their mission. The closest SCORE Chapter to Kennebunk is in Portland (207-772-1147). The EDC should explore either collaborating with this Chapter or work to create a chapter closer to Kennebunk.

## Goal 4: Become a Regional Center for Education and Training

*Objective #1: To capture a segment of the educational services sector*

*Objective #2: To expand the town's current adult educational offerings*

### IMPLEMENTATION RECOMMENDATIONS

- 1) *Recruit a Distance Learning Provider in High Demand Vocations*

The educational services sector is stronger in York County than the Maine or US average, and all indications show that it is growing (see section on location quotient). Kennebunk has an excellent K-12 education system, but it stops there. The town is not capturing its share of post high school educational services. Kennebunk is an ideal place for learning. It is a safe place with a high quality of life that can be used to attract students. While a major university is not likely to move into Kennebunk, establishing a Kennebunk branch for associates degrees, and vocational certificates is possible. Kennebunk can also seek to recruit other training businesses such as private vocational schools or distance learning universities.

Even while this recession is in full swing, the US government estimates that there is a shortage of trained workers in certain sectors of the US economy. For example, the US Department of Labor projects that in the next ten years the net demand for home health care workers will



increase by 50%, net demand for dental hygienists will increase 30%, and the net demand for a wide range of medical technicians will increase by 24-28% (see appendix 3). In fact, there are 70 different occupations in which the net demand will increase by more than 15% over the next ten years and all of them require an associate's degree or less. Kennebunk has no facilities to train them. This is an industry that Kennebunk is well suited to host but has yet to capture. The vocational training industry is a clean and quiet industry that is office-based employment, environmentally friendly, and respectful to neighboring land uses. Kennebunk has the "Kennebunk" name that can be used to market itself to attract this industry.



An internet search for traditional (on-campus) nursing schools in Maine showed 13 locations. Three schools were within reasonable driving distance to Kennebunk, the University of New England in Biddeford, University of Southern Maine in Portland, and the Southern Maine Technical College in South Portland. None of these schools provided on-line courses. The same internet search revealed 138 schools providing on-line degree programs.

None of them were in Maine (see Appendix 4). Perhaps a Maine college does provide some on-line courses but this initial search didn't find any. The on-line nursing degrees are offered by popular distance learning centers such as the University of Phoenix and Kaplan University as well as some famous national universities such as Johns Hopkins, Boston College, Kent State, Yale, and Georgetown University.

The Town of Kennebunk is an ideal setting for a satellite campus of a major university. The Kennebunk branch should focus on vocational training in the high demand fields offering on-campus or distance learning courses. The current state of the economy likely does not provide the financial environment for a university to make a move soon. However, this is not a short term recommendation. The town should establish a special task force now to explore this opportunity. By the time it is prepared to host a school, the economy will be different that what it is today. The task force should be charged with analyzing the feasibility of recruiting a distance learning school (or hybrid with on campus classes) on vocational training to Kennebunk.

The task force should focus on schools that teach and train in the 70 vocations that have a shortage of workers. The feasibility study should analyze trends in universities that are creating campus extensions to understand the environment that is favorable for a university to make such a move. The task force should interview key personnel at these institutions. Interviews should focus on the correct incentives that are needed to attract these institutions, the size of the market, and location factors. The task force should also identify property in the town where a large office based building that will house this facility should be located.

## 2) *Expand Kennebunk Adult Education*

The Director of Kennebunk Adult Education was interviewed to determine the current programs offered and the capacity of the institution. The programs and courses focus mainly on short courses for personal enrichment. Some of the courses they currently offer have the potential to provide a foundation for gainful employment. However, none of them provide enough hours of practice to rise to this level. There are no certification programs with the exception of the Clerical Certificate program now available. The Clerical Certificate program is a six course program that encompasses approximately 80 hours of class work in basic office skills. Classes cover keyboarding, office software, filing and the like. Graduates receive a certificate, and more importantly, a basic foundation of skills that make them qualified to apply for office assistance work. Kennebunk Adult Education should be applauded for these efforts. They should strengthen this program by developing working partnerships with large employers and temporary employment agencies. This program should grow to become recognized as a high quality provider of eligible employees in basic office skills. They should follow their own example and expand this program into other skill sets.

Kennebunk Adult Education should evolve and grow into a full scale vocational training center that offers certificates in business, nursing, computers, and trades. Many of the existing courses can simply be expanded from their average of 2 to 6 hours in length to 80 or 120 hours. For example, KAE offers a four hour web page designing course. This will not likely be enough practice to gain employment. This course should be expanded into an 80 hour certificate program. Another example is their 3 hour cake decorating class. This can be expanded to teach a full range of bakery and pastry skills. Over the long term these certificate programs can grow into being accredited by relevant agencies. For example, they could start a Nursing Assistant program that is approved by the State of Maine. Other nationally recognized organizations could also support KAE. For example, the National Healthcareer Association helps schools prepare students to take certification tests in thirteen medically related vocations such as medical technicians, EKG technicians, surgical technicians, and medical billing and coding specialists (appendix 5). These jobs are in high demand.

The current administrative structure of KAE is weak. They have a shortage of funding and the Director is part time. Growing this organization into a strong, self-sustained entity will take time and leadership. This is a long term goal that builds upon the existing assets of the town. Growing this training center will take a special task force of veteran educators, job trainers, employment specialists, and local officials. The task force should spend the next year drafting a strategic plan to increase the effectiveness of KAE so that it meets the needs of employers and job seekers. They should explore different vocational training models and work toward replicating one appropriate for Kennebunk and meeting the needs of the local economy. Kennebunk Adult Education should also grow by building partnerships with other supporting institutions to deliver employees that are in high demand to the local workforce. This can start now. Given the rise in medical office space in Kennebunk recently, the medical professional businesses in town would immediately benefit.

## Goal 5: Modernize traditional downtown for 21st century living.

*Objective #1: To increase foot traffic in the downtown that will support local businesses.*

*Objective #2: To increase the diversity of land uses downtown so that it remains vibrant after business hours.*

Demand for “urban living” is increasing throughout the nation. More and more people are seeking a location where they can live, work, and play all within walking distance. A 2003 University of Maryland study published in the Journal of Urban Economics showed that buyers are willing to pay up to a 15.5% premium for amenities and elements like connected street networks, smaller blocks, and better pedestrian access to shops. A majority of Kennebunk’s residents don’t live in this type of environment. With the exception of the Kennebunk Inn and maybe a few other businesses, a majority of the downtown is closed after dark. Increasing downtown vibrancy should be high on the agenda. The town should create a strategic plan to increase vibrancy in the downtown. A recent planning effort to beautify the streetscape is a step in the right direction. This is a well designed plan that should be implemented.

### IMPLEMENTATION RECOMMENDATIONS

- 1) *Expand the Existing Downtown Streetscape Master Plan into a*



Streetscape Revitalization Plan, prepared by E.E.&G

### *More Comprehensive Downtown Plan that would include Fundamental Market Changes*

This streetscape plan should be rolled into a broader downtown vitality master plan. This would include an analysis of the real estate market and close collaboration with the building's owners. The goal of this collaboration should be to devise strategies and incentives to increase retail and nightlife in the downtown. It is beyond the scope of this town wide economic development plan to develop these types of site specific micro-strategies. However, a vibrant downtown is an important recruitment and retention tool in a comprehensive economic development strategy and therefore is discussed here.

A Downtown Vitality Master Plan would include a thorough analysis of the users of the downtown. It would rely on interviews, surveys and focus groups of the merchants and current downtown users to determine use patterns, behaviors, and preferences. It would then conduct a market survey of the potential downtown market that they wish to attract but is not currently using it. The data in this study shows that Kennebunk residents are spending a large amount of their retail dollars outside of the town. A Downtown Vitality Master Plan would lay out specific achievable and measurable goals that were intended to give the current users and potential market what they are demanding in a downtown. The final plan should also include a strategic marketing plan to retain Kennebunk shoppers and to bring visitors downtown.

Interviews were held with members of the Kennebunk Downtown Committee. The Committee has been working on strategies to increase retail activity and bring more regular foot traffic to downtown. The Chair of the Committee stated that there are current efforts to bring more arts to the downtown and to create more events. Events are a good thing to work on but they are typically the least sustainable activity in a range of downtown vibrancy options. In other words, once the event is over it doesn't come back unless it is planned and implemented again. The other end of the spectrum would be infrastructure improvements like the streetscape plan. Once that is completed it will last for generations with modest maintenance. Events can be a lot of work so they should be integrated into a comprehensive plan. The author isn't stating this to discourage the efforts of the committee. In fact, any work toward bringing people downtown is a positive contribution. The hard work of this volunteer committee should be focused on the most effective solutions, however, and the author is worried about "committee burn out." Therefore, integrating their work into a comprehensive long term marketing and promotion plan is critical to sustain their contributions.

Creating more retail may be achieved by prohibiting non-retail uses in street-level storefront buildings. However, this is not suggested. This may have the effect of creating more empty buildings than what is there already. Instead the broader downtown vitality master plan should focus on creating incentives and addressing the more fundamental elements of a vibrant downtown. The master plan committee should also work on examining the feasibility of the following:

- 2) *Establish a Business Equipment Leasing Program to Support Capital Start up Costs for Desired Businesses*

Through interviews it was discovered that more restaurants are desired downtown. There is currently one restaurant in the downtown plus a small deli in the Lafayette Center. It is estimated that there are two commercial kitchens in the downtown, one in the Kennebunk Inn and one in the bakery that is now closed. There is approximately 800,000 square feet of commercial space downtown where nearly 650 workers are employed <sup>1</sup>. The size of this market could support more restaurants. More restaurants would also increase the nightlife and increase foot traffic. Plus, there is ample parking (at least today) scattered throughout the downtown to support more restaurants. The reason the free market doesn't naturally create more restaurants downtown is the lack of commercial kitchens. Commercial kitchens are the biggest obstacle to creating a restaurant. The author interviewed several successful restaurateurs and a common message was that they wouldn't start a restaurant in a building without a commercial kitchen.



The committee should explore the potential of using Kennebunk's local economic development corporation to own, store, and lease capital equipment for restaurants and retail. If these are the businesses that are desired by the public then it can be justified to use public support to encourage a certain type of business. More restaurants and retail in the downtown would help achieve a long standing community goal of increasing the vitality of Kennebunk's downtown. The economic

development corporation could buy used capital equipment and store it for use by a desired business. The equipment could be leased to the business under very favorable lease-to-own terms. The equipment could be commercial kitchen equipment such as stoves, refrigeration or specialty tools. It doesn't necessarily have to be restaurant equipment. It may include cash registers and shelving as well. If the business fails before the equipment is paid for then it is returned to the EDC. If the equipment is damaged then it is sent to a repair center where it is used to train future technicians in large appliance repair, mechanics, or electronics. A partnership with Kennebunk Adult Education or the Biddeford Regional Center of Technology should be established to help sustain this program. The equipment could also be purchased by the building owner instead of the business owner. There are numerous variations on this suggestion that need further examination. However, the point is the same, the public needs to support the capital infrastructure costs for desired businesses in order to create the right business incentives to achieve the public's goals.

### 3) *Build Institutional Support*

Creating a cohesive marketable entity, like a downtown, is difficult with multiple private businesses. However, a downtown business associa-

<sup>1</sup> Based on the town's commercial database which does not include government space or employees.

tion of some sort should be created in order to create an economy of scale in tasks that all businesses need. Examples of what a business association would do include cooperative marketing, business development programs, and designing and scheduling public events. The Downtown Committee is currently serving as this entity. The Committee should analyze itself to determine if its structure is sustainable to meet all of the downtown challenges.

4) Study the Feasibility of Creating Alternatives to Traditional Retail

One effective way of creating more foot traffic downtown is to allow alternatives to traditional storefront retail. Alternatives include street vendors, cooperatives, farmers markets, and craft markets. The Downtown Committee should explore these options.

5) *Complete the Streetscape Master Plan*

The Streetscape Master Plan designed by E.E.&G is an excellent design that will modernize and beautify the downtown. The town should incorporate this plan into its overall Capital Improvement Plan and should use TIF funding and other options to pay for it.

6) *Increase Residential Dwelling Units in the Downtown*

The town should work with area non-profit housing developers to build more affordable housing units in the downtown. This will help increase foot traffic as well. Given the state of the housing markets today, working with a non-profit developer who can access housing tax credits is one of the best opportunities. A more comprehensive and methodical approach is recommended as well. The town should develop a housing task force to analyze existing buildings, talk with land owners, and to create a building by building strategy to increase dwelling units on the upper floors of the downtown. Increase dwelling units downtown is critical to increasing foot traffic for local businesses.

7) *Develop a "CyberDistrict" in the Downtown*

The distance between the Lafayette Center and the Library along Main Street should become a free wireless zone where anyone with a wireless receiver can establish an internet connection. Wireless internet, or Wi-Fi, is the new public infrastructure that will attract residents, businesses, and visitors. Community wide Wi-Fi, also called Muni-Fi, is being used in metropolitan areas across the country and world as means of attracting businesses (see Appendix 2). A Metropolitan Area Network (MAN) is similar to a Local Area Network (LAN) that most people now use in their workplace only on a larger scale. A MAN can be justified from a public policy standpoint because it is more efficient to have one access channel than hundreds of individual connections. Federal Trade Commission has expressed concerns about issues of fair trade and has published reports that provide guidance on the correct application of Muni-Fi. A Muni-Fi application in Kennebunk should be fully explored by a task force dedicated to this subject.



## Goal 6: Revise Zoning Document

*Objective #1: To remove unnecessary obstacles to business development*

*Objective #2: To increase land use efficiencies*

### IMPLEMENTATION RECOMMENDATIONS

- 1) Eliminate parking requirements for business uses in the town

The town recently improved the parking standards for retail and restaurants in the downtown by making them less stringent. This is a positive accomplishment that should be extended. Kennebunk's current parking standards are based on national standards, either the ITE Parking Generation Manual, or some version thereof. These standards are arcane and, unfortunately, rarely questioned. They treat all land uses equal and have not changed for decades despite changes in real estate market demands, densities, alternative transportation modes, and advances in urban design. These standards treat Kennebunk's downtown exactly the same as the Stop and Shop Shopping Center on Route One north. They also treat downtown Kennebunk exactly the same as downtown Boston. Clearly these land uses are different. Bike lanes, bus routes, safe sidewalks and pedestrian interconnectivity all reduce the need for parking in more dense downtown areas, yet these national standards do not recognize them. Research by the Congress for New Urbanism in New England Cities has shown that the demand for parking space in a traditional compact downtown like Kennebunk's is reduced by as much as 25%. The study showed that shared use parking, mid-block parking locations, safe pedestrian passages, and efficient interconnectivity reduced the needs for parking in three compact traditional New England downtowns. These areas attracted 1300 more patrons and needed 400 less parking spaces than their modern day equivalents<sup>1</sup>.

Kennebunk's parking requirements closely replicate national standards. For example, in Article 10 Section 9, the requirement of 4 spaces per 1000 square feet of business office (non-medical) is a very common standard one can see in a large majority of municipal zoning documents throughout the country.



However, it is difficult to find the original justification for these parking requirements. Municipalities throughout the country have adopted minimum parking standards with little knowledge as to why. The person most concerned about the availability of parking for a particular business is the business owner. The business owner, or the land de-

<sup>1</sup> Marshall, Wes, N. Garrick. 2008. Urbanism and Parking Demand in New England Cities. Congress for New Urbanism, Acquired from web site.

veloper, will not invest in a business unless they are confident that the business will be profitable. Parking, like so many other amenities, is reviewed by the investor and decisions are made based on this information. If the business owner believes that parking is adequate she will invest. If the town did not require any parking for businesses yet the owner believed there was inadequate parking the owner would not invest regardless of the local regulations. The next group most concerned about parking is the consumer. If parking is too inconvenient they will not shop there or find other means of transportation.

Municipal government cannot effectively predetermine the appropriate number of parking spaces needed for a business and its customers. There are far too many variables such as hours of operation, product supply and demand, and competing prices, to name a few, for a municipal government to estimate parking demand for a particular business. This explains why so many municipalities replicate other municipalities' ordinances. They believe they need some type of parking regulation in place but they are not quite sure of the fundamentals behind them. So they fall back on national standards written by a committee of transportation engineers who are not trained to think comprehensively but rather focus on one goal, adequate parking. Parking ordinances throughout the country are based on these standards which is why we can find a sea of empty free parking lots in almost any municipality in the country. Kennebunk is no exception.

This recommendation is not a radical idea. There is a growing belief among urban planners that the free market is the best mechanism to determine how many parking spaces a business needs. Municipalities across the country, large and small, are eliminating parking standards all together, especially in their downtowns. Examples include Seattle WA, Spokane WA, Los Angeles CA, Eugene, OR, and the entire country of Great Britain <sup>1</sup>. The author is also familiar with smaller New England communities that eliminated their parking requirements in their downtowns including Woodstock, VT, Essex Junction VT, and Stowe VT.

Following the examples of these progressive cities (and nation) will allow the free market to appropriately allocate parking among and between land uses based on the fundamental demands of business owners and consumers. This will also free up enforcement hours of the zoning administrator. This can be tried on a two year temporary basis or implemented permanently.

## 2) *Revise Zoning Document*

As stated in the SWOT analysis above, Kennebunk's zoning has numerous problems that indirectly affect economic development. There are multiple areas where land use conflicts can occur, where appropriate land uses are not allowed, and where general inefficiencies in land uses are promoted. The problems with the document are not strongly evident. Businesses can still apply for permits and find it reasonable to navigate through the process. Business owners who were interviewed during this study gave mixed reviews of the document. Some stated that the zoning was fine others had problems and in the end the zoning probably scores a C+ in a comparative ranking. However, since

---

<sup>1</sup> Seigman, Patrick. 2008. Nelson Nygaard Consulting. 415 284 1544.

there is room for improvement and that this is a long term plan some suggested changes are recommended here:

1. One of the most important changes that should take place is in the Industrial Zone on Factory Pasture Lane. This area should be rezoned to encourage office park development. Many of the future jobs will be in office based employment. This zone is within walking distance to downtown and on the edge of a residential area. Office development is much more compatible with neighboring land uses and is in greater demand than the original uses of the current industrial zone.

2. The tallest buildings in town can only be 40 feet. A business or office park should be allowed to extend at least 6 floors.

3. The setbacks and other bulk requirements of the Suburban Commercial district on Route One north should be revised to reflect the same as the Downtown district. Imagine how much more pleasing to the eye this stretch of road would be if the land were allowed to be developed at the same density patterns as the traditional downtown. The land use patterns occurring downtown are more pedestrian friendly, aesthetically pleasing, and efficient in terms of land uses. Kennebunk's downtown is essentially what traditional "smart growth" advocates try to promote and create. The downtown land use pattern is illegal in the suburban commercial district. The minimum front yard setback in the SC zone is 100 feet from Route One (or 40 feet if parking is provided on the side or rear). Downtown it is zero. If parking requirements were eliminated and the bulk densities in the SC zone were changed to the same as the downtown, a great transformation would occur where pedestrians could easily walk between businesses, many more businesses and jobs could fit on the same amount of land, land values would increase, and the area would look more pleasing.

4. Design standards should accompany the increased allowances in the SC zone to ensure a vernacular architecture.

5. A Form-based Zoning approach could help the Route One corridor. Form based codes rely more on mass, form, density and scale of buildings in relationship to each other. Traditional zoning, which Kennebunk and most municipalities have, is based on land uses, abstract standards such as LOS (level of Service), parking ratios, and setbacks. More general information on Form based Codes can be found in Appendix 10.

## Goal 7: Protect Kennebunk's Quality of Life

*Objective #1: To recruit and retain businesses*

*Objective #2: To protect the Kennebunk brand name.*

Quality of life is the greatest economic development asset in Kennebunk. However, quality of life is a very nebulous term. It can be

defined differently by different people. There is no one thing that can be identified as quality of life. There is no “quality of life department” or management district with a director and staff. In that sense quality of life is a vulnerable element of Kennebunk’s society. It is created and protected by the town’s network of decision makers and implementers. To be certain, the Selectboard has a major role to play in protecting and improving quality of life. The Selectboard and the Town’s administrative staff have the difficult task of doing this within the confines of the town’s budget. Quality of life however, doesn’t start and stop with them. Kennebunk’s quality of life shines through the multitude of people and their roles in the community. When the school district’s employees, from the teachers to the cafeteria staff, promote a sense of pride in the town’s children they are improving quality of life. The library staff that promotes unique programs, the public works department in making the streets and sidewalks user friendly, the public safety departments going beyond the call of duty are all examples of quality of life improvements. It is implemented through everyone from senior management to part time employees in all sectors of society - public, private and non-profits. The restaurant owner providing some nightlife, the local grocer selling local produce, the civic organizations promoting community events, health care providers and social services that stay local are all implementers of high quality of life. Preserving and improving upon this quality of life requires attention on all fronts.

## Implementation Recommendations

### 1) *Improvements to the Public Realm*

Using the newly created TIF funding (Tax Increment Financing) to improve quality of life would be an important goal. Given the importance of quality of life in Kennebunk’s economic development it would also be an economically efficient use of public dollars. Examples of efficient use of TIF dollars include:

- Pedestrian improvements – improving walkability in the town is very important. Remember that pedestrian friendly also means senior friendly which supports a growing economic sector.
- Parks, Playgrounds, and Public Spaces – Places for recreation and public assembly have numerous benefits that touch all aspects of community life.
- Streetscape Beautification – Improving the aesthetic qualities of the public realm, such as Main Street, increases property values and attracts businesses.



## Goal 8: Recruit and Retain Key Sectors

*Objective #1: To preserve existing jobs*

*Objective #2: To increase new jobs in the economy's growth sectors*

*Objective #3: To develop synergies between businesses and sectors of businesses*

Recruiting and retaining key sectors of the economy is a recommendation that one should see in all economic development plans and this one is no different. The sectors of the economy that Kennebunk should work to recruit and retain are thoroughly described in this report. Implementation recommendations follow.

### IMPLEMENTATION RECOMMENDATIONS

#### 1) *Build proactive relationships with key sector employers in town*

Kennebunk currently has several key sector companies in town. They include Corning Incorporated, Northeast Coatings, William Arthur, Shields Meats, Toms of Maine, and Digital Research. The town should seek to fully understand the needs of these industries. They should tour these businesses and interview the owners/operators of them. It should work to ensure that the town is doing its best to retain them. There may be other businesses in town that the research has not discovered. The EDC should work to identify all dollar importing businesses. All recruitment efforts of businesses in these sectors should support existing businesses and not create additional competition. Interviews with these companies will reveal supporting industries, such as suppliers and service contractors that would support these key industries.

#### 2) *Develop a business incubator building for specialty foods*

Maine has an excellent national reputation for quality. Kennebunk's reputation and name brand excels Maine's reputation even higher. Products that need a sound reputation to sell itself should take advantage of this opportunity. Some products are less sensitive to this need. Take, for example, paint brushes. Painters are more likely to choose a brush based on the name brand as opposed to where it is made. Food is different. Location of the food source and the production facility is tightly tied to the product. Specialty foods are even more sensitive to location. No one would expect to get high quality orange juice from Nebraska, or maple syrup from Arizona, or world class lobsters from Illinois. Kennebunk has a unique opportunity to use its name to attract specialty food producers who can in-turn benefit from a Kennebunk address.

The US specialty food market is a 54 billion dollar business. Organic food is a 17.7 billion dollar business and has grown about 20% per year for the last ten years<sup>1</sup>. Increasing demand for higher quality food

---

1

Organic Trade Association's 2007 Manufacturer Survey, Executive Summary

is seen nearly everywhere. Evidence of this is the increases in artisan bakeries, micro-breweries, local wines, locally roasted coffees, farmstead cheeses, organic vegetables and farmers markets. Quite possibly globalization has created a counter-action that is manifesting in the “buy local” “Slow Food” movement. Recent food recalls from China have only heightened awareness in the importance of knowing the source of your food.

The Kennebunk name is one of the most valuable assets the town has and specialty foods is a way to convert this asset into local jobs. As the economic data in this study show, the food manufacturing sector in York County is concentrated here, it is a growing and healthy industry, and it pays good wages. The reason we complete a comprehensive economic study of the region is to determine how Kennebunk can benefit from, or find a unique niche within, the larger economy of which it is part. The food industry is precisely this opportunity for Kennebunk.

The Kennebunk Economic Development Corporation should create an incubator building for specialty food businesses. Two critical components of the building would be (1) an anchor tenant and (2) a shared use commercial kitchen. The anchor tenant would be an existing established food manufacturer. They would provide a base occupancy of the building and may become a purchaser of the products from the start up businesses. The shared use commercial kitchen is for multiple start-up specialty food companies to produce product. A commercial kitchen is the largest capital expense of a food company and is often underutilized by fledging businesses because of the time they spend packaging and marketing. A shared use kitchen increases the economy of scale of the capital equipment and lowers the cost for all users. Each company would also have private administration offices and storage.

Establishing a shared use commercial kitchen and incubator building is a long term economic development project. Feasibility research on this opportunity should be conducted by the KDC. The feasibility study should cover:

1. Demand analysis: a process that will uncover likely tenants, including interviews with potential anchor tenants, and identifies critical amenities to attract tenants.
2. Administrative structure: The governance, administration, and corporate structure of the entity are created here. Also described here is how the facility will be operated and by whom.
3. Regulations and licensing: Research to identify the regulatory issues of a commercial shared use kitchen.
4. Facilities and equipment: Inventory and cost sheet of the necessary equipment to attract the right companies.

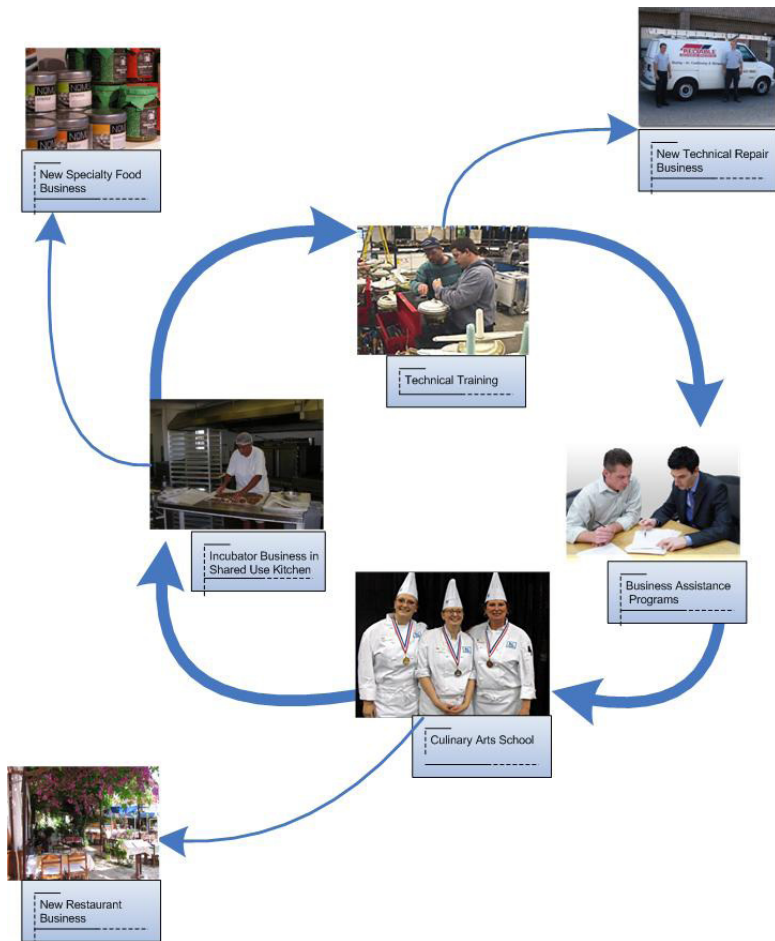


5. Financing issues: How will the project be financed?  
What is the plan to break even?

The EDC and the town should engage a study committee to follow these steps. Additional resources regarding these facilities are located in Appendix 8.

3) *Create a synergy in the food industry*

An opportunity exists within the food industry in Kennebunk to create synergistic effects between different food related businesses. Trade schools teaching large appliance repairs and mechanical systems, a



**Kennebunk's Food Manufacturing niche**

vocational school teaching culinary arts, a downtown seeking more restaurants and foot traffic, a shared use commercial test kitchen, a business equipment leasing program, and Kennebunk's tourism industry all can help support one another better than any one of them can support itself on its own.

The culinary arts should be one of the technical training opportunities that Kennebunk offers (under Goal 4 above). A search for national-

ly recognized culinary arts schools in the United States showed that there were none in Maine. The closest one was in Springfield, Massachusetts. Some of Maine's technical colleges (in Wells, Auburn, Bangor and South Portland) did offer related training (See Appendix 9). However, this is often more geared toward the hospitality industry, and the technical aspects of commercial food preparation. The "arts" aspect of the culinary arts is deemphasized and the names of these schools do not carry national prestige. A nationally renowned culinary arts school would be a good fit in Kennebunk. It is a clean industry and part of the creative economy. It would import students and would serve the rest of the state's tourism industry well. The numerous high end tourist resorts in Maine would benefit from a nearby school and graduates would find potential employers nearby. If the school was located on Main Street in downtown Kennebunk then a retail restaurant could be part of their operations, thereby serving multiple community goals – providing jobs, increasing nightlife, and increasing foot traffic in the downtown.

Graduates from the school could also benefit from the Business Equipment Leasing Program recommended above. Graduates stepping out of the school will already know the Kennebunk market. A local business assistance program (through the capital equipment program and small loans) can help them establish a new restaurant business in Kennebunk instead of leaving town. After two or so years, the equipment that helped start the new entrepreneur is either completely owned by the entrepreneur or returned to the equipment program. It is then restored by the technical school students learning appliance repair and mechanical systems.

The new restaurant or retail businesses that was helped by the town two years ago, is now capturing more of the tourism market that previously went to neighboring municipalities, while at the same time providing better retail and restaurant options to Kennebunk residents who used to leave town for these types of purchases (as shown by the data). A synergy is created by a technical training program, a culinary arts school, a shared use commercial kitchen, the Kennebunk name, and two business assistance programs all working within the food industry and helping each other while achieving multiple economic development goals for the town.

#### 4) *Recruit Business and Professional Services*

Business and professional services are growing industries and the data show that Kennebunk does not have a high quotient of them except for the financial and banking industry. Similar to the food based incubator building concept above the town can also encourage the relocation of new office based businesses to Kennebunk by encouraging the construction of new offices in town.



The town should work to retain and recruit the following types of business services:

- Back office business support services
- Document preparation and editing services
- Call centers
- Customer service centers
- Private mail centers
- Private employment recruiting services
- Collection agencies and credit bureaus

There is also a wide variety of professional services that should be encouraged. The town should help to ensure that there is ample office space for:

- Architectural and engineering services
- Interior design
- Geophysical analysis
- Support services for the marine industries, shellfish farming, and fishing
- Computer services
- Graphic design
- Testing laboratories
- Scientific research
- Research and development
- Marketing, public relations, and media services
- Financial services
- Commodities and securities brokerage
- Portfolio advice and management
- Insurance carriers, agencies and brokers

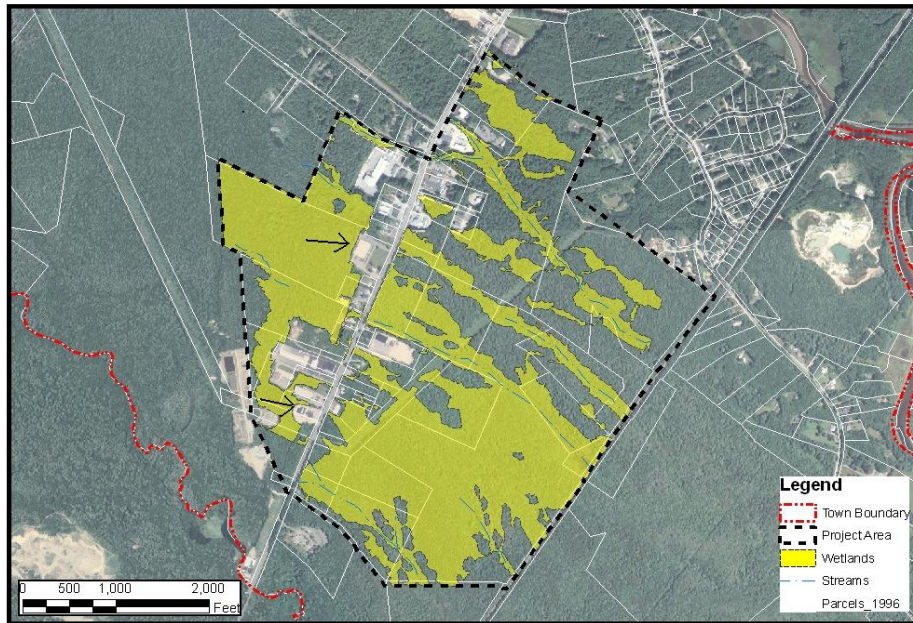
Recruiting similar and supporting businesses in growing key sectors is a long term effort that involves a lot of personal contact with industry leaders and monitoring industry trends. Employer recruitment cannot be done by a volunteer board or a temporary committee. It must be a paid position and the person must be authorized to represent the town. The recruiters must know the industry. They know growth trends, they read trade journals. Kennebunk is advertised in these journals and the recruiter is part of the industry's network. The recruiter is on list serves and mailing lists. The recruiter attends industry trade shows and conferences. This is a full time job. The town should consider hiring an economic development professional to complete these tasks and the remaining tasks in this report.

##### 5) Expand Sewer Service down Route 1 South

The town hired a consulting firm to complete a detailed analysis of wetlands and other environmental building constraints in the Business park district along Route One south. The results are inconclusive. The report shows that there are many wetlands and that approximately 36 acres of new land could become available for commercial development if the wetlands that are impacted by development are mitigated. In other words, new wetlands would be created to replace the lost ones. However, mitigation is not at a 1:1 ratio. The mitigation plan

may not work if the regulatory agencies require mitigation ratios that are too high. The town should engage in this conversation immediately and definitively resolve the issue.

Regardless of the results of the wetland mitigation issue, the town should extend the sewer for two important reasons. First, sewer service in this area could likely lower the wetland mitigation ratios to work-



able levels. Secondly, there are at least two businesses located on this road that are identified as key drivers of the local economy. Retaining these businesses should be top priority of the town. Sewer service will allow them to expand and their investments will keep them in town. Even if the developable lands do not increase there are still vacant acres outside of the wetlands than can be developed.

6) *Hire an Economic Development Professional*

Much of the work identified in this implementation section will require a sustained long term effort. It is not reasonable to assume a volunteer group of citizens, many of whom work full time, will have the ability to implement this plan. Kennebunk's TIF funding allows for a paid coordinator. This is strongly recommended by the author.

## XII. Next Steps

The primary objective of this study was to analyze the larger economy within which Kennebunk operates and to determine the town's unique advantages in creating local jobs and a sustaining a healthy local economy. The regional and local economy was analyzed in great detail. The economic perspectives of employment, housing, demographics, employer purchasing patterns, imports and exports, wages and salaries, and the overall economic impacts of each industry were analyzed. The strengths and weaknesses of Kennebunk were also studied.

The resulting information led to a series of implementation recommendations. There are a total of 26 implementation actions in all. Each addresses a different goal and requires a different length of time to complete. More importantly, each recommendation will require unique skills from a wide range of individuals. Some recommendations will require feasibility studies and further detailed review to improve the probability of success. Others can be started right away. Each recommendation must be studied and should have its own individual implementation plan. This is the work of the Economic Development Committee, town staff, and other specially appointed task forces.

Another critical next step is for the Select board to officially approve this plan. In doing so they imply that this plan can and should be integrated into other town plans and policies. The Select board should also appoint the numerous task forces and special committees referenced in this plan.

Funding the recommendations of this plan is essential. Each recommended action will have different funding options. Therefore each recommendation should be studied to determine what funding sources most appropriately match the action. The town's TIF funding priorities should be modified to implement these recommendations. Several of the recommendations are appropriate for TIF funding including: the revolving loan fund; the business equipment leasing program; downtown revitalization; pedestrian improvements; master planning the Suburban Commercial district; expanding the sewer; and creating the two incubator buildings.

Several of the recommendations can be started right away with little or no funding. Most of the recommendations under Goals 1, 2, and 3 can be started immediately such as the workshops and business resource guides. There are several state and national agencies that can help and there are several models and examples that can be followed.

This document is not simply an analysis of the economy; it is a call to action. No doubt, as the recommendations develop details they will bend and shape to what is most appropriate for Kennebunk. This plan is a guide, a road map, as to how to improve the local economy. It does not document every bump you will encounter. They must be navigated as they are encountered. What's important is to start, and start now.