



Economic Development

Introductory section

The Aroostook and Washington County region has great potential to leverage its natural resource base and environment; its hardworking people; its proximity to Canada and Europe, and its inherent economic resiliency. Those that live here are individuals and families that have become “survivors” – doing whatever is necessary to secure adequate food, shelter and clothing in a very rural location with an extreme winter climate. Mere survival is not good enough and regional leaders are committed to an economic transformation that will reverse the economic and social decline of the past several decades.

We face two critical issues to shift from a condition of survival to sustainable prosperity.

First, our young people continue to leave for work (and lives) in other parts of our state and region, while we continue to complain, sometimes bitterly, about this circumstance. This is further exacerbated by having the oldest population in the nation, and workers that will be looking toward retirement in the near future. The 18 to 44 year old age group is the lifeblood of the workforce, and it is hovering at 30% of the total population. Below this, our local/regional economy will become unsustainable, according to several of the state’s leading economists.. When the pool of younger workers drops below this 30% threshold, companies struggle to find the workers needed to staff and operate their business; eventually causing them to either close or relocate.

The second issue creating a sense of constraint in northern and eastern Maine is our energy cost burden. The region’s citizens and businesses “survive” in a region with twice the national average cost burden for energy. Since energy is the primary input to economic performance, our region faces a greater barrier than most in the United States. The cost burden is driven by an 80% use of high-cost heating oil, a 16 cents per kilowatt electrical rate, and low household incomes as a result of a constrained economy.

So the challenge is clear. We must reverse this long-term trend of our children leaving for work elsewhere by promoting the good-paying jobs that do exist, while creating new jobs and opportunities in our regional economy. **Mobilize Maine**, an asset-based strategic planning process, offers the best hope of accomplishing this positive change. By engaging local and regional business leaders in establishing measurable goals that are then linked to assets (natural, business and human resources), job creation and business expansion is accomplished from within the region. The foundational premise is that business, municipal and non-profit leaders have the capacity to lead economic change if it is based on regional assets that are in our control.



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Findings

Aroostook and Washington counties have been trending downward in population, median age (aging workforce), median household income and percentage of total population in the work force for the past four decades. All of these issues are directly related to the continuing out-migration of young working-age people (18-44 year-olds) from the region that results in 1) loss of business due to recruitment issues, 2) less entrepreneurship, and 3) loss of services (healthcare and schools, most directly). Immediate actions need to be taken to retain our young people and lure others to the region; and it must be an initiative that includes and engages all aspects of our communities – business, educational and governmental.

The creation of new jobs, either through business expansion or business start-ups, has been faltering as well and one of the key factors to this problem is the high cost of energy (twice the national average). The Northeast is a high electrical cost region, but the Aroostook/Washington area has some of the highest rates, and coupled with our increased heating costs, creates a huge operating-cost challenge for business and industry. The result is that products and services are less competitive in the marketplace, businesses in the region are less stable and business startup and expansion is depressed.

Opportunities and Challenges that drive our strategy

Opportunities:

- Very active international border with Canada
- Expanded shipping opportunities at the Port of Eastport
- Available (and increasing) tillable cropland
- Expanding and diversifying value-added wood products
- Utilization of our renewable and alternative energy
- Expanding value-added processing of forestry, crop and marine resources
- Mining in northern Maine
- Expanded utilization of higher education resources

Challenges:

- High energy costs
- Mitigating distance to market
- Limitations on local economy's ability to support more businesses/service providers.
- Inability to capture more transiting tourism visitors.
- Reversing the prevalent negative mindset
- Lack of rail infrastructure connection to Port of Eastport
- Small number of "leaders" in the region
- General lack of business acumen/sophistication and lack of entrepreneurial training and assistance
- Accessing Canadian market
- Workforce training



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Analysis and Basic Conclusions

Mobilize Maine (MM) provides a strategic planning framework that:

- Forms a regional leadership team (the Aroostook Partnership for Progress Executive Board) that;
 - Establishes specific, quantifiable regional economic goals;
- Identifies indigenous human, natural, educational, societal and cultural assets and;
- Links those assets to particular regional sectors/clusters in a way that;
 - Identifies which of the sector/clusters has the best opportunity advantage, allowing for;
 - Selection of specific sectors/clusters for more detailed focus leading to;
 - Development of business propositions that create economic expansion and job creation in order that;
 - Regional economic goals established in Step 2 are achieved

The approach to asset based economic development focuses on the region's competitive strengths and opportunities. Systematic regional asset mapping has been completed in nine categories including tangible and intangible assets; natural, human/skills, knowledge, cultural/historic, geographic, excellence, infrastructure, government and innovation. The exploration and analysis of the regions assets has included a prioritization process consisting of a determination of assets that are “truly unique and indigenous” and that can be leveraged to reach the measureable economic vision. Output from this analysis are regional priority assets, targeted industry clusters, strategies and specific industry sectors for value chain mapping.

The region's priority industry clusters are ***Alternative Energy, Manufacturing, Agriculture, Forest Resources, Tourism and Marine Resources***. We will be paying particular attention to how educational institutions and workforce training resources address the changing structural job requirements to better support these clusters.

Through ongoing dialogue and consultation with business, educational and municipal leaders, regional goals have been established for the next five years. These goals reflect indicators that we believe will tell us what progress we are making in critical economic areas that spur growth and prosperity (See “2013 CEDS” in Resource Materials).



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Suggested Actions

1. Support a regional Education to Industry initiative connecting K-12 students to local business work opportunities;
2. Develop Workforce Center of Excellence model to better connect business to training resources, paying attention to expanding apprenticeships;
3. Expand Diversified Agriculture (small farm) initiatives that include connection to food systems (hub and coops), marketing and branding, and targeted agricultural project assistance;
4. Provide support for installation of rail access to the Port of Eastport;
5. Develop training and education programs to support forestry harvest and value-added wood processing workforce needs;
6. Continued promotion of conversion from oil to biomass for primary heating in homes and small businesses;
7. Further investigation on developing biomass heating appliance manufacturing in the region;
8. Promote new mining industry initiative;
9. Highlight and promote available good-paying jobs in the region;
10. Promote the use of wind, solar and tidal energy sources where they provide economic benefit and/or stability.



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Implementation Already Occurring

- Education to Industry working group formed to define a path forward on connection of middle/high schools to area businesses;
- Forestry working group formed that is looking workforce training and education issues; as well as, statutory and regulatory barriers to competitiveness for the forest products industry;
- Diversified Agriculture working group is formed and investigating market access, distribution and specific projects that would be supported;
- Third regional Biomass Fair will be convened in early April 2014;
- Regional tourism groups meet regularly to guide tourism training and marketing activities;
- Briefings held with state legislators on MNM and cluster focus;
- Expanded value-added wood processing (two new mills opening) that, added to growth in manufacturing, wind and tidal energy will add more than 600 jobs in the next year.



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Additional Resource Needs

- Funding for strategic convening discussions on the region's priority industry clusters; i.e., ***Alternative Energy, Manufacturing, Agriculture, Forest Resources, Tourism and Marine Resources.***
- Funding for rail expansion to Port of Eastport; including funds for the discussion and promotion of best alternatives;
- Funding for Education to Industry program;
- Funding for Forestry workforce training and regulatory barriers initiative; as well as for forestry-related manufacturing.

EXECUTIVE SUMMARY – WASHINGTON AND AROOSTOOK COUNTIES



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Attachments:

MNM Revised goals

Mobilize Leadership Teams

Sector Focus for MNM and MDEM

Meetings held