

State and Regional Economy

Understanding the State and regional economic picture is important to the development of a realistic and achievable economic development strategy for the Town of Poland. Following is a discussion of the State and regional economy, strategic objectives and current initiatives that could have a bearing on Poland's economic future.

Overview of the State Economy

According to the Maine Department of Labor, economic conditions in Maine improved in 2004, as unemployment declined after rising for three consecutive years. The annual average unemployment rate fell from 5.0 % in 2003 to 4.6 in 2004, and remained below the national average for the seventh consecutive year. The annual average number of non-farm wage and salary jobs in Maine increased by 7,100 to an average of 613,900 in 2004. This gain follows a slight increase of 300 jobs in 2003 and a loss of 1,600 jobs in 2002. Non-farm jobs increased by 1.2 % between 2003 and 2004 in Maine, slightly above the growth rate of 1.1 % nationally. This was the seventh consecutive year that Maine outperformed the nation.

Service-providing industries continued a long-term trend of growth, adding 7,500 net new jobs in 2004. Health care and social assistance (+3,400), retail trade (+2,200), government (+1,200), leisure and hospitality services (+800), educational services (+500), wholesale trade (+300), and information (+200) each added jobs. Not all service-providing industries added jobs, as professional and business services (-600), other services (-300), and financial activities (-200) each recorded job losses. Goods-producing sector jobs declined by 400. A gain of 500 construction jobs was more than offset by a loss of 1,000 manufacturing jobs. The manufacturing job loss between 2003 and 2004 was a significant reduction in recent annual job losses (-3,900 between 2002 and 2003, -6,600 between 2001 and 2002). Several manufacturing industries recorded small job losses, with the largest being a drop of 500 in paper manufacturing.

Total personal income in Maine increased 5.5 % between 2003 and 2004 to \$40.3 billion. This compares to a national growth rate of 5.7 % and a New England gain of 5.9 %. Personal income is the sum of income received from earnings from work; dividends, interest, and rent; and transfer payments.

All major non-farm industries, with the exception of nondurable goods manufacturing, registered total earnings increases. The fastest rate of growth was recorded by real estate, rental, and leasing at 12.6 %. Information workers were second with an increase in earnings of 9.6 %, followed by health care and social assistance (9.2 %). Earnings in nondurable goods manufacturing remained unchanged over the year.

Per capita personal income in Maine rose 4.8 % between 2003 and 2004 to \$30,566. This was the 24th highest rate of increase among the 50 states, and was slightly above the national growth rate of 4.7 %. The Maine 2004 per capita personal income ranked 30th of all states compared to 28th in 2003. Maine per capita personal income stood at 93 % of the national average in 2004. Per capita personal income in the other New England states ranged from 100 % of the national average in Vermont to 138 % in Connecticut.

State Economic Development Strategy and Initiatives

Increasing economic opportunity for the people of Maine is one of Governor Baldacci's top priorities. Economic growth occurs through business retention, business expansion, business creation and business attraction. To achieve each of these factors, the State has developed an economic development strategy to address four economic drivers: (1) the creation of a fair and stable business environment to attract investment to Maine; (2) investment in people; (3) a clear focus on key sectors of the State's economy; and (4) building infrastructure. Table 3 illustrates the main focal points of the Governor's economic development strategy.

Table 3
State Economic Development Strategy
(A Summary)

Mature Industries	Emerging Industries	Cross-Cutting Issues
Forest Products	Biotech and Biomedical Research	Entrepreneurship
Marine Related Activities	Financial Services	The Creative Economy
Precision and Niche Manufacturing	Radio Frequency Identification (RFID)	Small Business Support
Tourism		

Overview of Regional Economy

From an economic perspective Poland is influenced by a larger regional economy. While Cumberland County certainly has an influence on the Community, it is the tri-county regions of Androscoggin, Oxford and Franklin that have and will continue have the major economic influence on the Town of Poland.

In evaluating the regional economy, it is important to review the demographic, socioeconomic and labor force characteristics and the economy and industry of the region. This information was derived from the regional Community Economic Development Strategy (CEDS) produced by the Androscoggin Valley Council of Governments (AVCOG), and the Labor Market Digest produced by the Maine Department of Labor.

Demographic, socioeconomic and labor force characteristics:

Types of Employment:

- Dominance of non-manufacturing versus manufacturing employment in the tri-county area in 2002: service providing 64% (including: trade, transportation and utilities, information, finance activities, professional and business services, education and health services, leisure and hospitality, and other services), manufacturing (16.1%), construction (5.1%), government (13%), and natural resources/mining (1.1%).
- State of Maine: services (66%), manufacturing (11.2%), construction and natural resources (5.3%), government (17%).

Lumber/Wood Products and Furniture/Fixtures (Source: Maine Department of Labor)

- In the tri-county wood products manufacturing employed approximately 1,850 people in 2002, roughly 27% of the State of Maine figure.
- Employment in manufacturing wood products in the tri-county by Labor Market Area: Farmington LMA 500; Lewiston-Auburn MSA 480; Norway-Paris LMA 450; Rumford LMA 420.

Paper Manufacturers: Mead Paper Corporation, Rumford, International Paper, Jay, Masonite Corporation (Division of IP), Lisbon Falls and Wassau-Mosinee Paper Corp., Otis Mill - Jay. (Source: Pulp and Paper Association, March 2001)

- Employ 2,780 workers or 27% of all the pulp and paper industry workers in the State of Maine
- Combined payroll of \$193 million dollars.
- Spent \$121 million dollars locally and \$282 million statewide.
- Capacity to produce 32% (or over 6,100 tons/day) of the total State of Maine pulp and paper product.

Agriculture (Source: 1997 Census of Agriculture)

- The value of agricultural products from Androscoggin, Franklin, and Oxford Counties was \$87.5 million dollars, a 14.5% decline from 1992. This represents approximately 20% of State of Maine gross market value.
- There are 869 farms in Western Maine, a 1% increase since 1992, covering 159,955 acres, a 2% increase since 1992.

Retail Sales Androscoggin Economic Summary District: Consumer Retail Sales (Source: Maine State Planning Office; District includes Lewiston-Auburn, Lewiston-Auburn Suburban, Paris, Rumford, Farmington, Livermore and Rangeley.)

- For the years 1999 through 2003, total consumer retail sales experienced growth of 3.4%. Building supply sales grew 8.8%, followed by general merchandise 5.1%; auto stores 3.2%, restaurant & lodging 3.2%, other retail 1.3% and food store sales decreased 0.6%.
- From 2002 to 2003, overall retail sales grew by 5.2%. Building supply sales grew 10.4%, general merchandise 5.8%; auto stores 4.8%, food stores grew 4.6%, restaurant & lodging 3.4% and other retail sales 2.8%.

Tourism

- The region encompasses 3 of the 5 largest lakes and 4 of the 5 largest mountains in the State of Maine.

Tourism Revenues

- In 1998 lodging and restaurant sales in the Western Maine Lakes and Mountains region, which includes Androscoggin, Franklin and Oxford Counties, plus the Sebago Lake region, increased 12%.
- An estimated 1.2 million travelers visited the Western Maine Lakes and Mountains region in 1997, making it the 5th most popular destination in the state.

- Most travelers to Western Maine choose the region as a primary designation for their vacation rather than a pass-through, with the most popular activities being touring, skiing, special events, and relaxing in country settings.
- Visitors ranked the top 5 strengths of Western Maine as a vacation destination as: beautiful scenery, excellent family atmosphere for adults and children, good opportunities for boating, water sports, and camping, and safety.
- 8 of 21 licensed downhill ski facilities in the State of Maine are located in Western Maine.
- In 1996 an estimated \$87,951,844 was spent in Franklin County by tourists. The total full time equivalent jobs created from the tourism industry was 1,949.

Defense Dependence (concentrated in Southern Androscoggin County)

Brunswick Naval Air Station (BNAS)

- Congress authorized a base realignment and closure (BRAC) round in 2005 that could impact the naval air station in Brunswick. BNAS serves as the only Naval Air Station in the Northeastern United States. A defense dependency analysis completed in the 1990's indicated that approximately 300 residents of Androscoggin County were directly dependent on BNAS for employment and over 80 businesses contract directly with BNAS and BIW for work.

Bath Iron Works (Source: BIW 4/00)

- 1,485 employees are residents of Androscoggin County. This constitutes 19.5% of the BIW workforce (7,600).
- Annual sales of \$1 billion, \$300 million payroll, \$120 million benefits and \$13.3 million state payroll taxes.
- \$220 million in investment by General Dynamics for the modernization of BIW. Over 200 vendors/contractors valued at \$40 million and will increase to over \$90 million by completion of the project. Creation of 400 construction jobs associated with the project.

Maine's Exporting (Source: New England Indicators, Federal Reserve Bank of Boston)

- From 2002 to 2003, Maine's exports grew faster than most other New England states and grew more than double the national rate.
- Computer and electronics and the paper industry grew the most with computer and electronics growing 13% and paper growing 7.8%. Forestry and logging declined slightly by 0.3%.

Table 4
Summary of Demographic Data

TRI-COUNTY INCOME

	# of Households	Less than \$10,000	\$10,000 to \$14,999	\$15,000 to \$24,999	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 to \$149,999	\$150,000 to \$199,999	\$200,000 or more	Median income (dollars)	With earnings
Maine	518,372	53,259	39,231	76,633	73,614	94,848	100,423	43,341	24,348	5,866	6,809	\$ 37,240	406,912
Androscoggin County	42,095	4,703	3,087	6,718	6,112	7,627	8,351	3,228	1,467	324	478	\$ 35,793	32,885
Franklin County	11,772	1,384	1,122	2,148	1,890	2,202	1,853	728	278	84	83	\$ 31,459	9,146
Oxford County	22,321	2,436	1,881	3,800	3,493	4,239	3,972	1,563	651	131	155	\$ 33,435	16,925

PER CAPITA INCOME 1999

Maine	\$19,533
Androscoggin County	\$18,734
Franklin County	\$15,796
Oxford County	\$16,945

FAMILIES IN POVERTY

	Families	With related children under 18 years	With related children under 5 years
Maine	342,431	165,522	56,068
Androscoggin County	27,480	13,611	4,951
Franklin County	7,807	3,661	1,172
Oxford County	15,236	7,052	2,250

Source: Department of Labor, 2002

Economy and Industry:

The Town of Poland is located within the Lewiston-Auburn Metropolitan Statistical Area (L/A MSA). The L/A MSA include the communities of Auburn, Greene, Lewiston, Lisbon, Mechanic Falls, Poland, Sabattus, Turner and Wales.

Table 5
Lewiston-Auburn Metropolitan Statistical Area
Non-Farm Wage and Salary Employment 2001 to 2002

	2001	2002	% Change		2001	2002	% Change
Goods Producing	9,180	8,810	-4.2%	Service Providing	31,490	32,280	2.45%
Construction	2,320	2,240	-3.5%	Transportation/Utilities	9,890	9,790	-1.0%
Manufacturing	6,850	6,560	-4.4%	Wholesale Trade	1,300	1,270	-2.3%
Logging	10	10	0%	Information	730	690	-5.8%
Durable Goods Manufacturing	2,390	2,280	-4.8%	Finance, Insurance, Real Estate	2,670	2,910	8.2%
Wood Product Manufacturing	510	480	-6.2%	Professional and Business	5,110	5,710	10.5%
Fabricated Metal Manufacturing	370	410	9.7%	Education & Health Services	8,300	8,310	.12%
Non-Durable	4,460	4,280	-4.2%	Leisure and Hospitality	3,150	3,200	1.5%
Food Manufacturing	440	440	0%	Other Services	1,640	1,670	1.8%
Printing/Publishing	630	660	4.5%	Retail Trade	7,050	7,000	-.71%
Leather & Leather Products	540	470	-14.8%	Government	5,030	5,440	7.5%
Textiles	730	700	-4.2%				
Paper Manufacturing	830	820	-1.2%				
Total Non-Farm Wage and Salary Employment					45,700	46,530	1.78%

As illustrated in Table 5, the sectorial employment for the L/A MSA is very diverse. Highlights on employment by sector follows:

- Total employment in the MSA was 46,530 up 1.7% from 45,700 in 2001. 18.9% goods producing jobs, 69% service providing jobs and 11.7% government jobs.
- Manufacturing accounted for 6,560 or 14% of the jobs in LA.

Transportation and Utilities make up 21% of service jobs, education and health services 17.8%, professional and business services 12.2%, leisure and hospitality 6.8%, finance, insurance and real estate 6.25%, and information jobs 1.48%. *totals do not equal 100% because some categories are subcategories of a larger sector. The L/A MSA include many large employers in the health services, retail/telemarketing, and manufacturing sectors. As of September 2002, the largest employers with over 500 employees included Sisters of Charity Health Systems, Central Maine Medical Center, Banknorth Group, Lewiston School Department., Bates College Auburn School Department., Tambrands, Inc., Perrier Group (Poland Spring Water), Panolam (Pioneer Plastics). (Source: MDOL).

Over the past two years, the Lewiston/Auburn MSA closely mirrored the State of Maine's unemployment rate. Unemployment was highest at 5.5% in January 2002 and was at it's lowest in July and August 2003, at 3.6%. For most months unemployment rates have remained at or below the State average for most months. Since November 2003 Lewiston-Auburn MSA unemployment rates have been 5% to 9% lower than the State average. In March 2004 the L/A rate was 4.7% compared to the State's rates of 5.6%.

Regional Economic Initiatives

While State strategies and initiatives are important to gain an overall perspective, analysis of regional strategies and efforts are critical to developing a realistic and achievable economic development program for Poland. As discussed above, Poland is located in the midst of a tremendously robust regional economy. Thus, planned and current economic activities in adjacent communities will have a profound impact on Poland and can create opportunities to enhance its tax base.

Economic development projects within the region are evaluated and monitored on an on going basis in the CEDS process, in order to determine the readiness of the project and in what time frame projects are expected to be ready for implementation. This includes economic development planning activities and infrastructure projects.

Economic Development Project Status:

Following is an analysis of economic development projects in the region that would have an impact on Poland and that are either in the planning or implementation stage.

Industrial Park – City of Auburn – The City of Auburn has been seeking to develop an industrial park adjacent to the L/A Airport and the town boundaries of Poland. The purpose of this new facility is to build upon and expand Auburn’s presence as one of the most significant logistical and transportation hubs in the northeast and to leverage their other investments in an intermodal facility. This area has been designated as both a Foreign Trade Zone and a Pine Tree Development Zone.

In April of 2005, The Auburn City Council voted unanimously to bond \$3 million to build the new 144-acre industrial park on land owned by the Auburn Business Development Corporation. Bisson Transportation of West Bath will be the first tenant. Company officials signed a letter of intent to build a \$13 million warehouse facility adjacent to the rail line. They will initially employ 100 workers in 2006.

Because of the location of this new industrial park, adjacent to the Town of Poland, there is a significant opportunity for the Town to benefit from future development in this area. Poland has property zoned for General Purpose along potential expansion corridors and has the rail line bisecting the community. Based upon preliminary discussions with City of Auburn officials, there is a tremendous opportunity to partner with this community on a portion of this new development.

Western Maine Office Technology Park (Norway, Maine) – Western Maine Development, a subsidiary of EnterpriseMaine.com, development agency for the Oxford Hills area, has submitted a pre-application for the development of infrastructure associated with establishing the park. They have a 161-acre parcel of land to establish a technology office park. In partnership with five communities in the Oxford Hills region they have been actively working on a plan to develop a first-class office park offering state-of-the-art telecommunications services and built to LEED standards. The Technology Park will include 10 buildings ranging in size from 15,000 to 40,000 square feet and will have advanced telecommunications and data services. The park will be surrounded by conservation land with public walking and nature trails, and will be designed to protect its panoramic lake, mountain and woods views. A speculative building may also be developed to support business attraction efforts. Western Maine Development has worked with representatives of several municipalities to put together a partnership structure that minimizes risks and maximizes returns that can be shared throughout the region.

Bates Mill – City of Lewiston/Lewiston Mill Redevelopment Corporation – The Bates Mill, located in the heart of downtown Lewiston, is of great economic and historical importance to the City. The redevelopment of the complex is a significant priority to the City's downtown revitalization efforts. To assist in implementing the Master Plan for the Complex, the City of Lewiston will seek funding through EDA as well as other public and private sources. The complex consists of nine major buildings containing approximately 1.1 million square feet on 12 acres. Currently, three mills have been fully or partially renovated. Future redevelopment will involve repair and plans of existing buildings to implement the actions outlined in the master plan.

USM LA College: In collaboration with the University of Southern Maine, Lewiston-Auburn College, along with the AVCOG and the Lewiston-Auburn Economic Growth Council, EDA funds will be sought to assist in helping the University acquire and rehabilitate a 38,000 sq. ft. former manufacturing facility which will allow the college to expand its research capabilities and academic offerings. The College, located in the Lewiston Industrial Park, currently enrolls 1,800 students. The college has been able to attract top notch scientists who are actively conducting their research on campus. An expansion of this facility is critical for the continued emphasis of research and development.