



Sunrise County Economic Council

Washington County Foundation Workshop

**June 28, 2012
9:00 – Noon**

**Kilburn Commons
University of Maine – Machias**

Mobilize Maine

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Foundation Workshop Agenda

- **Welcome and Introductions**
 - Harold Clossey- Sunrise County Economic Council
 - Cindy Huggins – President, University of Maine Machias
- **Mobilize Maine: Why Now?**
 - Mark Ouellette
- **Distinction: Asset vs. Needs**
- **Build a Regional Strategic Foundation – Input**
- **Work Plan and Schedule**
- **Washington County Economic Benchmarks**
- **60 Day Action Plan & QA**
- **Grow Washington/Aroostook**

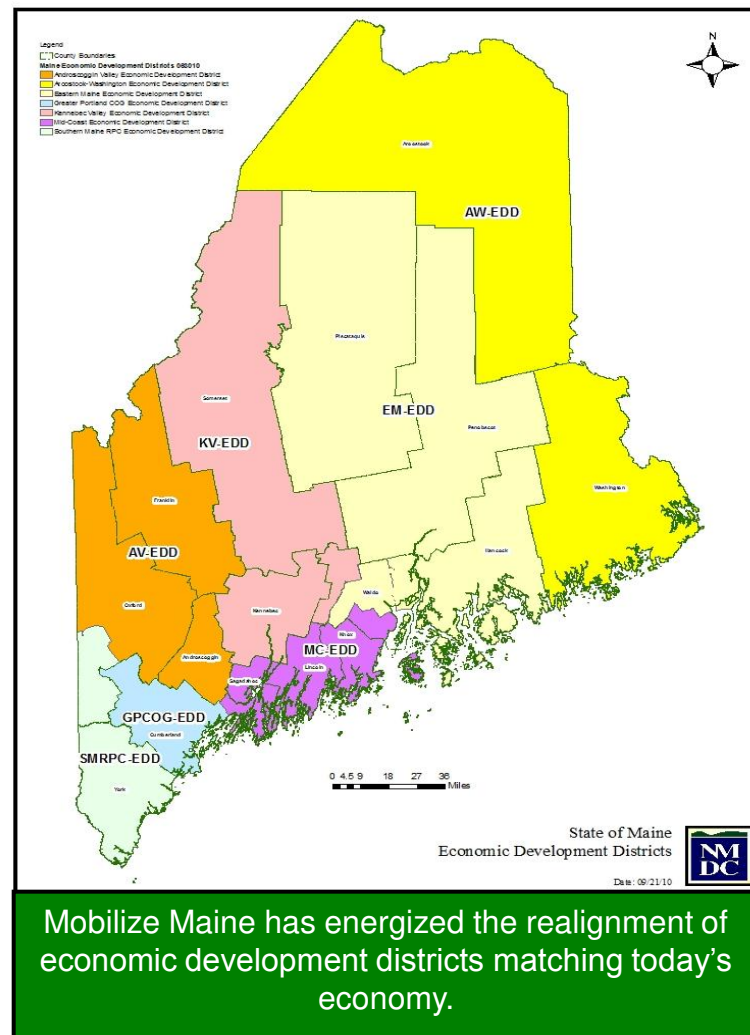


Why Mobilize Maine, Now?

- Maine's economy has been studied over the past two decades and NOW is the time to take ACTION.
- Job growth in Maine has lagged the US for 20 years and is projected to be 1/4th of the US growth rate thru 2018.
- Maine's economy is nearing a cliff, a dual demographic shock- a rapidly aging skilled workforce plus weak attraction and retention of 20-29 year olds.
- Maine has lacked critical mass to sustain collaboration among disparate economic, workforce and quality of place stakeholders – Mobilize Maine will be the catalyst!
- Maine must build a resilient economic framework to withstand the political and economic winds of change.
- A one size fits all economic development policy approach has not produced results, now is the time for a private sector led grassroots approach leveraging unique assets from each region.

Mobilize Maine Today

- Mobilize Maine has received \$575,000 for 2012 funding from the Federal Economic Development Administration
- Mobilize Maine has gained national attention including EMDC winning of a national award for using the Mobilize Maine model
- Aroostook County industry cluster strategies has resulted in over \$55M in investment attraction; biomass strategy, telecom, NMCC Alternative Energy Center of Excellence, infrastructure
- The Economic Development Administration (EDA) has highlighted Mobilize Maine in national speeches and website
- Maine State Chamber and Maine Development Foundation have endorsed and is supporting Mobilize Maine
- Mark Ouellette has assumed the Executive Director leadership of Mobilize Maine





What Makes It Different?

Key Issues Facing US Economy Today

- Significant changes in economic structure
 - Increased government intervention and control in private sector (Banking, Insurance, Auto industries)
 - Banking failures, & auto industry restructuring
 - Instability and volatility in financial markets world-wide
- Awareness and focus on local and global environmental issues
 - Natural resources and environment formerly regarded as exploitable resources and receptors of production stream waste residue respectively.
 - Now the same resources are recognized as important resources to be wisely used and held in stewardship for future generations.
 - Increased consciousness of transportation costs and environmental impacts shipping goods long distances.
 - There is significant interest and investment in “Clean Technologies.”
- Prevailing high unemployment
 - “Jobless Recovery” is prevailing outlook for 2012-2013
- Consumer confidence and spending is still Flat
- Cautious business spending patterns



Economic Change Impacts Regional Economies

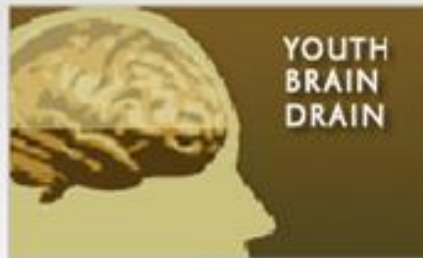
- Regional economies are competing against national economic strategies
 - The World is Flat...Boundaries are irrelevant...neighbors are not your competition
- Pace and volatility of change is increasing
 - Economic crisis is ultimate sense of urgency to drive desire to collaborate
- Environmental issues impact regional economies as much as economic crisis
 - Carbon footprint & security risks of extended supply chains are now in view presenting opportunities for regional economies to offer alternate solutions
- Trust in large scale capitalism has declined to level of the Robber Barons
 - Economic growth through innovation enabled by regional capital investment
 - New opportunities for sustainably scaled regional economies (produce and consume locally)
- Current economic crisis is accelerating change in human capital requirements
 - Linkage of workforce & economic development is critical to regional growth
- The cavalry is not coming to save the day...regions control their destiny
 - CED is everyone's job, regional capital & funding structures are critical



How Can Regional Economies Respond to New Reality

- Establish measurable visions & goals to replace project driven strategies
 - Need collaborative systems & networks to drive sustainable regional transformation
- Instill 24/7 mindset to respond to global 24/7 economic reality
 - Connectivity strategies are critical to connecting resources
- Replace traditional industrial attraction strategies with asset-based CED
 - Quality of Place is critical in a “live where you want, work where you live world”
- Develop regional Innovation Eco-Systems to **connect** innovation assets
 - Silo mentality and operations in incubator, SBDC, tech transfer, R&D, finance resources inhibit growth
- Commit to collaborative funding structures to take control of regions destiny
 - Regions must move away from “grant dependence” that drives priorities

CHALLENGES Facing Your COMMUNITY



Defining Community Economic Development (CED)

Community Economic Development

The process of creating wealth by mobilizing human, financial, physical, and natural resources to produce (generate) marketable goods and services.

In simple terms we can say that CED can be any activity which provides additional or better jobs and income, given the community's quality of life.

In its broadest sense CED is a concept that suggests the improvement in a way of living for which people have indicated a preference.

CED has one primary goal – Help people improve their prosperity and economic situations.



1970s Industrial Approach to CED

Managing the economy is the responsibility of the “government”, and is relegated to a few lonely practitioners operating in sealed silo areas of responsibility.



ViTAL Economy Approach to CED

Empower citizens, business leaders, and civic leaders to work together in collaboration taking control and stewardship of their economic future.



Economic Regions Need a More Relevant System Solution

ViTAL Economy Approach Components



Connectivity Enabled Strategy

Overview

- Approaches community & economic development (CED) from a practical, business standpoint--we are business strategists first
- Provides all the components needed to drive economic growth
 - Community and Economic Development (CED) Strategy
 - Business Finance & Investment
 - Business Innovation Ecosystem
 - Broadband Connectivity Plan
- Insures that all CED efforts are focused and consistent

3 Keys to Economic Transformation

Collaboration

*Builds Sufficient Critical Mass to Compete Globally, while
Emerging Cluster Strategies Assure Regional growth*

+

Connectivity

*Links Geographically Remote Resources to Increase Access, while
Creating Opportunity, Building Diversification, Enabling Collaboration*

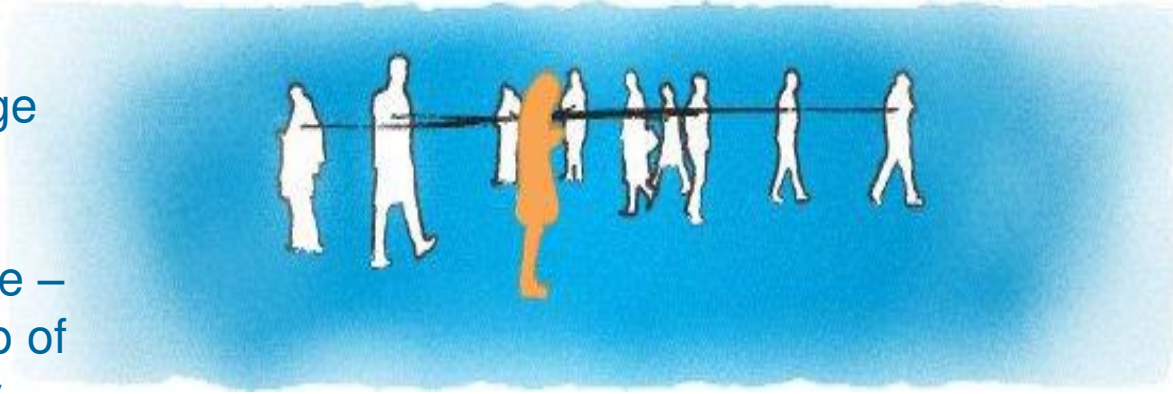
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Changed Spending

*Increases Productivity and Revenues
Opens New Markets, Expands Opportunity,
Establishes Measurable Benchmarks and Goals*

Leadership as a Catalyst

Community Economic Development should be an empowering process for change that brings together people for many sectors and walks of life together for a common purpose – Taking control and stewardship of your regional & state economy.



Such a transformative undertaking requires leadership from:

Vision Leaders

Innovation Leaders

Influence Leaders

Research Leaders

Collaborative Leaders

Education Leaders

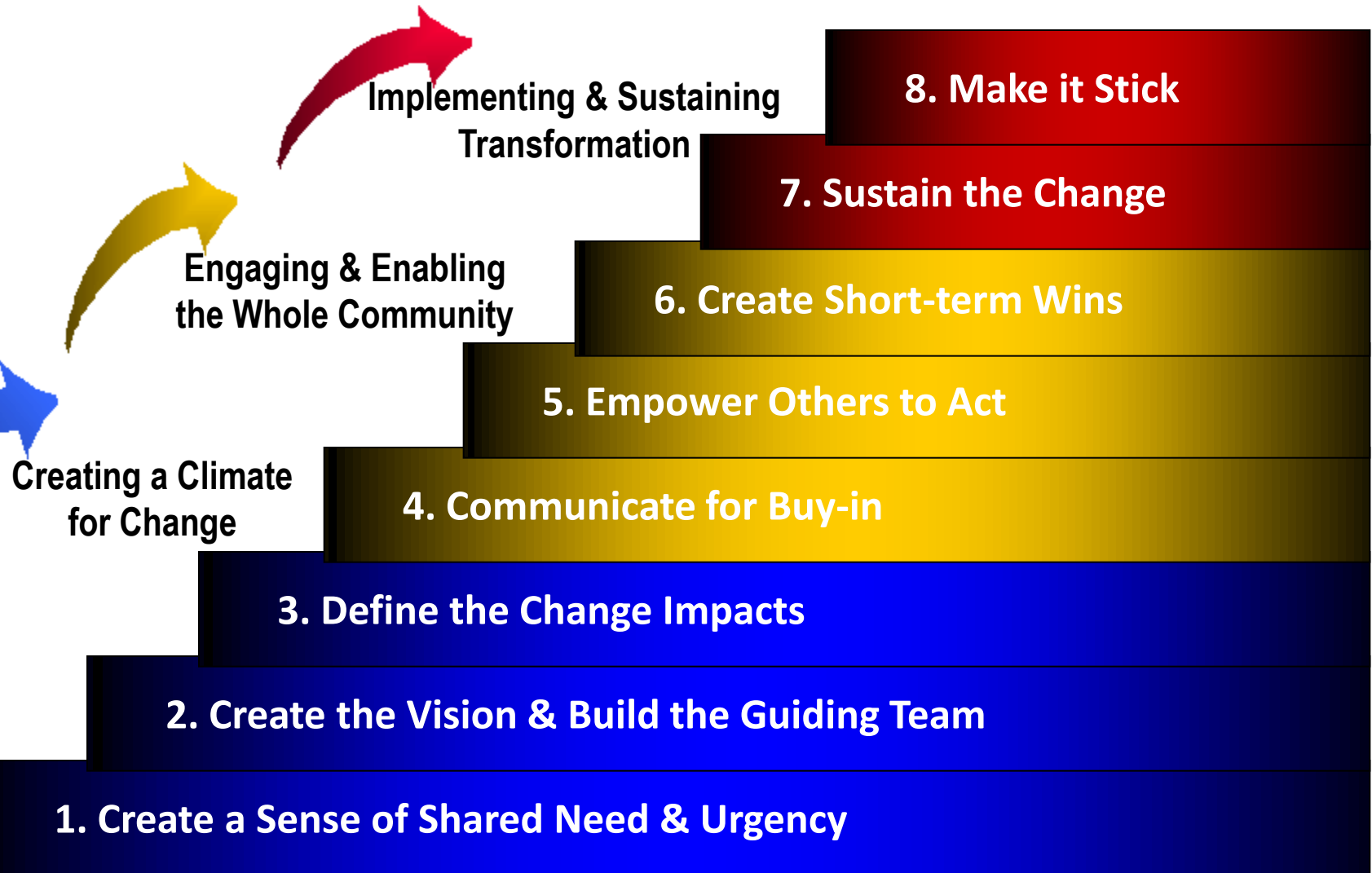
Economic Leaders

Connectivity Leaders

Project Management Leaders

Facilitating Leaders

Eight Steps for Leading Change



P



C

P=Producer & C=Customer

Friction is the cost of getting from P to C

P



C

Move Up the Value Chain, Capture Greater Share of Value Chain Margins, Increase Economic Prosperity

Regional Economic Swimming Pool!

CONSUMER SERVICES SECTOR

activities that directly and indirectly address the consumption demands of the local residents

EXPORT ACTIVITIES*

bring money into the region by selling goods and/or services of value and importance to national or international markets

IMPORT ACTIVITIES

bring in goods and services to serve the needs and desires of the community; but **capital** flows out



**the only source of new capital that the region can use to pay for goods and services to meet its needs and desires*

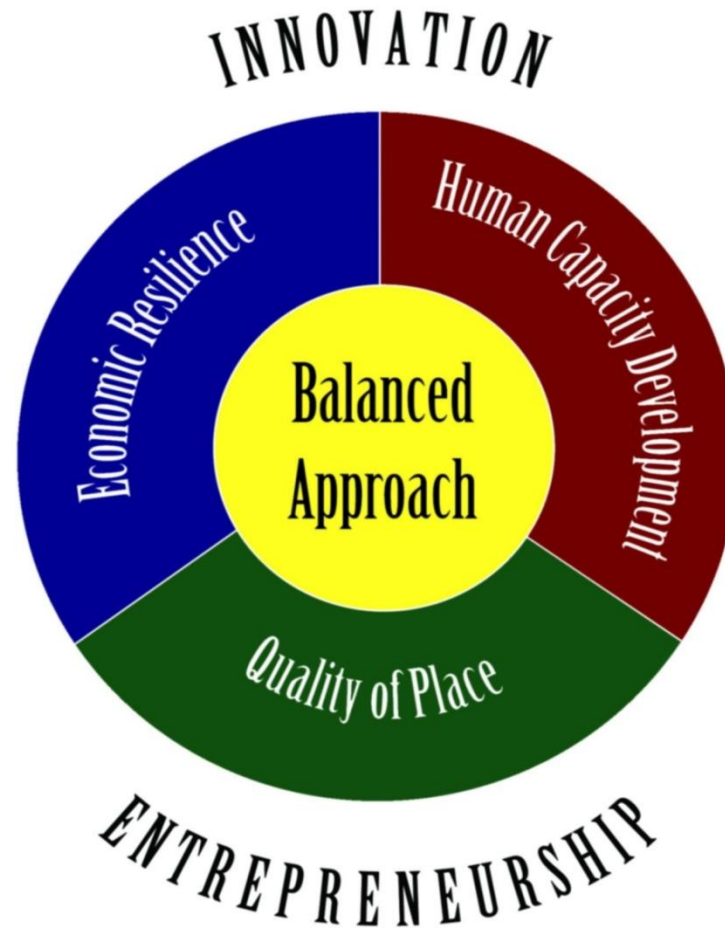
**Investment Attraction Keeps Filling
The Pool (Economy) with More Water (Capital)**

Asset-based vs. Needs-based CED

Strategic Categories

	Asset-based	Needs-based
Focus	Provides positive orientation; mobilizes unique community characteristics	Has a negative focus on problems; requires external resources
Leadership	Retains control of your economy (by local leaders)	Hands off control of design and implementation to external resources & agencies
Capacity	Strengthens confidence and CED knowledge and inspires local action	Relies on others knowledge & expertise, believing the cavalry is coming!
Collaboration	Connects existing resources & assets at a grassroots level increasing participation	Reinforces competitiveness, fragmentation and protectionism
Resources	Identifies, leverages and sustains indigenous assets in the community's control	Relies on shifting outside resources, policies and decisions
Growth	Leverages existing resources first; speeds growth and investment attraction	Highlights liabilities and weakness that limits growth and investment
Measurement	Benchmarks the economy, establishes goals and evaluates progress regularly	Is at the mercy of shifts in state and federal policy, timeframes and reporting not linked to the local economy

Mobilize Maine Balanced Approach to a 21st Century CED System



What makes Washington County a special place?

- What makes the region special and unique?
 - What are the most valuable and desirable attributes of the region?
 - What does your future vision of the region look like?
- Natural Resources
 - Coastal Communities- pristine, safe and scenic
 - High Tide
 - Green energy
 - Waves
 - Highest Tides is U.S.
 - First sunrise in the U.S.
 - The people
 - Unique- culture, togetherness, adaptability, work ethic, high quality customer service, rely on themselves
 - Stubbornness, resiliency, vibrancy
 - The first navel battle of the civil war
 - History and Culture
 - Educational opportunities
 - University, Community College, and others like the Times Institute that bridges Canada and U.S.
 - Public Access to private lands
 - Largest ATV trail system in the U.S.- most on private land

What are the region's issues of Challenge and Opportunity

Challenges

- Resistant to change
- Helping educational institutions be more open to help- its not all about testing
- Access to internet
- Getting critical mass-not dense enough to affect change
- Heavy trucking destroys roads
- Need more Railroad

Opportunities

- ATV Trail system
- Organic farming/sustainable
- Several boarder crossings
- Add value to raw materials
- Fully engage older population as an asset to the economy
- 100's of artists and writers-creative economy (especially in summer)

What are the region's Sense of Urgency

- What is being said at the local café?
- What topics will motivate hundreds of citizens to commit time, talent & treasure?
- What are the unrealized opportunities, if were successful would have changed the region's internal and external perception?
- More education of small business owners
 - Understanding how to manage good and bad years
 - Not enough education about the financial side of business
 - More people need to be part of business training
- Keeping talented people in region
 - Can they make a great life here?
- What happens in 10 years if tourists go away, do we have a diversified enough economy?
- Affordable Housing
- Food security
- Energy security
- School funding formula is hurting us



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Plans are only good intentions unless they immediately degenerate into hard work. Peter Drucker

Phase 1 Plan and Timeline

Implementation of Mobilize Maine in the Washington County

Systematic four step “Asset Based” community economic development process

Region	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May
SMRPC	L	X	O		X	O	O	X	O	O	X	O	X

X- Milestone Meetings
O-Leadership Call

Foundation

- Leadership Team
- Existing Research
- Sense of Urgency
- Issues of Challenge & Opportunity
- Economic Benchmarking & Goal Setting
- Sustainability & Jobs
- Recruitment Plan
- Phase I Objectives

Discovery

1. Macro Indigenous Asset Mapping
2. One Industry Cluster Value Chain Mapping
3. Renewable Energy Sector engagement
4. Launch Action Teams

Connect

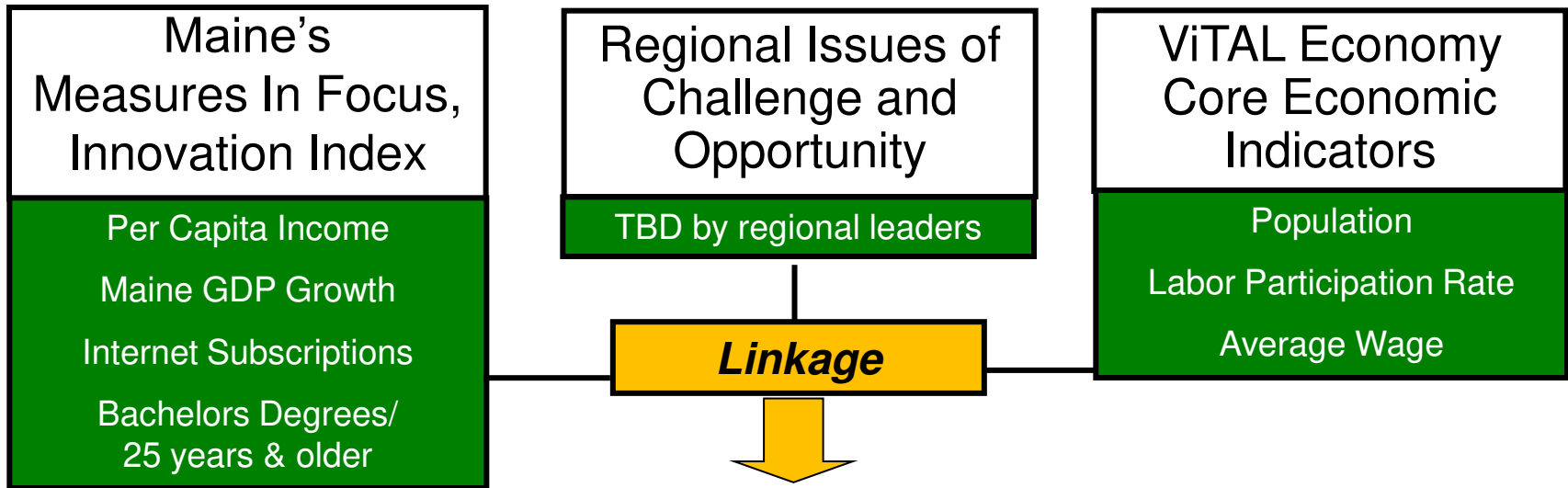
- Analyze Asset Mapping
- External Resource Identification
- Connectivity Strategy to Link Mapped Assets
- Prioritize Opportunities

Report

- Prepare Final Report
- Community Presentation, Celebrate Discoveries & Success
- Recommendations for Phase 2
- Implementation plans

Uncover and Pursue Short Term Wins – Create Regional Action Teams

Regional Benchmarking & Goal Setting



2017 AWEDD Regional Economic Vision



2017 Maine Statewide Economic Vision

Indigenous Resources mapping is the key to discovery and regional transformation

Natural

Human/Skills

Knowledge

Cultural/Historic

Geographic

Excellence

Infrastructure

Government

Innovation

Industry
Relationship?

How can the
resource be
leveraged?

What is the value of
the leverage?

Who will benefit
from the leverage?

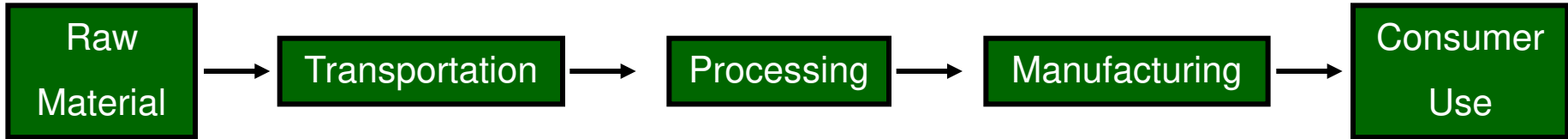
What resources are
missing to fully
leverage?

Industry Cluster Value Chain Mapping

Producer



Consumer



Mapping Elements
Value Chain Section Component
Economic Value in Region
Current Status
Primary Threats
Primary Trends
What are the unique qualities for characteristics?

Washington County, Maine (GDP = \$1.35B, Output = \$2.41B)

Outcome from Phase I

1. TAKE ACTION TO INFLUENCE POSTIVE & MEASUREABLE RESULTS
2. Establish a private sector leader core leadership team
3. Define common issues of challenge and opportunity
4. Benchmark the regional economy
5. Creation of a measureable economic vision linked to challenges & opportunities
6. Identification and prioritization of key unique regional assets
7. Identification of high value targeted industry clusters
8. Empowerment of action teams to pursue short term opportunities
9. Finalization of key regional and state economic development recommendations
10. Focus and define a path for Phase II

What else you would like to see be achieved?

Washington County Economic Benchmarks



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“If you can not measure it, you can not manage it” VITAL Economy

Size of the Washington County Economy

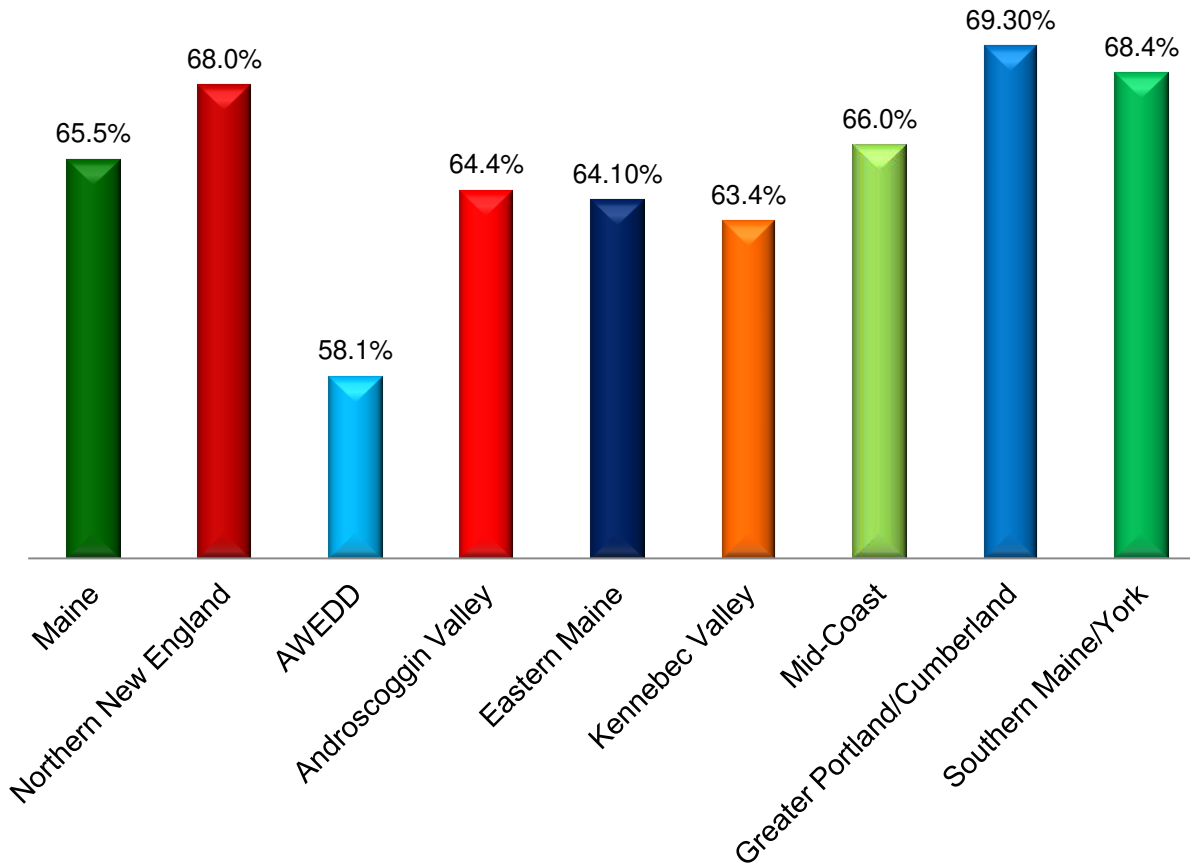
2010 Data in 2011 \$	Maine	Washington County	AWEDD Region
Total Employment (Jobs)	803,570	17,090	56,900
Wage & Salary Jobs	611,580	11,057	41,278
Earnings	\$ 32,164,337,000	\$ 680,583,000	\$ 2,336,825,000
GDP	\$ 66,411,740,000	\$ 1,352,850,000	\$ 4,637,976,000
Output	\$ 116,174,023,000	\$ 2,409,548,000	\$ 8,254,565,000

Using the CNNE Economic Scenario Model, we can analyze GDP and Output at the county level. GDP is the total market value of all final goods and service produced in the region. Output is the total value of the regional goods and services excluding intermediate inputs/local value.

2010 Data in 2011 \$	Maine	Washington County	AWEDD Region
GDP per Job	\$ 82,646	\$ 79,160	\$ 81,511

GDP per job divides gross domestic product (GDP) by the number of jobs in the region. GDP per Job is especially useful in comparing the productivity of one region versus another. It also indicates the value of work per job created, which rises when higher levels of value added skills are involved in the work product produced .

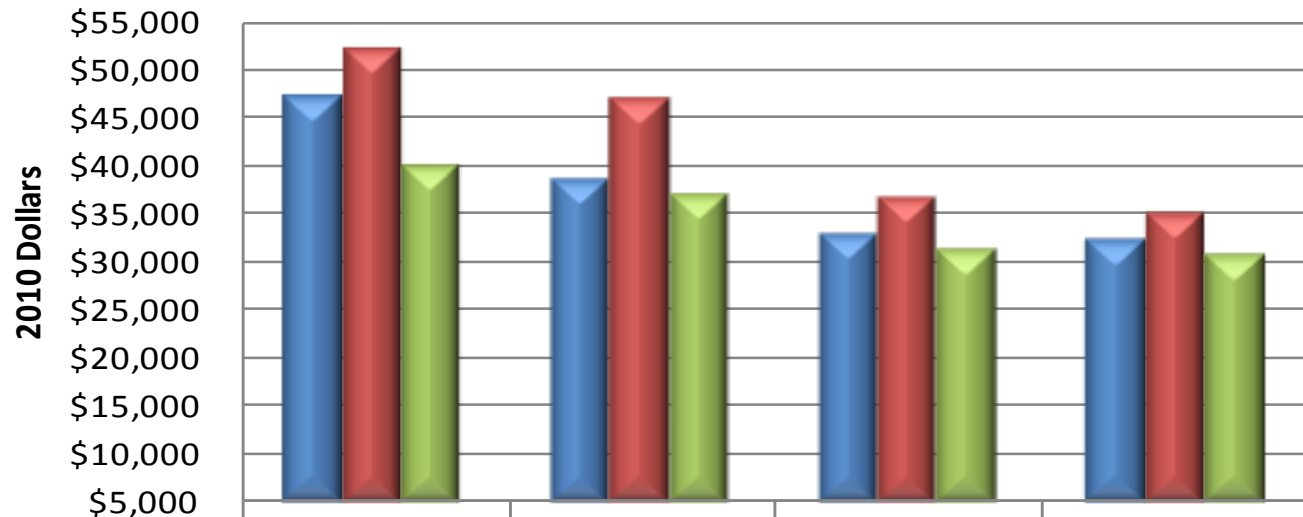
2011 Labor Force Participation



Labor Force Participation Rate (LFP), a measure of the percentage of people over 16 years of age actually working as proportion of the population that could be working.

AWEDD is very low compared to Maine, NNE, & U.S. Low LFP is usually considered to be a negative indicator.

2010 Average Wage Median Household Income & Per Capita Income



	US	Maine	Aroostook	Washington
■ Average Wage	\$47,046	\$38,570	\$32,772	\$32,132
■ Median Household Income	\$51,914	\$46,933	\$36,574	\$34,859
■ Per Capita Income	\$39,937	\$36,763	\$31,153	\$30,727

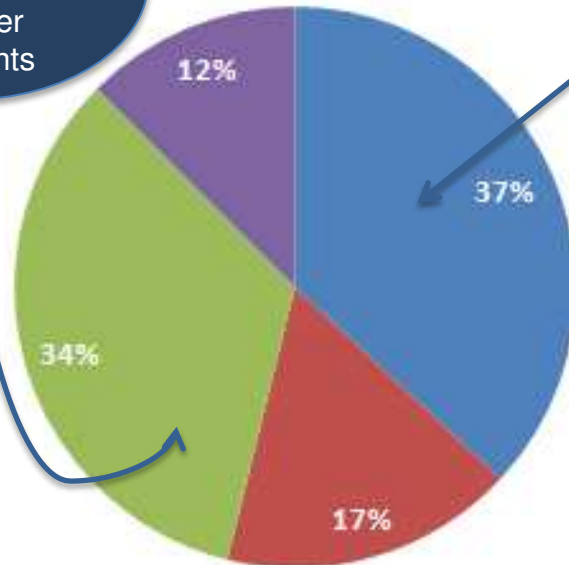
Wages and Salaries are a function of skills, productivity, and supply/demand forces as well as the structural make-up of the regional economy.

Sources of Income

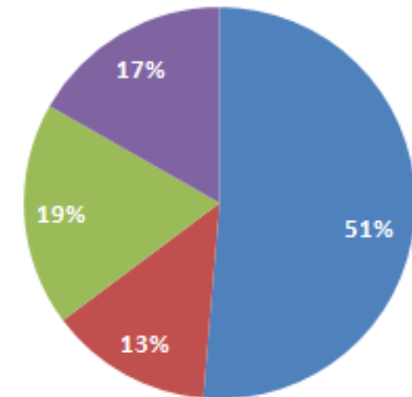
Washington County 2010

Note the HUGE proportion of Transfer Payments

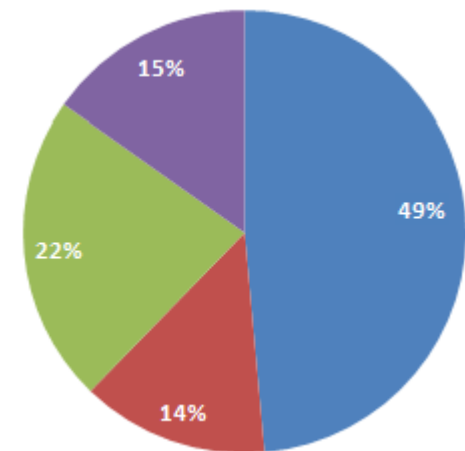
We are earning less of our living



US 2010



Maine 2010



In 2010, Washington County had over 63% of personal compensation generated from public or external sources.

An economic regions climate of innovation is directly related to its sources of personal income. When a regions sources of personal income is less than 60% from private wages and salary, its climate of innovation and comfort with risk is diminished. A region below 50% is at greater risk of economic stagnation and decline.

Washington County Age Demographics

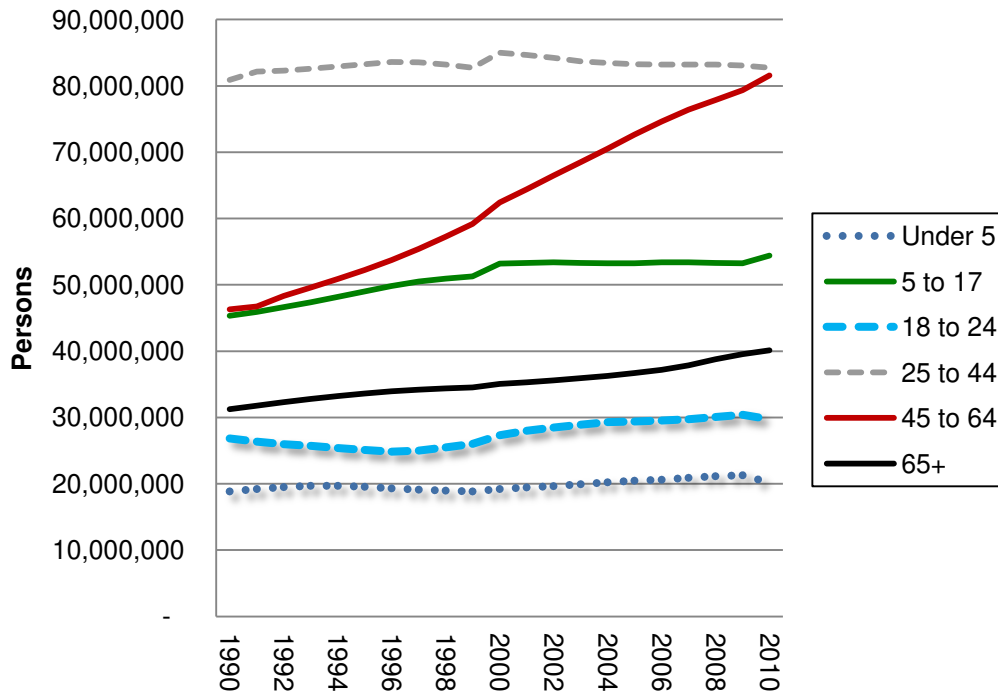
	1990	%	2000	%	2010	%
Total	35,308		33,886		32,856	
0-4	2,283	6.5%	1,720	5.1%	1,674	5.1%
5 to 17	6,802	19.3%	6,025	17.8%	4,890	14.9%
18 to 24	3,174	9.0%	2,707	8.0%	2,356	7.2%
25 to 44	10,146	28.7%	8,870	26.2%	7,025	21.4%
45 to 64	7,233	20.5%	8,699	25.7%	10,485	31.9%
65+	5,670	16.1%	5,865	17.3%	6,426	19.6%

From 1990-2010, the prime source of current and future workforce (ages 0-44) declined from 63.5% to 48.5%, while the soon-to-retire or retired population (age 45-85+) went up from 36.5% to 51.5% of total population.

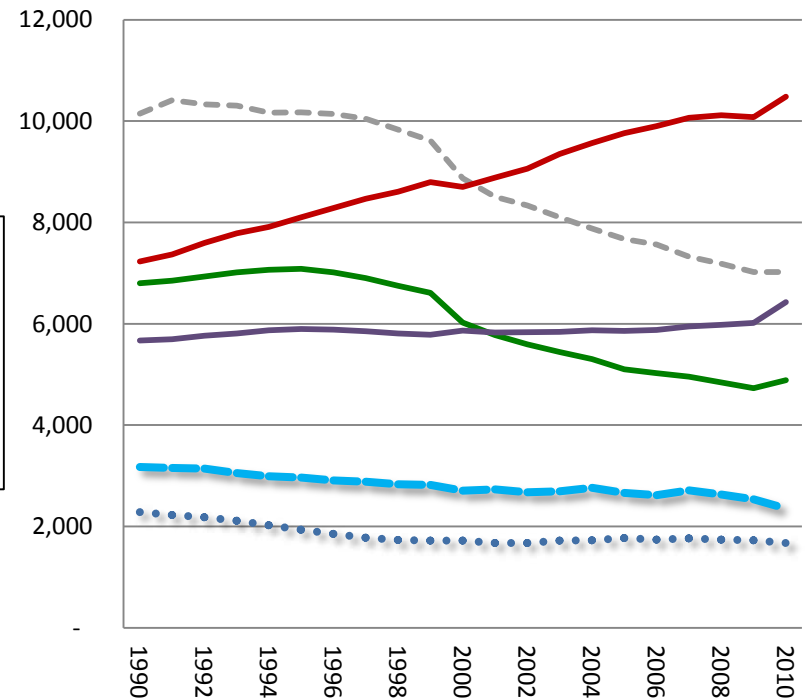
In the 2010 Census, Maine and Vermont ranked #1 and #2 as the oldest states.

Implication Analysis of Population & Demographic Change

**United States
Demographic Trend 1990-2010
by age bracket
Median Age = 36.7 years**



**Washington County
Demographic Trend 1990-2010
by age bracket
Median Age = 46.1 years**

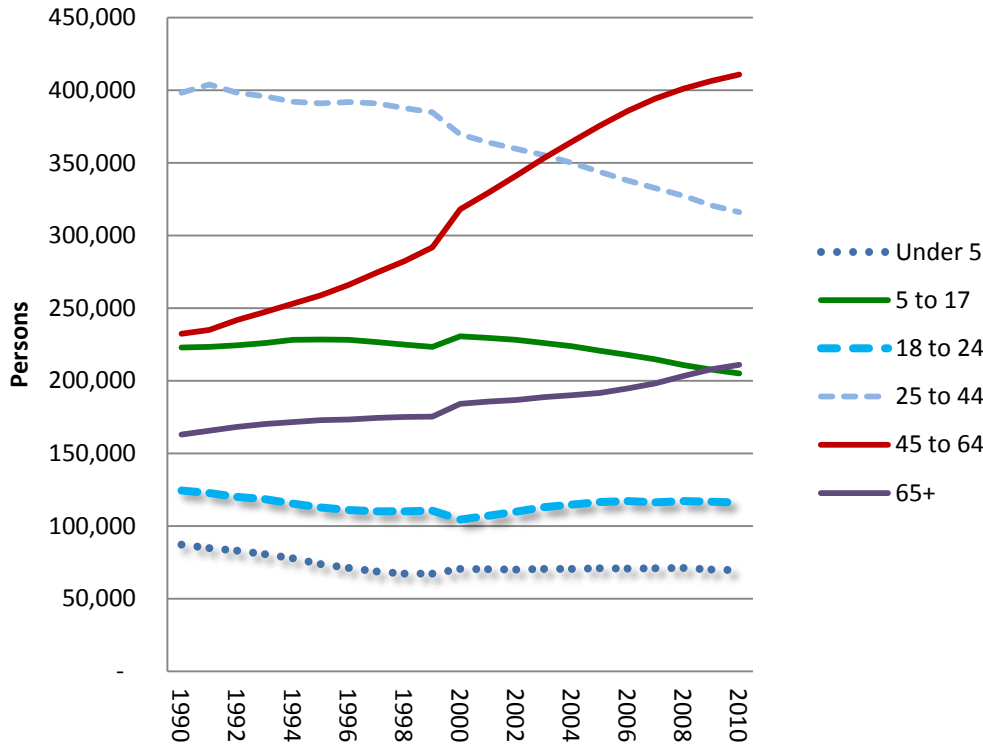


Demographic analysis confirms that Washington County lost significant population in the 25-44 year old family rearing age bracket, while the US has held steady through immigration. This impacts birth rates and school age cohort.

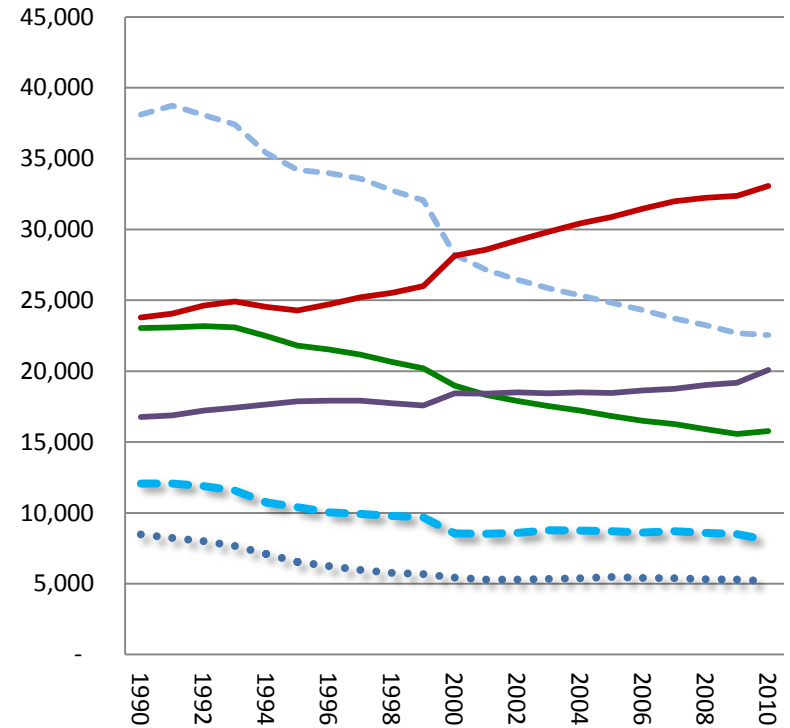
Washington County has experienced a more dramatic decline in the 25-44 age bracket than other regions of the US, and a critical drop in the 5 to 17 school age bracket.

AWEDD Regional Population & Demographic Change

Maine
Demographic Trend 1990-2010
by age bracket
Median Age = 42.7 years



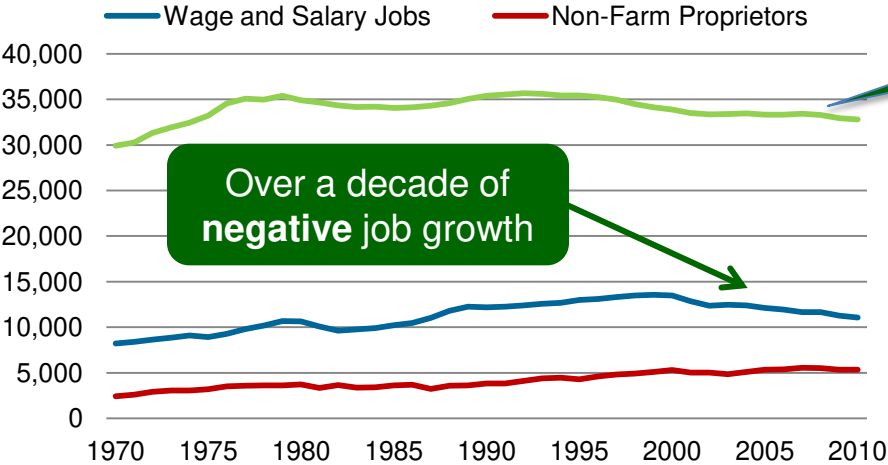
AWEDD Region
Demographics Trend 1990-2010
by age bracket
Median Age = 44.6



Demographic analysis confirms that AWEDD region lost significant population in the 25-44 year old family rearing age bracket, but has also lost all under 24 age brackets faster than the Maine average.

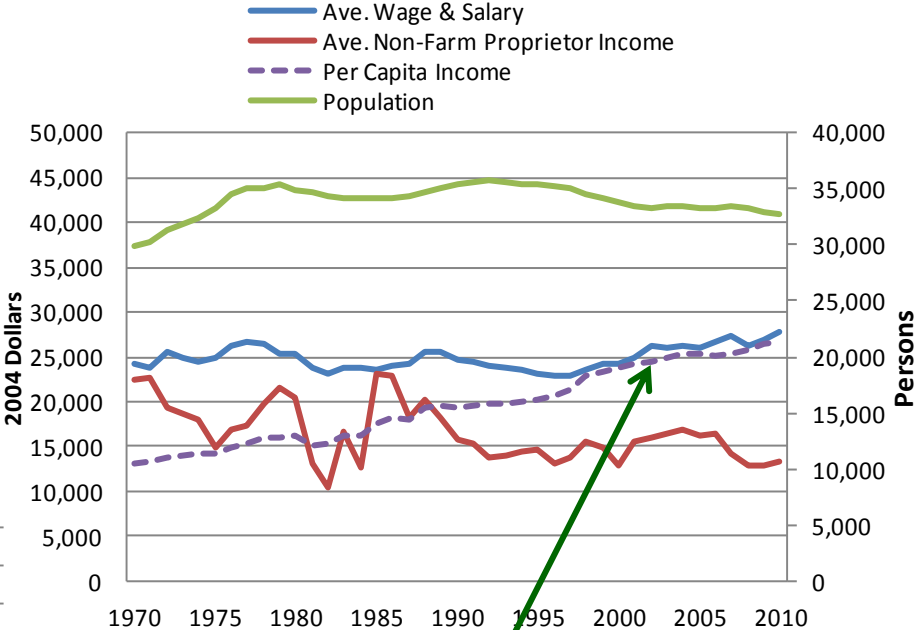
Washington County Population & Income Trends

Population & Job Growth Trend

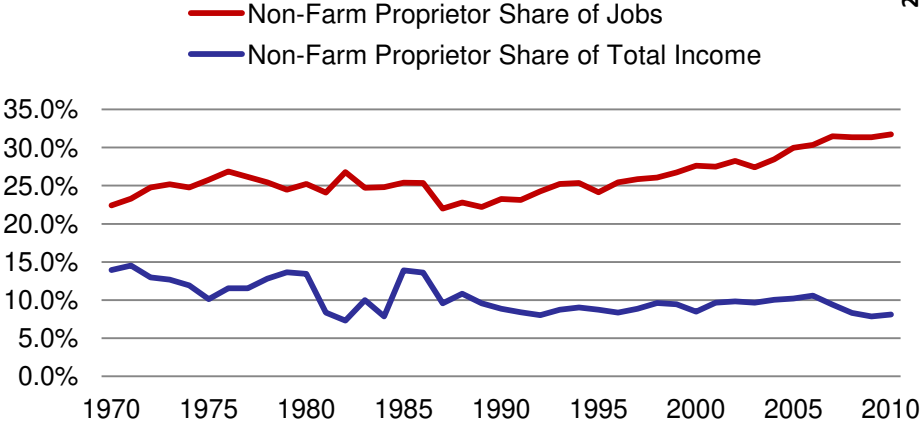


Population peaked in 1992 @ 35,668

Ave. Wage & Salary vs Ave. Proprietor Income 2004 Dollars

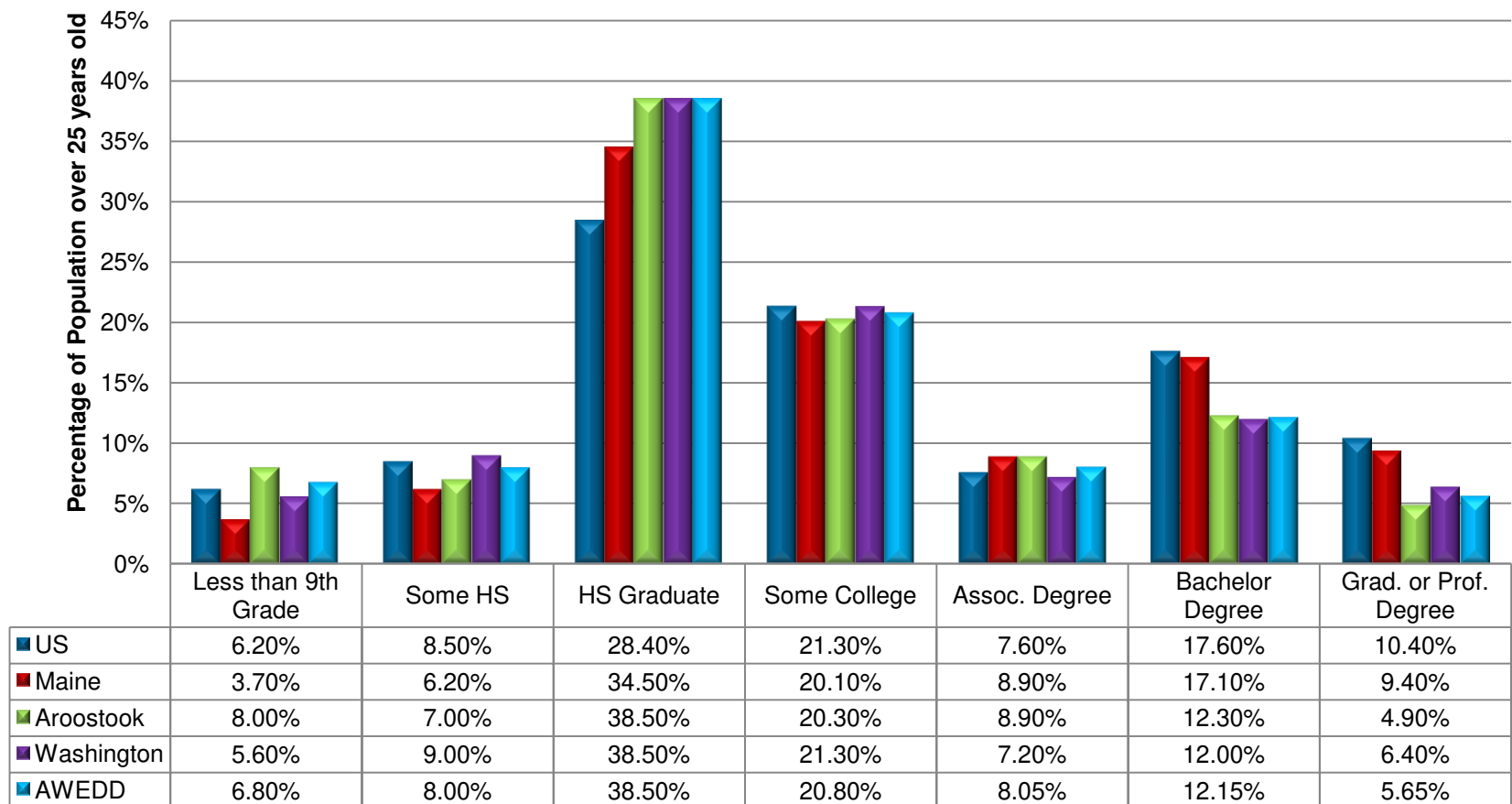


Proprietors Share of Total Income vs. Employment



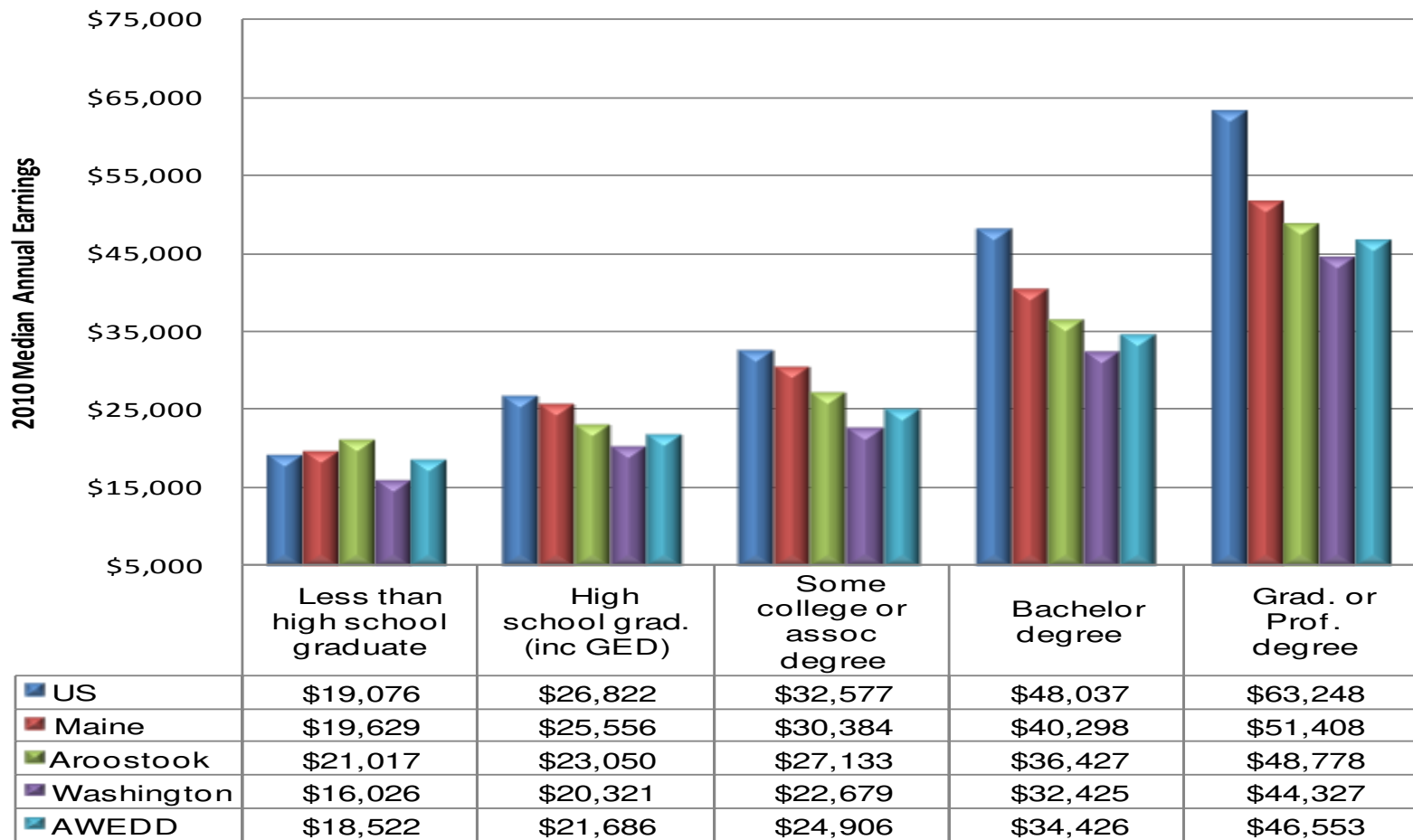
Per Capita Income rise in Washington County is driven by transfer payments, not wealth creation

Educational Attainment Over 25 Years Old



AWEDD lags Maine and the US in the percentage of people over age 25 with Higher Education Degrees. This stifles knowledge based economic opportunities and innovation.

2010 Median Earnings by Educational Attainment



Median Earnings by Educational Attainment shows the dramatic impact of lack of job opportunities on wages in Washington County. College grads earn 11% more in Aroostook County and 20% more on average in Maine.

Washington County Economic Vision

Washington County	Baseline 2010	2017 Goal	Change
Population	32,856		
Employable Population (16 and older)	27,340		
Labor Participation Rate	58.3%		
Total Employed (Jobs) (BEA CA30 line 240)	16,815		
Total Employed (BEA CA30 line 250)	11,057		
Average Wage per Job (BEA CA30 line 300)	\$32,132		
Total Region Wages (BEA CA30 line 190)	\$355M		
Per Capita Income (BEA CA30 line 110)	\$30,727		
Regional GDP	\$1.35B		
Bachelors Degrees 25 & Over	2,873		
Regional Specific Goals	Baseline 2010	2017 Goal	Change

Source: BEA, Decision Data Resources Baseline, 2010 Estimates, CNNE Economic Scenario Model

Washington County: 90-day Work Plan

- Core Leadership Team –
 - Define the region's Sense of Urgency & Quality of Place
 - Prioritize Issues of Challenge & Opportunity
- Draft Washington County economic goals with a goal-setting action team
- Short-term win action teams?
- Interim conference call – July
- Discovery meeting – September

Contacts:

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